The British Land Company PLC 00621920

PLACES PEOPLE PREFER

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Annual Report and Accounts 2023

British Land

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Read all our reports at:
britishland.com

→ **Sustainability Progress Report 2023:**
britishland.com/data

Presentation of financial information

The financial statements for the year ended 31 March 2023 have been prepared on the historical cost basis, except for the revaluation of properties, investments classified as fair value through profit or loss and derivatives. The financial statements are prepared in accordance with UK-adopted International Accounting Standards and the relevant legal requirements of the Companies Act 2006 ('IFRS'). In the current financial year the Group has changed accounting policies in respect of rental concessions granted to tenants and tenant deposits. Further details on these accounting policy changes in the year have been disclosed in Note 1 of the financial statements. Other than the changes in these two respective accounting policies, all remaining accounting policies used are otherwise consistent with those contained in the Group's previous Annual Report and Accounts for the year ended 31 March 2022. In addition, the Group has adopted a number of minor amendments to standards effective in the year issued by the IASB, none of which have had a material impact on the Group.

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. Further analysis of the IFRS results has been disclosed in the Financial review. We supplement our IFRS figures with non-GAAP measures, which management uses internally. IFRS measures are labelled as such. See our supplementary disclosures which start on page 239 for reconciliations, in addition to Note 2 in the financial statements and the glossary found at britishland.com/glossary.

Integrated reporting

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

This Report was signed off by the Board on 16 May 2023.

PLACES PEOPLE PREFER

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

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

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

Finsbury Avenue Square, Broadgate

OUR KEY PERFORMANCE INDICATORS

Financial

Underlying Profit

Total Property Return LTIP AI

Total Accounting Return LTIP AI

Total Shareholder Return LTIP AI

Committed and near term *developments*
% of standing investments by floor area

Net Debt to EBITDA *(proportionally consolidated)*

Loan to value (LTV) (proportionally consolidated)

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

→ *Read more about our results and strategy on pages 11*

→ Explanations for financial terms can be found in our glossary at britishland.com/glossary

Non-financial

Environment

GRESB rating AI

5-star Developments
4-star Standing Investments

Reduction in energy intensity of Offices
22%
2022: 26%

EPC rated A or B
45% of portfolio
2022: 36%

Social impact

Number of community initiatives
88
2022: 103

Number of community beneficiaries
26,000
2022: 24,000

Social value created[2]
£12.5m
No 2022 comparative

People

Staff engagement
78%
2022: 69%

Ethnicity pay gap
14.2%
2022: 19.2%

Gender pay gap
21.9%
2022: 19.2%

→ Read more about our approach to sustainability on pages 70 to 103 and britishland.com/data

1. Restated for a change in accounting policies in respect of rental concessions and tenant deposits as disclosed in Note 1 of the financial statements on page 179
2. Details of what is included in the social value created figure can be found on page 75

2023 PERFORMANCE HIGHLIGHTS

Financial highlights

Underlying Profit
£264m
2022: £247m[1]

Underlying EPS (diluted)
28.3p
2022: 27.0p[1]

Dividend per share
22.64p
2022: 21.92p

IFRS profit after tax
£(1,039)m
2022: £965m[1]

IFRS EPS
(112.0)p
2022: 103.8p[1]

IFRS net assets
£5,525m
2022: £6,768m[1]

EPRA NTA per share
588p
2022: 730p[1]

Senior unsecured credit rating
A
2022: A

Years until refinance date
3.0 yrs
2022: 3.0 yrs

Operational highlights

3.4m sq ft
leasing activity
2022: 3.9m sq ft

2.8%
ERV growth
2022: (1.2)%

£1.3bn
capital activity
2022: £1.5bn

646kg CO_2e per sqm
average embodied carbon in current office developments
2022: 678kg CO_2e per sqm

1.8m sq ft
committed developments
2022: 1.7m sq ft

£1.7bn
profit to come from developments
2022: £2.0bn

1. Restated for a change in accounting policies in respect of rental concessions and tenant deposits as disclosed in Note 1 of the financial statements on page 179.

OUR PORTFOLIO AT A GLANCE

We have a diversified business model and invest in schemes where we can leverage our competitive strengths in development, asset management and placemaking to add value.

We believe value in real estate is created over the medium term, and we are actively positioning the portfolio towards growth.

We are the market leader in Campuses, where we are increasingly focused on the exciting life sciences and innovation sectors.

We are consolidating our position as the largest owner operator of retail parks where scale allows us to negotiate portfolio deals with large retailers, and we are building a leading London Urban Logistics portfolio.

We have a strong balance sheet, a best in class platform and through continued capital recycling we are strengthening the foundations of our business and its ability to create long term value for our stakeholders.

→ **You can read more about our strategy and chosen sectors on page 12**

Multi-storey logistics, Thurrock

Image is a CGI

Retail & London Urban Logistics[1]: 37% of portfolio by value

Retail Parks account for 61% of this segment of the portfolio and we are the UK's largest owner and operator with c.8% of the market.

Retail parks are the preferred format for retailers due to their affordability and compatibility with omni-channel. Given their strong fundamentals and attractive yields, we are looking to acquire more parks to further consolidate our leadership position in this attractive segment.

We also own a small, non core, portfolio of shopping centres (c.8% of the Group's portfolio), the largest of which is a 50% share in Meadowhall shopping centre in Sheffield.

Our London Urban Logistics portfolio (c.3% of the Group's portfolio) is the newest part of our business. We focus on Zone 1 and multi-storey developments within the M25. Our pipeline has a gross development value of £1.3bn to deliver one of London's most environmentally sustainable and centrally located urban logistics portfolios. Demand is strong due to the long term growth of e-commerce and rising consumer expectations for priority delivery. This supply-demand imbalance underpins the attractiveness of this market segment. In addition, last mile logistics solutions are increasingly sought after due to their strong sustainability credentials given they reduce large vehicle movements and allow the use of e-vehicles for the last mile delivery to the end customer.

1. As of 1 April 2023, the Group renamed the 'Retail & Fulfilment' operating segment 'Retail & London Urban Logistics'. Refer to Note 21 of the consolidated financial statements for further information.

Campuses: 63% of portfolio by value

We are the leading owner and operator of Campuses in the UK and with our unique model we drive above average returns[1].

Our Campuses bring together best in class buildings with leading sustainability and design credentials, surrounded by attractive public spaces and a range of amenities including shops, gyms, restaurants and bars. Our Campuses are located close to key transport hubs and benefit from excellent connectivity. Since we own the space between our buildings, we use our placemaking expertise to create an engaging public realm and the right mix of amenities.

Campuses provide flexibility for companies to grow, and they attract businesses in industries that like to cluster together in sectors such as life sciences, technology, engineering and financial services, fostering innovation and collaboration.

Sustainability is important to us and our customers – who are looking to reduce their own carbon footprint. All of our developments are net zero and we target a BREEAM[2] Outstanding accreditation and an EPC A rating. We have assembled an 8.9m sq ft development pipeline of best in class sustainable office space, of which 1.8m sq ft is already committed. We are also increasing our exposure to life sciences and are onsite to deliver 190,000 sq ft of lab enabled space and have a pipeline of 1.9m sq ft.

We have four main Campuses in London:

Broadgate is a 32 acre office led Campus in the City of London, with excellent connectivity, located next to Liverpool Street Station and the recently opened Elizabeth Line. Its proximity to Shoreditch attracts a breadth of customers from financial services, law firms, fin-tech, media and other growth sectors. As part of our transformation of the Campus, we have invested significantly into the buildings and public realm. Our newest building 100 Liverpool Street was our first net zero development and was recently shortlisted for the Stirling Prize for its outstanding design credentials. We are currently on site at 1 Broadgate, a 544,000 sq ft office led redevelopment, which is already fully let (or under option) to JLL and Allen & Overy, four years ahead of completion.

Regent's Place is a 13 acre Campus which we are in the process of repositioning for growth in life sciences and innovation. It is uniquely positioned in the Knowledge Quarter, close to a range of academic and research institutions including University College London, the Wellcome Trust and the Francis Crick Institute. The Campus has excellent transport links with Euston and Kings Cross stations nearby.

Paddington Central is an 11 acre office led Campus in London's West End, which sits next to Paddington Station with access to the Elizabeth Line and Heathrow Express. Its central location and accessibility attracts a broad range of corporates in financial services, telecommunications and technology. We have made significant investments in the public realm and our latest development is the full refurbishment of 3 Sheldon Square, a 140,000 sq ft office building, which is 65% pre let to Virgin Media O2.

Canada Water is a 53 acre mixed use Campus. It is the largest mixed use development in the UK, creating a whole new piece of the City and is led by a team that includes members who have worked on the iconic King's Cross redevelopment. Located in London's Zone 2, Canada Water is on the Jubilee Line and London Overground, making it easily accessible to London Bridge, the West End, the City and tech hubs around Shoreditch.

The Canada Water Masterplan will deliver around 2m sq ft of workspace, around 1m sq ft of retail, leisure, entertainment, education and community space, and around 3,000 new homes, of which 35% will be affordable. It is home to Printworks London, one of the UK's leading cultural venues. When complete, Canada Water is expected to have the UK's largest collection of BREAAM Outstanding buildings.

Our newest Campus is Peterhouse Technology Park, a 14 acre innovation led Campus in Cambridge, part of which is let to ARM. We expect to commit to the development of the newest part of the site in the next couple of months.

1 On average returns on our Campuses over five years have been around 1% p.a. higher than stand alone buildings in surrounding areas.
2 Building Research Establishment Environmental Assessment Method BREEAM standards aim to minimise harmful carbon emissions, improve water usage and reduce material waste. The rating enables comparability between projects and provides assurance on performance, quality and value of the asset.

Finsbury Avenue Square, Broadgate

NON-EXECUTIVE CHAIR'S STATEMENT

GOOD STRATEGIC PROGRESS IN AN UNCERTAIN ENVIRONMENT

Tim Score
Non-Executive Chair

Dear Shareholders,

The experience of recent years has taught us to expect the unexpected and 2022 was no exception. The past year has been one of significant geopolitical and economic upheaval. As the world emerged from Covid-19 lockdowns, strains on supply chains began to fuel inflation, which was further exacerbated by the Russian invasion of Ukraine. Central banks responded with sharp increases in interest rates, marking the end of an economic era defined by easy access to cheap debt. Aside from the significant impact on both global bond and equity markets, it also caused property valuations in the UK to fall across all sectors, as yields increased to reflect the higher interest rate environment.

Against this backdrop, the value of our portfolio has declined by 12.3%, yet we have delivered another strong operational performance in FY23. We have a world class platform and are market leaders in subsectors where we benefit from pricing power. Occupational demand has remained high demonstrated by strong levels of leasing this year and as a result, our underlying profit grew by 7% and our full year dividend will be up by 3%.

Our balance sheet is strong. It gives us the resilience to navigate turbulent market conditions, while allowing us to continue to invest in our attractive development pipeline and the opportunities now emerging in the market.

Strategy update

I am very pleased with the progress we have made in the second full year of the strategy that we articulated in early 2021. Occupational markets are holding up well and we have strong conviction in our preferred subsectors, focusing on Campuses, Retail Parks, and London Urban Logistics. Underpinning our approach is a programme of active capital recycling. The sale of our 75% interest in the majority of our assets at Paddington Central to GIC is a great example of this, releasing capital to target growth opportunities elsewhere.

Our ability to be a preferred partner of organisations like GIC, who value our development and asset management expertise, is something I am very proud of. It enables us to crystallise returns of more mature assets or stretch our equity and diversify our risk, as we saw in our joint venture with AustralianSuper for the development of Canada Water.

We are increasingly excited about the opportunity for growth in life sciences and innovation. As part of this, we are repositioning our Regent's Place Campus as a Life Sciences and Innovation hub given its unique location within the Knowledge Quarter and its proximity to a range of academic and research institutions, including University College London, the Wellcome Trust and the Francis Crick Institute. We are also actively looking for opportunities to replicate our Campus model outside London in the Oxford-Cambridge Arc, where supply is highly constrained, yet demand is very strong, particularly from these types of innovative businesses.

A sharp focus on environmental, social, and governance (ESG)

We continue to make great progress towards the targets set out in our 2030 Sustainability Strategy and this year, our quantitative ESG targets have been linked to three key pillars: Greener Spaces, Thriving Places and Responsible Choices.

Greener Spaces refers to our ambitious 2030 net zero targets across both our developments and our standing portfolio. This year, for the first time, environmental targets have been linked to executive remuneration. Maintaining our leadership in this area is a key focus. Our customers have their own emissions targets and face rising energy costs, and this is reflected in our discussions with both new and existing customers.

To support our commitment to Thriving Places we have launched a £25m Social Impact Fund, building on over a decade of investment into the communities in which we operate. This will support delivery of our headline 2030 Social Impact targets across employment, education and affordable space.

Responsible Choices builds on the excellent work we have done at British Land, and across the industry, to promote responsible employment, diversity and inclusion and responsible procurement.

Our people

Our people are critical to the successful achievement of our strategic objectives. We have listened and responded to feedback from last year and I'm delighted that our November employee survey demonstrated a high level of engagement and widespread job satisfaction. We have also made progress in delivering our Diversity, Equality & Inclusion Strategy, ensuring that we reflect and understand the people who work, shop, live and spend time in our places.

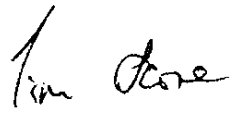
I was pleased that this year British Land was ranked the top property company and 16th overall in the Social Mobility Index. Accountability for British Land's social mobility outcomes sits at Board level, but we could not achieve this without our Employee Networks who hold us all to account and do a brilliant job of representing colleagues from a wide range of backgrounds. We have also exceeded the recommendations on Board diversity made by the 2021 Parker Review.

Concluding remarks

We continue to make good progress in executing our strategy. We believe in the strength of our Campus model, Retail Parks have emerged as the preferred format for retailers, and we are making progress on building out our London Urban Logistics pipeline. ESG remains a key focus and is integrated throughout our business.

This is set against a background of geopolitical and economic uncertainty. We are highly alert to the ongoing challenges presented by the uncertain macroeconomic environment. As a result, we will maintain a disciplined approach to financial leverage to ensure our balance sheet remains in a position of strength.

On behalf of the Board, I would like to thank everyone at British Land for their continued hard work this year, which has been achieved once again in challenging circumstances.



Tim Score
Non-Executive Chair

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

LIFE SCIENCES AND INNOVATION

London's Knowledge Quarter

Relation Therapeutics, Regent's Place

We are increasingly focused on delivering lab and office space for customers in life sciences and innovation sectors. As part of this, we are repositioning our Regent's Place Campus as a life sciences hub given its location in London's Knowledge Quarter and its proximity to academic and research institutions, including University College London, the Wellcome Trust and the Francis Crick Institute. We are also making good progress in establishing our Campus model within the Golden Triangle (London, Oxford and Cambridge), one of the world's leading life sciences and innovation clusters, where supply is highly constrained, yet demand is very strong, particularly from these types of innovative businesses.

The British Land Company PLC 00621920

The Box, Paddington Central

Image is a CGI

Multi-storey Logistics, Thurrock

Image is a CGI

London Urban Logistics

Our London Urban Logistics portfolio is focused on assets within the M25 and Zone 1 of London, where supply is highly constrained. We take a development led approach, either through repurposing of assets in Zone 1 or densifying assets within the M25 through multi-storey developments. We have a pipeline with a gross development value of £1.3bn to deliver environmentally sustainable and centrally located urban logistics assets that will appeal to a range of occupiers given the highly supply constrained market within the M25.

CHIEF EXECUTIVE'S REVIEW

STRONG OPERATIONAL PERFORMANCE DESPITE MACROECONOMIC CHALLENGES

Simon Carter
Chief Executive

Overview

The past 12 months have been volatile in terms of the economic and political landscape. Although more recently the outlook for the UK economy is improving, sentiment remains fragile. Against this backdrop, our business is performing well operationally. We leased 3.4m sq ft of space, 15.1% ahead of ERV and portfolio occupancy is high at 96.7%.

In line with our strategy, we continue to actively recycle capital. We made disposals of £746m mainly from the sale of 75% of the majority of Paddington Central crystallising total property returns of 9% p.a. Acquisitions of £203m increased our exposure to retail parks, life sciences and London urban logistics

Higher interest rates have had an impact on property yields. As a result, the value of our portfolio declined by 12.3%, and our total accounting return was negative 16.3% for the year. Whilst we remain mindful of ongoing macro-economic challenges, the upward yield pressure appears to be easing and there are early signs of compression for retail parks.

Ultimately, value in real estate is created over the medium to long term. We like to invest in supply constrained segments with pricing power, where we can be market leaders and leverage our competitive strengths to generate attractive returns. We already lead in campuses, where we continue to see strong demand for best in class space and are increasing our focus on life sciences and innovation sectors. We are consolidating our position as the largest owner operator of retail parks where scale is an advantage and we are building a unique portfolio of centrally located and highly sustainable urban logistics schemes in London.

We have high quality assets, a best in class platform, a strong balance sheet, and through both development and capital *recycling we continue to see significant opportunities for* future value creation.

STRATEGY AND BUSINESS MODEL

We invest in supply constrained segments with pricing power, where we can be market leaders and leverage our competitive strengths to generate attractive returns.

Our competitive strengths are:

Portfolio of high quality assets
Our portfolio of campuses is mainly located in London, a truly global city which appeals to a broad range of businesses. We are the largest owner and operator of retail parks in the UK and we are building a unique portfolio of centrally located and highly sustainable urban logistics schemes in London.

Best in class platform
We have a long-standing team with deep experience across the real estate value chain from design, planning, development and construction through to asset and property management.

London expertise
The depth of our relationships with planning authorities, contractors and other stakeholders in London, combined with our extensive construction experience gives us an unparalleled ability to unlock value through development.

Sustainability
From FY21 new developments have been net zero carbon, and we target BREEAM Outstanding and EPC A. We forge strong relationships with local communities and authorities and have a good track record of creating opportunities for employment at our places.

Partnerships with investors
We have strong relationships with sovereign wealth funds such as Norges and GIC as well as large pension funds like AustralianSuper and Allianz which give us an important ability to crystalise value through asset sales and joint ventures.

Financial strength and discipline
We have a strong balance sheet, use leverage appropriately and we have a disciplined approach to capital allocation to deliver returns through the property cycle.

Our values underpin everything we do

Bring your whole self	**Listen and understand**
Be smarter together	**Build for the future**
Deliver at pace	

→ *Read more on our values at britishland.com/values*

Our strategy and business model

We have a diversified approach and invest in schemes where we can leverage our competitive strengths to create value. We are developers and asset managers with a value-add strategy and our medium-term objective is to deliver a total accounting return (TAR) of 8-10% through the cycle.

Our aim is to create value for all our stakeholders and our approach is as follows:

→ **See how we are delivering value for our stakeholders on page 62**

Source value-add opportunities

We target value acquisitions and development opportunities. This is underpinned by a strong balance sheet and a disciplined approach to risk management.

Develop and actively manage

We create and manage modern, high quality and sustainable space that meets our customers needs and that direct investors, such as sovereign wealth funds and pension funds, want to own.

Recycle capital

We rotate out of assets where we have delivered the business plan to crystalise returns and reinvest capital into opportunities in our chosen strategic themes where we can drive strong returns through development or asset management.

Sustainability

Our developments, refurbishments, sustainability targets and reporting are all industry leading.

Strategic themes

We like to focus on strategic themes that have strong fundamentals. Currently, we see opportunities in:

Developments on our campuses

Our campus model offers our customers high quality sustainable workspace with great transport infrastructure, beautiful public realm, world class retail and engaging amenities. In addition, it provides our customers with flexibility and allows for clustering of complementary businesses.

Best in class sustainable offices

We continue to see strong demand for modern, sustainable offices on our campuses. Occupiers are looking for the best space for their business to help them attract and retain staff in a competitive jobs market while at the same time helping them meet their net-zero goals. Furthermore, at around 10% of salary costs, rents are affordable. Costar research shows that net absorption rates of new best in class buildings has been strongly positive in the past 5 years in both the City and the West End. As a result, given the low vacancy rates, rents *for modern sustainable buildings are showing strong growth* based on recent transactions.

We are seeing this come through in the strong demand for our developments. We have a 8.9m sq ft development pipeline to deliver best-in-class sustainable buildings on our campuses. We target a BREEAM[1] outstanding certification in our developments and JLL research[2] shows that offices with a BREEAM certification have an average c.12% premium on rents and an average capital value premium of c.20%.

Life Sciences and innovation

We are increasingly focussed on delivering new space for customers in high growth life sciences and innovation sectors in London and across the Golden Triangle (London, Oxford and Cambridge) where supply is constrained. Our campus at Regents Place, in the centre of the Knowledge Quarter in London, is uniquely positioned to unlock exciting growth opportunities in this segment given the importance of proximity to research and education organisations. Canada Water has the potential to be another significant innovation cluster, while our acquisition of Peterhouse Technology Park, and the land adjacent to it, is our first campus in Cambridge.

By the end of the year we will have delivered 190,000 sq ft of lab enabled buildings across the portfolio and our total pipeline will deliver 1.9m sq ft over the next 7 years. In addition, we have recently established an Innovation Advisory Council to support our growth in this area and advise on customer requirements, provide insight on future trends, help the business build connections and underwrite new acquisitions.

Retail Parks

Retail parks are retailers' preferred format, as they are large and compatible with the way people shop, supporting retailers' omni-channel strategy, allowing for click and collect, ship from store and in-store returns. Importantly, they are *affordable and have an occupancy cost ratio of 9%.*

Retail parks account for less than 10% of the UK's total retail space and there is limited new supply expected, given the market price per sq ft is below replacement cost and it is difficult to obtain planning consent. Given this lack of new supply, the growing customer demand is driving high occupancy rates, especially in the best locations, reflected in the 98.8% occupancy of our retail park portfolio.

We like the retail park format and will continue to look for acquisition opportunities where we can create value by leveraging our scale and our expertise in asset management. Most of our leasing deals are with national retailers who are increasing their presence in the best located retail parks while at the same time reducing their exposure to the high street and secondary shopping centres. We have actively targeted a broad range of customers including general retailers, grocers, discounters and value retailers to increase the resiliency of our occupier base.

London Urban Logistics

There is an acute shortage of logistics space within London's M25. Demand is strong due to the long term growth of e-commerce combined with rising consumer expectations for priority delivery, and as a result, vacancy in Greater London is *2.3% and 0.4% in Zone 1. This acute supply-demand imbalance* underpins the attractiveness of this market segment.

We have a development led approach and our pipeline has a gross development value of £1.3bn. Our strategy is to deliver best in class, environmentally sustainable multistorey and Zone 1 last mile urban logistics schemes that will appeal to a range of occupiers. Last mile logistics solutions that allow the use of e-bikes for delivery to the end customer have up to 90% lower carbon emissions, are 1.6x faster than vans in traffic and support the net zero objectives of local authorities.

FY23 Results

Financial performance

Our focus on sectors with strong occupational fundamentals drove 5.9% like-for-like net rental growth. This growth combined with a firm grip on costs and increased fee income, partly offset by higher financing costs, resulted in Underlying Profit growth of 6.9%.

Underlying EPS was 28.3p, up by 4.8%, as strong Underlying Profit growth was partly offset by the impact of a tax credit in the prior year. In line with our dividend policy of paying 80% of Underlying EPS the proposed full year dividend is 22.64p, a 3.3% increase. The growth in the dividend is lower than Underlying EPS growth due to the £4m impact of the rental concession restatement in the prior year.

Lettings

We maintained strong leasing momentum this year and leased 3.4m sq ft, 15.1% ahead of ERV, and as a result, the occupancy across our portfolio is high at 96.7%.

1. Building Research Establishment Environmental Assessment Method BREEAM standards aim to minimise harmful carbon emissions, improve water usage and reduce material waste. The rating enables comparability between projects and provides assurance on performance, quality and value of the asset
2. JLL Report on sustainability and value January 2023

In Campuses we leased 1.0m sq ft in the year and occupancy is now 96.2%. Long term deals were 11.0% ahead of FY22 ERV, 18.2% above previous passing and a further 106,000 sq ft are under offer. This performance reflects the continued demand for best in class sustainable buildings located on our campuses and includes significant renewals to Meta and Credit Agricole, a pre-let to Virgin Media as well as 146,000 sq ft of deals in Storey our serviced offices product.

In our Retail & London Urban Logistics segment we had a record year of leasing with 2.4m sq ft of new lettings and renewals in the year, 18.8% ahead of ERV and 8.8% below previous passing rent. In Retail Parks, which account for the majority of this segment, occupancy increased to 98.8% due to the attractive occupational fundamentals. Retail Park leasing was 1.2m sq ft, 19.5% above ERV, and although it was 9.7% below previous passing rents this is a significant improvement to leasing in the prior year which was 20.2% below previous passing rents. We have an additional 808,000 sq ft under offer, 19.5% ahead of ERV, 9.6% below previous passing rent. The majority of this is at retail parks reflecting the strong demand for the format due to its affordability and omni-channel compatibility.

Portfolio

Portfolio ERV growth was 2.8% in FY23. In Campuses, ERV growth was 2.6% in the middle of our guidance range of 2-4%, reflecting particularly strong growth at Regents Place. In Retail Parks, strong demand for the format, combined with high occupancy rates resulted in ERV growth of 2.8% at the upper end of our guidance range. In London Urban Logistics, ERV grew by 29.4% significantly above our guided range of 4-5%, reflecting the acute undersupply and continued strong demand for last mile logistics assets in London.

Rising market interest rates caused a repricing of all real estate assets and as a result, the net equivalent yield of our portfolio increased by 71 bps to 5.8%. Although this was partially offset by the 2.8% growth in ERV, the value of the portfolio declined by 12.3%. Campuses saw yields increase by 70 bps to 5.0% while, in Retail Parks yields were up by 71 bps to 6.6%. London Urban Logistics saw a larger yield increase of 187 bps to 4.6%. These assets are primarily valued on an investment rather than development basis. We are still expecting attractive development IRRs of c.15% as our original appraisals assumed some of the outward yield shift we have now seen and there has been very strong rental growth over the past year.

Our portfolio outperformed the quarterly MSCI All Property total return index by 310 bps over the year. Our Central London Campuses outperformed the quarterly MSCI benchmark for All Offices by 40 bps, with Central London outperforming Regional Offices in the period. Our Retail and London Urban Logistics portfolio outperformed the MSCI All Retail benchmark by 290 bps due to our exposure to Shopping Centres and Retail Parks, which outperformed other MSCI Retail subsectors.

Developments

Developments are a key driver of long term value creation. We have an 11.8m sq ft development pipeline with over £1.7bn of profit to come.

Our committed pipeline is 1.8m sq ft and is focused on our Campuses. It is 38% pre-let or under offer of which office space is 46%. Costs to come are £488m of which 94% have been fixed. We have made one new commitment this year for the refurbishment of 3 Sheldon Square at Paddington and the building is already 65% pre-let. Our largest onsite projects are at 1 Broadgate, Norton Folgate, Aldgate and Phase 1 at Canada Water.

At Canada Water, we are on site at the first three buildings covering 578,000 sq ft of mixed use space. The Founding (previously A1) is a 35 storey tower, including 186 homes and 121,000 sq ft of workspace, The Dock Shed which includes 181,000 sq ft of workspace as well as a new leisure centre and Roberts Close which comprises 79 affordable homes.

We are on site with a 83,000 sq ft life sciences development at The Priestley Centre in Guildford which will be a mix of office and lab space. This year we also signed a Memorandum of Understanding with Cambridge Biomedical Campus Ltd to be a Partner in Masterplanning at the campus.

Our near term pipeline consists of projects yet to be committed. It includes 2 Finsbury Avenue which will deliver best in class sustainable office space at Broadgate, and the Peterhouse Western Expansion, adjacent to the Peterhouse Technology Park, which will deliver Innovation and lab enabled space in Cambridge. Importantly, it also includes our first three London Urban Logistics developments. The Box at Paddington will be one of London's most centrally located and sustainable urban logistics assets while our developments at Verney Road and Mandela Way will be multistorey urban logistics facilities.

Our medium term pipeline includes several other developments, the largest of which are the redevelopment of Euston Tower at Regent's Place and the future phases of the Canada Water Masterplan.

Strategy in action

We create value by actively recycling capital out of assets where we have delivered the business plan, and into opportunities where we can leverage our competitive strengths in asset management, development and placemaking to drive returns.

Since April 2022, we have made disposals of £746m mainly from the sale of 75% of the majority of Paddington Central where we had created considerable value through development, asset management and place making and were able to crystallise a total property return of 9% p.a We will continue to recycle out of mature assets that have completed their business plans or are non core to British Land.

Since April 2022, we made acquisitions totalling £203m. We acquired £148m of retail parks with a blended net initial yield of 8.1% to further increase our market leading position. Our acquisition of Peterhouse Western Expansion for £25m extended our ownership at the Peterhouse Technology Park, our first life sciences and innovation campus in Cambridge. We also acquired Mandela Way a development site for a multi-storey urban logistics facility for £22m. The site is located in Southwark, the same borough as our Canada Water development, where we have strong relationships with the local council.

We spent £262m on developments in the year. This includes spend to deliver best in class sustainable offices at 1 Broadgate, where the office space is fully let (or under option), Norton Folgate, which is 33% pre-let and Phase 1 of Canada Water.

As we look ahead, we will remain disciplined as we continue to execute our strategy. We will make acquisitions that align with our strategic themes and where we can best deploy our competitive strengths. That means we will continue to acquire retail parks where we see attractive assets that will further consolidate our market leading position. We will also consider life sciences and innovation opportunities in Oxford and Cambridge as well as suitable London urban logistics sites. Good demand for our development pipeline underpins our returns expectations and we will opportunistically recycle out of mature office assets as well as non core assets such as shopping centres.

Balance sheet

We have a strong balance sheet which, combined with capital recycling, allows us to execute our strategy of investing in development opportunities and making acquisitions. Group Net Debt to EBITDA was 6.4x and, on a proportionally consolidated basis, Net Debt to EBITDA and LTV ratios were 8.4x and 36.0% respectively. We have significant liquidity with £1.8bn of undrawn facilities, and no requirement to refinance until early 2026.

We maintain good relationships with debt providers across a range of financing markets. This year, we completed £1.4bn total financing on favourable terms, including margins in line with our in place facilities; £1.2bn of this was new debt raised with existing and new bank relationships. A loan of £515m was arranged for Paddington Central in the first half of the year, alongside completion of the new joint venture, and in the second half of the year in volatile market conditions we signed £875m of facilities.

For British Land, we agreed three new revolving credit facilities totalling £375m, with ESG linked targets aligned to our sustainability strategy. For Canada Water, in March 2023 we arranged a £150m Green development loan for Phase 1 of the project.

Our weighted average interest rate at 31 March 2023 was 3.5%, in line with September 2022. The interest rate on our debt for the year to 31 March 2024 is 97% hedged, and 76% of our projected debt is hedged on average over the next five years.

Sustainability

We launched our current Sustainability Strategy in 2020, committing to achieving a net zero carbon portfolio by 2030 with a clear set of targets to reduce both the embodied carbon in our developments and the operational carbon across our portfolio. This year we have evolved our Sustainability Strategy further by grouping it in to three key pillars: Greener Spaces, Thriving Places and Responsible Choices which map to the environmental, social and governance elements.

Our Greener Spaces pillar includes our ambitious 2030 Net Zero targets for both our developments and our standing portfolio. We are pleased with the continued progress we are making, as sustainability becomes even further embedded in the day-to-day running of our business. Average embodied carbon across our office development pipeline is 646 kg CO_2e per sqm, tracking ahead of the glidepath to our 2030 target of 500kg CO_2e per sqm. Across our managed portfolio the majority of our assets have a net zero plan and 45% of our portfolio is now rated EPC A or B. This is up from 36% as at March 2022, whilst 50% of our offices are EPC A or B rated, up from 46% as at 31 March 2022.

The Thriving places pillar of our strategy reflects our commitment to making a long-lasting, positive social impact in our communities by collaboratively addressing local priorities. We were delighted to launch a £25m Social Impact Fund in March 2023 to provide education, employment and affordable space in the communities in which we operate. We have also introduced targets for 2030 which focus on the areas where we can have the greatest impact: education, employment and affordable space. This year, for the first time, we have reported the value created by our core projects and the Canada Water development, which totalled £10.6m, combined with our provisions of £1.9m of affordable space, whereby in total we generated £12.5m of social value. Next year, coverage will be expanded across all our community activities.

Responsible Choices is about making responsible choices across all areas of our business and we encourage our customers, partners, and suppliers to do the same. This year we were pleased to be ranked the top property company and 16th overall in the Social Mobility Foundation's Index of the top 75 UK employers taking action to improve social mobility in the workplace. Our overall sustainability performance has been recognised in international benchmarks including GRESB, where we achieved a GRESB 5 star rating for Developments, the highest in Europe in our sector, and a 4 star rating for Standing Investments. We also retained our MSCI AAA rating and improved our ranking in the FTSE4Good index by 7 percentage points to rank just outside the top decile.

Outlook

Although more recently the outlook for the UK economy has improved, continued macroeconomic uncertainty remains our central case for the next twelve months. The upward yield pressure appears to be easing and there are early signs of compression for retail parks. However, liquidity in the investment market remains low so there is still some uncertainty on the outlook.

In terms of rental growth, we expect Campuses to continue to outperform as demand gravitates towards best in class sustainable space and the disparity between "the best vs the rest" continues to widen. As a result, we expect 2-4% ERV growth for our assets. In Retail Parks, the affordability of the format combined with its omni-channel compatibility, will continue to drive high occupancy. These strong occupational fundamentals underpin our upgraded expectations of 2-4% ERV growth for our retail parks. In London Urban Logistics, we expect the acute shortage of supply to drive ERV growth of 4-5%.

We are performing well operationally and delivering against the factors we can control. We have high quality assets, a best in class platform, a strong balance sheet, and through both development and capital recycling we continue to see significant opportunities for future value creation.

MARKET BACKDROP

Macro-economic backdrop

The macroeconomic backdrop in the UK was volatile in the period. Geopolitical tensions, high inflation and successive Bank of England interest rate rises since early 2022 have resulted in lower GDP growth forecasts. The UK has thus far avoided a recession, consumer confidence has been resilient and labour markets remain robust with unemployment at 3.8%. However, sentiment is fragile and the outlook remains uncertain.

London office market

Central London office occupational markets have remained robust with take up of 8.2m sq ft across the City and West End over the year. Banking & finance, professional services and creative industries were the largest sources of take up with consolidation in some sectors (notably legal) an important factor. As businesses evaluate their workspace requirements, demand continues to gravitate towards the very best space, with an emphasis on sustainability, shared and flexible space and excellent transport connections. This 'flight to quality' in offices helps occupiers attract and retain staff in a competitive jobs market, as well as helping them meet their net zero goals. Recent research from CoStar highlights net absorption rates of best in class, sustainable space has been positive with vacancy rates falling and rents climbing. In contrast net absorption rates for older offices have been strongly negative since the pandemic began, with far more tenants leaving than moving in, widening the gap between 'the best and the rest'.

Investment markets were subdued in the financial year with investors pausing to assess the impact of rising interest rates and inflation. Consequently, volumes have been relatively light at c.£10bn across the City and West End compared to £17bn in FY22.

Life sciences market

Life sciences fundamentals remain strong, with take up across the Golden Triangle totalling 1.4m sq ft in 2022 (calendar year), the highest figure in five years. Venture capital funding also remained positive in 2022, with volumes behind record levels achieved in 2021 but still 22% ahead of 2020, further driving demand for space. Meanwhile, vacancy in London and Cambridge is below 1% highlighting the constraint in supply. This supply and demand imbalance has resulted in growing rents, which is expected to continue.

Investment volumes for the year reached £2.1bn. This is below record 2021 levels, but ahead of prior years. As a result of macroeconomic factors, Golden Triangle prime yields shifted outwards by 25 bps to 4.25% at the end of the year. In contrast to historic investment trends in the life sciences sector, 2022 saw more value add, development and repurposing activity, demonstrating the lack of available stock.

Retail market

Occupational markets have continued to strengthen over the year despite macroeconomic headwinds. In the aftermath of Covid-19, retailers that have established more resilient business models with a successful omni channel strategy, are performing well and increasingly looking to take space on retail parks. The format appeals to a wide range of retailers from Marks & Spencer and Next to value retailers such as Lidl, Aldi and B&M. Across the market, retailers are also facing higher costs and margin pressures. To help manage this and stimulate more impulse purchases to increase the average basket size, more are incentivising shoppers to complete fulfilment instore which is the most cost effective solution. This combined with lower occupancy costs on retail parks, plays well to the retail park proposition.

Retail parks investment volumes in the financial year were £3.2bn compared to £4.5bn in FY22, and yields moved out 75-100 bps. However, since January 2023, retail parks have experienced a repricing driven by limited supply and the emergence of new investors, who are attracted to the format's income returns and growth fundamentals. As a result, prime market yields have moved in 25 bps to 5.75%. Shopping Centre volumes were low at £0.9bn, as investors wait for more clarity on pricing. Limited availability of debt, few transactions and pricing uncertainty has led to a lack of new stock coming to market.

Logistics market

In London, the occupational market remained strong. Take up year to date (calendar 2022) was 1.5m sq ft and rents continue to grow with prime rent now £35 psf. This reflects the strength of demand for very centrally located space driven by the growth of e-commerce and increased expectations for priority delivery, requiring closer proximity to the customer. As a result, vacancy in Greater London is very low at 2.3% and 0.4% in Zone 1.

However, as a very low yielding sector, sentiment across the wider UK logistics market has been impacted by rising interest rates. Investment activity reduced over the period with a slowdown in stock coming to market as sellers choose to delay sales where they have optionality.

100 Liverpool Street

DELIVERING AWARD WINNING ASSETS

"This refurbishment project transforms a former 1980s office building with deep floor plates into a high quality, flexible commercial building fit for the 21st century. Its approach to reusing the existing building demonstrates clear strategic thinking, keeping what could be salvaged, unpicking what could not, and adding what was necessary."

RIBA judge

Awards

London Award	Stirling Prize Shortlisted	UK Design Award: Large Project (2021)	Commercial Property Project of the Year (2021)	CONSTRUCT Award: Projects Winner (2021)
London Client of the Year	Civic Trust Award	Structural Steel Design Award (2021)	Project of the Year (2021)	Simplicity Specialist Finishes, Ceilings Winner
National Award	Building of the Year Award (2021)	Green Building Project of the Year (2021)	Working Winner	Highly Commended

2022 awards unless otherwise stated

BUSINESS REVIEW

Total portfolio key metrics

Year ended	31 March 2023	31 March 2022
Portfolio valuation	**£8,898m**	£10,467m
Occupancy[1]	**96.7%**	96.5%
Weighted average lease length to first break	**5.7 yrs**	5.8 yrs
Total property return	**(9.5)%**	11.7%
- Yield shift	**+71 bps**	(42) bps
- ERV movement	**2.8%**	(1.2)%
- Valuation movement	**(12.3)%**	6.8%
Lettings/renewals (sq ft) over 1 year	**2.6m**	2.9m
Lettings/renewals over 1 year vs ERV	**+15.1%**	+4.5%
Gross capital activity	**£1,297m**	£1,479m
- Acquisitions	**£203m**	£747m
- Disposals	**£(746)m**	£(486)m
- Capital investment	**£348m**	£246m
Net investment/(divestment)	**£(195)m**	£507m

On a proportionally consolidated basis including the Group's share of joint ventures and excluding non-controlling interests

1. Where occupiers have entered CVA or administration but are still liable for rates, these are treated as occupied. If units in administration are treated as vacant, then the occupancy rate would reduce from 96.7% to 96.4%.

Portfolio performance

At 31 March 2023	Valuation £m	Valuation movement %	ERV movement %	Yield shift bps	Total property return %	Net equivalent yield %
Campuses	5,650	(13.1)	2.6	+70	(11.9)	5.0
Central London	5,103	(12.9)	2.7	+71	(11.6)	5.0
Canada Water & other Campuses	456	(17.4)	(0.2)	+43	(16.6)	5.5
Retail & London Urban Logistics	3,248	(10.9)	3.0	+72	(5.0)	6.8
Retail Parks	1,976	(10.2)	2.8	+71	(4.1)	6.6
Shopping Centres	746	(7.6)	1.2	+39	(0.3)	7.9
London Urban Logistics	263	(24.2)	29.4	+187	(22.4)	4.6
Total	**8,898**	**(12.3)**	**2.8**	**+71**	**(9.5)**	**5.8**

See supplementary tables for detailed breakdown

The value of the portfolio was down 12.3% driven by yield expansion of 71 bps across the portfolio. This was partially offset by positive ERV growth of 2.8%.

Campus valuations were down 13.1%, with our West End portfolio down 11.3% and City portfolio down 14.8%, reflecting yield expansion of 72 bps and 69 bps respectively. While macroeconomic uncertainty has impacted investment markets, occupational demand has remained robust, particularly for new buildings with strong sustainability credentials. We saw ERV growth of 2.6% across Campuses, driven by the West End where ERVs were up 4.0% reflecting our successful leasing activity and tighter supply.

The value of our Retail Park portfolio fell by 10.2% in the year, as yields increased by 71 bps to reflect rising interest rates. Encouragingly Retail Parks saw positive ERV growth for the first time in five years, up 2.8%. The value of our Shopping Centres fell by 7.6%, with ERVs now growing for the first time in over five years, up 1.2%.

In London Urban Logistics, values have declined by 24.2%, despite a strong occupational market. This was driven by yield expansion of 187 bps as a result of rising interest rates. The combination of strong occupational demand and acute undersupply of the right kind of space in core London locations drove ERV growth of 29.4%. These assets are primarily valued on an investment rather than development basis. We are still expecting attractive development IRRs of c.15% as our original appraisals assumed some of the outward yield shift we have now seen and there has been very strong rental growth over the past year.

Capital activity

From 1 April 2022	Campuses £m	Retail & London Urban Logistics £m	Total £m
Purchases	33	170	203
Sales	(711)	(35)	(746)
Development Spend	255	7	262
Capital Spend	45	41	86
Net Investment	**(378)**	**183**	**(195)**
Gross Capital Activity	**1,044**	**253**	**1,297**

On a proportionally consolidated basis including the Group's share of joint ventures and excluding non-controlling interests

The total gross value of our capital activity since 1 April 2022 was £1.3bn. The most significant transaction was the sale of a 75% interest in the majority of our assets at Paddington Central to GIC for £694m in July 2022. This was 1% below September 2021 book value and represented a net initial yield (NIY) of 4.5%. As part of the transaction agreement, GIC were given options over two further assets at Paddington Central, the development site at 5 Kingdom Street and the Novotel at 3 Kingdom Street. The option at 5 Kingdom Street has now lapsed and the option at 3 Kingdom Street, which enables GIC to acquire the asset at prevailing market value via the first joint venture, is available for five years. British Land continues to act as the development and asset manager for the Campus, for which we earn fees.

We have progressed innovation opportunities including the £25m purchase of the Peterhouse Western Expansion site to the west of our holding on the Peterhouse Technology Park, with consent for a 90,000 sq ft office and lab building. This acquisition represents an opportunity to deliver space in Cambridge, a market which is structurally undersupplied and where we expect strong rental growth.

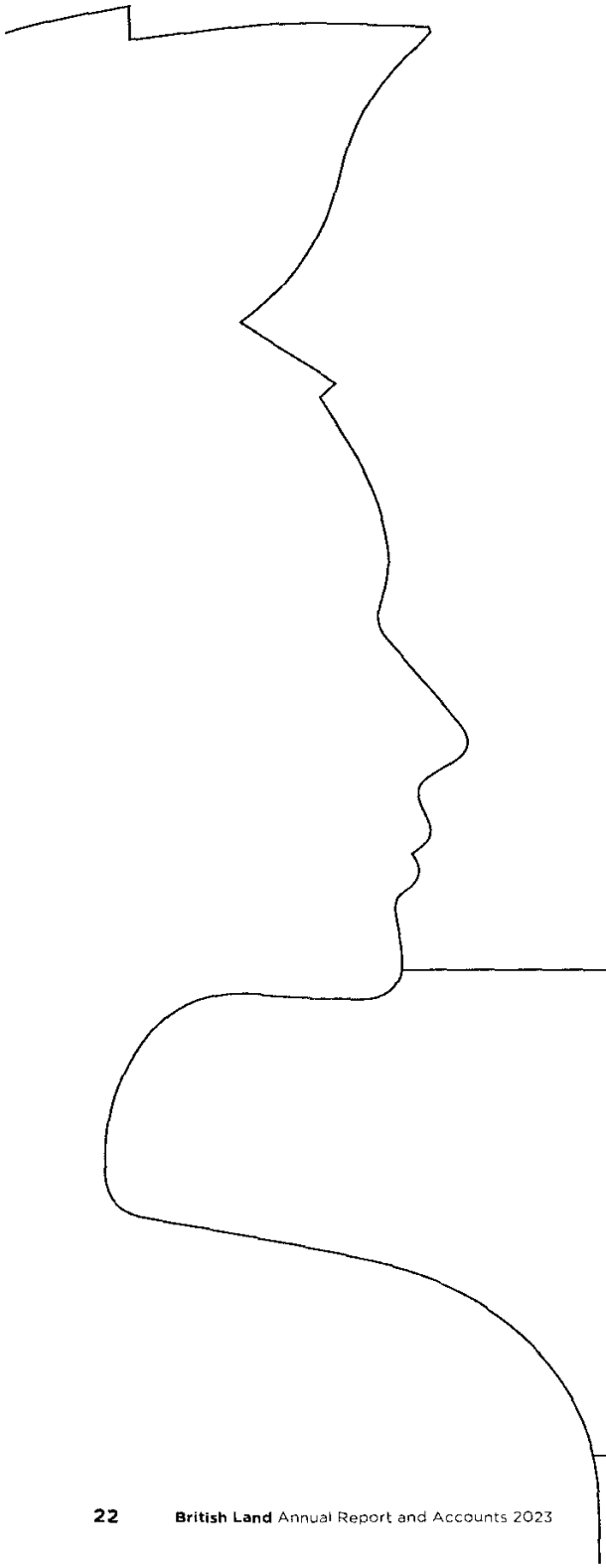
We continue to consolidate our position as the UK's largest owner and operator of Retail Parks. Since April 2022, we've acquired three Retail Parks including Capitol Retail and Leisure Park in Preston for £51.5m (NIY 8.4%), Solartron Retail Park in Farnborough for £34.8m (NIY 7.7%), and Westwood Retail Park in Thanet for £54.5m (NIY 8.1%). All are dominant retail parks within their catchment, let to a strong mix of retailers and benefit from excellent accessibility. In addition, we acquired the DFS unit in Cambridge for £7.4m (NIY 7.1%), which sits immediately adjacent to the B&Q we acquired last year. This purchase offers a secure income stream with the potential for longer-term life sciences and innovation redevelopment in a strategic location.

We also disposed of non core assets including old Debenhams stores in Chester and Cardiff for £4.2m, our 50% stake in Deepdale Retail Park for £30.3m (NIY 7.5%) and 126-134 Baker Street, a mature standalone office asset, for £17.3m (NIY 4.7%).

In London Urban Logistics, we acquired a site in Mandela Way for £22m, our second urban logistics location in Southwark, following the acquisition of Verney Road for £31m in February 2022. Mandela Way is an excellent location for a multi-storey, urban logistics scheme, close to the Old Kent Road, the City and London Bridge, and in an area that is popular with a range of third party logistics providers.

Regent's Place

The British Land Company PLC 00621920



CAMPUSES

We are the leading owner and operator of Campuses *in the UK. They bring together best in class buildings* with leading sustainability and design credentials, *surrounded* by attractive public spaces and a *range* of amenities including shops, gyms, restaurants and bars. Our Campuses are located close to key transport hubs and benefit from excellent connectivity.

1 Finsbury Avenue, Broadgate

Portfolio valuation (BL share)
£5,650m

Weighted average lease length to first break
7.2 yrs

Lettings/renewals (sq ft) over 1 year
0.8m sq ft

Occupancy
96.2%

Total Property Return
(11.9)%

ERV growth
+2.6%

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

Campuses key metrics

Year ended	31 March 2023	31 March 2022
Portfolio Valuation	**£5,650m**	£6,967m
Occupancy	**96.2%**	96.7%
Weighted average lease length to first break	**7.2 yrs**	7.0 yrs
Total property return	**(11.9)%**	8.5%
- Yield shift	**+70 bps**	(11) bps
- ERV growth	**2.6%**	0.0%
- Valuation movement	**(13.1)%**	5.4%
Total lettings/renewals (sq ft)	**1,037,000**	1,654,000
Lettings/renewals (sq ft) over 1 year	**777,000**	1,388,000
Lettings/renewals over 1 year vs ERV	**+11.0%**	+5.4%
Like-for-like income[1]	**+6.5%**	+2.5%

On a proportionally consolidated basis including the Group's share of joint ventures and excluding non-controlling interests

1. Like-for-like excludes the impact of surrender premia, CVAs & admins and provisions for debtors and tenant incentives.

Campus operational review

Campuses were valued at £5.65bn, down 13.1%. This was driven by 70 bps yield expansion partly offset by ERV growth of 2.6%. Lettings and renewals totalled 1.0m sq ft, with deals over one year 11.0% ahead of ERV. Like-for-like income was up 6.5%, driven primarily by strong leasing, particularly in Storey where we saw 146,000 sq ft of leasing activity including 61,000 sq ft of renewals, representing a 76% retention rate. Across our Campuses, we are under offer on a further 106,000 sq ft, 8.6% ahead of ERV. In addition, we had 491,000 sq ft of rent reviews agreed 2.6% ahead of passing rent.

Across our standing portfolio, we benefit from a diverse group of high quality customers focused on financial, corporate, science, health, technology and media sectors. Occupancy is 96.2% and we have collected 100% of our rent for the year. Our recent customer satisfaction survey was strong: we scored 4.3 out of 5 stars and 79% say we are "the best" or "better than most" other office providers based on a survey of 53 office facilities managers.

Broadgate

Leasing activity at Broadgate covered 378,000 sq ft (excluding Storey), of which 248,000 sq ft were long term deals, completed on average 2.6% ahead of ERV. Broadgate occupancy is 94.9%.

The most significant deal was a regear to Credit Agricole at Broadwalk House, covering 117,000 sq ft, which extended their lease by five years to 2030. In this case, we have worked closely with the customer to deliver energy efficient interventions which progress our net zero plans and generate efficiencies for Credit Agricole, which is particularly important in the context of higher energy prices. We are underway with significant asset management initiatives at 199 Bishopsgate totalling £35m, where we have taken the opportunity to incorporate energy efficient interventions at little incremental cost, since they are part of the wider refurbishment.

We have made some exciting additions to our food and beverage offer with Los Mochis, a pan-Pacific concept, opening a 14,000 sq ft flagship restaurant on the rooftop of 100 Liverpool Street. New additions such as this encourages footfall to our campus which is benefiting from the opening of the Elizabeth Line.

One of our key social impact initiatives on the Campus was New Diorama Theatre (NDT) Broadgate, which ran for 18 months and ended in July 2022. It provided over 20,000 sq ft of creative space free to independent and freelance artists. Over 8,800 artists used the space, making more than 250 new shows, and an independent economic impact report found it generated £40m of additional gross revenue for the UK economy, supporting over 1,000 full time jobs. In addition, Broadgate Connect, an ongoing employment initiative on the Campus supported 138 local job seekers this year with 44 placed into work. In connection with the Young Readers Programme, partnering with the National Literacy Trust, 372 school children participated in activities across the Campus.

Broadgate saw a valuation decline of 16.5% driven by outward yield shift of 69 bps, partially offset by ERV growth of 1.6%.

Regent's Place

At Regent's Place (excluding Storey), we have completed 195,000 sq ft of leasing, all of which were long term, averaging 19.8% ahead of ERV. The most significant deal was the regear to Meta at 10 Brock Street covering 146,000 sq ft. Occupancy at the Campus is now 96.0%.

Regent's Place is gaining momentum as a life sciences and innovation hub. We have already this year delivered c.15,000 sq ft of lab space across two floors at 338 Euston Road of which 5,300 sq ft was let to Relation Therapeutics. In addition one floor (33,000 sq ft) at 20 Triton Street will be delivered in July 2023. We have similar opportunities at other buildings on the Campus and are aiming to deliver 62,000 sq ft of lab space at Regent's Place by the end of 2023 and c.700,000 sq ft by 2030. We are having positive discussions with key life sciences and innovation organisations in the Knowledge Quarter to partner with them on delivering our plans. This is in addition to our current innovation customers such as FabricNano, the General Medical Council and the NHS.

The second phase of our public realm improvement programme was delivered at the end of 2022. Our social programmes at Regent's Place have included partnering with the Rebel Business School, with 58 participants attending a training programme on how to start their own business. We also supported 16 local residents into employment with service partners on the Campus. Through the Young Readers Programme, in partnership with the National Literacy Trust, 199 school children participated in activities across the Campus.

Regent's Place saw valuation declines of 14.1%, driven by outward yield shift of 76 bps offset by ERV growth of 3.8%.

Paddington Central

Leasing activity at Paddington Central (excluding Storey) covered 150,000 sq ft, on average 2.3% ahead of ERV. Occupancy on the Campus remains very high at 99.4%.

The most significant letting in the year was 83,000 sq ft to Virgin Media O2 at 3 Sheldon Square, which will become their new UK Headquarters. The building is currently undergoing an all-electric refurbishment, and the deal with Virgin Media O2 takes the building to 65% pre-let, ahead of completion in February 2024.

Following the sale of 75% of the majority of assets at the Campus to GIC, Paddington Central is now held in a joint venture with GIC owning 75% and British Land owning the remaining 25% with the partners having joint control.

We are part of the Paddington Life Science Partnerships Group led by Imperial NHS Trust and are delighted that they have chosen to locate their innovation centre on the Campus at 1a Sheldon Square. We have provided space to the Ukrainian Institute London language school to teach English. The classes have benefited 627 displaced Ukrainians, with 427 individuals gaining English qualifications. Working with the National Literacy Trust, 259 local children visited Paddington Central as part of their Young Readers Programme, taking part in sustainability workshops with Square Mile Farms, an urban farming business on the Campus.

Paddington Central saw valuation declines of 5.8% driven by significant outward yield shift of 57 bps which was partially offset by strong ERV growth of 9.7% reflecting the improving rental tone in the wider Paddington area.

Storey: our flexible workspace offer

Storey is part of our Campus model and is currently operational across 313,000 sq ft on all of our Campuses and in two standalone buildings. Storey provides occupiers with the flexibility to expand and contract depending on their requirements. The quality of the space, central location and access to Campus amenities make the space appealing to scale up businesses. Customers on our Campuses also benefit from access to ad hoc meeting and events space at Storey Club and this service is an increasingly important factor when making workspace decisions.

We exchanged 146,000 sq ft of leasing in the year, 61,000 sq ft of these deals are renewals, representing a 76% retention rate. This demonstrates that existing customers like the space and want to commit to stay for longer. Storey occupancy is 93% up from 86% at Q4 FY22, reflecting continued success in securing renewals and minimising void periods between customers.

In H2, we launched 23,000 sq ft of Storey space at 155 Bishopsgate, which has been let in its entirety to Levin Group for its new London Headquarters. The deal was Levin Group's third upsize at Broadgate, having initially taken space at 1 Finsbury Avenue before taking additional space in the neighbouring unit and at 100 Liverpool Street.

Canada Water

Following the sale of 50% of the Canada Water Masterplan in March 2022, this Campus is now held in a 50:50 joint venture with AustralianSuper, Australia's largest superannuation fund. The joint venture is committed to developing Phase 1 of the Masterplan covering 578,000 sq ft and to progressing subsequent phases of the development, with equity funding split equally between British Land and AustralianSuper.

The total development cost of the entire project is £4.1bn. It is expected to complete in 2031 and should deliver a total development value of £6.3bn of which the commercial element accounts for £3.8bn and residential the remainder. British Land is targeting development returns in the low teens for the whole project.

We have outline planning permission for the entire scheme and are on site with Phase 1, which comprises a mix of workspace, retail, leisure and residential as set out below. We are targeting rents on the workspace of over £50 psf and a capital value of around £1,000 psf on the residential, which are both attractive relative to competing schemes. Residential sales for The Founding launched in January and current reservations are above targeted pricing levels.

Sq ft	Workspace	Retail & leisure	No residential homes	Total
1-3 Deal Porters Way (A1); The Founding (residential)	121,000	8,000	186	270,000
The Dock Shed (A2)	181,000	65,000	–	246,000
Roberts Close (K1)	–	–	79	62,000
Total	**302,000**	**73,000**	**265**	**578,000**

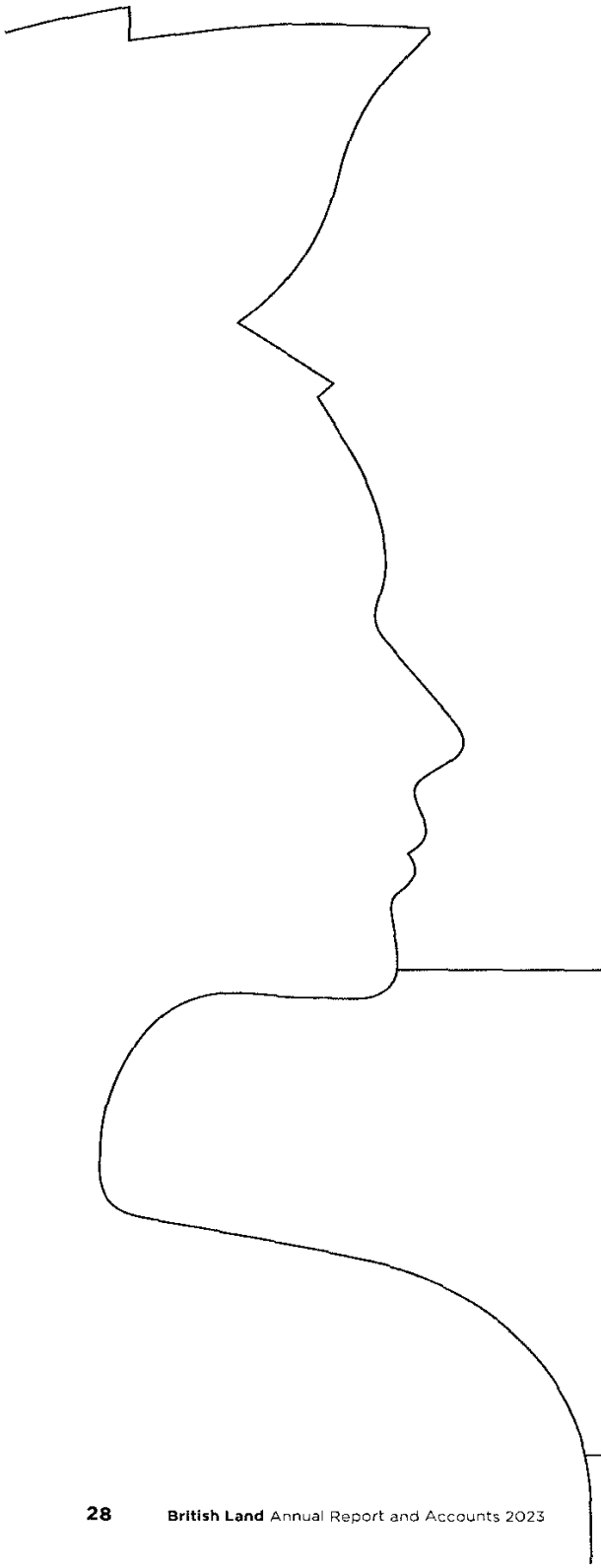
The London Borough of Southwark held an initial 20% interest in the scheme and have the ability to participate in the development up to a maximum of 20% with returns pro-rated accordingly. Although they have elected not to fully participate in Phase 1 they are pre-purchasing the 79 affordable homes at Roberts Close (K1) and have part funded the 55,000 sq ft leisure centre in The Dock Shed (A2)

In July 2022, we were pleased that Southwark Council granted detailed planning permission for the Printworks, in Zone H of the Masterplan. Reflecting its success as a cultural destination, we are now working with the operators to explore retaining a cultural venue to capitalise on the popularity of the offer. In the same month, Southwark Council also granted planning permission to develop Zones F and L, adjacent to the Printworks. Together these will deliver 647 homes including 174 affordable homes, as well as workspace and retail space. We have also submitted a Reserved Matters Application for Zone G of the Masterplan, which includes a replacement Tesco store, 419 homes of which 61% are affordable housing and some smaller flexible retail space. Together, these developments represent the next phases of the Canada Water Masterplan.

Building on the success of the TEDI modular campus we are onsite with a 33,000 sq ft modular innovation campus on the site, which completes in June 2023. We are under offer with CheMastery, a startup aiming to increase the efficiency of chemical research and manufacturing, to take some of that space.

The valuation of Canada Water declined 19.7%, driven by a 30 bps outward yield shift on offices, which has amplified the impact on the land value. Given that we are early into a 10-12 year programme, we still expect to deliver significant profits.

Storey Club,
4 Kingdom Street



RETAIL AND LONDON URBAN LOGISTICS

We are the UK's largest owner and operator of Retail Parks. They are *retailers' preferred format given their affordability and compatibility* with omni-channel. Our London Urban Logistics portfolio is the newest part of our business. We focus on multi-storey developments within the M25 and on repurposing assets in Zone 1 of London.

Whiteley Retail & Leisure Park, Hampshire

Portfolio valuation (BL share)
£3,248m

Weighted average lease length to first break
4.6 yrs

Lettings/renewals (sq ft) over 1 year
1.8m sq ft

Occupancy[1]
97.3%

Total Property Return
(5.0)%

ERV growth
+3.0%

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

1. Where occupiers have entered CVA or administration but are still liable for rates, these are treated as occupied. If units in administration are treated as vacant, then the occupancy rate for Retail would reduce from 97.3% to 96.8%.

Retail and London Urban Logistics key metrics

Year ended	31 March 2023	31 March 2022
Portfolio valuation	**£3,248m**	£3,500m
- Of which Retail Parks	**£1,976m**	£2,114m
- Of which Shopping Centres	**£746m**	£800m
- Of which London Urban Logistics	**£263m**	£319m
Occupancy[1]	**97.3%**	96.3%
Weighted average lease length to first break	**4.6 yrs**	4.6 yrs
Total property return	**(5.0)%**	19.1%
- Yield shift	**+72 bps**	(97) bps
- ERV growth	**3.0%**	(2.8)%
- Valuation movement	**(10.9)%**	9.9%
Total lettings/renewals (sq ft)	**2,395,000**	2,196,000
Lettings/renewals (sq ft) over 1 year	**1,808,000**	1,523,000
Lettings/renewals over 1 year vs ERV	**+18.8%**	+2.8%
Like-for-like income[2]	**+5.3%**	(0.8)%

On a proportionally consolidated basis including the Group's share of joint ventures and excluding non-controlling interests

1. Where occupiers have entered CVA or administration but are still liable for rates, these are treated as occupied. If units in administration are treated as vacant, then the occupancy rate for Retail would reduce from 97.3% to 96.8%.
2. Like-for-like excludes the impact of surrender premia, CVAs & admins and provisions for debtors and tenant incentives

Retail & London Urban Logistics operational review

Operational performance

We have achieved record leasing volumes this year with 2.4m sq ft of deals signed, of which half was at our Retail Parks. Deals completed over the year were 18.8% ahead of ERV and 8.8% below previous passing rent. Occupancy is high at 97.3% and 98% of FY23 rent was collected. Like-for-like income was up 5.3%.

Weighted average lease length remained at 4.6 years. We had 375,000 sq ft of rent reviews that were agreed 1.0% above passing rent. In total, we have 808,000 sq ft of deals under offer, 19.5% above March 2022 ERV. Our recent customer satisfaction survey was strong: we scored 4.4 out of 5 stars and 75% say we are "the best" or "better than most" other retail providers based on a survey of 725 retail store managers.

Retail Parks

We completed 1.2m sq ft of leasing deals across our Retail Park portfolio, on average 9.7% below previous passing rent and 19.5% above ERV. Retail Parks occupancy is 98.8%, the highest level in twelve years, reflecting strong leasing activity and like-for-like income was up 6.2%.

Notable deals included 37,000 sq ft to Inditex (Zara) at Glasgow Fort, where they doubled their footprint and 28,800 sq ft to Poundland across two retail parks at Speke and Denton. We continue to lease well to Aldi, with 40,000 sq ft let at Woking and Farnborough. In addition, we have introduced new brands at our Retail Parks, including Pets Corner at Whiteley and Black Sheep Coffee at Broughton, who are due to open their first ever store on a retail park.

Shopping Centres

We continue to actively manage our Shopping Centres improving occupancy and driving rents forward. We have completed 991,000 sq ft of deals across this part of the portfolio, on average 7.7% below previous passing rent but 18.5% ahead of ERV.

Notable recent deals have included 9,300 sq ft to Watches of Switzerland across Meadowhall and Southgate, Bath. In addition, Inditex (Zara) and the Gym Group also signed 32,000 sq ft and 10,000 sq ft respectively at Southgate. At Old Market, Hereford, we leased 18,700 sq ft of space to Mountain Warehouse and MandM Direct signed part of the former Debenhams unit, totalling 48,500 sq ft, which will be repurposed into office space for their new Headquarters.

Footfall and sales are now close to pre-pandemic levels as set out below:

	3 April 2022 – 26 March 2023	
	% of 2019[1]	Benchmark outperformance[1]
Footfall		
- Portfolio	**95.6%**	**858 bps**
- Retail parks	**99.9%**	**284 bps**
Sales		
- Portfolio	**108.4%**	**n/a**
- Retail parks	**109.1%**	**n/a**

1. Compared to the equivalent weeks in 2019
2. Footfall benchmark: Springboard

A1 Retail Park,
Biggleswade

London Urban Logistics
In London Urban Logistics we've built a 2.9m sq ft pipeline with a GDV of £1.3bn. We've made good progress in the year, with 2.1m sq ft in planning, including planning consent achieved at The Box at Paddington post year end.

Developments

At 31 March 2023	Sq ft '000	Current Value £m	Cost to complete £m	ERV £m	ERV Let & under offer £m
Committed	1,817	648	488	65.7	25.1
Near term	1,800	245	947	85.0	–
Medium term	8,194				
Total pipeline	**11,811**	**893**	**1,435**	**150.7**	**25.1**

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

Development pipeline

Value accretive developments are a key driver of returns for British Land. We target IRRs of 10-12% on our Campuses and around 15% on our London Urban Logistics developments. Altogether, we expect our development pipeline to deliver profits of around £1.7bn. Our experience has demonstrated that some of our best performing developments are those which were progressed during periods of uncertainty because they were delivered into supply constrained markets. Against a backdrop of rising inflation and given broader market uncertainty, development valuations were down 15.7% driven primarily by outward yield shift and the disproportionate impact that this has on residual land valuations.

Construction cost inflation has moderated and we expect it to be 3-4% this year as construction capacity is increasing due to development projects being deferred or cancelled. We regularly review inflation drivers to ensure our contingencies and cost plans are robust to deal with the market fluctuations. We have been able to place contracts competitively and 94% of costs are fixed on committed developments. We have built up excellent relationships with Tier 1 contractors and throughout our supply chain so we are confident of placing mutually attractive contracts for our near term developments.

We are currently on site with 1.8m sq ft of space, which will target BREEAM Outstanding (for offices) and Excellent (for retail) delivering £65.7m of ERV with 38% already pre-let or under offer. Excluding build to sell residential and retail space which we will let closer to completion, we are 46% pre-let or under offer by ERV. Total development exposure is now 5.5% of portfolio gross asset value with speculative exposure at 6.0% (which is based on ERV and includes space under offer), within our internal risk parameter of 12.5%.

Committed developments
Our committed pipeline stands at 1.8m sq ft with one new commitment made this year at 3 Sheldon Square. The committed pipeline is focused on our Campuses, including 1 Broadgate and Norton Folgate in London. 1 Broadgate (544,000 sq ft) is on track to be both BREEAM Outstanding and NABERS 5*[1]. The office space is fully pre-let or under option to JLL and Allen & Overy, four years ahead of practical completion, demonstrating the heightened demand for best in class, sustainable buildings. Norton Folgate (335,000 sq ft) is on track to complete later this year and we have let 114,000 sq ft to Reed Smith, which is one-third of the total office space. 3 Sheldon Square is currently undergoing a full refurbishment, significantly reducing the embodied carbon of the development by retaining and reusing the existing structure and materials. The building will be all electric, including the installation of air source heat pumps, which will reduce operational energy demand by over 40%. The building is already 65% let to Virgin Media O2, which signed 83,000 sq ft for their UK Headquarters in February 2023.

At Canada Water, we are on site at the first three buildings covering 578,000 sq ft. The Founding (previously A1) is a 35 storey tower, including 186 homes and 121,000 sq ft of workspace; practical completion is targeted for Q4 2024. The Dock Shed includes 181,000 sq ft of workspace as well as a new leisure centre and Roberts Close comprises 79 affordable homes. We are targeting BREEAM Outstanding on all the commercial space, BREEAM Excellent on retail and a minimum of HQM One 4*[2] for private residential. The London Borough of Southwark will take ownership of Roberts Close on completion and have part-funded the leisure centre in A2.

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

We are on site with an 83,000 sq ft development at The Priestley Centre in Guildford, which will be a mix of innovation and lab enabled space. The site is located on the University of Surrey Research Park, home to a number of well established technology and engineering businesses and close to the Royal Surrey County Hospital.

1. NABERS measures the energy efficiency, water usage, waste management and indoor environment quality of a building or tenancy and its impact on the environment.
2. The Home Quality Mark is an independently assessed certification scheme for new homes, with a simple star rating based on a home's design, construction and sustainability. Every home with an HQM certificate meets standards that are significantly higher than minimum standards such as Building Regulations.

Committed Developments

As at 31 March 2023	Sector	BL Share %	100% sq ft '000	PC Calendar Year	ERV £m[1]	Forecast IRR %[3]	Rebased IRR %[4]
The Priestley Centre	Office	100	83	Q4 2023	3.2	14	21
Norton Folgate	Office	100	335	Q4 2023	23.8	5	14
3 Sheldon Square	Office	25	140	Q1 2024	2.5	16	17
Aldgate Place, Phase 2	Residential	100	137	Q2 2024	6.4	6	10
1 Broadgate	Office	50	544	Q2 2025	20.7	7	12
Canada Water[2]							
Roberts Close (Plot K1)	Residential	50	62	Q3 2023	–		
1-3 Deal Porters Way (Plot A1)	Mixed Use	50	270	Q4 2024	3.6	blended	blended
The Dock Shed (Plot A2)	Mixed use	50	246	Q4 2024	5.5	10	13
Total Committed			**1,817**		**65.7**		

1. Estimated headline rental value net of rent payable under head leases (excluding tenant incentives).
2. The London Borough of Southwark has confirmed they will not be investing in Phase 1, but retain the right to participate in the development of subsequent plots up to a maximum of 20% with their returns pro-rated accordingly.
3. Forecast IRRs reflect the land value at the point of commitments.
4. Rebased IRRs reflect current site values.

We target IRRs of 10-12% on our Campuses and around 15% on our London Urban Logistics developments. The recent increase in yields has impacted the forecast IRRs on our committed schemes which reflected the land value at the point of commitment. However, rebased IRRs using current *site values are at or above our target range.*

Near Term pipeline

Our near term pipeline covers 1.8m sq ft. The largest scheme is 2 Finsbury Avenue, where we have planning consent for a 747,000 sq ft best in class, sustainable office building at Broadgate. Although the development is not committed, we have commenced demolition and basement works to maintain optionality. In addition, The Peterhouse Western Expansion, adjacent to the Peterhouse Technology Park, has consent for 96,000 sq ft of innovation and lab enabled space and we expect to commence start on site in the next few months.

Our near term pipeline also includes our first three London Urban Logistics developments. We recently achieved planning consent for a new 121,000 sq ft underground urban logistics hub at Paddington Central called The Box, which we expect to commence in Q4 2023. The scheme has a further 211,000 sq ft of consented office space above it. We also submitted planning for two multi-storey, last mile logistics hubs at Mandela Way and Verney Road in Southwark, totalling 344,000 sq ft. These schemes have IRRs of above 20% and will provide flexible space for a range of customers.

Medium Term pipeline

Our medium term pipeline covers 8.2m sq ft, the largest of which are the future phases of the Canada Water Masterplan, which accounts for 4.2m sq ft and Euston Tower, totalling 571,000 sq ft, where we have an exciting opportunity to deliver a highly sustainable innovation and lab enabled building in London's Knowledge Quarter.

London Urban Logistics opportunities account for 2.9m sq ft of near and medium term opportunities. This includes Thurrock, where we have submitted plans for a 644,000 sq ft two-storey logistics scheme east of London and Enfield where we have submitted plans for a similar two-storey logistics scheme totalling 437,000 sq ft. At Hannah Close in Wembley, there is potential to deliver 668,000 sq ft of well located, multi-storey urban logistics space, within the M25 and we will be submitting planning for a last mile logistics hub at Finsbury Square in the City of London later this year.

Canada Water Dockside
Image is a CGI

CANADA WATER

Printworks London, Canada Water

Printworks Park, Canada Water

Image is a CGI

Canada Water is a 53 acre scheme and London's largest urban regeneration project. Located in London's Zone 2, it is on the Jubilee Line and London Overground, making it easily accessible to London Bridge, the West End, the City and Shoreditch. The Masterplan will deliver around 2m sq ft of workspace, around 1m sq ft of retail, leisure, entertainment, education and community space, and around 3,000 new homes, of which 35% will be affordable. When complete, Canada Water is expected to have the UK's largest collection of BREEAM Outstanding buildings.

FINANCIAL REVIEW

Year ended	31 March 2023	31 March 2022[1]
Underlying Profit[2,3]	**£264m**	£247m
Underlying earning per share[2,3]	**28.3p**	27.0p
IFRS (loss)/profit after tax	**£(1,039)m**	£965m
Dividend per share	**22.64p**	21.92p
Total accounting return[2]	**(16.3)%**	14.6%
EPRA Net Tangible Assets per share[2,3]	**588p**	730p
EPRA Net Disposal Value per share[2,3]	**606p**	706p
IFRS net assets	**£5,525m**	£6,768m
LTV[4,5,6]	**36.0%**	32.9%
Net Debt to EBITDA (Group)[4,7]	**6.4x**	7.9x
Net Debt to EBITDA (proportionally consolidated)[4,5]	**8.4x**	9.7x
Weighted average interest rate	**3.5%**	2.9%
Fitch unsecured credit rating	**A**	A

1. Prior year comparatives have been restated for a change in accounting policies in respect of rental concessions and tenant deposits (as disclosed in Note 1 of the financial statements).
2. See Note 2 within financial statements for definition and calculation.
3. See Table B within supplementary disclosures for reconciliations to IFRS metrics.
4. See Note 17 within the financial statements for definition, calculation and reference to IFRS metrics
5. On a proportionally consolidated basis including the Group's share of joint ventures and excluding non-controlling interests.
6. EPRA Loan to value is disclosed in Table E of the financial statements.
7. Net Debt to EBITDA on a Group basis excludes non-recourse and joint venture borrowings, and includes distributions from joint ventures and *non-recourse companies.*

Overview

Operational performance continued to improve driven by strong like-for-like rental growth and our focus on cost control. Underlying Profit was up 6.9% at £264m, while Underlying earnings per share (EPS) was up 4.8% at 28.3p Based on our policy of setting the dividend at 80% of Underlying EPS, the Board has proposed a final dividend *of 11.04p per share, resulting in a full year dividend of 22.64p,* up 3.3%. The growth in the dividend is lower than Underlying EPS growth due to the impact of the rental concession restatement in the prior year.

IFRS loss after tax for the year was £1,039m, compared with a profit after tax for the prior year of £965m. The movement year-on-year primarily reflects the downward valuation movement on the Group's properties and those of its joint ventures as property values adjusted to the higher rate environment, offset by the mark-to-market movement on the derivatives hedging the interest rate on our debt.

Overall valuations have fallen by 12.3% on a proportionally consolidated basis, resulting in a decrease in EPRA NTA per share of 19.5%. Including dividends of 23.20p per share paid during the year, total accounting return was -16.3%.

Loan to value (LTV) on a proportionally consolidated basis increased by 310 bps from 32.9% at 31 March 2022 to 36.0% at 31 March 2023, reflecting the valuation declines noted above and capital expenditure on our committed pipeline. This was partially offset by the sale of a 75% interest in the majority of our assets in Paddington Central, which completed in July 2022.

Group Net Debt to EBITDA decreased by 1.5x to 6.4x, and Net Debt to EBITDA on a proportionally consolidated basis decreased by 1.3x to 8.4x, improving as a result of net divestment made in the year and growth in underlying earnings.

We completed £1.4bn (£0.9bn British Land share) of financing activity in the year on favourable terms, at margins in line with our in place facilities, with banks whom we have longstanding relationships and two which are new relationships to the Group and its joint ventures. For British Land, we agreed £375m of new revolving credit facilities (RCF), all for initial 5 year terms, as well as the extension of a further £100m RCF, and agreed with Homes England the continuation of the £100m loan facility to fund specified infrastructure works at Canada Water following the formation of the joint venture. For this joint venture we completed a £150m Green development loan facility for Canada Water, Phase 1 and for the Paddington joint venture we completed a £515m loan for Paddington Central.

Our weighted average interest rate at 31 March 2023 was 3.5%, a 60 bps increase from 31 March 2022. This increase was primarily due to the repayment of our lower cost bank RCFs with the proceeds of the Paddington transaction, as well as the impact of rising market rates. The impact on our interest costs is limited by our hedging which includes swaps to fixed rate and caps where the strike rates are now below current SONIA. The interest rate on our debt is 97% hedged for the next year and 76% of our projected debt is hedged on average over the next 5 years.

Our financial position remains strong with £1.8bn of undrawn facilities as at 31 March 2023. Based on our current commitments and facilities, we have no requirement to refinance until early 2026.

We retain significant headroom to our debt covenants, meaning the Group could withstand a fall in asset values across the portfolio of 36% prior to taking any mitigating actions.

Fitch Ratings, as part of their annual review in August 2022, affirmed all our credit ratings with a Stable Outlook, including the senior unsecured rating at 'A'.

	£m
Underlying Profit for the year ended 31 March 2022[1]	**247**
Like-for-like net rent	21
CVAs, administration and provisions for debtors and tenant incentives	–
Net divestment	(11)
Developments	12
Net finance costs & fee income	(5)
Underlying Profit for the year ended 31 March 2023	**264**

1. Prior year comparatives have been restated for a change in accounting policy in respect of rental concessions (as disclosed in Note 1 of the financial statements).

Underlying Profit increased by £17m, due to strong like-for-like net rents, as well as the benefit of recently completed developments, partially offset by the impacts of net divestment and increased financing costs primarily due to rising market rates.

Net capital activity decreased earnings by £11m in the year. This reflects a £20m decrease from the £1.2bn disposal of mature assets (primarily the sale of a 75% interest in the majority of our assets in Paddington Central) over the last 24 months, offset by the £0.9bn of acquisitions in Retail Parks, Urban Logistics, and innovation opportunities which resulted in a £9m increase to earnings.

Proceeds from sales have been deployed into our development pipeline and value accretive acquisitions. Our committed schemes are expected to generate an ERV of £65.7m, of which 38% is already pre-let or under offer.

Presentation of financial information and alternative performance measures

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

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

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

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

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

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

Loan to value (proportionally consolidated) and Net Debt to EBITDA are monitored by management as key measures of the level of debt employed by the business to meet its strategic objectives, along with a measurement of risk. It also allows comparison to other property companies who similarly monitor and report these measures. The definitions and calculations of Loan to value and Net Debt to EBITDA are shown in Note 17 of the financial statements.

Income statement

1.1 Underlying Profit

Underlying Profit is the measure that we use to assess income performance. This is presented below on a proportionally consolidated basis. No company adjustments were made in the current year to 31 March 2023. In the year to 31 March 2022, a £29m surrender premium payment and a £12m reclassification of foreign exchange differences were excluded from the calculation of Underlying Profit (see Note 2 of the financial statements). There was no tax effect of this Company adjusted item.

Year ended	Section	31 March 2023 £m	31 March 2022[1] £m
Gross rental income		**493**	493
Property operating expenses		**(47)**	(68)
Net rental income	1.2	**446**	425
Net fees and other income		**18**	13
Administrative expenses	1.3	**(89)**	(89)
Net financing costs	1.4	**(111)**	(102)
Underlying Profit		**264**	247
Underlying tax		**(1)**	4
Non-controlling interests in Underlying Profit		**1**	2
EPRA and Company adjustments[2]		**(1,303)**	712
IFRS (loss)/profit after tax	2	**(1,039)**	965
Underlying EPS	1.1	**28.3p**	27.0p
IFRS basic EPS	2	**(112.0)p**	103.8p
Dividend per share	3	**22.64p**	21.92p

1. Prior year comparatives have been restated for a change in accounting policy in respect of rental concessions (as disclosed in Note 1 of the financial statements).
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, associated close out costs and related deferred tax. Company adjustments consist of items which are considered to be unusual and/or significant by virtue of their size or nature. These items are presented in the 'capital and other' column of the consolidated income statement.

1.2 Underlying EPS

Underlying EPS was 28.3p, up 4.8%. This reflects the Underlying Profit increase of 6.9%, offset by the £5m increase in Underlying tax charge compared to the prior year. This reflects a £1m Underlying tax charge in the year compared to a one-off £4m tax credit in the prior year.

1.3 Net rental income

	£m
Net rental income for the year ended 31 March 2022[1]	**425**
Disposals	(25)
Acquisitions	12
Developments	13
Like-for-like net rent	21
CVAs, administrations and provisions for debtors and tenant incentives	–
Net rental income for the year ended 31 March 2023	**446**

1. Prior year comparatives have been restated for a change in accounting policy in respect of rental concessions (as disclosed in Note 1 of the financial statements)

Disposals of income producing assets over the last 24 months reduced net rents by £25m in the year, this primarily relates to the sale of a 75% interest in the majority of our assets in Paddington Central. The proceeds from sales are being reinvested into value accretive acquisitions and developments. Acquisitions have increased net rents by £12m, primarily as a result of the purchase of retail parks in Farnborough, Thurrock and Reading Gate. Developments have increased net rents by £13m, driven by the completion of 1 Triton Square. The committed development pipeline is expected to deliver £65.7m of ERV in future years.

Like-for-like net rental growth across the portfolio was 5.9% in the year, adding £21m to net rents.

Campus like-for-like net rental growth was 6.5% in the year. This was driven by strong letting activity across our Storey spaces, at 100 Liverpool Street and Orsman Road which are now fully let; lettings at our newly refurbished buildings, including Braze at Exchange House; as well as the impact of rent reviews with dentsu at 10 Triton and Meta at 10 Brock Street. Like-for-like net rental growth for Retail Parks was 6.2% and 2.6% for Shopping Centres. This reflects strong leasing and improved occupancy on our Retail Parks, and solid operational performance for Shopping Centres.

Provisions made against debtors and tenant incentives decreased by £5m compared to the prior year, with a net £6m credit recognised in the year. We've made good progress on prior year debtors; the £72m of tenant debtors and accrued income as at 31 March 2022 now stands at £23m, primarily driven by cash collection and negotiations with occupiers. As of 31 March 2023, tenant debtors and accrued income totalled £48m of which £36m (or 75%) is provided for.

The impact of CVA and administrations was £5m in the year, primarily relating to various retail CVAs from prior periods.

1.3. Administrative expenses

Administrative expenses are flat year on year at £89m as a result of our continued focus on cost control. The Group's EPRA operating cost ratio decreased to 19.5% (March 2022: 25.6%) driven by like-for-like rental growth, increased occupancy reducing void costs, tight cost control and a higher fee income from the new Canada Water and Paddington joint ventures.

1.4. Net financing costs

	£m
Net financing costs for the year ended 31 March 2022	**(102)**
Net divestment	2
Developments	(1)
Market rates	(8)
Financing activity	(2)
Net financing costs for the year ended 31 March 2023	**(111)**

Net financing costs increased overall by £9m in the year. Net divestment reduced financing costs by £2m; disposals of £1.2bn over the last 24 months reduced costs by £5m, partially offset by acquisitions made over the same period. Developments increased financing costs by £1m, as interest is no longer capitalised on funds drawn for developments completed in the prior year.

Rising market interest rates during the year increased financing costs by £8m. Over the year to 31 March 2023, the interest rate on all our debt was hedged by fixed rates and interest rate swaps and caps. As market rates (SONIA) continued to rise throughout the year, the strike rates on our caps were reached, thereby limiting the impact on our financing costs, particularly over the second half of the year.

We are 97% hedged on our debt for the year to March 2024. At 31 March 2023, we were fully hedged and over the next five years, on average and with a gradually declining profile, we have hedging on 76% of our projected debt.

2. IFRS loss after tax

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

The IFRS loss after tax for the year was £1,039m, compared with a profit after tax for the prior year of £965m. IFRS basic EPS was (112.0)p, compared to 103.8p in the prior year. The IFRS loss after tax for the year primarily reflects the downward valuation movement on the Group's properties of £798m, the capital and other loss from joint ventures of £559m, net capital finance income of £88m (primarily the mark-to-market movement on the derivatives hedging the interest rate on our debt) and the Underlying Profit of £264m. The Group valuation movement and capital and other income profit from joint ventures was driven principally by outward yield shift of 71 bps offset by ERV growth of 2.8% in the portfolio resulting in a valuation loss of 12.3%.

The basic weighted average number of shares in issue during the year was 927m (2021/22: 927m).

3. Dividends

Our dividend is semi-annual and calculated at 80% of Underlying EPS based on the most recently completed six-month period. Applying this policy, the Board are proposing a final dividend for the year ended 31 March 2023 of 11.04p per share. Payment will be made on Friday 28 July 2023 to shareholders on the register at close of business on Friday 23 June 2023. The dividend will be a Property Income Distribution and no SCRIP alternative will be offered.

Balance sheet

As at	Section	**31 March 2023 £m**	31 March 2022 £m
Property assets		**8,907**	10,476
Other non-current assets		**141**	104
		9,048	10,580
Other net current liabilities		**(290)**	(316)
Adjusted net debt	6	**(3,221)**	(3,458)
Other non-current liabilities		**(50)**	–
EPRA Net Tangible Assets		**5,487**	6,806
EPRA NTA per share	4	**588p**	730p
Non-controlling interests		**13**	15
Other EPRA adjustments[2]		**25**	(53)
IFRS net assets	5	**5,525**	6,768

Proportionally consolidated basis

1. Prior year comparatives have been restated for a change in accounting policies in respect of rental concessions and tenant deposits (as disclosed in Note 1 of the financial statements).
2. EPRA Net Tangible Assets NTA is a proportionally consolidated measure that is based on IFRS net assets excluding the mark-to-market on derivatives and related debt adjustments, the carrying value of intangibles, the mark-to-market on the convertible bonds, as well as deferred taxation on property and derivative valuations. The metric includes the valuation surplus on trading properties and is adjusted for the dilutive impact of share options. Details of the EPRA adjustments are included in Table B within the supplementary disclosures.

4. EPRA Net Tangible Assets per share

	pence
EPRA NTA per share at 31 March 2022[1]	**730**
Valuation performance	(147)
Underlying Profit	28
Dividend	(23)
EPRA NTA per share at 31 March 2023	**588**

1. Prior year comparative has been restated for a change in accounting policies in respect of rental concessions and tenant deposits (as disclosed in Note 1 of the financial statements).

The 19.5% decrease in EPRA NTA per share reflects a valuation decrease of 12.3% compounded by the Group's gearing. The decrease in valuations was driven by yield expansion as a result of rising interest rates.

Campus valuations were down 13.1%, driven by yields moving out 70 bps, but offset by ERV growth of 2.6% reflecting our successful leasing activity.

Valuations in Retail & London Urban Logistics were down 10.9% overall, with outward yield shift of 72 bps and ERVs up 3.0%. Retail Parks fell by 10.2% in the year, driven by yield expansion of 71 bps, although offset by positive ERV growth, up 2.8%. Shopping Centres yields expanded by 39 bps whilst ERVs were up 1.2%. London Urban Logistics saw yield expansion of 187 bps but the combination of strong occupational demand and acute undersupply of space has driven ERV growth of 29.4%.

5. IFRS net assets

IFRS net assets at 31 March 2023 were £5,525m, a decrease of £1,243m from 31 March 2022. This was primarily due to the IFRS loss after tax of £1,039m and dividends payable in the year of £215m.

Ealing Broadway

Cash flow, net debt and financing

6. Adjusted net debt[1]

	£m
Adjusted net debt at 31 March 2022	**(3,458)**
Disposals	732
Acquisitions	(173)
Developments	(276)
Capex (asset management initiatives)	(51)
Net cash from operations	240
Dividend	(213)
Other	(22)
Adjusted net debt at 31 March 2023	**(3,221)**

1. Adjusted net debt is a proportionally consolidated measure. It represents the principal amount of gross debt, less cash, short term deposits and liquid investments and is used in the calculation of proportionally consolidated LTV and Net Debt to EBITDA. A reconciliation between the Group net debt as disclosed in Note 17 to the financial statements and adjusted net debt is included in Table A within the supplementary disclosures.

Disposals net of acquisitions decreased debt by £532m whilst development spend totalled £276m with a further £51m on capital expenditure related to asset management on the standing portfolio. The value of committed developments is £648m, with £488m costs to come. Speculative development exposure is 6.0% of ERV (includes space under offer). There are 1.8m sq ft of developments in our near term pipeline with anticipated cost of £947m.

7. Financing

	Group		Proportionally consolidated	
	31 Mar 2023	31 Mar 2022	**31 Mar 2023**	31 Mar 2022
Net debt/adjusted net debt[1,2]	**£2,065m**	£2,504m	**£3,221m**	£3,458m
Principal amount of gross debt	**£2,250m**	£2,562m	**£3,448m**	£3,648m
Loan to value[3]	**27.4%**	26.2%	**36.0%**	32.9%
Net Debt to EBITDA[3,4]	**6.4x**	7.9x	**8.4x**	9.7x
Weighted average interest rate	**2.9%**	2.4%	**3.5%**	2.9%
Interest cover	**5.4x**	5.6x	**3.4x**	3.5x
Weighted average maturity of drawn debt	**5.6 years**	6.6 years	**5.9 years**	6.9 years

1. Prior year comparatives have been restated for a change in accounting policy in respect of rental concessions and tenant deposits (as disclosed in Note 1 of the financial statements).
2. Group data as presented in Note 17 of the financial statements. The proportionally consolidated figures include the Group's share of joint ventures' net debt and represents the principal amount of gross debt, less cash, short term deposits and liquid investments.
3. Note 17 of the financial statements sets out the calculation of the Group and proportionally consolidated LTV and Net Debt to EBITDA.
4. Net Debt to EBITDA on a Group basis excludes non-recourse and joint venture borrowings, and includes distributions from non-recourse companies and joint ventures.

At 31 March 2023, our proportionally consolidated LTV was 36.0%, up from 32.9% at 31 March 2022. Disposals in the year, primarily the sale of a 75% interest in the majority of our assets in Paddington Central, decreased LTV by 490 bps. This was more than offset by the impact of valuation movements which added 490 bps, development spend which added 200 bps and acquisitions in the year which added 110 bps.

Our proportionally consolidated Net Debt to EBITDA was 8.4x, reduced by 1.3x since March 2022, driven by net disposals in the year and growth in underlying earnings. For the Group, the Net Debt to EBITDA ratio decreased from 7.9x to 6.4x.

Our weighted average interest rate at 31 March 2023 was 3.5%, the same level as September 2022, up from 2.9% at March 2022. The increase during the first half of the year was primarily due to disposals, including the new Paddington joint venture in July, with the proceeds being used to repay our revolving credit facilities which were then at a market rate lower than our average cost of debt. In the second half of the year, as market rates (SONIA) continued to rise, our interest rate caps limited the additional impact on our cost of debt.

We maintain good long term relationships, and seek to develop new relationships, with debt providers across the markets. During recent volatile market conditions, we have continued to raise funds on good terms for both British Land and joint ventures. During the year our total financing activity was £1.4bn, of which £1.2bn was new finance raised, on favourable terms including margins in line with our in place facilities.

For British Land, we arranged several new and extended bilateral unsecured revolving credit facilities (RCF) during the last six months: in October we renewed a £100m RCF; in November, we signed a £150m RCF with a bank which is new to our unsecured relationships; and in March we signed a further £125m RCF. All these RCFs were for new initial 5 year terms and have provisions for extensions of up to a further two years. In line with these provisions, we also extended another £100m RCF for a further year to mature in 2028. In March, we agreed with Homes England the continuation of the £100m loan facility to fund specified infrastructure works at Canada Water following the formation of the joint venture.

A £150m Green loan facility to support the development costs of Canada Water Phase 1 completed in March this year for our joint venture. National Westminster Bank and Crédit Agricole Corporate & Investment Bank provided the loan and the related interest rate hedging, and acted as Mandated Lead Arrangers and Green Loan Advisers. The loan for three years is secured on the mixed-use Phase 1 project. The offices are targeting BREEAM Outstanding and the private residential is targeting HQM One 4*, enabling the loan and hedging to be designated as 'Green'.

Sustainability targets apply to all these new and extended RCFs, aligned with our other ESG linked RCFs and linked to our sustainability strategy. Together with the £150m Green development loan facility for the Canada Water joint venture, we have raised £525m of 'Green' and ESG linked finance this year.

Earlier in the year, we completed a £515m 5 year loan for the Paddington joint venture, secured on its assets. A club of three banks, DBS Bank Limited, London Branch, Oversea-Chinese Banking Corporation Limited, and SMBC Bank International PLC and affiliates provided the loan and the related interest rate hedging which completed in July.

As a result of all of this activity, at 31 March 2023, we had £1.8bn of undrawn facilities. Based on our current commitments and facilities, the Group has no requirement to refinance until early 2026.

We retain significant headroom to our debt covenants, meaning the Group could withstand a fall in asset values across the portfolio of 36% prior to taking any mitigating actions.

Fitch Ratings, as part of their annual review in August 2022 affirmed all our credit ratings, with a stable outlook; senior unsecured credit rating 'A', long term IDR 'A-' and short term IDR 'F1'.

Our strong balance sheet, established and new lender relationships, access to different sources of finance and flexible liquidity enable us to deliver on our strategy.

Bhavesh Mistry
Chief Financial Officer

The British Land Company PLC 00621920

Exchange Square, Broadgate

FINANCIAL STRENGTH AND BALANCED APPROACH

Our sound financial footing enables us to respond to market challenges and positions us to pursue opportunities.

Leverage

Our use of debt and equity finance balances the benefits of leverage against the risks, including magnification of property returns. A loan to value (LTV) ratio measures our balance sheet leverage, primarily on a proportionally consolidated basis including our share of joint ventures (and excluding any non-controlling interests). At 31 March 2023, proportionally consolidated LTV was 36.0% and the Group measure was 27.4%. The ratio of Net Debt to EBITDA is also a measure of leverage, based on earnings rather than valuations and we consider this on both a proportionally consolidated basis and Group basis (excluding non-recourse borrowings). At 31 March 2023, our proportionally consolidated Net Debt to EBITDA was 8.4x and the Group measure was 6.4x. Our leverage on these metrics is monitored in the context of wider decisions made by the business. We manage our LTV through the property cycle such that our financial position remains robust in the event of a significant fall in property values. This means we do not adjust our approach to leverage based only on changes in property market yields. Consequently, our LTV may be higher at the low point in the cycle and will trend downwards as market yields tighten.

Debt finance

The scale of our business, combined with the quality of our assets and rental income, means that we are able to approach a diverse range of debt providers to arrange finance on attractive terms. Good access to the capital and debt markets allows us to take advantage of opportunities when they arise. Our 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 45). This provides flexibility and low operational cost. Our joint ventures that choose to have external debt, and Hercules Unit Trust, are each financed in 'ring fenced' structures without recourse to British Land for repayment and are secured on their relevant assets. Presented on the following page are the five guiding principles that govern the way we structure and manage debt.

Monitoring and controlling our debt

We monitor our debt requirement by reviewing current and projected borrowing levels, available facilities, debt maturity and interest rate exposure. We undertake sensitivity analysis to assess the impact of proposed transactions, movements in interest rates and changes in property values on key balance sheet, liquidity and profitability ratios. We also consider the risks of a reduction in the availability of finance, including a temporary disruption of the financing markets. Based on our current commitments and available facilities, the Group has no requirement to refinance until early 2026. British Land's undrawn facilities amounted to £1.8bn at 31 March 2023.

Managing interest rate exposure

We manage our interest rate profile separately from our debt, considering the sensitivity of underlying earnings to movements in market rates of interest over a five-year period. The Board sets appropriate policy ranges of hedging on debt over that period and the longer term. Our debt finance is raised at both fixed and variable rates. Derivatives (primarily interest rate swaps and caps) are used to achieve the desired hedging profile across proportionally consolidated net debt. As at 31 March 2023, the interest rate on our debt is 97% hedged for the year to March 2024. On average over the next five years we have interest rate hedging on 76% of our projected debt, with a decreasing profile over that period. Accordingly, we have a higher degree of protection on interest costs in the short term. The hedging required and use of derivatives is managed by a Derivatives Committee. The interest rate management of joint ventures is considered separately by each entity's board, taking into account appropriate factors for its business.

Counterparties

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

Foreign currency

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

Our five guiding principles

1. Diversify our sources of finance

We monitor finance markets and seek to access different sources of finance when the relevant market conditions are favourable, to meet the needs of our business and, where appropriate, those of our joint ventures. The scale and quality of our business enables us to access a broad range of unsecured and secured, recourse and non-recourse debt. We develop and maintain long term relationships with banks and debt investors. We aim to avoid reliance on particular sources of funds and borrow from a large number of lenders from different sectors in the market across a range of geographical areas, with around 30 debt providers in bank facilities and private placements alone. We work to ensure that debt providers understand our business, adopting a transparent approach to provide sufficient disclosures to enable them to evaluate their exposure within the overall context of the Group. These factors enhance our proposal to debt providers, and in the last five years we have arranged £4.1bn (British Land share £3.2bn) of new finance in unsecured and secured loans and US Private Placements, including £1.5bn of Green/ESG-linked finance. We also have existing long-dated debentures and securitisation bonds. A European Medium Term Note programme is maintained to enable us to access the Sterling/Euro unsecured bond markets, where we have one outstanding Sterling bond, and our Sustainable Finance Framework enables us to issue Sustainable, 'Green' and/or Social finance, when it is appropriate for our business.

£3.4bn
total drawn debt (proportionally consolidated)

in over 20
debt instruments

2. Phase maturity of debt portfolio

The maturity profile of our debt is managed with a spread of repayment dates, currently between one and 15 years, reducing our refinancing risk in regard to timing and market conditions. As a result of our financing and capital activity, we are ahead of our preferred refinancing date horizon of not less than two years. In accordance with our usual practice, we expect to refinance facilities in advance of their maturities.

5.9 years
average drawn debt maturity (proportionally consolidated)

3. Maintain liquidity

In addition to our drawn debt, we aim always to have a good level of undrawn, committed, unsecured revolving bank facilities. These facilities provide financial liquidity, reduce the need to hold resources in cash and deposits, and minimise costs arising from the difference between borrowing and deposit rates, while limiting credit exposure. We arrange these revolving credit facilities in excess of our committed and expected requirements to ensure we have adequate financing availability to support business requirements and new opportunities

£1.8bn
undrawn facilities

4. Maintain flexibility

Our facilities are structured to provide valuable flexibility for investment activity execution, whether sales, purchases, developments or asset management initiatives. Unsecured revolving credit facilities provide full operational flexibility of drawing and repayment (and cancellation if we require) at short notice without additional cost. These are arranged with standard terms and financial covenants and generally have initial maturities of five years (with extension options). Alongside this, our secured term debt in long-standing debentures has good asset security substitution rights, where we have the ability to move assets in and out of the security pool, as required for the business

£2.1bn
total facilities

5. Maintain strong metrics

We use both debt and equity financing. We manage LTV through the property cycle such that our financial position would remain robust in the event of a significant fall in property values and we do not adjust our approach to leverage based only on changes in property market yields.

We also consider the earnings-based leverage metric of Net Debt to EBITDA on a proportionally consolidated basis and on a Group basis (which is the ratio principally considered as part of our unsecured credit rating).

Our interest rate profile is managed separately from our debt, within appropriate ranges of hedged debt over a five-year period and the longer term as set by the Board.

We maintained our strong senior unsecured credit rating 'A', long term IDR credit rating 'A-', and short term IDR credit rating 'F1', affirmed by Fitch during the year with Stable outlook.

36.0%
LTV (proportionally consolidated)

8.4x
Net Debt to EBITDA (proportionally consolidated)

A
senior unsecured credit rating

Group borrowings

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

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

Unsecured borrowings and covenants

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

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

There are no income or interest cover covenants on any of the unsecured debt of the Group. The Unencumbered Assets of the Group, not subject to any security, stood at £3.9bn as at 31 March 2023.

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 2023, these assets generated £35m of surplus cash after payment of interest. In addition, while investments in joint ventures do not form part of Unencumbered Assets, our share of free cash flows generated by these ventures is regularly passed up to the Group.

Secured borrowings

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

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

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

Borrowings in our joint ventures

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

The securitisations of Broadgate (£1,099m) and Meadowhall (£482m) have weighted average maturities of 7.9 years and 6.3 years respectively. The key financial covenant applicable is to meet interest and scheduled amortisation (equivalent to one times cover); there are no LTV default covenants. These securitisations have quarterly amortisation with the balance *outstanding reducing to approximately 20% to 30% of the* original amount raised by expected final maturity, thus mitigating refinancing risk.

The Broadgate joint venture has a secured £420m Green loan which includes LTV and interest cover ratio covenants.

The Paddington joint venture has a secured £515m bank loan which includes LTV and interest cover ratio covenants.

The Canada Water joint venture has a £150m Green loan facility which includes loan to development cost and LTV covenants.

The West End offices joint venture has a secured £160m loan which includes LTV and interest cover ratio covenants.

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

Unsecured financial covenants

As at 31 March	**2023 %**	2022 %	2021 %	2020 %	2019 %
Net Borrowings to Adjusted Capital and Reserves	**38**	36	33	40	29
Net Unsecured Borrowings to Unencumbered Assets	**32**	30	25	30	21

MANAGING RISK IN DELIVERING OUR STRATEGY

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

Our key activities in the year

- The Group's Board and key Committees have overseen our response to the macroeconomic challenges and the wider impacts on our markets, portfolio strategy, development programme and our customers, with business resilience and risk management at the core of our approach.
- Internal audit review of our risk management framework including benchmarking against best practice enterprise risk management. Our risk management process was rated as well established with an advanced risk governance framework, established risk rating criteria and a defined risk appetite with structured oversight and reporting.
- Good progress with roadmap of readiness activities for the UK Government's proposed corporate governance reforms, including enhancing our internal control framework and deeper internal controls testing.
- Deep dive reviews of our business risk registers incorporating mapping key controls against our key risks.
- Significantly enhanced our technology infrastructure and cyber security environment and key controls.
- Business continuity plan review accompanied by a cyber crisis management simulation test.
- Mandatory training for all employees on key operational risks including sustainability, anti-bribery and corruption, cyber security and health and safety.
- Integrated our building energy performance strategy into asset business plans to manage EPC risk exposure and deliver performance improvements across our portfolio.
- Carried out a double materiality assessment to identify and assess the impact of the most material ESG issues on our business as well as the impact on our key stakeholders. The outcomes of this were integrated into our risk management and influence both our business activities and Sustainability Strategy.
- Improved reporting of Health and Safety key risk indicators including benchmarking against best practice.

Our priorities for 2023/24

- Continue to closely monitor the external environment and support the business through managing the risks arising from the macroeconomic environment.
- Continue to deliver on our roadmap of readiness activities for the UK Government's proposed corporate reforms, including finalising mapping of our financial reporting processes as well as assurance mapping.
- Effective risk management of our key operational risks including development, health and safety, our partnerships with third parties and our occupier risks.
- Further enhance articulation of risk appetite through clear risk tolerance statements for each principal risk.
- Continue alignment with the ISO 27001 Information Security standard, which provides a framework for a risk-based approach to identifying, implementing and improving security controls.
- Climate-related risks and progress against our TCFD recommendations and 2030 sustainability targets.

Risk management framework

We have an established risk management and control framework that enables us to effectively identify, assess and manage the range of financial and non-financial risks facing our business, including those principal risks that could threaten solvency and liquidity, as well as to identify emerging risks. Our approach is not intended to eliminate risk entirely, but instead to manage our risk exposures within our appetite for each risk, whilst at the same time making the most of our opportunities.

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

Governance

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

The Executive Directors and Risk Committee (comprising the Executive Committee and senior management across the business, chaired by the Chief Financial Officer) have overall accountability for the management of risks across the business. Principal risks are evaluated and monitored by the Risk and Audit Committees, with appropriate mitigation measures implemented as required. The internal risk management team supports the Risk Committee in co-ordinating our risk management activities and embedding risk management and internal controls across the Group's operations, culture and decision-making processes

The effective day-to-day management of risk is embedded within our operational business units and is integral to the way the Group conducts business. This bottom-up approach allows potential risks to be identified at an early stage and escalated as appropriate, with mitigations put in place to manage such risks.

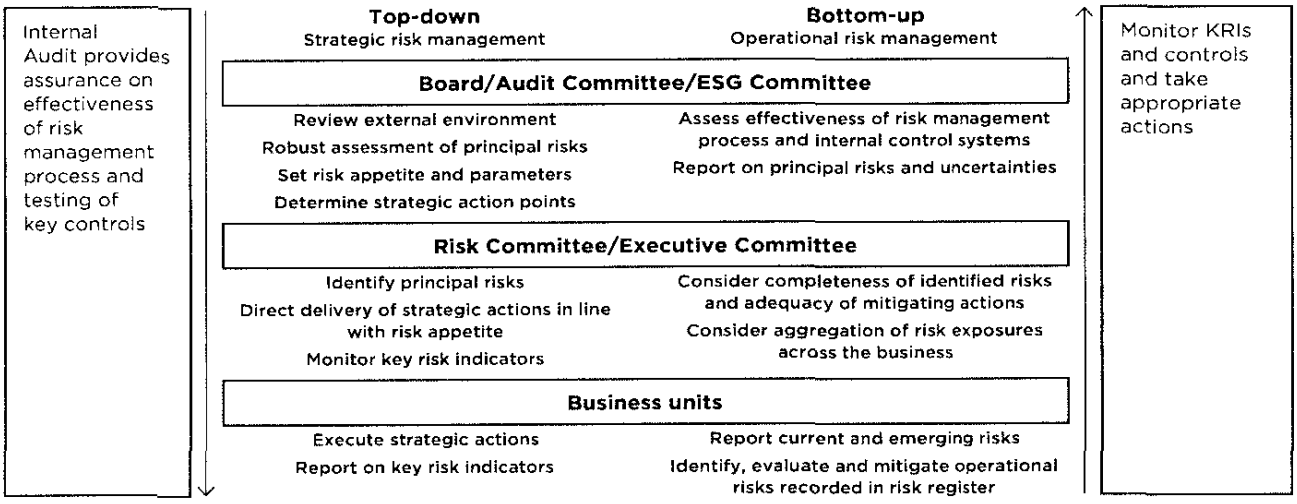
Each business unit has a designated risk representative and maintains a comprehensive risk register. Significant changes to the risk register are reviewed by the Risk Committee, and we formally report on the significant and emerging risks to the Audit Committee every six months. Internal Audit acts as an objective assurance function by evaluating the effectiveness of our risk management and internal control processes, through independent review.

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

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

→ **To read more about the Board and Audit Committee's risk oversight, see pages 118, 136 and 139**

Our integrated risk management approach



Our risk appetite

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

We have identified a risk dashboard of key risk indicators (KRIs) for each principal risk, with specific tolerances to track whether our risk exposure is within our risk appetite or could threaten the achievement of our strategic priorities. The risk dashboard is reviewed at each Risk Committee and serves as a catalyst for discussion about how our principal risks are changing and whether any further mitigating actions need to be taken. The risk indicators are a mixture of leading and lagging indicators, with forecasts provided where available, and focus on the most significant judgements affecting our risk exposure, including: our investment and development strategy; the level of occupational and development exposure; our sustainability risks; our financial resilience; and our key operational business risks (as illustrated in the principal risks table on pages 51 to 60).

Whilst our appetite for risk will vary over time and during the course of the property cycle, in general we maintain a balanced overall appetite for risk, appropriate for our strategic objective of delivering long term sustainable value. The Board has reviewed our risk appetite in light of the continued macroeconomic uncertainty and confirmed that our current risk appetite is appropriate. In summary, our appetite for financial and compliance related risks remains low, whilst our appetite for property and operational related risks is moderate, reflecting our strategy of sourcing value add opportunities, developing and actively managing our portfolio, and recycling capital.

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

- Diversified business model focused on prime, well-located Campuses and Retail and London Urban Logistics assets.
- Disciplined approach to development including a balanced approach to our speculative exposure and managing the associated risks appropriately through a combination of timing, pre-lets, fixing costs and use of joint ventures.
- Financial strength and discipline underpinned by a strong balance sheet and robust liquidity position.
- Diverse occupier base with strong covenants.
- Experienced Board, senior management team and Risk Committee.

Our risk focus

The Group's risk profile has been elevated during the year due to the volatile geopolitical environment and a deterioration in macroeconomic conditions, although the risks associated with the Covid-19 pandemic have lessened. The key macroeconomic challenges this year include rapidly rising interest rates, heightened inflation compounded by the impact of the on going war in Ukraine and the risk of recession. The Board and key Committees have overseen the Group's response to the impact of these challenges on our business and their wider economic influences throughout the year.

We have set out in the principal risks table the main adverse impacts of these challenges and the actions we have taken to mitigate them. These include operational and financial challenges for our occupiers, reduced demand for our assets in the investment market, increased difficulty for us to continue to execute our portfolio and development strategy at pace, and rising financing costs, which impact property values and could in time impact our rental income. Despite these challenges, our business has continued to show resilience, with our robust risk management approach continuing to protect the business through this challenging economic environment and enabling us to be flexible to adjust and respond to these external risks as they evolve.

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

- Our programme to continue to enhance and strengthen our key financial and operational controls.
- Health, safety and environmental risk management and compliance with our key performance indicators. Our health and safety management system was re-certified under ISO 45001.
- Our occupiers, including their covenant strength and working proactively with customers to maximise collection rates.
- Environmental risks and opportunities including EPC rating of our assets.
- Development risks including closely monitoring construction cost inflation and the covenant strength of our major contractors and subcontractors.
- Procurement and supply chain risks.
- Information security general controls incorporating vulnerability scanning and cyber security testing.
- Internal audit reviews and the implementation of any control findings or process improvement opportunities.

Our principal risks and assessment

Our risk management framework is structured around the principal risks facing British Land. We use a risk scoring matrix to ensure risks are evaluated consistently; we assess the likelihood, the financial impact (to both income and capital values) and the reputational impact. From this we identify both the external and internal strategic and operational principal risks which currently have a higher likelihood and potential impact on our business.

Our principal risks consist of the 11 most significant Group risks and includes four external risks, where market factors are the main influence, and seven internal strategic and operational risks which, while subject to external influence, are more under the control of management. The external principal risks relate to the macroeconomic and political environment and our key markets. The internal principal risks relate to our capital allocation, development, customers, sustainability and people and culture as well as key operational risks in terms of technology, health and safety and fraud and compliance risks. For our internal principal risks the Board makes sure that appropriate controls and processes are in place to manage these risks.

Risk assessment

The Board has undertaken a robust assessment of the principal and emerging risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity, as well as the Group's strategic priorities, taking into account the challenging macroeconomic and geopolitical environment, and does not consider that the fundamental principal risks and uncertainties facing the Group have changed during the year.

However, our current assessment is the Macroeconomic, Political, Legal and Regulatory, Campus and London Urban Logistics Property Markets external risks have increased, as well as our Portfolio Strategy, Customer and Financing risks. At the same time, the Major Events and Business Disruption and People and Culture risks have lessened.

The key changes and assessments are summarised in the risk heat map overleaf, and in the principal risks table on pages 51 to 60, including the key impacts on our business, our mitigating actions and our key risk indicators.

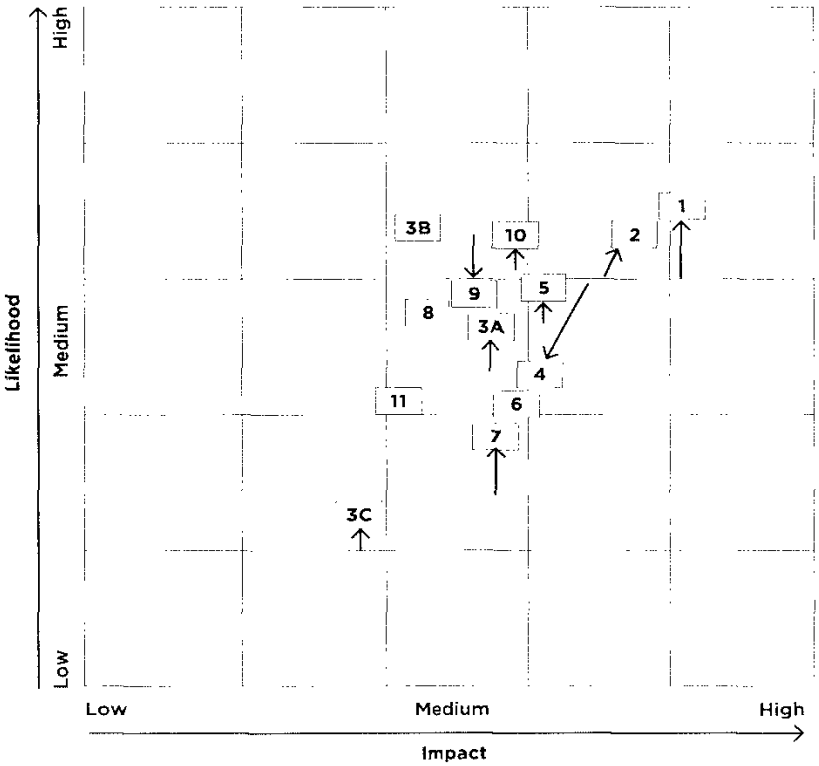
Emerging risks

The identification and review of emerging risks is *integrated into our risk review process outlined on* page 47. Emerging risks are those risks or combination of risks which are often rapidly evolving and for which the impact and likelihood are not yet fully understood, albeit, they are not considered to pose a material threat in the short term. This could, however, change depending on how these risks evolve over time and thus we continually monitor them. All risk representatives and members of the Risk Committee are challenged to consider emerging risks and this is supplemented by formal horizon scans by the Risk Committee, as well as forming part of our annual strategy review process. While emerging risks relating to structural market changes, inflationary pressures, climate change, fire safety and skills shortages are already considered within our principal risks, we are also continuing to monitor a number of longer term trends including advances in technology (such as artificial intelligence), de-globalisation, suburbanisation, supply chain resilience, regulatory and legislative changes and energy security. Later this year, we are also holding an emerging risks workshop together with our internal auditors to help identify and prioritise the key threats and opportunities around emerging trends that have the potential to impact our business and how these risks can be better monitored and addressed.

Principal risks assessment

The risk assessment of our principal risks at March 2023, as displayed in *our risk heat map, has been adversely* impacted by the volatile UK economic and political landscape in the year. Consequently, several principal risks have increased compared to FY22; largely in their likelihood, and to a *lesser extent their potential impact* on our business due to mitigating actions we have taken. Recently, there have been signs that the macroeconomic headwinds that have driven the increase are *subsiding which we anticipate will* lower the elevated risk assessment of several principal risks looking forward, albeit is too early to conclude this at this stage and we will continue to actively monitor.

Risk heat map



Key

Principal risk

- External principal risk
- Internal principal risk

Strategy

- (A) Source value add opportunities
- (B) Develop and actively manage
- (C) Recycle capital
- (D) Sustainability

Change in the year

- ↑ Increase
- ↔ No change
- ↓ Decrease

	Principal risks	Link to strategy	Change in risk assessment in year
1	Macroeconomic	A B C D	↑
2	Political, Legal and Regulatory	A B C D	↑
3	Property Markets		
3A	Campuses	A B C D	↑
3B	Retail	A B C D	↔
3C	London Urban Logistics	A B C D	↑
4	Major Events/Business Disruption	B C D	↓
5	Portfolio Strategy	A B C D	↑
6	Development	A B C D	↔
7	Financing	A B C D	↑
8	Environmental Sustainability	B C D	↔
9	People and Culture	A B C D	↓
10	Customer	A B C D	↑
11	Operational and Compliance	A B C D	↔

Note: The above illustrates principal risks which by their nature are those which have the potential to significantly impact the Group's strategic objectives, financial position or reputation. The heat map highlights net risk, after taking account of principal mitigations. The arrow shows the movement from 31 March 2022.

PRINCIPAL RISKS

External principal risks

1. Macroeconomic Risks

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

How we monitor and mitigate the risks

- The Board, Executive Committee and Risk Committee regularly assess the Company's strategy in the context of the wider macroeconomic environment in which we operate to assess whether changes to the economic outlook justify a reassessment of our strategic priorities, our capital allocation plan and the risk appetite of the business.
- Our strategy team prepares a regular dashboard for the Board, Executive and Risk Committees which tracks key macroeconomic indicators both from internal and independent external sources (see KRIs), as well as central bank guidance and government policy.
- Regularly stress testing our business plan against a downturn in economic outlook to ensure our financial position is sufficiently flexible and resilient.
- Our business model is focused on a prime, high quality portfolio aligned to key trends in our markets where we have pricing power and active capital recycling to maintain a strong financial position, which helps to protect us against adverse changes in economic conditions.

KRIs

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

↑ Change in risk assessment in year

The macroeconomic risk outlook was volatile during the year. It increased during the first half of the fiscal year and subsided in the second half. We consider it our most significant risk with a high potential impact and medium to high probability reflecting the prospect of recession in the UK, high inflation (albeit signs this is moderating) and interest rate rises which impact our portfolio strategy, our markets and our customers.

The Board and key Committees have overseen the Group's response to the impact of the macroeconomic environment on our business during the year, and whilst the outlook for the UK economy has improved more recently, we remain mindful of the ongoing macroeconomic challenges. In response, we have increased the regularity of our economic outlook assessments to assess their consequences on our strategy and are taking actions which we deem appropriate. We are proactively managing our business by taking a risk-managed approach in terms of capital allocation and maintaining a strong financial position. In particular, we are managing our development risk by fixing costs and taking a measured approach to progress our pipeline as and when the time is right. Also, we are actively managing our financing risk, and maintain access to a diverse range of sources of finance with a spread of repayment dates, along with the use of hedging to mitigate against rising interest rates.

Opportunity

The strength of our balance sheet, quality of our assets and the experience of our Board and management team put us in a strong position to help us to navigate through these near term challenges and take advantage of opportunities as they arise, including continued investment in assets that are aligned to our strategic themes and our development pipeline.

Key: Change in risk assessment from last year

↑ Increase ↔ No change ↓ Decrease

External principal risks *continued*

2. Political, Legal and Regulatory Risks

Significant political events and regulatory changes, including the impact of government policy, bring risks principally in four areas:

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

How we monitor and mitigate the risks

- Whilst we cannot influence the outcome of significant political events, the risks are taken into account when setting our business strategy and when making strategic investment and financing decisions.
- Internally we review and monitor proposals and emerging policy and legislation to ensure that we take the necessary steps to ensure compliance, if applicable. Additionally, we engage public affairs consultants to ensure that we are properly briefed on the potential policy and regulatory implications of political events.
- Where appropriate, we act with other industry participants and representative bodies to contribute to policy and regulatory debate. We monitor and respond to social and political reputational challenges relevant to the industry and apply our own evidence-based research to engage in thought leadership discussions.

KRIs

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

↑ Change in risk assessment in year

The political, legal and regulatory risk outlook has also increased over the year reflecting an uncertain economic environment, continued geopolitical tensions and increased Government regulation, with both a medium to high impact and probability.

Political uncertainty has reduced following the appointment of a new Prime Minister, although the UK's economic outlook is uncertain. The global geopolitical environment also remains uncertain, heightened by the ongoing war in Ukraine. This has potential impacts on interest rates, supply chains, security, cyber risks, compliance and reputational risks.

Government legislation has also continued to increase in the year with potential for this to continue in the future with further associated regulation. As set out under macroeconomic risk, the Board and key committees are actively monitoring these external risks and their potential impacts on the UK economy and our operations to ensure we are taking appropriate mitigating actions.

Opportunity

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

Key: Change in risk assessment from last year

↑ Increase ↔ No change ↓ Decrease

3. Property Market Risks

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

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

How we monitor and mitigate the risks

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

Change in risk assessment in year

Campuses

The Campus property market risk outlook increased during the year, due to the adverse impact of rising inflation and interest rates on the investment market, and is considered a medium impact risk with a medium probability.

The prime London office market continues to demonstrate robust occupational fundamentals due to low vacancy, a reduced development pipeline coupled with demand gravitating to the best and most sustainable space. However, rising interest rates have significantly impacted investor sentiment and structural headwinds remain from an increased trend in working from home, accelerated by the impact of Covid-19.

Opportunity

Our Campus model is centred on providing well connected, best in class buildings with leading sustainability and design credentials, surrounded by attractive public spaces with a wide range of amenities and an engaging public realm. This supports the resilience of our offer as occupiers focus on the very best space for their business and this is demonstrated by the continued strength of our leasing activity across our Campuses this year.

KRIs:

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

Retail

The Retail property market risk outlook has remained stable in the year and is considered a medium impact risk with a medium to high probability.

Whilst occupational markets strengthened over the year with more retailers recovering to pre-pandemic levels in terms of sales, the market outlook continues to be challenging with retailers facing both increased costs, such as rising input costs, energy costs and wages, as well as lower consumer spending. Investment activity was relatively in line with historic trends for retail parks (albeit lower than last year), *while shopping centres remains below long term averages.*

Opportunity

Our Retail portfolio focuses on retail parks, which we believe is the preferred format for retailers, aligned to the growth of convenience and compatibility with an omni-channel retail strategy. Despite the continued challenges in retail, this has been a strong year for our leasing activity and retailers continue to recognise we offer some of the best quality space in the UK. We will continue to look for acquisition opportunities where we can create value by leveraging our scale and our expertise in asset management.

London Urban Logistics

The London Urban Logistics property market risk outlook increased slightly in likelihood in the year, as rising interest rates impacted investment sentiment, but overall, this risk is a relatively low impact risk with a low probability given the chronic shortage of space in London.

In London, occupational fundamentals remain favourable underpinned by structural changes in e-commerce and with supply of the right kind of space highly constrained. However, as a low yielding sector, the investment market has been heavily impacted by rising interest rates and pricing has softened.

Opportunity

Our Urban Logistics portfolio is focused on a development-led pipeline through the intensification and repurposing of existing buildings in London, a market with significant demand and tightly limited supply. The challenging investment market may create the environment for opportunistic purchases where our development expertise is a competitive advantage.

External principal risks *continued*

4. Major Events/Business Disruption Risks

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

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

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

How we monitor and mitigate the risks

- The Group has comprehensive crisis response plans and incident management procedures both at head office and asset-level that are regularly reviewed and tested.
- Asset emergency procedures are regularly reviewed, and scenario tested. Physical security measures are in place at properties and development sites.
- The Group monitors the Home Office terrorism threat level, and we have access to security threat information services to help inform our security measures.
- We have robust IT security systems that support data security, disaster recovery and business continuity plans.
- We have comprehensive property damage and business interruption insurance across the portfolio.

KRIs

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

↓ Change in risk assessment in year

Our major events/business disruption risk outlook has reduced over the year as Covid-19 related disruption to our business has eased and at present is considered a medium impact risk with a medium probability.
Whilst Covid-19 disruption has eased, the heightened global and political uncertainty, exacerbated by war in Ukraine, could have an impact on the Group's operations and stakeholders. Specifically, terrorism remains a threat, as is the risk of cyber security breaches. Our crisis management team carries out event simulations to test our processes and procedures in response to major incidents and during the year this was centred on a cyber crisis simulation.

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

Key: Change in risk assessment from last year
↑ Increase ↔ No change ↓ Decrease

Internal principal risks

5. Portfolio Strategy Risks

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

This could result from:

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

How we monitor and mitigate the risks

- The Board carries out an annual review of the overall corporate strategy including the current and prospective portfolio strategy so as to meet the Group's overall objectives.
- Our portfolio strategy is determined to be consistent with our target risk appetite and is based on the evaluation of the external environment.
- Progress against the strategy and continuing alignment with our risk appetite is discussed regularly by both the Executive and Risk Committees with reference to the property markets and the external economic environment.
- Individual investment decisions are subject to robust risk evaluation overseen by our Investment Committee including consideration of returns relative to risk adjusted hurdle rates.
- Review of prospective performance of individual assets and their business plans.
- We foster collaborative relationships with our co-investors and enter into ownership agreements which balance the interests of the parties.

KRIs

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

↑ Change in risk assessment in year

Our portfolio strategy risk has increased in likelihood due to the impact of the macroeconomic conditions *and challenging investment markets and is considered* a medium impact risk with a medium probability.
During the year, external impacts discussed in the macroeconomic and property markets risk outlook have influenced our ability to execute our portfolio and development strategy at pace, and the rising interest environment has inevitably impacted valuations. Despite this tougher macro environment, our operational performance has been strong, and reinforces our conviction in our key markets of Campuses, Retail Parks and London Urban Logistics.

Opportunity
We have a diversified portfolio strategy and focus on sectors which are supply constrained and where we have pricing power and can leverage our competitive strengths in development and active management to create value. We will remain disciplined in terms of our capital allocation and responsive to opportunities that arise, particularly in Retail Parks and London Urban Logistics. Our portfolio has been positioned to be resilient through the cycle and our investment criteria have been reassessed to reflect the prevailing economic conditions impacting our capital allocation and investment decisions.

Internal principal risks *continued*

6. Development Risks

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

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

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

How we monitor and mitigate the risks

- We apply a risk-controlled development strategy through managing our exposure, pre-letting strategy and fixing costs.
- We manage our levels of total and speculative development exposure within targeted ranges considering associated risks and the impact on key financial metrics. This is monitored regularly by the Risk Committee along with progress of developments against plan.
- Prior to committing to a development, a detailed appraisal is undertaken. This includes consideration of returns relative to risk adjusted hurdle rates and is overseen by our Investment Committee.
- Pre-lets are used to reduce development letting risk where considered appropriate.
- Competitive tendering of construction contracts and, where appropriate, fixed price contracts are entered into. We measure inflationary pressure on construction materials and labour costs (and sensitise for a range of inflationary scenarios) and make appropriate allowances in our cost estimates and incorporate within our fixed price contracts.
- Detailed selection and close monitoring of main contractors and key subcontractors including covenant reviews.
- Experienced development management team closely monitors design, construction and overall delivery process.
- Early engagement and strong relationships with planning authorities. The Board considers the section 172 factors to ensure the impact on the environment and communities is adequately addressed.
- Through our Place Based approach, we engage with communities where we operate to incorporate stakeholder views in our development activities, as detailed in our Sustainability Brief.
- We engage with our development suppliers to manage environmental and social risks, including through our Supplier Code of Conduct, Sustainability Brief and Health and Safety Policy.
- Management of risks across our residential developments, in particular fire and safety requirements.

KRIs

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

⇔ Change in risk assessment in year

Our development risk has remained at similar levels overall and is considered a medium impact risk with a medium probability.

During the year, inflationary pressures in the construction supply chain for certain materials and labour have continued, which have been further compounded by the war in Ukraine, impacting both development returns and the timing of our future pipeline. However, construction cost inflation has moderated down to around 3-4% forecast for this year, from the peak of 10% in 2022, in line with our expectations. We are progressing our committed development pipeline, whilst managing the risks appropriately through a combination of timing, pre-lets, fixing costs and use of joint ventures. Our development exposure remains well within our internal risk parameters of 12.5% at 5.5% of portfolio gross asset value. We have competitively secured fixed price contracts on 94% of the costs of our committed developments and 38% of our projects are already pre-let or under offer.

Opportunity

Progressing value accretive development is one of our key business priorities and is a fundamental driver of value. The strength of our balance sheet, our relationships with our contractors and the experience of our management team mean we are well positioned to progress our development pipeline, whilst mitigating the risk through a combination of timing, pre-lets, fixing costs and use of joint ventures. We will continue to actively monitor the inflationary price increases or any potential delays in the construction supply chain and work with our contractors to manage such issues. We will also review the impact on development returns prior to committing to future developments to ensure we meet our detailed pre-set criteria subject to approval by the Investment Committee.

Key: Change in risk assessment from last year

↑ Increase ⇔ No change ↓ Decrease

7. Financing Risks

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

Financing risks include:

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

How we monitor and mitigate the risks

- We regularly review funding requirements for our business plans and commitments. We monitor the period until financing is required, which is a key determinant of financing activity. Debt and capital market conditions are reviewed regularly to identify financing opportunities that meet our requirements.
- We maintain good long term relationships with our key financing partners.
- We set appropriate ranges of hedging on the interest rates on our debt, with a balanced approach to have a higher degree of protection on interest costs in the short term.
- We work with industry bodies and relevant organisations to participate in debate on emerging finance regulations affecting our business.
- We manage our use of debt and equity finance to balance the benefits of leverage against the risks, including magnification of property valuation movements.
- We aim to manage our loan to value (LTV) through the property cycle such that our financial position would remain robust in the event of a significant fall in property values. We also consider Net Debt to EBITDA, an earnings-based leverage metric. With these metrics, we do not adjust our approach to leverage based only on changes in property market yields.
- We manage our investment activity, the size and timing of which can be uneven, as well as our development commitments to ensure that our LTV and Net Debt to EBITDA levels remain appropriate.
- Financial covenant headroom is evaluated regularly and in conjunction with transaction approval.
- We spread risk through joint ventures and funds which may be partly financed by debt without recourse to British Land.

KRIs

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

Change in risk assessment in year

Macroeconomic factors have impacted debt capital markets during the year, and as such our financing risk has increased slightly in likelihood. Despite this our balance sheet remains strong and we retain good access to finance, and as a result our financing risk is still considered overall a medium impact with a low to medium probability.

Market interest rates have risen sharply from very low levels and the future outlook is volatile and uncertain. Fixed rate debt and derivatives (swaps and caps) are used to mitigate against the risk of rising interest rates both now and going forward, with 76% of projected debt hedged on average over the next 5 years. Despite the turbulent macroeconomic environment, the scale and quality of our business enables us to continue to access funds from a range of sources and we have raised £1.2bn of new finance on good terms in the year.

Opportunity

The current uncertain environment reinforces the importance of a strong balance sheet. Our senior unsecured credit rating 'A' was affirmed by Fitch during the year, with a stable outlook.

Our Net Debt to EBITDA on a proportionally consolidated basis is 8.4x which is 1.3x lower than in FY22, and our LTV is currently 36.0%. We have significant headroom to our Group unsecured financial covenants.

Good access to debt capital markets allows us to support business requirements and take advantage of opportunities as they arise.

We have strong liquidity with £1.8bn of undrawn, committed, unsecured revolving facilities and we have no requirement to refinance until early 2026.

Internal principal risks *continued*

8. Environmental Sustainability Risks

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

This risk category includes the:

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

How we monitor and mitigate the risks

- We have a comprehensive ESG programme which is regularly reviewed by the Board, Executive Committee and ESG Committee.
- The Risk and ESG Committees continue to oversee our annual TCFD disclosures including scenario analysis to assess our exposure to climate-related physical and transition risks.
- The ESG Committee monitors our performance and management controls. Underpinned by our SBTi climate targets, our guiding corporate policies (the Pathway to Net Zero and the Sustainability Brief) establish a series of climate and energy targets to ensure our alignment with a societal transition to net zero that limits global warming to 1.5°C.
- Our property management department operates an environmental management system aligned with ISO 14001. We continue to hold ISO 14001 and 50001 accreditations at our commercial offices and run ISO-aligned management systems at our retail assets.
- Climate change and sustainability considerations are fully integrated within our investment and development decisions and are evaluated by the Investment Committee and Board in all investment decisions.
- Through our Place Based approach to social impact, we understand the most important issues and opportunities in the communities around each of our places and focus our efforts collaboratively to ensure we provide places that meet the needs of all relevant stakeholders.
- We target BREEAM Outstanding on office developments, Excellent on retail and HMQ3* on residential. We have also adopted NABERS UK on all our new office developments.
- We undergo assurance for key data and disclosures across our Sustainability programme, enhancing the integrity, quality and usefulness of the information we provide.

KRIs

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

⇔ Change in risk assessment in year

Our environmental sustainability risk has remained stable in the year with both a medium impact and probability. Overall, the environmental sustainability risk outlook continues to increase in prominence and importance to our business, our customers and other key stakeholders. Also, regulatory requirements and expectations of compliance with best practice have increased and continue to evolve.

We have made good progress against our 2030 environmental commitments which include ambitious targets to be net zero carbon portfolio by 2030 and a focus on environmental leadership. We are continuing to improve the energy efficiency of our standing portfolio and have improved EPC ratings as a result of our net zero initiatives with 45% of the portfolio currently A or B rated (March 2022: 36%).

Opportunity

We have a clear responsibility but also opportunity to manage our business in the most environmentally responsible and sustainable way we can. This is integral to our strategy; it creates value for our business and drives positive outcomes for our stakeholders. Our Sustainability Strategy has evolved further by grouping it into three key pillars: Greener Spaces, Thriving Places and Responsible Choices, which map to the environmental, social and governance elements of our approach. Our overall sustainability performance has been recognised in international benchmarks including GRESB, where we were delighted to achieve a GRESB 5 star rating for developments and a 4 star rating for standing investments.

Key: Change in risk assessment from last year

↑ Increase ⇔ No change ↓ Decrease

9. People and Culture Risks

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

How we monitor and mitigate the risks

Our people strategy is designed to minimise risk through:

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

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

KRIs

- Voluntary staff turnover.
- Employee engagement and wellbeing.
- Gender and ethnicity representation and pay gap.

Change in risk assessment in year

Through the success of internal actions, our people and culture risk has reduced in the year and is considered a medium impact risk with a medium probability.
Against a wider economic background of rising inflation, increasing energy bills, and the lingering effects of Covid-19 which have been widely felt, like many companies, we have been experiencing rising wage expectations and an increase in employee mobility. Albeit, the competition for talent, which was until recently very intense, has eased off more recently. We will continue to ensure we have the right skills in place across the business and to actively monitor and promote staff wellbeing. During the year we have actively responded to feedback from previous employee surveys, and we were pleased to have our highest ever employee engagement score of 78% in November 2022.

Opportunity

We have a broad range of expertise across our business which is critical to the successful delivery of our strategy. We will continue to assess our employee proposition to ensure it still delivers what people most value in a changing labour market. Our goal is to foster a diverse, inclusive and ambitious culture so we can develop, attract and inspire the best people to deliver our strategy.

10. Customer Risks

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

How we monitor and mitigate the risks

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

KRIs

- Market letting risk including vacancies, upcoming expiries and breaks, and speculative development.
- Occupier covenant strength and concentration (including percentage of rent classified as 'High Risk').
- Occupancy and weighted average unexpired lease term.

Change in risk assessment in year

Our customer risk remains elevated and the risk of future administrations or CVAs has increased in likelihood and is considered both a medium to high impact and probability.
We are mindful that higher input prices impact the profitability of our customers, particularly on the retail side which may increase the risk of future administrations or CVAs. We are continuing to collaborate closely with our customers to ensure we provide them with high quality space at a sustainable total occupancy cost, allowing us to maximise occupancy and rent collection. This is reflected in our high occupancy of 96.7% and strong rent collection which was 99% for the year.

Opportunity

Successful customer relationships are vital to our business and continued growth. Our business model is centred around our customers and aims to provides them with modern and sustainable space which aligns to their evolving needs and that of our markets. As our markets have continued to polarise, customers demand more from the places where they work and shop. We are well positioned across both our Campuses and Retail and London Urban Logistics portfolios, where we focus on providing best in class space; and this has been evidenced by our strong leasing activity in the year.

Internal principal risks *continued*

11. Operational and Compliance Risks

The Group's ability to protect its reputation, income and capital values could be damaged by a failure to manage several key operational risks to our business including:

- technology and cyber security.
- health and safety.
- third party relationships.
- financial crime compliance.

Compliance failures such as breaches in regulations, third party agreements, loan agreements or tax legislation could also damage reputation and our financial performance.

How we monitor and mitigate the risks

- The Executive and Risk Committees maintain a strong focus on the range of operational and compliance risks to our business.

Technology and cyber security

- The InfoSec Steering Committee, chaired by the Chief Financial Officer, oversees our IT infrastructure, cyber security and key IT controls and reports to the Risk Committee and Audit Committee.
- Cyber security risk is managed using a recognised security framework, supported by best practice security tools across our technology infrastructure, IT security policies, third party risk assessments and mandatory user cyber awareness training.

Health and safety

- The Health and Safety Committee is chaired by the Head of Property Services and governs the Health and Safety management systems, processes and performance in terms of KPIs and reports to the Risk, Audit and ESG Committees.
- All our properties have general and fire risk assessments undertaken annually and any required improvements are implemented within defined time frames depending on the category of risk.
- All our employees must attend Health and Safety training relevant to their roles.

Third party relationships

- We have a robust selection process for our key partners and suppliers; and contracts contain service level agreements which are monitored regularly.
- We maintain a portfolio of approved suppliers to ensure resilience within our supply chain.

Financial crime compliance

- We operate a zero-tolerance approach for bribery, corruption and fraud and have policies in place to manage and monitor these risks.
- All employees must undertake mandatory training in these areas.

KRIs

- Information systems vulnerability score.
- Cyber security breaches.
- Health and Safety risk assessments.
- Health and Safety incidents.

Change in risk assessment in year

Our operational and compliance risks have remained stable and are considered a medium impact risk with a medium probability.

Our business faces both operational and compliance risks in its day to day activities across our people, processes and technology. The key risks to our business include: technology and cyber security, health and safety, third party relationships and financial crime compliance. We remain vigilant to these key operational and compliance risks for our business with no significant issues to note over the year. During the year, we have made substantial progress in strengthening our cyber security and IT infrastructure and associated key controls as well as our wider internal controls environment including a detailed fraud risk assessment undertaken across the business.

Opportunity

The Risk Committee oversees and monitors our key operational and compliance risks across the business to ensure we optimise our operational capabilities and create efficiencies in terms of our people, processes and technology, whilst at the same time having appropriate controls to mitigate the risks. Our ability to manage and operate large complex property portfolios and developments is a key differentiator and allows us to work with selected joint venture partners who value our expertise. We will continue to invest in and develop our operational risk management platform so that we can adapt to the dynamic environment to both protect the business and exploit opportunities.

Key: Change in risk assessment from last year

Increase No change Decrease

VIABILITY STATEMENT

Assessment of prospects

The Directors have worked consistently over several years to ensure that British Land has a robust financial position from which the Group now benefits:

- The Group has access to £1.8bn undrawn facilities and cash. Before factoring in any income receivable, this would be sufficient to cover forecast capital expenditure, property operating costs, administrative expenses, maturing debt and interest over the next 12 months.
- The Group retains significant headroom to debt covenants, has no income or interest cover covenants on its unsecured debt and has no requirement to refinance until early 2026.
- During the year we completed £1.4bn (£0.9bn BL share) of financing activity including £1.2bn of new finance raised:
  - For British Land we agreed £375m of new RCFs, all for initial 5 year terms, as well as the extension of a further £100m RCF to March 2028, and agreed with Homes England the continuation of the £100m loan facility to fund specified infrastructure works at Canada Water following the formation of the joint venture. Hercules Unit Trust completed a renewal of one of its bank loans (previously due to mature in December 2022) for one year at £150m.
  - For our joint ventures we completed a £515m loan for Paddington and £150m Green development loan facility for Canada Water Phase 1.

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. A five-year forecast is considered to be the optimum balance between the Group's long term business model to create Places People Prefer and the fact property investment is a long term business. Our weighted average lease lengths and drawn debt maturities are in excess of five years (5.7 and 5.9 years respectively at March 2023). Forecasting greater than five years becomes increasingly unreliable, particularly given the historically cyclical UK property industry.

Assessment of viability

For the reasons outlined above, the period over which the Directors consider it feasible and appropriate to report on the Group's viability remains five years, to 31 March 2028.

The assumptions underpinning the forecast cash flows and covenant compliance forecasts were sensitised to explore the resilience of the Group to the potential impact of the Group's significant risks.

The principal risks table on pages 51 to 60 summarises those matters that could prevent the Group from delivering on its strategy. A number of these principal risks, because of their nature or potential impact, could also threaten the Group's ability to continue in business in its current form if they were to occur.

The Directors paid particular attention to the risk of a deterioration in economic outlook which would adversely impact property fundamentals, including investor and occupier demand which would have a negative impact on valuations, cash flows and a reduction in the availability of finance. In addition, we have sensitised for the potential implications of a major business event and/or business disruption. The remaining principal risks, whilst having an impact on the Group's business model, are not considered by the Directors to have a reasonable likelihood of impacting the Group's viability over the five-year period to 31 March 2028.

The most severe but plausible downside scenario, reflecting a severe economic downturn, incorporated the following assumptions:

- Structural changes to the property market and customer risk; reflected by an ERV decline, occupancy decline, increased void periods, development delays, no new lettings during FY24 and the impact of a proportion of our high risk and medium risk tenants entering administration.
- A reduction in investment property demand to the level seen in the last severe downturn in 2008/2009, with outward yield shift to c.9% net equivalent yield.

The outcome of the 'severe downside scenario' was that the Group's covenant headroom on existing debt (i.e. the level at which investment property values would have to fall before a financial breach occurs) reduces from 36% to, at its lowest level, 10%, prior to any mitigating actions such as asset sales, indicating covenants on existing facilities would not be breached.

Based on the Group's current commitments and available facilities there is no requirement to refinance until early 2026. In the normal course of business, financing is arranged in advance of expected requirements and the Directors have reasonable confidence that additional or replacement debt facilities will be put in place prior to this date.

In the 'severe downside scenario' the refinancing date becomes late 2025. However, in the event new finance could not be raised mitigating actions are available to enable the Group to meet its future liabilities at the refinancing date, principally asset sales, which would allow the Group to continue to meet its liabilities over the assessment period.

Viability statement

Having considered the forecast cash flows and covenant compliance and the impact of the sensitivities in combination with the 'severe downside scenario', the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period ending 31 March 2028.

Going concern

The Directors also considered it appropriate to prepare the financial statements on the going concern basis.

STAKEHOLDERS

HOW WE ENGAGE WITH & CREATE VALUE FOR OUR STAKEHOLDERS

Understanding our stakeholders is critical to the long term success of our business. Regular engagement with them helps to shape our strategy and ultimately informs our decisions so that we can deliver outstanding places and positive outcomes for all stakeholders.

Section 172 Statement

Section 172 of the UK Companies Act 2006 requires directors of a company to promote the success of the company for the benefit of its members, and to consider the interests of all stakeholders in their decision making.

Stakeholder engagement is critical to the formulation and execution of our strategy and in achieving sustainable success for the long term. The nature of our business means that we have continuous dialogue with a wide group of stakeholders and their views are considered by the Board in its decision making. It is not always possible to produce positive outcomes for all stakeholders, and sometimes the Board has to balance competing priorities of stakeholders as part of its decision making.

Read more about how we manage risks and materiality on pages 46 and 88

Our Customers

The users of our buildings and spaces including businesses and their employees; retailers and their customers; and people who visit or live in our spaces

Why are they important?
Our customers are at the centre of everything we do, and our success depends on our ability to understand and respond to their needs

What matters to them?
- High quality, sustainable space that fulfils their needs
- Healthy and safe spaces that promote wellbeing
- Fair and suitable lease terms

How we engage
We communicate regularly with our customers to ensure we deliver a best in class service. We do this through:
- Regular dialogue with leasing, asset and property management teams
- Annual customer satisfaction surveys to gain insight into how our places are performing
- Customer networks across our Campuses
- This year we hosted bespoke customer roundtables to discuss ESG priorities and how we can support them to reduce their energy consumption and reduce operational costs

Outcomes from engagement

75%
customers rate us as 'the best' or outperforming other providers

Value created

3.4m sq ft
of new space leased in the year

0.9m sq ft
of additional space under offer

Our Investors

The people and institutions who own British Land shares or bonds

Why are they important?
Our investors play an important role in helping to shape our strategy; they also help facilitate access to capital, which is vital to the long term performance of our business

What matters to them?
- Financial performance, returns and the dividend
- Strong balance sheet
- Clear strategy and business model
- Leading ESG performance
- Financial risk management; disciplined capital allocation
- Strong leadership and company culture

How we engage
We have an extensive Investor Relations programme to ensure that our shareholders views are reflected in our decision making. This programme includes:
- Meetings, roadshows, conferences and telephone and video calls
- Regulatory reporting including the Annual Report, full and half year results and ad hoc updates
- Our Annual General Meeting
- Site visits and investor days
- Investor audit

Outcomes from engagement

c.50%
of share register met

157
number of investor meetings

Value created

7%
growth in underlying profit in year

3%
growth in dividend in year

Our Communities

People who live in and around our places as well as *local organisations and enterprises*

Why are they important?
Our places thrive when the communities in which they operate also succeed. By delivering a positive social impact, we create value for our stakeholders

What matters to them?
- Places which foster social connections and enhance wellbeing
- Education and employment opportunities
- Access to affordable space
- Contribution to the local economy

How we engage
We are committed to making a long lasting positive social impact in our communities by collaboratively addressing local priorities. We engage with our communities through:

- Planning and community forums
- Our Community Funds
- Volunteering and charitable donations
- Employment and apprenticeship opportunities

Outcomes from engagement

16,600
people benefiting from education partnerships

2,300
people benefiting from employment support

Value created

£1.9m
affordable space provided to small businesses and charities

Our Suppliers and Partners

Those who have a direct contractual relationship with us to provide goods and services

Why are they important?
- Along with our employees, our supplier partners support us in delivering for our customers. Strong relationships with supplier partners ensure sustainable, high quality delivery for the benefit of all stakeholders

What matters to them?
- Long term, collaborative, trusted relationships
- New business opportunities
- Fair commercial and payment terms
- Aligned objectives and values

How we engage
We encourage open and collaborative relationships with our supplier partners. Their contribution and expertise are critical to delivering our business objectives. We do this by:

- Operating a rigorous onboarding and tendering process, being clear through our Supplier Code of Conduct what we stand for, how we work and the commitments we expect them to share with us in relation to ESG compliance
- Sharing our business objectives through our Supplier Conference which this year focused on 'Creating Value, Sustainably'

Outcomes from engagement

100%
of suppliers signed up to Supplier *Code of Conduct*

100%
positive feedback from Supplier Conference event

Value created

98%
of suppliers felt better equipped to support our Sustainability Strategy after the Supplier Conference

Our People

Everyone employed by British Land

Why are they important?
Our people are critical to the success of our business; they are responsible for delivering the strategy, live by and help shape our culture and ultimately deliver sustainable value to our stakeholders

What matters to them?
- Diverse and inclusive culture with strong leadership
- Career progression and development opportunities
- Healthy and safe space that promotes wellbeing
- Fair pay and reward
- Flexible working practices

How we engage
We have an open and collaborative management structure and engage regularly with our employees through a range of formal and informal channels, including:

- Internal communications channel including newsletters and intranet
- Regular team meetings and half yearly appraisal process
- Annual employee engagement survey
- CEO breakfast series open to all employees launched this year
- In person conversations with select Board members

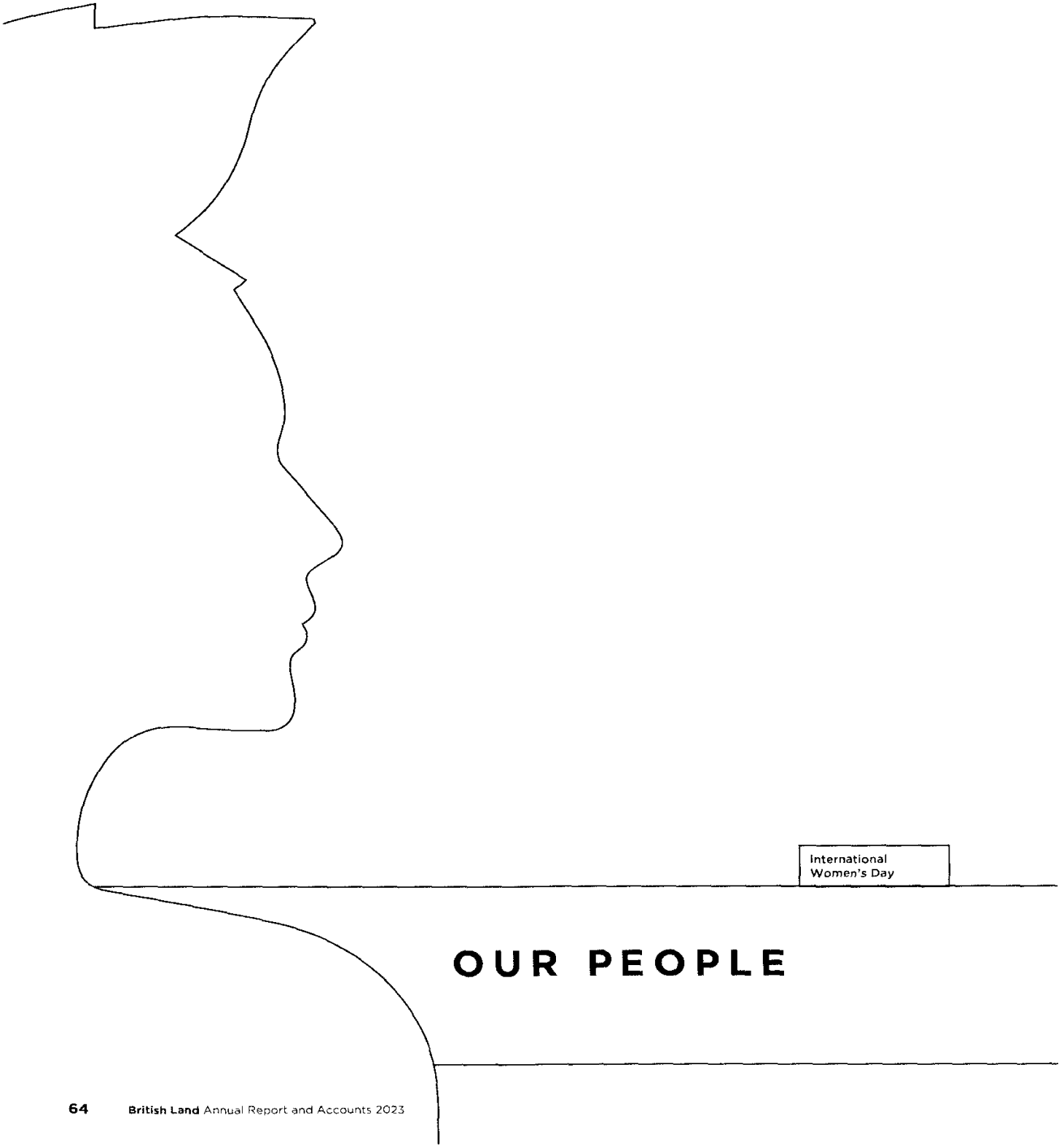
Outcomes from engagement

78%
employee engagement score, against a target of 72%

74
people received a promotion or opportunity to move roles internally

Value created

93%
employees proud to work for British Land


International
Women's Day
OUR PEOPLE

All-staff meeting,
York House

All staff meeting,
York House

Our goal is to foster a diverse, inclusive and ambitious culture so we can develop, attract and inspire the best people to deliver our strategy.

PEOPLE AND CULTURE

OUR PEOPLE STRATEGY

Our year in numbers

78%
employee engagement score, against a target of 72%

£347,000
total amount spent on training across the business in the past year

7,360
total number of declared training hours across the business in the past year

74
number of employees promoted, seconded or changed roles in the past year

90%
diversity disclosure rate, against a target of 80% (85% stretch)

21.9%
gender pay gap

14.2%
ethnicity pay gap

15%
ethnic minority representation across the Company, against a target of 17.5% (20% stretch) by 2025

→ **Further information on our gender and ethnicity pay gap reporting can be found in the Directors' Remuneration Report on page 142.**

Ranked 16th in the top 75 Social Mobility Index

Our goal is to foster a diverse, inclusive and ambitious culture so we can develop, attract and inspire the best people to deliver our strategy.

All our people initiatives, priorities and processes are centred around this aim as the talents of our people and the strength of our Company culture are key components of our competitive edge. We succeed when we are an employer of choice with an engaged and motivated workforce who feel invested in British Land's success.

Strong employee engagement

We survey our staff regularly and care very much about what they think. Against a wider economic background of rising inflation, increasing energy bills and the lingering effects of Covid-19 which have been widely felt, our employee engagement remains strong. Despite the macro challenges we had our highest-ever employee engagement score of 78% in November 2022, compared to 69% in January 2022. The completion rate of the survey was 84% (87% in January 2022).

The results show our people have confidence in British Land's leadership and its communication, recognition of British Land as a great place to work (91%), pride in working for the Company (93%), and increased confidence in the Company's success. However, we also identified areas that need improvement, such as career progression and work life balance. We break down the survey results in multiple ways to understand as many diverse perspectives as possible. We look at the results for different departments or specialisms, length of service, age, gender, ethnicity, sexual orientation, disability and many other groups of colleagues to seek out any anomalies or areas where we need to target particular initiatives. We use the data to focus our action plans.

The importance of Diversity, Equality & Inclusion (DE&I)

Our published DE&I Strategy britishland.com/DEI sets out the path to 2030 for us to improve DE&I of our business, ensuring that we reflect and understand the people who work, shop, live and spend time in our places. We have made substantial progress in DE&I initiatives and regularly update on the overall plan to our ESG Committee. In our most recent survey 92% of our people felt that diversity is a stated value or priority for British Land and 82% that British Land invests time and energy into building diverse teams. British Land has been recognised for its social mobility commitments and was included in the top 16 of 75 organisations benchmarked by the Social Mobility Foundation Index. We have a target that 17.5% of our staff will be ethnically diverse by 2025 and keep regular track of our progress. The number of women in our senior leadership population (Executive Committee and direct reports) is 35% which is a reduction from last year and will be a key focus for the period ahead.

British Land company conference, Printworks

We want to help our women to progress and be their very best at British Land, so have recently launched a 'Reaching your full potential' pilot programme to help women maximise their impact at work while being true to their individual style and values.

The diversity of our Employee Networks
Our **10 Employee Networks** continue to play a vital role in advancing inclusivity within British Land. Our networks are run and organised by our employees, not management. They serve as a megaphone for shared interests, work to eliminate barriers to inclusivity, and support diversity initiatives. They are invaluable to help us understand how different groups of our people are feeling about what is important to them in real time. The **Parents and Carers Network** came into its own during the pandemic and was a real source of solace to people struggling at home with multiple responsibilities. Our **Cycling Network** is encouraging new cyclists and helping them work out how best to get to our places.

The **enaBLe Network**, which focuses on raising awareness of disabilities, recently held a workshop called 'Dyslexic Thinking' to examine the challenges faced by dyslexic individuals in the workplace and provide strategies for supporting them. EnaBLe is key in widening our understanding of disability from obvious physical challenges to difficulties for staff that may not be obvious but can be made easier by simple changes.

The **Wellbeing Network**, which works to enhance a healthy, joyful and fulfilling work environment, has partnered with experts in delivering programmes and workshops. These include awareness campaigns for suicide prevention, a financial wellbeing webinar and eating disorder awareness.

The **SustainaBLe Network**, with its goal of inspiring British Land employees to have a greater positive impact on the world, informs colleagues on how they can make changes and adopt sustainable practices in both their personal and professional lives.

The **REACH (Race, Equality and Celebrating Heritage) Network** arranged celebrations of significant religious and cultural events (such as Ramadan, Eid, Diwali, Hanukkah and Chinese New Year) and raised awareness of significant historical topics like the Windrush generation and Black History Month. They recently designed and introduced a reverse mentoring pilot scheme. This initiative is a first for British Land where Executive Committee members are mentored by more junior colleagues who are ethnically diverse. The process has been inspiring and thought provoking and enables the Executive Committee members in particular to understand very different perspectives from their own experience.

Inclusion and supporting work experience
At the Paddington Central Campus, we partnered with PiP (Pursuing Independent Paths), an organisation that helps adults with learning disabilities and/or autism become independent and reach their goals. We created a 'Supported Work Experience' programme to improve employability skills and expose students to the workplace in general. We also participate in a number of internship schemes to give students from different backgrounds an insight into real estate.

Informing our stakeholders and inspiring our colleagues
We held two conferences with the theme 'Creating Value, Sustainably'. On the first day, we invited around 200 supply chain partners and service providers so they could engage with British Land's leadership, learn about the Company's strategy, explore business growth opportunities, and discuss shared challenges. On the second day, at our all-staff Company conference we launched our fifth value 'Deliver at pace' and showcased examples of effective innovation and collaboration across the business. It was also the first time since Covid-19 that all our staff had the chance to be together in one place – reminding us of the importance of in person opportunities to deepen relationships and our network.

Workforce gender diversity at 31 March 2023

Key
Female
Male

Further gender and ethnic diversity disclosures are provided in the Governance section on pages 124, 130 and 131.

Developing talent

We want to help our people to be the very best that they can be. We run a learning and development programme to improve both technical skills and knowledge and leadership and management training. Continual improvement is essential for a thriving, resilient and innovative organisation.

In the past year, the Company invested a total of £347,000 in coaching and training for office and operational staff, clocking up over 7,360 training hours (in addition to another 882 hours of Leadership Live programmes). We have an extensive range of mentoring programmes. These include a programme matching nominated senior staff with our Board and Executive Committee as mentors, a reverse mentoring programme matching BAME employee with Executive Committee members, and an internal speed mentoring event open to all staff organised by our Employee Networks resulting in 69 new internal mentor-mentee pairs. We also partner with organisations like Real Estate Balance to provide mentors, which is a valuable learning and development opportunity for our staff.

Thirty three colleagues are currently undertaking professional qualifications sponsored by the Company whilst 18 colleagues from various departments spent three days at the University of Cambridge exploring global real estate trends, focusing on investments/capital markets, sustainability, urban logistics, and life sciences and innovation.

1. Lynn and Fiona
Project Director and Head of Digital Placemaking

As part of a group of female leaders from various departments within the Company, we have been focusing on developing our strengths and exploring behavioural changes to achieve our professional goals. Through coaching and specialised communication training, we've learnt how to improve our presence in meetings and when networking, develop our leadership brand, and enhance our communication skills through self-awareness and situational understanding.

The 12-week 'Reaching your full potential' programme has focused on understanding more typical female behaviours and provided a wealth of thought-provoking learning materials. The group dynamic has allowed shared learning, mutual support and increased confidence-building and has provided an excellent opportunity to expand our network across the business.

2. Gavin
Head of Secretariat

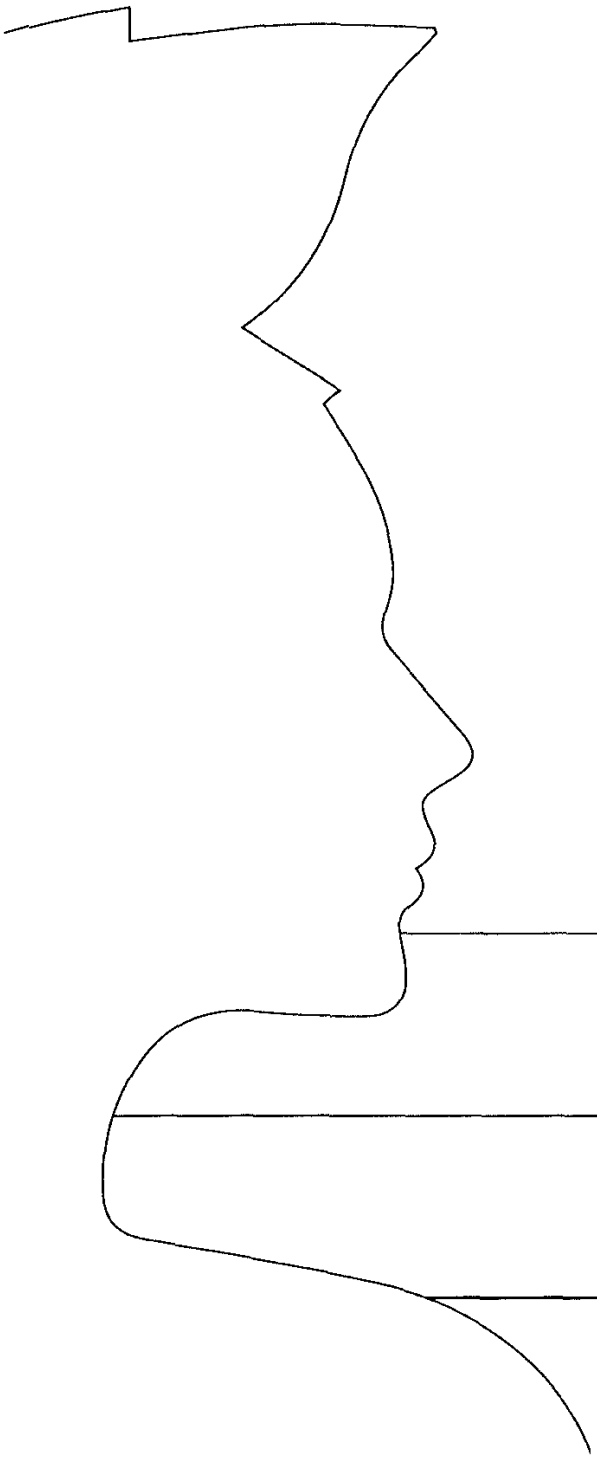
My stutter has been something that has been met with varying degrees of acceptance throughout my life. British Land has an open and inclusive culture allowing me to talk openly and honestly with my team, my line manager and the business as a whole. Most importantly, because of the culture, having a disability at British Land has in no way impacted my career. In fact my career has flourished.

I set a development objective this year to put more time into my speech and organise a speaking opportunity. That resulted in giving a presentation on hidden disabilities to the whole Company at a staff meeting. I was pleased to have been able to play a small part in breaking down barriers within the workplace and, selfishly, confront a fear of public speaking at work.

3. Angela
Client Services Director

I participated in the Circl coaching programme which helped me enhance my coaching abilities through the use of practical tools and techniques. I worked with Mohammed (who is currently studying Geography at King's College, London) using active listening and questioning to achieve our goals. After completing the programme and earning an accreditation from the Association of Coaching, I gave Mohammed a work placement at Broadgate where he gained experience in Property Management and made valuable contributions. The Circl coaching programme is exceptional as it provides hands-on skill development and diverse perspectives, while supporting young talent in their career advancement.

SUSTAINABILITY REVIEW



GREENER SPACES

THRIVING PLACES

RESPONSIBLE CHOICES

	2030 targets		
We make choices which minimise our carbon emissions as well as our impact on nature and the wider environment.	**50%** less embodied carbon at our developments	**75%** reduction in operational carbon intensity across our portfolio	All developments to be net zero embodied carbon
We are committed to making a long-lasting, positive social impact in our communities by collaboratively addressing local priorities. Our places succeed when local people and organisations also thrive.	**£25m** Social Impact Fund deployed	**90,000** people benefiting from education or employment partnerships	Affordable space provided at each priority place
We are committed to making responsible choices across all areas of our business and we encourage our customers, partners and suppliers to do the same.	Responsible employment	Diversity and inclusion	Responsible procurement

DELIVERING ON OUR 2030 SUSTAINABILITY STRATEGY

Our approach

We launched our current Sustainability Strategy in 2020, when we committed to achieving a net zero carbon portfolio by 2030 and partnering to grow social value and wellbeing in the communities where we operate. We set clear targets to reduce both the embodied carbon in our developments and the operational carbon across our portfolio.

This year we have further defined our Sustainability Strategy by establishing three key pillars: **Greener Spaces**, **Thriving Places**, **Responsible Choices**.

Our Greener Spaces pillar includes our ambitious 2030 net zero targets, across both developments and our standing portfolio. This year, for the first time, performance against these targets impacted executive remuneration[1]. We know that our places succeed when the local communities in which they operate thrive – this informs our social impact pillar: Thriving Places. To support our commitments, we have launched a £25m Social Impact Fund to 2030. This will support delivery of our headline 2030 social impact targets across employment, education and affordable space. Responsible Choices builds on the excellent work we have done at British Land, and across the industry, to promote responsible employment, diversity and inclusion and responsible procurement.

Greener Spaces

Delivering Greener Spaces is integral to creating Places People Prefer. This means making choices which minimise our carbon emissions[2] and our impact on the environment wherever we can. This approach also helps us meet the needs of our customers who want space with excellent sustainability credentials, helping them to achieve their own sustainability ambitions.

The built environment accounts for over 40% of global carbon emissions so we have a responsibility to act now to support the transition to a low carbon economy. Sustainability is integral to how we build and manage our buildings so we continue to make strong progress against our 2030 net zero targets.

→ **For more information see pages 75-79.**

Embodied carbon targets	2023 Highlights
50% lower embodied carbon intensity at our offices developments to 500kg CO_2e per sqm from 2030	646kg CO_2e per sqm embodied carbon in current offices developments
100% of developments delivered after April 2020 to be net zero embodied carbon	Second net zero carbon development delivered at 1 Triton Square
Operational carbon targets	
75% reduction in operational carbon intensity across our portfolio by 2030 vs 2019	Programme of net zero audits completed identifying energy and carbon saving initiatives
25% improvement in whole building energy efficiency of existing assets by 2030 vs 2019	40% reduction in operational carbon intensity (offices) 22% reduction in whole building energy intensity (offices)

1. Details of how Sustainability performance impacted on executive remuneration can be found on p146 and p151
2. Carbon emissions is used interchangeably with greenhouse gas (GHG) emissions. Our accounting and reporting covers the scope of all GHG emissions types and GHG emissions are converted into carbon dioxide equivalent.

Thriving Places

Our places are more vibrant and prosper when the communities living in and around them thrive. This helps us to attract and retain customers and create more opportunities for local people.

Our social impact strategy focuses on the three core areas where we can make the greatest positive impact: education, employment and affordable space.

We have set clear 2030 targets in each area and we have established a £25m Social Impact Fund, comprising at least £15m in cash and £10m from affordable space contribution.

→ **For more information see pages 81-85.**

2030 Targets	2023 Highlights
Education	
80,000 people benefiting from education partnerships by 2030	- 16,600 education beneficiaries - 62 education initiatives
Employment	
10,000 people receiving meaningful employment support by 2030	- 2,300 people receiving meaningful employment support - 578 people supported into employment
Affordable space	
£10m of affordable space provided by 2030	- £1.9m of affordable space provided

Responsible Choices

We are committed to making responsible choices across all areas of our business and we encourage our customers, partners and suppliers to do the same.

We are a responsible employer; creating a safe and diverse working environment where people are comfortable to be themselves. This approach is embodied in our values, set out on page 12. We incorporate the highest social, ethical and environmental standards across all our procurement decisions.

→ **For more information see pages 87-89.**

2030 Targets	2023 Highlights
Responsible employment	- Achieved our highest ever employee engagement score of 78% - £347,000 spent on training and professional qualifications; 33 British Land employees currently undertaking professional qualifications
Diversity and inclusion	- Exceeded the 2021 Parker Review recommendations of at least one Board member from an ethnic minority group - Ranked 16th in top 75 Social Mobility Index
Responsible procurement	- Supplier Code of Conduct updated to include specific Sustainable Development Goals requirements - Independent anti-modern slavery audits of key suppliers - Industry and expert collaboration with Unseen – Construction Hub

Our performance in leading international benchmarks

GRESB 2022:
5-star Development
4-star Standing Investments

MSCI ESG Rating 2022:
AAA

CDP 2022:
B score

Science Based Targets:
approval in 2021

EPRA Rating 2022:
Gold

FTSE4Good Index 2022:
88th percentile

The British Land Company PLC 00621920

Exchange Square,
Broadgate

ENVIRONMENTAL REVIEW

GREENER SPACES

We make choices which minimise our carbon emissions as well as our impact on nature and the wider environment.

Highlights:

646kg CO_2e per sqm

average embodied carbon in current office developments

5 star

1 Broadgate received a 5 star NABERS Design for Performance target rating

£10m[1]

invested in energy efficient interventions on our standing portfolio since FY19

45%

portfolio EPC A or B rated

50% office portfolio rated EPC A or B

37% retail portfolio rated EPC A or B

Energy and carbon

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

1. Reducing embodied carbon in developments

Embodied carbon refers to the carbon emissions resulting from the production and transportation of materials for a building and all elements of its construction and deconstruction. Our approach is to design out embodied carbon wherever possible in development and only then to offset any residual carbon, making our developments net zero carbon at completion. As a result, all of our developments since 2020 have been net zero carbon including 100 Liverpool Street and 1 Triton Square.

To do this, we undertake whole life carbon assessments on all developments and major refurbishments, which was one of the early commitments in our Pathway to Net Zero[2]. This enables us to identify opportunities to reduce embodied carbon through material reuse, design efficiency and materials selection and specification.

Low carbon materials

This year we established an internal Low Carbon Materials Working Group to focus on these opportunities. This has involved information sharing across our own projects as well as a comprehensive programme of engagement with leading constructors, demolition specialists, and concrete, steel and aluminium producers. The focus is on materials recovery including the reuse of steel and low carbon specifications such as concrete replacements and offsite manufacturing. One key output from this working group has been an internal Carbon Primer, setting out best practice guidelines for our own developments. We have also signed up to the Concrete Zero and Steel Zero pledges which are commitments to reach net zero concrete and steel by 2050.

1. Investment includes funding from British Land, Service Charge and Occupiers.
2. Our Pathway to Net Zero is available on our website britishland.com/pathway-to-net-zero

Current estimates for embodied carbon in office developments are ahead of the glidepath to our 2030 target of 500kg CO_2e per sqm as shown below:

Offices developments	kg CO_2e per sqm
Completed developments	408
Development pipeline including completed developments	608
Development pipeline excluding completed developments	646

For new offices developments, we target whole building *operational efficiency of 90kWhe per sqm*[1], *in line with UK* Green Building Council (UKGBC) recommendations. To support this, we are adopting the NABERS[2] Design for Performance approach on all our office developments; this is a framework for accurately predicting the energy consumption of a building throughout its life. We were delighted that 1 Broadgate received its target rating of 5 stars, the first building in the UK to formally do so.

Circular economy

We have established circular economy principles for all our developments. This includes a requirement for all development projects to undertake a resource mapping exercise. For each material, including steel, concrete, bricks, timber, glass and furniture, a clear plan is set out from the point of disassembly to ultimate reuse or recycling. For example at 2 Finsbury Avenue, with a focus at concept stage of maximising material value, we identified uses for the majority of aluminium in the existing building, with solutions *ranging from ceiling, lift lobby and washroom cladding*, to bicycle lockers and reused radiator panels.

The practicalities of live construction sites in central London does present challenges for deconstruction so we have been selective about the opportunities we have pursued. We have established emerging networks, by identifying local partners who can transform the aluminium products as required, and provide the necessary testing and certification for a *commercial project. We have plans to upcycle nearly 40% of* the existing aluminium cladding for reuse in the new building. The remainder will be sent to be recycled into new aluminium with equal quality and properties as the existing material, which is distinct from common downcycling practices where quality or properties are diminished in the process

Looking forward, we are designing with disassembly in mind. Last year we were awarded a BRE (Building Research Establishment) innovation credit for the UK's first large-scale use of a 'materials passport' at 1 Broadgate. A similar approach will be adopted where appropriate on our major developments. This initiative allows us to track materials used during construction, enabling them to be easily repurposed at the end of a building's life.

Where we cannot recycle materials into new developments, we seek to ensure they are either recycled or reused elsewhere. Working with our partners Globechain, we have donated *280 tonnes of materials to communities for reuse since* December 2021.

We are also thinking about circularity more widely, to include operational waste from our buildings. This year, working with *Biohm, a biomanufacturing specialist, we completed a review* of the waste produced at our Regent's Place Campus and looked at the possibilities of reusing some of the biggest carbon rich waste streams as alternative materials and products. Waste products such as coffee grounds, cardboard, timber, ceiling tiles and polystyrene showed good potential.

Offsetting strategy

In line with our commitment to achieving a net zero carbon portfolio by 2030 we currently offset any residual embodied carbon in our developments. This is the residual embodied carbon that remains once viable options to reduce embodied carbon through material reuse, design efficiency or materials selection and specification have been completed.

This year we updated our Developments Embodied Carbon Offset Policy[3], setting out the core criteria required for carbon credits and our additional principles and priorities when selecting projects. We prioritise purchasing carbon credits from high quality nature-based projects as these often provide additional environmental benefits and co-benefits to the local communities. In addition, we partner with carbon market specialists and conduct a thorough due diligence process on the projects prior to selection. *We recognise that the voluntary carbon market is fast-*evolving and so this strategy is subject to a regular review as guidelines and our preferences evolve. In addition, we are exploring local opportunities for carbon offsetting to compliment our strategy.

We now pre purchase carbon credits for our committed developments, both to ensure that we can select our preferred projects and to provide greater certainty over the costs. This is in line with the rising price of carbon credits being identified as a long term risk (page 94). Once a development has reached RIBA Stage 5 (Manufacturing and Construction), we retire approximately 50% of the pre purchased carbon credits with the remainder being retired at practical completion.

This year with our joint venture partner we pre purchased carbon credits equivalent to c.67% of the embodied carbon in our committed development pipeline. Following year end 41% of these pre purchased credits were retired[4]. For the remaining c.33% of embodied carbon, we will pre purchase carbon credits in line with our updated strategy.

1. See the performance tables in our Sustainability Progress Report at britishland.com/data
2. National Australian Built Environment Rating System.
3. See britishland.com/offsetting on our website.
4. See details of these carbon credits in our Sustainability Progress Report

2 Finsbury Avenue
Circular economy initiatives at this forthcoming development have included a pilot project to reuse steel, which must be salvaged, refurbished and comprehensively tested before it can be repurposed. We are also rolling out the use of low carbon steel, made in an electric arc furnace powered by renewable energy as well as low carbon concrete where cement is replaced, typically by a by-product from the steel production process. This has already been used successfully at Canada Water. To better enable materials' reuse in the future, our design has considered deconstruction, so for example, we are piloting an mechanism for securing steel beams to concrete decking, allowing for the recovery of the beam in the future We are adopting a 'materials passport' as we did at 1 Broadgate.

Image is a CGI

3 Sheldon Square
At 3 Sheldon Square, we are retaining the existing structure, façade and flooring. The balconies we are adding can be disassembled at the end of their serviceable life and reused/recycled elsewhere. We have worked with Globechain (see page 76) to ensure that any materials not used by us are used by local charity and community groups or recycled.

The refurbished building will target a NABERS 4.5 star rating and will be fully electric. It will incorporate smart enabled building services and controls, which means the building can adapt quickly to changes in user needs so energy is not wasted. These initiatives, together with the overarching refurbishment, deliver an improvement in operational energy efficiency of over 40% when compared to the existing building as well as a minimum EPC B rating.

Image is a CGI

2. Operational carbon in the standing portfolio

This year we achieved a 40% reduction in carbon intensity and a 22% improvement in whole building operational energy intensity against our FY19 baseline (Offices)[1]. This improvement in our carbon and energy intensities puts us on track to achieve our 2030 targets. This reflects the positive impact the energy and carbon efficient interventions are having on lowering energy consumption. However, a significant part of these reductions are due to altered working patterns because of Covid-19. We expect some of these improvements to unwind as office use and occupancy further normalises. More detail on intensities is provided on pages 102-103.

We are making good progress on our net zero plans. Last year we completed a programme of net zero audits, identifying energy and carbon efficient interventions across our standing portfolio, and this year, the most impactful of these recommendations were integrated within the business plans for our assets. Many of these initiatives are lifecycle replacements providing opportunities to introduce low carbon technologies such as replacing gas boilers with air or water source heat pumps, LED lighting and fan coil units. More detail on the progress of our Pathway is set out in our Sustainability Progress Report.

While our focus is on achieving a net zero portfolio, we also recognise that forthcoming Minimum Energy Efficiency Standard (MEES) legislation will require all our buildings to be EPC A or B by 2030. Our net zero interventions should help deliver this and overall we have estimated the total cost of EPC compliance to be £100m. A significant portion of this investment will be recovered through the service charge as part of the normal process of lifecycle replacement. We have made good progress on our Campuses, £9.5m has been invested to date. 45% of the portfolio is now graded A or B compared with 36% in FY22.

Delivering improvements on our customer controlled space will be key to achieving our carbon and energy reduction goals. To progress this, we have held a series of customer round tables attended by our leading retail and office occupiers, helping them to identify opportunities to make improvements on their own space.

Digitalisation

We continue to explore how smart technologies can make our buildings more energy efficient. At 100 Liverpool Street, we have rolled out BL Connected, our Smart platform, across landlord controlled space, including Storey. This generates data from the building to drive energy efficiencies. In our Storey space, where people work more flexibly, we use sensors to optimise the heating, lighting and cooling based on occupancy and other environmental internal parameters. The implementation of optimisation is expected to reduce energy consumption from heating and cooling by 30% in our Storey areas. This approach will be standard at all our developments and we are piloting a retrofit for three standalone office buildings in FY24. A wider deployment plan is in progress. To generate further efficiencies, we are taking this to our occupiers and have active conversations at 1 Broadgate and Norton Folgate to share data or extend our platform into their space. We expect occupier interest to escalate going forward as they look to make energy and cost savings.

Renewables

The decarbonisation of the National Grid will play a key role in the switch to renewable power across the UK. We will supplement this by investing in onsite and offsite renewable energy sources. Already we have two megawatt peak of solar capacity across our portfolio (of which half is at Meadowhall) and following a refresh of our portfolio wide feasibility study, we have selected two pilot sites for installing solar on retail park roof space. In addition, we are exploring the possibility of building a solar car port at Meadowhall, making use of some our 2.9m sq ft parking facilities.

We are a signatory to RE100, which commits us to procuring 100% renewable energy. We purchase our energy from REGO[2] and RGGO[3] certified sources to ensure the sustainability of energy use, all of our REGO and RGGO certifications are from traceable sources[4]. We are investigating the possibility of Power Purchase Agreements (PPAs) but recent volatility in the energy markets has made this more challenging.

40%

reduction in Offices carbon intensity against baseline (whole building)

40%

reduction in Shopping Centres carbon intensity against baseline (common parts)

2 megawatt peak

of solar capacity across our portfolio

Biodiversity

We recognise the importance of biodiversity and in particular, the key role it has in supporting the wellbeing of customers and visitors to our places. With over 100 acres of land in London under our control, biodiversity is a significant consideration for us. In addition, our Materiality Review (see page 88) identified biodiversity as one of the areas where British Land has significant impact.

All our Campuses have biodiversity action plans and this year we completed a biodiversity baseline exercise where we are making improvements, enabling us to accurately measure our percentage net gain. We are now commissioning biodiversity action plans across our Retail sites, with five completed so far and two in train. In addition, mindful of future biodiversity-related regulation we commissioned environmental consultants to deliver a scoping exercise ahead of any Taskforce for Nature Related Disclosure (TNFD) requirements. This report, due in 2023, will be an initial step in defining how we report the work being done on biodiversity in line with the TNFD requirements.

1. Office performance is reported because the data relates to the whole building and aligns with our 2030 targets. Retail data is common parts only, whole building retail data will be reported from FY24.
2. Renewable Energy Guarantees of Origin.
3. Renewable Gas Guarantees of Origin
4. For more information on our renewable energy performance see our Sustainability Progress Report britishland.com/data

Regent's Place public realm
As part of the second phase of the public realm works we have added high quality urban greening, including flower-rich perennial and bulb planting, vertical climbers and new trees. We have also installed a 357 sqm biodiverse modular green wall containing a diverse mix of plant life and multiple insect habitat boxes, providing nesting opportunities for insects, birds and bats. 12 trees which could not be accommodated were moved to Regent's Park and any soil not needed was reused at a local school garden. These initiatives have delivered a 39% biodiversity net gain.

→ **For detail on our approach to climate resilience, please see our TCFD disclosure on pages 90-101.**

Transition Vehicle
A key mechanism for delivering on our energy and carbon targets is our Transition Vehicle, established to fund the cost of retrofitting our standing portfolio. This is financed by an internal levy of £60 per tonne of embodied carbon in new developments. Approximately one third of this is used to purchase carbon credits for our developments with the remaining two thirds available for the Transition Vehicle. This is supplemented by a £5m annual float.

This year the Transition Vehicle has funded £1.1m of initiatives and we have committed to a further £5.9m. Examples include air source heat pumps at 10 Exchange Square and chiller replacement at Broadwalk House.

→ **Read more in our Sustainability Progress Report at britishland.com/data**

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Canada Water

SOCIAL REVIEW

THRIVING PLACES

We are committed to making a long-lasting, positive social impact in our communities by collaboratively addressing local priorities. Our places succeed when local people and organisations also thrive.

This year, we refreshed our social impact strategy, guided by feedback from a materiality assessment by JLL, along with independent research and input from a range of stakeholders, including community partners, local authorities, colleagues, customers and suppliers.

Our updated strategy is to focus on three key areas where we can make a difference: education, employment and affordable space. The way we do this is always Place Based – tailored around local needs and opportunities for the communities at each place.

Three earlier commitments are now fully integrated into business as usual. Connecting with customers, community partners and suppliers around local priorities underpins our social impact strategy. Supporting local businesses and organisations is at the heart of our focus on affordable space. Wellbeing is central to our purpose of creating and managing outstanding places.

In February, we committed to a £25m Social Impact Fund to 2030, comprising at least £15m cash contributions and £10m affordable space. We also set new education and employment targets to 2030, for which we provide detail on the following pages, and we increased emphasis on offering affordable space to a broad range of local organisations.

→ **For more on our social impact strategy, see our Local Charter: britishland.com/local-charter**

Social impact

£25m

Social Impact Fund to 2030

£12.5m[1]

social value generated

26,000

beneficiaries in 2023.

In 2023 our total social impact cash contribution was £2.2m. This year we have introduced social value reporting[2] across our core funded projects, later in 2023 we will roll out our reporting to cover all activities and we will set a social value target to 2030. Our core funded projects at managed assets and at our Canada Water development generated £10.6m of social value. We also provided affordable space with a value of £1.9m. These activities combined generated a total of £12.5m in social value.

1 For more information on how our social value figure is calculated please see the Social Value table in the Sustainability Progress Report britishland.com/data

2. Social value reporting applies proxy values to social impact outcomes to provide an indicative financial value.

Education

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

This year, we delivered 62 needs-based education initiatives at our places. These ranged from primary school projects and secondary school workshops to college events and university challenges, along with mentoring, talks and educational events. They often brought together our customers, suppliers and local partners.

16,600 people benefited from education programmes at our places in FY23. This brings the number of beneficiaries since 2021 to 45,451, progressing towards our target of 80,000 to be delivered between 2020 and 2030.

We continued our partnership with the National Literacy Trust across 25 of our places, working collaboratively with our customers and local schools to encourage an additional 4,625 children to read for pleasure and improve their literacy skills. Together, we have reached 68,345 children across the UK since 2011.

Employment

We support local training and jobs through Bright Lights, our *skills and employment programme, working with customers,* suppliers and local partners across our portfolio. This empowers local people to access opportunities at our places, while helping to secure the skills our business, customers and communities need to thrive in the future.

This year, our Bright Lights programme delivered 31 employment initiatives including pre-employment training, virtual programmes, mentoring, work placements, graduate schemes, internships and apprenticeships.

2,300 people benefited from meaningful employment support at our places in FY23, with 580 securing employment. This brings the number of Bright Lights beneficiaries to 4,402 since 2020, progressing towards our target of 10,000 by 2030. *Applying a robust approach to reporting, we only* count people who receive meaningful life-enhancing support. Many more individuals enrol or engage in other employment activities at our places, such as job fairs.

Our Bright Lights relationship with Capital City Partnership, at Fort Kinnaird in Edinburgh, has been helping retailers sustain their businesses and supporting people who face barriers into employment since 2013. This year our partnership had a focus on developing the skills and resilience of candidates facing soaring living costs. 157 people received employment training and support with 140 moving into employment as a result of our support. Capital City Partnership also ran an Employer Fund to support small businesses to respond to economic uncertainty and have launched a Proud to Care *campaign to support the recruitment crisis in care.*

Social impact – education and employment

16,600

beneficiaries from our education programmes in FY23

2,300

beneficiaries of our employment programmes in FY23

580

people supported into jobs in FY23

Affordable space

We provide affordable space to a broad range of local organisations. This leverages our strengths – our core business of providing high quality space – to generate social impact and helps differentiate our places.

We aim to provide affordable space at all our priority places by 2030, including affordable workspace, retail space and community and arts space.

This year, we provided affordable space at all of our eight priority assets. Altogether, we contributed £1.9m worth of affordable space in FY23, benefiting social enterprises, start-ups, small businesses, charities, community groups and cultural organisations. In light of the cost of living crisis we have also worked to use our spaces to help support those most impacted by rising costs. We have provided warm spaces at our Orbital and Surrey Quays assets and hosted foodbanks and other charity collections at Drake Circus, Fort Kinnaird and The Orbital.

In 2020, we initiated a 'Really Local Store' concept, providing retail space at low or zero cost to small businesses, charities and community groups who source or manufacture locally. We have now rolled out the model across the UK, including at Ealing Broadway, Meadowhall in Sheffield and Old Market in Hereford and, most recently, at Fort Kinnaird in Edinburgh, where we've opened 6,500 sq ft of retail, gallery, event and community space with The Leith Collective.

For our customers, these local independents are a point of difference in our retail mix, something people can't get anywhere else, and another reason to visit our places. They help us build local relationships and make a long-lasting, positive social impact in our communities.

Social impact – affordable space

£1.9m

affordable space in FY23

NDT Broadgate

Together with long-standing partner New Diorama Theatre (NDT) at Regent's Place, we launched NDT Broadgate to fuel the recovery of the arts post-pandemic. This provided over 20,000 sq ft of creative space free to independent and freelance artists, from August 2021 to July 2022. The first project of its kind in the world, over 8,800 artists used the space, making more than 250 new shows.

An independent economic impact assessment revealed that NDT Broadgate generated £40m of additional gross revenue for the UK economy. It supported over 1,000 full-time jobs, protecting arts livelihoods and enterprises. It also spurred vitality, with restaurants and bars close to NDT Broadgate benefiting from nearly double the sales uplift of other retailers across the Campus.

→ **For more on NDT Broadgate: britishland.com/NDTBroadgate**

Social impact

£40m

gross revenue for the UK economy

1,000+

full-time jobs supported

"When the pandemic hit, British Land were the first on the phone offering support. When we asked them to go further to support not just NDT but our whole industry, they answered our call. Together, we took a leap into the unknown – and along the way sparked a creative revolution that will go down in British theatre history."

David Byrne,
Artistic Director & CEO, New Diorama Theatre

Campus Community Funds

Facilitating stronger customer and community relationships is one of our strongest social contributions.

We now have collaborative community funds with customers on all our central London Campuses. These offer customers the chance to connect with each other and local partners to make a lasting, positive social impact. Together, we agree priority themes, pledge funds and award grants. This has also led to more customers volunteering their skills locally and strengthening local connections across our campuses and communities.

In FY22, 16 customers, local stakeholders and British Land pledged £230,000 to our Broadgate, Paddington Central and Regent's Place Community Funds. During FY22 and FY23 these funds were awarded to 21 local organisations and charities including C4WS, which assists homeless people in Camden, and Westminster Befriend a Family, which provides mentoring to young refugees and asylum seekers.

Social impact

8,000

beneficiaries from Campus Community Fund funded projects since 2022

"By bringing together different occupiers of Regent's Place, British Land is enabling us to maximise and amplify our impact by helping us collaborate and come together to solve things that matter to us as a community. It's really enjoyable for our teams to have these volunteering opportunities and to come together in great networks"

Scott Sallée of dentsu
Regent's Place customer

Support for Ukraine

At Paddington Central, we continue to support the Ukrainian Institute language school by providing space at Storey Club and 2 Kingdom Street for 12-week term courses. This has benefited over 600 displaced Ukrainians and enabled 427 individuals to gain English qualifications. The students ranged between 18 and 70 years old with 84% being female.

Supporting our communities through the cost of living crisis

When the cost of living crisis struck, we acted quickly to use the resources available to us to support the vital work of charities, local organisations and volunteers in communities around our places. From our learnings through Covid-19, we are focusing our support on our partner organisations, who are facing unprecedented demands on their services.

In November, we committed £200,000 to a dedicated Cost of Living Fund. We immediately pledged £25,000 to the Trussell Trust's emergency foodbank appeal and £25,000 to Shelter's hardship fund for people experiencing a homelessness emergency. We also contributed inflationary uplifts to allow partners to continue providing frontline services and made one-off donations to close partners for targeted programmes that reflect changing local needs. These funded a range of initiatives, including a breakfast club for children at Hatfield Primary Academy in Sheffield, foodbanks in Ealing and Plymouth, and food hampers and a community event with Middlesbrough Football Club Foundation.

Building on the success of our collaboration during Covid-19, the Centre for Charity Effectiveness has once again been providing strategic support and one-to-one coaching to many of our core community partners, helping them navigate the cost of living crisis.

Our external commitments and social sustainability benchmarks

The British Land Company PLC 00621920

Open Iftar,
100 Liverpool Street

RESPONSIBLE CHOICES

We are committed to making responsible choices across all areas of our business and we encourage our customers, partners and suppliers to do the same.

→ **Our activities under responsible employment and diversity and inclusion are covered in the People and culture section on page 64-69 and in the Governance section on pages 123-126 and 130**

Responsible procurement

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

Against modern slavery

We uphold the human rights of our employees and throughout the supply chain. We have provided anti-modern slavery training to all employees. Through our partnership with anti-modern slavery charity Unseen, we also undertook independent audits of eight of our critical suppliers reviewing compliance on 12 key areas of our Supplier Code of Conduct. These included human rights, health and safety, equal opportunities, fair reward, working hours, staff development and worker representation.

We are delighted to have participated in the first Unseen – Construction Hub meeting. The group, made up of peers and industry experts, brings together construction companies to share good practice, engage in open dialogue, identify issues and challenges, and seek solutions collaboratively. This is an opportunity for British Land to engage in a trusting and confidential environment to enable construction institutions to assess, share, discuss and seek solutions that will strengthen the sector's commitment to tackling modern slavery and labour exploitation.

We pay at least the Real Living Wage to all British Land employees and we strongly encourage all suppliers to take the same approach. We mandate at least Real Living Wage on all our developments. Our Broadgate, Paddington Central and Regent's Place campuses are all accredited Living Wage Places and also comply with the Mayor's Good Work Standard.

Mandating prompt payment

We have been a signatory to the UK Government's Prompt Payment Code since 2010 and aim to pay 95% of suppliers within 30 days. Group invoices are settled within 18 days on average.[1]

Supplier Conference

Our Supplier event in September showcased our strategy with a focus on 'Creating Value, Sustainably'. It enabled us to actively engage with our suppliers, to share British Land's strategic agenda and collaborate through focused break out *groups with the senior leadership team. The conference* showcased our joint winners of 'Supplier of the Year', Globechain and KpH.

KpH, a deconstruction firm, and Globechain, a provider of a marketplace for up-cycling and free issuing of building components, worked together on the strip-out of Exchange House to ensure that minimal waste was created. They taught their teams to carefully remove items so they could be reused. Globechain and KPH avoided over 130 tonnes of waste materials by distributing lights, floor tiles, telecoms equipment and other items to 15 charities and not-for-profit organisations. The partnership between Globechain, KpH and British Land was a great example of how collaborating with suppliers supports the delivery of our Sustainability Strategy.

100%

British Land employees paid at least the Real Living Wage

93%

supplier workforce at our places paid at least the Real Living Wage

1. For more information on Prompt Payment see the 2023 Sustainability Progress Report at britishland.com/data

REVIEW OF KEY SUSTAINABILITY ISSUES

We recognise the importance of regular materiality assessments to understand the relative importance of key sustainability issues to British Land and our stakeholders. This helps provide a framework for prioritising our efforts and our capital, both now and in the future. Given the macro events that have occurred in recent years, we felt it was important to revisit our framework this year.

Materiality assessment – our approach

We partnered with JLL, a real estate specialist, to carry out a double materiality assessment, identifying and assessing the impact of the most material ESG issues on our business as well as the impact our business has on people and the environment. Our review involved comprehensive engagement with internal and external stakeholders at different stages in their careers to understand the issues that mattered to them. We also ensured the stakeholder group represented a diversity of views and backgrounds.

> Double materiality evaluates not only the financial impacts of ESG issues on the Company but also the impact o8f the Company on the environment and society

Working with JLL, we identified a comprehensive set of issues material to our business and the stakeholder groups we would approach to evaluate them. Stakeholders include a broad range of internal and external stakeholders such as employees, occupiers, joint venture partners, suppliers, NGOs, investors, and local authorities.

A differentiated aspect of our review was the inclusion of younger stakeholders generating perspectives from both 'current' and 'future' leaders. This wider range of thinking is helping us develop a long term strategy which incorporates different perspectives.

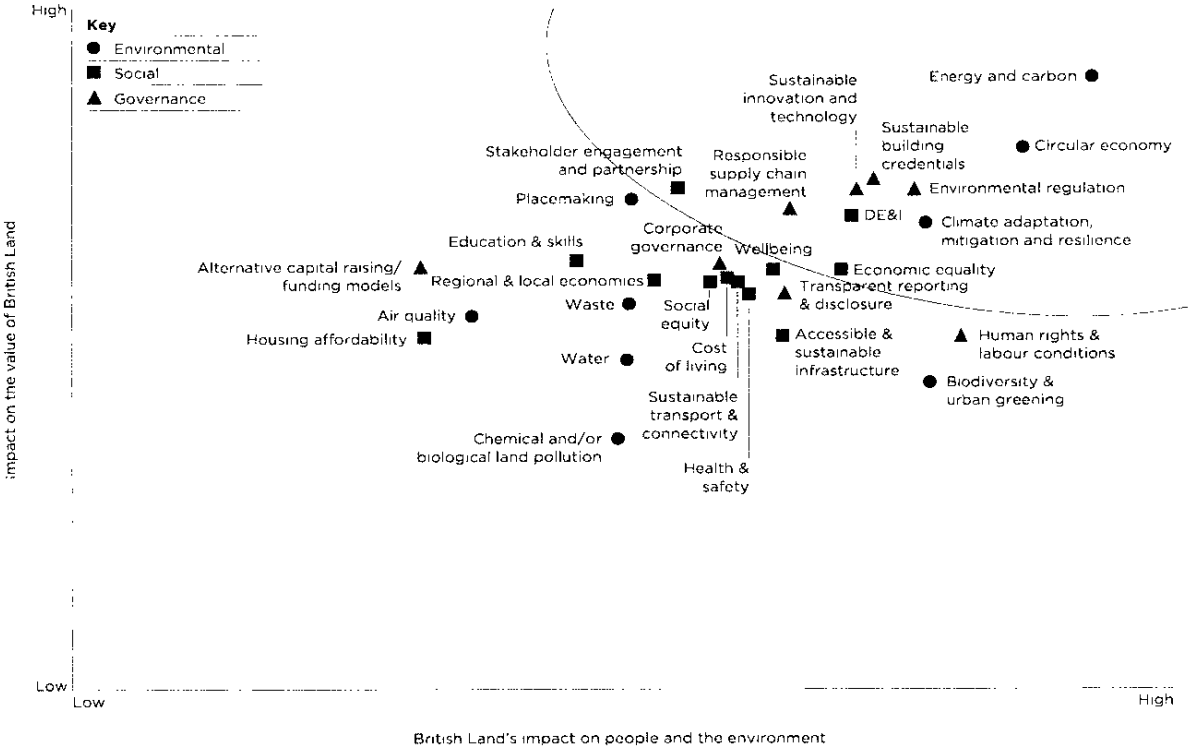
Through workshop discussions and questionnaires these material issues were ranked to create a materiality matrix which was presented to our Board level ESG Committee and Executive Committee.

The blue quadrant of our materiality matrix, which contains the issues which are considered to be most impactful, highlights key topics that are already high on our agenda including climate and the environment and social impact. Our environmental and social sustainability teams are now progressing the opportunities identified through this workstream. We will integrate the outcome of our materiality assessment into our risk management process. It also influences our business activities and Sustainability Strategy.

Regent's Place

Exchange Square

2023 materiality matrix



Whilst all issues are important the blue area represents a mix of issues that are most impactful based on our double materiality exercise. A full list including definitions of the material issues is available on our website at britishland.com/materiality

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

CLIMATE-RELATED FINANCIAL DISCLOSURES

Introduction

The following climate-related financial disclosures are consistent with all the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations and recommended disclosures set out in the report entitled 'Recommendations of the Task Force on Climate-related Financial Disclosures' published in 2017 and updated in 2021 by the TCFD. The TCFD recommendations on Governance, Risk Management, Strategy and Metrics and Targets have all been specifically addressed and, in line with the UK's Financial Conduct Authority Listing Rules, we have referenced below where our responses to the TCFD's 11 recommendations can be located within this report.

Section	Recommendation	Progress	Page number
Governance	Describe the board's oversight of climate-related risks and opportunities	Consistent	91
	Describe management's role in assessing and managing climate-related risks and opportunities	Consistent	91
Strategy	Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	Consistent	93
	Describe the impact of climate-related risks and opportunities on the organisation's business strategy and financial planning	Consistent	96
	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Consistent	98
Risk Management	Describe the organisation's processes for identifying and assessing climate-related risks	Consistent	99
	Describe the organisation's processes for managing climate-related risks	Consistent	99
	Describe how processes for identifying and managing climate-related risks are integrated into the organisation's overall risk management	Consistent	99
Metrics and Targets	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Consistent	100
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Consistent	103
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Consistent	99

The Board and executive management team at British Land recognise that our assets are exposed to the effects of climate change and that this could have real implications for the financial strength and resilience of our business. We also recognise that opportunities could arise. We are therefore taking action to mitigate this impact, and capitalise on opportunities, and our approach is comprehensively incorporated within our broader risk management and strategic framework.

Estimates suggest the built environment could account for around 40% of global greenhouse gas emissions. We therefore acknowledge our responsibility to minimise our carbon footprint as we develop and operate our buildings and work closely with our customers, partners and the people who use our spaces to do the same.

Our achievements in developing and managing sustainable space have been recognised for more than a decade and building on this, in 2020 we set out an ambitious strategy to achieve a net zero carbon portfolio by 2030, reducing embodied carbon in developments by 50% and operational carbon intensity by 75%. Our goals are shared by our investors, customers, partners and people. We believe that delivering on these targets will create value for our business as demand from occupiers and investors gravitates towards the best, most sustainable space.

We published our Pathway to Net Zero in December 2020 and in 2021, the Science Based Targets initiative (SBTi) validated our landlord target as 1.5°C-aligned and our value chain target as ambitious. We are a signatory to the Better Buildings Partnership's Climate Commitment, the World Green Building Council's Net Zero Carbon Buildings Commitment, the RE100 commitment to procure renewable power and the Business Ambition for 1.5°C. Following full consistency with the TCFD recommendations last year, the next step in our journey is a formal transition plan which we will align to the Transition Plan Taskforce recommendations as they evolve.

Governance

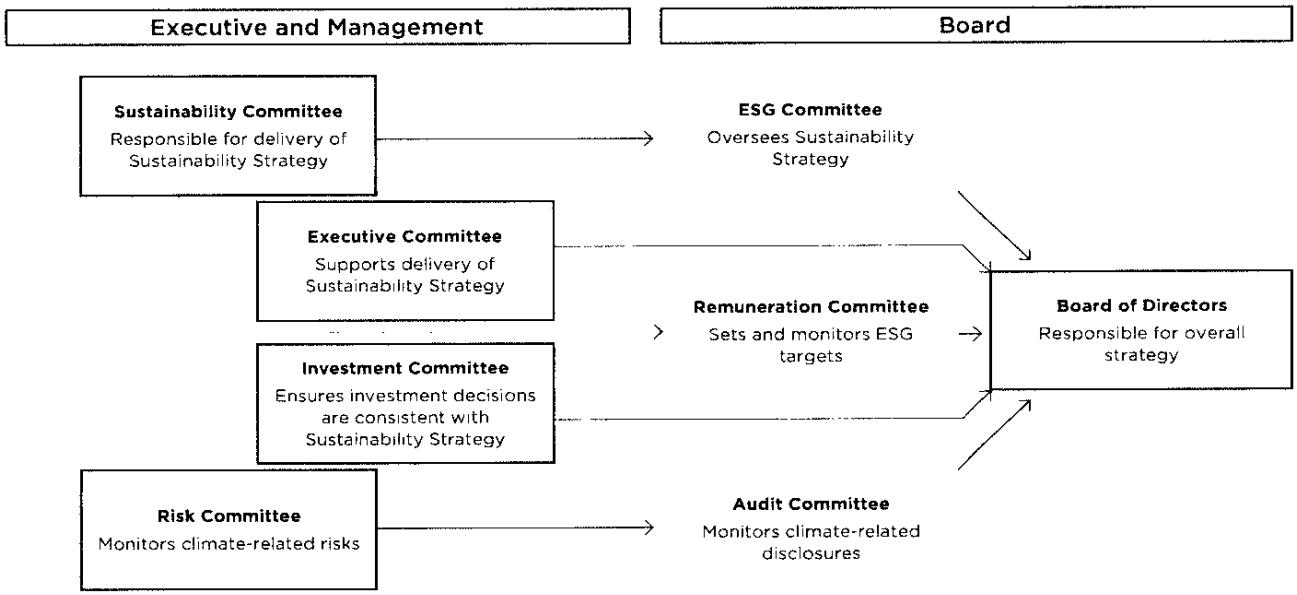
(a) The Board has ultimate oversight of climate-related risks and opportunities

The Board of Directors has ultimate responsibility for setting the Company's strategy, which incorporates climate-related risks and opportunities. The Board delegates day-to-day responsibility for all elements of strategy, including climate-related, to the Chief Executive Officer (CEO). The CEO has received formal sustainability training, having participated in The Prince of Wales's Business & Sustainability Programme at the Cambridge Institute for Sustainability Leadership. The CEO is supported by the Chief Financial Officer (CFO) who is the Board Director responsible for climate-related issues and is also chair of the Risk Committee. Our Chief Operating Officer (COO) is the Executive Committee member responsible for delivering our Sustainability Strategy, and chairs the Sustainability Committee (SusCo).

The Board is updated on climate-related issues at least annually. At the Board annual off-site strategy event, sustainability matters were included within the discussion of each element of our strategy, including developments, Campuses, and Retail and London Urban Logistics.

Climate change is also considered by our Board Committees. The ESG Committee, which is attended by the CEO, CFO and COO, meets three times a year and oversees the delivery of the Sustainability Strategy, including management of climate-related risks. On each occasion, the Committee receives an update from the Sustainability team, which typically includes detailed coverage of the net zero strategy and progress against our Pathway to Net Zero, EPC compliance and sustainability reporting.

Governance framework



For more information about the governance framework, see page 112

1. Source: World Green Building Council

Achievement of environmental KPIs is also reflected in the *Remuneration Policy for Executive Directors (see page 146)*. The Long Term Incentive Plan for Executive Directors includes KPIs linked to the reduction of operational carbon and operational energy and the Annual Incentive Plan is linked to our progress on portfolio EPC ratings and our performance in GRESB, the international real estate sustainability benchmark. The Remuneration Committee is responsible for setting ESG targets for executive remuneration and was updated on progress against ESG targets three times during the year.

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

The Board delegates responsibility for delivering our Sustainability Strategy, including assessing and managing our response to climate-related risks and opportunities, to the Executive Committee. The Executive Committee member who leads the delivery of the Sustainability Strategy is the Chief Operating Officer (COO), who is Chair of the Sustainability Committee. To support delivery of the strategy, each Executive Committee member has at least one sustainability-related annual objective and supporting objectives are cascaded across their teams.

Climate change and sustainability considerations are integral to our investment and development decisions and are formally reviewed within papers presented to our Investment Committee. Sustainability considerations are also taken into account by the Board, for strategic and investment decisions that require Board level approval.

This year our Sustainability Committee was refocused. It remains chaired by the COO but formal members now include the CFO, Head of Developments, Head of Real Estate and Joint Head of Canada Water & Head of Residential as well as senior leaders around the business who are responsible for delivering the Sustainability Strategy in their area of the business. It will focus on monitoring progress towards our 2030 Sustainability Strategy as well as monitoring and responding to emerging risks and regulation.

Climate-related risks are considered by the Risk Committee, which comprises the Executive Committee and leaders from across the business, including real estate, procurement, development, finance and property management. Each business area maintains a comprehensive risk register, which is reviewed by the Risk Committee. The Sustainability team works with business teams to identify climate risks through a process involving trend analysis and stakeholder engagement. Identified risks are incorporated into our risk framework and managed by the appropriate business areas. This process is part of our 'Environmental Sustainability' principal risk management. KPIs monitored within this category include EPC performance, the percentage of our portfolio at high risk of flood and the forecast cost of carbon emissions for the portfolio by 2030 (see page 58). The Risk Committee is chaired by the CFO and reports into the Board's Audit Committee; significant and emerging risks are escalated to the Audit Committee.

Progress against our TCFD recommendations is reported to the Risk and Sustainability Committees, which meet at least three times a year. Following full compliance with the TCFD recommendations last year, this year's disclosure has been comprehensively reviewed and updated where appropriate by the Sustainability team under the direction of the COO and the CFO. The TCFD report is approved by the Board, as part of the Annual Report approval process following a recommendation from the Audit Committee.

Governance in action:

- Decision making: The Remuneration Committee approved the introduction of the 2030 carbon reduction targets and other sustainability measures into the performance targets for Executive Directors and Executive Committee remuneration. These formed part of the new Remuneration Policy which was approved by shareholders at the 2022 AGM.
- Training: Sustainability training is mandatory for all employees and role specific sustainability training is being rolled out where appropriate. The COO attended The Prince of Wales's Business & Sustainability Programme at the Cambridge Institute for Sustainability Leadership.
- Reporting: At the request of the ESG Committee, a benchmarking review of our Sustainability Progress Report was performed which identified potential opportunities but also confirmed that our disclosure was in line with best practice. JLL completed a double materiality review which identified not only the key sustainability issues impacting British Land but also the impact of our business in these key areas, see page 89.

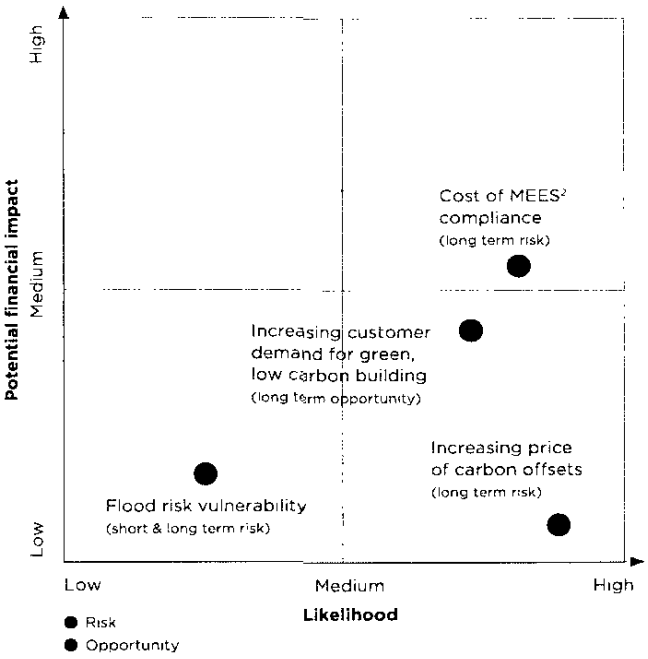
Strategy

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

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

Risk quantification to determine materiality:
To determine materiality, Willis Towers Watson supported British Land in undertaking quantitative physical and transition scenario analyses[1]. This process reviewed the potential impact of over 20 physical and transition-related issues, and the assessment included input from key business areas across British Land. The most material issues identified by the analyses are shown in the heat map below, with these issues detailed in the next section. Other risks and *opportunities we continue to monitor are also identified.*

Potential financial impact



Continue to monitor:

Risks	Opportunities
Customer demand for sustainable space results in a 'brown discount' to rents at less sustainable assets	Premium pricing for sustainable space results in 'green' premium
Tenant business model impacted by transition	Increased access to capital for sustainable businesses
Increased cost of raw materials	
Increased cost of capital	

FY23 has seen particular volatility in two of the risks we continue to monitor: the cost of raw materials and the cost of capital, in both cases reflecting macroeconomic factors. These risks are comprehensively monitored with appropriate mitigating actions taken which are detailed in our section on 'Managing Risk' (pages 46-60).

Defining a 'material' risk or opportunity:
British Land defines a 'material' risk or opportunity in line with the likelihood-impact thresholds of our risk management policy. This approach is used across the business to assess all types of risk, thoroughly embedding climate risk into *our broader risk framework. Risks are evaluated by the* combination of their potential impact (financial and reputational) and their likelihood.

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

1. Scenario analysis is covered on pages 97-98
2. Minimum Energy Efficiency Standards.

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

The material risks and opportunities identified are based on a combination of scenario analysis undertaken (see below) as well as the risks and opportunities identified through our day-to-day management of our business as set out in the Governance section of this disclosure.

Climate risks and opportunities and the nature of the financial impact of these risks and opportunities are identified by the icons as set out below:

Climate risk and opportunity category	Financial impact category
Physical risk – acute	Income statement
Transition risk – regulatory	Balance sheet
Transition risk or opportunity – market	

Climate-related risks

Short term risks (<12 months)

Primary risk driver	Likelihood	Potential financial impact	Explanation & mitigation
#1 Flood risk vulnerability of assets (current climate)			
Losses from assets located in high flood risk zones, primarily the cost to repair assets, cost of business interruption and increased insurance costs	Low to medium	Mean loss: <£1m	Willis Towers Watson performed climate risk modelling (simulating many thousands of events) based on current and future climate conditions for the current portfolio using the assets' total insured value. Losses modelled were based on low likelihood events for a 'bad' year, which is assumed to be a 1/100 annual likelihood across the simulations. Modelled losses consider current flood defences and the impact was pro-rated by British Land ownership. These losses are fully insured against. Since 2011 we have commissioned periodic flood risk assessments across the portfolio and issued flood management plans to sites at high risk. Since 2007, our (insured) actual annual mean loss is below the modelled value of £1m.

Long term risks (5-10 years)

Primary risk driver	Likelihood	Potential financial impact	Explanation & mitigation
#2 Increasing price of carbon credits			
Net zero commitments by global corporates lead to increased demand for carbon credits, resulting in higher and/or volatile credit prices	High	£0.75m for every 100% increase in the price of carbon	British Land has committed to offsetting the embodied carbon of all new developments and major refurbishments, estimated to be c.300,000 tCO_2e. Our scenario analysis implied a wide range of outcomes for the price of carbon. We have therefore provided an estimate of the financial impact of the annualised additional cost of carbon credits if the credit price rises by 100% from our current anticipated price (£20 per tonne). This is £0.75m. To mitigate this risk, our approach is to purchase carbon credits for our developments at the point of commitment and this year we have purchased sufficient carbon credits to offset embodied carbon in c.67% of our committed development pipeline. In addition, our internal carbon levy would cover a carbon price increase of up to £60 per tonne.

Primary risk driver	Likelihood	Potential financial impact	Explanation & mitigation
#3 Cost of complying with minimum EPC standards (MEES compliance)			
Cost of upgrading assets to comply with proposed MEES legislation that properties hold a minimum 'B' rating by 2030	High	£12.5m per year	MEES (Minimum Energy Efficiency Standard) legislation is expected to require all commercial property to be a minimum EPC A or B by 2030. The estimated retrofit cost for our current portfolio to achieve this is c.£100m which was confirmed by our net zero audits which were completed at all our major office and retail assets in FY22. This implies an annual cost of £12.5m. This excludes assets to be redeveloped through our near and medium term development pipeline. A significant portion of this investment will be recovered through the service charge as part of the normal process of lifecycle replacement. We would also expect to derive energy efficiency benefits and related cost savings as a result. Our Transition Vehicle (see page 79) was established to help finance the retrofitting of our portfolio, which includes (but goes beyond) proposed MEES requirements. £7m has been committed to spend on Net Zero interventions to date.

Post 2050 risks

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

Climate-related opportunities

Primary opportunity driver	Likelihood	Potential financial impact	Explanation & mitigation
#1 Increasing customer demand for green, low carbon buildings results in a rental premium and faster rates of letting			
An increasing number of our customers have announced net zero commitments. As our portfolio transitions to net zero, the most efficient, highly rated green buildings may let quicker and at a premium to market rents.	High	£7m	Our scenario analysis considered market research such as a Knight Frank study in FY22 which indicated that there was a >10% rental premium above prime Central London office rents for BREEAM Outstanding space. More recent research by JLL has reached similar conclusions. This enhanced financial impact estimates BL's share of the increased rental income if 20% of our Offices (by ERV) transition to BREEAM Outstanding. The portfolio's environmental credentials will be further strengthened as we deliver against our 2030 ambitions to enhance the portfolio's energy and carbon performance.

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

Physical climate risks (Risks 1, 4) are managed through our key policies on development, operations and acquisitions. Transition risks and opportunities (Risks 2-3, Opportunity 1) are addressed through the delivery of our Pathway to Net Zero, which affects all aspects of our business with key targets noted in the Metrics section below. This work contributes directly to delivering our corporate strategy (see page 12), and this includes:

Impact on strategy	Impact on financial planning
Upgrading the standing portfolio (products & services, operations)	
- Net zero audits of our major assets completed in FY22 - Individual asset plans for FY23 incorporate the most impactful recommendations - Progress against 2030 energy and carbon targets (see page 72) reviewed quarterly - 2030 energy and carbon targets now included with executive remuneration (see page 146)	- Cost of net zero transition (per net zero audits) and EPC upgrades (Risk #3) incorporated into asset business plans - Medium term forecasting incorporates initiatives which support our 2030 energy and carbon targets - Development decisions incorporate the environmental impacts of alternative schemes including refurbishment and redevelopment
Developing sustainable buildings (products and services, revenues, access to capital)	
- Sustainability Brief for Developments and Operations sets stretching targets for major developments and refurbishments - Adopting NABERS UK for all office schemes - Sustainability Brief includes climate resilience requirements including the completion of a Flood Risk Assessment and incorporating sustainable drainage through design	- Sustainable building certifications can support management of our cost of capital by providing access to green finance - Our portfolio of green buildings is reviewed regularly by our Treasury team when considering options to issue green debt and establish ESG-linked revolving credit facilities (see page 44)
Internal price of carbon (value chain, capital expenditures)	
- Internal levy of £60/tonne of embodied carbon on developments adopted as part of our 2030 Sustainability Strategy, incentivising low carbon development	- Funding generated by the levy is available to i) pay for the cost of carbon credits to offset residual embodied carbon in developments and ii) finance energy efficient interventions on the standing portfolio, managed by our Transition Vehicle (see page 79)
ESG criteria assessed as part of acquisitions	
- ESG criteria are integrated into our due diligence procedure for new acquisitions, including flood risk exposure and EPC rating	- British Land would only buy low rated assets if they offered significant redevelopment potential. The cost of delivering a higher rated product is integrated within our appraisals - To manage specific risks like flood, where necessary formal Flood Risk Assessments are funded as part of the acquisition's due diligence

Strategy in action

This year we took a number of decisions to support our 2030 operational carbon target, specifically a 75% reduction in operational carbon intensity across our portfolio and a 25% improvement in whole building energy efficiency, including:

- At The Dock Shed, Phase 1 of Canada Water, we made a decision to remove gas from the building which will now be all-electric
- We committed to an all-electric refurbishment of 3 Sheldon Square at Paddington Central following an appraisal of a net zero and a more traditional refurbishment which indicated that the net zero plans could deliver significant energy and carbon savings without material additional cost

Introduction to scenario analysis

British Land has worked with expert advisers to identify and assess our exposure to climate-related risks and opportunities over the past six years. Most recently, quantitative scenario analysis was undertaken by Willis Towers Watson in 2020-22 which has guided this disclosure. This scenario analysis was reviewed in the FY23 reporting year and remains appropriate; reviews will be conducted annually, and the scenario analysis will be updated as and when required.

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

2020-2030	2030-2050	Post-2050
Assessed the **physical risks** posed by the current climate and the **transition risks** posed by 1.5°C and 2°C aligned transition scenarios. This period aligns with our corporate strategy time horizons: - Short term <12 months - Medium term 1-5 years - Long term 5-10 years	Not considered	Using the IPCC's Representative Concentration Pathways (RCPs), we assessed the **physical risk** posed by 2°C (RCP2.6) and 4°C (RCP8.5) climate trajectories (for details on RCPs see below). This timeframe was selected as these trajectories begin to meaningfully diverge after 2050, making it a relevant timeframe for our current portfolio as the standard design life of a building is 60 years.

British Land scenario analysis – scenarios considered

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

Physical risk scenarios and parameters

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

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

Physical climate risks assessed:
(i) River flood, (ii) Coastal flood, (iii) Flash flood, (iv) Windstorm, (v) Hail, (vi) Lightning, (vii) Heat stress

Time frame	Scenarios	Atmospheric CO_2	Temperature rise[1]	Sea level rise[2]	River flood modelling sources	Coastal flood modelling sources
2020 to 2030	Current climate	410 ppm	1.1°C	0.20m	Munich Re Nathan[2] based on JBA flood maps	Willis Towers Watson proprietary coastal flood exposure model
Post-2050	RCP2.6 (2°C)	450 ppm	1.6°C	> 0.55m	Munich Re climate hazard conditioned based JBA flood maps & Coupled Model Intercomparison Project Phase 5	Munich Re climate hazard sea level rise data combined with storm surge
	RCP8.5 (4°C)	> 1,000 ppm	4.3°C	> 0.78m		

1. Values in comparison to pre-industrial times.
2. Munich Re Nathan is a tool for assessing physical risks based on hazard zones.

Transition risk scenarios and parameters

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

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

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

Resilience to 2020-2030 scenarios

Physical risk:

In the current climate, based on an assessment of physical hazard exposure by Willis Towers Watson and a flood risk assessment by Stantec[1], our portfolio's exposure to high flood risk is limited to 4% of properties (by insured value).

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

Transition risk:

Through our Pathway to Net Zero and our 2030 environmental targets we have a clear plan to improve the energy efficiency of our portfolio which will result in the upgrading of EPCs in line with the proposed 2030 MEES threshold. Our internal carbon levy coupled with our Transition Vehicle provides the Company with a formal price of carbon and introduces a governance structure which supports our focus on seeking high quality carbon credits while managing cost risk.

Transition opportunities:

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

Resilience to post-2050 scenarios

Physical risk:

In the two post-2050 scenarios assessed by Willis Towers Watson, only flood risk was classified as 'material'.

In the 2° scenario (RCP2.6), 4% of our properties (by insured value) are exposed to high flood risk.

In the 4° scenario (RCP8.5), the high-emissions scenario where no additional action is taken to protect assets or London, exposure to high flood risk could be up to 12% of insured value.

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

1 The Stantec flood risk assessment has been used to classify the current flood risk of the 15 properties not included in the Willis Towers Watson assessment

Risk management

Identifying climate-related risks

We have a rigorous process for identifying and assessing climate-related risks. As detailed on pages 94 to 96, this is in line with our risk management policy which is applied to all types of risk. Our risk mapping process (described in the principal risks section of this report) allows us to determine the relative significance of principal risks. For specialist analysis, British Land engages expert advisers, notably Willis Towers Watson who undertook the quantitative scenario analyses. We determine the materiality of potential risks (including climate-related risks) using the corporate risk thresholds noted on page 93.

Our risk register tracks:

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

As part of our operational process, we maintain asset plans which include provisions for identifying climate-related risks and opportunities, such as flood risk assessments and audits to identify energy-saving opportunities. Our Sustainability Checklist for acquisitions sets out our environmental criteria for acquiring a new property, including energy efficiency and flood risk categories. Our Sustainability Brief for Developments and Operations[1] sets out our environmental criteria for new constructions and renovations, including requirements for energy efficiency, flood risk, materials choice and embodied carbon reductions.

The Sustainability Committee, chaired by the Chief Operating Officer, is a key forum for discussing climate-related risks and opportunities at the operational level. Additionally, for energy and emissions savings opportunities identified at asset level, staff can directly submit an internal application for funding from the Transition Vehicle (see page 79).

Managing climate-related risks

We have well-established processes for managing climate-related risks. Our process for mitigating, accepting and controlling principal risks, including climate-related risks, is set out on pages 49-60 of this Report. We prioritise principal risks through our corporate risk register and risk heat map.

The impact-likelihood rating is our primary metric for prioritising risks. As a principal risk category, climate change risks are logged in our corporate risk register with key changes reviewed quarterly by the Risk Committee. The Board is ultimately responsible for and determines the nature and extent of principal risks.

→ **See our Sustainability Progress Report[3] for British Land's full set of climate and energy performance reporting and SASB metrics.**

Climate change is considered within the 'Environmental Sustainability' risks in the principal risk section of this report on page 58. The external aspects of climate-related risks are incorporated within our 'Major Event/Business Disruption' and 'Political, Legal and Regulatory' principal risks.

Risk management in action

- Key risk indicators: there are three environmental key risk indicators we monitor – EPC performance, portfolio flood risk and the future cost of carbon credits. The Risk Committee receives an update on each at every meeting
- Performance vs 2030 targets: progress is monitored in our quarterly reporting packs and reported to the ESG Committee at every meeting
- Customer-controlled space: to help minimise carbon emissions on space we do not control, we launched a comprehensive programme of customer engagement with four roundtable sessions attended by many of our top occupiers
- We have introduced increased minimum commitments on DE&I, sustainability, community investment and working practices in our supply chain and in our onboarding and tendering activities

Metrics and targets

To enable our shareholders to make informed decisions we set a broad range of environmental targets and detail progress against them alongside a comprehensive set of climate and energy performance data in our Sustainability Progress Report[3]. Our key headline targets are set out below:

Embodied carbon

50% lower embodied carbon intensity at our offices developments to below 500kg CO_2e per sqm from 2030

100% of developments to be net zero embodied carbon

Operational carbon

75% reduction in operational carbon intensity across our portfolio by 2030 vs 2019

25% improvement in whole building energy efficiency of existing assets by 2030 vs 2019

We align to externally recognised frameworks including the Sustainability Accounting Standards Board (SASB), the EPRA Best Practices Recommendations on Sustainability Reporting and with reference to the Global Reporting Initiative (GRI). We also participate in international indices including CDP[2], GRESB and FTSE4Good and performance is disclosed on page 73 as well as in our Sustainability Progress Report.

1. Our Sustainability Brief for Developments and Operations is available online and can be found at britishland.com/Sustainability-Brief
2. Our CDP response is available at britishland.com/CDP
3. Our Sustainability Progress Report is available online and can be found at britishland.com/data.

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

Climate-related risks (KRIs)

			2023	2022	2021
Policy and legal[1, 3]	Risk #3	EPCs rated A (by ERV)	**3**	2	24
		EPCs rated B (by ERV)	**42**	34	
		EPCs rated C (by ERV)	**30**	34	
		EPCs rated D (by ERV)	**17**	20	71
		EPCs rated E (by ERV)	**6**	7	
		EPCs rated F (by ERV)	**1**	1	5
		EPCs rated G (by ERV)	**1**	2	
Extreme weather	Risks #1 and #4	Percentage of portfolio located in 100-year flood zones (% by total insured value)	**4%**	3%	nr
		High flood risk assets with flood management plans (% by value)	**100%**[2]	99%	99%

1. 2021 by floor area and not ERV.
2. The 2023 value only contains occupied British Land managed properties.
3. EPC data includes retail assets located in Scotland.

Climate-related opportunities (targets and KPIs)

			2023	2022	2021
Resource efficiency	Risk #2	50% improvement in embodied carbon intensity of major office developments completed from April 2020 (kg CO_2e per sqm)	**608**	632	640[1]
	Opportunity #1	75% improvement in whole building carbon intensity of the managed portfolio by 2030 vs 2019 (Offices)	**40%**	35%	41%
		25% improvement in whole building energy intensity of the managed portfolio by 2030 vs 2019 (Offices)	**22%**	26%	31%
Energy sources	Opportunity #1	Electricity purchased from renewable sources (%)	**88%**	93%	98%
		On site renewable energy generation (MWh)	**2,043**	1,731	1,907
Products and services	Opportunity #1	Standing portfolio with green building ratings (% by floor area)	**48%**	44%	27%
		Developments on track for BREEAM Excellent or higher (% by floor area, offices)	**98%**	97%	97%
		Percentage of gross rental income from BREEAM certified assets (managed portfolio)	**65%**	64%	53%
	Risk #2	Internal price of carbon (£ per tonne)	**£60**	£60	£60

1. 2021 figure includes Retail and Residential developments.

All data except gross rental income from BREEAM and the internal price of carbon is assured by DNV - specific details of scope of assurance can be found in DNV's Assurance Statement in our Sustainability Progress Report britishland.com/data.

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

Our greenhouse gas emissions and associated energy consumption data is available in the Streamlined Energy and Carbon Reporting (SECR) section of this Report, pages 102 to 103. All our GHG emission data is subject to 'limited assurance' verification by DNV.

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

Our full set of sustainability targets, including our net zero-aligned science-based targets, are detailed in the 2023 Sustainability Progress Report. Our headline net zero targets are listed in the Opportunities table above under 'Resource efficiency'.

Our journey to net zero

What we have achieved

2002 →
First Environment and Social Report

2007 →
Founding member of the UKGBC

2009 →
First whole life carbon assessments completed

2018 →
First TCFD disclosure

2020 →
Launch of 2030 Sustainability Strategy

Our ambitions

2021 →
Science based *targets validated by* SBTi, Pathway to Net Zero published

2022 →
Energy & carbon *targets incorporated* into executive remuneration

2025 →
Mid period review of *Pathway progress*

Publish formal Transition Plan

2030 →
Net zero initiatives *delivered, commence* offset of operational carbon; set out a Pathway beyond 2030

100 Liverpool Street, Broadgate

STREAMLINED ENERGY AND CARBON REPORTING (SECR)

GREENHOUSE GAS REPORTING

FY2023 in review

Context

We have achieved a 40% reduction in carbon intensity and a 22% improvement in whole building energy intensity compared to our FY19 baseline (Offices)[1].

As the world emerged from Covid-19 lockdowns FY23 represented a more normal year operationally. Whilst this caused an increase in year-on-year energy consumption, the amount of energy consumed was considerably lower than our FY19 baseline. This reflects the positive impact the energy and carbon efficient interventions are having on lowering energy consumption. However, a significant part of these reductions are due to altered working patterns because of Covid-19. We expect some of these improvements to further unwind as office use and occupancy normalises.

The continued decarbonisation of the grid and our move to all electric assets meant that whilst our energy consumption increased, greenhouse gas emissions decreased.

Operational performance

British Land continues to operate its energy management system, which includes formal ISO 50001 accreditation at commercial offices. Over the past two years, we have completed detailed net zero audits at 29 assets including the creation of CRREM pathways for each asset. In addition, this year we conducted environmental audits at 14 retail assets. Through our development pipeline, we are designing a path to best practice operational efficiency, with our 1 Broadgate development on track to reduce energy intensity to one-sixth of the previous building's.

Funding the low carbon transition

Our innovative Transition Vehicle funded by our internal carbon levy (£60 per tonne of embodied carbon on new developments) and our £5m annual float continue to generate funding for our transition to net zero (current balance £13.3m).

This year the Transition Vehicle Committee approved £7m worth of funding for 28 energy efficiency projects. In combination, these projects are estimated to save c.1,000 tCO_2e and c.£700,000 annually.

In FY23 the Transition Vehicle funded the installation of a new energy efficient chiller at Broadwalk House. This chiller reduced the system's energy consumption by c.24%, reducing greenhouse gas emissions by c.30 tonnes annually compared to the previous system.

RE100 and procuring renewable energy

British Land has been a signatory to RE100 since 2016, which commits us to procuring 100% renewable energy. This year, 88% of landlord procured energy was from renewable sources. Our proportion of renewable gas was 90% this year, whilst renewable electricity was 88%.

Absolute emissions Scope 1 and 2 (tonnes):

Greenhouse gas emissions – intensity[1]

Year ended 31 March		2023	2022[3]	2021
Offices	tCO_2e per sqm	**0.068**	0.074	0.067
Shopping centres	tCO_2e per common parts sqm	**0.026**	0.031	0.021
Retail parks[2]	tCO_2e per car park space sqm	**0.004**	0.004	nr
Retail – other			To be reported in future years	
Total portfolio intensity	tCO_2e per gross rental income (£m)	**34.43**	36.63	34.03

1. Office performance is reported because the data relates to the whole building and aligns with our 2030 targets. Retail data is common parts only, whole building retail data will be reported from FY24. For more information see the Sustainability Progress Report at britishland.com/data
2. Common parts only.
3. 2022 values have been restated to include data that subsequently been collected for last year's reporting.

Scope 1 and 2 emissions and associated energy use

Year ending 31 March		Tonnes CO_2e 2023	2022	2021	MWh 2023	2022	2021
Scope 1 (fuel combustion):		**6,902**	6,595	6,252	**37,561**	36,368	33,759
Scope 1 (refrigerant loss):		**1,123**	744	411	**–**	–	–
Scope 2 (purchased electricity):	Location-based	**11,739**	12,847	12,435	**62,733**	60,506	55,778
	Market-based	**3,686**	1,665	839	**–**	–	–
Total Scope 1 and 2 emissions and associated energy use	Location-based	**19,764**	20,186	19,098	**100,294**	96,874	89,537
	Market-based	**5,508**	3,588	2,121	**–**	–	–
Proportion of Scope 1 and 2 emissions assured by an independent third party		**100%**	100%	100%	**100%**	100%	100%
Proportion that is UK-based		**100%**	100%	100%	**100%**	100%	100%

Scope 3 emissions

Year ending 31 March		Tonnes CO_2e 2023	2022	2021
Purchased goods and services		**15,698**	15,762	15,834
Capital goods		**0**[1]	20,565	28,180
Fuel and energy related activities (upstream)		**5,597**	5,991	4,186
Waste generated in operations		**211**	243	126
Business travel		**236**	41	1.4
Employee commuting and working from home		**238**	248	418
Downstream leased assets	Location-based	**108,643**	113,691	81,369
Proportion of Scope 3 emissions assured by a third party		**100%**	100%	100%
Total Scope 1-3 emissions	Location-based	**150,389**	176,728	149,212

1. No developments completed in the reporting year, making this value 0

Accounting treatment of biogas

To reflect our procurement of renewable gas, we report a Scope 1 (market-based) figure to reflect the lifecycle benefits of biogas.

In this market-based calculation, we use the UK Government's biogas factor which includes CH_4 and N_2O emissions but zero-rates CO_2 emissions due to CO_2 absorption that occurs during the growth of biogas feedstock. However, as noted below, bioenergy feedstocks do produce CO_2 emissions during combustion, so the 'combustion emissions' are provided below for full transparency.

Biogas	UK factor (kg CO_2e per kWh)	**2023 total (tonnes CO_2e)**	2022 total (tonnes CO_2e)
Net emissions (excl CO_2)	0.00022	**8**	7
Combustion emissions (incl CO_2)	0.19902	**7,238**	6,499

Our methodology

- We have reported on all greenhouse gas emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ('the 2018 Regulations'). These sources fall within our consolidated financial statements and relate to head office activities and controlled emissions from our standing portfolio.
- Scope 1 and 2 emissions cover 95% of our multi-let standing portfolio by value. We have used purchased energy consumption data, the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and emission factors from the UK Department for Business, Energy & Industrial Strategy's (BEIS) 2022 guidelines.
- Omissions and estimations: for landlord procured utilities, where asset energy and water data were partially unavailable, we used data from adjacent or equivalent periods to estimate this missing data. In FY2023, this accounts for 1% of total reported energy consumption and 1% of total reported water consumption.
- Gross Rental Income (GRI) from the managed portfolio comprises Group GRI of £331m (FY22: £347m), plus 100% of the GRI generated by joint ventures and funds of £364m (FY22: £314m), less GRI generated assets outside the managed portfolio of £121m (FY22: £109m).
- For full details on our reporting criteria and the calculation of Scope 3 value chain emissions, please see the methodology in our 2023 Sustainability Progress Report at britishland.com/data
- For details of our greenhouse gas emissions boundaries, please see the Pathway to Net Zero at britishland.com/pathway-to-net-zero

NON-FINANCIAL REPORTING DISCLOSURE

Non-financial area/ Description of business model	Risk areas	Policies	Purpose and scope	Operation and outcome
Financial Crime Compliance We operate a zero-tolerance approach to bribery, corruption and fraud. More information is available in the Audit Committee report on pages 132 to 140	11	Anti-Bribery and Corruption Policy	– Details the expected conduct of all British Land staff with respect to relationships with suppliers, agents, public officials and charitable and political organisations – Outlines staff responsibilities regarding the reporting of any breaches and details consequences of breaches for staff and the Group as a whole – Provides for staff training and communication around the policy as well as monitoring and review by management	These robust policies around financial crime compliance reflect our zero-tolerance approach to such activity both in and around the business, they have been drafted to provide for education and monitoring in addition to deterrence and prevention. The policies are accessible by all employees via the intranet and mandatory training is required for all staff in relation to them. Our whistleblowing service can be accessed by all employees should they prefer to raise a concern anonymously instead of with their line manager. This is an independent and confidential telephone service and web portal. British Land carries out due diligence on counterparties to comply with legislation on money laundering and to enable it to consider how a transaction with the counterparty may reflect on British Land's reputation *The HR Director, General Counsel and Company Secretary has overall responsibility for all four policies. These policies are regularly reviewed and approved by the Audit Committee and any matters raised under these policies are subject to extensive investigation by the Company. Regular updates are provided to the Audit Committee regarding fraud and whistleblowing matters*
		Anti-Fraud Policy	– Provides for fraud prevention training for all British Land staff and requires staff participation in any fraud risk assessments undertaken by the Group where relevant – Outlines protocol for the reporting of suspected fraud with reference to the Group's Whistleblowing Policy	
		Whistleblowing Policy	– Provides contact details for the Group's third party whistleblowing service – Outlines the types of concerns that can be reported to the whistleblowing service – Details safeguarding measures in place for staff and outlines how the Group will respond in cases of whistleblowing	
		Anti-Money Laundering Policy	– Lists 'red flags' detailing the kind of suspicious activity that may indicate an attempt to launder money – Details monitoring and review procedures under the policy	
Environmental Matters Our long term commitment to sustainability and minimising our environmental impact is one of British Land's key differentiators. As occupiers focus on minimising their carbon footprint, our ability to deliver more sustainable space is a key advantage. See pages 70 to 79 and 90 to 103	4, 6, 8	Sustainability Policy	– Provides for sustainable decisions to be our 'business as usual' approach – Outlines our 2030 Sustainability Strategy: our goal of making our whole portfolio net zero carbon as well as growing social value and wellbeing in the communities in which we operate	Our Sustainability Policy and Brief were comprehensively updated in 2020. Our overall commitment is to take decisions which are environmentally and socially intelligent and make sound financial sense. Our internal carbon levy of £60 per tonne of embodied carbon in developments is reviewed annually to ensure that the environmental impact of our developments is costed into their budgets. We participate in key ESG indices to demonstrate our progress and we publish social and environmental performance data annually *Our Head of Developments and Head of Broadgate have overall responsibility for our Sustainability Brief, and our Chief Operating Officer has overall responsibility for our Sustainability Policy*
		Sustainability Brief	– Aligns with our 2030 Sustainability Strategy – Gives effect to our Sustainability Policy – Sets out our sustainability ambitions and the KPIs and standards required to achieve them	
Employees British Land requires our employees to act in ways that promote fairness, inclusion and respect in their dealings with colleagues, customers, suppliers and business partners	9	Employee Code of Conduct	– Sets out minimum standards required of all employees in all their dealings in and on behalf of the Group – Gives effect to our core values of bring your whole self, listen and understand, be smarter together, build for the future and deliver at pace – Comprises a number of separate policies including but not limited to our Equal Opportunities Policy; our Disabled Workers Policy, our Gender Identity and Transgender Policy; and our Bereavement, Compassionate and Emergency Leave Policy	British Land remains deeply committed to creating an environment of fairness, inclusion and respect. Our corporate values underpin our commitment to equality, diversity and integrity. We recognise that our workforce needs to reflect the communities we serve in order to create spaces that are welcoming to all, and our working practices and employment policies reflect the importance of social harmony in everything we do. The policies are underpinned by our Diversity, Equality & Inclusion Strategy and the review and update of policies is supported by input from our Employee Networks. All policies are available on our intranet and are reviewed annually *The HR Director, General Counsel and Company Secretary has overall responsibility for our employment policies*

1 Linkages to our principal risks can be found on pages 51 to 60

Non-financial area/Description of business model	Risk area[1]	Policies	Purpose and scope	Operation and outcome
Social Matters British Land has long recognised that a commitment to good social practices is essential to the way we operate; as occupiers increasingly consider the contribution they make to society, our ability to support them is an advantage. See pages 80 to 85.	6, 8, 9	Sustainability Policy	See above	A commitment to good social practices has long been high on our agenda, and we place great importance on the way we work with communities, suppliers and partners. We believe that communication is key in ensuring we meet our social obligations, and by listening to the needs and concerns of our staff and communities we are better able to provide an environment that is safe, inclusive and welcoming *Our Chief Operating Officer has overall responsibility for our Local Charter; our Head of Procurement has overall responsibility for our Supplier Code of Conduct, and our Head of Developments has overall responsibility for our Health and Safety Policy. All health and safety reports are provided to the Risk Committee. These executives report to the ESG Committee for their area of responsibility.*
		Sustainability Brief	See above	
		Local Charter	– Outlines three key focus areas where we are active in local communities: connection with local communities, supporting educational initiatives for local people; supporting local training and jobs; and providing affordable space	
		Supplier Code of Conduct	– Outlines standards required of our suppliers in a number of areas, including but not limited to health and safety; working hours; responsible sourcing; community engagement; and environmental impact – Details our zero-tolerance approach to: child labour; forced labour; discrimination; and bribery, fraud and corruption – Provides for monitoring, corrective action and reporting under the policy. Work practice audits are carried out on our high-risk suppliers	
		Health and Safety Policy	– Details how British Land will meet the requirements of the Health and Safety at Work Act 1974 – Provides for necessary training around display screen equipment and manual handling – Outlines how health and safety matters are managed for staff, colleagues, service providers and others affected by the Company's undertakings	
Human Rights British Land recognises the importance of respecting human rights and has been a signatory to the UN Global Compact since 2009. We are committed to the responsible management of social, ethical and environmental issues across our supply chain. For further information about our activities in this area, see our Sustainability Progress Report at britishland.com/data	9, 11	Supplier Code of Conduct	See above	British Land operates a zero-tolerance approach to human rights infringements by any of our suppliers, occupiers or partners. We carry out due diligence on all parties that we work with and require our suppliers to demonstrate the same commitment to the prevention of human rights abuses in their operations. Our Slavery and Human Trafficking Statement can be found on our website and is reviewed and updated annually (britishland.com/modern-slavery-act)
		Slavery and Human Trafficking Statement	– Indicates higher risk areas including the procurement of specific materials and fair treatment of workers on construction sites – Outlines strategy for reduction of risk in our supply chains with regard to social, environmental and ethical issues – Our anti-modern slavery training is mandatory for all directly employed staff	

1. Linkages to our principal risks can be found on pages 51 to 60.

The Strategic Report was approved by the Board on 16 May 2023 and signed on its behalf by.

Simon Carter
Chief Executive

NON-EXECUTIVE CHAIR'S INTRODUCTION

Tim Score
Non-Executive Chair

2023 CORPORATE GOVERNANCE REPORT

The Company has a clear and ambitious strategy to fulfil its purpose in creating Places People Prefer. By utilising our competitive advantage in active asset management and development combined with placemaking expertise and meaningful stakeholder engagement, the Company is working hard to capture growth and deliver financial returns in an increasingly sustainable way.

The macroeconomic environment changed considerably during the year under review and the Board's primary role has been to ensure the Company is able to continue to

Stakeholder engagement and principal Board decisions

The nature of our business, from investing in and developing properties to managing and curating our spaces, means we have a continuous dialogue with a wide group of stakeholders and consider our environmental and social impacts in all that we do. This cultural approach is central to our purpose and flows through all levels of the organisation. Our formal section 172 Statement is within the Strategic Report on page 62 and our Workforce Engagement Statement is incorporated within the report of the ESG Committee on page 123.

The following depicts the process that is followed for all Board decisions.

Stakeholder engagement

Engagement with our stakeholders, be that suppliers, customers, the communities we operate in, regulators, local government and more, starts from the ground up.

Whether it be the local communities that we engage with for master plan developments such as Canada Water, engaging with shareholders in the run up to a Remuneration Policy vote, or distilling employee engagement survey data in redesigning our own office space, each decision starts with relevant and meaningful stakeholder engagement.

Management action

Management prepare a paper for challenge, scrutiny and approval which is then sponsored by an Executive Committee member and scrutinised at an executive level committee before being presented to the Board.

Our Employee Networks are also often consulted on relevant matters at this stage.

Directors take comfort from the detail and diligence that management apply in preparing analysis papers, and individual Board members often take the opportunity to have additional briefings with subject matter experts to bolster their knowledge.

deliver its strategic objectives and forge a path to value creation notwithstanding the challenging environment. The Board has supported and challenged management in not only delivering strong operational performance but in ensuring the future prospects of the Company remain bright in the new normal that the world is settling into.

At this year's annual strategy offsite, the Board and management team critically re-evaluated the Company's strategy against the backdrop of an elevated cost of capital and sustained levels of higher inflation. Both are aligned on the approach of the business over the medium to long term. The Board will continue to support management in the delivery of the strategy and offer challenge as appropriate to guide the long term success of British Land. You can read more about our strategy off-site on page 114 and our strategic priorities on pages 12 to 15.

In March, the Board reviewed an investor study that had been conducted by Makinson Cowell. Non-attributable interviews were held with 20 investors including some that were not currently shareholders of British Land. The feedback highlighted trust in management, support for the strategy and the Company's balance sheet strength. The Board acknowledged the opportunity to provide greater clarity on the scale of opportunity in new sectors.

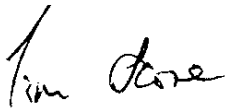
Throughout the year, the Board has been impressed with management's efforts to listen and respond to the views of our workforce. Rich and powerful data from the employee engagement survey is being used to inform all decisions impacting our people, from learning and development initiatives to office refurbishment.

Nick Macpherson stepped down from the Board at the 2022 AGM. Nick's contribution to the Board over his tenure as a Non-Executive Director was greatly appreciated. The Board will miss his contributions and wishes him well in his future endeavours.

As in previous years, examples of Board decision making during the year are described on this page along with a description of the process that is followed to ensure Directors have regard to the elements of section 172(a)-(f) of the Companies Act 2006 (the 'Act') when taking all decisions. Pages 62 to 63 outline our stakeholder groups and provide details of how we engage with them. Our formal section 172 Statement is within the Strategic Report on page 62. Our Workforce Engagement Statement is incorporated within the report on pages 121 to 126 of the ESG Committee, previously named the CSR Committee and which has been re-named during the year to reflect the up to date industry standard. Amongst other important areas, the ESG Committee is responsible for workforce engagement in accordance with Provision 5 of the UK Corporate Governance Code.

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

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



Tim Score
Non-Executive Chair

2023 Annual General Meeting

Our Annual General Meeting will once again be held at Storey Club, 100 Liverpool Street. Following shareholder feedback at the 2022 AGM, we will be starting at the later time of 11.00 on 11 July 2023. We will be returning to a physical only meeting this year after offering virtual attendance at the last two AGMs. Full details can be found within the Notice of Meeting.

Proposal and checklist

A checklist is provided within each decision paper that details the individual subsections of section 172 and the impact that the decision is likely to have on each stakeholder group.

Board meeting and decision

Whilst all stakeholder groups are considered, the following are some examples of the principal decisions taken by the Board during the year that demonstrate the impact of the decision process on specific stakeholder groups:

The examples below show this process in operation.

Innovation Advisory Council

The idea to form the council came from a member of our Investment team. Management then prepared a proposal for the Board's consideration. It was decided that the IAC would not be part of our governance process, but would provide insight and guidance.

Chaired by our Non-Executive Director Lynn Gladden, the IAC comprises industry leaders within the innovation field. The purpose of the IAC is to work with management and the Board to provide insight into the innovation sector, how space is used and, crucially, forward thinking to enable us to provide those differentiating factors that make the very best space.

FY24 Budget & Capital Plan

This year the Board was required to allocate capital and resource to growth sectors whilst managing the Company's gearing and cost ratios within a high inflationary and turbulent macroeconomic environment.

The Board was informed by the results of the Investor Audit referred to on page 114, employee engagement survey discussed on page 123 and the occupational cost pressures on our retail customers.

The outcome is a budget that provides capacity for the business to progress our strategic themes, whilst investing in our people, maximising returns and controlling our costs.

BOARD OF DIRECTORS

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1. Tim Score
Non-Executive Chair N

Appointed as a Non-Executive Director in March 2014 and as Chair in July 2019.

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

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

2. Simon Carter
Chief Executive Officer

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

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

3. Bhavesh Mistry
Chief Financial Officer

Appointed to the Board in July 2021.

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

4. Preben Prebensen
Senior Independent Non-Executive Director A N R

Appointed as a Non-Executive Director in September 2017 and Senior Independent Director in July 2020.

Skills and experience
Preben has 40 years' experience in driving long term growth for British banking and insurance businesses.

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

5. Laura Wade-Gery
Non-Executive Director A N R

Appointed as a Non-Executive Director in May 2015.

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

She is Chair of Moorfields Eye Hospital NHS Foundation Trust, having previously been Chair of NHS Digital and a Non-Executive Director of NHS England. Laura is also a Non-Executive Director at Legal & General Group plc. Until April 2021, she was a Non-Executive Director of John Lewis Partnership plc. Previously, Laura was Executive Director of Multi Channel at Marks and Spencer Group plc, served in a number of senior positions at Tesco PLC including Chief Executive Officer of Tesco.com and was a Non-Executive Director of Reach PLC (formerly known as Trinity Mirror plc).

6. Loraine Woodhouse
Non-Executive Director A

Appointed as a Non-Executive Director in March 2021.

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

Loraine is a Non-Executive Director and member of the Audit, Remuneration and Nomination Committees of The Restaurant Group plc. She is also a Non-Executive Director of Pennon Group plc. Loraine was the Chief Financial Officer of Halfords Group plc for just under four years until retiring in June 2022. Prior to joining Halfords, Loraine spent five years in senior finance roles within the John Lewis Partnership. In 2014 Loraine was appointed Acting Group Finance Director and then, subsequently, Finance Director of Waitrose. Prior to that, Loraine was Chief Financial Officer of Hobbs, Finance Director of Capital Shopping Centres Limited (subsequently Intu Plc) and Finance Director of Costa Coffee Limited. Loraine's early career included finance and investor relations roles at Kingfisher Plc.

Board Committee membership key

A Audit Committee
E Environmental Social Governance Committee
N Nomination Committee
R Remuneration Committee
Chair of a Board Committee

BOARD OF DIRECTORS *continued*

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7. Alastair Hughes
Non-Executive Director A E N

Appointed as a Non-Executive Director in January 2018.

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

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

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

8. Irvinder Goodhew
Non-Executive Director N R

Appointed as a Non-Executive Director in October 2020.

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

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

9. Lynn Gladden
Non-Executive Director E R

Appointed as a Non-Executive Director in March 2015.

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

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

10. Mark Aedy
Non-Executive Director E

Appointed as a Non-Executive Director in September 2021.

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

11. Brona McKeown
HR Director, General Counsel and Company Secretary

Brona was appointed HR Director in January 2022 in addition to her responsibilities as General Counsel and Company Secretary.

Skills and experience
Before joining British Land in January 2018 Brona spent four years at The Co-operative Bank plc, playing a key role in its restructuring as part of the executive committee and General Counsel and Company Secretary. Prior to that her experience included a period as Interim General Counsel and Secretary of the Coventry Building Society and a variety of roles over 13 years at Barclays, including Global General Counsel of its Corporate Banking division. Brona trained as a solicitor and spent a number of years at a large London law firm.

Board Committee membership key

A Audit Committee
E Environmental Social Governance Committee
N Nomination Committee
R Remuneration Committee
Chair of a Board Committee

A STRATEGIC ENABLER

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

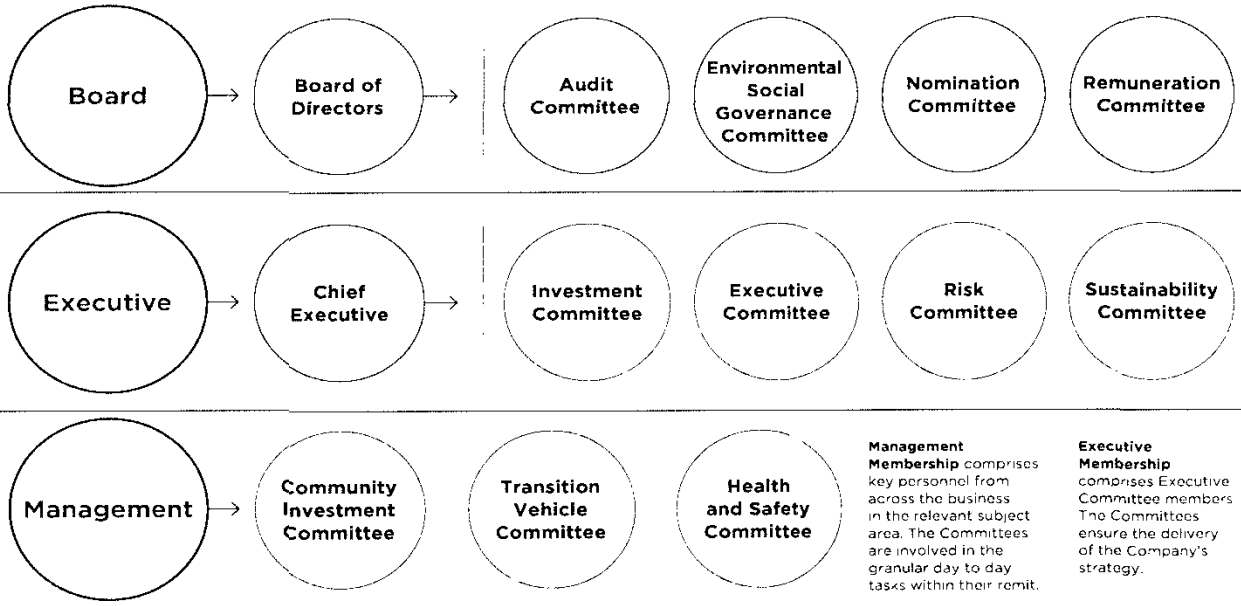
Board attendance

Director	Meeting attendance
Tim Score	7/7
Simon Carter	7/7
Bhavesh Mistry	7/7
Preben Prebensen	7/7
Mark Aedy	7/7
Lynn Gladden	7/7
Irvinder Goodhew	7/7
Alastair Hughes	7/7
Nicholas Macpherson[1]	1/1
Laura Wade-Gery	7/7
Loraine Woodhouse	7/7

1. Nicholas Macpherson stepped down from the Board on 12 July 2022.

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

Governance framework



Management Membership comprises key personnel from across the business in the relevant subject area. The Committees are involved in the granular day to day tasks within their remit.

Executive Membership comprises Executive Committee members. The Committees ensure the delivery of the Company's strategy.

→ Further information about the different Committees can be found here britishland.com/committees.

CORPORATE GOVERNANCE REPORT

Code compliance

We are reporting against the 2018 UK Corporate Governance Code (the 'Code') available at frc.org.uk.

The Board considers that the Company has complied with all relevant provisions of the Code during the year with the exception of Provision 19, which relates to the tenure of the Chair exceeding nine years. A full explanation of the Company's departure from the Code in this instance is provided on page 129 by the Senior Independent Director.

The Governance Review summarises how the Principles of the Code have been applied on pages 114 to 120, and further detail on each Principle can be found at the pages noted in the table below.

Reporting Against Code Principles		
1. Board leadership and Company purpose		
A	Effective Board	106 to 107
B	Purpose	1
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C	Governance framework and Board resources	112
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F	Board roles	108 to 111
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3. Composition, succession and evaluation		
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K	Board skills, experience and knowledge	130
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4. Audit, risk and internal control		
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N	Review of the 2023 Annual Report and Accounts	118
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5. Remuneration		
P	Linking remuneration with purpose and strategy	141 to 143
Q	Remuneration Policy	144
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10 Brock Street, Regent's Place

Board leadership and Company purpose

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

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

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

As at 31 March 2023, the Board comprised the Chair, the CEO, the CFO and seven independent Non-Executive Directors. We continue to have a strong mix of experienced individuals on the Board. The majority are independent Non-Executive Directors who are not only able to offer an external perspective on the business, but also constructively challenge Executive Directors and the wider management team, particularly in the execution and development of the Company's strategy.

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

Strategy days

The Board was able to hold its two-day annual strategy off-site in London in March 2023. The event was attended by the full Board and Executive Committee and was structured to allow for the critical evaluation of the Company's strategy against the context of a higher rates environment, sustained periods of higher inflation and an elevated cost of capital.

The CEO, senior executives and external guests delivered presentations to attendees, providing in-depth analysis on aspects of the business and the external environment before a deep dive into each of our strategic priorities.

Culture and stakeholder engagement

The Company's purpose is core to every decision taken by the Board. As detailed on pages 12 to 15, the Company has a framework of values and strategic measures that underpin our purpose to ensure the strategy and culture of the Company are aligned. Led by the ESG Committee, we have a broad range of workforce engagement mechanisms to ensure the Board can assess the culture of the organisation. Our workforce engagement mechanisms are described on page 123.

Although the ESG Committee has general oversight of and responsibility for workforce engagement, it collaborates with other Board Committees as appropriate to the extent that issues identified fall under the remit of a different Committee.

Each Non-Executive Director participates in our mentoring scheme which demonstrates direct engagement with employees.

The Board has delegated oversight of the Company's whistleblowing arrangements to the Audit Committee but retains overall responsibility and receives updates on cases as appropriate.

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

As well as workforce engagement, the ESG Committee has formal responsibility for engagement with the Company's wider stakeholders. Stakeholder engagement is integral to creating Places People Prefer and the decisions taken by the Board to maximise shareholder value are enhanced by the views of the diverse range of stakeholders and wider communities that we serve. The mechanisms that ensure effective stakeholder engagement are detailed on pages 62 to 63.

Further information on British Land's contribution to wider society can be found on pages 70 to 89.

Engagement with major shareholders

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

Throughout the year we have hosted a number of investor events, both virtually and in person. The CEO, CFO and Head of Real Estate have delivered their usual half year and full year results presentations as well as participating in a number of virtual and in-person roadshows and private client roadshows.

The Chair is committed to ensuring that shareholder views, both positive and negative, are relayed back to the Board and is assisted by the executive team in doing so. The Chair, Senior Independent Director, CEO and CFO are available to address any concerns our stakeholders may wish to raise. The Chair and Chair of the Remuneration Committee played a key role in engaging with shareholders during the formulation of the 2022 Remuneration Policy, adopted by shareholders at the 2022 AGM. The Chair remains available for shareholder engagement throughout the year.

The Board commissioned an investor audit to be conducted by Makinson Cowell during the year. A group of 20 investors, not all of which were invested in British Land, were invited to give non-attributable feedback on the Company, our strategy, management and investment proposition. Feedback was presented to the Executive Committee and Board. It has been taken into account when formulating the messaging of our annual results and supported the Board's conviction for the strategy.

The Board engages with wider shareholders via our Annual General Meeting which allows shareholders to submit comments or questions for the Board.

Conflicts of interest and external appointments

The Directors are required to avoid a situation in which they have, or could have, a direct or indirect conflict with the interests of the Company. The Board has established a procedure whereby Directors are required to notify the Chair and the HR Director, General Counsel and Company Secretary of all new potential outside interests and actual or perceived conflicts that may affect them in their roles as Directors of British Land. The Board reviewed its Conflicts of Interests Policy during the year and confirmed that it remained appropriate.

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

The Board deems significant appointments to include appointment to the Board of any listed company and/or appointment where the expected time commitment is more than five days each year. During the year there have been several significant appointments including, in May 2022, Simon Carter was appointed as a Board member of Real Estate Balance. In January 2023, Preben Prebensen was appointed as Non-Executive Chairman of Enra Specialist Finance. In April 2023, Laura Wade-Gery was appointed as Chair of Moorfields Eye Hospital NHS Foundation Trust. Loraine Woodhouse was appointed as Non-Executive Director of The Restaurant Group PLC and Pennon Group PLC, in July and December 2022 respectively.

In all cases the Board considered the appointments and concluded that they would not impact the Directors' ability to dedicate sufficient time to their commitments at British Land. The Board and Nomination Committee will continuously monitor all Directors' ability to commit sufficient time to the Company. Prior approval of the appointments was given, and they were subsequently noted in the register of situational conflicts which was then approved.

Non-Executive Directors' letters of appointment set out the time commitments expected from them. Following consideration, the Nomination Committee has concluded that all the Non-Executive Directors continue to devote sufficient time to discharging their duties to the required high standard. Further details on the process for appointment to the Board can be found within the report of the Nomination Committee on page 128.

British Land's policy is to allow Executive Directors to take one non-executive directorship at another FTSE company, subject to Board approval.

Storey,
6 Orsman Road

Division of responsibilities

There is a clear written division of responsibilities between the Chair (who is responsible for the leadership and effectiveness of the Board), Chief Executive (who is responsible for managing the Company) and Senior Independent Director (SID) which has been agreed by the Board and is available to view on our website britishland.com/committees.

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

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

The SID provides a sounding board to the Chair, as well as being available to shareholders and other Non-Executive Directors should they have any concerns. The Chief Executive is responsible for the Company's strategy, promoting our culture and sharing key stakeholder views with the Board.

Operation of the Board

Our governance framework set out on page 112 ensures that the Board is able to focus on strategic proposals, major transactions and governance matters which affect the long term success of the business.

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

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

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

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

Board Committees

Four standing Committees have been operating throughout the year: Audit, Nomination, Remuneration and Environmental Social Governance, to which certain powers have been delegated. Committee Chairs provide an update at each Board meeting, so that the full Board is aware of the business of each Committee. Membership of the Remuneration, Audit and ESG Committees comprises solely independent Non-Executive Directors, and the Nomination Committee comprises the Chair of the Board who chairs the Committee and independent Non-Executive Directors. The reports of the standing Committees are set out in the following pages. The terms of reference of each Committee and the matters reserved for the Board are available on our website at britishland.com/committees.

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

Executive Committees

Executive Committee

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

Investment Committee

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

Risk Committee

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

Sustainability Committee

The Chief Operating Officer chairs the Sustainability Committee which comprises the Chief Financial Officer, Head of Developments, Head of Real Estate and Joint Head of Canada Water & Head of Residential. The Committee is attended by several members of the British Land Leadership Team and has management responsibility for the execution of the Company's 2030 Sustainability Strategy and the Company's response to evolving regulation in this area. The Committee was re-formed during the year to an Executive level Committee to reflect its responsibilities and ensure thorough accountability.

Management committees

The Executive Committees are supported by several management committees as detailed in our governance framework on page 112.

→ Composition, succession and evaluation

Composition, succession and evaluation

Our rigorous and transparent procedures for appointing new Directors are led by the Nomination Committee. Non-Executive Directors are appointed for specified terms and all continuing Directors offer themselves for election or re-election by shareholders at the AGM each year provided the Board, on the recommendation of the Nomination Committee, deems it appropriate that they do so, taking into account various factors including the length of concurrent service. The procedure for appointing new Directors is detailed in the Nomination Committee report on page 128.

The Nomination Committee is responsible for reviewing the composition of the Board and its Committees and assessing whether the balance of skills, experience, knowledge and diversity is appropriate to enable them to operate effectively. More detail can be found in the Nomination Committee report on pages 130 to 131.

As well as leading the procedures for appointments to the Board and its Committees, the Nomination Committee oversees succession planning for the Board and senior management with reference to the Board Diversity and Inclusion Policy. Further details on the work of the Nomination Committee and the Diversity and Inclusion Policy are within its report on page 130.

The Notice of Meeting for the 2023 Annual General Meeting details the specific reasons that the contribution of each Director seeking re-election is and continues to be important to the Company's long term sustainable success. The biographies of each Director on pages 108 to 111 set out the skills and expertise that each Director brings to the Board.

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

Internal Board evaluation

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

The Senior Independent Director held a meeting of the Non-Executive Directors without the Chair to appraise the Chair's performance and running of the Board.

The internal evaluation concluded that the Board, its Committees and its individual members all continue to operate effectively and with due diligence. The evaluation considered the Board's composition, including diversity, and its effectiveness. It also confirmed that progress was made as a result of the internal Board effectiveness evaluation in 2022 as follows:

Recommendation
A review of the competitor peer group's significant activity was to be included in the regular update to the Board from the Chief Executive.

Progress: Investor feedback and reports on main competitor activities occupy part of each management report at the Board.

Recommendation
Management to provide the Board regularly with more detailed feedback from investor and analyst engagement to build on the process already in place.

Progress: Investor feedback is a standing item within the CEO Letter at every Board meeting. The results of the investor audit were also presented to the Board.

Recommendation
Continue to invite external speakers to Board meetings as appropriate.

Progress: External speakers attended meetings and dinners throughout the year. The Board was particularly pleased with the thought provoking insights of the external speakers at the annual strategy off-site.

Recommendation
Management succession plans to be brought to the Board as a recurring agenda item.

Progress: The Board has been integral to the development and implementation of management succession during the year in which several senior management changes have taken place.

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

- A deep dive into the succession plan for the Executive Committee and their direct reports;
- Specific Board training in respect of strategic themes and the evolving regulatory landscape;
- Further information on industry competitors and the wider real estate market; and
- A deep dive into the principal and emerging risk identification process against the backdrop of the FRC's anticipated revision of the Code.

Outcomes will be reported in the 2024 Annual Report. The next external Board evaluation will conclude in March 2024.

Audit, risk management and internal control

Audit Committee

The Audit Committee is responsible for monitoring the integrity of the financial statements and results announcements of the Company as well as the appointment, remuneration and effectiveness of the external and internal auditors. The detailed report of the Audit Committee is on pages 132 to 140.

Financial and business reporting

The Board is responsible for preparing the Annual Report and confirms in the Directors' Responsibilities Statement set out on page 163 that it believes that the Annual Report, taken as a whole, is fair, balanced and understandable. The process for reaching this decision is outlined in the report of the Audit Committee on page 134. The basis on which the Company creates and preserves value over the long term is described in the Strategic Report.

Risk management

The Board determines the extent and nature of the risks it is prepared to take to achieve the Company's strategic objectives. It also has ultimate responsibility for the Company's approach to risk management and internal controls. The Board is assisted in this responsibility by the Audit Committee which, in conjunction with the Risk Committee, makes recommendations in respect of the Group's principal and emerging risks, risk appetite, key risk indicators and the operation and effectiveness of the internal control environment. Further information on the Group's risk management processes and role of the Board and the Audit Committee can be found on pages 139 to 140.

During the course of its review for the year ended 31 March 2023, and to the date of this Report, the Audit Committee has not identified, nor been advised of, a failing or weakness which it has determined to be significant.

Pages 135 to 136 set out the confirmations that the Audit Committee made to the Board as part of the risk management and internal control assurance process for the full year.

Internal control over financial reporting

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

Audit, risk management and internal control

The key risk management and internal control procedures over financial reporting include the following:

Operational risk management framework: operational reporting processes are in place to mitigate the risk of financial misstatement. Key controls are owned by senior managers who report on compliance on a six-monthly basis to the Risk Committee. All key internal financial controls are reviewed on a two-yearly cycle by Internal Audit. In addition, the risk and control team carries out sample testing biannually across all key operational and financial controls and reports exceptions to the Risk and Audit Committees;

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

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

Going concern and viability statements

Disclosures on our use of the 'going concern' basis of accounting and our viability statement can be found in the viability statement on page 61.

Remuneration

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

Our current Remuneration Policy was approved by shareholders at the 2022 AGM with 96.24% of the votes in favour. The new policy introduced environmental targets which are linked to executive remuneration. The Remuneration *Committee is also responsible for establishing remuneration* of the members of the Executive Committee.

The Committee is authorised to use discretion in determining remuneration outcomes for Executive Directors.

Further details on the Committee's use of discretion this year can be found in the Directors' Remuneration Report starting on page 141.

Key investor relations activities during the year

May 2022
- Full Year Results Presentation
- Full Year Results Roadshow
- Kempen Real Estate Conference (Amsterdam)

June 2022
- Morgan Stanley Europe & EEMEA Property Conference (London)

July 2022
- AGM
- Virtual US roadshow
- Private client roadshow (London)

September 2022
- BofA Global Real Estate Conference (New York)
- Virtual US roadshow

November 2022
- Half Year Results Presentation
- Half Year Results Roadshow
- JP Morgan Best of British Conference (London)
- UBS CEO Conference (London)

December 2022
- Analyst and Investor social
- Virtual US roadshow

January 2023
- Barclays Real Estate Conference (London)

February 2023
- Private client broker roadshow (London)

March 2023
- Citi Global Property Conference (Miami)
- Kempen Property Conference (New York)

Norton Folgate

Board activity in FY23

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

The Board has focused on several areas during the year and made a number of key decisions that enable the Company to execute its strategy.

Paddington Central

Strategy →
- Strategy off-site with the full Board and Executive Committee
- Canada Water progress and the approval of funding
- Investor Audit

Finance →
- Approval of new financing including new Revolving Credit Facilities
- Approval of the FY24 Budget and Capital Plan
- Macroeconomic updates from external advisers
- A deep dive into the impact of higher interest rates on our financial metrics

People →
- Outcomes and actions from the employee engagement survey
- The creation of a fifth value: Deliver at Pace
- Non-Executive Director mentoring programme
- Processes and systems review
- York House refurbishment

Sustainability →
- Embodied and operational carbon
- GRESB performance
- Social Impact Fund
- Supply chain and procurement

Governance →
- Introduction of the Innovation Advisory Council
- Technology and processes roadmap
- Modern Slavery Act
- Tax policy
- Annual General Meeting and shareholder engagement
- Board diversity and succession

REPORT OF THE ENVIRONMENTAL SOCIAL GOVERNANCE COMMITTEE

Alastair Hughes
Chair of the ESG Committee

HELPING PEOPLE THRIVE

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

I am pleased to present the report of the ESG Committee for the year ended 31 March 2023. The Committee assists the Board in overseeing its engagement with employees and other stakeholders and monitors the Company's wider contribution to society and the environment.

This report sets out in detail the activity undertaken by the Committee during the year ended 31 March 2023.

Committee composition

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

Director	Position	Date of Committee appointment	Attendance
Alastair Hughes	Chair	1 Apr 2019	4/4
Lynn Gladden	Member	1 Apr 2019	4/4
Mark Aedy	Member	17 Nov 2021	4/4

Senior managers, including the Chief Executive Officer, Chief Financial Officer, HR Director, General Counsel and Company Secretary, Chief Operating Officer and Head of Secretariat are invited to each Committee meeting, and other members of our leadership team such as the Head of Developments, Head of Environmental Sustainability, Head of Social Sustainability and Head of Employee Relations are invited to attend the sections of the meetings that are relevant to their work.

Committee effectiveness

The Committee's effectiveness was reviewed as part of the wider internal Board evaluation which concluded that the Committee had operated effectively. The Committee reviewed its terms of reference during the year, and no changes were made. They are available at britishland.com/committees.

Committee responsibilities

The Committee is responsible for workforce engagement under Provision 5 of the Code. We believe that having a committee responsible for engagement with the workforce provides greater resource at Board level dedicated to engagement than designating a single Non-Executive Director or workforce panel.

The Committee has embraced its new name and now organises its business under three pillars: Environmental, Social and Governance, so this report is structured accordingly. As a Committee, we make sure that our key stakeholders are at the core of every discussion and decision made in order to create Places People Prefer. Our responsibilities are listed below.

Environment

- Understand the impact of our operations on the environment, including monitoring the execution of the 2030 Sustainability Strategy

Social

- Oversee the delivery of the Community Investment Fund and the work of the Community Investment Committee
- Assess and monitor our culture to ensure it aligns with our purpose, values and strategy
- Engage with the workforce on behalf of the Board
- Review workforce engagement mechanisms, including considering their outputs and assessing their effectiveness
- Monitor the development of gender and ethnic diversity of the senior management pipeline, including monitoring the execution of the 2030 Diversity, Equality & Inclusion Strategy which can be found at britishland.com/DEI
- Encourage the development of our charitable activities

Governance

- Oversee the work of the Sustainability Committee, Community Investment Fund, Health and Safety Committee and the Transition Vehicle
- Oversee and monitor our Health & Safety systems
- Monitor the processes and mechanisms for building relationships with customers, suppliers and other key stakeholders

Environment

2030 Sustainability Strategy progress
This year we have continued progress against our 10-year strategy. In our Office assets we achieved a 40% reduction in operational carbon intensity and a 22% improvement in energy intensity compared with our FY19 baseline. However, a significant part of these reductions are due to altered working patterns because of Covid-19. We expect some of these improvements to unwind as office use and occupancy further normalises. 45% of assets in our portfolio have now achieved an A or B grade EPC which is an improvement of 9% during the year. In developments, the continued focus on embodied carbon and low carbon materials is yielding results with the average embodied carbon intensity of current office developments now at 646kg CO^2e/m^2. We also implemented an engagement strategy with our occupiers to understand their energy reduction plans. More information can be found in the Sustainability section on pages 70 to 89.

Transition Vehicle
The Transition Vehicle was created to fund initiatives to reduce operational carbon emissions from the standing portfolio. This year it deployed £1.1m on sustainable initiatives, and committed £5.9m, with the majority of funding going towards the installation of heat pumps and LED lights at our Broadgate, Regent's Place and Paddington Central Campuses. A significant sum was also spent on our retail assets with the majority being spent on upgrading LED lights The Transition Vehicle currently holds £13.3m which will be used in future years to implement sustainable initiatives and offset carbon.

The Transition Vehicle oversees the funding of purchasing of carbon credits, this year it helped to fund the purchasing of carbon credits equivalent to 67% of the embodied carbon in our committed development pipeline.

Leading by example
Our sustainability efforts have been recognised through the award of various certifications and environmental credentials:

- GRESB: maintained a 5 star rating for Developments and designated a 'Global Sector Leader' for Developments, ranking top of our peer group, as well as achieving a 4 star rating for Standing Investments
- Building Research Establishment: recognised the first large-scale use of a materials passport at 1 Broadgate which will enable us to track materials used during construction to increase the potential to reuse materials
- WiredScore: awarded a Platinum SmartScore for smart building technology that collects real time data to improve operational efficiency and user experience at 1 Broadgate, 100 Liverpool Street, and Plots A1 and A2 at Canada Water

We are also piloting earth friendly concrete at Canada Water and have completed feasibility studies to introduce onsite solar energy at several assets. These are just a few examples to show how British Land intends to be a market leader in sustainable construction and development. We will endeavour to maintain our efforts and contribution to sustainability in years to come.

Social

2030 Sustainability Strategy progress
The Thriving Places pillar of our 2030 Sustainability Strategy focuses on creating a long-lasting positive social impact by collaboratively addressing local priorities through a Place Based approach.

We were pleased to see that all targets for the year had been met. A key development during the year was the renaming of the Community Investment Fund as the Social Impact Fund, through which we have committed £25m, comprising £15m of cash contributions and at least £10m of affordable space by 2030.

The Fund delivers against targets for our three main areas of focus: education, employment and affordable space. The affordable space commitment builds on British Land's long history of engaging with its local communities providing a range of space types and opportunities. Recent examples include the Really Local Stores initiative providing affordable retail space to 15 local small businesses across four of our retail assets, demonstrating the success of this initiative.

New Diorama Theatre (NDT), Regent's Place

Measuring our impact
This year we commissioned a social impact report evaluating the contribution of the New Diorama Theatre at Broadgate. Results showed that this partnership boosted the UK economy with over £40m of additional revenue and supported over 1,000 full-time jobs during the pandemic.

Social value reporting
This year we introduced social value reporting which measures the value generated by our social impact strategy and helps us focus our efforts to create real and long-lasting benefit for our communities. Next year, we aim to introduce a social value target for 2030 that can be reported against. Further information about our social value reporting can be found in the Sustainability Review on pages 81 to 83.

Community
The Committee was impressed by the quick response of the Company and its people to emerging issues. During the year a cost of living fund was created that ringfenced £200,000, £25,000 of which was committed to Shelter's Hardship Fund, to mitigate the effects of inflation on existing core programmes. Another excellent example was the provision of free space to the Ukraine Institute language school which was driven by the Estate Director at Paddington Central. To date the Company has supported 627 students with space and funding.

We oversee the Community Investment Fund which supports delivery against our targets by providing funding to charities, social enterprises and community organisations operating in and around our places. A total of £1.5m was spent in the year ended 31 March 2023. Over the past year the Community Investment Fund has been renamed the Social Impact Fund to reflect our 2030 commitment and we will report under this going forward.

Workforce Engagement Statement

The Committee's responsibility to monitor Company culture is crucial to ensure it is aligned with our purpose, values and strategy.

How we engage
A collaborative approach with a clear flow of information between leadership and the workforce is critical to the alignment of culture and strategy. We use a range of methods which are under constant review so that we can adapt where necessary to maximise engagement.

As a direct result of the engagement methods described in this report, the Board made the following principal decisions during the year:

- to publicly state a target of having 17.5% BAME employees
- to mitigate the cost of living by targeting the least well remunerated colleagues with the highest percentage salary increases in the annual pay review
- to introduce a corporate objective to improve IT systems and processes

Employee Networks
Network chairs have the opportunity to present at the Committee's meetings, providing a valuable forum to highlight the social issues impacting our people and address areas where we have challenged ourselves to improve.

Outcomes:
- implement initiatives overseen by the Committee
- provides connection, lively discussion and vital education for the Committee, Board and organisation as a whole

See overleaf case studies on two of our networks and their work. Further information on how our Employee Networks support our strategy can be found in the People and culture section of the Strategic Report on page 68.

Financial awareness
Regular updates are provided in our staff meetings to ensure that employees are fully informed on the position and strategic aims of the Company.

Outcomes:
- the Wellbeing Network ran a Financial Wellbeing Survey to gauge employee sentiment and, based on the responses, we will hold a series of financial education webinars

Employee engagement survey
We conducted a survey in November 2022 and were encouraged by the positive response. Our overall engagement score rose to 78%, exceeding the score in the previous survey and national benchmark. Our scores for Social Connection, Engagement and Leadership also exceeded benchmarks significantly, and 93% of employees reported that they were proud to work for British Land. The ESG and Remuneration Committees participated in a deep dive session to analyse themes and trends, including through a diversity lens.

Outcomes:
- relaunching our Learning and Development Portal
- refurbishment of our head office to reflect the need for more collaboration/social space and quiet places to take video calls
- relaunching in-house management training

Company Conference
The theme of our first Company Conference post-pandemic was Innovation and it included a session for employees to share their ideas.

Outcomes:
- two employee generated initiatives have been implemented including a 'Hats On' channel where staff can suggest new ideas and improvements for the business, and an Innovation Advisory Council as detailed on page 107
- unveiling of our new Company value, deliver at pace, which enshrines our employees' abilities to quickly adapt, innovate and problem solve which they demonstrated throughout the pandemic

Feedback indicated that employees found the conference to be both useful and engaging so we will resume staging these annually going forward.

Internal communication
Our Internal Communications team provides a weekly email summarising key business activities and organisational changes. We also have biweekly Network News featuring upcoming events to raise awareness of social issues, and staff blogs which provide a space for employees to share their personal experiences. Monthly staff meetings in a hybrid format are led by members of the Executive Committee and feature news and updates from all areas of the business, including our regional offices.

Outcomes:
- Executive Committee members follow up at team level to answer questions and address concerns in a less formal setting and feedback is discussed at Executive Committee meetings

Director engagement
We host regular 'NED Breakfasts' where employees have the opportunity to share breakfast with some of our Non-Executive Directors and ask questions, engage in discussion and hear about their careers and experience. Our women's network, EquitaBLe, arranged 'In Conversation with Loraine Woodhouse' where employees heard Loraine speak about her career and participated in a Q&A session. Our mentoring scheme to pair highly performing senior employees with Non-Executive Directors also continued for its third year.

Network case study: EquitaBLe

Driving positive change through engagement

"Networks are incredibly valuable in championing diversity and supporting management by getting under the skin of employee views and opinions to help inform and drive change. EquitaBLe's work this year was a great example of the tangible impact effective engagement can have.

Our January 2022 staff engagement survey revealed that for three of the questions, there were statistically significant differences in the scores given by men and women. We arranged a series of focus groups, open to all, to provide a forum for sharing personal insights and really understand where the Company could make meaningful differences.

Based on the high quality discussions and feedback, with the support of HR and leadership, we rolled out several initiatives during the year to address some of the concerns raised, including:

- Collaborating with HR and the NextGen network to launch the speed mentoring scheme, which was promoted to senior women with the result that over 50% of the mentors that signed up were women
- Arranging a programme of events for Women's History Month with women in senior management participating
- Working with HR to introduce a Menopause Policy
- Launching our FlexiBLe blog, which raises awareness of flexible ways of working amongst both women and men at various levels of the business to bust myths around progression and shared parental leave

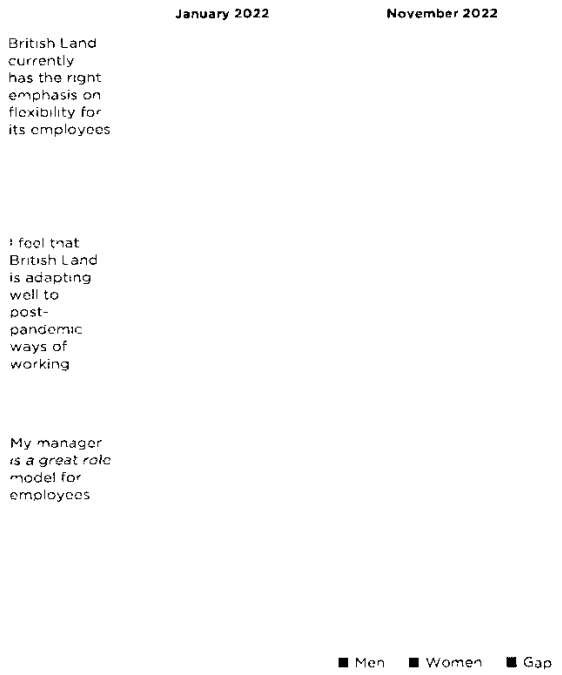
We were pleased to see the substantial impact of our work in the November 2022 engagement survey results. Not only was there a considerable reduction in the difference between scores given by men and women for two of the questions, for the last, women scored more positively than men.

In the coming year, we plan to build on our work, identifying areas of priority from the November survey results such as career progression opportunities for women, ensuring British Land offers the right levels of flexibility for working parents and collaborating with our management team to reduce the gender pay gap.

As the data shows, targeted initiatives can effect real change, but there is always more we can and should do and our networks are key in supporting leadership to achieve equitable outcomes for all."

Jess Ford, Chair of EquitaBLe

Our impact



Progress against our Diversity, Equality & Inclusion Strategy

Last year we identified diversity and inclusion as a key area of focus for the Committee, and we introduced our Diversity, Equality & Inclusion Strategy that brings together our initiatives in this space and sets quantifiable targets. The Committee has received regular updates throughout the year, and we are pleased to report on the progress made under each of our five pillars.

→ **Further information on initiatives under our DE&I Strategy can be found in the People and culture section of the Strategic Report on page 66.**

People and culture

The Equal Pay audit ensures parity and consistency in our remuneration process. Our ethnicity pay gap has reduced for the second year running. During the year the median ethnicity pay gap reduced by 5%. We also introduced a target of having 17.5% BAME employees by 2025.

→ **Further information on our gender and ethnicity pay gap reporting can be found in the Directors' Remuneration Report on page 142.**

Recruitment and career progression

We use blind CVs wherever possible to ensure bias free candidate selection for interviews and launched our Early Careers Strategy in May 2022, which aims to attract and retain young diverse talent. This year we welcomed eight work experience students through Pathways to Property, five interns through 10,000 Black Interns and one intern through Leonard Cheshire. We are thrilled to see the tangible results of this work having been ranked as the top property company and 16th overall on the Social Mobility Employer Index 2022, rising 45 places from our position last year.

→ **Further information on our Early Careers Strategy can be found in the People and culture section of the Strategic Report on page 68.**

Supply chain

We have added a requirement to our tender process for potential suppliers to demonstrate examples of an inclusive culture and introduced an 'Inclusive Business' award at our Supplier Awards. We also staged a DE&I themed supplier conference in September 2022 where suppliers showcased their DE&I commitment. We were proud to receive Disability Smart Accreditation from the Business Disability Forum in recognition of our procurement team's work to implement new tools improving digital accessibility.

Leadership

To embed our values at every level of the organisation, our Board and Executive Committee members set themselves specific objectives on diversity and inclusion and progress against them was assessed as part of our annual performance review process.

→ **A review of performance against these targets can be found in the Directors' Remuneration Report on pages 149 and 150.**

→ **A summary of progress on our diversity targets in respect of Board composition can be found within the report of the Nomination Committee on page 131.**

Places and communities

Work is underway to align our Early Careers and Social Sustainability strategies by establishing community recruitment partnerships at our places and working with local authority stakeholders to support local residents into the industry. This year headline KPIs have been created to track our progress.

→ **Further information on initiatives under our DE&I Strategy can be found in the People and culture section of the Strategic Report on page 66.**

Network case study: REACH

Dale Hoskins, chair of REACH, says: "REACH stands for Race, Equality and Celebrating Heritage. The network was rebranded in 2019 to increase the wellbeing and success of BAME employees at British Land and to support, celebrate and encourage ethnic minority employees. Networks provide valuable input and accountability to the business and help make the spirit of policies a reality. REACH contributes by tapping into the unique perspectives, skills and experiences that BAME employees bring. The support and encouragement from leadership demonstrates British Land's commitment to social responsibility. In keeping with our values, much of our work allows employees to bring their whole selves and share their lived experiences to educate, stimulate discussion and promote inclusivity around the business."

Initiatives:

Employee diversity target: we proposed the adoption of a Company-wide target of 17.5% BAME employees which was approved by the ESG Committee and incorporated into the Company's DE&I Strategy.

Reverse mentoring: working with HR, we launched a pilot reverse mentoring program that paired Executive Committee members with REACH members to share their experiences within British Land and beyond to foster open and honest conversations and build a more inclusive future.

Blog posts: numerous blog posts on the staff intranet where employees write about their cultural identity to educate the wider business, provide guidance on supporting colleagues (for example, during Ramadan) and connect people from around the business.

Events: included a livestream on 'How to talk to children about race' in collaboration with the Parents & Carers Network; an art exhibition during Black History Month showcasing black artists at York House; and cultural celebrations throughout the year to acknowledge festivities such as Diwali and Hanukkah.

Governance

The Committee took time to understand management's approach to health and safety and as always was impressed with the rigour and detail of the systems in place to ensure our buildings and practices are safe. We were glad to see the proactivity demonstrated by the management team throughout the year. Following the introduction of the Building Safety Act 2020, the team efficiently investigated the implications for our assets, undertook studies to understand them thoroughly and put in place measures to address the requirements of the new legislation. British Land was also involved in collaborating with leading UK construction and development businesses to contribute to and chair the Construction Productivity Taskforce, which again shows the dedication and energy of the team.

During the year we received reports that showed how we are mitigating the inflationary pressures experienced by the construction industry, driven by commodity volatility, material supply constraints, supply chain uncertainty and the conflict in Ukraine. The impact of these external factors on our decision making, procurement routes and contractor selection were brought to our attention and challenged appropriately. We were reassured by the diligent approach taken by management in response to the challenges of the macro environment.

The Committee receives annual updates from the Head of Procurement to allow Directors to have regard to engagement with suppliers and partners. This year British Land hosted its first Supplier Partner Conference since the start of the Covid-19 pandemic. Here we restated, alongside our partners, our commitment to responsible procurement and the importance of the relationships we have with our suppliers, big or small. The close ties and collaboration with our suppliers are paramount to the work we do, and it is comforting to know that our suppliers are aligned with our 2030 Sustainability Strategy and lead with the same values as our own.

Overall, we are satisfied that British Land continues to demonstrate best in class construction and health and safety practices alongside our commitment to sustainable developments.

Key areas of focus for the coming year

This year we have seen steady progress towards achieving our 2030 Sustainability Strategy. In particular, we were pleased to see how clearly the social sustainability strategy has been implemented through the real life effects of our social impact. We were also encouraged by the number of projects funded by the Transition Vehicle. A key focus for the year will be to invest in our standing portfolio via the Transition Vehicle with the aim of improving our GRESB rating for Standing Investments.

Our people remain central to what we do. We will continue to monitor the culture of British Land through our workforce engagement methods including those outlined in this report. The Committee will monitor the progress of the proposed changes closely following the outcomes of the employee engagement survey. Diversity will continue to be a point of focus for the Committee, and we will oversee the processes in place to facilitate a diverse pipeline of talent for the future. Importantly, we will monitor progress against the Diversity, Equality & Inclusion Strategy, gender and ethnicity pay gap, and race equality objectives. We hope that together these objectives will add to the good work already carried out in enabling our people to bring their whole selves to work, which is a foundation of our culture at British Land.

We will also maintain best in class construction and health and safety whilst steering the business through the challenges of the macro environment.

Alastair Hughes
Chair of the ESG Committee

REPORT OF THE NOMINATION COMMITTEE

Tim Score
Non-Executive Chair

ENSURING A BALANCED AND DIVERSE BOARD

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

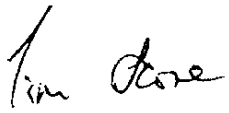
I am pleased to present the report of the Nomination Committee for the year ended 31 March 2023.
The development and execution of our long term strategic objectives, embedding of our culture and values and promotion of the interests of our stakeholders are all dependent upon effective leadership at both Board and executive level. It is the Committee's responsibility to maintain an appropriate combination of skills and capabilities amongst the Directors.

The Nomination Committee continues to play a key role in supporting British Land's long term sustainable success. This year we have focused on our Board Diversity and Inclusion Policy, strategic priorities and succession, all of which are naturally considered in parallel to each other.

Diversity has underpinned the Committee's work throughout the year. British Land strongly believes in diversity as a business and seeks to improve and lead in this area. As a Committee we are mindful that this must be led from the top of the business. The Board and management team have spent significant time during the year considering our approach to improve diversity throughout the Company and how to extend our quantifiable targets. Assisted by the work of the ESG Committee in ensuring a diverse pipeline for succession, consideration was given to the benefits of diversity in its widest sense including gender, social and ethnic backgrounds, personal and cognitive strengths, particularly in view of the Company's purpose and strategy. We are proud to see the continued impact British Land's diversity policies and initiatives are having both at Board level and in the wider business, and we report on this progress both in this report and in the People and culture section of the Strategic Report.

Succession planning at Board level continues to be a priority for the Committee. The Committee is mindful of Non-Executive Directors approaching nine years in post and the search process for appropriate successors is ongoing. As Directors approach their nine-year limits, the Committee has an opportunity to consider more broadly the skill set and diversity of the Board as a whole. It is a key consideration for all Board roles that alongside appropriate knowledge and expertise Directors will embody and demonstrate our values and aim to strengthen our commitment to sustainability and diversity.

In the year ahead, the Committee will continue to focus on the medium to long term succession of the Board. I hope you find the following report interesting and illustrative of our focus on ensuring that the Board and its Committees remain well equipped with the expertise and capabilities needed to drive the sustainable success of British Land.



Tim Score
Chair of the Nomination Committee

Committee composition and governance

The Committee has five members. As at the 31 March 2023 year end the Committee comprised: Tim Score, Preben Prebensen, Alastair Hughes, Laura Wade-Gery and Irvinder Goodhew.

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

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

Responsibilities

Director search, selection and appointment process

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

Induction, Board training and development

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

Each induction programme would ordinarily include:

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

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

Board and Committee composition reviews and appointments

During the year the Committee reviewed the broader composition and balance of the Board and its Committees, their alignment with the Company's strategic objectives and the need for progressive refreshing of the Board.

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

Details of external appointments taken on by Directors during the year can be found on page 115. These appointments are expected to enhance the Non-Executive Directors' expertise and allow them to bring greater insight to their role at British Land. All external appointments are subject to approval prior to being accepted.

Independence and re-apppointment

The independence of all Non-Executive Directors is reviewed by the Committee annually, with reference to their independence of character and judgement and whether any circumstances or relationships exist which could affect their judgement. The Board is of the view that the Non-Executive

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

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

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

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

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

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

Accordingly, the Committee recommended to the Board that all serving Directors be put forward for re-appointment at the 2023 AGM.

→ **Biographies for each Director can be found on pages 108 to 111.**

Succession planning

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

The Committee considered the gender balance of the Board over the next two years specifically when considering Directors approaching tenure limits and the requirement to have a woman in one of the four main Board roles.

The Board completes a skills matrix periodically to determine which skills and expertise are held by the Board and where we can strengthen our skill set for current and future strategic needs. The skills matrix is summarised on the following page. Life sciences and innovation will be important for the Committee to consider when making appointments. Importantly, the creation of the Innovation Advisory Council will help guide management in this area. We will also seek to ensure succession for the Board's expertise in audit, finance, remuneration and governance over the long term.

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

Succession plans for executive management, which would typically be dealt with by the Committee, were discussed with the full Board during the year. Sally Jones, previously our Head of Strategy, Digital & Technology, stepped down from the Company and Nigel Webb, currently our Head of Developments, will retire in 2023. Sally and Nigel have made significant contributions to the Company during their time at British Land. Nigel has been at the Company for over 30 years and has quite literally changed the London skyline. Their responsibilities have been assumed by existing members of our Executive Committee. The Board is confident that the management team is the right group of people to deliver on the stretching operational targets that are in place.

Chair successor

Following a recommendation from the Committee, the Board has agreed to extend Tim Score's appointment as Chair by one year to the 2024 AGM. Therefore, Tim will stand for re-appointment by the shareholders at the 2023 AGM. Tim has been a Non-Executive Director since March 2014 and Chair since June 2019. In this time the Company has made significant changes to its strategy and senior leadership, including a new CEO and CFO during Tim's tenure as Chair. Given the current macroeconomic challenges and focus of the management team to deliver our ambitious plans for growth, the Committee agreed that it was in the best interests of the Company to retain Tim as Chair for one year beyond the nine-year limit set out in Provision 19 of the Code.

Tim has brought expertise and leadership to British Land which has benefited immeasurably from his guidance and knowledge. A thorough process to find an appropriate candidate will be led by me as Senior Independent Director with the intention of appointing a successor by the 2024 AGM.

Preben Prebensen
Senior Independent Director

Non-Executive tenure as at 31 March 2023 (years)

Demonstrating our skills

The skills matrix shows the level of expertise our Chair and Non-Executive Directors have across a range of disciplines. All Directors appear in more than one category. Directors were marked on a grading scale from one to three for each skill or experience. The maximum score is 24.

Board Diversity and Inclusion Policy

The Board's Diversity and Inclusion Policy was amended during the year to reflect the enhanced diversity requirements of the FCA Listing Rules and the recommendation from the FTSE Women Leaders review. The policy applies to the Board and its Committees.

The policy recognises the benefits of diversity in its broadest sense and sets out the Board's ambitions and objectives regarding diversity at Board and senior management level. We believe that in order to achieve Places People Prefer we need a diverse Board to reflect the diverse places we develop and manage. The policy notes that appointments will continue to be made on merit against a set of objective criteria, which are developed in consideration of the skills, experience, independence and knowledge which the Board as a whole requires to be effective. The policy also describes the Board's firm belief that in order to be effective a board must properly reflect the environment in which it operates and that diversity in the boardroom has a positive effect on the quality of decision making.

The objectives from the policy in force for the year ended 31 March 2023 included:

- the intention to maintain a balance such that at least 40% of the Board are women.
- the intention to maintain at least two Directors from an ethnic minority background.
- the intention for at least one of the Chair, Chief Executive Officer, Chief Financial Officer or Senior Independent Director to be a woman.
- to achieve a gender balance such that at least 40% of senior management are women. Senior management is defined as the Executive Committee and their direct reports in leadership roles.
- to ensure that there is clear Board-level accountability for diversity and inclusion for the wider workforce.

The Board has decided to go beyond the regulatory requirements in adopting the revised policy, in order to drive positive change and lead from the front. In setting stretching targets, the Board recognises that there will be times when they are not met. British Land is a relatively small organisation in terms of numbers of employees and therefore changes at the senior end of the business can have a disproportionate effect on outcomes.

Board gender balance

As at 31 March 2023, the Board had met a majority of its targets on gender and ethnic diversity balance. One of the four senior Board roles outlined above was not occupied by a woman at the year end. This policy came into effect after the current Chair, CEO, CFO and SID were appointed. This target is at the forefront of the Committee's mind as we plan for the succession of key roles during the year ahead.

As at 31 March 2023, the gender diversity for senior management, as previously defined, was 35% women, down from 37% in 2022. This is driven first by changes to our Executive Committee during the year and the reorganisation of internal reporting lines. Gender diversity is an industry-wide concern. The most recently published data by the Royal Institute of Chartered Surveyors (RICS) shows that only 4% of female chartered surveyors in the UK are RICS fellows. This makes it more challenging to improve the gender balance of our property teams, especially in senior roles, which comprise a significant portion of our workforce. The Board and management are acutely aware of the need for more senior women and this year we have introduced targeted development programmes for mid-level women to help them achieve their full potential and develop our pipeline. We also introduced a Group-wide target of having 17.5% BAME employees by 2025.

Clear accountability for diversity and inclusion is delivered through the ESG Committee, which monitors progress on diversity and inclusion objectives and relevant initiatives within British Land.

Our Board Diversity and Inclusion Policy and Company Diversity, Equality & Inclusion Strategy together enable us to bring in people of wide-ranging talent and experience, diversity of thought and bolstering decision making allowing us to continue to create Places People Prefer.

→ **The policy can be found on our website britishland.com/committees.**

	Number of Board members	% of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	% of executive management
Men	6	60	4	7	70
Women	4	40	–	3	30
Other	–	–	–	–	–
Prefer not to say	–	–	–	–	–

	Number of Board members	% of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	% of executive management
White British or other White (including minority-white groups)	8	80	3	9	90
Mixed/Multiple ethnic groups	–	–	–	–	–
Asian/Asian British	2	20	1	1	10
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

The table above sets out the ethnic background and gender identity of the Board and Executive Committee as at 31 March 2023 which is our chosen reference date in accordance with the Listing Rules. The data was collected by the Head of Secretariat via individual questionnaires. The forms set out the table as it is above and individuals were asked to indicate which categories are applicable to them. There have been no changes in Board composition since the reference date.

Board and Committee effectiveness

The process followed for the internally facilitated Board effectiveness evaluation conducted during the year is described in the Governance review on page 117.

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

Board composition review

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

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

Key areas of focus for the coming year

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

REPORT OF THE AUDIT COMMITTEE

Loraine Woodhouse
Non-Executive Director

MONITORING QUALITY AND INTEGRITY

I am pleased to present the report of the Audit Committee for the year ended 31 March 2023.
The Committee plays a key role in the governance of the Group's financial reporting, risk management, internal controls and assurance processes and the external audit. As well as our main areas of responsibility, throughout the year the Committee paid particular attention to the internal audit tender and the upcoming external audit tender, further details of which are provided in the case studies throughout this report.

I hope that readers will find the information set out on the following pages useful in understanding the Committee's work over the last year.

Committee composition and governance

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

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

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

1. Nicholas Macpherson stood down as a Director of the Company effective from 12 July 2022.

FY23 calendar

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

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

Key
- Investment and development property valuations
- Corporate and financial reporting and fair, balanced and understandable assessment
- Risk management and internal controls
- External Audit and Internal Audit

May 22
- Valuation reports, effectiveness and rotation
- 2022 draft Annual Report and Accounts and preliminary announcement
- Fair, balanced and understandable assessment
- Going concern and viability assessments
- Assessment of principal and emerging risks, key risk indicators and risk appetite
- Internal controls effectiveness
- Internal Audit update
- Information security update
- External Audit report
- Sustainability assurance report
- Corporate Governance Code review
- Auditor reappointment and subsidiary auditor approval
- Non-audit services policy recommendation
- Internal Audit tender
- External Audit tender

July 22

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

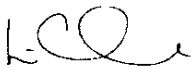
For the purposes of the Code and FCA Handbook, the Board is satisfied that the Committee as a whole has competence relevant to the real estate sector, and I am deemed to meet the specific requirement of having recent and relevant accounting experience. Further information about members' qualifications can be found in the Directors' biographies on pages 108 to 111.

The Committee meets privately with both external and internal auditors after each scheduled meeting and continues to be satisfied that neither is being unduly influenced by management. As Committee Chair, I additionally hold regular meetings with the Chief Executive Officer, Chief Financial Officer and other members of management to obtain a good understanding of key issues affecting the Group and am thereby able to identify those matters which require meaningful discussion at Committee meetings. I also meet the External Audit partner, Internal Audit partner and representatives from each of the valuers privately to discuss key issues as well as giving them the opportunity to raise any concerns they may have.

Committee effectiveness

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

The Committee reviews its terms of reference on an annual basis and this year concluded that no changes were required, the terms are available on our website at britishland.com/committees.



Loraine Woodhouse
Chair of the Audit Committee

Responsibilities and key areas of focus

Corporate and financial reporting
Monitoring the integrity of the Company's and Group's financial statements and any formal announcements relating to financial performance, and considering significant financial *reporting issues, judgements and estimates. Considering the* appropriateness of the accounting treatment of significant transactions, including asset acquisitions and disposals, and the viability and going concern statements. Reviewing the content of the Annual Report and preliminary announcement ahead of publication, including sustainability related disclosures and related assurance.

Fair, balanced and understandable assessment
Assessing whether the Annual Report is fair, balanced and understandable.

External Audit
Oversight and remuneration of the external auditor, assessing effectiveness and independence, and making recommendations to the Board on the appointment of, and policy for non-audit services provided by, the external auditor.

Internal Audit
Monitoring and reviewing the Internal Audit plan, reports on the work of the internal auditor, and reviewing its effectiveness, including its resourcing.

Risk management and internal controls
Reviewing the system of internal control and risk management. Reviewing the process for identification and mitigation of principal and emerging risks, assessment of risk appetite and key risk indicators, and challenging management actions where appropriate.

Investment and development property valuations
Considering the valuation process, assumptions and judgements made by the valuers and the outcomes. Monitoring the effectiveness of the Company's valuers and the proportion of the portfolio for which each valuer has responsibility.

November 22

- Valuer report, effectiveness and appointment policy update
- 2023 half year results and draft preliminary announcement
- Key financial reporting judgements
- Going concern assessment
- External Audit review
- Risk management update
- Information security update
- Corporate governance reforms
- Internal Audit update
- Internal controls effectiveness
- External Audit plan, fees and engagement letter
- Internal Audit tender update

March 23

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

Focus for the coming year:

- Processes by which the Board identifies, assesses, monitors, manages and mitigates risk, particularly in the context of the current economic uncertainty and the high inflationary environment;
- Monitor key risk areas, particularly those scheduled for review by Internal Audit including, but not limited to, key financial, operational and IT controls, development appraisal governance, ESG reporting and Digital Placemaking;
- Continue to prepare and enhance our readiness for the proposed corporate governance reforms;
- Consider the impact of the evolving review of investment valuation standards undertaken by RICS on the valuation processes of the Group; and
- Complete the External Audit tender *process, following the strategy setting* and preparations undertaken this year.

Corporate and financial reporting

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

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

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

Fair, balanced and understandable (FBU) reporting

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

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

1. Management review

Senior management including members of the Investor Relations, Financial Reporting, Analysis, Verification and Company Secretariat teams review and challenge the content and layout of the Annual Report and press release. A report is produced summarising their findings and subsequent changes.

2. External auditor

The external auditor reviews content throughout the drafting process, challenging management on its accuracy and appropriateness. Any significant issues are reported to the Committee and to the executives responsible.

3. Internal verification

Alongside the external auditor's review, a small internal group reviews the Annual Report, oversee a verification process for all factual content and reports its findings to the Committee.

4. Committee review

The Committee reviews the outputs from stages 1-3 above and, if appropriate, makes a recommendation to the Board that the report is fair, balanced and understandable.

5. Recommend to Board

The Board considers the Committee's recommendation that the FBU statement be made and if thought fit, approves it. The statement can be found in the Directors' Responsibilities Statement on page 163.

The significant issues considered by the Committee in relation to the financial statements and broader work it has undertaken during the year ended 31 March 2023, and the actions taken to address these issues, are set out in the following table:

Significant issues considered and how these issues were addressed	Outcome
Going concern and viability statement	
The Committee reviewed management's analysis supporting the preparation of the financial statements on a going concern basis. This included consideration of forecast cash flows, availability of committed debt facilities and expected covenant headroom. The Committee also reviewed management's assessment of whether the Group's long term viability appropriately reflects the prospects of the Group and covers an appropriate period of time. This included consideration of whether the assessment adequately reflected the Group's risk appetite and principal risks as disclosed on pages 48 to 60; whether the period covered by the statement was reasonable given the strategy of the Group and the environment in which it operates; and whether the assumptions and sensitivities identified, and stress tested, represented severe but plausible scenarios in the context of solvency or liquidity. The Committee received a report from the external auditor on the results of the testing undertaken on management's analysis in both cases.	The Committee satisfied itself that the going concern basis of preparation remained appropriate. In doing so, the Committee requested that a reverse stress test be undertaken, in addition to the severe but plausible scenarios conducted. The Committee agreed with management's assessment and recommended the viability statement to the Board. The viability statement, which includes our going concern statement and further details on this assessment, is set out on page 61.
Provisioning	
The Committee considered management's approach in determining appropriate provisioning levels for rental arrears and tenant incentives, challenging assumptions and methodology where appropriate. The Committee also received a report from the external auditor.	The Committee was satisfied that the provisioning approach was appropriate and proportionate for the Group.
Accounting for significant transactions	
The accounting treatment of significant property acquisitions, disposals, financing and leasing transactions is a recurring risk for the Group with non-standard accounting entries required, and in some cases management judgement applied. The Committee reviewed management papers on key financial reporting matters, including those for significant transactions, as well as the external auditor's findings on these matters. In particular, the Committee considered the accounting treatment of the formation of a joint venture with GIC in respect of Paddington. The external auditor separately reviewed management's judgements in relation to these transactions and determined that the approach was appropriate.	The Committee was satisfied that the accounting treatment and related financial disclosure of significant transactions was appropriate.
Valuation of property portfolio	
The valuation of investment and development properties conducted by external valuers is inherently subjective as it is undertaken on the basis of assumptions made by the valuers which may not prove to be accurate. The outcome of the valuation is significant to the Group in terms of investment decisions, results and remuneration. The external valuers presented their reports to the Committee prior to the half year and full year results, providing an overview of the UK property market and summarising the performance of the Group's assets. Significant judgements made in preparing these valuations were highlighted.	The Committee analysed the reports and reviewed the valuation outcomes, challenging assumptions made where appropriate. The Committee challenged the valuers on how the changing macroeconomic environment, including rapidly rising interest rates, had impacted valuations. The Committee also challenged the valuers on the methodology applied in respect of development costs at Canada Water as well as the availability of comparable yields. The Committee was satisfied with the valuation process and the effectiveness of the Company's valuers. The Committee approved the relevant valuation disclosures to be included in the Annual Report.

Significant issues considered and how these issues were addressed	Outcome
Taxation provisions	
The Committee reviewed the appropriateness of taxation provisions made and released by the Group during the period. It considered papers prepared by management and discussed the views of the external auditor to obtain assurance that amounts held were commensurate with the associated risks.	The Committee was satisfied that the taxation provisions were appropriate. 'Our Approach to Tax', which was reviewed by the Committee in the year, is available at britishland.com/taxstrategy.
Corporate simplification and restructure	
The Committee reviewed a corporate simplification and restructuring exercise conducted in the year. It considered the analysis prepared by management, supported by external advice received from lawyers and accounting and tax experts. The external auditor also provided their view on the proposed transactions and outcomes ahead of execution. The Audit Committee requested the external auditor to provide special focus to this exercise, given its nature as a one-off and non-standard matter.	The Committee was satisfied that the appropriate steps had been undertaken by management and key considerations taken into account as part of the transaction steps, including the findings of the external auditor who provided a supplementary report on the matter.
Risk appetite and principal risks	
The Committee received reports from management which included a review of key risk indicators in the context of our risk appetite and updates on our operational risks.	The Committee challenged management's assessment of the principal and emerging risks, as well as the appropriate optimal and tolerable ranges for relevant key risk indicators for monitoring these risks, given wider macroeconomic volatility. The Committee resolved that management's assessment of the principal and emerging risks and risk appetite be recommended to the Board.
Assessment of internal controls	
This year we have again operated in the context of the proposed corporate governance reforms and are continually seeking to enhance our internal control environment. Management provided biannual confirmation of the effectiveness of internal controls.	The Committee reviewed management's biannual confirmation of the effectiveness of internal controls. This includes internal control testing of operating effectiveness for the Group's key controls, providing an additional level of assurance. The Committee reviewed noted control exceptions and challenged management on remediation actions, where necessary.
TCFD	
The Committee reviewed management's continuing compliance with the TCFD requirements for this year's Annual Report and Accounts. It considered any changes proposed to both the Strategic Report and financial statements.	The Committee continued to review and provide comment on the revised TCFD disclosure, along with discussing the level of assurance provided over key sustainability related metrics, ahead of the final recommendation of the Annual Report and Accounts for approval by the Board. The Committee satisfied itself that the Group's resulting TCFD disclosure was appropriate.

External Audit

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

The year under review is Sandra Dowling's fourth year as engagement partner following a mandatory rotation at the conclusion of the 2019 audit. As part of the External Audit tender process PwC have identified a proposed successor audit partner who will lead their tender bid. The individual was interviewed by members of the Audit Committee and senior management ahead of the proposal.

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

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

External Audit tender

Timetable

PwC was first appointed as external auditor in the financial year ending 31 March 2015. As the 10-year anniversary of their appointment approaches, planning for the required competitive tender process is underway and is being led by the Audit Committee Chair. British Land's primary objective is to ensure a fair and transparent tender process and to appoint the audit firm that will provide the highest quality in the most effective and efficient manner. To ensure shadowing (if required) through the External Audit for the year ending 31 March 2024, our planned process anticipates a recommendation to the Board in early 2024.

Planning and preparation

As part of planning the tender process, the Committee has taken due regard of the current FRC guidance on audit tenders and has considered the relevant sections of the draft 'Minimum Standards for Audit Committees' published by the FRC in November 2022. In selecting a long list of firms to be considered to invite to tender the Committee's selection considerations included:

1. Independence criteria
2. Audit capability and competence
3. Audit Quality Review performance
4. Real estate experience and breadth of subject matter experts
5. Capacity to provide a robust audit

Tender process

1. Before the formal process begins
   - Selecting firms to involve
   - Consider the audit team of each firm
   - Define critical success factors
2. Tender process period
   - Issue Request for Proposal
   - Provide access to management and data room
   - Consider technical challenges
3. Selected firms provide a proposal document for consideration
4. Selected firms present to management and the Audit Committee
5. Decision making and recommendations made to the Board

Fees and non-audit services

The Committee discussed the audit fee for the 2023 Annual Report with the external auditor and approved the proposed fee on behalf of the Board.

In addition, the Group has adopted a policy for the provision of non-audit services by the external auditor in accordance with the FRC's 2019 Revised Ethical Standard. The policy helps to safeguard the external auditor's independence and objectivity. The policy allows the external auditor to provide the following non-audit services to British Land where they are considered to be the most appropriate provider for audit related services, including formal reporting relating to borrowings, shareholder and other circulars and work in respect of acquisitions and disposals. In some circumstances, the external auditor is required to carry out the work because of their office. In other circumstances, selection would depend on which firm was best suited to provide the services required.

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

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

Total fees for non-audit services amounted to £0.03m, which represents 5% of the total Group audit fees payable for the year ended 31 March 2023. Details of all fees charged by the external auditor during the year are set out on page 188.

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

Effectiveness

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

PwC provide the Committee with an annual report on its independence, objectivity and compliance with statutory, regulatory and ethical standards. For the year ended 31 March 2023, as for the prior year, the external auditor confirmed that it continued to maintain appropriate internal safeguards to ensure its independence and objectivity. PwC also confirms at each Committee meeting that it remains

Internal Audit transition to Deloitte LLP

In consideration of the length of time EY had been in place and in connection with the upcoming competitive tender process for the External Audit it was decided during the year to hold a competitive tender process for the Internal Audit provision. Interested and qualified parties were invited to submit proposals and the tender process considered both large and challenger audit firms. Following a detailed selection process overseen by the Audit Committee Chair, Deloitte LLP were appointed as the new internal auditor effective from the financial year beginning 1 April 2023.

independent, and signs a letter of confirmation stating its independence annually.

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

The Committee therefore recommended to the Board that a resolution to reappoint PwC as external auditor of the Company be put to shareholders at the 2023 AGM.

Internal Audit

The role of Internal Audit is to act as an independent and objective assurance function, designed to improve the effectiveness of the governance, risk management and internal controls framework in mitigating the key risks of British Land. Ernst & Young LLP (EY) provided Internal Audit services to British Land during the financial year and attended all Committee meetings to present their audit findings alongside the status of management actions. During the year it was decided to conduct an Internal Audit tender and Deloitte LLP were appointed as internal auditor effective from the financial year beginning 1 April 2023. Since the conclusion of the tender a handover process has been underway to ensure continuity of the Internal Audit provision.

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

Effectiveness

The annual effectiveness review of the internal auditor included consideration of the Internal Audit charter which defined EY's role and responsibilities, review of the quality of the audit work undertaken and the skills and competence of the audit teams. Key stakeholders across the Group, including Committee members, Head of Secretariat, Head of *Financial Reporting and other senior employees, completed* a questionnaire to assess the effectiveness of the internal auditor. The Committee concluded that, notwithstanding the decision to tender the Internal Audit role in order to focus on more strategically targeted audits, EY had discharged its duties as internal auditor effectively throughout the year.

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

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

Outcome

Following a review of the outputs from each source outlined above, the Committee concluded the internal and external auditors had operated effectively. Considering the previous year's objectives and progress made during the year, the key areas of focus for the Internal Audit function for the upcoming year would be the establishment of Deloitte LLP in their new internal auditor role, establishing a working relationship with management and providing the Committee with detailed information about the Internal Audit programme as well as setting a longer term three-year Internal Audit strategy. The key focus of the External Audit function would be to inform the Committee about key industry trends, work with management to improve the response time to conclude accounting issues, and provide further external advice and input into our overall risk management and internal controls processes.

Investment and development property valuations

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

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

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

Risk management and internal controls

A detailed summary of the Group's risk framework as well as additional information on our systems of internal control is set out in the 'Managing risk in delivering our strategy' section on pages 46 to 50. The Board has delegated responsibility for overseeing the effectiveness of the Group's risk management and internal control systems to the Committee. The Board confirms that the systems have been in place for the year under review and up to the date of approval of the Annual Report and Accounts and have been regularly reviewed throughout the year. The Board are satisfied that the internal controls and systems of risk management are effective. An overarching view of the internal controls system, and the role of the Board and Committee, is set out on the next page. The Committee has oversight of the activities of the executive Risk Committee, receiving minutes of all Risk Committee meetings and discussing any significant matters raised.

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

Half yearly, in conjunction with the internal auditor, management reports to the Committee on the effectiveness of internal controls, highlighting control issues identified through the exceptions reporting and key controls testing across all key operational and financial controls. Risk areas identified are considered for incorporation in the Internal Audit plan and the findings of Internal Audits are taken into account when identifying and evaluating risks within the business. Key observations and management actions are reported to, and debated by, the Committee. For the year ended 31 March 2023, the Committee has not identified, nor been advised of, a failing or weakness which it has deemed to be significant.

At the request of the Remuneration Committee, the Committee considers annually the level of risk taken by management and whether this affects the performance of the Company. The Remuneration Committee takes this confirmation into account when determining incentive awards granted to the Executive Directors and senior management. Taking into account reports received on internal key controls and risk management, and the results of the Internal Audit reviews, the Committee concluded that for the year ended 31 March 2023 there was no evidence of excessive risk taking by management which ought to be taken into account by the Remuneration Committee when determining incentive awards.

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

System of internal control

The elements that make up the system of internal control are:

Governance Framework: Structured with three lines of defence, the governance structure enables the efficient prioritisation of key risks and actions to mitigate risk. An illustration of the governance framework can be found on page 112.

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

Operational Risk Management: Each business unit is supported to manage its own risk to ensure that potential risks are identified and mitigated at an early stage. This embeds the responsibility of risk management at a business unit level. Further detail can be found on page 47.

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

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

Internal Control Framework

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

338 Euston Road, *Regent's Place*

ALIGNING INCENTIVE WITH STRATEGY

Our Remuneration Policy aligns management incentives with our strategy.

Dear Shareholders

During the year under review the Committee has focused on three main areas: implementing our 2022 Remuneration Policy; working with management to re-frame the Company's reward and recognition proposition with a relaunched portfolio of benefits during the year; and being mindful of the need to mitigate the disproportionate impact of the cost of living crisis on our junior colleagues.

Directors' Remuneration Policy

The Committee and Board as a whole were pleased to receive overwhelming support for the Directors' Remuneration Policy at the 2022 AGM with a vote of 96.24% in favour. As discussed later in this report, the Committee made its first grant of LTIP shares under the new policy in July 2022 and has begun to assess the performance of management against the revised performance measures. The assessment of performance under the new Annual Incentive Plan has been undertaken for the first time this year.

The Committee holds management to account robustly by setting and measuring performance conditions that stretch performance in key areas. We are confident that the 2022 policy and the performance conditions within it incentivise the management team to deliver the right outcomes for the Company, shareholders and our wider stakeholders alike.

The Committee has responsibility under its terms of reference to ensure that reward at British Land incentivises the right culture. This overlaps with the responsibility of the ESG Committee, which is responsible for overseeing the culture of British Land as a whole. Accordingly, both Committees held a joint session for the first time this year to understand the rich data that came from our employee engagement survey, particularly through a diversity lens, and remain informed about the evolving benchmarks for sustainability in real estate in order to assess the Company's relative performance.

The data showed that people of different ethnicity, gender or sexual orientation did not feel that their characteristics had any impact on the fairness of their compensation. Importantly, those different groups were also generally aligned on their job performance being fairly evaluated and on receiving recognition for good work. The Committees therefore concluded that the data showed those groups did not feel unfairly treated because of their characteristics. The Committees were impressed with the skill and expertise within the management team with regards to sustainability. Both Committees will work closely with management to monitor the emerging area of sustainability benchmarks and ensure that the measures we use to assess the Company's relative performance remain appropriate.

Company Performance & Bonus

Operationally, the Company has performed strongly during a year of macroeconomic uncertainty. In a year that has been dominated by market forces and international, economic and geopolitical turbulence, management have acted decisively to maximise performance in areas under their control. The Company is reporting another very strong year of leasing on the back of record levels in 2022. Management have also worked hard to recover £18m of rental arrears, whilst reducing our EPRA cost ratio down from 25.6% in 2022, to 19.5% this year. As a result, the Company has exceeded the underlying profit stretch target for the year by £34m.

Higher interest rates and the corresponding returns required from property investments have impacted the value of real estate generally. However, we are estimating that British Land has outperformed the MSCI March Annual Universe Benchmark as a result of the strategic direction of the Company to pivot towards growth and management's sector and asset allocation. The final outcome against MSCI will be known later in the year and we will update our disclosures in due course. Financial performance is important, but we are similarly pleased with the progress the Company has made against our 2030 Sustainability Strategy. Similarly, we are delighted to see the very strong engagement scores up 9% year on year to 78% overall, with 93% of employees proud to work for British Land. This is a significant achievement in such a volatile environment.

The Annual Incentive Plan performance targets that were in operation for the first time this year reward Executive Directors for operational out-performance on matters within their control whilst reflecting the macroeconomic driven valuation movements. The Committee considers that the 2022 policy has operated as intended both in terms of company performance and quantum during the year.

The Committee therefore considers the estimated formulaic outcomes under the Annual Incentive Plan (adopting the estimated MSCI metric) are appropriate and has not exercised its discretion.

The achieved performance for the year under review results in an estimated bonus of 93% of salary for Simon Carter and 95% of salary for Bhavesh Mistry against a maximum of 150%. This performance outcome is in line with the bonus outcome for the workforce as a whole and is explained in more detail on page 148.

The 2020 Long Term Incentive award is expected to vest partially on 22 June 2023. The final outcome of the performance conditions, as described on page 151, will be known after the finalisation of this report and will be confirmed by the Committee in due course with details to be provided in the 2024 Annual Report. The current estimated vesting proportion is 11%.

Reward and Recognition

The Committee recognises that junior colleagues and less well remunerated colleagues throughout our business are inevitably feeling the impact of the cost of living crisis far more acutely than others

In seeking to mitigate the cost of living the Company has taken a multi-year approach. At the end of the 2022 pay review in May last year, we targeted materially higher percentage pay rises of 7% for our lowest paid staff, with more senior colleagues receiving a pay rise of 3%. This year we have also awarded an average pay rise of 6% for staff below Executive Committee level.

The Committee will continue to monitor the impact of higher inflation on our workforce and ensure the overall reward package at British Land remains appropriate.

In addition to the cost of living concerns, management have worked hard to reform the reward and recognition proposition at British Land during the year. Within the existing framework, more focus has been applied to using reward to incentivise the successful delivery of key objectives, and the retention of our top talent.

We are rolling out a new management training programme for our leaders which includes modules on how to help their team members develop their careers. In tandem, we have relaunched our learning and development portal to give everyone the self-help tools to develop their own portfolio of skills and experience.

Remuneration in respect of the year commencing 1 April 2023

Salaries

The Committee reviewed salaries for the Executive Directors during the year and concluded that a 3% increase was appropriate.

The Executive Directors and Chair of British Land considered the fees for the Non-Executive Directors during the year and concluded that a 3% increase to the basic fee was appropriate. The Chair's fee was reviewed by the Remuneration Committee and was considered to remain appropriate. Both fees were benchmarked against the market and against the salary increases across the wider business.

Annual Incentives & Long Term Incentives

Executive Directors are eligible for a maximum bonus of 150% of salary and maximum Long Term Incentive Award of up to 300%. The Committee does not intend to grant LTIP awards above 250% of salary.

Pensions

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

Gender and ethnicity pay gap

The gender pay and bonus gaps increased slightly during the year on a consolidated basis across the business. The 5 April 2023 snapshot shows the median gender pay gap for the British Land Company PLC increased by 2.7% from 19.2% last year to 21.9%. The British Land Property Services Limited (formerly Broadgate Estates) median pay gap reduced by 3.1% from 29.3% to 26.2%. The combined median gender pay gap across our business increased by 1.7% compared with last year.

The increase in the British Land Company PLC gender pay gap is due to a number of senior women leaving the business. The absolute numbers of senior women leavers were similar to the number of men leaving, but due to timing of departures and because the total population had more senior men, the pay gaps were negatively affected.

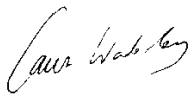
The ethnicity pay and bonus gaps both reduced on a consolidated basis across the business reflecting our success in increasing the ethnicity disclosure rate of our employees and the ongoing impact of a number of very senior hires. On an entity level the British Land Company PLC median ethnicity pay gap reduced by 5% from 19.2% last year to 14.2%. The British Land Property Services Limited ethnicity pay gap has reduced by 11.5% over the course of the year from 29.4% to 17.9% as at the 5 April 2023 snapshot.

More information can be found at britishland.com/gender-pay-gap

Recommendation

British Land is committed to listening carefully to shareholder feedback and to applying best practice to its remuneration policies and approach. We hope that you will continue to support our approach to remuneration and will vote in favour of this Report at the 2023 AGM.

Yours sincerely,



Laura Wade-Gery
Chair of the Remuneration Committee

Remuneration at a glance

How we align rewards to delivering our strategy

As set out in the Strategic Report, we have a clearly defined business model and a range of competitive strengths. We target strategic themes that have strong structural tailwinds and currently see opportunities in:

- Development of best in class sustainable space on our campuses
- Retail Parks
- London Urban Logistics

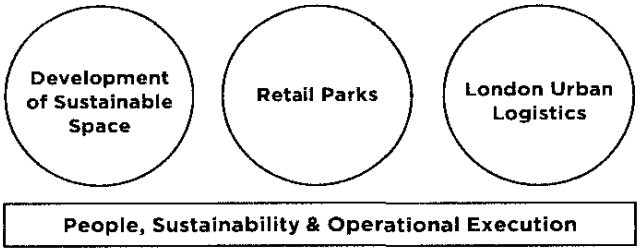
Delivering against these areas lays the foundation for future value creation. Each year, Executive Directors are set objectives by the Board, which are then cascaded through the Executive Committee and on to the whole organisation. These objectives are focused on maximising opportunities within the strategic themes below as well as continued strong operational performance, progress against our sustainability ambitions and the continued enhancement of our best in class platform.

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

Over the longer term, we measure our performance against selected financial and sustainability market benchmarks as well as absolute return metrics that are set at the start of the three year cycle. We only reward our people where the business at least matches those benchmarks and we share a small percentage of any outperformance. We tailor these performance measures to be as relevant as possible to the composition of our business but we recognise that there may inevitably be a degree of mismatch.

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

Our strategic themes:



2022 Remuneration Policy

	1 year performance	3 year performance
Annual profitability	- Profit targets	
Development Profit	- Targets for Development Profit	
Property valuation changes	- Relative Total Property Return performance	- Relative Total Property Return performance
Total Accounting Return		- Absolute Total Accounting Return performance against a target range
Environmental Measures	- EPC ratings across estate - GRESB Real Estate benchmark	- Operational carbon reduction - Operational energy reduction
Development of Sustainable Space **Retail Parks** **London Urban Logistics** **People, Sustainability & Operational Execution**	- Objectives aligned with our strategic themes, sustainability ambitions, continued strong operational performance and continuing to enhance our best in class platform	

Summary of the Remuneration Policy and how we apply it

The Remuneration Policy was approved by shareholders on 12 July 2022. The Policy will apply until the AGM in July 2025. The Remuneration Policy is set out in full in the 2022 Annual Report and is available on our website britishland.com/committees.

Element of remuneration		Link to strategy	Framework
Fixed	Basic salary	Attracts and retains expert people with the appropriate degree of expertise and experience to deliver agreed strategy	Reviewed annually and increases typically in line with the market and general salary increases throughout the Group
	Benefits		Benefits are restricted to a maximum of £20,000 per annum for car allowance and the amount required to continue providing agreed benefits at a similar level year on year
	Pension contribution		Defined contribution arrangements - cash allowances in lieu of pension are made to the CEO and CFO at 15% of salary
Variable	Annual Incentive	Performance measures related to British Land's strategic, financial and environmental performance as well as the Executive Directors' individual area of responsibility are set by the Committee at the beginning of the financial year	Maximum opportunity is 150% of basic salary. 2/3rd is paid in cash with the remaining 1/3rd (net of tax) used to purchase shares on behalf of the Executive Director (Annual Incentive Shares) which must be held for a further three years whether or not the Executive Director remains an employee of British Land
	Long term incentive	Total Property Return (TPR) links reward to the Company's relative gross property performance Total Accounting Return (TAR) links reward to absolute financial returns ESG Carbon and Energy Reduction link remuneration outcomes to the Company's 2030 Sustainability Strategy	LTIP grants are typically of 250% of salary in the form of performance shares, within the maximum value of an LTIP award of 300% of salary

Executive Directors' remuneration

The tables below show the 2023 actual remuneration against potential opportunity for the year ended 31 March 2023 and 2022 actual remuneration for each Executive Director. The figures for Bhavesh Mistry's actual and potential 2022 remuneration are pro-rated to reflect part service during the year.

Full disclosure of the single total figure of remuneration for each of the Directors is set out in the table on page 147.

2023 actual remuneration v 2023 on-target potential (£'000)

1. FY23 potential assumes that both annual and long term incentives pay out in full, with the LTIP value taking into account share price change since grant
2. Simon Carter - FY23 Potential pay based on 2020 LTIP Awards and as such this was in respect of his award in the CFO role
3. Bhavesh Mistry - FY22 pay based on pro-rata remuneration since appointment in July 2021. FY22 and FY23 pay also includes buyout awards granted to replace incentives that were forfeited upon leaving previous employer.

How we intend to apply our Remuneration Policy during the year commencing 1 April 2023

The following pages set out how the Committee intends to apply the Remuneration Policy during the coming year.

Executive Directors' remuneration

Basic salaries

The Executive Directors have not received a salary increase since appointment. Noting market trends and the overall salary increases that have been made for the workforce over the past two years, the Remuneration Committee considered it appropriate to increase Executive Director salaries by 3% for the year beginning 1 April 2023. This compares with an average salary increase across the workforce of 6% in respect of the same period.

Director	Basic salary £000
Simon Carter	773
Bhavesh Mistry	505

Pension and benefits

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

Annual Incentive awards

The maximum bonus opportunity for Executive Directors remains unchanged at 150% of salary. The performance measures for the Annual Incentive awards were reframed last year to align more closely to the Company's new strategic direction and reflect our sustainability agenda.

The detailed targets that the Committee sets are considered to be commercially sensitive and as such the specific targets for the quantitative measures for the coming year will be disclosed in the 2024 Remuneration Report. In assessing how the Executive Directors perform during the year commencing 1 April 2023, the Committee will take into account their performance against all of the measures and make an assessment in the round to ensure that performance warrants the level of award determined by the table below.

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

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

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

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

Long term incentive awards

LTIP awards will be granted to Executive Directors during the year commencing 1 April 2023. The size and timing of the award will be determined by the Committee at a later date and disclosed in an RNS announcement. Full details will be included in next year's Annual Report.

Measure	Link to strategy	Measured relative to	Weighting
Total Accounting Return (TAR) The growth in British Land's EPRA Net Tangible Asset Value (NAV) per share plus dividends per share paid over the LTIP performance period.	The TAR measure is designed to link reward to performance at the net property level that takes account of gearing and our distributions to shareholders.	TAR performance will be assessed against targets set in the context of the business plan and investor expectations over the long term Threshold: 4% per annum Maximum: 10% per annum	**50%**
Total Property Return (TPR) The change in capital value, less any capital expenditure incurred, plus net income. TPR is expressed as a percentage of capital employed over the LTIP performance period and is calculated by MSCI.	The TPR measure is designed to link reward to strong performance at the gross property level.	TPR performance will be assessed against the performance of an MSCI sector weighted benchmark. Threshold: Equal to Index Maximum: Index +1.00% per annum	**25%**
Environmental, Social, Governance (ESG) Operational Carbon Reduction (CO2e per sqm) Operational Energy Reduction	The ESG measure is designed to link reward to delivering our 2030 ESG commitments measured against a 2019 baseline	ESG performance will be assessed against targets set in line with achieving our sustainability vision **Operational Carbon Reduction (12.5% of total weighting)** Threshold: 44% reduction Intermediate: 48% reduction Maximum: 53% reduction **Operational Energy Reduction (12.5% of total weighting)** Threshold: 17% reduction Intermediate: 19% reduction Maximum: 21% reduction	**25%**

For all performance measures, there is no vesting below threshold performance. At threshold performance, vesting is at 20%. There will be straight-line vesting between threshold and intermediate (if applicable) and stretch performance targets.

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

Non-Executive Directors' fees

Fees paid to the Chair and Non-Executive Directors for their Board roles are positioned around mid-market with the aim of attracting individuals with the appropriate degree of expertise and experience. The fee structure set out below is unchanged since being applied in 2019 except that the Non-Executive Directors' annual fee has been increased by £2,000 to £66,000 from 1 April 2023. The Chairs of Committees also receive a membership fee.

Chair's annual fee	£375,000
Non-Executive Director's annual fee	£66,000
Senior Independent Director's annual fee	£10,000
Audit or Remuneration Committee Chair's annual fee	£20,000
Audit or Remuneration Committee member's annual fee	£8,000
ESG Committee Chair's annual fee	£14,000
Nomination or ESG Committee member's annual fee	£5,000

How we applied our current Remuneration Policy during the year ended 31 March 2023

The following pages set out how we implemented the Directors' Remuneration Policy during the year ended 31 March 2023 and the remuneration received by each of the Directors.

Single total figure of remuneration (audited)

The following tables detail all elements of remuneration receivable by British Land's Executive Directors in respect of the year ended 31 March 2023 and show comparative figures for the year ended 31 March 2022.

Executive Directors	Salary 2023 £000	Taxable benefits 2023 £000	Pension or pension allowance 2023 £000	Other items in the nature of remuneration[1] 2023 £000	Annual Incentives[2] 2023 £000	Long term incentives[3] 2023 £000	Total 2023 £000	Fixed remuneration 2023 £000	Variable remuneration 2023 £000
Simon Carter	**750**	**20**	**113**	**13**	**698**	**142**	**1,736**	**896**	**840**
Bhavesh Mistry	**490**	**20**	**74**	**555**	**466**	**62**	**1,666**	**595**	**1,071**

1. £543,144 of the amount shown for Bhavesh relates to the partial vesting of a joining award of British Land shares made to him on 19 July 2021 to replace a pre-existing PSP award granted by Tesco plc in 2019 that lapsed upon him joining the Company. It is regarded as variable pay for the purposes of this table Of the 124,948 shares that were awarded, 107,705 shares (equivalent to 86.2% of the award) vested at 504p per share on 20 June 2022. The remaining balance of 17,243 shares lapsed. The performance condition outcome of 86.2% is reported on page 78 of the 2022 Tesco plc Annual Report under the heading '2019 PSP Outturn (audited)'.
2. Estimated outcomes. 2023 Annual Incentive outcomes are subject to the publication of final MSCI results.
3. Estimated outcomes based on the Volume Weighted Average Price of 425.81p in respect the last quarter of the year ended 31 March 2023. 2023 Long Term Incentive outcomes are subject to confirmation of final vesting levels in June 2023. The amount shown for Bhavesh Mistry relates to a joining grant that was made to him to replace pre-existing awards from his previous employer that lapsed upon him joining the Company. Attached to the grant are the same performance conditions that apply to the LTIP grant made to British Land Executive Directors on 22 June 2020, as detailed on page 151.

Details of all the joining awards that were made to Bhavesh on 19 July 2021 can be found on page 146 of the 2022 Annual Report

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

1. Bhavesh Mistry was appointed as a Director on 19 July 2021. Amounts paid are time apportioned accordingly.
2. £1,288,044 of the amount paid to Bhavesh Mistry represents awards made to Bhavesh under the Company's Long Term Incentive Plan to replace pre-existing awards from his previous employer that lapsed when he left to join the Company.
3. Confirmed outcomes. Actual Annual incentive and Long Term Incentive outcomes are confirmed after publication of the Annual Report each year. Forecast estimated figures were published in the 2022 Report; the actual outcomes, which were unchanged from the estimated figures, are reflected in the table above.

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

Fixed pay

Taxable benefit

Taxable benefits for both Executive Directors include a car allowance £16,700 and private medical insurance of £3,125.

Other items in the nature of remuneration

Other items in the nature of remuneration include: life assurance, permanent health insurance, annual medical check-ups, professional subscriptions and the value of shares awarded under the all-employee Share Incentive Plan (comprising a free share award of £3,600 and matching share awards during the year of £3,600 for both Directors).

Pensions

Simon Carter is a member of the Defined Contribution Scheme and utilises his Annual Pension Allowances; the remaining amount of his pension is paid in cash, for him to make his own arrangements for retirement. Simon Carter is also a deferred member of the British Land Defined Benefit Pension Scheme in respect of his employment with British Land earlier in his career. The table below details the defined benefit pensions accrued at 31 March 2023. Bhavesh Mistry does not participate in any British Land pension plan. Instead he receives a cash allowance in lieu of pension to make his own arrangements for retirement.

Executive Director	Defined benefit pension accrued at 31 March 2023 £000	Normal retirement age years
Simon Carter	**43**	**60**

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

Annual Incentives FY23 (audited)

The level of Annual Incentive award is determined by the Committee based on British Land's performance and Executive Directors' performance against quantitative and strategic targets during the year. For the year ended 31 March 2023 the Committee's assessment and outcomes against these criteria (before exercising any discretion) are set out below. Quantitative measures are a direct assessment of the Company's financial performance and in the very long term business we operate are a reflection of many of the decisions taken in prior years. The delivery of strategic objectives positions the future performance of the business so payouts under this part of the Annual Incentive Plan will not necessarily correlate with payouts under the quantitative measures in any year. The level of bonus calculated by applying the criteria below generated an outcome of 93% of salary for Simon Carter and 95% of salary for Bhavesh Mistry against a maximum opportunity of 150% for both Directors.

Quantitative Measures	Weighting	Performance in line with minimum expectations (0% Payout except TPR of 17% Payout)	Performance in line with expectations	Performance in line with maximum expectations (100% Payout)	Final outcome (% of max)	Final outcome (% of salary)	Performance achieved against target range
Net Asset Value changes	**20%**						
Total Property Return vs MSCI Benchmark	20%	0bps	+60bps*	+125bps	**11.3%**	**17.0%**	17% payout for matching the MSCI Benchmark rising to 100% payout for outperforming by 125bps
Annual Profitability	**40%**						
Underlying Profit	30%	£228m	£230m	£239m £264m	**30%**	**45%**	0% payout for meeting a threshold level rising to 100% payout
Development Profit	10%	-£319m	£125m	£145m £175m	**0%**	**0%**	0% payout for meeting a threshold level rising to 100% payout
Environmental Measures	**20%**						
Global Real Estate ESG Benchmark (GRESB)	10%	85	86	87 90	**0%**	**0%**	0% payout for meeting a threshold level rising to 100% payout for at least matching a stretch level
EPC Rating	10%		36%	41% 45% 45%	**10%**	**15%**	0% payout for meeting a threshold level rising to 100% payout for at least matching a stretch level
Sub-total	**80%**				**51.3%**	**77.0%**	

* The above chart is an estimate of the 2023 TPR outcomes which will depend on performance against MSCI figures that will only become available after the finalisation of this Report and as such, represent an estimate of the final figures. The final performance will be reported within the 2024 Annual Report

Simon Carter

Measure	Weighting	Outcome	% award	Final outcome (% of max)	Final outcome (% of salary)
Active capital recycling	3.0%	£17m of Office sales exchanged post-year end. Steady planning progress made on Euston Tower development; public consultation commenced.	0.7%		
Realising the value opportunities in Retail	2.0%	Good progress on Retail Park purchases; £94m purchases with a further £54m completed post year end.	1.5%		
Realising the potential of campuses	3.0%	Invested £33m in innovation assets and continue to make progress on longer term master plan opportunities. Re-positioned towards innovation occupiers at Regents Place and Canada Water; lab space being enabled at Regents Place and under offer to an affordable workspace operator. Modular labs at Canada Water due to PC in Q1 FY24.	1.5%		
Progressing value accretive development	3.0%	Resolution to grant planning achieved on West One, 1 Appold, Ealing 10-40 The Broadway and 5KS Logistics. Achieved pre-let at Norton Folgate, with 103k - 127k sq ft exchanged with Reed Smith, and good engagement with potential occupiers at 2FA.	1.7%	**10.8%**	**16.2%**
Building our exposure in urban logistics	3.0%	Completed on £22m of urban logistics asset purchases Good progress on Logistics planning; achieved planning on 5KS and a further 1.5m sq ft (Thurrock, Verney Road, Mandela Way and Enfield).	1.7%		
Delivering our residential strategy	2.0%	Residential development underway at Aldgate and Canada Water; good progress on forward sale of Aldgate and CW residential sales in line with underwriting.	1.0%		
Deliver our place based approach	1.0%	On track to deliver two initiatives with plans developed and reviewed with asset managers at appropriate assets	0.7%		
People & Sustainability	3.0%	DE&I action plans underway. Joint Gender & Ethnicity pay gap report produced and published. Engagement survey completed with a group engagement score of 78%	2.0%		

Bhavesh Mistry

Measure	Weighting	Outcome	% award	Final outcome (% of max)	Final outcome (% of salary)
Active Capital Recycling	5.0%	Clear investor narrative developed identifying key drivers of return, both near and long term. Good investor engagement with positive feedback on operational delivery, strength of balance sheet and liquidity. Maintained refinancing date of > 2 years with no requirement to refinance until 2026.	2.7%		
Realising the value opportunities in Retail	3.0%	Exchanged £51m of leasing, ahead of full year target of £34m, with outperformance driven by regears and renewals.	3.0%		
Realising the potential of our campuses	3.0%	Leased £39m in the Office standing portfolio, ahead of full year target of £35m. Storey occupancy of 93% and renewals of 76%.	2.0%		
Delivering operational efficiency and effectiveness	5.0%	Delivered improvements in systems, technology, and processes. Detailed Technology strategy work underway, with year one milestones initiated and progressing to plan. BL Connect delivered at 100LPS with work underway at Portman Cluster. All campus apps live following launch at Regents Place. New business plan process in place and operating as BAU. Data & Reporting use cases, financial processes and risk mapping.	1.7%	**12.1%**	**18.0%**
Deliver our place based approach	1.0%	On track to deliver two initiatives with plans developed and reviewed with asset managers at appropriate assets.	0.7%		
People & Sustainability	3.0%	DE&I action plans underway. Joint Gender & Ethnicity pay gap report produced and published. Engagement survey completed with a group engagement score of 78%	2.0%		

Total Payout	Final outcome (% of max)	Final outcome (% of salary)
Simon Carter	62.1%	93.2%
Bhavesh Mistry	63.4%	95.0%

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

2022 comparative: In June 2022, the Committee confirmed that the outperformance of TPR compared to the MSCI benchmark was +270bps, which represents a marginal improvement from an estimated +240bps within the 2022 Annual Report. The reported figure of +240bps already exceeded the maximum performance range and therefore there were no impacts on the amounts paid to Directors.

Long term incentives (audited)

The information in the long term incentives column in the single total figure of remuneration table (see page 147) relates to vesting of awards granted under the following schemes, including, where applicable, dividend equivalent payments on those awards. The below note outlines forecasts of the 2023 long term incentive outcomes. The actual outcomes will only become available after the finalisation of this Report.

Long Term Incentive Plan (audited)

The awards granted to Executive Directors on 22 June 2020, and which will vest on 22 June 2023, were subject to three performance conditions over the three-year period to 31 March 2023. Bhavesh Mistry was granted LTIP shares upon joining British Land to replace pre-existing awards granted by previous employers that lapsed when joining the Company as disclosed in full on page 146 of the 2022 Annual Report. The award listed in the table below was granted to Bhavesh on 19 July 2021 and is subject to the same performance conditions as the 2020 LTIP grant made to Executive Directors of British Land as detailed below. The award will vest on 3 July 2023.

The first condition (40% of the award) measured British Land's Total Property Returns (TPR) relative to the funds in the sector weighted MSCI Annual Universe (the Benchmark) previously the IPD UK Annual Property Index; the second (20% of the award) measured Total Accounting Return (TAR) relative to a comparator group of FTSE 350 property companies; while the third (40% of the award) measured Total Shareholder Return (TSR), half of which was measured against the FTSE 100 and the other half measured against the comparator group of FTSE 350 property companies.

The TPR element is expected to lapse, based on British Land's adjusted TPR of -1.9% per annum when compared to the estimated Benchmark of -1.8% per annum. The TAR element is also expected to lapse based on British Land's TAR of -6.5% per annum compared to an estimated 4.7% per annum for the property company index. The actual vesting of the TPR and TAR elements can only be calculated once results have been published by MSCI and all the companies within the comparator group respectively. The actual percentage vesting will be confirmed by the Committee in due course and details confirmed in the 2024 Remuneration Report. Korn Ferry has confirmed that 11% out of the 20% of the award assessed against the TSR of the Property companies index will vest as British Land's TSR performance of -8.8% outperformed the sector Index of -12.6%. The portion assessed against the FTSE 100 Index will however lapse as British Land's TSR performance was below the Index performance of 25.3%. The current estimated vesting level of the 2020 Awards is therefore 11% of maximum.

Executive Director	Performance shares or options	Number of performance shares awarded	Estimated value of award on vesting £000	Estimated dividend equivalent value £000	Increase in value as a result of share price movement between grant and vesting £000
Simon Carter	Shares	272,812	128	15	4
Bhavesh Mistry	Shares	121,787	57	5	0

2022 comparative: As set out in the 2022 Annual Report, the 2019 LTIP awards lapsed in full on 25 July 2022 as expected.

Share scheme interests awarded during the year (audited)

The total face value of LTIP awards made to Executive Directors for the year ended 31 March 2023 was equivalent to 250% of basic salary at grant.

The share price used to determine the face value of performance shares, and thereby the number of performance shares awarded, is the average over the three dealing days immediately prior to the day of award. The share price for determining the number of performance shares awarded to Executive Directors was 456.07p. The performance conditions attached to these awards are set out in the Remuneration Policy approved by shareholders in July 2022 and summarised on the next page.

Performance shares

Executive Director	Grant date	Number of performance shares granted	Face value £000	End of performance period	Vesting date	Percentage vesting on achievement of minimum performance threshold %
Simon Carter	19/07/22	411,121	1,875	31/03/25	19/07/25	20%
Bhavesh Mistry	19/07/22	268,599	1,225	31/03/25	19/07/25	20%

Performance against the LTIP will be assessed over a period of three years. No more than 20% of the award will vest if the minimum performance threshold is achieved. Performance below the minimum threshold will result in the relevant proportion of the LTIP award lapsing. 100% of the proportion of each element of award attached to each measure will vest if British Land's performance reaches the stretch level. Those stretch levels are: relative TPR performance against the MSCI March Annual Universe Benchmark of +1.00% pa (25% weighting); absolute TAR of 10.00% pa (50% weighting); 30% reduction in Operational Carbon Intensity (12.5% weighting); and 14% reduction in Operational Energy (12.5% weighting). TAR will be measured on the basis of a three year average over the performance period. TPR will be measured on a straight line basis between the index and stretch performance. Both sustainability metrics will be measured against the 31 March 2019 base level disclosed within our 2030 Sustainability Strategy, which can be found at britishland.com/sustainability.

Save As You Earn Options

Executive Director	Grant date	Number of performance shares granted	Option price pence[1]	Face value at grant £000	Subject to performance measures	Date becomes exercisable	Exercisable until
Simon Carter	22/06/22	4,275	421	18	No	01/09/25	28/02/26
Bhavesh Mistry	22/06/22	4,275	421	18	No	01/09/25	28/02/26

1 The option price of 421p represents a 20% discount to the three day Volume Weighted Average Price between 24 and 26 May 2022.

Payments to past Directors & payments for loss of office (audited)

There were no payments to past Directors or payments to Directors for loss of office during the year ended 31 March 2023.

Directors' shareholdings and share interests (audited)

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

Although there are no shareholding guidelines for Non-Executive Directors, they are each encouraged to hold shares in British Land. The Company facilitates this by offering Non-Executive Directors the ability to purchase shares quarterly using their post-tax fees. During the year ended 31 March 2023, Mark Aedy, Irvinder Goodhew and Tim Score have each received shares in full or part satisfaction of their fees.

	Outstanding scheme interests as at 31 March 2023				Shares held		
Director	Unvested share plan awards (subject to performance measures)	Unvested share plan awards (not subject to performance measures)	Unvested share plan option awards	**Total shares subject to outstanding share plan awards**	As at 1 April 2022	**As at 31 March 2023**	**Total of all share plan awards and shareholdings as at 31 March 2023**
Simon Carter	1,061,599	3,238	4,275	**1,069,112**	227,728	**263,203**	**1,332,315**
Bhavesh Mistry	629,331	83,659	4,275	**717,265**	78,001	**164,288**	**881,553**
Tim Score (Chair)					100,526	**124,283**	**124,283**
Mark Aedy[1]					2,072	**9,491**	**9,491**
Lynn Gladden					18,339	**18,339**	**18,339**
Irvinder Goodhew[1]					9,746	**21,487**	**21,487**
Alastair Hughes					7,371	**7,371**	**7,371**
Nicholas Macpherson[2]					5,600	**5,600**	**5,600**
Preben Prebensen					20,000	**20,000**	**20,000**
Laura Wade-Gery					9,585	**9,585**	**9,585**
Loraine Woodhouse					8,760	**12,123**	**12,123**

1. The shareholdings for Mark Aedy and Irvinder Goodhew as at 1 April 2022 have been restated from the 2022 Annual Report. The amounts shown on page 147 of the 2022 Annual Report under 'as at 31 March 2022' incorrectly included 1,916 shares for Irvinder Goodhew and 1,544 shares for Mark Aedy that were allotted to the Directors on 5 April 2022 in full satisfaction of their respective NED Fees.
2. Nicholas Macpherson retired from the Board on 12 July 2022. The figure of 5,600 shares was his shareholding at that date.

Acquisitions of ordinary shares after the year end

In addition, on 5 April 2023, the following Non-Executive Directors were allotted shares at a price of 385.85 pence per share in full or part satisfaction of their fees:

Non-Executive Director	Shares allotted
Tim Score	6,480
Irvinder Goodhew	3,581
Mark Aedy	2,241

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

Executive Director	Date of purchase or award	Purchase price	Partnership shares	Matching shares	Dividend shares
Simon Carter	14/04/23	393.17p	38	76	-
	15/05/23	371.70p	41	82	
Bhavesh Mistry	14/04/23	393.17p	38	76	-
	15/05/23	371.70p	41	82	

Other than as set out above, there have been no further changes from 31 March 2023 up to the date this Annual Report was approved by the Board on 16 May 2023.

Shareholding guidelines

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

The guideline shareholdings for the year ending 31 March 2023 are shown below based on the Volume Weighted Average Price for 31 March 2023 of 387.8p:

Executive Director	Guideline as percentage of basic salary	Guideline holding	Holding counting toward guidelines at 31 March 2023	% of Salary Held (Based on 31 March 2023 Shareholding)
Simon Carter	225%	435,147	263,203	136%
Bhavesh Mistry	200%	252,708	164,288	130%

Unvested share awards (subject to performance)

Executive Director		Date of grant	Number outstanding at 31 March 2023	Subject to performance measures	End of performance period	Vesting date
Simon Carter	LTIP performance shares	22/06/20	272,812	Yes	31/03/23	22/06/23
	LTIP performance shares	22/06/21	377,666	Yes	31/03/24	22/06/24
	LTIP performance shares	19/07/22	411,121	Yes	31/03/25	19/07/25
Bhavesh Mistry	LTIP performance shares	19/07/21	121,787	Yes	31/03/23	03/07/23
	LTIP performance shares	02/08/21	238,945	Yes	31/03/24	02/08/24
	LTIP performance shares	19/07/22	268,599	Yes	31/03/25	19/07/25

Unvested share awards (not subject to performance)

Executive Director		Date of grant	Number outstanding at 31 March 2023	Subject to performance measures	Vesting date
Bhavesh Mistry	LTIP performance shares	19/07/21	44,273	No	29/05/23
	LTIP performance shares	19/07/21	28,209	No	27/05/24
	LTIP performance shares	19/07/21	9,403	No	26/05/25

Unvested option awards (not available to be exercised)

Executive Director		Date of grant	Number outstanding at 31 March 2023	Option price pence	Subject to performance measures	End of performance period	Date becomes exercisable	Exercisable until
Simon Carter	Sharesave options	22/06/22	4,275	421	No	N/A	01/09/25	28/02/26
Bhavesh Mistry	Sharesave options	22/06/22	4,275	421	No	N/A	01/09/25	28/02/26

On 2 March 2023, 4,137 options granted to Simon Carter on 18 June 2019 under the Company's SAYE share scheme lapsed in full.

Other disclosures

Relative importance of spend on pay

The graph below shows the amount spent on the remuneration for all employees (including Executive Directors) relative to the amount spent on distributions to shareholders for the years to 31 March 2023 and 31 March 2022. Remuneration of employees increased by 5.1% relative to the prior year. This is largely attributable to improved company performance resulting in larger bonus payments across the business. Distributions paid to shareholders during the year increased by 37% relative to the prior year. This increase is a result of the delayed impact of the Company paying full dividends in 2022/23, compared with the prior year whereby the effects of the Covid-19 pandemic had a material impact on the level of dividends that were paid.

Total shareholder return and Chief Executive's remuneration

The graph below shows British Land's total shareholder return for the 10 years from 1 April 2013 to 31 March 2023 against that of the FTSE All-Share Real Estate Investment Trusts (REIT) Total Return Index for the same period. The graph shows how the total return on a £100 investment in the Company made on 1 April 2013 would have changed over the 10-year period, compared with the total return on a £100 investment in the FTSE All-Share REIT Total Return Index. This index has been selected as a suitable comparator because it is the index in which British Land's shares are classified.

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

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

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22[2]	**2022/23[3]**
Chief Executive	Chris Grigg	Chris Grigg	Chris Grigg	Chris Grigg	Chris Grigg	Chris Grigg	Chris Grigg	CEO[1]	Simon Carter	**Simon Carter**
Chief Executive's single total figure of remuneration (£000)	5,398	6,551	3,623	1,938	2,279	1,653	1,534	1,644	1,919	**1,736**
Annual incentive awards against maximum opportunity (%)	90	96	67	33	63	36	28	53	91	**62%**
Long term incentive awards vesting rate against maximum opportunity (%)	98	93	54	15	16	0	0	0	0	**11%**

1. The amount shown for the 2020/2021 year is a blended figure, representing the remuneration paid to Chris Grigg and Simon Carter for the respective periods that they served as CEO.
2. Confirmed outcome.
3. Estimated outcome

Total shareholder return

The graph below shows British Land's total shareholder return for the 10 years to 31 March 2023, which assumes that £100 was invested on 1 April 2013. The Company chose the FTSE All-Share REIT's sector as an appropriate comparator for this graph because British Land has been a constituent of that index throughout the period.

CEO pay ratio

The 2022/23 CEO pay ratio, prepared in line with Method A of the reporting regulations, is set out below, along with historic data. In line with the method used last year, this method is considered to be the most comparable approach to the Single Figure calculation used for the CEO. The pay data is based on employees as at 31 March 2023 and has been analysed on a full-time equivalent basis, with pay for individuals working part-time increased pro-rata to the hours worked. Employees on maternity/paternity leave have been included in the analysis.

The table below shows the movement in median ratio since 2019/20. The median ratio has decreased in 2022/23 due to the lower bonus payout for the CEO and an increase in the total pay figure for the median employee which is driven by higher variable pay. The median ratio is considered to be consistent with the pay and progression policies within British Land as the remuneration policy for the CEO is set based on the same principles as the policy for the wider employee population. As such, salaries for all employees are set to reflect the scope and responsibilities of their role and take into account pay levels in the external market. The majority of staff are also eligible to receive a bonus, and whilst variable pay represents a larger proportion of the CEO's package, in all cases, there is a strong link between payouts and the performance of both the Company and the individual. The Committee Chair has provided an explanation of the relationship between reward and performance on page 141.

CEO pay ratio	2019/20	2020/21	2021/22	**2022/23**
Method	A	A	A	**A**
CEO single figure (£000)	1,534	1,644	1,919	**1,736**
Upper quartile	14:1	16:1	17:1	**15:1**
Median	22:1	23:1	26:1	**22:1**
Lower quartile	33:1	35:1	38:1	**33:1**

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

The salary and total pay for the individuals identified at the Lower quartile, Median and Upper Quartile positions in 2022/23 are set out over the page. Having reviewed the pay levels of these individuals it is felt that these are representative of the structure and quantum of pay at these points in the distribution of employees' pay.

2022/23 Employee pay	Salary	Total pay £
Upper quartile	77,595	**118,239**
Median	65,000	**77,980**
Lower quartile	40,076	**52,829**

Directors' remuneration compared to remuneration of British Land employees

The table below shows the percentage changes in different elements of the Directors' remuneration relative to the previous financial year and the average percentage changes in those elements of remuneration for employees of the listed parent company The British Land Company PLC. An explanation of the changes between 2022 and 2023 is provided below, with the explanation of changes in prior periods available in the relevant Annual Report and Accounts.

- CEO: Simon did not receive a salary increase between 2022 and 2023, nor since his promotion to CEO in November 2020. The annual bonus for Simon Carter decreased between 2022 and 2023 mirroring corporate performance over this period and the reduction in taxable benefits is driven by a reduction in the company's private medical insurance premium.
- Other Directors: The fees receivable by the Non-Executive Directors did not change between 2022 and 2023 as the rates and responsibilities remained the same across the period with the exception of Irvinder Goodhew who was appointed to the Remuneration Committee during the year and stepped down from the ESG Committee. Taxable benefits relate to transport and accommodation which increased in the year ended 31 March 2023 compared with the prior year due to a reduced level of overnight stays during the tail end of Covid-19.
- Employee average: The increase in employee salaries was due to inflationary and promotional increases during the year. The reduction in the average employee annual bonuses is as a result of lower performance outcomes in 2023 compared to 2022, although this was slightly mitigated by salary increases during the year, of which bonuses are a multiple. The reduction in benefits is largely driven by changes in employee choices of benefits.
- Methodology: Bhavesh Mistry and Mark Aedy are not included in the table below as they were appointed during the year ended 31 March 2022 and therefore do not have two full years' worth of fees to compare. They have not received an increase in salary or fees during the period beyond those attributable to changes in Committee responsibilities for Non-Executive Directors. Bhavesh's pay arrangements are unchanged over the relevant periods (from his appointment on 19 July 2021 until 31 March 2023).

	2023 vs 2022			2022 vs 2021			2021 vs 2020		
Remuneration element	**Base salary/fees % change**	**Benefits % change**	**Annual bonus % change**	Base salary/fees % change	Benefits % change	Annual bonus % change	Base salary/fees % change	Benefits % change	Annual bonus % change
Simon Carter	**0%**	**-2%**	**-32%**	35%	-2.8%	117%	n/a	n/a	n/a
Tim Score	**0%**	**0%**	**n/a**	7%	0%	n/a	20%	0%	n/a
Lynn Gladden	**0%**	**98%**	**n/a**	7%	100%	n/a	-6%	0%	n/a
Irvinder Goodhew	**3%**	**n/a**	**n/a**	n/a	n/a	n/a	n/a	n/a	n/a
Alastair Hughes	**0%**	**n/a**	**n/a**	9%	0%	n/a	-3%	0%	n/a
Preben Prebensen	**0%**	**n/a**	**n/a**	12%	0%	n/a	12%	0%	n/a
Laura Wade-Gery	**0%**	**n/a**	**n/a**	13%	0%	n/a	0%	0%	n/a
Loraine Woodhouse	**0%**	**n/a**	**n/a**	n/a	n/a	n/a	n/a	n/a	n/a
Average employees	**9**	**-7%**	**-17%**	6%	-7%	50%	2%	1%	84%

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

Non-Executive Directors' remuneration (audited)

The table below shows the fees paid to our Non-Executive Directors for the years ended 31 March 2023 and 31 March 2022:

	Fees[1]		Taxable benefits[2]		Total	
Chair and Non-Executive Directors	**2023 £000**	2022 £000	**2023 £000**	2022 £000	**2023 £000**	2022 £000
Tim Score (Chair)	**375**	375	**0**	0	**375**	375
Mark Aedy	**69**	39	**0**	0	**69**	39
Lynn Gladden	**77**	77	**4**	2	**81**	79
Irvinder Goodhew	**77**	75	**0**	0	**77**	75
Alastair Hughes	**96**	96	**0**	0	**96**	96
Nicholas Macpherson[3]	**20**	72	**0**	0	**20**	72
Preben Prebensen	**95**	95	**0**	0	**95**	95
Laura Wade-Gery	**97**	97	**1**	0	**98**	97
Loraine Woodhouse	**92**	92	**1**	0	**93**	92

1. Fees include the basic fee of £64,000 paid to each Non-Executive Director as well as Committee membership and Chair roles, with exception of the Chair.
2. Taxable benefits include the expenses incurred by Non-Executive Directors. The Company provides the tax gross up on these benefits and the figures shown above are the grossed up values. There is no variable element to the Non-Executive Directors' fees
3. Nicholas Macpherson stepped down from the Board on 12 July 2022.

Remuneration Committee membership

As at 31 March 2023, and throughout the year under review, the Committee was comprised wholly of independent Non-Executive Directors. The members of the Committee, together with attendance at Committee meetings, are set out in the table below:

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

During the year ended 31 March 2023, Committee meetings were also part attended by Tim Score (Chair), Simon Carter (Chief Executive Officer), Bhavesh Mistry (Chief Financial Officer), Brona McKeown (HR Director, General Counsel and Company Secretary), Kelly Barry (Reward Director) and Gavin Bergin (Head of Secretariat) other than for any item relating to their own remuneration. A representative from Korn Ferry also routinely attends Committee meetings.

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

How the Committee discharged its responsibilities during the year

The Committee's role and responsibilities have remained unchanged during the year and are set out in full in its terms of reference which can be found on the Company's website britishland.com/committees. The Committee's key areas of responsibility are:

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

In addition to the Committee's key areas of responsibility, during the year ended 31 March 2023, the Committee also considered the following matters:

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

The Committee's terms of reference have been reviewed by the Committee during the year and no changes were made.

Remuneration consultants

Korn Ferry was appointed as independent remuneration adviser by the Committee on 21 March 2017 following a competitive tender process. Korn Ferry is a member of the Remuneration Consultants Group and adheres to that group's Code of Conduct. The Committee assesses the advice given by its advisers to satisfy itself that it is objective and independent. The advisers have private discussions with the Committee Chair at least once a year in accordance with the Code of Conduct. Fees, which are charged on a time and materials basis, were £109,440 (excluding VAT). Korn Ferry also provided general remuneration advice to the Company during the year.

Voting at the Annual General Meeting

The table below shows the voting outcomes of the resolutions put to shareholders regarding the Directors' Remuneration Report and Remuneration Policy at the AGM in July 2022.

Resolution	Votes for	% for	Votes against	% against	Total votes cast	Votes withheld
Directors' Remuneration Report (2022)	633,429,298	96.49	23,012,044	3.51	656,441,342	678,007
Directors' Remuneration Policy (2022)	631,747,807	96.24	24,675,598	3.76	656,423,405	695,944

Service Contracts and Letters of Appointment

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.

Executive Director Service Contracts

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

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

Executive Directors' external appointments

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

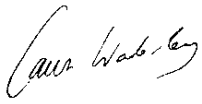
Chairman and Non-Executive Directors Letters of Appointment

The unexpired terms of the Chairman's and Non-Executive Directors' letters of appointment are shown below:

Director:	Original date of appointment	Effective date of appointment in most recent letter of appointment	Unexpired term at 16 May 2023 (months)
Tim Score (Chairman)	20 March 2014	15 May 2023	14
Preben Prebensen (SID)	1 September 2017	1 September 2020	14
Mark Aedy	1 September 2021	1 September 2021	26
Lynn Gladden	20 March 2015	24 May 2021	14
Irvinder Goodhew	1 October 2020	1 October 2020	14
Alastair Hughes	1 January 2018	1 January 2021	14
Laura Wade-Gery	13 May 2015	24 May 2021	14
Lorraine Woodhouse	1 March 2021	1 March 2021	14

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

This Remuneration Report was approved by the Board on 16 May 2023.



Laura Wade-Gery
Chair of the Remuneration Committee

DIRECTORS' REPORT AND ADDITIONAL DISCLOSURES

The Directors present their Report on the affairs of the Group, together with the audited financial statements and the report of the auditor for the year ended 31 March 2023.

The Directors' Report also encompasses the entirety of our Corporate Governance Report from pages 106 to 163 and Other Information section from pages 246 to 253 for the purpose of section 463 of the Companies Act 2006 (the 'Act'). The Directors' Report and Strategic Report together constitute the Management Report for the year ended 31 March 2023 for the purpose of Disclosure and Transparency Rule 4.1.8R. Information that is relevant to this Report, and which is incorporated by reference and including information required in accordance with the Act and or Listing Rule 9.8.4R, can be located in the following sections:

Information	Section in Annual Report	Page
Future developments of the business of the Company	Strategic Report	18 to 35
Dividends	Strategic Report	39
Financial instruments – risk management objectives and policies	Strategic Report	43 to 45
Viability and going concern statements	Strategic Report	61
Employment policies and employee involvement	Strategic Report	66 to 69
Sustainability governance	Strategic Report	91 to 92
Greenhouse gas emissions, energy consumption and efficiency	Strategic Report	102 to 103
Governance arrangements	Governance	112 to 119
Long term incentive schemes (LR 9.8.4 (4))	Directors' Remuneration Report	146
Capitalised interest (LR 9.8.4 (1))	Financial Statements	188 and 193
Exposure to risks	Financial Statements	209 to 218
Additional unaudited financial information (LR 9.8.4 (2))	Other Information (unaudited)	246 to 253

Annual General Meeting (AGM)

The 2023 AGM will be held at 11:00 on 11 July 2023 at 100 Liverpool Street, EC2M 2RH.

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

Articles of Association

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

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

Board of Directors

The names and biographical details of the Directors and details of the Board Committees of which they are members are set out on pages 108 to 111 and are incorporated into this Report by reference. Changes to the Directors during the year and up to the date of this Report are set out on page 107. The Company's current Articles require any new Director to stand for election at the next AGM following their appointment. However, in accordance with the Code and the Company's current practice, all continuing Directors offer themselves for election or re-election, as required, at the AGM.

Details of the Directors' interests in the shares of the Company and any awards granted to the Executive Directors under any of the Company's all-employee or executive share schemes are given in the Directors' Remuneration Report on pages 152 to 153. The service agreements of the Executive Directors and the letters of appointment of the Non-Executive Directors are also summarised in the Directors' Remuneration Report and are available for inspection at the Company's registered office.

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

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

Directors' interests in contracts and conflicts of interest

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

The Company's procedures for managing conflicts of interest by the Directors are set out on page 115. Provisions are also contained in the Articles which allow the Directors to authorise potential conflicts of interest.

Directors' liability insurance and indemnity

The Company maintains Directors' and Officers' liability insurance cover in respect of any potential legal action brought against its Directors.

'Qualifying third party indemnity' provisions (as defined by Section 234 of the Companies Act 2006) were in force during the course of the year ended 31 March 2023 for the benefit of the then Directors of the Company, and at the date of this Report, are in force for the benefit of the Directors of the Company in relation to certain losses and liabilities which they may incur (or have incurred) in connection with their duties, power or office.

Share capital

The Company has one class of shares, being ordinary shares of 25p each, all of which are fully paid. Holders of ordinary shares are entitled to attend and speak at general meetings of the Company and to appoint one or more proxies or, if the holder of shares is a corporation, one or more corporate representatives. On a show of hands, each holder of ordinary shares shall have one vote, as shall proxies. On a poll, every holder of ordinary shares present in person or by proxy shall have one vote for every share for which they are a holder. There are no restrictions on voting rights or the transfer of shares except in relation to Real Estate Investment Trust restrictions.

The Directors were granted authority at the 2022 AGM to allot relevant securities up to a nominal amount of £77,237,612 as well as an additional authority to allot shares to the same value again for a rights issue. This authority will apply until the conclusion of the 2023 AGM or the close of business on 29 September 2023, whichever is the sooner. At this year's AGM, shareholders will be asked to renew the authority to allot relevant securities.

At the 2022 AGM a special resolution was also passed to permit the Directors to allot shares for cash on a non-pre-emptive basis both in connection with a rights issue or similar pre-emptive issue and, otherwise than in connection with any such issue, up to a maximum nominal amount of £11,585,641. A further special resolution was passed to permit the Directors to allot shares for cash on a non-pre-emptive basis up to the same amount for use only in connection with an acquisition or a specified capital investment. At this year's AGM, shareholders will be asked to renew such powers.

At the 2022 AGM a special resolution was passed to permit the purchase of up to 92,685,134 ordinary shares. This authority will expire at the earlier of the conclusion of the 2023 AGM or close of business on 29 September 2023. The Company made no purchases of its own shares into treasury during the year pursuant to the above authority. The Company continued to hold 11,266,245 ordinary shares in treasury during the whole of the year ended 31 March 2023 and to the date of this Report.

→ **Further details relating to share capital, including movements during the year, are set out in Note 20 to the financial statements on pages 220 to 222.**

Rights under an employee share scheme

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

Waiver of dividends

Blest Limited and Equiniti Share Plan Trustees Limited act as trustees (Trustees) of the Companies discretionary Employee Share Trust (EST) and Share Incentive Plan respectively. The EST holds and, from time to time, purchases British Land ordinary shares in the market, for the benefit of employees, including to satisfy outstanding awards under the Company's various executive employee share plans. Dividend waivers are in place from the Trustees in respect of all dividends payable by the Company on shares which they hold in trust.

Substantial interests

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

As at 31 March 2023, the Company had been notified of the interests noted below in its ordinary shares in accordance with DTR 5. The information provided is correct at the date of notification.

	Interests in ordinary shares	Percentage holding disclosed %
BlackRock, Inc.	111,736,660	12.04
Norges Bank	72,963,230	7.87
APG Asset Management N.V.	55,244,122	5.96
Invesco Ltd.	45,871,686	4.95
Brookfield Asset Management Inc.	29,409,577	3.17

Since the year end, and up to 16 May 2023, the Company had been notified of the following interests in its ordinary shares in accordance with DTR 5. The information provided is correct at the date of notification:

	Interests in ordinary shares	Percentage holding disclosed %
BlackRock, Inc.	115,899,477	12.48

Change of control

The Group's unsecured borrowing arrangements include provisions that may enable each of the lenders or bondholders to request repayment or have a put at par within a certain period following a change of control of the Company. In the case of the Sterling bond this arises if the change of control also results in a rating downgrade to below investment grade. Further details on our unsecured borrowing arrangements can be found on page 45.

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

Payments policy

We recognise the importance of good supplier relationships to the overall success of our business. We manage dealings with suppliers in a fair, consistent and transparent manner.

→ **For more information please visit the Suppliers section of our website at britishland.com/suppliers.**

Events after the balance sheet date

→ **Details of subsequent events, if any, can be found in Note 26 on page 225.**

Political donations and expenditure

The Company and its subsidiaries did not make any political donations or incur any expenditure during the year ended 31 March 2023 (nil).

Inclusive culture

British Land employees are committed to promoting an inclusive, positive and collaborative culture. Our 2030 Diversity, Equality & Inclusion Strategy sets out our commitments and goals to make British Land the most inclusive organisation it can be. We treat everyone equally irrespective of age, sex, sexual orientation, race, colour, nationality, ethnic origin, religion, religious or other philosophical belief, disability, gender identity, gender reassignment, marital or civil partner status, or pregnancy or maternity. As stated in our Equal Opportunities Policy, British Land treats 'all colleagues and job applicants with equality. We do not discriminate against job applicants, employees, workers or contractors because of any protected characteristic. This applies to all opportunities provided by the Company including, but not limited to, job applications, recruitment and interviews, training and development, role enrichment, conditions of work, salary and performance review'. The Company ensures that our policies are accessible to all employees, making reasonable adjustment when required.

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

Community investment

Our financial community investment during the year totalled £2.2m (for the year ended 31 March 2022: £1,813,909). Of this, £1.5m came from the Social Impact Fund which is managed by the Social Impact Committee and overseen by the ESG Committee.

The Company also supports employee fundraising and payroll giving which are included in the figures above. For the year ended 31 March 2023 this covered.

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

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

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

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

Auditor and disclosure of information

PwC has indicated its willingness to remain in office and, on the recommendation of the Audit Committee, a resolution to reappoint PwC as the Company's auditor will be proposed at the 2023 AGM.

The Directors' Report was approved by the Board on 16 May 2023 and signed on its behalf by:

Brona McKeown
HR Director, General Counsel and Company Secretary

The British Land Company PLC
Company number: 621920

Directors' Responsibilities Statement

The Directors' Responsibilities Statement below has been prepared in connection with the Annual Report and financial statements for the year ended 31 March 2023. Certain parts of the Annual Report and financial statements have not been included in this announcement as set out in Note 1 to the financial information.

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

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

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

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

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

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

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

Directors' confirmations

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

Each of the Directors, whose names and functions are listed in Corporate Governance Report on pages 108 to 111, confirms that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with UK-adopted International Accounting Standards and IFRSs issued by IASB, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company and profit of the Company; and
- the Strategic Report and Directors' Report, which represent the management report, include a fair review of the development and performance of the business and the position of the Company and the Group taken as a whole, together with a description of the principal risks and uncertainties that it faces.

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

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

By order of the Board.

Bhavesh Mistry
Chief Financial Officer

16 May 2023

INDEPENDENT AUDITORS' REPORT

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

Report on the audit of the financial statements

Opinion

In our opinion:

- The British Land Company PLC's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2023 and of the group's loss and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts 2023 (the "Annual Report"), which comprise: the Consolidated and Company Balance Sheets as at 31 March 2023; the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, and the Consolidated and Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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

Basis for opinion

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

Independence

The British Land Company PLC 00621920

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

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

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

Our audit approach

Overview	
Audit scope	- We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. The group financial statements are prepared on a consolidated basis, and the audit team carries out an audit over the consolidated group balances in support of the group audit opinion. - The group's properties are spread across a number of statutory entities with the group financial statements being a consolidation of these entities, the company and the group's joint ventures. All work was carried out by the group audit team with additional procedures performed on the consolidation to ensure sufficient coverage for our opinion on the group financial statements as a whole.
Key audit matters	- Valuation of investment and development properties, either held directly or through joint ventures (group). - Recoverability of tenant debtors and incentives (group). - Accounting for the Paddington Central partial disposal and joint venture arrangement (group). - Taxation (group). - Recoverability of investments and loans to subsidiaries and joint ventures (company).
Materiality	- Overall group materiality: £82.9 million (2022: £98.4 million) based on 1% of total assets. - Specific group materiality: £13.3 million (2022: £12.6 million), based on 5% of the group's Underlying Profit before tax. - Overall company materiality: £74.6 million (2022: £88.5 million) based on 1% of total assets. - Performance materiality: £62.1 million (2022: £73.8 million) (group) and £56.0 million (2022: £66.3 million) (company).

The scope of our audit

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

Key audit matters

The British Land Company PLC 00621920

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

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

Accounting for the Paddington Central partial disposal and joint venture arrangement is a new key audit matter this year. Accounting for Canada Water partial disposal and joint venture arrangement, which was a key audit matter last year, is no longer included because of the fact that it was a transaction that occurred and was tested in the prior year. Otherwise, the key audit matters below are consistent with last year.

Key audit matter

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

Refer to the Report of the Audit Committee, Notes to the financial statements – Note 1 (Basis of preparation, significant accounting policies and accounting judgements), Note 10 (Property) and Note 11 (Joint ventures).The group owns either directly or through joint ventures a portfolio of property consisting of Campuses, Retail & Fulfilment and Developments. The total property portfolio valuation for the group was £5,595 million (2022: £6,944 million) and for the group's share of joint ventures and funds was £3,316 million (2022: £3,538 million) as at 31 March 2023. The valuations were carried out by third party valuers CBRE, Jones Lang LaSalle, Cushman & Wakefield and Knight Frank (the 'Valuers').

The Valuers were engaged by the directors and performed their work in accordance with the Royal Institute of Chartered Surveyors ('RICS') Valuation – Global Standards and the requirements of IAS 40 'Investment Property'. In determining the valuation of a property, the Valuers take into account property-specific information such as the current tenancy agreements and rental income.

They apply assumptions for yields and estimated market rent, which are influenced by prevailing market yields and comparable market transactions, to arrive at the final valuation. For developments, the residual appraisal method is used, by estimating the fair value of the completed project using a capitalisation method less estimated costs to completion and a risk premium. The valuation of the group's property portfolio was identified as a key audit matter given the valuation is inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future rental streams for that particular property.

The significance of the estimates and judgements involved, coupled with the fact that only a small percentage difference in individual property valuations, when aggregated, could result in a material misstatement, warranted specific audit focus in this area.

How our audit addressed the key audit matter

Given the inherent subjectivity involved in the valuation of the property portfolio, and therefore the need for deep market knowledge when determining the most appropriate assumptions and the technicalities of valuation methodology, we engaged our internal valuation experts (qualified chartered surveyors) to assist us in our audit of this matter. We assessed the Valuers' qualifications and expertise and read their terms of engagement with the group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work.

We also considered fees and other contractual arrangements that might exist between the group and the Valuers. We found no evidence to suggest that the objectivity of the Valuers was compromised. We read the valuation reports for the properties and confirmed that the valuation approach for each was in accordance with RICS Global Standards. We obtained details of each property held by the group and set an expected range for yield and capital value movement, determined by reference to published benchmarks and using our experience and knowledge of the market. We compared the investment yields used by the Valuers with the range of expected yields and the year on year capital movement to our expected range.

We also considered the reasonableness of other assumptions that were not so readily comparable with published benchmarks, such as estimated rental value. For developments valued using the residual valuation method, we obtained the development appraisals and assessed the reasonableness of the Valuers' key assumptions. This included comparing the yield to comparable market benchmarks, comparing the costs to complete estimates to development plans and contracts, and considering the reasonableness of other assumptions that are not so readily comparable with published benchmarks, such as estimated rental value and developers' profit. We held discussions with each of the Valuers and challenged their approach to the valuations, the key assumptions and their rationale behind the more significant valuation movements during the year.

Where assumptions were outside the expected range or showed unexpected movements based on our knowledge, we undertook further investigations, held further discussions with the Valuers and obtained evidence to support explanations received. We also challenged the Valuers as to the extent to which recent market transactions and expected rental values which they made use of in deriving their valuations took into account the impact of climate change.

The valuation commentaries provided by the Valuers and supporting evidence, enabled us to consider the property specific factors that may have had an impact on value, including recent comparable transactions where appropriate.

We concluded that the assumptions used in the valuations were supportable in light of available and comparable market evidence. We performed testing on the standing data in the group's information systems concerning the valuation process. We carried out procedures, on a sample basis, to satisfy ourselves of the accuracy of the property information supplied to the Valuers by management. For operating properties, we agreed tenancy information to supporting evidence on a sample basis. For developments, we confirmed that the supporting information for construction contracts and budgets, which was supplied to the Valuers, was also consistent with the group's records for example by inspecting construction contracts. For developments, capitalised expenditure was tested on a sample basis to invoices, and budgeted costs to complete compared to supporting evidence.

We agreed the amounts per the valuation reports to the accounting records and the financial statements, including the relevant note disclosures.

We considered reasons why the market capitalisation was lower than the net asset value of the group. We have no issues to report in respect of this work.

Key audit matter	How our audit addressed the key audit matter
Recoverability of tenant debtors and incentives (group) Refer to the Report of the Audit Committee, Notes to the financial statements – Note 1 (Basis of preparation, significant accounting policies and accounting judgements), Note 10 (Property) and Note 13 (Debtors). The total value of trade debtors recognised within the group was £33 million (2022: £53 million) and within joint ventures was £11 million at 31 March 2023 (2022: £17 million), against which an expected credit loss ('ECL') provision of £27 million (2022: £47 million) and £7 million (2022: £13 million) respectively was recognised. The total tenant incentives recognised within the group was £155 million (2022: £161 million) and within joint ventures was £102 million at 31 March 2023 (2022: £96 million), against which an ECL provision of £20 million (2022: £19 million) and £12 million (2022: £8 million) respectively was recognised. Covid-19 and the resulting economic and social disruption in prior years brought unforeseen challenges to the UK and the wider global economy, impacting the group and in general the overall risk profile. Whilst conditions continued to improve in 2022/2023 in relation to Covid-19, other geopolitical and economic risks increased during the year and there remains a risk of tenants defaulting or tenant failure. The level of arrears has reduced from the prior year, although remains higher than pre-pandemic and a significant proportion of the arrears relates to debtors that are greater than six months old. The estimation of the ECL provision against tenant debtors and incentives remains highly subjective and contains significant estimation uncertainty The directors have applied the ECL model under IFRS 9 Financial Instruments and utilised a matrix methodology to determine the provision. The key assumptions have been the tenants' risk rating and the related expected loss rate for each risk rating and ageing combination. Tenant risk ratings have been determined by the directors, taking into consideration information available surrounding a tenant's credit rating, financial position and historical default rates. The expected loss rate has also taken into consideration the ageing profile of the debtors, the historical cash collected over the pandemic period and a forward looking expectation of collection rates. The same key assumptions are applied in the ECL model for tenant incentives, without the consideration of the ageing profile and historical cash collections which are not relevant for tenant incentive balances. In addition, during the year, the IFRS Interpretations Committee ('IFRIC') issued their decisions on the treatment of lessor forgiveness of lease payments and demand deposits with restrictions on use. The application of these decisions represented a change to the previous accounting policies applied by the group and therefore the directors chose to restate the prior year comparative information. On the basis that the estimation of an ECL provision against the tenant debtors and incentives balances has been highly subjective and contains significant estimation uncertainty, we have identified this as a key audit matter. In relation to the IFRIC decisions, our audit focused on this area, including that the restatements made were accurate and that adequate disclosures were made in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.	We have evaluated the methodology utilised by the directors in determining the ECL provisions as at 31 March 2023. We are satisfied the approach is compliant with the requirements of IFRS 9 Financial Instruments. We obtained and checked the mathematical accuracy, and completeness, of the data used to calculate the provision balances. Given the complexity and the manual nature of the ECL model, we used an independent application to check the integrity of the spreadsheet used to calculate the provision. On a sample basis, we performed detailed testing over the underlying data and information used in the ECL analysis including but not limited to verifying: the tenant's year end outstanding debtor balance; the tenant's year end unamortised lease incentive balance; the tenant's credit histories and current trading performance; the ageing of the balances; the level of cash collections during the year; and the forward-looking expectation of collection rates amongst other factors. We assessed the significant assumptions adopted by management in the provision for ECL on tenant debtors and incentives against supporting evidence. On a sample basis, we assessed the appropriateness of the most significant assumptions, being the categorisation of tenants into different risk ratings and the provisioning percentages applied to each of these risk categories, by agreeing to supporting documents. We reviewed the disclosures made in relation to the ECL provision and the sensitivity of the provision to the underlying probability of default applied. We evaluated management's methodology for applying the revised accounting policies and ensured conformity with the requirements of the IFRIC agenda decisions. We tested the mathematical accuracy of the calculations of the adjustments required in relation to the IFRIC decisions. We also selected a sample of the underlying data used in the calculations of the adjustments required for both the 2021 and 2022 financial years, verifying that the data was accurate and complete. We reviewed the disclosures that management included in Note 1 to explain the changes in accounting policies, and ensured that the restated comparative information was complete and accurate. We have no matters to report in respect of this work.

Key audit matter	How our audit addressed the key audit matter
Accounting for the Paddington Central partial disposal and joint venture arrangement (group) Refer to the Audit Committee Report and the Financial Statements, Notes to the financial statements – Note 1 (Basis of preparation, significant accounting policies and accounting judgements) and Note 11 (Joint ventures). During the reporting period, the group disposed of its Paddington Central Campus assets into the Paddington Central Joint Venture (the 'Joint Venture' or 'Partnership'), with the group owning a 25% interest and the other partner holding a 75% interest in the Joint Venture. As part of the transaction, the group disposed of £934m of property for a consideration of £915m and recorded a £19m loss on disposal. The directors have exercised critical judgement in respect of the joint control assessment of the Joint Venture. As part of the assessment, the directors considered the group's control over the Partnership in respect of its 25% ownership. The directors assessed the group's power to direct the relevant activities of the Partnership through the partnership agreements, including reserved matters which require the unanimous consent of the partners, and the group's subsequent exposure to variable returns. Through this analysis, the directors have been able to satisfactorily conclude that the group has joint control over the Partnership and therefore has accounted for the Partnership as a joint venture using the equity method, in-line with the group's accounting policies. This warranted additional audit focus due to the size and nature of the transaction and the critical accounting judgement made by the directors.	We obtained an understanding of the nature of the transaction and assessed the accounting treatment in relation to the group's accounting policies. For the disposal, we obtained and reviewed the key supporting documentation including the sale and purchase agreements and completion statements and agreed the consideration received to bank statements. For the joint venture arrangement, we read the underlying partnership agreements and agreed that the accounting treatment of the joint venture arrangement was in accordance with IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, and IAS 28 Investments in Associates and Joint Ventures, and verified the degree of control or influence held by the group was appropriate to recognise a joint venture arrangement. We have no matters to report in respect of this work.
Taxation (group) Refer to the Report of the Audit Committee, the Notes to the financial statements – Note 1 (Basis of preparation, significant accounting policies and accounting judgements) and Note 7 (Taxation). The UK Real Estate Investment Trust ('REIT') regime grants companies tax-exempt status provided they meet the rules within the regime. The rules are complex, and the tax-exempt status has a significant impact on the financial statements. The complexity of the rules creates a risk of an inadvertent breach and the group's profit becoming subject to tax. The group's status as a REIT underpins its business model and shareholder returns. For this reason, it warrants special audit focus. The obligations of the REIT regime include requirements to comply with balance of business, dividend and income cover tests. The Broadgate and Paddington Central joint ventures are also structured as a REITs and as such, REIT compliance is also of relevance for these joint ventures in addition to the overallgroup. Tax provisions are in place to account for the risk of challenge of certain of the group's tax positions. Given the subjective nature of these provisions, additional audit focus was placed on tax provisions.	We confirmed our understanding of management's approach to ensuring compliance with the REIT regime rules and we involved our internal taxation specialists to verify the accuracy of the application of the rules. We obtained management's calculations and supporting documentation, verified the inputs to their calculations and re-performed the group's and the Broadgate and Paddington Central joint ventures' annual REIT compliance tests. We used our knowledge of tax circumstances and, by reading relevant correspondence between the group and HMRC and the group's external tax advisors, we are satisfied that the assumptions and judgements used by the group in determining the tax provisions are reasonable. We have no matters to report in respect of this work.

Key audit matter	How our audit addressed the key audit matter
Recoverability of investments and loans to subsidiaries and joint ventures (company) Refer to the Notes to the financial statements – Note A (Accounting policies – Critical accounting judgements and key sources of estimation uncertainty) and Note D (Investments in subsidiaries and joint ventures, loans to subsidiaries and other investments). The company has investments and loans to subsidiaries of £23,140 million (2022: £33,140 million) and investments in joint ventures £111 million (2022: £116 million) as at 31 March 2023. This is following the recognition of a £354 million (2022: £32 million) provision for impairment in investments in subsidiaries, a write back of impairment of £1,350 million (2022: write back of £221 million) in loans to subsidiaries, and a £36 million (2022: £22 million) provision for impairment investments in joint ventures in the year. The company's accounting policy for investments and loans is to hold them at cost less any impairment. Impairment of the loans is calculated in accordance with IFRS 9, where expected credit losses are considered to be the excess of the company's loan to a subsidiary over the subsidiary net asset value. Investments in subsidiaries and joint ventures are assessed for impairment in line with IAS 36. In the year, the company received capital distributions totalling £9,847 million (2021/22: £nil) from its subsidiaries following a corporate simplification and restructuring exercise conducted. This included recapitalising subsidiaries that were previously in a net liability position and therefore unable to repay their intercompany loans and gave rise to a net reversal of loan impairment at the company level and investment impairment losses in certain of the subsidiaries involved in the restructuring. Losses incurred by those subsidiaries that made the capital injections have been treated as deemed distributions in the company's profit or loss. The company considered the impairment of investment and loan balances at 31 March 2023, including those held in subsidiaries that made capital injections, in accordance with IAS 36, IFRS 9 and its accounting policy. Given the inherent estimation and complexity in assessing both the carrying value of a subsidiary or joint venture company, and the expected credit loss of intercompany loans, this was identified as a key audit matter.	We assessed the accounting policies for investments and loans in subsidiaries and investment in joint ventures to ensure they were compliant with FRS 101 "Reduced Disclosure Framework". We obtained management's impairment assessments for the recoverability of investments and loans in subsidiaries and investment in joint ventures as at 31 March 2023. We verified that the methodology used by management in arriving at the carrying value of the investments in subsidiaries and joint ventures was in line with IAS 36 Impairment of Assets, and that for loans to subsidiaries the expected credit loss was in line with IFRS 9 Financial Instruments, including the related provision for impairment of investments and reversal of impairment of the loans. We identified the key estimate within the assessment of impairment of the investments and loans to subsidiaries and investments in joint ventures to be the underlying valuation of investment property held by the subsidiaries and joint ventures. For details of our procedures over investment property valuations please refer to the related group key audit matter above. Given the complexity and the manual nature of the impairment models, we used an independent application to check the integrity of the spreadsheets and to recalculate the provisions. We assessed the steps undertaken by management to restructure and simplify the corporate structure and obtained documentation to support the transactions executed on a sample basis. We have no matters to report in respect of this work.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The group owns and invests in a number of investment and development properties in two segments, Campuses and Retail & Fulfilment, across the United Kingdom. These are held within a variety of subsidiaries and joint ventures with the group financial statements being a consolidation of these entities, the company and the group's joint ventures. The Broadgate Joint Venture was subject to a full scope audit, and the Meadowhall, Paddington Central and Canada Water Joint Ventures were scoped in for specific account balances. All work was carried out by the group audit team with additional procedures performed at the group level (including audit procedures over the consolidation and consolidation adjustments) to ensure sufficient coverage and appropriate audit evidence for our opinion on the group financial statements as a whole.

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

In respect of the audit of the company, the group audit team performed a full scope statutory audit.

The impact of climate risk on our audit
In planning our audit, we made enquiries with management to understand the extent of the potential impact of climate change risk on the financial statements. Our evaluation of this conclusion included challenging key judgements and estimates in areas where we considered that there was greatest potential for climate change impact. We particularly considered how climate change risks would impact the assumptions made in the valuation of investment properties as explained in our key audit matter above. We also considered the consistency of the disclosures in relation to climate change made within the Annual Report, the financial statements and the knowledge obtained from our audit. We assessed the consideration of the cost of delivering the group's climate change and sustainability strategy within the going concern and viability forecasts.

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

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

	Financial statements – group	Financial statements – company
Overall materiality	£82.9 million (2022: £98.4 million).	£74.6 million (2022: £88.5 million).
How we determined it	1% of total assets	1% of total assets
Rationale for benchmark applied	A key determinant of the group's value is property investments. Due to this, the key area of focus in the audit is the valuation of investment and development properties, either held directly or through joint ventures. On this basis, and consistent with the prior year, we set an overall group materiality level based on total assets.	The company's main activity is the investments in and loans to subsidiaries and joint ventures. Given this, we set an overall company materiality level based on total assets. For purposes of the group audit, we capped the overall materiality for the company to be 90% of the group overall materiality.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £8m to £16m. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

In addition, we set a specific materiality level of £13.3 million (2022: £12.6 million) for items within the Underlying column of the Income Statement which is based on 5% of the group's Underlying Profit before tax.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to £62.1 million (2022: £73.8 million) for the group financial statements and £56.0 million (2022: £66.3 million) for the company financial statements.

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

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £4.1 million (Group audit) (2022: £4.9 million) and £3.7 million (company audit) (2022: £4.4 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

In addition we agreed with the Audit Committee that we would report to them misstatements identified during our group audit above £1.0 million (2022: £1.0 million) for misstatements related to Underlying Profit within the financial statements, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons

Conclusions relating to going concern
Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Corroborated key assumptions (e.g. liquidity forecasts and financing arrangements) to underlying documentation and ensured this was consistent with our audit work in these areas;
- Considered management's forecasting accuracy by comparing how the forecasts made at the half year compare to the actual performance in the second half of the year;
- Understood and assessed the appropriateness of the key assumptions used both in the base case and in the severe but plausible downside scenario, including assessing whether we considered the downside sensitivities to be appropriately severe;

- Tested the integrity of the underlying formulas and calculations within the going concern and cash flow models;
- Considered the appropriateness of the mitigating actions available to management in the event of the downside scenario materialising. Specifically, we focused on whether these actions are within the Group's control and are achievable; and
- Reviewed the disclosures provided relating to the going concern basis of preparation and found that these provided an explanation of the directors' assessment that was consistent with the evidence we obtained.

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

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

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

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

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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

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

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

Strategic Report and Directors' Report and additional disclosures

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report and additional disclosures for the year ended 31 March 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Directors' Remuneration

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

Corporate governance statement

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

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

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;

- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

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

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

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

- Discussions with management and internal audit, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud, and review of the reports made by management and internal audit;
- Understanding of management's internal controls designed to prevent and detect irregularities;
- Reviewing the group's litigation register in so far as it related to non-compliance with laws and regulations and fraud;
- Reviewing relevant meeting minutes, including those of the Risk Committee and the Audit Committee,
- Review of tax compliance with the involvement of our tax specialists in the audit;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;

- Challenging assumptions and judgements made by management in their significant areas of estimation including procedures relating to the valuation of investment properties and the expected credit loss provisions in respect of tenant debtors and incentives as described in the related key audit matters above; and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, posted by unexpected users and posted on unexpected days.

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

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

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

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

Other required reporting

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

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

We have no exceptions to report arising from this responsibility.

Appointment
Following the recommendation of the Audit Committee, we were appointed by the members on 18 July 2014 to audit the financial statements for the year ended 31 March 2015 and subsequent financial periods. The period of total uninterrupted engagement is 9 years, covering the years ended 31 March 2015 to 31 March 2023.

Other matter

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

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

16 May 2023

FINANCIAL STATEMENTS

Consolidated Income Statement

For the year ended 31 March 2023

	Note	2023 Underlying[2] £m	2023 Capital and other £m	2023 Total £m	Restated[1] 2022 Underlying[2] £m	Restated[1] 2022 Capital and other £m	Restated[1] 2022 Total £m
Revenue	3	**418**	**-**	**418**	432	(20)	412
Costs[3]	3	**(97)**	**-**	**(97)**	(124)	(9)	(133)
	3	**321**	**-**	**321**	308	(29)	279
Joint ventures (see also below)[4]	11	**92**	**(559)**	**(467)**	84	163	247
Administrative expenses		**(88)**	**-**	**(88)**	(88)	-	(88)
Valuation movement	4	**-**	**(798)**	**(798)**	-	475	475
(Loss) profit on disposal of investment properties and revaluation of investments		**-**	**(30)**	**(30)**	-	45	45
Net financing income							
financing income	6	**2**	**88**	**90**	-	67	67
financing charges	6	**(62)**	**-**	**(62)**	(55)	(7)	(62)
		(60)	**88**	**28**	(55)	60	5
(Loss) profit on ordinary activities before taxation		**265**	**(1,299)**	**(1,034)**	249	714	963
Taxation	7	**(1)**	**(4)**	**(5)**	4	(2)	2
(Loss) profit for the year after taxation		**264**	**(1,303)**	**(1,039)**	253	712	965
Attributable to non-controlling interests		**1**	**(2)**	**(1)**	2	-	2
Attributable to shareholders of the Company		**263**	**(1,301)**	**(1,038)**	251	712	963
Earnings per share:							
basic	2			**(112.0)p**			103.8p
diluted	2			**(112.0)p**			103.5p

All results derive from continuing operations.

	Note	2023 Underlying[2] £m	2023 Capital and other £m	2023 Total £m	Restated[1] 2022 Underlying[2] £m	Restated[1] 2022 Capital and other £m	Restated[1] 2022 Total £m
Results of joint ventures accounted for using the equity method							
Underlying Profit		**92**	**-**	**92**	84	-	84
Valuation movement[5]	4	**-**	**(567)**	**(567)**	-	167	167
Capital financing income (charges)		**-**	**8**	**8**	-	(4)	(4)
Taxation	7	**-**	**-**	**-**	-	-	-
	11	**92**	**(559)**	**(467)**	84	163	247

1. Prior year comparatives have been restated for a change in accounting policy in respect of rental concessions. Refer to Note 1 for further information.
2. See definition in Note 2 and a reconciliation between Underlying Profit and IFRS profit in Note 21.
3. Included within 'Costs' is a credit relating to provisions for impairment of tenant debtors, accrued income and tenant incentives and contracted rent increases of £9m (2021/22: £2m credit). This is disclosed in further detail in Note 10 and Note 13.
4. Included within 'Joint ventures' is a charge relating to provision for impairment of equity investments and loans to joint ventures of £237m (2021/22: £22m), disclosed in further detail in Note 11.
5. Included within the 'Valuation movement' debit of £567m (2021/22: credit of £167m) is a net valuation movement debit of £567m (2021/22: credit of £115m) and the realisation of gain on disposal of assets into joint ventures of £nil (2021/22: £52m), disclosed in further detail in Note 11.

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2023

	2023 £m	Restated[1] 2022 £m
(Loss) profit for the year after taxation	**(1,039)**	965
Other comprehensive income (expense):		
Items that may be reclassified subsequently to profit or loss:		
Gains on cash flow hedges		
- Joint ventures	**10**	1
	10	1
Reclassification of foreign exchange differences on disposal of subsidiary net investment to the income statement	**-**	(12)
Other comprehensive income (expense) for the year	**10**	(11)
Total comprehensive (expense) income for the year	**(1,029)**	954
Attributable to non-controlling interests	**(1)**	2
Attributable to shareholders of the Company	**(1,028)**	952

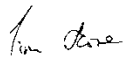
1. Prior year comparatives have been restated for a change in accounting policy in respect of rental concessions. Refer to Note 1 for further information.

Consolidated Balance Sheet

As at 31 March 2023

	Note	2023 £m	Restated[1] 2022 £m
ASSETS			
Non-current assets			
Investment and development properties	10	**5,677**	7,032
		5,677	7,032
Other non-current assets			
Investments in joint ventures	11	**2,206**	2,521
Other investments	12	**58**	41
Property, plant and equipment		**22**	27
Interest rate and currency derivative assets	17	**144**	97
		8,107	9,718
Current assets			
Trading properties	10	**22**	18
Debtors	13	**34**	60
Corporation tax		**2**	3
Cash and cash equivalents	17	**125**	111
		183	192
Total assets		**8,290**	9,910
LIABILITIES			
Current liabilities			
Short term borrowings and overdrafts	17	**(402)**	(189)
Creditors	14	**(282)**	(278)
		(684)	(467)
Non-current liabilities			
Debentures and loans	17	**(1,865)**	(2,427)
Other non-current liabilities[2]	15	**(145)**	(152)
Deferred tax liabilities	16	**(4)**	-
Interest rate and currency derivative liabilities	17	**(67)**	(96)
		(2,081)	(2,675)
Total liabilities		**(2,765)**	(3,142)
Net assets		**5,525**	6,768
EQUITY			
Share capital		**234**	234
Share premium		**1,308**	1,307
Merger reserve		**213**	213
Other reserves		**15**	5
Retained earnings		**3,742**	4,994
Equity attributable to shareholders of the Company		**5,512**	6,753
Non-controlling interests		**13**	15
Total equity		**5,525**	6,768
EPRA Net Tangible Assets per share[3]	2	**588p**	730p

1. Prior year comparatives have been restated for a change in accounting policies in respect of rental concessions and tenant deposits. Refer to Note 1 for further information.
2. See footnote 2 in Note 3.
3. See definition in Note 2.



Tim Score
Chairman

Bhavesh Mistry
Chief Financial Officer

The financial statements on pages 174 to 227 were approved by the Board of Directors and signed on its behalf on 16 May 2023. Company number 621920.

Consolidated Statement of Cash Flows

For the year ended 31 March 2023

	Note	2023 £m	Restated[1] 2022 £m
Income received from tenants		**391**	419
Fees and other income received		**47**	30
Operating expenses paid to suppliers and employees		**(200)**	(201)
Sale of trading properties		**-**	8
Cash generated from operations		**238**	256
Interest paid		**(71)**	(62)
Corporation taxation payments		**-**	(6)
Distributions and other receivables from joint ventures	11	**73**	57
Net cash inflow from operating activities		**240**	245
Cash flows from investing activities			
Development and other capital expenditure		**(209)**	(259)
Purchase of investment properties		**(155)**	(596)
Sale of investment properties		**8**	187
Sale of investment properties to Canada Water Joint Venture	11	**-**	290
Sale of investment properties to Paddington Central Joint Venture	11	**686**	-
Purchase of investments		**(15)**	(14)
Indirect taxes paid in respect of investing activities		**4**	(5)
Loan repayments from joint ventures	11	**125**	133
Investment in and loans to joint ventures		**(148)**	(121)
Capital distributions from joint ventures	11	**30**	-
Net cash inflow (outflow) from investing activities		**326**	(385)
Cash flows from financing activities			
Dividends paid	19	**(213)**	(155)
Dividends paid to non-controlling interests		**(1)**	(6)
Capital payments in respect of interest rate derivatives		**(21)**	(7)
Purchase of non-controlling interests in Hercules Unit Trust		**-**	(38)
Decrease in lease liabilities		**(4)**	(4)
Decrease in bank and other borrowings		**(637)**	(213)
Drawdowns on bank and other borrowings		**324**	483
Net cash (outflow) inflow from financing activities		**(552)**	60
Net increase (decrease) in cash and cash equivalents		**14**	(80)
Cash and cash equivalents at 1 April		**111**	191
Cash and cash equivalents at 31 March	17	**125**	111
Cash and cash equivalents consists of:			
Cash and short term deposits		**99**	74
Tenant deposits		**26**	37

1. Prior year comparatives have been restated for a change in accounting policy in respect of tenant deposits. Refer to Note 1 for further information.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2023

	Share capital £m	Share premium £m	Hedging and translation reserve £m	Re-valuation reserve £m	Merger reserve £m	Restated Retained earnings £m	Restated[1] Total £m	Non-controlling interests £m	Restated[1] Total equity £m
Balance at 1 April 2022	**234**	**1,307**	**2**	**3**	**213**	**4,994**	**6,753**	**15**	**6,768**
Loss for the year after taxation	–	–	–	–	–	**(1,038)**	**(1,038)**	**(1)**	**(1,039)**
Gains on cash flow hedges - joint ventures	–	–	–	**10**	–	–	**10**	–	**10**
Other comprehensive income	–	–	–	**10**	–	–	**10**	–	**10**
Total comprehensive (expense) income for the year	–	–	–	**10**	–	**(1,038)**	**(1,028)**	**(1)**	**(1,029)**
Shares issued in the year	–	**1**	–	–	–	–	**1**	–	**1**
Fair value of share and share option awards	–	–	–	–	–	**1**	**1**	–	**1**
Dividends payable in year (23.20p per share)	–	–	–	–	–	**(215)**	**(215)**	–	**(215)**
Dividends payable by subsidiaries	–	–	–	–	–	–	–	**(1)**	**(1)**
Balance at 31 March 2023	**234**	**1,308**	**2**	**13**	**213**	**3,742**	**5,512**	**13**	**5,525**
Balance at 1 April 2021 as published	234	1,307	14	2	213	4,154	5,924	59	5,983
Change of accounting policy in respect of rental concessions (Note 1)	–	–	–	–	–	30	30	–	30
Restated balance at 1 April 2021	234	1,307	14	2	213	4,184	5,954	59	6,013
Profit for the year after taxation	–	–	–	–	–	963	963	2	965
Gains on cash flow hedges - joint ventures	–	–	–	1	–	–	1	–	1
Reclassification of foreign exchange differences on disposal of subsidiary net investment	–	–	(12)	–	–	–	(12)	–	(12)
Other comprehensive income (expense)	–	–	(12)	1	–	–	(11)	–	(11)
Total comprehensive income (expense) for the year	–	–	(12)	1	–	963	952	2	954
Fair value of share and share option awards	–	–	–	–	–	2	2	–	2
Purchase of the units from non-controlling interests[2]	–	–	–	–	–	2	2	(40)	(38)
Dividends payable in year (16.96p per share)	–	–	–	–	–	(157)	(157)	–	(157)
Dividends payable by subsidiaries	–	–	–	–	–	–	–	(6)	(6)
Balance at 31 March 2022	234	1,307	2	3	213	4,994	6,753	15	6,768

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

Notes to the Accounts

1 Basis of preparation, significant accounting policies and accounting judgements

The financial statements for the year ended 31 March 2023 have been prepared on the historical cost basis, except for the revaluation of properties, investments classified as fair value through profit or loss and derivatives. The financial statements are prepared in accordance with UK-adopted International Accounting Standards and the applicable legal requirements of the Companies Act 2006 ('IFRS').

In the current year the Group has adopted a number of minor amendments to standards effective in the year issued by the IASB, none of which have had a material impact on the Group. These include amendments to IAS 16, IAS 37, IFRS 3 and annual improvements to IFRS Standards 2018-2020. Several amendments to standards and interpretations have been issued but are not yet effective for the current accounting period. These include amendments to IAS 12, IAS 1 and IFRS Practice Statement 2. These have not yet been adopted by the Group. The amendments listed above did not have any impact on amounts recognised in prior years, and are not expected to significantly affect current and future years.

In the current year the Group has adopted two Agenda Decisions issued by the IFRS Interpretations Committee, in respect of the accounting for rental concessions granted to tenants and tenant deposits. This has led to a change in the Group's accounting policies in these two respective areas. Further details on these changes have been disclosed later in this Note on pages 184 to 185.

Going concern

The financial statements are prepared on a going concern basis. The consolidated balance sheet shows that the Group is in a net current liability position, predominantly due to short term borrowings and overdrafts of £402m. The Group has access to £1.8bn of undrawn facilities and cash, which provides the Directors with a reasonable expectation that the Group will be able to meet these current liabilities as they fall due. In making this assessment the Directors took into account forecast cash flows and covenant compliance, including stress testing through the impact of sensitivities as part of a 'severe but plausible downside scenario'. Before factoring in any income receivable, the undrawn facilities and cash would also be sufficient to cover forecast capital expenditure, property operating costs, administrative expenses, maturing debt and interest over the next 12 months from the approval date of these financial statements.

Having assessed the principal risks, the Directors believe that the Group is well placed to manage its financing and other business risks satisfactorily despite the uncertain economic climate and have a reasonable expectation that the Company and the Group have adequate resources to continue in operation for at least 12 months from the signing date of these financial statements. Accordingly, they believe the going concern basis is an appropriate one. See the full assessment of preparation on a going concern basis in the corporate governance section on page 118.

Subsidiaries, joint ventures and associates

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

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

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

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

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

Properties

Properties are externally valued at the balance sheet date. Investment 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.

Notes to the Accounts continued

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

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

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

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

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

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

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

Surrender premia payable relating to investment properties are recognised in the income statement, through the Underlying column, except where the surrender premia payable are deemed to be unusual or significant by virtue of their size or nature, where they are recognised through the Capital and other column. Surrender premia payable relating to development properties are capitalised as a property addition providing they are a directly attributable and necessary development expense.

Financial assets and liabilities

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

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

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

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

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

Cash equivalents include short-term deposits that are instruments with a maturity of less than three months, and tenant deposits.

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

Revenue

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

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

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

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

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

Concessions granted to tenants for operating lease receivables where prior demanded lease payments have been reduced or waived for a specified period are accounted for as an expected credit loss. Concessions granted to tenants for future lease payments are accounted for as a lease modification. Concessions granted to tenants which allow the deferral of rent payments to the Group are not accounted for as lease modifications on the basis there is no change to the consideration or scope of the lease.

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

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

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

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

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

Taxation

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

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

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

Employee costs

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

Notes to the Accounts continued

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

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

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

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

Government grants

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

Critical accounting judgements and key sources of estimation uncertainty

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

Key sources of estimation uncertainty

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

Impairment provisioning of tenant debtors (including accrued income) and tenant incentives, which are presented within investment properties: The impact of Covid-19 gave rise to an increase in tenant debtors due from tenants along with higher loss rates, however these are continuing to decrease as the impact of the pandemic recedes. Consequently, for the year ended 31 March 2023 the impairment provisions calculated using the expected credit loss model under IFRS 9 against these balances are lower than in the prior year. See Note 13 for further details on the reduction of tenant debtors and associated provisions in the year.

The key assumptions within the expected credit loss model include the tenants' credit risk rating and the related loss rates assumed for each risk rating depending on the historical experience collection rate and the ageing profile. Tenant risk ratings are determined by management, taking into consideration information available surrounding a tenant's credit rating, financial position and historical loss rates. Tenants are classified as being in Administration or Company Voluntary Arrangements, high, medium or low risk based on this information. The assigned loss rates for these risk categories are reviewed at each balance sheet date and are based on historical experience collection rates and future expectations of collection rates. The same key assumptions are applied in the expected credit loss model for tenant incentives, without the consideration of the ageing profile which is not relevant for these balances.

Sensitivity disclosures have been provided relating to tenant debtor provisions in Note 13 and tenant incentive provisions in Note 10.

Other sources of estimation uncertainty that would not result in a material movement in the carrying amount in the next financial year include the valuation of interest rate derivatives, the determination of share-based payments, the actuarial assumptions used in calculating the Group's retirement benefit obligations and taxation provisions.

Critical accounting judgements

The Directors have exercised critical judgement in respect of the joint control assessment of the Paddington Central Joint Venture which was entered into in the year. As part of the assessment, the Directors considered the Group's control over the Paddington Property Limited Partnership in respect of its 25% ownership. The Directors assessed the Group's power to direct the relevant activities of the Partnership through the partnership agreements, including reserved matters which require the unanimous consent of the Partners, and the Group's subsequent exposure to variable returns. Through this analysis, the Directors have been able to satisfactorily conclude that the Group has joint control over the Partnership and therefore has accounted for the Partnership as a joint venture using the equity method, in line with the Group's accounting policies.

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

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

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

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

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

Accounting for transactions: Property transactions are complex in nature and can be material to the financial statements. Judgements made in relation to transactions include whether an acquisition is a business combination or an asset; whether held for sale criteria have been met for transactions not yet completed; accounting for transaction costs and contingent consideration; and application of the concept of linked accounting. Management consider each transaction separately in order to determine the most appropriate accounting treatment, and, when considered necessary, seek independent advice. In this regard, management have considered the accounting of both the Paddington Central Joint Venture transaction in the year ended 31 March 2023 and the Canada Water Joint Venture transaction in the year ended 31 March 2022 (see Note 11).

Consideration of climate change

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

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

- As part of the Group's 2030 Sustainability Strategy, under which the Group's Transition Vehicle commits the expenditure of £60 per tonne of embodied carbon within developments, the Group committed £5m in the year to 31 March 2023 (2021/22: £16m), with £5m in the year to 31 March 2023 (2021/22: £1m) spent to mitigate the impact of climate change on the standing portfolio, such as electrification of buildings, improved insulation and LED lights. As at 31 March 2023, £15m remained committed to future mitigation capital expenditure (2021/22: £15m) (see Note 22 for further details).
- As part of the valuation process, the Group has discussed the impact of sustainability and Environmental, Social and Governance factors with the external valuers who value the investment and development properties of the Group. The physical climate and transitional risk analysis conducted by the Group has been shared with, and discussed with, the valuers as part of the six-monthly valuation process (see Note 10 for further details). As such, the impact of sustainability and Environmental, Social and Governance factors is considered as part of the valuation process, to the extent possible market participants would, and is included within the derived valuation as at the balance sheet date. The Group ensures that to the fullest extent possible, the four valuers are materially consistent in their application of the consideration of these factors on the property valuations.
- The Group has purchased carbon credits in the year to offset the embodied carbon impact of developments – making our developments carbon neutral. The costs of purchasing these credits were capitalised as part of the cost of the development. The cost of purchasing these credits was £1m for the year ended 31 March 2023 (2021/22: £nil).

Notes to the Accounts continued

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

Change in accounting policies

Rental concessions
In October 2022, the IFRS Interpretations Committee (IFRIC) issued an Agenda Decision in relation to Lessor Forgiveness of Lease Payments (IFRS 9 and IFRS 16), giving clarification on the lessor accounting for concessions (or rental forgiveness) granted to tenants. *Concessions granted to tenants consisted of reducing or waiving the rent for a specified period.*

The IFRIC clarified that concessions granted to tenants for rental debtors past their due date would fall under the scope of expected credit losses within IFRS 9. As such, the expected credit loss would be reflected in the income statement as part of the derecognition and provisioning of the rental debtor

Before the Agenda Decision, the Group treated concessions granted to tenants for rental debtors past their due date (predominantly in response to Covid-19), as a lease modification under IFRS 16, recognising the concession granted on a straight-line basis over the lease term.

Following the Agenda Decision, the Group has retrospectively applied the accounting clarification to relevant concessions for the years ended 31 March 2021 and 2022. This includes restating the 2021 opening balances and the 2022 comparative balances as set out on the next page. No relevant concessions were granted in preceding financial years.

As part of considering the Agenda Decision, the Group has reassessed the position of the tenant incentive provision on the consolidated balance sheet. Previously, this balance was accounted for as part of debtors. However, following the Agenda Decision, the Group has chosen to retrospectively represent the tenant incentive provision within investment property, as part of the overall concession accounting reassessment. As the associated concession tenant incentive provision was previously accounted for as part of debtors as opposed to investment property, the provision reduction on restatement leads to an increase in both net assets and profit as outlined below.

Overall, for the year ended 31 March 2022, the profit on ordinary activities before taxation increases by £5m from £958m to £963m. *Within the consolidated income statement, the restatement has resulted in a change to the following balances:*

- Gross rental income;
- Provisions for impairment of trade debtors and accrued income;
- Provisions for impairment of tenant incentives and contracted rent increases;
- Valuation movement; and
- Joint venture result.

In respect of the consolidated balance sheet, the restatement has resulted in the opening net assets of the Group as at 1 April 2021 increasing by £30m from £5,983m to £6,013m. For the year ended 31 March 2022, subsequent to adjusting the opening balances, the net assets of the Group increased by £5m to £6,768m. Within the consolidated balance sheet, the restatement has resulted in a change to the following balances:

- Tenant incentive movement and revaluation within investment property;
- Debtors; and
- Net investment in joint ventures.

The quantitative impact on each balance has been outlined on the following page.

Tenant deposits
In April 2022, the IFRIC issued an Agenda Decision in relation to Demand Deposits with Contractual Restrictions in Use, clarifying that deposits of this nature meet the definition of cash and cash equivalents under IAS 7 'Statement of Cash Flows' and should be disclosed as Tenant deposits within cash and cash equivalents. For the year ended 31 March 2022, the Group recognised £4m of rental deposits within debtors and identified a further £33m of service charge deposits not previously recognised on the Group's *consolidated balance sheet, as both meeting the amended definition of a demand deposit. The service charge deposits were* previously not recognised on the consolidated balance sheet due to contractual restrictions on the use of these deposits. The Group has amended its accounting policy accordingly and will recognise these balances on the consolidated balance sheet as part of cash and cash equivalents, with a restatement to the 31 March 2022 prior year comparative of £37m.

As part of this reassessment, the Group will also recognise service charge income and expense related cash flows within the consolidated statement of cash flows, within the income received from tenants and operating expenses paid to suppliers and employees of £61m respectively, with a restatement to the year ended 31 March 2022 prior year comparative.

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

	31 March 2022 Published £m	Opening balance restatement for rental concessions £m	Rental concessions Restatement £m	Tenant deposits Restatement £m	31 March 2022 Restated £m
Consolidated income statement (extract)					
Revenue	410	-	2	-	412
Costs	(129)	-	(4)	-	(133)
Joint ventures	244	-	3	-	247
Valuation movement	471	-	4	-	475
Profit on ordinary activities before taxation	958	-	5	-	963
Consolidated balance sheet (extract)					
Investments in joint ventures	2,511	7	3	-	2,521
Debtors	39	23	2	(4)	60
Cash and cash equivalents	74	-	-	37	111
Creditors	(245)	-	-	(33)	(278)
Retained earnings	4,959	30	5	-	4,994
Net assets	6,733	30	5	-	6,768
Consolidated statement of cash flows (extract)					
Income received from tenants	358	-	-	61	419
Operating expenses paid to suppliers and employees	(140)	-	-	(61)	(201)
Cash and cash equivalents at 1 April	154	-	-	37	191
Cash and cash equivalents at 31 March	74	-	-	37	111
Cash and cash equivalents consist of:					
Tenant deposits	-	-	-	37	37
Performance measures (Note 2)					
Underlying Profit (Table A)	251	-	(4)	-	247
EPRA Net Tangible Assets	6,771	30	5	-	6,806
	pence	pence	pence	pence	pence
Underlying diluted earnings per share	27.4	-	(0.4)	-	27.0
EPRA Net Tangible Assets per share	727	4	(1)	-	730

2 Performance measures

Earnings per share

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

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

Underlying earnings per share is calculated using Underlying Profit adjusted for underlying taxation (see Note 7), with the dilutive measure being the primary disclosure measure used. Underlying Profit is the pre-tax EPRA earnings measure, with additional Company adjustments for items which are considered to be unusual and/or significant by virtue of their size and nature. No Company adjustments were made in the current year to 31 March 2023. In the prior year to 31 March 2022, a £29m surrender premium payment and a £12m reclassification of foreign exchange differences were excluded from the calculation of Underlying Profit (see Note 3 and Note 6, respectively, for further details). There was no tax effect of these Company adjusted items.

Notes to the Accounts continued

2 Performance measures continued

Earnings per share	2023 Relevant earnings £m	2023 Relevant number of shares million	2023 Earnings per share pence	Restated 2022 Relevant earnings £m	Restated 2022 Relevant number of shares million	Restated 2022 Earnings per share pence
Underlying						
Underlying basic	**263**	**927**	**28.4**	251	927	27.1
Underlying diluted	**263**	**930**	**28.3**	251	930	27.0
EPRA						
EPRA basic	**263**	**927**	**28.4**	234	927	25.3
EPRA diluted	**263**	**930**	**28.3**	234	930	25.2
IFRS						
Basic	**(1,038)**	**927**	**(112.0)**	963	927	103.8
Diluted	**(1,038)**	**927**	**(112.0)**	963	930	103.5

1. Prior year comparatives have been restated for a change in accounting policy in respect of rental concessions. Refer to Note 1 for further information.

Net asset value

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

Net asset value per share	2023 Relevant net assets £m	2023 Relevant number of shares million	2023 Net asset value per share pence	Restated 2022 Relevant net assets £m	Restated 2022 Relevant number of shares million	Restated 2022 Net asset value per share pence
EPRA						
EPRA NTA	**5,487**	**933**	**588**	6,806	932	730
EPRA NRV	**6,029**	**933**	**646**	7,438	932	798
EPRA NDV	**5,658**	**933**	**606**	6,577	932	706
IFRS						
Basic	**5,525**	**927**	**596**	6,768	927	730
Diluted	**5,525**	**933**	**592**	6,768	932	726

1. Prior year comparatives have been restated for a change in accounting policies in respect of rental concessions and tenant deposits. Refer to Note 1 for further information.

Total accounting return

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

	2023 Movement in NTA per share pence	2023 Dividend per share paid pence	2023 Total accounting return	Restated 2022 Movement in NTA per share pence	Restated 2022 Dividend per share paid pence	Restated 2022 Total accounting return
Total accounting return	**(142)**	**23.2**	**(16.3%)**	78	16.96	14.6%

1. Prior year comparatives have been restated for a change in accounting policies in respect of rental concessions and tenant deposits. Refer to Note 1 for further information

3 Revenue and costs

	2023			Restated[1] 2022		
	Underlying £m	**Capital and other £m**	**Total £m**	Underlying £m	Capital and other £m	Total £m
Rent receivable	**306**	**-**	**306**	332	-	332
Spreading of tenant incentives and contracted rent increases	**15**	**-**	**15**	7	-	7
Surrender premia[2]	**1**	**-**	**1**	1	(29)	(28)
Gross rental income	**322**	**-**	**322**	340	(29)	311
Trading property sales proceeds	**-**	**-**	**-**	-	9	9
Service charge income	**59**	**-**	**59**	62	-	62
Management and performance fees (from joint ventures)	**13**	**-**	**13**	9	-	9
Other fees and commissions	**24**	**-**	**24**	21	-	21
Revenue	**418**	**-**	**418**	432	(20)	412
Trading property cost of sales	**-**	**-**	**-**	-	(9)	(9)
Service charge expenses	**(50)**	**-**	**(50)**	(55)	-	(55)
Property operating expenses	**(37)**	**-**	**(37)**	(54)	-	(54)
Release (provisions) for impairment of trade debtors and accrued income	**11**	**-**	**11**	(1)	-	(1)
(Provisions) release for impairment of tenant incentives and contracted rent increases	**(2)**	**-**	**(2)**	3	-	3
Other fees and commissions expenses	**(19)**	**-**	**(19)**	(17)	-	(17)
Costs	**(97)**	**-**	**(97)**	(124)	(9)	(133)
	321	**-**	**321**	308	(29)	279

1. Prior year comparatives have been restated for a change in accounting policy in respect of rental concessions. Refer to Note 1 for further information.
2. In the prior year, on 31 August 2021, the Group undertook a leasing transaction with two unrelated parties in relation to one of its investment properties. The transaction was commercially beneficial and resulted in an overall increase in the net assets of the Group. It involved a £29m payment to one party for the surrender of an agreement for lease, with a subsequent premium of £29m received for the grant of a new agreement for lease for the same property with another party, meaning the transaction was cash neutral. In line with the requirements of IFRS 16, and due to the unrelated parties in the transaction, the Group is required to account for the elements of the transaction separately, and as such an associated £29m surrender premium payment was recognised in full through the income statement in the year. Owing to the unusual and significant size and nature of the payment and in line with the Group's accounting policies the payment has been included within the Capital and other column of the income statement. The premium recognised as deferred income on the balance sheet as at 31 March 2023 within other non-current liabilities was £25m (2021/22: £27m) (see Note 15).

The cash element of net rental income (gross rental income less property operating expenses) recognised during the year ended 31 March 2023 from properties which were not subject to a security interest was £238m (2021/22: £232m). Property operating expenses relating to investment properties that did not generate any rental income were £nil (2021/22: £nil). Contingent rents of £9m (2021/22: £6m) that contain a variable lease payment were recognised in the year.

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

4 Valuation movements on property

	2023 £m	Restated[1] 2022 £m
Consolidated income statement		
Revaluation of properties	**(798)**	475
Revaluation of properties held by joint ventures accounted for using the equity method[2]	**(567)**	167
	(1,365)	642

1. Prior year comparative has been restated for a change in accounting policy in respect of rental concessions. Refer to Note 1 for further information.
2. Comprises net valuation movement debit of £567m (2021/22: credit of £115m) and realisation of gain on disposal of assets into joint ventures of £nil (2021/22: credit of £52m), disclosed in further detail in Note 11.

Notes to the Accounts continued

5 Auditors' remuneration

PricewaterhouseCoopers LLP

	2023 £m	2022 £m
Fees payable to the Company's auditor for the audit of the Company's annual accounts and consolidated financial statements	**0.5**	0.5
Fees payable to the Company's auditor for the audit of the Company's subsidiaries, pursuant to legislation	**0.2**	0.1
Total audit fees	**0.7**	0.6
Audit-related assurance services	**0.2**	0.2
Total audit and audit-related assurance services	**0.9**	0.8
Other fees	**-**	-
Other services	**-**	-
Total	**0.9**	0.8

6 Net financing income

	2023 £m	2022 £m
Underlying		
Financing charges		
Facilities and overdrafts	**(28)**	(20)
Derivatives	**28**	29
Other loans	**(72)**	(68)
Obligations under head leases	**(3)**	(3)
	(75)	(62)
Development interest capitalised	**13**	7
	(62)	(55)
Financing income		
Deposits, securities and liquid investments	**2**	-
	2	-
Net financing charges – Underlying	**(60)**	(55)
Capital and other		
Financing charges		
Valuation movement on fair value hedge accounted derivatives[1]	**-**	(67)
Valuation movement on fair value hedge accounted debt[1]	**-**	61
Valuation movement on non-hedge accounted derivatives	**-**	(1)
	-	(7)
Financing income		
Valuation movements on translation of foreign currency debt and investments	**1**	-
Valuation movement on fair value hedge accounted derivatives[1]	**(27)**	-
Valuation movement on fair value hedge accounted debt[1]	**33**	-
Reclassification of foreign exchange differences on disposal of subsidiary net investment from equity[2]	**-**	12
Valuation movement on non-hedge accounted derivatives	**81**	55
	88	67
Net financing income – Capital and other	**88**	60
Net financing income		
Total financing income	**90**	67
Total financing charges	**(62)**	(62)
Net financing income	**28**	5

1. The difference between valuation movement on designated fair value hedge accounted derivatives (hedging instruments) and the valuation movement on fair value hedge accounted debt (hedged item) represents hedge ineffectiveness for the year of a credit of £6m (2021/22: a debit of £6m)
2. £nil (2021/22: £12m) has been reclassified from the hedging and translation reserve to the income statement, relating to cumulative foreign exchange gains on disposal of the net investment in a foreign subsidiary.

Interest payable on unsecured bank loans and related interest rate derivatives was £16m (2021/22: £13m). Interest on development expenditure is capitalised at the Group's weighted average interest rate of 2.9% (2021/22: 2.4%). The weighted average interest rate on a proportionately consolidated basis at 31 March 2023 was 3.5% (2021/22: 2.9%).

7 Taxation

	2023 £m	Restated[1] 2022 £m
Taxation (expense) income		
Current taxation		
Underlying Profit		
Current period UK corporation taxation (2022/23: 19%; 2021/22: 19%)	**(2)**	(2)
Underlying Profit adjustments in respect of prior periods	**1**	6
Total current Underlying Profit taxation (expense) income	**(1)**	4
Capital and other profit		
Current period UK corporation taxation (2022/23: 19%; 2021/22: 19%)	**-**	-
Capital and other profit adjustments in respect of prior periods	**-**	(2)
Total current Capital and other profit taxation income (expense)	**-**	(2)
Total current taxation (expense) income	**(1)**	2
Deferred taxation on revaluation of derivatives	**(4)**	-
Group total taxation (expense) income	**(5)**	2
Attributable to joint ventures[2]	**-**	-
Total taxation (expense) income	**(5)**	2
Taxation reconciliation		
(Loss) profit on ordinary activities before taxation	**(1,034)**	963
Less: Loss (profit) attributable to joint ventures	**467**	(247)
Group (loss) profit on ordinary activities before taxation	**(567)**	716
Taxation on loss (profit) on ordinary activities at UK corporation taxation rate of 19% (2021/22: 19%)	**108**	(136)
Effects of:		
- REIT exempt income and (losses) gains	**(125)**	126
- Taxation losses	**15**	9
- Deferred taxation on revaluation of derivatives	**(4)**	-
- Adjustments in respect of prior years	**1**	3
Group total taxation (expense) income	**(5)**	2

1. Prior year comparatives have been restated for a change in accounting policy in respect of rental concessions. Refer to Note 1 for further information.
2. Current taxation expense of £nil (2021/22: £nil) and a deferred taxation expense of £nil (2021/22: £nil) arose on profits attributable to joint ventures.

Taxation expense attributable to Underlying Profit for the year ended 31 March 2023 was £1m (2021/22: £4m income). Taxation expense attributable to Capital and other profit was £nil (2021/22: £2m expense). Corporation tax receivable as at 31 March 2023 was £2m (2021/22: £3m receivable) as shown on the consolidated balance sheet. Deferred taxation expense on the revaluation of derivatives attributable to Capital and other profit was £4m (2021/22: £nil).

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

Notes to the Accounts continued

8 Staff costs

Staff costs (including Directors)	2023 £m	2022 £m
Wages and salaries	**62**	59
Social security costs	**8**	8
Pension costs	**5**	5
Equity-settled share-based payments	**7**	7
	82	79

The average monthly number of employees of the Company during the year was 356 (2021/22: 344). The average monthly number of Group employees, including those employed directly at the Group's properties and their costs recharged to tenants, was 647 (2021/22: 636).

For the year ended 31 March 2023, the average monthly number of employees of the Company within each category of persons employed was as follows: Campuses: 39; Retail & Fulfilment: 33; Developments: 38; Storey: 7; Support Functions: 239. The average monthly number of employees of the Group within each category of persons employed was as follows: Campuses: 39; Retail & Fulfilment: 33; Developments: 38; Storey: 7; Support Functions: 239; Property Management: 291.

For the year ended 31 March 2022, the average monthly number of employees of the Company within each category of persons employed was a follows: Campuses: 36; Retail & Fulfilment: 29; Developments: 41; Storey: 9; Support Functions: 229. The average monthly number of employees of the Group within each category of persons employed was as follows: Campuses: 36; Retail & Fulfilment: 29; Developments: 41; Storey: 9; Support Functions: 229; Property Management: 292.

The Executive Directors and Non-Executive Directors are the key management personnel. Their emoluments are disclosed in the Remuneration Report on pages 141 to 159.

Staff costs

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

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

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

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

	19 July 2022		22 June 2021		2 August 2021	1 September 2021
	Awards with holding period	Awards with no holding period	Awards with holding period	Awards with no holding period	Awards with holding period	Awards with no holding period
Share price	**£4.71**	**£4.71**	£5.17	£5.17	£5.20	£5.42
Exercise price	**£0.00**	**£0.00**	£0.00	£0.00	£0.00	£0.00
Expected volatility	**37.5%**	**37.5%**	36.6%	36.6%	37.0%	37.4%
Expected term (years)	**3**	**3**	3	3	3	3
Dividend yield	**0.0%**	**0.0%**	0.0%	0.0%	0.0%	0.0%
Risk free interest rate	**2.0%**	**2.0%**	0.2%	0.2%	0.1%	0.2%
Fair value – TSR Tranche FTSE 350	**–**	**–**	£2.36	£2.88	£2.75	£2.79
Fair value – TSR Tranche FTSE 100	**–**	**–**	£2.42	£2.95	£3.01	£3.20
Fair value – TPR and TAR Tranches	**£3.81**	**£4.71**	£4.24	£5.17	£4.26	£5.42
Fair value – ESG Tranche	**£3.81**	**£4.71**	–	–	–	–

Movements in shares and options are given in Note 20.

9 Pensions

The British Land Group of Companies Pension Scheme ('the scheme') is the principal defined benefit pension scheme in the Group. The assets of the scheme are held in a trustee-administered fund and kept separate from those of the Company. It is not contracted out of SERPS (State Earnings-Related Pension Scheme), it is not planned to admit new employees to the scheme and the scheme closed to future accrual effective 1 September 2020.

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

The total net pension cost charged for the year was £5m (2021/22: £5m), all of which relates to defined contribution plans.

The last full actuarial valuation of the scheme was performed by the scheme actuary, First Actuarial LLP, as at 31 March 2021. The employer does not expect to make any payments during the year to 31 March 2024. The major assumptions used for the actuarial valuation were:

	2023 % p.a.	2022 % p.a	2021 % p.a.	2020 % p.a.	2019 % p.a
Discount rate	**4.7**	2.7	2.0	2.3	2.4
Salary inflation	**-**	-	-	3.9	4.8
Pensions increase	**3.4**	3.7	3.4	2.5	3.3
Price inflation	**3.5**	3.9	3.5	2.5	3.4

The assumptions are that a member currently aged 60 will live on average for a further 28.0 years if they are male and for a further 29.8 years if they are female. For a member who retires in 2040 at age 60, the assumptions are that they will live on average for a further 29.4 years after retirement if they are male and for a further 31.2 years after retirement if they are female.

Composition of scheme assets

	2023 £m	2022 £m
Equities	**25**	37
Diversified growth funds	**4**	20
Other assets	**88**	121
Total scheme assets	**117**	178

97% of the scheme assets are quoted in an active market. All unquoted scheme assets sit within equities.

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

	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m
Present value of defined scheme obligations	**(87)**	(125)	(152)	(131)	(147)
Fair value of scheme assets	**117**	178	178	161	160
Irrecoverable surplus[1]	**(30)**	(53)	(26)	(30)	(13)
Amount recognised on the balance sheet	**-**	-	-	-	-

1. The net defined benefit asset must be measured at the lower of the surplus in the defined benefit schemes and the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the schemes or reductions to future contributions to the schemes. The asset ceiling of the Group's defined benefit schemes is £nil (2021/22: £nil), therefore the surplus in the defined benefit schemes of £30m (2021/22: £53m) is irrecoverable.

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

		Increase (decrease) in defined scheme obligations	
Assumption	Change in assumption	**2023 £m**	2022 £m
Discount rate	+0.5%	**(6)**	(8)
Salary inflation	+0.5%	**-**	-
RPI inflation	+0.5%	**5**	7
Assumed life expectancy	+1 year	**3**	4

Notes to the Accounts continued

9 Pensions continued

History of experience gains and losses

	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m
Total actuarial (loss) gain recognised in the consolidated statement of comprehensive income[1,2]	–	–	(13)	–	–
Percentage of present value on scheme liabilities	–	–	(8.6%)	(0.3%)	0.1%

1. Movements stated after adjusting for irrecoverability of any surplus.
2. Cumulative loss recognised in the statement of comprehensive income is £53m (2021/22: £53m).

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

	2023 £m	2022 £m
At 1 April	(125)	(152)
Current service cost	–	–
Curtailment gain	–	–
Interest cost	(3)	(3)
Actuarial gain (loss)		
Gain (loss) from change in financial assumptions	32	15
Gain on scheme liabilities arising from experience	–	–
Benefits paid	9	15
At 31 March	(87)	(125)

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

	2023 £m	2022 £m
At 1 April	178	178
Interest income on scheme assets	5	3
Contributions by employer	–	–
Actuarial (loss) gain	(57)	12
Benefits paid	(9)	(15)
At 31 March	117	178

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

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

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

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

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

10 Property

Property reconciliation for the year ended 31 March 2023

	Campuses Level 3 £m	Retail & Fulfilment Level 3 £m	Developments Level 3 £m	Investment and development properties Level 3 £m	Trading properties £m	Total £m
Carrying value at 1 April 2022	**3,477**	**2,850**	**705**	**7,032**	**18**	**7,050**
Additions						
- property purchases	-	99	59	158	-	158
- development expenditure	-	6	146	152	4	156
- capitalised interest and staff costs	-	-	13	13	-	13
- capital expenditure on asset management initiatives	18	43	1	62	-	62
	18	148	219	385	4	389
Disposals	(929)	(5)	(11)	(945)	-	(945)
Reclassifications	(20)	(31)	51	-	-	-
Revaluations included in income statement	(328)	(339)	(131)	(798)	-	(798)
Movement in tenant incentives and contracted rent uplift balances	15	(12)	-	3	-	3
Carrying value at 31 March 2023	**2,233**	**2,611**	**833**	**5,677**	**22**	**5,699**
Lease liabilities (Notes 14 and 15)[1]						(102)
Less valuation surplus on right-of-use assets[2]						(9)
Valuation surplus on trading properties						7
Group property portfolio valuation at 31 March 2023						5,595
Non-controlling interests						(13)
Group property portfolio valuation at 31 March 2023 attributable to shareholders						5,582

1. The £24m difference between lease liabilities of £102m and £126m per Notes 14 and 15 relates to a £24m lease liability where the right-of-use asset is classified as property, plant and equipment.
2. Relates to properties held under leasing agreements. The fair value of right-of-use assets is determined by calculating the present value of net rental cash flows over the term of the lease agreements. IFRS 16 right-of-use assets are not externally valued, their fair values are determined by management, and are therefore not included in the Group property portfolio valuation of £5,595m above.

Additions include capital expenditure in response to climate change, in line with our Sustainability Strategy to reduce both the embodied carbon in our developments and the operational carbon across the Group's standing property portfolio. For further details, refer to the Sustainability section of the Strategic Report on pages 70 to 103.

On 19 July 2022, the Group entered into a Joint Venture Agreement with GIC in relation to the majority of the Paddington Central Campus, resulting in the disposal of £934m of investment and development properties and £2m of property, plant and equipment with a resulting loss in the Capital and other column of the consolidated income statement of £19m for the year ended 31 March 2023.

Notes to the Accounts continued

10 Property continued

Property reconciliation for the year ended 31 March 2022 (Restated[1])

	Campuses Level 3 £m	Retail & Fulfilment Level 3 £m	Developments Level 3 £m	Investment and development properties Level 3 £m	Trading properties £m	Owner-occupied Level 3 £m	Total £m
Carrying value at 1 April 2021	3,465	2,139	722	6,326	26	2	6,354
Additions							
- property purchases	110	486	-	596	-	-	596
- development expenditure[2]	64	3	124	191	-	-	191
- capitalised interest and staff costs	2	-	6	8	-	-	8
- capital expenditure on asset management initiatives	5	13	-	18	-	-	18
- right-of-use assets	4	-	-	4	-	-	4
	185	502	130	817	-	-	817
Disposals	(501)	(104)	-	(605)	(8)	(2)	(615)
Reclassifications	181	-	(181)	-	-	-	-
Revaluations included in income statement	126	315	34	475	-	-	475
Movement in tenant incentives and contracted rent uplift balances	21	(2)	-	19	-	-	19
Carrying value at 31 March 2022	3,477	2,850	705	7,032	18	-	7,050
Lease liabilities (Notes 14 and 15)[3]							(105)
Less valuation surplus on right-of-use assets[4]							(9)
Valuation surplus on trading properties							8
Group property portfolio valuation at 31 March 2022							6,944
Non-controlling interests							(15)
Group property portfolio valuation at 31 March 2022 attributable to shareholders							**6,929**

1. Prior year comparatives have been restated for a change in accounting policy in respect of rental concessions. This restatement has resulted in an equal and opposite adjustment of £4m to the 'Revaluations included in income statement' and 'Movement in tenant incentives and contracted rent uplift balances' lines. Refer to Note 1 for further information.
2. Development expenditure includes government grants received for the development of affordable and social housing of £4m
3. The £26m difference between lease liabilities of £105m and £131m per Notes 14 and 15 relates to a £26m lease liability where the right-of-use asset is classified as property, plant and equipment
4. Relates to properties held under leasing agreements. The fair value of right-of-use assets is determined by calculating the present value of net rental cash flows over the term of the lease agreements. IFRS 16 right-of-use assets are not externally valued, their fair values are determined by management, and are therefore not included in the Group property portfolio valuation of £6,944m above.

In the prior year, the Group entered into a Joint Venture Agreement with AustralianSuper on 7 March 2022 in relation to the Canada Water Campus, resulting in the Group disposing of £474m of investment and development properties and a resulting gain in the Capital and other column of the consolidated income statement of £44m for the year ended 31 March 2022.

Property valuation

The different valuation method levels are defined below:

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

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

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

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

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

10 Property continued

The information provided to the valuers, and the assumptions and valuation models used by the valuers, are reviewed by the property portfolio team, the Head of Real Estate, the Chief Financial Officer and the Chief Executive Officer. The valuers meet with the external auditor 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 132 to 140.

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

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

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

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

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

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

Notes to the Accounts continued

10 Property continued

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

	2023			2022		
	Group £m	**Joint ventures £m**	**Total £m**	Group £m	Joint ventures £m	Total £m
Knight Frank LLP	**801**	**217**	**1,018**	1,387	37	1,424
CBRE	**1,492**	**471**	**1,963**	1,906	448	2,354
Jones Lang LaSalle	**2,972**	**556**	**3,528**	3,330	638	3,968
Cushman & Wakefield	**330**	**2,072**	**2,402**	321	2,415	2,736
Total property portfolio valuation	**5,595**	**3,316**	**8,911**	6,944	3,538	10,482
Non-controlling interests	**(13)**	**-**	**(13)**	(15)	-	(15)
Total property portfolio valuation attributable to shareholders[1]	**5,582**	**3,316**	**8,898**	6,929	3,538	10,467

1. The total property portfolio valuation for joint ventures is £3,316m (2021/22: £3,538m), compared to the total investment and trading properties of £3,334m (2021/22: £3,545m) disclosed in Note 11. The £3,316m (2021/22: £3,545m) includes £23m (2021/22: £12m) of trading properties and excludes £18m (2021/22: £19m) of headleases, both at Group share.

Information about fair value measurements using unobservable inputs (Level 3) for the year ended 31 March 2023

			ERV per sq ft			Equivalent yield			Costs to complete per sq ft		
Investment	**Fair value at 31 March 2023 £m**	**Valuation technique**	**Min £**	**Max £**	**Average £**	**Min %**	**Max %**	**Average %**	**Min £**	**Max £**	**Average £**
Campuses	**2,153**	Investment methodology	**9**	**141**	**58**	**4**	**7**	**5**	**-**	**158**	**28**
Retail & Fulfilment	**2,580**	Investment methodology	**2**	**32**	**19**	**4**	**18**	**7**	**-**	**44**	**6**
Developments	**833**	Residual methodology	**29**	**98**	**70**	**5**	**6**	**5**	**273**	**1,048**	**645**
Total	**5,566**										
Trading properties at fair value	**29**										
Group property portfolio valuation	**5,595**										

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

			ERV per sq ft			Equivalent yield			Costs to complete per sq ft		
Investment	Fair value at 31 March 2022 £m	Valuation technique	Min £	Max £	Average £	Min %	Max %	Average %	Min £	Max £	Average £
Campuses	3,419	Investment methodology	9	159	56	3.4	6.8	4.4	-	234	24
Retail & Fulfilment	2,794	Investment methodology	2	30	17	2.2	13.1	5.7	-	36	7
Developments	705	Residual methodology	27	88	75	4.4	4.5	4.4	214	812	391
Total	6,918										
Trading properties at fair value	26										
Group property portfolio valuation	6,944										

10 Property continued

Information about the impact of changes in unobservable inputs (Level 3) on the fair value of the Group's property portfolio for the year ended 31 March 2023

	Fair value at 31 March 2023 £m	Impact on valuations +5% ERV £m	Impact on valuations -5% ERV £m	Impact on valuations -25bps NEY £m	Impact on valuations +25bps NEY £m	Impact on valuations -5% costs £m	Impact on valuations +5% costs £m
Campuses[1]	2,182	80	(80)	123	(112)	-	-
Retail & Fulfilment	2,580	103	(101)	101	(96)	-	-
Developments	833	88	(90)	104	(95)	36	(37)
Group property portfolio valuation	**5,595**	**271**	**(271)**	**328**	**(303)**	**36**	**(37)**

1. Includes trading properties at fair value.

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

	Fair value at 31 March 2022 £m	Impact on valuations +5% ERV £m	Impact on valuations -5% ERV £m	Impact on valuations -25bps NEY £m	Impact on valuations +25bps NEY £m	Impact on valuations -5% costs £m	Impact on valuations +5% costs £m
Campuses[1]	3,445	130	(129)	223	(199)	3	(3)
Retail & Fulfilment	2,794	115	(114)	144	(127)	2	(2)
Developments	705	59	(59)	85	(76)	39	(38)
Group property portfolio valuation	6,944	304	(302)	452	(402)	44	(43)

1. Includes trading properties at fair value.

All other factors being equal:

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

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

Provisions for impairment of tenant incentives and contracted rent increases

A provision of £20m (2021/22: £19m) has been made for impairment of tenant incentives and contracted rent uplift balances (contracted rents). The charge to the income statement in relation to write-offs and provisions for impairment for tenant incentives and contracted rents was £2m (2021/22: credit of £3m) (see Note 3). The Directors consider that the carrying amount of tenant incentives is approximate to their fair value.

The tables below summarise tenant incentives and contracted rent increase balances and associated expected credit losses grouped by credit risk ratings.

	2023									
	Campuses			Retail & Fulfilment			Total			
Credit risk	Tenant incentives[1] £m	Provision £m	Net tenant incentives £m	Tenant incentives[1] £m	Provision £m	Net tenant incentives £m	Tenant incentives[1] £m	Provision £m	Net tenant incentives £m	Percentage provided[3]
CVA[2]/Administration	-	-	-	-	-	-	-	-	-	100%
High	2	(2)	-	18	(17)	1	20	(19)	1	95%
Medium	3	-	3	9	(1)	8	12	(1)	11	8%
Low	79	-	79	44	-	44	123	-	123	0%
Total Group	84	(2)	82	71	(18)	53	155	(20)	135	13%
Joint ventures	85	(8)	77	17	(4)	13	102	(12)	90	12%
Total	169	(10)	159	88	(22)	66	257	(32)	225	12%

1. The tenant incentives balance includes contracted rent increases.
2. Company Voluntary Arrangements.
3. The percentage provided is calculated using the unrounded tenant incentive and provision balance.

Notes to the Accounts continued

10 Property continued

	Restated[1] 2022									
	Campuses			Retail & Fulfilment			Total			
Credit risk	Tenant incentives[2] £m	Provision £m	Net tenant incentives £m	Tenant incentives[2] £m	Provision £m	Net tenant incentives £m	Tenant incentives[2] £m	Provision £m	Net tenant incentives £m	Percentage provided[4]
CVA[3]/Administration	-	-	-	4	(4)	-	4	(4)	-	100%
High	1	(1)	-	15	(13)	2	16	(14)	2	88%
Medium	1	-	1	8	(1)	7	9	(1)	8	11%
Low	83	-	83	49	-	49	132	-	132	-
Total Group	85	(1)	84	76	(18)	58	161	(19)	142	12%
Joint ventures	76	(3)	73	20	(5)	15	96	(8)	88	8%
Total	161	(4)	157	96	(23)	73	257	(27)	230	11%

1. Prior year comparatives have been restated for a change in accounting policy in respect of rental concessions. Refer to Note 1 for further information.
2. The tenant incentives balance includes contracted rent increases.
3. Company Voluntary Arrangements
4. The percentage provided is calculated using the unrounded tenant incentive and provision balance.

The tenant incentive balance does not relate to amounts billed and therefore there is no concept of being past due. The expected credit losses are determined in line with the provisioning approach detailed in Note 1, with the key assumptions being the absolute probability of loss assumed for each credit risk rating and a tenant's assigned credit risk rating. A 10% increase/decrease in the loss rates assumed for each credit risk rating would result in a £2m increase/decrease to provisions for impairment of tenant incentives (2021/22: £2m). This sensitivity analysis has been performed on medium and high risk tenants and tenants in CVA or Administration only as the significant estimation uncertainty is wholly related to these.

A 10% increase/decrease in the percentage share of high and low risk Retail & Fulfilment tenants' incentives only, i.e. assuming 10% of tenant incentives move from medium to high risk and 10% of tenant incentives move from low to medium risk and vice versa, would result in a £2m increase/decrease in provisions for impairment of tenant incentives (2021/22: £2m). A movement in the share of Campuses tenant incentives within each credit risk rating has not been considered as management believes there is less uncertainty associated to the assumption on Campuses tenants' credit risk ratings. A 10% increase or decrease represents management's assessment of the reasonable possible change in loss rates and movement in the percentage share of tenant incentives within each credit risk rating.

The table below shows the movement in provisions for impairment of tenant incentives during the year ended 31 March 2023 on a Group and on a proportionally consolidated basis.

Movement in provisions for impairment of tenant incentives (Restated[1])	**Group £m**	**Proportionally consolidated £m**
Provisions for impairment of tenant incentives as at 1 April 2022	**19**	**27**
Write-offs of tenant incentives	**(1)**	**(2)**
Movement in provisions for impairment of tenant incentives	**2**	**7**
Total provision movement recognised in income statement	**2**	**7**
Provisions for impairment of tenant incentives as at 31 March 2023	**20**	**32**

1. Prior year comparatives have been restated for a change in accounting policy in respect of rental concessions. Refer to Note 1 for further information.

Additional property disclosures – including covenant information

At 31 March 2023, the Group property portfolio valuation of £5,595m (2021/22: £6,944m) comprises freeholds of £2,618m (2021/22: £3,755m); virtual freeholds of £973m (2021/22: £1,171m); long leaseholds of £1,686m (2021/22: £1,782m); and short leaseholds of £318m (2021/22: £236m). The historical cost of properties was £4,519m (2021/22: £5,020m).

Cumulative interest capitalised against investment, development and trading properties amounts to £124m (2021/22: £111m).

Properties valued at £1,135m (2021/22: £1,266m) were subject to a security interest and other properties of non-recourse companies amounted to £612m (2021/22: £649m), totalling £1,747m (2021/22: £1,915m).

10 Property continued

Included within the property valuation is £2m (2021/22: £3m) in respect of accrued contracted rental uplift income and £153m (2021/22: £158m restated) in respect of other tenant incentives. The balance arises through the IFRS treatment of leases containing such arrangements, which requires the recognition of rental income on a straight-line basis over the lease term, with the difference between this and the cash receipt changing the carrying value of the property against which revaluations are measured.

11 Joint ventures

Summary movement for the year of the investments in joint ventures

	Equity £m	Loans £m	**Total £m**
At 1 April 2022 (Restated[1])	1,889	632	**2,521**
Additions	71	211	**282**
Disposals	(39)	1	**(38)**
Share of loss on ordinary activities after taxation[2]	(410)	(57)	**(467)**
Distributions and dividends:			
- Capital	(30)	-	**(30)**
- Revenue	(72)	-	**(72)**
Hedging and exchange movements	10	-	**10**
At 31 March 2023	1,419	787	**2,206**

1. Prior year comparatives have been restated for a change in accounting policies in respect of rental concessions and tenant deposits. Refer to Note 1 for further information.
2. The share of losses on ordinary activities after taxation comprises equity accounted losses of £230m and IFRS 9 impairment charges against equity investments and loans of £237m, relating to Broadgate REIT Ltd (equity impairment of £129m), MSC Property Intermediate Holdings Ltd (loan impairment of £49m, equity impairment £4m), BL CW Upper Limited Partnership (equity impairment £23m), BL West End Offices Ltd (equity impairment of £13m), Paddington Property Investment Limited Partnership (equity impairment £10m), WOSC Partners Limited Partnership (loan impairment of £6m) and USS Joint Ventures (equity impairment of £3m). In accordance with IFRS 9, management has assessed the recoverability of loans to joint ventures and assessed the carrying value of investments in joint ventures against the net asset value. Amounts due are expected to be recovered by a joint venture selling its properties and investments and settling financial assets, net of financial liabilities. The net asset value of a joint venture is considered to be a reasonable approximation of the available assets that could be realised to recover the amounts due and the requirement to recognise expected credit losses. The impairments recognised in each joint venture are attributable to the net valuation loss recognised in the year.

On 19 July 2022, the Group entered into a new Joint Venture Agreement with GIC in relation to the majority of the Paddington Central Campus. The transaction value of the assets transferred by the Group on the formation of the joint venture at 100% was £934m of investment and development properties and £2m of property, plant and equipment with a resulting loss in the Capital and other column of the consolidated income statement of £19m for the year ended 31 March 2023. The Group owns 25% of this new joint venture while GIC owns the remaining 75% stake. The Group has recognised a share of the joint venture's loss of £19m and share of net assets less shareholder loans of £107m in relation to this new joint venture for the year ended 31 March 2023. A critical accounting judgement has been exercised in relation to the joint control assessment of the Paddington Central Joint Venture as further outlined in Note 1. The Group received £686m of cash consideration in relation to the sale of the investment and development properties to the joint venture (net of transaction costs of £9m), and subsequently a further £125m through a loan repayment from the newly formed joint venture, as a result of the joint venture obtaining external debt financing. The Group's investment into the Paddington Central Joint Venture is principally through a shareholder loan from the Group to the new joint venture.

In the prior year, the Group entered into a Joint Venture Agreement with AustralianSuper on 7 March 2022 in relation to the Canada Water Campus. For the year ended 31 March 2022, the Group recognised a share of the joint venture's loss of £6m in addition to the realisation of the gain on disposal of assets into the joint venture of £52m. Therefore the Group had recognised a share of total comprehensive income of £46m and share of net assets less shareholder loans of £294m in relation to this new joint venture in the prior year.

Notes to the Accounts continued

11 Joint ventures continued

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

Joint ventures' summary financial statements for the year ended 31 March 2023

	Broadgate REIT Ltd	MSC Property Intermediate Holdings Ltd[2]	WOSC Partners Limited Partnership[5]	BL West End Offices Limited
Partners	Euro Bluebell LLP (GIC)	Norges Bank Investment Management	Norges Bank Investment Management	Allianz SE
Property sector	City Offices Broadgate	Shopping Centres Meadowhall	West End Offices	West End Offices
Group share	50%	50%	25%	25%
Summarised income statements				
Revenue[4]	245	79	9	28
Costs	(83)	(20)	(4)	(9)
	162	59	5	19
Administrative expenses	(1)	–	–	–
Net interest payable	(65)	(26)	–	(5)
Underlying Profit	96	33	5	14
Net valuation movement	(809)	(62)	(17)	(73)
Capital financing (charges) income	5	–	–	–
(Loss) profit on disposal of investment properties and investments	–	–	–	–
(Loss) profit on ordinary activities before taxation	**(708)**	**(29)**	**(12)**	**(59)**
Taxation	–	–	–	(6)
(Loss) profit on ordinary activities after taxation	**(708)**	**(29)**	**(12)**	**(65)**
Other comprehensive income	10	6	–	5
Total comprehensive (expense) income	**(698)**	**(23)**	**(12)**	**(60)**
British Land share of total comprehensive (expense) income	**(349)**	**(11)**	**(3)**	**(12)**
British Land share of distributions payable	**(48)**	**(4)**	**–**	**(1)**
Summarised balance sheets				
Investment and trading properties	4,142	702	134	464
Other non-current assets	32	–	–	19
Current assets	13	9	2	2
Cash and cash equivalents	175	39	5	11
Gross assets	**4,362**	**750**	**141**	**496**
Current liabilities	(107)	(47)	(4)	(8)
Bank and securitised debt	(1,567)	(480)	–	(159)
Loans from joint venture partners	(995)	(576)	(209)	(15)
Other non-current liabilities	–	(4)	(4)	(14)
Gross liabilities	**(2,669)**	**(1,107)**	**(217)**	**(196)**
Net assets (liabilities)	**1,693**	**(357)**	**(76)**	**300**
British Land share of net assets less shareholder loans	**846**	**–**	**–**	**75**

1. USS joint ventures include the Eden Walk Shopping Centre Unit Trust and the Fareham Property Partnership.
2. Hercules Unit Trust joint ventures includes 50% of the results of Deepdale Co-Ownership Trust, Fort Kinnaird Limited Partnership and Valentine Co-Ownership Trust and 41.75% of Birstall Co-Ownership Trust. The balance sheet shows 50% of the assets of these joint ventures. The interest in the Deepdale Co-Ownership Trust was disposed of on 30 November 2022.
3. Included in the column headed 'Other joint ventures' are contributions from the following: BL Goodman Limited Partnership, Bluebutton Property Management UK Limited, City of London Office Unit Trust and Reading Gate Retail Park Co-Ownership.
4. Revenue includes gross rental income at 100% share of £359m (2021/22: £290m).
5. In accordance with the Group's accounting policies detailed in Note 1, the Group recognises a nil equity investment in joint ventures in a net liability position at year end.

BL CW Upper Limited Partnership	Paddington Property Investment Limited Partnership[5]	The SouthGate Limited Partnership	USS joint ventures[1]	Hercules Unit Trust joint ventures[2]	Other joint ventures[3]	**Total 2023**	**Total Group share 2023**
AustralianSuper	Euro Emerald Private Limited (GIC)	Aviva Investors	Universities Superannuation Scheme Group PLC				
Canada Water Campus	Paddington Central Campus	Shopping Centres	Shopping Centres	Retail Parks			
50%	25%	50%	50%	Various			
10	47	13	12	22	5	470	214
(6)	(23)	(5)	(3)	(3)	–	(156)	(70)
4	24	8	9	19	5	314	144
(2)	(1)	–	–	–	–	(4)	(1)
–	(13)	(1)	–	–	–	(110)	(51)
2	10	7	9	19	5	200	92
(133)	(78)	(5)	(11)	(16)	(12)	(1,216)	(567)
(1)	20	–	–	–	–	24	8
(2)	–	–	–	–	–	(2)	–
(134)	**(48)**	**2**	**(2)**	**3**	**(7)**	**(994)**	**(467)**
–	–	–	–	–	–	(6)	–
(134)	**(48)**	**2**	**(2)**	**3**	**(7)**	**(1,000)**	**(467)**
–	–	–	–	–	–	21	10
(134)	**(48)**	**2**	**(2)**	**3**	**(7)**	**(979)**	**(457)**
(67)	**(12)**	**1**	**(1)**	**1**	**(4)**	**(457)**	
–	**–**	**(3)**	**(4)**	**(39)**	**(3)**	**(102)**	
571	866	137	130	186	70	7,402	3,334
–	23	–	–	–	–	74	26
10	7	2	2	1	3	74	20
42	19	7	8	12	3	321	152
623	**915**	**146**	**140**	**199**	**76**	**7,848**	**3,532**
(39)	(25)	(7)	(6)	(4)	(4)	(251)	(113)
(4)	(510)	–	–	–	–	(2,720)	(1,192)
–	(429)	–	(31)	–	(68)	(2,323)	(1,001)
(1)	(1)	(28)	–	–	–	(52)	(21)
(44)	**(965)**	**(35)**	**(37)**	**(4)**	**(72)**	**(5,346)**	**(2,327)**
579	**(50)**	**111**	**103**	**195**	**4**	**2,502**	**1,205**
290	**–**	**56**	**52**	**98**	**2**	**1,419**	

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

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

Notes to the Accounts continued

11 Joint ventures continued

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

Joint ventures' summary financial statements for the year ended 31 March 2022 (Restated[8])

	Broadgate REIT Ltd	MSC Property Intermediate Holdings Ltd[5]	WOSC Partners Limited Partnership[5]	BL West End Offices Limited
Partners	Euro Bluebell LLP (GIC)	Norges Bank Investment Management	Norges Bank Investment Management	Allianz SE
Property sector	City Offices Broadgate	Shopping Centres Meadowhall	West End Offices	West End Offices
Group share	50%	50%	25%	25%
Summarised income statements				
Revenue[4]	228	76	10	26
Costs	(77)	(19)	(4)	(7)
	151	57	6	19
Administrative expenses	(1)	–	–	–
Net interest payable	(62)	(27)	–	(5)
Underlying Profit	88	30	6	14
Net valuation movement	220	(17)	(16)	4
Capital financing (costs) income	(13)	–	–	9
Profit (loss) on disposal of investment properties and investments	–	–	–	–
Profit (loss) on ordinary activities before taxation	295	13	(10)	27
Taxation	–	–	–	–
Profit (loss) on ordinary activities after taxation	**295**	**13**	**(10)**	**27**
Other comprehensive income	–	3	–	–
Total comprehensive income (expense)	**295**	**16**	**(10)**	**27**
Realisation of gain on disposal of assets into joint ventures	–	–	–	–
British Land share of total comprehensive income (expense)	**148**	**8**	**(2)**	**7**
British Land share of distributions payable	**34**	**2**	**–**	**4**
Summarised balance sheets				
Investment and trading properties	4,829	760	149	525
Other non-current assets	30	–	–	9
Current assets	11	13	3	1
Cash and cash equivalents	164	38	5	10
Gross assets	**5,034**	**811**	**157**	**545**
Current liabilities	(116)	(48)	(5)	(12)
Bank and securitised debt	(1,570)	(517)	–	(159)
Loans from joint venture partners	(845)	(523)	(211)	(15)
Other non-current liabilities	–	(12)	(4)	(11)
Gross liabilities	**(2,531)**	**(1,100)**	**(220)**	**(197)**
Net assets (liabilities)	**2,503**	**(289)**	**(63)**	**348**
British Land share of net assets less shareholder loans	**1,251**	**–**	**–**	**87**

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

BL CW Upper Limited Partnership[6]	The SouthGate Limited Partnership	USS joint ventures[1]	Hercules Unit Trust joint ventures[2]	Other joint ventures[3]	Total 2022	Total Group share 2022[7]
AustralianSuper	Aviva Investors	Universities Superannuation Scheme Group PLC				
Canada Water Campus	Shopping Centres	Shopping Centres	Retail Parks			
50%	50%	50%	Various			
1	13	12	26	2	394	190
(1)	(4)	(2)	(5)	–	(119)	(58)
–	9	10	21	2	275	132
–	–	–	–	–	(1)	(1)
–	(1)	–	–	–	(95)	(47)
–	8	10	21	2	179	84
(12)	(7)	8	22	15	217	115
–	–	–	–	–	(4)	(4)
–	–	–	–	–	–	–
(12)	1	18	43	17	392	195
–	–	–	–	–	–	–
(12)	**1**	**18**	**43**	**17**	**392**	**195**
–	–	–	–	–	**3**	**1**
(12)	**1**	**18**	**43**	**17**	**395**	**196**
52	–	–	–	–	**52**	**52**
46	**1**	**10**	**22**	**8**	**248**	
–	**3**	**4**	**12**	**–**	**59**	
565	139	140	261	83	7,451	3,545
–	–	–	–	–	39	17
6	3	1	3	1	42	33
39	9	8	13	3	289	141
610	**151**	**149**	**277**	**87**	**7,821**	**3,736**
(23)	(7)	(7)	(7)	–	(225)	(110)
–	–	–	–	–	(2,246)	(1,083)
–	–	(31)	–	(71)	(1,696)	(792)
–	(28)	–	–	–	(55)	(23)
(23)	**(35)**	**(38)**	**(7)**	**(71)**	**(4,222)**	**(2,008)**
587	**116**	**111**	**270**	**16**	**3,599**	**1,728**
294	**58**	**55**	**135**	**9**	**1,889**	

7 Total Group share of £248m comprises the Group's share of total comprehensive income of £196m and the realisation of gain on disposal of assets into joint ventures of £52m.
8. Prior year comparative has been restated for a change in accounting policies in respect of rental concessions and tenant deposits. Refer to Note 1 for further information.

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

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

Notes to the Accounts continued

11 Joint ventures continued

Operating cash flows of joint ventures (Group share)

	2023 £m	Restated[1] 2022 £m
Income received from tenants	**211**	194
Operating expenses paid to suppliers and employees	**(73)**	(69)
Cash generated from operations	**138**	125
Interest paid	**(47)**	(44)
Interest received	**1**	–
UK corporation tax (paid) received	**(2)**	2
Cash inflow from operating activities	**90**	83
Cash inflow from operating activities deployed as:		
Surplus cash retained within joint ventures	**17**	26
Revenue distributions per consolidated statement of cash flows	**73**	57
Revenue distributions split between controlling and non-controlling interests		
Attributable to non-controlling interests	**–**	–
Attributable to shareholders of the Company	**73**	57

1. Prior year comparatives have been restated for a change in accounting policy in respect of tenant deposits. The Income received from tenants and the Operating expenses paid to suppliers and employees have both been restated for the year ended 31 March 2022 by £41m. Refer to Note 1 for further information.

12 Other investments

	2023				2022			
	Fair value through profit or loss £m	**Amortised cost £m**	**Intangible assets £m**	**Total £m**	Fair value through profit or loss £m	Amortised cost £m	Intangible assets £m	Total £m
At 1 April	**28**	**4**	**9**	**41**	6	2	12	20
Additions	**13**	**–**	**2**	**15**	14	2	2	18
Revaluation and foreign currency translation	**7**	**–**	**–**	**7**	8	–	–	8
Amortisation	**–**	**(2)**	**(3)**	**(5)**	–	–	(5)	(5)
At 31 March	**48**	**2**	**8**	**58**	28	4	9	41

The amount included in the fair value through profit or loss relates to private equity/venture capital investments of £48m (2021/22: £28m) which are categorised as Level 3 in the fair value hierarchy. The fair values of private equity/venture capital investments are determined by the Directors.

13 Debtors

	2023 £m	Restated[1] 2022 £m
Trade and other debtors	**22**	49
Prepayments and accrued income	**12**	11
	34	60

1. Prior year comparatives have been restated for a change in accounting policies in respect of rental concessions and tenant deposits. Refer to Note 1 for further information.

Trade and other debtors are shown after deducting a provision for impairment against tenant debtors of £27m (2021/22: £47m). Accrued income is shown after deducting a provision for impairment of £2m (2021/22: £1m). The provision for impairment is calculated as an expected credit loss on trade and other debtors in accordance with IFRS 9 as set out in Note 1.

The credit to the income statement for the year in relation to provisions for impairment of trade debtors and accrued income was £11m (2021/22: £7m credit), as disclosed in Note 3.

The decrease in provisions for impairment of trade debtors and accrued income of £18m (2021/22: £15m decrease) is equal to the credit to the income statement of £11m (2021/22: £1m debit), and write-offs of trade debtors of £7m (2021/22: £8m).

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

The tables below summarise the ageing profile for tenant debtors and associated expected credit losses, grouped by credit risk rating. The expected credit losses are determined in line with the provisioning approach detailed in Note 1.

Provisions for impairment of tenant debtors

	31 March 2023															Percentage provided[1]
	Tenant debtors					Provision					Net tenant debtor					
Credit risk	< 90 days £m	90 – 182 days £m	183 – 365 days £m	> 365 days £m	Total £m	< 90 days £m	90 – 182 days £m	183 – 365 days £m	> 365 days £m	Total £m	< 90 days £m	90 – 182 days £m	183 – 365 days £m	> 365 days £m	Total £m	Total
CVA/ Administration	–	–	–	11	11	–	–	–	(11)	(11)	–	–	–	–	–	100%
High	3	1	1	4	9	(1)	(1)	(1)	(4)	(7)	2	–	–	–	2	78%
Medium	1	1	–	–	2	(1)	(1)	–	–	(2)	–	–	–	–	–	100%
Low	5	1	1	4	11	(1)	(1)	(1)	(4)	(7)	4	–	–	–	4	64%
Total Group	9	3	2	19	33	(3)	(3)	(2)	(19)	(27)	6	–	–	–	6	82%
Joint ventures	5	1	1	4	11	(1)	(1)	(1)	(4)	(7)	4	–	–	–	4	64%
Total	14	4	3	23	44	(4)	(4)	(3)	(23)	(34)	10	–	–	–	10	77%

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

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

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

Notes to the Accounts continued

13 Debtors continued

Provisions for impairment of accrued income

Accrued income relates to concessions offered to tenants in the form of the deferral of rental payments. Rental income relating to the year ended 31 March 2023, which has not yet been invoiced, is recognised on an accruals basis in accordance with the underlying lease. The gross accrued income as at 31 March 2023 was £3m (2021/22: £2m) with a provision of £2m (2021/22: £1m) leaving a net accrued income balance of £1m (2021/22: £1m). The percentage of gross accrued income provided for is 67% (2021/22: 57%).

The table below summarises the movement in provisioning for impairment of tenant debtors and accrued income during the year ended 31 March 2023

Movement in provisions for impairment of tenant debtors and accrued income	Group £m	Proportionally consolidated £m
Provisions for impairment of tenant debtors and accrued income as at 1 April 2022	**47**	**61**
Write-offs of tenant debtors	**(7)**	**(12)**
Movement in provisions for impairment of tenant debtors	**(12)**	**(15)**
Movement in provisions for impairment of accrued income	**1**	**2**
Total provision movement recognised in income statement	**(11)**	**(13)**
Provisions for impairment of tenant debtors and accrued income as at 31 March 2023	**29**	**36**

Provisioning for impairment of trade debtors is considered to be a key source of estimation uncertainty at the balance sheet date and, as a result, we include sensitivity tables, below, to illustrate the impact of changes in assumptions on provisions for impairment of trade debtors and accrued income recognised at the balance sheet date.

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

		Impact on provisions		Impact on provisions	
	Provision at 31 March 2023 £m	10% increase in loss rates[1] £m	10% decrease in loss rates[1] £m	10% increase in % share of high risk tenant debtors[2] £m	10% decrease in % share of high risk tenant debtors[2] £m
Provisions for impairment of tenant debtors	**27**	**1**	**(1)**	**1**	**(1)**
Provisions for impairment of accrued income	**2**	**–**	**–**	**–**	**–**
Group total provision for impairment of tenant debtors and accrued income	**29**	**1**	**(1)**	**1**	**(1)**

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

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

14 Creditors

	2023 £m	Restated[1] 2022 £m
Trade creditors	**113**	74
Accruals	**60**	70
Deferred income	**52**	66
Other taxation and social security	**25**	25
Lease liabilities	**6**	6
Tenant deposits	**26**	37
	282	278

1. Prior year comparatives have been restated for a change in accounting policy in respect of tenant deposits. Refer to Note 1 for further information.

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

	2023 £m	2022 £m
Lease liabilities	**120**	125
Deferred income	**25**	27
	145	152

Notes to the Accounts continued

16 Deferred tax

The movement on deferred tax is as shown below:

Deferred tax assets year ended 31 March 2023

	1 April 2022 £m	Debited to income £m	Credited to equity £m	31 March 2023 £m
Temporary differences	–	5	–	5

Deferred tax liabilities year ended 31 March 2023

	£m	£m	£m	£m
Derivative revaluations	–	(9)	–	(9)
Net deferred tax liabilities	–	(4)	–	(4)

Deferred tax assets year ended 31 March 2022

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

Deferred tax liabilities year ended 31 March 2022

	£m	£m	£m	£m
Derivative revaluations	–	–	–	–
	–	–	–	–
Net deferred tax assets (liabilities)	–	–	–	–

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

At 31 March 2023 the Group had capital losses of £718m (2021/22: £720m) available to offset future capital gains giving rise to an unrecognised deferred tax asset calculated at 25% (2021/22: 19%) of £180m (2021/22: £137m).

At 31 March 2023 the Group had UK revenue tax losses from previous years of £224m (2021/22: £247m) giving rise to an unrecognised deferred tax asset calculated at 25% (2021/22: 19%) of £56m (2021/22: £47m).

The Group has recognised a net deferred tax liability on derivative revaluations of £4m (2021/22: £nil). On a gross basis, to the extent that future matching taxable profits are expected to arise of £9m in respect of derivative revaluations (2021/22: £nil), deferred tax assets of £5m have been recognised (2021/22: £nil).

Under the REIT regime development properties which are sold within three years of completion do not benefit from tax exemption. At 31 March 2023 the value of such properties is £827m (2021/22: £1,429m) and if these properties were to be sold and no tax exemption was available the tax arising would be £3m (2021/22: £21m).

17 Net debt

	Footnote	2023 £m	Restated[7] 2022 £m
Secured on the assets of the Group			
5.264% First Mortgage Debenture Bonds 2035		**325**	347
5.0055% *First Mortgage Amortising Debentures 2035*		**86**	88
5.357% First Mortgage Debenture Bonds 2028		**218**	227
Bank loans	1	**298**	347
		927	1,009
Unsecured			
4.766% Senior US Dollar Notes 2023	2	**105**	101
5.003% Senior US Dollar Notes 2026	2	**65**	66
3.81% Senior Notes 2026		**97**	102
3.97% Senior Notes 2026		**97**	103
2.375% Sterling Unsecured Bond 2029		**299**	298
4.16% Senior US Dollar Notes 2025	2	**78**	77
2.67% Senior Notes 2025		**38**	37
2.75% Senior Notes 2026		**38**	37
Floating Rate Senior Notes 2028		**80**	80
Floating Rate Senior Notes 2034		**101**	102
Facilities and overdrafts		**342**	604
		1,340	1,607
Gross debt	3	**2,267**	2,616
Interest rate and currency derivative liabilities		**67**	96
Interest rate and currency derivative assets		**(144)**	(97)
Cash and cash equivalents	4,5,6	**(125)**	(111)
Total net debt		**2,065**	2,504
Net debt attributable to non-controlling interests		**1**	1
Net debt attributable to shareholders of the Company		**2,066**	2,505
Total net debt		**2,065**	2,504
Amounts payable under leases (Notes 14 and 15)		**126**	131
Total net debt (including lease liabilities)		**2,191**	2,635
Net debt attributable to non-controlling interests (including lease liabilities)	4	**1**	1
Net debt attributable to shareholders of the Company (including lease liabilities)		**2,192**	2,636

1. These are non-recourse borrowings with no recourse for repayment to other companies or assets in the Group.

	2023 £m	2022 £m
Hercules Unit Trust	**298**	347
	298	347

2. Principal and interest on these borrowings were fully hedged into Sterling at a floating rate at the time of issue.
3. The principal amount of gross debt at 31 March 2023 was £2,250m (2021/22: £2,562m). Included in this is the principal amount of secured borrowings and other borrowings of non-recourse companies of £933m.
4. Included in cash and cash equivalents is the cash and short term deposits of Hercules Unit Trust of £37m, of which £1m is the proportion not beneficially owned by the Group.
5. Cash and short term deposits not subject to a security interest amount to £86m (2021/22: £64m).
6. Cash and cash equivalents includes tenant deposits of £26m (2021/22: £37m).
7. Prior year comparatives have been restated for a change in accounting policy in respect of tenant deposits. Refer to Note 1 for further information.

Notes to the Accounts continued

17 Net debt continued

Maturity analysis of net debt

	2023 £m	Restated[1] 2022 £m
Repayable: within one year and on demand	**402**	189
Between: one and two years	**6**	279
two and five years	**989**	854
five and ten years	**386**	659
ten and fifteen years	**484**	485
fifteen and twenty years	**-**	150
	1,865	2,427
Gross debt	**2,267**	2,616
Interest rate and currency derivatives	**(77)**	(1)
Cash and cash equivalents	**(125)**	(111)
Net debt	**2,065**	2,504

1 Prior year comparatives have been restated for a change in accounting policy in respect of tenant deposits Refer to Note 1 for further information

Fair value and book value of net debt

	2023			Restated[1] 2022		
	Fair value £m	Book value £m	Difference £m	Fair value £m	Book value £m	Difference £m
Debentures and unsecured bonds	**1,533**	**1,627**	**(94)**	1,745	1,665	80
Bank debt and other floating rate debt	**645**	**640**	**5**	955	951	4
Gross debt	**2,178**	**2,267**	**(89)**	2,700	2,616	84
Interest rate and currency derivative liabilities	**67**	**67**	**-**	96	96	-
Interest rate and currency derivative assets	**(144)**	**(144)**	**-**	(97)	(97)	-
Cash and cash equivalents	**(125)**	**(125)**	**-**	(111)	(111)	-
Net debt	**1,976**	**2,065**	**(89)**	2,588	2,504	84
Net debt attributable to non-controlling interests	**1**	**1**	**-**	1	1	-
Net debt attributable to shareholders of the Company	**1,977**	**2,066**	**(89)**	2,589	2,505	84

1. Prior year comparatives have been restated for a change in accounting policy in respect of tenant deposits. Refer to Note 1 for further information

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

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

17 Net debt continued

Loan to Value (LTV)

LTV is the ratio of principal amount of gross debt less cash, short term deposits and liquid investments to the aggregate value of properties and investments, excluding non-controlling interests. EPRA LTV has been disclosed in Table E.

Group LTV

	2023 £m	Restated[1] 2022 £m
Group LTV	**27.4%**	26.2%
Principal amount of gross debt	**2,250**	2,562
Less debt attributable to non-controlling interests	**–**	–
Less cash and short term deposits (statement of cash flows)[2]	**(99)**	(74)
Plus cash attributable to non-controlling interests	**1**	1
Total net debt for LTV calculation	**2,152**	2,489
Group property portfolio valuation (Note 10)	**5,595**	6,944
Investments in joint ventures (Note 11)	**2,206**	2,521
Other investments and property, plant and equipment (balance sheet)[3]	**61**	46
Less property and investments attributable to non-controlling interests	**(13)**	(15)
Total assets for LTV calculation	**7,849**	9,496

Proportionally consolidated LTV

	2023 £m	2022 £m
Proportionally consolidated LTV	**36.0%**	32.9%
Principal amount of gross debt	**3,448**	3,648
Less debt attributable to non-controlling interests	**–**	–
Less cash and short term deposits[4]	**(228)**	(191)
Plus cash attributable to non-controlling interests	**1**	1
Total net debt for proportional LTV calculation	**3,221**	3,458
Group property portfolio valuation (Note 10)	**5,595**	6,944
Share of property of joint ventures (Note 10)	**3,316**	3,538
Other investments and property, plant and equipment (balance sheet)[3]	**61**	46
Less property attributable to non-controlling interests	**(13)**	(15)
Total assets for proportional LTV calculation	**8,959**	10,513

1. Prior year comparatives have been restated for a change in accounting policy in respect of rental concessions. Refer to Note 1 for further information.
2. Cash and short term deposits exclude tenant deposits of £26m (2021/22: £37m).
3. The £19m (2021/22: £22m) difference between other investments and plant, property and equipment per the balance sheet totalling £80m (2021/22: £68m), relates to a right-of-use asset recognised under a lease which is classified as property, plant and equipment which is not included within Total assets for the purposes of the LTV calculation.
4. Cash and short term deposits exclude tenant deposits of £49m (2021/22: £61m).

Notes to the Accounts continued

17 Net debt continued

Net Debt to EBITDA

Net Debt to EBITDA is the ratio of principal amount of gross debt less cash, short term deposits and liquid investments to earnings before interest, tax, depreciation and amortisation (EBITDA).

The Group ratio excludes non-recourse and joint venture borrowings and includes distributions and other receivables from non-recourse companies and joint ventures.

Group Net Debt to EBITDA

	2023 £m	2022 £m
Group Net Debt to EBITDA	**6.4x**	7.9x
Principal amount of gross debt	**2,250**	2,562
Less non-recourse borrowings	**(298)**	(347)
Less cash and short term deposits (statement of cash flows)[1]	**(99)**	(74)
Plus cash attributable to non-recourse companies	**37**	29
Total net debt for group Net Debt to EBITDA calculation	**1,890**	2,170
Underlying Profit (Table A)	**264**	247
Plus Net financing charges (Note 6)	**60**	55
Less Underlying Profit due to joint ventures and non-recourse companies[2]	**(144)**	(133)
Plus distributions and other receivables from joint ventures and non-recourse companies[3]	**107**	97
Plus depreciation and amortisation (Table A)	**7**	9
Total EBITDA for group Net Debt to EBITDA calculation	**294**	275

Proportionately consolidated Net Debt to EBITDA

	2023 £m	2022 £m
Proportionally consolidated Net Debt to EBITDA	***8.4x***	9.7x
Principal amount of gross debt	**3,448**	3,648
Less cash and short term deposits[4]	**(228)**	(191)
Plus cash attributable to non-controlling interests	**1**	1
Total net debt for proportional Net Debt to EBITDA calculation	**3,221**	3,458
Underlying Profit (Table A)	**264**	247
Plus Net financing charges (Table A)	**111**	102
Plus depreciation and amortisation (Table A)	**7**	9
Total EBITDA for proportional Net Debt to EBITDA calculation	**382**	358

1. Cash and short term deposits exclude tenant deposits of £26m (2021/22: £37m).
2. Underlying Profit due to joint ventures £92m (2021/22: £84m) as disclosed in the consolidated income statement and Underlying Profit due to non-recourse companies £52m (2021/22: £49m).
3. Distributions and other receivables from joint ventures £73m (2021/22 £57m) as disclosed in the consolidated statement of cash flows and distributions and other receivables from non-recourse companies £34m (2021/22: £40m).
4. Cash and short term deposits exclude tenant deposits of £49m (2021/22: £61m)

17 Net debt continued

British Land Unsecured Financial Covenants

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

	2023 £m	Restated[1] 2022 £m
Net Borrowings not to exceed 175% of Adjusted Capital and Reserves	**38%**	36%
Principal amount of gross debt	**2,250**	2,562
Less the relevant proportion of borrowings of the partly owned subsidiary/non-controlling interests	**-**	-
Less cash and short term deposits (statement of cash flows)[2]	**(99)**	(74)
Plus the relevant proportion of cash and deposits of the partly owned subsidiary/non-controlling interests	**1**	1
Net Borrowings	**2,152**	2,489
Share capital and reserves (balance sheet)	**5,525**	6,768
Trading property surpluses (Table A)	**7**	8
Exceptional refinancing charges (see below)	**161**	174
Fair value adjustments of financial instruments (Table A)	**(44)**	46
Less reserves attributable to non-controlling interests (balance sheet)	**(13)**	(15)
Adjusted Capital and Reserves	**5,636**	6,981

In calculating Adjusted Capital and Reserves for the purpose of the unsecured debt financial covenants, there is an adjustment of £161m (2021/22: £174m) to reflect the cumulative net amortised exceptional items relating to the refinancings in the years ended 31 March 2005, 2006 and 2007.

	2023 £m	Restated[1] 2022 £m
Net Unsecured Borrowings not to exceed 70% of Unencumbered Assets	**32%**	30%
Principal amount of gross debt	**2,250**	2,562
Less cash and short term deposits not subject to a security interest	**(86)**	(64)
Less principal amount of secured and non-recourse borrowings	**(933)**	(985)
Net Unsecured Borrowings	**1,231**	1,513
Group property portfolio valuation (Note 10)	**5,595**	6,944
Investments in joint ventures and funds (Note 11)	**2,206**	2,521
Other investments and property, plant and equipment (balance sheet)[3]	**61**	46
Less investments in joint ventures	**(2,206)**	(2,521)
Less encumbered assets (Note 10)	**(1,747)**	(1,915)
Unencumbered Assets	**3,909**	5,075

1. Prior year comparatives have been restated for a change in accounting policies in respect of rental concessions and tenant deposits. Refer to Note 1 for further information.
2. Cash and short term deposits exclude tenant deposits of £26m (2021/22: £47m).
3. The £19m (2021/22: £22m) difference between other investments and plant, property and equipment per the balance sheet totalling £80m (2021/22: £68m), relates to a right-of-use asset recognised under a lease which is classified as property, plant and equipment which is not included within Total assets for the purposes of the LTV calculation.

Notes to the Accounts continued

17 Net debt continued

Reconciliation of movement in Group net debt for the year ended 31 March 2023

	Restated[1] 2022 £m	Cash flows £m	Transfers[2] £m	Foreign exchange £m	Fair value £m	Arrangement cost amortisation £m	2023 £m
Short term borrowings	189	(190)	402	-	-	1	402
Long term borrowings	2,427	(123)	(402)	20	(55)	(2)	1,865
Derivatives[3]	(1)	(12)	-	(20)	(44)	-	(77)
Total liabilities from financing activities[4]	2,615	(325)	-	-	(99)	(1)	2,190
Cash and cash equivalents	(111)	(14)	-	-	-	-	(125)
Net debt	2,504	(339)	-	-	(99)	(1)	2,065

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

	2021 £m	*Restated* Cash flows £m	Transfers[2] £m	*Foreign* exchange £m	Fair value £m	Arrangement *cost* amortisation £m	*Restated* 2022 £m
Short term borrowings	161	(159)	189	-	(4)	2	189
Long term borrowings	2,249	429	(189)	17	(76)	(3)	2,427
Derivatives[5]	(7)	7	-	(17)	16	-	(1)
Total liabilities from financing activities[6]	2,403	277	-	-	(64)	(1)	2,615
Cash and cash equivalents	(154)	43	-	-	-	-	(111)
Net debt	2,249	320	-	-	(64)	(1)	2,504

1. Prior year comparative has been restated for a change in accounting policy in respect of tenant deposits. Refer to Note 1 for further information.
2. Transfers comprises debt maturing from long term to short term borrowings.
3. Cash flows on derivatives include £9m of net receipts on derivative interest
4. *Cash flows of £325m shown above represents net cash flows on capital payments in respect of interest rate derivatives of £21m, decrease in bank and other* borrowings of £637m and drawdowns on bank and other borrowings of £324m shown in the consolidated statement of cash flows, along with £9m of net receipts on derivative interest.
5. Cash flows on derivatives include £15m of net receipts on derivative interest.
6. Cash flows of £277m shown above represents net cash flows on capital payments in respect of interest rate derivatives of £8m, decrease in bank and other borrowings of £213m and drawdowns on bank and other borrowings of £483m shown in the consolidated statement of cash flows, along with £15m of net receipts on derivative interest.

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.

	2023				2022			
	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	-	(144)	-	(144)	-	(97)	-	(97)
Other investments - fair value through profit or loss (Note 12)	-	-	(48)	(48)	-	-	(28)	(28)
Assets	-	(144)	(48)	(192)	-	(97)	(28)	(125)
Interest rate and currency derivative liabilities	-	67	-	67	-	96	-	96
Liabilities	-	67	-	67	-	96	-	96
Total	-	(77)	(48)	(125)	-	(1)	(28)	(29)

17 Net debt continued

Categories of financial instruments

	2023 £m	Restated[1] 2022 £m
Financial assets		
Amortised cost		
Cash and cash equivalents	**125**	111
Trade and other debtors (Note 13)	**22**	49
Other investments (Note 12)	**2**	4
Fair value through profit or loss		
Derivatives in designated fair value hedge accounting relationships[2,3]	**45**	59
Derivatives not in designated hedge accounting relationships	**99**	38
Other investments (Note 12)	**48**	28
	341	289
Financial liabilities		
Amortised cost		
Creditors (Note 14)	**(199)**	(157)
Gross debt	**(2,267)**	(2,616)
Lease liabilities (Notes 14 and 15)	**(126)**	(131)
Fair value through profit or loss		
Derivatives not in designated hedge accounting relationships	**(50)**	(96)
Derivatives in designated fair value hedge accounting relationships[2,3]	**(17)**	-
	(2,659)	(3,000)
Total	**(2,318)**	(2,711)

1. Prior year comparatives have been restated for a change in accounting policies in respect of rental concessions and tenant deposits. Refer to Note 1 for further information.
2. Derivative assets and liabilities in designated hedge accounting relationships sit within the derivative assets and derivative liabilities balances of the consolidated balance sheet.
3. The fair value of derivative assets in designated hedge accounting relationships represents the accumulated amount of fair value hedge adjustments on hedged items.

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

Capital risk management

The capital structure of the Group consists of net debt and equity attributable to the equity holders of The British Land Company PLC, comprising issued capital, reserves and retained earnings. Risks relating to capital structure are addressed within Managing risk in delivering our strategy on pages 46 to 60. The Group's objectives, policies and processes for managing debt are set out in the Financial policies and principles on pages 43 to 45.

Interest rate risk management

The Group uses interest rate swaps and caps to hedge exposure to the variability in cash flows on floating rate debt, such as revolving bank facilities, caused by movements in market rates of interest. The Group's objectives and processes for managing interest rate risk are set out in the Financial policies and principles on pages 43 to 45.

At 31 March 2023, the fair value of these derivatives is a net liability of £41m (2021/22: £45m). Interest rate swaps with a fair value of £nil have been designated as cash flow hedges under IFRS 9.

The ineffectiveness recognised in the income statement on cash flow hedges in the year ended 31 March 2023 was £nil (2021/22: £nil).

Notes to the Accounts continued

17 Net debt continued

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

Variable rate debt hedged

		2023 £m	2022 £m
Outstanding:	at one year	**550**	800
	at two years	**1,025**	550
	at five years	**350**	600
	at ten years	**-**	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 2023, the fair value of these derivatives is a net asset of £18m (2021/22: £38m). Interest rate swaps with a fair value asset of £26m have been designated as fair value hedges under IFRS 9 (2021/22: asset of £59m).

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

Interest rate profile – including effect of derivatives

	2023 £m	2022 £m
Fixed or capped rate	**2,168**	2,542
	2,168	2,542

All the debt is effectively Sterling denominated except for £27m of USD debt of which £27m is at a variable rate (2021/22: £15m).

At 31 March 2023 the weighted average interest rate of the Sterling fixed rate debt is 4.2% (2021/22: 4.2%). The weighted average period for which the rate is fixed is 7.3 years (2021/22: 8.3 years).

Proportionally consolidated net debt at fixed or capped rates of interest

	2023	2022
Spot basis	**100%**	100%
Average over next five-year forecast period	**76%**	79%

Sensitivity table – market rate movements

	2023		2022	
	Increase	Decrease	Increase	Decrease
Movement in interest rates (bps)[1]	**373**	**(373)**	67	(67)
Impact on underlying annual profit (£m)	**-**	**9**	(4)	9
Movement in medium and long term swap rates (bps)[2]	**424**	**(424)**	139	(139)
Impact on cash flow hedge and non-hedge accounted derivative valuations (£m)	**177**	**(210)**	75	(72)

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

17 Net debt continued

Foreign currency risk management

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

The table below shows the carrying amounts of the Group's foreign currency denominated assets and liabilities. Provided contingent tax on overseas investments is not expected to occur it will be ignored for hedging purposes. Based on the 31 March 2023 position a 28% appreciation (largest annual change over the last 10 years) in the USD relative to Sterling would result in a £3m change (2021/22: £nil) in reported profits.

	Assets		Liabilities	
	2023 £m	2022 £m	**2023 £m**	2022 £m
USD denominated	**38**	20	**27**	20

1. The USD denominated asset of £38m is an other investment accounted for as fair value through profit of loss as disclosed in Note 12. The remaining £10m other investment accounted for as fair value through profit or loss is a GBP denominated other investment.

Credit risk management

The Group's approach to credit risk management of counterparties is referred to in Financial policies and principles on pages 43 to 45 and the risks addressed within Managing risk in delivering our strategy on pages 46 to 60. The carrying amount of financial assets recorded in the financial statements represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Banks and financial institutions:

Cash and cash equivalents at 31 March 2023 amounted to £125m (2021/22: £111m restated). Cash and cash equivalents were placed with financial institutions with BBB+ or better credit ratings.

At 31 March 2023, the fair value of all interest rate derivative assets was £144m (2021/22: £97m).

At 31 March 2023, prior to taking into account any offset arrangements, the largest combined credit exposure to a single counterparty arising from money market deposits, liquid investments and derivatives was £43m (2021/22: £43m). This represents 0.5% (2021/22: 0.4%) of gross assets.

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

Trade debtors:

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

Tenant incentives:

Tenant incentives and the associated tenant incentive provisions for impairment for expected credit losses are both recognised within investment property. See Note 1 for further details on the presentation of tenant incentive provisions. Expected credit losses are calculated on initial recognition of tenant incentives and subsequently in accordance with IFRS 9, taking into account historic and forward-looking information. See Note 10 for further details and credit risk related disclosures.

Liquidity risk management

The Group's approach to liquidity risk management is discussed in Financial policies and principles on pages 43 to 45, and the risks addressed within Managing risk in delivering our strategy on pages 46 to 60.

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

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

Notes to the Accounts continued

17 Net debt continued

Liquidity risk management continued

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

	2023				
	Within one year £m	Following year £m	Three to five years £m	Over five years £m	Total £m
Gross Debt[1]	**409**	**8**	**995**	**882**	**2,294**
Interest on debt	**100**	**84**	**195**	**199**	**578**
Derivative payments	**104**	**18**	**172**	**26**	**320**
Lease liability payments	**10**	**10**	**29**	**305**	**354**
Total payments	**623**	**120**	**1,391**	**1,412**	**3,546**
Derivative receipts	**(172)**	**(34)**	**(179)**	**(3)**	**(388)**
Net payment	**451**	**86**	**1,212**	**1,409**	**3,158**
Operating leases with tenants	**248**	**211**	**440**	**479**	**1,378**
Liquidity (deficit) surplus	**(203)**	**125**	**(772)**	**(930)**	**(1,780)**
Cumulative liquidity (deficit) surplus	**(203)**	**(78)**	**(850)**	**(1,780)**	

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

1. Gross debt of £2,267m (2021/22: £2,616m) represents the total of £2,294m (2021/22: £2,591m), less unamortised issue costs of £9m (2021/22: £9m), less fair value adjustments to debt of £18m (2021/22: plus fair value adjustments to debt of £34m).

Any short term liquidity gap between the net payments required and the rentals receivable can be met through other liquidity sources available to the Group, such as committed undrawn borrowing facilities. The Group currently holds cash and cash equivalents of £111m of which £86m is not subject to a security interest (see footnote 5 to net debt table on page 209). Further liquidity can be achieved through sales of property assets or investments and financing activity.

The Group's property portfolio is valued externally at £5,595m (2021/22: £6,944m) and the share of joint ventures' property is valued at £3,316m (2021/22: £3,538m). The committed undrawn borrowing facilities available to the Group are a further source of liquidity. The maturity profile of committed undrawn borrowing facilities is shown below.

Maturity of committed undrawn borrowing facilities

		2023 £m	2022 £m
Maturity date:	over five years	**130**	70
	between four and five years	**504**	401
	between three and four years	**370**	406
Total facilities available for more than three years		**1,004**	877
Between two and three years		**555**	360
Between one and two years		**170**	50
Within one year		**50**	-
Total		**1,779**	1,287

The undrawn facilities are comprised of British Land undrawn facilities of £1,779m (2021/22: £1,287m).

18 Leasing

Operating leases with tenants

The Group leases out all of its investment properties under operating leases with a weighted average lease length of six years (2021/22: six years). The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	2023 £m	2022 £m
Less than one year	**248**	282
Between one and two years	**211**	239
Between three and five years	**440**	490
Between six and ten years	**320**	349
Between eleven and fifteen years	**97**	74
Between sixteen and twenty years	**41**	30
After twenty years	**21**	17
Total	**1,378**	1,481

Lease commitments

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

	2023			2022		
	Minimum lease payments £m	**Interest £m**	**Principal £m**	Minimum lease payments £m	Interest £m	Principal £m
British Land Group						
Less than one year	**10**	**4**	**6**	9	3	6
Between one and two years	**10**	**3**	**7**	10	3	7
Between two and five years	**29**	**7**	**22**	29	8	21
More than five years	**305**	**214**	**91**	325	228	97
Total	**354**	**228**	**126**	373	242	131
Less future finance charges	**(228)**			(242)		
Present value of lease obligations	**126**			131		

Notes to the Accounts continued

19 Dividends

The final dividend payment for the six-month period ended 31 March 2023 will be 11.04p. Payment will be made on 28 July 2023 to shareholders on the register at close of business on 23 June 2023. The final dividend will be a Property Income Distribution and no SCRIP alternative will be offered.

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

Payment date	Dividend	Pence per share	2023 £m	2022 £m
Current year dividends				
28.07.2023	2023 Final	11.04		
06.01.2023	2023 Interim	11.60	**107**	
		22.64		
Prior year dividends				
29.07.2022	2022 Final	11.60	**108**	
07.01.2022	2022 Interim	10.32		95
		21.92		
06.08.2021	2021 Final	6.64		62
Dividends disclosed in consolidated statement of changes in equity			**215**	157
Dividends settled in shares			**–**	–
Dividends settled in cash			**215**	157
Timing difference relating to payment of withholding tax			**(2)**	(2)
Dividends disclosed in consolidated statement of cash flows			**213**	155

20 Share capital and reserves

	2023	2022
Number of ordinary shares in issue at 1 April	**938,109,433**	937,981,992
Share issues	**225,544**	127,441
At 31 March	**938,334,977**	938,109,433

Of the issued 25p ordinary shares, 7,376 shares were held in the ESOP trust (2021/22: 7,376), 11,266,245 shares were held as treasury shares (2021/22: 11,266,245) and 927,061,356 shares were in free issue (2021/22: 926,835,812). 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. In the prior year to 31 March 2022, £12m was reclassified from the hedging and translation reserve to the income statement, relating to cumulative foreign exchange gains on disposal of the net investment in a foreign subsidiary.

Revaluation reserve

The revaluation reserve relates to investments in joint ventures. There were no transfers for the years ended 31 March 2023 and 31 March 2022.

Merger reserve

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

20 Share capital and reserves continued

At 31 March 2023, options over 1,250,386 ordinary shares were outstanding under employee share option plans. The options had a weighted average life of 1.9 years. Details of outstanding share options and shares awarded to employees including Executive Directors are set out below and on the following page:

Date of grant	At 31 March 2022	Granted	Vested but not exercised	Exercised/ Vested	Lapsed	**At 31 March 2023**	Exercise price (pence)	Exercise dates From	Exercise dates To
Share options Sharesave Scheme									
21.06.17	10,687	–	–	–	(10,687)	**–**	508.00	01.09.22	01.03.23
29.06.18	21,362	–	–	–	(5,464)	**15,898**	549.00	01.09.23	01.03.24
18.06.19	101,262	–	–	(37,446)	(56,784)	**7,032**	435.00	01.09.22	01.03.23
18.06.19	9,238	–	–	–	(689)	**8,549**	435.00	01.09.24	01.03.25
07.07.20	408,215	–	–	(7,737)	(39,185)	**361,293**	336.00	01.09.23	01.03.24
07.07.20	324,256	–	–	–	(27,497)	**296,759**	336.00	01.09.25	01.03.26
06.07.21	104,432	–	–	(724)	(14,396)	**89,312**	414.00	01.09.24	01.03.25
06.07.21	86,864	–	–	–	(11,228)	**75,636**	414.00	01.09.26	01.03.27
22.06.22	–	135,575	–	–	(7,905)	**127,670**	421.00	01.09.25	01.03.26
22.06.22	–	44,597	–	–	(1,566)	**43,031**	421.00	01.09.27	01.03.28
	1,066,316	180,172	–	(45,907)	(175,401)	**1,025,180**			
Long-Term Incentive Plan – options vested, not exercised									
14.09.12	42,225	–	–	–	(42,225)	**–**	538.00	14.09.15	14.09.22
20.12.12	33,095	–	–	–	(33,095)	**–**	563.00	20.12.15	20.12.22
05.08.13	108,588	–	–	–	–	**108,588**	601.00	05.08.16	05.08.23
05.12.13	116,618	–	–	–	–	**116,618**	600.00	05.12.16	05.12.23
	300,526	–	–	–	(75,320)	**225,206**			
Long-Term Incentive Plan – unvested options									
26.06.18	83,942	–	–	–	(83,942)	**–**	682.20	25.06.21	25.06.28
	83,942	–	–	–	(83,942)	**–**			
Total	1,450,784	180,172	–	(45,907)	(334,663)	**1,250,386**			
Weighted average exercise price of options (pence)	430	421	–	418	505	**409**			

Notes to the Accounts continued

20 Share capital and reserves continued

Date of grant	At 31 March 2022	Granted	Exercised/ Vested	Lapsed	**At 31 March 2023**	Share price at grant date (pence)	Vesting date
Performance Shares Long-Term Incentive Plan							
23.07.19	828,810	-	-	(828,810)	**-**	535.60	23.07.22
22.06.20	853,927	-	-	(17,929)	**835,998**	408.90	22.06.23
22.06.21	888,644	-	-	(31,822)	**856,822**	516.80	22.06.24
02.08.21	238,945	-	-	-	**238,945**	519.60	02.08.24
01.09.21	41,294	-	-	-	**41,294**	542.00	01.09.24
19.07.21	19,612	-	(19,612)	-	**-**	482.50	13.05.22
19.07.21	9,403	-	(9,403)	-	**-**	482.50	21.05.22
19.07.21	44,273	-	-	-	**44,273**	482.50	12.05.23
19.07.21	28,209	-	-	-	**28,209**	482.50	12.05.24
19.07.21	9,403	-	-	-	**9,403**	482.50	12.05.25
19.07.21	124,948	-	(107,705)	(17,243)	**-**	482.50	03.07.23
19.07.21	121,787	-	-	-	**121,787**	482.50	02.08.24
19.07.22	-	1,848,874	-	-	**1,848,874**	470.70	19.07.25
	3,209,255	1,848,874	(136,720)	(895,804)	**4,025,605**		
Restricted Share Plan							
19.06.19	704,926	-	(680,880)	(24,046)	**-**	538.00	19.06.22
22.06.20	790,820	-	-	(48,056)	**742,764**	412.40	22.06.23
22.06.21	891,103	-	-	(71,636)	**819,467**	516.80	22.06.24
19.07.22	-	712,005	-	(34,533)	**677,472**	470.70	19.07.25
29.07.22	-	21,926	-	-	**21,926**	492.00	19.07.25
	2,386,849	733,931	(680,880)	(178,271)	**2,261,629**		
Total	5,596,104	2,582,805	(817,600)	(1,074,075)	**6,287,234**		
Weighted average price of shares (pence)	489	471	529	523	**471**		

21 Segment information

The Group allocates resources to investment and asset management according to the sectors it expects to perform over the medium term, and reports under two operating segments, being Campuses and Retail & Fulfilment. From 1 April 2023 the Group intends to change the name of the Retail & Fulfilment operating segment to Retail & London Urban Logistics in line with our evolving strategy. There will be no changes in the allocation of segment results or assets as a consequence of this change.

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

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

21 Segment information continued

Segment result

	Campuses		Retail & Fulfilment		Unallocated		Total	
	2023 £m	Restated[1] 2022 £m	2023 £m	Restated[1] 2022 £m	2023 £m	Restated[1] 2022 £m	2023 £m	Restated[1] 2022 £m
Gross rental income								
British Land Group	**115**	143	**205**	195	**-**	-	**320**	338
Share of joint ventures	**107**	91	**57**	57	**-**	-	**164**	148
Total	**222**	234	**262**	252	**-**	-	**484**	486
Net rental income								
British Land Group	**108**	116	**189**	175	**-**	-	**297**	291
Share of joint ventures	**89**	76	**51**	51	**-**	-	**140**	127
Total	**197**	192	**240**	226	**-**	-	**437**	418
Operating result								
British Land Group	**115**	119	**186**	170	**(55)**	(60)	**246**	229
Share of joint ventures	**82**	72	**49**	50	**(2)**	(2)	**129**	120
Total	**197**	191	**235**	220	**(57)**	(62)	**375**	349

	2023 £m	Restated[1] 2022 £m
Reconciliation to Underlying Profit		
Operating result	**375**	349
Net financing charges	**(111)**	(102)
Underlying Profit	**264**	247
Reconciliation to (loss) profit on ordinary activities before taxation		
Underlying Profit	**264**	247
Capital and other	**(1,299)**	714
Underlying Profit attributable to non-controlling interests	**1**	2
Total (loss) profit on ordinary activities before taxation	**(1,034)**	963
Reconciliation to Group revenue		
Gross rental income per operating segment result	**484**	486
Less share of gross rental income of joint ventures	**(164)**	(148)
Plus share of gross rental income attributable to non-controlling interests	**2**	2
Gross rental income (Note 3)	**322**	340
Trading property sales proceeds	**-**	9
Service charge income	**59**	62
Management and performance fees (from joint ventures)	**13**	9
Other fees and commissions	**24**	21
Surrender premium payable	**-**	(29)
Revenue (consolidated income statement)	**418**	412

1. Prior year comparative has been restated for a change in accounting policy in respect of rental concessions. Refer to Note 1 for further information.

A reconciliation between net financing income in the consolidated income statement and net financing charges of £111m (2021/22: £102m) in the segmental disclosures above can be found within Table A in the supplementary disclosures. Of the total revenues above, £nil (2021/22: £nil) was derived from outside the UK.

Notes to the Accounts continued

21 Segment information continued

Segment assets

	Campuses		Retail & Fulfilment		Total	
	2023 £m	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m
Property assets						
British Land Group	**2,972**	4,150	**2,619**	2,788	**5,591**	6,938
Share of joint ventures	**2,687**	2,826	**629**	712	**3,316**	3,538
Total	**5,659**	6,976	**3,248**	3,500	**8,907**	10,476

Reconciliation to net assets

	2023 £m	Restated[1] 2022 £m
British Land Group		
Property assets	**8,907**	10,476
Other non-current assets	**141**	104
Non-current assets	**9,048**	10,580
Other net current liabilities	**(384)**	(377)
EPRA net debt	**(3,127)**	(3,397)
Other non-current liabilities	**(50)**	-
EPRA NTA (diluted)	**5,487**	6,806
Non-controlling interests	**13**	15
EPRA adjustments	**25**	(53)
Net assets	**5,525**	6,768

1. Prior year comparatives have been restated for a change in accounting policies in respect of rental concessions and tenant deposits. Refer to Note 1 for further information.

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:

	2023 £m	2022 £m
British Land and subsidiaries	**161**	222
Share of joint ventures	**332**	332
	493	554

As part of the Group's 2030 Sustainability Strategy published in 2020, the Group committed to a target of net zero carbon emissions by 2030, through offsetting any remaining emissions which have not been mitigated from that date. As part of this, the Group announced a transition vehicle, funded at a rate of £60 per tonne of embodied carbon generated through its development programme. In relation to the transition vehicle commitment, as at 31 March 2023, the Group has committed to spend £15m (2021/22: £15m) on carbon mitigation activities on its standing portfolio.

23 Related party transactions

Details of transactions with joint ventures are given in Notes 3, 6 and 11. During the year the Group recognised joint venture management fees of £13m (2021/22: £9m). Directors are the key management personnel and have the authority and responsibility for planning, directing and controlling the activities of the entity. Details of Directors' remuneration are given in the Remuneration Report on pages 141 to 159. Details of transactions with The British Land Group of Companies Pension Scheme, and other smaller pension schemes, are given in Note 9.

24 Contingent liabilities

Group and joint ventures

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

25 Subsidiaries with non-controlling interests

In the prior year to 31 March 2022, the Group completed the acquisition of the remaining 21.9% units of Hercules Unit Trust that the Group did not already own for a consideration of £38m. Whilst the transaction was completed on 5 July 2021, the Group obtained the risks and rewards of ownership of the 21.9% of Hercules Unit Trust on 1 April 2021 and therefore the change in ownership percentage and resulting non-controlling interests were reflected at this date in the financial statements. The book value of the net assets purchased at 1 April 2021 was £40m and consequently £40m has been transferred from non-controlling interests to shareholders equity.

As a result, the remaining non-controlling interests in Group subsidiaries, relating to 12.5% of Speke Unit Trust, are no longer material to the Group and therefore no further disclosure is included with respect to the ongoing non-controlling interests.

26 Subsequent events

There have been no significant subsequent events post the balance sheet date.

Notes to the Accounts continued

27 Audit exemptions taken for subsidiaries

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

Entity Name	Company Number
17-19 Bedford Street Limited	07398971
18-20 Craven Hill Gardens Limited	07667839
20 Brock Street Limited	07401697
Adamant Investment Corporation Limited	00225149
Aldgate Place (GP) Limited	07829315
B.L.Holdings Limited	00000529
Bayeast Property Co Limited	00635800
BF Propco (No 3) Limited	05270196
BF Propco (No 5) Limited	05270219
BF Properties (No 4) Ltd	05270289
BF Properties (No 5) Ltd	05270039
BL 5KS Holdings Limited	13398992
BL Aldgate Development Limited	05070564
BL Aldgate Holdings Limited	05876405
BL Bluebutton 2014 Limited	09048771
BL Broadgate Fragment 1 Limited	09400407
BL Broadgate Fragment 2 Limited	09400541
BL Broadgate Fragment 3 Limited	09400411
BL Broadgate Fragment 4 Limited	09400409
BL Broadgate Fragment 5 Limited	09400413
BL Broadgate Fragment 6 Limited	09400414
BL Broadway Investment Limited	10754763
BL Chess Limited	08548399
BL City Offices Holding Company Limited	06002147
BL CW Residential Holdings Limited	14178788
BL CW Upper LP Company Limited	10375411
BL Department Stores Holding Company Limited	06002135
BL Eden Walk Limited	10620935
BL Euston Tower Holding Company Limited	11612398
BL Goodman (LP) Limited	05056902
BL HC PH CRG LLP	OC338244
BL HC PH LLP	OC317199
BL HC Property Holdings Limited	06894046
BL High Street and Shopping Centres Holding Company Limited	06002148
BL Holdings 2010 Limited	07353966
BL Innovation Properties 2 Limited	05070554
BL Innovation Properties Limited	12293278
BL Intermediate Holding Company 2 Limited	12462158
BL Newport Limited	04967720
BL Office Holding Company Limited	05995028
BL Office Properties 3 Limited	14103029
BL Office (Non-City) Holding Company Limited	06002133
BL Osnaburgh St Residential Limited	06874523
BL Paddington Holding Company 2 Limited	11863746
BL Paddington Property 1 Limited	11863429
BL Paddington Property 2 Limited	11863540
BL Paddington Property 3 Limited	11863747
BL Paddington Property 4 Limited	11863835
BL Piccadilly Residential Limited	08707494
BL Residual Holding Company Limited	05995030
BL Retail Holding Company Limited	05995033
BL Retail Indirect Investments Limited	12288466
BL Retail Properties 2 Limited	13349753
BL Retail Properties 3 Limited	04869976
BL Retail Warehousing Holding Company Limited	06002154
BL Shoreditch Development Limited	05326670
BL South Camb Limited	07555233
BL Superstores Holding Company Limited	06002143
BL Thanet Limited	13843760
BL West (Watling House) Limited	04067234
BL West End Investments Limited	07793483
BL Whiteley Limited	11253224
BL Whiteley Retail Limited	11254281
BLD (A) Limited	00467242
BLD (Ebury Gate) Limited	03863852
BLD Property Holdings Limited	00823907
BLSSP (PHC5) Limited	04104061
BLU Securities Limited	03323061
British Land (Joint Ventures) Limited	04682740
British Land Acquisitions Limited	05464168
British Land City Offices Limited	03946069
British Land Fund Management Limited	04450726
British Land In Town Retail Limited	03325066
British Land Industrial Limited	00643370
British Land Offices (Non-City) Limited	02740378
British Land Offices (Non-City) No.2 Limited	06849369
British Land Property Advisers Limited	02793828
British Land Superstores (Non Securitised) Number 2 Limited	06514283
Broadgate City Limited	01769078
Broadgate Properties Limited	01982350
Cavendish Geared Limited	02779045
City Residential Holdings Limited	06049158
Drake Circus Leisure Limited	09190208
Glenway Limited	05398994
Hempel Holdings Limited	05341380
Hempel Hotels Limited	02728455
Insistmetal 2 Limited	04181514
London and Henley (UK) Limited	03576158
Meadowhall Centre Limited	03918066
Meadowhall Centre (1999) Limited	02261117
Moorage (Property Developments) Limited	01185513
Osnaburgh Street Limited	05886735
Paddington 5KS GP Limited	13843749
Paddington 5KS Holdings Limited	13843365
Paddington 5KS Nominee 1 Limited	13843833
Paddington 5KS Nominee 2 Limited	13843828
Pillar City Limited	04091078
Pillar Projects Limited	02444288
Pillar Property Group Limited	02570618
Plymouth Retail Limited	10368557
Project Sunrise Limited	01588407

27 Audit exemptions taken for subsidiaries continued

Entity Name	Company Number	Entity Name	Company Number
Regent's Place Holding 1 Limited	11864369	TBL Properties Limited	03863190
Regent's Place Holding 2 Limited	11864307	Teesside Leisure Park Limited	02672136
Regent's Place Holding Company Limited	10068705	Topside Street Limited	11253428
Regents Place Management Company Limited	07136724	Wates City of London Properties Limited	01788526
TBL Holdings Limited	03837311		

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

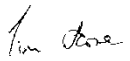
Name	Name
BL Chess No 1 Limited Partnership	Hereford Shopping Centre Limited Partnership
BL Lancaster Limited Partnership	Paddington 5KS Investment Limited Partnership
BL Shoreditch Limited Partnership	Paddington 5KS Property Limited Partnership
BL West End Offices Limited Partnership	Power Court Luton Limited Partnership
Hercules Property Limited Partnership	The Aldgate Place Limited Partnership

Company Balance Sheet

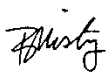
As at 31 March 2023

	Note	2023 £m	2022 £m
Fixed assets			
Investments and loans to subsidiaries	D	**23,140**	33,140
Investments in joint ventures	D	**111**	116
Other investments	D	**30**	34
Interest rate and currency derivative assets	E	**142**	96
		23,423	33,386
Current assets			
Debtors	G	**7**	12
Cash and cash equivalents	E	**17**	29
		24	41
Current liabilities			
Short term borrowings and overdrafts	E	**(104)**	(20)
Creditors	H	**(96)**	(85)
Amounts due to subsidiaries		**(16,269)**	(26,513)
		(16,469)	(26,618)
Net current liabilities		**(16,445)**	(26,577)
Total assets less current liabilities		**6,978**	6,809
Non-current liabilities			
Debentures and loans	E	**(1,865)**	(2,249)
Lease liabilities		**(25)**	(25)
Deferred tax liabilities		**(4)**	-
Interest rate and currency derivative liabilities	E	**(67)**	(96)
		(1,961)	(2,370)
Net assets		**5,017**	4,439
Equity			
Called up share capital	I	**234**	234
Share premium		**1,308**	1,307
Other reserves		**(5)**	(5)
Merger reserve		**213**	213
Retained earnings		**3,267**	2,690
Total equity		**5,017**	4,439

The profit after taxation for the year ended 31 March 2023 for the Company was £791m (2021/22: £726m profit).



Tim Score
Chairman



Bhavesh Mistry
Chief Financial Officer

The financial statements on pages 228 to 238 were approved by the Board of Directors and signed on its behalf on 16 May 2023.

Company number 621920

Company Statement of Changes in Equity

For the year ended 31 March 2023

	Share capital £m	Share premium £m	Other reserves £m	Merger reserve £m	Profit and loss account £m	**Total equity £m**
Balance at 1 April 2022	**234**	**1,307**	**(5)**	**213**	**2,690**	**4,439**
Shares issued in the year	**–**	**1**	**–**	**–**	**–**	**1**
Dividend paid	**–**	**–**	**–**	**–**	**(215)**	**(215)**
Fair value of share and share option awards	**–**	**–**	**–**	**–**	**1**	**1**
Profit for the year after taxation	**–**	**–**	**–**	**–**	**791**	**791**
Balance at 31 March 2023	**234**	**1,308**	**(5)**	**213**	**3,267**	**5,017**
Balance at 1 April 2021	234	1,307	(5)	213	2,118	3,867
Dividend paid	–	–	–	–	(157)	(157)
Fair value of share and share option awards	–	–	–	–	3	3
Profit for the year after taxation	–	–	–	–	726	726
Balance at 31 March 2022	234	1,307	(5)	213	2,690	4,439

The value of distributable reserves within the profit and loss account is £2,177m (2021/22: £1,399m) (unaudited). An explanation of how distributable reserves are determined, and any limitations, is set out on page 231 of Note A, within the Distributable reserves section.

Notes to the Accounts

(A) Accounting policies

The financial statements for the year ended 31 March 2023 have been prepared on the historical cost basis, except for the revaluation of derivatives which are measured at fair value These financial statements have been prepared in accordance with the Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101').

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

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

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

(a) the requirements of IAS 1 'Presentation of Financial Statements' to provide a statement of cash flows for the period;

(b) the requirements of IAS 1 to provide a statement of compliance with IFRS;

(c) the requirements of IAS 1 to disclose information on the management of capital;

(d) 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;

(e) 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;

(f) the requirements of paragraph 17 of IAS 24 'Related Party Disclosures' to disclose key management personnel compensation;

(g) the requirements of IFRS 7 'Financial Instruments: Disclosures' to disclose financial instruments; and

(h) the requirements of paragraphs 91-99 of IFRS 13 'Fair Value Measurement' to disclose information of fair value valuation techniques and inputs.

New standards effective for the current accounting period do not have a material impact on the financial statements of the Company. The two IFRIC Agenda Decisions issued in respect of rental concessions and tenant deposits (as disclosed in Note 1 of the consolidated financial statements), have had no material impact upon the financial statements of the Company. The accounting policies used are otherwise consistent with those contained in the Company's financial statements for the year ended 31 March 2022.

(A) Accounting policies continued

Going concern

The financial statements are prepared on a going concern basis. The balance sheet shows that the Company is in a net current liability position. This results from loans due to subsidiaries of £16,269m which are repayable on demand and therefore classified as current liabilities. These liabilities are not due to external counterparties and there is no expectation or intention that these loans will be repaid within the next 12 months. The net current liability position also results from the £104m of facilities that are reaching maturity within the next 12 months. The Company has access to £1.8bn of undrawn facilities and cash, which provides the Directors with comfort that the Company will be able to meet these current liabilities as they fall due. As a consequence of this, the Directors feel that the Company is well placed to manage its business risks successfully despite the current economic climate. Accordingly, they believe the going concern basis is an appropriate one. See the full assessment of preparation on a going concern basis in the corporate governance section on page 118.

Investments and loans

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

Critical accounting judgements and key sources of estimation uncertainty

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

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

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

Distributable reserves

Included in the retained earnings the Company had distributable reserves of £2,177m as at 31 March 2023 (2021/22: £1,399m) (unaudited). When making a distribution to shareholders, the Directors determine profits available for distribution by reference to 'Guidance on realised and distributable profits under the Companies Act 2006' issued by the Institute of Chartered Accountants in England and Wales and the Institute of Chartered Accountants of Scotland in April 2017.

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

(B) Dividends

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

(C) Employee information

Employee costs include wages and salaries of £41m (2021/22: £38m), social security costs of £6m (2021/22: £6m) and pension costs of £4m (2021/22: £4m). Details of the Executive Directors' remuneration are disclosed in the Remuneration Report on pages 141 to 159. Details of the number of employees of the Company are disclosed in Note 8 of the consolidated financial statements. Audit fees in relation to the parent Company only were £0.5m (2021/22: £0.5m).

Notes to the Accounts continued

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

	Shares in subsidiaries £m	*Loans to subsidiaries* £m	*Investments in joint ventures* £m	*Other investments* £m	**Total £m**
At 1 April 2022	19,270	13,870	116	34	**33,290**
Additions	-	1,189	31	2	**1,222**
Disposals	-	(2,338)	-	(2)	**(2,340)**
Capital distributions	(9,847)	-	-	-	**(9,847)**
Amortisation	-	-	-	(4)	**(4)**
Reversal of (provision for) impairment	(354)	1,350	(36)	-	**960**
As at 31 March 2023	9,069	14,071	111	30	**23,281**

The historical cost of shares in subsidiaries is £9,723m (2021/22: £19,570m). The historical cost of investments in joint ventures is £502m (2021/22: £471m) net of provision for impairment of £391m (2021/22: £356m) and includes £110m (2021/22: £115m) 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 £70m (2021/22: £71m).

In the year, the Company has received capital distributions totalling £9,847m (2021/22: £nil) from its subsidiaries following a corporate simplification and restructuring exercise. This included recapitalising subsidiaries that were previously in a net liability position and therefore unable to repay their intercompany loans and gave rise to a net reversal of loan impairment at the Company level and investment impairment losses in certain of the subsidiaries involved in the restructuring. Losses incurred by those subsidiaries that made the capital injections have been treated as deemed distributions in the Company's profit or loss. The Company considered the impairment of investment and loan balances at 31 March 2023, including those held in subsidiaries *that made capital injections, in accordance with IAS 36, IFRS 9 and its accounting policy.*

(E) Net debt

	2023 £m	2022 £m
Secured on the assets of the Company		
5.264% First Mortgage Debenture Bonds 2035	**325**	347
5.0055% First Mortgage Amortising Debentures 2035	**86**	88
5.357% First Mortgage Debenture Bonds 2028	**218**	227
	629	662
Unsecured		
4.766% Senior US Dollar Notes 2023[1]	**105**	101
5.003% Senior US Dollar Notes 2026[1]	**65**	66
3.81% Senior Notes 2026	**97**	102
3.97% Senior Notes 2026	**97**	103
2.375% Sterling Unsecured Bond 2029	**299**	298
4.16% Senior US Dollar Notes 2025[1]	**78**	77
2.67% Senior Notes 2025	**38**	37
2.75% Senior Notes 2026	**38**	37
Floating Rate Senior Notes 2028	**80**	80
Floating Rate Senior Notes 2034	**101**	102
Facilities and overdrafts	**342**	604
	1,340	1,607
Gross debt	**1,969**	2,269
Interest rate and currency derivative liabilities	**67**	96
Interest rate and currency derivative assets	**(142)**	(96)
Cash and cash equivalents	**(17)**	(29)
Net debt	**1,877**	2,240

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

(E) Net debt continued

Maturity analysis of net debt

	2023 £m	2022 £m
Repayable within one year and on demand	**104**	20
between: one and two years	**6**	101
two and five years	**989**	854
five and ten years	**386**	659
ten and fifteen years	**484**	485
fifteen and twenty years	**–**	150
	1,865	2,249
Gross debt	**1,969**	2,269
Interest rate and currency derivatives	**(75)**	–
Cash and cash equivalents	**(17)**	(29)
Net debt	**1,877**	2,240

(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

	2023 £m	2022 £m
Trade and other debtors	**5**	6
Prepayments and accrued income	**–**	1
Corporation tax	**2**	5
	7	12

Trade and other debtors are shown after deducting a provision for impairment against tenant debtors of £nil (2021/22: £2m). The provision for impairment is calculated as an expected credit loss on trade and other debtors in accordance with IFRS 9.

(H) Creditors

	2023 £m	2022 £m
Trade creditors	**36**	20
Other taxation and social security	**21**	23
Accruals and deferred income	**39**	42
	96	85

(I) Share capital

	£m	Ordinary shares of 25p each
Issued, called and fully paid		
At 1 April 2022	**234**	**938,109,433**
Share issues	**–**	**225,544**
At 31 March 2023	**234**	**938,334,977**

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

Notes to the Accounts continued

(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 2023, the Company has £nil of capital commitments (2021/22: £nil).

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

(K) Disclosures relating to subsidiary undertakings

The Company's subsidiaries and other related undertakings at 31 March 2023 are listed on the next page. All Group entities are included in the consolidated financial results.

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

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

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

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

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

* Companies undergoing liquidation.

(K) Disclosures relating to subsidiary undertakings continued

Direct holdings

Company Name	UK/Overseas Tax Resident Status
BL Bluebutton 2014 Limited	UK Tax Resident
BL Davidson Limited	UK Tax Resident
BL European Fund Management LLP	UK Tax Resident
BL Intermediate Holding Company Limited	UK Tax Resident
BL Intermediate Holding Company 2 Limited	UK Tax Resident
BL Shoreditch Development 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 Company Secretarial Limited	UK Tax Resident
British Land Properties Limited	UK Tax Resident
British Land Real Estate Limited	UK Tax Resident
British Land Securities Limited	UK Tax Resident
Broadgate Estates Limited	UK Tax Resident
Linestair Limited	UK Tax Resident
London and Henley Holdings Limited	UK Tax Resident
Meadowhall Pensions Scheme Trustee Limited	UK Tax Resident
MSC Property Intermediate Holdings Limited (50% interest)	UK Tax Resident
Regis Property Holdings Limited	UK Tax Resident

Indirect holdings

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

Notes to the Accounts continued

Company Name	UK/Overseas Tax Resident Status
BL Eden Walk Limited	UK Tax Resident
BL European Holdings Limited	UK Tax Resident
BL Euston Tower Holding Company Limited	UK Tax Resident
BL Fixed Uplift Fund Limited Partnership (Partnership interest)	UK Tax Resident
BL Fixed Uplift General Partner Limited	UK Tax Resident
BL Fixed Uplift Nominee 1 Limited	UK Tax Resident
BL Fixed Uplift Nominee 2 Limited	UK Tax Resident
BL Goodman (General Partner) Limited (50% interest)	UK Tax Resident
BL Goodman Limited Partnership (50% interest)	UK Tax Resident
BL Goodman (LP) Limited	UK Tax Resident
BL HB Investments Limited	UK Tax Resident
BL HC (DSCH) Limited	UK Tax Resident
BL HC (DSCLI) Limited	UK Tax Resident
BL HC Dollview Limited	UK Tax Resident
BL HC Hampshire PH LLP (Member interest)	UK Tax Resident
BL HC Health And Fitness Holdings Limited	UK Tax Resident
BL HC Invic Leisure Limited	UK Tax Resident
BL HC PH CRG LLP (Member interest)	UK Tax Resident
BL HC PH LLP (Member interest)	UK Tax Resident
BL HC PH No 1 LLP (Member interest)	UK Tax Resident
BL HC PH No 2 LLP (Member interest)	UK Tax Resident
BL HC PH No 3 LLP (Member interest)	UK Tax Resident
BL HC Property Holdings Limited	UK Tax Resident
BL Health Clubs PH No 1 Limited	UK Tax Resident
BL Health Clubs PH No 2 Limited	UK Tax Resident
BL High Street and Shopping Centres Holding Company Limited	UK Tax Resident
BL Holdings 2010 Limited	UK Tax Resident
BL Innovation Properties Limited	UK Tax Resident
BL Innovation Properties 2 Limited	UK Tax Resident
BL Lancaster Investments Limited	UK Tax Resident
BL Lancaster Limited Partnership (Partnership interest)	UK Tax Resident
BL Leisure and Industrial Holding Company Limited	UK Tax Resident
BL Logistics Investment Limited	UK Tax Resident
BL Logistics Investment 2 Limited	UK Tax Resident
BL Logistics Investment 3 Limited	UK Tax Resident
BL Meadowhall Holdings Limited	UK Tax Resident
BL Meadowhall Limited	UK Tax Resident
BL Newport Limited	UK Tax Resident
BL Office Properties 1 Limited	UK Tax Resident
BL Office Properties 2 Limited	UK Tax Resident
BL Office Properties 3 Limited	UK Tax Resident
BL Offices GP Limited	UK Tax Resident
BL Office (Non-City) Holding Company Limited	UK Tax Resident
BL Office Holding Company Limited	UK Tax Resident
BL Osnaburgh St Residential Ltd	UK Tax Resident
BL Paddington Holding Company 1 Limited	UK Tax Resident
BL Paddington Holding Company 2 Limited	UK Tax Resident
BL Paddington Property 1 Limited	UK Tax Resident
BL Paddington Property 2 Limited	UK Tax Resident
BL Paddington Property 3 Limited	UK Tax Resident
BL Paddington Property 4 Limited	UK Tax Resident
BL Piccadilly Residential Limited	UK Tax Resident
BL Residual Holding Company Limited	UK Tax Resident

Company Name	UK/Overseas Tax Resident Status
BL Retail Holding Company Limited	UK Tax Resident
BL Retail Indirect Investments Limited	UK Tax Resident
BL Retail Investment Holdings Limited	UK Tax Resident
BL Retail Properties Limited	UK Tax Resident
BL Retail Properties 2 Limited	UK Tax Resident
BL Retail Properties 3 Limited	UK Tax Resident
BL Retail Property Holdings Limited	UK Tax Resident
BL Retail Warehousing Holding Company Limited	UK Tax Resident
BL Sainsbury Superstores Limited (50% interest)*	UK Tax Resident
BL Shoreditch General Partner Limited	UK Tax Resident
BL Shoreditch Limited Partnership (Partnership interest)	UK Tax Resident
BL Shoreditch No. 1 Limited	UK Tax Resident
BL Shoreditch No. 2 Limited	UK Tax Resident
BL South Camb Limited	UK Tax Resident
BL Superstores Holding Company Limited	UK Tax Resident
BL Thanet Limited	UK Tax Resident
BL Triton Building Residential Limited	UK Tax Resident
BL Tunbridge Wells Limited	UK Tax Resident
BL Unitholder No. 1 (J) Limited (Jersey)[1]	Overseas Tax Resident
BL Unitholder No. 2 (J) Limited (Jersey)[1]	Overseas Tax Resident
BL Universal Limited	UK Tax Resident
BL West (Watling House) Limited	UK Tax Resident
BL West End Investments Limited	UK Tax Resident
BL West End Offices Limited Partnership	UK Tax Resident
BL West End Offices Limited (25% interest)	UK Tax Resident
BL Whiteley Limited	UK Tax Resident
BL Whiteley Retail Limited	UK Tax Resident
BL Woolwich Limited	UK Tax Resident
BL Woolwich Nominee 1 Limited	UK Tax Resident
BL Woolwich Nominee 2 Limited	UK Tax Resident
Blackwall (1)	UK Tax Resident
BLD (A) Limited	UK Tax Resident
BLD (Ebury Gate) Limited	UK Tax Resident
BLD (SJ) Limited	UK Tax Resident
BLD Property Holdings Limited	UK Tax Resident
BLSSP (PHC 5) Limited	UK Tax Resident
BLU Estates Limited	UK Tax Resident
BLU Property Management Limited	UK Tax Resident
BLU Securities Limited	UK Tax Resident
British Land (Joint Ventures) Limited	UK Tax Resident
British Land Acquisitions Limited	UK Tax Resident
British Land City Offices Limited	UK Tax Resident
British Land Fund Management Limited	UK Tax Resident
British Land Hercules Limited	UK Tax Resident
British Land In Town Retail Limited	UK Tax Resident
British Land Industrial Limited	UK Tax Resident
British Land Investment Management Limited	UK Tax Resident
British Land Offices (Non-City) Limited	UK Tax Resident
British Land Offices (Non-City) No. 2 Limited	UK Tax Resident
British Land People Management Services Limited	UK Tax Resident
British Land Property Advisers Limited	UK Tax Resident
British Land Property Management Limited	UK Tax Resident
British Land Property Services Limited	UK Tax Resident

Company Name	UK/Overseas Tax Resident Status
Broadgate Adjoining Properties Limited	UK Tax Resident
Broadgate City Limited	UK Tax Resident
Broadgate Court Investments Limited	UK Tax Resident
Broadgate Estates Limited	UK Tax Resident
Broadgate Investment Holdings Limited	UK Tax Resident
Broadgate Properties Limited	UK Tax Resident
Broadgate REIT Limited (50% interest)[2]	UK Tax Resident
Broughton Retail Park Limited (Jersey)[1]	Overseas Tax Resident
Broughton Unit Trust (Units)[1]	Overseas Tax Resident
Brunswick Park Limited	UK Tax Resident
BVP Developments Limited	UK Tax Resident
Cavendish Geared Limited	UK Tax Resident
Cheshine Properties Limited	UK Tax Resident
Chester Limited[1]	UK Tax Resident
Chrisilu Nominees Limited	UK Tax Resident
City of London Office Unit Trust (Jersey) (Units) (35.94% interest)[1]	Overseas Tax Resident
City Residential Holdings Limited	UK Tax Resident
Clarges Estate Property Management Co Limited	UK Tax Resident
Cornish Residential Properties Trading Limited	UK Tax Resident
Crescent West Properties	UK Tax Resident
Deepdale Co-Ownership Trust (50% interest)	UK Tax Resident
Drake Circus Centre Limited	UK Tax Resident
Drake Circus Leisure Limited	UK Tax Resident
Drake Property Holdings Limited	UK Tax Resident
Drake Property Nominee (No. 1) Limited	UK Tax Resident
Drake Property Nominee (No. 2) Limited	UK Tax Resident
Eden Walk Shopping Centre General Partner Limited (50% interest)	UK Tax Resident
Eden Walk Shopping Centre Unit Trust[2] (50% interest) (Jersey) (Units)[2]	Overseas Tax Resident
Elk Mill Oldham Limited	UK Tax Resident
Euston Tower Limited	UK Tax Resident
Finsbury Square BV[3]	Overseas Tax Resident
Fort Kinnaird GP Limited (50% interest)	UK Tax Resident
Fort Kinnaird Limited Partnership (50% interest)	UK Tax Resident
Fort Kinnaird Nominee Limited (50% interest)	UK Tax Resident
FRP Group Limited	UK Tax Resident
Garamead Properties Limited	UK Tax Resident
Gibraltar General Partner Limited (50% interest)	UK Tax Resident
Gibraltar Nominees Limited (50% interest)	UK Tax Resident
Giltbrook Retail Park Nottingham Limited	UK Tax Resident
Glenway Limited	UK Tax Resident
Hempel Holdings Limited	UK Tax Resident
Hempel Hotels Limited	UK Tax Resident
Hercules Property UK Holdings Limited	UK Tax Resident
Hercules Property UK Limited	UK Tax Resident
Hercules Unit Trust (Jersey) (Units)[1]	Overseas Tax Resident
Hereford Old Market Limited	UK Tax Resident
Hereford Shopping Centre GP Limited	UK Tax Resident

Company Name	UK/Overseas Tax Resident Status
Hereford Shopping Centre Limited Partnership	UK Tax Resident
HUT Investments Limited (Jersey)[1]	Overseas Tax Resident
Industrial Real Estate Limited	UK Tax Resident
Insistmetal 2 Limited	UK Tax Resident
Ivorydell Limited	UK Tax Resident
Lancaster General Partner Limited	UK Tax Resident
London and Henley (UK) Limited	UK Tax Resident
Lonebridge UK Limited	UK Tax Resident
Longford Street Residential Limited	UK Tax Resident
Ludgate Investment Holdings Limited	UK Tax Resident
Mayfair Properties	UK Tax Resident
Mayflower Retail Park Basildon Limited	UK Tax Resident
Meadowhall Centre (1999) Limited	UK Tax Resident
Meadowhall Centre Limited	UK Tax Resident
Meadowhall Centre Pension Scheme Trustees Limited	UK Tax Resident
Meadowhall Estates (UK) Limited	UK Tax Resident
Meadowhall Group (MLP) Limited	UK Tax Resident
Meadowhall Holdings Limited	UK Tax Resident
Meadowhall Opportunities Nominee 1 Limited	UK Tax Resident
Meadowhall Opportunities Nominee 2 Limited	UK Tax Resident
Mercari	UK Tax Resident
Mercari Holdings Limited	UK Tax Resident
Moorage (Property Developments) Limited	UK Tax Resident
Nugent Shopping Park Limited	UK Tax Resident
One Hundred Ludgate Hill	UK Tax Resident
Orbital Shopping Park Swindon Limited	UK Tax Resident
Osnaburgh Street Limited	UK Tax Resident
Paddington 3KS Investments Limited	UK Tax Resident
Paddington 5KS GP Limited	UK Tax Resident
Paddington 5KS Holdings Limited	UK Tax Resident
Paddington 5KS Investment Limited Partnership (50% interest)	UK Tax Resident
Paddington 5KS Nominee 1 Limited	UK Tax Resident
Paddington 5KS Nominee 2 Limited	UK Tax Resident
Paddington 5KS Holding Unit Trust (Jersey) (Units)	Overseas Tax Resident
Paddington Property Investment 5KS GP Limited	UK Tax Resident
Paddington Property Investment GP Limited	UK Tax Resident
Paddington Property Investment Limited Partnership (25% interest)	UK Tax Resident
Parwick Holdings Limited	UK Tax Resident
Parwick Investments Limited	UK Tax Resident
Piccadilly Residential Limited	UK Tax Resident
Pillar (Dartford) Limited	UK Tax Resident
Pillar (Fulham) Limited	UK Tax Resident
Pillar City Limited	UK Tax Resident
Pillar Dartford No.1 Limited	UK Tax Resident
Pillar Denton Limited	UK Tax Resident
Pillar Europe Management Limited	UK Tax Resident
Pillar Hercules No.2 Limited	UK Tax Resident
Pillar Nugent Limited	UK Tax Resident
Pillar Projects Limited	UK Tax Resident
Pillar Property Group Limited	UK Tax Resident
PillarStore Limited	UK Tax Resident

Notes to the Accounts continued

Company Name	UK/Overseas Tax Resident Status
Plymouth Retail Limited	UK Tax Resident
Power Court GP Limited	UK Tax Resident
Power Court Luton Limited Partnership (Partnership interest)	UK Tax Resident
Project Sunrise Limited	UK Tax Resident
Reading Gate Retail Park Co-Ownership (Member interest) (50% interest)	UK Tax Resident
Regent's Place Holding 1 Limited	UK Tax Resident
Regent's Place Holding 2 Limited	UK Tax Resident
Regent's Place Holding Company Limited	UK Tax Resident
Regents Place Management Company Limited	UK Tax Resident
Regents Place Residential Limited	UK Tax Resident
Rohawk Properties Limited	UK Tax Resident
Salmax Properties	UK Tax Resident
Seymour Street Homes Limited	UK Tax Resident
Shoreditch Support Limited	UK Tax Resident
Southgate General Partner Limited (50% interest)[4]	UK Tax Resident
Southgate Property Unit Trust (Jersey) (Units)	Overseas Tax Resident
Speke Unit Trust (87.5% interest) (Jersey) (Units)[2]	Overseas Tax Resident
St. Stephens Shopping Centre Limited	UK Tax Resident
Stockton Retail Park Limited	UK Tax Resident
Storey Offices Limited	UK Tax Resident
Storey Spaces Limited	UK Tax Resident
TBL (Bromley) Limited	UK Tax Resident
TBL Holdings Limited	UK Tax Resident
TBL Properties Limited	UK Tax Resident
Teesside Leisure Park Limited (51% interest)	UK Tax Resident
The Aldgate Place Limited Partnership (Partnership interest)	UK Tax Resident
The Dartford Partnership (Member interest) (50% interest)	UK Tax Resident
The Gibraltar Limited Partnership (Partnership interest) (50% interest)	UK Tax Resident
The Hercules Property Limited Partnership (Partnership)	UK Tax Resident
The Leadenhall Development Company Limited (50% interest)	UK Tax Resident
The Mary Street Estate Limited	UK Tax Resident
The Whiteley Co-Ownership (Member interest) (50% interest)	UK Tax Resident
Thurrock Retail Park Unit Trust[1]	Overseas Tax Resident
Tollgate Centre Colchester Limited	UK Tax Resident
Topside Street Limited	UK Tax Resident
Tweed Premier 4 Limited	UK Tax Resident
Union Property Corporation Limited	UK Tax Resident
Union Property Holdings (London) Limited	UK Tax Resident
United Kingdom Property Company Limited	UK Tax Resident
Valentine Co-ownership Trust (Member interest) (50% interest)	UK Tax Resident
Valentine Unit Trust (Jersey) (Units)[1]	Overseas Tax Resident
Wates City of London Properties Limited	UK Tax Resident
Westbourne Terrace Partnership (Partnership interest)	UK Tax Resident
Whiteley Shopping Centre Unit Trust (Jersey) (Units)[1]	Overseas Tax Resident
WOSC GP Limited (25% interest)	UK Tax Resident
WOSC Partners LP (Partnership interest) (25% interest)	UK Tax Resident

Supplementary disclosures

Unaudited unless otherwise stated

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

Summary income statement based on proportional consolidation for the year ended 31 March 2023

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

	Year ended 31 March 2023				Restated[1] Year ended 31 March 2022			
	Group £m	Joint ventures £m	Less non-controlling interests £m	Proportionally consolidated £m	Group £m	Joint ventures £m	Less non-controlling interests £m	Proportionally consolidated £m
Gross rental income[2]	**331**	**164**	**(2)**	**493**	347	148	(2)	493
Property operating expenses	**(28)**	**(20)**	**1**	**(47)**	(52)	(16)	–	(68)
Net rental income	**303**	**144**	**(1)**	**446**	295	132	(2)	425
Administrative expenses[3]	**(88)**	**(1)**	**–**	**(89)**	(88)	(1)	–	(89)
Net fees and other income	**18**	**–**	**–**	**18**	13	–	–	13
Ungeared income return	**233**	**143**	**(1)**	**375**	220	131	(2)	349
Net financing charges	**(60)**	**(51)**	**–**	**(111)**	(55)	(47)	–	(102)
Underlying Profit	**173**	**92**	**(1)**	**264**	165	84	(2)	247
Underlying taxation	**(1)**	**–**	**–**	**(1)**	4	–	–	4
Underlying Profit after taxation	**172**	**92**	**(1)**	**263**	169	84	(2)	251
Valuation movement (see Note 4)				**(1,365)**				642
Other capital and taxation (net)[4]				**74**				59
Result attributable to shareholders of the Company				**(1,028)**				952

1. Prior year comparatives have been restated for a change in accounting policy in respect of rental concessions. Refer to Note 1 for further information.
2. Group gross rental income includes £9m (2021/22: £7m) of all-inclusive rents relating to service charge income and excludes the surrender premium payable of £nil (2021/22: £29m) within the Capital and other column of the income statement.
3. Administrative expenses includes £7m (2021/22: £9m) of depreciation and amortisation.
4. Includes other comprehensive income.

Summary balance sheet based on proportional consolidation as at 31 March 2023

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

	Group £m	Share of joint ventures £m	Less non-controlling interests £m	Share options £m	Mark-to-market on derivatives and related debt adjustments £m	Lease liabilities £m	Valuation surplus on trading properties £m	Intangibles and Deferred tax £m	EPRA NTA 31 March 2023 £m	Restated[1] EPRA NTA 31 March 2022 £m
Campuses properties	**3,034**	**2,690**	**–**	**–**	**–**	**(72)**	**7**	**–**	**5,659**	6,976
Retail & Fulfilment properties	**2,665**	**644**	**(13)**	**–**	**–**	**(48)**	**–**	**–**	**3,248**	3,500
Total properties[2]	**5,699**	**3,334**	**(13)**	**–**	**–**	**(120)**	**7**	**–**	**8,907**	10,476
Investments in joint ventures	**2,206**	**(2,206)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	–
Other investments	**58**	**–**	**–**	**–**	**–**	**–**	**–**	**(8)**	**50**	48
Other net (liabilities) assets	**(369)**	**(109)**	**1**	**14**	**–**	**120**	**–**	**–**	**(343)**	(321)
Deferred tax liability	**(4)**	**(2)**	**–**	**–**	**–**	**–**	**–**	**6**	**–**	–
Net debt[3]	**(2,065)**	**(1,017)**	**(1)**	**–**	**(44)**	**–**	**–**	**–**	**(3,127)**	(3,397)
Net assets	**5,525**	**–**	**(13)**	**14**	**(44)**	**–**	**7**	**(2)**	**5,487**	6,806
EPRA NTA per share (Note 2)									**588p**	730p

1. Prior year comparatives have been restated for a change in accounting policies in respect of rental concessions and tenant deposits. Refer to Note 1 for further information.
2. Included within the total property value of £8,907m (2021/22: £10,476m) are right-of-use assets net of lease liabilities of £9m (2021/22: £9m), which in substance, relate to properties held under leasing agreements. The fair values of right-of-use assets are determined by calculating the present value of net rental cash flows over the term of the lease agreements.
3. EPRA net debt of £3,127m represents adjusted net debt used in Proportionally consolidated LTV and Net Debt to EBITDA calculations of £3,221m (see Note 17), less tenant deposits of £49m and issue costs and fair value hedge adjustments of £45m.

Supplementary disclosures continued

Unaudited unless otherwise stated

Table A continued

EPRA Net Tangible Assets movement

	Year ended 31 March 2023		Restated[1] Year ended 31 March 2022	
	£m	Pence per share	£m	Pence per share
Opening EPRA NTA	**6,806**	**730**	6,080	651
Income return	**263**	**28**	251	27
Capital return	**(1,367)**	**(147)**	632	69
Dividend paid	**(215)**	**(23)**	(157)	(17)
Closing EPRA NTA	**5,487**	**588**	6,806	730

1. Prior year comparatives have been restated for a change in accounting policies in respect of rental concessions and tenant deposits. Refer to Note 1 for further information.

Table B: EPRA Performance measures

EPRA Performance measures summary table

		2023		Restated[1] 2022	
		£m	Pence per share	£m	Pence per share
EPRA Earnings	- basic	**263**	**28.4**	234	25.3
	- diluted	**263**	**28.3**	234	25.2
			Percentage		Percentage
EPRA Net Initial Yield			**5.1%**		4.3%
EPRA 'topped-up' Net Initial Yield			**5.7%**		4.9%
EPRA Vacancy Rate			**6.3%**		6.3%
EPRA Cost Ratio (including direct vacancy costs)			**19.5%**		25.6%
EPRA Cost Ratio (excluding direct vacancy costs)			**12.6%**		16.5%

1. Prior year comparative has been restated for a change in accounting policy in respect of rental concessions. Refer to Note 1 for further information.

	2023		Restated[1] 2022	
	Net assets £m	Net asset value per share (pence)	Net assets £m	Net asset value per share (pence)
EPRA NTA	**5,487**	**588**	6,806	730
EPRA NRV	**6,029**	**646**	7,438	798
EPRA NDV	**5,658**	**606**	6,577	706
		Percentage		Percentage
EPRA LTV		**39.5%**		35.7%

1. Prior year comparatives have been restated for a change in accounting policies in respect of rental concessions and tenant deposits. Refer to Note 1 for further information.

Table B continued

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

	2023 £m	Restated[1] 2022 £m
(Loss) profit attributable to the shareholders of the Company	**(1,038)**	963
Exclude:		
Group - current taxation	**1**	(2)
Group - deferred taxation	**4**	-
Group - valuation movement	**798**	(475)
Group - loss (profit) on disposal of investment properties and investments	**30**	(45)
Group - Capital and other surrender premia payable (see Note 3)	**-**	29
Joint ventures - valuation movement (including result on disposals) (see Note 4)	**567**	(167)
Joint ventures - Capital financing charges	**(8)**	4
Joint ventures - deferred taxation	**-**	-
Changes in fair value of financial instruments and associated close-out costs	***(88)***	*(60)*
Non-controlling interests in respect of the above	**(2)**	-
Underlying Profit	**264**	247
Group - Underlying current taxation	**(1)**	4
Underlying Earnings - basic and diluted	**263**	251
Group - Capital and other surrender premia payable (see Note 3)	**-**	(29)
Group - reclassification of foreign exchange differences (see Note 6)	**-**	12
EPRA Earnings - basic and diluted	**263**	234
(Loss) profit attributable to the shareholders of the Company	**(1,038)**	963
IFRS Earnings - basic and diluted	**(1,038)**	963

1. Prior year comparatives have been restated for a change in accounting policy in respect of rental concessions. Refer to Note 1 for further information.

	2023 Number million	2022 Number million
Weighted average number of shares	**938**	938
Adjustment for treasury shares	**(11)**	(11)
IFRS/EPRA/Underlying Weighted average number of shares (basic)	**927**	927
Dilutive effect of share options	**-**	-
Dilutive effect of ESOP shares	**3**	3
EPRA/Underlying Weighted average number of shares (diluted)	**930**	930
Remove anti-dilutive effect	**(3)**	-
IFRS Weighted average number of shares (diluted)	**927**	930

Supplementary disclosures continued

Unaudited unless otherwise stated

Table B continued

Net assets per share (Audited)

	2023		Restated[1] 2022	
	£m	Pence per share	£m	Pence per share
IFRS net assets	**5,525**		6,768	
Deferred tax arising on revaluation movements	**6**		-	
Mark-to-market on derivatives and related debt adjustments	**(44)**		46	
Dilution effect of share options	**14**		8	
Surplus on trading properties	**7**		8	
Intangible assets	**(8)**		(9)	
Less non-controlling interests	**(13)**		(15)	
EPRA NTA	**5,487**	**588**	6,806	730
Intangible assets	**8**		9	
Purchasers' costs	**534**		623	
EPRA NRV	**6,029**	**646**	7,438	798
Deferred tax arising on revaluation movements	**(7)**		(2)	
Purchasers' costs	**(534)**		(623)	
Mark-to-market on derivatives and related debt adjustments	**44**		(46)	
Mark-to-market on debt	**126**		(190)	
EPRA NDV	**5,658**	**606**	6,577	706

1. Prior year comparatives have been restated for a change in accounting policies in respect of rental concessions and tenant deposits. Refer to Note 1 for further information.

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

	2023 Number million	2022 Number million
Number of shares at year end	**938**	938
Adjustment for treasury shares	**(11)**	(11)
IFRS/EPRA number of shares (basic)	**927**	927
Dilutive effect of share options	**3**	3
Dilutive effect of ESOP shares	**3**	2
IFRS/EPRA number of shares (diluted)	**933**	932

Table B continued

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

	2023 £m	2022 £m
Investment property – wholly owned	**5,582**	6,929
Investment property – share of joint ventures	**3,316**	3,538
Less developments, residential and land	**(1,363)**	(1,168)
Completed property portfolio	**7,535**	9,299
Allowance for estimated purchasers' costs	**525**	672
Gross up completed property portfolio valuation (A)	**8,060**	9,971
Annualised cash passing rental income	**443**	457
Property outgoings	**(34)**	(33)
Annualised net rents (B)	**409**	424
Rent expiration of rent-free periods and fixed uplifts[1]	**54**	61
'Topped-up' net annualised rent (C)	**463**	485
EPRA Net Initial Yield (B/A)	**5.1%**	4.3%
EPRA 'topped-up' Net Initial Yield (C/A)	**5.7%**	4.9%
Including fixed/minimum uplifts received in lieu of rental growth	**6**	5
Total 'topped-up' net rents (D)	**469**	490
Overall 'topped-up' Net Initial Yield (D/A)	**5.8%**	4.9%
'Topped-up' net annualised rent	**463**	485
ERV vacant space	**31**	33
Reversions	**(7)**	4
Total ERV (E)	**487**	522
Net Reversionary Yield (E/A)	**6.0%**	5.2%

1. The weighted average period over which rent-free periods expire is one year (2021/22 one year).

EPRA Net Initial Yield (NIY) basis of calculation

EPRA NIY is calculated as the annualised net rent (on a cash flow basis), divided by the gross value of the completed property portfolio. The valuation of our completed property portfolio is determined by our external valuers as at 31 March 2023, plus an allowance for estimated purchasers' costs. Estimated purchasers' costs are determined by the relevant stamp duty liability, plus an estimate by our valuers of agent and legal fees on notional acquisition. The net rent deduction allowed for property outgoings is based on our valuers' assumptions on future recurring non-recoverable revenue expenditure.

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

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

Supplementary disclosures continued

Unaudited unless otherwise stated

Table B continued

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

EPRA Vacancy Rate (Unaudited)

	31 March 2023 £m	31 March 2022 £m
Annualised potential rental value of vacant premises	**31**	33
Annualised potential rental value for the completed property portfolio	**496**	526
EPRA Vacancy Rate	**6.3%**	6.3%

The above is stated for the UK portfolio only. A discussion of significant factors affecting vacancy rates is included within the Strategic Report (page 17).

EPRA Cost Ratios (Unaudited)

	2023 £m	Restated[1] 2022 £m
Property operating expenses	**27**	52
Administrative expenses	**88**	88
Share of joint ventures expenses	**21**	17
Less: Performance and management fees (from joint ventures)	**(13)**	(9)
Net other fees and commissions	**(5)**	(4)
Ground rent costs and operating expenses de facto included in rents	**(28)**	(25)
EPRA Costs (including direct vacancy costs) (A)	**90**	119
Direct vacancy costs	**(32)**	(42)
EPRA Costs (excluding direct vacancy costs) (B)	**58**	77
Gross Rental Income less ground rent costs and operating expenses de facto included in rents	**294**	325
Share of joint ventures (GRI less ground rent costs)	**168**	140
Total Gross rental income less ground rent costs (C)	**462**	465
EPRA Cost Ratio (including direct vacancy costs) (A/C)	**19.5%**	25.6%
EPRA Cost Ratio (excluding direct vacancy costs) (B/C)	**12.6%**	16.5%
Impairment of tenant debtors, tenant incentives and accrued income (D)	**(6)**	(1)
Adjusted EPRA Cost Ratio (including direct vacancy costs and excluding impairment of tenant debtors, accrued income, tenant incentives and contracted rent increases) (A-D)/C	**20.8%**	25.8%
Adjusted EPRA Cost Ratio (excluding direct vacancy costs and excluding impairment of tenant debtors, accrued income, tenant incentives and contracted rent increases) (B-D)/C	**13.9%**	16.8%
Overhead and operating expenses capitalised (including share of joint ventures)	**10**	7

1. Prior year comparatives have been restated for a change in accounting policy in respect of rental concessions. Refer to Note 1 for further information.

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

Table C: Gross rental income (Audited)

	2023 £m	Restated[1] 2022 £m
Rent receivable[2]	**463**	479
Spreading of tenant incentives and contracted rent increases	**27**	11
Surrender premia	**3**	3
Gross rental income	**493**	493

1. Prior year comparatives have been restated for a change in accounting policy in respect of rental concessions. Refer to Note 1 for further information.
2. Group gross rental income includes £9m (2021/22: £7m) of all-inclusive rents relating to service charge income.

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

Table D: Property related capital expenditure (Unaudited)

	Year ended 31 March 2023			Year ended 31 March 2022		
	Group £m	Joint ventures £m	Total £m	Group £m	Joint ventures £m	Total £m
Acquisitions	**158**	**–**	**158**	596	34	630
Development	**156**	**106**	**262**	175	33	208
Investment properties						
Incremental lettable space	**–**	**–**	**–**	1	–	1
No incremental lettable space	**60**	**26**	**86**	12	25	37
Tenant incentives	**2**	**1**	**3**	21	3	24
Other material non-allocated types of expenditure	**3**	**3**	**6**	2	3	5
Capitalised interest	**10**	**3**	**13**	6	1	7
Total property related capital expenditure	**389**	**139**	**528**	813	99	912
Conversion from accrual to cash basis	**(50)**	**(6)**	**(56)**	42	(7)	35
Total property related capital expenditure on cash basis	**339**	**133**	**472**	855	92	947

The above is presented on a proportionally consolidated basis, excluding non-controlling interests and business combinations. The 'Other material non-allocated types of expenditure' category contains capitalised staff costs of £6m (2021/22: £5m).

Table E: EPRA LTV (Unaudited)

	Year ended 31 March 2023				Year ended 31 March 2022			
		Proportionately consolidated				Proportionately consolidated		
	Group £m	Share of Joint Ventures £m	Non-controlling interests £m	Total £m	Group £m	Share of Joint Ventures £m	Non-controlling interests £m	Total £m
Include:								
Gross debt	**2,250**	**1,198**	**–**	**3,448**	2,562	1,086	–	3,648
Net payables	**271**	**93**	**–**	**364**	261	97	–	358
Exclude:								
Cash and cash equivalents	**(125)**	**(152)**	**1**	**(276)**	(111)	(141)	1	(251)
EPRA Net Debt (A)	**2,396**	**1,139**	**1**	**3,536**	2,712	1,042	1	3,755
Include:								
Property portfolio valuation	**5,595**	**3,316**	**(13)**	**8,898**	6,944	3,538	(15)	10,467
Other financial assets	**50**	**–**	**–**	**50**	32	–	–	32
Intangibles	**8**	**–**	**–**	**8**	9	–	–	9
EPRA Total Property Value (B)	**5,653**	**3,316**	**(13)**	**8,956**	6,985	3,538	(15)	10,508
EPRA LTV (A/B)	**42.4%**			**39.5%**	38.8%			35.7%

OTHER INFORMATION (UNAUDITED)

Data includes Group's share of Joint Ventures

FY23 rent collection

Rent due between 25 March 2022 and 24 March 2023	Offices	Retail	Total
Received	100%	98%	99%
Outstanding	0%	2%	1%
Total	**100%**	**100%**	**100%**
	£187m	**£260m**	**£447m**

March quarter 2023 rent collection

Rent due between 25 March 2023 and 9 May 2023	Offices	Retail	Total
Received	99%	91%	95%
Outstanding	1%	9%	5%
Total	**100%**	**100%**	**100%**
	£44m	**£51m**	**£95m**

Purchases

Since 1 April 2023	Sector	Price (100%) £m	Price (BL Share) £m	Annualised Net Rents £m[1]
Completed				
DFS, Cambridge	Retail Parks	7	7	1
Solartron Retail Park	Retail Parks	35	35	3
Capitol Retail Park	Retail Parks	51	51	5
Westwood Retail Park, Thanet	Retail Parks	55	55	4
Mandela Way, Southwark	London Urban Logistics	22	22	-
Peterhouse Extension, Cambridge	Office	25	25	-
South Trumpington Land	Office	8	8	-
Total		**203**	**203**	**13**

1. British Land share of annualised rent topped up for rent frees

Sales

Since 1 April 2023	Sector	Price (100%) £m	Price (BL Share) £m	Annualised Net Rents £m
Completed				
Debenhams Chester	Other Retail	1	1	-
Deepdale Shopping Park, Preston	Retail Park	61	31	2
Debenhams, Cardiff	Other Retail	3	3	-
Paddington Central (75% sale)	Campuses	939	694	27
Exchanged				
126-134 Baker Street[2]	Office	17	17	1
Total		**1,021**	**746**	**30**

1. British Land share of annualised rent topped up for rent frees
2. Exchanged and completed post period end

Portfolio Valuation by Sector

At 31 March 2023	Group £m	Joint ventures £m	Total £m	Change H1	Change H2	Change FY
West End	2,208	330	2,538	(2.5)	(11.2)	(11.3)
City	494	2,072	2,566	(3.6)	(11.8)	(14.8)
Canada Water & other Campuses	171	285	456	(1.6)	(16.2)	(17.4)
Residential[2]	90	–	90	13.2	(11.2)	0.8
Campuses	**2,963**	**2,687**	**5,650**	**(2.7)**	**(11.9)**	**(13.1)**
Retail Parks	1,800	176	1,976	(3.7)	(6.9)	(10.2)
Shopping Centre	309	437	746	(2.1)	(5.6)	(7.6)
London Urban Logistics	258	5	263	(6.0)	(19.3)	(24.2)
Other Retail	252	11	263	(4.2)	(6.1)	(9.7)
Retail & London Urban Logistics	**2,619**	**629**	**3,248**	**(3.6)**	**(7.7)**	**(10.9)**
Total	**5,582**	**3,316**	**8,898**	**(3.0)**	**(10.4)**	**(12.3)**
Standing Investments	**4,745**	**2,798**	**7,543**	**(3.2)**	**(9.4)**	**(11.7)**
Developments	**837**	**518**	**1,355**	**(1.5)**	**(15.5)**	**(15.7)**

On a proportionally consolidated basis including the Group's share of joint ventures and excluding non-controlling interests
1 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
2. Standalone residential

Gross Rental Income[1]

Accounting Basis £m	12 months to 31 March 2023 Group	12 months to 31 March 2023 Joint ventures	12 months to 31 March 2023 Total	Annualised as at 31 March 2023 Group	Annualised as at 31 March 2023 Joint ventures	Annualised as at 31 March 2023 Total
West End	89	23	112	85	15	100
City	15	90	105	15	93	108
Other Campuses	11	3	14	9	3	12
Residential[2]	–	–	–	–	–	–
Campuses	**115**	**116**	**231**	**109**	**111**	**220**
Retail Parks	139	16	155	137	14	151
Shopping Centre	40	40	80	39	41	80
London Urban Logistics	7	–	7	8	–	8
Other Retail	19	1	20	20	1	21
Retail & London Urban Logistics	**205**	**57**	**262**	**204**	**56**	**260**
Total	**320**	**173**	**493**	**313**	**167**	**480**

On a proportionally consolidated basis including the Group's share of joint ventures and excluding non-controlling interests
1. Gross rental income will differ from annualised valuation rents due to accounting adjustments for fixed & minimum contracted rental uplifts and lease incentives
2. Standalone residential

Portfolio Net Yields[1,2]

As at 31 March 2023	EPRA net initial yield %	EPRA topped up net initial yield %[3]	Overall topped up net initial yield %[4]	Net equivalent yield %	Net equivalent yield movement bps	Net reversionary yield %	ERV Growth %[5]
West End	3.3	4.4	4.4	5.0	72	5.4	4.0
City	4.0	4.8	4.8	5.0	69	5.5	1.3
Other Campuses	5.3	5.3	5.7	5.5	43	6.2	(0.2)
Campuses	**3.7**	**4.6**	**4.6**	**5.0**	**70**	**5.5**	**2.6**
Retail Parks	7.0	7.4	7.5	6.6	71	6.6	2.8
Shopping Centre	7.9	8.3	8.5	7.9	39	7.8	1.2
London Urban Logistics	3.2	3.2	3.3	4.6	187	4.9	29.4
Other Retail	6.8	7.1	7.3	7.0	75	6.4	(0.3)
Retail & London Urban Logistics	**6.9**	**7.3**	**7.4**	**6.8**	**72**	**6.8**	**3.0**
Total	**5.1**	**5.7**	**5.8**	**5.8**	**71**	**6.0**	**2.8**

On a proportionally consolidated basis including the Group's share of joint ventures and excluding non-controlling interests
Residential consists of only developments and ground rents, thereby excluded from yield analysis
1. Including notional purchaser's costs
2. Excluding committed developments, assets held for development and residential assets
3. Including rent contracted from expiry of rent-free periods and fixed uplifts not in lieu of rental growth
4. Including fixed/minimum uplifts (excluded from EPRA definition)
5. As calculated by MSCI

Total Property Return (as calculated by MSCI)

12 months to 31 March 2023 %	Offices		Retail		Total	
	British Land[1]	MSCI	British Land[2]	MSCI	British Land	MSCI
Capital Return	(14.2)	(15.3)	(11.1)	(12.7)	(13.1)	(16.1)
– ERV Growth	2.6	1.6	3.0	0.4	2.8	3.5
– Yield Movement[1]	70 bps	104 bps	72 bps	67 bps	71 bps	109 bps
Income Return	2.7	3.6	6.8	5.4	4.1	4.1
Total Property Return	**(11.9)**	**(12.3)**	**(5.0)**	**(7.9)**	**(9.5)**	**(12.6)**

On a proportionally consolidated basis including the Group's share of joint ventures and excluding non-controlling interests
1. Net equivalent yield movement
2. British Land Offices reflects Campuses; British Land Retail reflects Retail & London Urban Logistics

Top 20 Occupiers by Sector

As at 31 March 2023	% of Retail & London Urban Logistics rent
Retail & London Urban Logistics	
Next	5.1
Walgreens (Boots)	4.3
M&S	3.7
JD Sports	3.2
Currys Plc	3.1
TJX (TK Maxx)	2.9
Sainsbury	2.6
Frasers Group	2.4
DFS Furniture	2.1
Asda Group	2.0
Tesco Plc	2.0
Kingfisher	2.0
TGI Friday's	1.9
Hutchison Whampoa	1.8
Homebase	1.4
Primark	1.4
River Island	1.4
Pets at Home	1.3
Wilkinson	1.2
H&M	1.0
Total top 20	**46.8**

As at 31 March 2023	% of Campuses rent
Campuses	
Meta	20.3
dentsu	5.5
Herbert Smith Freehills	3.4
SEFE Energy	3.1
Vodafone	2.8
Sumitomo Mitsui	2.6
Deutsche Bank	2.2
Janus Henderson	2.0
TP ICAP Plc	1.8
The Interpublic Group	1.8
Softbank Group	1.8
Reed Smith[1]	1.7
Mayer Brown	1.7
Mimecast Plc	1.5
Milbank LLP	1.5
Credit Agricole	1.4
Accor	1.3
Monzo Bank	1.3
Visa International	1.2
Dimensional Fund Advisors	1.0
Total top 20	**59.9**

1. Taking into account their pre-let of 114,000 sq ft at Norton Folgate, % contracted rent would rise to 3.7%.

Major Holdings

As at 31 March 2023	BL Share %	Sq ft '000	Rent (100%) £m pa[1]	Occupancy rate %[2,4]	Lease length yrs[3,4]
Broadgate	50	4,468	192	94.9	6.0
Regent's Place	100	1,740	83	96.0	8.9
Paddington Central	25	958	13	99.4	8.5
Meadowhall, Sheffield	100	569	15	99.1	2.2
Glasgow Fort, Glasgow	100	510	17	99.9	5.1
Teesside, Stockton	100	198	7	100.0	6.1
Hannah Close, Wembley	100	246	4	100.0	2.8
Ealing Broadway, London	50	1,500	71	96.8	3.8
Drake's Circus, Plymouth	100	1,190	17	92.4	5.0
Giltbrook, Nottingham	100	540	12	94.9	4.2

1. Annualised EPRA contracted rent including 100% of joint ventures
2. Includes accommodation under offer or subject to asset management
3. Weighted average to first break
4. Excludes committed and near term developments

Lease Length & Occupancy

As at 31 March 2023	Average lease length yrs		Occupancy rate %	
	To expiry	To break	EPRA Occupancy	Occupancy[1,2,3]
West End	8.9	8.3	91.9	96.8
City	7.1	6.1	92.4	95.2
Other Campuses	6.9	6.0	100.0	100.0
Residential[4]	13.2	13.2	100.0	100.0
Campuses	**8.0**	**7.2**	**92.4**	**96.2**
Retail Parks	6.0	4.5	96.1	98.8
Shopping Centre	5.5	4.2	92.5	94.1
London Urban Logistics	3.7	2.6	99.8	99.8
Other Retail	8.0	7.6	95.0	96.4
Retail & London Urban Logistics	**5.9**	**4.6**	**95.1**	**97.3**
Total	**6.8**	**5.7**	**93.7**	**96.7**

1. Space allocated to Storey is shown as occupied where there is a Storey tenant in place otherwise it is shown as vacant. Total occupancy for Campuses would rise from 96.2% to 96.4% if Storey space were assumed to be fully let
2. Includes accommodation under offer or subject to asset management
3. Where occupiers have entered administration or CVA but are still liable for rates, these are treated as occupied. If units in administration are treated as vacant, then the occupancy rate for Retail & London Urban Logistics would reduce from 97.3% to 96.8%, and total occupancy would reduce from 96.7% to 96.4%
4. Standalone residential

Portfolio Weighting

As at 31 March 2023	2022 %	2023 %	2023 £m
West End	34.5	28.5	2,538
City	27.3	28.9	2,566
Canada Water & other Campuses	4.1	5.1	456
Residential[1]	0.7	1.0	90
Campuses	**66.6**	**63.5**	**5,650**
Retail Parks	20.2	22.2	1,976
Shopping Centre	7.6	8.4	746
London Urban Logistics	3.0	3.0	263
Other Retail	2.6	2.9	263
Retail & London Urban Logistics	**33.4**	**36.5**	**3,248**
Total	**100**	**100**	**8,898**
London Weighting	**73%**	**69%**	**6,174**

On a proportionally consolidated basis including the Group's share of joint ventures and excluding non-controlling interests
1. Standalone residential

Annualised Rent & Estimated Rental Value (ERV)

As at 31 March 2023	Annualised rent (valuation basis) £m Group	Joint ventures	Total	ERV £m Total	Average rent £psf Contracted[2]	ERV
West End[3]	67	15	82	127	67.3	74.5
City[3]	8	80	88	120	56.1	61.8
Other Campuses	6	–	6	7	27.0	34.5
Residential[4]	–	–	–	–	–	–
Campuses	**81**	**95**	**176**	**254**	**55.1**	**60.2**
Retail Parks	144	14	158	144	23.2	20.3
Shopping Centre	40	42	82	77	26.1	23.6
London Urban Logistics	7	–	7	12	13.9	21.2
Other Retail	20	–	20	18	14.3	12.6
Retail & London Urban Logistics	**211**	**56**	**267**	**251**	**22.5**	**20.3**
Total	**292**	**151**	**443**	**505**	**30.4**	**30.4**

On a proportionally consolidated basis including the group's share of joint ventures and funds, excluding committed, near term and assets held for development
1. Gross rents plus, where rent reviews are outstanding, any increases to ERV (as determined by the Group's external valuers), less any ground rents payable under head leases, excludes contracted rent subject to rent free and future uplift
2. Annualised rent, plus rent subject to rent free
3. £psf metrics shown for office space only
4. Standalone residential

Rent Subject to Open Market Rent Review

For year to 31 March As at 31 March 2023	2024 £m	2025 £m	2026 £m	2027 £m	2028 £m	2024-26 £m	2024-28 £m
West End	5	15	9	22	1	29	52
City	15	8	27	5	1	50	56
Other Campuses	–	1	–	–	–	1	1
Residential[1]	–	–	–	–	–	–	–
Campuses	**20**	**24**	**36**	**27**	**2**	**80**	**109**
Retail Parks	10	11	8	9	4	29	42
Shopping Centre	4	3	2	3	2	9	14
London Urban Logistics	–	1	–	–	–	1	1
Other Retail	1	1	1	2	1	3	6
Retail & London Urban Logistics	**15**	**16**	**11**	**14**	**7**	**42**	**63**
Total	**35**	**40**	**47**	**41**	**9**	**122**	**172**

On a proportionally consolidated basis including the Group's share of joint ventures and excluding non-controlling interests as well as committed, near term and assets held for development
1. Standalone residential

Rent Subject to Lease Break or Expiry

For year to 31 March As at 31 March 2023	2024 £m	2025 £m	2026 £m	2027 £m	2028 £m	2024-26 £m	2024-28 £m
West End	5	7	14	5	6	26	37
City	13	11	13	3	3	37	43
Other Campuses	3	–	–	1	–	3	4
Residential[1]	–	–	–	–	–	–	–
Campuses	**21**	**18**	**27**	**9**	**9**	**66**	**84**
Retail Parks	30	20	25	19	15	75	109
Shopping Centre	16	10	14	8	13	40	61
London Urban Logistics	–	1	4	1	1	5	7
Other Retail	4	2	1	1	1	7	9
Retail & London Urban Logistics	**50**	**33**	**44**	**29**	**30**	**127**	**186**
Total	**71**	**51**	**71**	**38**	**39**	**193**	**270**
% of contracted rent	**14**	**10**	**14**	**8**	**8**	**38**	**54**

On a proportionally consolidated basis including the Group's share of joint ventures and excluding non-controlling interests as well as committed, near term and assets held for development
1. Standalone residential

Committed Developments

As at 31 March 2023	Sector	BL Share %	100% sq ft '000	PC Calendar Year	Current Value £m	Cost to come £m[1]	ERV £m[2]	Pre-let & under offer £m[4]	Forecast IRR %[5]	Rebased IRR %[6]
The Priestley Centre	Life Science	100	83	Q4 2023	24	15	3.2	2.0	14	21
Norton Folgate	Office	100	335	Q4 2023	318	93	23.8	7.8	5	14
3 Sheldon Square	Office	25	140	Q1 2024	29	10	2.5	1.7	16	17
Aldgate Place, Phase 2	Residential	100	137	Q2 2024	86	44	6.4	–	6	10
1 Broadgate[4]	Office	50	544	Q2 2025	124	188	20.7	13.6	7	12
Canada Water										
Roberts Close (Plot K1)[5]	Residential	50	62	Q3 2023	–	5	–	–		
The Dock Shed (Plot A2)[5]	Mixed use	50	246	Q4 2024	26	48	5.5	–	Blended 10	Blended 13
1-3 Deal Porters Way (Plot A1)[5]	Mixed Use	50	270	Q4 2024	41	85	3.6	–		
Total Committed			**1,817**		**648**	**488**	**65.7**	**25.1**		

On a proportionally consolidated basis including the Group's share of joint ventures and funds (except area which is shown at 100%)
1. From 31 March 2023. Cost to come excludes notional interest as interest is capitalised individually on each development at our capitalisation rate
2. Estimated headline rental value net of rent payable under head leases (excluding tenant incentives)
3. The London Borough of Southwark has confirmed they will not be investing in Phase 1, but retain the right to participate in the development of subsequent plots up to a maximum of 20% with their returns pro-rated accordingly
4. Pre-let & under offer excludes 114,000 sq ft of office space under option
5. Forecast IRRs reflect the land value of the point of commitments
6. Rebased IRRs reflect current site values

Near Term Development Pipeline

As at 31 March 2023	Sector	BL Share %	100% sq ft '000	Earliest Start on Site	Current Value £m	Cost to come £m[1]	ERV £m[2]	Planning Status
2 Finsbury Avenue	Office	50	747	Q2 2023	72	410	35.4	Consented
Peterhouse Extension, Cambridge	Life Science	100	96	Q3 2023	22	50	4.7	Consented
Verney Road, Southwark	London Urban Logistics	100	200	Q4 2023	26	75	7.1	Submitted
Mandela Way, Southwark	London Urban Logistics	100	144	Q4 2023	17	53	4.7	Submitted
The Box, Paddington	London Urban Logistics	100	121	Q4 2023	42	41	5.5	Consented
5 Kingdom Street	Office	100	211	Q2 2024	60	226	19.0	Consented
Canada Water								
Printworks (Plots H1 & H2)	Mixed Use	50	281	Q3 2024	6	92	8.6	Outline Consented
Total Near Term			**1,800**		**245**	**947**	**85.0**	

On a proportionally consolidated basis including the Group's share of joint ventures and funds (except area which is shown at 100%)
1. From 31 March 2023. Cost to come excludes notional interest as interest is capitalised individually on each development at our capitalisation rate
2. Estimated headline rental value net of rent payable under head leases (excluding tenant incentives)

Medium Term Development Pipeline

As at 31 March 2023	Sector	BL Share %	100% Sq ft '000	Planning Status
1 Appold Street	Office	50	404	Consented
International House, Ealing	Office	100	165	Consented
Euston Tower	Office	100	571	Pre-submission
Finsbury Square	London Urban Logistics	100	81	Pre-submission
Thurrock	London Urban Logistics	100	644	Submitted
Enfield, Heritage House	London Urban Logistics	100	437	Submitted
Hannah Close, Wembley	London Urban Logistics	100	668	Pre-submission
Meadowhall	London Urban Logistics	50	611	Consented
West One Development	Mixed Use	25	73	Consented
Ealing – 10-40, The Broadway	Mixed Use	100	320	Consented
Canada Water				
Plot H3	Office	50	313	Outline consent
Zone L	Residential	50	200	Consented
Plot F2	Mixed Use	50	447	Consented
Future phases[1]	Mixed Use	50	3,260	Outline consent
Total Medium Term			**8,194**	

On a proportionally consolidated basis including the Group's share of joint ventures and funds (except area which is shown at 100%)
1. The London Borough of Southwark has the right to invest in up to 20% of the completed development. The ownership share of the joint venture between British Land and AustralianSuper will change over time depending on the level of contributions made, but will be no less than 80%

EPRA best practice recommendations on sustainability reporting

We have received Gold Awards for sustainability reporting from the European Public Real Estate Association (EPRA), 11 years running. Selected data in the Sustainability Progress Report 2023 has been independently assured by DNV in accordance with the International Standard on Assurance Engagements (ISAE) 3000 revised – Assurance Engagements other than Audits and Reviews of Historical Financial Information' (revised), issued by the International Auditing and Assurance Standards Board.

→ **This year, full disclosure against the EPRA Sustainability Best Practice Recommendations can be found in the Sustainability Progress Report 2023 at britishland.com/data.**

Governance indicators

	Annual Report and Accounts 2023
Composition of the highest governance body	Board's Executive and Non-Executive Directors pages 108 to 111 Tenures of Non-Executive Directors page 129
Nominating and selecting the highest governance body	Appointment process for new Directors page 128
Process for managing conflicts of interest	Board procedure for managing conflicts of interest page 115

TEN YEAR RECORD

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

	2023 £m	Restated[8] 2022 £m	Restated[8] 2021 £m	2020 £m	2019 £m	2018 £m	2017 £m	2016 £m	2015 £m	2014 £m
Summarised income statement[1]										
Gross rental income	**493**	493	509	560	576	613	643	654	618	597
Net rental income	**446**	425	359	478	532	576	610	620	585	562
Net fees and other income	**18**	13	11	13	10	15	17	17	17	15
Net financing charges	**(111)**	(102)	(103)	(111)	(121)	(128)	(151)	(180)	(201)	(202)
Administrative expense	**(89)**	(89)	(74)	(74)	(81)	(83)	(86)	(94)	(88)	(78)
Underlying Profit	***264***	247	193	306	340	380	390	363	313	297
Exceptional costs (not included in Underlying Profit)	**–**	–	–	–	–	–	–	–	–	–
Dividends paid	**215**	157	78	148	298	302	296	287	277	266
Summarised balance sheets[1]										
Total properties at valuation[3]	**8,907**	10,476	9,140	11,177	12,316	13,716	13,940	14,648	13,677	12,040
EPRA net debt	**(3,127)**	(3,397)	(2,877)	(3,854)	(3,521)	(3,973)	(4,223)	(4,765)	(4,918)	(4,890)
Other assets and liabilities	**(293)**	(273)	(221)	(110)	(146)	(183)	(219)	191	276	(123)
EPRA NTA/NAV (fully diluted)[6]	**5,487**	6,806	6,080	7,213	8,649	9,560	9,498	10,074	9,035	7,027
Cash flow movement – Group only										
Cash generated from operations	**238**	256	218	404	617	351	379	341	318	243
Other cashflows from operations	**2**	(11)	(69)	(29)	(4)	2	(16)	(47)	(33)	(24)
Net cash inflow from operating activities	**240**	245	149	375	613	353	363	294	285	219
Cash inflow (outflow) from capital expenditure, investments, acquisitions and disposals	**26**	(85)	910	(361)	187	346	470	230	(111)	(660)
Equity dividends paid	**(213)**	(155)	(76)	(295)	(298)	(304)	(295)	(235)	(228)	(159)
Cash (outflow) inflow from management of liquid resources and financing	**(339)**	215	(1,022)	232	(365)	(404)	(538)	(283)	20	607
(Decrease) increase in cash[5]	**14**	(80)	(39)	(49)	137	(9)	–	6	(34)	7
Capital returns										
Growth in net assets[2]	**(19.4)%**	11.9%	(15.7)%	(16.6)%	(9.5)%	0.7%	(5.7)%	11.5%	28.6%	17.8%
Total accounting return	**(16.3)%**	14.6%	(14.6)%	(11.0)%	(3.3)%	8.9%	2.7%	14.2%	24.5%	20.0%
Total accounting return – pre-exceptional	**(16.3)%**	14.6%	(14.6)%	(11.0)%	(3.3)%	8.9%	2.7%	14.2%	24.5%	20.0%
Per share information										
EPRA NTA/NAV per share[7]	**588p**	730p	651p	774p	905p	967p	915p	919p	829p	688p
Memorandum										
Dividends declared in the year	**22.64p**	21.92p	15.0p	16.0p	31.0p	30.1p	29.2p	28.4p	27.7p	27.0p
Dividends paid in the year	**23.2p**	16.96p	8.4p	31.5p	30.5p	29.6p	28.8p	28.0p	27.3p	26.7p
Diluted earnings										
Underlying earnings per share	**28.3p**	27.0p	18.0p	32.7p	34.9p	37.4p	37.8p	34.1p	30.6p	29.4p
IFRS (loss) earnings per share[4]	**(112.0)p**	103.5p	(108.0)p	(110.0)p	(30.0)p	48.5p	14.7p	119.7p	167.3p	110.2p

1. Including share of joint ventures and funds.
2. Represents movement in diluted EPRA NTA in 2022 to 2021 and movement in diluted EPRA NAV from 2020 to 2014
3. Including surplus over book value of trading and development properties.
4. Including restatement in 2016.
5. Represents movement in cash and cash equivalents under IFRS.
6. EPRA NTA is disclosed in 2022 to 2021 and EPRA NAV is disclosed from 2020 to 2014
7. EPRA NTA per share is disclosed in 2022 to 2021 and EPRA NAV per share is disclosed from 2020 to 2014.
8. Prior year comparatives have been restated for a change in accounting policies in respect of rental concessions and tenant deposits. Refer to Note 1 of the Financial Statements for further information.

SHAREHOLDER INFORMATION

Analysis of shareholders – 31 March 2023

2022/23	Number of holdings	%	Balance as at 31 March 2023[1]	%
1–1,000	3,604	56.90	1,320,348	0.14
1,001–5,000	1,467	23.16	3,305,541	0.35
5,001–20,000	483	7.63	4,823,778	0.51
20,001–50,000	199	3.14	6,262,074	0.67
50,001–highest	581	9.17	922,623,238	98.33
Total	**6,334**	**100**	**938,334,979**	**100**
Holder type				
Individuals	4,990	78.78	8,855,061	0.94
Nominee and institutional investors	1,344	21.22	929,479,918	99.06
Total	**6,334**	**100**	**938,334,979**	**100**

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

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

Aspect House
Spencer Road
Lancing, West Sussex BN99 6DA

Tel: +44 (0)371 384 2143 (UK and Overseas callers)

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

Website: shareview.co.uk

By registering with Shareview, shareholders can:

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

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

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

→ **For more information, contact Equiniti at shareview.co.uk/dealing or call 03456 037 037 (Monday to Friday excluding public holidays from 8.00am to 4.30pm, or for enquiries from 8.00am to 6.00pm). Existing British Land shareholders will need the reference number given on their share certificate to register. Similar share dealing facilities are provided by other brokers, banks and financial services.**

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

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

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

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

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

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

Telephone: +44 (0)20 7486 4466

Registered number: 621920

Website: britishland.com

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

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

Scrip Dividend Scheme
British Land may offer shareholders the opportunity to participate in the Scrip Dividend Scheme by offering a Scrip Alternative to a particular dividend from time to time. The Scrip Dividend Scheme allows participating shareholders to receive additional shares instead of a cash dividend.

→ **For more information please visit the Investors section of our website at britishland.com/scrip-dividend-scheme**

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

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

Tax

The Group elected for REIT status on 1 January 2007, paying a £308m conversion charge to HMRC in the same year.

As a consequence of the Group's REIT status, tax is not levied within the corporate group on the qualifying property rental business but is instead deducted from distributions of such income as Property Income Distributions (PID) to shareholders. Any income which does not fall within the REIT regime is subject to tax within the Group in the usual way. This includes profits on property trading activity, property-related fee income and interest income.

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

Forward-looking statements

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

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

The Company's principal risks are described in greater detail in the section of this Annual Report headed Principal Risks on pages 51 to 60 (inclusive). Forward-looking statements in this Annual Report, or the British Land website or made subsequently, which are attributable to British Land or *persons acting on its behalf, should therefore be construed* in light of all such factors.

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

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

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

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