

Places
People
Prefer



Annual Report and Accounts 2021

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Presentation of financial information

The financial statements for the year ended 31 March 2021 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 the International Financial Reporting Standards ('IFRS') and the relevant legal provisions as required by the Companies Act 2006. In addition to complying with IFRS, the consolidated financial statements also comply with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. In the current financial year the Group has adopted a number of minor amendments to standards effective in the year issued by the IASB, none of which have had a material impact on the Group.

The accounting policies used are otherwise consistent with those contained in the Group's previous Annual Report and Accounts for the year ended 31 March 2020. The Group's interests in joint ventures and funds are shown as a single line item on the income statement and balance sheet and all subsidiaries are consolidated at 100%.

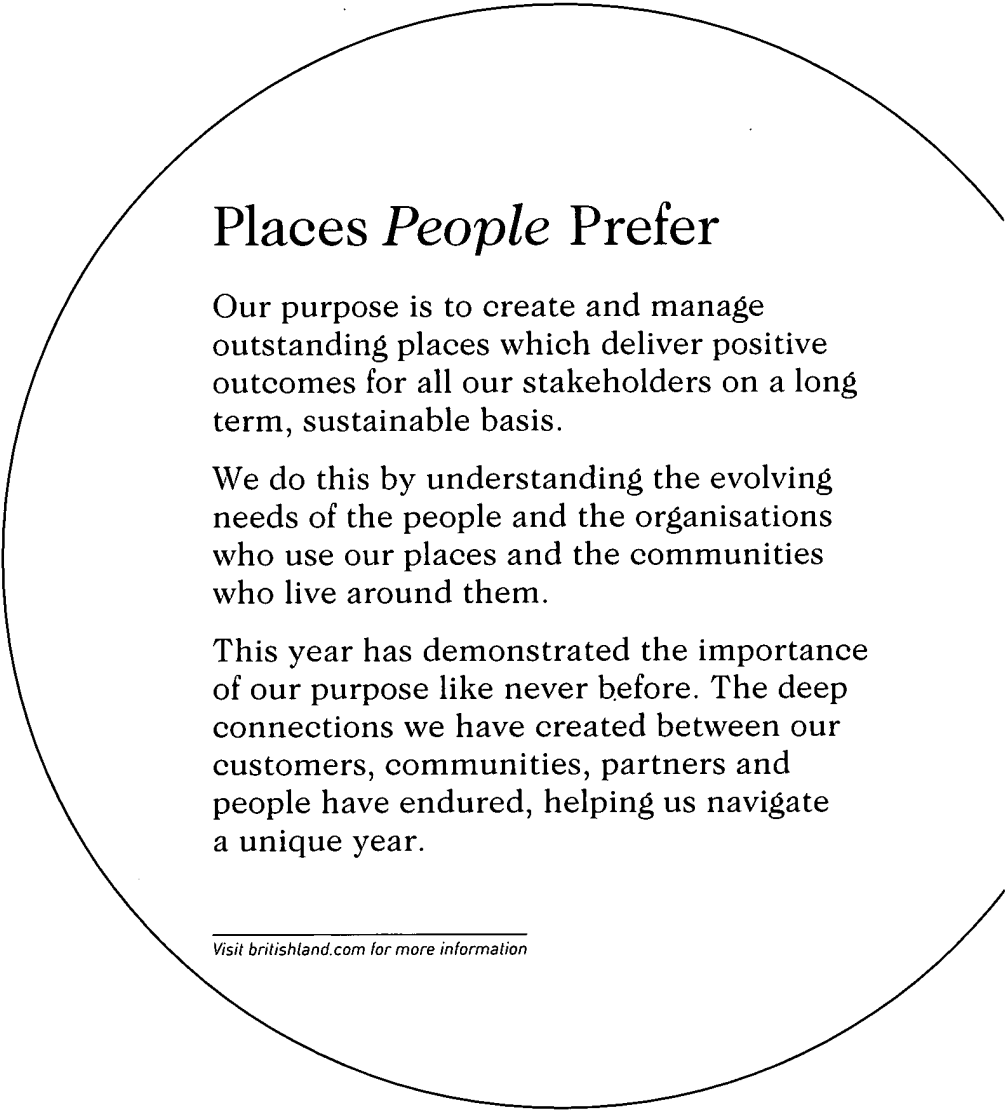
Management considers the business principally on a proportionally consolidated basis when setting the strategy, determining annual priorities, making investment and financing decisions and reviewing performance. This includes the Group's share of joint ventures and funds on a line-by-line basis and excludes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

non-GAAP measures, which management uses internally. IFRS measures are labelled as such. See our supplementary disclosures which start on page 223 for reconciliations, 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 sustainability is incorporated into our placemaking strategy, governance and business operations. Our industry-leading sustainability strategy is a powerful tool to deliver lasting value for all our stakeholders.

This Report was signed off by the Board on 25 May 2021.



Places *People* Prefer

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

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

This year has demonstrated the importance of our purpose like never before. The deep connections we have created between our customers, communities, partners and people have endured, helping us navigate a unique year.

Visit britishland.com for more information

2021 KEY FIGURES

Underlying EPS

18.8p

2020: 32.7p

Dividend per share

15.04p

2020: 15.97p

Total accounting return

(15.1)%

2020: (11.0)%

IFRS EPS

(111.2)p

2020: (110.0)p

EPRA NTA per share

648p

2020: 773p

GRESB rating

5*

Underlying Profit

£201m

2020: £306m

IFRS net assets

£5,983m

2020: £7,147m

Average embodied carbon in developments

640kg CO₂e per sqm

IFRS loss after tax

£(1,083)m

2020: £(1,114)m

Senior unsecured credit rating

A

2020: A

Beneficiaries from our
community programmes

23,024

1. The scale and quality of our portfolio

Our Campuses provide modern, sustainable space in great buildings with an engaging public realm. Retail & Fulfilment focuses on our retail parks and urban logistics which are aligned to the growth of convenience and online shopping.

Read about our places on pages 4-5

Assets under management

£12.7bn

Total floor space

21.5m sq ft

2. Our operational expertise

Our expertise across investment, development, asset management, financing and sustainability enabled us to navigate a challenging year and pursue growth and value opportunities.

Read about our people on pages 26-27 and 36-39

Net zero carbon by

2030

Expertise in our team

613 people

3. Aligned to growth and value opportunities

Our strategy is aligned to growth areas and value opportunities. We are leveraging our competitive strengths to invest behind two strategic themes, our Campuses and Retail & Fulfilment.

Read more about our strategy on pages 14-27

Retail & Fulfilment portfolio

53%
retail parks

London campuses

100+
acres

4. Attractive development pipeline and financial strength

Our development pipeline includes opportunities on our portfolio which we supplement through acquisition. We have a strong balance sheet and work with partners to mitigate risk and accelerate returns.

Read about our pipeline of developments on pages 20-21

Development pipeline

9.3m sq ft

Loan to value

32.0%

OUR PORTFOLIO

Campuses

Our three London campuses are located in some of London's most exciting neighbourhoods. They are well-connected, high quality environments fostering innovation, collaboration and creativity. We are delivering a fourth at Canada Water.

Regent's Place

13 acre office-led campus in
London's Knowledge Quarter

Paddington Central

11 acre office-led campus
close to Paddington Station

Canada Water Masterplan

53 acre redevelopment
scheme in zone 2

Retail & Fulfilment

Our retail portfolio is focused on out of town retail parks aligned to the growth of convenience, online retail and last mile delivery which we are complementing with an emerging business in urban logistics. Our shopping centres include well located open air and traditional covered centres.

Portfolio highlights

£12.7bn

managed assets

£9.1bn

owned assets

21.5m

sq ft of floor space

£425m

annualised rent

5.3 yrs

average lease length

Broadgate

32 acre office-led campus
adjacent to Liverpool Street
Station

Retail & Fulfilment

A modern, well located
UK network

A clear focus for the year ahead

“In this extraordinary year, I have been immensely proud of the way our people have pulled together.”

Tim Score
Chairman

Covid-19 has created challenges for our business – like almost every other – that none of us could have foreseen. In this extraordinary year, I have been immensely proud of the way our people have pulled together to support our customers, our communities and each other. They enabled us to navigate this crisis successfully and will be a key asset going forward.

The pandemic has acted as a catalyst for existing trends like the growth of online shopping and more flexible working, so this year we have set out a new strategy, adopting a more active approach to value creation, investing behind two strategic themes, our Campuses and Retail & Fulfilment. In doing so, we benefit from a sound financial position and a strong leadership team with a clear vision for the future.

Resilient performance

This was a highly challenging year in many respects but also one of great progress. Earnings and net asset value per share were lower, and at the height of the uncertainty we paused dividend payments, which were resumed a few months later. We sold £1.2bn of assets and are actively reinvesting the proceeds in our portfolio through development. We achieved planning consent for our Canada Water Masterplan and made

our first logistics acquisition, which also offers attractive development potential. Our leasing activity in retail was ahead of last year and while activity in offices was subdued, we were pleased to pre-let space at our 1 Broadgate development to JLL. As we emerge from lockdown, we are encouraged by the conversations we are having across our pipeline. (Read more on pages 56-74)

Supporting our stakeholders

Our financial year saw three national lockdowns when only essential stores could operate and people were required to stay at home. These restrictions placed enormous pressure on many of our retail and leisure customers who were simply unable to operate and therefore to manage their rental obligations. To help them through this crisis, we waived rents for many of our smaller, independent customers for a period of time and engaged on a case by case basis to help larger operators with strong businesses to agree payment plans. We have also supported our customers with re-opening by making our places Covid-safe and helping them to manage social distancing.

The important role that British Land can play in local communities was brought sharply into focus by the pandemic.

It is a testament to the excellent work we have done over many years to develop strong relationships with local partners that we were able to act quickly and effectively to deliver support where it was most needed. From providing immediate relief through foodbanks and education materials, to long term employment and training support, we have been active across our places and we stand ready to do more because we recognise that, for many, the impact on health, education and livelihoods will play out over time. (Read more on pages 32-35).

Throughout, our priority has been the wellbeing of our people. We have worked hard to foster employee engagement through online resources to create a culture of support and understanding where everyone has access to the assistance they need. Our employee-led staff networks were a valuable source of advice, practical support and entertainment and played an important role in preserving the culture of our business while we worked from home. Nevertheless, the Board recognises just how tough delivering on the day job has been this year and we are hugely grateful to everyone for their hard work and commitment throughout this time. (Read more on pages 36-39)

A focus on ESG

In May 2020 we launched our 2030 Sustainability Strategy, setting out ambitious targets to be net zero carbon by 2030 and to support local communities on the key issues they face. In this first year, we have achieved some important milestones including our first net zero carbon development at 100 Liverpool Street, publishing our Pathway to Net Zero Carbon and launching our Transition Vehicle, to finance energy efficient improvements across the portfolio. The Science Based Targets initiative also validated our Scope 1, 2 and 3 targets as being aligned to a 1.5°C global warming trajectory. To achieve these, we will need to work in partnership with our customers, partners and suppliers and, more generally, this is one area where co-operation across the sector is essential to delivering meaningful change. (Read more on pages 40-53)

The Board is committed to improving our focus on Diversity & Inclusion and I am pleased that this year we ranked fourth in the Hampton-Alexander Review of FTSE 100 companies for women in leadership positions. We have met the recommendations of the Parker Review, with at least one of our Board Directors from a minority ethnic background, and this year disclosed our ethnicity pay gap for the first time. We have signalled our commitment to disability inclusion by joining The Valuable 500 and I am proud of the work we have done across our portfolio to make our spaces more accessible for everyone.

Strong financial position

Throughout this time, we have benefitted from the steps we have taken over several years to strengthen our financial position. We ended the year with a loan to value of 32.0%, access to £1.8bn of undrawn facilities and cash and significant headroom against Group debt covenants. Our quarterly rent collection performance and productivity of our assets when restrictions were relaxed gave us the confidence to resume the dividend, which is now set at 80% of underlying EPS. This approach ensures that dividends reflect trading conditions as they change over time and maximises future strategic and financial flexibility.

A new leadership team

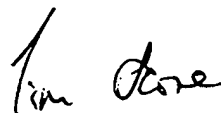
Chris Grigg stood down from the Board in December and, on its behalf, I would like to thank him for steering the Company so successfully over 11 years and for creating many of the opportunities we have in our business today. Rebecca Worthington and William Jackson also stood down from the Board during the year and we would like to thank them for their valuable contributions.

The Board was delighted to appoint Simon Carter, our previous Chief Financial Officer, as Chief Executive. We ran a rigorous search process, including both internal and external candidates, and Simon was the standout candidate given the breadth of his experience in real estate, his proven ability to create value demonstrated in each of his previous roles and his clear vision for our business. We were also delighted to appoint Bhavesh Mistry as Chief Financial Officer. Bhavesh has a wealth of finance experience, most recently at Tesco, where he was deputy Chief Financial Officer, as well as Whitbread and Virgin Media. He joins us later in the summer; until then David Walker will act as Chief Financial Officer as he has done since November. We were also pleased to welcome Irvinder Goodhew and Loraine Woodhouse who joined the Board in the year.

Looking forward

Looking forward our focus will be on aligning our business to growth and value opportunities which leverage our competitive strengths. This includes areas where we are market leaders, such as retail parks, as well as those which are new to British Land, such as urban logistics, where we are pursuing a development led strategy, and life sciences, a key growth area in our markets. We were pleased to acquire our first logistics asset this year and will look to make similar acquisitions in the year ahead while maintaining our usual discipline. At Regent's Place, our proximity to the Knowledge Quarter with its high concentration of academic and scientific institutions offers a clear opportunity to reposition this campus in a new direction. At Canada Water, which will become our fourth campus, we have the flexibility for a much broader range of uses.

In this report, we set out a clear vision for our business, focused on Campuses and Retail & Fulfilment and our pathway for achieving that. We have deliberately built up our financial strength and flexibility over several years so we are well placed to deliver on this strategy and have already made good progress. Our management team is strong, enthusiastic and committed to delivering for all our stakeholders. We have excellent people across our business, who have got us through this crisis and will stand us in good stead for the future. Again, I would like to thank the whole British Land team for their contribution this year.



Tim Score
Non-Executive Chairman

Read our Chairman's introduction to corporate governance on page 94

Positioning British Land for growth

“Our new strategy exploits our competitive strengths in development, active management and repositioning assets and sees us invest behind two key themes, Campuses and Retail & Fulfilment.”

Simon Carter
Chief Executive

Introduction

This has been an extraordinary year so I am enormously proud of the resilient performance the team delivered, and the strong progress we have made across the priority areas I set out in November. Building on this, we are setting out our new strategy, exploiting our strengths in development, active management and repositioning assets and investing behind two strategic themes, Campuses and Retail & Fulfilment. Our performance this year clearly reflects the impact of Covid-19 but we have further strengthened our finances through timely asset sales and are well positioned for the opportunities that lie ahead.

Covid Impact & Response

The pandemic has spanned our entire financial year. Throughout that time, we have worked closely with our customers to adjust through three national lockdowns and subsequent re-openings. In Offices, we have effectively collected all our rents. In Retail, we have made good progress on rent collection as a result of continuous engagement with our customers across the year. For those customers most affected, primarily smaller independent businesses, we have agreed pragmatic and equitable solutions for the periods of closure which include monthly payments and concessions. We have also engaged on a case by case basis with larger customers facing cash flow difficulties, often combining our discussions on the payment of legacy rents with those on lease extensions and new space. As a result, retail rent collection was 71% for the year. Due to ongoing uncertainty, we have made further provisions totalling £59m against outstanding rents and service charge, which has contributed to the reduction in underlying profit of 34.3%. The value of the portfolio was down 10.8% contributing to a fall in EPRA NTA of 16.3% to 648p.

This year our Place Based community activities have focused on helping those most impacted by Covid-19. That has included funding expert strategic advice from The Business School helping 25 of our community partners to navigate the crisis, providing educational materials for more than 3,600 disadvantaged families and supporting local foodbanks. We supported a retail recovery plan in Edinburgh and in London our initiatives included four virtual work experience projects for 200 young people. Overall, this year we have supported 364 people into employment which is a significant achievement in the context of the pandemic and reflects how quickly we were able to mobilise support to where it was most needed.

New business model & strategy

Our strategy is to more actively focus our capital on our competitive strengths in development, active management and repositioning assets. We are investing behind two strategic themes:

- **Campuses** – Dynamic neighbourhoods focused on growth customers and sectors; and
- **Retail & Fulfilment** – Retail Parks and urban logistics aligned to the growth of convenience, online and last mile fulfilment

Starting in FY22, reflecting this approach, we will update our reporting segments to be Campuses (which will include Canada Water) and Retail & Fulfilment (which will include urban logistics).

Campuses

At Broadgate, Regent's Place and Paddington Central, we provide modern, high quality and sustainable space in some of the most exciting parts of London. The buildings and the spaces between them support wellbeing and are aligned to the changing ways people work. They have excellent transport connections, an engaging public realm and offer an authentic sense of community. We are delivering an exciting, 53 acre, fourth campus at Canada Water.

Our campus proposition is a key differentiator and an important advantage post Covid as occupiers focus on the best space for their businesses where supply is most constrained. That means space which supports recruitment, training, collaboration, culture and wellbeing. Our development pipeline includes opportunities on all our campuses, enabling us to increase investment in these unique assets, deliver attractive returns and refresh our offer with high quality, modern and sustainable space so we are well placed as demand polarises. All our developments will be net zero carbon and with sustainability now seen as a differentiator between the best space and the rest, our ability to deliver buildings which help occupiers reduce their own carbon footprint, is a key advantage.

The proximity of our campuses to hubs of growth and innovation is a further advantage which we will more actively pursue. Already, we have successfully repositioned Broadgate to appeal to a wider range of growing businesses, including creative and technology companies, benefitting from its proximity to areas like Shoreditch as well as its links to the City. Building on this, we are evaluating other opportunities to align our campuses to innovation sectors and see a similar opportunity in life sciences at Regent's Place, given its proximity to the academic and scientific institutions in the Knowledge Quarter. Our ability to deliver bespoke space for our customers and our track record of providing environments in which fast growing businesses can expand, for example through Storey, position us well in this market.

At Canada Water, our permission is deliberately flexible. We can deliver between 2,000 and c.4,000 residential units and from 500,000 sq ft to 2.5m sq ft of workspace enabling us to evolve our offer in line with demand. Already we have signed an engineering, higher education provider and are exploring other opportunities in this sector.

Retail & Fulfilment

In Retail, we are expanding our approach to include fulfilment, building on our market leading position in high quality, out of town retail parks which already play a key role in retailers' fulfilment models, and complementing this with development led investment in urban logistics, primarily in London. Retail parks account for 53% of our retail portfolio. These are increasingly preferred by retailers, because they are affordable and support an online offer by facilitating click & collect, returns and ship from store. They are also preferred by business which are more online resilient, including discount food and homeware retailers. We see a clear value opportunity in this space to leverage our asset management expertise to deliver attractive returns as rents and values stabilise. This rationale underpins our acquisition of the A1 Retail Park in Biggleswade and commitment to acquire the remaining 22% interest in HUT, which comprises ten prime retail parks, together totalling £197m.

We are complementing our retail parks with development led investment into urban logistics warehouses, primarily in London. These are in town or edge of town warehouses with good infrastructure connections and access to residential areas to support effective last mile delivery. This particular part of the market, where customer requirements are evolving rapidly and demand is strong but supply of the right kind of space is highly constrained, will require innovative solutions, such as multistorey and underground warehouses as well as potentially

incorporating into mixed use schemes. This plays very well to our skill set in site assembly, planning and delivering complex development in Central London.

This is the rationale for our acquisition of a 216,000 sq ft logistics warehouse in Enfield. It is an 11-acre site within the M25, with low coverage for an urban scheme of 40% providing the opportunity to build up as well as out. We benefit from a supportive planning environment in Enfield and in the meantime the scheme is fully let and highly reversionary.

The Priorities for our business

To deliver our strategy, we identified four key priorities for our business in November. We have already made strong progress against these and have a clear plan in each area for the coming year.

Priority	Progress since November
Realising the potential of our Campuses	- Pre-let 134,000 sq ft at 1 Broadgate to JLL - Completed the drawdown of the headlease at Canada Water and signed TEDI-London, a higher education provider - Launched Storey at 100 Liverpool Street, 37% let or under offer
Progressing value accretive development	- Delivered 100 Liverpool Street, our first net zero development - Commitments to develop 1 Broadgate and Norton Folgate, together covering 882,000 sq ft - Commenced enabling works at the first phase of Canada Water with main build contracts to be placed in the coming months
Targeting the opportunities in Retail & Fulfilment	- Acquisition of A1 Retail Park, Biggleswade for £49m, NIY 8.5%; opportunity to drive value through asset management - Commitment to acquire the remaining 22% interest in HUT based on a GAV of £148m, taking our ownership to 100%, NIY over 8% (post year end) - Acquisition of 216,000 sq ft urban logistics warehouse in Enfield with development potential for £87m (post year end)
Active capital recycling	£1.2bn of asset sales since April 2020, overall 6.2% ahead of book value 882,000 sq ft of development commitments £284m of Retail & Fulfilment acquisitions £1.6bn of financing activity in the year

Realising the potential of our Campuses

We will realise the potential of our Campuses through development, active asset management and by aligning them to innovation and growth sectors. At Regent's Place, we are actively targeting life sciences occupiers and at Broadgate, we will continue to focus on creative and technology sectors including FinTech as well as traditional finance. The improvements we have made at Broadgate to the leisure and retail element, including the UK's first Eatatly are part of that approach. We are enhancing our space through new developments including 1 Broadgate and the delivery of Exchange Park, a 1.5 acre park in the middle of Broadgate and we have further opportunities at each of our campuses. At Canada Water, we are exploring a range of uses leveraging the flexible nature of our planning consent.

Progressing value accretive development

We committed to 882,000 sq ft of development in the year. Development is an important driver of value for British Land, generating £2bn of profit in offices in the last ten years. In addition, our campus developments have a positive impact on our places beyond the individual development, supporting rental growth across the campuses.

We have created further opportunities for development across our campuses and achieved planning consent for two new buildings in the year, 2-3 Finsbury Avenue (704,000 sq ft) at Broadgate and 5 Kingdom Street (438,000 sq ft) at Paddington Central. Having completed the drawdown of our 500-year

headlease at Canada Water, we are delighted that we are now able to progress development of our fourth London campus. All of these developments will be net zero carbon and we are focused on delivering the most energy efficient space we can, supporting our ability to let space quicker and at higher rents.

Targeting the opportunities in Retail & Fulfilment

While the broader retail market remains challenging, we have adapted our priority to reflect the compelling opportunities we are now seeing in parts of the retail market, notably retail parks. Rather than "addressing the challenges in retail" as we set out in November, our focus now is on "targeting the opportunities in Retail & Fulfilment."

We have made £197m of retail park acquisitions (including our commitment to acquire the outstanding interest in HUT) and will look to make further value-led acquisitions in this space but will remain disciplined on returns. Similarly, we will look to acquire assets, primarily in London with urban logistics development potential and in addition have identified opportunities on our own portfolio, including Meadowhall and Teesside as well as on our campuses, which we will progress this year.

Shopping centres account for 34% of our retail portfolio, with open air covered schemes, including Bath and Ealing comprising 12% and traditional covered centres 22%. We are actively managing this space to drive occupancy and deliver more sustainable cash flows and once stabilised, will decide whether to continue to hold or exit these centres based on expected returns.

Active capital recycling

We will more actively crystallise value from mature and off strategy assets to invest into Campuses and Retail & Fulfilment, focusing on areas where we have a distinct competitive advantage, like development or asset management. We have sold £1.2bn of assets since April 2020, 6.2% ahead of book value. This included the sale of a 75% interest in three West End buildings to Allianz Real Estate for £401m representing a blended NIY of 4.3% and the offices element of Clarges, Mayfair for £177m. We expect to make further disposals this year.

We maintain good long term relationships with debt providers across the markets and have completed £1.6bn of financing in the year. This included extensions of RCFs of £1.1bn and arrangement of new loans in total of £460m involving 14 different lenders.

Full Year 2021 Operational performance

Offices leasing activity was understandably subdued with total lettings and renewals of 395,000 sq ft for the year, including 168,000 sq ft of deals over one year. In addition, we let 161,000 sq ft of space post period end, including 134,000 sq ft pre-let to JLL at 1 Broadgate, bringing total leasing since 1 April 2020 to 556,000 sq ft. Office values were down 3.8%, but the movement was heavily weighted towards the first half and with a small uplift in developments. Occupancy remains high at 94%. With the roadmap out of lockdown, we are seeing more businesses from a range of sectors looking beyond Covid-19 to secure space which enables them to perform at their best. The pre-let of 1 Broadgate to JLL is an excellent example of that and we are under offer and in negotiations on a further 474,000 sq ft of space.

In Retail, we maintained our focus on maximising occupancy, driving rent collection and delivering more sustainable cash flows. We proactively engaged with our customers across the portfolio, generating strong leasing volumes covering 1.7m sq ft, our highest ever, although pricing was lower at 19% vs previous passing rent. Encouragingly, our pipeline covers 583,000 sq ft of deals under offer. Valuations were down 24.7% but for Retail Parks, which account for more than half of the Retail portfolio, the pace of decline slowed in the second half, reflecting an increasing amount of capital targeting this sector.

Our people

This has been an exceptionally challenging year for our people. They have supported our customers consistently, often with additional caring responsibilities and without the ability to resolve issues through a face to face conversation. They have done a tremendous job with many remaining onsite to keep our assets open throughout the pandemic; I am hugely grateful for their commitment and delighted to see so many are returning to our office. The culture we have developed at British Land, and the depth and breadth of our people's expertise, is a key differentiator for us and positions us to deliver on the strategy we have set out.

I am pleased that Bhavesh Mistry joins us as Chief Financial Officer in July 2021 and to have welcomed Irvinder Goodhew and Loraine Woodhouse who joined the Board as non executive directors in the year. Rebecca Worthington and William Jackson stood down from the Board during the year and we would like to thank them for their valuable contributions. As announced on 25 May 2021, Mark Aedy will be joining the Board as a non executive director from 1 September 2021.

As a Board, we are committed to creating a diverse and inclusive workplace and were pleased that this year we ranked fourth in the Hampton-Alexander Review of FTSE 100 companies for women in leadership positions. We have met the recommendations of the Parker Review on ethnic diversity and disclose our ethnicity pay gap for the first time in this annual report, alongside our gender pay gap which we have disclosed since 2017.

Outlook & dividend

In October, we announced a new dividend policy, setting the dividend at 80% of Underlying EPS. This policy ensures dividends reflect the impact of development completions, acquisitions, disposals and trading conditions as they change over time and maximises future strategic and financial flexibility. We are pleased to announce a full year dividend of 15.04p with the payment of our final dividend in August 2021.

With a roadmap out of lockdown, confidence has strengthened and UK economic forecasts for calendar 2021 are being revised upwards. In offices, we expect demand for modern, high quality and sustainable space which helps businesses to perform at their best, to be firm but across the market, our central case is for rents to fall by up to 5% before recovering. With supply of the best space tight, we would expect our Campuses to outperform and are encouraged by the conversations we are having on our space, particularly on our development pipeline, as well as the pick up in activity we are seeing at Storey. We anticipate downward pressure on prime office yields as confidence improves and investors target the yield differential with other European cities. Retail occupational markets remain tough and we expect rents to decline further. However, we are seeing signs of stabilisation on retail parks and our central case is an additional rental decline of around 5%, with the potential for some yield compression given the increased capital targeting this space. Shopping centres, which have been more impacted by Covid-19, are likely to take a little longer to stabilise. We are encouraged by the strong rebound we are seeing on footfall and sales particularly on our retail parks, which are now in line with pre pandemic levels. Urban logistics in London should continue to see strong rental growth of 4-5% per annum benefitting from compelling underlying fundamentals.

Although it is early days, economic indicators are positive, and we are hopeful that we are starting to emerge from the pandemic. As we do so, British Land is well placed to benefit given our clear strategy, the diversity and expertise of our people across the business and our opportunities to drive growth and value. However, we are very mindful that the trajectory for this pandemic is highly uncertain with risk from future variants, so we take comfort from the strength of the balance sheet and our resilient performance over the last 12 months.

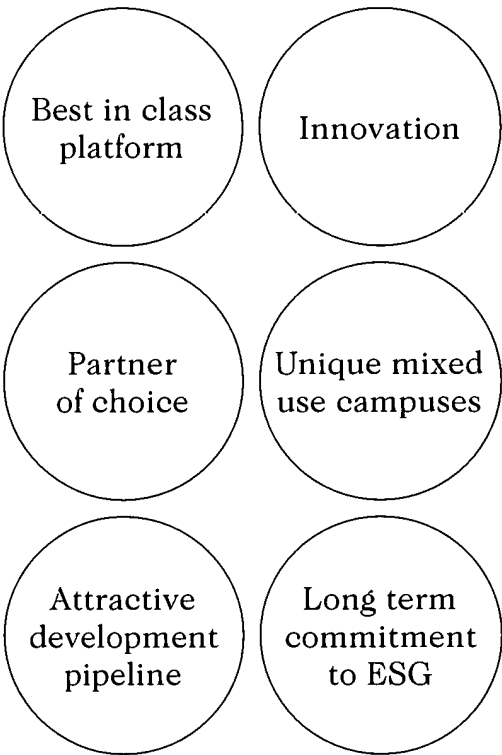


Simon Carter
Chief Executive

Places
People
Prefer

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

Competitive strengths + Our portfolio →



A diverse and high quality portfolio focused on London and the South East

Percentage of portfolio value

○ London campuses	70%
○ Retail & Fulfilment	25%
○ Other	5%

Key inputs

- Financial strength**

 - Strong balance sheet
 - Flexible finances
 - Successful partnerships
- Strong relationships**

 - Customers
 - Communities
 - Partners and suppliers
- Our people**

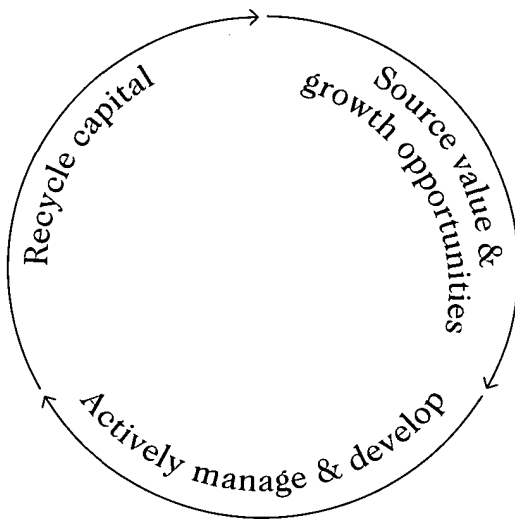
 - Broad skill set
 - Diverse and inclusive environment
 - Culture of team work and collaboration
- Our values**

 - Bring your whole self
 - Listen and understand
 - Be smarter together
 - Build for the future

100 Liverpool Street

We are focusing our capital on situations which best leverage our competitive strengths. We are investing behind two strategic themes, our Campuses and Retail & Fulfilment, to deliver higher returns.

Our business model →



Source value & growth opportunities

We focus on opportunities where we can add value and drive returns through asset management and development. We pursue value accretive acquisitions in the market and create development opportunities in our portfolio. We make timely decisions which aim to deliver sustainable growth and returns.

Actively manage & develop

We manage our space ourselves, ensuring our places meet the day to day needs of all our customers. We target innovative and successful businesses and provide them with the flexibility to expand with us. We develop individual buildings to drive returns across our campuses and going forward all our developments will be net zero carbon.

Recycle capital

We actively recycle capital out of mature assets and into opportunities which generate higher returns through development and asset management. We target growth and value sectors and work with partners to mitigate risk and access the best opportunities.

Read about our pipeline of developments on pages 20-21

Delivering for our stakeholders

Customers

We deliver great places which help our customers succeed. We develop and manage high quality space, provide flexible options and unique insights and are a trusted partner for the long term.

Communities

We look beyond our buildings to deliver places which connect with local people, create opportunities and support wellbeing to make a positive local contribution.

Partners and suppliers

We develop long term relationships with investors, debt providers, local authorities and suppliers to deliver places which are successful and inclusive.

Our people

Our diverse and inclusive workforce helps people achieve their potential. Our people have different backgrounds, outlooks and experiences, helping us to make better decisions.

Shareholders

We are focused on delivering higher returns for our shareholders. We actively manage our finances to ensure our business is resilient and that we can adapt to key market trends.

Read about our stakeholders on pages 32-33

Our new strategy

Our new strategy exploits our competitive strengths in development, active management and repositioning assets and sees us invest behind two key themes, Campuses and Retail & Fulfilment.

Campuses

Dynamic London neighbourhoods focused on growth customers and sectors.

Our Campuses are an important differentiator for us. They provide high quality, sustainable space and benefit from excellent transport connections, an engaging public realm and an authentic sense of community. Their proximity to some of the most exciting parts of London attracts successful businesses, to foster centres

of innovation, collaboration and creativity. This is increasingly important post Covid-19, where occupiers are more focused on space which enables them to perform at their best.

We will realise the potential of our Campuses through the development of high quality and sustainable buildings and by aligning our offer to include innovation industries such as life sciences. We are progressing the development of our fourth campus at Canada Water.



Retail & Fulfilment

Aligned to the growth of convenience, online and last mile fulfilment.

We are the market leader in retail parks. We have excellent relationships with retailers and a clear insight into how they manage their businesses.

Post Covid-19, more of our customers are using their physical stores to support an online offer through click & collect, returns and ship from store. Retail parks are ideally suited to this and the space is

more affordable, enabling retailers to operate profitably.

Our asset management expertise means we are well placed to identify value opportunities in this sector and to deliver strong returns.

Leveraging our broader skills in site assembly, planning and delivering complex developments, we are also identifying urban logistics opportunities where we can drive value through development. We made our first acquisition in this sector this year.

The priorities for our business

To deliver on our strategy, we have set four clear priorities.

Realising the potential of our Campuses

- Delivering exceptional workspace, homes, public realm and amenities for our customers and communities to thrive
- Targeting growth customers and sectors, including life sciences at Regent's Place
- Delivering a fourth campus at Canada Water

Progressing value accretive development

- Progressing pipeline opportunities
- Delivering space which meets the evolving needs of our customers
- Net zero carbon developments
- Energy efficient new space

Targeting the opportunities in Retail & Fulfilment

- Driving occupancy and sustainable cash flows
- Integrating urban fulfilment in our retail parks
- Making value accretive acquisitions
- Progressing urban logistics development opportunities, primarily inside the M25

Active capital recycling

- Crystallising value from mature assets
- Reinvesting in higher return opportunities in our portfolio and in the market
- Maintaining balance sheet strength and flexibility

Our people

Our strategy is delivered through
our people

Realising the potential of our Campuses

Building on our success

Our Campuses capitalise on demand for the best space by providing high quality, sustainable buildings, complemented by great public realm and amenities and benefitting from excellent transport infrastructure.

At Broadgate, we have successfully repositioned our offer to match the evolution in demand. From a financial fortress in the 1980s, today it is a centre of innovation, creativity and culture. FinTech, technology, media and advertising sectors are well represented on the campus and we have a strong community of scale up businesses through Storey, our flexible workspace business.

We have enhanced Broadgate's appeal by softening the boundaries of the campus, ensuring it is an integral part of its neighbourhood, including Spitalfields and Shoreditch. We have comprehensively upgraded the dining and leisure offer which now includes the UK's first Eataly.

Our Paddington Central campus is virtually fully let to high quality occupiers. It benefits from excellent transport connections being close to Paddington Station, a future Crossrail station, and is a hub for international, corporate headquarters.

Targeting innovation sectors

Regent's Place is well placed to benefit from the growth of life sciences. The industry is forecast to see employment growth of 5% pa to 2030 due to increased Government and consumer spending, and as more overseas companies take space here, reflecting the depth of talent within

the UK. This is also an industry where proximity to similar and complementary organisations is important, so the location of Regent's Place in London's Knowledge Quarter, home to over 100 academic, scientific and cultural organisations, is a key advantage.

Already the campus is home to innovative and successful businesses such as Facebook and Dentsu Aegis Network.

Appealing to a broad spectrum

At Canada Water, we have flexible planning consent for a 5m sq ft mixed use scheme. We currently expect that will include 2m sq ft of commercial space, nearly 1m sq ft of retail and leisure space and 3,000 homes, but we can flex our planning permission in line with demand.

Already we have signed TEDI-London, a universities partnership between Arizona State University, King's College London and UNSW Sydney, for their modular higher education campus.

To enhance our offer, we are putting Wellbeing Principles at the heart of our plans. We will improve connections between people and places, so the campus is more accessible; we will use smart technology to improve the individual experience and seek an improvement in local air quality.

The Masterplan offers a huge opportunity to increase biodiversity, by enhancing existing green spaces and adding 12 acres of new open space, including a 3.5 acre park, a new town square, landscaped terraces and green roofs.

Net zero carbon at Canada Water

We are minimising our carbon emissions at Canada Water through the use of low carbon materials and new building technologies. We are adopting the industry-leading NABERS UK Design for Performance modelling to achieve the highest efficiency and performance.

All buildings will target BREEM Certification (Commercial Outstanding, Retail Excellent, Residential Home Quality Mark) and, reflecting our holistic approach, the Canada Water Masterplan will target BREEM Communities Certification.



Progressing value-accretive development

Progressing pipeline opportunities

Development has been an important driver of value for British Land, with offices development delivering nearly £2bn of profit since 2010.

Our development programme capitalises on demand for the best quality space.

At Broadgate we delivered more than 1m sq ft of high quality workspace in the last two years and are on site with a further 882,000 sq ft across 1 Broadgate and nearby Norton Folgate, with further opportunities in our pipeline (see pages 20-21).

Customer-led offer

Covid-19 has accelerated the trend towards more flexible working. Going forward, successful office space must complement this with better technology to connect those at home with those in the office, a mix of collaborative and private working areas and space which supports wellbeing. Excellent transport connections, an engaging public realm and great amenities are highly valued by employees, which matters as businesses use their office space to attract and retain key talent.

Norton Folgate

At Norton Folgate, we are delivering high quality modern workspace in new structures, interlinked with characterful warehouse buildings across three adjacent development plots, which will complement the historic fabric of the area.

They offer a range of office floorplates which are well suited to small and medium sized businesses, with roof terraces, courtyards, retail and restaurant space. The development is well connected for Liverpool Street Station and Shoreditch overground and benefits from the vibrancy and energy of nearby Shoreditch and Spitalfields.

Net zero at Norton Folgate

We always prioritise the re-use of existing materials and, as a result, embodied carbon at Norton Folgate is low at 444kg CO₂e per sqm, comparing well with our 2030 target for embodied carbon in new office developments of 500kg CO₂e per sqm. We will offset any residual carbon, making this a net zero carbon development.

It will be one of the most operationally efficient buildings we have delivered. The base build operational efficiency is in line with the UKGBC's 2020-25 interim efficiency target and we are targeting a BREEAM Excellent rating.

To improve biodiversity, we will add log piles, bird and bat boxes to the roof, connecting nature corridors in the City. The development includes 1,600 sq ft of outside space on landscaped terraces to support wellbeing for employees and we are targeting Wired Score platinum and gold ratings.

444

kg CO₂e per sqm
embodied
carbon

Norton Folgate

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

A well positioned development pipeline

We have created attractive opportunities for development across our Campuses.

Completed

▲ 100 Liverpool Street
Office-led development adjacent to Liverpool Street Station. 100 Liverpool Street is our first net zero carbon development; embodied carbon was low at 389kg CO₂e per sqm and we offset residual carbon through accredited schemes. Read more about our net zero commitments on page 40.

520,000 sq ft

Committed

▶ 1 Triton Square
Office-led development at Regent's Place, fully pre-let to Dentsu Aegis Network, an existing occupier on the campus.

365,000 sq ft

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

336,000 sq ft

▲ 1 Broadgate
Office-led development at Broadgate and will be one of the most operationally efficient buildings we have delivered. Its strong sustainability credentials were a key factor for JLL who have pre-let nearly 30% of the offices space.

546,000 sq ft

Near term

▲ Aldgate Place, Phase 2

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

136,000 sq ft

▲ 5 Kingdom Street

Office-led development at Paddington Central. Revised planning consent received during the year.

438,000 sq ft

▲ Canada Water, Phase 1 (A1, A2 & K1)

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

582,000 sq ft

Medium term

▼ 2-3 Finsbury Avenue

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

704,000 sq ft

▼ Canada Water (future phases)

Working with the London Borough of Southwark, this mixed use scheme will include 3,000 new homes alongside a mix of commercial, retail and community space.

4.5m sq ft

Targeting the opportunities in Retail & Fulfilment

Integrating urban logistics

The important role that retail parks can play in facilitating a successful omnichannel retail strategy became clear during Covid-19. With parking widely available and more stock held on site, they facilitated the use of click & collect, enabled returns and supported mission-based shopping.

Building on this, retailers see an opportunity to use retail parks to support logistics through last mile delivery by shipping from store. This enables faster delivery times, helping retailers to compete in a highly competitive market.

Importantly, retail parks are also more affordable, enabling retailers to trade profitably, so increasingly this is their preferred format.

Retail parks comprise 53% of our retail portfolio, covering 6.9m sq ft. We are market leaders in this space, positioning us well to identify opportunities in the market to drive value and returns.

Value opportunities in retail parks

This year, we acquired The A1 Retail Park in Biggleswade for £49m. This is a modern, well located scheme, easily accessible from the A1 and within the Oxford-Cambridge arc, benefitting from an affluent and growing catchment.

Retail & Fulfilment asset mix, by value

○ Retail parks	53%
Shopping centres:	
○ Open air scheme	12%
○ Traditional covered shopping centres	22%
○ Leisure and other	13%



As rents stabilise, and building on our asset management skills, we see a clear opportunity to drive value from acquisitions like this.

An emerging and complementary urban logistics business

To complement our retail parks business, we are also targeting development-led opportunities in urban logistics, within the M25. This year we acquired our first logistics asset, a 216,000 sq ft warehouse in Enfield where we have the potential to deliver a multistorey facility. In the meantime the asset is fully let.

Identifying alternative and additional use

Logistics is the key additional use we have identified in our portfolio. The most viable opportunities are on the surrounding land at Meadowhall and Teesside and we are actively progressing plans in both locations.

We are also evaluating a broader range of opportunities including office conversion and residential which we may undertake ourselves or in partnership.

Amazon Fresh

This year Amazon opened its first Amazon Fresh grocery store outside North America at Ealing Broadway. People can shop seamlessly with no check out, and can pick up or return their Amazon parcels at the same time, demonstrating the clear crossover between online and physical retail.

Active capital recycling

Marble Arch House

76,000 sq ft office-led building close to Marble Arch Station, in the Portman Village. Acquired in 2011, the building was comprehensively redeveloped and successfully let to a range of occupiers in the finance, technology and professional sectors. We sold a 75% interest in the building in December 2020.

Crystallising value from mature assets

Recycling capital out of assets which do not offer opportunities for us to add value through asset management or development, and into assets that do, is central to our business model.

This year, benefitting from resilient investment markets, we made timely sales of £643m of office buildings and £556m of retail assets, crystallising value and providing the flexibility to progress value accretive development elsewhere in our portfolio.

Clarges

In November we completed the sale of Clarges, Mayfair, an office-led building, for £177m to Deka.

This wider scheme included 34 super-prime apartments in addition to offices and retail as part of a complex, mixed use scheme. We took a tactical decision to pre-sell more than half of the apartments, achieving new records for residential space in Mayfair. Overall the scheme delivered more than £200m of profit.

Portman Cluster

In December, we sold a 75% interest in a portfolio of three West End buildings for £401m to Allianz Real Estate. This transaction brings our major joint ventures to seven currently. We are continuing to manage these buildings which include 10 Portman Square, Marble Arch House and our head office at York House. Each has been substantially redeveloped in recent years and let to high quality occupiers.

Yalding House

In November, we sold Yalding House in Fitzrovia for £42m. Once the home of BBC Music, this heritage building had been comprehensively redeveloped in keeping with the original style.

Retail

In Retail, asset sales have focused on standalone units and superstores where we have limited potential to drive value through asset management. This year that has included the part sale of shopping centres at Milton Keynes, Peterborough and Beaumont Leys.

Yalding House, previously home to
BBC Music, sold for £42m

Clarges

Super-prime, residential-led
development in Mayfair, comprising
34 apartments and 65,000 sq ft of
offices and retail space.

The office and retail space was
fully let.



Our strategy depends on our people

We have a broad range of expertise across our business which is critical to the successful delivery of our strategy.

Our expertise

At British Land, we have created a best in class platform, with expertise that goes beyond developing and managing buildings. From sourcing investment opportunities, securing planning, developing, leasing and managing our space, to financing our activities, our people are experts at what they do. The breadth and depth of this skill set is what enables us to embark on new opportunities.

Supporting our strategy

This year we acquired our first logistics opportunity. While that is a new sector for British Land, our asset management and leasing teams have established close relationships with our retail customers and we have a very strong understanding of how retailers operate. This will be invaluable as we look to grow this part of our business.

We have opportunities to develop additional logistics space both on our new acquisition in Enfield and also on our existing portfolio, and here the expertise of our planning and development team will be invaluable. At every step we will

look to do this in the most sustainable way we can and we have an excellent track record in this respect.

Canada Water is a 53 acre regeneration opportunity and one of the most significant in London. It will draw on the skills and experience we have across our business. The progress we have made to date, with a very flexible planning consent, is testament to the excellent work of our team. The work of our community teams in building strong local connections and the strength of our reputation elsewhere on our portfolio were also key to achieving this. We envisage a broad mix of uses and already our plans include residential and higher education and will again draw on our proven ability to adapt and deliver in new and complementary areas.

Living our values

Our values and our culture underpin what we do at British Land. We bring our passion to what we do, we listen and understand and we work together to build for the future. These values guide and support the way we work and will help us deliver for all our stakeholders.

We benefit from a best in class operational platform. Despite unprecedented challenges to our business and the way we work, our teams have delivered great progress this year.

Investment

£1.2bn asset sales,
6.2% ahead of book value
Evaluating opportunities
in Retail & Fulfilment
with £284m acquisitions
in the year

Leasing and asset management

1.7m sq ft retail leasing,
ahead of last year
1 Broadgate pre-let to JLL

Property management

Supporting our customers
through reopening and
returning to work
Delivering strong
rent collection

Planning

£1.7m sq ft of planning
consents achieved including
2-3 Finsbury Avenue and
5 Kingdom Street
Achieved outline consent
on our 53 acre scheme
at Canada Water

Development

Completion of 100 Liverpool Street
Completion of 1 Triton Square
in May 2021
Commitment to Norton Folgate
and 1 Broadgate
Read more on page 20

Finance

£1.6bn financing in the year
£1.8bn undrawn facilities and cash
Refinancing date extended to early 2025
Senior unsecured credit rating 'A'

Sustainability

First net zero carbon development
at 100 Liverpool Street
Pathway to Net Zero Carbon published
Targeted support to local
communities throughout
the pandemic
Read more on pages 40-45

Marketing

Demonstrating we are
a trusted partner
Delivering the best places,
and the flexibility our customers
need in the future

People

Ethnicity pay gap
disclosed for the first time
Maintained skills and
training programmes
Supported our teams
through lockdown
Read more on pages 36-39

Key trends in our markets

Economic backdrop

We are experiencing a prolonged period of economic uncertainty, initially as a result of Brexit and this year reflecting the Covid-19 pandemic.

If the Government's roadmap remains on track, all Covid-related restrictions will be relaxed in June. In this scenario, the economic outlook is positive, with pent up consumer demand expected to fuel expansion. However, forecasting the trajectory of this pandemic is difficult. The efficacy of the vaccine on new variants is not known so the risk of further lockdowns remains. In addition, the longer term impact on employment, the way we work and shop and what that means for our cities has yet to play out.

Brexit-related uncertainties have diminished although we remain in a period of transition with businesses still adapting to life outside the EU.

Our strategic response



Active capital recycling

Making asset disposals to strengthen our balance sheet and enable us to progress acquisition and development opportunities



Realising the potential of our Campuses

Targeting successful businesses in innovation and growth sectors

The trajectory of the pandemic remains uncertain

Role of the office

During the pandemic, employees demonstrated their ability to work from home effectively and going forward, many expect to work more flexibly, raising questions around the role of the office. However, companies are clear that the office plays a vitally important role in shaping the brand and culture of their business, by supporting recruitment and training and fostering innovation and collaboration.

Successful office space will likely be high quality, modern and sustainable; offer a mix of collaborative and private space; provide high-tech solutions to complement more flexible working patterns; and be well located for transport hubs, retail and leisure.

This trend will accelerate polarisation in offices. Space not meeting these criteria will become increasingly hard to let, negatively impacting rents.

Our strategic response



Progressing value accretive development

Developing modern, tech-enabled space which supports collaboration and helps businesses be their most productive



Active capital recycling

Selling assets where we cannot drive value through asset management or development

A more diverse range of space, reception at 1 Broadgate

Role of physical retail

The strategic shift toward online retail was already well advanced prior to Covid-19 but accelerated during the pandemic.

The type of retail space that works well for retailers is also changing rapidly. This year, that has focused on open air and out of town retail parks, which support mission-based shopping and an online offer. They are also more affordable, making retail parks the preferred format for retailers.

Increasingly there is a crossover with urban logistics. Retailers are using retail parks to ship from store and third party logistics operators are looking at taking space.

However, the retail market remains highly challenging and the longer term role for shopping centres is less well defined.

Our strategic response



Active capital recycling

Selling retail assets where we cannot drive value through asset management or development and investing in Campuses and Retail & Fulfilment



Targeting the opportunities in Retail & Fulfilment

Sourcing and investing in value-led retail and development-led urban logistics opportunities

Easily accessible retail parks, Mayflower, Basildon

Climate change

The will to tackle climate change continues to gain momentum as the need becomes more urgent.

Businesses are under increasing pressure to reduce their climate impact from shareholders, customers and employees, with all expressing a clear preference for those who demonstrate good progress. The environmental and commercial imperatives for sustainability are therefore closely aligned, driving a three-fold increase in the number of companies making net zero commitments in 2020.

The implication for our industry is the growing demand for net zero carbon buildings. In response, real estate owners must not only build more sustainably but also upgrade existing stock to ensure that it meets the same high standards. The risk of not doing so is "stranded assets" which are hard to let.

Our strategic response



Progressing value accretive development
Minimising our impact through re-use and the delivery of lower carbon buildings



Active capital recycling
Reweighting the portfolio to modern, more sustainable space through asset sales and development

Delivering more sustainable developments,
100 Liverpool Street

Social inclusion

Making a positive social contribution increasingly underpins a business's licence to operate. The impact of the pandemic fell unequally across society so companies were widely expected to "do the right thing" by their employees, customers, partners and communities.

These expectations were already building. Going forward, the contribution that companies make to local communities and their relationship with key stakeholders will see greater scrutiny.

In real estate, shareholders, customers and employees are looking more closely at the ethical track record of the businesses they invest in, pay rent to or work for, so property owners need to demonstrate their commitment to understanding and supporting local communities and the issues they face.

Our strategic response



Realising the potential of our campuses
Working with our occupiers to address key local issues through Place Based initiatives



Progressing value accretive development
Sustainable development creates business, employment and community opportunities while minimising the impact of construction

Supporting young readers, Teesside Park

Science & technology

The important role that science has played in understanding and managing the impact of Covid-19 has highlighted the need for greater scientific resources, including more people, more workspace and greater collaboration between knowledge-based institutions. This is generating a new and exciting area of growth in our industry.

Going forward, technology will play a key role in delivering successful workspace across the spectrum. As the way we work evolves, space which best connects people inside the office with those outside will be more attractive and occupiers will increasingly prioritise offices which support wellbeing through better air quality, personalised temperature controls and more automated services.

Our strategic response



Realising the potential of our campuses
Aligning our offer to innovation and growth sectors including life sciences



Progressing value accretive development
Incorporating smart features into our developments

Pivoting towards life sciences at Regent's Place

OUR KEY PERFORMANCE INDICATORS

Monitoring our performance

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

KPIs	
Corporate & Financial	Total property return LTIP AI Committed and near term developments % of standing investments by floor area
	Total accounting return LTIP Loan to value (LTV) – proportionally consolidated
	Total shareholder return LTIP Years until refinance date AI
Environment	Reduction in energy intensity of offices 31% 2020: 16% Energy intensity was lower than usual this year as a result of Covid-19 restrictions which required assets to close or operate at lower capacity. GRESB rating 5*
Community	Number of community beneficiaries 23,024 2020: 40,076 Beneficiaries typically include local schoolchildren and jobseekers. This year we focused on supporting those most impacted by Covid-19, but continued to deliver our community programmes where possible. Number of community initiatives 94
People	Gender pay gap 27.6% 2020: 27.9% Ethnicity pay gap 27.3% First year of reporting This year, recognising the need to engage more frequently with our people, we conducted multiple pulse surveys rather than our usual engagement survey which will resume for the year to March 2022.

Links to remuneration: [LTIP](#) Long-Term Incentive Plan [AI](#) Annual Incentive Award

Progress

Campuses

- Completion of 100 Liverpool Street
- Commitment to Norton Folgate and 1 Broadgate
- Canada Water planning permission secured and drawdown of headlease
- TEDI-London, a higher education provider, signed at Canada Water
- 556,000sq ft of office leasing, including 134,000sq ft pre-let to JLL at 1 Broadgate

Retail & Fulfilment

- 1.7m sq ft of retail leasing
- Acquired first development-led logistics opportunity in Enfield for £87m
- Acquired retail park in Biggleswade for £49m
- Committed to acquire 22% interest in HUT, which comprises 10 retail parks.
- Progressing logistics opportunities in our portfolio

- Achieved GRESB 5* rating
- Received SBTi validation for Scope 1, 2 & 3 targets
- Pathway to Net Zero Carbon published
- Net zero carbon asset audits commenced
- Achieved our first net zero carbon development at 100 Liverpool Street
- Transition Vehicle fully operational

- Effective community response to Covid-19: supported foodbanks, provided education materials and donated £1.5m to good causes
- Longer term support through employment and retraining programmes
- Completed Place Based research into local needs

- 44% female representation at Board level
- Reported ethnicity pay gap for the first time
- Race Equality Framework launched
- Fairness & Inclusion training mandatory for all employees
- Promoted disability inclusion at our places through EnaBLE and signatory to Valuable 500
- Partnered with anti modern slavery charity Unseen; launched anti-modern slavery training
- Supported 23 of our people to receive professional qualifications

Priorities for FY22

Campuses

- Increase occupier exposure to growth sectors including life sciences at Regent's Place and other uses at Canada Water, leveraging our flexible planning consent
- Commitment to develop phase 1 at Canada Water
- Further progress value accretive development on our campuses
- Continue to recycle capital

Retail & Fulfilment

- Maintain high occupancy, focusing on occupiers with strong covenants
- Make value accretive acquisitions of retail parks and logistics assets with development potential
- Selective disposals of assets without asset management or development potential
- Progress urban logistics opportunities at Meadowhall and Teesside

- Maintain GRESB 5* rating
- Maintain progress with our Pathway to Net Zero Carbon
- Complete net zero carbon asset audits
- Deliver net zero development at 1 Triton Square
- Pilot NABERS UK at 1 Broadgate and Canada Water

- Deliver needs based employment, education and local business initiatives at priority assets
- Deliver place based initiatives at priority assets

- Continue to reduce our gender and ethnicity pay gap
- Continue to improve our staff engagement score

Key risk indicators

- Development exposure
- Market letting risk (vacancies, expiries, speculative development)
- Occupier covenant strength and concentration
- Occupancy and weighted average lease length
- Execution of targeted acquisitions and disposals in line with capital allocation plan
- Net debt to EBITDA
- Financial covenant headroom
- Liquidity and period until refinancing is required

- EPCs rated F or G
- EPCs below B rating
- Portfolio at high risk of flood

- Community engagement

- Voluntary staff turnover
- Employee engagement and wellbeing

Our stakeholders

Through broad engagement, our thinking is shaped by a wide range of perspectives. This helps us deliver outstanding places and positive outcomes for all our stakeholders – Places People Prefer.

	Our customers	Our communities	Our partners and suppliers
	Our customers are all the people who visit our places. They include our occupiers and their employees and the people who shop or live in or around our buildings.	Our communities are all the people who live in and around our assets, as well as local organisations and enterprises.	Our partners and suppliers include property investors, local authorities, suppliers and all other organisations we have a direct relationship with.
Key issues	The way people work, shop and live is changing rapidly. There are fewer boundaries between these activities while the need for a more sustainable approach is growing.	Whilst every community is unique, shared priorities include education, employment and wellbeing, as well as environmental and local concerns.	Ensuring all partners share appropriately in the success of our places.
Why we engage	Understanding how customer expectations are changing helps us provide places which meet more of their needs, driving long term demand for our space.	Our places thrive when our communities prosper, helping us create more successful, inclusive places that make a positive local contribution and attract more customers.	Our places depend on the success of our relationships with the organisations that help deliver them; that requires a clear understanding of their priorities and challenges.
How we engage	We survey visitors to our places and collect data on how people use our space and our services. More than 1,500 retailers are signed up to BL:Com, our data sharing app, and we use social media to keep customers informed across the business.	Through our Place Based approach we engage with local people and partners where we can make the biggest social impact. Our Local Charter provides a flexible framework for delivery.	We maintain an active dialogue with our partners and develop long term relationships. Our Supplier Code of Conduct guides how we engage with suppliers.
Outcomes of our engagement*	- Flexibility on rental payments where appropriate - Successful pre-let of 1 Broadgate, see page 43 - 1.7m sq ft of retail leasing	- Launched bespoke coaching programme to support leaders of our key community partners - Delivered employment programmes to support those impacted by Covid-19	- Progressing plans at Canada Water in partnership with London Borough of Southwark, see page 21. - Commitment to develop 1 Broadgate with JV partner GIC, see page 20.

* In addition to the references above, for further details of how these outcomes were achieved see page 105 of the Governance section.

Our people	Our shareholders	Statement on s172 of the Companies Act 2006
Our people includes everyone employed at British Land. We are a diverse team, with a range of backgrounds, skills and experiences.	Our shareholders are the owners of our business. Our focus is to deliver value for shareholders over the long term.	s172(1) of the Companies Act requires directors of a company to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as whole, taking into account:
Attracting and retaining talent in a competitive market.	Delivering long term, sustainable income and capital growth and minimising our impact on the environment.	– the likely consequences of any decision in the long term; – the interests of the company's employees; – the need to foster the company's business relationships with suppliers, customers and others;
We engage with our people to help them realise their potential. It is their skills and experience that drive the quality of our product.	By addressing shareholders' views in our strategy and our communications we are better able to attract investors who are long term supporters of our business.	– the impact of the company's operations on the community and the environment; – the desirability of the company maintaining a reputation for high standards of business conduct; and
We encourage open and constructive discussions throughout the business. Employees can feedback through Company surveys, regular town hall meetings or a range of employee meetings.	We provide formal updates on our business every six months and update periodically on key news events. Major shareholders meet management regularly.	– the need to act fairly as between members of the company. The nature of our business means that we have a continuous dialogue with a wide group of stakeholders and the views of our stakeholders are taken into account before proposals are put to the Board for a decision.
– Launched our new Race Equality Framework, see page 111. – Supporting our people through Covid-19, see pages 34-35.	– Resumption of the dividend – New strategy, investing behind two key themes, our Campuses and Retail & Fulfilment to deliver higher returns	Information on how the Directors discharged their duty under section 172 during the year, including how they engaged with key stakeholders, and how they had regard to the matters set out above in their discussions and decision-making, can be found within our Applied Governance section on starting on page 105.

Read more about our stakeholders on pages 34-35

A continuous dialogue

“We’re a very ambitious scale up, but the ability to take decisions quickly or change our minds is very important to us and British Land show real flexibility around that.”

James Brown

Storm 2, Storey customer

“As soon as Covid hit, British Land asked how they could help; they were the first to offer a rent free period and they quickly arranged planning permission for us to open a second unit so we could serve the same number of customers within the new rules. We are a small start up but they are investing time and energy to support our ambitions so we feel very valued as a customer.”

Arti Poddar

Co-Founder, Guy & Beard, Glasgow Fort

Supporting our stakeholders through Covid-19 and helping them to be successful long term.

Focusing on our customers supports our purpose

Our offering is customer centric ‘Built Around You’ and commits us to always delivering the following for our customers:

1. The best places
2. The most flexible
3. A trusted partner

Our places offer the widest choice of spaces; they are well located, greener and offer best in class technology. In the current environment, flexibility has never been more relevant. Across our offices and our retail space, we offer our customers a range of options in terms of lease length and fit out to meet their needs today and in the future with the potential to expand with us. Storey, our flexible workspace business, is a good example of that approach. Our deep and long connections to our places also mean that we continually invest locally to enhance the space and, in partnership with our customers, make a positive difference to the local community and environment.

The space we are delivering at 1 Broadgate is an excellent example of how we have responded to very clear requirements from our customer which translated into a pre-letting of nearly 30% of the office space. Read more about this on page 43.

Our campus networks, which focus on common issues such as diversity and inclusion and mental health, provide a platform to connect us with our customers and them with each other. Reflecting their feedback we are launching a Place Based “Forum” for each campus which will include an online platform as well as virtual and physical events. We act as a facilitator to support the return to work, address key issues such as diversity and inclusion, support connection with local communities and use technology to enable better collaboration.

Customers

This year, most of our customers have been unable to operate their businesses in the usual way, at times impacting their ability to pay rent. Throughout the pandemic, we worked closely with all those affected to agree fair and flexible plans to help them manage rental payments and we supported them in their reopening strategy wherever possible.

For our office customers, we worked fast to make our space Covid-secure and organised virtual round tables where occupiers could share learning experiences on working from home and returning to the office.

Communities

We have been driving our community programme for more than 10 years and have built up a strong network of community partners, so we were well placed to deliver effective, targeted support from the start of the pandemic.

One of our earliest responses was to introduce a bespoke coaching programme to help leaders of our core community partners navigate the unprecedented challenges. These have included long term partners such as the Third Age Project in Regent’s Place, the Floating Classroom at Paddington Central and Just Like Us at Broadgate. 25 partners benefitted overall. We provided educational materials to communities in and around our places across the UK through the National Literacy Trust, benefitting 3,600 families, and we supported employment programmes at our retail places and our London campuses.

We supported foodbanks at Regent’s Place, Canada Water and Paddington Central as well as The 1928 Project at St Mary’s Hospital, Paddington, supplying NHS workers with quality food, and made additional funds available to support local community organisations.

Read more about how we have supported communities on pages 44-45.

Partners and suppliers

We enjoy a close partnership with our suppliers which enabled us to co-operate effectively throughout the pandemic.

We worked hard with our construction partners at 100 Liverpool Street and 1 Triton Square to minimise delay for our customers while prioritising the safety and wellbeing of their team. We focused on critical activities which drove timelines but could be done within social distancing guidelines, such as installing lifts and smart features and fitting out the reception areas.

Our people

We engaged closely with our people throughout the pandemic. We used a range of communication channels to support staff and keep them up to date with our plans, including virtual town halls and podcasts from the CEO and Executive Committee members, and our intranet was a key source of guidance. Our employee-led networks played an important role in keeping people connected, providing advice and practical support as well as entertainment for individuals and their families. Mindfulness sessions were made available to all employees and we embraced more flexible working patterns to help people manage caring responsibilities. We kept our office open whenever possible and in line with Government guidance to enable those who wanted or needed to come into the office to do so.

For field-based teams, we undertook comprehensive risk assessments of our assets and developed Covid-19 response plans for each. We introduced weekly testing, staggered shifts to minimise the number of people on site and deep cleaned each office between shifts.

Shareholders

We recognise that providing timely information to shareholders was acutely important this year and we therefore provided an update on rent collection at each quarter. In addition, we have maintained our regular investor relations programme on a virtual basis, including roadshows, conferences and events. Read more about our shareholder engagement on pages 96 and 101.

“Thank you again to the team at BL for their continued support in what has been a particularly difficult year for our sector and our company and to you and Alice for your availability and understanding during our multiple rounds of discussions since the spring of last year. It has been incredibly helpful to be able to share our concerns openly and to be heard by our partners.”

Gabriel Shohet
Black Sheep Coffee

“Fiona, our coach, commented that our team didn’t reflect the dynamic, vibrant and community-based organisation she felt we were. We decided to create an effective structure with defined roles, and embarked on a huge programme to develop people’s capacity to perform. Our team is transformed, we’re more professional and we have a greater voice locally. We couldn’t have done all this without the coaching support.”

Lena Choudary-Salter
CEO and Founder of Mosaic Community Trust

“From a peak of 900 operatives on site, we reduced to 35 and increased only when we could be sure of our people’s safety and of course when they felt comfortable returning. British Land supported us at every step and made 100 Liverpool Street a place that people both wanted and felt safe to work.”

Mark Leeming
Project Director 100 Liverpool Street,
Sir Robert McAlpine

“What British Land did well was to provide support centrally but also to give each centre the autonomy to do what was right for them. The engagement between our senior team and our occupiers clearly filtered down to the store managers which really helped us manage operations and adapt to changing regulations.”

Catherine Furlong
British Land Centre Director,
Teesside Park

People and culture

Embracing a culture of diversity, supporting wellbeing and championing development.

4th

in the top 10 best performers in the 2020 Hampton Alexander Review

9,000

hours of training undertaken by employees

98%

favourable score when employees were asked how British Land was responding to the pandemic

We understand that a diverse, motivated, and supported workforce is vital to connecting with our customers and delivering our strategy. The last 12 months have shown our people's resilience in the face of the pandemic. We have successfully continued to grow and develop an inclusive workforce, promote employee wellbeing and remain connected despite the challenge of home working.

Celebrating diversity

At British Land, our purpose is creating and managing Places People Prefer. This is about establishing outstanding places which deliver positive outcomes for all our stakeholders on a long term sustainable basis. To achieve our purpose, we strive to create a diverse and inclusive workplace where people can achieve their full potential. We see the two as intrinsically linked. "Bring your whole self" is a core value of British Land; we understand that diversity of backgrounds promotes diversity of thought and enhances our business.

Workforce gender diversity, 31 March 2021

Our diversity and inclusion mission is to make a positive difference to colleagues, communities and the wider industry by taking actions to promote equality. We consider all areas of diversity by working in close collaboration with our employee networks: REACH (Race Ethnicity and Celebrating Heritage), Parents & Carers, Women's Network, Pride, Wellbeing, EnaBLe, Sports & Social, Cycle and SustainaBLe.

Over the last 12 months our networks and committees have continued to progress diversity and inclusion at British Land. EnaBLe, our network formed to celebrate ability and promote disability awareness, has joined up to the Valuable 500 – further committing British Land to putting disability inclusion on our business agenda.

We are proud that for the third consecutive year we are in the top 50 employers, ranked by the Social Mobility Foundation for employer best practice in the field of social mobility.

We are pleased to have been recognised for our policies and practices relating to equality, diversity and inclusion by being reassessed and accredited under the National Equality Standard.

British Land has continued to promote gender equality and in the 2020 Hampton Alexander Review we were ranked 4th in the top 10 best performers for representation of women on Executive Committees and their Direct Reports.

In order to further promote our diversity and inclusion mission, we have rolled out training to all our employees in fairness, inclusion and respect. Currently over 75% of our employees have attended this workshop.

"My role covers three retail assets so I went from constantly travelling to being confined to a desk at home which took some getting used to!

At British Land, we're lucky to have so many colleagues to lean on. At the beginning we had daily calls to discuss how we were all feeling. Those are now weekly because it's still important for us to stay in touch and support each other. I have a great working relationship with my team and a great network of support, and that's really what has got us through."

Alan Barker

British Land Centre Manager
Broughton, Crown Point,
Mostyn Champneys

Developing talent

We understand the importance of both developing talent within the business and investing in future talent. "Build for the future" is a core value of ours. This is why we continue to support Pathways to Property and this year our support contributed to 1,275 students gaining valuable experience and insights into the real estate industry.

British Land are also proud to be partnering with the #10000blackinterns initiative, a campaign looking to offer internships to Black students across the UK to help kick start their careers. We are excited to be participating in the Change 100 flagship programme, offering paid internships to university students or recent graduates with disabilities or long term conditions. We are participating as a way to source a more diverse group of talent for the long term and have our first intake signed up and ready to start in summer 2021.

Continuing to support our talent into the business remains key to our success. In the last 12 months we have had eight graduates across our two schemes, including three new graduates to our Commercial Property programme. We have also welcomed 10 apprentices throughout the year across different areas of our business.

We recognise the importance of growing our talent internally and have continued to invest in learning and development initiatives for our employees. Over the past 12 months we have spent £380,000 on training and over 9,000 hours of training in total have been undertaken by our employees across the Company.

Internally we have supported 23 employees to receive professional qualifications and 42 employees have moved internally within British Land to further develop our talent and support their career ambitions.

At British Land we recognise that having a mentor can make a big impact in developing an individual's knowledge, skills and experience and help grow their network. We have therefore supported individuals in finding a suitable mentor within the business and have run speed mentoring events to facilitate successful networking opportunities. We have also recently launched a mentoring programme for our leadership team with our Executive Committee and Non-Executive Directors. Each Non-Executive Director and Executive Committee member has been carefully matched to a member of the British Land leadership team and tailored to the specific needs and objectives of the mentee. Overall, we currently have 55 formal mentorships across the business.

Our values

Bring your whole self

- Feel free to be ourselves and help others feel the same
- Bring all our passion and energy to what we do
- Be open and inclusive

Listen and understand

- Take the time to listen and feed back
- Listen with respect and without judgement
- Base our actions on what we learn

Be smarter together

- Bring together the right team
- Own our responsibilities
- Support each other to succeed

Build for the future

- Anticipate needs and lead with courage
- Grow our expertise and learn from our experience
- Be accountable for the legacy we leave

Promoting wellbeing

The Covid-19 pandemic has shone a spotlight on health and the importance of maintaining a good balance between work and life priorities. At British Land employee wellbeing has always been a focus, with our Wellbeing Committee leading on ways to support employees' physical and mental health. With help from our networks and committees, we have worked hard to create a culture of support and understanding for all our employees, ensuring they know where they can get the appropriate assistance, recognising all the difficulties encountered during this pandemic.

Over the past 12 months we have run weekly mindfulness sessions to help employees feel balanced and have a positive frame of mind as well as having sessions on coping during and after lockdown to boost resilience.

Our Parents and Carers Network has guided the business to help and support parents and those managing caring responsibilities whilst working from home, advocating flexibility and

understanding. This has included practical support such as providing free access to online learning tools Twinkl and Times Tables Rockstars and sharing practical resources and suggestions, whilst helping ensure internal communication delivers a drumbeat of support and visibility for those with children and caring responsibility.

Our Sports and Social Committee has also been helping us keep physically fit throughout the pandemic with online gym classes and virtual yoga classes.

Our core value of "listen and understand" has been applied throughout the pandemic. We have sent regular surveys to check-in with employees and ask how we can help as well as to understand their wellbeing. Our check-in survey in 2020 asked employees how confident they were in how British Land was responding to the pandemic with a 98% favourable score. It also gave them the chance to request any form of IT equipment to ensure they have everything they need to work effectively from home. The wellbeing survey was to understand how,

in the third national lockdown, employees were feeling regarding their work pressures but also their overall mental and physical health. This has provided an insight as to how we can support our employees further.

Our CSR Committee has guided and supported all our workforce engagement activities, such as our check-in surveys and wellbeing survey. By having a dedicated Committee with formal responsibility for the engagement of our employees, our people always remain central to our strategy. You can read more about this on pages 110-111.

For those colleagues who do need to be in the office we have introduced weekly Covid testing on our sites as well as other social distancing measures such as one-way systems, desk spacing and limiting the number of employees in each space to ensure our employees are working as safely as possible. All employees were also given a return-to-work kit with hand sanitiser, face mask, door opener and water bottle.

Parents and Carers Network

Eloise, chair of our Parents and Carers Network, describes below the challenges of being a parent over the last year and how British Land has supported those with caring responsibilities during this time.

"Juggling working from home and homeschooling two small children was bewildering to say the least! But the sense of support at British Land – right across the business – was incredible.

During the third lockdown, when we were all exhausted by back-to-back meetings, the business suggested a no meeting zone in the middle of the day. This had a really positive impact on my whole family's wellbeing."

Keeping connected

Throughout the pandemic our leadership team has highlighted the importance of keeping connected with our teams and colleagues to ensure we can continue to work and Be Smarter Together. Our usual monthly staff meetings have been successfully conducted virtually. This has allowed our whole Company to come together to hear key updates and celebrate our colleagues who have been awarded our Hats Off – a prize that recognises colleagues who have been living our Company values – Bring your Whole Self, Listen and Understand, Be Smarter Together and Build for the Future.

Alongside our staff meetings we have introduced regular audio and video podcasts where the Company can hear from our Chief Executive on our approach

to work during the pandemic. Our Executive Committee has also launched podcasts so the Company can get to know each of our leadership team.

Ensuring open and transparent communication throughout the pandemic has enabled all our employees to continue to be engaged with and aligned to our purpose and vision for British Land. We have therefore delivered further webinars on our Sustainability Strategy, our financial results, engaging with customers and customer management as well as a number of other topics.

While working from home we have embraced digital shared teams sites which has not only allowed colleagues to remain connected but has enabled teams to swap ideas, collaborate on projects and improve our teamwork.

EnaBLLe Network

“The launch into full time working from home last year really highlighted the importance of having the right set up to be able to work effectively, technically as well as physically. British Land were amazing to provide adjustments during this transition and in November, with help from the EnaBLLe committee, BL launched an Accessible Tech Buddy Scheme to further support colleagues with accessibility requirements for their technology. This has been another great step forward in making our working environment accessible for all.”

Leanne Williams

Business Analyst in our Group Technology department and member of our EnaBLLe committee

Our networks have also kept us engaged with a series of webinars on important topics such as fertility awareness, supporting the next LGBT+ generation, the History of Black British Activism and many more.

We also understand that the workplace is an important place for people to connect socially. While working from home we have continued to run social engagements from virtual pub quizzes to book clubs to cooking competitions and even hosting our own British Land's Got Talent; all with the help of our employee networks and committees.

Delivering our 2030 Strategy

In this first year of our new Sustainability Strategy, we have achieved some early milestones which support our 2030 ambitions.

1. Net zero carbon

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

portfolio. This year, we published our Pathway to Net Zero, setting out the steps we will take across our business to deliver on that ambition.

Embodied carbon

50%

reduction in embodied carbon intensity at our developments to below 500kg CO₂e per sqm by 2030

Progress

This year we updated our Sustainability Brief, setting a clear standard for sustainable development at British Land. We completed our first ever net zero carbon development at 100 Liverpool Street; embodied carbon was low at 389kg CO₂e per sqm and we offset residual carbon through accredited schemes in the Tibetan Plateau and Mexico.

We have made further commitments at Norton Folgate and 1 Broadgate; the average embodied carbon in our development pipeline is 640kg CO₂e per sqm. This performance benefits from our commitment to prioritise the re-use of existing materials.

Operational carbon

75%

reduction in operational carbon intensity by 2030

Progress

This year we completed six net zero carbon audits at our assets, identifying interventions which would reduce operational carbon on an ongoing basis. This programme is being extended across our portfolio and is expected to complete at the end of next year.

To finance these projects, we set up our Transition Vehicle, funded by an internal carbon levy of £60 per tonne of embodied carbon in new developments and an annual corporate float of £5m. We completed our first project, fitting LED lighting at Regent's Place this year.

The Transition Vehicle also funds the purchase of certified offsets for embodied carbon in developments.

100 Liverpool Street

LED light replacement at Regent's Place

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

2. Place Based approach

A Place Based approach means understanding the most important issues and opportunities in the communities around each of our places and focusing our efforts collaboratively, to make the biggest impact at each place.

We do this through the five key areas which are common across our portfolio and identified in our Local Charter:

- Connect – connecting customers, suppliers and community partners around priority local issues and opportunities
- Education – needs-based initiatives
- Employment – needs-based initiatives
- Supporting local business
- Wellbeing – putting our Wellbeing Principles into practice

Our strong community links enabled us to act quickly to help those most impacted by Covid-19 at our places.

This year, despite these challenges, we supported 364 people into employment, with nearly 1,000 receiving meaningful employment support.

We provided educational materials through the National Literacy Trust, benefitting around 3,600 families; and supported foodbanks and community hubs at seven of our assets.

Supporting communities at Regent's Place

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

3. Environmental leadership

Our continued strong performance in sustainability was evidenced this year by a 5* rating in GRESB, the global ESG benchmark for real estate, achieved two years ahead of our target.

To strengthen our performance in future years we are rolling out BREEAM In Use operational certifications across 30 assets over the next two years.

This year the Science Based Targets initiative validated our climate commitments as being in line with a 1.5°C global warming trajectory.

We have maintained our market leading performance in international ESG benchmarks; performance for 2020 is set out below:

GRESB 2020:
5 star rating,
Green Star

CDP 2020:
A- score

**EPRA
Rating 2020:**
Gold

**MSCI ESG
Rating 2020:**
AAA

**FTSE4Good
Index 2020:**
Top 96th percentile

**Science Based
Targets:**
approval in 2021

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

4. Responsible business

We advocate responsible business practices across British Land and throughout our supply chain. Our key areas of focus are set out below.

Responsible employment

- Investing in training and professional qualifications
- Connecting with our people
- Providing a safe working environment

Diversity & Inclusion

- Improving gender diversity at all levels; maintaining a minimum of 35% female representation on the Board and reducing the gender pay gap
- Improving ethnic diversity at all levels; targeting a minimum of two Directors from an ethnic minority background and reducing the ethnicity pay gap
- Making our places more inclusive for everyone

Responsible procurement

- Mandatory modern slavery awareness training for British Land staff
- Mandating prompt payment
- Responsible procurement standards

See pages 46-47 for more detail of our progress in each area and our Sustainability Accounts.

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

JLL's decision to be based at 1 Broadgate reflects their ambitions to be a net zero carbon business.

A focus on net zero

JLL has committed to being net zero carbon across its UK workplaces by 2030 and to spearhead the wider adoption of net zero carbon buildings across the industry. This approach underpins many of their key requirements at 1 Broadgate and shaped the design of the building.

1 Broadgate will target the BREEAM Outstanding certification. It will use 100% renewable energy and we will fit energy efficient air and water source heat pumps, lighting and lifts and smart controls. We are adding solar panels to the roof and will recover office heat energy for use in the retail units on the ground floor. We will deliver mixed-mode ventilation, effectively combining natural ventilation with air conditioning to reduce carbon emissions and provide better user control of the thermal environment. The façade will be insulated and the glass designed and treated to manage solar glare from different orientations. We will re-purpose the pink granite from the existing façade as terrazzo flooring and sustainable, low carbon and responsibly-sourced materials will be used throughout the building.

The result is the most operationally efficient development British Land has ever delivered. Energy intensity will be in line with our 2030 targets and the UKGBC's 2030-35 energy efficiency targets.

1 Broadgate is our pioneer project for adopting the NABERS UK approach to modelling and verification. This provides a framework against which we can design and test our plans for the development to ensure we stay on track to achieve our target energy efficiency. This approach can also be used to verify the performance of the building once in occupation so we can monitor energy efficiency throughout its lifecycle.

Embodied carbon at 1 Broadgate will be above our 2030 target at 901kg CO₂e per sqm. This is partly because certain design features, such as the terraces which support wellness and biodiversity and the retail walkway which improves the experience for campus visitors, result in a higher embodied carbon footprint. However, we have a good track record of reducing embodied carbon against concept design. We are also actively salvaging materials from the current building for re-use.

Focus on wellbeing

1 Broadgate has also been designed to the highest standards of wellbeing. Reflecting feedback from their staff, JLL wanted a building that offered a hybrid model of remote and office-based working to enhance productivity and staff wellbeing. The design includes more than 47,000 sq ft of roof terraces and space for over 1,000 bikes. We are targeting the WELL Platinum rating for wellbeing and the WIRED Platinum rating for smart infrastructure.

"Working in partnership with British Land, we have a real opportunity to achieve one of the most sustainable and technologically advanced workplaces in the UK. 1 Broadgate will enable us to significantly push the boundaries to enhance productivity, improve wellbeing and support the wider community through British Land's approach to managing the Broadgate campus and its Community Framework."

Stephanie Hyde

UK and Ireland CEO at JLL

"The distinguishing feature of 1 Broadgate is that its ambition grew over time and each step up was a real collaboration between developer, designer and contractor. We truly worked as a team to instigate, support and sanity check each improvement. Nothing was discarded through an assumption of difficulty and the determination is still very strong as we enter the construction life of the building."

Marie-Louise Schembri

Design Director, Hilson Moran

A Place Based approach

"Usually, we run healthy cooking classes for local families, supported by the Regent's Place Community Fund. When the pandemic hit, Lifeafterhummus needed to adapt to meet the needs of the community. British Land reached out and asked: 'How can we help?'. They donated funds to start our 'Eat what you Request, Request what you Eat' foodbank. Our volunteers now collect surplus supplies from 45 stores locally every week: to date 17 tonnes of diverted food waste. We would never have achieved this without British Land's support."

Farrah Rainfly

Lifeafterhummus Community
Benefit Society

Supporting communities through Covid-19

This year the focus of our community programme has been on supporting those impacted by Covid-19. To support our long term partners, we funded a bespoke coaching programme through The Business School (formerly Cass), helping 25 partners to navigate the unprecedented challenges.

Working with the National Literacy Trust, we provided books and activity packs for vulnerable children through local community partners, ensuring that they reached those most in need and benefitting around 3,600 families.

We supported local organisations like Lifeafterhummus, who we provided with funding, space to run a food bank and

volunteering support from our site teams; security officers from Facebook, one of our occupiers, also volunteered. We supported the Euston Foodbank and Nourish Community Foodbank through Royal Victoria Place and the 1928 Project, an initiative to provide NHS workers at St Mary's Hospital with good quality food.

With retail and hospitality industries most acutely impacted by this year's lockdown, our efforts have focused on supporting the many people who became unemployed as a result. In Edinburgh, we worked with long term partner Capital City Partnership on a rapid retail recovery plan that assisted over 80 businesses with recruitment and workforce needs including advice on funding and furlough, delivered training and information sessions to over 60 people and supported 30 jobseekers into employment.

In London initiatives included four virtual work experience projects for 200 young people, involving our customers and local partners, including one focused on construction and another delivered as part of Black History Month.

Mental health has been a key focus this year. Established prior to the pandemic, our Mental Health Network at Broadgate has been an important forum where occupiers can exchange ideas on how to support their people through Covid with 13 of our customers participating. The Broadgate team also arrange speakers from the local area, such as Mind in Hackney, who have continued their association with our occupiers outside the network.

Place Based research

A Place Based approach means understanding the most important issues and opportunities in the communities around each of our places and focusing our efforts collaboratively, to make the biggest impact at each place.

To inform that approach, this year we commissioned independent research into the social and economic issues in the diverse communities around 25 of our places. This work demonstrated that while there were shared themes, such as education and employment, there were also specific local challenges. In London, this included pockets of income deprivation, whereas in the North East and North West, health and education were identified as key issues for some communities.

Our focus for the coming year is to use our local connections including customers, suppliers and community partners at our priority assets to address the key local challenges where we are most able to make an impact.

“Because our partnership with British Land is well established and they genuinely listen to what people need, we were able to get a new programme, Retail Rapid Response, off the ground almost immediately. We managed to get people into jobs and help businesses retain jobs.”

Rona Hunter
Capital City Partnership

“Again so many thanks for enabling our charity to continue to keep our centre and serve the community & moreover to buy time to recover our business plan. No one could have anticipated the length of the pandemic and the harm it has caused to our social fabric and commercial enterprises. British Land and its management deserve a special commendation from all of us, and from every one of the 75,000 participants who crossed the threshold of the centre in the 12 months prior to the first lockdown one year ago today.”

Mark Ross
Old Diorama Arts Centre

“It’s so important that we talk openly and honestly about mental health. The Broadgate Mental Health Network is a great space to bounce ideas off different businesses and professionals. I always come away with good resources and opportunities.”

Alice Marston
Digital Social Media Manager at
TP ICAP, Broadgate occupier

“We’ve connected with some amazing people through the IDEA Paddington network and delivered projects, always involving local young people from underrepresented communities. For Kingfisher, young people came up with concepts and facilitated conversations for podcasts, working with senior leaders and people of different ages and life experiences. Not only did this progress their personal development and careers, more importantly, the young people used their skills and knowledge and had their voices heard. This was particularly valuable during the pandemic when they were isolated at home, unable to go to university, without work and not using their skills. There was a mental health benefit.”

Farah Mohammoud
Founder / Director of social enterprise
You Press

Net zero carbon

Focus area	2030 Strategy Indicator	2030 Target	2021 Performance
Programme level targets	Science Based target – Reduction in Scope 1 and 2 emissions vs 2020	51%	14%
	Science Based target – Reduction in Scope 3 emissions intensity vs 2020	55% per sqm	45%
Embodied	50% reduction in embodied emissions (RICS A1-A5) on new construction and major renovation projects vs 2019 industry benchmarks	Offices: 500kg CO ₂ e per sqm Retail & residential: 450kg CO ₂ e per sqm	Overall: 640kg CO ₂ e per sqm
	100% of embodied emissions from completed new construction and major renovation projects (RICS A1-A5) offset using certified carbon offset credits	100%	100%
	50% reduction in operational and end-of-life embodied emissions (B1-B5, C1-C4) at new developments vs 2019 industry benchmarks	Offices: 275kg CO ₂ e per sqm Retail & residential: 250kg CO ₂ e per sqm	To be reported from 2022
Operational	75% operational carbon intensity reduction by 2030 vs 2019 baseline	75%	Offices: 41% Retail shopping centres (landlord only): 38%
	25% whole building operational energy intensity improvement by 2030 vs 2019	25%	Offices: 31% Retail shopping centres (landlord only): 19%
	Whole building operational efficiency for developments	Offices: 90kWh _e per sqm Retail: 60kWh _e per sqm Resi: 35kWh _e per sqm	To be reported from 2022
	Landlord procured electricity from renewable sources	100%	98%

Environmental leadership

Focus area	2030 Strategy Indicator	2030 Target	2021 Performance
Indices	GRESB (Standing Investments) 5-star rating	5-star by 2022	5-star
Green Building Certifications	Developments on track to achieve BREEAM Outstanding (Offices); Excellent (Retail); Home Quality Mark (residential) minimum 3 ¹	100%	73%
	BREEAM-certified standing assets – all ratings (design and/or operational BREEAM certificate)	–	27%
	BREEAM-certified standing assets – rated 'Very Good' or higher ² (design and/or operational BREEAM certificate)	50% by 2025	25%
Energy ratings	Proportion of units with EPCs rated A or B across Assets Under Management	–	24%
Water	5% reduction in operational water consumption vs 2020	5%	20%
Materials and Waste	Operational waste from managed assets that is re-used, composted, or recycled	Offices: 80% Retail: 70%	Offices: 71% Retail: 47%
	Development and operational waste diverted from landfill	–	100%
Biodiversity	New construction and major renovation projects designed to achieve a 10% net gain in biodiversity	100%	To be reported from 2022
Biodiversity	% of managed assets with Biodiversity Action Plans	100%	18%
Resilience	% of managed assets and major developments which have undergone a flood risk assessment	100%	100%

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

2. Excludes residential.

Place Based approach

Focus area	2021 Performance
Understanding and responding to local needs	Socio-economic assessments completed at 25 of our places
Connecting	£1.63m total community investment 23,024 beneficiaries from our community programme 94 initiatives at our places £170,367 raised at our places and by our people £53,509 total in-kind contributions 10% BL employees are expert volunteers 22% total volunteering ¹
Education	16,403 people benefitting from our education initiatives 77 education initiatives in our places
Employment	991 people receiving employment related support or training 364 people supported into employment 13 employment initiatives at our places
Business	10,000 sq ft affordable ² workspace delivered at 1 Triton 37% development supply chain spend within the borough 47% development supply chain spend to SMEs
Wellbeing	Air quality plan delivered at Broadgate On track to achieve Well Gold certification at 100 Liverpool Street Achieved WiredScore Platinum rating at 100 Liverpool Street

1. Impacted by Covid.

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

Responsible business

Focus area	2021 Performance
Responsible employment	Invest in our people £380,000 spent on training and professional qualifications Supported 23 people to achieve professional / vocational qualifications Connect with our people 87% company and leadership commitment score 88% staff retention Provide a safe working environment Injury Incidence Rate – Offices 45.92, Retail 0.01 Injury Frequency Rate – Developments 0.10
Diversity & Inclusion	Improve gender diversity at all levels 44% of Board are female 40% of senior management are female Gender pay gap 27.6% Improve ethnic diversity at all levels Compliance with Parker Review recommendations on ethnic diversity Disclosure of ethnicity pay gap at 27.3% for the first time 75% of employees received Fairness & Inclusion training
Responsible procurement	Against modern slavery 100% of BL employees paid at least the Real Living Wage 79% of supplier workforce paid the Real Living Wage Supplier Code of Conduct updated and made mandatory for all suppliers New partnership with anti-modern slavery charity, Unseen Mandating prompt payment Group invoices settled within 23 days on average Responsible procurement standards Supplier Code of Conduct updated to widen scope of “responsible sourcing”

For a summary of our EPRA reporting see pages 235-236

Climate-Related Financial Disclosures

The Board recognises the scale of the climate emergency, its potential impact on real estate and therefore the urgent need to take mitigating action. With the built environment accounting for c.40% of all greenhouse gas emissions, we also recognise our responsibility to do what we can to minimise our carbon footprint and encourage our customers to do the

same. Our achievements in developing and managing more sustainable space have been recognised for more than a decade and building on this, we have set out an ambitious approach to achieving net zero carbon by 2030. This is a goal shared by our investors, customers, partners and people.

British Land has set out a commitment to align with TCFD reporting by 2022; we have set climate targets validated as 1.5°C-aligned by the Science Based Targets initiative (SBTi), and we are a signatory of the Better Buildings Partnership's Climate Commitment, RE100, and the Business Ambition for 1.5°C.

Our roadmap to full disclosure in 2021/22

Progress to date:			
Governance: in 2019/20, our Board CSR Committee was established and the 2030 Net Zero strategy was reviewed by the Board at its Strategy Day. The Risk Committee subsequently established a TCFD Steering Committee composed of leaders from across the business to undertake the work required for full TCFD alignment.	Risk screening: in 2019 the Steering Committee undertook two climate risk scenario workshops, where facilitators from Forum for the Future reviewed the latest climate science and ran breakout sessions on climate risk identification and organisational responses.	Physical risk scenario analysis: in 2020/21, British Land commissioned Willis Towers Watson to undertake a physical risk assessment of the portfolio in line with TCFD requirements.	Quantifying transition risks: British Land is currently rolling out a series of net zero audits across the portfolio. The results will quantify the financial costs of the key interventions required to deliver substantive improvements in the energy/ carbon efficiency of assets.
Planned for 2021/22:			
Transition risk scenario analysis: this TCFD-aligned analysis will clarify the most material risks posed by future low-carbon transition scenarios.	Detailing the organisational response: outputs from the scenario analyses and risk quantification will be reflected in our corporate strategy, financial planning and enterprise risk management processes as appropriate.	Updates to metrics and targets: for our climate-related Key Risk and Key Performance Indicators.	

For more information, see our 2021 Sustainability Accounts at britishland.com/data

Governance

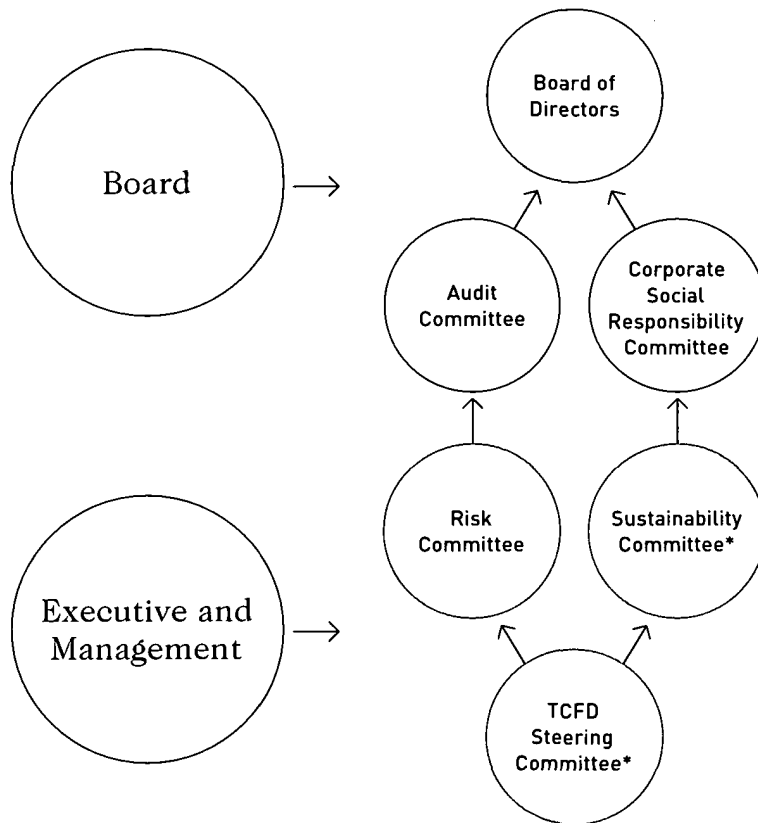
Board oversight of climate-related risks and opportunities

Our Board Director responsible for climate-related issues is Simon Carter, Chief Executive Officer. Previously as Chief Financial Officer, Simon chaired our Risk and Sustainability Committees. To ensure continuity and accountability, these committees are currently chaired by Interim Chief Financial Officer David Walker.

As part of assuming this responsibility, building his knowledge and informing our approach, Simon took part in The Prince of Wales' Business & Sustainability Programme at the Cambridge Institute for Sustainability Leadership. The Board is updated on climate-related issues at least annually and has ultimate oversight of risk management. Significant and emerging risks are escalated to the Audit Committee and climate risk is tracked as part of our 'Environmental Sustainability' principal risk category (see pages 78-87).

Our Board CSR Committee meets three times a year and oversees the delivery of the Sustainability Strategy, including the delivery of the Pathway to Net Zero and the management of climate-related risks. In Q4 FY21, the CSR Committee received an update on the physical climate risk analysis which commenced during the year.

Governance framework



Management's role in assessing and managing climate-related risks and opportunities

The Board delegates responsibility for analysing:

Climate-related risks to the Risk Committee, which consists of the Executive Committee and leaders from business units, including procurement and property management. Each business unit maintains a comprehensive risk register, which is reviewed quarterly by the Risk Committee. Climate risks are identified through a process involving trend analysis and stakeholder engagement. Identified risks are incorporated into our risk framework and managed by the appropriate business areas.

The TCFD Steering Committee reports to the Risk and Sustainability Committees, both of which meet quarterly. Ultimate oversight is at Board level, with our Corporate Social Responsibility Committee playing a role from May 2019. Any resulting disclosure requires approval by the Audit Committee.

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

Strategy

Impacts of climate-related risks and opportunities on our business

We consider climate-related issues within the time horizons used in our corporate strategy:

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

To date, we have focused on climate-related risks and opportunities for short and medium term horizons. We provide further disclosure on these risks in our annual CDP (CDP, formerly the Carbon Disclosure Project) response, available at britishland.com/sustainability/reporting/latest-reporting.

Examples of climate-related risks

Extreme weather events	
Short term risks	Higher flood risks could increase insurance costs. This could, in turn, increase service charge costs for customers. Inability to sell or rent property assets at book value, due to flood risk.
Impact on corporate strategy	Flood risk assessments undertaken for our current portfolio. 99% of high risk assets have flood management plans.
Impact on financial planning	Flood risk is effectively priced into our valuations. Flood risk factored into our process for acquisitions and developments.
Energy regulation	
Medium term risks	Energy Performance Certificates (EPCs): the existing Minimum Energy Efficiency Standard (MEES) could be amended to increase the minimum standard from 'E' to 'C' or 'B' by 2030.
Impact on corporate strategy	Our sustainability programme monitors the 76% of our portfolio with an EPC rating lower than 'B' (by floor area). As part of commissioning net zero carbon audits, we are piloting a sample of side-by-side NZC/EPC assessments to ensure the key recommendations of a NZC audit will deliver an improvement to the EPC rating as well.
Impact on financial planning	MEES non-compliance would prevent us from leasing non-compliant space, posing a risk of revenue loss and a potential liability from non-compliance penalties.

Examples of climate-related opportunities

Resource efficiency	
Short term opportunity	Energy savings from the UK Energy Savings Opportunity Scheme (ESOS).
Impact on corporate strategy	As part of complying with ESOS in 2019, we have identified initiatives representing £1.4m of capex investment that would save £1.2m annually and pay back in 13 months.
Impact on financial planning	The business cases for these capex investments are considered as part of our overarching financial process.
Energy sources	
Short term opportunity	Revenue generated from solar PV installations on our assets.
Impact on corporate strategy	Installation of on-site solar PV, with 11 assets generating 1,907 MWh in 2020/21.
Impact on financial planning	The cost savings and revenue from exporting to the grid are factored into our financial planning.
Products and services	
Medium term opportunity	Achieving a rental premium from high efficiency buildings with a Design for Performance approach.
Impact on corporate strategy	Our Sustainability Brief for Developments and Operations sets out our requirement for detailed energy modelling early in the design stage to inform design and set operational performance benchmarks. To learn from industry best practice, our developments at 1 Broadgate and 2-3 Finsbury Avenue are both 'Pioneer Projects' of the Better Buildings Partnership's Design for Performance project, designed using the NABERS UK energy efficiency rating system.
Impact on financial planning	The expected rental premium achieved on high efficiency would be factored into our revenue forecasts in the medium term.

Assessing the resilience of our strategy

Physical risk: Over the past year, British Land has been working with Willis Towers Watson to conduct a physical risk scenario analysis, including future climate scenarios with global temperature increases of approximately 2°C (RCP2.6) and 4°C (RCP8.5). The findings of this analysis will be included in next year's Annual Report.

Transition risk: British Land will complete transition risk analysis over the upcoming year for inclusion in next year's Annual Report. Over 2021, British Land completed several transition-focused projects including (i) launching our Pathway to Net Zero, (ii) commencing our programme of net zero audits across the portfolio, and (iii) achieving validation of our climate targets from the Science Based Targets initiative (SBTi).

Risk management

Climate-related risks are identified and assessed using our risk management framework, set out on pages 78-87 of this Report.

We consider climate change within our 'Environmental Sustainability' risk, which has been added as a standalone principal risk this year reflecting its significance to both our business and our customers. Also, the external aspects of climate-related risks are incorporated within our 'Catastrophic Business Event' and 'Political and Regulatory outlook' principal risks. We define principal risks as those with a substantive financial or strategic impact on the business, high likelihood of occurrence and medium/high potential impact on our performance. Our integrated approach combines a top down strategic view with a complementary bottom up operational process.

Identifying and assessing climate-related risks

As part of our top down strategic view, our risk heat mapping process allows us to determine the relative significance of principal risks. As a principal risk category, climate change is monitored by the Risk Committee.

Our risk register tracks:

- Description of the risk (identification)
- Impact-likelihood rating (evaluation enabling prioritisation)
- Mitigants (mitigation)
- Risk owner (monitoring)

As part of our bottom up 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 Brief for Acquisitions sets out our environmental criteria for acquiring a new property, including energy efficiency and flood risk categories. Our Sustainability Brief

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

Managing climate-related risks

Our process for mitigating, accepting and controlling principal risks, including climate-related risks, is set out on page 78 of this Report.

We prioritise principal risks through our corporate risk register and risk heat map. The impact-likelihood rating, which is evaluated during risk identification, is our primary metric for prioritising risks. As a principal risk category, climate change risks are logged in our corporate risk register and reviewed quarterly by the Risk Committee, which comprises the Executive Committee and senior management. The Board is ultimately responsible for and determines the nature and extent of principal risks it is willing to take to achieve its strategic objectives.

Metrics and targets

Below are the climate-related metrics and targets against which we currently report.

Climate-related risks

		2021	2020	2019
Policy and legal	EPCs rated F and G	5%	5%	5%
	EPCs rated A and B	24%	25%	22%
Extreme weather	Portfolio at high risk of flood (% by value)	1%	2%	3%
	High flood risk assets with flood management plans (% by value)	99%	100%	100%
Resource supply	Percent of fresh water withdrawn in regions with high or extremely high baseline water stress	To be reported in future years		

Climate-related opportunities

		2021	2020	2019
Resource efficiency	50% improvement in embodied carbon intensity of major developments completed from April 2020 (kg CO ₂ e per sqm)	640	nr	nr
	75% improvement in whole building carbon intensity of the managed portfolio by 2030 vs 2019 (Offices)	41%	23%	-
	25% improvement in whole building energy intensity of the managed portfolio by 2030 vs 2019 (Offices)	31%	16%	-
Energy sources	Electricity purchased from renewable sources	98%	96%	96%
	On-site renewable energy generation (MWh)	1,907	1,763	1,131
Products and services	Portfolio with green building ratings (% by floor area)	27%	24%	18%
	Proportion of gross rental income from BREEAM certified assets (managed portfolio)	53%	nr	nr

Greenhouse gas reporting

Progress in 2021

Covid-19 and related government restrictions had a dramatic impact on our operational efficiency, with the carbon intensity across our office portfolio reducing by 41% versus our 2019 baseline. Despite this anomalous year, as a partner of RE100, 93% of landlord procured energy comes from renewable sources, with 98% of electricity and 80% of gas from renewable sources. Additionally, our commercial offices attained formal ISO 50001 accreditation for energy management during 2021.

Building on our strong track record of improving the energy efficiency of our space, in 2021, we undertook eight projects expected to result in annual energy use savings of 2.3m kWh and carbon savings of 653 tonnes. We have commenced net zero carbon asset audits at six of our places which will help identify more energy efficient initiatives and we launched our Transition Vehicle to support the financing of these projects. The Transition Vehicle is funded by our internal carbon levy of £60 per tonne of embodied carbon in our new developments and this year financed an LED lighting upgrade at Regent's Place.

In March 2021, we were pleased to announce that the Science Based Target initiative has validated that our commitments to reduce greenhouse gas emissions align with a 1.5°C global warming scenario, the most ambitious designation available through the SBTi process. Our key commitments are:

- To reduce absolute Scope 1 and 2 greenhouse gas emissions by 51% by FY2030 from a FY2020 base year.
- To reduce Scope 3 GHG emissions by 55% per sqm of net lettable area over the same target timeframe.

Emissions intensity^{1,2,5} (tonnes CO₂e)

Year ended 31 March	2021	2020	2019
Offices: per sqm net lettable area ⁶	0.067	0.087	0.113
Shopping centres: per sqm, common parts	0.021	0.031	0.034
Retail parks: per parking space	0.032	0.040	0.044
Shopping villages: per sqm	To be reported in future years		
Retail, High Street: per sqm	To be reported in future years		
Total managed portfolio: per £m gross rental and related income ³	34.03	38.05	46.21

Absolute Scope 1 and 2 emissions and associated energy use^{4,5}

Year ended 31 March	Tonnes CO ₂ e			MWh	
	2021	2020	2019	2021	2020
Scope 1 Combustion of fuel:					
Managed portfolio gas use and fuel use in British Land owned vehicles	6,252	6,327	6,433	33,759	30,715
Scope 1 Operation of facilities: Managed portfolio refrigerant loss from air conditioning	411	618	123	–	–
Scope 2 Purchase of electricity, heat, steam and cooling for our own use: Managed portfolio electricity use for common parts and shared services					
Location-based	12,435	15,373	20,258	55,778	62,950
Market-based	839	669	1,549	–	–
Total Scope 1 and 2 emissions and associated energy use	19,098	22,318	26,814	89,537	93,665
Market-based	2,121	7,615	8,105	–	–
Proportion of Scope 1 and 2 emissions assured by an independent third party	100%	100%	100%	100%	100%
Proportion that is UK-based	100%	100%	100%	100%	100%

Absolute Scope 3 emissions – managed portfolio^{4,5}

Year ended 31 March	Tonnes CO ₂ e	
	2021	2020
Landlord purchased energy: occupier gas and electricity consumption, upstream impacts of all purchased energy (including the fuels of on-site vehicles)		
Location-based	24,498	33,495
Market-based	1,343	1,624
Landlord purchased water: upstream impacts	684	285
Waste management: downstream impacts	126	351
Major developments and refurbishments: embodied carbon	28,180	13,459
Proportion of Scope 3 emissions (above) assured by an independent third party	100%	100%

1. We have reported on all emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ('the 2018 Regulations'). These sources fall within our consolidated financial statements and relate to head office activities and controlled emissions from our managed portfolio. Scope 1 and 2 emissions cover 99% of our multi-let managed portfolio by value. We have used purchased energy consumption data, the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2020.
2. Omissions and estimations: Where asset energy and water data was partially unavailable, we used data from adjacent periods to estimate data for missing periods. In 2020/21, this accounts for 1.8% of total reported energy consumption and 2.0% of total reported water consumption.
3. Gross Rental Income (GRI) from the managed portfolio comprises Group GRI of £382m (2020: £436m), plus 100% of the GRI generated by joint ventures and funds of £299m (2020: £287m), less GRI generated assets outside the managed portfolio of £117m (2020: £212m).
4. For full Scope 3 greenhouse gas reporting, see the British Land Sustainability Accounts 2021 at britishland.com/data.
5. Restatements: From 2021, intensity metrics are no longer degree day adjusted and previous years have been restated. Office intensity is reported for Scopes 1-3, retail intensities are reported for Scopes 1-2. The 2020 Scope 2-related MWh has been restated with more accurate on-site solar power data, and the 2020 Scope 3 emissions from landlord purchased energy has been restated with more accurate data.
6. From 2021, office intensity is reported as whole building intensity and previous years have been restated.

Non-financial reporting disclosure

Non-financial area	Description of business model	Risk areas ¹	Policies	Purpose and scope	Operation and outcome
Financial Crime Compliance	We operate a zero-tolerance approach to bribery, corruption and fraud. More information is available in the Audit Committee report on page 116.	D, E	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 the Anti-Bribery and Corruption Policy, Anti-Fraud Policy and Whistleblowing Policy. Our Whistleblowing service can be accessed by all employees should they prefer to raise a concern anonymously instead of with their line manager. This is an independent and confidential telephone service and web portal. British Land carries out due diligence on counterparties to comply with legislation on money laundering and to enable it to consider how a transaction with the counterparty may reflect on British Land's reputation. <i>The General Counsel and Company Secretary has overall responsibility for all four policies. These policies are regularly reviewed and approved by the Audit Committee and any matters raised under these policies are subject to extensive investigation by the Company. Regular updates are provided to the Audit Committee regarding fraud and whistleblowing matters.</i>
			Anti-Fraud Policy	- Provides for fraud prevention training for all British Land staff and requires staff participation in any fraud risk assessments undertaken by the Group where relevant - Outlines protocol for the reporting of suspected fraud with reference to the Group's Whistleblowing Policy	
			Whistleblowing Policy	- Provides contact details for the Group's third-party whistleblowing service - Outlines the types of concerns that can be reported to the whistleblowing service - Details safeguarding measures in place for staff and outlines how the Group will respond in cases of whistleblowing	
			Anti-Money Laundering Policy	- Lists "red flags" detailing the kind of suspicious activity that may indicate an attempt to launder money - Details monitoring and review procedures under the policy	
Environmental Matters	Our long term commitment to sustainability and minimising our environmental impact is one of British Land's key differentiators. As occupiers focus on minimising their carbon footprint, our ability to deliver more sustainable space is a key advantage. See page 40.	11, 2, 6	Sustainability Policy	- Provides for sustainable decisions to be our "business as usual" approach - Outlines our 2030 Strategy – our goals 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. This year we introduced an internal carbon levy of £60 per tonne of embodied carbon in new developments ensuring that we appropriately assess both the financial and the environmental impact of our developments. We participate in key ESG indices to demonstrate our progress and publish social and environmental performance data annually. <i>Our Head of Developments and Head of Broadgate have overall responsibility for our Sustainability Brief and our Chief Financial Officer has overall responsibility for our Sustainability Policy.</i>
			Sustainability Brief	- Aligns with our 2030 Sustainability Strategy - Gives effect to our Sustainability Policy - Sets out our sustainability ambitions and the KPIs and standards required to achieve them	

Non-financial area	Description of business model	Risk areas ¹	Policies	Purpose and scope	Operation and outcome
Social Matters	British Land has long recognised that a commitment to good social practices is essential to the way we operate; as occupiers increasingly consider the contribution they make to society, our ability to support them is an advantage. See page 40.	8, 11, 12, F, G, H	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. In 2020 we recognised the greater need to support mental wellbeing during a very challenging year which was effected through regular outreach and engagement with communities, occupiers and staff. <i>Chief Financial Officer has overall responsibility for our Local Charter; our Head of Procurement has overall responsibility for our Supplier Code of Conduct and Head of Developments has overall responsibility for our Health and Safety Policy. All Health and Safety reports are provided to the Risk Committee.</i>
			Sustainability Brief	See above	
			Local Charter	Outlines our five key focus areas where we are active in local communities: connection with local communities; supporting educational initiatives for local people; supporting local training and jobs; supporting local businesses; and contributing to local people's wellbeing and enjoyment	
			Supplier Code of Conduct	- Outlines standards required of our suppliers around 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	
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.	12, B	Health and Safety Policy	- Details how British Land will meet the requirements of the Health and Safety at Work Act 1974 - Provides for mandatory 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	British Land remains deeply committed to creating an environment of fairness, inclusion and respect. Our corporate values underpin our commitment to equality, diversity and integrity. We recognise that our workforce needs to reflect the communities we serve in order to create spaces that are welcoming to all, and our working practices and employment policies reflect the importance of social harmony in everything we do. This year we updated our mandatory diversity and inclusion training for all staff and have provided sessions on Anti-Racism and Allyship as well as supporting our Inclusive Networks in their activities around celebrating diversity - including Pride Month, Black History Month, Earth Day, National Single Parent Day and International Women's Day. Our employment policies are made available to colleagues on the intranet and are reviewed annually. <i>The HR Director has overall responsibility for our employment policies.</i>
			Employee Code of Conduct	- Sets out minimum standards required by all employees in all their dealings in and on behalf of the Group - Gives effect to our core values of Bring Your Whole Self, Build for the Future, Listen and Understand and Be Smarter Together - Comprises a number of separate policies including but not limited to: our Equal Opportunities Policy; our Disabled Workers Policy; our Gender Identity and Transgender Policy; and our Bereavement, Compassionate and Emergency Leave Policy	
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, see our Sustainability Accounts.	B, F, G	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.
			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 and other group risks which can be found on pages 78-87.

Market backdrop

Macro-economic context

The Covid-19 pandemic was the backdrop for the entire financial year. Three national lockdowns severely impacted economic activity, leading to the largest annual contraction in GDP on record at 9.9% for calendar year 2020. However, with good progress on the vaccination programme, the Government has set out a roadmap out of lockdown. In England, restrictions started to ease in March 2021 with further significant steps taken in April, including the opening of non-essential retail and outdoor hospitality and in May, indoor hospitality was permitted. As a result, growth is expected to pick up in the coming quarters with households having accumulated savings throughout the lockdown periods. Consumer confidence has strengthened, and the index is at its highest since the pandemic began. Unemployment has increased to 4.9%, only 0.9 percentage points higher than a year ago but reflecting continued support through the furlough scheme. However, the trajectory of the pandemic remains uncertain, with a clear risk to the recovery posed by variants.

London office market

After a subdued first half, investment activity rebounded strongly at the start of the second half, with nearly £5bn of transactions in the quarter to December 2020, representing nearly 60% of all deals in the period. Asia-Pacific and European investors have shown a particular readiness to look through the pandemic and invest in prime Central London real estate, reflecting its long term, secure income stream and attractive yields compared to other global cities. The reintroduction of travel restrictions during the third lockdown in January 2021 impacted activity in the final quarter but underlying fundamentals remain

sound and interest rates low so we would expect activity to pick up as and when international travel can resume. Prime yields are c.4% and pricing has generally been in line with pre-pandemic levels.

Occupational markets have been severely disrupted by the pandemic, with activity significantly down as businesses focused on near term operational challenges and postponed decisions on new space. As a result, Central London take up in the year was 64% below the long term average although there has been an uptick in activity more recently. Prime, headline rents were broadly flat, albeit on low volumes but incentives have increased. The vacancy rate rose to 8.8% from 4.3% a year ago, but secondhand space accounts for more than 77% of supply with tenant led space an increasingly significant component. At the same time, Covid-19 has clearly accelerated trends in the way that companies use workspace, sharpening their focus on modern, high quality and sustainable space which supports more hybrid ways of working. As a result, there is encouraging interest on new space, particularly from businesses with requirements three to five years out and 34% of development under construction is currently pre-let.

Retail market

Investment activity was mixed in retail. Volumes were very low in shopping centres, where lot sizes are typically larger, and confidence weakened through the pandemic. Covid-19 has underlined the important role that well located, out of town retail can play in online fulfilment, strengthening investor appetite and driving volumes up 14% to £1.7bn in the period. Despite the national lockdowns, there is a strong buyer pool demonstrating renewed confidence in the sector. In particular, the market for assets which are small-to-medium in lot size, with secure, sustainable income streams, has seen more activity. Demand for standalone superstores was good throughout the period, again reflecting their security of income, and there remains good investor appetite for assets with alternative use potential.

Covid-19 has compounded existing structural challenges for retailers by accelerating the shift to online shopping, which now accounts for 33% of retail sales. As a result, more operators have entered CVA or administration, but stronger retailers are adapting their business models to be successful in this environment. Several operators, including Next and M&S have identified out of town retail parks as playing an important role. They are more affordable to retailers and can support an online strategy through click and collect, facilitating returns and ship from store. At the same time, shoppers are more confident visiting open-air locations they can access by car and where social distancing can be more easily managed so footfall and sales have generally recovered more quickly.

Logistics market

In logistics, investment volumes were very strong at nearly £12bn over the year with strong institutional demand reflecting the very positive fundamentals in this sector. In the occupational market, take up for the year was more than 50m sq ft, significantly ahead of the average of c.40m sq ft driven the growth of e-commerce, with e-commerce and online retailers accounting for over 60% of transactions. Vacancy rates are declining across the UK but in London, where space is most constrained and demand is very strong, vacancy is around 2%. Within the M25, supply is focused on Grade B and C space, which is less suitable for modern requirements and there is a lack of Grade A space.

Business Review

Portfolio valuation

£9,132m

Occupancy¹

94.1%

Weighted average lease length to first break

5.3 yrs

Total property return

(7.0)%

Gross investment activity

£1,690m

Lettings/renewals (sq ft) over 1 year

1.2m

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

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 94.1% to 92.4%.

Portfolio performance

At 31 March 2021	Valuation £m	Valuation movement %	ERV movement %	Yield shift bps	Total property return %
Offices	6,032	(3.8)	0.7	+9	(0.8)
Retail	2,592	(24.7)	(16.8)	+81	(19.1)
Retail Parks	1,367	(18.6)	(15.2)	+45	(12.3)
Shopping Centres	896	(35.7)	(20.3)	+143	(29.2)
Residential	121	(10.6)	na	+37	(10.2)
Canada Water	387	(2.5)	na	na	(1.0)
Total	9,132	(10.8)	(7.6)	+33	(7.0)

The value of the portfolio was down 10.8%. The value of the Offices portfolio was down 3.8%, weighted towards the first half with values down just 0.8% in the second half. Offices yields moved out in the first half but were flat in the second half. Pricing in the investment market was broadly in line with pre pandemic levels and supportive of values, although increased availability put pressure on lease incentives. Office developments again were up 0.9%.

Retail values were down 24.7%. Retail parks were down 18.6%, but the rate of decline slowed significantly in the second half, when values were down 6.5% compared to down 13.1% in the first half. Shopping centres were down 35.7% in the year. Both categories saw the rate of ERV decline slowing over the year, but there was a notable difference in yields, which for shopping centres increased by 143 bps weighted toward the second half, whilst the increase for retail parks was lower at 45 bps with the majority of the increase coming in the first half. Shopping centres have been acutely impacted by Covid-19 and investor

sentiment here remains weak with little transactional evidence to underpin value, particularly for larger assets. Sentiment has improved in retail parks, where investment activity has picked up over the year.

The value of Canada Water fell 2.5%, down 6.0% in the first half reflecting our investment into the masterplan including a new marketing suite but up 3.4% in the second half on drawdown of the headlease following the successful clearing of the Judicial Review process.

Offices outperformed Central London Offices in the MSCI benchmark by 120 bps and were in line with the All Offices benchmark on a total returns basis. Retail underperformed the MSCI All Retail benchmark due to our exposure to shopping centres which significantly underperformed and where our weighting is higher than the index. As a result, and reflecting the continued strength of industrials, the portfolio underperformed the MSCI All Property total return index by 820 bps over the period.

Rent collection

Year to March 2021¹

As at 18 May, we have collected 83% of rent due between 25 March 2020 and 24 March 2021. Of the remainder, 3% has been deferred, 5% has been forgiven, 2% relates to tenants that have subsequently moved into administration and the residual 7% is outstanding.

Rent due between 25 March 2020 and 24 March 2021	Offices	Retail ²	Total
Received	99%	71%	83%
Rent deferrals	1%	5%	3%
Rent forgiven	-	9%	5%
Moved into administration	-	3%	2%
Outstanding	-	12%	7%
Total	100%	100%	100%
	£225m	£305m	£530m
Collection of adjusted billing ³	100%	83%	90%

March 2021 Quarter¹

As at 18 May, we have collected 84% of rent due between 25 March and 18 May. Of the remainder, 1% has been forgiven, 3% is being paid monthly and 12% is outstanding.

Rent due between 25 March and 18 May	Offices	Retail ²	Total
Received	98%	72%	84%
Rent deferrals	-	-	-
Rent forgiven	-	1%	1%
Customer paid monthly	1%	5%	3%
Outstanding	1%	22%	12%
Total⁴	100%	100%	100%
	£45m	£50m	£95m
Collection of adjusted billing ³	99%	76%	87%

1. As at 18 May.

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

3. Total billed rents exclusive of rent deferrals, rent forgiven and tenants moved to monthly payments.

Capital activity

From 1 April 2020	Offices £m	Retail £m	Residential £m	Canada Water £m	Total £m
Purchases ¹	-	284	-	-	284
Sales ²	(643)	(556)	(18)	-	(1,217)
Development Spend	98	3	2	26	129
Capital Spend	35	25	-	-	60
Net Investment	(510)	(244)	(16)	26	(744)
Gross Investment	776	868	20	26	1,690

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

1. Includes the purchase of Heritage House, Enfield which exchanged and completed post period end, as well as the commitment to acquire the remaining 22% interest of HUT at a GAV of £148m.

2. Includes Beaumont Leys sale for £9m which exchanged in the year and completed post period end and St Anne's sales for £6m which exchanged in the year.

The total gross value of our investment activity since 1 April 2020 was £1,690m. We made £1.2bn of asset disposals, overall 6.2% ahead of book value on a blended NIY of 4.6%. In Offices, we sold £643m of assets 5.2% ahead of book value; the most significant was the sale of a 75% interest in three West End buildings to Allianz Real Estate for £401m representing a blended NIY of 4.3%. This included York House where our head office is based. We also sold the offices and retail element of our Clarges scheme in Mayfair for £177m at a NIY of 3.5%, and Yalding House for £42m at a NIY of 4.4%.

In Retail, we sold £556m of assets overall 7.0% ahead of book value. The most significant transactions were the sale of two Tesco superstores at our centres in Milton Keynes and Peterborough together totalling £149m and four standalone B&Q stores totalling £100m. We sold our Beaumont Leys shopping centre for £72m in two separate transactions and two small retail parks in Lincoln and Newmarket for a combined total of £21m. We sold our share of a portfolio of reversionary interests in Sainsbury's superstores for £102m and made further sales of standalone assets, including a Tesco in Brislington for £42m and a David Lloyd gym in Northwood for £51m.

In residential, we sold St Anne's, our affordable housing development at Regent's Place for £6m and are under offer on the final residential unit at Clarges.

We made several notable acquisitions in Retail. In March 2021 we acquired The A1 Retail Park in Biggleswade, Bedfordshire for £49m on a NIY of 8.5%. This is a strong trading, modern, well located scheme, easily accessible from the A1 and within the Oxford-Cambridge arc. We expect to deliver attractive financial returns off stabilised rents and reflecting our asset management expertise. We saw a similar opportunity in HUT (Hercules Unit Trust, which comprises ten prime retail parks) and in February we voted to extend its terms, effectively committing to the acquisition of the 22% interest we do not own at March 2021 valuation. HUT had a look-through blended NIY of over 8%, and acquisition of the remaining interest is anticipated for June 2021 at a gross asset value of £148m.

In May 2021, post period end, we completed on the acquisition of Heritage House a 216,000 sq ft urban logistics warehouse in Enfield for £87m. This asset is currently fully let to high quality occupiers Waitrose (for their North London customer fulfilment centre) and Crown Records Management and offers significant redevelopment potential given the opportunity to increase density.

Sustainability

We launched our 2030 Sustainability Strategy in June, and building on our progress over recent years, we achieved some important milestones as we work towards our 2030 ambitions. Recognising our strong performance, we achieved a GRESB 5* rating and our climate commitments have been validated by the Science Based Target initiative as being in line with a 1.5°C global warming trajectory.

Net Zero

We are committed to achieving a net zero carbon portfolio by 2030 and this year completed our first net zero carbon development at 100 Liverpool Street. We were able to retain half of the existing structure at this building and made low carbon choices throughout its construction so embodied carbon was low at 389kg CO₂e per sqm, below our 2030 target of 500 kg CO₂e per sqm. We offset residual embodied carbon through accredited schemes from the Verified Carbon Standard, split equally between restoring 30,000 hectares of forest on the Tibetan plateau and a teak afforestation project in Mexico. We mirrored that with an additional commitment in the UK, supporting the planting of 150,000 trees in Cumbria and Scotland. As these forests mature, they are expected to offset an additional c.26,000 tonnes of CO₂e, which may contribute to the offsetting of future development projects. We were also pleased to achieve BREEAM Outstanding certification and are on track for a WELL Gold Standard certification for this building.

We committed to two new developments in the year; in line with our strategy both developments will be net zero carbon. At 1 Broadgate, we will deliver our most energy efficient building yet with energy intensity in line with our stretching 2030 target and the UKGBC's 2030-35 efficiency target. It is a pioneer project for adopting the NABERS UK Design for

Performance approach, which provides a methodology against which we can design and test our plans to ensure we stay on track to achieve our target energy efficiency. The building will have solar panels on the roof and use energy efficient lighting and lifts. It includes more than 47,000 sq ft of roof terraces and space for over 1,000 bikes. We are targeting a BREEAM Outstanding certification, WELL Platinum rating for wellbeing and WIRED Platinum rating for digital connectivity. Its embodied carbon is above our 2030 target at 901 kg CO₂e per sqm mainly due to the design which includes terraces and a retail walkway, improving the experience for occupiers and visitors but resulting in a higher carbon footprint. However, we have a good track record of reducing embodied carbon against concept design. In addition, we are actively salvaging materials from the current building for re-use, including the existing granite façade which will be repurposed as flooring. At Norton Folgate, which comprises three buildings, embodied carbon is in line with our 2030 targets at 444kg CO₂e per sqm. The office buildings will be all electric and include solar panels on the roof and we are on track for a BREEAM Excellent rating in offices and Very Good in retail. Its operational energy performance will also support progress towards our 2030 commitments with a base build efficiency in line with the UKGBC's 2020-2025 interim efficiency target. Overall, average embodied carbon in our development pipeline is 640 kg CO₂e per sqm comparing well to our 2030 target of 500 kg CO₂e per sqm.

On the standing portfolio, building on the strong progress we have made to improve the energy efficiency of our buildings, we are piloting net zero asset audits to identify further energy saving interventions, which if actioned, would enable us to achieve our target of a 25% energy intensity reduction by 2030. Six audits have completed to date. This will be supported by our Transition Vehicle, which was set up to finance the retrofitting of our standing portfolio and pay for certified offsets and is funded by an internal carbon levy of £60 per tonne of embodied carbon on new developments as well as a £5m annual float. One of the first projects to benefit has been an LED lighting upgrade at Regent's Place, saving c.100 tonnes of carbon pa.

Place Based approach

This year, our community activities focused on supporting the people in and around our places who have been most impacted by Covid-19. The strong local partnerships we built up over more than ten years of community engagement were instrumental in ensuring that we provided the appropriate support to those who needed it most. We funded a bespoke coaching programme through The Business School (formerly Cass) helping 25 local partners navigate the crisis. We supported local foodbanks including Lifeafterhummus at Regent's Place, where our site teams and some of our occupiers volunteered, the Euston Foodbank and the Nourish Community Foodbank, through Royal Victoria Place. Recognising the severe impact that prolonged school closures had on many disadvantaged children, we worked with the National Literacy Trust to provide them with books and activity packs, benefitting an estimated 3,600 families.

With retail and hospitality industries most acutely impacted by this year's lockdown, our efforts have focused on supporting people who became unemployed in those sectors as a result. In Edinburgh, we worked with long term partner Capital City Partnership on a rapid retail recovery plan that assisted over 80 businesses with recruitment and workforce needs including advice on funding and furlough, delivered training and information sessions to over 60 people and supported 30 jobseekers into employment. In London initiatives included four virtual work experience projects for over 200 young people, involving our customers and local partners. Overall, nearly 1,000 people received meaningful employment support, of which 364 moved into employment (compared to 508 last year), which is a fantastic achievement in the context of the pandemic and reflects how quickly we were able to mobilise support.

To inform our longer term programme, this year we commissioned independent research into the social and economic issues facing the diverse communities around 25 of our places. This work demonstrated that while there were shared themes, such as education and employment, there were also specific local challenges. In the coming year we will work with local partners to target the issues where we can make the greatest impact.

Indicative image of Regent's Place proposed public realm

Campus focused London offices

Portfolio valuation

£6,032m

Occupancy

94.1%

Weighted average lease length to first break

5.5 yrs

Total property return

(0.8)%

Lettings/renewals (sq ft) over 1 year

168,000

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

Campus operational and financial highlights

- Office values down 3.8%, with the City down 4.6% and the West End down 3.2%
- 9 bps yield expansion, more pronounced in the West End (+13 bps); City (+2 bps)
- ERVs marginally up overall; down 1.6% in the City; up 2.0% in the West End. The increase reflects valuation assumptions regarding future building refurbishments, excluding these, ERVs are down c. 1% overall
- Like-for-like income down 1.0%, driven by expiries ahead of refurbishment
- Leasing activity subdued at 168,000 sq ft (deals greater than one year) in the year
- Total lettings and renewals at 395,000 sq ft; further 161,000 sq ft deals agreed post period end, including pre-let of 134,000 sq ft to JLL at 1 Broadgate, bringing total leasing since 1 April to 556,000 sq ft
- Under offer and in negotiations on a further 474,000 sq ft
- Investment lettings and renewals over one year, 2.3% ahead of ERV
- 469,000 sq ft rent reviews agreed 9.7% ahead of passing rent adding £1.7m to rents
- Occupancy of 94.1%
- Rent collection high at 99% for FY21

Campus operational review

Campuses now account for nearly 90% of our offices portfolio. Located in some of London's most exciting neighbourhoods, they are well-connected, high quality environments which foster innovation and creativity. As the nature of demand changes, we are well placed to target successful businesses in innovative growth sectors as we have done successfully at Broadgate. One clear opportunity is in life sciences at Regent's Place, benefiting from its location in the Knowledge Quarter.

Occupancy remains high at 94.1%. We benefit from a diverse portfolio of high quality occupiers focused on financial, corporate and media & technology sectors. As a result, we have collected virtually all our rent for the full year (99%).

Leasing activity was inevitably impacted by Covid-19 as occupiers postponed decisions on new space to manage their Covid response. As a result, total leasing activity was 395,000 sq ft, including 168,000 sq ft of deals over one year (2.3% ahead of ERV). However, interest returned towards the end of the year, particularly on our development space, where occupiers with sizeable requirements, two to three years in the future are looking to secure space which enables them to perform at their best. Encouragingly, we let a further 161,000 sq ft post period end bringing total leasing since 1 April 2020 to 556,000 sq ft, we are under offer or in negotiations on a further 474,000 sq ft.

Broadgate

Total leasing activity in the year covered 229,000 sq ft, including 124,000 sq ft of long term deals. Post period end, we let a further 134,000 sq ft to JLL for their UK flagship office at 1 Broadgate. This deal represented nearly 30% of the offices space in the building and demonstrates JLL's continuing conviction in the importance of modern, high quality and sustainable space. Similarly, TP ICAP increased the size of their office at 135 Bishopsgate, signing for a further 20,000 sq ft and taking them to 143,000 sq ft. We signed deals with William Blair at Broadgate Tower (25,000) sq ft and Western Asset Management at 10 Exchange Square (12,000) sq ft, all ahead of ERV. We also let 17,000 sq ft of fitted space to Vorboss at Broadwalk House, completing in just four weeks despite the lockdown restrictions. Rent reviews were agreed on 257,000 sq ft, 4.2% ahead of passing rent including 146,000 sq ft to Mayer Brown at 201 Bishopsgate.

We continue to modernise our existing space with asset management initiatives across the campus, the largest of which is at 155 Bishopsgate (£35m our share). Other projects include the part refurbishment of Broadwalk House, which completed in the year, and we are on site with partial refurbishments of Exchange House and 10 Exchange Square. This investment ensures that existing as well as new space is well positioned to benefit as occupiers increasingly focus on the best space for their business. We are also on site at Exchange Park, which will deliver 1.5 acres of green space, including amphitheatre style seating and outside events space which will be open to all and a range of tree and plant life to support biodiversity. Works are due to complete at the end of the year.

A number of exciting new brands have opened at Broadgate, including the first UK Eatly, an Italian market concept including restaurants and bars over two floors and a terrace which opened at 135 Bishopsgate in April 2021. The new retail line up at 100 Liverpool Street is now open, including Gant, Watches of Switzerland, Tommy Hilfiger and Kiehls and the UK's first John Reed Gym, with live DJs is due to open in the summer. Storey is now open at 100 Liverpool Street, offering 48,000 sq ft of flexible workspace, including Storey Club following its success at Paddington Central.

The campus saw a valuation fall of 3.6% reflecting mild yield expansion of 2bps (all in the first half) and an overall ERV decline of 1.3%, comprising a fall of 1.5% in the first half, offset by growth in the second half. Occupancy is 92.0%, which is lower than September 2020, with the inclusion of 100 Liverpool Street which reached practical completion in the year.

Regent's Place

At Regent's Place, technology business Anaplan signed for 13,000 sq ft at 338 Euston Road. We agreed 59,000 sq ft of deals and a further 40,000 sq ft of rent reviews, 21% ahead of previous passing rent.

Aligning our campuses towards innovative growth sectors and businesses is a key area of focus. At Regent's Place we see a clear opportunity in life sciences, reflecting its location within London's Knowledge Quarter a unique part of London between Kings Cross, Euston Road and Bloomsbury which is home to over 100 academic, cultural, research, scientific and media organisations. We are starting to see early signs of interest and are under offer on 20,000 sq ft to two occupiers in this sector.

The campus was down 3.9% in value, but benefited from an uplift at 1 Triton Square, due to profit release given the proximity to practical completion. Yield expansion was 17 bps overall, but weighted towards the first half, partially offset by ERV growth of 4.2% with a number of buildings now being valued on a refurbishment basis. Occupancy is 96.1%.

Paddington Central

At Paddington, cyber security software company Trend Micro extended their 7,000 sq ft lease at 2 Kingdom Street by a further two years. We have agreed rent reviews covering 109,000 sq ft, 17% ahead of passing rent.

Pergola, the outdoor dining pop up on the site of 5 Kingdom Street has performed exceptionally well on re-opening and The Cheese Barge, the latest addition to our food & beverage offer opened in May.

This year, we were pleased to secure planning permission for an extensive upgrade to the public realm which will transform the landscaping and revitalise the amphitheatre with work due to commence in the Autumn. Working with our occupiers and local partners, we launched a community garden in April 2021 for local schools and community groups and we are supporting The Paddington Partnership to deliver a wayfinding narrative trail around the area, inspired by community stories and art.

The campus saw a valuation fall of 2.4%, reflecting yield expansion of 7 bps (all in the first half) and ERV decline of 0.3%. Values benefited from progress made on planning at 5 Kingdom Street. Occupancy is 98.4%.

Storey: our flexible workspace brand

Storey our flexible workspace offer, is now operational across 348,000 sq ft. This year, we launched a further 48,000 sq ft of Storey space at 100 Liverpool Street which was 37% let or under offer at launch to customers including ITAU BBA International and Aperion Investment Group. 13,000 sq ft has been allocated to Storey Club, which opened on 17 May 2021, providing ad hoc meeting and events space, as well as lounge and café areas.

We have been encouraged by the increase in activity in recent months, with viewings and enquiries returning to pre pandemic levels. Leasing activity covered 61,000 sq ft for the year with 14,000 sq ft let since 1 April 2021. We have seen good demand from larger overseas corporates looking for a main UK office, generally taking larger spaces on longer terms. We have also seen several of our existing customers scale up, including recruitment company Storm 2, BAI Communications and Levin Group. We are under offer on a further 48,000 sq ft and occupancy at stabilised buildings (let and under offer) is now 79%.

We are still achieving rents at a premium of more than 30% to a traditional lease and average lease length is 26 months.

Storey has proved resilient, with rent collection for the year at 100% reflecting the strength of its customer base. The majority of occupiers are UK/European headquarters, scale up businesses or large multinationals. Only five customers deferred rents in the first half and no further deferrals were required in the second half.

Retail

Portfolio valuation (BL share)

£2,592m

Occupancy¹

94.1%

Weighted average lease length to first break

5.1 yrs

Total property return

(19.1)%

Lettings/renewals (sq ft) over 1 year

962,000

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

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 94.1% to 90.6%.

Retail operational and financial highlights

- Total Retail portfolio value down 24.7% reflecting the ongoing impact of Covid-19 and higher vacancies due to CVA and administrations
- Yield expansion of 81bps overall; +143bps for shopping centres, weighted to the second half and +45bps for retail parks, weighted to the first half
- ERVs down 16.8%; down 20.3% for shopping centres and down 15.2% for retail parks, weighted to the first half
- Like-for-like income down 17.4% including the impact of CVAs and administrations
- Leasing activity ahead of last year with 962,000 sq ft deals greater than one year; 19% below passing rent
- Total lettings and renewals at 1.7m sq ft
- Strong pipeline with 583,000 sq ft under offer, 5.8% below March 2021 ERV and 29% below passing rent
- Further 524,000 sq ft of rent reviews agreed 2.3% ahead of passing rent
- Good occupancy levels at 94.1%
- Footfall since re-opening 88% of same period in 2019; like-for-like sales 104% of the same period in 2019 (both excluding F&B)
- 71% of FY21 rent collected; 72% of March 2021 quarter rent now collected

Performance review

Operational performance

Our priority has been helping our occupiers to trade safely when permitted, keeping our centres full with the right mix of retailers who are additive to our places and maximising rent collection. We are pragmatic and proactive in our approach, working with successful, financially strong retailers to ensure leasing structures are appropriate and deliver sustainable cash flows. Often this has meant accepting rents which are below previous passing rents, but are more appropriate in the current environment and sustainable longer term.

Despite a challenging occupational market, overall leasing volumes were ahead of last year, with deals over one year accounting for 79% of activity (by rent) but were 11.5% below ERV and 19% below previous passing rent. We have a strong pipeline of deals, with 583,000 sq ft under offer, of which 348,000 sq ft is at our retail parks.

Retail parks, which account for 53% of our Retail assets, have proved more resilient throughout the pandemic. They are well connected and affordable to retailers meaning they play an important role in a successful online retail strategy facilitating click and collect, returns and ship from store. We have seen this trend accelerate as rates of online shopping have increased with shoppers more confident visiting open-air locations they can access easily by car and where social distancing can be more effectively managed. Shopping centres account for 34% of our retail portfolio, with open air covered schemes comprising 12% and traditional covered centres 22%. Many of our open air schemes were deliberately acquired for their development potential, including Ealing Broadway where we have the potential to deliver a fifth London Campus.

More retailers are assessing their physical footprint to ensure they have the right space for their business model. Examples include Home Bargains, who have taken space at two of our retail parks, the Kingston Centre, Milton Keynes (20,000 sq ft) and Mayflower, Basildon (15,000 sq ft) and Aldi, who have also taken space at the Kingston Centre (23,300 sq ft) and Crown Point retail park in Denton (20,000 sq ft). We negotiated five renewals and one new letting with Sports Direct at our retail parks together totalling 87,800 sq ft and four renewals with Next totalling 56,600 sq ft. We were delighted that Amazon Fresh chose our Ealing Broadway centre for their first physical store outside North America. We also agreed 53 rent reviews, delivering a 2.3% increase in rent on average.

Footfall and sales have recovered strongly since reopening, as set out below:

	FY21 performance		Performance since reopening ^{1,2}
	% of FY20	Benchmark outperformance ^{3,4,5}	% same period in 2019
Footfall			
- Portfolio	60.3%	+21.3ppt	88.3%
- Retail parks	69.3%	+30.3ppt	99.8%
Retailer sales			
- Portfolio	56.8%	+14.6ppt	104.1%
- Retail parks	63.9%	+21.7ppt	109.2%

1. Excludes F&B and excludes assets for periods when non-essential retail was required to close.

2. The period 11 April 2021 – 16 May 2021.

3. Footfall benchmark: ShopperTrak UK National Footfall Index.

4. Retailer sales benchmark: BDO High Street Index.

5. Footfall benchmark average includes year on two-year for the month of March 2021, retailer sales benchmark average excludes the last week of March 2021 due to lockdown annualising.

Inevitably, Covid-19 related restrictions affected the cash flow of many of our occupiers and hence their ability to pay rent. We have collected 71% of rent for FY21 and 72% of rent for the March 2021 quarter (see Supplementary Tables for full disclosure).

We have made good progress on rent collection as a result of continuous engagement with our customers across

the year. For those customers most affected, primarily smaller independent businesses, we have agreed pragmatic and equitable solutions for the periods of closure which include monthly payments and concessions. We have also engaged on a case by case basis with larger customers facing cash flow difficulties, often combining our discussions on the payment of legacy rents with those on lease extensions and leasing new space.

CVAs and administrations

Over the year, there has been an increase in CVAs and administrations. We have seen 49 occupiers enter into CVAs or Administration accounting for 205 units. Of these units, 66 have closed, 110 have seen reduced rents and 29 were unaffected. Overall, this has resulted in a £25.3m reduction in annualised rents.

Development

At 31 March 2021	Sq ft '000	Current Value £m	Cost to complete £m	ERV £m	ERV Let £m
Recently completed	520	403	–	19.4	15.5
Committed	1,247	657	488	65.1	26.9
Near term	1,156	191	806	53.7	–
Medium term	6,847				

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

Portfolio

Progressing value accretive development is one of our four priorities and we have made excellent progress in the year. Recently completed and committed developments now total 1.8m sq ft and are 50% pre let, securing £42m of future rent. Total development exposure is now 5.3% of portfolio gross asset value with speculative exposure at 6.6% (which is based on ERV), within our internal risk parameters of 12.5%.

The majority of space in our development pipeline is either income producing or held at low cost, enhancing our flexibility, so we have attractive options we can progress as and when appropriate. If we were to commit to our near term pipeline, our speculative exposure would increase to 10.7% of portfolio ERV. We continue to create options for development across our portfolio with 1.7m sq ft of detailed planning permissions achieved in the year and a further 1.2m sq ft under consideration; we also delivered over 8m sq ft of outline planning permissions (based on gross external area, primarily at Canada Water).

The construction market has been impacted by lockdown so cost inflation remains low at c.0.5%. The FY20/21 pipeline has shifted outwards, with reduced competition driving down prices, but with some upward pressure likely given reduced labour availability, constrained logistics and fluctuating material costs as a result of Covid-19 and Brexit. Our Brexit risks were tightly controlled with limited effects felt from the transition. Overall, inflation is expected to be flat in the current year, increasing steadily through 2022 and 2023 to recent norms of 3%.

Campus developments: further enhancing the mix of uses

Development is one of the key ways in which we realise the potential of our Campuses. Through development and comprehensive refurbishments, we are providing modern, sustainable space, built around the evolving needs of our customers. More than ever, the ability to deliver this into environments which are safe and engaging will be an advantage, generating a lasting positive impact beyond the individual buildings.

Completed developments

We reached practical completion at 100 Liverpool Street (520,000 sq ft) in October 2020 and in March 2021, 100 Liverpool Street became our first net zero carbon development, when we offset the residual carbon associated with this building. The building is 81% let, rising to 89% including 48,000 sq ft allocated to Storey which launched in February 2021. Occupiers at the building include

Peel Hunt, SMBC Europe and Milbank Tweed. 68% of the retail space is let or under offer and with let space now open in line with Government regulations.

Committed developments

Our committed pipeline now stands at 1.2m sq ft, comprising 1 Triton Square at Regent's Place, Norton Folgate and 1 Broadgate. 1 Broadgate (546,000 sq ft) will be one of the most energy efficient buildings we have delivered and aligns with JLL's net zero carbon ambitions. Demolition of the existing buildings commenced in May 2021. Norton Folgate is a 336,000 sq ft scheme, comprising 302,000 sq ft of office space, alongside retail and leisure space creating a mixed use development which is in keeping with the historic fabric of the area. Benefitting from its location in Shoreditch, close to Shoreditch High Street and Spitalfields market, this building is ideally suited to technology and creative firms and we expect to generate higher rents closer to completion when the buildings can be viewed.

At 1 Triton Square, Regent's Place, we are fully pre-let on the office space to Dentsu Aegis Network on a 20-year lease. Progress at this development has been slower as a result of social distancing requirements but we reached practical completion after the year end in May 2021.

Near Term pipeline

Our near term pipeline now covers 1.2m sq ft with the first phase of Canada Water, comprising three buildings, accounting for half of that. Building A1 at Canada Water provides a mix of office, retail and residential space over 272,000 sq ft. A2 is an office-led building, including a new leisure centre built for the London Borough of Southwark, altogether covering 248,000 sq ft. K1 is a solely residential building, providing 79 affordable homes. We are targeting BREEAM Outstanding on all the office space and Home Quality Mark Beta 3* on the residential. Enabling works have commenced and we expect to place the main build contracts in the coming months.

At 5 Kingdom Street, Paddington Central, our planning application to increase our consented scheme from 206,000 sq ft to 438,000 sq ft was approved by the Mayor in October 2020. Phase 2 of our mixed use development at Aldgate accounts for the remaining 136,000 sq ft. This phase will deliver 159 build to rent homes with 19,000 sq ft of office space as well as retail accommodation. We have planning consent for the building and will be in a position to start on site in calendar Q4 2021.

Medium Term Pipeline

The most significant campus scheme in our medium term pipeline, outside Canada Water, is 2-3 Finsbury Avenue at Broadgate where we received consent for our revised scheme covering 704,000 sq ft in the year. Our new plans add more than 130,000 sq ft to the previous consent. This building will target the BREEAM 'Outstanding' certification in construction. The building is currently generating an income through short term, more flexible lettings, including 40,000 sq ft allocated to Storey. The further phases at Canada Water cover 4.5m sq ft of mixed use space.

Retail & Fulfilment development: enhancing and repositioning our portfolio for the future

We are unlikely to undertake standalone retail development in the near term but we are actively identifying opportunities for the development of urban logistics space on our portfolio and potential acquisitions. In addition, we have a number of mixed use opportunities at our retail centres which align well to our strategy.

Opportunities to add uses

At Ealing Broadway, we completed the successful refurbishment of 54 The Broadway, our first office scheme in Ealing in December 2020 which is fully let to the Department of Work and Pensions. We are working up plans for a comprehensive refurbishment of International House, which is returned to us in mid 2022, as well as an exciting redevelopment of 10-40 The Broadway, an office led mixed use scheme covering 303,000 sq ft that will sit adjacent to our Ealing Broadway shopping centre outside the new Crossrail entrance. At Eden Walk, Kingston (jointly owned with USS) our consented mixed use development

plans include 380 new homes, alongside shops, restaurants and 35,000 sq ft of flexible office space.

We are scoping the broader retail portfolio for alternative and additional use opportunities. Following an initial assessment, we have identified 2.4m sq ft of opportunities with the most significant being logistics on the surrounding land at Meadowhall and Teesside (together c. 1m sq ft). At Meadowhall, we have existing outline planning permission on a development plot separate from the shopping centre and would expect to submit a reserved matters application this year. At Teesside, we have a similar opportunity on land outside the retail park and are working up our plans for a logistics use. We made our first logistics acquisition of a warehouse in Enfield covering 216,000 sq ft in April 2021. Located inside the M25, this site is a prime urban logistics site and the coverage is low at c.40% presenting a clear opportunity to increase densification by expanding the footprint as well as through multi-level development. The planning environment in Enfield is supportive for intensification of uses, particularly logistics. In the meantime, the site is fully let and is highly reversionary.

Canada Water: 53 acre masterplan for a new urban centre in Central London

Highlights

- Planning secured on Canada Water Masterplan, a 5m sq ft mixed use scheme in May 2020
- Drawdown of 500 year headlease with Southwark Council completed in December 2020
- Signed first pre-let with higher education enterprise, TEDI-London for their new campus
- Targeting annual development returns in the low teens
- Advancing plans to bring in partners to support the delivering of the wider scheme
- Net valuation movement down 2.5% but with an uplift of 3.4% in the second half, reflecting headlease drawdown

At Canada Water, we are working with the London Borough of Southwark to deliver a 5m sq ft mixed use scheme, including around 3,000 new homes alongside a mix of commercial, retail and community space. The site is located on the Jubilee line and the London Overground, making it easily accessible from London Bridge, the West End, Canary Wharf, Shoreditch and South West London. It will also be an indirect beneficiary of Crossrail, which will free up capacity on the Jubilee Line between Canary Wharf and Bond Street. It covers 53 acres including the dock area, providing 48 acres of developable land.

In May 2020 we secured outline planning permission on the entire 5m sq ft masterplan, including detailed consent on the first three buildings, covering 582,000 sq ft. In December, having successfully overcome a Judicial Review challenge, we completed the drawdown of the 500-year headlease with Southwark Council, effectively combining the

ownership of all our assets at Canada Water into a single 500-year headlease with Southwark Council as the Lessor. The headlease allows for the comprehensive redevelopment and investment in the site, with Southwark Council owning an initial 20% interest and with the ability to participate in the development, up to a maximum of 20% with returns pro-rated accordingly.

This is a ten to twelve year programme for which we will target annual development returns in the low teens. In parallel, we are advancing plans to bring in partners to support the delivery of the wider scheme and have had some encouraging conversations. We have commenced enabling works for the first phase and expect to place the main build contract in the coming months.

The first three buildings will deliver 265 homes, of which over 35% will be affordable (split 70% social rent and 30% intermediate housing), as well as commercial space, public spaces and improved pedestrian connections. As part of our commitment to the early delivery of affordable housing, we will deliver building K1 which is solely residential, comprising 79 homes (all affordable) in Phase 1. The other buildings in that phase are A1, which provides 186 homes (including eight affordable) alongside offices and a small amount of retail space, together covering 272,000 sq ft and A2, which is offices-led but includes a 56,000 sq ft leisure centre within the 248,000 sq ft building.

We are exploring a range of alternative uses, including healthcare, life sciences, senior living and higher education, and we are pleased that, higher education provider, TEDI-London a global partnership

with King's College London, Arizona State University and UNSW Sydney has chosen Canada Water as the location for its new campus. TEDI-London has taken an initial 13,000 sq ft for their modular campus with the option to expand to 40,000 sq ft which we will deliver in phases as the organisation grows. Longer term, we plan to work with TEDI to deliver a permanent home for around 1,000 students within the Canada Water Masterplan. These plans align with our wider strategy to focus the business on growing sectors and demonstrates strong progress against our priority to realise the potential of our campuses. Our planning permission at Canada Water is deliberately flexible so as we move forward, we can take account of changes in demand by amending our offices, residential and retail allocations as appropriate.

Sustainability

The Canada Water Masterplan will be one of the most genuinely sustainable regeneration projects in the UK. Sustainability is engrained in all aspects of the masterplan, with a key focus on delivering net-zero carbon, promoting wellbeing and significantly increasing biodiversity.

We are reducing embodied carbon in construction and minimising carbon emissions during operation through efficient design, the use of low carbon materials (such as high recycled content in steel and 'earth-friendly' concrete) and new building technologies. We are also adopting NABERS UK Design for Performance modelling to design to the highest efficiency and performance, whilst also allowing for future adaptation to suit emerging green technologies. K1 will be one of our first all-electric buildings.

All buildings will target BREEAM Certification (Commercial Outstanding, Retail Excellent, Residential Home Quality Mark) and as part of our holistic approach to sustainability, the Canada Water Masterplan will also achieve BREEAM Communities Certification.

Wellbeing principles are at the heart of the Canada Water Masterplan and we aim to create an environment, accessible to all, that links people and places. We will enhance the individual experience through the use of smart technologies, by improving local air quality and providing access to nature. We will increase

biodiversity through the enhancement of existing green spaces and creation of 12 acres of open space, including a 3.5 acre park, connected to 130 acres of parks, woodlands and water.

Working with local communities

We are excited to be making progress at Canada Water and we recognise that developing such a large part of London carries real responsibilities to the community that lives, works and studies in and around the area. We worked with Southwark Council to develop a Social Regeneration Charter to capture local residents' priorities for the development, which commits us to working in partnership to deliver on these. This approach is now a model for development across the borough.

This year we have worked closely with our community partners to support those most impacted by Covid-19. We provided increased funding to grassroots organisations and local charities such as Time & Talents, who ran a foodbank close to Canada Water and five of our local partners now receive professional coaching support via The Business School to support them and their organisations to emerge from this crisis. Our partnership with Construction Youth Trust continues to grow; despite the restrictions, they delivered meaningful employer engagement to over 800 students at schools local to Canada Water. We are continuing to work with Tree Shepherd to provide low-cost workspace with business support and advice to help local entrepreneurs get

their businesses off the ground. The project aims to become self-sustaining and create a network of local entrepreneurs to inform the ongoing programme and maximise outreach within the local community. We have also signed up to the Southwark Stands Together pledge which sets out five commitments to tackle racism and inequality in the borough of Southwark.

Valuation

The net valuation movement for Canada Water over the year showed a fall of 2.5% to £387m with values down 6.0% in the first half, reflecting continued investment to support the delivery of the Masterplan, such as a new marketing suite. We saw an uplift of 3.4% in the second half reflecting the drawdown of the headlease.

“This has been a unique year and we have clearly demonstrated resilience.”

David Walker
Interim Chief Financial Officer

Finance review

Year ended 31 March	2020	2021
Underlying Profit ^{1,2}	£306m	£201m
Underlying earning per share ^{1,2}	32.7p	18.8p
IFRS (loss) after tax	£(1,114)m	£(1,083)m
Dividend per share	15.97p	15.04p
Total accounting return ^{1,3}	(11.0%)	(15.1%)
EPRA Net Tangible Assets per share ^{1,2}	773p	648p
IFRS net assets	£7,147m	£5,983m
LTV ^{1,4,5}	34.0%	32.0%
Weighted average interest rate ⁵	2.5%	2.9%

1. See Glossary on website for definitions.

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

3. See Note 2 within the financial statements for calculation.

4. See Note 17 within the financial statements for calculation and reconciliation to IFRS metrics.

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

Overview

Financial performance for the year has been significantly impacted by Covid-19 and an already challenged retail environment. Underlying Profit is down 34.3% at £201m, while underlying earnings per share (EPS) is down 42.5% at 18.8p.

Underlying Profit

	£m
Underlying Profit for the year ended 31 March 2020	306
Like-for-like rent (incl. CVA and administrations)	(43)
Provisions for outstanding rents, service charge and deferred rents ¹	(59)
Provisions for tenant incentives	2
Finance cost reductions	8
Net divestment	(21)
Developments	10
Fees & other income	(2)
Underlying Profit for the year ended 31 March 2021	201

1. The year on year impact of provisions for outstanding rents, service charge and deferred rents was £59m. This reflects the difference between the £65m charge to the income statement in the year to 31 March 2021 (as disclosed in Note 13 of the financial statements) and the £6m charge in the year to 31 March 2020.

Underlying Profit decreased by £105m, primarily due to provisions for outstanding rent, service charge and rent deferrals made in light of Covid-19, as well as a reduction in like-for-like rents and the impact of disposals made during the period. Lower market interest rates alongside our hedging approach and financing activity increased Underlying Profit by £8m.

Net divestment decreased earnings by £21m in the year. Proceeds from sales have and will be deployed into our value accretive development programme. The recently completed and committed schemes are expected to generate earnings accretion of £50m, of which 50% is already pre-let.

Since April 2020, we have completed £1.2bn of asset disposals, overall 6.2% ahead of book value. This included £556m of retail disposals, primarily the sale of three Tesco superstores totalling £191m and four standalone B&Q stores totalling £100m. We sold our Beaumont Leys shopping centre for £72m in two separate transactions and two retail parks in Lincoln and Newmarket for a combined total of £21m. We sold our share of a portfolio of reversionary interests in Sainsbury's superstores for £102m and made further sales of standalone retail assets, including a Tesco in Brislington for £42m and a David Lloyd gym in Northwood for £51m.

We completed £643m of office disposals since November; the most significant transaction was the sale of a 75% interest in a portfolio of three buildings in the West End to Allianz Real Estate for £401m representing a blended NIY of 4.3%. We also sold the offices and retail element of our Clarges scheme in Mayfair for £177m at a NIY of 3.5% and Yalding House for £42m at a NIY of 4.4%.

Overall valuations have reduced by 10.8% on a proportionally consolidated basis resulting in an overall EPRA NTA per share decline of 16.3%.

Financing activity of £1.6bn included the extension by a further year of £1.1bn unsecured bank facilities: £650m RCFs were extended to 2025 and in March 2021 our £450m ESG-linked RCF was extended to 2026. New loans of £460m were arranged, for British Land, HUT and our new Joint Venture with Allianz.

LTV has decreased by 200bps during the year to 32.0%. The primary driver of the movement was asset disposals which reduced LTV by 780bps. This was partially offset by valuation declines adding 420bps and development spend adding 140bps.

As a result, our financial position remains strong with £1.8bn of undrawn facilities and cash and no requirement to refinance until early 2025. We retain significant headroom to our debt covenants, meaning the Group could withstand a further fall in asset values across the portfolio of 46% prior to taking any mitigating actions.

Fitch Ratings as part of the annual review in August 2020 affirmed all our credit ratings, including the senior unsecured rating at 'A', with a Stable Outlook.

Presentation of financial information

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

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

A summary income statement and summary balance sheet which reconcile the Group 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 monitors Underlying Profit as this more accurately reflects the underlying recurring performance of our core property rental activity, as opposed to IFRS metrics which include the non-cash valuation movement on the property portfolio. 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.

This year, the Group has adopted the new EPRA NAV metrics; Net Reinvestment Value (NRV), Net Tangible Assets (NTA) and Net Disposal Value (NDV). We are reporting NTA in place of the previous EPRA net asset value (NAV). Similarly, NDV replaces the previous EPRA triple net asset value measure (NNNAV). The total accounting return is now calculated based on EPRA NTA. Definitions of these metrics are shown in Table B of the supplementary disclosures.

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

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

Income statement

1. Underlying Profit

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

	Section	2020 £m	2021 £m
Gross rental income		560	508
Property operating expenses		(82)	(141)
Net rental income	1.2	478	367
Net fees and other income		13	11
Administrative expenses	1.3	(74)	(74)
Net financing costs	1.4	(111)	(103)
Underlying Profit		306	201
Underlying tax charge		-	(26)
Non-controlling interests in Underlying Profit		12	3
EPRA adjustments ¹		(1,432)	(1,261)
IFRS (loss) after tax	2	(1,114)	(1,083)
Underlying EPS	1.1	32.7p	18.8p
IFRS basic EPS	2	(110.0)p	(111.2)p
Dividend per share	3	15.97p	15.04p

1. EPRA adjustments consist of investment and development property revaluations, gains/losses on investment and trading property disposals, changes in the fair value of financial instruments and associated close out costs. These items are presented in the 'capital and other' column of the consolidated income statement.

1.1 Underlying EPS

Underlying EPS is 18.8p, down 42.5%. This reflects the Underlying Profit decline of 34.3% and an underlying tax charge of £26m, partially offset by the impact of prior year share buybacks. The tax charge follows the temporary suspension of the dividend which resulted in a shortfall in our REIT property income distributions, creating a corporation tax liability. With the reinstatement of the dividend, we do not expect this to repeat in future years.

1.2 Net rental income

1. The year on year impact of provisions for outstanding rents and service charge was £53m. This reflects the difference between the £59m charge to the income statement in the year to 31 March 2021 (as disclosed in Note 13 of the financial statements) and the £6m charge in the year to 31 March 2020.

Net sales of income producing assets over the last 24 months reduced net rents by £25m in the year. Proceeds from sales are being reinvested in the committed development pipeline which is expected to deliver £85m in rents in future years and including the recent commitment of Norton Folgate and 1 Broadgate, is already 50% pre-let.

Retail like-for-like net rental decline is 17.4% in the year. This reflects the impact of CVAs and administrations, declining ERVs, longer void periods and reduced car park income over the closure period. The offices portfolio saw a like-for-like decline of 1.0%, which was primarily driven by expiries at Exchange House and 155 Bishopsgate ahead of refurbishment. Office developments contributed £14m of new rental income, with 135 Bishopsgate and 100 Liverpool Street completing earlier in the year.

In light of Covid-19, provisions made against trade debtors increased by £53m compared to the prior year. In the March 2020 quarter we deferred rent of £10m which is held as accrued income, and an impairment of £6m was made against this to account for risk to recoverability over the next three quarters.

We take a systematic approach to provisioning for rent receivables, based on both aging profile and credit quality. We are provided at 66% on rent receivables and service charge based on balances outstanding at year end. When taking into account post year end rent receipts of £24m this increases to 85% for trade debtors. Further detail on balances, provisions and the charge in FY21 made against them are set out in the table below:

Receivables	Debtor balance	Provision balance	% provided for	FY21 impact
Less than 90 days	£45m	£14m	31%	£14m
90 – 182 days	£20m	£14m	70%	£14m
183 – 365 days	£31m	£31m	100%	£31m
More than 365 days	£13m	£13m	100%	–
Trade debtors	£109m	£72m	66%	£59m
Deferred rents	£10m	£6m	60%	£6m
Total	£119m	£78m	66%	£65m

The above balances are presented on a proportionally consolidated basis, net of VAT.

The table below presents trade debtors and the associated provision balance by both aging profile and level of credit risk:

Trade debtors					
	Low	Medium	High	CVAs & admin	Total
Less than 90 days	£22m	£5m	£10m	£8m	£45m
90 – 182 days	£6m	£2m	£4m	£8m	£20m
183 – 365 days	£5m	£3m	£6m	£17m	£31m
More than 365 days	£2m	–	£3m	£8m	£13m
Total	£35m	£10m	£23m	£41m	£109m

Provision balance					
	Low	Medium	High	CVAs & admin	Total
Less than 90 days	£1m	£1m	£4m	£8m	£14m
90 – 182 days	£1m	£1m	£4m	£8m	£14m
183 – 365 days	£5m	£3m	£6m	£17m	£31m
More than 365 days	£2m	–	£3m	£8m	£13m
Total	£9m	£5m	£17m	£41m	£72m

The above balances are presented on a proportionally consolidated basis, net of VAT.

The impact of provisions made against tenant incentives decreased by £2m compared to the previous year, with a £18m provision charge recognised in the year.

1.3 Administrative expenses

Administrative expenses have been of particular focus across the business this year, and despite the cost resulting from our Covid response, they have remained flat on the prior year, at £74m. The Group's EPRA operating cost ratio increased to 37.9% (2019/20: 23.5%) as a result of a significant increase in property outgoing expenses due to provisions made in respect of rental debtors, accrued income and tenant incentive, as well as lower rental income following sales activity. Excluding provisions made in respect of tenant debtors, accrued income and tenant incentives, the Group's operating cost ratio is 20.7% (2019/20: 18.7%).

1.4 Net financing costs

Financing activity undertaken over the last 24 months has reduced costs by £5m in the year, predominantly as a result of prior year debt liability management, partially offset by the repayment of the £350m zero coupon convertible bond at its maturity in June as planned using existing facilities.

We have a balanced approach to interest rate risk management. At 31 March 2021, we were fully hedged on a spot basis, and we had interest rate hedging on 78% of our projected debt on average over the next five years. Our use of interest rate caps as part of our hedging means that the cost of around half of our debt benefits while market rates remain low and, compared to the prior year, we've seen a £7m reduction in finance costs from the impact of lower market rates year on year. Our weighted average interest rate remained low at 2.9%.

The reduction in finance costs from net divestment is due to the proceeds from £1.2bn of asset disposals, being used to repay our revolving credit facilities, as well as being reinvested into development pipeline.

2. IFRS loss after tax

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

The IFRS loss after tax for the year was £1,083m, compared with a loss after tax for the prior year of £1,114m. IFRS basic EPS was [111.2]p per share, compared to [110.0]p per share in the prior year. The IFRS loss after tax for the year primarily reflects the downward valuation movement on the Group's properties of £888m, the capital and other income loss from joint ventures and funds to £409m and the Underlying profit of £201m. The Group valuation movement and capital and other income loss from joint ventures and funds was driven principally by outward yield shift of 33bps and ERV decline of 7.6% in the portfolio resulting in a valuation a decline of 10.8%.

The basic weighted average number of shares in issue during the year was 927m (2019/20: 934m).

3. Dividends

In October we announced the intention to resume paying dividends semi-annually, 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 2021 of 6.64p per share. Payment will be made on Friday 6 August 2021 to shareholders on the register at close of business on Friday 25 June 2021. The dividend will be a Property Income Distribution and no SCRIP alternative will be offered.

Balance sheet

As at March	Section	2020 £m	2021 £m
Property assets		11,177	9,140
Other non-current assets		131	51
		11,308	9,191
Other net current liabilities		(252)	(203)
Adjusted net debt	6	(3,854)	(2,938)
Other non-current liabilities		-	-
EPRA Net Tangible Assets		7,202	6,050
EPRA NTA per share	4	773p	648p
Non-controlling interests		112	59
Other EPRA adjustments ¹		[167]	[126]
IFRS net assets	5	7,147	5,983

Proportionally consolidated basis.

1. EPRA Net Tangible Assets NTA is a proportionally consolidated measure that is based on IFRS net assets excluding the mark-to-market on derivatives and related debt adjustments, the carrying value of intangibles, the mark-to-market on the convertible bonds, as well as deferred taxation on property and derivative valuations. The metric includes the valuation surplus on trading properties and is adjusted for the dilutive impact of share options. Details of the EPRA adjustments are included in Table B within the supplementary disclosures.

4. EPRA Net Tangible Assets per share

The 16.3% decrease in EPRA NTA per share reflects a valuation decrease of 10.8% combined with the Group's gearing.

Office valuations were down 3.8%, primarily due to the uncertainty of economic outlook and potential changes as a result of Covid-19. As a result, and coupled with lower investment market activity, yields moved out 9bps although ERV was marginally up. Developments again outperformed the standing portfolio and saw a valuation gain of 0.9%.

Valuations in Retail were down 24.7%, with outward yield shift of 81bps and ERV decline of 16.8%. These values reflect ongoing structural challenges faced by occupiers, compounded by Covid-19 and limited investment market activity. Across our largest assets, yields have moved between 60-170bps. For retail parks, improving liquidity in the market provided some valuation evidence, particularly for smaller parks.

Our external valuers have included an explanatory note in relation to Covid-19 in their valuation reports, recognising that it continues to affect real estate markets globally. However, their opinions are not subject to "material valuation uncertainty" (as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards), concluding that there was

an adequate quantum of market evidence upon which to base their opinions of value. The current market uncertainty has been reflected in the valuations in a number of ways, depending on the relevant property sub-market. For retail, as well as adjusting yields and reflecting agreed concessions, our valuers have reduced assumed turnover rent. Where concessions have not been agreed, and rent collection has been inconsistent, they have deducted 3-6 months rent as a capital sum. For offices, the uncertainty has principally been reflected through assumed void periods and incentive packages.

5. IFRS net assets

IFRS net assets at 31 March 2021 were £5,983m, a decrease of £1,164m from 31 March 2020. This was primarily due to IFRS loss after tax of £1,083m and the interim dividend paid in the year of £78m.

Cash flow, net debt and financing

6. Adjusted net debt¹

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

Net sales reduced debt by £1,134m whilst development spend totalled £185m with a further £45m on capital expenditure related to asset management on the standing portfolio. The value of recently completed and committed developments is £1,060m, with £488m costs to come. Speculative development exposure is 6.6% of ERV. There are 1.2m sq ft of developments in our near term pipeline with anticipated cost of £806m.

7. Financing

	Group		Proportionally consolidated	
	2020	2021	2020	2021
Net debt/adjusted net debt ¹	£3,247m	£2,249m	£3,854m	£2,938m
Principal amount of gross debt	£3,294m	£2,291m	£4,158m	£3,183m
Loan to value	28.9%	25.1%	34.0%	32.0%
Weighted average interest rate	1.9%	2.2%	2.5%	2.9%
Interest cover	5.8	4.3	3.8	3.0
Weighted average maturity of drawn debt	6.8 years	7.0 years	7.5 years	7.6 years

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

At 31 March 2021, our proportionally consolidated LTV was 32.0%, down from 34.0% at 31 March 2020. The impact of asset disposals reduced LTV by 780 bps. This was partially offset by valuation declines which added 420 bps, as well as development spend which added 140 bps. Note 17 of the financial statements sets out the calculation of the Group and proportionally consolidated LTV.

We are committed to maintaining good long-term relationships with debt providers in the different markets, with around 30 lenders in bank facilities and private placements alone. This year we have carried out financing of £1.6bn involving 14 different lenders.

In March 2021, we extended our £450m ESG-linked RCF by a further year to 2026 with all eight banks in agreement. Earlier in the year, we extended an additional £650m of RCFs, by a further year to 2025. Our £350m convertible bond was repaid at its scheduled maturity in June 2020 as planned using RCFs.

In December 2020 we signed a £100m unsecured loan facility with Homes England to fund specified infrastructure works which will accelerate the delivery of up to 3,000 homes at Canada Water. The loan facility has a seven-year term which may be extended at our request, subject to Homes England's approval.

For HUT, one of the bank facilities which was due to mature in September 2020 was refinanced in May 2020 with a £200m facility to December 2023, secured on a portfolio of HUT's retail parks.

In March 2021, we also raised a £160.5m seven-year loan from SMBC for our new Joint Venture with Allianz in which we have a 25% stake, secured on the assets of the JV.

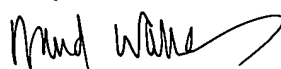
This is a SONIA based loan and we are considering the processes for transition of our existing range of LIBOR based debt and derivatives to reference SONIA, alongside emerging market practice.

As a result of this activity, at 31 March 2021 British Land had £1.8bn of undrawn facilities and cash and no requirement to refinance until early 2025.

Our debt and interest rate management approach has enabled us to maintain a low weighted average interest rate of 2.9%. This is a 40bps increase from 31 March 2020, and is due to the repayment of our RCFs with proceeds from disposals, which will be redrawn as we deploy proceeds into developments or acquisitions. Our use of interest rate caps as part of our hedging means that the cost on around half of our debt benefits while market rates remain low.

Fitch Ratings, as part of their annual review in August 2020 affirmed our senior unsecured credit rating 'A', our long term IDR credit rating 'A-' and short term IDR credit rating 'F1', with Stable Outlook.

The current environment reinforces the importance of a strong balance sheet.



David Walker

Interim Chief Financial Officer

Financial strength and balanced approach

We have worked consistently over recent years to achieve a robust financial footing, positioning us well to meet the challenges of this year and to pursue market opportunities.

Leverage

We manage our use of debt and equity finance to balance the benefits of leverage against the risks, including magnification of property returns. A loan to value ratio ('LTV') measures our leverage, primarily on a proportionally consolidated basis including our share of joint ventures and funds and excluding non-controlling interests. At 31 March 2021, our proportionally consolidated LTV was 32.0% and the Group measure was 25.1%. Our LTV is monitored in the context of wider decisions made by the business. We manage our LTV through the property cycle such that our financial position remains robust in the event of a significant fall in property values. This means we do not adjust our approach to leverage based only on changes in property market yields. Consequently, our LTV may be higher in the low point in the cycle and will trend downwards as market yields tighten.

Debt finance

The scale of our business, combined with the quality of our assets and rental income, means that we are able to approach a diverse range of debt providers to arrange finance on attractive terms. Good access to the capital and debt markets allows us to take advantage of opportunities when they arise. The Group's approach to debt financing for British Land is to raise funds predominantly on an unsecured basis with our standard financial covenants (set out on page 77). This provides flexibility and low operational cost. Our joint ventures and funds which choose to have external debt are each financed in 'ring-fenced' structures without recourse to British Land for repayment and are secured on their relevant assets. Presented on the following page are the five guiding principles that govern the way we structure and manage debt.

Monitoring and controlling our debt

We monitor our debt requirement by reviewing current and projected borrowing levels, available facilities, debt maturity and interest rate exposure. We undertake sensitivity analysis to assess the impact of proposed transactions, movements in interest rates and changes in property values on key balance sheet, liquidity and profitability ratios. We also consider the risks of a reduction in the availability of finance, including a temporary disruption of the financing markets. Based on our current commitments and available facilities, the Group has no requirement to refinance until early 2025. British Land's undrawn facilities and cash amounted to £1.8bn at 31 March 2021.

Managing interest rate exposure

We manage our interest rate profile separately from our debt, considering the sensitivity of underlying earnings to movements in market rates of interest over a five-year period. The Board sets appropriate ranges of hedging on debt over that period and the longer term. Our debt finance is raised at both fixed and variable rates. Derivatives (primarily interest rate swaps and caps) are used to achieve the desired hedging profile across proportionally consolidated net debt. At 31 March, our debt was fully hedged on a spot basis, with interest rate hedging on 78% of our projected debt on average over the next five years, with a decreasing profile over that period. Our use of interest rate caps as part of our hedging (alongside swaps) means that we also benefit if market rates remain low. Accordingly we have a higher degree of protection on interest costs in the short

term and achieve market rate finance in the medium to longer term. The hedging required and use of derivatives is managed by a Derivatives Committee. The interest rate management of joint ventures and funds 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, the Group may choose to borrow in currencies other than Sterling, and will fully hedge the foreign currency exposure.

Our five guiding principles

1.	Diversify our sources of finance We monitor finance markets and seek to access different sources of finance when the relevant market conditions are favourable to meet the needs of our business and, where appropriate, those of our joint ventures and funds. The scale and quality of our business enable us to access a broad range of unsecured and secured, recourse and non-recourse debt. We develop and maintain long term relationships with banks and debt investors. We aim to avoid reliance on particular sources of funds and borrow from a large number of lenders from different sectors in the market across a range of geographical areas, with around 30 debt providers in bank facilities and private placements alone. We work to ensure that debt providers understand our business,	adopting a transparent approach to provide sufficient disclosures to enable them to evaluate their exposure within the overall context of the Group. These factors increase our attractiveness to debt providers, and in the last five years we have arranged £2.9bn (British Land share £2.6bn) of new finance in unsecured and secured loan facilities, Sterling bonds and US Private Placements. In addition, we have existing long dated debentures and securitisation bonds. A European Medium Term Note programme is maintained to enable us to access Sterling/Euro unsecured bond markets when it is appropriate for our business, and the launch of our Sustainable Finance Framework during the year enables us to issue sustainable/green finance to help the implementation of our Sustainability Strategy.	£3.2bn 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 17 years, reducing our refinancing risk in respect of timing and market conditions. As a result of our financing activity, we are ahead of	our preferred refinancing date horizon of not less than two years. In accordance with our usual practice, we expect to refinance facilities ahead of their maturities.	7.6 years average drawn debt maturity (proportionally consolidated)
3.	Maintain liquidity In addition to our drawn debt, we aim always to have a good level of undrawn, committed, unsecured revolving bank facilities. These facilities provide financial liquidity, reduce the need to hold resources in cash and deposits, and minimise costs arising from the difference	between borrowing and deposit rates, while reducing credit exposure. We arrange these revolving credit facilities in excess of our committed and expected requirements to ensure we have adequate financing availability to support business requirements and new opportunities.	£1.8bn undrawn facilities and cash
4.	Maintain flexibility Our facilities are structured to provide valuable flexibility for investment activity execution, whether sales, purchases, developments or asset management initiatives. Our unsecured revolving credit facilities provide full operational flexibility of drawing and repayment (and cancellation if we require) at short notice	without additional cost. These are arranged with standard terms and financial covenants and generally have maturities of five years. Alongside this, our secured term debt in debentures has good asset security substitution rights, where we have the ability to move assets in and out of the security pool, as required for the business.	£1.9bn total facilities
5.	Maintain strong metrics We use both debt and equity financing. We manage LTV through the property cycle such that our financial position would remain robust in the event of a significant fall in property values and we do not adjust our approach to leverage based only on changes in property market yields. We manage our interest rate	profile separately from our debt, setting appropriate ranges of hedged debt over a five-year period and the longer term. We maintained our strong senior unsecured credit rating 'A', long term IDR credit rating 'A-', and short term IDR credit rating 'F1', affirmed by Fitch during the year with Stable outlook.	32.0% LTV (proportionally consolidated) A senior unsecured credit rating

Group borrowings

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

Secured debt for the Group (excluding debt in Hercules Unit Trust which is covered under 'Borrowings in our joint ventures and funds') is provided by debentures with maturities up to 2035.

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 £4.7bn as at 31 March 2021.

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 2021, these assets generated £28m 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. We continue to focus on unsecured finance at a Group level.

Borrowings in our joint ventures and funds

External debt for our joint ventures and funds has been arranged through long dated securitisations or secured bank debt, according to the requirements of the business of each. A new bank loan was arranged during the year for our JV with Allianz which included LTV and ICR covenants.

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

The securitisations of Broadgate £1,215m and Meadowhall £554m have weighted average maturities of 9.5 years and 7.4 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.

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

Unsecured financial covenants

As 31 March	2017 %	2018 %	2019 %	2020 %	2021 %
Net borrowings to adjusted capital and reserves	29	29	29	40	33
Net unsecured borrowings to unencumbered assets	26	23	21	30	25

Managing risk

For British Land, effective risk management is fundamental to how we do business. It represents a cornerstone of executing our strategy and positioning the business for growth whilst delivering positive outcomes on a long term sustainable basis.

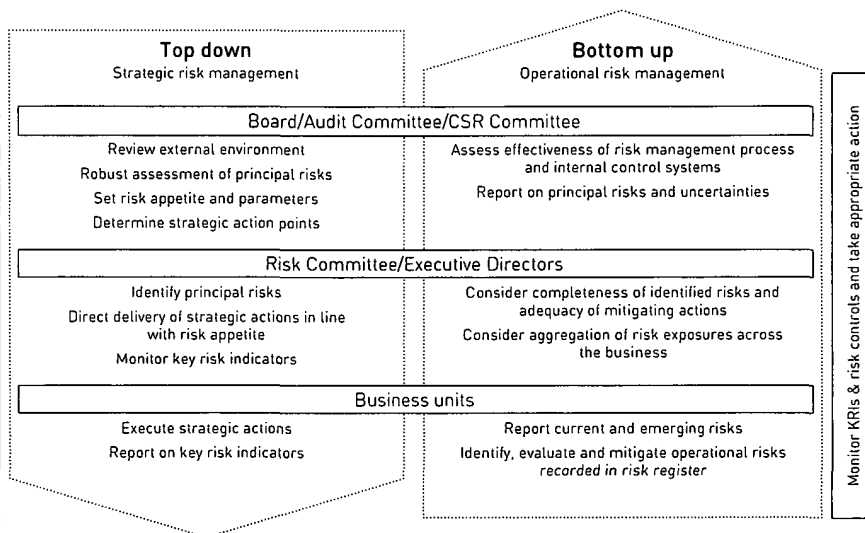
Our key activities in the year

- Implemented our robust crisis management plans in response to Covid-19; the Board and key Committees met regularly to mitigate the risks across our business
- Assessment of emerging risks including the longer term implications of Covid-19 on the role of offices and physical retail and our strategic response. Covid-19 has acted as a catalyst for existing trends of the shift to online retail and more flexible working practices
- Proactively managed our rent collection and occupier risk in a challenging market backdrop
- Maintaining our financial resilience and sufficient liquidity
- Brexit Planning Steering Committee operated prior to Brexit to assess risks and co-ordinate our mitigating actions; now being managed as part of business as usual
- Managing sustainability and climate-related risk and opportunities. Undertook scenario analysis of physical risks in line with TCFD requirements

Our priorities for 2021/22

- Continue to proactively manage the ongoing risks arising from Covid-19 and the implications for our strategy
- Effective risk management of our key operational risks including development, investment in new opportunities, our partnerships with third parties, our asset management capability and leasing and occupier risks
- Further enhance our internal control framework and ensure this is fully embedded across the Group
- Enhance our cyber security and IT infrastructure
- Environmental matters including scenario analysis of our transition risks as we move towards full compliance of TCFD by FY22

Our integrated risk management approach



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

Our integrated approach combines a top down strategic view with a complementary bottom up operational process, with three lines of defence, as outlined in the diagram above. The Board has overall responsibility for risk management with a focus on determining the nature and extent of exposure to the principal risks the business is willing to take in achieving its strategic objectives. The amount of risk is assessed in the context of our priorities and the external environment in which we operate – this is our risk appetite. It is integral to both our consideration of strategy and to our medium term planning process.

The Audit Committee takes responsibility for overseeing the effectiveness of risk management and internal control systems on behalf of the Board and advises the Board on the principal risks facing the business including those that would threaten its solvency or liquidity.

The Executive Directors are responsible for delivering the Company's strategy, as set by the Board, and managing risk. Our risk management framework categorises our risks into external, strategic and operational risks. The Risk Committee (comprising the Executive Committee and senior management across the business and chaired by the Chief Financial Officer) is responsible for managing the principal risks in each category in order to achieve our performance goals.

Whilst ultimate responsibility for oversight of risk management rests with the Board, the effective day-to-day management of risk is embedded within our operational business units and forms an integral part of all activities. This bottom up approach allows potential risks to be identified at an early stage and escalated as appropriate, with mitigations put in place to manage such risks. Each business unit maintains a comprehensive risk register. Changes to the register are reviewed quarterly by the Risk Committee, with significant and emerging risks escalated to the Audit Committee.

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

In summary, our approach to risk management is centred on being risk-aware, clearly defining our risk

appetite, responding to changes to our risk profile quickly and having a strong risk management culture among employees with clear roles and accountability. Our organisational structure ensures close involvement of senior management in all significant decisions as well as in-house management of our property management activities and development.

To read more about the Board and Audit Committee's risk oversight, see pages 99-100 and 120.

Our risk appetite

Our risk appetite lies at the heart of our 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.

We have identified a dashboard of Key Risk Indicators (KRIs) for each internal principal risk with specific tolerances for each, which are integrated with the operations of the business (summarised below). Their aim is to provide early signals to alert management to increasing risk exposures or trends that could threaten the achievement of our priorities and allows informed decision making. Our KRIs are reviewed quarterly

by the Risk Committee, to ensure that the activities of the business remain within our risk appetite and that our risk exposure is well matched to changes in our business and our markets. The risk indicators are a mixture of leading and lagging indicators 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; and our financial resilience.

Whilst our appetite for risk will vary over time and during the course of the property cycle, in general we maintain a balanced approach to risk. Our appetite for financial risk has reduced over the last few years, whilst our appetite for operational risk has increased reflecting our strategy for active capital recycling, investment in growth sectors and developments. It also recognises the structural changes affecting our markets, which have been compounded by Covid-19. During the year, we have continued to actively manage our incremental risk exposure by:

- Taking a pragmatic approach to leasing to maximise occupancy and improve rent collection. Our income collection risk is elevated with our occupier covenant risk in terms of percentage of rent classified as

'high risk', having operated above our optimal tolerance level in the near term given the impact of Covid-19 on our customers. We continue to actively monitor and work proactively with our customers who have been disproportionately affected by the pandemic to agree pragmatic and equitable solutions. We also perform occupier covenant checks so that we can be proactive in managing exposure to weaker occupiers.

- Accelerated sales of non-core assets, executing £1.2bn of sales since April 2020, enhancing the strength and resilience of our balance sheet.
- Disciplined approach to development including managing our speculative exposure, using a broad range of contractors and closely monitoring, coupled with our successful pre-letting strategy.
- Maintaining an efficient capital structure and liquidity position. We retain significant headroom to our Group debt covenants and refinance proactively, and based on our current commitments, available bank facilities and debt maturities, we have no requirement to refinance until early 2025.
- Supporting our people and promoting both their physical and mental wellbeing.

Dashboard of Key Risk Indicators (KRIs)

Principal internal risks	Key risk indicators
Investment strategy	- Execution of targeted acquisitions and disposals in line with capital allocation plan (overseen by Investment Committee) - Annual IRR process which forecasts prospective returns of each asset - Percentage of our portfolio in joint ventures and funds
Development strategy	- 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 yields on cost)
Capital structure	- Manage our LTV through the property cycle - Net debt to EBITDA - Financial covenant headroom
Finance strategy	- Period until refinancing is required of not less than two years - Percentage of debt with interest rate hedging (average over next five years) - Flexible debt facilities
Environmental sustainability	- Energy performance certificates - Percentage of portfolio at high risk of flood
People	- Voluntary staff turnover - Employee engagement and wellbeing
Income sustainability	- 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

Covid-19 action plans

- Implemented business continuity and remote working plans to enable effective working from home for all our employees who did not need to be on-site
- Actively monitored employees' mental and physical wellbeing, and the health and safety of our employees remains a top priority
- Preparation and implementation of detailed asset plans to manage both the closure and reopening of stores safely with robust Covid-19 safeguards in place in line with Government guidelines. Also prepared and implemented detailed plans for each of our office assets as well as detailed guidance for our occupiers for the continuing safe occupation throughout the pandemic
- Worked closely with our customers, partners, local communities and organisations associated with our places to ensure we could provide appropriate support
- Worked proactively with customers to maximise occupancy and rent collection
- Disciplined approach to development including a balanced approach to our speculative exposure
- Collaboration with our suppliers to ensure the viability of our supply chain and the continuity required; also important given the continued uncertainty brought about by Brexit
- Prepared action plans with contingency to deal with material imports, labour supply and maintain programmes for all our developments, having implemented the current Construction Leadership Council Site Operating Procedures
- Extensive forecasting, stress testing and modelling of various scenarios to ensure our financial position remains strong and we take appropriate actions. The key steps taken to improve our financial resilience included accelerating non-core asset sales, maintaining sufficient liquidity, temporarily suspending our dividend and stringently managing our cost base

Our risk focus

The continually evolving circumstances caused by the Covid-19 pandemic, coupled with the backdrop of geopolitical and macroeconomic uncertainty, has, and continues to present a rapidly changing near term operating environment for our business to navigate. Whilst our performance has been impacted, our financial position remains strong and demonstrates the importance of our risk management to protect our business through this period of uncertainty and adapt to a rapidly-changing environment. We have robust crisis management and business continuity plans in place and acted swiftly in dealing with the exceptional challenges posed by Covid-19; our focus has been to ensure the safety of our people; our assets are securely maintained and to support our customers, suppliers and local communities as set out on the left.

Looking forward, whilst the successful rollout of the Government's vaccination programme provides optimism, it is anticipated that Covid-19 will still be prevalent in society. Therefore, risk management and the Group's continued ability to be flexible in responding to the risks as they evolve will be fundamental to our business.

Brexit, and potential for disruption, was also a key focus of the Group during the year and we took appropriate actions to mitigate the key risks to our business. The key operational steps taken included maintaining sufficient liquidity and financial resilience, working with our development contractors to minimise cost and delay risk to our development programme, increasing stocks of spare parts to ensure the continued operation of our assets and updating our crisis management plans to improve our response to unpredictable events. Whilst the UK and EU reached a trade agreement shortly before the end of the transition period, we continue to actively monitor any risks through this period of transition and remain alert to any new issues which may arise.

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

- occupier risk and managing our exposure to customers or sectors in a more challenging market backdrop
- covenant strength of potential construction contractors and managing our exposure

- health, safety and environmental risk management. Our Health and Safety management system was re-certified under ISO 45001
- climate change which is increasingly important for risk management. The Risk Committee is overseeing the Steering Committee's progress towards TCFD compliance
- ongoing data privacy programme and implementation
- payment operations, key financial controls and counterparties
- procurement and new supplier onboarding process
- internal audit and implementing control findings
- information security and key controls
- compliance audits across our assets

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 both the likelihood and the financial and reputational impact. From this we identify both the external and internal strategic and operational principal risks which currently have a higher likelihood and potential impact on our business. Whilst the Board recognises that it has fairly limited control over the external principal risks, it reviews their potential impact on our business and these are taken into account in our decision making. For our internal principal risks the Board makes sure that appropriate controls and processes are in place to manage these risks.

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

In accordance with our risk management process, Covid-19 is viewed as an overarching risk rather than a single principal risk. It has had a material negative impact on our business, in particular resulting in reduced rent collection in our Retail business, an increase in failures amongst our retailer customer base and reduced physical

occupancy at our office-led assets. Changes in Government regulation and intervention in leasing contracts have occurred which also present a risk to our business, such as the rent moratorium. The impact of the pandemic continues to evolve and affect our entire risk landscape. We have incorporated commentary into each principal risk (as set out on pages 82-87) which we continue to actively monitor.

Our current assessment is that the majority of our principal risks we flagged as elevated last year remain heightened.

While the good progress on the vaccination programme and roadmap out of lockdown provides optimism, the trajectory of the pandemic is highly uncertain with risks from future variants and thus it is too early to conclude that the risks to our business have reduced. Albeit, the risks to Economic Outlook and Investment Markets have reduced from the elevated levels immediately after the outset of the pandemic, whilst the risks to our Development Strategy and People, have increased. See Risk heat map below.

We have also added one principal risk as a standalone risk being Environmental Sustainability in light of the significance to the business and our customers; and the external aspects of climate risks are incorporated within our catastrophic business event and political and regulatory risks.

The principal risks are summarised below and detailed overleaf, including an assessment of the potential impact and likelihood and how the risks have changed in the year, together with how they relate to our priorities.

Our risk assessment

Principal risk	Related priority	Change year on year
External risks		
1 Economic outlook	○ ○ ○ ○	↓
2 Political and regulatory outlook	○ ○ ○ ○	↔
3a Office investment market	○ ○ ○ ○	↓
3b Retail investment market	○ ○ ○ ○	↓
4a Office occupier market	○ ○ ○ ○	↔
4b Retail occupier market	○ ○ ○ ○	↔
5 Availability and cost of finance	○ ○ ○ ○	↔
6 Catastrophic business event	○ ○ ○ ○	↔
Internal risks – strategic		
7 Investment strategy	○ ○ ○ ○	↔
8 Development strategy	○ ○ ○ ○	↑
9 Capital structure	○ ○ ○ ○	↔
10 Finance strategy	○ ○ ○ ○	↔
11 Environmental sustainability	○ ○ ○ ○	○
Internal risks – operational		
12 People	○ ○ ○ ○	↑
13 Income sustainability	○ ○ ○ ○	↔

Key

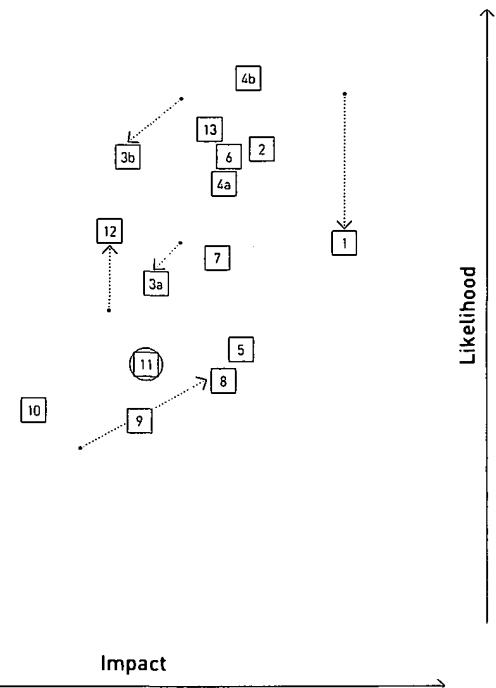
Our priorities

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

Change year on year

- ↔ No change
- ↑ Increase
- ↓ Decrease
- New risk

Risk heat map



Other Group risks

In addition to our principal risks, there are also a number of other risks that are largely operational in nature and are managed centrally with appropriate processes and mitigation plans in place.

These risks comprise:

- A. Operating model including reliance on third parties
- B. Culture
- C. Information systems and cyber security
- D. Effective control environment
- E. Fraud and corruption
- F. Compliance and legal framework
- G. Supply chain management
- H. Health and Safety

Note: The above illustrates principal risks which by their nature are those which have the potential to significantly impact the Group's strategic objectives, financial position or reputation. The heat map highlights net risk, after taking account of principal mitigations. The arrow shows the movement from the 2020 point.

External risks

Risks and impacts	How we monitor and manage the risk	Change in risk assessment in year
1 Economic outlook The UK economic climate presents risks and opportunities in property and financing markets and to the businesses of our customers which can impact both the delivery of our strategy and our financial performance.	- The Risk Committee reviews quarterly the economic environment in which we operate to assess whether changes to the economic outlook justify a reassessment of the risk appetite of the business. - Key indicators including forecast GDP growth, employment rates, business and consumer confidence, interest rates and inflation/deflation are considered, as well as central bank guidance and government policy updates. - We stress test our business plan against a downturn in economic outlook to ensure our financial position is sufficiently flexible and resilient. - Our business model focuses on a high quality portfolio underpinned by our balance sheet and financial strength.	↓ - The Covid-19 pandemic has brought substantial economic contraction, with the UK's GDP falling 9.9% for the calendar year 2020, severely impacting both our markets and the businesses of our customers. - The combination of strong Government spending (in particular the Job Retention Scheme), low inflation and low interest rates helped mitigate some of the impact of Covid-19. - Economic growth is expected to bounce back relatively quickly as restrictions ease and the Government has set out a four-stage roadmap with a view to lifting all restrictions by 21 June 2021. - Overall, the risk to the economic outlook has slightly reduced from the elevated level last year, in view of the good progress with the vaccination programme and the economy is on track for full reopening in June. Albeit, the trajectory of the pandemic remains a key area of uncertainty and any significant re-emergence of Covid-19 or new variants could result in the imposition of restrictions and further economic damage and there are also concerns that inflation may rise. - The Board and executive team have taken appropriate action to help us navigate the near term challenges and determine the longer term strategic direction of the business focused on four priorities.
2 Political and regulatory outlook Significant political events and regulatory changes, including the UK's decision to leave the EU, and Government policy response to the pandemic, bring risks principally in four areas: - reluctance of investors and businesses to make investment and occupational decisions whilst the outcome remains uncertain - the impact on the case for investment in the UK, and on specific policies and regulation introduced, particularly those which directly impact real estate or our customers - the potential for a change of leadership or political direction - the impact on the businesses of our occupiers as well as our own business	- Whilst we cannot influence the outcome of significant political events, we do take the uncertainty related to such events and the range of possible outcomes into account when making strategic investment and financing decisions. - 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. We also monitor public trust in business. - 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, such as with Design for Life.	↔ - The political risk outlook remains high dictated by the national and global response to Covid-19. Furthermore, the global geopolitical and trade environments remain uncertain. - While the UK managed to secure a deal with the EU, avoiding major disruption to trade, the realities of the new trading relationship are expected to dampen economic growth in the short term. Also, further uncertainty remains until the agreement in respect of financial services is finalised. - Changes in Government regulation and intervention in leasing contracts have occurred, which have presented a risk to our business, such as the rent moratorium. Also, the very recent court decisions on CVAs and Restructuring Plans have clarified the methods occupiers can use to adversely alter their rental and other obligations to property owners. There is also increased potential for tax rises on businesses. - We continue to regularly monitor proposed and actual changes in legislation and regulations and with the help of professional bodies, if possible, mitigate the risks to our business. During the year we have engaged with the British Property Federation in their response to the Government's call for evidence on how to address the impact of Covid-19 on commercial rents.

Key

Change in risk assessment from last year

↑ Increase

↔ No change

↓ Decrease

○ New risk

External risks

Risks and impacts	How we monitor and manage the risk	Change in risk assessment in year
3 Commercial property investor demand Reduction in investor demand for UK real estate may result in falls in asset valuations and could arise from variations in: - the health of the UK economy - the attractiveness of investment in the UK - availability of finance - relative attractiveness of other asset classes	- The Risk Committee reviews the property market quarterly to assess whether any changes to the market outlook present risks and opportunities which should be reflected in the execution of our strategy and our capital allocation plan. The Committee considers indicators such as the margin between property yields and borrowing costs and property capital growth forecasts, which are considered alongside the Committee members' knowledge and experience of market activity and trends. - We focus on prime assets and sectors which we believe will be less susceptible over the medium term to a reduction in occupier and investor demand. - We maintain strong relationships with agents and direct investors active in the market. - We stress test our business plan for the effect of a change in property yields.	London Offices - Whilst the London investment market was understandably subdued in the period following the initial outbreak of Covid-19, in the second half of the year, overseas investors have shown an increased readiness to look through the pandemic and invest in prime London offices, and thus this risk has reduced. The final quarter of calendar year 2020 saw c.£5bn of transactions. - Whilst the reintroduction of travel restrictions during the third lockdown in January 2021 impacted activity in the last quarter, transaction volumes are expected to pick up as restrictions are lifted, particularly in the context of low interest rates. The London Office investment market is expected to remain attractive globally given its transparency, liquidity and its yield differential. - This year, benefitting from the resilient office investment market, we made timely sales of £643m of standalone office buildings.
		Retail - The retail investment market was significantly weaker, reflecting challenges in the occupational market, resulting in yield expansion particularly in the first half of the year. - There has been limited liquidity and lack of transactional evidence, particularly for shopping centres, where lot sizes are typically larger, and confidence weakened through the pandemic. However, sentiment has improved in retail parks, which have weathered the pandemic better and where investment activity has picked up with £1.7bn of transactions in the year, slightly lowering this risk to our business. In particular, the market for assets which are small to medium in lot size, with secure, sustainable income streams, has seen more activity. - This year, benefitting from pockets of demand in the retail investment market, we have sold £556m of retail assets focused on standalone units and superstores where we have limited potential to drive value through asset management.
4 Occupier demand and tenant default Underlying income, rental growth and capital performance could be adversely affected by weakening occupier demand and occupier failures resulting from variations in the health of the UK economy and corresponding weakening of consumer confidence, business activity and investment. Changing consumer and business practices including the growth of internet retailing, flexible working practices (including more working from home) and demand for energy efficient buildings, new technologies, new legislation and alternative locations may result in earlier than anticipated obsolescence of our buildings if evolving occupier and regulatory requirements are not met. Some or all of these trends could be accelerated by the pandemic.	- The Risk Committee reviews indicators of occupier demand quarterly including consumer confidence surveys and employment and ERV growth forecasts, alongside the Committee members' knowledge and experience of occupier plans, trading performance and leasing activity in guiding execution of our strategy. - We have a high quality, diversified occupier base and monitor concentration of 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. - Through our Key Occupier Account programme, we work together with our customers to find ways to best meet their evolving requirements. - Our Sustainability Strategy links action on customer wellbeing, energy efficiency, community and sustainable design to our business strategy. Our social and environmental targets enhance our customer offer; for example, all our new developments are net zero carbon and we facilitate customer networks and local partnerships on all our campuses.	London Offices - The Covid-19 pandemic affected leasing activity which is significantly down as businesses focused on near term operational challenges and postponed decisions on new space, and will undoubtedly cause many businesses to consider how to use their offices most productively and safely going forward. As a result, the type of space businesses need will evolve, and this risk remains elevated. - Across the market, prime headline rents have generally been flat, albeit on low volumes and incentives have increased. The vacancy rate rose to 8.8% from 4.3% a year ago, but secondhand space accounts for most of the supply with tenant-led space an increasingly significant component. - Covid-19 has accelerated a focus on quality space, with occupiers increasingly focused on the best space for their business, their people and the environment. We are seeing encouraging interest in new space, particularly from businesses with requirements two to three years in the future for modern, high quality and sustainable space which supports more hybrid ways of working.
		Retail - Covid-19 has had a significant impact on retail, which was already facing structural challenges as a result of the growth of online. The risks to the retail occupational market have remained high in the near term; and have played out in several ways, including rent reductions, rent deferrals and non-payment, but also an increase in retailers entering CVAs or administrations. We had elevated this risk last year in response to Covid-19 and this risk remains heightened. - Stronger retailers are increasingly focused on how best to align their models to the growth of online; this has included a growing interest in retail parks which are more affordable and can support an online strategy through click & collect. - Our priority has been on keeping our centres full of the right mix of retailers who are additive to our places. We are pragmatic and proactive in our approach, working with successful, financially strong retailers to ensure leasing structures are appropriate and deliver sustainable cash flows. At times, this has meant accepting rents which are below previous passing rents, but are more appropriate in the current environment and sustainable longer term.

External risks

Risks and impacts	How we monitor and manage the risk	Change in risk assessment in year
5 Availability and cost of finance Reduced availability of finance may adversely impact ability to refinance debt and/or drive up cost. These market factors may also result in weaker investor demand for real estate. Regulation and capital costs of lenders may increase cost of finance, as could increased risk in terms of economic outlook.	- Market borrowing rates and real estate debt availability are monitored by the Risk Committee quarterly and reviewed regularly in order to guide our financing actions in executing our strategy. - We monitor our projected LTV and our debt requirements using several internally generated reports focused on borrowing levels, debt maturity, available facilities and interest rate exposure. - Should inflationary pressure result in increased interest rates, funding costs may increase. We have interest rate hedging on 78% of our projected debt on average over the next five years. - We maintain good long term relationships with our key financing partners. - The scale and quality of our business enable us to access a diverse range of sources of finance with a spread of repayment dates. We aim always to have a significant level of undrawn, committed, unsecured revolving facilities to ensure we have adequate financing available to support business requirements and opportunities. - We work with industry bodies and other relevant organisations to participate in debate on emerging finance regulations where our interests and those of our industry are affected.	↔ - Markets were adversely affected globally by the Covid-19 outbreak. Governments and central banks responded with significant interest rate cuts (to all-time lows) and economic stimulus packages to offset the effects and support economies. - In the UK, lenders' appetite and support varies in different debt markets. Strength of sponsor and quality of property remain key factors. - Availability of finance for retail assets significantly reduced, but there is more support for logistics, offices and build to rent residential. Initial LTVs reduced and margins increased throughout 2020; however, overall costs of finance remain low reflecting low market interest rates. - British Land maintains good access to its primary sources of funds in the unsecured markets, given our 'A' credit rating, as well as to secured markets for joint ventures and funds, and the risk to our business in this respect has remained broadly stable.
6 Catastrophic business event An external event such as a civil emergency, including a large-scale terrorist attack, cybercrime, pandemic disease, extreme weather occurrence, environmental disaster or power shortage, could severely disrupt global markets (including property and finance) and cause significant damage and disruption to British Land's portfolio, operations, customers and people.	- We maintain a comprehensive crisis response plan across all business units as well as a head office business continuity plan. - The Risk Committee monitors the Home Office terrorism threat level, and we have access to security threat information services. - Asset emergency procedures are regularly reviewed, and scenario tested. Physical security measures are in place at properties and development sites. - Our Sustainability Committee continues to monitor environmental risks and we have established a TCFD Steering Committee to review our management processes for climate-related risks and opportunities. - Asset risk assessments are carried out to assess a range of risks including security, flood, environmental and health and safety. - We have implemented corporate cyber security systems, governance and processes which are supplemented by incident management, disaster recovery and business continuity plans, all of which are regularly reviewed to be able to respond to changes in the threat landscape and organisational requirements. - We also have appropriate insurance in place across the portfolio for physical damage.	↔ - This risk was increased last year (and remains elevated) as the Group's operations have been severely impacted in the year by the Covid-19 pandemic. Our core crisis management team overseen by the Executive Committee co-ordinated the Group's operational response to the pandemic, including managing communications with stakeholders and implementing health and safety procedures. Also, this involved managing the various lockdown restrictions which closed non-essential retail across our portfolio and required measures to be implemented to allow occupiers to continue to use their offices. - Terrorism and social unrest remain a threat and our crisis management team have regular training and carry out mock incidents to test processes and procedures. - The wider use and enhancement of digital technology across the Group increases the risks associated with information and cyber security, with an increasing risk from legacy system vulnerabilities, social engineering and phishing. In the wider market, there has been an increase in cyber attacks being perpetrated and in response we have further enhanced our security position and controls. In addition, all staff continue to undertake mandatory cyber security awareness training. During the year, we have established an InfoSec Committee reporting to the Risk Committee which will oversee further enhancing our cyber security and IT infrastructure and review and improve our key IT controls.

Key

Change in risk assessment from last year

↑ Increase

↔ No change

↓ Decrease

○ New risk

Internal risks

Risks and impacts	How we monitor and manage the risk	Change in risk assessment in year
7 Investment strategy In order to meet our strategic objectives, we aim to invest in and exit from the right properties at the right time. Underperformance could result from changes in market sentiment as well as inappropriate determination and execution of our property investment strategy, including: - sector selection and weighting - timing of investment and divestment decisions - exposure to developments - asset, occupier, region concentration - co-investment arrangements	- Our investment strategy is determined to be consistent with our target risk appetite and is based on the evaluation of the external environment. - Progress against the strategy and continuing alignment with our risk appetite is discussed at each Risk Committee with reference to the property markets and the external economic environment. - The Board carries out an annual review of the overall corporate strategy including the current and prospective asset portfolio allocation. - Individual investment decisions are subject to robust risk evaluation overseen by our Investment Committee including consideration of returns relative to risk adjusted hurdle rates. - Review of prospective performance of individual assets and their business plans. - We foster collaborative relationships with our co-investors and enter into ownership agreements which balance the interests of the parties.	↔ - We have reviewed the capital plan in light of Covid-19 and are focused on recycling capital out of mature retail and office assets into value accretive development and new growth sectors. - We have made good progress, executing £1.7bn of capital activity since April 2020. This includes £1.2bn of sales, overall, at 6.2% ahead of valuation. - Recycling capital out of assets which do not offer opportunities for us to add value through asset management or development and into assets that do is central to our business model going forward. Overall, the risk remains broadly the same as last year.
8 Development strategy Development provides an opportunity for outperformance but usually involves elevated risk. This is reflected in our decision making process around which schemes to develop, 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 failure - adverse planning judgements	- We manage our levels of total and speculative development exposure within targeted ranges considering associated risks and the impact on key financial metrics. This is monitored quarterly by the Risk Committee along with progress of developments against plan. - Prior to committing to a development, a detailed appraisal is undertaken. This includes consideration of returns relative to risk adjusted hurdle rates and is overseen by our Investment Committee. - Pre-lets are used to reduce development letting risk where considered appropriate. - Competitive tendering of construction contracts and, where appropriate, fixed price contracts entered into. We measure inflationary pressure on construction materials and labour costs and make appropriate allowances in our cost estimates and include within our fixed price contracts. - Detailed selection and close monitoring of contractors and key subcontractors including covenant reviews. - Experienced development management team closely monitors design, construction and overall delivery process. - Early engagement and strong relationships with planning authorities. The Board considers the s.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.	↑ - Progressing value accretive development is one of our key priorities for our business and is a fundamental driver of value, but is inherently higher risk, particularly when pursued on a speculative basis. We actively manage our development risk and pre-letting our space is an important part of that approach. We limit our total development exposure to 12.5% of the total portfolio by value as well as limiting our speculative development exposure to 12.5% of the total portfolio ERV. - During the year, our development sites initially experienced delays following shutdowns due to the pandemic. All our sites are now operational and strict Covid-19 protocols have been introduced, in accordance with the current Construction Leadership Council Site Operating Procedures. Since April 2020, we have successfully completed both 100 Liverpool Street and 1 Triton Square. - We have flexibility to commit to near term development programme as and when appropriate. During the year we have committed to Norton Folgate and 1 Broadgate, increasing total development exposure to 5.3% of the portfolio value and our speculative exposure to 6.6% of portfolio ERV (and thereby slightly increasing the risk). Also we have commenced enabling works for the first phase of our Canada Water masterplan. We will continue to exploit our development pipeline but ensure we mitigate risk through a combination of timing, pre-lets and joint ventures.

Internal risks

Risks and impacts	How we monitor and manage the risk	Change in risk assessment in year
9 Capital structure – leverage Our capital structure recognises the balance between performance, risk and flexibility: – leverage magnifies property returns, both positive and negative – an increase in leverage increases the risk of a breach of covenants on borrowing facilities and may increase finance costs	– We manage our 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. This means 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 level remains appropriate. – We leverage our equity and achieve benefits of scale while spreading risk through joint ventures and funds which are typically partly financed by debt without recourse to British Land.	↔ – The current uncertain environment reinforces the importance of a strong balance sheet. Over the last few years, we have actively lowered our leverage, and continued to benefit from a strong financial position. This risk remains unchanged, with our proportionally consolidated LTV of 32%, despite valuation falls. We have retained significant headroom to our Group debt covenants which could withstand a further fall in values of c.46%, before any mitigating actions.
10 Finance strategy Finance strategy addresses risks both to continuing solvency and profits generated. Failure to manage refinancing requirements may result in a shortage of funds to sustain the operations of the business or repay facilities as they fall due.	– Five key principles guide our financing, employed together to manage the risks in this area: diversify our sources of finance, phase maturity of debt portfolio, maintain liquidity, maintain flexibility, and maintain strong metrics. – 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 business requirements. – Financial covenant headroom is evaluated regularly and in conjunction with transactions. – We are committed to maintaining and enhancing relationships with our key financing partners. – We are mindful of relevant emerging regulation which has the potential to impact the way that we finance the business.	↔ – Despite the challenging market conditions, the scale of our business and quality of our assets have enabled us to access a broad range of debt finance on attractive terms in different markets and this risk remains stable. – Our strong senior unsecured rating 'A', long term IDR credit rating 'A-' and short term IDR credit rating 'F1' were all affirmed by Fitch during the year, with a stable outlook. – During the year we have extended £650m of revolving credit facilities to 2025, and £450m to 2026, and have £1.8bn of undrawn facilities and cash and no requirement to refinance until early 2025.
11 Environmental sustainability A failure to anticipate and prepare for (i) environmental risks and (ii) preventative steps taken by government and society represents a principal and emerging risk. This risk category includes the: – increased exposure of assets to 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	– We are currently undertaking TCFD-aligned scenario analyses to assess our exposure to climate-related physical and transition risks. This workstream is overseen by the Risk and Sustainability Committees, with Board-level oversight from the Audit and CSR Board Committees. – Underpinned by our SBTi-approved 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 (EMS) aligned with ISO 14001. In 2020, our commercial offices achieved formal third party ISO 14001 certification. – We actively engage with the communities in which we operate, as detailed in our Local Charter, to ensure we provide places that meet the needs of all relevant stakeholders.	○ – The Board recognises the scale of the climate emergency, its potential impact on real estate and therefore the urgent need to take mitigating action; and we have added this as a standalone risk this year. During the year we launched our 2030 Sustainability Strategy, which sets out ambitious targets to be net zero carbon by 2030 and includes a focus on environmental leadership. – In this first year, we have achieved some important milestones including our first net zero carbon development at 100 Liverpool Street, our Pathway to Net Zero Carbon and the launch of our Transition Vehicle, to finance energy efficient improvements across the portfolio. The Science Based Targets initiative also validated our climate targets as being aligned with a 1.5°C global warming trajectory. – We continue to work towards full TCFD alignment in climate risk disclosure by 2022, and undertook a portfolio-wide physical risk scenario analysis in the year. As occupying sustainable buildings becomes increasingly important to occupiers, our guiding policies – the Sustainability Brief and Pathway to Net Zero – play an important role in setting standards aligned to external expectations. For example, our new developments target ambitious sustainability ratings (‘Outstanding’ targeted for new office developments) and operational efficiency through NABERS Design for Performance. – See pages 48-53 for further detail of our approach to environmental sustainability and climate change.

Internal risks

Risks and impacts	How we monitor and manage the risk	Change in risk assessment in year
12 People A number of critical business processes and decisions lie in the hands of a few people. Failure to recruit, develop and retain staff and Directors with the right skills and experience may result in significant underperformance or impact the effectiveness of operations and decision making, in turn impacting business performance.	Our HR strategy is designed to minimise risk through: - informed and skilled recruitment processes - talent performance management and succession planning for key roles - highly competitive compensation and benefits - people development and training The risk is measured through employee engagement surveys, wellbeing surveys, employee turnover and retention metrics. We monitor this through voluntary staff turnover in addition to conducting exit interviews. We engage with our employees and suppliers to make clear our requirements in managing key risks including health and safety, fraud and bribery and other social and environmental risks, as detailed in our policies and codes of conduct.	↑ - We have a broad range of expertise across our business which is critical to the successful delivery of our strategy. - The Covid-19 crisis presented a health and safety risk to our people and made day-to-day operations more difficult and complex, however this risk has lessened as a result of the successful vaccination roll out. The health and wellbeing of our people remains our priority and we were quick to encourage all our office-based staff to work from home and followed Government guidelines. - As we entered the next phase of Covid-19 and third lockdown we saw a <i>more tangible impact on our employees</i> both in terms of their physical and mental health and wellbeing, clearly indicated by the results of our pulse wellbeing surveys. We have taken a number of steps to promote wellbeing, but it is clear that Covid-19 has negatively impacted the wellbeing of our employees, notwithstanding all the measures we have put in place. - Despite this backdrop our people have delivered great progress this year. Our voluntary staff turnover was low at 6% in the year, albeit we anticipate this to increase slightly as the recruitment market opens up post lockdown. During the year, there have been a number of changes to our senior leadership team and we have set out our new strategy to more actively focus on development, active management and repositioning assets.
13 Income sustainability We are mindful of maintaining sustainable income streams which underpin shareholder returns and provide the platform from which to grow the business. This could be adversely affected by non-payment of rent; occupier failures; inability to re-let space on equivalent terms; as well as potential structural changes to lease obligations. We consider sustainability of our income streams in: - execution of investment strategy and capital recycling, notably timing of reinvestment of sale proceeds - nature and structure of leasing activity - nature and timing of asset management and development activity	- We undertake comprehensive profit and cash flow forecasting incorporating scenario analysis to model the impact of proposed transactions. - We take a proactive asset management approach to maintain a strong occupier line-up. We monitor our market letting exposure including vacancies, upcoming expiries and breaks and speculative development as well as our weighted average unexpired lease term. - We have a high quality and diversified occupier base and monitor concentration of exposure to individual occupiers or sectors. - We are proactive in addressing key lease breaks and expiries to minimise periods of vacancy.	↔ - Our income has been negatively impacted by the challenges facing the retail market, compounded by the pandemic, as Covid-19 and related restrictions have affected the cash flow of many of our occupiers, primarily in our retail business, and hence their ability to pay rent. - Our income risk was heightened at last year end and remains so; encompassing higher levels of non-payment of rent; an increase in occupiers entering CVAs or administrations; and the inability to re-let space on equivalent terms; as well as potential structural changes to lease obligations (which may result in increased income volatility). Also, the very recent court decisions on CVAs and Restructuring Plans have clarified the methods occupiers can use to adversely alter their rental and other obligations to property owners. - We have been actively monitoring our rental collection together with our exposure to occupiers at risk of default and administration. Our approach has been both pragmatic and proactive to maximise occupancy and rent collection. For those customers most affected, primarily smaller independent retailers, we have agreed pragmatic and equitable solutions for the periods of closure which include monthly payments and partial concessions. We have also engaged on a case by case basis with larger customers facing cash flow difficulties, often combining our discussions on the payment of legacy rents with those on lease extensions and new space. As a result, we have now collected 83% of rent for FY21 (Office 99%; Retail 71%).

Viability statement

Assessment of prospects

We have worked consistently over several years to ensure that British Land has a strong and robust financial position and we are now benefitting from that;

- The Group has access to £1.8bn undrawn facilities and cash. Before factoring in any income receivable, the facilities and cash would be sufficient to cover forecast capital expenditure, property operating costs, administrative expenses, maturing debt and interest over the next 12 months.
- The Group retains significant headroom to debt covenants, has no income or interest cover covenants on unsecured debt and has no requirement to refinance until early 2025.
- In the year we extended £1.1bn of RCFs by a further year (£650m to 2025 and £450m to 2026), and refinanced the £200m HUT loan facility to December 2023. We also signed a £100m loan facility with Homes England to fund specified infrastructure work at Canada Water and a £160.5m loan from SMBC to the Allianz joint venture, secured on its office assets.

The strategy and risk appetite drive the Group's forecasts. These cover a five year period and consist of a base case forecast which includes committed transactions only; and a forecast which also includes non-committed transactions the Board expects the Group to make, in line with the Group's strategy. A five year forecast is considered to be the optimum balance between the Group's long term business model to create Places People Prefer and the fact property investment is a long term business with weighted average lease lengths and drawn debt maturities in excess of five years (5.3 and 7.6 years respectively at March 2021), offset by the progressively unreliable nature of forecasting in later years, particularly given the historically cyclical UK property industry.

Assessment of viability

For the reasons outlined above, the period over which the Directors consider it feasible and appropriate to report on the Group's viability remains five years, to 31 March 2026.

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 and Covid-19.

The principal risks table on pages 82-87 summaries 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 catastrophic business event. 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 2026.

The most severe but plausible downside scenario, reflecting a severe economic downturn and extended Covid-19 pandemic, incorporated the following assumptions:

- A reduction in occupier demand and impact on income sustainability; reflected by an ERV decline, occupancy decline, increased void periods, development delays, no new lettings during FY22, the impact of 100% of our high risk and 50% of our medium risk tenants (see Note 1 Basis of preparation, significant accounting policies and accounting judgements) entering administration, and lower rent collection (c.70% collection rate) to continue for a further two years.
- A reduction in investment property demand to the level seen in the last severe downturn in 2008/2009, with outward yield shift to 9% net equivalent yield.

- The outcome of the 'severe downside scenario' was that the Group's covenant headroom on existing debt (i.e. the level at which investment property values would have to fall before a financial breach occurs) reduces from 46% to, at its lowest level, 4%, 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 2025. In the normal course of business, financing is arranged in advance of expected requirements and the Directors have reasonable confidence that additional or replacement debt facilities will be put in place prior to this date.
- In the severe downside scenario the refinancing date reduces to early 2024. However, in the event new finance could not be raised mitigating actions are available to enable the Group to meet its future liabilities at the refinancing date, principally asset sales, which would allow the Group to continue to meet its liabilities over the assessment period.

Viability statement

Having considered the forecast cash flows and covenant compliance and the impact of the sensitivities in combination in the 'severe downside scenario', the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period ending 31 March 2026.

Going concern

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

The Strategic Report was approved by the Board on 25 May 2021 and signed on its behalf by:



Simon Carter
Chief Executive

Governance

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Driving success

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

Tim Score

Non-Executive Chairman

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

Skills and experience

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

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



Simon Carter

Chief Executive

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 Logisor, the owner and operator of European logistics real estate, where he had served as Chief Financial Officer since January 2017. Prior to joining Logisor, 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.

Skills and experience

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

He was Chief Executive of Close Brothers Group plc for 11 years from 2009 until 2020. Preben was formerly the Chief Investment Officer of Catlin Group Limited and Chief Executive of Wellington Underwriting plc. Prior to that he held a number of senior positions at JP Morgan.

Laura Wade-Gery

Non-Executive Director

Appointed as a Non-Executive Director in May 2015.

Skills and experience

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

She is Chair of NHS Digital and a Non-Executive Director of NHS England. 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).



Preben Prebensen

Senior Independent Non-Executive Director

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



Irvinder Goodhew



Non-Executive Director

Appointed as a Non-Executive Director in October 2020.

Skills and experience

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

She is currently a Transformation Director at Lloyds Banking Group plc, a position she has held since 2018. Previously, Irvinder held several senior executive positions in the UK and Australia across 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.

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.

Loraine Woodhouse



Non-Executive Director

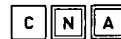
Appointed as a Non-Executive Director in March 2021.

Skills and experience

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

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

Alastair Hughes



Non-Executive Director

Appointed as a Non-Executive Director in January 2018.

Skills and experience

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

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

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

Lynn Gladden



Non-Executive Director

Appointed as a Non-Executive Director in March 2015.

BOARD OF DIRECTORS *continued*

Nicholas Macpherson



Non-Executive Director

Appointed as a Non-Executive Director in December 2016.

Skills and experience

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

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

Brona McKeown

General Counsel and Company Secretary

Appointed as General Counsel and Company Secretary in January 2018.

Skills and experience

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

Board Committee membership key

	Audit Committee
	Corporate Social Responsibility Committee
	Nomination Committee
	Remuneration Committee
	Chair of a Board Committee

Board attendance

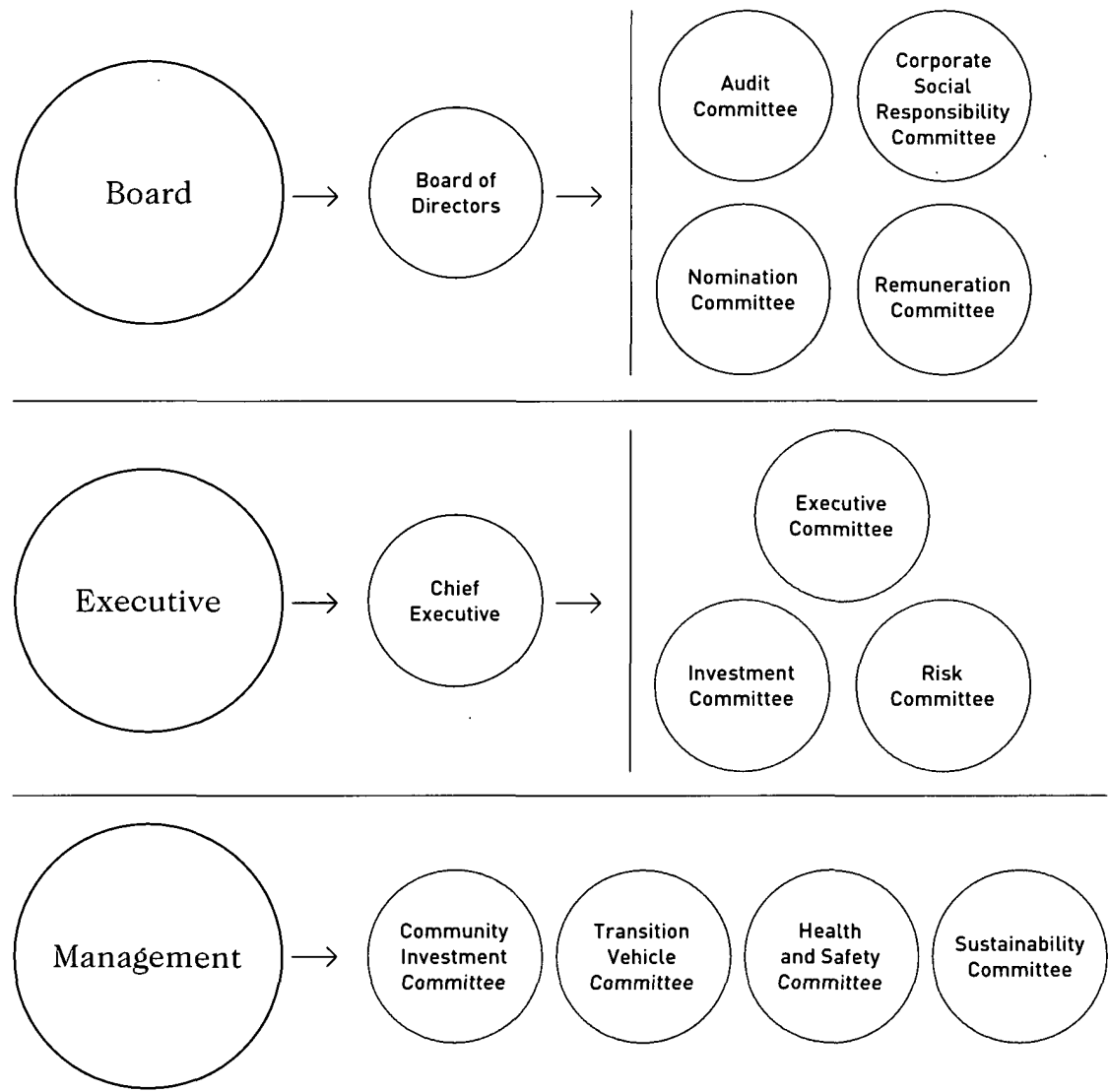
Director	Scheduled meetings	Ad hoc meetings	Total
Tim Score	7/7	6/6	13/13
Alastair Hughes	7/7	6/6	13/13
Irvinder Goodhew	4/4	2/2	6/6
Laura Wade-Gery	7/7	6/6	13/13
Lynn Gladden	7/7	6/6	13/13
Nicholas Macpherson	7/7	6/6	13/13
Preben Prebensen	7/7	6/6	13/13
Loraine Woodhouse	1/1	-	1/1
Simon Carter	7/7	6/6	13/13
Former Directors who served during the year			
Chris Grigg	5/5	4/4	9/9
William Jackson	7/7	6/6	13/13
Rebecca Worthington	5/5	4/4	9/9

Full attendance by the Board of Directors at every meeting was met during the year. The Board of Directors has made itself available for a total of six meetings at short notice in order to receive important updates and make time sensitive decisions. This highlights the Board's individual and collective commitment to British Land and demonstrates that each Director has sufficient time to commit to critical needs in addition to meetings in the ordinary course of business. There were a number of occasions throughout the year where executive succession issues were discussed at full Board meetings. Executive Directors, where appropriate, were not present for those parts of the meetings.

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.

Governance framework



2021 Corporate Governance Report

Application of the Principles of the UK Corporate Governance Code

In addition to the reports listed on the contents page, the following sections of this Governance Report outline how the Principles of the Code have been applied throughout the year:

96	Board Leadership & Company Purpose
97	Division of Responsibilities
98	Composition, Succession & Evaluation
99	Audit, Risk Management & Internal Control
100	Remuneration

In a year of uncertainty, the Board has worked with management to provide oversight and challenge, while maintaining effective governance and strong leadership.

I am pleased to present the Corporate Governance Report for the year ended 31 March 2021.

Like it has for many, Covid-19 has brought about a unique set of challenges to the boardroom that had the potential to disrupt the leadership of the business at a time when it was needed most. The impact on our business and the work we have done

to support our customers, suppliers, staff and others is set out in detail within the Strategic Report on pages 32-36. I want to take this opportunity to describe the governance challenges that the Board has faced and the work that we have done to overcome them to continue to operate effectively.

Notwithstanding the challenges in basic meeting administration, business continuity and even how many of us could sit at the boardroom table, the Board has acted decisively and entrepreneurially in response to rapidly evolving market forces and challenging macroeconomic conditions. In doing so we have sought to carefully balance the impacts on and needs of our stakeholders, the environment, our reputational integrity and, importantly, our shareholders. Our focus on Governance, underpinned by our committed approach to making the right

decisions, at the right time, based on the right information, has guided us through a year of uncertainty and difficult conditions. The Board has worked closely with management to provide oversight, challenge and debate to drive positive outcomes.

The Board has met mostly virtually (either wholly or in a hybrid format) throughout the year, including for our annual strategy review with management. We have been able to rely on the quality of the reporting that management provide as well as the open and respectful nature of our debates to ensure that Board and Committee meetings remained effective and constructive.

In addition to navigating the challenges brought about by Covid-19 and the economic shock that followed, the Board has seen a number of key personnel changes during the year which are detailed below and in the report of the Nomination Committee on page 112. In reshaping the composition of the Board, I am delighted with the progress we have made towards our diversity targets this year; an area where we will continue to focus and strive for excellence.

I am particularly pleased that in our annual Board effectiveness evaluation, the external assessor concluded that our Board had continued to function very well despite the operational challenges it faced in the year. Further details of the evaluation and the outputs that the Board will focus on during the coming year can be found within the Governance Report on pages 98-99.

Good governance underpins the way in which the business of the Group is managed, our behaviour and our corporate culture. We are reporting against the 2018 UK Corporate Governance Code (the 'Code') available at frc.org.uk. I am pleased with the standards of governance the Board continues to uphold and the Board considers that the Company has complied with all relevant provisions of the Code throughout the year.

Last year's Report was the first to include a statement on how the Board had regard to the matters set out in s172(1)(a) to (f) of the Companies Act 2006. Our s172 statement can be found on page 33 within the Strategic Report. Full details of how the Directors have had regard to their responsibilities under s172 are set out within our Applied Governance section on pages 102-111. This is a new section in this Report and brings together, in one place, the disclosures on workforce and stakeholder engagement, descriptions of principal decisions taken by the Board and the matters that have been considered throughout the decision making process. We will continue to report in this way and hope that you find it a useful addition.

As reported last year, for the purposes of Provision 5 of the Code, the Board has designated the CSR Committee as our prescribed method for overseeing workforce engagement. In allocating this responsibility to a Committee, rather than to a single non-executive director, we are providing greater resource at Board level and demonstrating our commitment to excellent workforce engagement.

Board changes

After over 11 years as CEO, Chris Grigg stepped down from the role on 18 November 2020 and left the Board on 31 December 2020. Following a thorough search process, Simon Carter was appointed as his successor, details of which are set out on page 113.

In January 2021 we announced the appointment of Bhavesh Mistry as CFO. Bhavesh joins us from Tesco PLC where he was Deputy Chief Financial Officer and will join the Board on 19 July 2021. As announced on 18 November 2020, David Walker, our Head of Investor Relations, is our Interim CFO until Bhavesh joins later this summer.

Irvinder Goodhew joined the Board in October 2020 and has joined our CSR Committee. After extending his tenure last year, William Jackson left the Board on 31 March 2021. Preben Prebensen was appointed as William's successor as the Senior Independent Director and Alastair Hughes replaced William on the Nomination Committee, with both changes becoming effective at the end of the 2020 AGM. Irvinder Goodhew and Laura Wade-Gery joined the Nomination Committee in November 2020.

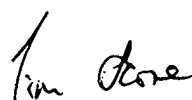
Due to a conflict of interest, Rebecca Worthington stepped down from the Board and as Chair of the Audit Committee on 31 December 2020. We are pleased to have welcomed Loraine Woodhouse to the Board on 1 March who took on the role of Chair of the Audit Committee on 31 March 2021. Preben Prebensen chaired the Audit Committee on an interim basis between Rebecca's departure and Loraine's appointment and remains a member of the Committee. Further details on the appointments of the Directors and the formal, rigorous and transparent process that was undertaken can be found in the Nomination Committee Report on pages 113-114.

All Directors in role at 31 March 2021, with the exception of William Jackson, will stand for re-election at the 2021 AGM.

2021 AGM

As you will be aware, in 2020 we were unable to invite shareholders to attend the AGM due to the Government enforced Covid-19 restrictions that were in place at the time. In 2021, we will be offering shareholders the opportunity to participate and vote virtually in our AGM from the comfort and safety of their homes. The AGM will be broadcast via an online portal where shareholders will be able to watch and listen to the presentations made by me and the Chief Executive. There will be an opportunity to ask questions via telephone conference and vote electronically in real time.

We will be holding the physical meeting at Storey Club at 100 Liverpool Street. Physical attendance will be permitted on a limited basis due to the need to prepare in anticipation of Covid-19 restrictions which might still be in place, and we urge any shareholders wanting to attend in person to firstly consider attending virtually. If you are unable to do so we would ask you to pre-register your intention to physically attend by following the instructions within our Notice of Meeting. If you are unable to attend in either capacity, I would urge you still to cast your vote by appointing the Chairman of the meeting as your proxy.



Tim Score
Non-Executive Chairman



Board Leadership & Company Purpose

The Board has determined that the Company's purpose is to create and manage outstanding places to deliver positive outcomes for all our stakeholders on a sustainable basis. We call this Places People Prefer. We do this by understanding the evolving needs of the people and organisations who use our places every day and the communities who live in and around them. The changing way people choose to work, shop and live is what shapes our strategy, enabling us to drive enduring 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 advantage of the Company by utilising a deep history of stakeholder engagement to produce Places People Prefer and maximise sustainable value for shareholders. The Company is led by the Board in its entrepreneurial approach to placemaking and continues to innovate and produce world class destinations.

As at 31 March 2021, the Board comprised the Chairman, the CEO 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, particularly when developing the Company's strategy and in their performance.

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

Strategy days

The Board held its annual offsite strategy event virtually during February 2021. The strategy days are structured to provide the Directors, and the Non-Executive Directors in particular, with an opportunity to focus on the development of, and challenge to, the Company's corporate strategy.

The CEO, senior executives and external guests delivered a number of presentations to attendees, providing in-depth analysis on aspects of the business and the external environment. The days were carefully structured to achieve a balance between presentations, debate and discussion. Areas focused on at the 2021 strategy days included: sustainable long term value; urban logistics (with a presentation from McKinsey & Company); innovation and life sciences sectors; our campus proposition; and Canada Water.

Culture and stakeholder engagement

The Company's purpose is core to every decision taken by the Board. As detailed on pages 12-13 the Company has a framework of values and strategic measures that underpin our purpose to ensure that the strategy and culture of the Company are aligned. Led by the CSR Committee, we have a broad range of workforce engagement mechanisms to ensure the Board is able to assess the culture of the organisation. Our workforce engagement mechanisms are described on pages 108-109.

The Board receives regular updates on workforce engagement from the CSR Committee and management team through, amongst other methods, detailed workforce surveys. 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 management roles who meet regularly both formally and informally to ensure there is a direct and visible link across the business, and act as a channel for workforce views to reach the Board.

As well as workforce engagement, the CSR Committee has formal responsibility for engagement with the Company's wider stakeholders. Stakeholder engagement is integral to creating Places People Prefer and the decisions taken by the Board to maximise shareholder value are enhanced by the views of the diverse range of stakeholders and wider communities that we serve. The mechanisms that ensure effective stakeholder engagement as well as a number of examples of how decisions in the boardroom have been shaped by the impacts on our stakeholders are described in the stakeholder engagement statement on pages 104-107. Further information on British Land's contribution to wider society can be found on pages 32-47.

Engagement with major shareholders

Institutional investors and analysts receive regular communications from the Company. This year, recognising the increased uncertainty around Covid-19 and the need for more timely information, we provided quarterly updates on rent collection in addition to our regular reporting. Despite Covid-19 restrictions, we delivered our usual investor programme including an investor event and roadshows which both the CEO and CFO attended. We also participated in our usual investor conferences which were delivered online, detailed on page 101. We look forward to holding individual and group investor meetings, events and tours of major assets once it becomes feasible.

In July 2020, the Company virtually hosted a Sustainability Investor & Analyst event that reached over 200 participants. The CFO and senior management gave presentations and held a Q&A session to launch the 2030 Sustainability Strategy. The presentations were recorded and are available to view on our website britishland.com/investors/results-reports-presentations.

The Chairman is committed to ensuring that shareholder views, both positive and negative, are relayed back to the Board and is assisted by the executive team in doing so. Although the Covid-19 pandemic has limited physical outreach to investors, the Chairman is committed to understanding and sharing the views of major shareholders within the boardroom. The Chairman, Senior Independent Director, CEO and CFO are available to address any concerns our stakeholders may wish to raise.

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

Conflicts of interest

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 the Directors are required to notify the Chairman and the General Counsel and Company Secretary of all potential new outside interests and actual or perceived conflicts of interest that may affect them in their roles as Directors of British Land. All potential conflicts of interest are authorised by the Board and the register of Directors' interests is reviewed by the Board twice a year. The Board also reviews the Directors' Conflicts of Interest Policy on an annual basis. The Policy was last amended in November 2019 and reviewed with no changes recommended in November 2020. The Board concluded that the policy continued to operate effectively.

External appointments

Any additional significant appointments must be approved by the Board before they are accepted by Directors. The Board will consider the Directors' existing commitments in making its decision. 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.

British Land's policy is to allow Executive Directors to take one non-executive directorship at another FTSE company, subject to Board approval. External appointments of the Executive Directors are disclosed in their biographies.

Any fees earned by the Executive Directors from such appointments are disclosed on page 138 within the Remuneration Report.



Division of Responsibilities

There is a clear written division of responsibilities between the Chairman (who is responsible for the leadership and effectiveness of the Board) and the Chief Executive (who is responsible for managing the Company's business). The responsibilities of the Chairman, Chief Executive and Senior Independent Director have been agreed by the Board and are available to view on our website britishland.com/structure-committees.

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

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

Operation of the Board

Our governance structure set out on page 93 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. Fortnightly Board calls were held between the outbreak of the Covid-19 crisis in March 2020 and the publication of the full year results at the end of May 2020.

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.

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.

→	Division of Responsibilities	→	Composition, Succession & Evaluation
	Under the direction of the Chairman, the General Counsel and Company Secretary facilitates effective information flows between the Board and its Committees, and between senior management and Non-Executive Directors. Board Committees Four standing Committees have been operating throughout the year: Audit, Nomination, Remuneration and Corporate Social Responsibility, to which certain powers have been delegated. Membership of each of these Committees is comprised solely of independent Non-Executive Directors. The reports of these four standing Committees are set out in the following pages. The terms of reference of each Committee and the matters reserved for the Board are available on our website at britishland.com/committees. The Board has delegated authority for the day-to-day management of the business to the Chief Executive. Executive Directors and senior management have been given delegated authority by the Board to make decisions within specified parameters. Decisions outside of these parameters are reserved for the Board although management will often bring decisions within their delegated authority to the Board for scrutiny and challenge. Management are supported by three standing Executive Committees: Executive Committee The Chief Executive is supported by the Executive Committee in discharging his duties which have been delegated by the Board. Comprised of the senior management team, the Committee's main areas of focus are the formulation and implementation of strategic initiatives, business performance monitoring and evaluating and overseeing culture and stakeholder engagement. Investment Committee Principal investment decisions are reserved for the Board, however it has delegated authority to the Investment Committee to make decisions within specified financial parameters. The Investment Committee membership comprises the Chief Executive, Chief Financial Officer, Head of Investment, Head of Strategy, Digital & Technology, Head of Real Estate and Head of Developments. The Investment Committee also reviews investment proposals that fall outside of its delegated authority and provides recommendations to the Board for its consideration. Risk Committee The Chief Financial Officer chairs the Risk Committee which comprises all members of the Executive Committee. The Committee manages external, strategic and operational risks in achieving the Company's performance goals.		Composition, Succession & 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. The procedure for appointing new Directors is detailed in the Nomination Committee report on page 114. The Nomination Committee is responsible for reviewing the composition of the Board and its Committees and assessing whether the balance of skills, experience, knowledge and diversity is appropriate to enable them to operate effectively. More detail can be found in the Nomination Committee report on page 113. The Notice of Meeting for the 2021 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 90-92 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. 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 114. Board evaluation The effectiveness of the Board and its Committees was conducted by No 4, an external evaluation firm.  Stage 1 December 2020 No 4 met with the Chairman to discuss the scope and focus of the evaluation  Stage 2 January 2021 No 4 attended a Board meeting and held individual interviews with each Board Director, the General Counsel and Company Secretary and the Head of Secretariat

↓ **Stage 3**
February/March 2021
No 4 attended a further Board meeting and Committee meetings including the strategy review

↓ **Stage 4**
March 2021
Draft report discussed with Chair prior to finalisation and presentation to the whole Board

↓ **Stage 5**
March/April 2021
Post Board presentation

No 4 provided feedback to the Chairs of the Audit, Nomination, Remuneration and CSR Committees on the performance of each Committee. The performance of the Chair was also discussed with the Senior Independent Director who subsequently met with the other Non-Executive Directors to further consider the Chair's performance, taking into account the views of the Executive Directors.

In addition to the formal Board evaluation, the Board Chair met each Non-Executive Director individually during the year to discuss their contribution to the Board.

Outcomes

Overall, the evaluation report from No 4 reflected very well on the Board and concluded that the Board is effective by almost all measures. It was described as open, collegiate, of high calibre and committed.

No 4 made a number of recommendations for the Board to focus on, including:

- Dedicating time to gain insight from Non-Executive Directors' wider experiences;
- Developing key measures and KPIs to monitor progress against the strategy;
- Maintaining social contact between Non-Executive Directors and the wider Company; and
- Inviting external speakers to Board meetings.

The Board intends to implement the recommendations made by No 4 and will report on progress in the 2022 Annual Report.

The review confirmed that good progress has been made on the recommendations of last year's evaluation:

- the Board has progressed succession planning as seen in the appointment of Simon Carter as Chief Executive Officer;
- the Group strategy has been refined and four strategic principles have been introduced with further refinement made at the strategy off-site;

the CSR Committee reviewed its terms of reference to refine its scope and incorporate relevant responsibilities; and several employee surveys have been conducted throughout the year to further our understanding and monitoring of culture and values. For more information see the CSR report on pages 110-111.

No 4 has no other connection with British Land or its Directors.



Audit, Risk Management & Internal Control

Audit, Risk Management & Internal Control

Financial and business reporting

The Board is responsible for preparing the Annual Report and confirms in the Directors' Responsibilities Statement set out on page 147 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. The basis on which the Company creates and preserves value over the long term is described in the Strategic Report.

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 116-121.

Risk management

The Board determines the extent and nature of the risks it is prepared to take in order to achieve the Company's strategic objectives. The Board is assisted in this responsibility by the Audit Committee which, in conjunction with the Risk Committee makes recommendations in respect of the Group's principal and emerging risks, risk appetite and key risk indicators. Further information on the Group's risk management processes and role of the Board and the Audit Committee can be found on page 78.

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

During the course of its review for the year ended 31 March 2021, and to the date of this Report, the Audit Committee has not identified, nor been advised of, a failing or weakness which it has determined to be significant.

Page 120 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

→	Audit, Risk Management & Internal Control	→	Remuneration
	internationally recognised COSO Internal Control Integrated Framework. Audit, Risk Management & Internal Control The key risk management and internal control procedures over financial reporting include the following: - Operational risk management framework: operational reporting processes are in place to mitigate the risk of financial misstatement. Key controls are owned by senior managers who report on compliance on a six-monthly basis to the Risk Committee. All key internal financial controls are reviewed on a two-yearly cycle by internal audit; - Financial reporting: our financial reporting process is managed using documented accounting policies and reporting formats supported by detailed instructions and guidance on reporting requirements. This process is subject to oversight and review by both external auditors and the Audit Committee; and - Disclosure Committee: membership comprises the Chief Executive, Chief Financial Officer, Head of Investor Relations, General Counsel and Company Secretary and Head of Secretariat. The Committee regularly reviews draft financial reports and valuation information during the interim and full year reporting process and determines, with external advice from the Company's legal and financial advisers, whether inside information exists and the appropriate disclosure requirements. Going concern and viability statements During the year the Board assessed the appropriateness of using the 'going concern' basis of accounting in the financial statements. The assessment considered future cash flows and debt facilities (to assess the liquidity risk of the Company) and the availability of finance (to assess solvency risk). The assessment covered the 12-month period required by the 'going concern' basis of accounting. Following these assessments, the Directors believe that the Group is well placed to manage its financing and other business risks satisfactorily and have a reasonable expectation that the Company and the Group have adequate resources to continue in operation for at least 12 months from the date of the Annual Report. They therefore consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements. A detailed description of the viability assessment for the year ended 31 March 2021 is included on page 88 alongside the viability and going concern statements made by the Board.		The Company's remuneration policies and practices are designed to support our strategy and promote the long term sustainable success of the business. We have a clear strategy, focused on our Campuses and Retail & Fulfilment, which positions our business for growth. To deliver this strategy, we will focus on our Campuses and Retail & Fulfilment. Delivering against this strategy creates the inputs for future value creation for all of our stakeholders. In our Directors' Remuneration Report we explain our approach to incentivise and reward employees to deliver these inputs 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 2019 AGM. The Remuneration Committee is also responsible for establishing remuneration of the members of the Executive Committee. The Committee is authorised to use discretion in determining remuneration outcomes for Executive Directors and the wider workforce. Further details on the Committee's use of discretion this year can be found in the Directors' Remuneration Report starting on page 122.

Key investor relations activities during the year

May 2020

- Full Year Results Presentation
- Full Year Results Roadshow

June 2020

- Goldman Sachs European Financials Conference
- Morgan Stanley Europe & EEMEA Conference
- Private Client Investor Roadshow

July 2020

- Sustainability Investor & Analyst event
- Operational update following June quarter rent collection
- AGM, with Q&A published online

August 2020

- HSBC European Real Estate Conference

September 2020

- BofA Securities Global Real Estate Conference

October 2020

- Operational update following September quarter rent collection

November 2020

- Half Year Results Presentation
- Half Year Results Roadshow

December 2020

- UBS Global Real Estate Conference
- US Investor Roadshow
- Private Client Investor Roadshow

January 2021

- Operational update following December quarter rent collection
- Peel Hunt/Davy Equities Conference
- Barclays European Real Estate Conference
- European Investor Roadshow

March 2021

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

Applied Governance

The following section brings our disclosures around Board activity, stakeholder engagement and decision making together in one place. We hope that you will find it useful in understanding the Board's work.

Additional information on key areas of focus can be found within the following parts of the Strategic Report.

Adapting our retail strategy to maximise the opportunities within Retail & Fulfilment

See pages 22 and 23

Realising the potential of our Campuses

See page 16

Active capital recycling and value accretive development

See page 24

Diversity

See page 36

Our response to Covid-19

See page 80

APPLIED GOVERNANCE

Our core focus areas

The Board meets regularly with people from across the British Land business and interacts with a range of advisers including corporate brokers and valuers. Throughout the year the Board has met more frequently than usual due to Covid-19 and the search for new Executive and Non-Executive Board members. Board discussions have covered a wide range of topics with a significant amount of time spent on the following strategic areas:

Strategic topic	Areas on which the Board has focused during the year
Customer Orientation	- Residential strategy - Retail landscape and occupier insolvency - Financial support to occupiers and service partners during the Covid-19 pandemic
Right Places	- Approval of planning permission and drawdown of the Headlease at Canada Water - The development of 1 Broadgate and Norton Folgate - Overseeing our Retail disposal strategy - Capital plan and long term development pipeline
Expert People	- The safety and wellbeing of our workforce following the outbreak of Covid-19 and the nationwide lockdowns - Keeping our places running effectively and our people safe as lockdowns were imposed and eased - Decisions on remuneration in the context of Covid-19 - Employee surveys to check in on employee wellbeing throughout the pandemic - Approval of the Race at Work Charter and strategy for racial equality - Executive succession and Non-Executive appointments
Capital Efficiency	- Resuming and restructuring the dividend - Refinancing and capital allocation to ensure liquidity and covenant headroom - Capital recycling through disposals and the formation of joint ventures
Sustainability	- 2030 Sustainability Strategy - Creating the Transition Vehicle - Diversity and inclusion at all levels of our business - Prioritising re-use of existing buildings - Place Based approach

Driving forward diversity

This year we were proud to place 4th in the FTSE100 for the proportion of women in Executive Committee and direct report roles. We have since appointed Loraine Woodhouse as a Non-Executive Director and going forward we will maintain and improve the balance we have achieved to date. We are promoting diversity across all levels of the business and we were pleased to record a continued reduction in the median gender pay gap for British Land.

We have pursued various ethnic diversity initiatives during the year, which you can read more about on page 111 in the CSR Committee report. We are pleased to have made progress on our diversity mix at Board level during the year.

Our Board strategy event

The Company holds an off-site strategy event each year where the Board and Executive Committee come together to focus on the development of the Company's strategy.

Realising the potential of our Campuses

As well as considering development opportunities within the existing portfolio, the Board and Investment Committee discussed investment opportunities in growth sectors supported by external presentations on those markets.

Progressing value accretive development

The Board and management team reviewed the development pipeline against the capital plan and considered opportunities to leverage our development expertise. Value accretive development is a core component of our strategy.

Targeting the opportunities in Retail & Fulfilment

Management and the Non-Executive Directors considered the realignment of the Retail portfolio towards areas for growth and value, whilst leveraging British Land's expertise in asset management.

Active capital recycling

The event included a review of the principles for recycling capital from mature and off strategy assets into development and investment in growth sectors.

Management will continue to evaluate opportunities to release capital through joint ventures and disposals.

Engaging with and considering the needs of our key stakeholders

Effective stakeholder engagement is at the heart of Places People Prefer and embedded throughout every level of British Land.

The nature of our business, from investing in and developing properties to managing and curating our spaces, means we need to have a continuous dialogue with a wide group of stakeholders including customers, communities, partners (including local

authorities) and suppliers, our people and shareholders. Consideration for our stakeholders is embedded from the start of a business proposal to the point at which it is considered by the Board. This approach is part of our culture and our formal processes and ensures that

having regard to the impact of our decisions on our stakeholders is integral to how we do business at British Land. This supports our governance aim of the right people making the right decisions, efficiently and supported by the right information.

How do we engage with our stakeholder groups?

Stakeholders are at the centre of our decision making process to ensure that as a business we produce Places People Prefer. Pages 34-35 provide case studies from the year; below is a summary of our approach with each stakeholder group.

Our customers

We develop our buildings in collaboration with future occupiers so that from the ground up, the end product is designed to fit the needs of our customers. This dialogue continues long after the development is complete as we look to support our customers long term. Our pre-let to JLL at 1 Broadgate as detailed on the following pages is a prime example of this approach.

Our communities, partners and suppliers

Communities

We seek to become an integral part of our communities to drive positive outcomes. For example, our Young Readers Programme and partnership with the National Literacy Trust have benefitted over 48,000 school children since 2012 by working collaboratively with local schools and our customers to enhance their life chances and employability.

Suppliers

We maintain a continuous dialogue with our suppliers through our procurement management process. We use our onboarding process to provide early clarity of our values, and our ethical and environmental expectations. We continually challenge ourselves to work better with our suppliers to ensure that we are 'great to do business with'.

Local authorities

We work extensively with local authorities at our developments such as Southwark Borough Council at Canada Water and The City of London at Norton Folgate. At Canada Water, we conducted over 120 public consultations and local outreach events, attracting over 5,000 individuals over a period of five years, giving us a real insight into what key stakeholder groups wanted from this development. This resulted in some significant changes to our masterplan.

Our people

The workforce engagement statement on pages 108-109 outlines the work we do to ensure the views of our workforce are known and taken into account in decision making.

APPLIED GOVERNANCE

The impact of s172 on decisions during the year:

How Directors have regard for the matters set out within s172 of the Companies Act 2006 in Board discussions and decision making:

Our formal s172 statement is within the Strategic Report on page 33. The following provides additional detail on how Directors have had regard for the matters set out within s172(1) (a)-(f) and the effect that regard has had on principal decisions taken by the Board during the year.

Decision papers that are brought to the Board have first been endorsed by either the Executive or Investment Committee. At both levels, proposals are accompanied by a checklist that outlines the matters included in s172(1) (a)-(f) of the Companies Act 2006 and specifically lists the relevance of each to the decision. This ensures that the Directors have a clear understanding of the impacts of their decisions. Training has been provided by the Secretariat to paper writers to ensure that those people that are drafting decision items have a clear understanding of how best to assist Directors in discharging their duties.

The past year has shown how important these factors are in steering the business through turbulent times.

The examples that follow describe in detail the approach taken by the Board and the wider business in decision making.

1 Broadgate

The Company announced on 8 April 2021 that JLL had signed an agreement for lease for 134,000 square feet of space at 1 Broadgate as well as our commitment to the development of this building.

In the press release, Stephanie Hyde, UK and Ireland CEO at JLL said 'Working in partnership with British Land, we have a real opportunity to achieve one of the most sustainable and technologically advanced workplaces in the UK.'

Central to the Board's decision to commit the capital requirements to redevelop 1 Broadgate, was the commitment from JLL to a pre-let. JLL's needs as a business and employer are integral to the design of the building, underlined by their 15 year commitment to the space.

The Board also considered the impact on our joint venture partner at Broadgate, GIC, as well as the long list of suppliers and services that will be required throughout the development.

Underpinning all of the above was the profitability of the development. In agreeing the investment into 1 Broadgate, the Board considered its duties to shareholders in delivering an attractive return on capital.

Dividend policy

The Board took the decision on 25 March 2020 to suspend dividends temporarily in light of the financial uncertainty arising from the Covid-19 pandemic. The rationale for that decision and the factors that were considered in taking it were reported on page 97 of the 2020 Annual Report.

The Company announced in an operational update on 9 October 2020 that it would move to half yearly dividend payments, based on a fixed rate of 80% of underlying earnings per share. In reaching the decision to move from quarterly to half yearly payments the Board considered the impact on shareholders and whether there was a particular reliance on more frequent distributions. The Board also considered the long term consequences of the decision in the context of both greater capital flexibility afforded to the business which provides greater strategic capability and the ability of the Company to adhere to its obligations under the REIT regime.

Covid-19

The way in which we have responded to the Covid-19 crisis demonstrates that the interests of our stakeholders are fully integrated into our decision making.

We have not had to furlough any of our own employees and we took action early in the year to help our smaller customers, especially in the retail sector, who were suffering as a result of the pandemic. The forgiveness or deferral of rent was agreed with a long term view in mind, to assist customers with otherwise successful business models, to emerge from the crisis intact and continue to be occupiers at our places in the future.

We supported our employees in working remotely with wellbeing programmes and increased flexibility so that our people could balance demands such as home schooling with business needs.

We worked carefully with suppliers and partners in closing and safely reopening construction sites as well as providing support to local communities through our Community Investment Fund.

At the same time, the Board continued to drive strategic initiatives to deliver shareholder returns and long term value creation.

Priorities

As described on pages 14-15 within the Strategic Report, the Board took decisions during the year to invest behind two strategic themes, Campuses and Retail & Fulfilment. This involves targeting value opportunities in retail and growth opportunities in innovative sectors such as life sciences and urban logistics.

In its deliberations, the Board considered organisational structure and the opportunities for talent within the business to grow.

A key driver for the Board was to maximise value creation for the benefit of shareholders and joint venture partners, often in the form of institutional investors.

Disposals

On 23 December 2020, the Company announced the disposal of a 75% interest in a portfolio of three buildings in the West End to Allianz Real Estate.

This transaction demonstrates the Board's commitment to recycle capital out of mature assets to provide resources to invest into developments such as Norton Folgate and 1 Broadgate which the Board committed capital to during the year.

In recycling capital out of mature assets, the Board considers the ability of the Company to progress its strategy both now and in the future. In doing so the Board is delivering further shareholder value, securing opportunities for suppliers and employees and continuing to have a positive impact on the communities in which we operate.

We are confident that these decisions have demonstrated the importance we place on maintaining our reputation for high standards of business conduct and how we deliver long term value for shareholders while considering all of our stakeholders and our contribution to wider society.

APPLIED GOVERNANCE

Engaging with our workforce

The CSR Committee has formal responsibility for overseeing the operation and effectiveness of our workforce engagement mechanisms for the purposes of provision 5 of the UK Corporate Governance Code as detailed in its report over the page. As reported last year, we believe the CSR Committee remains the most effective method of overseeing our engagement with the workforce as it provides a greater resource at Board level dedicated to engagement than designating a single Non-Executive Director.

Workforce engagement initiatives: Communication

Internal communication

The Company has worked remotely either in part or as an entire workforce, with the exception of staff that are required to be at our places, for the full year under review. The business moved rapidly to implement changes in technology that enabled Company-wide meetings to continue remotely and for teams to collaborate effectively. Management and the Board have relied on an increased level of internal communication both formally and informally to ensure business continuity and the welfare of our people.

Communication was an integral part of ensuring the successful transition from a fully staffed office, to skeleton crews and finally welcoming our people back. We utilised new media formats including CEO podcasts and virtually broadcasted Company meetings to ensure plans were communicated sensitively and effectively. The success in relocating our own people during this pandemic has been leveraged commercially, as we now look to use our own experiences to help our customers in their transition back to the office.

Workforce engagement is central to how we do business.

A member of our Executive Committee hosts a Company-wide meeting each month to report on important Company developments, introduce initiatives to colleagues and field questions. These sessions are often opportunities for senior management to discuss market conditions and key operational initiatives with our workforce and take questions from them. Our internal communications team also sends out a weekly email with updates and details of key events.

Company Conference

In ordinary times, our people are brought together from across our business once a year to attend our Company Conference which includes presentations by the Chairman, Chief Executive and other members of our senior management team. There are also team building events and a chance for colleagues to interact socially.

BL Leadership Team (BLLT)

The BLLT was created to enhance collaboration and communication within the Group and was a response to recommendations by the Board. The BLLT comprises our top managers and includes our Executive Committee and its direct reports who meet monthly to discuss key issues. The BLLT has played an important role during the pandemic of facilitating two-way dialogue between the Executive Committee and the rest of the business. During the year the Executive Committee sought feedback from BLLT members on how to maximise the purpose and efficiency of the Team. The recommendations were discussed by the Executive Committee and have been implemented starting from January 2021. The recommendations included: regular deep dives into technical areas such as CVAs, the use of BLLT members for important projects such as the response to Covid-19, and advance notice of Company announcements so the wider leadership team could support the roll out of key announcements.

Financial awareness

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

Ownership

Our employees are invited to join our Company-wide Share Incentive Plan and Save As You Earn Scheme. Employee share ownership encourages employees to focus on long term Company performance and aligns their interests with shareholders.

Bonus awards impacted due to Covid-19

Our CEO engaged directly with employees to communicate the deferral and reduction of FY20 bonuses paid during the year due to the impact that Covid-19 had on our business, suppliers, customers and communities. The decisions were taken with guidance from our Remuneration Committee and Board. Further details can be found within the Directors' Remuneration Report on page 123.

How the Directors have engaged with the workforce

Employee surveys

The Board reviewed regular wellbeing surveys and pulse surveys during the year to monitor the impact of the pandemic and difficult working conditions.

BL employee networks

As discussed on pages 38 and 39 there are a wide range of employee-led networks at British Land. The work of our networks has promoted social issues that are important to our people and driven internal policy changes. The CSR Committee receives presentations by the Chairs of our networks to engage with key issues at Board level. Network Chairs have direct access to members of the Executive Committee and each network has an Executive Committee member sponsor.

Mentoring

During the year the Board endorsed a proposal for Non-Executive Directors and Executive Committee members to mentor highly performing talent within the business. As well as providing development coaching to the workforce, this also provides members of the Board with direct engagement with employees. More information on the mentoring scheme can be found on page 37.

The effect of engagement on decisions taken during the year:

Support during Covid-19

During the pandemic, feedback from our networks has driven changes in our working approach to ensure that colleagues are supported in managing the various challenges brought about by working through a lockdown. As a result of direct feedback from the Parents and Carers Network, the Executive Committee implemented a 90-minute meeting-free window to reduce screen fatigue and create a designated time within the working day to assist in managing home life and improving wellbeing. The business also supported employees with additional tech and equipment as required. Our Wellbeing Committee has led the way on a number of initiatives to promote mindfulness and social interaction during Covid-19.

Racial equality

Following the tragic death of George Floyd and the prominent Black Lives Matter movement during the summer of 2020, together with our employees we considered whether there was more we could do as an organisation to tackle structural racial inequality. Our Chief Executive and senior management team met with members of our REACH network to understand the importance of recognising and improving structural racial inequality. Following extensive employee engagement, the Board considered and approved a strategy for race equality at British Land, approved the Race at Work Charter and committed to publishing the Company's ethnicity pay report in 2021. The Board and workforce also received diversity and inclusion training. Oversight of this important area of work is the responsibility of the CSR Committee. More details on the work that the Committee has carried out during the year can be found over the page.

Helping people thrive

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

I am pleased to present the report of the CSR Committee for the year ended 31 March 2021.

The Committee was set up two years ago to assist the Board in overseeing its engagement with employees and other stakeholders and to assess the Company's wider contribution to society. The Committee is also the Board's designated mechanism for workforce engagement in accordance with provision 5 of the Code. We welcomed Irvinder Goodhew as a member of the Committee when she joined the Board in October 2020. Having a larger Committee reflects the wider responsibilities and ever-increasing importance of the matters we oversee.

The information below sets out in detail the activity undertaken by the Committee during the year ended 31 March 2021. I hope that you find it useful in understanding our work.

Three-pillar approach

In its second year, the Committee has continued to operate on a three-pillar approach that enables the fulfilment of our primary roles of being a first-class employer, building and managing first-class buildings for our occupiers and communities, and delivering this in a sustainable way. Following the publication of the Sustainability Strategy we have two threads under sustainability; being the wider environment and the specific communities surrounding our properties.

Employee engagement and culture

As a Committee, we continue to be encouraged by the number and quality of mechanisms in place for employee engagement, noting that British Land continues to use many of the mechanisms to engage with employees suggested by the FRC Guidance on Board Effectiveness. As a company we have been remotely working for over 12 months and have carried out pulse surveys on Covid-19 and wellbeing to check in with employees and adjust the support we offer accordingly.

As Directors, we have a number of ways in which we interact with employees. Lynn Gladden, Chris Grigg and Irvinder Goodhew have been the subject of "in conversation" sessions with employees which explored a wide range of subjects. Although we have not been able to hold them this year, we are looking forward to restarting physical Board meetings that have either a breakfast or lunch with an equal number of employees.

The Company has a strong set of networks and employee-led committees with different focus areas. We invite the networks to our meetings on a rotation basis to update us on their events, achievements and plans. This also allows us to interact with employees and gives us a greater insight into the culture of the Company. We were proud to place 48th on the 2020 Social Mobility Employer Index which takes into consideration company culture, recruitment and progression processes.

The networks have proved to be vital forums during the pandemic for employees to interact with each other and have provided additional support for employee well being. For example, the Parents and Carers Network have often shared practical advice and importantly highlighted the needs of employees in less visible caring roles over the past year as well as tips on home schooling. We have been impressed by the work achieved by all the networks and their perseverance during difficult times to remain engaged. Further details on these and our other committees can be found in our People and culture section from page 36.

Construction and health and safety

The Committee took time to understand management's approach to health and safety and was impressed with the rigour and detail of the systems in place to ensure our buildings and practices are safe, with Accident Frequency Rates substantially below the national average although higher than the historically low rates seen in 2020. We reviewed how Covid-19 impacted our construction sites and how we were able to reopen sites safely.

Engaging with our occupiers, both current and future, has demonstrated that strong environmental credentials are an increasingly key requirement for them and this is also driving our focus on more sustainable buildings which in turn supports leasing, enabling us to let space more quickly and achieve higher rents. This is a great example of how engagement with our stakeholders is driving change in how we run our business.

Sustainability

Environment

We guided the development of the recently published 2030 Sustainability Strategy and oversee its progress. The strategy pushes British Land to reach net zero carbon on new developments, underpinned by a commitment to GRESB performance on wider environmental matters and key principles of responsible business, such as prompt payment

to suppliers. The Committee formally oversees the Transition Vehicle which will be key to achieving net zero. The Vehicle will finance the offsetting of embodied carbon on new developments as well as funding sustainable initiatives on our existing portfolio. 100 Liverpool Street was our first net zero carbon development where residual carbon was offset using certified schemes. More information on the Transition Vehicle can be found on page 40 and further information on our approach to sustainability can be found on pages 40-41.

Community

Our Place Based approach is central to our 2030 Sustainability Strategy to positively impact and build connections in our communities. By using our Local Charter this approach will bring together local stakeholders, including customers, suppliers and community groups in collaboration to make the greatest impact. The Community Investment Fund provides funding to charities and community organisations in and around our places. The Fund has been operating for a decade and has made great contributions and built real ties with our communities.

Key areas of focus for the year ended 31 March 2021

Last year, we set out three main areas of focus during our second year as a Committee. We aimed to review diversity in the workforce, including drivers affecting diversity and what policies were in place or were needed to ensure we have a diverse workforce and pipeline for future success. In collaboration with the Race, Equality and Celebrating Heritage (REACH) network, during the year we signed up to the Race at Work Charter, developed our first Race Equality Framework, and held mandatory fairness, inclusion and respect training for all employees and the Board. This year was the first year that we have published our ethnicity pay gap data which we will use as a measure of our ethnic diversity. We have also begun to use recruitment specialists to seek ethnic minority candidates to be included in employment shortlists.

In addition, we are proud to support the 10,000 Black Interns initiative that is designed to transform the prospects of young black people in the UK by offering paid work experience. Such initiatives will raise the profile of issues surrounding race and encourage an open conversation. As a Committee, we held a deep-dive session to begin to delve into ethnic diversity issues, what we can do to improve equality and how we can measure improvement. We expect even greater progress to be made in the coming years.

This year we were pleased to come 4th in the Hampton-Alexander Review for the proportion of women in Executive Committee and direct report roles, and to join the Change 100 programme that partners with university students and recent graduates with disabilities or long term conditions. The various initiatives outlined above show good progress in this area and we will continue to strive towards making our workplace more diverse.

Last year we undertook a review of British Land's engagement with our communities, considering how to maximise positive social impact through our business activities, connections and partners. We have now taken formal oversight of the Community Investment Fund and substantial work has been undertaken under our Placed Based approach; further information on this can be found on pages 44-45.

Finally, we set out to review how we embed sustainability in all that we do. Not only have we published the Sustainability Strategy with targets for 2030, but this has also been translated into tangible action plans on how we will achieve them. A highlight of the year, which demonstrates how we interact with our stakeholders to achieve our goals, is the work we did with JLL in relation to our development at 1 Broadgate, more details of which can be found at page 43. All Executive Committee members and the majority of staff have sustainability targets and this has driven a cultural change in the Company. This can be seen in the newly formed SustainaBLe employee network that shows there is grassroots demand in our employee base to drive sustainability forward.

Key areas of focus for the coming year

We plan to continue our work on diversity, and how we can address the drivers affecting diversity to ensure our people can bring their whole selves to work and that we have a diverse workforce and pipeline for future success. Executive Committee members each have objectives to reduce the Ethnicity Pay Gap for the upcoming year and progress will be published in the 2022 Annual Report. We will also report on the Race Equality objectives that were set in March 2021.

Our Sustainability Strategy has only just begun its journey, and we will monitor progress against our targets, seeking to maintain good progress for the environment and our communities. We will also continue to focus on achieving best in class construction and health and safety.

Committee composition and governance

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

Director	Position	Date of Committee appointment	Attendance
Alastair Hughes	Chairman	1 Apr 2019	3/3
Lynn Gladden	Member	1 Apr 2019	3/3
Irvinder Goodhew	Member	1 Oct 2020	2/2

Members of the senior management team, including the Chief Executive Officer, Chief Financial Officer, General Counsel and Company Secretary, Head of Secretariat, HR Director, Head of Developments, Head of Community, Head of Portfolio Sustainability and Head of Sustainable Developments, are invited to attend each Committee meeting. The Committee provides a verbal update to the Board in relation to all of its meetings and activities.

Committee effectiveness

The Committee's effectiveness was reviewed as part of the wider external Board evaluation which concluded that the Committee had operated effectively. The Committee reviewed and updated its terms of reference during the year, which are available on our website britishland.com/committees.



Alastair Hughes
Chairman of the CSR Committee

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 2021.

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

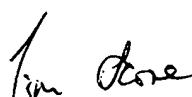
We adhered to our formal, rigorous selection, appointment and induction processes for new Directors in a year where there have been a number of changes to the Board. Chris Grigg stepped down after 11 years as CEO, and we conducted a search for his successor which, after a rigorous process involving both internal and external candidates, resulted in the appointment of Simon Carter with effect from 18 November 2020. This in turn led to the search for a replacement for Simon as CFO and we were delighted to announce the appointment in January 2021 of Bhavesh Mistry who will join us on 19 July 2021.

As well as Executive Director changes we have also appointed Irvinder Goodhew (as previously announced in last year's report) who became a member of the CSR Committee upon joining. With Rebecca Worthington stepping down on 31 December we commenced a search for a replacement who would be able to chair the Audit Committee. In February we announced the appointment of Loraine Woodhouse who joined the Board on 1 March 2021 and took on the role of Chair of the Audit Committee on 31 March 2021 to lead the Committee through the year end process.

Having extended William Jackson's appointment for a maximum of 12 months last year, William left the Board on 31 March 2021.

All of the Committee activities set out in this Report were conducted within the context of our unwavering commitment to improving inclusion and diversity across British Land, assisted by the work of the CSR Committee, in ensuring a diverse pipeline for succession. We are proud of the tangible impact British Land's diversity policies and initiatives are having both at Board level and in the wider business, and we report on this progress both in this Report and in the People and Culture section of the Strategic Report.

Looking ahead, long term succession planning at Board and executive level will remain a key priority of the Committee. I hope you find the following report interesting and illustrative of our focus on ensuring that the Board and its Committees remain well equipped with the skills and capabilities needed to drive the future success of British Land.



Tim Score
Chairman of the Nomination Committee

Committee composition and governance

The Committee has five members. At the 2020 AGM, William Jackson stepped down from the Committee, and was replaced by Alastair Hughes. Additionally, in November 2020 Laura Wade-Gery and Irvinder Goodhew joined the Committee. Therefore, as at the 31 March 2021 year end the Committee comprised: Tim Score, Preben Prebensen, Alastair Hughes, Laura Wade-Gery and Irvinder Goodhew.

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

Director	Position	Date of Committee appointment	Attendance
Tim Score	Chairman	1 Apr 2017	5/5
William Jackson ¹	Member	11 Apr 2011	1/1
Preben Prebensen	Member	19 July 2019	5/5
Alastair Hughes ¹	Member	29 July 2020	4/4
Laura Wade-Gery ²	Member	18 Nov 2020	2/2
Irvinder Goodhew ²	Member	18 Nov 2020	2/2

1. William Jackson stepped down from the Committee on 29 July 2020 at which point Alastair Hughes joined the Committee.
2. Laura Wade-Gery and Irvinder Goodhew joined the Committee on 18 November 2020.
3. The other Non-Executive Directors who are not Committee members attended a Committee meeting on 28 August 2020 to consider executive succession.

Key areas of focus during the year

Director search and selection

As explained in the introduction there were a number of Director appointments during the year.

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

The searches resulted in the following appointments:

- Irvinder Goodhew as a Non-Executive Director, as announced on 21 May 2020. Irvinder brings over 25 years of experience in various operational and strategic roles, in a broad range of sectors including retail, consulting and financial services and joined the Board on 1 October 2020.
- Simon Carter as Chief Executive Officer from 18 November 2020. Simon is a proven, growth-orientated business leader with significant real estate experience and expertise across various asset classes as well as over two years as CFO of the Company.
- Bhavesh Mistry as Chief Financial Officer. Bhavesh is currently Deputy Chief Financial Officer at Tesco PLC, a position he has held for over two years. Prior to that he spent more than five years at Whitbread PLC, where he was

Finance Director of Whitbread Hotels & Restaurants. He has previously held senior positions in finance and strategy at Virgin Media and Anheuser-Busch InBev and qualified as a Chartered Accountant at KPMG.

- Loraine Woodhouse as a Non-Executive Director and Chair of the Audit Committee. Loraine is currently Chief Financial Officer of Halfords. Prior to joining Halfords, Loraine spent five years in senior finance roles within the John Lewis Partnership, including Acting Group Finance Director and subsequently, Finance Director of Waitrose. Prior to that, Loraine was Chief Financial Officer of Hobbs, Finance Director of Capital Shopping Centres Limited and Finance Director of Costa Coffee Limited.

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.

Preben Prebensen and Alastair Hughes completed their first three year terms in September and December 2020 respectively. In making recommendations for reappointments, the Committee considered their performance and ability to contribute effectively to Board discussions and to challenge the performance of management.

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

Independence and re-election

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

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

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

REPORT OF THE NOMINATION COMMITTEE *continued*

Accordingly, the Committee recommended to the Board that all serving Directors be put forward for election or re-election at the 2021 AGM.

Biographies for each Director can be found on pages 90-92.

Succession planning

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

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

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 Corporate Social Responsibility Committee includes consideration of the extent to which the business is developing a diverse pipeline for succession to senior management roles.

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

Selection and appointment process

The Committee oversees the selection and appointment process for Board appointment, which is summarised in the figure below.

Board Diversity and Inclusion Policy

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

Performance against objectives and updating objectives:

The objectives from the Policy in force for the year ended 31 March 2021 included:

- the intention to maintain a balance such that at least 30% of the Board are women. As at 31 March 2021, 4 out of 9 Directors (44%) were women. It should be noted that Bhavesh Mistry joining in July will take the number of Directors to 10, meaning that percentage will decrease. The objective in the Policy is being amended to have women making up at least 35% of the Board;
- the intention to have at least one Director from an ethnic minority background on the Board by the end of 2020. The appointment of Irvinder Goodhew means that the Company has complied with the Parker Review and its policy as at 31 March 2021. In addition, the appointment of Bhavesh Mistry means that the Company will exceed this objective. As a result, the objective is being amended to maintain at least two Directors from an ethnic minority background;



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.

- to maintain the improved gender balance of its leadership teams and senior management. Senior management is defined as the Executive Committee and employees in the BLT. The gender balance of senior management was 64% male and 36% female as at 31 March 2020 and was 60% male and 40% female at 31 March 2021. The objective is being amended to maintain or improve the gender and ethnicity balance of its leadership teams and senior management;
- to ensure that there is clear Board-level accountability for diversity and inclusion for the wider workforce.

The Committee is pleased to confirm that these objectives have been fully met. As at 31 March 2021 the Board comprised 44% women, while the Executive Committee composition has increased from 36% to 42% women. Clear accountability for diversity and inclusion is delivered through the Corporate Social Responsibility Committee, which monitors progress on diversity and inclusion objectives and relevant initiatives within British Land.

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

Induction, Board training and development

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

Each induction programme would ordinarily include:

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

5. details of Board and Committee procedures and Directors' responsibilities;
6. details of the investor relations programme; and
7. information on the Company's approach to sustainability.

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

Key areas of focus for the coming year

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

Board and Committee effectiveness

The process followed for the externally facilitated Board effectiveness evaluation conducted during the year is described in the Governance Review on pages 98-99.

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

Board composition review

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

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

Average Board member age over a four-year period¹

Composition²

Tenure²

1. As at AGM date of 13 July 2021.

2. As at 31 March 2021.

Monitoring quality and integrity

The Audit Committee monitors the quality and integrity of the financial reporting and valuation process.

I am pleased to present the report of the Audit Committee for the year ended 31 March 2021. Rebecca Worthington stepped down from the Board on 31 December 2020 and I was appointed as a Non-Executive Director on 1 March 2021 and then, subsequently, Chair of the Committee on 31 March. I would like to thank Preben Prebensen for acting as Interim Chair of the Committee for the period between Rebecca's departure and my appointment. Preben will remain as a member of the Committee. I would also like to thank Rebecca for her work as a member and Chair of the Committee, particularly through the period under review where the Committee has faced unique challenges posed by Covid-19.

Role and responsibilities

The principal responsibilities of the Committee are:

Financial reporting

Monitoring the integrity of the Company's financial statements and any formal announcements relating to financial performance, and considering significant financial reporting issues, judgements and estimates.

External Audit

Oversight and remuneration of the external auditor, assessing effectiveness and making recommendations to the Board on the appointment of, and the policy for non-audit services provided by, the external auditor.

Internal Audit

Monitoring and reviewing reports on the work performed by the internal auditor and reviewing effectiveness, including its plans and resourcing.

Risk management and internal controls

Reviewing the system of internal control and risk management.

Investment and development property valuations

Considering the valuation process and outcome and the effectiveness of the Company's valuers.

Key areas of focus

The Committee continues to play a key role in overseeing the integrity of the Group's financial statements, including assessing whether the Annual Report is fair, balanced and understandable, as well as ensuring that a sound system of risk management and internal control is in place.

During the year, the Committee has reviewed the process for identification and mitigation of principal and emerging risks, challenging management actions where appropriate.

The Committee has also reviewed the appropriateness of the accounting treatment of significant transactions, including asset acquisitions and disposals, along with scrutinising the valuation of the Group's property assets as well as the effectiveness of the valuers.

The Committee receives reports from the Group's valuers twice a year and challenges the valuation assumptions, methodology and outputs. The Committee also works with management to assess the effectiveness of the valuers and monitors the proportion of the portfolio for which each valuer has responsibility.

The Committee closely monitored the financial impact of Covid-19 and the application and appropriateness of the Group's provisioning policy in respect of debtors and tenant incentives. Management's conclusions were reviewed by the external auditor who also provided assurance to the Committee. The Committee has continuously scrutinised the assumptions and approach taken throughout the year.

Committee composition and governance

I became Chair of the Committee on 31 March 2021. 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 ¹	Chair	31 March 2021	0/0
Preben Prebensen ²	Member	1 Jan 2021	1/1
Alastair Hughes	Member	1 Jan 2018	3/3
Nicholas Macpherson	Member	1 Apr 2017	3/3
Rebecca Worthington ²	Chair	1 Jan 2018	2/2

1. Loraine Woodhouse was appointed Chair of the Committee on 31 March 2021 but attended one meeting in March as a guest.

2. Rebecca Worthington stepped down from the Audit Committee on 31 December 2020, at which point Preben Prebensen became Interim Chair of the Committee until 31 March 2021.

The Board is satisfied that the Committee as a whole has competence relevant to the real estate sector. For the purposes of the Code, I am deemed to meet the specific requirement of having significant, recent and relevant financial experience.

Members of the senior management team, including the Chief Financial Officer, General Counsel and Company Secretary, Group Financial Controller, Head of Financial Reporting and representatives of both external and internal auditors, are invited to attend each Committee meeting. In addition, the Chairman of the Board, Chief Executive Officer, Head of Investor Relations, Head of Planning and Analysis and other key employees are invited to attend part, or all, of specific Committee meetings as appropriate.

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 any matters they wish to raise or concerns they may have.

Committee effectiveness

The Committee's effectiveness was reviewed as part of the wider external Board evaluation which concluded that the

Committee continued to operate effectively. The Committee reviews its terms of reference on an annual basis. Following an extensive update during the year ended 31 March 2019 to reflect the adoption of the Code, the Committee was satisfied that the terms of reference continued to be appropriate. The current terms of reference were effective from 1 April 2019 and are available on our website at britishland.com/committees.

Financial reporting

The Committee continues to review the content and tone of the preliminary results press release, Annual Report and half year results at the request of the Board. Drafts of the Annual Report are reviewed by the Committee Chair and 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 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. Any issues which were deemed to be significant were debated openly by the Committee members and other attendees, including management, external and internal auditors.

The Committee has satisfied itself that the controls over the accuracy and consistency of the information presented in the Annual Report are robust. The Committee reviewed the procedure undertaken to enable the Board to provide the fair, balanced and understandable confirmation to shareholders. Meetings were held between the Group Financial Controller, Head of Investor Relations and other senior employees to review and document the key considerations and a detailed report was then provided to the Committee. The Committee therefore recommended to the Board that the Annual Report presented a fair, balanced and understandable overview of the business of the Group and that it provided stakeholders with the necessary information to assess the Group's position, performance, business model and strategy.

The information below sets out in detail the activity undertaken during the year by the Committee. I hope that you find it useful in understanding our work.



Loraine Woodhouse
Chair of the Audit Committee

REPORT OF THE AUDIT COMMITTEE *continued*

The significant issues considered by the Committee in relation to the financial statements during the year ended 31 March 2021, and the actions taken to address these issues, are set out in the following table:

Significant issues considered	How these issues were addressed
Going concern statement The appropriateness of preparing the Group financial statements on a going concern basis.	The Committee reviewed management's analysis supporting the going concern basis of preparation. This included consideration of forecast cash flows, availability of committed debt facilities and expected covenant headroom. The Committee also received a report from the external auditor on the results of the testing undertaken on management's analysis. As a result of the assessment undertaken, the Committee satisfied itself that the going concern basis of preparation remained appropriate. The going concern statement is set out on page 88.
Viability statement Whether the assessment undertaken by management regarding the Group's long-term viability appropriately reflects the prospects of the Group and covers an appropriate period of time.	The Committee considered whether management's assessment adequately reflected the Group's risk appetite and principal risks as disclosed on pages 78-87; 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 also considered a report from the external auditor. The Committee concurred with management's assessment and recommended the viability statement to the Board. The viability statement, together with further details on the assessment undertaken, is set out on page 88.
Covid-19 1. The impact of Covid-19 on the assessment of the Group's principal risks and uncertainties, risk appetite and viability statement. 2. Provisioning for rental arrears.	A detailed analysis of the impacts of Covid-19 on the Group's risk framework is included within the risk review on pages 82-87. The Committee considered management's approach in determining appropriate provisioning levels for rental arrears and tenant incentives that had accrued over the Covid-19 pandemic, 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 judgements, 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 Allianz. The external auditor separately reviewed management's judgements in relation to these transactions and determined that the approach was appropriate.
REIT status Maintenance of the Group's REIT status through compliance with certain conditions has a significant impact on the Group's results.	The Committee reviewed the REIT tests performed by management and concluded that the Company's REIT status had been maintained in the year, noting the payment of a corporation tax charge that fell due as a consequence of the dividend suspension for part of the year. The Committee separately considered the external auditor's review of management's assessment.
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. In particular, the Committee challenged the methodology used to incorporate the impact of Covid-19 into the valuations. The Committee analysed the differing impact the pandemic had on subsectors of the retail portfolio such as covered shopping centres and open-air retail parks. The Committee was satisfied with the valuation process and the effectiveness of the Company's valuers. The Committee also approved the relevant valuation disclosures to be included in the Annual Report.
Taxation provisions The appropriateness of taxation provisions made and released in the period.	The Committee reviewed taxation provisions made and released by the Group. They considered papers prepared by management and discussed the views of the external auditors to obtain assurance that amounts held were commensurate with the associated risks.

External Audit

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

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

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

The Group has appointed BDO LLP to provide audit services to a number of subsidiary and joint venture companies. The appointment will result in a lower overall audit cost to the Group as well as internal resource efficiencies.

Fees and non-audit services

The Committee discussed the audit fee for the 2021 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:

- 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 2014 EU Regulations;
- 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 £0.04m, which represents 7% of the total Group audit fees payable for the year ended 31 March 2021. Details of all fees charged by the external auditor during the year are set out on page 171.

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

Effectiveness

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

PwC also provide the Committee with an annual report on its independence, objectivity and compliance with statutory, regulatory and ethical standards. For the year ended 31 March 2021, as for the prior year, the external auditor confirmed that it continued to maintain appropriate internal safeguards to ensure its independence and objectivity.

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

The Committee therefore recommended to the Board that a resolution to reappoint PwC as external auditor of the Company be put to shareholders at the 2021 AGM.

Internal Audit

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

During the year, the Committee reviewed 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, insurance, cyber security, Canada Water and the Group's leasing strategy. Overall, no significant control issues were identified although several process and control improvements were proposed, with follow up audits scheduled where necessary.

Effectiveness

The annual effectiveness review of the internal auditor included consideration of the Internal Audit charter which defines EY's role and responsibilities, review of the quality of the audit work undertaken and the skills and competence of the audit teams. Key stakeholders across the Group, including Committee members, Head of Secretariat, Head of Financial Reporting and other senior employees, completed a questionnaire to assess the effectiveness of the internal auditor. The results of the questionnaire were improved from a good base, following the completion of actions identified from the prior year. The Committee concluded that EY continued to discharge its duties as internal auditor effectively and should continue in the role for the year commencing 1 April 2021.

Risk management and internal controls

The Board has delegated responsibility for overseeing the effectiveness of the Group's risk management and internal control systems to the Committee. 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.

At half year, the Committee accepted a recommendation from the Risk Committee to amend the covenant headroom key risk indicator. At the full year, the Committee reviewed management's assessment of the key risk indicators to ensure that our risk appetite was aligned to our priorities and the market environment.

The Committee continued to have particular regard for the risks relating to Covid-19, including occupier credit risk exposure and development contractor exposure, alongside risks emerging from the UK's political and economic outlook following the departure from the European Union. Specifically, in relation to Brexit, the Committee received updates towards the end of 2020 on the Company's preparedness for a 'No Deal' outcome.

Half yearly, in conjunction with the internal auditor, management reports to the Committee on the effectiveness of internal controls, highlighting control issues identified through the exceptions reporting process. Risk areas identified are considered for incorporation in the Internal Audit plan and the findings of internal audits are taken into account when identifying and evaluating risks within the business. Key observations and management actions are reported to,

and debated by, the Committee. For the year ended 31 March 2021, 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 2021 there was no evidence of excessive risk taking by management which ought to be taken into account by the Remuneration Committee when determining incentive awards.

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

The Committee also reviewed the Group's tax strategy which sets out the Group's approach to risk management and governance in relation to UK taxation, its attitude towards tax planning, the level of risk the Group is prepared to accept in relation to tax and its relationship with HM Revenue & Customs. The resulting document ('Our Approach to Tax') was approved by the Board and is available on the Company's website at britishland.com/governance.

Additional information on the Company's internal controls systems is set out in the 'Managing risk in delivering our strategy' section on pages 78-87.

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 now CBRE, Knight Frank, Jones Lang LaSalle (JLL) and Cushman & Wakefield.

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

The valuers attend Committee meetings at which the full and half year valuations are discussed, presenting their reports which include details of the valuation process, market conditions and any significant judgements made. The external auditor reviews the valuations and valuation process, having had full access to the valuers to determine that due process had been followed and appropriate information used, before separately reporting its findings to the Committee. The valuation process is also subject to regular review by Internal Audit. The Group's valuers and external auditor have confirmed to the Committee that the process undertaken by British Land to accommodate the valuation of its real estate portfolio is best in class.

British Land has fixed fee arrangements in place with the valuers in relation to the valuation of wholly-owned assets, in line with the recommendations of the Carsberg Committee Report. Copies of the valuation certificates of CBRE, Knight Frank, JLL and Cushman & Wakefield can be found on our website at britishland.com/reports.

Focus for the coming year

During the year ending 31 March 2022 the Committee will continue to focus on the processes by which the Board identifies, assesses, monitors, manages and mitigates risk, particularly in light of the challenging conditions within the retail sector and Covid-19. The Committee will also continue to monitor key risk areas for the business, particularly those scheduled for review by Internal Audit including, but not limited to, key financial, operational and IT controls, the Company's strategy, software development life cycles, sustainability and Canada Water.

Aligning incentive with strategy

Our Remuneration Policy aligns management incentives with our strategy.

Dear Shareholders

The Committee had three members during 2020/21 – Lynn Gladden, Preben Prebensen and myself.

A key focus of the Committee during the year under review has been to apply judgement in unusual circumstances. We have wanted to balance thoughtfully the experiences of our shareholders, customers and other stakeholders during the pandemic with our duty to incentivise and reward our workforce in their efforts to sustain and grow the business.

In making key decisions, we have been in close dialogue with the executive members of the Board and our fellow non-executives. We have discussed at length how the pandemic has impacted all of our people, having been briefed at each meeting by the HR Director, who was also in charge of the Company's internal Covid-19 response. This has enabled the Committee to remain in touch with the Company's plans and actions to support employee wellbeing, hearing about concerns and achievements through regular surveys and other ways of understanding the issues. This connection has been important in our decision making. In addition, we have carefully considered the interests of the wider stakeholders of the Company with a particular focus on their longer term interests.

In addition to the challenges brought about by Covid-19, the Committee has worked alongside the Nomination Committee and the Board on the leaving arrangements for Chris Grigg, the appointment of Simon Carter as CEO and Bhavesh Mistry as CFO.

In the remainder of this statement I seek to provide an overview of the key decisions the Committee has taken during the year.

CEO change

Chris Grigg stood down as Chief Executive on 18 November 2020 and from the Board on 31 December 2020. He was *considered a good leaver for the purposes of his outstanding unvested Long-Term Incentive Plan ('LTIP') awards*, which have been pro-rated and treated in line with the good leaver provisions in the plan rules. Chris will also be eligible for an annual bonus for the 2020/21 year pro-rated for the proportion of the year that he worked. Details are provided on page 130.

Simon Carter was appointed as successor to Chris as Chief Executive with effect from 18 November and his salary was increased to £750,000 from that date. His other remuneration arrangements as an Executive Director remain unchanged. Further details are provided on page 128.

Remuneration arrangements for Bhavesh Mistry

On 18 January 2021 we announced the appointment of Bhavesh Mistry as Chief Financial Officer who will start on 19 July 2021. Bhavesh's remuneration arrangements will be fully in accordance with our Remuneration Policy.

Bhavesh will receive a base salary of £490,000 and benefits including a car allowance (or equivalent cash supplement) of £16,700, be eligible for private healthcare for himself and his family, life assurance, ill health income protection and other all-employee benefits. He will also receive a cash pension allowance of 15% base salary, which is in line with the pension rate applicable to the wider workforce.

Bhavesh will be eligible to participate in the British Land Annual Incentive Plan for the 2021/22 financial year with a maximum bonus opportunity of 150% of base salary on a time pro-rated basis payable in cash with one third deferral into shares for three years in accordance with the policy. Bhavesh will be eligible to participate in the LTIP.

In order to replace existing unvested incentive awards from his current employer that will lapse as a consequence of his appointment at British Land, upon joining Bhavesh will receive rights over British Land shares in accordance with the Policy.

Remuneration Policy

Our remuneration philosophy is simple – we want to ensure that our management is aligned to shareholders' and other key stakeholders' interests, and that our policy supports our long-term business strategy, values and corporate culture. We will review the policy in the coming year and intend to consult on any proposed changes before putting it to the AGM in 2022.

The current policy is summarised on pages 126-127 of this Annual Report.

Remuneration in respect of the year ended 31 March 2021 and the impact of Covid-19

The impact of Covid-19 on the business and the measures taken during the year to navigate carefully the challenges that we faced during the pandemic are detailed on page 107. The Company has a detailed programme of stakeholder engagement as detailed on pages 104-109 which the Committee and Board have relied upon to facilitate informed and appropriate decision making. The Committee has sought to balance the reward and incentivisation of our people with the challenging conditions and difficult outcomes that our shareholders and stakeholders experienced throughout the year.

Following the temporary suspension of our dividend in the outset of the pandemic, we are pleased to have been able to resume dividend payments during the year. We are pleased that we did not have to furlough any of our own employees nor drawdown on any available Government Covid-19 financial support. We remain well aware of the impact of Covid-19 on our communities, suppliers and customers and have offered support to those groups throughout the year. We forgave or deferred rent for many of our smaller customers in most distress and worked with our suppliers on construction sites to return to work as soon as was safely practicable.

The whole Board waived an amount equal to 20% of their respective salaries and fees from 1 April to 31 July 2020.

As set out in the 2020 Directors' Remuneration Report, having reflected at length on the impact of Covid-19 on the Company, our shareholders and wider stakeholders at that time, the Committee with the full support of the Executive Directors scaled back the level of estimated bonus for the year ending 31 March 2020 by 42% to 41.4% and 42.2% of salary for Chris and Simon respectively, just over a quarter of the maximum opportunity.

The Committee deferred the decision on whether to pay all, part or none of these scaled back bonuses until July 2020 at which point the most immediate impact of the pandemic on our stakeholders was known and could be taken into account. The Committee approved the payment of the scaled back bonuses to the Executive Directors as well as similarly scaled back bonuses for the Executive Committee and 115 other senior managers. The rest of the business, comprising our more junior employees, received their bonuses in accordance with the usual annual incentive timetable. Simon Carter took the decision to invest his full cash bonus, net of income tax and national insurance, into Company shares.

In setting the grant level of the 2020 LTIP, we considered the impact that Covid-19 had on our share price. The grants were scaled back to 225% of salary for Executive Directors, compared with 250% in previous years and a maximum level of 300% in accordance with the policy.

We believe that the manner in which the Committee sets and operates this Remuneration Policy is clear to executives and is aligned to our corporate culture. In doing so we have regard to risks inherent in the business and marketplace, providing the opportunity for executives to earn rewards in a manner which is proportionate to the value delivered against clear targets.

We maintained the structure of our incentives this year and did not alter any of the targets that we set. However, with the lack of transparency on retail rental income in particular at the start of the year, we decided that the element of the Annual Incentive Plan dedicated to profits should be split with half focused on costs only. We delayed the setting of profit targets for the other half until September when we felt able to set underlying profit targets for the full year.

As explained last year, we introduced two balance sheet resilience measures which focused on both the level of our liquidity over the year and the refinancing date for our debt. These were important to ensure the Company focused on both preserving shareholder value in the long term and retaining flexibility to handle significant uncertainty. Continuing to be able to finance our development programme is important and drives long term value.

The Committee considered a holistic assessment of the Company's performance against the targets set at the beginning and midway through the year. In particular, the Committee reviewed the Company's ability to collect rental payments against the context of the wider property market.

The Remuneration Policy operated as intended in terms of Company performance and quantum during the year. Executives volunteered to scale back their bonus pay outs in order to align the outcome with the experiences of the wider Company, our customers and other stakeholders. The scale back for Executive Directors was from c.94% to 80% out of a maximum opportunity of 150% of salary. The reduction represents a broadly similar amount for employees as a whole. The Remuneration Committee considered that management's approach had been thoughtful and appropriately met the need to reward performance during the year against the backdrop of Covid-19 and its impact on the Company's financial results.

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

Remuneration in respect of the year commencing 1 April 2021 **Salaries**

The Executive Directors are both new in their post this year and their salaries are accordingly lower than those of their predecessors and will not be reviewed from the date of appointment until 2022. The Non-Executive Directors' and the Chairman's fee levels remain unchanged.

Annual Incentives

For the coming year, we will continue to measure 70% of the Annual Incentive against quantitative measures, and the remaining 30% based on strategic measures. Further information is set out on page 128.

Long term incentives

The Committee intends to grant long term incentive awards during the coming year to the two Executive Directors and other senior executives. The performance measures and targets will remain unchanged and the intended level of award will not be higher than 250% of salary.

Pensions

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

The British Land Defined Benefit and Employer Financed Retirement Benefit Schemes ('EFRB') were both non-contributory schemes which were closed to new members. During 2020 a consultation with the active members of the Defined Benefit and EFRB Scheme took place. Following this period of consultation we agreed to close both schemes to future accrual.

Gender and ethnicity pay gap

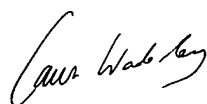
Our work to narrow the gender pay gap since 2017 continued during the year and the latest gender pay gap for the 5 April 2021 snapshot shows a modest reduction in the median pay gap of 0.3% to 27.6% from 27.9% for British Land. Broadgate Estates, a subsidiary company, shows a further reduction in the median pay gap from 35.5% to 32.9%. More information can be found at britishland.com/gender-pay-gap.

This year we have published our ethnicity pay gap along with others from the property industry. The British Land median ethnicity pay gap between white and BAME employees in respect of 2021 is 27.3%. As this is the first time we are reporting our ethnicity pay gap, there is no prior year comparison.

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 2021 AGM.

Yours sincerely,



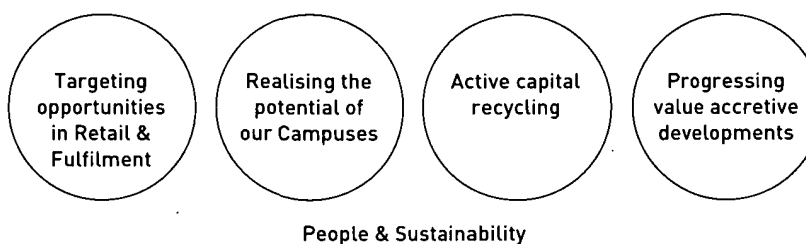
Laura Wade-Gery

Chair of the Remuneration Committee

REMUNERATION AT A GLANCE

How we align rewards to delivering our strategy

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



As set out on pages 14-15, we have set out a new strategy which clearly positions our business for growth focused on two core areas, our Campuses and Retail & Fulfilment.

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

We have developed a best in class platform, including a broad range of skills across our business, which will support the delivery of our strategy. Read more on pages 36-39.

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

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

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

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

	1 year performance	3 year performance
Annual profitability	Profit and revenue targets	
Balance sheet resilience	Refinancing date and liquidity targets	
Property valuation changes	Total Property Return outperformance	Total Property Return outperformance
Net Asset Value changes		Total Accounting Return outperformance
Dividends and share price movements		Total Shareholder Return outperformance
Targeting opportunities in Retail & Fulfilment		
Realising the potential of our Campuses		
Active capital recycling	Strategic targets to deliver our priorities	
Progressing value accretive developments		
People & Sustainability		

Summary of the Remuneration Policy and how we apply it

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

Element of remuneration		Link to strategy	Framework
Fixed	Basic salary	Attracts and retains expert people with the appropriate degree of expertise and experience to deliver agreed strategy	Reviewed annually and increases typically in line with the market and general salary increases throughout the Group
	Benefits		Benefits are restricted to a maximum of £20,000 per annum for car allowance and the amount required to continue providing agreed benefits at a similar level year on year
	Pension contribution		Defined contribution arrangements – cash allowances in lieu of pension are made to the CEO and CFO at 15% of salary
Variable	Annual Incentive	Performance measures related to British Land's strategic focus and the Executive Directors' individual area of responsibility are set by the Committee at the beginning of the financial year	Maximum opportunity is 150% of basic salary. 2/3rd is paid in cash with the remaining 1/3rd (net of tax) used to purchase shares on behalf of the Executive Director (Annual Incentive Shares) which must be held for a further three years whether or not the Executive Director remains an employee of British Land
	Long term incentive	Total Property Return (TPR) links reward to gross property performance Total Accounting Return (TAR) links rewards to net property performance and shareholder distributions Total Shareholder Return (TSR) directly correlates reward with shareholder returns	LTIP grants were set at 225% last year, but have been at the level of 250% of salary in the form of performance shares in previous years, within the maximum value of an LTIP award of 300% of salary

Executive Directors' remuneration

The tables below show the 2021 actual remuneration against potential opportunity for the year ended 31 March 2021 and 2020 actual remuneration for each Executive Director. The figures for Chris Grigg's actual and potential 2021 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 130.

1. 2021 potential assumes that both annual and long term incentives pay out in full.

How we intend to apply our Remuneration Policy during the year commencing 1 April 2021

Executive Directors' remuneration

Basic salaries

The Executive Directors are both new in their post this year and their salaries are accordingly lower than their predecessors. Simon Carter's salary for the year beginning 1 April 2021 remains unchanged from the level awarded upon his appointment as CEO. Bhavesh Mistry's salary was agreed in accordance with the Remuneration Policy and will be effective from his joining date, 19 July 2021.

Director	Basic salary £(m)
Simon Carter	750
Bhavesh Mistry	490

Pension and benefits

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

The following pages set out how the Committee intends to apply the Remuneration Policy during the coming year.

Annual Incentive awards

The maximum bonus opportunity for Executive Directors remains unchanged at 150% of salary. The performance measures for the Annual Incentive awards have been selected to reflect a range of quantitative and strategic goals that support the Company's key strategic objectives. The Committee has agreed that the same performance measures and weighting should apply for the year ahead as operated last year. This is set out in the table below.

The detailed targets that the Committee sets are considered to be commercially sensitive and as such the specific targets for the quantitative measures for the coming year will be disclosed in the 2022 Remuneration Report. In assessing how the Executive Directors performed during the year commencing 1 April 2021, 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 IPD 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.

Measure		Proportion of Annual Incentive as a percentage of maximum opportunity
Quantitative measures: 70% reward weighting	Net Asset Value changes	Total Property Return outperformance target 17% payout for matching the MSCI benchmark index rising to 100% payout for outperforming by 1.25% 20%
	Annual profitability	Financial budget targets for cost and revenue 0% payout for meeting a threshold level rising to 100% payout for at least matching a stretch level 30%
	Balance sheet resilience measures:	Refinancing 0% payout for meeting a threshold level rising to 100% payout for at least matching a stretch level 10%
		Liquidity 0% payout for meeting a threshold level rising to 100% payout for at least matching a stretch level 10%
Strategic measures 30% reward weighting	Targeting opportunities in Retail & Fulfilment	These targets will be fully disclosed and explained in next year's Report 30%
	Realising the potential of Campuses	
	Active capital recycling	
	Progressing value accretive developments	
People & Sustainability		

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

Long term incentive awards (audited)

An LTIP award will be granted to Executive Directors during the year commencing 1 April 2021. The size and timing of the award will be determined by the Committee at a later date and explained in the next year's Report, having been disclosed at the time of grant.

The performance measures that apply to this LTIP award will be as below. These measures were also applied to the LTIP award granted in June 2020, as shown on page 134.

Measure	Link to strategy	Measured relative to	Weighting
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 IPD.	The TPR measure is designed to link reward to strong performance at the gross property level.	TPR performance will be assessed against the performance of an IPD sector weighted benchmark.	40%
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 will be measured relative to a market capitalisation weighted index of the FTSE 350 property companies that use EPRA accounting.	20%
Total Shareholder Return (TSR) The growth in value of a British Land shareholding over the LTIP performance period, assuming dividends are reinvested to purchase additional shares.	The TSR measure is designed to directly correlate reward with the return delivered to shareholders.	Half of the TSR measure will be measured relative to the performance of the FTSE 100 and the other half will be measured relative to a market capitalisation weighted index of the FTSE 350 property companies that use EPRA accounting.	40%

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

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

Non-Executive Directors' fees

Fees paid to the Chairman and Non-Executive Directors are positioned around mid-market with the aim of attracting individuals with the appropriate degree of expertise and experience. The fee structure set out below is unchanged from those applied in 2020.

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

How we applied our Remuneration Policy during the year ended 31 March 2021

The following pages set out how we implemented the Directors' Remuneration Policy during the year ended 31 March 2021 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 2021 and show comparative figures for the year ended 31 March 2020.

	Salary	Taxable benefits	Other items in the nature of remuneration	Pension or pension allowance	Annual Incentives ¹	Long term incentives ²	Total	Fixed remuneration	Variable remuneration
	2021 £000	2021 £000	2021 £000	2021 £000	2021 £000	2021 £000	2021 £000	2021 £000	2021 £000
Executive Directors									
Chris Grigg ³	597	15	9	164	524	0	1,309	785	524
Simon Carter ⁴	557	20	10	89	473	0	1,149	676	473

1. Estimated outcomes. 2021 Annual Incentive outcomes are subject to the publication of final MSCI results.
2. Forecast outcomes. 2021 Long Term Incentive outcomes are subject to confirmation of final vesting levels in June 2021.
3. Chris Grigg's remuneration is in respect of the period from 1 April 2020 to his departure from the Board on 31 December 2020. Details of any payments after he stepped down as a Director are set out on page 137.
4. Simon Carter's salary reflects the period from 1 April 2020 to 17 November 2020 as CFO for which he was paid a pro-rated salary based on a full year equivalent of £500,000 and the period from 18 November 2020 to 31 March 2021 as CEO for which he was paid a pro-rated salary based on a full year equivalent of £750,000. Additionally, as previously disclosed, the full Board waived an amount equal to 20% of their respective fees and salaries for the four months from April to July 2020 in response to the Covid-19 pandemic.

	2020 £000	2020 £000	2020 £000	2020 £000	2020 ¹ £000	2020 ¹ £000	2020 £000	2020 £000	2020 £000
Chris Grigg	874	20	16	262	362	0	1,534	1,172	362
Simon Carter	500	20	13	75	211	0	819	608	211

1. 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 2020 Report; the actual outcomes are reflected in the table above. Annual Incentive payments for Chris Grigg and Simon Carter represent 41.4% and 42.2% of their respective salaries as confirmed on page 123.

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

Fixed pay

Taxable benefits: Taxable benefits include car allowance for Chris Grigg £12,600 and Simon Carter £16,700 and private medical insurance.

Other items in the nature of remuneration: Includes life assurance, permanent health insurance, annual medical check-ups, professional subscriptions, the value of shares awarded under the all-employee Share Incentive Plan and any notional gain on exercise for Sharesave options that matured during the year, if any.

Pensions: Chris Grigg did not participate in any British Land pension plan. Instead he received cash allowances, in lieu of pension at a rate of 25% of salary at the time of his departure. As stated in the 2019 Report it was agreed with Chris that in order to align his pension with that of the wider workforce, his annual pension allowance would reduce by 5% per annum. Simon Carter is a member of the Defined Contribution Scheme and utilises his Annual Pension Allowance; the remaining amount of his pension is paid to him 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 2021.

	Defined benefit pension accrued at 31 March 2021 £000	Normal retirement age
Executive Director		
Simon Carter	39	60

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

Annual Incentives FY21 (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 2021 the Committee's assessment and outcomes against these criteria (before exercising any discretion) are set out below. Quantitative measures are a direct assessment of the Company's financial performance and in the very long term business we operate are a reflection of many of the decisions taken in prior years. The delivery of strategic objectives positions the future performance of the business so payouts under this part of the Annual Incentive Plan will not necessarily correlate with payouts under the quantitative measures in any year. The level of bonus calculated by applying the criteria below generated an outcome of c.94% of salary for the two Executive Directors against a maximum opportunity of 150%.

Executives volunteered to scale back their bonus pay outs in order to align the outcome with the experiences of the wider Company, our customers and other stakeholders. The Remuneration Committee considered that management's approach had been thoughtful and appropriately met the need to reward performance during the year against the backdrop of Covid-19 and its impact on the Company's financial results. The Committee therefore agreed that bonus payouts for the year ending 31 March 2021 be scaled back to 80% of salary. Chris Grigg's bonus amount was pro-rated taking into account his departure date of 31 December 2020.

The Quantitative measure	Weighting	Performance in line with minimum expectations (0% Payout except TPR of 17% Payout)	Performance in line with expectations	Performance in line with maximum expectations (100% Payout)	Final outcome (% of max)	Final outcome (% of salary)	Performance range
Net Asset Value changes	20%						
Total Property Return vs MSCI Benchmark	20%	0bps	-310bps	+125bps	0.00%	0.00%	17% payout for matching the MSCI Benchmark rising to 100% payout for outperforming by 125bps
Annual Profitability	30%						
Non-leasing related costs	15%	£102.0m	£98.5m	£95.0m	15.00%	22.50%	0% payout for meeting a threshold level rising to 100% payout
Underlying Profit ¹	15%	£194m	£196m	£204m	7.5%	11.25%	0% payout for meeting a threshold level rising to 100% payout
Balance Sheet Resilience	20%						
Refinancing <i>Assessed by comparing forecast net debt to the finance we have in place</i>	10%	24 months		36 months	10%	15.00%	0% payout for meeting a threshold level rising to 100% payout for at least matching a stretch level
Liquidity <i>Based on available facilities and cash</i>	10%	£1.0bn	£1.37bn	£1.5bn	7.4%	11.10%	0% payout for meeting a threshold level rising to 100% payout for at least matching a stretch level
Sub-total	70%				39.9%	59.85%	

1. Profit outcome of £201m moderated by minus £2m to £199m to account for a duplication with the cost target.

Note: The above chart is a forecast of the 2021 TPR outcomes which will depend on performance against MSCI figures that will only become available after the publication of this Report and as such, represent an estimate of the final figures.

DIRECTORS' REMUNERATION REPORT *continued*

Chris Grigg

Strategic objective	Measure	Weighting	Performance achieved		Final outcome (% of max)	Final outcome (% of salary)
Right Places	Refine and focus strategy including response to pandemic	7.5%	Adapted strategy to reflect the acceleration of trends in Retail and Offices caused by pandemic which was prioritised by the Board	3.75%	22.00%	33.00%
	Complete phased reopening plan including British Land workplaces		Completed phased reopening of British Land workplaces and kept all essential and non-essential retail open subject to lockdown rules and Government guidance. Kept employees safe and provided strong oversight for the wellbeing during the pandemic.	3.75%		
Customer Orientation	Engage with customers to identify their priorities, provide support and strengthen relationships	7.5%	Supported customers in reopening sites in-line with Government guidelines. Provided support to customers unable to operate via rent concessions. Developed customer communication plans.	3.75%		
	Public engagement on Covid-19 support recovery		Active engagement with Government on rent moratorium and business rates.	1.875%		
Capital Efficiency	Re-establish dividend	11.25%	Dividend resumed with policy to pay out 80% of EPS	1.875%		
	Optimise rent and service charge collection		83% total rent collected for FY21: Offices 99%, Retail 71%	2%		
	Deliver the capital plan		100 Liverpool Street achieved PC in September 2020. 1 Triton Square due to PC in FY22. Committed to develop Norton Folgate and 1 Broadgate (following pre-let agreed with JLL). Completed drawdown of headlease at Canada Water and commenced enabling works for phase 1.	5%		
Expert People	Reduce Gender Pay Gap	3.75%	BL Median Gender Pay Gap reduced by 0.3% to 27.6%. BL Median Ethnicity Pay Gap reported for the first time at 27.3%.	0.00%		

Simon Carter

Strategic objective	Measure	Weighting	Performance achieved		Final outcome (% of max)	Final outcome (% of salary)
Right Places	Develop business strategy (on CEO appointment)	7.5%	New strategy in place. Pivoting to growth and value opportunities across Campuses and Retail & Fulfilment. Good progress against priorities	6.00%	23.00%	34.50%
Customer Orientation	Public engagement on Covid-19	6.25%	Active engagement with Government on rent moratorium and business rates reform including specific proposal on equitable solution to withdraw moratorium	1.875%		
	Improvements made to business systems		Phase 2 of business systems project successfully delivered	1.875%		
Capital Efficiency	Deliver against capital plan	12.5%	£1.2bn of sales, overall 6.1% ahead of book value, comprising £640m of mature office assets and £560m of retail assets	5.00%		
	Deliver HUT refinancing and Homes England Loan		HUT terms extended and effectively committed to acquire remaining 22% interest. Secured HUT refinancing and £100m Homes England Loan	2.00%		
	Re-establish dividend		Dividend resumed with policy to pay out 80% of EPS	1.875%		
	Implement CSR strategy		Published pathway to net zero. Launched Transition Fund and progressed TCFD. Achieved GRESB 5*. 100 Liverpool Street achieved BREAM outstanding rating and first net carbon neutral development for British Land.	2.50%		
Expert People	Reduce Gender Pay Gap	3.75%	BL Median Gender Pay Gap reduced by 0.3% to 27.6%. BL Median Ethnicity Pay Gap reported for the first time at 27.3%	0.00%		
	Optimise resource to mitigate new hires and prioritise key areas		Vacant roles filled by internal candidates during initial response to pandemic	1.875%		

Total bonus calculation	Final outcome (% of max)	Final outcome (% of salary)
Chris Grigg	61.90%	92.85%
Simon Carter	62.90%	94.35% ¹
		Scaled back bonus (% of salary) ²
Chris Grigg ³		80.00%
Simon Carter		80.00%

1. This final outcome includes an additional amount equal to 1% of opportunity in line with the remuneration terms agreed under Chris Grigg's settlement agreement to align his bonus % to that of other Executive Directors
2. As described on page 111 the Committee scaled back the bonus outcome for Executive Directors to 80% of salary.
3. Chris Grigg's Bonus payment will be pro-rated to 60% of salary to take into account his departure date of 31 December 2020.

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.

2020 comparative: In June 2020, the Committee confirmed that the underperformance of TPR compared to the IPD benchmark was -410bps rather than the estimate of -460bps made for the purposes of the single total figure of remuneration table in the 2020 Annual Report. This did not alter the amount of bonus earned.

Long term incentives (audited)

The information in the long term incentives column in the single total figure of remuneration table (see page 130) 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 2021 long term incentive outcomes. The actual outcomes will only become available after the publication of this Report.

Long-Term Incentive Plan

The awards granted to Executive Directors on 26 June 2018, and which will vest on 26 June 2021, were subject to three performance conditions over the three-year period to 31 March 2021. The first condition (40% of the award) measured British Land's Total Property Returns (TPR) relative to the funds in the sector weighted MSCI Annual Universe (the Benchmark) previously the IPD UK Annual Property Index; the second (40% of the award) measured Total Accounting Return (TAR) relative to a comparator group of British Land and 15 other property companies; while the third (20% of the award) measured Total Shareholder Return (TSR), half of which was measured against the FTSE 100 and the other half measured against the comparator group of British Land and 15 other property companies.

The TPR element is expected to lapse, based on British Land's adjusted TPR of -4.8% per annum when compared to the Benchmark of -2.5%. The TAR element is also expected to lapse based on British Land's TAR of -9.9% per annum compared to 0.3% per annum for the property company median. The actual vesting of the TPR and TAR elements can only be calculated once results have been published by MSCI and all the companies within the comparator group respectively. The actual percentage vesting will be confirmed by the Committee in due course and details provided in the 2022 Remuneration Report. Korn Ferry has confirmed that the TSR element of the award will lapse as British Land's TSR performance over the period was -17.06% compared to a median of 8.05% and 5.11% for the FTSE 100 and Property companies comparator groups respectively.

Executive Director	Performance shares or options	Number of performance shares awarded	Estimated value of award on vesting £000	Estimated dividend equivalent and interest £000	Increase in value as a result of share price movement between grant and vesting £000
Chris Grigg	Shares	313,984	nil	nil	nil
Simon Carter	Shares	177,733	nil	nil	nil

2020 comparative: As set out in the 2020 Annual Report, the 2017 LTIP awards lapsed in full on 26 June 2020 as expected.

Share scheme interests awarded during the year (audited)

Long-Term Incentive Plan

The total face value of each Executive Director's LTIP award for the year ended 31 March 2020 was equivalent to 225% of basic salary at grant. The Remuneration Committee exercised discretion and reduced the LTIP grant size by 10% to reflect the share price at the date of grant relative to the share price in recent years.

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 was 412.4p. The performance conditions attached to these awards are set out in the Remuneration Policy approved by shareholders in July 2019 and summarised on page 127.

Performance shares

Executive Director	Grant date	Number of performance shares granted	Face value £000	End of performance period	Vesting date	Percentage vesting on achievement of minimum performance threshold %
Chris Grigg ¹	22/06/2020	476,807	1,966	31/03/23	22/06/23	20%
Simon Carter	22/06/2020	272,812	1,125	31/03/23	22/06/23	20%

1. The treatment of Chris' performance shares upon leaving shares is explained on page 137.

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 2021, William Jackson, Irvinder Goodhew and Tim Score have each received shares in full or part satisfaction of their fees.

Director	Outstanding scheme interests as at 31 March 2021				Shares held		Total of all share plan awards and shareholdings as at 31 March 2021
	Unvested share plan awards (subject to performance measures)	Unvested share plan awards (not subject to performance measures)	Vested but unexercised share plan awards	Total shares subject to outstanding share plan awards	As at 1 April 2020	As at 31 March 2021	
Simon Carter	683,928	6,603	0	690,531	142,085	171,798	862,329
Tim Score (Chair)					62,070	80,905	80,905
Lynn Gladden					18,339	18,339	18,339
Irvinder Goodhew					nil	2,593	2,593
Alastair Hughes					7,371	7,371	7,371
Nicholas Macpherson					5,600	5,600	5,600
Preben Prebensen					20,000	20,000	20,000
Laura Wade-Gery					9,585	9,585	9,585
Loraine Woodhouse					nil	4,036	4,036

Former Directors who served during the year

Chris Grigg ¹	543,025	1,341	1,439,146	1,983,512	1,459,709	1,081,407	3,064,919
William Jackson					143,728	153,630	153,630
Rebecca Worthington ¹					3,000	3,000	3,000

1. Holding is as at the date of departure of 31 December 2020. Outstanding share scheme interests held by Chris Grigg reflect the lapsed position as at 31 December 2020.

In addition, on 7 April 2021, the following Non-Executive Directors were allotted shares at a price of 518.2 pence per share in full or part satisfaction of their fees:

Non-Executive Director	Shares allotted
Tim Score	4,871
Irvinder Goodhew	1,623

Acquisitions of ordinary shares after the year end

The Chief Executive has 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	14/04/21	509.87p	30	60	–
	14/05/21	517.35p	29	58	–

Other than as set out above, there have been no further changes since 31 March 2021.

DIRECTORS' REMUNERATION REPORT *continued*

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 unfettered and beneficially owned by the Executive Directors and their connected persons, locked-in SIP shares and all vested awards count towards the requirement on a net of tax basis. All other awards that are still the subject of a performance assessment and any share options do not count.

The guideline shareholdings for the year ending 31 March 2021 are shown below:

Executive Director	Guideline as percentage of basic salary	Guideline holding	Holding counting toward guidelines at 31 March 2021	% of Salary Held (Based on 31 March 2021 Shareholding)
Simon Carter ¹ (incumbent CEO)	225%	332,399	174,264	118%
Chris Grigg ² (former CEO)	225%	409,702	1,082,748	595%

1. Simon's holding is as at 31 March 2021 using the methodology described above. The holding guidelines are calculated using the 31 March 2021 VWAP of 507.67p.

2. Chris' holding is as at the date of his departure, 31 December 2020, using the methodology described above. The holding guidelines are calculated using the 31 December 2020 VWAP of 479.98p.

Unvested share awards (subject to performance)

			Number outstanding at 31 March 2021 ¹	Subject to performance measures	End of performance period	Vesting date
Executive Director		Date of grant				
Chris Grigg ²	LTIP performance shares	26/06/18	263,276	Yes	31/03/21	26/06/21
	LTIP performance shares	23/07/19	196,145	Yes	31/03/22	23/07/22
	LTIP performance shares	23/06/20	83,604	Yes	31/03/23	23/06/23
Simon Carter	LTIP performance shares	26/06/18	177,733	Yes	31/03/21	26/06/21
	LTIP performance shares	23/07/19	233,383	Yes	31/03/22	23/07/22
	LTIP performance shares	23/06/20	272,812	Yes	31/03/23	23/06/23

1. The LTIP awards granted in June 2018 are also included within the '2021 Long Term Incentives' column of the single total figure of remuneration table on page 130. The degree to which performance measures have been or are expected to be achieved, and the resultant proportions of the awards expected to vest, are detailed on page 134.

2. The outstanding figures for Chris have been pro-rated for time served up to the date of his departure on 31 December 2020. Further details on the treatment of his share scheme interests upon leaving the Company can be found on the following page.

Unvested option awards (not available to be exercised)

Executive Director		Date of grant	Number outstanding at 31 March 2021	Option price pence	Subject to performance measures	End of performance period	Date becomes exercisable	Exercisable until
Chris Grigg ¹	Sharesave options	-	-	-	-	-	-	-
Simon Carter	Sharesave options	18/06/19	4,137	435.0	No	0	01/09/22	28/02/23

1. Chris' sharesave options lapsed on cessation of office on 31 December 2020.

Vested option awards (available to be exercised)

Executive Director		Date of grant	Number outstanding at 31 March 2021	Option price pence	Exercisable until
Chris Grigg	LTIP options	28/06/11	695,652	575	30/06/21 ¹
	LTIP options	14/09/12	743,494	538	30/06/21 ¹

1. Options are available to exercise until six months after leaving date.

Payments to past Directors and for loss of office (audited)

Chris Grigg ceased to be a Director of the Company and left the Company on 31 December 2020. The treatment of his remuneration arrangements upon leaving the Company was in line with policy. During the year ended 31 March 2021 British Land has made the following payments in line with the treatment disclosed.

A payment in lieu of notice for the period from when he left the Company to the end of his notice period, being 9 September 2021, will be paid in monthly payments. This comprises base salary and car allowance of £615,787, pension contributions/allowance of £131,759 and the value of other benefits of £6,066. These payments may be reduced by the value of any alternative paid employment secured during the period until 9 September 2021.

LTIP awards will continue to vest as Chris is considered a good leaver and therefore performance shares have been pro-rated in line with the good leaver policy. This comprises 263,276 Performance Shares under the 2018 LTIP award, 196,145 Performance Shares under the 2019 LTIP award and 83,604 Performance Shares under the 2020 LTIP award. As detailed on page 134 the 2018 LTIP award is expected to lapse in full.

Chris Grigg holds vested but unexercised LTIP options which were granted in 2011 and 2012 which he has until 30 June 2021 to exercise. Awards under the SAYE and SIP all employee plans also lapsed on cessation.

A contribution towards his legal fees of £4,250 plus VAT was provided.

Other disclosures**Service contracts**

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

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

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

DIRECTORS' REMUNERATION REPORT *continued*

Executive Directors' external appointments

Executive Directors may take up one non-executive directorship at another FTSE company, subject to British Land Board approval.

Chris Grigg was appointed a non-executive director of BAE Systems plc on 1 July 2013. Chris received a fee of £82,500 (no overseas travel allowances and benefits deemed to be taxable) from BAE Systems plc in respect of the nine months ending 31 December 2020, which he retained in full (2020 full year: £87,252).

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 2021 and 31 March 2020. The remuneration of employees decreased by 1.5% relative to the prior year. Distributions to shareholders include ordinary and, where offered, scrip dividends. No scrip alternative was offered during the year ended 31 March 2021. The material decrease of 81% in the amount spent on distributions to shareholders reflects the conclusion of the share buyback programme the previous year, as well as the Board's decision to temporarily suspend the dividend during the outbreak of the Covid-19 pandemic in 2020.

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 2011 to 31 March 2021 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 2011 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 single total figure of remuneration represents the sum of the amounts paid to Chris Grigg and Simon Carter for the respective periods that they served as Chief Executive during the year, being £1.093m and £0.551m respectively. The Annual Incentive awards against maximum opportunity and LTIP vesting percentages represent the year end awards and forecast vesting outcome respectively and are the same for both Chris and Simon. The quantum of Annual Incentive awards granted each year and long term incentive vesting rates are given as a percentage of the maximum opportunity available.

Chief Executive	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20 ¹	2020/21 ²
Chief Executive's single total figure of remuneration (£000)	5,353	4,810	5,398	6,551	3,623	1,938	2,279	1,653	1,534	1,644
Annual Incentive awards against maximum opportunity (%)	75	75	90	96	67	33	63	36	28	53
Long term incentive awards vesting rate against maximum opportunity (%)	99	63	98	93	54	15	16	0	0	0

1. Confirmed outcome.

2. Forecast outcome.

Total shareholder return

The graph below shows British Land's total shareholder return for the 10 years to 31 March 2021, which assumes that £100 was invested on 1 April 2011. 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 CEO pay ratios are set out below in line with the new regulations. In calculating this information last year we used the gender pay gap data calculated for each employee; to provide a more accurate calculation we moved to using employees as at 31 March 2020. This analysis is very similar to gender pay analysis except that it excludes certain one off amounts that might have distorted the full year figure. Pay data has been analysed on a full-time equivalent basis with pay for individuals working part-time increased pro-rata to the hours worked. It also includes employees on maternity who would be excluded under the gender pay methodology. The table below shows that the movement in the median ratio is broadly flat since 2018/19. This is due to similar reductions in the CEO single figure and the total pay for the median employee. 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 126.

The 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.

CEO pay ratio	2018	2019/20	2020/21
Method	B	C	A
CEO single figure (£000)	1,653	1,534	1,644
Upper quartile	13:1	14:1	16:1
Median	22:1	22:1	23:1
Lower quartile	33:1	33:1	35:1

The salary and total pay for the individuals identified at the Lower quartile, Median and Upper quartile positions in 2020/21 are set out below. 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.

DIRECTORS' REMUNERATION REPORT *continued*

2020/21 Employee pay	Salary	Total pay
Upper quartile	82	101
Median	56	70
Lower quartile	41	47

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 British Land. Positive changes in the fees paid to Non-Executive Directors are attributable to additional fees paid in respect of additional Committee or Board responsibilities during the course of the year, rather than an increase in the level of fees paid. Reductions are as a result of the whole Board waiving 20% of their respective salaries or fees for the four month period between April and July 2020 in response to the Covid-19 pandemic. Chris Grigg, Irvinder Goodhew, William Jackson and Loraine Woodhouse are not included in the table below as they were appointed or departed during the year. The 2% increase in employee salaries was due to promotional increases during the year rather than a group-wide increase. Similarly, the increase in annual incentive of 84% reflects a higher company multiplier in 2021 compared to 2020 which was scaled back due to the impact of Covid-19.

Remuneration element	2020 vs 2021		
	Base salary/fees % change ¹	Benefits % change	Annual bonus % change
Simon Carter ¹	n/a	n/a	n/a
Tim Score ²	20%	0%	n/a
Lynn Gladden	-6%	0%	n/a
Alastair Hughes	-3%	0%	n/a
Nicholas Macpherson	-7%	0%	n/a
Preben Prebensen	12%	0%	n/a
Laura Wade-Gery	0%	0%	n/a
Average employees	2%	1%	84%

1. Simon Carter was appointed as CEO during the year which led to an increase in his basic salary as detailed on page 123.

2. Tim Score's 2020 fee was smaller due to becoming Chairman part way through the year ending 31 March 2020 which accounts for the percentage increase in fees received for the year ended 31 March 2021.

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

Non-Executive Directors' remuneration (audited)

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

	Fees		Taxable benefits ¹		Total	
	2021 £000	2020 £000	2021 £000	2020 £000	2021 £000	2020 £000
Chairman and Non-Executive Directors						
Tim Score (Chair)	350	292	0	-	350	292
Lynn Gladden	72	77	0	1	72	78
Irvinder Goodhew ²	36	-	0	-	36	-
Alastair Hughes	88	91	0	-	88	91
Nicholas Macpherson	67	72	0	-	67	72
Preben Prebensen	85	76	0	-	85	76
Laura Wade-Gery	86	86	0	-	86	86
Loraine Woodhouse ²	6	-	0	-	6	-
Former Directors who served during the year						
William Jackson	64	87	0	-	64	87
Rebecca Worthington	63	86	0	-	63	86

1. 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.

2. These Non-Executive Directors were not members of the Board from April to July 2020 and therefore did not have the opportunity to waive an amount equal to 20% of the fees paid in response to the Covid-19 pandemic.

Letters of appointment

All Non-Executive Directors have a letter of appointment with the Company. The effective dates of appointment are shown below:

Director	Original date of appointment	Effective date of appointment in most recent letter of appointment	Unexpired term (months)
Tim Score (Chair)	20 March 2014	19 July 2019	13
Lynn Gladden	20 March 2015	24 May 2021	37
Irvinder Goodhew	1 October 2020	1 October 2020	37
Alastair Hughes	1 January 2018	1 January 2021	37
Nicholas Macpherson	19 December 2016	19 December 2019	25
Preben Prebensen	1 September 2017	1 September 2020	37
Laura Wade-Gery	13 May 2015	24 May 2021	37
Loraine Woodhouse	1 March 2021	1 March 2021	37

The appointment of the Chairman or any Non-Executive Directors 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, 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.

Remuneration Committee membership

As at 31 March 2021, 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	8/8
Lynn Gladden	Member	20 March 2015	8/8
Preben Prebensen	Member	1 September 2017	8/8

During the year ended 31 March 2021, Committee meetings were also part attended by Tim Score (Chairman), Chris Grigg (former Chief Executive), Simon Carter (former Chief Financial Officer and incumbent Chief Executive), David Walker (Interim Chief Financial Officer), Bruce James (Head of Secretariat), Brona McKeown (General Counsel and Company Secretary), Ann Henshaw (HR Director) and Kelly Barry (Head of Reward) other than for any item relating to their own remuneration. A representative from Korn Ferry also routinely attends Committee meetings.

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

How the Committee discharged its responsibilities during the year

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

- setting the Remuneration Policy for Executive Directors and the Chairman;
- 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 2021, 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;
- the need for engagement with shareholders and their representative bodies on remuneration matters. This took place at the start of the year in relation to the 2020 AGM, but has not been felt to be necessary since then;
- feedback from the HR Director and Remuneration Consultants following consultation with a workforce panel set up to discuss Executive remuneration;
- the Committee was made aware of the results of engagement surveys and any general themes that are impacting employees. All-employee communications were sent from Executive Committee members, including the CEO, relating to wider Company remuneration;
- considering gender and ethnicity pay gap reporting requirements; and
- receiving updates and training on corporate governance and remuneration matters from the independent remuneration consultant.

The Committee's terms of reference have been reviewed by the Committee during the year, and minor changes in line with best practice were made.

Remuneration consultants

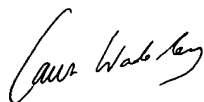
Korn Ferry was appointed as independent remuneration adviser by the Committee on 21 March 2017 following a competitive tender process. Korn Ferry is a member of the Remuneration Consultants Group and adheres to that group's Code of Conduct. The Committee assesses the advice given by its advisers to satisfy 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 £158,620 (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 2019).

Resolution	Votes for	% for	Votes against	% against	Total votes cast	Votes withheld
Directors' Remuneration Report (2020)	587,950,839	97.92	12,489,619	2.08	600,440,458	8,788,240
Directors' Remuneration Policy (2019)	699,935,009	98.30	12,073,236	1.70	712,008,245	840,435

This Remuneration Report was approved by the Board on 25 May 2021.



Laura Wade-Gery

Chair of the Remuneration Committee

DIRECTORS' REPORT AND ADDITIONAL DISCLOSURES

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 2021. The Directors' Report also encompasses the entirety of our Corporate Governance Report from pages 90-147 and Other Information section from pages 229 to 240 for the purpose of the Act section 463. The Directors' Report and Strategic Report together constitute the Management Report for the year ended 31 March 2021 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 UK Companies Act 2006 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	15 to 27
Risk factors and principal risks	Strategic Report	78 to 87
Financial instruments – risk management objectives and policies	Strategic Report	75 to 77
Dividends	Strategic Report	73
Sustainability governance	Strategic Report	49
Greenhouse gas emissions, energy consumption and efficiency	Strategic Report	52
Viability and going concern statements	Strategic Report	88
Governance arrangements	Governance	94 to 100
Employment policies and employee involvement	Strategic Report	36 to 39
Capitalised interest	Financial Statements	172 to 183
Directors' waivers of emoluments	Governance	123
Additional unaudited financial information	Other Information unaudited	229 to 234

Annual General Meeting (AGM)

The 2021 AGM will be held at 9:30am on 13 July 2021 at Storey Club, 100 Liverpool Street.

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

Articles of Association

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

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

Board of Directors

The names and biographical details of the Directors and details of the Board Committees of which they are members are set out on pages 90-92 and incorporated into this Report by reference. Changes to the Directors during the year and up to the date of this Report are set out on page 113. 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 122-143. The service agreements of the Executive Directors and the letters of appointment of the Non-Executive Directors are also summarised in the Directors' Remuneration Report and are available for inspection at the Company's registered office.

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

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

Directors' interests in contracts and conflicts of interest

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

The Company's procedures for managing conflicts of interest by the Directors are set out on page 97. Provisions are also contained in the Company's Articles which allow the Directors to authorise potential conflicts of interest.

Directors' liability insurance and indemnity

The Company maintains appropriate Directors' and Officers' liability insurance cover in respect of any potential legal action brought against its Directors.

The Company has also indemnified each Director to the extent permitted by law against any liability incurred in relation to acts or omissions arising in the ordinary course of their duties. The indemnity arrangements are qualifying indemnity provisions under the Companies Act 2006 and were in force throughout the year and are in force at the date of the Report.

Share capital

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

The Directors were granted authority at the 2020 AGM to allot relevant securities up to a nominal amount of £77,223,589 as well as an additional authority to allot shares to the same value on a rights issue. This authority will apply until the conclusion of the 2021 AGM or the close of business on 30 September 2021, whichever is the sooner. At this year's AGM, shareholders will be asked to renew the authority to allot relevant securities.

The Directors were granted authority at the 2020 AGM to allot shares in the Company and to grant rights to subscribe for, or convert any security into, shares in the Company up to a maximum aggregate nominal amount of £77,223,589, as well as an additional authority to allot shares up to the same amount on a rights issue only. This authority will apply until the conclusion of the 2021 AGM. At the 2021 AGM, shareholders will be asked to renew the allotment authority.

At the 2020 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 £11,583,538. A further special resolution was passed to permit the Directors to allot shares for cash on a non-pre-emptive basis up to the same amount for use only in connection with an acquisition or a specified capital investment. At this year's AGM, shareholders will be asked to renew such powers.

The Company continued to hold 11,266,245 ordinary shares in treasury during the whole of the year ended 31 March 2021 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 page 205.

Rights under an employee share scheme

Employee Benefit Trusts (EBTs) operate in connection with some of the Company's employee share plans. The trustees

of the EBTs may exercise all rights attached to the Company's ordinary shares in accordance with their fiduciary duties other than as specifically restricted in the documents which govern the relevant employee share plan.

Waiver of dividends

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

Substantial interests

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

As at 31 March 2021, 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.	79,484,562	10.00
Brookfield Asset Management Inc.	85,546,962	9.23
Norges Bank	74,998,396	8.09
APG Asset Management N.V.	48,072,042	5.19
Invesco Ltd.	45,871,686	4.95

Since the year end, and up to 24 May 2021, the Company had not received any notifications of interest in its ordinary shares in accordance with DTR 5.

Change of control

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

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

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/about-us/suppliers.

Events after the balance sheet date

Details of subsequent events, if any, can be found in Note 26 on page 208.

Political donations and expenditure

The Company made no political donations or expenditure during the year (2020: nil).

Inclusive culture

British Land employees are committed to promoting an inclusive, positive and collaborative culture. 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, Disabled Workers 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 contributions to good causes during the year totalled £1,475,171 (2020: £1,620,000). Our Community Investment Committee approves all expenditure from our Community Investment Fund.

In addition, the Company also supports fundraising and payroll giving for causes that matter to staff. The support provided for the year ended 31 March 2021 includes:

- 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 charity by British Land staff up to £500 per person per year.

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

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

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

Auditor and disclosure of information

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

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

PwC has indicated its willingness to remain in office and, on the recommendation of the Audit Committee, a resolution to reappoint PwC as the Company's auditor will be proposed at the 2021 AGM.

The Directors' Report was approved by the Board on 25 May 2021 and signed on its behalf by:



Brona McKeown
General Counsel and Company Secretary

The British Land Company PLC
Company number: 621920

Directors' Responsibilities Statement

The Directors 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 and Company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Additionally, the Financial Conduct Authority's Disclosure Guidance and Transparency Rules require the Directors to prepare the Group financial statements in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and 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, for the Group and Company, international accounting standards in conformity with the requirements of the Companies Act 2006 and, for the Group, international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union have been followed, subject to any material departures disclosed and explained in the financial statements
- make judgements and accounting estimates that are reasonable and prudent
- 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 keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

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

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

Each of the Directors, whose names and functions are listed in the Board of Directors on pages 90-92, confirm that, to the best of their knowledge:

- the Company financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law), give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company
- the Group financial statements, which have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the group
- the Strategic Report and the Directors' Report include a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties they face.

By order of the Board.



Simon Carter
Chief Executive

25 May 2021

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

Report on the audit of the financial statements

Opinion

In our opinion:

- The British Land Company PLC's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 31 March 2021 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 international accounting standards in conformity with the requirements 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, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts 2021 (the "Annual Report"), which comprise: the Consolidated and Company balance sheets as at 31 March 2021; the Consolidated income statement and the Consolidated statement of comprehensive income, the Consolidated statement of cash flows, and the Consolidated and Company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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

Separate opinion in relation to international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union

As explained in Note 1 to the financial statements, the Group, in addition to applying international accounting standards in conformity with the requirements of the Companies Act 2006, has also applied international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

In our opinion, the Group financial statements have been properly prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Basis for opinion

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

Independence

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

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

Other than those disclosed in Note 5, we have provided no non-audit services to the Group 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.
Key audit matters	- Valuation of investment and development properties, either held directly or through joint ventures (Group) - Recoverability of tenant debtors and incentives (Group) - Covid-19 (Group and Company) - Taxation (Group) - Valuation of investments and loans to subsidiaries and joint ventures (Company)
Materiality	- Overall Group materiality: £88.8 million (2020: £113.0 million) based on 1% of total assets. - Specific Group materiality: £14.1 million (2020: £15.9 million), based on 5% of the Group's three-year average underlying post-tax profit. - Overall Company materiality: £79.9 million (2020: £101.7 million) based on 1% of total assets. - Performance materiality: £66.6 million (Group) and £59.9 million (Company).

The scope of our audit

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

Key audit matters

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

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

Recoverability of tenant debtors and incentives and Valuation of investments and loans to subsidiaries and joint ventures are new key audit matters this year. Revenue recognition, which was a key audit matter last year, is no longer included because of our refined risk assessment relating more specifically to the expected credit loss provision. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment and development properties, either held directly or through joint ventures (Group) Refer to the Report of the Audit Committee, Notes to the financial statements – Note 1 (Basis of preparation, significant accounting policies and accounting judgements), Note 10 (Property) and Note 11 (Joint ventures and funds). The Group owns either directly or through joint ventures and funds a portfolio of property consisting of office and residential real estate in Central London, retail and leisure properties across the UK, and developments including the Canada Water site in East London. The total property portfolio valuation for the Group was £6,247 million and for the Group's share of joint ventures and funds was £3,048 million as at 31 March 2021. The valuations were carried out by third party valuers CBRE, Jones Lang LaSalle, Cushman & Wakefield and Knight Frank (the "Valuers"). The Valuers were engaged by the Directors and performed their work in accordance with the Royal Institute of Chartered Surveyors ("RICS") Valuation – Professional Standards and the requirements of International Accounting Standard 40 'Investment Property'. In determining the valuation of a property, the Valuers take into account property-specific information such as the current tenancy agreements and rental income. They apply assumptions for yields and estimated market rent, which are influenced by prevailing market yields and comparable market transactions, to arrive at the final valuation. For developments, the residual appraisal method is used, by estimating the fair value of the completed project using a capitalisation method less estimated costs to completion and a risk premium. The valuation of the Group's property portfolio was identified as a key audit matter given the valuation is inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future rental streams for that particular property. The wider challenges currently facing the real estate occupier and investor markets as a result of Covid-19 further contributed to the subjectivity for the year ended 31 March 2021. The significance of the estimates and judgements involved, coupled with the fact that only a small percentage difference in individual property valuations, when aggregated, could result in a material misstatement, warranted specific audit focus in this area.	Given the inherent subjectivity involved in the valuation of the property portfolio, and therefore the need for deep market knowledge when determining the most appropriate assumptions and the technicalities of valuation methodology, we engaged our internal valuation experts (qualified chartered surveyors) to assist us in our audit of this area. <i>Assessing the Valuers' expertise and objectivity</i> 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. <i>Assumptions and estimates used by the Valuers</i> We read the valuation reports for all the properties and confirmed that the valuation approach for each was in accordance with RICS standards. We obtained details of each property held by the Group and set an expected range for yield and capital value movement, determined by reference to published benchmarks and using our experience and knowledge of the market. We compared the investment yields used by the Valuers with the range of expected yields and the year on year capital movement to our expected range. We also considered the reasonableness of other assumptions that were not so readily comparable with published benchmarks, such as estimated rental value. For developments valued using the residual valuation method, we obtained the development appraisal and assessed the reasonableness of the valuers' key assumptions. This included comparing the yield to comparable market benchmarks, comparing the costs to complete estimates to development plans and contracts, and considering the reasonableness of other assumptions that are not so readily comparable with published benchmarks, such as estimated rental value and developers' profit. We spoke with the Valuers to discuss and challenge their approach to the valuations, particularly in light of Covid-19, 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. 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 observed that alternative assumptions had been considered and evaluated by management and the Valuers, before determining the final valuation. We concluded that the assumptions used in the valuations were supportable in light of available and comparable market evidence.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment and development properties, either held directly or through joint ventures (Group) (continued)	<i>Information and standing data</i> We performed testing on the standing data in the Group's information systems concerning the valuation process. We carried out procedures, on a sample basis, to satisfy ourselves of the accuracy of the property information supplied to the Valuers by management. For operating properties, we agreed tenancy information to supporting evidence on a sample basis. For developments, we confirmed that the supporting information for construction contracts and budgets, which was supplied to the Valuers was also consistent with the Group's records for example by inspecting original construction contracts. For developments, capitalised expenditure was tested on a sample basis to invoices, and budgeted costs to complete compared with supporting evidence. We agreed the amounts per the valuation reports to the accounting records and the financial statements. We have no issues to report in respect of this work.
Recoverability of tenant debtors and incentives (Group) Refer to the Report of the Audit Committee, Notes to the financial statements Note 1 (Basis of preparation, significant accounting policies and accounting judgements), Note 10 (Property) and Note 13 (Debtors). The total value of trade debtors recognised within the Group is £82 million and within joint ventures was £27 million at 31 March 2021, against which an Expected Credit Loss ('ECL') provision of £57 million and £15 million has been recognised. Total tenant incentives across the Group is £149 million and across joint ventures was £79 million at 31 March 2021, against which an ECL provision of £23 million and £6 million has been recognised. As a result of the Covid-19 pandemic and its impact, the Group has issued rental support to many of its retail tenants. As negotiations are still ongoing with some tenants as at 31 March 2021, amounts due from these tenants will not have been waived or collected at the year-end. This has led to a higher level of tenant debtors outstanding at 31 March 2021 when compared with 31 March 2020. The Directors have applied the Expected Credit Loss ('ECL') model under IFRS 9 Financial Instruments and utilised a matrix methodology to determine the provision. The key assumptions have been the tenants' credit risk rating and the related expected loss rate for each risk rating and ageing combination. Tenant risk ratings have been determined by the Directors, taking into consideration information available surrounding a tenant's credit rating, financial position and historical default rates. Consideration has also been given to the current impact of Covid-19 and its potential future impact on the tenant's business along with industry trends. The expected loss rate has also taken into consideration the ageing profile of the debtors, however in the current environment as a result of Covid-19, the Directors have applied more weight to the risk rating when determining the ECL provision.	We have evaluated the methodology utilised by the Directors in determining the ECL provisions as at 31 March 2021 and we are satisfied the approach is compliant with the requirements of IFRS 9 Financial Instruments. We verified the mathematical accuracy of the model and provision calculation. On a sample basis, we have performed detailed testing over the underlying data and information used in the ECL model including but not limited to verifying: the tenant's year end outstanding receivable balance; the tenant's year end unamortised lease incentive balance; tenant's credit histories and their current trading performance, the ageing of the balances; the level of cash collections both during the year and post year end; and the forward looking macroeconomic environment amongst other factors. We have tested the key assumptions within the ECL provision calculation, being the categorisation of tenants and the percentage provisioning rates applied to each category. In doing so we had direct regard to the underlying data and information described above. We have also assessed the disclosures made in relation to the ECL provisions and the related sensitivities to the risk categorisation and the expected loss rate applied and consider them to be reasonable. 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) (continued) The same key assumptions are applied in the ECL model for tenant incentives, without the consideration of the ageing profile which is not relevant for tenant incentive balances. On the basis that the estimation of an ECL provision against the tenant debtors and incentives balances has been highly subjective and contains significant estimation uncertainty, we have identified this as a key audit matter. Covid-19 (Group and Company) Refer to the Strategic Report – Principal risks and uncertainties and the Viability statement, the Report of the Audit Committee and the Notes to the financial statements – Note 1 (Basis of preparation, significant accounting policies and accounting judgements). The Covid-19 pandemic has continued to impact the operations of the Group and Company during the reporting period, reducing both property valuations and net rental income severely. The extent of the negative impact of the pandemic on future performance is difficult to predict as government intervention continues, such as the UK rent moratorium, and wider structural challenges in the retail sector remain. In order to assess the impact of Covid-19 on the business, management have updated their risk assessment and prepared an analysis of the potential impact on the revenues, profits, cash flows, operations and liquidity position of the Group for the next 12 months and over the next five years. The analysis and related assumptions have been used by management in its assessment of the level of provisions required against several balance sheet items, as well as underpinning the Group's and Company's going concern and viability analysis. There are three key areas most impacted by the increased estimation uncertainty. – The valuation of investment and development properties. – The recoverability of tenant debtors and incentives. – The going concern forecast of the Group and Company. In making their assessment, management took into account the covenant headroom on the Group's drawn unsecured loan facilities. After considering all of these factors, the Directors have concluded that preparing the financial statements on a going concern basis remains appropriate. The Directors have described their assessment of viability in the Viability statement in the Annual Report.	We evaluated the Group's updated risk assessment and analysis and considered whether it addresses the relevant threats posed by Covid-19. We also evaluated management's assessment and corroborated evidence of the operational impacts, considering their consistency with other available information and our understanding of the business. We assessed the disclosures presented in the Annual Report in relation to Covid-19 by reading the other information, including the Principal risks and Viability statement set out in the Strategic Report, and assessing its consistency with the financial statements and the evidence we obtained in our audit. We considered the appropriateness of the disclosures around the increased uncertainty on its accounting estimates and consider these to be adequate. Refer to our key audit matter above for details of how we considered Covid-19 in our procedures in respect of the valuation of investment and development properties. Refer to our key audit matter above for details of how we considered Covid-19 in our procedures in respect of the recoverability of tenant debtors and incentives. In respect of going concern, we assessed the Directors' going concern analysis in light of Covid-19 and obtained evidence to support the key assumptions used in preparing the going concern model, including assessing covenant headroom within the base and downside case scenarios. We challenged the key assumptions and the reasonableness of the mitigating actions used in preparing the analysis. In conjunction with the above, we have reviewed management's analysis of liquidity and recalculated loan covenant compliance to satisfy ourselves that no breaches are anticipated over the going concern period of assessment. Management's analysis includes base and downside case scenarios and a robust analysis of planned mitigating actions. At the balance sheet date, the Group has access to undrawn loan facilities and cash of £1.8 billion. We considered whether changes to working practices brought about by Covid-19 had had an adverse impact on the effectiveness of management's business process and IT controls. Our planned tests of controls did not identify any evidence of material deterioration in the control environment. Our conclusions relating to going concern and other information are set out in the 'Conclusions relating to going concern' and 'Reporting on other information' sections of our report, respectively, below. We have no issues to report in respect of this work.

Key audit matter	How our audit addressed the key audit matter
Taxation (Group) Refer to the Report of the Audit Committee, the Notes to the financial statements – Note 1 (Basis of preparation, significant accounting policies and accounting judgements) and Note 7 (Taxation). The UK Real Estate Investment Trust (REIT) regime grants companies tax-exempt status provided they meet the rules within the regime. The rules are complex, and the tax-exempt status has a significant impact on the financial statements. The complexity of the rules creates a risk of an inadvertent breach and the Group's profit becoming subject to tax. The Group's status as a REIT underpins its business model and shareholder returns. For this reason, it warrants special audit focus. The obligations of the REIT regime include requirements to comply with balance of business, dividend and income cover tests. The Broadgate joint venture is also structured as a REIT and as such, REIT compliance is also of relevance for this joint venture in addition to the overall Group. Following the temporary suspension of dividends relating to 2020, there was a shortfall in the required Property Income Dividend ('PID') for the year ending 31 March 2020. The PID underpayment is expected to be £149 million and HMRC have confirmed that the underpayment can be remedied by payment of corporation tax of £28 million and the Group would remain compliant with the REIT regime requirements. The £28 million of corporation tax was paid to HMRC in February 2021. Tax provisions are in place to account for the risk of challenge of certain of the Group's tax positions. Given the subjective nature of these provisions, additional audit focus was placed on tax provisions.	We confirmed our understanding of management's approach to ensuring compliance with the REIT regime rules and we involved our internal taxation specialists to verify the accuracy of the application of the rules. We obtained management's calculations and supporting documentation, verified the inputs to their calculations and re-performed the Group's and Broadgate's annual REIT compliance tests. We used our knowledge of tax circumstances and, by reading relevant correspondence between the Group and Her Majesty's Revenue & Customs and the Group's external tax advisors, we are satisfied that the assumptions and judgements used by the Group in determining the tax provisions are reasonable. We have no issues to report in respect of this work.
Valuation of investments and loans to subsidiaries and joint ventures (Company) Refer to the Notes to the financial statements – Note A (Significant judgements and sources of estimation uncertainty) and D (Investments in subsidiaries and joint ventures, loans to subsidiaries and other investments). The Company has investments and loans to subsidiaries of £33,142 million (2020: £34,800 million) and investments in joint ventures of £106 million (2020: £404 million), as at 31 March 2021. This is following the recognition of a £34 million (2020: £nil) provision for impairment on investments in subsidiaries, an expected credit loss impairment of £756 million (2020: £935 million) recognised on loans to subsidiaries, and a £333 million (2020: £nil) provision for impairment on investments in joint ventures in the year.	We obtained the Directors' impairment assessment for the recoverability of investments and loans held in subsidiaries and joint ventures as at 31 March 2021. We assessed the accounting policy for investments and loans in subsidiaries and joint ventures to ensure they were compliant with FRS 101 "Reduced Disclosure Framework". We verified that the methodology used by the Directors in arriving at the carrying value of each subsidiary, and the expected credit loss 'simplified approach' provision for intercompany receivables, was compliant with FRS 101. We identified the key judgement within the requirement for impairment of both the investments and loans to subsidiaries and investments in joint ventures to be the underlying valuation of investment property held by the subsidiaries and joint ventures. For details of our procedures over investment property valuations please refer to the related Group key audit matter above. We have no issues to report in respect of this work.

Key audit matter**How our audit addressed the key audit matter****Valuation of investments and loans to subsidiaries and joint ventures (Company) (continued)**

The Company's accounting policy for investments and loans is to hold them at cost less any impairment. Impairment of the loans is calculated in accordance with IFRS 9, where expected credit losses are considered to be the excess of the Company's interest in a subsidiary or joint venture over the subsidiary or joint venture's fair value. Investments in subsidiaries and joint ventures are assessed for impairment in line with IAS 36.

Given the inherent judgement and complexity in assessing both the carrying value of a subsidiary or joint venture company, and the expected credit loss of intercompany receivables, this was identified as a key audit matter.

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's properties are spread across a number of subsidiaries with the Group financial statements being a consolidation of these entities in addition to the properties held by the Group's joint ventures. All of the work was carried out by the Group audit team to ensure sufficient coverage and appropriate audit evidence for our opinion on the Group financial statements as a whole.

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	£88.8 million (2020: £113.0 million).	£79.9 million (2020: £101.7 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 and loans in subsidiaries and joint ventures. Given this, and consistent with the prior year, we set an overall Company materiality level based on total assets. For purposes of the Group audit, we capped the overall materiality for the Company to be 90% of the Group overall materiality.

In addition, we set a specific materiality level of £14.1 million (2020: £15.9 million) for items within underlying post-tax profit. For 2021, this equates to 5% of the three year average profit after tax adjusted for capital and other items. The benchmark was updated on the basis that the measure used to calculate specific materiality has fluctuated over the last three years. For 2020, this equates to 5% of profit before tax adjusted for capital and other items. In arriving at this judgment, we had regard to the fact that the underlying post-tax profit is a secondary financial indicator of the Group [Refer to Note 2 of the financial statements where the term is defined in full].

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

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

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £4.4 million (Group audit) (2020: £5.6 million) and £4.0 million (Company audit) (2020: £5.0 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

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

Conclusions relating to going concern

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

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

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

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

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

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

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. 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 2021 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, included within the 2021 Corporate Governance Report is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

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

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

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

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

Use of this report

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

Other required reporting**Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 18 July 2014 to audit the financial statements for the year ended 31 March 2015 and subsequent financial periods. The period of total uninterrupted engagement is 7 years, covering the years ended 31 March 2015 to 31 March 2021.

Sandra Dowling (Senior Statutory Auditor)

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

25 May 2021

Consolidated income sheet

For the year ended 31 March 2021

	Note	2021			2020		
		Underlying ¹ £m	Capital and other £m	Total £m	Underlying ¹ £m	Capital and other £m	Total £m
Revenue	3	468	–	468	526	87	613
Costs²	3	(180)	–	(180)	(148)	(70)	(218)
Joint ventures and funds (see also below) ³	11	288	–	288	378	17	395
Administrative expenses		(74)	–	(74)	(73)	–	(73)
Valuation movement	4	–	(888)	(888)	–	(1,105)	(1,105)
Profit on disposal of investment properties and investments		–	28	28	–	1	1
Net financing costs							
financing income	6	–	15	15	1	–	1
financing charges	6	(62)	(3)	(65)	(67)	(41)	(108)
		(62)	12	(50)	(66)	(41)	(107)
Profit (loss) on ordinary activities before taxation		204	(1,257)	(1,053)	318	(1,434)	(1,116)
Taxation	7	(26)	(4)	(30)	–	2	2
Profit (loss) for the year after taxation		178	(1,261)	(1,083)	318	(1,432)	(1,114)
Attributable to non-controlling interests		3	(55)	(52)	12	(99)	(87)
Attributable to shareholders of the Company		175	(1,206)	(1,031)	306	(1,333)	(1,027)
Earnings per share:							
basic	2			(111.2)p			(110.0)p
diluted	2			(111.2)p			(110.0)p

All results derive from continuing operations.

	Note	2021			2020		
		Underlying ¹ £m	Capital and other £m	Total £m	Underlying ¹ £m	Capital and other £m	Total £m
Results of joint ventures and funds accounted for using the equity method							
Underlying Profit		52	–	52	79	–	79
Valuation movement	4	–	(409)	(409)	–	(284)	(284)
Capital financing costs		–	–	–	–	(22)	(22)
Loss on disposal of investment properties, trading properties and investments		–	(1)	(1)	–	–	–
Taxation	7	–	1	1	–	–	–
	11	52	(409)	(357)	79	(306)	(227)

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

2. Included within 'Costs' is a charge relating to provision for impairment of tenant debtors, accrued income and tenant incentives of £60m (2019/2020: £24m), disclosed in further detail in Note 10 and Note 13.

3. Included within 'Joint ventures and funds' is a charge relating to provision for impairment of loans to joint ventures of £144m (2019/20: £nil), disclosed in further detail in Note 11.

Consolidated statement of comprehensive income

For the year ended 31 March 2021

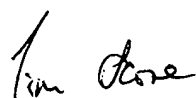
	2021 £m	2020 £m
Loss for the year after taxation	(1,083)	(1,114)
Other comprehensive income:		
Items that will not be reclassified subsequently to profit or loss:		
Net actuarial loss on pension scheme	(13)	-
Valuation movement on owner-occupied properties	(1)	1
	<u>(14)</u>	<u>1</u>
Items that may be reclassified subsequently to profit or loss:		
Gains (losses) on cash flow hedges		
- Group	2	2
- Joint ventures and funds	1	(1)
	<u>3</u>	<u>1</u>
Deferred tax on items of other comprehensive income	6	-
Other comprehensive (loss) income for the year	(5)	2
Total comprehensive loss for the year	(1,088)	(1,112)
Attributable to non-controlling interests	(52)	(86)
Attributable to shareholders of the Company	(1,036)	(1,026)

Consolidated balance sheet

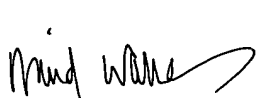
As at 31 March 2021

	Note	2021 £m	2020 £m
ASSETS			
Non-current assets			
Investment and development properties	10	6,326	8,188
Owner-occupied properties	10	2	68
		6,328	8,256
Other non-current assets			
Investments in joint ventures and funds	11	2,120	2,358
Other investments	12	20	125
Property, plant and equipment		30	6
Interest rate and currency derivative assets	17	135	231
Debtors		6	-
		8,639	10,976
Current assets			
Trading properties	10	26	20
Debtors	13	56	56
Cash and short term deposits	17	154	193
		236	269
Total assets		8,875	11,245
LIABILITIES			
Current liabilities			
Short term borrowings and overdrafts	17	(161)	(637)
Creditors	14	(219)	(253)
Corporation tax		(7)	(17)
		(387)	(907)
Non-current liabilities			
Debentures and loans	17	(2,249)	(2,865)
Other non-current liabilities	15	(128)	(156)
Deferred tax liabilities	16	-	(1)
Interest rate and currency derivative liabilities	17	(128)	(169)
		(2,505)	(3,191)
Total liabilities		(2,892)	(4,098)
Net assets		5,983	7,147
EQUITY			
Share capital		234	234
Share premium		1,307	1,307
Merger reserve		213	213
Other reserves		16	38
Retained earnings		4,154	5,243
Equity attributable to shareholders of the Company		5,924	7,035
Non-controlling interests		59	112
Total equity		5,983	7,147
EPRA NTA per share¹			
	2	648p	773p

1. As defined in Note 2.



Tim Score
Chairman



David Walker
Interim Chief Financial Officer

The financial statements on pages 160 to 210 were approved by the Board of Directors and signed on its behalf on 25 May 2021.
Company number 621920

Consolidated statement of cash flows

For the year ended 31 March 2021

	Note	2021 £m	2020 £m
Rental income received from tenants		320	415
Fees and other income received		38	42
Operating expenses paid to suppliers and employees		(125)	(146)
Indirect taxes (paid) received in respect of operating activities		(15)	11
Sale of trading properties		-	82
Cash generated from operations		218	404
Interest paid		(70)	(79)
Interest received		-	5
Corporation taxation payments		(33)	(4)
Distributions and other receivables from joint ventures and funds	11	34	49
Net cash inflow from operating activities		149	375
Cash flows from investing activities			
Development and other capital expenditure		(172)	(259)
Purchase of investment properties		(52)	(52)
Sale of investment properties		1,073	77
Acquisition of remaining share of Aldgate JV		-	(21)
Acquisition of investment in WOSC joint venture		-	(57)
Purchase of investments		(5)	(9)
Sale of investments		108	19
Indirect taxes (paid) received in respect of investing activities		(2)	1
Loan repayments from joint ventures and funds		40	-
Investment in and loans to joint ventures and funds		(84)	(191)
Capital distributions from joint ventures and funds		4	131
Net cash inflow (outflow) from investing activities		910	(361)
Cash flows from financing activities			
Issue of ordinary shares		-	5
Purchase of own shares		-	(125)
Dividends paid	19	(76)	(295)
Dividends paid to non-controlling interests		(1)	(13)
Capital payments in respect of interest rate derivatives		(10)	(14)
Decrease in lease liabilities		(7)	(8)
Decrease in bank and other borrowings		(1,218)	(189)
Drawdowns on bank and other borrowings		214	576
Net cash outflow from financing activities		(1,098)	(63)
Net decrease in cash and cash equivalents		(39)	(49)
Cash and cash equivalents at 1 April		193	242
Cash and cash equivalents at 31 March		154	193
Cash and cash equivalents consists of:			
Cash and short term deposits	17	154	193

Consolidated statement of changes in equity

For the year ended 31 March 2021

	Share capital £m	Share premium £m	Hedging and translation reserve ¹ £m	Re-valuation reserve £m	Merger reserve £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
Balance at 1 April 2020	234	1,307	12	26	213	5,243	7,035	112	7,147
Loss for the year after taxation	-	-	-	-	-	(1,031)	(1,031)	(52)	(1,083)
Revaluation of owner-occupied property	-	-	-	(1)	-	-	(1)	-	(1)
Gains on cash flow hedges – Group	-	-	2	-	-	-	2	-	2
Gains on cash flow hedges – joint ventures	-	-	-	1	-	-	1	-	1
Reserves transfer on disposal of owner-occupied property	-	-	-	(30)	-	30	-	-	-
Net actuarial loss on pension scheme	-	-	-	-	-	(13)	(13)	-	(13)
Deferred tax on items of other comprehensive income	-	-	-	6	-	-	6	-	6
Other comprehensive income	-	-	2	(24)	-	17	(5)	-	(5)
Total comprehensive income for the year	-	-	2	(24)	-	(1,014)	(1,036)	(52)	(1,088)
Fair value of share and share option awards	-	-	-	-	-	3	3	-	3
Dividends payable in year (8.40p per share)	-	-	-	-	-	(78)	(78)	-	(78)
Dividends payable by subsidiaries	-	-	-	-	-	-	-	(1)	(1)
Balance at 31 March 2021	234	1,307	14	2	213	4,154	5,924	59	5,983
Balance at 1 April 2019	240	1,302	11	26	213	6,686	8,478	211	8,689
Loss for the year after taxation	-	-	-	-	-	(1,027)	(1,027)	(87)	(1,114)
Revaluation of owner-occupied property	-	-	-	1	-	-	1	-	1
Gains on cash flow hedges – Group	-	-	1	-	-	-	1	1	2
Losses on cash flow hedges – joint ventures	-	-	-	(1)	-	-	(1)	-	(1)
Deferred tax on items of other comprehensive income	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	1	-	-	-	1	1	2
Total comprehensive income for the year	-	-	1	-	-	(1,027)	(1,026)	(86)	(1,112)
Share issues	-	5	-	-	-	-	5	-	5
Fair value of share and share option awards	-	-	-	-	-	(2)	(2)	-	(2)
Purchase of own shares	(6)	-	-	-	-	(119)	(125)	-	(125)
Dividends payable in year (31.47p per share)	-	-	-	-	-	(295)	(295)	-	(295)
Dividends payable by subsidiaries	-	-	-	-	-	-	-	(13)	(13)
Balance at 31 March 2020	234	1,307	12	26	213	5,243	7,035	112	7,147

1. The balance at the beginning of the current year includes £15m in relation to translation and (£3m) in relation to hedging (2019/20: £15m and (£4m)). Opening and closing balances in relation to hedging relate to continuing hedges only.

Notes to the accounts

1 Basis of preparation, significant accounting policies and accounting judgements

The financial statements for the year ended 31 March 2021 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 international accounting standards in conformity with the requirements of the Companies Act 2006 ('IFRS') and the applicable legal requirements of the Companies Act 2006. In addition to complying with international accounting standards in conformity with requirements of the Companies Act 2006, the consolidated financial statements also comply with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

On 31 December 2020 EU-adopted IFRS was brought into UK law and became UK-adopted international accounting standards, with future changes to IFRS being subject to endorsement by the UK Endorsement Board. The consolidated financial statements will transition to UK-adopted international accounting standards for financial periods beginning 1 April 2021.

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

These amendments include IAS 1 and IAS 8 (amended) – Definition of Material, IFRS 3 (amended) – Definition of a Business, IFRS 9 (amended) – criteria for hedge accounting on transition from LIBOR to IBOR and IFRS 16 (amended).

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective for the current accounting period. These amendments include amendments to IFRS 16, 'Leases' – Covid-19 related rent concessions, amendments to IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2, amendments to IAS 1, Presentation of financial statements' on classification of liabilities, a number of narrow-scope amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16 and narrow scope amendments to IAS 1, Practice statement 2 and IAS 8. The above amendments are not expected to have a significant impact on the Group's results.

Going concern

The financial statements are prepared on a going concern basis. Whilst the balance sheet shows that the Group is in a net current liability position, predominantly as a result of the \$220m of Senior US Dollar Loan Notes that are reaching maturity within the next 12 months, 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 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 100.

Subsidiaries, joint ventures and associates (including funds)

The consolidated accounts include the accounts of the British Land Company PLC and all subsidiaries (entities controlled by British Land). Control is assumed where British Land 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 (including funds) are accounted for under the equity method, whereby the consolidated balance sheet incorporates the Group's share (investor's share) of the net assets of its joint ventures and associates. The consolidated income statement incorporates the Group's share of joint venture and associate profits after tax. Their profits include revaluation movements on investment properties. Where joint ventures and associates, including funds 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 (including funds) are classed as cash flows from operating activities, except where they relate to a cash flow arising from a capital transaction, such as a property or investment disposal. In this case they are classed as cash flows from investing activities.

Properties

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

Notes to the accounts continued

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

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

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

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

Investment property disposals are recognised on completion. Profits and losses arising are recognised through the capital and other column of the income statement. The profit on disposal is determined as the difference between the net sales proceeds and the carrying amount of the asset at the commencement of the accounting period plus capital expenditure in the period.

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 investment property occur when, and only when, there is evidence of change in use.

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

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

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 premium) are recognised in the income statement when they occur.

Convertible bonds are designated as fair value through profit or loss and so are initially recognised at fair value with all subsequent gains and losses, including the write-off of issue costs, recognised in the capital and other column of the income statement as a component of net financing costs. The interest charge in respect of the coupon rate on the bonds is recognised within the underlying component of net financing costs on an accruals basis.

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.

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

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

Revenue

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

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

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

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

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

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

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

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

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

Management fees are recognised as revenue in the period to which they relate and relate predominantly to the provision of asset management, property management, development

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

Employee costs

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

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

Notes to the accounts continued

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

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

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

Accounting judgements and estimates

In applying the Group's accounting policies, the Directors are required to make judgements and estimates that affect the financial statements.

The general risk environment in which the Group operates remained heightened during the period, which is largely due to the continued level of uncertainty associated with the impact of Covid-19, the significant deterioration in the UK retail market and relatively weak investment markets.

Significant areas of estimation are:

Valuation of investment, trading and owner-occupied properties and investments classified as fair value through profit or loss. The Group uses external professional valuers to determine the relevant amounts. The primary source of evidence for property valuations should be recent, comparable market transactions on an arms-length basis. However, the valuation of the Group's property portfolio and investments classified as fair value through profit or loss are inherently subjective, as they are based upon valuer assumptions which may prove to be inaccurate.

Impairment provisioning of lease debtors (including accrued income) and lease incentives, which are presented within investment properties, are now considered to be an area of significant estimation. The impact of Covid-19 has given rise to an increase in lease debtors due from tenants along with higher loss rates. Consequently the impairment provisions, calculated using the expected credit loss model under IFRS 9 against these balances, are higher than in previous periods.

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 ageing profile. In the current environment as a result of Covid-19, more weighting is given to risk rating when determining expected credit losses. Tenant risk ratings are determined by management, taking into consideration information available surrounding a tenant's credit rating, financial position and historical loss rates. Consideration is also given for the current impact of Covid-19 and its potential impact over the next 12 months on their business along with industry trends. Tenants are classified as being in Administration or CVA, high, medium or low risk based on this information. The assigned loss rates for these risk categories are reviewed at each balance sheet date. The same key assumptions are applied in the expected credit loss model for tenant incentives, without the consideration of the ageing profile which is not relevant for these balances. The loss rates attributed to each credit risk rating for tenant incentives is lower than that attributed to lease debtors on the basis that the associated credit risk on these balances, which relate to the tenant's future lease liabilities, is lower than that

associated to current tenant debtors outstanding as a result of Covid-19.

As provisioning is a new area of significant estimation in the current year several additional tables, including sensitivity disclosures, have been provided relating to lease debtors in Note 13 and lease incentives in Note 10.

Other less significant areas of estimation include the valuation of interest rate derivatives, the determination of share-based payment expense, the actuarial assumptions used in calculating the Group's retirement benefit obligations and taxation provisions.

The following items are ongoing areas of accounting judgement, however, significant judgment 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.

Accounting for joint ventures and funds: In accordance with IFRS 10 'Consolidated financial statements', IFRS 11 'Joint arrangements', and IFRS 12 'Disclosures of interests in other entities' an assessment is required to determine the degree of control or influence the Group exercises and the form of any control to ensure that the financial statement treatment is appropriate. 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. Group shares in joint ventures and funds 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.

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 loss 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). Underlying Profit is the pre-tax EPRA earnings measure, with additional Company adjustments. No Company adjustments were made in either the current or prior year.

	2021			2020		
	Relevant earnings £m	Relevant number of shares million	Earnings, per share pence	Relevant earnings £m	Relevant number of shares million	Earnings per share pence
Earnings per share						
Underlying						
Underlying basic	175	927	18.9	306	934	32.8
Underlying diluted	175	930	18.8	306	937	32.7
EPRA						
EPRA basic	175	927	18.9	306	934	32.8
EPRA diluted	175	930	18.8	306	937	32.7
IFRS						
Basic	(1,031)	927	(111.2)	(1,027)	934	(110.0)
Diluted	(1,031)	927	(111.2)	(1,027)	934	(110.0)

Net asset value

The Group adopted the EPRA issued new best practice guidelines in the year ending 31 March 2021, incorporating three new measures of net asset value: EPRA Net Tangible Assets (NTA), Net Reinvestment Value (NRV) and Net Disposal Value (NDV). EPRA NTA is considered to be the most relevant measure for the Group and is now the primary measure of net assets, replacing the previously reported EPRA Net Asset Value metric. The total accounting return is now calculated based on EPRA NTA. Further detail on the adopted metrics is included within the supplementary disclosures (Table B).

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, are 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 and 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.

	2021			2020		
	Relevant net assets £m	Relevant number of shares million	Net asset value per share pence	Relevant net assets £m	Relevant number of shares million	Net asset value per share pence
Net asset value per share						
EPRA						
EPRA NTA	6,050	933	648	7,202	932	773
EPRA NRV	6,599	933	707	7,872	932	845
EPRA NDV	5,678	933	609	6,762	932	726
IFRS						
Basic	5,983	927	645	7,147	927	771
Diluted	5,983	933	641	7,147	932	767

Notes to the accounts continued

2 Performance measures continued

Total accounting return

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

	2021			2020		
	Decrease in NTA per share pence	Dividend per share paid pence	Total accounting return	Decrease in NTA per share pence	Dividend per share paid pence	Total accounting return
Total accounting return	(125)	8.40	(15.1%)	(131)	31.47	(11.0%)

3 Revenue and costs

	2021			2020		
	Underlying £m	Capital and other £m	Total £m	Underlying £m	Capital and other £m	Total £m
Rent receivable	370	-	370	431	-	431
Spreading of tenant incentives and guaranteed rent increases	7	-	7	(3)	-	(3)
Surrender premia	-	-	-	5	-	5
Gross rental income	377	-	377	433	-	433
Trading property sales proceeds	-	-	-	-	87	87
Service charge income	64	-	64	64	-	64
Management and performance fees (from joint ventures and funds)	7	-	7	8	-	8
Other fees and commissions	20	-	20	21	-	21
Revenue	468	-	468	526	87	613
Trading property cost of sales	-	-	-	-	(70)	(70)
Service charge expenses	(59)	-	(59)	(61)	-	(61)
Property operating expenses	(45)	-	(45)	(46)	-	(46)
Provision for impairment of trade debtors and accrued income	(52)	-	(52)	(4)	-	(4)
Provision for impairment of tenant incentives and guaranteed rent increases	(8)	-	(8)	(20)	-	(20)
Other fees and commissions expenses	(16)	-	(16)	(17)	-	(17)
Costs	(180)	-	(180)	(148)	(70)	(218)
	288	-	288	378	17	395

The cash element of net rental income (gross rental income less property operating expenses) recognised during the year ended 31 March 2021 from properties which were not subject to a security interest was £202m (2019/20: £316m). Property operating expenses relating to investment properties that did not generate any rental income were £nil (2019/20: £nil). Contingent rents of £5m (2019/20: £3m) were recognised in the year.

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

4 Valuation movements on property

	2021 £m	2020 £m
Consolidated income statement		
Revaluation of properties	(886)	(1,105)
Revaluation of owner-occupied properties	(2)	-
Revaluation of properties held by joint ventures and funds accounted for using the equity method	(409)	(284)
	(1,297)	(1,389)
Consolidated statement of comprehensive income		
Revaluation of owner-occupied properties	(1)	1
	(1,298)	(1,388)

5 Auditors' remuneration

PricewaterhouseCoopers LLP

	2021 £m	2020 £m
Fees payable to the Company's auditors for the audit of the Company's annual accounts	0.5	0.3
Fees payable to the Company's auditors for the audit of the Company's subsidiaries, pursuant to legislation	0.1	0.4
Total audit fees	0.6	0.7
Audit-related assurance services	0.2	0.1
Total audit and audit-related assurance services	0.8	0.8
Other fees		
Other services	-	-
Total	0.8	0.8

Notes to the accounts continued

6 Net financing costs

	2021 £m	2020 £m
Underlying		
Financing charges		
Facilities and overdrafts	(22)	(25)
Derivatives	31	30
Other loans	(74)	(76)
Obligations under head leases	(4)	(4)
	(69)	(75)
Development interest capitalised	7	8
	(62)	(67)
Financing income		
Deposits, securities and liquid investments	-	1
	-	1
Net financing charges – underlying	(62)	(66)
Capital and other		
Financing charges		
Valuation movement on fair value hedge accounted derivatives ¹	(83)	62
Valuation movement on fair value hedge accounted debt ¹	83	(62)
Capital financing costs	-	3
Fair value movement on convertible bonds	(3)	(4)
Valuation movement on non-hedge accounted derivatives	-	(40)
	(3)	(41)
Financing income		
Valuation movement on non-hedge accounted derivatives	15	-
	15	-
Net financing charges – capital	12	(41)
Net financing costs		
Total financing income	15	1
Total financing charges	(65)	(108)
Net financing costs	(50)	(107)

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 period of £nil (2019/20: £nil).

Interest payable on unsecured bank loans and related interest rate derivatives was £11m (2019/20: £9m). Interest on development expenditure is capitalised at the Group's weighted average interest rate of 2.2% (2019/20: 1.9%). The weighted average interest rate on a proportionately consolidated basis at 31 March 2021 was 2.9% (2019/20: 2.5%).

7 Taxation

	2021 £m	2020 £m
Taxation (expense) income		
Current taxation		
Underlying profit		
Current period UK corporation taxation (2020/21: 19%; 2019/20: 19%)	(2)	-
Underlying profit adjustments in respect of prior periods ¹	(24)	-
Total current underlying profit taxation expense	(26)	-
Capital profit		
Current period UK corporation taxation (2020/21: 19%; 2019/20: 19%)	-	(1)
Capital profit adjustments in respect of prior periods	1	5
Total current capital profit taxation income	1	4
Total current taxation (expense) income	(25)	4
Deferred taxation on revaluations and derivatives	(5)	(2)
Group total taxation (expense) income	(30)	2
Attributable to joint ventures and funds	1	-
Total taxation (expense) income	(29)	2
Taxation reconciliation		
Loss on ordinary activities before taxation	(1,053)	(1,116)
Less: loss attributable to joint ventures and funds ²	358	227
Group loss on ordinary activities before taxation	(695)	(889)
Taxation on loss on ordinary activities at UK corporation taxation rate of 19% (2019/20: 19%)	132	169
Effects of:		
- REIT exempt income and gains	(134)	(165)
- Taxation losses	-	(5)
- Deferred taxation on revaluations and derivatives	(5)	(2)
- Adjustments in respect of prior years	(23)	5
Group total taxation (expense) income	(30)	2

1. Includes the £28m corporation tax charge in relation to the year ended 31 March 2020, discussed below, offset by other credits in respect of prior periods of £4m relating to tax provisions in respect of historic taxation matters and points of uncertainty.

2. A current taxation income of £1m (2019/20: £nil) and a deferred taxation credit of £nil (2019/20: £nil) arose on profits attributable to joint ventures and funds. The low tax charge reflects the Group's REIT status.

Taxation expense attributable to Underlying Profit for the year ended 31 March 2021 was £26m (2019/20: £nil). Taxation income attributable to Capital and other profit was £1m (2019/20: income of £4m). Corporation taxation payable at 31 March 2021 was £7m (2019/20: £17m) as shown on the balance sheet.

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

Following the temporary suspension of the dividend to best ensure we could effectively support our customers who were hardest hit and protect the long term value of the business as a result of Covid-19, there was a shortfall in the required distributions for the year ended 31 March 2020. We agreed with HMRC that we would remain compliant with the REIT regime requirements through payment of corporation tax at 19% on the underpayment of the PID requirement for the year to 31 March 2020 arising as a consequence of Covid-19. The taxable PID underpayment is expected to be £149m and the resulting corporation tax thereon of £28m has been paid in the year ended 31 March 2021.

Following the resumption of the dividend, it is expected that the PID requirement for the year to 31 March 2021 and subsequent years will be satisfied in full on a timely basis through dividend payments.

Notes to the accounts continued

8 Staff costs

Staff costs (including Directors)	2021 £m	2020 £m
Wages and salaries	53	56
Social security costs	7	7
Pension costs	3	6
Equity-settled share-based payments	3	[3]
	66	66

The average monthly number of employees of the Company during the year was 326 (2019/20: 300). The average monthly number of Group employees, including those employed directly at the Group's properties and their costs recharged to tenants, was 634 (2019/20: 672). The average monthly number of employees of the Company within each category of persons employed was as follows: Retail: 27; Offices: 16; Canada Water: 17; Developments: 39; Storey: 10; Support Functions: 217. The average monthly number of employees of the Group within each category of persons employed was as follows: Retail: 27; Offices: 16; Canada Water: 17; Developments: 39; Storey: 10; Support Functions: 217; Property Management: 308.

The Executive Directors and Non-Executive Directors are the key management personnel. Their emoluments are disclosed in the Remuneration Report on pages 122 to 143.

Staff costs

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

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

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

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

	22 June 2020		24 July 2019	
	Awards with holding period	Awards with no holding period	Awards with holding period	Awards with no holding period
Share price	£4.09	£4.09	£5.35	£5.35
Exercise price	£0.00	£0.00	£0.00	£0.00
Expected volatility	28.3%	28.3%	17.1%	17.1%
Expected term (years)	3	3	3	3
Dividend yield	0.0%	0.0%	0.0%	0.0%
Risk free interest rate	0.0%	0.0%	0.47%	0.47%
Fair value - TSR Tranche FTSE 350	£1.01	£1.18	£1.41	£1.54
Fair value - TSR Tranche FTSE 100	£1.30	£1.51	£1.40	£1.53
Fair value - TPR and TAR Tranches	£3.51	£4.09	£4.89	£5.35

Movements in shares and options are given in Note 20.

9 Pensions

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

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

The total net pension cost charged for the year was £3m (2019/20: £6m), of which £5m (2019/20: £5m) relates to defined contribution plans, £1m (2019/20: £1m) relates to the current service cost of the defined benefit schemes and a credit of £3m (2019/20: £nil) relates to a curtailment gain, presented as a past service cost, as a result of the closure of the defined benefit schemes to future accrual.

The last full actuarial valuation of the scheme was performed by the scheme actuary, First Actuarial LLP, as at 31 March 2018. The employer does not expect to make any payments during the year to 31 March 2022. The major assumptions used for the actuarial valuation were:

	2021 % pa	2020 % pa	2019 % pa	2018 % pa	2017 % pa
Discount rate	2.0	2.3	2.4	2.6	2.4
Salary inflation	-	3.9	4.8	4.9	4.9
Pensions increase	3.4	2.5	3.3	3.3	3.3
Price inflation	3.5	2.5	3.4	3.4	3.4

The assumptions are that a member currently aged 60 will live on average for a further 28.0 years if they are male and for a further 29.6 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 29.3 years after retirement if they are male and for a further 31.0 years after retirement if they are female.

Composition of scheme assets

	2021 £m	2020 £m
Equities	68	60
Diversified growth funds	42	50
Other assets	68	51
Total scheme assets	178	161

93.8% of the scheme assets are quoted in an active market. All unquoted scheme assets sit within equities.

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

	2021 £m	2020 £m	2019 £m	2018 £m	2017 £m
Present value of defined scheme obligations	(152)	(131)	(147)	(147)	(167)
Fair value of scheme assets	178	161	160	152	154
Irrecoverable surplus ¹	(26)	(30)	(13)	(5)	-
Liability recognised in the balance sheet	-	-	-	-	(13)

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 (2019/20: £nil), therefore the surplus in the defined benefit schemes of £26m (2019/20: £30m) is irrecoverable.

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

Assumption	Change in assumption	Increase/(decrease) in defined scheme obligations	
		2021 £m	2020 £m
Discount rate	+0.5%	(14)	(11)
Salary inflation	+0.5%	-	1
RPI inflation	+0.5%	12	12
Assumed life expectancy	+1 year	6	4

Notes to the accounts continued

9 Pensions continued

History of experience gains and losses

	2021 £m	2020 £m	2019 £m	2018 £m	2017 £m
Total actuarial (loss) gain recognised in the consolidated statement of comprehensive income ^{1,2}	(13)	–	–	9	(12)
Percentage of present value on scheme liabilities	(8.6%)	(0.3%)	0.1%	6.1%	7.2%

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

2. Cumulative loss recognised in the statement of comprehensive income is £53m (2019/20: £40m).

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

	2021 £m	2020 £m
At 1 April	(131)	(147)
Current service cost	(1)	(2)
Curtailment gain	3	–
Interest cost	(4)	(4)
Actuarial (loss) gain		
(Loss) gain from change in financial assumptions	(26)	17
Gain on scheme liabilities arising from experience	1	–
Benefits paid	6	5
At 31 March	(152)	(131)

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

	2021 £m	2020 £m
At 1 April	161	160
Interest income on scheme assets	4	4
Contributions by employer	10	1
Actuarial gain	9	1
Benefits paid	(6)	(5)
At 31 March	178	161

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 2021

	Retail Level 3 £m	Offices and Residential Level 3 £m	Canada Water Level 3 £m	Developments Level 3 £m	Investment and development properties Level 3 £m	Trading Properties £m	Owner- Occupied Level 3 £m	Total £m
Carrying value at 1 April 2020	3,188	3,941	400	659	8,188	20	68	8,276
Additions								
- property purchases	52	-	-	-	52	-	-	52
- development expenditure	3	(3)	25	76	101	-	3	104
- capitalised interest and staff costs	-	-	4	7	11	-	-	11
- capital expenditure on asset management initiatives	20	8	-	6	34	-	-	34
- right-of-use assets	-	2	-	-	2	-	-	2
	75	7	29	89	200	-	3	203
Disposals	(421)	(699)	-	(10)	(1,130)	-	(66)	(1,196)
Right-of-use assets disposals	-	-	(36)	-	(36)	-	-	(36)
Reclassifications	16	-	-	(22)	(6)	6	-	-
Revaluations included in income statement	(683)	(202)	(7)	6	(886)	-	(2)	(888)
Revaluations included in OCI	-	-	-	-	-	-	(1)	(1)
Movement in tenant incentives and contracted rent uplift balances	1	(5)	-	-	(4)	-	-	(4)
Carrying value at 31 March 2021	2,176	3,042	386	722	6,326	26	2	6,354
Lease liabilities (Notes 14 and 15) ¹								(108)
Less valuation surplus on right-of-use assets ²								(8)
Valuation surplus on trading properties								9
Group property portfolio valuation at 31 March 2021								6,247
Non-controlling interests								(137)
Group property portfolio valuation at 31 March 2021 attributable to shareholders								6,110

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

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

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 property portfolio. For further details, refer to the Sustainability section of the Strategic Report on pages 40 to 53.

Notes to the accounts continued

10 Property continued

Property reconciliation for the year ended 31 March 2020

	Retail Level 3 £m	Offices and Residential Level 3 £m	Canada Water Level 3 £m	Developments Level 3 £m	Investment and development properties Level 3 £m	Trading Properties £m	Owner- Occupied Level 3 £m	Total £m
Carrying value at 1 April 2019	4,317	3,776	318	520	8,931	87	73	9,091
Additions								
– property purchases	19	34	–	41	94	–	–	94
– development expenditure	1	2	24	129	156	–	–	156
– capitalised interest and staff costs	–	–	4	5	9	–	–	9
– capital expenditure on asset management initiatives ¹	36	54	–	2	92	–	–	92
– right-of-use assets	5	48	21	–	74	–	–	74
	61	138	49	177	425	–	–	425
Depreciation	–	–	–	–	–	–	(1)	(1)
Disposals	(58)	–	–	–	(58)	(67)	–	(125)
Reclassifications	45	(14)	–	(26)	5	–	(5)	–
Revaluations included in income statement	(1,158)	35	33	(15)	(1,105)	–	–	(1,105)
Revaluations included in OCI	–	–	–	–	–	–	1	1
Movement in tenant incentives and contracted rent uplift balances	(19)	6	–	3	(10)	–	–	(10)
Carrying value at 31 March 2020	3,188	3,941	400	659	8,188	20	68	8,276
Lease liabilities (Notes 14 and 15)								(163)
Less valuation surplus on right-of-use assets ²								(20)
Valuation surplus on trading properties								13
Group property portfolio valuation at 31 March 2020								8,106
Non-controlling interests								(185)
Group property portfolio valuation at 31 March 2020 attributable to shareholders								7,921

1. Offices capital expenditure includes £36m of flexible workspace fit-out in the current year which has been reclassified from property, plant and equipment to property additions.
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 £8,106m above.

Property valuation

The different valuation method levels are defined below:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.**
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

These levels are specified in accordance with IFRS 13 'Fair Value Measurement'. Property valuations are inherently subjective as they are made on the basis of assumptions made by the valuer which may not prove to be accurate. For these reasons, and consistent with EPRA's guidance, we have classified the valuations of our property portfolio as Level 3 as defined by IFRS 13. The inputs to the valuations are defined as 'unobservable' by IFRS 13 and these are analysed in a table on the following pages. There were no transfers between levels in the year.

The general risk environment in which the Group operates remained heightened during the period, which is largely due to the impact of Covid-19, uncertainty regarding the impact of the UK's exit from the EU, the significant deterioration in the UK retail market and weak investment markets. This environment has had, and may continue to have, a significant impact upon property valuations.

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 2019, published by The Royal Institution of Chartered Surveyors.

10 Property continued

The Covid-19 pandemic has continued to impact global financial markets and market activity in many sectors, with some real estate markets having experienced lower levels of transactional activity and liquidity. In some cases, 'lockdowns' have been applied – in varying degrees – to reflect further 'waves' of Covid-19. While these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact. As at the valuation date property markets are mostly functioning again, with transaction volumes and other relevant evidence returning to levels which our valuers consider to be an adequate quantum of market evidence upon which to base their opinions of value. Accordingly, and for the avoidance of doubt, our valuers have not reported their valuations as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Our valuers have, however, highlighted the market context under which their opinions have been prepared and, in recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of Covid-19, the importance of the valuation date.

In preparing their valuations, our valuers have considered the impact of concessions agreed with tenants at the balance sheet date, which mainly relate to rent deferrals and rent-free periods, on valuations, primarily of retail assets. They have also given consideration to occupiers in higher risk sectors, and those assumed to be at risk of default, in determining the appropriate yields to apply.

At 31 March 2020 all of our external valuation reports included a 'material valuation uncertainty' declaration, which emphasised that less certainty – and a higher degree of caution – should be attached to the valuations than would normally be the case. In light of this, we reviewed the ranges used for our sensitivity analysis, and adopted expanded ranges to reflect this increased uncertainty. No such declaration was included in our valuation reports at 31 March 2021, with our external valuers concluding that there was an adequate quantum of market evidence upon which to base opinions of value. Consequently, for the purposes of our sensitivity tables, we have determined it appropriate to revert to the ranges adopted in reporting periods in which the 'material valuation uncertainty' declaration was not present, as we have the same level of certainty over our external valuations, being +/-5% for ERV, +/-25bps for NEY and +/-5% for development costs.

There has been no change in the valuation methodology used for investment property as a result of Covid-19.

The information provided to the valuers, and the assumptions and valuation models used by the valuers, are reviewed by the property portfolio team, the Head of Real Estate and the Interim Chief Financial Officer. The valuers meet with the external auditors and also present directly to the Audit Committee at the interim and year end review of results. Further details of the Audit Committee's responsibilities in relation to valuations can be found in the Report of the Audit Committee on pages 116 to 121.

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

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

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

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

	2021			2020		
	Group £m	Joint ventures and funds £m	Total £m	Group £m	Joint ventures and funds £m	Total £m
Knight Frank LLP	1,375	40	1,415	1,420	54	1,474
CBRE	1,642	124	1,766	2,097	183	2,280
Jones Lang LaSalle	849	506	1,355	1,348	765	2,113
Cushman & Wakefield	2,381	2,378	4,759	3,241	2,270	5,511
Total property portfolio valuation	6,247	3,048	9,295	8,106	3,272	11,378
Non-controlling interests	(137)	(26)	(163)	(185)	(36)	(221)
Total property portfolio valuation attributable to shareholders	6,110	3,022	9,132	7,921	3,236	11,157

Notes to the accounts continued

10 Property continued

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

Investment	Fair value at 31 March 2021 £m	Valuation technique	ERV per sq ft			Equivalent yield			Costs to complete per sq ft		
			Min £	Max £	Average £	Min %	Max %	Average %	Min £	Max £	Average £
Retail	2,118	Investment methodology	2	32	18	5	14	8	–	46	13
Offices	2,918	Investment methodology	9	176	58	4	6	5	–	475	85
Canada Water ¹	387	Residual methodology	22	53	50	5	6	5	162	343	260
Residential	66	Investment methodology	2	2	2	5	5	5	–	–	–
Developments	723	Residual methodology	65	90	77	4	14	6	2	89	48
Total	6,212										
Trading properties at fair value	35										
Group property portfolio valuation	6,247										

1. Includes owner-occupied.

Information about fair value measurements using unobservable inputs (Level 3) for the year ended 31 March 2020

Investment	Fair value at 31 March 2020 £m	Valuation technique	ERV per sq ft			Equivalent yield			Costs to complete per sq ft		
			Min £	Max £	Average £	Min %	Max %	Average %	Min £	Max £	Average £
Retail	3,128	Investment methodology	2	87	21	4	11	7	–	85	15
Offices ¹	3,851	Investment methodology	9	177	60	4	5	4	–	421	62
Canada Water	364	Investment methodology	15	31	20	2	6	4	–	–	–
Residential	70	Investment methodology	38	38	38	4	4	4	–	–	–
Developments	660	Residual methodology	48	62	55	4	5	4	–	367	220
Total	8,073										
Trading properties at fair value	33										
Group property portfolio valuation	8,106										

1. Includes owner-occupied.

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

	Fair value at 31 March 2021 £m	Impact on valuations		Impact on valuations		Impact on valuations	
		+5% ERV £m	-5% ERV £m	-25bps NEY £m	+25bps NEY £m	-5% costs £m	+5% costs £m
Retail	2,579	97	(96)	91	(85)	2	(2)
Offices ¹	5,244	236	(264)	368	(327)	17	(16)
Canada Water	387	58	(60)	71	(64)	77	(77)
Residential	93	1	(1)	2	(1)	–	–
Developments	829	62	(61)	101	(89)	25	(27)
Group property portfolio valuation including share of joint ventures and funds	9,132	454	(482)	633	(566)	121	(122)

1. Includes trading properties at fair value.

10 Property continued

Information about the impact of changes in unobservable inputs (Level 3) on the fair value of the Group's property portfolio including share of joint ventures and funds for the year ended 31 March 2020

	Fair value at 31 March 2020 £m	Impact on valuations		Impact on valuations		Impact on valuations	
		+10% ERV £m	-10% ERV £m	-50bps NEY £m	+50bps NEY £m	-10% costs £m	+10% costs £m
Retail	3,848	297	(287)	322	(276)	4	(4)
Offices ¹	5,800	553	(530)	878	(678)	26	(27)
Canada Water	364	7	(7)	8	(6)	136	(133)
Residential	99	2	(2)	4	(3)	-	-
Developments	1,046	129	(128)	198	(155)	19	(19)
Group property portfolio valuation including share of joint ventures and funds	11,157	988	(954)	1,410	(1,118)	185	(183)

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
- 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.

Provision for impairment of tenant incentives and guaranteed rent increases

A provision of £23m (31 March 2020: £17m) has been made for impairment of tenant incentives and contracted rent uplift balances (guaranteed rents). The charge to the income statement in relation to write-offs and provisions for impairment for tenant incentives and guaranteed rents was £8m (2019/20: £20m) (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 guaranteed rent increases balances and associated expected credit losses grouped by credit risk ratings. The split between Offices and Retail has been disclosed on the basis that Offices balances have a lower assumed credit risk as a result of the impact of Covid-19 in comparison to Retail tenants and relate to the significant majority of tenant incentive balances at year end with an immaterial provision for impairment applied.

Credit Risk	2021								
	Retail			Offices			Total		
	Tenant incentives ¹ £m	Provision £m	Net tenant incentives £m	Tenant incentives ¹ £m	Provision £m	Net tenant incentives £m	Tenant incentives ¹ £m	Provision £m	Net tenant incentives £m
CVA ² / Administration	4	(4)	-	-	-	-	4	(4)	-
High	22	(17)	5	1	(1)	-	23	(18)	5
Medium	8	(1)	7	1	-	1	9	(1)	8
Low	50	-	50	63	-	63	113	-	113
Total Group	84	(22)	62	65	(1)	64	149	(23)	126
Joint ventures and funds	14	(3)	11	65	(3)	62	79	(6)	73
Total	98	(25)	73	130	(4)	126	228	(29)	199

1. The tenant incentives balance includes guaranteed 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

Credit Risk	2020								
	Retail			Offices			Total		
	Tenant incentives ¹ £m	Provision ² £m	Net £m	Tenant incentives ¹ £m	Provision ² £m	Net £m	Tenant incentives ¹ £m	Provision ² £m	Net £m
CVA ³ / Administration	4	(3)	1	-	-	-	4	(3)	1
High	11	(6)	5	-	-	-	11	(6)	5
Medium	12	(2)	10	2	-	2	14	(2)	12
Low	36	-	36	76	-	76	112	-	112
Total Group	63	(11)	52	78	-	78	141	(11)	130
Joint ventures and funds	24	(4)	20	43	(2)	41	67	(6)	61
Total	87	(15)	72	121	(2)	119	208	(17)	191

1. The tenant incentives balance includes guaranteed rent increases.

2. Company Voluntary Arrangements.

3. The £11m provision for Total Group in the table above represents provisions for impairment of tenant incentives and guaranteed rent increases held by the Group. In the year ended 31 March 2020, the Group also held general provisions for impairment of tenant incentives and guaranteed rent increases of £6m, resulting in a total provision of £17m.

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. 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 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 £5m increase/decrease in provisions for impairment of tenant incentives. A movement in the share of Offices tenant incentives within each credit risk rating has not been considered as management believes there is less uncertainty associated to the assumption on Offices 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 ending 31 March 2021 on a Group and on a proportionally consolidated basis.

Movement in provisions for impairment of tenant incentives	Group £m	Proportionally consolidated £m
Provisions for impairment of tenant incentives as at 1 April 2020	17	17
Write-offs of tenant incentives	(2)	(6)
Increase in provision for impairment of tenant incentives	8	18
Total provision charge recognised in income statement	8	18
Provisions for impairment of tenant incentives as at 31 March 2021	23	29

Additional property disclosures – including covenant information

At 31 March 2021, the Group property portfolio valuation of £6,247m (2019/20: £8,106m) comprises freeholds of £3,127m (2019/20: £4,139m); virtual freeholds of £1,055m (2019/20: £1,050m); long leaseholds of £1,945m (2019/20: £2,822m); and short leaseholds of £120m (2019/20: £95m). The historical cost of properties was £4,812m (2019/20: £5,981m).

Cumulative interest capitalised against investment, development and trading properties amounts to £104m (2019/20: £103m).

Properties valued at £1,017m (2019/20: £961m) were subject to a security interest and other properties of non-recourse companies amounted to £575m (2019/20: £772m), totalling £1,592m (2019/20: £1,733m).

Included within the property valuation is £7m (2019/20: £12m) in respect of accrued contracted rental uplift income and £142m (2019/20: £129m) 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 and funds

Summary movement for the year of the investments in joint ventures and funds

	Joint ventures £m	Funds £m	Total £m	Equity £m	Loans £m	Total £m
At 1 April 2020	2,188	170	2,358	1,659	699	2,358
Additions	209	–	209	63	146	209
Disposals	(41)	(12)	(53)	(13)	(40)	(53)
Share of loss on ordinary activities after taxation ¹	(330)	(27)	(357)	(213)	(144)	(357)
Distributions and dividends:						
– Capital	(4)	–	(4)	(4)	–	(4)
– Revenue	(26)	(8)	(34)	(34)	–	(34)
Hedging and exchange movements	1	–	1	1	–	1
At 31 March 2021	1,997	123	2,120	1,459	661	2,120

1. The share of loss on ordinary activities after taxation comprises equity accounted losses of £213m and IFRS 9 impairment charges against loans of £144m, relating to loans owed by MSC Property Intermediate Holdings Limited (£131m) and WOSC Partners Limited Partnership (£13m). In accordance with IFRS 9, management has assessed the recoverability of loans to joint ventures. 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.

Notes to the accounts continued

11 Joint ventures and funds continued

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

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

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

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

2. Hercules Unit Trust joint ventures and sub-funds 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 and sub-funds.

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

4. Revenue includes gross rental income at 100% share of £262m (2019/20: £284m).

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

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

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

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

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

Joint ventures' and funds' summary financial statements for the year ended 31 March 2020

	Broadgate REIT Ltd	MSC Property Intermediate Holdings Ltd	WOSC Partners Limited Partnership
Partners	Euro Bluebell LLP (GIC)	Norges Bank Investment Management	Norges Bank Investment Management
Property sector	City Offices Broadgate	Shopping Centres Meadowhall	West End Offices
Group share	50%	50%	25%
Summarised income statements			
	£m	£m	£m
Revenue ⁴	203	103	4
Costs	(78)	(27)	(1)
	125	76	3
Administrative expenses	(1)	–	–
Net interest payable	(63)	(30)	–
Underlying Profit	61	46	3
Net valuation movement	204	(542)	(3)
Capital financing costs ⁵	(12)	–	–
Profit (loss) on disposal of investment properties and investments	–	–	–
Profit (loss) on ordinary activities before taxation	253	(496)	–
Taxation	–	–	–
Profit (loss) on ordinary activities after taxation	253	(496)	–
Other comprehensive income	–	(2)	–
Total comprehensive income (expense)	253	(498)	–
British Land share of total comprehensive income (expense)	127	(249)	–
British Land share of distributions payable	17	4	–
Summarised balance sheets			
Investment and trading properties	4,539	1,202	218
Current assets	28	8	3
Cash and deposits	209	20	4
Gross assets	4,776	1,230	225
Current liabilities	(118)	(30)	(4)
Bank and securitised debt	(1,368)	(583)	–
Loans from joint venture partners	(850)	(409)	(217)
Other non-current liabilities	–	(21)	(4)
Gross liabilities	(2,336)	(1,043)	(225)
Net assets	2,440	187	–
British Land share of net assets less shareholder loans	1,220	93	–

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

2. Hercules Unit Trust joint ventures and sub-funds 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 and sub-funds.

3. Included in the column headed 'Other joint ventures and funds' are contributions from the following: BL Goodman Limited Partnership, Bluebutton Property Management UK Limited, City of London Office Unit Trust and BL Sainsbury's Superstores Limited and Pillar Retail Europark Fund (IPREF). The Group's ownership share of IPREF is 65%, however as the Group is not able to exercise control over significant decisions of the fund, the Group equity accounts for its interest in IPREF.

4. Revenue includes gross rental income at 100% share of £284m (2018/19: £310m).

5. Capital financing costs of £32m in other joint ventures and funds relates to bond redemption costs in a joint venture with Sainsbury's.

The SouthGate Limited Partnership	USS joint ventures ¹	Hercules Unit Trust joint ventures and sub-funds ²	Other joint ventures and funds ³	Total 2020	Total Group share 2020
Aviva Investors	Universities Superannuation Scheme Group PLC				
Shopping Centres	Shopping Centres	Retail Parks			
50%	50%	Various			
£m	£m	£m	£m	£m	£m
18	14	32	9	383	191
(5)	(5)	(8)	–	(124)	(62)
13	9	24	9	259	129
(1)	–	–	(1)	(3)	(1)
(1)	–	–	(2)	(96)	(49)
11	9	24	6	160	79
(45)	(49)	(129)	(5)	(569)	(284)
–	–	–	(32)	(44)	(22)
–	–	1	(2)	(1)	–
(34)	(40)	(104)	(33)	(454)	(227)
–	–	–	–	–	–
(34)	(40)	(104)	(33)	(454)	(227)
–	–	–	–	(2)	(1)
(34)	(40)	(104)	(33)	(456)	(228)
(17)	(20)	(52)	(17)	(228)	
6	4	13	136	180	
208	188	332	–	6,687	3,288
2	1	2	–	44	24
5	6	11	10	265	131
215	195	345	10	6,996	3,443
(4)	(3)	(9)	(3)	(171)	(85)
–	–	–	–	(1,951)	(975)
–	(31)	–	(3)	(1,510)	(701)
(28)	–	–	–	(53)	(25)
(32)	(34)	(9)	(6)	(3,685)	(1,786)
183	161	336	4	3,311	1,657
91	80	171	2	1,657	

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

Operating cash flows of joint ventures and funds (Group share)

	2021 £m	2020 £m
Rental income received from tenants	119	131
Operating expenses paid to suppliers and employees	(26)	(27)
Cash generated from operations	93	104
Interest paid	(47)	(56)
Interest received	–	1
UK corporation tax paid	(2)	(2)
Cash inflow from operating activities	44	47
Cash inflow from operating activities deployed as:		
Surplus (deficit) cash retained within joint ventures and funds	10	(2)
Revenue distributions per consolidated statement of cash flows	34	49
Revenue distributions split between controlling and non-controlling interests		
Attributable to non-controlling interests	2	2
Attributable to shareholders of the Company	32	47

12 Other investments

	2021				2020			
	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	111	3	11	125	114	5	10	129
Additions	3	–	5	8	4	2	4	10
Transfers / disposals	(109)	(1)	–	(110)	–	(4)	–	(4)
Revaluation	1	–	–	1	(7)	–	–	(7)
Amortisation	–	–	(4)	(4)	–	–	(3)	(3)
At 31 March	6	2	12	20	111	3	11	125

The amount included in the fair value through profit or loss relates to private equity / venture capital investments of £6m (2019/20: £2m) which are categorised as Level 3 in the fair value hierarchy and government bonds of £nil (2019/20: £16m) which are classified as Level 1. The fair values of private equity / venture capital investments are determined by the Directors.

As at 31 March 2020, fair value through profit or loss included £93m comprising interests as a trust beneficiary. The trust's assets comprise freehold reversions in a pool of commercial properties, comprising Sainsbury's superstores. This interest was sold for £102m in the year ending 31 March 2021.

13 Debtors

	2021 £m	2020 £m
Trade and other debtors	38	29
Prepayments and accrued income	14	10
Rental deposits	4	17
	56	56

Trade and other debtors are shown after deducting a provision for impairment against tenant debtors of £57m (2019/20: £14m). Accrued income is shown after deducting a provision for impairment of £5m (2019/20: £nil). 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 charge to the income statement for the year in relation to provisions for impairment of trade receivables and accrued income was £52m (2019/20: £4m), as disclosed in Note 3. Within this charge, £9m (2019/20: £nil) represents provisions for impairment made against receivable balances related to billed rental income due on 25 March rent quarter day. Rental income is recognised on a straight-line basis over the lease term in accordance with IFRS 16. The majority of rental income relating to 25 March rent quarter day has, therefore, not yet been recognised in the income statement in the current year and is instead recognised as deferred income, within current liabilities as at 31 March 2021. As the rent due on 25 March has been billed to the tenant, however, the Group is required to provide for expected credit losses at the balance sheet date in accordance with IFRS 9. This creates a mismatch in the period between the recognition of rental income and the impairment of the associated rent receivable.

The increase in provisions for impairment of trade debtors and accrued income of £48m (2019/20: £3m) is equal to the charge to the income statement of £52m (2019/20: £4m), less write-offs of trade debtors of £4m (2019/20: £1m).

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

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

Provisions for impairment of tenant debtors

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

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

Notes to the accounts continued

13 Debtors continued

31 March 2020																
Credit risk	Tenant debtors					Provision					Net tenant debtor					Percentage provided ¹
	< 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	4	2	3	-	9	(2)	(2)	(3)	-	(7)	2	-	-	-	2	96%
High	2	1	1	-	4	(2)	(1)	(1)	-	(4)	-	-	-	-	-	87%
Medium	9	-	-	-	9	(2)	-	-	-	(2)	7	-	-	-	7	19%
Low	8	-	-	-	8	(1)	-	-	-	(1)	7	-	-	-	7	7%
Total Group	23	3	4	-	30	(7)	(3)	(4)	-	(14)	16	-	-	-	16	47%
Joint ventures and funds	7	2	1	-	10	(1)	(1)	(1)	-	(3)	6	1	-	-	7	30%
Total	30	5	5	-	40	(8)	(4)	(5)	-	(17)	22	1	-	-	23	43%

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

Provisions for impairment of accrued income

The table below summarises accrued income 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. Accrued income relates to concessions offered to tenants in the form of the deferral of rental payments. Rental income relating to the year ending 31 March 2021, which has not yet been invoiced, is recognised on an accruals basis in accordance with the underlying lease.

Credit risk	31 March 2021				31 March 2020			
	Accrued income £m	Provision £m	Net accrued income £m	Percentage provided ¹ %	Accrued income £m	Provision £m	Net accrued income £m	Percentage provided ¹ %
CVA/ Administration	1	(1)	-	100%	-	-	-	-
High	4	(4)	-	100%	-	-	-	-
Medium	2	-	2	25%	-	-	-	-
Low	2	-	2	10%	-	-	-	-
Total Group	9	(5)	4	56%	-	-	-	-
Joint ventures and funds	1	(1)	-	100%	-	-	-	-
Total	10	(6)	4	60%	-	-	-	-

1. The percentage provided is calculated using the unrounded accrued income and provision balance.

The table below summarises the movement in provisioning for impairment of tenant debtors and accrued income during the year ending 31 March 2021.

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 2020	14	17
Write-offs of tenant debtors	(4)	(4)
Increase in provision for impairment of tenant debtors	47	59
Increase in provision for impairment of accrued income	5	6
Total increase in provision charge recognised in income statement	52	65
Provision for impairment of tenant debtors and accrued income as at 31 March 2021	62	78

13 Debtors continued

The impact of Covid-19 has given rise to an increase in rental debtors due from tenants as a result of delays in receiving payment. Provisioning for impairment of rental debtors is considered to be an area of significant estimation 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 rental 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 and ageing combination 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 tenants only, i.e. assuming 10% of debtors move from medium to high risk and 10% of debtors move from low to medium risk and vice versa. A 10% increase or decrease represents management's assessment of the reasonable possible change in loss rates.

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

1. This sensitivity analysis has been performed on medium and high 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 tenants only. A movement in the share of Offices tenant debtors within each credit risk rating has not been considered as management believes there is less uncertainty associated to the assumption on Offices tenants' credit risk ratings.

14 Creditors

	2021 £m	2020 £m
Trade creditors	55	55
Other taxation and social security	25	27
Accruals	68	89
Deferred income	62	58
Lease liabilities	5	7
Rental deposits due to tenants	4	17
	219	253

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

	2021 £m	2020 £m
Lease liabilities	128	156
	128	156

Notes to the accounts continued

16 Deferred tax

The movement on deferred tax is as shown below:

Deferred tax assets year ended 31 March 2021

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

Deferred tax liabilities year ended 31 March 2021

	£m	£m	£m	£m
Property and investment revaluations	(6)	–	6	–
	(6)	–	6	–

Net deferred tax liabilities	(1)	(5)	6	–
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Deferred tax assets year ended 31 March 2020

	1 April 2019 £m	Debited to income ¹ £m	Credited to equity ² £m	31 March 2020 £m
Interest rate and currency derivative revaluations	1	(1)	–	–
Temporary differences	6	(1)	–	5
	7	(2)	–	5

Deferred tax liabilities year ended 31 March 2020

	£m	£m	£m	£m
Property and investment revaluations	(6)	–	–	(6)
	(6)	–	–	(6)

Net deferred tax assets (liabilities)	1	(2)	–	(1)
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1. A £1m credit in respect of the deferred tax asset, credited to income, results from the change in the tax rate used to calculate the deferred tax to 19% (2018/19: 17%).

2. A £1m debit in respect of the deferred tax liability, debited to equity, results from the change in the tax rate used to calculate deferred tax to 19% (2018/19: 17%).

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

The Group has recognised a deferred tax asset calculated at 19% (2019/20: 19%) of £nil (2019/20: £4m) in respect of capital losses from previous years available for offset against future capital profit. Further unrecognised deferred tax assets in respect of capital losses of £137m (2019/20: £135m) exist at 31 March 2021.

The Group has recognised deferred tax assets on derivative revaluations to the extent that future matching taxable profits are expected to arise. At 31 March 2021, the Group had an unrecognised deferred tax asset calculated at 19% (2019/20: 19%) of £45m (2019/20: £52m) in respect of UK revenue tax losses from previous years.

Under the REIT regime, development properties which are sold within three years of completion do not benefit from tax exemption.

At 31 March 2021, the value of such properties is £801m (2019/20: £254m) and if these properties were to be sold and no tax exemption was available, the tax arising would be £0.3m (2019/20: £21m).

17 Net debt

	Footnote	2021 £m	2020 £m
Secured on the assets of the Group			
5.264% First Mortgage Debenture Bonds 2035		361	375
5.0055% First Mortgage Amortising Debentures 2035		89	91
5.357% First Mortgage Debenture Bonds 2028		241	249
Bank loans	1	358	515
		1,049	1,230
Unsecured			
4.635% Senior US Dollar Notes 2021	2	157	180
4.766% Senior US Dollar Notes 2023	2	102	117
5.003% Senior US Dollar Notes 2026	2	67	80
3.81% Senior Notes 2026		111	113
3.97% Senior Notes 2026		112	115
0% Convertible Bond 2020		-	347
2.375% Sterling Unsecured Bond 2029		298	298
4.16% Senior US Dollar Notes 2025	2	77	89
2.67% Senior Notes 2025		37	37
2.75% Senior Notes 2026		37	37
Floating Rate Senior Notes 2028		80	80
Floating Rate Senior Notes 2034		102	102
Facilities and overdrafts		181	677
		1,361	2,272
Gross debt	3	2,410	3,502
Interest rate and currency derivative liabilities		128	169
Interest rate and currency derivative assets		(135)	(231)
Cash and short term deposits	4,5	(154)	(193)
Total net debt		2,249	3,247
Net debt attributable to non-controlling interests		(70)	(107)
Net debt attributable to shareholders of the Company		2,179	3,140
Total net debt			
		2,249	3,247
Amounts payable under leases (Notes 14 and 15)		133	163
Total net debt (including lease liabilities)		2,382	3,410
Net debt attributable to non-controlling interests (including lease liabilities)		(75)	(112)
Net debt attributable to shareholders of the Company (including lease liabilities)		2,307	3,298

1. These are non-recourse borrowings with no recourse for repayment to other companies or assets in the Group.

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 2021 was £2,291m (2019/20: £3,294m). Included in this is the principal amount of secured borrowings and other borrowings of non-recourse companies of £998m of which the borrowings of the partly-owned subsidiary, Hercules Unit Trust, not beneficially owned by the Group are £79m.

4. Included within cash and short term deposits is the cash and short term deposits of Hercules Unit Trust, of which £8m is the proportion not beneficially owned by the Group.

5. Cash and deposits not subject to a security interest amount to £145m (2019/20: £173m).

Notes to the accounts continued

17 Net debt continued

Maturity analysis of net debt

	2021 £m	2020 £m
Repayable: within one year and on demand	161	637
Between: one and two years	169	188
two and five years	846	829
five and ten years	738	1,141
ten and fifteen years	496	107
fifteen and twenty years	-	600
	2,249	2,865
Gross debt	2,410	3,502
Interest rate and currency derivatives	(7)	(62)
Cash and short term deposits	(154)	(193)
Net debt	2,249	3,247

0% Convertible bond 2015 (maturity 2020)

On 9 June 2020, the £350 million convertible bonds were redeemed at par in cash.

Fair value and book value of net debt

	2021			2020		
	Fair value £m	Book value £m	Difference £m	Fair value £m	Book value £m	Difference £m
Debentures and unsecured bonds	1,978	1,871	107	2,022	1,964	58
Convertible bonds	-	-	-	347	347	-
Bank debt and other floating rate debt	546	539	7	1,197	1,191	6
Gross debt	2,524	2,410	114	3,566	3,502	64
Interest rate and currency derivative liabilities	128	128	-	169	169	-
Interest rate and currency derivative assets	(135)	(135)	-	(231)	(231)	-
Cash and short term deposits	(154)	(154)	-	(193)	(193)	-
Net debt	2,363	2,249	114	3,311	3,247	64
Net debt attributable to non-controlling interests	(70)	(70)	-	(107)	(107)	-
Net debt attributable to shareholders of the Company	2,293	2,179	114	3,204	3,140	64

The fair values of debentures, unsecured bonds and the convertible bond 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

Group loan to value (LTV)

	2021 £m	2020 £m
Group loan to value (LTV)	25.1%	28.9%
Principal amount of gross debt	2,291	3,294
Less debt attributable to non-controlling interests	(79)	(113)
Less cash and short term deposits (balance sheet)	(154)	(193)
Plus cash attributable to non-controlling interests	8	6
Total net debt for LTV calculation	2,066	2,994
Group property portfolio valuation (Note 10)	6,247	8,106
Investments in joint ventures and funds (Note 11)	2,120	2,358
Other investments and property, plant and equipment (balance sheet) ¹	26	131
Less property and investments attributable to non-controlling interests	(163)	(221)
Total assets for LTV calculation	8,230	10,374

1. The £24m difference between other investments and plant, property and equipment per the balance sheet totalling £50m, relates to a right-of-use asset recognised under a lease which is classified as property, plant and equipment which is not included within Total assets for the purposes of the LTV calculation.

Proportionally consolidated loan to value (LTV)

	2021 £m	2020 £m
Proportionally consolidated loan to value (LTV)	32.0%	34.0%
Principal amount of gross debt	3,262	4,271
Less debt attributable to non-controlling interests	(79)	(113)
Less cash and short term deposits	(258)	(322)
Plus cash attributable to non-controlling interests	10	6
Total net debt for proportional LTV calculation	2,935	3,842
Group property portfolio valuation (Note 10)	6,247	8,106
Share of property of joint ventures and funds (Note 10)	3,048	3,272
Other investments and property, plant and equipment (balance sheet) ¹	26	131
Less property attributable to non-controlling interests	(163)	(221)
Total assets for proportional LTV calculation	9,158	11,288

1. The £24m difference between other investments and plant, property and equipment per the balance sheet totalling £50m, relates to a right-of-use asset recognised under a lease which is classified as property, plant and equipment which is not included within Total assets for the purposes of the LTV calculation.

Notes to the accounts continued

17 Net debt continued

British Land Unsecured Financial Covenants

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

	2021 £m	2020 £m
Net Borrowings not to exceed 175% of Adjusted Capital and Reserves	33%	40%
Principal amount of gross debt	2,291	3,294
Less the relevant proportion of borrowings of the partly-owned subsidiary/non-controlling interests	(79)	(113)
Less cash and deposits (balance sheet)	(154)	(193)
Plus the relevant proportion of cash and deposits of the partly-owned subsidiary/non-controlling interests	8	6
Net Borrowings	2,066	2,994
Share capital and reserves (balance sheet)	5,983	7,147
EPRA deferred tax adjustment (EPRA Table A)	-	6
Trading property surpluses (EPRA Table A)	9	13
Exceptional refinancing charges (see below)	188	199
Fair value adjustments of financial instruments (EPRA Table A)	115	141
Less reserves attributable to non-controlling interests (balance sheet)	(59)	(112)
Adjusted Capital and Reserves	6,236	7,394

In calculating Adjusted Capital and Reserves for the purpose of the unsecured debt financial covenants, there is an adjustment of £188m (2019/20: £199m) to reflect the cumulative net amortised exceptional items relating to the refinancings in the years ended 31 March 2005, 2006 and 2007.

	2021 £m	2020 £m
Net Unsecured Borrowings not to exceed 70% of Unencumbered Assets	25%	30%
Principal amount of gross debt	2,291	3,294
Less cash and deposits not subject to a security interest (being £145m less the relevant proportion of cash and deposits of the partly-owned subsidiary/non-controlling interests of £6m)	(139)	(169)
Less principal amount of secured and non-recourse borrowings	(998)	(1,156)
Net Unsecured Borrowings	1,154	1,969
Group property portfolio valuation (Note 10)	6,247	8,106
Investments in joint ventures and funds (Note 11)	2,120	2,358
Other investments and property, plant and equipment (balance sheet) ¹	26	131
Less investments in joint ventures	(2,120)	(2,358)
Less encumbered assets (Note 10)	(1,592)	(1,733)
Unencumbered Assets	4,681	6,504

1. The £24m difference between other investments and plant, property and equipment per the balance sheet totalling £50m, relates to a right-of-use asset recognised under a lease which is classified as property, plant and equipment which is not included within Unencumbered Assets for the purposes of the covenant calculation.

17 Net debt continued

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

	2020 £m	Cash flows £m	Transfers ³ £m	Foreign exchange £m	Fair value £m	Arrangement costs amortisation £m	2021 £m
Short term borrowings	637	(637)	161	–	(2)	2	161
Long term borrowings	2,865	(367)	(161)	(44)	(46)	2	2,249
Derivatives ¹	(62)	14	–	44	(3)	–	(7)
Total liabilities from financing activities ⁴	3,440	(990)	–	–	(51)	4	2,403
Cash and cash equivalents	(193)	39	–	–	–	–	(154)
Net debt	3,247	(951)	–	–	(51)	4	2,249

Reconciliation of movement in Group net debt for the year ended 31 March 2020

	2019 £m	Cash flows £m	Transfers ³ £m	Foreign exchange £m	Fair value £m	Arrangement costs amortisation £m	2020 £m
Short term borrowings	99	(121)	637	–	22	–	637
Long term borrowings	2,932	507	(637)	21	37	5	2,865
Derivatives ²	(24)	4	–	(21)	(21)	–	(62)
Total liabilities from financing activities ⁵	3,007	390	–	–	38	5	3,440
Cash and cash equivalents	(242)	49	–	–	–	–	(193)
Net debt	2,765	439	–	–	38	5	3,247

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

2. Cash flows on derivatives include £17m of net receipts on derivative interest.

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

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

5. Cash flows of £390m shown above represents net cash flows on capital payments in respect of interest rate derivatives of £14m, decrease in bank and other borrowings of £189m and drawdowns on bank and other borrowings of £576m shown in the consolidated statement of cash flows, along with £17m 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.

	2021				2020			
	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	–	(135)	–	(135)	–	(231)	–	(231)
Other investments – fair value through profit or loss (Note 12)	–	–	(6)	(6)	(16)	–	(95)	(111)
Assets	–	(135)	(6)	(141)	(16)	(231)	(95)	(342)
Interest rate and currency derivative liabilities	–	128	–	128	–	169	–	169
Convertible bonds	–	–	–	–	347	–	–	347
Liabilities	–	128	–	128	347	169	–	516
Total	–	(7)	(6)	(13)	331	(62)	(95)	174

Notes to the accounts continued

17 Net debt continued

Categories of financial instruments

	2021 £m	2020 £m
Financial assets		
Amortised cost		
Cash and short term deposits	154	193
Trade and other debtors (Note 13)	42	46
Other investments (Note 12)	2	3
Fair value through profit or loss		
Derivatives in designated fair value hedge accounting relationships ^{1,2}	126	209
Derivatives not in designated hedge accounting relationships	9	22
Other investments (Note 12)	6	111
	339	584
Financial liabilities		
Amortised cost		
Creditors (Note 14)	(141)	(180)
Gross debt	(2,410)	(3,155)
Lease liabilities (Notes 14 and 15)	(133)	(163)
Fair value through profit or loss		
Derivatives not in designated accounting relationships	(128)	(167)
Convertible bond	-	(347)
Fair value through other comprehensive income		
Derivatives in designated cash flow hedge accounting relationships ^{1,2}	-	(2)
	(2,812)	(4,014)
Total	(2,473)	(3,430)

1. Derivative assets and liabilities in designated hedge accounting relationships sit within the derivative assets and derivative liabilities balances of the consolidated balance sheet.

2. The fair value of derivative assets in designated hedge accounting relationships represents the accumulated amount of fair value hedge adjustments on hedged items.

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

Capital risk management

The capital structure of the Group consists of net debt and equity attributable to the equity holders of The British Land Company PLC, comprising issued capital, reserves and retained earnings. Risks relating to capital structure are addressed within Managing risk in delivering our strategy on pages 78 to 87. The Group's objectives, policies and processes for managing debt are set out in the Financial policies and principles on pages 75 to 77.

Interest rate risk management

The Group is considering the processes for transition of existing LIBOR based debt and derivatives to reference SONIA, alongside emerging market practice.

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 75 to 77.

At 31 March 2021, the fair value of these derivatives is a net liability of £124m. Interest rate swaps with a fair value of £nil have been designated as cash flow hedges under IFRS 9.

The ineffectiveness recognised in the income statement on cash flow hedges in the year ended 31 March 2021 was £nil (2019/20: £nil).

17 Net debt continued

The cash flows occur and are charged to profit and loss until the maturity of the hedged debt. The table below summarises variable rate debt hedged at 31 March 2021.

Variable rate debt hedged

	2021 £m	2020 £m
Outstanding: at one year	875	855
at two years	1,050	1,005
at five years	250	250
at ten years	250	250

Fair value hedged debt

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

At 31 March 2021, the fair value of these derivatives is a net asset of £132m. Interest rate swaps with a fair value of £126m have been designated as fair value hedges under IFRS 9 (2019/20: asset of £209m).

The cross currency swaps of the 2021/2023/2025/2026 US Private Placements fully hedge the foreign exchange exposure at an average floating rate of 142 basis points above LIBOR. These have been designated as fair value hedges of the US Private Placements.

Interest rate profile – including effect of derivatives

	2021 £m	2020 £m
Fixed or capped rate	2,249	2,317
Variable rate (net of cash)	–	930
	2,249	3,247

All the debt is effectively Sterling denominated except for £6m of USD debt of which £6m is at a variable rate (2019/20: £5m).

At 31 March 2021 the weighted average interest rate of the Sterling fixed rate debt is 4.2% (2019/20: 3.2%). The weighted average period for which the rate is fixed is 9.2 years (2019/20: 8.0 years). The floating rate debt is set for periods of the Company's choosing at the relevant LIBOR (or similar) rate.

Proportionally consolidated net debt at fixed or capped rates of interest

	2021	2020
Spot basis	100%	81%
Average over next five-year forecast period	78%	75%

Sensitivity table – market rate movements

	2021		2020	
	Increase	Decrease	Increase	Decrease
Movement in interest rates (bps) ¹	78	(78)	58	(58)
Impact on underlying annual profit (£m)	(9)	10	(12)	15
Movement in medium and long term swap rates (bps) ²	161	(161)	173	(173)
Impact on cash flow hedge and non-hedge accounted derivative valuations (£m)	74	(60)	106	(81)
Impact on convertible bond valuations (£m) ³	–	–	1	(1)

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

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

Notes to the accounts continued

17 Net debt continued

Foreign currency risk management

The Group's policy is to have no material unhedged net assets or liabilities denominated in foreign currencies. The currency risk on overseas investments is 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 the hedging instrument that is determined to be an effective hedge is recognised directly in equity. The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in the income statement.

The table below shows the carrying amounts of the Group's foreign currency denominated assets and liabilities. Provided contingent tax on overseas investments is not expected to occur it will be ignored for hedging purposes. Based on the 31 March 2021 position a 27% appreciation (largest annual change over the last 10 years) in the USD relative to Sterling would result in a £nil change (2019/20: £nil) in reported profits.

	Assets		Liabilities	
	2021 £m	2020 £m	2021 £m	2020 £m
USD denominated	8	4	6	5

Credit risk management

The Group's approach to credit risk management of counterparties is referred to in Financial policies and principles on pages 75 to 77 and the risks addressed within Managing risk in delivering our strategy on pages 78 to 87. The carrying amount of financial assets recorded in the financial statements represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Banks and financial institutions:

Cash and short term deposits at 31 March 2021 amounted to £154m (2019/20: £193m). Deposits and interest rate deposits were placed with financial institutions with BBB+ or better credit ratings.

At 31 March 2021, the fair value of all interest rate derivative assets was £135m (2019/20: £231m).

At 31 March 2021, 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 £67m (2019/20: £94m). This represents 0.8% (2019/20: 0.8%) of gross assets.

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

Trade receivables:

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

Lease incentives:

Lease incentives are included within the investment property balance and provisions for impairment for expected credit losses for lease incentives are recognised within trade receivables. 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 75 to 77, and the risks addressed within Managing risk in delivering our strategy on pages 78 to 87.

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.

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 and funds is not included on the following page. Additional liquidity will arise from letting space in properties under construction as well as from distributions received from joint ventures and funds.

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

	2020				
	Within one year £m	Following year £m	Three to five years £m	Over five years £m	Total £m
Debt ¹	638	179	581	1,980	3,378
Interest on debt	90	81	215	356	742
Derivative payments	11	156	132	258	557
Head lease payments	11	10	25	465	511
Total payments	750	426	953	3,059	5,188
Derivative receipts	(31)	(207)	(179)	(193)	(610)
Net payment	719	219	774	2,866	4,578
Operating leases with tenants	406	342	724	911	2,383
Liquidity surplus (deficit)	(313)	123	(50)	(1,955)	(2,195)
Cumulative liquidity surplus (deficit)	(313)	(190)	(240)	(2,195)	

1. Gross debt of £2,410m (2019/20: £3,502m) represents the total of £2,330m (2019/20: £3,378m), less unamortised issue costs of £10m (2019/20: £10m), plus fair value adjustments to debt of £90m (2019/20: £134m).

Any short term liquidity gap between the net payments required and the rentals receivable can be met through other liquidity sources available to the Group, such as committed undrawn borrowing facilities. The Group currently holds cash and short term deposits of £154m of which £145m is not subject to a security interest (see footnote 5 to net debt table on page 193). Further liquidity can be achieved through sales of property assets or investments and financing activity.

The Group's property portfolio is valued externally at £6,247m and the share of joint ventures and funds' property is valued at £3,048m. 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

	2021 £m	2020 £m
Maturity date: over five years	347	50
between four and five years	1,049	1,046
between three and four years	294	-
Total facilities available for more than three years	1,690	1,096
Between two and three years	-	20
Between one and two years	-	-
Within one year	-	-
Total	1,690	1,116

Notes to the accounts continued

17 Net debt continued

Liquidity risk management continued

The undrawn facilities are comprised of British Land undrawn facilities of £1,690m plus undrawn facilities of Hercules Unit Trust totalling £nil.

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 five years (2019/20: six years). The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	2021 £m	2020 £m
Less than one year	290	406
Between one and two years	241	342
Between three and five years	505	724
Between six and ten years	392	638
Between eleven and fifteen years	110	192
Between sixteen and twenty years	33	52
After twenty years	20	29
Total	1,591	2,383

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.

	2021			2020		
	Minimum lease payments £m	Interest £m	Principal £m	Minimum lease payments £m	Interest £m	Principal £m
British Land Group						
Less than one year	8	3	5	11	4	7
Between one and two years	9	3	6	10	4	6
Between two and five years	29	9	20	25	12	13
More than five years	329	227	102	465	328	137
Total	375	242	133	511	348	163
Less future finance charges	(242)			(348)		
Present value of lease obligations	133			163		

19 Dividends

As announced on 9 October 2020, dividend payments were resumed in the year ended 31 March 2021 following the temporary suspension in March 2020. Under the Group's revised dividend policy, going forward the dividend will be paid semi-annually, fixed at 80% of Underlying earnings per share based on the most recently completed six-month period.

The Final dividend payment for the six-month period ending 31 March 2021 will be 6.64p. Payment will be made on 6 August 2021 to shareholders on the register at close of business on 25 June 2021. 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	2021 £m	2020 £m
Current year dividends				
06.08.2021	2021 Final	6.64		
19.02.2021	2021 Interim	8.40	78	
		<u>15.04</u>		
Prior year dividends				
07.02.2020	2020 2nd interim	7.9825		74
08.11.2019	2020 1st interim	7.9825		74
		<u>15.97</u>		
02.08.2019	2019 4th interim	7.75 ¹		73
03.05.2019	2019 3rd interim	7.75		74
Dividends in consolidated statement of changes in equity			78	295
Dividends settled in shares			-	-
Dividends settled in cash			78	295
Timing difference relating to payment of withholding tax			(2)	-
Dividends in cash flow statement			76	295

1. Dividend split half PID, half non-PID.

20 Share capital and reserves

	2021	2020
Number of ordinary shares in issue at 1 April	937,938,097	960,589,072
Share issues	43,895	1,144,135
Repurchased and cancelled	-	(23,795,110)
At 31 March	937,981,992	937,938,097

Of the issued 25p ordinary shares, 7,376 shares were held in the ESOP trust (2019/20: 7,376), 11,266,245 shares were held as treasury shares (2019/20: 11,266,245) and 926,708,371 shares were in free issue (2019/20: 926,664,476). No treasury shares were acquired by the ESOP trust during the year. All issued shares are fully paid.

Hedging and translation reserve

The hedging and translation reserve comprises the effective portion of the cumulative net change in the fair value of cash flow and foreign currency hedging instruments, as well as all foreign exchange differences arising from the translation of the financial statements of foreign operations. The foreign exchange differences also include the translation of the liabilities that hedge the Company's net investment in a foreign subsidiary.

Revaluation reserve

The revaluation reserve relates to owner-occupied properties and investments in joint ventures and funds. £30m has been transferred from the revaluation reserve to retained earnings in the year ended 31 March 2021, relating to the disposal of owner-occupied properties.

Merger reserve

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

Notes to the accounts continued

20 Share capital and reserves continued

At 31 March 2021, options over 2,990,894 ordinary shares were outstanding under employee share option plans. The options had a weighted average life of 2.1 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 1 April 2020	Granted	Vested but not exercised	Exercised/ Vested	Lapsed	At 31 March 2021	Exercise price (pence)	Exercise dates	
								From	To
Share options Sharesave Scheme									
22.06.15	5,379	-	-	-	(5,379)	-	697.00	01.09.20	01.03.21
20.06.16	2,960	-	-	-	(2,960)	-	608.00	01.09.19	01.03.20
20.06.16	11,348	-	-	-	(6,118)	5,230	608.00	01.09.21	01.03.22
21.06.17	112,499	-	-	(2,833)	(109,666)	-	508.00	01.09.20	01.03.21
21.06.17	21,197	-	-	-	(8,148)	13,049	508.00	01.09.22	01.03.23
29.06.18	56,932	-	-	-	(33,506)	23,426	549.00	01.09.21	01.03.22
29.06.18	33,928	-	-	-	(10,927)	23,001	549.00	01.09.23	01.03.24
18.06.19	284,702	-	-	(2,251)	(161,830)	120,621	435.00	01.09.22	01.03.23
18.06.19	145,080	-	-	-	(125,500)	19,580	435.00	01.09.24	01.03.25
07.07.20	-	495,740	-	-	(26,675)	469,065	336.00	01.09.23	01.03.24
07.07.20	-	351,932	-	-	(1,785)	350,147	336.00	01.09.25	01.03.26
	674,025	847,672	-	(5,084)	(492,494)	1,024,119			
Long Term Incentive Plan – options vested, not exercised									
11.06.10	34,258	-	-	-	(34,258)	-	447.00	11.06.13	11.06.20
14.12.10	32,853	-	-	-	(32,853)	-	510.00	14.12.13	14.12.20
28.06.11	795,199	-	-	-	(3,895)	791,304	575.00	28.06.14	28.06.21
19.12.11	48,617	-	-	-	(1,108)	47,509	451.00	19.12.14	19.12.21
14.09.12	798,803	-	-	-	(13,084)	785,719	538.00	14.09.15	14.09.22
20.12.12	39,013	-	-	-	(5,918)	33,095	563.00	20.12.15	20.12.22
05.08.13	180,250	-	-	-	(71,662)	108,588	601.00	05.08.16	05.08.23
05.12.13	133,578	-	-	-	(16,960)	116,618	600.00	05.12.16	05.12.23
28.06.17	96,212	-	-	-	(96,212)	-	617.17	28.06.20	28.06.27
	2,158,783	-	-	-	(275,950)	1,882,833			
Long Term Incentive Plan – unvested options									
28.06.17	1,032,912	-	-	-	(1,032,912)	-	617.17	28.06.20	28.06.27
26.06.18	83,942	-	-	-	-	83,942	681.40	26.06.21	26.06.28
	1,116,854	-	-	-	(1,032,912)	83,942			
Total	3,949,662	847,672	-	(5,084)	(1,801,356)	2,990,894			
Weighted average exercise price of options (pence)									
	563	336	-	476	572	495			

20 Share capital and reserves continued

Date of grant	At 1 April 2020	Granted	Exercised/ Vested	Lapsed	At 31 March 2021	Share price at grant date (pence)	Vesting date
Performance Shares Long Term Incentive Plan							
28.06.17	1,657,709	-	-	(1,657,709)	-	617.17	28.06.20
26.06.18	1,036,370	-	-	(284,004)	752,366	681.40	26.06.21
23.07.19	1,040,588	-	-	(215,293)	825,295	535.60	23.07.29
22.06.20	-	1,247,130	-	(397,340)	849,790	408.90	22.06.30
	3,734,667	1,247,130	-	(2,554,346)	2,427,451		
Restricted Share Plan							
26.06.18	590,171	-	-	(38,358)	551,813	681.40	26.06.21
19.06.19	762,293	-	-	(22,993)	739,300	538.20	19.06.29
22.06.20	-	869,946	-	(27,884)	842,062	412.40	25.06.30
	1,352,464	869,946	-	(89,235)	2,133,175		
Total	5,087,131	2,117,076	-	(2,643,581)	4,560,626		
Weighted average price of shares (pence)	609	410	-	585	531		

21 Segment information

The Group allocates resources to investment and asset management according to the sectors it expects to perform over the medium term. Its three principal sectors are Offices, Retail and Canada Water. The Retail sector includes leisure, as this is often incorporated into Retail schemes. The Other/unallocated sector includes residential properties.

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 and funds on a line-by-line basis and excludes non-controlling interests in the Group's subsidiaries. The chief operating decision maker for the purpose of segment information is the Executive Committee.

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

From 1 April 2021, the Group intends to change to reporting under two principal sectors, Campuses and Retail & Fulfilment, in line with changes to how management intends to review the performance of the business.

Notes to the accounts continued

21 Segment information continued

Segment result

	Offices		Retail		Canada Water		Other/unallocated		Total	
	2021 £m	2020 £m	2021 £m	2020 £m	2021 £m	2020 £m	2021 £m	2020 £m	2021 £m	2020 £m
Gross rental income										
British Land Group	156	166	195	236	7	9	3	4	361	415
Share of joint ventures and funds	86	71	56	71	–	–	–	–	142	142
Total	242	237	251	307	7	9	3	4	503	557
Net rental income										
British Land Group	134	145	126	189	5	8	–	4	265	346
Share of joint ventures and funds	69	63	28	66	–	–	–	–	97	129
Total	203	208	154	255	5	8	–	4	362	475
Operating result										
British Land Group	133	146	121	193	1	3	(48)	(42)	207	300
Share of joint ventures and funds	69	57	28	60	–	–	–	–	97	117
Total	202	203	149	253	1	3	(48)	(42)	304	417
Reconciliation to Underlying Profit									2021 £m	2020 £m
Operating result									304	417
Net financing costs									(103)	(111)
Underlying Profit									201	306
Reconciliation to loss on ordinary activities before taxation									201	306
Underlying Profit									201	306
Capital and other									(1,257)	(1,434)
Underlying Profit attributable to non-controlling interests									3	12
Loss on ordinary activities before taxation									(1,053)	(1,116)
Reconciliation to Group revenue									503	557
Gross rental income per operating segment result									503	557
Less share of gross rental income of joint ventures and funds									(142)	(142)
Plus share of gross rental income attributable to non-controlling interests									16	18
Gross rental income (Note 3)									377	433
Trading property sales proceeds									–	87
Service charge income									64	64
Management and performance fees (from joint ventures and funds)									7	8
Other fees and commissions									20	21
Revenue (consolidated income statement)									468	613

A reconciliation between net financing costs in the consolidated income statement and net financing costs of £103m (2019/20: £111m) in the segmental disclosures above can be found within Table A in the supplementary disclosures. Of the total revenues above, Enil (2019/20: Enil) was derived from outside the UK.

21 Segment information continued

Segment assets

	Offices		Retail		Canada Water		Other/unallocated		Total	
	2021 £m	2020 £m	2021 £m	2020 £m	2021 £m	2020 £m	2021 £m	2020 £m	2021 £m	2020 £m
Property assets										
British Land Group	3,622	4,470	1,988	2,960	387	364	121	147	6,118	7,941
Share of joint ventures and funds	2,418	2,323	604	913	-	-	-	-	3,022	3,236
Total	6,040	6,793	2,592	3,873	387	364	121	147	9,140	11,177

Reconciliation to net assets

	2021 £m	2020 £m
British Land Group		
Property assets	9,140	11,177
Other non-current assets	51	131
Non-current assets	9,191	11,308
Other net current liabilities	(203)	(252)
Adjusted net debt	(2,938)	(3,854)
Other non-current liabilities	-	-
EPRA net tangible assets (diluted)	6,050	7,202
Non-controlling interests	59	112
EPRA adjustments	(126)	(167)
Net assets	5,983	7,147

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:

	2021 £m	2020 £m
British Land and subsidiaries	282	72
Share of joint ventures	51	56
Share of funds	-	-
	333	128

23 Related party transactions

Details of transactions with joint ventures and funds are given in Notes 3, 6 and 11. During the year the Group recognised joint venture management fees of £7m (2019/20: £8m). 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 122 to 143. 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, joint ventures and funds

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

Notes to the accounts continued

25 Subsidiaries with material non-controlling interests

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The information below is the amount before intercompany eliminations and represents the consolidated results of the Hercules Unit Trust group.

Summarised income statement for the year ended 31 March

	Hercules Unit Trust	
	2021 £m	2020 £m
Loss on ordinary activities after taxation	(214)	(366)
Attributable to non-controlling interests	(52)	(87)
Attributable to the shareholders of the Company	(162)	(279)

Summarised balance sheet as at 31 March

	Hercules Unit Trust	
	2021 £m	2020 £m
Total assets	627	1,002
Total liabilities	(402)	(564)
Net assets	225	438
Non-controlling interests	(59)	(112)
Equity attributable to shareholders of the Company	166	326

Summarised cash flows

	Hercules Unit Trust	
	2021 £m	2020 £m
Net increase / (decrease) in cash and cash equivalents	10	(11)
Cash and cash equivalents at 1 April	29	40
Cash and cash equivalents at 31 March	39	29

The Hercules Unit Trust is a closed-ended property Unit Trust. The unit price at 31 March 2021 is £127 (2019/20: £280). Non-controlling interests collectively own 21.9% of units in issue. The British Land Company PLC owns 78.1% of units in issue, each of which confer equal voting rights, and therefore is deemed to exercise control over the trust.

Post 31 March 2021, the Group expects to purchase the remaining 21.9% of units in issue under the terms of the Unit Trust Agreement, in-line with a decision to extend the Trust following a unitholder vote in February 2021. The unit purchase price is expected to be materially in-line with the unit price as at 31 March 2021 which corresponds to an anticipated aggregate purchase price and net assets to be acquired from the non-controlling interests of £40m.

26 Subsequent events

There have been no significant events since year end.

27 Audit exemptions taken for subsidiaries

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

Name	Companies House reg number	Name	Companies House reg number
17-19 Bedford Street Limited	07398971	British Land Superstores (Non Securitised)	
18-20 Craven Hill Gardens Limited	07667839	Number 2 Limited	06514283
20 Brock Street Limited	07401697	Caseplane Limited	05661132
39 Victoria Street Limited	07037133	Cavendish Geared Limited	02779045
Aldgate Place (GP) Limited	07829315	Drake Circus Leisure Limited	09190208
Bayeast Property Co Limited	00635800	FRP Group Limited	02844685
BF Propco (No. 1) Limited	05270158	Hempel Holdings Limited	05341380
BF Propco (No. 3) Limited	05270196	Hempel Hotels Limited	02728455
BF Propco (No. 4) Limited	05270137	Hyfleet Limited	02835919
BF Propco (No. 5) Limited	05270219	Insistmetal 2 Limited	04181514
BL Aldgate Development Limited	05070564	Linestair Limited	05656174
BL Aldgate Holdings Limited	05876405	Longford Street Residential Limited	08700158
BL Bradford Forster Limited	07780266	Moorage (Property Developments) Limited	01185513
BL Broadgate Fragment 1 Limited	09400407	Osnaburgh Street Limited	05886735
BL Broadgate Fragment 2 Limited	09400541	PC Canal Limited	09712919
BL Broadgate Fragment 3 Limited	09400411	Pillar (Fulham) Limited	02850420
BL Broadgate Fragment 4 Limited	09400409	Pillar Projects Limited	02444288
BL Broadgate Fragment 5 Limited	09400413	Plymouth Retail Limited	10368557
BL Broadgate Fragment 6 Limited	09400414	Regent's Place Holding 2 Limited	11864307
BL CW Developments Infrastructure Limited	12253583	Regents Place Management Company Limited	07136724
BL CW Developments Limited	10664198	Regents Place Residential Limited	11241644
BL CW Developments Plot A1 Limited	10782150	Regis Property Holdings Limited	00891470
BL CW Developments Plot A2 Limited	10782335	Shoreditch Support Limited	02360815
BL CW Developments Plot G1 Limited	10782458	Surrey Quays Limited	05294243
BL CW Developments Plot D1/2 Company Limited	10997879	TBL (Lisnagelvin) Limited	03853983
BL CW Developments Plot K1 Company Limited	10997465	TBL (Maidstone) Limited	03854615
BL CW Devs Plots F1 2 3 Company Limited	12253559	TBL Properties Limited	03863190
BL CW Developments Plots H1 H2 Company Limited	12141281	Teesside Leisure Park Limited	02672136
BL CW Developments Plots L1 L2 L3 Company Limited	12140906	Topside Street Limited	11253428
BL CW Lower GP Company Limited	10663292	United Kingdom Property Company Limited	00266486
BL Davidson Limited	04220125	Wardrobe Place Limited	00483257
BL Eden Walk Limited	10620935		
BL Goodman (LP) Limited	05056902		
BL Holdings 2010 Limited	07353966		
BL Osnaburgh St Residential Limited	06874523		
BL Paddington Holding Company 2 Limited	11863746		
BL Paddington Property 1 Limited	11863429		
BL Paddington Property 3 Limited	11863747		
BL Piccadilly Residential Limited	08707494		
BL Retail Indirect Investments Limited	12288466		
BL Shoreditch Development Limited	05326670		
BL West End Investments Limited	07793483		
BL Whiteley Retail Limited	11254281		
BLD (A) Limited	00467242		
BLD (Ebury Gate) Limited	03863852		
BLD Property Holdings Limited	00823907		
BLSSP (PHC 5) Limited	04104061		
BLU Securities Limited	03323061		
Boldswitch Limited	02307096		
British Land City Offices Limited	03946069		
British Land Department Stores Limited	05312262		
British Land Offices (Non-City) Limited	02740378		

Notes to the accounts continued

27 Audit exemptions taken for subsidiaries continued

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

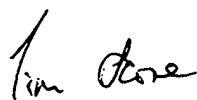
Name	Name
BL Chess No. 1 Limited Partnership	Paddington Block B Limited Partnership
BL CW Lower Limited Partnership	Paddington Central I Limited Partnership
BL CW Upper Limited Partnership	Paddington Central II Limited Partnership
BL Lancaster Limited Partnership	Paddington Kiosk Limited Partnership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

Company balance sheet

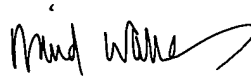
As at 31 March 2021

	Note	2021 £m	2020 £m
Fixed assets			
Investments and loans to subsidiaries	D	33,142	34,800
Investments in joint ventures	D	106	404
Other investments	D	41	31
Interest rate and currency derivative assets	E	135	231
Deferred tax assets		-	5
		33,424	35,471
Current assets			
Debtors	G	5	13
Cash and short term deposits	E	89	142
		94	155
Current liabilities			
Short term borrowings and overdrafts	E	(161)	(5)
Creditors	H	(70)	(71)
Amounts due to subsidiaries		(27,376)	(28,682)
		(27,607)	(28,758)
Net current liabilities		(27,513)	(28,603)
Total assets less current liabilities		5,911	6,868
Non-current liabilities			
Debentures and loans	E	(1,891)	(2,635)
Lease liabilities		(25)	-
Interest rate and currency derivative liabilities	E	(128)	(165)
		(2,044)	(2,800)
Net assets		3,867	4,068
Equity			
Called up share capital	I	234	234
Share premium		1,307	1,307
Other reserves		(5)	(5)
Merger reserve		213	213
Retained earnings		2,118	2,319
Total equity		3,867	4,068

The loss after taxation for the year ended 31 March 2021 for the Company was £113m (year ended 31 March 2020: £896m loss).



Tim Score
Chairman



David Walker
Interim Chief Financial Officer

The financial statements on pages 211 to 222 were approved by the Board of Directors and signed on its behalf on 25 May 2021.

Company number 621920

Company statement of changes in equity

For the year ended 31 March 2021

	Share capital £m	Share premium £m	Other reserves £m	Merger reserve £m	Profit and loss account £m	Total equity £m
Balance at 1 April 2020	234	1,307	(5)	213	2,319	4,068
Dividend paid	-	-	-	-	(78)	(78)
Fair value of share and share option awards	-	-	-	-	3	3
Net actuarial loss on pension schemes	-	-	-	-	(13)	(13)
Loss for the year after taxation	-	-	-	-	(113)	(113)
Balance at 31 March 2021	234	1,307	(5)	213	2,118	3,867
Balance at 1 April 2019	240	1,302	(5)	213	3,631	5,381
Share issues	-	5	-	-	-	5
Purchase of own shares	(6)	-	-	-	(119)	(125)
Dividend paid	-	-	-	-	(295)	(295)
Fair value of share and share option awards	-	-	-	-	(2)	(2)
Loss for the year after taxation	-	-	-	-	(896)	(896)
Balance at 31 March 2020	234	1,307	(5)	213	2,319	4,068

The value of distributable reserves within the profit and loss account is £818m (2019/20: £918m) (unaudited). An explanation of how distributable reserves are determined, and any limitations, is set out on page 214 of Note A, within the Distributable reserves section.

Notes to the financial statements

(A) Accounting policies

The financial statements for the year ended 31 March 2021 have been prepared on the historical cost basis, except for the revaluation of derivatives which are measured at fair value. These financial statements have been prepared in accordance with The Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101').

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

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

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

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

New standards effective for the current accounting period do not have a material impact on the financial statements of the Company. The accounting policies used are otherwise consistent with those contained in the Company's financial statements for the year ended 31 March 2020.

Notes to the financial statements continued

(A) Accounting policies continued

Going concern

The financial statements are prepared on a going concern basis. The balance sheet shows that the Company is in a net current liability position. This results from loans due to subsidiaries of £27,376m 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 \$220m of Senior US Dollar Loan notes 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 100.

Investments and loans

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

Significant judgements and sources of estimation uncertainty

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

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

At 31 March 2021, the Company has recognised a £1,123 million impairment in the Company's financial statements, in relation to investment in joint ventures and subsidiaries and intercompany loans. The impairment is predominantly as a result of the decline in the value of the investment property held by each subsidiary and joint venture.

Distributable reserves

Included in the retained earnings the Company had distributable reserves of £818m as at 31 March 2021 (2019/2020: £918m) (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 £35m (2019/20: £36m), social security costs of £5m (2019/20: £4m) and pension costs of £1m (2019/20: £4m). Details of the Executive Directors' remuneration are disclosed in the Remuneration Report on pages 122 to 143. 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 (2019/20: £0.3m).

(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
On 1 April 2020	18,856	15,944	404	31	35,235
Additions	-	535	35	30	600
Disposals	-	(1,403)	-	(16)	(1,419)
Amortisation	-	-	-	(4)	(4)
Provision for impairment	(34)	(756)	(333)	-	(1,123)
As at 31 March 2021	18,822	14,320	106	41	33,289

The historical cost of shares in subsidiaries is £19,090m (2019/20: £19,090m). The historical cost of investments in joint ventures is £439m (2019/20: £404m) net of provision for impairment of £333m (2019/20: Enil). The historical cost includes £236m (2019/20: £204m) of loans to joint ventures by the Company. Results of the joint ventures are set out in Note 11 of the consolidated financial statements. The historical cost of other investments is £71m (2019/20: £57m).

(E) Net debt

	2021 £m	2020 £m
Secured on the assets of the Company		
5.264% First Mortgage Debenture Bonds 2035	361	375
5.0055% First Mortgage Amortising Debentures 2035	89	91
5.357% First Mortgage Debenture Bonds 2028	241	249
	691	715
Unsecured		
4.635% Senior US Dollar Notes 2021 ¹	157	180
4.766% Senior US Dollar Notes 2023 ¹	102	117
5.003% Senior US Dollar Notes 2026 ¹	67	80
3.81% Senior Notes 2026	111	113
3.97% Senior Notes 2026	112	115
2.375% Sterling Unsecured Bond 2029	298	298
4.16% Senior US Dollar Notes 2025 ¹	77	89
2.67% Senior Notes 2025	37	37
2.75% Senior Notes 2026	37	37
Floating Rate Senior Notes 2028	80	80
Floating Rate Senior Notes 2034	102	102
Facilities and overdrafts	181	677
	1,361	1,925
Gross debt	2,052	2,640
Interest rate and currency derivative liabilities	128	165
Interest rate and currency derivative assets	(135)	(231)
Cash and short term deposits	(89)	(142)
Net debt	1,956	2,432

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

Notes to the financial statements continued

(E) Net debt continued**Maturity analysis of net debt**

	2021 £m	2020 £m
Repayable within one year and on demand	161	5
between: one and two years	-	188
two and five years	657	599
five and ten years	738	1,141
ten and fifteen years	496	107
fifteen and twenty years	-	600
	1,891	2,635
Gross debt	2,052	2,640
Interest rate and currency derivatives	(7)	(66)
Cash and short term deposits	(89)	(142)
Net debt	1,956	2,432

(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

	2021 £m	2020 £m
Trade and other debtors	2	13
Prepayments and accrued income	3	-
	5	13

Trade and other debtors are shown after deducting a provision for impairment against tenant debtors of £2m (2019/20: £nil). The provision for impairment is calculated as an expected credit loss on trade and other debtors in accordance with IFRS 9.

(H) Creditors

	2021 £m	2020 £m
Trade creditors	15	6
Corporation tax	3	15
Other taxation and social security	15	21
Accruals and deferred income	37	29
	70	71

(I) Share capital

	£m	Ordinary shares of 25p each
Issued, called and fully paid		
At 1 April 2020	234	937,938,097
Share issues	-	43,895
At 31 March 2021	234	937,981,992
	£m	Ordinary shares of 25p each
Issued, called and fully paid		
At 1 April 2019	240	960,589,072
Share issues	-	1,144,135
Repurchased and cancelled	(6)	(23,795,110)
At 31 March 2020	234	937,938,097

(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 2021, the Company has £nil of capital commitments (2019/20: £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 2021 are listed on the next page. Companies which entered the liquidation process post 31 March 2021 are marked with an asterisk (*). 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. 14 Porte de France, 4360 Esch-sur-Alzette, Luxembourg.

Notes to the financial statements continued

Direct holdings

Company Name	UK/Overseas Tax Resident Status
BL Bluebutton 2014 Limited	UK Tax Resident
BL Davidson Limited	UK Tax Resident
BL European Fund Management LLP	UK Tax Resident
BL Guaranteeco Limited	UK Tax Resident
BL Intermediate Holding Company Limited	UK Tax Resident
BL Intermediate Holding Company 2 Limited	UK Tax Resident
BL Shoreditch Development Limited	UK Tax Resident
BLSSP (Funding) Limited	UK Tax Resident
Bluebutton Property Management UK Limited (50% interest)	UK Tax Resident
Boldswitch (No 1) Limited	UK Tax Resident
Boldswitch Limited	UK Tax Resident
British Land (White) 2015 Limited (Jersey) (Founder Shares) ¹	UK Tax Resident
British Land City	UK Tax Resident
British Land City 2005 Limited	UK Tax Resident
British Land Company Secretarial Limited	UK Tax Resident
British Land Properties Limited	UK Tax Resident
British Land Real Estate Limited	UK Tax Resident
British Land Securities Limited	UK Tax Resident
Broadgate (Funding) PLC	UK Tax Resident
Broadgate Estates Insurance Mediation Services Limited	UK Tax Resident
Hyfleet Limited	UK Tax Resident
Kingsmere Productions Limited	UK Tax Resident
Linestair Limited	UK Tax Resident
London and Henley Holdings Limited	UK Tax Resident
Meadowhall Pensions Scheme Trustee Limited	UK Tax Resident
MSC Property Intermediate Holdings Limited (50% interest)	UK Tax Resident
Regis Property Holdings Limited	UK Tax Resident
The British Land Corporation Limited	UK Tax Resident

Indirect holdings

Company Name	UK/Overseas Tax Resident Status
1 & 4 & 7 Triton Limited	UK Tax Resident
10 Brock Street Limited	UK Tax Resident
10 Triton Street Limited	UK Tax Resident
17-19 Bedford Street Limited	UK Tax Resident
18-20 Craven Hill Gardens Limited	UK Tax Resident
20 Brock Street Limited	UK Tax Resident
20 Triton Street Limited	UK Tax Resident
338 Euston Road Limited	UK Tax Resident
350 Euston Road Limited	UK Tax Resident
39 Victoria Street Limited	UK Tax Resident
Adamant Investment Corporation Limited	UK Tax Resident
Aldgate Place (GP) Limited	UK Tax Resident
Aldgate Land One Limited	UK Tax Resident
Aldgate Land Two Limited	UK Tax Resident
Apartpower Limited	UK Tax Resident
Ashband Limited	UK Tax Resident
B.L. Holdings Limited	UK Tax Resident
B.L.C.T. (12697) Limited (Jersey) ¹	UK Tax Resident
Barnclass Limited	UK Tax Resident
Barndrill Limited	UK Tax Resident
Bayeast Property Co Limited	UK Tax Resident
BF Propco (No 1) Limited	UK Tax Resident
BF Propco (No 19) Limited	UK Tax Resident
BF Propco (No 3) Limited	UK Tax Resident
BF Propco (No 4) Limited	UK Tax Resident
BF Propco (No 5) Limited	UK Tax Resident
BF Properties (No 4) Limited	UK Tax Resident
BF Properties (No 5) Limited	UK Tax Resident
Birstall Co-Ownership Trust (Member interest) (41.25% interest)	UK Tax Resident
BL (SP) Cannon Street Limited	UK Tax Resident
BL Aldgate Development Limited	UK Tax Resident
BL Aldgate Investment Limited	UK Tax Resident
BL Bradford Forster Limited	UK Tax Resident
BL Broadgate Fragment 1 Limited	UK Tax Resident
BL Broadgate Fragment 2 Limited	UK Tax Resident
BL Broadgate Fragment 3 Limited	UK Tax Resident
BL Broadgate Fragment 4 Limited	UK Tax Resident
BL Broadgate Fragment 5 Limited	UK Tax Resident
BL Broadgate Fragment 6 Limited	UK Tax Resident
BL Broadway Investment Limited	UK Tax Resident
BL Chess Limited	UK Tax Resident
BL City Offices Holding Company Limited	UK Tax Resident
BL CW Developments Infrastructure Company Limited	UK Tax Resident
BL CW Developments Limited	UK Tax Resident
BL CW Developments Plot A1 Limited	UK Tax Resident
BL CW Developments Plot A2 Limited	UK Tax Resident
BL CW Developments Plot D1/2 Company Limited	UK Tax Resident
BL CW Developments Plot G1 Limited	UK Tax Resident
BL CW Developments Plot K1 Company Limited	UK Tax Resident
BL CW Developments Plots F1, F2, F3 Company Limited	UK Tax Resident

Company Name	UK/Overseas Tax Resident Status	Company Name	UK/Overseas Tax Resident Status
BL CW Developments Plots H1, H2 Company Limited	UK Tax Resident	BL High Street and Shopping Centres Holding Company Limited	UK Tax Resident
BL CW Developments Plots L1, L2, L3 Company Limited	UK Tax Resident	BL Holdings 2010 Limited	UK Tax Resident
BL CW Holdings Limited	UK Tax Resident	BL Lancaster Investments Limited	UK Tax Resident
BL CW Holdings No2 Company Limited	UK Tax Resident	BL Lancaster Limited Partnership (Partnership interest)	UK Tax Resident
BL CW Holdings Plot A1 Company Limited	UK Tax Resident	BL Leisure and Industrial Holding Company Limited	UK Tax Resident
BL CW Holdings Plot A2 Company Limited	UK Tax Resident	BL*Logistics Investment Limited	UK Tax Resident
BL CW Holdings Plot D1/2 Company Limited	UK Tax Resident	BL Meadowhall Holdings Limited	UK Tax Resident
BL CW Holdings Plot G1 Company Limited	UK Tax Resident	BL Meadowhall Limited	UK Tax Resident
BL CW Holdings Plot K1 Company Limited	UK Tax Resident	BL Newport Limited	UK Tax Resident
BL CW Holdings Plots F1, F2, F3 Company Limited	UK Tax Resident	BL Offices GP Limited	UK Tax Resident
BL CW Holdings Plots H1, H2 Company Limited	UK Tax Resident	BL Office (Non-City) Holding Company Limited	UK Tax Resident
BL CW Holdings Plots L1, L2, L3 Company Limited	UK Tax Resident	BL Office Holding Company Limited	UK Tax Resident
BL CW Lower GP Company Limited	UK Tax Resident	BL Osnaburgh St Residential Ltd	UK Tax Resident
BL CW Lower Limited Partnership (Partnership interest)	UK Tax Resident	BL Paddington Holding Company 1 Limited	UK Tax Resident
BL CW Lower LP Company Limited	UK Tax Resident	BL Paddington Holding Company 2 Limited	UK Tax Resident
BL CW Upper GP Company Limited	UK Tax Resident	BL Paddington Property 1 Limited	UK Tax Resident
BL CW Upper Limited Partnership (Partnership interest)	UK Tax Resident	BL Paddington Property 2 Limited	UK Tax Resident
BL CW Upper LP Company Limited	UK Tax Resident	BL Paddington Property 3 Limited	UK Tax Resident
BL Department Stores Holding Company Limited	UK Tax Resident	BL Paddington Property 4 Limited	UK Tax Resident
BL Doncaster Wheatley Limited	UK Tax Resident	BL Piccadilly Residential Limited	UK Tax Resident
BL Drummond Properties Limited	UK Tax Resident	BL Piccadilly Residential Management Co Limited	UK Tax Resident
BL Ealing Limited	UK Tax Resident	BL Residential Investment Limited	UK Tax Resident
BL Eden Walk Limited	UK Tax Resident	BL Residential Management Limited	UK Tax Resident
BL European Holdings Limited	UK Tax Resident	BL Residual Holding Company Limited	UK Tax Resident
BL Fixed Uplift Fund Limited Partnership (Partnership interest)	UK Tax Resident	BL Retail Holding Company Limited	UK Tax Resident
BL Fixed Uplift General Partner Limited	UK Tax Resident	BL Retail Indirect Investments Limited	UK Tax Resident
BL Fixed Uplift Nominee 1 Limited	UK Tax Resident	BL Retail Investment Holdings Limited	UK Tax Resident
BL Fixed Uplift Nominee 2 Limited	UK Tax Resident	BL Retail Properties Limited	UK Tax Resident
BL Goodman (General Partner) Limited (50% interest)	UK Tax Resident	BL Retail Property Holdings Limited	UK Tax Resident
BL Goodman Limited Partnership (50% interest)	UK Tax Resident	BL Retail Warehousing Holding Company Limited	UK Tax Resident
BL Goodman (LP) Limited	UK Tax Resident	BL Sainsbury Superstores Limited (50% interest)	UK Tax Resident
BL HB Investments Limited	UK Tax Resident	BL Shoreditch General Partner Limited	UK Tax Resident
BL HC (DSCH) Limited	UK Tax Resident	BL Shoreditch Limited Partnership (Partnership interest)	UK Tax Resident
BL HC (DSCL) Limited	UK Tax Resident	BL Shoreditch No. 1 Limited	UK Tax Resident
BL HC Dollview Limited	UK Tax Resident	BL Shoreditch No. 2 Limited	UK Tax Resident
BL HC Hampshire PH LLP (Member interest)	UK Tax Resident	BL Superstores Holding Company Limited	UK Tax Resident
BL HC Health And Fitness Holdings Limited	UK Tax Resident	BL Triton Building Residential Limited	UK Tax Resident
BL HC Invic Leisure Limited	UK Tax Resident	BL Tunbridge Wells Limited	UK Tax Resident
BL HC PH CRG LLP (Member interest)	UK Tax Resident	BL Unitholder No. 1 (J) Limited (Jersey) ¹	Overseas Tax Resident
BL HC PH LLP (Member interest)	UK Tax Resident	BL Unitholder No. 2 (J) Limited (Jersey) ¹	Overseas Tax Resident
BL HC PH No 1 LLP (Member interest)	UK Tax Resident	BL Universal Limited	UK Tax Resident
BL HC PH No 2 LLP (Member interest)	UK Tax Resident	BL Wardrobe Court Holdings Limited	UK Tax Resident
BL HC PH No 3 LLP (Member interest)	UK Tax Resident	BL West (Watling House) Limited	UK Tax Resident
BL HC Property Holdings Limited	UK Tax Resident	BL West End Investments Limited	UK Tax Resident
BL Health Clubs PH No 1 Limited	UK Tax Resident	BL West End Offices Limited Partnership	UK Tax Resident
BL Health Clubs PH No 2 Limited	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

Notes to the financial statements continued

Company Name	UK/Overseas Tax Resident Status	Company Name	UK/Overseas Tax Resident Status
BL Woolwich Nominee 2 Limited	UK Tax Resident	Cheshire Properties Limited	UK Tax Resident
Blackglan Limited	UK Tax Resident	Chester Limited ¹	UK Tax Resident
Blackwall (1)	UK Tax Resident	Chrislu Nominees Limited	UK Tax Resident
Blaxmill (Twenty-nine) Limited	UK Tax Resident	City of London Office Unit Trust (Jersey) (Units) (35.94% interest) ¹	Overseas Tax Resident
BLD (A) Limited	UK Tax Resident	Clarges Estate Property Management Co Limited	UK Tax Resident
BLD (Ebury Gate) Limited	UK Tax Resident	Comgenic Limited	UK Tax Resident
BLD (SJ) Investments Limited	UK Tax Resident	Cornish Residential Properties Trading Limited	UK Tax Resident
BLD (SJ) Limited	UK Tax Resident	Crescent West Properties	UK Tax Resident
BLD Properties Limited	UK Tax Resident	Deepdale Co-Ownership Trust (39.07% interest)	UK Tax Resident
BLD Property Holdings Limited	UK Tax Resident	Derby Investment Holdings Limited	UK Tax Resident
BLSSP (PHC 5) Limited	UK Tax Resident	Drake Circus Centre Limited	UK Tax Resident
BLU Estates Limited	UK Tax Resident	Drake Circus Leisure Limited	UK Tax Resident
BLU Property Management Limited	UK Tax Resident	Drake Property Holdings Limited	UK Tax Resident
BLU Securities Limited	UK Tax Resident	Drake Property Nominee (No. 1) Limited	UK Tax Resident
British Land (Joint Ventures) Limited	UK Tax Resident	Drake Property Nominee (No. 2) Limited	UK Tax Resident
British Land Acquisitions Limited	UK Tax Resident	Eden Walk Shopping Centre General Partner Limited (50% interest)	UK Tax Resident
British Land Aqua Partnership (2) Limited	UK Tax Resident	Eden Walk Shopping Centre Unit Trust ² (50% interest) (Jersey) (Units)	Overseas Tax Resident
British Land Aqua Partnership Limited	UK Tax Resident	Elementvirtue Limited	UK Tax Resident
British Land City Offices Limited	UK Tax Resident	Elk Mill Oldham Limited	UK Tax Resident
British Land Construction Limited	UK Tax Resident	Estate Management (Brick) Limited	UK Tax Resident
British Land Department Stores Limited	UK Tax Resident	Euston Tower Limited	UK Tax Resident
British Land Developments Limited	UK Tax Resident	Exchange House Holdings Limited	UK Tax Resident
British Land Fund Management Limited	UK Tax Resident	Fort Kinnaird GP Limited (39.07% interest)	UK Tax Resident
British Land Hercules Limited	UK Tax Resident	Fort Kinnaird Limited Partnership (39.07% interest)	UK Tax Resident
British Land In Town Retail Limited	UK Tax Resident	Fort Kinnaird Nominee Limited (39.07% interest)	UK Tax Resident
British Land Industrial Limited	UK Tax Resident	Four Broadgate Limited	UK Tax Resident
British Land Investment Management Limited	UK Tax Resident	FRP Group Limited	UK Tax Resident
British Land Offices (Non-City) Limited	UK Tax Resident	Garamead Properties Limited	UK Tax Resident
British Land Offices (Non-City) No. 2 Limited	UK Tax Resident	Gardenray Limited	UK Tax Resident
British Land Offices Limited	UK Tax Resident	Gibraltar General Partner Limited (39.07% interest)	UK Tax Resident
British Land Offices No.1 Limited	UK Tax Resident	Gibraltar Nominees Limited (39.07% interest)	UK Tax Resident
British Land Property Advisers Limited	UK Tax Resident	Giltbrook Retail Park Nottingham Limited	UK Tax Resident
British Land Property Management Limited	UK Tax Resident	Glenway Limited	UK Tax Resident
Broadgate (PHC 8) Limited	UK Tax Resident	Hempel Holdings Limited	UK Tax Resident
Broadgate Adjoining Properties Limited	UK Tax Resident	Hempel Hotels Limited	UK Tax Resident
Broadgate City Limited	UK Tax Resident	Hercules Property UK Holdings Limited	UK Tax Resident
Broadgate Court Investments Limited	UK Tax Resident	Hercules Property UK Limited	UK Tax Resident
Broadgate Estates Limited	UK Tax Resident	Hercules Unit Trust (78.14% interest) (Jersey) (Units) ¹	Overseas Tax Resident
Broadgate Estates People Management Limited	UK Tax Resident	Hereford Old Market Limited	UK Tax Resident
Broadgate Investment Holdings Limited	UK Tax Resident	Hereford Shopping Centre GP Limited	UK Tax Resident
Broadgate Properties Limited	UK Tax Resident	Hereford Shopping Centre Limited Partnership	UK Tax Resident
Broadgate REIT Limited (50% interest) ²	UK Tax Resident	HUT Investments Limited (Jersey) (78.14% interest) ¹	Overseas Tax Resident
Broadgate Square Limited	UK Tax Resident	Industrial Real Estate Limited	UK Tax Resident
Broughton Retail Park Limited (Jersey) (Units) (78.14% interest) ¹	Overseas Tax Resident	Insistmetal 2 Limited	UK Tax Resident
Broughton Unit Trust (78.14% interest) ¹	Overseas Tax Resident		
Brunswick Park Limited	UK Tax Resident		
BVP Developments Limited	UK Tax Resident		
Canada Water Offices Limited	UK Tax Resident		
Casegood Enterprises	UK Tax Resident		
Caseplane Limited	UK Tax Resident		
Cavendish Geared II Limited	UK Tax Resident		
Cavendish Geared Limited	UK Tax Resident		
Caymall Limited	UK Tax Resident		

Company Name	UK/Overseas Tax Resident Status	Company Name	UK/Overseas Tax Resident Status
Ivorydell Limited	UK Tax Resident	Pillar (Cricklewood) Limited	UK Tax Resident
Ivorydell Subsidiary Limited	UK Tax Resident	Pillar (Dartford) Limited	UK Tax Resident
Jetbloom Limited	UK Tax Resident	Pillar (Fulham) Limited	UK Tax Resident
Lancaster General Partner Limited	UK Tax Resident	Pillar Broadway Limited	UK Tax Resident
London and Henley (UK) Limited	UK Tax Resident	Pillar City Limited	UK Tax Resident
London and Henley Limited	UK Tax Resident	Pillar Dartford No.1 Limited	UK Tax Resident
Lonebridge UK Limited	UK Tax Resident	Pillar Denton Limited	UK Tax Resident
Longford Street Residential Limited	UK Tax Resident	Pillar Developments Limited	UK Tax Resident
Ludgate Investment Holdings Limited	UK Tax Resident	Pillar Europe Management Limited	UK Tax Resident
Ludgate West Limited	UK Tax Resident	Pillar Fort Limited	UK Tax Resident
Mayfair Properties	UK Tax Resident	Pillar Gallions Reach Limited	UK Tax Resident
Mayflower Retail Park Basildon Limited	UK Tax Resident	Pillar Glasgow 1 Limited	UK Tax Resident
Meadowbank Retail Park Edinburgh Limited	UK Tax Resident	Pillar Hercules No.2 Limited	UK Tax Resident
Meadowhall Centre (1999) Limited	UK Tax Resident	Pillar Nugent Limited	UK Tax Resident
Meadowhall Centre Limited	UK Tax Resident	Pillar Projects Limited	UK Tax Resident
Meadowhall Centre Pension Scheme Trustees Limited	UK Tax Resident	Pillar Property Group Limited	UK Tax Resident
Meadowhall Estates (UK) Limited	UK Tax Resident	PillarStore Limited	UK Tax Resident
Meadowhall Group (MLP) Limited	UK Tax Resident	Plymouth Retail Limited	UK Tax Resident
Meadowhall Holdings Limited	UK Tax Resident	Power Court GP Limited	UK Tax Resident
Meadowhall (MLP) Limited	UK Tax Resident	Power Court Luton Limited Partnership (Partnership interest)	UK Tax Resident
Meadowhall Opportunities Nominee 1 Limited	UK Tax Resident	Power Court Nominee Limited	UK Tax Resident
Meadowhall Opportunities Nominee 2 Limited	UK Tax Resident	PREF Management Company SA (Luxembourg) ¹	Overseas Tax Resident
Mercari	UK Tax Resident	Project Sunrise Investments Limited	UK Tax Resident
Mercari Holdings Limited	UK Tax Resident	Project Sunrise Limited	UK Tax Resident
Minhill Investments Limited	UK Tax Resident	Project Sunrise Properties Limited	UK Tax Resident
Moorage (Property Developments) Limited	UK Tax Resident	Prudential Property Investments Limited	UK Tax Resident
Nugent Shopping Park Limited	UK Tax Resident	Reboline Limited	UK Tax Resident
One Hundred Ludgate Hill	UK Tax Resident	Regent's Place Holding 1 Limited	UK Tax Resident
One Sheldon Square Limited (Jersey) ¹	Overseas Tax Resident	Regent's Place Holding 2 Limited	UK Tax Resident
Orbital Shopping Park Swindon Limited	UK Tax Resident	Regent's Place Holding Company Limited	UK Tax Resident
Osnaburgh Street Limited	UK Tax Resident	Regents Place Management Company Limited (89.9%)	UK Tax Resident
Paddington Block A (GP) Ltd	UK Tax Resident	Regents Place Residential Limited	UK Tax Resident
Paddington Block A LP (Partnership interest)	UK Tax Resident	Rigphone Limited	UK Tax Resident
Paddington Block B (GP) Ltd	UK Tax Resident	Rohawk Properties Limited	UK Tax Resident
Paddington Block B LP (Partnership interest)	UK Tax Resident	Salmax Properties	UK Tax Resident
Paddington Central I (GP) Limited	UK Tax Resident	Seymour Street Homes Limited	UK Tax Resident
Paddington Central I LP (Partnership interest)	UK Tax Resident	Shopping Centres Limited	UK Tax Resident
Paddington Central I Unit Trust (Jersey) (Units) ¹	Overseas Tax Resident	Shoreditch Support Limited	UK Tax Resident
Paddington Central II (GP) Limited	UK Tax Resident	Six Broadgate Limited	UK Tax Resident
Paddington Central II LP (Partnership interest)	UK Tax Resident	Southgate General Partner Limited (50% interest)	UK Tax Resident
Paddington Central II Unit Trust (Jersey) (Units) ¹	Overseas Tax Resident	Southgate Property Unit Trust (Jersey) (Units) (50% interest) ¹	Overseas Tax Resident
Paddington Central IV Unit Trust (Jersey) (Units) ¹	Overseas Tax Resident	Speke Unit Trust (67.34% interest) (Jersey) (Units) ²	Overseas Tax Resident
Paddington Kiosk (GP) Ltd	UK Tax Resident	St. Stephens Shopping Centre Limited	UK Tax Resident
Paddington Kiosk LP (Partnership interest)	UK Tax Resident	Stockton Retail Park Limited	UK Tax Resident
PaddingtonCentral Management Company Limited (88.9% interest)	UK Tax Resident	Storey London Offices Limited	UK Tax Resident
Parwick Holdings Limited	UK Tax Resident	Storey Offices Limited	UK Tax Resident
Parwick Investments Limited	UK Tax Resident	Storey Spaces Limited	UK Tax Resident
PC Canal Limited	UK Tax Resident	Surrey Quays Limited	UK Tax Resident
PC Lease Nominee Ltd	UK Tax Resident	Talress Limited	UK Tax Resident
PC Partnership Nominee Ltd	UK Tax Resident	TBL (Bromley) Limited	UK Tax Resident
Piccadilly Residential Limited	UK Tax Resident	TBL (Bury) Limited	UK Tax Resident

Notes to the financial statements continued

Company Name	UK/Overseas Tax Resident Status
TBL (Lisnagelvin) Limited	UK Tax Resident
TBL (Maidstone) Limited	UK Tax Resident
TBL Holdings Limited	UK Tax Resident
TBL Properties Limited	UK Tax Resident
Teesside Leisure Park Limited (51% interest)	UK Tax Resident
The Aldgate Place Limited Partnership (Partnership interest)	UK Tax Resident
The Dartford Partnership (Member interest) (50% interest)	UK Tax Resident
The Gibraltar Limited Partnership (Partnership interest) (39.07% interest)	UK Tax Resident
The Hercules Property Limited Partnership (Partnership)	UK Tax Resident
The Leadenhall Development Company Limited (50% interest)	UK Tax Resident
The Liverpool Exchange Company Limited	UK Tax Resident
The Mary Street Estate Limited	UK Tax Resident
The Retail and Warehouse Company Limited	UK Tax Resident
The Whiteley Co-Ownership (Member interest) (50% interest)	UK Tax Resident
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) (39.07% interest)	UK Tax Resident
Valentine Unit Trust (Jersey) (Units) (78.14% interest) ¹	Overseas Tax Resident
Vicinitee Limited	UK Tax Resident
Vintners' Place Limited	UK Tax Resident
Wardrobe Court Limited	UK Tax Resident
Wardrobe Holdings Limited	UK Tax Resident
Wardrobe Place Limited	UK Tax Resident
Wates City of London Properties Limited	UK Tax Resident
Westbourne Terrace Partnership (Partnership interest)	UK Tax Resident
Whiteley Shopping Centre Unit Trust (Jersey) (Units) ¹	Overseas Tax Resident
WK Holdings Limited	UK Tax Resident
WOSC GP Limited (25% interest)	UK Tax Resident
WOSC Partners LP (Partnership interest) (25% interest)	UK Tax Resident

Supplementary disclosures

Unaudited unless otherwise stated

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

Summary income statement based on proportional consolidation for the year ended 31 March 2021

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

	Year ended 31 March 2021				Year ended 31 March 2020			
	Group £m	Joint ventures and funds £m	Less non- controlling interests £m	Proportionally consolidated £m	Group £m	Joint ventures and funds £m	Less non- controlling interests £m	Proportionally consolidated £m
Gross rental income¹	382	142	(16)	508	436	142	(18)	560
Property operating expenses	(105)	(45)	9	(141)	(70)	(13)	1	(82)
Net rental income	277	97	(7)	367	366	129	(17)	478
Administrative expenses	(74)	-	-	(74)	(73)	(1)	-	(74)
Net fees and other income	11	-	-	11	12	-	1	13
Ungeared income return	214	97	(7)	304	305	128	(16)	417
Net financing costs	(62)	(45)	4	(103)	(66)	(49)	4	(111)
Underlying Profit	152	52	(3)	201	239	79	(12)	306
Underlying taxation	(26)	-	-	(26)	-	-	-	-
Underlying Profit after taxation	126	52	(3)	175	239	79	(12)	306
Valuation movement				(1,298)				(1,389)
Other capital and taxation (net) ²				87				57
Result attributable to shareholders of the Company				(1,036)				(1,026)

1. Group gross rental income includes £5m (2019/20: £3m) of all-inclusive rents relating to service charge income.

2. Includes other comprehensive income, movement in dilution of share options and the movement in items excluded for EPRA NTA.

Summary balance sheet based on proportional consolidation as at 31 March 2021

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

	Group £m	Share of joint ventures and funds £m	Less non- controlling interests £m	Share options £m	Mark-to- market on derivatives and related debt adjustments £m	Lease liabilities £m	Valuation surplus on trading properties £m	Intangibles £m	EPRA NTA 31 March 2021 £m	EPRA NTA 31 March 2020 £m
Retail properties	2,183	646	(163)	-	-	(74)	-	-	2,592	3,873
Office properties	3,663	2,421	-	-	-	(53)	9	-	6,040	6,793
Canada Water properties	387	-	-	-	-	-	-	-	387	364
Other properties	121	-	-	-	-	-	-	-	121	147
Total properties¹	6,354	3,067	(163)	-	-	(127)	9	-	9,140	11,177
Investments in joint ventures and funds	2,120	(2,120)	-	-	-	-	-	-	-	-
Other investments	20	30	-	-	-	-	-	(12)	38	125
Other net (liabilities) assets	(262)	(74)	5	14	-	127	-	-	(190)	(246)
Net debt	(2,249)	(903)	99	-	115	-	-	-	(2,938)	(3,854)
Net assets	5,983	-	(59)	14	115	-	9	(12)	6,050	7,202
EPRA NTA per share (Note 2)									648p	773p

1. Included within the total property value of £9,140m (2019/20: £11,177m) are right-of-use assets net of lease liabilities of £8m (2019/20: £20m), which in substance, relate to properties held under leasing agreements. The fair value of right-of-use assets are determined by calculating the present value of net rental cash flows over the term of the lease agreements.

Supplementary disclosures continued

Unaudited unless otherwise stated

Table A continued

EPRA Net Tangible Assets movement

	Year ended 31 March 2021		Year ended 31 March 2020	
	£m	Pence per share	£m	Pence per share
Opening EPRA NTA	7,202	773	8,639	904
Income return	175	19	306	33
Capital return	(1,249)	(136)	(1,323)	(139)
Dividend paid	(78)	(8)	(295)	(31)
Purchase of own shares	-	-	(125)	6
Closing EPRA NTA	6,050	648	7,202	773

Table B: EPRA Performance measures

EPRA Performance measures summary table

	2021		2020	
	£m	Pence per share	£m	Pence per share
EPRA Earnings – basic	175	18.9	306	32.8
– diluted	175	18.8	306	32.7
EPRA Net Initial Yield		4.6%		4.6%
EPRA 'topped-up' Net Initial Yield		5.2%		5.1%
EPRA Vacancy Rate		8.3%		6.3%

	2021		2020	
	Net assets £m	Net asset value per share (pence)	Net assets £m	Net asset value per share (pence)
EPRA NTA	6,050	648	7,202	773
EPRA NRV	6,599	707	7,872	845
EPRA NDV	5,678	609	6,762	726

Calculation and reconciliation of EPRA/IFRS earnings and EPRA/IFRS earnings per share

(Audited)	2021 £m	2020 £m
Loss attributable to the shareholders of the Company	(1,031)	(1,027)
Exclude:		
Group – current taxation	25	(4)
Group – deferred taxation	5	2
Joint ventures and funds – taxation	(1)	-
Group – valuation movement	888	1,105
Group – profit on disposal of investment properties and investments	(28)	(1)
Group – profit on disposal of trading properties	-	(17)
Joint ventures and funds – net valuation movement (including result on disposals)	410	284
Joint ventures and funds – capital financing costs	-	22
Changes in fair value of financial instruments and associated close-out costs	(12)	41
Non-controlling interests in respect of the above	(55)	(99)
Underlying Profit	201	306
Group – underlying current taxation	(26)	-
EPRA earnings – basic and diluted	175	306
Loss attributable to the shareholders of the Company	(1,031)	(1,027)
Dilutive effect of 2015 convertible bond	-	-
IFRS earnings – diluted	(1,031)	(1,027)

Table B continued

	2021 Number million	2020 Number million
Weighted average number of shares	938	945
Adjustment for treasury shares	(11)	(11)
IFRS/EPRA Weighted average number of shares (basic)	927	934
Dilutive effect of share options	-	-
Dilutive effect of ESOP shares	3	3
EPRA Weighted average number of shares (diluted)	930	937
Remove anti-dilutive effect	(3)	(3)
IFRS Weighted average number of shares (diluted)	927	934

Net assets per share (Audited)

EPRA published its latest Best Practices Recommendations in October 2019 which included three new Net Asset Valuation metrics, EPRA Net Tangible Assets (NTA), EPRA Net Reinstatement Value (NRV) and EPRA Net Disposal Value (NDV). These metrics are effective from 1 January 2020 and have been adopted in the current year. A reconciliation between the new EPRA net asset valuation metrics and the previous measures is shown on the following page.

	2021		2020	
	£m	Pence per share	£m	Pence per share
Balance sheet net assets	5,983		7,147	
Deferred tax arising on revaluation movements	-		6	
Mark-to-market on derivatives and related debt adjustments	115		141	
Dilution effect of share options	14		18	
Surplus on trading properties	9		13	
Intangible assets	(12)		(11)	
Less non-controlling interests	(59)		(112)	
EPRA Net Tangible Assets (NTA)	6,050	648	7,202	773
Intangible assets	12		11	
Purchasers' costs	537		659	
EPRA Net Reinstatement Value (NRV)	6,599	707	7,872	845
Deferred tax arising on revaluation movements	(1)		(9)	
Purchasers' costs	(537)		(659)	
Mark-to-market on derivatives and related debt adjustments	(115)		(141)	
Mark-to-market on debt	(268)		(301)	
EPRA Disposal Value (NDV)	5,678	609	6,762	726

EPRA NTA is considered to be the most relevant measure for the Group and is now the primary measure of net assets, replacing the previously reported EPRA NAV metric. 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.

	2021 Number million	2020 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

Supplementary disclosures continued

Unaudited unless otherwise stated

Table B continued

Reconciliation of new EPRA net asset valuation metrics to previous metrics

	31 March 2021 €m	31 March 2020 €m
EPRA Net Tangible Assets	6,050	7,202
Adjustment for:		
Intangibles	12	11
EPRA Net Asset Value	6,062	7,213
Per share measure	650p	774p
	31 March 2021 €m	31 March 2020 €m
EPRA Net Reinstatement Value	6,599	7,872
Adjustment for:		
Purchasers' costs	(537)	(659)
EPRA Net Asset Value	6,062	7,213
Per share measure	650p	774p

As the Group's EPRA NDV is the same as the EPRA NNNAV, there are no reconciling items.

	31 March 2021 €m	31 March 2020 €m
EPRA Net Disposal Value	5,678	6,762
EPRA NNNAV	5,678	6,762
Per share measure	609p	726p

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

	2021 €m	2020 €m
Investment property – wholly-owned	6,118	7,941
Investment property – share of joint ventures and funds	3,022	3,236
Less developments, residential and land	(1,224)	(1,140)
Completed property portfolio	7,916	10,037
Allowance for estimated purchasers' costs	648	724
Gross up completed property portfolio valuation (A)	8,564	10,761
Annualised cash passing rental income	425	517
Property outgoings	(29)	(21)
Annualised net rents (B)	396	496
Rent expiration of rent-free periods and fixed uplifts ¹	51	49
'Topped-up' net annualised rent (C)	447	545
EPRA Net Initial Yield (B/A)	4.6%	4.6%
EPRA 'topped-up' Net Initial Yield (C/A)	5.2%	5.1%
Including fixed/minimum uplifts received in lieu of rental growth	5	10
Total 'topped-up' net rents (D)	452	555
Overall 'topped-up' Net Initial Yield (D/A)	5.3%	5.2%
'Topped-up' net annualised rent	447	545
ERV vacant space	42	38
Reversions	12	13
Total ERV (E)	501	596
Net Reversionary Yield (E/A)	5.9%	5.5%

1. The weighted average period over which rent-free periods expire is one year (2019/20: one year).

Table B continued

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 2021, 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.

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

	2021 £m	2020 £m
Annualised potential rental value of vacant premises	42	38
Annualised potential rental value for the completed property portfolio	507	603
EPRA Vacancy Rate	8.3%	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 57).

EPRA Cost Ratios (Unaudited)

	2021 £m	2020 £m
Property operating expenses	96	69
Administrative expenses	74	73
Share of joint ventures and funds expenses	45	14
Less: Performance and management fees (from joint ventures and funds)	(7)	(8)
Net other fees and commissions	(4)	(5)
Ground rent costs and operating expenses de facto included in rents	(21)	(16)
EPRA Costs (including direct vacancy costs) (A)	183	127
Direct vacancy costs	(31)	(30)
EPRA Costs (excluding direct vacancy costs) (B)	152	97
Gross Rental Income less ground rent costs and operating expenses de facto included in rents	341	398
Share of joint ventures and funds (GRI less ground rent costs)	142	142
Total Gross Rental Income less ground rent costs (C)	483	540
EPRA Cost Ratio (including direct vacancy costs) (A/C)	37.9%	23.5%
EPRA Cost Ratio (excluding direct vacancy costs) (B/C)	31.5%	18.0%
Impairment of tenant debtors, tenant incentives and accrued income (D)	83	26
Adjusted EPRA Cost ratio (including direct vacancy costs and excluding impairment of tenant debtors, accrued income, tenant incentives and guaranteed rent increases) (A-D)/C	20.7%	18.7%
Adjusted EPRA Cost ratio (excluding direct vacancy costs and excluding impairment of tenant debtors, accrued income, tenant incentives and guaranteed rent increases) (B-D)/C	14.3%	13.1%
Overhead and operating expenses capitalised (including share of joint ventures and funds)	6	6

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

Supplementary disclosures continued

Unaudited unless otherwise stated

Table C: Gross rental income

	2021 £m	2020 £m
Rent receivable ¹	493	558
Spreading of tenant incentives and guaranteed rent increases	11	(3)
Surrender premia	4	5
Gross rental income	508	560

1. Group gross rental income includes £5m (2019/20: £3m) 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

	Year ended 31 March 2021			Year ended 31 March 2020		
	Group £m	Joint ventures and funds £m	Total £m	Group £m	Joint ventures and funds £m	Total £m
Acquisitions	52	–	52	94	54	148
Development	104	25	129	156	126	282
Investment properties						
Incremental lettable space	1	–	1	1	–	1
No incremental lettable space	31	28	59	82	20	102
Tenant incentives	2	5	7	9	6	15
Other material non-allocated types of expenditure	5	1	6	5	1	6
Capitalised interest	6	2	8	4	4	8
Total property related capital expenditure	201	61	262	351	211	562
Conversion from accrual to cash basis	34	14	48	9	11	20
Total property related capital expenditure on cash basis	235	75	310	360	222	582

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 (2019/20: £6m).

OTHER INFORMATION (UNAUDITED)

Data includes Group's share of Joint Ventures and Funds (includes Hercules Unit Trust)

FY21 rent collection¹

Rent due between 25 March 2020 and 24 March 2021	Offices	Retail ²	Total
Received	99%	71%	83%
Rent deferrals	1%	5%	3%
Rent forgiven	-	9%	5%
Moved to administration	-	3%	2%
Outstanding	-	12%	7%
Total	100%	100%	100%
	£225m	£305m	£530m
Collection of adjusted billing ³	100%	83%	90%

March 2021 rent collection¹

Rent due between 25 March and 18 May	Offices	Retail ²	Total
Received	98%	72%	84%
Rent deferrals	-	-	-
Rent forgiven	-	1%	1%
Customer paid monthly	1%	5%	3%
Outstanding	1%	22%	12%
Total	100%	100%	100%
	£45m	£50m	£95m
Collection of adjusted billing ³	99%	76%	87%

1. As at 18 May.

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

3. Total billed rents exclusive of rent deferrals, rent forgiven and tenants moved to monthly payments.

Since 1 April 2020 Purchases	Sector	Price (100%) £m	Price (BL Share) £m	Annual Passing Rent £m ¹
Completed				
A1 Retail Park, Biggleswade	Retail	49	49	5
Heritage House, Enfield ²	Logistics	87	87	2
Exchanged				
Hercules Unit Trust units		148	148	12
Total		284	284	19

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

2. Exchanged and completed post period end.

Since 1 April 2020 Sales	Sector	Price (100%) £m	Price (BL Share) £m	Annual Passing Rent £m ¹
Completed				
Tescos, Milton Keynes & Peterborough	Retail	149	149	9
Portfolio of Sainsbury's stores ²	Retail	102	102	-
B&Qs, Various	Retail	100	100	8
Beaumont Leys (Bradgate Mall)	Retail	63	63	5
Beaumont Leys (Fletcher Mall) ³	Retail	9	9	1
David Lloyd, Northwood	Retail	51	51	2
Tesco, Bristlington	Retail	42	42	3
Valentine Retail Park, Lincoln	Retail	24	9	1
Picton Place/James Street, London	Retail	14	14	1
Studlands Retail Park, New Market	Retail	11	11	1
Debenhams, Chelmsford	Retail	4	4	-
Deepdale Retail Park (unit A), Preston	Retail	4	2	-
Marble Arch House, York House & 10 Portman Sq	Offices	535	401	12
Clarges, Mayfair	Offices	177	177	5
Yalding House, London	Offices	42	42	2
Orwell House, London	Offices	23	23	1
Clearwater Development, Theale	Residential	12	12	-

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

2. The portfolio was the indirect ownership (25.5%) of the reversionary interest of 26 Sainsbury's stores.

3. Exchanged and completed post period end.

OTHER INFORMATION (UNAUDITED) *continued*

Since 1 April 2020 Sales	Sector	Price (100%) £m	Price (BL Share) £m	Annual Passing Rent £m ¹
Exchanged				
St Anne's, Regents Place	Residential	6	6	-
Total		1,368	1,217	51

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

Portfolio Valuation by Sector

At 31 March 2021	Group £m	JVs & Funds £m	Total £m	Change% ¹		
				H1	H2	FY
West End	3,297	167	3,464	(2.5)	(0.8)	(3.2)
City	317	2,251	2,568	(4.0)	(0.7)	(4.6)
Offices	3,614	2,418	6,032	(3.1)	(0.8)	(3.8)
Retail Parks	831	536	1,367	(13.1)	(6.5)	(18.6)
Shopping Centre	409	487	896	(18.1)	(19.9)	(35.7)
Superstores	47	-	47	(0.2)	1.7	0.7
Department Stores	10	-	10	(34.3)	(32.3)	(55.3)
High Street	91	1	92	(14.0)	(9.8)	(22.4)
Leisure	162	18	180	(11.3)	(3.3)	(14.2)
Retail	1,550	1,042	2,592	(14.9)	(11.4)	(24.7)
Residential²	121	-	121	(9.1)	(1.9)	(10.6)
Canada Water	387	-	387	(6.0)	3.4	(2.5)
Total	5,672	3,460	9,132	(7.3)	(3.8)	(10.8)
Standing Investments	4,559	3,357	7,916	(8.1)	(4.5)	(12.4)
Developments	1,113	103	1,216	(0.9)	1.9	(0.6)

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

2. Stand-alone residential.

Gross Rental Income¹

Accounting Basis £m	12 months to 31 March 2021			Annualised as at 31 March 2021		
	Group	JVs & Funds	Total	Group	JVs & Funds	Total
West End	131	18	149	116	7	123
City	16	80	96	6	77	83
Offices	147	98	245	122	84	206
Retail Parks	84	51	135	71	46	117
Shopping Centre	50	43	93	40	40	80
Superstores	5	-	5	3	-	3
Department Stores	1	-	1	1	-	1
High Street	5	-	5	5	-	5
Leisure	12	1	13	12	1	13
Retail	157	95	252	132	87	219
Residential²	3	-	3	1	-	1
Canada Water	7	-	7	-	-	-
Total	314	193	507	255	171	426

Canada Water is now excluded from the standing investment analysis as it is valued as a development asset on a residualised basis

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

2. Stand-alone residential.

Portfolio Net Yields^{1,2}

As at 31 March 2021	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	3.7	4.4	4.4	4.5	13	5.3	2.0
City	3.0	3.8	3.8	4.4	2	5.0	(1.6)
Offices	3.4	4.1	4.1	4.5	9	5.1	0.7
Retail Parks	7.8	8.1	8.2	7.5	45	7.4	(15.2)
Shopping Centre	6.8	7.1	7.3	7.6	143	7.0	(20.3)
Superstores	5.9	7.3	7.3	5.7	(31)	5.9	0.2
Department Stores	(0.4)	(0.4)	(0.4)	9.4	(23)	15.1	(23.5)
High Street	4.8	5.0	5.0	6.0	42	6.5	(17.1)
Leisure	6.3	6.4	7.0	6.9	90	5.5	(10.3)
Retail	7.1	7.5	7.6	7.4	81	7.1	(16.8)
Total	4.6	5.2	5.3	5.4	33	5.9	(7.6)

On a proportionally consolidated basis including the Group's share of joint ventures and funds
Canada Water is now excluded from the standing investment analysis as it is valued as a development asset on a residualised basis

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 2021

%	Offices		Retail		Total	
	British Land	MSCI	British Land	MSCI	British Land	MSCI
Capital Return	(3.6)	(4.5)	(24.7)	(12.9)	(10.8)	(3.2)
- ERV Growth	0.7	(1.0)	(16.8)	(9.0)	(7.6)	(2.8)
- Yield Movement ¹	9 bps	20 bps	81 bps	30 bps	33 bps	1 bps
Income Return	3.0	3.8	7.3	5.5	4.2	4.5
Total Property Return	(0.8)	(0.8)	(19.1)	(8.1)	(7.0)	1.2

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

1. Net equivalent yield movement.

Top 20 Tenants by Sector

As at 31 March 2021	% of retail rent		% of office rent
Retail		Offices	
Next	5.4	Facebook	8.6
Walgreens (Boots)	4.7	UK Government	6.9
M&S Plc	4.2	Dentsu Aegis ¹	4.8
Tesco	3.1	Visa	4.3
J Sainsbury	3.1	Herbert Smith Freehills	3.5
JD Sports	2.9	Gazprom	2.9
Dixons Carphone	2.9	Microsoft Corp	2.7
Fraser's Group	2.6	TP ICAP Plc	2.5
TJX (Tk Maxx)	2.5	SMBC	2.4
Virgin	2.0	Vodafone	2.2
Asda Group	2.0	Deutsche Bank	2.1
Hutchison Whampoa Ltd	1.9	Henderson	1.9
DFS Furniture	1.9	Reed Smith	1.8
TGI Fridays	1.8	The Interpublic Group (McCann)	1.7
River Island	1.6	Mayer Brown	1.6
H&M	1.5	Ctrip.com (Skyscanner)	1.5
Primark	1.5	Mimecast Ltd	1.4
Wilkinson	1.5	Credit Agricole	1.3
Homebase	1.5	Kingfisher	1.3
Pets at Home	1.2	Milbank LLP	1.2

1. Taking into account their pre-let of 310,000 sq ft at 1 Triton Square, and the break of existing space at 10 & 20 Triton St, % contracted rent would rise to 8.9%

OTHER INFORMATION (UNAUDITED) continued

Major Holdings

As at 31 March 2021	BL Share %	Sq ft '000	Rent (100%) £m pa ^{1,2}	Occupancy rate % ^{2,4}	Lease length yrs ^{2,4}
Broadgate	50	4,468	184	92.0	7.3
Regent's Place	100	1,740	78	96.1	3.8
Paddington Central	100	958	46	98.4	5.3
Meadowhall, Sheffield	50	1,500	72	94.9	4.1
Drake's Circus, Plymouth	100	1,190	14	87.0	5.4
Glasgow Fort	78	510	16	91.7	5.4
Ealing Broadway	100	540	13	90.7	3.4
Teesside, Stockton	100	569	14	90.9	3.2
New Mersey, Speke	68	502	13	95.8	4.6
Giltbrook, Nottingham	100	198	7	100.0	5.6

1. Annualised EPRA contracted rent including 100% of Joint Ventures & Funds.

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 2021	Average lease length yrs		Occupancy rate %	
	To expiry	To break	EPRA Occupancy	Occupancy ^{1,2,3}
West End	5.5	4.3	96.3	96.6
City	8.4	7.2	84.6	90.7
Offices	6.7	5.5	91.3	94.1
Retail Parks	6.4	4.7	93.3	94.7
Shopping Centre	5.7	4.4	91.0	93.3
Superstores	6.3	6.3	96.6	96.6
Department Stores	23.1	22.9	97.0	97.0
High Street	3.7	3.1	91.0	93.7
Leisure	13.0	12.8	94.0	94.0
Retail	6.5	5.1	92.5	94.1
Total	6.6	5.3	91.8	94.1

Canada Water is now excluded from the standing investment analysis as it is valued as a development asset on a residualised basis

1. Space allocated to Storey is shown as occupied where there is a Storey tenant in place otherwise it is shown as vacant. Total occupancy would rise from 94.1% to 95.4% 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 would reduce from 94.1% to 90.6%, and total occupancy would reduce from 94.1% to 92.4%.

Portfolio Weighting

As at 31 March	2020 %	2021 %	2021 £m
West End	37.7	37.9	3,464
City	23.0	28.1	2,568
Offices	60.7	66.0	6,032
Retail Parks	16.5	15.0	1,367
Shopping Centre	13.5	9.8	896
Superstores	0.8	0.5	47
Department Stores	0.3	0.1	10
High Street	1.2	1.0	92
Leisure	2.4	2.0	180
Retail	34.7	28.4	2,592
Residential¹	1.3	1.3	121
Canada Water	3.3	4.3	387
Total	100.0	100.0	9,132
London Weighting	71%	77%	6,984

1. Stand-alone residential.

Annualised Rent & Estimated Rental Value (ERV)

As at 31 March 2021	Annualised rent (valuation basis) £m ¹			ERV £m	Average rent £psf	
	Group	JVs & Funds	Total	Total	Contracted ²	ERV
West End ³	108	7	115	165	59.9	69.0
City ³	7	71	78	124	54.5	55.2
Offices³	115	78	193	289	57.6	62.5
Retail Parks	74	50	124	114	22.2	19.6
Shopping Centre	42	43	85	88	24.1	24.1
Superstores	3	-	3	3	17.8	14.4
Department Stores	1	-	1	2	0.7	3.1
High Street	5	-	5	7	11.5	14.5
Leisure	12	1	13	11	17.3	14.6
Retail	137	94	231	225	20.6	19.3
Residential⁴	1	-	1	1	12.7	11.4
Total	253	172	425	515	28.1	30.6

Canada Water is now excluded from the standing investment analysis as it is valued as a development asset on a residualised basis

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. Epsf metrics shown for office space only.
4. Stand-alone residential.

Rent Subject to Open Market Rent Review¹

For period to 31 March As at 31 March 2021	2022 £m	2023 £m	2024 £m	2025 £m	2026 £m	2022-24 £m	2022-26 £m
West End	7	22	4	15	1	33	49
City	-	1	16	8	27	17	52
Offices	7	23	20	23	28	50	101
Retail Parks	11	9	6	7	6	26	39
Shopping Centre	6	8	3	3	2	17	22
Superstores	-	1	1	-	-	2	2
Department Stores	-	-	-	-	-	-	-
High Street	-	-	-	-	-	-	-
Leisure	-	-	-	1	-	-	1
Retail	17	18	10	11	8	45	64
Residential	1	-	-	-	-	1	1
Total	25	41	30	34	36	96	166

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

Canada Water is now excluded from the standing investment analysis as it is valued as a development asset on a residualised basis

1. Reflects standing investment only.

Rent Subject to Lease Break or Expiry¹

For period to 31 March As at 31 March 2021	2022 £m	2023 £m	2024 £m	2025 £m	2026 £m	2022-24 £m	2022-26 £m
West End	29	24	12	9	12	65	86
City	7	4	13	4	16	24	44
Offices	36	28	25	13	28	89	130
Retail Parks	17	15	24	12	14	56	82
Shopping Centre	16	15	10	8	13	41	62
Superstores	-	2	-	-	-	2	2
Department Stores	-	-	-	-	-	-	-
High Street	2	1	1	1	-	4	5
Leisure	-	-	-	-	1	-	1
Retail	35	33	35	21	28	103	152
Residential	-	-	-	-	-	-	-
Total	71	61	60	34	56	192	282
% of contracted rent	14.8	12.8	12.8	7.2	11.8	40.4	59.4

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

Canada Water is now excluded from the standing investment analysis as it is valued as a development asset on a residualised basis

1. Reflects standing investment only.

OTHER INFORMATION (UNAUDITED) *continued*

Recently Completed and Committed Developments

As at 31 March 2021	Sector	BL Share %	100% sq ft '000	PC Calendar Year	Current Value £m	Cost to come £m ¹	ERV £m ²	Pre-let £m
100 Liverpool Street	Office	50	520	Q3 2020	403	–	19.4	15.5
Total Recently Completed			520		403	–	19.4	15.5
1 Triton Square ⁴	Office	100	365	Q2 2021	443	32	22.8	21.9
Norton Folgate	Office	100	336	Q3 2023	120	229	22.2	–
1 Broadgate	Office	50	546	Q2 2025	94	227	20.1	5.0
Total Committed			1,247		657	488	65.1	26.9
Other Capital Expenditure ³						34		

1. From 1 April 2021. 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. Capex committed and underway within our investment portfolio relating to leasing and asset management.

4. Completed post year end in May.

Near Term Development Pipeline

As at 31 March 2021	Sector	BL Share %	100% sq ft '000	Earliest Start on Site	Current Value £m	Cost to Come £m ¹	ERV £m ²	Let & Under Offer £m	Planning Status
5 Kingdom Street	Office	100	438	Q2 2022	117	344	30.1	–	Consented
Aldgate Place, Phase 2	Residential	100	136	Q3 2021	28	99	6.5	–	Consented
Canada Water, Plot A1 ³	Mixed Use	100	272	Q3 2021	30	218	6.7	–	Consented
Canada Water, Plot A2 ³	Mixed use	100	248	Q3 2021	16	120	10.4	–	Consented
Canada Water, Plot K1 ³	Residential	100	62	Q3 2021	–	25	–	–	Consented
Total Near Term			1,156		191	806	53.7	–	
Other Capital Expenditure ⁴						97			

1. From 1 April 2021. 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. The BL ownership share will change over time as costs are incurred and is expected to be c.98-99% by PC.

4. Forecast capital commitments within our investment portfolio over the next 12 months relating to leasing and asset enhancement.

Medium Term Development Pipeline

As at 31 March 2021	Sector	BL Share %	100% Sq ft '000	Planning Status
2-3 Finsbury Avenue	Office	50	704	Consented
Eden Walk Retail & Residential	Mixed Use	50	452	Consented
Ealing – 10-40 The Broadway	Mixed Use	100	303	Pre-submission
Ealing – International House	Office	100	165	Pre-submission
Gateway Building	Leisure	100	105	Consented
Euston Tower	Other	100	620	Pre-submission
Canada Water – Future phases ¹	Mixed Use	100	4,498	Consented
Total Medium Term			6,847	

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

SUSTAINABILITY PERFORMANCE MEASURES

EPRA best practice recommendations on sustainability reporting

We report on all assets where we have day-to-day operational or management influence (our managed portfolio) and all developments over £300,000 with planning permission, on site or completed in the year. The exception in this table is Energy Performance Certificates, where we report on all assets under management. As at 31 March 2021, our managed portfolio comprised 84% of our assets under management. Please see the scope

column for indicator-specific reporting coverage.

We have received Gold Awards for sustainability reporting from the European Public Real Estate Association (EPRA), nine years running. For our full EPRA sustainability reporting, methodology and the 2021 DNV Assurance Statement, please see our Sustainability Accounts 2021 at britishland.com/data. Selected data has been independently assured

since 2007. Selected data in the Sustainability Accounts for 2021 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.

Environmental performance¹

		2021	2020	2019	Scope (assets or units)
Total electricity consumption (MWh)		123,328	151,504	154,532	108/112
Total district heating and cooling consumption (MWh)		0	0	0	108/112
Total fuel consumption (MWh)		38,134	37,313	36,290	81/82
Building energy intensity (kWh)	Offices (per sqm)	210	257	305	35/35
	Shopping centres (per sqm)	95	126	118	9/9
	Retail Parks (per car parking space)	129	149	149	31/31
	Shopping villages		To be reported from 2022		
	Retail, High Street		To be reported from 2022		
Total direct (Scope 1) greenhouse gas emissions (tonnes CO₂e)		6,663	6,945	6,556	109/113
Total indirect (Scope 2) greenhouse gas emissions (tonnes CO₂e)	Location based	12,435	15,373	20,258	109/113
	Market based	839	669	1,549	109/113
Greenhouse gas intensity from building energy consumption (tonnes CO₂e)	Offices (per sqm, whole building)	0.067	0.087	0.113	36/36
	Shopping centres (per sqm)	0.021	0.031	0.034	9/9
	Retail Parks (per car parking space)	0.032	0.040	0.044	31/31
	Shopping villages		To be reported from 2022		
	Retail, High Street		To be reported from 2022		
Total water consumption (m³)		658,932	814,658	553,282	73/75
Building water intensity (m³ per FTE or 10,000 visitors)	Offices	50.5	12.11	14.09	
	Shopping centres	16.76	17.42	nr	
	Retail Parks	41.79	8.93	nr	60/61
	Shopping villages	52.31	46.45	nr	
	Retail, High Street	-	-	-	
Total non-hazardous waste by disposal route (tonnes and %)	Re-used and recycled	3,189	10,065	10,818	89/92
		53%	58%	57%	
	Incinerated	2,878	7,368	8,182	89/92
		47%	42%	43%	
	Landfilled	1	2	2	89/92
		0%	0%	0%	
Total hazardous waste by disposal route (tonnes and %)	Re-used and recycled	40	8	5	89/92
		79%	84%	44%	
	Incinerated	10	2	7	89/92
		21%	16%	56%	
	Landfilled	0	0	0	89/92
		0%	0%	0%	
Sustainably certified assets – Energy Performance Certificates (% by floor area)	A to B	24%	25%	22%	2578/2865
	C to E	71%	70%	73%	2578/2865
	F to G	5%	5%	5%	2578/2865

Social performance²

		2021	2020	2019	Scope (assets or units)
Employee diversity – gender	Male	50%	49%	47%	–
	Female	50%	51%	53%	–
Gender pay ratio (total remuneration, median female to male)	Executive Directors	n/a	n/a	n/a	–
	Senior management	81%	89%	88%	–
	Middle and non-management	69%	71%	74%	–
Employee training – average hours		16	24.2	16.2	–
Employee training – annual performance review		100%	100%	100%	–
New employees and employee turnover	New hires rate (%)	15%	16%	20%	–
	Departures rate (%)	11%	12%	19%	–
Employee health and safety	Absentee rate	0%	1%	1%	–
	Injury frequency rate	0	0	0	–
	Lost day rate	0	0	3.68	–
	Work-related fatalities	0	0	0	–
Asset health and safety	Proportion subject to health and safety review (%)	100%	100%	100%	114/114
	Incidents of non-compliance	0	0	0	114/114
Proportion of managed portfolio (floor area) where community activity implemented		76%	80%	83%	99/99

1. As per EPRA best practice recommendations, total energy and water data covers energy and water procured by British Land. Energy and carbon intensity data covers whole building for Offices and common parts for Retail. Water intensity data covers whole buildings for Offices and common parts for Retail. Per sqm comprises net internal areas for Offices and common parts for Retail. From 2021, intensity metrics are no longer degree day adjusted and previous years have been restated.

2. Employee data has been restated using headcount rather than FTE.

Governance indicators

	Annual Report and Accounts 2020
Composition of the highest governance body	Board's Executive and Non-Executive Directors pages 90-92 and 115
Nominating and selecting the highest governance body	Appointment process for new Directors pages 112-115
Process for managing conflicts of interest	Board procedure for managing conflicts of interest page 97

TEN YEAR RECORD

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

	2021 £m	2020 £m	2019 £m	2018 £m	2017 £m	2016 £m	2015 £m	2014 £m	2013 £m	2012 £m
Income¹										
Gross rental income	508	560	576	613	643	654	618	597	567	572
Net rental income	367	478	532	576	610	620	585	562	541	546
Net fees and other income	11	13	10	15	17	17	17	15	15	17
Interest expense (net)	(103)	(111)	(121)	(128)	(151)	(180)	(201)	(202)	(206)	(218)
Administrative expense	(74)	(74)	(81)	(83)	(86)	(94)	(88)	(78)	(76)	(76)
Underlying Profit	201	306	340	380	390	363	313	297	274	269
Exceptional costs										
(Not included in Underlying Profit)	-	-	-	-	-	-	-	-	-	-
Dividends declared	78	148	298	302	296	287	277	266	234	231
Summarised balance sheets¹										
Total properties at valuation ³	9,140	11,177	12,316	13,716	13,940	14,648	13,677	12,040	10,499	10,337
Net debt	(2,938)	(3,854)	(3,521)	(3,973)	(4,223)	(4,765)	(4,918)	(4,890)	(4,266)	(4,690)
Other assets and liabilities	(152)	(110)	(146)	(183)	(219)	191	276	(123)	(266)	(266)
EPRA NTA / NAV (fully diluted) ⁶	6,050	7,213	8,649	9,560	9,498	10,074	9,035	7,027	5,967	5,381
Cash flow movement – Group only										
Cash generated from operations	218	404	617	351	379	341	318	243	197	211
Other cashflows from operations	(69)	(29)	(4)	2	(16)	(47)	(33)	(24)	(7)	(5)
Net cash inflow from operating activities	149	375	613	353	363	294	285	219	190	206
Cash inflow (outflow) from capital expenditure, investments, acquisitions and disposals	910	(361)	187	346	470	230	(111)	(660)	(202)	(547)
Equity dividends paid	(76)	(295)	(298)	(304)	(295)	(235)	(228)	(159)	(203)	(212)
Cash (outflow) inflow from management of liquid resources and financing	(1,022)	232	(365)	(404)	(538)	(283)	20	607	213	630
(Decrease) increase in cash ⁵	(39)	(49)	137	(9)	-	6	(34)	7	(2)	77
Capital returns										
(Reduction) growth in net assets ²	(16.0)%	(16.6)%	(9.5)%	0.7%	(5.7)%	11.5%	28.6%	17.8%	10.9%	5.5%
Total accounting return	(15.1)%	(11.0)%	(3.3)%	8.9%	2.7%	14.2%	24.5%	20.0%	4.5%	9.5%
Total accounting return – pre-exceptional	(15.1)%	(11.0)%	(3.3)%	8.9%	2.7%	14.2%	24.5%	20.0%	4.5%	9.5%
Per share information										
EPRA NTA / NAV per share ⁷	648p	774p	905p	967p	915p	919p	829p	688p	596p	595p
Memorandum										
Dividends declared in the year	15.0p	16.0p	31.0p	30.1p	29.2p	28.4p	27.7p	27.0p	26.4p	26.1p
Dividends paid in the year	8.4p	31.5p	30.5p	29.6p	28.8p	28.0p	27.3p	26.7p	26.3p	26.0p
Diluted earnings										
Underlying earnings per share	18.8p	32.7p	34.9p	37.4p	37.8p	34.1p	30.6p	29.4p	30.3p	29.7p
IFRS (loss) earnings per share ⁴	(111.2)p	(110.0)p	(30.0)p	48.5p	14.7p	119.7p	167.3p	110.2p	31.5p	53.8p

1. Including share of joint ventures and funds.

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

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

4. Including restatement in 2016.

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

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

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

SHAREHOLDER INFORMATION

Analysis of shareholders – 31 March 2021

2020/21	Number of holdings	%	Balance as at 31 March 2021 ¹	%
1–1,000	4,488	56.72	1,826,034	0.19
1,001–5,000	2,092	26.44	4,622,456	0.49
5,001–20,000	548	6.93	5,541,286	0.59
20,001–50,000	203	2.57	6,670,530	0.71
50,001–Highest	581	7.34	919,321,686	98.01
Total	7,912	100.00	937,981,992	100.00
Holder type				
Individuals	5,402	68.28	9,571,102	1.02
Nominee and institutional investors	2,510	31.72	928,410,890	98.98
Total	7,912	100.00	937,981,992	100.00

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

Registrars

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

Aspect House
Spencer Road
Lancing, West Sussex BN99 6DA

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

Lines are open from 9:00am to 5:00pm Monday to Friday
excluding public holidays in England and Wales.

Website: shareview.co.uk

By registering with Shareview, shareholders can:

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

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

Share dealing facilities

By registering with Shareview, EQ 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 EQ at shareview.co.uk/dealing or call 0845 603 7037 (Monday to Friday excluding public holidays from 8.00am to 6.00pm). Existing British Land shareholders will need the reference number given on your 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/investors/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/investors/dividends/dividends-direct-to-your-bank.

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

Tax

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

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

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

Forward-looking statements

This Annual Report contains certain (and we may make other verbal or written) 'forward-looking' statements. These forward-looking statements include all matters that are not historical fact. Such statements reflect current views, intentions, expectations, forecasts and beliefs of British Land concerning, among other things, our markets, activities, projections, strategy, plans, initiatives, objectives, performance, financial condition, liquidity, growth and prospects, as well as assumptions about future events. 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', '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 or results expressed or implied by such forward-looking statements include, among other things: (a) general business and political, social and economic conditions globally, (b) the 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, 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 and (r) the consequences of the Covid-19 pandemic. The Company's principal risks are described in greater detail in the section of this Annual Report headed "Risk Management" on pages 78-87 (inclusive). Forward-looking statements in this Annual Report, or the British Land website or made subsequently, which are attributable to British Land or persons acting on its behalf, should therefore be construed in light of all such factors.

Information contained in this Annual Report relating to British Land or its share price or the yield on its shares are not guarantees of, and should not be relied upon as an indicator of, future performance, and nothing in this Annual Report should be construed as a profit forecast or profit estimate, or be taken as implying that the earnings of British Land for the current year or future years will necessarily match or exceed the historical or published earnings of British Land. Any forward-looking statements made by or on behalf of British Land speak only as of the date they are made. Such forward-looking statements are expressly qualified in their entirety by the factors referred to above and no representation, assurance, guarantee or warranty is given in relation to them (whether by British Land or any of its associates, Directors, officers, employees or advisers), including as to their completeness, accuracy, fairness, reliability, the basis on which they were prepared, or their achievement or reasonableness. Other than in accordance with our legal and regulatory obligations (including under the UK Financial Conduct Authority's Listing Rules, Disclosure Guidance and Transparency Rules, the EU 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 (regardless of whether those forward-looking statements are affected as a result). 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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