

26 August 2021

British Land delivers further strategic progress with £350m of capital activity

- Exchanged on the acquisition of Peterhouse Technology Park, Cambridge and The Priestley Centre, Guildford, increasing our exposure to innovation sectors
- Acquisition of the Finsbury Square Car Park and the Thurrock Shopping Park, creating development opportunities for urban logistics
- Sale of Virgin Active Chiswick and part sale of Woodfields Retail Park, Bury and under offer on the sale of Wardrobe Court, EC4

Our strategy is to more actively focus our capital on two strategic themes, Campuses and Retail & Fulfilment.

Our recent acquisitions align to our strategic themes and demonstrate further significant progress against our priorities. Proceeds from our disposals are being recycled into acquisitions and value accretive development including more than 1m sq ft of new development commitments since November 2020, as well as our 53 acre development project in Canada Water where we have recently opened our marketing suite.

Simon Carter, CEO, British Land said: “We are delighted with the momentum we are delivering across our business as the economy reopens. Leasing activity at our London campuses has been strong, with a significant amount of space going under offer to a broad range of occupiers in the last two months.

At the same time, we are continuing to deliver against our strategic priorities. We have sold off-strategy mature assets and will actively redeploy capital into opportunities that allow us to maximise our competitive advantage in asset management and development.”

Campuses

In line with our strategy to target innovation sectors, we have exchanged on the acquisition of The Peterhouse Technology Park in Cambridge for £75m, representing a net initial yield of 4.15%. This 8.25 acre site, just outside the centre of Cambridge comprises four buildings covering 140,000 sq ft, and is fully let to technology business Arm for its global headquarters at a passing rent of £26 psf. The buildings are held on a long leasehold with significant reversionary potential and benefit from their location in an emerging part of south Cambridge, close to the Cambridge Biomedical Campus.

We have also exchanged on the acquisition of The Priestley Centre in Guildford, located on the Surrey Research Park for £12m. The 7.8 acre site provides an attractive opportunity to deploy our campus proposition and development skills to deliver high quality space for the fast growing industries in this affluent town, which includes satellite technology, life sciences, video game development and digital technologies.

Retail & Fulfilment

Aligned to our strategy to progress development-led urban logistics opportunities in Central London, we have acquired the Finsbury Square Car Park for £20m. This underground car park is close to the Broadgate campus and provides an excellent opportunity to create a last mile logistics hub in the City of London where supply for last mile logistics is highly constrained.

As announced in our operational update on 13 July, we recently acquired the Thurrock Shopping Park for £82m. This presents a clear urban logistics development opportunity, given its prime location just off the M25 and proximity to east London. In its current use, it has a strong occupier line up including Decathlon, Adidas, Nike, TK Maxx, Iceland Food Warehouse and Pets at Home. It also benefits from an excellent catchment where significant population growth is expected.

Capital recycling

In line with our strategy to crystallise value from more mature and off-strategy assets, in the quarter, we have sold or are under offer on c.£160m of assets, overall 6.0% ahead of book value. This includes the recent sale of Virgin Active in Chiswick for £54.3m in line with book value and the part sale of the Woodfields Retail Park in Bury for £37.5m, 18% ahead of book value. We are also under offer on the sale of Wardrobe Court, a standalone residential building in the City of London.

We are pleased that Fitch recently affirmed all our credit ratings, including our Senior Unsecured rating at 'A', with a Stable Outlook.

ENDS

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About British Land

Our portfolio of high quality UK commercial property is focused on London Campuses and Retail & Fulfilment assets throughout the UK. We own or manage a portfolio valued at £12.7bn (British Land share: £9.1bn) as at 31 March 2021 making us one of Europe's largest listed real estate investment companies.

We create Places People Prefer, delivering the best, most sustainable places for our customers and communities. Our strategy is to leverage our best in class platform and proven expertise in development, repositioning and active management, investing behind two key themes: Campuses and Retail & Fulfilment.

Our three Campuses at Broadgate, Paddington Central and Regent's Place are dynamic neighbourhoods, attracting growth customers and sectors, and offering some of the best connected, highest quality and most sustainable space in London. We are delivering our fourth campus at Canada Water, where we have planning consent to deliver 5 million sq ft of residential, commercial, retail and community space over 53 acres. Our campuses account for 70% of our portfolio. Retail & Fulfilment accounts for 25% of the portfolio and is focused on retail parks which are aligned to the growth of convenience, online and last mile fulfilment. We are complementing this with urban logistics primarily in London, focused on development-led opportunities.

Sustainability is embedded throughout our business. In 2020, we set out our sustainability strategy which focuses on two time-critical areas where British Land can create the most benefit: making our whole portfolio net zero carbon by 2030, and partnering to grow social value and wellbeing in the communities where we operate.

Further details can be found on the British Land website at www.britishland.com.