The British Land Company PLC

Full year results for the year ended 31 March 2021

26 May 2021

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Simon Carter, CEO said: “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. 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***. Our London campuses are already a successful differentiator for us, benefitting from increasing customer focus on the best space, where supply is most constrained. 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. We see a value opportunity in retail parks, reflecting increased yields and a more stable occupational outlook. We have been further encouraged by how strongly footfall and sales have rebounded in recent weeks. In urban logistics, our experience delivering complex developments in Central London means we are well placed to deliver innovative solutions to meet the accelerating occupational demand.

While Covid-19 has clearly impacted our performance, with the portfolio value down 10.8%, we have a strong balance sheet and have already delivered excellent progress against our four priorities. We’ve sold £1.2bn of assets, overall 6.2% ahead of book value, completed our first net zero development at 100 Liverpool Street and committed to develop Norton Folgate and 1 Broadgate, where we have pre let nearly 30% of the office space to JLL. We have made our first logistics acquisition in north London and acquired £197m of high quality retail parks. Operationally, we have driven rent collection and leasing activity, which at 1.7m sq ft in Retail was our highest ever. I would like to thank the whole team for their incredible efforts this year.

Looking forward, we will further align our business to growth and value, benefitting from the pick up in economic activity that is now emerging. On our Campuses, we have an opportunity to introduce innovative growth sectors including life sciences at Regent’s Place. At Canada Water our planning permission is deliberately flexible, enabling us to deliver a range of uses aligned to growth and long term trends. In Retail & Fulfilment we will continue to target value opportunities in retail parks and development-led, logistics in London. We will maintain our focus on the everyday management of our spaces: driving rent collection, supporting our customers and making our space more sustainable.”

Performance summary

- **Financial performance reflects the impact of Covid-19**
    - Underlying profit reduced 34.3% primarily reflecting an increase in provisions for rent receivables
    - 83% of FY21 rent collected. 99% Offices; 71% Retail
    - Portfolio value down 10.8%; Offices down 3.8%, with moderate decline of 0.8% in the second half; Retail down 24.7% with the rate of decline slowing in Retail Parks; Developments broadly flat
    - EPRA Net Tangible Assets (NTA) reduced 16.3% to 648p
- **Strong and flexible balance sheet**
    - £556m retail assets sold since April 2020, 7.0% ahead of book value
    - £643m of standalone offices sold, 5.2% ahead of book value
    - £1.8bn undrawn facilities and cash with no requirement to refinance until early 2025
    - LTV down 200bps at 32%; 46% headroom to Group debt covenants
    - FY21 dividend of 15.04p per share, representing 80% of underlying EPS, in line with our new policy
    - Fitch Ratings affirmed unsecured credit rating at ‘A’
- **Encouraging performance on reopening**
    - In the period since reopening, footfall and sales on our Retail portfolio were 88% and 104% of pre pandemic levels respectively; 100% and 109% for retail parks (all excluding F&B)
- **Good progress against 2030 sustainability strategy**
    - Delivered our first net zero carbon development at 100 Liverpool Street
    - Supported 364 people into employment at our places
    - GRESB 5* and awarded a green star rating for the 11th consecutive year
    - AAA MSCI rating, ranking within the top 11% overall

Progress against our priorities

- **Realising the potential of our Campuses:**
  - 168,000 sq ft of deals greater than one year in the period; lettings and renewals on the standing portfolio 2.3% ahead of ERV; occupancy at 94%
  - 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; total leasing since 1 April 2020 of 556,000 sq ft
  - Recently completed and committed developments 50% pre-let; generating £85m of rent when fully let
  - Under offer and in negotiation on a further 474,000 sq ft
  - Storey operational across 348,000 sq ft; launched at 100 Liverpool Street
  - Completed headlease drawdown at Canada Water; signed TEDI-London, a higher education provider
- **Progressing value accretive development**
  - Commitment to develop 882,000 sq ft across 1 Broadgate and Norton Folgate
  - Commenced enabling works for the first phase of our Canada Water masterplan with main build contracts to be placed in the coming months
- **Targeting the opportunities in Retail & Fulfilment**
  - 962,000 sq ft of deals greater than one year; 19% below previous passing rent; occupancy at 94%
  - 737,000 sq ft of short and temporary deals, bringing total leasing to 1.7m sq ft, our highest ever
  - 583,000 sq ft under offer, 5.8% below March 2021 ERV and 29% below passing rent
  - First urban logistics acquisition: 216,000 sq ft warehouse in Enfield with development potential, acquired for £87m
  - Exploiting value opportunity in retail parks: commitment to acquire the outstanding interest in HUT based on a GAV of £148m and £49m acquisition of The A1 Retail Park in Biggleswade
- **Active capital recycling**
  - £1.2bn assets sold, including £556m retail sales and £643m offices sales
  - Reinvesting proceeds into value accretive acquisitions and development
  - £1.6bn financing, including facility extensions and new loans

Summary performance

Year ended 31 March	2020	2021	Change
Income statement			
Underlying Profit	£306m	£201m	(34.3)%
Underlying earnings per share[2]	32.7p	18.8p	(42.5)%
IFRS (loss) after tax	£(1,114)m	£(1,083)m	
IFRS basic earnings per share	(110.0)p	(111.2)p	
Dividend per share	15.97p	15.04p	
Total accounting return[2]	(11.0)%	(15.1)%	
Balance sheet			
Portfolio at valuation (proportionally consolidated)	£11,157m	£9,132m	(10.8)%[1]
EPRA Net Tangible Assets per share[2]	773p	648p	(16.3)%
IFRS net assets	£7,147m	£5,983m	
Loan to value ratio (proportionally consolidated)	34.0%	32.0%	
Operational Statistics			
Lettings and renewals over 1 year	1.6m sq ft	1.2m sq ft	
Total lettings and renewals	2.3m sq ft	2.2m sq ft	
Gross investment activity	£0.9bn	£1.7bn	
Committed and recently completed development	1.6m sq ft	1.8m sq ft	
Sustainability Performance			
MSCI ESG	AAA rating	AAA rating	
GRESB	4* and Green Star	5* and Green Star	

[1] *Valuation movement during the year (after taking account of capex) of properties held at the balance sheet date, including developments (classified by end use), purchases and sales*
[2] *See Note 2 to the financial statements*

Results Presentation Conference Call

A presentation of the results will be broadcast via conference call and slides to accompany the call will be displayed along with an audio broadcast via the website (Britishland.com) at 8.30am on 26 May 2021. The details for the conference call and weblink are as follows:

UK Toll Free Number:	0800 640 6441
Access code:	146721
Click for access:	Audio weblink

A dial in replay will be available later in the day for 7 days. The details are as follows:

Replay number:	020 3936 3001
Passcode:	218463

The accompanying slides will be made available at britishland.com just prior to the event starting.

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CHIEF EXECUTIVE'S REVIEW

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 Eataly 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 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 will disclose our ethnicity pay gap in our annual report for the first time 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.

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

Key metrics

Year ended 31 March	2020	2021
Portfolio valuation	**£11,157m**	**£9,132m**
Occupancy	**96.6%[1]**	**94.1%[1]**
Weighted average lease length to first break	**5.8 yrs**	**5.3 yrs**
Total property return	**(6.4)%**	**(7.0)%**
• Yield shift	**+38 bps**	**+33 bps**
• ERV growth	**(4.7)%**	**(7.6)%**
• Valuation movement	**(10.1)%**	**(10.8)%**
Lettings/renewals (sq ft) over 1 year	**1.6m**	**1.2m**
Lettings/renewals over 1 year vs ERV	**(3.2)%**	**(8.9)%**
Gross investment activity	**£885m**	**£1,690m**
• Acquisitions	**£118m**	**£284m**
• Disposals	**£(382)m**	**£(1,217)m**
• Capital investment	**£385m**	**£189m**
Net investment/(divestment)	**£121m**	**£(744)m**

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 2021[1]

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%** **£225m**	**100%** **£305m**	**100%** **£530m**
Collection of adjusted billing[3]	100%	83%	90%

March 2021 Quarter[1]

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%
Total[4]	**100%** **£45m**	**100%** **£50m**	**100%** **£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	Retail	Residential	Canada Water	Total
	£m	£m	£m	£m	£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^{O} 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 CO_2e per sqm, below our 2030 target of 500 kg CO_2e 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 CO_2e, 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 CO_2e 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 540kg CO_2e 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 CO_2e per sqm comparing well to our 2030 target of 500 kg CO_2e 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.

REAL ESTATE PERFORMANCE REVIEW

Campus focused London offices

Key metrics

As at 31 March	2020	2021
Portfolio Valuation (BL share)	**£6,773m**	**£6,032m**
• *Of which campuses*	***£5,518m***	***£5,405m***
Occupancy	**97.3%**	**94.1%**
Weighted average lease length to first break	**5.7 yrs**	**5.5 yrs**
Total property return	**+5.7%**	**(0.8)%**
• Yield shift	**(4) bps**	**+9 bps**
• ERV growth	**+3.2%**	**+0.7%**
• Valuation movement	**+2.3%**	**(3.8)%**
Total lettings/renewals (sq ft)	**946,000**	**395,000**
Lettings/renewals (sq ft) over 1 year	**733,000**	**168,000**
Lettings/renewals over 1 year vs ERV	**+11.3%**	**+2.3%**

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 Eataly, 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

Key metrics

As at 31 March	2020	2021
Portfolio valuation (BL share)	**£3,873m**	**£2,592m**
• *Of which Retail Parks*	***£1,839m***	***£1,367m***
• *Of which Shopping Centres*	***£1,510m***	***£896m***
Occupancy[1]	**95.7%**	**94.1%**
Weighted average lease length to first break	**5.9 yrs**	**5.1 yrs**
Total property return	**(22.6)%**	**(19.1)%**
• Yield shift	**+101 bps**	**+81 bps**
• ERV growth	**(11.7)%**	**(16.8)%**
• Valuation movement	**(26.1)%**	**(24.7)%**
Total lettings/renewals (sq ft)	**1,361,000**	**1,699,000**
Lettings/renewals (sq ft) over 1 year	**865,000**	**962,000**
Lettings/renewals over 1 year vs ERV	**(20.9)%**	**(11.5)%**

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 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.

FINANCE REVIEW

Year ended 31 March	2020	2021
Underlying Profit[1,2]	£306m	£201m
Underling 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 condensed financial statements for calculation. [4]See Note 14 within condensed 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 10 of condensed 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

	£m
Net rental income for the year ended 31 March 2020	**478**
Net divestment	(25)
Developments	14
Like-for-like rent (incl. CVA and administrations)	(43)
Provisions for outstanding rents and service charge[1]	(53)
Provisions for deferred rents	(6)
Provisions for tenant incentives	2
Net rental income for the year ended 31 March 2021	**367**

[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 10 of condensed 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**	**FY 21 impact**
Less than 90 days	£45m	£14m	31%	£14m
90 – 182 days	£20m	£14m	70%	£14m
182 - 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					**Provision balance**				
	Low	Medium	High	CVAs & admins	Total	Low	Medium	High	CVAs & admins	**Total**
Less than 90 days	£22m	£5m	£10m	£8m	**£45m**	£1m	£1m	£4m	£8m	**£14m**
90 – 182 days	£6m	£2m	£4m	£8m	**£20m**	£1m	£1m	£4m	£8m	**£14m**
182 - 365 days	£5m	£3m	£6m	£17m	**£31m**	£5m	£3m	£6m	£17m	**£31m**
More than 365 days	£2m	-	£3m	£8m	**£13m**	£2m	-	£3m	£8m	**£13m**
Total	**£35m**	**£10m**	**£23m**	**£41m**	**£109m**	**£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

	£m
Net financing costs for the year ended 31 March 2020	**(111)**
Financing activity	5
Lower market rates	7
Net divestment	4
Developments	(4)
Convertible bond maturity	(2)
Other	(2)
Net financing costs for the year ended 31 March 2021	**(103)**

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

	pence
EPRA NTA per share at 31 March 2020	**773**
Valuation performance	(137)
Underlying Profit	19
Property disposals	3
Dividend	(8)
Finance liability management	(1)
Other	(1)
EPRA NTA per share at 31 March 2021	**648**

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 debt[1]

	£m
Adjusted net debt at 31 March 2020	**(3,854)**
Disposals	1,186
Acquisitions	(52)
Development and capex	(230)
Net cash from operations	149
Dividend	(76)
Corporation tax	(33)
Other	(28)
Adjusted net debt at 31 March 2021	**(2,938)**

[1] *Adjusted net debt is a proportionally consolidated measure. It represents the Group net debt as disclosed in Note 14 to the condensed 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 14 of the condensed 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 14 of the condensed 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

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

RISK MANAGEMENT AND PRINCIPAL RISKS

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 identifying 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 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.

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 and affect our entire risk landscape. 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. Looking forward, whilst the successful rollout of the Government’s vaccination programme provides optimism, we are mindful that the trajectory for this pandemic is highly uncertain given the risk of future variants. 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.

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.

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 a roadmap out of lockdown provides optimism, the trajectory of the pandemic remains a key area of uncertainty and thus it is too early to conclude that the risks to our business have reduced. Albeit, the risks to the 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 slightly (as detailed overleaf). 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.

Our principal external and internal risks are summarised below, including an assessment of how the risks have changed in the year. A more comprehensive explanation of the Group’s approach to risk management will be included in the 2021 Annual Report.

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 present risks and opportunities in property and financing markets and to the businesses of our customers which can impact both the delivery of our strategy and our financial performance.	— 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	— 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	↔	— 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

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.	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.		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.
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	↓ ↓	**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

	market. — We stress test our business plan for the effect of a change in property yields.		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,	↔ ↔	**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 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 deferments 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

	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.		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.
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	↔	— 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.

	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.		
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	↔	— 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 coordinated 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.

	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.		

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	↔	— 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.

	co-investors and enter into ownership agreements which balance the interests of the parties.		
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 were 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.	↑	— Progressing value accretive development is one of our key priorities 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 our 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.

	— 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.		
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	↔	— 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.

	benefits of scale while spreading risk through joint ventures and funds which are typically partly financed by debt without recourse to British Land.		
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 represent a principal and emerging risk. This risk category includes the: — increased exposure of assets to environmental hazards,	— 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.	0	— 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

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	— 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.		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.
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	↑	— 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 & 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 more tangible impact on our employees 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

	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.		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%).

Key:
Change in risk assessment from last year
↑ Increase
↔ No change
↓ Decrease
⓪ New risk

Directors' Responsibilities Statement

The Directors' Responsibilities Statement below has been prepared in connection with the full Annual Report and financial statements for the year ended 31 March 2021. Certain parts of the Annual Report and financial statements have not been included in this announcement as set out in Note 1 to the condensed financial information.

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group 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 set out on the British Land website, 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

Consolidated income sheet

For the year ended 31 March 2021

	Note	2021 Underlying[1] £m	2021 Capital and other £m	2021 Total £m	2020 Underlying[1] £m	2020 Capital and other £m	2020 Total £m
Revenue	3	**468**	**–**	**468**	526	87	613
Costs[2]	3	**(180)**	**–**	**(180)**	(148)	(70)	(218)
	3	**288**	**–**	**288**	378	17	395
Joint ventures and funds (see also below)[3]	8	**52**	**(409)**	**(357)**	79	(306)	(227)
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	5	**–**	**15**	**15**	1	–	1
financing charges	5	**(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	6	**(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 Underlying[1] £m	2021 Capital and other £m	2021 Total £m	2020 Underlying[1] £m	2020 Capital and other £m	2020 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	6	**–**	**1**	**1**	–	–	–
	8	**52**	**(409)**	**(357)**	79	(306)	(227)

1. See definition in Note 2 and a reconciliation between Underlying Profit and IFRS profit in Note 17.
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 7 and Note 10.
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 8.

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
	(14)	1
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)
	3	1
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	7	**6,326**	8,188
Owner-occupied properties	7	**2**	68
		6,328	8,256
Other non-current assets			
Investments in joint ventures and funds	8	**2,120**	2,358
Other investments	9	**20**	125
Property, plant and equipment		**30**	6
Interest rate and currency derivative assets	14	**135**	231
Debtors		**6**	–
		8,639	10,976
Current assets			
Trading properties	7	**26**	20
Debtors	10	**56**	56
Cash and short term deposits	14	**154**	193
		236	269
Total assets		**8,875**	11,245
LIABILITIES			
Current liabilities			
Short term borrowings and overdrafts	14	**(161)**	(637)
Creditors	11	**(219)**	(253)
Corporation tax		**(7)**	(17)
		(387)	(907)
Non-current liabilities			
Debentures and loans	14	**(2,249)**	(2,865)
Other non-current liabilities	12	**(128)**	(156)
Deferred tax liabilities	13	**–**	(1)
Interest rate and currency derivative liabilities	14	**(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 share[1]	2	**648p**	773p

1. As defined in Note 2.

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	8	**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	15	**(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	14	**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 information set out above does not constitute the Company's statutory accounts for the years ended 31 March 2021 or 2020, but is derived from those accounts. Statutory accounts for 2020 have been delivered to the Registrar of Companies and those for 2021 will be delivered following the Company's Annual General Meeting. The auditor has reported on those accounts; their reports on those accounts were unqualified, but for the year ended 31 March 2020 included a reference to matters to which the auditor drew attention by way of emphasis without qualifying the report, in relation to the material uncertainty clause attached to the valuation of investment and development properties, either held directly or through joint ventures. The auditors' report did not contain statements under section 498(2) or (3) of the Companies Act 2006.

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.

While the information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRSs), this announcement does not itself contain sufficient information to comply with IFRSs. The Company expects to publish full financial statements that comply with IFRSs in July 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 information is 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.

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. Accordingly, they believe the going concern basis is an appropriate one.

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

Accounting judgements and estimates

In applying the Group's accounting policies, the Directors are required to make judgements and estimates that affect the financial information.

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.

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 8 to the financial information.

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 6). 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		
Earnings per share	**Relevant earnings £m**	**Relevant number of shares million**	**Earnings per share pence**	Relevant earnings £m	Relevant number of shares million	Earnings per share pence
Underlying						
Underlying basic	**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		
Net asset value per share	**Relevant net assets £m**	**Relevant number of shares million**	**Net asset value per share pence**	Relevant net assets £m	Relevant number of shares million	Net asset value per share pence
EPRA						
EPRA NTA	**6,050**	**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

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 7 and Note 10.

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 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%).

6 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.

7 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 11 and 12)[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 11 and 12 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 value is determined by management, and are therefore not included in the Group property portfolio valuation of £6,247m above.

Property valuation

The different valuation method levels are defined below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

These levels are specified in accordance with IFRS 13 'Fair Value Measurement'. Property valuations are inherently subjective as they are made on the basis of assumptions made by the valuer which may not prove to be accurate. For these reasons, and consistent with EPRA's guidance, we have classified the valuations of our property portfolio as Level 3 as defined by IFRS 13. The inputs to the valuations are defined as 'unobservable' by IFRS 13 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.

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.

7 Property continued

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.

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.

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

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 Min £	ERV per sq ft Max £	ERV per sq ft Average £	Equivalent yield Min %	Equivalent yield Max %	Equivalent yield Average %	Costs to complete per sq ft Min £	Costs to complete per sq ft Max £	Costs to complete per sq ft Average £
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.

7 Property continued

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 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

8 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.

8 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[5]	WOSC Partners Limited Partnership[5]
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, 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[6]	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.

8 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

9 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.

10 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.

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.

10 Debtors continued

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

11 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.

12 Other non-current liabilities

	2021 £m	2020 £m
Lease liabilities	128	156
	128	156

13 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	–

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)

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%).

13 Deferred tax continued

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).

14 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 11 and 12)	**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.

	2021 £m	2020 £m
Hercules Unit Trust	**358**	515
	358	515

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).

14 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 7).

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 7)	**6,247**	8,106
Investments in joint ventures and funds (Note 8)	**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.

14 Net debt continued

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 7)	**6,247**	8,106
Share of property of joint ventures and funds (Note 7)	**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.

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 7)	**6,247**	8,106
Investments in joint ventures and funds (Note 8)	**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	**(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.

14 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 7.

	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 9)	**–**	**–**	**(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

14 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 10)	**42**	46
Other investments (Note 9)	**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 9)	**6**	111
	339	584
Financial liabilities		
Amortised cost		
Creditors (Note 11)	**(141)**	(180)
Gross debt	**(2,410)**	(3,155)
Lease liabilities (Notes 11 and 12)	**(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 5 (net financing costs), Note 10 (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.

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

The undrawn facilities are comprised of British Land undrawn facilities of £1,690m plus undrawn facilities of Hercules Unit Trust totalling £nil.

15 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 www.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**	
		15.04		
Prior year dividends				
07.02.2020	2020 2nd interim	7.9825		74
08.11.2019	2020 1st interim	7.9825		74
		15.97		
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.

16 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.

17 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.

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		
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		
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, £nil (2019/20: £nil) was derived from outside the UK.

17 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

British Land Group	**2021 £m**	2020 £m
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

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 income[1]	**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 properties[1]	**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.

Table A continued

EPRA Net Tangible Assets movement

	Year ended 31 March 2021 £m	Year ended 31 March 2021 Pence per share	Year ended 31 March 2020 £m	Year ended 31 March 2020 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 £m	2021 Pence per share	2020 £m	2020 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 Net assets £m	2021 Net asset value per share (pence)	2020 Net assets £m	2020 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

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%

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.

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).

SUPPLEMENTARY TABLES

Data includes Group's share of Joint Ventures and Funds (includes Hercules Unit Trust)

FY21 rent collection[1]

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%** **£225m**	**100%** **£305m**	**100%** **£530m**
Collection of adjusted billing[3]	100%	83%	90%

March 2021 rent collection[1]

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%** **£45m**	**100%** **£50m**	**100%** **£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		Price (100%)	Price (BL Share)	Annual Passing Rent
Purchases	**Sector**	**£m**	**£m**	**£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		Price (100%)	Price (BL Share)	Annual Passing Rent
Sales	**Sector**	**£m**	**£m**	**£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, Brislington	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	-
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

[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.

Portfolio Valuation by Sector

At 31 March 2021	Group	JVs & Funds	Total	Change%[1]		
	£m	£m	£m	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)**
Residential[2]	**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 Income[1]

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**
Residential[2]	**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	7.1	(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**	**7.2**	**(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
Frasers 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%

Major Holdings

As at 31 March 2021	BL Share %	Sq ft '000	Rent (100%) £m pa[1,4]	Occupancy rate %[2,4]	Lease length yrs[3,4]
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**
Residential[1]	**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
Offices[3]	**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**
Residential[4]	**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] £psf metrics shown for office space only
[4] Stand-alone residential

Rent Subject to Open Market Rent Review

For period to 31 March	2022	2023	2024	2025	2026	2022-24	2022-26
As at 31 March 2021	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£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 Expiry[1]

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

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%

Forward-looking statements

This Press Release 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 Press Release headed “Risk Management and Principal Risks” and in the Company’s latest annual report and accounts (which can be found at www.britishland.com). Forward-looking statements in this Press Release, or the British Land website or made subsequently, which are attributable to British Land or persons acting on its behalf, should therefore be construed in light of all such factors.

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