# BRITISH LAND
Annual Report and Accounts 2024

British Land

# PLACES PEOPLE PREFER


Glasgow Fort

Paddington Central

**Presentation of financial information**

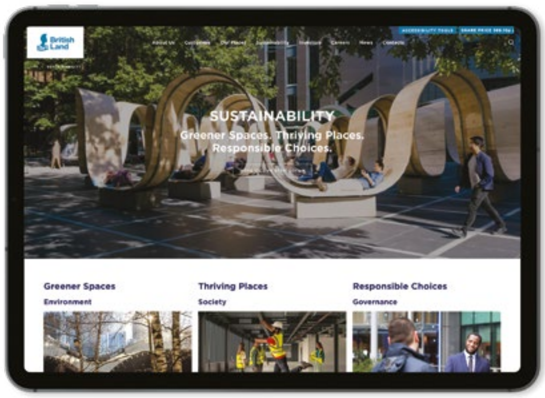
The financial statements for the year ended 31 March 2024 have been prepared on the historical cost basis, except for the revaluation of properties, investments classified as fair value through profit or loss and derivatives. The financial statements have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. As outlined in Note 1 of the financial statements, the Group has adopted a number of new standards and amendments to standards for the year ended 31 March 2024, none of which have had a material impact on the Group. The accounting polices used are consistent with those contained in the Group's previous Annual Report and Accounts for the year ended 31 March 2023.

Management considers the business principally on a proportionally consolidated basis when setting the strategy, determining annual priorities, making investment and financing decisions and reviewing performance. This includes the Group's share of joint ventures on a line-by-line basis and excludes non-controlling interests in the Group's subsidiaries. The financial key performance indicators are also presented on this basis. Further analysis of the IFRS results has been disclosed in the Financial review. We supplement our IFRS figures with non-GAAP measures, which management uses internally. IFRS measures are labelled as such. See our supplementary disclosures which start on page 220 for reconciliations, in addition to Note 2 in the financial statements and the glossary found at britishland.com/glossary

**Integrated reporting**

We integrate environmental and social information throughout this Report in line with the International Integrated Reporting Framework. This reflects how sustainability is integrated throughout our business. Our approach is focused on three key pillars: Greener Spaces, Thriving Places and Responsible Choices. For detailed social and environmental case studies and data, see our Sustainability Progress Report found at britishland.com/data

Read more about our approach to sustainability on our website at **britishland.com**

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# OUR KEY PERFORMANCE INDICATORS

## Financial KPIs

### Underlying Profit

AI

| | |
|---|---|
| **2024** | **£268m** |
| 2023 | £264m |
| 2022 | £247m |

### Total property return

LTIP AI

| | |
|---|---|
| **2024** | **2.0%** |
| 2023 | (9.5)% |
| 2022 | 11.7% |

### Total accounting return

LTIP

| | |
|---|---|
| **2024** | **(0.5)%** |
| 2023 | (16.3)% |
| 2022 | 14.6% |

### Total shareholder return

| | |
|---|---|
| **2024** | **9.2%** |
| 2023 | (23.0)% |
| 2022 | 8.5% |

### Net debt to EBITDA
(Group)

| | |
|---|---|
| **2024[1]** | **Pro forma 6.4x** |
| **2024** | **6.8x** |
| 2023 | 6.4x |
| 2022 | 7.9x |

1. Pro forma following the sale of our 50% stake in the Meadowhall joint venture post year end.

### Loan to value (LTV)
(proportionally consolidated)

| | |
|---|---|
| **2024[1]** | **Pro forma 34.6%** |
| **2024** | **37.3%** |
| 2023 | 36.0% |
| 2022 | 32.9% |

Links to remuneration

LTIP Long Term Incentive Plan

AI Annual Incentive Plan

→ READ MORE ABOUT OUR RESULTS ON PAGES 16 TO 39 AND STRATEGY ON PAGES 10 TO 11

→ EXPLANATIONS FOR FINANCIAL TERMS CAN BE FOUND IN OUR GLOSSARY AT BRITISHLAND.COM/GLOSSARY

## Non-financial KPIs

### Environment

**GRESB rating**

5*

GRESB for Development and Standing Investments
2023: 5*/4*

**Reduction in energy intensity of managed portfolio since FY19**

18%[1]

2023: 17%

**EPC rated A or B**

58%[2]

2023: 45%

→ READ MORE ABOUT OUR ENVIRONMENTAL STRATEGY ON PAGE 64 AND AT BRITISHLAND.COM/DATA

### Social impact

**Direct social value generated**

£9.4m

2023: n/a[3]

**Number of education and employment initiatives**

86

2023: 94

**Value of affordable space provided**

£1m

2023:£1.9m

→ READ MORE ABOUT OUR SOCIAL IMPACT STRATEGY ON PAGE 68 AND AT BRITISHLAND.COM/DATA

### People

**Staff engagement**

78%

2023: 78%

**Ethnicity pay gap**

17.4%

2023: 14.2%

**Gender pay gap**

19.4%

2023: 21.9%

→ READ MORE ABOUT OUR PEOPLE ON PAGE 72 AND AT BRITISHLAND.COM/DATA

1. Performance is versus an indexed FY19 baseline, for more information see page 66
2. EPC rated A or B is reported as a proportion of ERV
3. Social value reporting was expanded in FY24 so no comparable FY23 data

# 2024 PERFORMANCE HIGHLIGHTS

## Financial highlights

**Underlying Profit**
£268m
2023: £264m

**Underlying EPS (diluted)**
28.5p
2023: 28.3p

**Dividend per share**
22.80p
2023: 22.64p

**IFRS profit after tax**
£1m
2023: £(1,039)m

**IFRS EPS**
(0.1)p
2023: (112.0)p

**IFRS net assets**
£5,312m
2023: £5,525m

**EPRA NTA per share**
562p
2023: 588p

**Senior unsecured credit rating**
A
2023: A

**Years until refinance date**
3.0yrs
2023: 3.0yrs

## Operational highlights

**Leasing activity**
3.3m sq ft
2023: 3.4m sq ft

**ERV growth**
5.9%
2023: 2.8%

**Capital activity**
£0.9bn
2023: £1.3bn

**Average embodied carbon in current office developments**
625kg $CO_2$e per sqm
2023: 646kg $CO_2$e per sqm

**Occupancy**
97%[1]
2023: 97%

**Committed and recently completed developments**
2.8m sq ft
2023: 1.8m sq ft

1. Occupancy excludes space under offer or subject to asset management and recently completed developments of Norton Folgate and 3 Sheldon Square

# PLACES PEOPLE PREFER

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

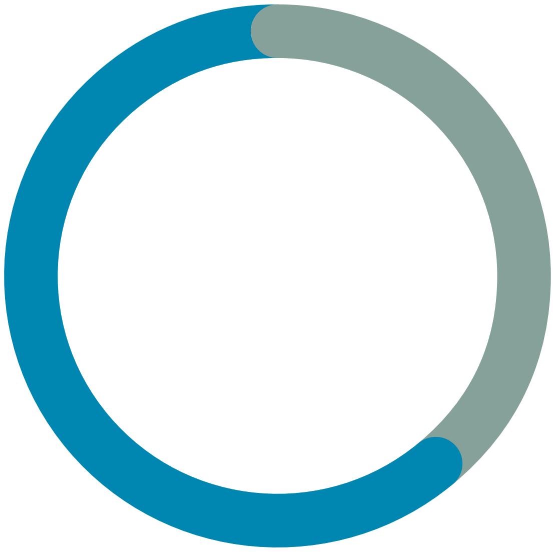
We do this by understanding the evolving needs of the people and the organisations who use our places as well as the communities who live around them.

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

## Our portfolio

Our portfolio of high quality UK commercial property is focused on campuses in London and retail & London urban logistics.

### Portfolio by value



| | |
|---|---|
| Campuses | 61% |
| Retail & London urban logistics | 39% |

READ MORE ABOUT OUR PORTFOLIO ON PAGE 6


Canada Water

Paddington

## What we do

We are developers and asset managers with a value-add strategy. We are a diversified business and invest in segments with strong rental growth prospects where we can leverage our strengths in asset management and development to generate a total accounting return (TAR) of 8-10% through the cycle.



Broadgate

## How we do it responsibly

Sustainability is embedded throughout the business. Our approach is focused on three key pillars where British Land can create the most benefit.

### Greener Spaces

→ READ MORE ON PAGE 64

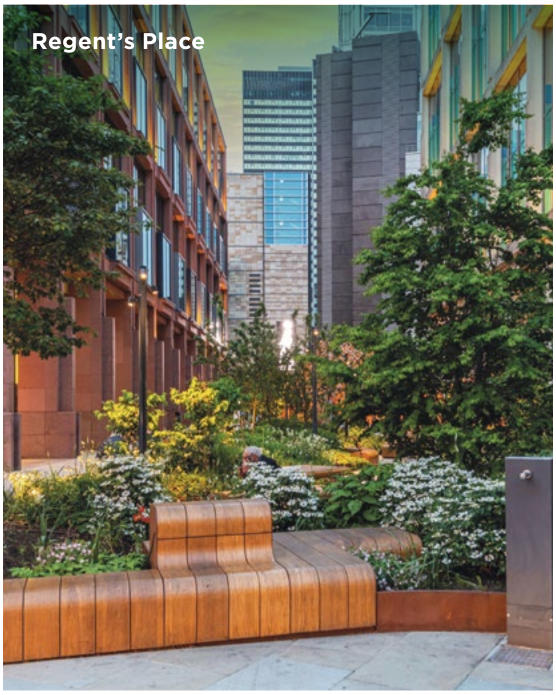
### Thriving Places

→ READ MORE ON PAGE 68

### Responsible Choices

→ READ MORE ON PAGE 72

→ READ MORE ABOUT OUR SUSTAINABILITY STRATEGY ON PAGE 60


Regent's Place

## OUR PORTFOLIO

# WE OWN A £8.7BN HIGH QUALITY PORTFOLIO

### Campuses: 61% of portfolio by value

We are the leading owner and operator of campuses in the UK, with a particular focus on London. Our campuses are located close to key transport hubs and bring together best in class office, retail and residential buildings with leading sustainability and design credentials, surrounded by attractive public spaces and a range of amenities.

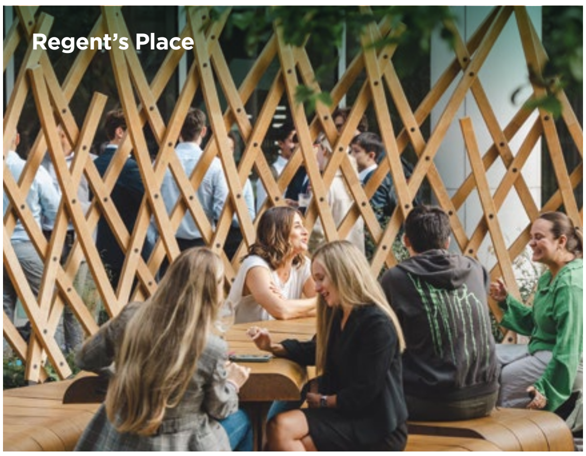
Sustainability is important to us and our customers. We are committed to achieving net zero across our portfolio and target BREEAM[1] Outstanding and EPC A for our new office developments.

We have assembled an 8.6m sq ft development pipeline of best-in-class sustainable space across our campuses, of which 2.1m sq ft is already committed and progressing on site.

Our campuses are:

**Broadgate** (39% of the campus portfolio) is a 32 acre office-led campus in the City of London owned in a 50:50 joint venture with GIC. It has excellent connectivity, and is located next to Liverpool Street Station and the Elizabeth Line. Its proximity to Shoreditch attracts a breadth of customers from financial services, law firms, fin-tech, media and other growth sectors.

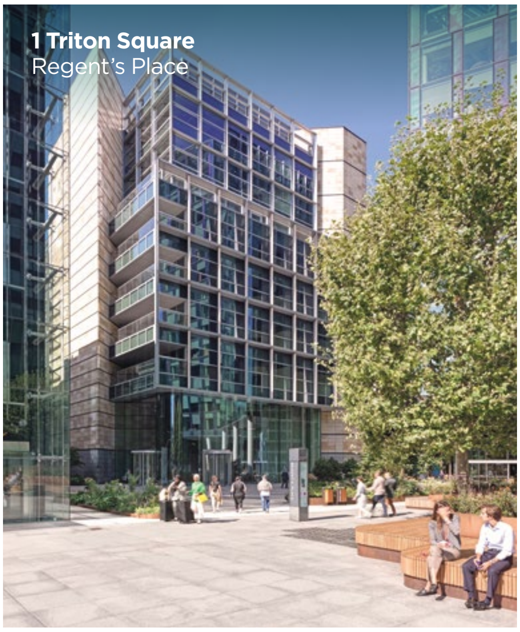
As part of our transformation of Broadgate, we have invested significantly into the buildings and public realm. Most recently, we committed to develop 2 Finsbury Avenue, a 750,000 sq ft world class building, which is due to complete in 2027, and will create a new benchmark for highly sustainable workspace in central London.



**Regent's Place**

**Regent's Place** (31% of the campus portfolio) is a 13 acre campus. The campus has excellent transport links with Euston and King's Cross stations nearby. It is located in London's growing Knowledge Quarter, close to a range of academic and research institutions, including University College London, The Wellcome Trust and The Francis Crick Institute. Given its location, in this growing part of London, we are repositioning the campus for growth in science and technology.

The campus is 100% owned by us with the exception of the recently announced joint venture with Royal London Asset Management to accelerate the delivery of 1 Triton Square as a world class science and technology building. 1 Triton Square will offer a mix of fitted and lab-enabled space as well as the potential to incorporate serviced offices to accommodate flexible requirements at the lower levels, with best in class office space on upper floors.



**1 Triton Square**
Regent's Place

**Paddington Central** (6% of the campus portfolio) is an 11 acre office-led campus in London's West End owned in a 25:75 joint venture with GIC. It sits next to Paddington Station with access to the Elizabeth Line and the Heathrow Express. Its central location and accessibility, attracts a broad range of corporates in financial services, telecommunications and technology. We have made significant investments in the public realm and our latest development is the full refurbishment of 3 Sheldon Square, a 140,000 sq ft office building, which completed in early 2024.


**Canal**
Paddington Central


**Paper Yard**
Canada Water

**Canada Water** (6% of the campus portfolio) is a 53 acre mixed use campus owned in a 50:50 joint venture with AustralianSuper. It is one of the largest mixed use developments in the UK and is located on the Jubilee Line and the London Overground, making it easily accessible to London Bridge, the West End, the City and tech hubs around Shoreditch.

The Canada Water Masterplan is flexible and will deliver a mix of workspace, retail, leisure, entertainment, education and community space, as well as residential of which part will be affordable housing.

**The Peterhouse Campus** (1% of the campus portfolio) is a 14 acre innovation-led campus in Cambridge, fully owned by us. Part of the campus is let to ARM and in 2023, we committed to the development of the newest part of the site, a 96,000 sq ft lab-enabled and lab-fitted building due to complete in 2025.

The balance of our campus portfolio is a mixture of standalone offices primarily in the West End and residential buildings including our development at Aldgate.

## Retail & London urban logistics: 39% of portfolio by value

Retail parks account for 62% of this segment of the portfolio. We are one of the UK's largest owners and operators with c.8% of the retail park market.[2]

Retail parks are the preferred format for retailers due to their affordability, adaptability and accessibility. We will continue to grow our retail park portfolio. They provide an attractive day one cash yield given their low capex requirements and at 99% occupancy our parks portfolio is delivering strong rental growth.

We also own a small, non core, portfolio of shopping centres which account for 22% of this segment of the portfolio.[3]

Our London urban logistics portfolio (9% of this segment) is focused on Zone 1 and multistorey developments within the M25. Our pipeline has a gross development value of £1.5bn and will deliver one of London's most environmentally sustainable and centrally located urban logistics portfolios. Demand for this product is strong due to the long term growth of e-commerce and rising consumer expectations for priority delivery, which, combined with little supply is driving rental growth. Last mile logistics solutions are also increasingly sought after due to their strong environmental sustainability credentials given they reduce large vehicle movements and allow the use of e-vehicles for the last mile delivery to the end customer.

The balance of the portfolio is in other retail which includes retail subsectors in which we do not have material holdings, including high street retail and other small solus retail assets.

1. Building Research Establishment Environmental Assessment Method BREEAM standards aim to minimise harmful carbon emissions, improve water usage and reduce material waste. The rating enables comparability between projects and provides assurance on performance, quality and value of the asset
2. Based on sq ft
3. Includes the 50% stake in Meadowhall Shopping Centre which was sold post year end

**Southgate**
Bath

# EXCELLENT STRATEGIC AND OPERATIONAL PROGRESS

**Tim Score**
Non-Executive Chair

## Dear Shareholders,

In my final letter as Chair of British Land, I look back on the past year, and indeed the last decade, and am greatly encouraged by the resilience of the business in the face of a period of unprecedented challenges.

The real estate sector has faced a challenging period with macroeconomic uncertainty, high inflation and increases in interest rates. Against this backdrop, we have remained focused on controlling the controllables, and as a result British Land has been operationally and financially resilient.

During my 10 years on the Board, initially as Non-Executive Director and, for the last five years as Chair, I have been fortunate to be supported by an excellent management team and highly talented colleagues from across the business.

British Land is a 'small big' Company; small in terms of our overall workforce but big in that we own and operate some of the most significant assets in the UK. The calibre and dedication of everyone within the business, and the collaborative culture, enables us to deliver our strategy effectively.

## Good progress in FY24

We have delivered another strong leasing performance this year, which combined with good cost control led to a 2% increase in Underlying Profits, and as a result the full year dividend will be up by 1%.

Our strategy of focusing on the parts of the market with the strongest occupational fundamentals is working, as evidenced by the 5.9% rental growth for the portfolio and a 300 basis points (bps) outperformance vs the MSCI All Property total return benchmark.

We are delivering this outperformance versus the market because we have deep development and asset management capabilities and continue to execute well.

We have been disciplined in our balance sheet management and capital allocation, with leverage comfortably within our target range, especially at this stage in the real estate cycle.

## A leader in ESG

I continue to believe that sustainability is a key competitive advantage for British Land. Our achievements in developing and managing some of the best, most highly rated sustainable space have been recognised for more than a decade and we are now reaping the benefits as businesses are increasingly willing to pay more for that space.

In the last 12 months, we have made excellent progress against the three pillars of our Sustainability Strategy: Greener Spaces, Thriving Places and Responsible Choices.

In particular, we have significantly improved the EPC ratings of our buildings, increasing the percentage of the portfolio rated EPC A or B by ERV to 58%, up from 45% in FY23.

Separately, we have achieved a 5-star rating in Global Real Estate Sustainability Benchmark (GRESB) for both the Standing Investments and Development benchmarks, placing the Company in the top 20% of participants globally and achieving Global Sector Leader status for the Development benchmark.

This year, we have also been accredited as a Living Wage Employer by the Living Wage Foundation. We recognise that people are key to the success of our business and we have a strong track record of paying at least the real Living Wage to our direct employees. The accreditation reflects the work we have done in recent years to encourage our supply chain to do the same.

Whilst we are making significant progress with our decarbonisation plans, industry standards and guidance on net zero continue to evolve. The Science Based Target initiative will publish new buildings sector guidance to inform net zero definitions for our industry; once these are finalised we will work to ensure our targets reflect best practice and latest climate science.

## Our Board

In March 2024, we were delighted to announce the appointment of William Rucker, who will replace me as Chair when I step down at the AGM in July. William is a highly experienced Chair with deep knowledge of the real estate and financial services sectors. I am confident he will provide the Board with strong and effective leadership and will be a great support to Simon and the executive team.

We were delighted to welcome Amanda Mackenzie and Mary Ricks as Non-Executive Directors to the Board this year and look forward to welcoming Amanda James as a Non-Executive Director when she joins the Board in July 2024. Each brings a wealth of diverse experience, which will be invaluable as we continue to execute our strategy. After nine years on the Board, Laura Wade-Gery will step down as Non-Executive Director at the AGM. I'd like to thank her for her significant contribution and wish her well in her future endeavours. You can read more about our latest Board members on page 92.

The appointments highlight the evolution of the Board since I became Chair. At the conclusion of the AGM, the Board will be 50% female, compared with 30% in 2019, and will exceed the recommendations from the Parker Review, which encourages diversity of UK boards.

## Conclusion

In summary, we continue to make good progress in executing our strategy. We are confident in our campus proposition and our ability to capture growth in science and technology, retail parks continue to perform very well and we are progressing the build-out of our London urban logistics pipeline.

Our performance, as ever, is a result of the hard work and dedication of the British Land team and I would like to thank my colleagues across the Group.

It has been a real privilege to serve on the Board of British Land. I feel confident that when I step down in July, I will be leaving the Company in good health and safe hands led by a highly capable Board and executive team.

**Tim Score**
Non-Executive Chair

# BUSINESS MODEL

We are developers and asset managers with a value-add strategy. We have a diversified approach and invest in segments with strong rental growth prospects where we can leverage our strengths to generate a total accounting return (TAR) of 8-10% through the cycle.


## Our strengths are:

### Portfolio of high quality assets

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

### Best in class platform

We have a long-standing team with deep experience across the real estate life cycle from design, planning, development and construction through to asset and property management. We also have industry leading investment and finance teams.

### London development expertise

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

### Partnerships with investors

We have strong relationships with sovereign wealth funds such as Norges Bank Investment Management and GIC as well as large pension funds like AustralianSuper and Pimco Prime. This gives us the ability to stretch our equity and crystallise value through asset sales and joint ventures.

### Financial strength

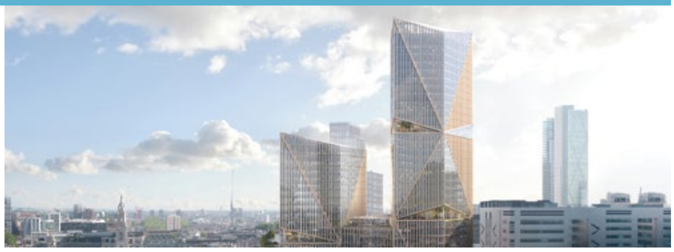
We have a strong balance sheet and we use leverage appropriately. We aim to deliver returns through the property cycle by having a disciplined approach to risk and capital allocation.

## Source value-add opportunities

We target opportunistic asset acquisitions in our chosen sectors as well as development opportunities. This is underpinned by a strong balance sheet and a disciplined approach to risk management.

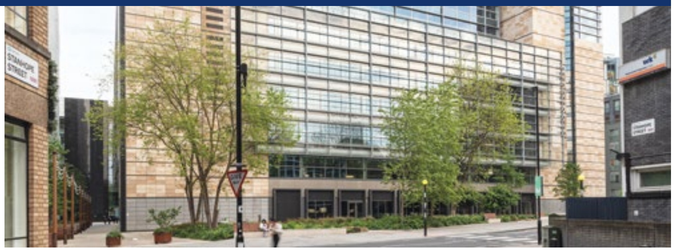
## Develop and actively manage

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



## Recycle capital

We actively sell mature assets to crystallise returns and reinvest capital into opportunities where we can drive strong returns through development or asset management.



## Underpinned by our leadership in sustainability

We are committed to achieving net zero across our portfolio and target BREEAM Outstanding and EPC A for our new office developments.


### Our values underpin everything we do

- DELIVER AT PACE
- BE SMARTER TOGETHER
- BRING YOUR WHOLE SELF
- BUILD FOR THE FUTURE
- LISTEN AND UNDERSTAND

→ HOW WE CREATE VALUE FOR OUR STAKEHOLDERS PAGE 12

→ HOW OUR APPROACH TO RISK UNDERPINS OUR STRATEGY PAGE 43

→ HOW OUR APPROACH TO REMUNERATION ALIGN WITH OUR STRATEGY PAGE 125

# HOW WE ENGAGE WITH AND CREATE VALUE FOR OUR STAKEHOLDERS

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

## Section 172 Statement

Section 172(1) of the Companies Act requires directors of a company to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, taking into account the following: the likely consequences of any decision in the long term; the interests of the company's employees; the need to foster the company's business relationships with suppliers, customers and others; the impact of the company's operations on the community and the environment; the desirability of the company maintaining a reputation for high standards of business conduct; and the need to act fairly as between members of the company.

The nature of our business means that we have a continuous dialogue with a wide group of stakeholders and their views are taken into account before proposals are put to the Board for a decision. Information on how the Directors discharged their duty under section 172 during the year, including how they engaged with key stakeholders, and how they had regard to the matters set out above in their discussions and decision making, can be found within our Governance section starting on page 90. An in-depth case study of the major decision that was the capital commitment to 2 Finsbury Avenue setting out vital section 172 considerations is detailed on page 95.

## Our people

**Everyone employed by British Land.**

### Why are they important?

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

### What matters to them?

- Diverse and inclusive culture with strong leadership
- Career progression and development opportunities
- Healthy and safe space that promotes wellbeing
- Fair pay and reward
- Ethical business with a clear Sustainability Strategy

### How we engage

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

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

### Outcomes from engagement

78%

employee engagement score

### Value created

93%

employees proud to work at British Land

## Our customers

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

### Why are they important?

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

### What matters to them?

- High quality, sustainable space that fulfils their needs
- Healthy and safe spaces that promote wellbeing
- Fair and appropriate lease terms

### How we engage

We communicate regularly with our customers through:

- Regular dialogue with leasing, asset and property management teams
- Annual customer satisfaction surveys to gain insight into how our places are performing
- Customer networks across our campuses

### Outcomes from engagement

78%

of customers stated BL are 'the best' or 'better than most' other providers

### Value created

3.3m sq ft

of space leased in the year

## Our investors

**The people and institutions who own British Land shares or debt holders.**

### Why are they important?

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

### What matters to them?

- Financial performance, returns and the dividend
- Strong balance sheet and disciplined capital allocation
- Clear strategy and business model
- Leading ESG performance
- Risk management
- Strong leadership and Company culture

### How we engage

We have an extensive Investor Relations programme to ensure that our shareholders' views are reflected in our decision making. This programme includes:

- Meetings, roadshows, conferences and video calls
- Regulatory reporting, including the Annual Report, full and half year results and ad hoc updates
- Our AGM
- Investor seminars: this year we hosted two covering our retail parks strategy held at Orpington and our science and technology strategy held at our Regent's Place campus

### Outcomes from engagement

c.50%

of share register met and 192 investor meetings completed in the year

### Value created

9.2%

total shareholder return (period from 1 April 2023 to 31 March 2024)


## Our joint venture partners

**Institutions we partner with on specific campuses or standalone assets, usually where we share ownership, returns and risk.**

### Why are they important?
Joint venture partners are an integral part of our business. The strategic alliances we develop with our partners enables us to stretch our equity, spread risk and accelerate delivery of returns. They enable us to access attractive investment opportunities alongside like-minded partners with complementary skills.

### What matters to them?
- Financial performance and returns
- Clear strategy and business model
- Asset management, development and property management expertise
- Long term, collaborative and trusted relationships
- Aligned objectives and values
- Best-in-class assets

### How we engage
We have developed deep and long term relationships with our joint venture partners to ensure close alignment on objectives. We have an open and collaborative dialogue with each of our joint venture partners, through:
- Regular meetings to discuss day-to-day activities
- Working groups on a project or topic basis
- Quarterly Board meetings to assess performance, progress and agree future objectives
- Quarterly joint venture reporting

**Number of joint ventures**

13

**Value of assets in joint ventures**

£8.4bn

## Our communities and local authorities

**People who live in and around our places and organisations responsible for public services and enterprises.**

### Why are they important?

Our places thrive when the communities in which they operate also succeed. Local authorities are responsible for delivering public services and facilities for our communities. We want our places to have a positive local impact on the community and to do this we need to have good relationships both with our communities and local authorities to understand local needs.

### What matters to them?

- Collaboration and engagement on local initiatives
- Places that foster social connections and enhance wellbeing
- Providing a relevant mix of services for their needs, such as alignment on education and employment opportunities and access to affordable space

### How we engage

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

- Our Social Impact Fund
- Volunteering and charitable donations
- Employment and apprenticeship opportunities

### Outcomes from engagement

7,000

people benefitting from education partnerships in the year

### Value created

£1m

affordable space provided to small business and charities in the year

## Our suppliers and partners

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

### Why are they important?

Along with our employees, our suppliers and partners support us in delivering for our customers. Strong relationships with suppliers and partners ensure sustainable, high quality delivery for the benefit of all stakeholders.

### What matters to them?

- Long term, collaborative, trusted relationships
- New business opportunities
- Fair commercial and payment terms
- Aligned objectives and values

### How we engage

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

- Operating a rigorous onboarding and tendering process
- Being clear through our Supplier Code of Conduct what we stand for, how we work and the commitments we expect them to share with us in relation to social, sustainable and ethical practices

### Outcomes from engagement

100%

of suppliers signed up to the Supplier Code of Conduct

### Value created

through closely working with our supply chain we achieved Living Wage Employer accreditation

# OUR STRATEGY IS DELIVERING

Simon Carter
Chief Executive

135 Bishopsgate
Broadgate

## Overview

Our strategy of focusing on campuses, retail parks and London urban logistics is delivering.

ERV growth accelerated to 5.9% in the year, exceeding our guidance in all sectors and resulting in an outperformance of the MSCI All Property total return benchmark by 300 basis points (bps). Increases in market interest rates in the first half of the year caused property yields to move out, impacting our portfolio values which declined by 2.6% over the year. However, in the second half of the year the pace of yield expansion slowed significantly with values down only 0.2%, as a 10 bps increase in yields was offset by 2.6% rental growth.

Our operational momentum continued, with strong leasing, additional fee income and tight cost control offsetting the temporary dilutive impact on earnings of buildings moving into development, resulting in 2% Underlying Profit growth. Leverage is well within our target range, especially at this stage in the cycle.

We are pleased with our capital activity this year, which included the 1 Triton Square surrender and recent joint venture with Royal London Asset Management (Royal London), as well as the commitment to develop 2 Finsbury Avenue following its pre-let at record breaking rents to Citadel Securities (Citadel). We have sold Meadowhall 3% ahead of book value and plan to reinvest the proceeds into retail parks. They provide an attractive day one cash yield given their low capex requirements, and at 99% occupancy, our parks are delivering strong rental growth.

With a portfolio Net Equivalent Yield (NEY) of 6.2%, plus 3-5% expected rental growth and development upside we expect to generate attractive earnings growth and deliver 8-10% total accounting return per annum over the medium term.

## Operational update

The operational momentum we reported in FY23 continued in FY24, with adjusted occupancy at 97%[1] and 3.3m sq ft of leasing, 15.1% ahead of ERV. Since 31 March we signed a further 316,000 sq ft on our campuses, 13.1% ahead of ERV and as of 17 May 2024 under offers were 544,000 sq ft, 9.3% ahead of ERV, with a further 806,000 sq ft in negotiations. Key deals included regears with Monzo Bank, Skidmore Owings & Merrill, and a 252,000 sq ft pre-let to Citadel at 2 Finsbury Avenue on our Broadgate campus. In retail, we had another record year of leasing with new lettings and renewals to a wide range of retailers including Sports Direct, Marks & Spencer, Primark, Next, H&M and ASDA. In London urban logistics there were successful regears at Wembley and Enfield.

Our campuses are located close to major transport nodes and have great amenities, high quality sustainable buildings, and allow occupiers to grow and cluster close to other businesses. Demand for this kind of best-in-class workspace remains strong, and as a result, vacancy across our campuses was 4%[1] compared to 9% in the wider London office market.[2] This resulted in 5.4% ERV growth on our campuses, significantly above our guided range of 2-4%.

We also continue to see strong demand for our retail parks due to their affordability, adaptability and accessibility. Underlying vacancy on our retail parks is 1% compared to the UK retail market vacancy of 14%.[3] ERV growth in the year was 7.2%, also significantly above our guided range of 3-5%.

Our urban logistics portfolio is focused on densification and repurposing opportunities in London. Demand is driven by the continued rise of e-commerce, the growth of priority delivery services and the beneficial impact central facilities have on transport costs, carbon emissions and pollution. Supply is constrained which has resulted in an underlying vacancy of 0.2% in our assets compared to 7.2% for the UK big box market.[4] This supply and demand imbalance drove ERV growth of 10%, materially above our guided range of 4-5%.

## Strategy

In 2021 we set out a value-add strategy focused on three segments with the strongest operational fundamentals – campuses, retail parks and London urban logistics. In FY24 we outperformed MSCI All Property total return benchmark by 300 bps, and on a reweighted basis to match the British Land portfolio composition at the sector level the outperformance was 800 bps. This was driven by strong ERV growth in campuses and retail parks. We are delivering this outperformance versus the market because we have deep development and asset management capabilities, continue to execute well, and are in the best parts of the market.

## Campuses

### Best-in-class workspace

The pandemic led most companies to re-evaluate what they wanted from their workspace – their conclusion: higher quality space to attract and retain talent. Alongside this, we identified that science and technology was likely to be a key growth driver of the UK economy over the next decade, particularly in the Golden Triangle of London, Oxford and Cambridge. In 2021, we set about reshaping our office business around these trends.

At the centre of this is our very successful campus model. Our campuses provide the great amenity, transport connectivity, public realm and high quality, sustainable buildings that businesses are seeking post-pandemic. They are also ideal for the clustering and collaboration, which is key to science and technology businesses.

Although hybrid working is here to stay, based on a 350m sq ft sample of global office space, CBRE found that peak office utilisation in London is high, in line with Singapore and Hong Kong, at 80% of max capacity in line with pre-covid, and ahead of Paris, New York, Boston, and Silicon Valley.[5] We are seeing a similar trend on our own campuses, where peak utilisation increased 17% year on year.[6]

In the past four years, the market has seen a bifurcation in the dynamics between best-in-class and secondary space. Although overall market vacancy is 9%, vacancy for best-in-class new space is 1%.[5] Because of the long timelines required to develop buildings, there is little to no supply in the best locations. Projects were put on hold or cancelled during the pandemic and in the years thereafter as inflation pushed up construction costs, and rising interest rates created uncertainty around cost of capital and exit yields.

1. Occupancy excludes recently completed developments at Norton Folgate and 3 Sheldon Square
2. CBRE
3. Local Data Company
4. Savills: >100,000 sq ft UK
5. CBRE
6. April 2023 to April 2024


Regent's Place

Canada Water

Over the next four years, the average annual development pipeline in the City is only 1.3m sq ft compared to the 10-year annual average take up of new or substantially refurbished workspace of 2.1m sq ft per year which we expect to increase given the trend to upgrade.[7] In fact, under offers in the City are at the highest level in the last 24 years and 54% ahead of the 10-year average.[8] This supply demand imbalance is driving strong rental growth. On our campuses, ERV increased by 5.4% in FY24, and Cushman & Wakefield expect rents for super prime space in the City to grow at c.8% per annum for the next four years.

Given these strong occupational fundamentals, we recently committed to a new 750,000 sq ft development at 2 Finsbury Avenue on our Broadgate campus, where occupancy is 98%. 2 Finsbury Avenue is currently the only significant committed new development in the City to be delivered in 2027.[9] This iconic scheme will have a unique podium and dual tower design, incorporating state of the art, highly sustainable workspace with expected BREEAM Outstanding, WELL Platinum, EPC A and a NABERS 5-star ratings. In April 2024, we signed a pre-let with hedge fund and financial advisory firm Citadel to lease 252,000 sq ft of workspace, with options to lease up to another 128,000 sq ft. The deal means that at the point of commitment the building is 33% pre-let at a minimum, and 50% pre-let if the option space is taken.

2 Finsbury Avenue is expected to deliver attractive returns with a forecast yield on cost of 7%, profit on cost above 20%, and a mid-teens IRR (above our target range of 12-14%). Together with GIC, our joint venture partners at Broadgate, we are exploring several capital recycling options, including bringing in an additional partner at 2 Finsbury Avenue to share risk and cost and to accelerate these returns.

Supply of best-in-class workspace will increase to meet demand in due course, and some occupiers may settle for lesser quality space and locations due to price, availability or the need for certainty. Nevertheless, there is a window of opportunity to generate attractive returns over the next three to four years, given the strong demand and long lead times to develop (or convert) space

7. Cushman & Wakefield
8. CBRE
9. Cushman & Wakefield

to the high standards of design, sustainability and in the locations that occupiers now favour.

## Science and technology

Targeting fast growing customers is a core part of our campus strategy. The science and technology sector currently represents around 15% of the UK economy and is expected to continue to grow rapidly.[10] The UK's leading position in AI and data sciences is also accelerating the pace of scientific discovery across a broad universe which includes life sciences but also green sciences, physical sciences, and technology. The UK benefits from a strong ecosystem of academic and research institutions and deep pool of talent, particularly, in The Golden Triangle (London, Oxford and Cambridge).

In London this growth is concentrated in the Knowledge Quarter where economic output between 2011 and 2019 increased by 7% per annum.[11] This increase in economic activity combined with a limited supply of best-in-class office space has resulted in rental growth in the Knowledge Quarter of 7% per annum.[11] In Cambridge, where employment growth was 3.5% per year over the last 6 years, vacancy for lab fitted space is less than 3%.[12]

Our campus proposition is ideally suited for this sector as it allows businesses to cluster and have the serendipitous encounters that are so important in science and technology. We already provide space, services and amenities for customers at different maturity stages from start-ups, through scale-ups to global HQ space. In addition, most of our office buildings are well suited to lab conversion. That's because they are modern, with good power, ventilation and slab-to-slab heights.

Our operational platform is also a competitive advantage. Storey, our flexible office proposition, is now six years old. Whilst there are important differences, we've found the operational experience running Storey has been invaluable as we've rolled out enabled, fitted and serviced labs to smaller occupiers on shorter leases.

How material can science and technology customers be to British Land? Our plan will flex based on demand and returns. Today, science and technology occupiers represent over 20% of our campus footprint. This could increase to around 50% by 2030 based on our 2m sq ft innovation pipeline, and while labs will be an important part of a campus like Regent's Place, they may only represent around 15% of our science and technology space.

We are targeting science and technology occupiers at our campuses at Regent's Place, Canada Water and the Peterhouse campus in Cambridge. Regent's Place is a 13 acre campus located in the heart of London's Knowledge Quarter, which is home to leading research institutions including The Francis Crick Institute (The Crick), The Wellcome Trust, The Alan Turing Institute and University College London. It is well placed to benefit from its privileged location within this well-established innovation ecosystem. At Canada Water we have 53 acres of well-connected space and are at the early stages of creating a new cluster with the delivery of our modular lab space. In Cambridge, the Peterhouse campus, is a 14 acre campus, part of which is let to ARM. In the first half of the year, we committed to the development of the newest part of the site, The Optic, a 96,000 sq ft office and lab building which will be delivered in 2025 into a highly constrained market.

Networks are critical to success in science and technology and we are becoming the real estate partner of choice in the Golden Triangle. We recently announced a collaboration with The Crick. The first phase will be to fit out and operate a 30,000 sq ft serviced lab offer at 20 Triton Street at Regent's Place, which is due to be delivered by the end of 2024. The Crick will bring a pipeline of customers and its operational expertise to help create a first of its kind facility in London, providing highly serviced fitted lab and office space with shared facilities for customers, as well as access to The Crick's scientific expertise.

This collaboration builds on the Memorandum of Understanding with University College London (UCL) signed in May 2023, which gives our occupiers access to UCL's technical services and facilities and creates the opportunity for British Land to support the growth of UCL spin outs. These partnerships further consolidate Regent's Place as an outstanding science and technology hub.

We recently announced a joint venture with Royal London at 1 Triton Square at Regent's Place. It will be a world class science and technology building with a highly flexible design, offering a mix of fitted and lab enabled space as well as the potential to incorporate serviced offices to accommodate flexible requirements at the lower levels, whilst retaining best-in-class office space on upper floors. The joint venture enables us to accelerate returns and is an example of how we actively recycle capital. British Land received gross proceeds of £193m from the sale of a 50% share of the building, in addition to a £149m surrender premium already received from Meta. The combination of the surrender premium, joint venture formation and subsequent fit out and leasing is expected to deliver an IRR over 30%.

## Retail parks

The second strand of the strategy we set in 2021, was to grow our exposure to retail parks. We could see from our leasing activity that retail parks had become the preferred physical retail format for an increasing number of retailers due to the three "A's" – affordability, accessibility and adaptability. The affordability of retail property is generally assessed by the occupancy cost ratio – rent, rates and service charge as a percentage of total sales. A combination of reduced rents, lower business rates, already low service charges and robust sales reduced this ratio from 17.7% in 2016 to 8.9% now – at this level a very broad range of retailers can trade profitably. Retail parks are highly accessible for consumers as they are typically located on major arterial roads on the outskirts of towns and cities with ample free carparking. This makes them ideal not only for shopping, but for click and collect, returning goods to store and increasingly shipping from store. The adaptability of a retail park unit is an important feature for retailers who face significant challenges in remodelling stores on the high street and in shopping centres.

These occupational fundamentals combined with low capital expenditure requirements, which are around half of that of shopping centres, and pricing below replacement cost make retail parks an attractive investment.[13] Consequently, we have been increasing our exposure to parks and have invested £410m since 2021 at an attractive blended yield of 7.8%.

10. Oxford Economics GVA
11. Metro Dynamics
12. Cambridge Ahead
13. Capex is 12% of net rental income for retail parks compared to 21% at covered centres (MSCI five-year average)

Over the last three years retail parks have been the best performing subsector in UK real estate, and we delivered a total property return of 11.6% per annum, outperforming the wider retail park sector by 440 bps.

We are sometimes asked whether the outperformance of retail parks is just an overhang from Covid because they are open air and were perceived to be safer to visit. Our view is that it is a permanent structural shift driven by the three "A's" above. Affordability is driving incremental demand from discounters and essential retailers and accessibility and adaptability are key for the multichannel retailers. This is borne out by statistics on UK store closures and openings. Since 2016 there have been net closures of -4,327 and -1,195 on the high street and within shopping centres respectively, but +615 net store openings at retail parks, reflecting this incremental demand.[14]

## London urban logistics

Our urban logistics strategy is to deliver new space in London by repurposing assets, like the Finsbury Square carpark, or densifying existing industrial land with multistorey schemes like our Mandela Way scheme in Southwark. Strong demand is underpinned by the growth of e-commerce and rising customer expectations on the speed and convenience of deliveries. Occupiers want to optimise their distribution operations and lower costs, while at the same time reducing their carbon footprint and pollution by using e-bikes and e-vehicles for the last mile logistics. Over the last two decades, significant amounts of industrial space in London have been converted to other uses, which combined with strong demand has led to very low vacancy of 0.8% in inner London.[15] This backdrop plays well to our planning expertise and track record of delivering complex developments in London. Our London urban logistics development pipeline has a gross development value of £1.5bn.

During the year we have received planning consents for our schemes at The Box in Paddington, Mandela Way in Southwark, Thurrock and Heritage House in Enfield. We also submitted plans for approval of our scheme in Verney Road in Southwark. Although exit yields and construction costs are higher, returns still look strong as we have been able to mitigate these headwinds by increasing the massing of schemes and rents have grown faster than expected.

## Capital allocation

Actively recycling capital is an important way we create value. We dispose of non core and dry assets and redeploy capital into opportunities with higher returns, namely retail parks acquisitions and our development pipeline in campuses and London urban logistics. We also use joint ventures to accelerate returns, stretch our equity, share risk and earn attractive fees.

Since we launched our new strategy, capital activity totalled £3.5bn, of which £1.7bn were offices sold at an average yield of 4.5%. We have reinvested proceeds into developments, an early re-entry into retail parks in 2021 and our London urban logistics pipeline. These transactions have reshaped our portfolio which is now 93% focused on our chosen sectors of campuses, retail parks and London urban logistics and we will continue to actively recycle capital as we see opportunities to create value.

In FY24, disposals totalled £410m from assets sold at 11% above book value on average. These transactions include the joint venture with Royal London to accelerate returns and share risk at 1 Triton Square as well as disposing of non core assets including an office and data centre portfolio. On 20 May 2024 we announced the sale of our 50% stake in Meadowhall Shopping Centre (Meadowhall) to our partner Norges Bank Investment Management (Norges) for £360m. This follows the sale of some ancillary land for £7m (British Land share) earlier this year. Together these deals value the entirety of the Meadowhall Estate at £734m, 3% above the September 2023 book value.

As we continue to recycle capital, our priorities for capital allocation remain unchanged. The resilience of our balance sheet is of utmost importance as it gives the ability to navigate macroeconomic uncertainties and the flexibility to invest in opportunities as they arise.

Our pro forma LTV including the sale of Meadowhall is 34.6%, with FY24 at 37.3% (FY23 36.9%). Pro forma Group Net Debt to EBITDA was 6.4x, with FY24 at 6.8x (FY23 6.4x), with £1.9bn of undrawn facilities and cash at 31 March 2024. In August 2023, Fitch affirmed our Senior Unsecured credit rating at 'A' with stable outlook.

We will continue to buy retail parks opportunistically. They have strong occupational fundamentals, values below replacement costs, attractive yields and are earnings accretive upon acquisition. Developments have created significant value for us over the years and we have adjusted our return and yield on cost requirements to reflect the higher interest rate environment, which has also increased exit yields and finance costs. Our pipeline is focused on campuses and London urban logistics, both subsectors where the supply of new schemes is constrained. As a result, we are securing higher than expected rents, which combined with construction costs levelling off, is resulting in returns above our investment hurdles. This year we committed to The Optic, a lab enabled building at our Peterhouse campus in Cambridge and Mandela Way, a multistorey urban logistics scheme in Southwark. More recently we committed to 2 Finsbury Avenue, a best-in-class office scheme on our Broadgate campus.

We also remain committed to shareholder distributions. Our dividend policy is to pay 80% of underlying EPS and we consider other shareholder distributions as and when appropriate.

## Sustainability

We have made good progress against our Sustainability Strategy in FY24. The percentage of the portfolio which is rated EPC A or B increased to 58%, up from 45% at FY23, and is expected to increase to around 64% in FY25.[16] We expect to meet the proposed Minimum Energy Efficiency Standard of EPC 'B' by 2030, the cost of this is estimated to be around £100m, of which two thirds will be recovered through the service charge. Since FY19 we have spent a cumulative £18m on these initiatives, 63% of which has been recovered via the service charge.

14. Local Data Company
15. Savills
16. Measured by ERV

We are a global leader in sustainable development, retaining our GRESB 5* rating and achieving a score of 99/100, whilst our standing investments achieved a rating of 5* up from 4* in FY23. We have also achieved Living Wage accreditation. We recognise that people are key to the success of our business and have always paid at least the real Living Wage to our direct employees and across our developments. The accreditation reflects the work we have done in recent years to encourage our supply chain to do the same.

Another highlight during the year was the introduction of a new social value target to generate £200m of direct value by 2030 of which 50% is social value and 50% is economic value. We will target an additional £100m of indirect social value. These targets provide a financial value to the outcomes of our social sustainability programmes and further embed social impact into everything we do. Progress will be reported annually, providing a clear and transparent methodology that demonstrates how the social and economic impact is quantified.

## Board

During the year we have had a series of changes to the Board. William Rucker has been appointed as Chair Designate to succeed Tim Score who will step down after the 2024 AGM after 10 years on the Board and five years as Chair. I would like to thank Tim for his excellent advice and support during his tenure as Chair and welcome William, whose experience and insights will be very valuable as we continue to execute our strategy.

I would like to extend a warm welcome to Amanda Mackenzie, Mary Ricks and Amanda James who have been appointed as independent Non-Executive Directors. The Board will benefit hugely from the depth and breadth of their experience. I would also like to thank Laura Wade-Gery for her significant contribution; she will step down as Non-Executive Director in July at the 2024 AGM after nine years on the Board and we wish her well in her future endeavours. Amanda Mackenzie will become Chair of the Remuneration Committee at the conclusion of the 2024 AGM.

## Outlook

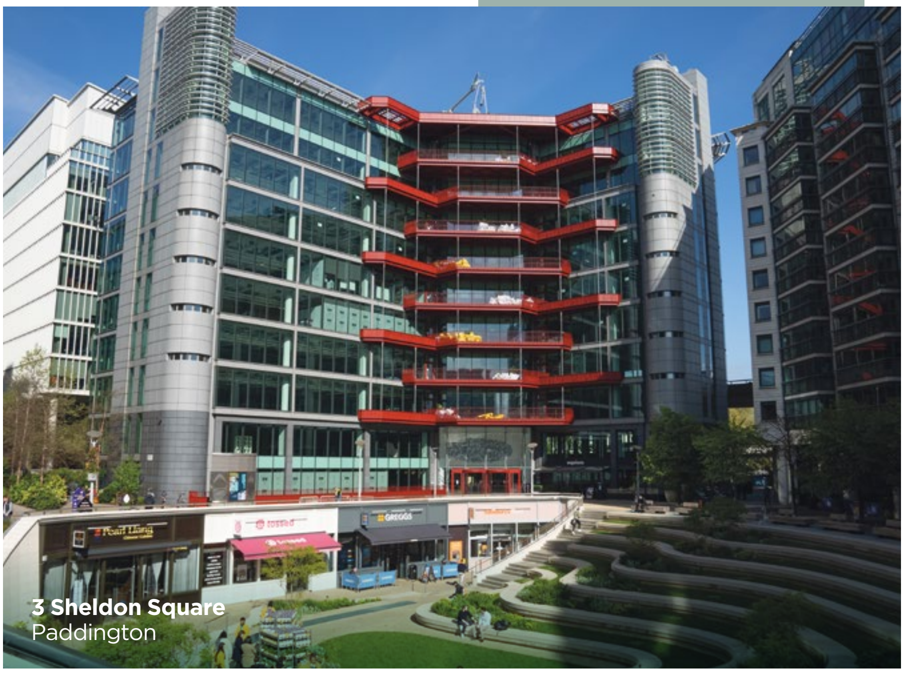
In the past 12 months macroeconomic and geopolitical uncertainty has remained high. However, inflation has declined, and markets are now anticipating interest rate cuts. Consequently, yield expansion in the portfolio slowed significantly in the second half and strong rental growth meant values were broadly flat.

Our base case is that we will be operating in a more supportive economic environment over the next 12 months than we have seen in the last two years. With inflation lower, the next move in the base rate is likely to be down rather than up and although UK GDP growth is expected to be modest at best, most forecasts are for it to be positive. Unemployment is expected to remain low which should be supportive of demand for best-in-class workspace at our campuses as businesses continue to focus on attracting and retaining talent in a competitive jobs market. The return of real wage growth should provide valuable breathing space for consumers, supporting our retail parks business.

The momentum we are seeing in the business combined with strong occupational fundamentals underpin our ERV guidance of 3-5% in each of our markets.

We recognise geopolitical risk remains elevated, but we take comfort from our strong operational performance over the last 24 months. With a portfolio NEY of 6.2%, strong rental growth prospects and development upside we expect to deliver 8-10% total accounting return per annum over the medium term.

**Simon Carter**
Chief Executive



**3 Sheldon Square**
Paddington

# BUSINESS REVIEW

## Key metrics

| Year ended | 31 March 2024 | 31 March 2023 |
|---|---|---|
| Portfolio valuation | **£8,684m** | £8,898m |
| Occupancy[1] | **97.2%[2]** | 96.7% |
| Weighted average lease length to first break | **5.2 yrs** | 5.7 yrs |
| Total property return | **2.0%** | (9.5)% |
| – Yield shift | **+33 bps** | +71 bps |
| – ERV movement | **5.9%** | 2.8% |
| – Valuation movement | **(2.6)%** | (12.3)% |
| Lettings/renewals (sq ft) over 1 year | **2.8m** | 2.6m |
| Lettings/renewals over 1 year vs ERV | **+15.1%** | +15.1% |
| Gross capital activity[3] | **£869m** | £1,225m |
| – Acquisitions | **£55m** | £148m |
| – Disposals | **£(410)m** | £(729)m |
| – Capital investment | **£404m** | £348m |
| Net investment/(divestment) | **£49m** | £(233)m |

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

1. Where occupiers have entered CVA or administration but are still liable for rates, these are treated as occupied. If units in administration are treated as vacant, then the occupancy rate would reduce to 96.8%, excluding recently completed developments
2 Occupancy excludes recently completed developments at Norton Folgate and 3 Sheldon Square
3. Excludes the sale of Meadowhall Shopping Centre post year end

## Portfolio performance

| At 31 March 2024 | Valuation £m | Valuation movement % | ERV movement % | Yield shift bps | Total property return % | Net equivalent yield % |
|---|---|---|---|---|---|---|
| Campuses | **5,278** | **(5.3)** | **5.4** | **+50** | **(2.3)** | **5.5** |
| Central London | **4,613** | **(4.9)** | **5.6** | **+50** | **(1.8)** | **5.5** |
| Canada Water & other Campuses | **514** | **(13.1)** | **(0.2)** | **+46** | **(12.4)** | **6.0** |
| Retail & London Urban Logistics | **3,406** | **2.1** | **6.3** | **+15** | **9.6** | **7.0** |
| Retail Parks | **2,128** | **2.7** | **7.2** | **+12** | **10.0** | **6.7** |
| Shopping Centres | **753** | **0.8** | **5.2** | **+19** | **10.8** | **8.1** |
| London Urban Logistics | **313** | **3.7** | **10.0** | **+24** | **6.5** | **4.9** |
| **Total** | **8,684** | **(2.6)** | **5.9** | **+33** | **2.0** | **6.2** |

See supplementary tables (pages 228 to 235) for detailed breakdown

The value of the portfolio was down 2.6% driven by yield expansion of 33 bps across the portfolio. There has been a notable slowdown in outward yield shift in H2 of 10 bps, compared to H1 where yields moved out by 23 bps. This was partly offset by positive ERV growth of 5.9%, with positive ERV movement across all major subsectors.

Campus valuations were down 5.3% over the year but this decline slowed to -1.5% in H2 compared to -4.0% in H1. The value of our West End portfolio was down 2.5% and City portfolio down 6.9%, reflecting yield expansion of 52 bps and 48 bps respectively. While investment markets continue to see low levels of transactions, there continues to be strong occupational demand for new, best-in-class buildings, located next to transport hubs with strong sustainability credentials. This has led to ERV growth of 5.4% across campuses, with 7.1% and 4.2% ERV growth in our West End and City office portfolio respectively, reflecting leasing activity and limited supply.

The value of our retail park portfolio is up 2.7% in the year, with strong ERV growth of 7.2%, driven by occupier demand and high occupancy on our parks, offsetting marginal outward yield shift of 12 bps. Yields in H2 stabilised.

The value of our shopping centres was marginally up by 0.8% with a 5.2% increase in ERV offsetting yield expansion of 19 bps. London urban logistics values increased by 3.7%, with a significant increase in ERV of 10.0% offsetting outward yield shift of 24 bps.

Campus offices outperformed the MSCI benchmark for All Offices and Central London Offices by 700 bps and 480 bps respectively on a total return basis for the year ended 31 March 2024. Retail parks outperformed the MSCI All Retail Park benchmark on a total return basis by 840 bps and urban logistics outperformed the MSCI industrials benchmark by 210 bps. Our portfolio overall outperformed the MSCI All Property total return index by 300 bps over the year and by 800 bps on a reweighted basis.

## Capital activity

| From 1 April 2023 | Campuses £m | Retail & London Urban Logistics £m | **Total £m** |
|---|---|---|---|
| Purchases | – | 55 | **55** |
| Sales[1] | (354) | (56) | **(410)** |
| Development Spend | 344 | 10 | **354** |
| Capital Spend | 42 | 8 | **50** |
| **Net Investment** | 32 | 17 | **49** |
| **Gross Capital Activity** | 740 | 129 | **869** |

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

1. Excludes the sale of Meadowhall Shopping Centre post period end

The total gross value of our capital activity in the year was £0.9bn. The most significant transaction in the year was the sale of our 50% stake in 1 Triton Square to Royal London for £193m. Post period end, we exchanged on the sale of our 50% stake in the Meadowhall to our partner Norges for £360m. This follows the sale of some ancillary land for £7m (British Land share) earlier this year. Together these deals value the entirety of the Meadowhall Estate at £734m, 3% above September 2023 book value.

We continue to be disciplined in our approach to capital recycling within the portfolio. Since April 2023, we've disposed of non core assets including six office and data centres for £125m, reflecting a net initial yield (NIY) of 4.6%, 13% ahead of book value as well as superstores in Burton on Trent and Coleraine for £8m and £10m. We continue to grow our exposure to retail parks, purchasing Westwood Retail Park in Thanet for £55m, for a net initial yield of 8.1%, which benefits from excellent accessibility and is let to a strong mix of retailers.

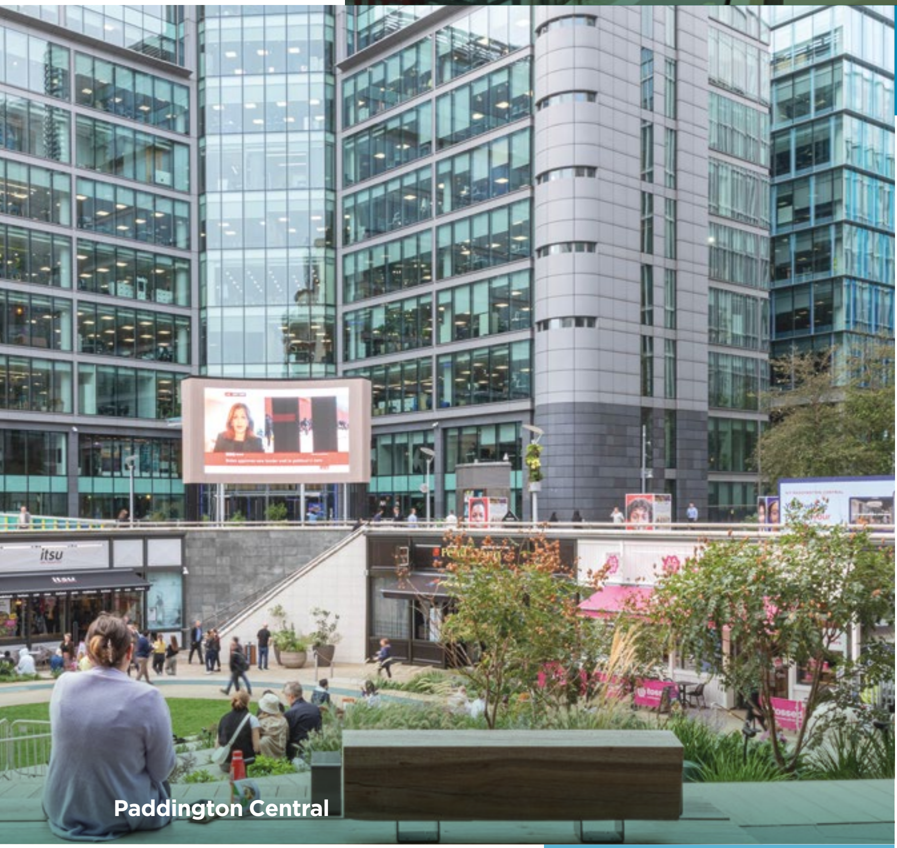

Paddington Central

# CAMPUSES

**100 Liverpool Street**
Broadgate

**Regent's Place**


Canada Water



Paddington Central

## Campuses

### Key metrics

| Year ended | 31 March 2024 | 31 March 2023 |
|---|---|---|
| Portfolio valuation | **£5,278m** | £5,650m |
| Occupancy[1] | **95.8%** | 96.2% |
| Weighted average lease length to first break | **5.8 yrs** | 7.2 yrs |
| Total property return | **(2.3)%** | (11.9)% |
| – Yield shift | **+50 bps** | +70 bps |
| – ERV growth | **5.4%** | 2.6% |
| – Valuation movement | **(5.3)%** | (13.1)% |
| Total lettings/renewals (sq ft) | **679,000** | 1,037,000 |
| Lettings/renewals (sq ft) over 1 year | **561,000** | 777,000 |
| Lettings/renewals over 1 year vs ERV | **+8.7%** | +11.0% |
| Like-for-like income[2] | **+4%** | +3% |

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

1. Occupancy excludes recently completed developments of Norton Folgate and 3 Sheldon Square
2. Like-for-like excludes the impact of surrender premia, CVAs & admins, provisions for debtors and tenant incentives, and Storey. Including Storey, campus like-for-like income would be +1% in FY24 and +7% for FY23

### Campus operational review

Campuses were valued at £5.3bn, down 5.3%. This was driven by yield expansion of 50 bps, which was partly offset by ERV growth of 5.4%. Lettings and renewals (including Storey) totalled 679,000 sq ft, 8.7% ahead of ERV and 13.4% above previous passing rent. Weighted average lease length is 5.8 years. Post period end, we have completed 316,000 sq ft of deals, 13.1% ahead of ERV, and are under offer on a further 544,000 sq ft, 9.3% ahead of ERV, with a further 806,000 sq ft in negotiations. Occupancy at our campuses is 95.8%.

Campus like-for-like income growth (excluding Storey) was +4% in the year driven by strong leasing and asset management activity across all three London campuses. At Storey, we saw -18% like-for-like growth in the year. Whilst this was in part a consequence of the timing of lease events, which by their nature, can create fluctuations to our income, the key driver was one off cost rebates made in the prior period. Storey occupancy is now at our target of 90%. Looking ahead, we expect strong ERV growth to drive future like-for-like performance across our campuses.

Our campuses provide the great amenity, transport connectivity, public realm and high quality sustainable buildings that businesses are seeking post-pandemic.

Across our standing portfolio, we benefit from a diverse group of high quality customers across financial, corporate, science, health, technology and media sectors.

#### Broadgate

Broadgate saw a valuation decline of 6.2% driven by outward yield shift of 45 bps, offset by ERV growth of 4.4%. Occupancy remains high at 98%, reflecting the high quality of the space, amenities and public realm and its central location.

Leasing activity (excluding Storey) covered 328,000 sq ft, of which 304,000 sq ft were long term deals, 5.3% ahead of ERV. Significant deals include regears to Monzo Bank at Broadwalk House covering 83,000 sq ft and the Bank of Nova Scotia at 201 Bishopsgate covering 39,000 sq ft. New lettings have also been signed with Steamship Mutual, which signed for 25,000 sq ft of newly refurbished space at 155 Bishopsgate and Vorboss which has signed 29,000 sq ft at 10 Exchange Square.

Post period end, we have also signed a pre-let with Citadel for 252,000 sq ft of workspace at 2 Finsbury Avenue, with options to lease up to another 128,000 sq ft. The deal means the building is already 33% pre-let at a minimum, and 50% pre-let if the option space is taken, at a record headline rent for the City. Simultaneously, we have committed to the 2 Finsbury Avenue development.

We are making good progress on asset management initiatives to improve the sustainability credentials of several buildings on the campus. 10 Exchange Square, 199 and 201 Bishopsgate have all achieved EPC 'B' ratings due to building improvements including air source heat pumps, air handling unit improvements and LED lights.

Our social impact initiatives continue to focus on forging connections between our occupiers and local communities and we were pleased to have run a successful pilot of the Social Mobility Business Partnership's Insights and Skills Programme alongside one of our occupiers. Through the Young Readers Programme, in partnership with the National Literacy Trust, 32 school children participated in activities across the campus. This year we published a socio economic report quantifying £10m of economic value generated over the last 10 years from our long running dedicated employment programme Broadgate Connect, and in the last year, 54 people have benefitted from meaningful employment support.

#### Regent's Place

Regent's Place valuation was marginally down 0.7%, driven by outward yield shift of 50 bps which was offset by strong ERV growth of 6.9%. Declining values in the first half were partly reversed by an increase in value of 0.9% in H2, as a result of our 50% sale of 1 Triton Square to Royal London and our partnership with The Crick at 20 Triton Street. Occupancy at the campus is 94.5%.

Leasing activity in the year (excluding Storey) covered 59,000 sq ft, of which 51,000 sq ft were long term deals, 13.1% ahead of ERV. Key deals include lease renewals with Digital Cinema Media and Alpha Real Capital covering 7,600 sq ft and 7,300 sq ft respectively and a new letting with affordable housing provider, The Guinness Partnership, which signed 15,000 sq ft of workspace at 350 Euston Road.

Regent's Place continues to gain momentum as a life sciences and innovation hub. At 1 Triton Square, alongside our JV partners Royal London, we are progressing designs to repurpose the building for innovation and life sciences occupiers, including adding lab space and Storey on the bottom floors whilst retaining best-in-class office space on upper floors. This year we announced a collaboration with The Crick, to partner on a 30,000 sq ft fitted lab offer at 20 Triton Street, which is due to be delivered later this year. The Crick will bring its operational expertise to help create the first of its kind facility in London, which will provide highly serviced fitted lab and office space with shared facilities for customers, as well as access to The Crick's scientific expertise. This collaboration builds on the Memorandum of Understanding with UCL, signed in May 2023, which gives our occupiers access to UCL's technical services and facilities and creates the opportunity for British Land to support the growth of UCL spin outs.

Our social impact initiatives at Regent's Place include partnering with Hypha Studios, a charity matching creatives with empty spaces across London. The organisation opened at a vacant retail unit in Euston Tower, which will feature exhibitions from local artists. This builds on our focus on affordable space and the addition of Little Village, a baby bank providing essentials for families living in poverty, opening on the campus. Our partnership with Rebel Business School taught 127 entrepreneurs how to test their new business ideas. Through the Young Readers Programme, in partnership with the National Literacy Trust, 183 school children participated in activities across the campus.

### Paddington Central

Paddington Central saw valuation declines of 10.7% driven by outward yield shift of 74 bps. This has been partially offset by ERV growth of 10.4%, largely due to development and leasing progress at 3 Sheldon Square. Occupancy at the campus remains high at 99.5%.[1]

Given we are virtually full, leasing activity (excluding Storey) covered 44,000 sq ft, all of which were long term deals, 7.9% ahead of ERV. There is a further 131,000 sq ft under offer, 8.6% ahead of ERV.

The most significant development on the campus this year was the delivery of 3 Sheldon Square which completed in February 2024. The building has an all electric design and is rated EPC A and the development completed with a low embodied carbon intensity at 124kg CO2e per sqm. The building is already 65% let to Virgin Media O2 and we are under offer on a further 27,000 sq ft to a life sciences occupier, which would take the building to 86% let or under offer.

As part of our social impact initiatives, we continue to provide affordable space to the Ukrainian Institute to run their English language courses. To date, the classes have benefitted 965 displaced Ukrainians. In partnership with occupiers on the campus, we hosted Mastering My Future insight days for 26 young people to experience different careers at Paddington Central. Through the Young Readers Programme, in partnership with the National Literacy Trust, 122 school children participated in activities across the campus.

### Storey: our flexible workspace offer

Storey is a key part of our campus proposition and provides occupiers with the flexibility to expand and contract depending on their requirements. The quality of the space, central location and access to campus amenities make the space appealing to scale up businesses and overseas businesses looking to open a UK Headquarters. Customers on our campuses also benefit from access to ad hoc meeting and events space at Storey Club and this service is an increasingly important factor when making workspace decisions.

Storey is currently operational across 343,000 sq ft. We recently completed 35,500 sq ft at 201 Bishopsgate on our Broadgate campus and 7,500 sq ft at 2 Kingdom Street on our Paddington campus.

Storey leasing activity covered 134,000 sq ft in the year at a 30% premium to traditional rents. Post period end, we have exchanged a further 3,200 sq ft of space and we are under offer on a further 13,400 sq ft. Occupancy is at our target of 90%.

### Canada Water

The valuation of Canada Water declined 14.1%, driven by 35 bps outward yield shift on the offices. The first phase of the Canada Water development, which comprises a mix of workspace, retail, leisure and residential is progressing well. Roberts Close (K1), which consists of 79 affordable homes pre-purchased by the London Borough of Southwark, achieved practical completion in January 2024. 1-3 Deal Porters Way (A1), which is a mix of 186 residential units (The Founding) and workspace and The Dock Shed (A2), workspace with a leisure centre on the ground floors is due to be ready for occupation in 2025.

We are targeting rents on the workspace from £50 psf. Residential sales for The Founding launched in February 2023 and current sales are above targeted pricing levels, achieving in excess of £1,250 psf, which is attractive relative to competing schemes.

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

In the year, we submitted our revised plans for a cultural and office scheme at the Printworks, in addition to agreeing terms with Broadwick Live to operate the cultural part of the Printworks. Demolition works have commenced to prepare the site for when we place a build contract. This, together with the planning permissions received in July 2022 for Zones L and F, represent the range of options available for the next phase of the Canada Water Masterplan. We also achieved planning consent for Zone G of the Masterplan, which includes a replacement Tesco store, residential including affordable housing, some smaller flexible retail space and a new 3.5 acre public park.

Building on the success of the TEDI modular campus we recently completed the build of a 33,000 sq ft modular innovation campus on the site. We are seeing good interest in this space from a range of science and technology businesses. We have signed deals with CheMastery, a startup aiming to increase the efficiency of chemical research and manufacturing and Prosemino, a venture builder committed to addressing climate change by co-founding and building innovative early-stage clean energy technology companies. Canada Water is well located to cater to science and technology businesses, due to its proximity to three leading teaching and research hospitals including Guy's Hospital in London Bridge, St Thomas' Hospital in Waterloo and King's College Hospital in Denmark Hill.

1. Occupancy excludes the recently completed development of 3 Sheldon Square

Whiteley


Fort Kinnaird

# RETAIL AND URBAN LOGISTICS

Mandela Way
CGI

Teesside Park

## Retail & London urban logistics

### Key metrics

| Year ended | 31 March 2024 | 31 March 2023 |
|---|---|---|
| Portfolio valuation | **£3,406m** | £3,248m |
| – Of which Retail Parks | **£2,128m** | £1,976m |
| – Of which Shopping Centres | **£753m** | £746m |
| – Of which London Urban Logistics | **£313m** | £263m |
| Occupancy[1] | **98.5%** | 97.3% |
| Weighted average lease length to first break | **4.7 yrs** | 4.6 yrs |
| Total property return | **9.6%** | (5.0)% |
| – Yield shift | **+15 bps** | +72 bps |
| – ERV growth | **6.3%** | 3.0% |
| – Valuation movement | **2.1%** | (10.9)% |
| Total lettings/renewals (sq ft) | **2,628,000** | 2,395,000 |
| Lettings/renewals (sq ft) over 1 year | **2,282,000** | 1,808,000 |
| Lettings/renewals over 1 year vs ERV | **+17.8%** | +18.8% |
| Like-for-like income[2] | **+1%** | +5% |

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

1. Where occupiers have entered CVA or administration but are still liable for rates, these are treated as occupied. If units in administration are treated as vacant, then the occupancy rate for Retail would reduce from 98.5% to 97.7%
2. Like-for-like excludes the impact of surrender premia, CVAs & admins and provisions for debtors and tenant incentives

### Retail & London urban logistics operational review

Valuations in these subsectors increased by 2.1% in the year, with retail parks and London urban logistics values up 2.7% and 3.7% respectively, outperforming shopping centres, which were marginally up by 0.8%. Average rental growth across the three subsectors was 6.3% in the year, more than doubling the 3.0% growth delivered in FY23, which offset yield shift of 15 bps. Retail parks rental growth of 7.2% is stronger than shopping centres at 5.2%.

We continue to lease well, with 2.6m sq ft of deals signed in the year, 1.5m sq ft of these were at our retail parks. Retail and London urban logistics deals completed over the year were 17.8% ahead of ERV and 3.1% above previous passing rent. Occupancy across the three subsectors remains high at 98.5%. Like-for-like income was up 1% as we filled vacant space in our shopping centres, which helped to offset negative reversion coming through on some older leases. We expect strong leasing ahead of ERV to increase like-for-like growth next year.

Weighted average lease length is 4.7 years. In the year, we agreed 773,000 sq ft of rent reviews, 0.3% above previous passing rent across all three subsectors. In total, we have 493,000 sq ft of deals under offer, 17.9% above March 2023 ERV.

#### Retail parks

We continue to see significant leasing momentum across our retail parks with 1.5m sq ft of deals signed in the year, 19.9% above ERV and 5.1% below previous passing rent, compared with -9.7% in FY23. We have a further 282,000 sq ft under offer, 19.2% above ERV. Occupancy remains high at 99%, reflecting strong demand and limited supply. Retail parks are the preferred format for a wide range of customers due to the format's affordability, adaptability and accessibility, which in September, led us to upgrade ERV growth guidance from 2-4% to 3-5%, which we have exceeded.

We continue to see excellent leasing activity on our parks, with 57% of deals done in the year being repeat business. These include six deals with JD Sports totalling 58,000 sq ft and six transactions with Frasers Group totalling 104,000 sq ft, including 91,000 sq ft with Sports Direct and a 12,500 sq ft Flannels at Teesside Park. Marks & Spencer continue to expand on retail parks with two upsizes at Doncaster and Swindon totalling 94,000 sq ft and Asda signed four lease renewals totalling 88,000 sq ft.

New entrants to the retail park format include Hotel Chocolat, which signed three new leases covering 10,000 sq ft and In Health which signed 5,000 sq ft at Denton, representing the first medical diagnostics letting on our parks. Other notable lettings this year include Primark signing for 23,000 sq ft at Glasow Fort. At Teesside Park, we've had very strong leasing in the year with 343,000 sq ft of new letting and renewals, including Sports Direct doubling in size to 25,000 sq ft; a new 12,500 sq ft letting to Flannels and 43,000 sq ft to value retailer B&M.

Our Really Local Stores social sustainability initiative, which gives local makers access to affordable space, operated at five of our retail assets in FY24 including Fort Kinnaird and Ealing Broadway.

#### Shopping centres

We continue to actively manage our shopping centres improving occupancy and driving rents forward. We have completed 737,000 sq ft of deals, on average 19.5% ahead of ERV and 0.5% above previous passing rent. This activity improved occupancy which is now at 97.5%.

We prefer the occupational fundamentals of retail parks and have said we will reduce our exposure to covered centres at the right time and price. In line with this, we announced the sale of our 50% stake in Meadowhall to our partner Norges for £360m. This follows the sale of some ancillary land for £7m (British Land share) earlier this year. Together these deals value the entirety of the Meadowhall Estate at £734m, 3% above September 2023 book value.

## London urban logistics

In London urban logistics we have assembled a 2.3m sq ft pipeline with a GDV of £1.5bn. This year we started on site at Mandela Way in Southwark, building a 144,000 sq ft multistorey scheme in Central London. In addition, we have achieved planning consent for four out of seven schemes including The Box in Paddington, Mandela Way in Southwark and Heritage House in Enfield this year, and have submitted planning for a second multistorey scheme at Verney Road in Southwark. We have completed 230,000 sq ft of lettings and renewals, 102% above previous passing rent and 7% above ERV.

## Retail footfall and sales

| | 02 April 2023 – 31 March 2024 | |
|---|---|---|
| | % of 2023[1] | Performance vs benchmark[2,3] |
| Footfall | | |
| – Portfolio | 100.2% | -120 bps |
| – Retail Parks | 100.3% | -110 bps |
| Sales | | |
| – Portfolio | 103.9% | 100 bps |
| – Retail Parks | 105.4% | 250 bps |

1. Compared to the equivalent weeks in 2022/23
2. Footfall benchmark: Springboard overall
3. Sales benchmark: BRC UK total instore retail sales

The Box, Paddington
CGI

Glasgow Fort

## Developments

| At 31 March 2024 | Sq ft '000 | Current Value £m | Cost to complete £m | ERV £m | ERV Let & under offer £m |
|---|---|---|---|---|---|
| Committed | 2,273 | 648 | 639 | 87.4 | 28.4 |
| Near term | 976 | 253 | 286 | 39.8 | – |
| Medium term | 7,723 | 960 | 3,484 | 272.4 | – |
| **Total pipeline** | **10,972** | **1,861** | **4,409** | **399.6** | **28.4** |

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

### Development Pipeline

Developments are a key driver of long term value creation for British Land. Altogether, we expect our development pipeline to deliver profits of around £1.4bn. Against a backdrop of higher interest rates, which have pushed yields out and impacted funding costs, we have increased the return hurdles for our new developments. We now target IRRs of 12-14% on our campuses and mid teens on our London urban logistics developments. Because we are in the right parts of our markets with good supply demand tension, we are securing higher rents. Construction cost inflation appears to be levelling off and higher funding costs have resulted in limited new supply coming on stream. We expect our committed and recently completed developments,[1] in addition to asset management initiatives, to deliver 4.5p of future earnings per share growth, with 2.4p being delivered in FY26 alone.

We are currently on site with 2.3m sq ft of space, which will target BREEAM Outstanding (for offices) and Excellent (for retail), delivering £87.4m of ERV, with 33% already pre-let or under offer. Excluding build to sell residential and retail space, which we will let closer to completion, we are 36% pre-let or under offer by ERV. Total development exposure is now 7.6% of portfolio gross asset value. Speculative exposure, which is based on ERV and includes space under offer, is 9.6% and within our internal risk parameter of 12.5%.

Development valuations were down 2.4% driven primarily by outward yield shift.

Our committed pipeline stands at 2.3m sq ft. In the year we have committed to Mandela Way delivering 144,000 sq ft of urban logistics space across four floors in Southwark and The Optic, delivering a 96,000 sq ft office and lab building on our Peterhouse campus, the only speculative office development to be delivered in Cambridge in 2025. Post period end, we committed to 2 Finsbury Avenue delivering 750,000 sq ft of best-in-class workspace at Broadgate.

We are also on site with an 84,000 sq ft development at The Priestley Centre in Guildford, which will be a mix of innovation and lab-enabled space. The building is already 62% pre-let to LGC, a leading global life sciences company, ahead of completion in Q2 2024.

The development of 1 Broadgate is progressing on programme and the office space is fully pre-let or under option to JLL and Allen & Overy, demonstrating the strong demand for best-in-class, sustainable buildings.

We are making good progress on the development of the first phase of Canada Water, which comprises three buildings covering 578,000 sq ft. The first building, Roberts Close is now complete, and the remaining two buildings, 1-3 Deal Porters Way and The Dock Shed, are due to be ready for occupation in 2025. We are targeting BREEAM Outstanding on all the commercial space, BREEAM Excellent on retail and a minimum of HQM One 4*[2] for private residential.

The development of phase 2 at Aldgate Place is progressing to plan. The scheme comprises 159 premium rental apartments with 19,000 sq ft of office space and 8,000 sq ft of retail and leisure space. It is well located, adjacent to Aldgate East and between Liverpool Street and Whitechapel stations. Completion is expected in Q2 2024.

### Completed Developments

| As at 31 March 2024 | Sector | BL Share % | 100% sq ft '000 | PC Calendar Year | ERV £m[1] |
|---|---|---|---|---|---|
| 3 Sheldon Square | Office | 25 | 140 | Q1 2024 | 2.6 |
| Norton Folgate | Office | 100 | 335 | Q4 2023 | 25.7 |
| Roberts Close (Plot K1) | Residential | 50 | 62 | Q1 2024 | – |
| **Total Completed** | | | **537** | | **28.3** |

We completed three developments totalling 537,000 sq ft in the year. 3 Sheldon Square reached practical completion in February 2024. The building is one of our most sustainable refurbishments ever, with an all electric design and EPC A rating. Norton Folgate completed in December 2023. We have let 42% of the space including 115,000 sq ft to law firm Reed Smith and 20,000 sq ft to Swiss high performance sportswear brand, On Running. We have commenced fit out of 67,000 sq ft of fully fitted floors, which are likely to be let closer to completion of the fit out later this year.

1. Committed (including post period end commitment of 2 Finsbury Avenue) and completed developments including near term development of 1 Triton Square
2. The Home Quality Mark is an independently assessed certification scheme for new homes, with a simple star rating based on a home's design, construction and sustainability. Every home with an HQM certificate meets standards that are significantly higher than minimum standards such as Building Regulations

## Committed Developments

| As at 31 March 2024 | Sector | BL Share % | 100% sq ft '000 | PC Calendar Year | ERV £m[1] | Gross Yield on Cost %[2] |
|---|---|---|---|---|---|---|
| The Priestley Centre | Science & Technology | 100 | 84 | Q2 2024 | 3.3 | 8.0 |
| Aldgate Place, Phase 2 | Residential | 100 | 138 | Q2 2024 | 6.9 | 5.0 |
| The Optic | Science & Technology | 100 | 96 | Q1 2025 | 4.7 | 6.2 |
| 1 Broadgate | Office | 50 | 545 | Q2 2025 | 20.1 | 5.8 |
| Mandela Way | Logistics | 100 | 144 | Q3 2025 | 4.7 | 6.2 |
| 2 Finsbury Avenue[3] | Office | 50 | 750 | Q2 2027 | 38.6 | 7.7 |
| **Canada Water[4]** | | | | | | |
| 1-3 Deal Porters Way (Plot A1) | Mixed use | 50 | 270 | Q4 2024 | 3.6 | blended |
| The Dock Shed (Plot A2) | Mixed use | 50 | 246 | Q4 2024 | 5.5 | 7.1 |
| **Total Committed** | | | **2,273** | | **87.4** | **6.7** |

1. Estimated headline rental value net of rent payable under head leases (excluding tenant incentives)
2. Gross yield on cost is the estimated annual rent of a completed development divided by the total cost of development including the site value at the point of commitment and any actual or estimated capitalisation of interest, expressed as a percentage return
3. Committed to post period end
4. The London Borough of Southwark has confirmed they will not be investing in Phase 1, but retain the right to participate in the development of subsequent plots up to a maximum of 20% with their returns pro-rated accordingly

### Near Term Pipeline

Our near term pipeline covers 976,000 sq ft. At 1 Triton Square, we are progressing designs to repurpose the building for innovation and life sciences occupiers, including adding lab space and Storey on the bottom floors whilst retaining best-in-class office space on upper floors. While it is part of our near term pipeline, we expect to commit to this project shortly.

Our near term pipeline also includes two London urban logistics developments, The Box at Paddington and Verney Road in Southwark. We have achieved planning consent for The Box and we have submitted planning for a multistorey scheme at Verney Road.

### Medium Term Pipeline

Our medium term pipeline covers 7.7m sq ft, the largest of which are the future phases of the Canada Water Masterplan, which accounts for 4.3m sq ft and Euston Tower, where we have an exciting opportunity to deliver a highly sustainable innovation and lab-enabled building in London's Knowledge Quarter.

London urban logistics opportunities account for 1.8m sq ft of medium term opportunities. This includes Thurrock, where we have achieved planning for a 644,000 sq ft two storey logistics scheme east of London; Heritage House, Enfield where we have achieved planning for a two storey logistics scheme totalling 437,000 sq ft, Hannah Close in Wembley, where there is potential to deliver 668,000 sq ft of well located, multistorey urban logistics space within the M25 and Finsbury Square where we are working up plans for an 81,000 sq ft underground logistics facility close to the City of London.


Norton Folgate

# FINANCIAL REVIEW



| Year ended | 31 March 2024 | 31 March 2023 |
|---|---|---|
| Underlying Profit[1,2] | **£268m** | £264m |
| Underlying earnings per share[1,2] | **28.5p** | 28.3p |
| IFRS profit (loss) after tax | **£1m** | £(1,039)m |
| Dividend per share | **22.80p** | 22.64p |
| Total accounting return[1] | **(0.5)%** | (16.3)% |
| EPRA Net Tangible Assets per share[1,2] | **562p** | 588p |
| EPRA Net Disposal Value per share[1,2] | **577p** | 606p |
| IFRS net assets | **£5,312m** | £5,525m |
| LTV[3,4,5,6] | **37.3%** | 36.0% |
| Net Debt to EBITDA (Group)[3,7,8] | **6.8x** | 6.4x |
| Net Debt to EBITDA (proportionally consolidated)[3,4,9] | **8.5x** | 8.4x |
| Weighted average interest rate[4] | **3.4%** | 3.5% |
| Senior Unsecured credit rating | **A** | A |

1. See Note 2 within the financial statements for definition and calculation
2. See Table B within supplementary disclosures for reconciliations to IFRS metrics
3. See Note 16 within the financial statements for definition, calculation and reference to IFRS metrics
4. On a proportionally consolidated basis including the Group's share of joint ventures and excluding non-controlling interests
5. EPRA Loan to value is disclosed in Table E within supplementary disclosures
6. Following the unconditional exchange for the sale of our 50% stake in Meadowhall, LTV falls to 34.6% on a pro forma basis
7. Net Debt to EBITDA on a Group basis excludes non-recourse and joint venture borrowings, and includes distributions and other receivables from non-recourse companies and joint ventures
8. Following the unconditional exchange for the sale of our 50% stake in Meadowhall, Net Debt to EBITDA on a Group basis falls to 6.4x on a pro forma basis
9. Following the unconditional exchange for the sale of our 50% stake in Meadowhall, Net Debt to EBITDA on a proportionally consolidated basis falls to 8.2x on a pro forma basis

## Overview

Continued operational momentum drove delivery of our financial performance in the year. Like-for-like rental growth of 1%, a tight grip on costs, an increase in joint venture fee income and a one off collection of historic arrears resulted in Underlying Profit of £268m up 2% despite a number of properties entering development and the Meta surrender. Underlying earnings per share (EPS) was up 1% at 28.5p. Based on our policy of setting the dividend at 80% of Underlying EPS, the Board has proposed a dividend of 22.80p per share, up 1%. The growth in the dividend is lower than Underlying Profit growth due to the impact of tax payable on fee income received during the year.

IFRS profit after tax for the year to 31 March 2024 was £1m, compared with a loss after tax for the prior year to 31 March 2023 of £1,039m. The year on year improvement reflects a lower valuation decline on the Group's properties and those of its joint ventures, and a net capital finance loss from mark-to-market movement on the derivatives hedging the interest rate on our debt, which was offset by the capital uplift from the surrender premium received at 1 Triton Square.

Overall valuations on a proportionally consolidated basis have fallen by 2.6% resulting in a decrease in EPRA NTA per share of 4%. This fall in values was weighted to the first half of the year (2.5%), while second half values were broadly flat (0.2%). Including dividends paid of 23.20p per share, total accounting return was -0.5%.

Loan to value (LTV) on a proportionally consolidated basis increased by 130 bps from 36.0% at 31 March 2023 to 37.3% at 31 March 2024. This reflects asset valuation declines and capital expenditure on our committed development pipeline, offset by the disposal of an office and data centre portfolio, the 1 Triton Square surrender receipt from Meta and the subsequent 50% joint venture of the asset with Royal London Asset Management Property.

Group Net Debt to EBITDA increased by 0.4x to 6.8x, and Net Debt to EBITDA on a proportionally consolidated basis increased by 0.1x to 8.5x. The Group measure increase reflected the repayment at maturity of the non-recourse HUT term loans using lower margin revolving credit facilities which increased the Group's net debt.

We continue to have good access to finance markets and completed c.£1bn of financing activity for the Group in the year on favourable terms. We arranged five new bank term loans totalling £475m, all with initial five year terms. We also extended £475m in four existing bank revolving credit facilities, by an additional year to 2028/29.

Our financial position remains strong with £1.9bn of undrawn facilities and cash at 31 March 2024 and, based on our commitments and in place facilities, no requirement to refinance until early 2027.

Our weighted average interest rate at 31 March 2024 was 3.4%, a 10 bps decrease from 31 March 2023. The repayment of higher margin HUT term loans and our interest rate hedging, which includes fixed rate debt, swaps to fixed rate, and caps (where the strike rates are below current SONIA) has fully mitigated the impact of increased market rates on our interest costs. Our debt is fully hedged for the year ending 31 March 2025, and 86% hedged on average over the five years to 2029.

We have access to diverse sources of finance and raise debt in British Land for the Group and in our joint ventures. Debt raised in British Land (except for the legacy debentures) is unsecured with no interest cover covenants. We retain significant headroom to our unsecured debt covenants; at March 2024 the Group could withstand a fall in asset values across the portfolio of 39% before reaching the covenant limits, prior to taking any mitigating actions. Joint venture debt is secured on the assets of the relevant entity, non-recourse to the Group, and the majority is "covenant light" with no LTV default covenants.

Fitch Ratings, as part of their annual review in August 2023, affirmed all our credit ratings with a stable outlook, including the Senior Unsecured rating at 'A'.

In May 2024, post year end, the Group exchanged contracts on the sale of its 50% interest in the Meadowhall joint venture. Completion is unconditional and scheduled to occur in July 2024. The transaction values the investment properties of the joint venture at £720m (£360m at the Group's 50% share). The cash consideration to be received by the Group, taking into account net debt and other customary transaction adjustments, totals £156m and is materially in line with the carrying value of the joint venture as at 31 March 2024.

## Underlying profit

| | £m |
|---|---|
| **Underlying Profit for the year ended 31 March 2023** | **264** |
| Disposals[1] | – |
| Acquisitions[1] | 5 |
| Developments[1] | (24) |
| Like-for-like net rent | 3 |
| Surrender premia | 1 |
| CVAs, administrations and provisions for debtors and tenant incentives | 11 |
| Finance activity, administrative costs and fee income | 8 |
| **Underlying Profit for the year ended 31 March 2024** | **268** |

1. Movement includes the impact on net rental income and finance costs

Underlying Profit increased by £4m, with like-for-like net rental growth, strong cost control, improved fee income, the collection of historic arrears and net divestment, offsetting the impacts of properties going into development, with the incremental associated finance costs on our development pipeline.

Over the last 24 months we disposed of £1.1bn of mature assets (primarily the sale of a 75% interest in the majority of our assets in Paddington Central and the sale of a 50% interest in 1 Triton Square). The net rent dilution of these disposals has been entirely offset by finance cost savings and therefore they have not impacted Underlying Profit. We completed £0.2bn of acquisitions in retail parks, London urban logistics and innovation opportunities which resulted in a £5m increase to Underlying Profit with the additional net rental income exceeding additional finance costs.

Properties moving into development and related incremental spend reduced Underlying Profit by £24m. The net rent reduction was £17m which includes a £9m impact from the space previously leased by Meta at 1 Triton Square, which was surrendered in September 2023.

In addition, 3 Sheldon Square being in development, a rate rebate received on Euston Tower in the prior year, and 1 Appold Street which is now vacant and classified as development, all lowered net rents. We expect our committed and recently completed developments,[2] in addition to asset management initiatives, to deliver 4.5p of future earnings per share growth, with 2.4p being delivered in FY26 alone. The net interest cost impact was £7m as interest on development expenditure is capitalised at the Group's weighted average interest rate, at 31 March 2024 of 2.6% (31 March 2023: 2.9%), which is below the Group's incremental cost of borrowing.

Like-for-like net rental growth across the portfolio was 1% in the year, adding £3m to net rents.

Surrender premia receipts, excluding the £149m receipt from Meta at 1 Triton Square recognised through capital and other profit, added £1m to net rents.

CVAs, administrations and provisions made against debtors and tenant incentives improved by £11m compared to the prior year. This improvement is primarily due to the one-off collection of arrears relating to Arcadia.

Administrative costs were £2m lower year on year due to ongoing cost control, whilst fee income increased £5m primarily as a result of progression of joint venture developments. Excluding the impact of capital activity and development spend, finance costs were also £1m lower as a result of financing activity which includes the repayment at maturity of HUT term loans in December with lower margin facilities in the Group. In aggregate finance activity, admin costs and fee income contributed to a £8m increase in Underlying Profit.

## Presentation of financial information and alternative performance measures

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

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

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

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

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

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

Loan to value (proportionally consolidated) and Net Debt to EBITDA (Group and proportionally consolidated) are monitored by management as key measures of the level of debt employed by the business to meet its strategic objectives, along with a measurement of risk. It also allows comparison to other property companies who similarly monitor and report these measures. The definitions and calculations of loan to value and Net Debt to EBITDA are shown in Note 16 of the financial statements.

## Income statement

### 1.1 Underlying profit

Underlying Profit is the measure that we use to assess income performance. This is presented below on a proportionally consolidated basis. In the year to 31 March 2024, £120m was excluded from the calculation of Underlying Profit[1] (see Note 2 of the financial statements for further details) in relation to the Meta surrender of its lease at 1 Triton Square. No company adjustments were made in the year to 31 March 2023.

| Year ended | Section | 31 March 2024 £m | 31 March 2023 £m |
|---|---|---|---|
| Gross rental income | | **476** | 493 |
| Property operating expenses | | **(36)** | (47) |
| **Net rental income** | 1.3 | **440** | 446 |
| Net fees and other income | | **23** | 18 |
| Administrative expenses | 1.4 | **(87)** | (89) |
| Net financing costs | 1.5 | **(108)** | (111) |
| **Underlying Profit** | | **268** | 264 |
| Underlying tax | | **(3)** | (1) |
| Non-controlling interests in Underlying Profit | | **1** | 1 |
| EPRA and Company adjustments[2] | | **(265)** | (1,303) |
| **IFRS profit/(loss) after tax** | 2 | **1** | (1,039) |
| Underlying EPS | 1.2 | **28.5p** | 28.3p |
| IFRS basic EPS | 2 | **(0.1)p** | (112.0)p |
| Dividend per share | 3 | **22.80p** | 22.64p |

2. Committed (including post period end commitment of 2 Finsbury Avenue) and completed developments including near term development of 1 Triton Square

1. On 25 September 2023, the Group completed a deed of surrender in relation to an in-force lease of one of its investment properties. The consideration for the surrender was a £149m premium paid by the tenant on the completion date. In line with the requirements of IFRS 16, the surrender transaction was treated as a modification to the lease, with the surrender premium received recognised in full through the income statement at the point of completion, which represented the modified termination date of the lease. At the point of modification, the lease had associated tenant incentive balances of £54m, and as the right to receive these amounts was extinguished through the lease modification, an impairment was recognised in full through the income statement at the point of completion. Also at the point of modification, the lease had an associated deferred lease premium balance of £25m, which in line with the surrender premium received, was recognised in full through the income statement at the point of completion. Owing to the unusual and significant size and nature of this transaction, and in line with the Group's accounting policies, all elements of the transaction have been included within the Capital and other column of the income statement.
2. EPRA adjustments consist of investment and development property revaluations, gains/losses on investment and trading property disposals, changes in the fair value of financial instruments, associated close out costs and related deferred tax. Company adjustments consist of items which are considered to be unusual and/or significant by virtue of their size or nature. These items are presented in the 'capital and other' column of the consolidated income statement.

### 1.2 Underlying EPS

Underlying EPS was 28.5p, up 1%. This reflects the Underlying Profit growth of 2%, after a £3m tax charge in the year.

### 1.3 Net rental income

| | £m |
|---|---|
| **Net rental income for the year ended 31 March 2023** | **446** |
| Disposals | (15) |
| Acquisitions | 11 |
| Developments | (17) |
| Like-for-like net rent | 3 |
| CVAs, administrations and provisions for debtors and tenant incentives | 11 |
| Surrender premia | 1 |
| **Net rental income for the year ended 31 March 2024** | **440** |

Disposals of income producing assets over the last 24 months reduced net rents by £15m in the year, primarily relating to the sale of a 75% interest in the majority of our assets in Paddington Central in July 2022 and the sale of an office and data centre portfolio in September 2023. The proceeds from sales were reinvested into value accretive acquisitions and our development pipeline. Acquisitions have increased net rents by £11m, primarily as a result of the purchase of nearly £0.2bn retail parks in Farnborough, Preston and Thanet. Properties classified as developments have decreased net rents by £17m, driven by the Meta surrender of 1 Triton Square and its subsequent transfer to our development pipeline. In addition, net rents were reduced by 3 Sheldon Square at our Paddington campus which was under refurbishment, and a one-off rate rebate was received on Euston Tower in the prior year, where we de-rated it for development, and 1 Appold Street which is now vacant and classified as development. The committed development pipeline is expected to deliver £87.4m of ERV in future years.

Like-for-like net rental growth across the portfolio was 1% in the year, adding £3m to net rents.

Campus like-for-like net rental growth was driven by strong leasing and asset management activity, adding £12m to net rents in the year, offset by expiries which reduced net rent by £7m. Storey like-for-like rent declined by £3m, impacted by the timing of expiries and one-off cost rebates in the prior year. Like-for-like net rental growth for retail & London urban logistics was £1m, as our retail parks remained full and we filled vacant units in our shopping centres.

CVAs, administrations and provisions made against debtors and tenant incentives improved by £11m compared to the prior year. This improvement is primarily due to the collection of arrears relating to Arcadia in the year. We also continue to make good progress on prior year debtors with cash collection at 99% in line with pre-pandemic levels.

### 1.4 Administrative expenses

Despite the inflationary environment, administrative expenses decreased £2m to £87m, as a result of our cost control. The Group's EPRA operating cost ratio decreased to 16.4% (March 2023: 19.5%) through lower administrative costs, higher fee income from our joint ventures and the one-off collection of Arcadia arrears.

### 1.5 Net financing costs

| | £m |
|---|---|
| **Net financing costs for the year ended 31 March 2023** | **(111)** |
| Net divestment | 9 |
| Developments | (7) |
| Financing activity | 1 |
| Market rates | – |
| **Net financing costs for the year ended 31 March 2024** | **(108)** |

Net financing costs decreased by £3m year on year to £108m. Although the amount of debt at year end is at a similar level to last year, movements in the year included net divestment, which reduced financing costs by £9m; disposals of £1.1bn over the last 24 months reduced costs by £15m, partially offset by the £6m impact from acquisitions made over the same period. Drawing on our bank facilities to fund our committed development pipeline and other maintenance capex increased financing costs by £7m. This is due to a significant proportion of the interest on development expenditure being capitalised at the Group's weighted average interest rate, at 31 March 2024 of 2.6%, which is below the Group's incremental cost of borrowing.

Financing activity during the year reduced financing costs by £1m. This was primarily the result of the repayment on maturity of the £300m secured bank loans in HUT, in December, by drawing lower margin Group facilities.

Despite higher market rates over FY24 compared to FY23 (FY24 SONIA 5.0% on average, FY23 SONIA 2.3% on average), our hedging has offset the impact on our financing costs.

The interest rate on our debt is fully hedged for the year ended 31 March 2025, 97% hedged to 31 March 2026, and 86% hedged on average over the five years to 2029, with a gradually declining profile.

### 2. IFRS loss after tax

IFRS profit after tax includes the valuation movements on investment properties, fair value movements on financial instruments and associated deferred tax, capital financing costs and any Company adjustments. These items are not included in our headline Underlying Profit. In addition, the Group's investments in joint ventures are equity accounted in the IFRS income statement but are included on a proportionally consolidated basis within Underlying Profit.

The IFRS profit after tax for the year ended 31 March 2024 was £1m, compared with a loss after tax for the prior year of £(1,039)m. IFRS basic EPS was (0.1)p, compared to (112.0)p in the prior year. The IFRS profit after tax for the year primarily reflects the Underlying Profit of £268m, the capital and other gain from surrender of 1 Triton Square of £120m (as disclosed in Note 3 of the financial statements), the downward valuation movement on the Group's properties of £(131)m, the capital and other loss from joint ventures of £(179)m, £(41)m capital and other finance costs, a £(23)m loss on disposal of investment properties and underlying and capital taxation for the year. The Group valuation movement and capital and other loss from joint ventures was driven principally by outward yield shift of 33 bps offset by ERV growth of 5.9% in the portfolio resulting in a full year valuation decline of 2.6%.

The net IFRS profit impact of the two significant transactions relating to 1 Triton Square in the year was £106m, comprised of the surrender net profit of £120m and the loss on disposal to the newly formed joint venture of £14m (as disclosed in Note 3 and Note 10 of the financial statements respectively).

The basic weighted average number of shares in issue during the year was 927m (31 March 2023: 927m).

### 3. Dividends

Our dividend is semi-annual, and in line with our dividend policy, is calculated at 80% of Underlying EPS based on the most recently completed six-month year. Applying this policy, the Board are proposing a final dividend for the year ended 31 March 2024 of 10.64p per share. Payment will be made on Friday 26 July 2024 to shareholders on the register at close of business on Friday 21 June 2024. The dividend will be a Property Income Distribution. A Dividend Reinvestment Plan (DRIP) is provided by Equiniti Financial Services Limited which enables the Company's shareholders to elect to have their cash dividend payments used to purchase the Company's shares. More information can be found at www.shareview.co.uk/info/drip.

## Balance sheet

| As at | Section | 31 March 2024 £m | 31 March 2023 £m |
|---|---|---|---|
| Property assets | | **8,688** | 8,907 |
| Other non-current assets | | **73** | 141 |
| | | **8,761** | 9,048 |
| Other net current liabilities | | **(248)** | (290) |
| Adjusted net debt | 6 | **3,261** | (3,221) |
| Other non-current liabilities | | **-** | (50) |
| **EPRA Net Tangible Assets** | | **5,252** | 5,487 |
| **EPRA NTA per share** | 4 | **562p** | 588p |
| Non-controlling interests | | **13** | 13 |
| Other EPRA adjustments[1] | | **47** | 25 |
| **IFRS net assets** | 5 | **5,312** | 5,525 |

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 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 A within the supplementary disclosures

### 4. EPRA net tangible assets per share

| | pence |
|---|---|
| **EPRA NTA per share at 31 March 2023** | **588** |
| Valuation performance | (36) |
| Surrender at 1 Triton Square | 13 |
| Underlying Profit | 28 |
| Dividend | (23) |
| Other | (8) |
| **EPRA NTA per share at 31 March 2024** | **562** |

The 4.4% decrease in EPRA NTA per share reflects a valuation decrease of 2.6%, the uplift from the surrender of 1 Triton Square, and the effect of the Group's gearing. The decrease in valuations was a result of further yield expansion, especially in the first half of the year when interest rates continued to rise.

Campus valuations were down 5.3%, driven by yields moving out 50 bps, partly offset by ERV growth of 5.4% reflecting our successful leasing activity and the premium customers are placing on the amenity, transport connections, sustainability and location of our London campuses.

Retail & London urban logistics valuations were up 2.1%, with outward yield shift of 15 bps offset by ERV growth of 6.3%. Retail park values increased by 2.7% in the year, driven by strong ERV growth of 7.2% offsetting yield expansion of 12 bps. Shopping centre values increased by 0.8% driven by yields expanding 19 bps and ERV growth of 5.2%. London urban logistics values were up 3.7%, with yield expansion of 24 bps and strong ERV growth of 10.0%.

On 19 October 2023 the RICS published guidelines on a new time-limited, mandatory rotation cycle for regulated purpose valuations. Rules are effective from 1 May 2024 and require, after a two year transition year, a valuation firm to be rotated after 10 consecutive years of valuing a given asset. These guidelines match our existing voluntary policy of 10 yearly valuer rotation, therefore our planned valuer rotation cycle remains unchanged.

### 5. IFRS net assets

IFRS net assets at 31 March 2024 were £5,312m, a decrease of £213m from 31 March 2023. This was primarily due to the IFRS profit after tax of £1m and dividends paid in the year of £215m.

## Cash flow, net debt and financing

### 6. Adjusted net debt[1]

| | £m |
|---|---|
| **Adjusted net debt at 31 March 2023** | **(3,221)** |
| Disposals | 391 |
| 1 Triton Square surrender premium receipt | 149 |
| Acquisitions[2] | (58) |
| Developments | (388) |
| Capex (asset management initiatives) | (47) |
| Tenant incentives | (31) |
| Net cash from operations | 260 |
| Dividend | (215) |
| Other[3] | (101) |
| **Adjusted net debt at 31 March 2024** | **(3,261)** |

1. Adjusted net debt is a proportionally consolidated measure. It represents the principal amount of gross debt, less cash, short term deposits and liquid investments and is used in the calculation of proportionally consolidated LTV and Net Debt to EBITDA. A reconciliation between the Group net debt as disclosed in Note 16 to the financial statements and adjusted net debt is included in Table A within the supplementary disclosures
2. Including transaction costs
3. Other includes financing activities, cash payments in respect of interest costs which are capitalised and other cash movements

Net debt in the year increased marginally by £40m. Asset disposals of £391m and the 1 Triton Square surrender premium receipt of £149m decreased net debt whilst retail park acquisitions increased net debt by £58m. Development spend of £388m, £47m of capital expenditure related to asset management on the standing portfolio, tenant incentives paid of £31m and other cash movements of £101m increased net debt. Net cash from operations offset by the dividend payment reduced net debt by £45m.

## 7. Financing

| | Group | | Proportionally consolidated | |
|---|---|---|---|---|
| | **31 March 2024** | 31 March 2023 | **31 March 2024** | 31 March 2023 |
| Net debt/adjusted net debt[1,2] | **£2,081m** | £2,065m | **£3,261m** | £3,221m |
| Principal amount of gross debt | **£2,225m** | £2,250m | **£3,443m** | £3,448m |
| Loan to value[2] | **28.5%** | 27.4% | **37.3%** | 36.0% |
| Net Debt to EBITDA[2,3] | **6.8x** | 6.4x | **8.5x** | 8.4x |
| Weighted average interest rate | **2.6%** | 2.9% | **3.4%** | 3.5% |
| Interest cover | **5.9x** | 5.4x | **3.5x** | 3.4x |
| Weighted average maturity of drawn debt | **6.1 years** | 5.6 years | **5.8 years** | 5.9 years |

1. Group data as presented in Note 16 of the financial statements. The proportionally consolidated figures include the Group's share of joint ventures' net debt and represents the principal amount of gross debt, less cash, short term deposits and liquid investments
2. Note 16 of the financial statements sets out the calculation of the Group and proportionally consolidated LTV and Net Debt to EBITDA
3. Net Debt to EBITDA on a Group basis excludes non-recourse and joint venture borrowings, and includes distributions and other receivables from non-recourse companies and joint ventures

At 31 March 2024, our proportionally consolidated LTV was 37.3%, slightly up from 36.0% at 31 March 2023. Disposals in the year, primarily the office and data centre portfolio and the 1 Triton Square surrender premium receipt and proceeds from the 50% joint venture of this asset decreased LTV by 460 bps. This was offset by the impact of valuation movements which added 150 bps, development spend which added 320 bps and acquisitions in the year which added 40 bps to LTV.

Net Debt to EBITDA for the Group increased from 6.4x to 6.8x at 31 March 2024; on a proportionally consolidated basis the ratio increased 0.1x to 8.5x. Our proportionally consolidated weighted average interest rate at 31 March 2024 was 3.4%, down 10 bps from 3.5%. Movements in Group Net Debt to EBITDA and proportionally consolidated weighted average interest rate were driven by our decision to repay the HUT term loans at maturity with lower margin Group facilities, in December 2023.

We maintain good long term relationships with debt providers across the markets. The strength of these relationships enabled us to continue to raise funds on good terms (despite volatile market conditions), and during the year our financing activity was c.£1bn.

For British Land, we agreed five new bilateral five year term loans totalling £475m with existing relationship banks on favourable terms in line with other facilities, including our unsecured financial covenants. Most of these term loans also have extension options to a total of seven years. We also extended four bilateral unsecured bank revolving credit facilities totalling £475m, by a further year to 2028/29.

Sustainability targets apply to the majority of these new loans and extended revolving credit facilities, aligned with our other ESG linked facilities and to our Sustainability Strategy. In British Land and our joint ventures we have a total £1.7bn (£1.5bn BL share) of Green and sustainability/ESG linked loans and facilities.

At 31 March 2024, as a result of our financing activity, we had £1.9bn of undrawn facilities and cash. Based on our commitments and these facilities, the Group has no requirement to refinance until early 2027. In keeping with our usual practice, we expect to refinance or replace debt facilities ahead of relevant maturities.

We have an advantageous debt structure with access to diverse sources of finance through debt raised by British Land and in our joint ventures. Our debt in British Land (except for the legacy debentures) is unsecured with no interest cover covenants. At 31 March 2024 we retain significant headroom to our debt covenants, meaning the Group could withstand a fall in asset values across the portfolio of 39%, prior to taking any mitigating actions. Joint venture debt is secured on the assets of the relevant entity, non-recourse to the Group, and the majority is "covenant light" with no LTV default covenants.

Fitch Ratings, as part of their annual review in August 2023 affirmed all our credit ratings, with a stable outlook; Senior Unsecured 'A', long term IDR 'A-' and short term IDR 'F1'.

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

**Bhavesh Mistry**
Chief Financial Officer

# FINANCIAL POLICIES AND PRINCIPLES

A consistent approach to financing, with good access to debt markets, provides flexibility and capacity to deliver our strategy.

## Leverage

Our use of debt and equity finance balances the benefits of leverage against the risks, including magnification of property returns. A loan to value (LTV) ratio measures our balance sheet leverage, on a proportionally consolidated basis (including our share of joint ventures) and for the Group (British Land and its subsidiaries). At 31 March 2024, proportionally consolidated LTV was 37.3% and for the Group was 28.5%. The ratio of Net Debt to EBITDA is a measure of leverage based on earnings, rather than asset valuations, which we also consider on both Group and proportionally consolidated bases. At 31 March 2024, our Group Net Debt to EBITDA was 6.8x and the proportionally consolidated measure was 8.5x. The calculations of these ratios are set out in the Notes to the Accounts.

Our leverage is monitored in the context of wider decisions made by the business. We manage our LTV through the property cycle such that our financial position remains robust in the event of a significant fall in property values. This means that, alongside consideration of new commitments, we do not adjust our approach to leverage based only on changes in property market yields. Consequently, our LTV may be higher at the low point in the cycle and will trend downwards as market yields tighten.

## Debt finance

The scale of our business, combined with the quality of our assets and rental income, means that we are able to approach a diverse range of debt providers to arrange finance on attractive terms. Good access to the capital and debt markets allows us to take advantage of opportunities when they arise. Our approach to debt financing for British Land is to raise funds on an unsecured basis with our standard financial covenants, as described on page 42, with the calculations set out in the Notes to the Accounts. This provides flexibility and low operational cost. During the year we have raised £475m of new term loans and extended £475m of existing revolving credit facilities (RCFs) on this basis.

Our joint ventures that choose to have external debt are each financed in 'ring fenced' structures without recourse to British Land for repayment and secured on their relevant assets.

We monitor our overall debt requirement by reviewing current and projected borrowing levels, available facilities, debt maturity and interest rate exposure. We undertake sensitivity analysis to assess the impact of proposed transactions, movements in interest rates and changes in property values on key balance sheet, liquidity and profitability ratios. We also consider the risks of a reduction in the availability of finance, including a temporary disruption of the financing markets. British Land's undrawn facilities and cash amounted to £1.9bn at 31 March 2024. Based on our commitments and these available facilities, the Group has no requirement to refinance until early 2027.

Presented on the following page are the five guiding principles that govern the way we structure and manage debt.

## Interest rate exposure

We manage our interest rate profile separately from our debt, considering the sensitivity of underlying earnings to movements in market rates of interest primarily over a five-year period. As debt finance is raised at both fixed and variable rates, derivatives (including interest rate swaps and caps) are used to achieve the desired hedging profile across proportionally consolidated net debt. As at 31 March 2024, the interest rate on our debt is fully hedged for the year ending 31 March 2025. On average over the next five years we have interest rate hedging on 86% of our debt, with a decreasing profile over that period. Accordingly, we have a higher degree of protection on interest costs in the short to medium term. The hedging required and use of derivatives is regularly reviewed and managed by a Derivatives Committee. The interest rate management of joint ventures is considered separately by each entity's board, taking into account appropriate factors for its business.

## Counterparties

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

## Foreign currency

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

# OUR FIVE GUIDING PRINCIPLES

## 1. Diversify our sources of finance

We monitor finance markets and seek to access different sources of finance when the relevant market conditions are favourable, to meet the needs of our business including joint ventures. We aim to avoid reliance on any particular source of funds and have arranged unsecured and secured, recourse and non-recourse debt. We develop and maintain long term relationships with banks and debt investors from different sectors and geographical areas, with around 30 debt providers in our bank facilities and private placements alone. Our reporting and disclosures enable lenders to evaluate their exposure within the overall context of the Group. In the last five years we have arranged £3.2bn (British Land share £2.4bn) of new finance in unsecured and secured loans and US Private Placements, including £1.7bn of Green/ESG-linked finance. A European Medium Term Note programme is maintained to enable us to access the Sterling/Euro unsecured bond markets, where we have one outstanding Sterling bond, and our Sustainable Finance Framework enables us to issue Sustainable, Green, and/or Social finance, when it is appropriate for our business. We also have existing long-dated British Land debentures and securitisation bonds in our joint ventures.

**Total drawn debt (proportionally consolidated)**

£3.4bn
in over
25
debt instruments

## 2 Phase maturity of debt portfolio

The maturity profile of our debt is managed with a spread of repayment dates, currently between one and 14 years, reducing our refinancing risk in regard to timing and market conditions. At 31 March 2024, as a result of our financing and capital activity, based on our commitments and available facilities we have no requirement to refinance until early 2027 (longer than our preferred period of not less than two years). In order to maintain the position and in accordance with our usual practice, we expect to refinance debt in advance of relevant maturities.

**Average drawn debt maturity (proportionally consolidated)**

5.8 yrs

## 3 Maintain liquidity

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

**Undrawn facilities and cash**

£1.9bn

## 4 Maintain flexibility

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

**Total facilities**

£2.1bn

## 5 Maintain strong metrics

We use both debt and equity financing. We manage LTV through the property cycle such that our financial position would remain robust in the event of a significant fall in property values and we do not adjust our approach to leverage based only on changes in property market yields. We also consider the earnings-based leverage metric of Net Debt to EBITDA on both the Group basis (which is the ratio principally considered as part of our unsecured credit rating) and the proportionally consolidated basis. Our standard unsecured financial covenants apply to all our unsecured debt, as set out on the following page. Our interest rate profile is managed separately from our debt, within appropriate ranges of hedged debt over a five-year period and the longer term. We maintained our strong senior unsecured credit rating ‘A’, long term IDR credit rating ‘A-’, and short term IDR credit rating ‘F1’, affirmed by Fitch during the year with Stable outlook.

**LTV (proportionally consolidated)**

37.3%

**Net Debt to EBITDA (Group)**

6.8x

**Senior unsecured credit rating**

A

## Group borrowings

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

Secured debt for the Group comprises British Land debentures with maturities up to 2035.

£1.2bn of the Group's RCFs and term loans include two KPIs referring to developments and assets under management, aligned with our Sustainability Strategy. There is provision for an adjustment to the interest margin payable based on our performance relative to these KPIs, which are published in our Sustainability Accounts.

## Unsecured borrowing covenants

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

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

There are no income or interest cover covenants on any of the unsecured debt of the Group. The Unencumbered Assets of the Group, not subject to any security, stood at £4.0bn as at 31 March 2024.

Although secured assets are excluded from Unencumbered Assets for the covenant calculations, unsecured lenders benefit from the surplus value of these assets above the related debt and the free cash flow from them. During the year ended 31 March 2024, these assets generated £32m of surplus cash after payment of interest. In addition, while investments in joint ventures do not form part of Unencumbered Assets, our share of free cash flows generated by these ventures is regularly passed up to the Group.

## Financial covenants

| As at 31 March | **2024 %** | 2023 % | 2022 % | 2021 % | 2020 % |
|---|---|---|---|---|---|
| Net Borrowings to Adjusted Capital and Reserves | **40** | 38 | 36 | 33 | 40 |
| Net Unsecured Borrowings to Unencumbered Assets | **38** | 32 | 30 | 25 | 30 |

## Secured Borrowings

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

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

## Borrowings in our joint ventures

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

| Joint venture | Debt type | Covenants summary |
|---|---|---|
| **Broadgate** | Securitisation bonds | To meet interest and scheduled amortisation (one times cover) |
| | Secured Green bank loan | Interest cover ratio<br>LTV ratio |
| **Meadowhall** | Securitisation bonds | To meet interest and scheduled amortisation (one times cover) |
| **Paddington** | Secured bank loan | Interest cover ratio<br>LTV ratio |
| **Canada Water** | Secured Green development loan facility | Loan to development cost ratio<br>LTV ratio |
| **West End Offices** | Secured bank loan | Interest cover ratio<br>LTV ratio |

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

# MANAGING RISK IN DELIVERING OUR STRATEGY

We recognise that effective risk management is fundamental to how we do business. Our ability to identify, assess and effectively manage current and emerging risks is critical to our strategy and how we position the business to create value, whilst delivering positive outcomes for all our stakeholders on a long term, sustainable basis.

## Risk management framework

British Land's risk management and internal control framework is centred on being risk aware. We clearly define our risk appetite, respond quickly to changes in our risk profile and foster a strong risk management culture amongst all employees, with defined roles and responsibilities. It integrates a top-down strategic view with a complementary bottom-up operational process (as outlined in the diagram below). This enables us to effectively identify, assess and manage financial and non-financial risks, including the principal risks that could threaten solvency and liquidity, as well as to identify emerging risks. Our approach is not intended to eliminate risk entirely, but instead to manage our risk exposures within our appetite for each risk, whilst at the same time maximising opportunities.

## Governance

The Board has overall responsibility for risk management and maintaining a robust internal control framework. It is responsible for determining the nature and extent of the principal risks that the Group is willing to take in achieving its strategic objectives. The amount of risk is assessed in the context of our strategic priorities and the external environment in which we operate – referred to as our risk appetite (as detailed overleaf). To support the Board, the Audit Committee and ESG Committee provide essential oversight and assurance. The Audit Committee specifically reviews the effectiveness of risk management and internal control processes throughout the year. At the strategic level, this top-down evaluation of risks ensures our risk management is focused on the principal risks facing our business and considers our key risks across the business in aggregate, as well as seeking to identify emerging risks.

### Our integrated risk management approach

| A top-down, bottom-up approach | | Embedding three lines of defence |
|---|---|---|
| **Strategic risk management** | **Operational risk management** | |
| **Board/Audit Committee/ESG Committee** → | | **Third line of defence** |
| – Review external environment<br>– Robust assessment of principal risks<br>– Set risk appetite and parameters | – Assess effectiveness of risk management process and internal control systems<br>– Report on principal and emerging risks | – Internal audit serves as an objective assurance function, independently evaluating the effectiveness of our risk management and internal control processes |
| **Risk Committee/Executive Committee** → | | **Second line of defence** |
| – Identify principal and emerging risks<br>– Direct delivery of strategic actions in line with risk appetite<br>– Monitor key risk indicators<br>– Set risk tolerance levels | – Consider completeness of identified risks and adequacy of mitigating actions<br>– Consider aggregation of risk exposures across the business | – The internal risk and control team aids the Risk Committee in coordinating risk management efforts, ensuring integration of risk management practices and internal controls throughout our operations, culture, and decision-making processes. It oversees and challenges risk identification, assessment, management, and monitoring |
| **Business units** → | | **First line of defence** |
| – Execute strategic actions<br>– Report on key risk indicators | – Report current and emerging risks<br>– Identify, evaluate and mitigate operational risks recorded in risk register | – Business units take ownership of managing operational risks directly, implementing necessary mitigations and internal controls |

The Executive Directors and Risk Committee (comprising the Executive Committee and senior management across the business, chaired by the Chief Financial Officer), are accountable for the effective management and reporting of principal risks across the business. They also monitor the operation of our internal control environment. The internal risk and control team supports the Risk Committee in co-ordinating our risk management activities and embedding risk management and internal controls across the Group's operations, culture and decision-making processes.

At the operational level, the day-to-day management of risk is embedded within our business units and is integral to the way the Group conducts business. This bottom-up approach ensures that potential risks are identified at an early stage and escalated appropriately. Ownership of operational risks resides within each business unit through designated risk representatives, with risks managed at source, and appropriate mitigations (including internal controls) put in place. The business unit risk representatives maintain a detailed risk register, which is regularly reviewed by the Risk Committee. Significant and emerging risks are formally reported to the Audit Committee every six months. Internal audit acts as an objective assurance function by evaluating the effectiveness of our risk management and internal control processes, through independent review.

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

→ TO READ MORE ABOUT THE BOARD AND AUDIT COMMITTEE'S RISK OVERSIGHT, SEE PAGES 123 TO 124

## Progress with our risk priorities in the year

### Monitoring the external environment:

We proactively monitored the external macro environment, including the sustained higher interest rates and inflation levels, as well as the geopolitical uncertainty arising from the conflicts in Ukraine and the Middle East. We adopted a risk focused approach to managing our business, particularly concerning capital allocation decisions and maintaining a strong financial position.

### Risk management process:

We proactively monitored our emerging risks, which included conducting a risk workshop led by our internal auditors to evaluate emerging risk trends and prioritise key threats and opportunities. Furthermore, we conducted thorough reviews of risk registers, involving bi-annual assessments of Group-wide risks through both top-down and bottom-up evaluations. In addition, we performed comprehensive testing to evaluate the operating effectiveness of key controls.

### Risk appetite and Risk Policy

We established clear risk tolerance statements for each principal risk, refreshed our Risk Management and Internal Control Policy and providing greater clarity and guidance across the business on the practical application of risk management and internal controls.

### Corporate Governance reforms:

We have continued to enhance our risk management and internal control framework, supported by a recent internal audit and ongoing refinement of our key controls, positioning us well for compliance with the finalised changes to the UK Corporate Governance Code.

### Effective operational risk management:

We continue to prioritise key operational risk areas, including development, health and safety, third-party relationship management and addressing occupier-related risks. For instance, we have intensified our oversight of development contractors through regular performance evaluations and are proactively identifying and mitigating risks linked to our income profile. This included addressing risks related to covenant strength, leasing events and cash collection processes.

### ISO 27001 Information Security standard:

We have made good progress in implementing an Information Security Management System (ISMS) aligned to the ISO 27001 global standard establishing best-practice information security controls, policies and procedures. We expect to complete our process of full alignment in the next financial year, significantly enhancing our technology infrastructure, cyber security environment and key IT controls.

### Climate-related risks and sustainability targets:

We have made good progress in addressing climate-related risks by reducing the operational energy and carbon intensity of our portfolio as well as improving EPC ratings (58% of portfolio rated A or B, up from 45% at FY23), often in collaboration with our customers.

## Our priorities for 2024/25

- Continue to monitor the ongoing impact of macroeconomic and geopolitical uncertainties on our risk profile
- Monitor emerging risks trends, evaluating their evolving impact on the business as well as to identify opportunities. Specifically, focus on AI and emerging technologies, as we integrate these across our operations, tracking the impact on relevant principal risk categories
- Enhance the maturity of our environmental and social sustainability control environment to align with evolving requirements and standards
- Provide training to enhance risk awareness across our business and foster a risk aware culture
- Refine business continuity plans for critical business operations

## Our risk-aware culture

We seek to foster a risk-aware culture throughout our business by emphasising risk awareness, education, and training. Our values guide our actions, promoting an open and accountable culture. We actively encourage employees to report risk weaknesses and exceptions, enabling us to take appropriate preventive measures. Within our flat organisational structure, senior management is involved in significant decision-making processes, overseeing the in-house management of our development, asset and property management activities. This approach helps embed risk management principles into our day-to-day operations, encouraging employees to actively contribute to risk identification and mitigation efforts.

## Internal control environment

Embedded within our risk management process is our internal control framework, encompassing our policies, procedures and practices. Key controls operate across all areas of our business, including financial reporting, operational and compliance activities. Our control framework involves risk assessment, control activities, as well as monitoring and testing (as outlined in the diagram below).

### Internal Control Framework

**Board**

Monitors effectiveness twice a year

**Audit Committee**

Reviews and approves evidence of effectiveness of key controls twice a year

**Risk Committee**

Reviews and attests to evidence of the effectiveness of key controls

**Group Finance**

Tests operating effectiveness of key controls annually and continually considers design effectiveness

**Internal audit**

Tests the design and operating effectiveness of key controls on a rolling basis

**Business Units**

Design and operate business unit controls – attest to and provide evidence of key control effectiveness

## Our risk appetite and tolerance

Our risk appetite is at the core of our risk management approach, guiding our business planning, decision making and strategy execution. The Group's risk appetite is reviewed annually as part of the strategy review process, and approved by the Board, and is embedded within our policies, procedures and internal controls.

We track our risk appetite using a risk dashboard with key risk indicators (KRIs) for each principal risk, with specific tolerances to help us assess whether our risk exposure aligns with our appetite or could threaten the achievement of our strategic priorities. These risk indicators are a mixture of leading and lagging indicators, with forecasts provided where available, which informs discussions at the Risk Committee (as illustrated in the principal risks table on pages 48 to 58).

Whilst our risk appetite may vary over time and during the course of the property cycle, we maintain a balanced approach to achieve long term sustainable value. During the year, we have formally reviewed our risk appetite and established clear risk appetite statements and tolerances for each internal principal risk (as set out in the principal risks table on pages 52 to 58). Our risk appetite for internal principal risks is defined by three tolerance levels: Risk Averse, Balanced and Risk Taking, each reflecting a different approach to risk management and pursuit of strategic objectives (as summarised below).

### Risk appetite tolerance levels

**Risk Averse**

Cautious approach, prioritising risk avoidance and mitigation

**Balanced**

Balanced approach in accepting a moderate level of risk (with appropriate mitigation) in order to pursue strategic objectives

**Risk Taking**

Greater risk taking, after considering the potential benefits to pursue strategic objectives and evaluating the risk tolerance

→ TO SEE OUR RISK APPETITE LEVELS FOR EACH INTERNAL PRINCIPAL RISK, SEE PAGES 52 TO 58

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

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

## Our risk focus

The macroeconomic and geopolitical challenges from the previous period have persisted into the current financial year, inevitably affecting our business through increased interest rates, heightened inflation and resulting pressures on property valuations. Encouragingly, the economy has been more resilient than expected alongside recent declines in inflation and resulting expectations for lower interest rates, albeit the macroeconomic outlook remains uncertain. The Board and key Committees have maintained oversight over our response to these external challenges, implementing measures to mitigate their impact on our business.

In the principal risks table, we have outlined the impacts of these challenges on each of our principal risks and detailed the proactive measures we have taken to mitigate them, including a thorough review of our capital plan, development programme and active management of our balance sheet.

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

- Continual enhancement and strengthening of key financial reporting, operational and compliance controls
- Health, safety and environmental risk management and compliance with our key performance indicators, including re-certification of our health and safety management system under ISO 45001
- Proactive engagement with occupiers to maximise collection rates and monitor covenant strength
- Monitoring environmental risks and opportunities, including the EPC rating of our assets
- Reviewing development risks, including closely monitoring construction cost inflation and the covenant strength of our major contractors and subcontractors
- Management of procurement and supply chain risks
- Implementation of enhanced information security controls, including vulnerability scanning and cyber security testing
- Internal audit reviews and the implementation of control findings or process improvement opportunities

## Our principal risks

Our risk management framework is structured around the principal risks facing British Land. We employ a risk scoring matrix to ensure consistent evaluation of risks, considering likelihood, financial impact (on both income and capital values) and reputational impact. This process aids in identifying both the external and internal strategic and operational principal risks with a higher likelihood and potential impact on our business.

Our principal risks comprise the 11 most significant Group risks, including four external risks primarily influenced by market factors, and seven internal strategic and operational risks which, while subject to external influence, are more under the control of management. External principal risks relate to the macroeconomic and political environment and our key markets, whereas internal principal risks relate to capital allocation, development, customers, sustainability, people and culture, as well as key operational risks such as technology, health and safety, and fraud and compliance. For external principal risks, the Board ensures regular assessment of the potential impact on the business and consequential decision making. Internal principal risks are monitored by the Board to ensure the implementation of appropriate controls and processes for effective risk management.

### Emerging risks

Our risk review process incorporates the identification and assessment of emerging risks, which are risks or a combination of risks that are evolving, and not fully understood in terms of impact and likelihood. All risk representatives and members of the Risk Committee are challenged to consider emerging risks, supplemented by formal horizon scans integrated into our annual strategy review. We recently held a risk workshop led by our internal auditors to evaluate emerging risk trends and prioritise key threats and opportunities. The outcomes of this assessment have been reviewed by the Board, Risk and Audit Committees. While several emerging risk trends were identified, none were regarded as new. These evolving trends are either already integrated or will be integrated into relevant principal risk assessments (as outlined in the principal risk table) as they impact various aspects of our business. For instance, AI and emerging technologies will affect both our customers and our own competitive position, people and operations. Furthermore, these emerging risk trends not only pose challenges but also offer opportunities that we are proactively pursuing. To address this, we have formed an AI working group composed of management from various departments to delve into the opportunities and risks associated with AI and emerging technologies as they become integrated into our operations. Our AI Policy, released this financial year, governs our approach to AI and its responsible use across the business.

→ TO READ MORE ABOUT THE IMPACT OF SEVERAL EVOLVING RISK TRENDS ON OUR PRINCIPAL RISKS, SEE PAGES 48 TO 58

## PRINCIPAL RISKS



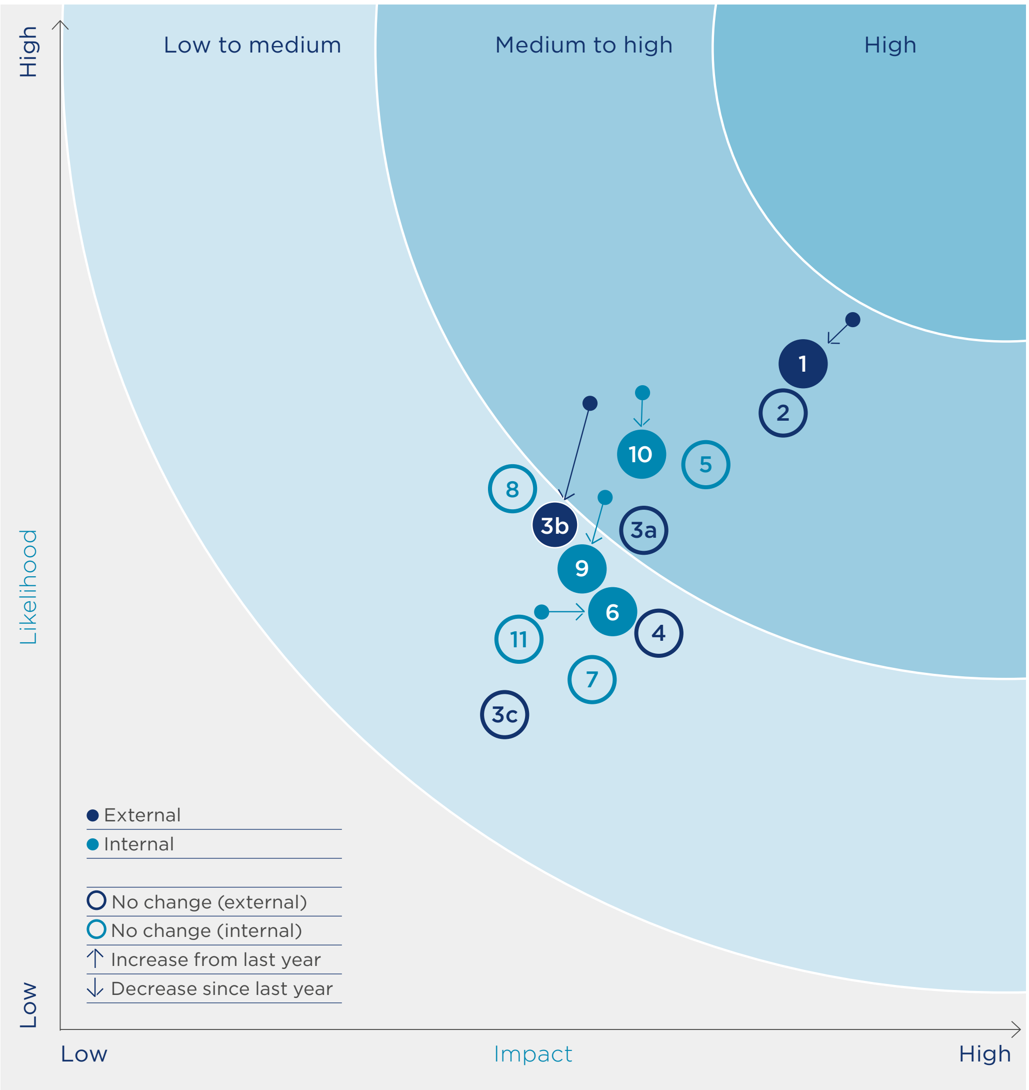
### Our principal risk assessment

The Board has undertaken a robust assessment of the principal and emerging risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity, as well as the Group's strategic priorities. The Board does not consider that the fundamental principal risks and uncertainties facing the Group have changed during the year. However, we have broadened our 'Environmental Sustainability' principal risk to 'Environmental and Social Sustainability' to incorporate risks related to our social conduct across our portfolio. This broader perspective aligns with our Sustainability Strategy, acknowledging the significance of our social value, including community, wellbeing and economic benefit, whilst also adapting to evolving sustainability expectations.

Our current assessment shows a reduction in external risks concerning the Macroeconomic and Retail Property Market, along with improvements in People and Culture and Customer risks, influenced by both structural trends and our proactive risk management initiatives. However, there has been a slight increase in Development risk, reflecting our recent development commitments as we actively pursue our strategy to capitalise on our strengths in this area.

The key changes and assessments are summarised in the risk heat map below and in the principal risks table on pages 48 to 58, detailing the key impacts on our business, mitigating actions and key risk indicators.

### Risk heat map




**Key**
Principal risks
External
1 Macroeconomic
2 Political, Legal and Regulatory
3 Property Market
  a Campuses
  b Retail
  c London urban logistics
4 Major Events/Business Disruption

Internal
5 Portfolio Strategy
6 Development
7 Financing
8 Environmental and Social Sustainability
9 People and Culture
10 Customer
11 Operational and Compliance

Note: The above illustrates principal risks which by their nature are those which have the potential to significantly impact the Group's strategic objectives, financial position or reputation. The heat map highlights net risk, after taking account of principal mitigations. The arrow shows the movement from 31 March 2023.

## External principal risks

### 1 Macroeconomic

Changes in the macroeconomic environment and in fiscal and monetary policy can pose risks and opportunities for property and financing markets, impacting our strategy and financial performance.

#### Risk mitigation

- The Board, Executive Committee and Risk Committee regularly assess our strategy in the broader macroeconomic context, potentially adjusting strategic priorities, capital allocation and risk appetite.
- Our strategy team provides ongoing monitoring through a dashboard that tracks key macroeconomic indicators from internal and external sources alongside central bank guidance and government policies.
- We conduct regular stress tests on our business plan to ensure flexibility and resilience during an economic downturn.
- Our business model centres on a prime, high quality portfolio aligned to submarkets with strong occupational fundamentals and market trends. Additionally, we actively recycle capital to rotate out of assets where we have successfully delivered the business plan to crystallise returns, and then reinvest capital into opportunities where we anticipate strong returns through development or asset management. This strategy helps us maintain financial strength and mitigate the impact of adverse economic shifts.

#### Risk assessment

Despite ongoing challenges, the economy has shown greater resilience than expected this year. This risk has slightly decreased from its elevated level last year, with expectations for lower inflation and interest rates, and improving, but still modest GDP growth in the near term. Nevertheless, uncertainties persist, particularly in light of recent geopolitical events, making the macroeconomic outlook our most significant risk.

Throughout the year, the Board and key Committees have closely monitored the macroeconomic impact on our portfolio strategy, markets and customers, and have responded accordingly. This has included actively managing our business by strategically allocating capital, maintaining financial strength and mitigating development and financing risks (as detailed under the respective risks below).

#### Emerging risk trends:

- Economic uncertainty, including a potential resurgence of inflationary pressures and impact on interest rates

#### Opportunity/approach

We operate a diversified model, focusing on strategically attractive segments with strong occupational fundamentals. This, combined with our high-quality properties, robust balance sheet and experienced leadership, positions us well to navigate further market challenges and capitalise on opportunities as the macroeconomic environment improves.

**Impact:**

Medium to high

**Likelihood (post-mitigation):**

Medium to high

**Change in risk assessment in year:**

↓

**KRIs:**

- Projected Economic Metrics: including GDP growth, inflation and interest rate forecasts
- Consumer Sentiment and Labour Market Indicators: including consumer confidence levels and unemployment rates
- Market Resilience Assessment: conducting stress testing for downside scenarios to assess the impact of differing market conditions and inform our portfolio strategy

**Link to strategy:**

A B C D

**Overseen by:**
Executive Committee, CEO

## 2 Political, Legal and Regulatory

Significant political events and regulatory changes, along with government policies, pose risks in three key areas, influencing both our strategy and financial performance:

- Reluctance of investors and businesses to make investment and occupational decisions due to prevailing uncertainty
- Negative impact on appetite to invest in the UK, along with changes in government policies and regulation, especially those directly affecting real estate or our customers
- Potential changes in the UK government or shifts in political direction

### Risk mitigation

- Whilst we cannot influence the outcome of significant political events, we consider their risks when setting our business strategy and making strategic investment and financing decisions.
- We internally review and monitor proposals, emerging policies and legislation to ensure compliance, and we engage public affairs consultants to stay informed about potential policy and regulatory impacts.
- We participate with industry peers and representative bodies to engage in policy and regulatory debates. Additionally, we monitor and assess social and political challenges relevant to our industry and apply our own evidence-based research to engage in thought leadership discussions.

### Risk assessment

Throughout the year, the assessment of Political, Legal and Regulatory risks has remained stable, yet uncertain and elevated. This is primarily due to macroeconomic conditions, ongoing geopolitical tensions arising from the wars in Ukraine and the Middle East, increased government regulations and intervention, and the potential for political leadership changes at the upcoming general election later this year. These factors have the potential to impact various aspects, including interest rates, supply chains, security, cyber risks, compliance and reputation.

**Emerging risk trends:**
- Geopolitical instability
- Regulatory changes

### Opportunity/approach

We actively monitor the political outlook and regulatory changes to promptly identify and address shifts which may impact the Group or our customers to enable us to navigate potential impacts. We work closely with Government, both directly and through our membership of key industry bodies, to input into regulation as draft proposals emerge.

**Impact:**
Medium to High

**Likelihood (post-mitigation):**
Medium to High

**Change in risk assessment in year:**
→

**KRIs:**
- Monitor changes within the geopolitical landscape, UK policies, tax or regulations

**Link to strategy:**
A B C D

**Overseen by:**
Executive Committee, CEO

**Key**
- Increase
- No change
- Decrease

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

## 3 Property Markets

A decrease in investor demand or weakening occupier demand in our property markets could adversely affect underlying income, rental growth and capital performance. Additionally, structural changes in consumer and business practices, such as the growth of online retailing and hybrid working, could also negatively impact demand for our assets.

### Risk mitigation

- The Board, Executive Committee and Risk Committee regularly assess whether any current or future changes in the property market outlook present risks and opportunities. These assessments inform the execution of our strategy and capital allocation plan.
- Our strategy team provides regular dashboards to the relevant Committees, tracking key investment and occupier demand indicators from internal and external sources, supplemented by our market insights.
- We focus on prime assets and sectors that we think will demonstrate resilience over the medium term to a potential reduction in occupier and investor demand.
- We actively maintain strong relationships with our occupiers, agents and investors, to monitor sector trends.
- We stress test our business plan to assess the impacts of shifts in demand, rental growth prospects and property yields.

### Risk assessment

#### Campuses

The campus property market risk outlook has remained stable, mainly due to sustained higher interest rates affecting investor sentiment and structural challenges arising from hybrid working trends. Meanwhile, the prime London office market continues to exhibit strong occupational fundamentals, driven by low vacancy, reduced development pipeline and increasing demand for premium, sustainable spaces.

#### Emerging risk trends:

- Shifts in work patterns, workforce dynamics and locations of work such as hybrid working
- AI and emerging technologies
- Bifurcation of offices

#### Opportunity/approach

Our campus model strategically focuses on providing well-connected, best in class buildings with leading sustainability and design credentials, surrounded by attractive public spaces with a range of amenities. The quality of our assets enhances the resilience of our offer as occupiers seek out the best space for their business needs.

#### Retail

The retail property market risk outlook has improved, with strengthening occupational markets and relatively robust investment activity in our preferred retail park sector.

#### Opportunity/approach

Our retail portfolio strategically focuses on retail parks, aligned with the growth of convenience and an omni-channel retail strategy. We will continue to seek acquisition opportunities in retail parks, leveraging our scale and asset management expertise for value creation.

#### London urban logistics

The London urban logistics property market risk outlook has remained stable at a relatively low level, driven by structural changes in e-commerce and a tight supply of suitable space.

#### Opportunity/approach

Our urban logistics portfolio strategically focuses on development-led initiatives, involving the intensification and repurposing of existing buildings in London, capitalising on high demand and scarce supply.

**Campuses**

**Impact:** Medium

**Likelihood (post-mitigation):** Medium

**Change in risk assessment in year:** →

**Retail**

**Impact:** Medium

**Likelihood (post-mitigation):** Medium

**Change in risk assessment in year:** ↓

**London urban logistics**

**Impact:** Low

**Likelihood (post-mitigation):** Low

**Change in risk assessment in year:** →

**KRIs:**
- Occupier and investor demand indicators within our sectors
- Spread between property yields and borrowing costs
- Online sales market trends to provide insight into consumer behaviour
- Monitor office occupational trends and campus occupancy patterns to understand occupier requirements and visitor patterns

**Link to strategy:** A B C D

**Overseen by:**
Executive Committee, CEO

## 4 Major Events/Business Disruption

Global or national events such as civil unrest, terrorism, pandemics, cyber-attacks, extreme weather, environmental disasters or power shortages can cause significant damage to our business, portfolio, customers, people and supply chain. This could result in sustained asset value or income impairment, liquidity or business continuity challenges, share price volatility, or loss of key customers or suppliers.

### Risk mitigation

- The Group maintains thorough crisis response plans and incident management procedures, as well as business continuity plans, at both head office and asset levels, which are regularly reviewed and tested.
- Asset emergency procedures undergo routine review and scenario testing, with physical security measures implemented at properties and development sites.
- We use third parties to supplement internal expertise when testing resilience to cyber-attacks alongside regular training for employees.
- Robust IT security systems and business continuity plans are in place to safeguard data, support disaster recovery and ensure business continuity.
- Comprehensive property damage and business interruption insurance cover for the entire portfolio.

### Risk assessment

Global uncertainties, both political and economic, remain elevated posing potential threats to the Group's operations and stakeholders. Notably, terrorism and cyber security breaches continue to pose threats, as well as evolving geopolitical events which have the potential to disrupt UK supply chains. Our crisis management team carries out event simulations to test our response processes and procedures.

**Emerging risk trends:**

- Geopolitical instability
- Pandemics and health crises
- Increasing sophistication of cyber security threats

### Opportunity/approach

The challenges faced in recent years, especially during the pandemic, have demonstrated the resilience of our business model and the effectiveness of our crisis management plans. We remain vigilant in addressing ongoing risks posed by external threats.

**Impact:**

Medium

**Likelihood (post-mitigation):**

Medium

**Change in risk assessment in year:**

→ No change

**KRIs:**

- Home Office terrorism threat level and accessing security threat information services inform our security measures
- Security risk assessments conducted for our assets
- Cyber security breaches
- Flood risk vulnerability

**Link to strategy:**

B C D

**Overseen by:**
Executive Committee, CEO

**Key**

- Increase
- No change
- Decrease

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

## Internal principal risks

### 5 Portfolio Strategy

Inappropriate portfolio strategy and subsequent execution could lead to income and capital underperformance. This could result from incorrect sector selection and weighting, poor timing of investment and divestment decisions, inappropriate exposure to developments, the wrong mix of assets, occupiers and region concentration, inadequate due diligence, or inappropriate co-investment arrangements.

#### Risk mitigation

- The Board conducts an annual review of the overall corporate strategy, including the current and prospective portfolio strategy.
- Our portfolio strategy is determined to be consistent with our target risk appetite and is based on the evaluation of the external environment.
- Progress against the strategy and continuing alignment with our risk appetite is discussed regularly by both the Executive and Risk Committees with reference to the property markets and the external economic environment.
- Individual investment decisions undergo rigorous risk evaluation overseen by the Investment Committee including consideration of returns relative to risk adjusted hurdle rates. The Board evaluates and approves significant investment or divestment decisions.
- Review of prospective performance of individual assets and their business plans.
- We foster collaborative relationships with our co-investors and enter into ownership agreements which balance the interests of the parties.

#### Risk assessment

Our portfolio strategy has faced ongoing challenges, and this risk remains broadly stable, reflecting macroeconomic conditions and challenging investment markets. While rising interest rates have impacted our portfolio valuations, there has been a notable slowdown in outward yield movement during the latter half of the year. Despite this, our operational performance remains strong, reinforcing our confidence in our core markets: campuses, retail parks and London urban logistics. We have maintained a disciplined approach to capital allocation, progressing multiple sales while advancing our development pipeline.

#### Emerging risk trends:

- Shifts in work patterns, workforce dynamics, and locations of work such as hybrid working
- AI and emerging technologies
- Bifurcation of offices

#### Opportunity/approach

Our value-add strategy is resilient, centred on recycling capital and redeploying to value-add acquisitions and developments in our chosen sectors. As the market environment becomes more favourable, we anticipate continued rental growth and development upside.

**Impact:**

Medium

**Likelihood (post-mitigation):**

Medium

**Change in risk assessment in year:**

→

**Risk appetite:**
Balanced

**KRIs:**

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

**Link to strategy:**

A B C D

**Overseen by:**
Executive Committee, Investment Committee and Head of Investment

## 6 Development

Development offers an opportunity for outperformance but usually involves elevated risk. Development strategy addresses several risks that could adversely impact underlying income and capital performance, including development letting exposure, construction timing and costs, contractor failure, adverse planning decisions, as well as changes in occupational and investment markets.

### Risk mitigation

- We employ a risk-controlled development strategy, managing exposure, pre-letting and fixing costs.
- Monitor total and speculative development exposure within targeted ranges, considering associated risks.
- Prior to committing to a development, a detailed appraisal is undertaken, evaluating returns relative to risk adjusted hurdle rates, overseen by our Investment Committee.
- Pre-lets are used to reduce letting risk when appropriate.
- Competitive tendering for construction contracts, including fixed-price contracts. To account for inflationary pressures on materials and labour costs, we incorporate appropriate allowances into our cost estimates and within the fixed-price contracts.
- Detailed selection and close monitoring of main contractors and key subcontractors, including covenant reviews.
- Experienced development management team closely monitors design, construction and overall delivery process.
- Early engagement and strong relationships with planning authorities, considering environmental and community impacts.
- Through our Place Based approach, we engage with communities where we operate to incorporate stakeholder views in our development activities, as detailed in our Sustainability Brief.
- We engage with our development suppliers to manage environmental and social risks, including through our Supplier Code of Conduct, Sustainability Brief and Health and Safety Policy.
- Management of risks across our residential developments, in particular fire and safety requirements.

### Risk assessment

We have observed a slight increase in prospective development risk from a relatively low level. This reflects our increased development commitments as we actively pursue our strategy to capitalise on our strengths in this area. While inflationary pressures within the construction supply chain have somewhat eased, geopolitical instabilities continue to pose supply chain risks. This year, we have committed to further projects, including The Optic in Cambridge, and, post-year end, 2 Finsbury Avenue. While this has increased our gross and speculative development exposure, we remain within our associated risk tolerances, and are mitigating risks through a combination of pre-lets, fixing costs and joint ventures.

#### Emerging risk trends:

- Supply chain resilience
- Supply of utilities/resources

### Opportunity/approach

Advancing value-accretive development remains a primary focus for driving business performance. Our robust balance sheet, contractor relationships and development management expertise positions us well to proceed with our pipeline while managing associated risks. We have adjusted our return and yield on cost requirements to account for higher exit yields and finance costs. We will evaluate future development returns based on these defined criteria, taking into consideration our balance sheet capacity.

**Impact:**

Medium

**Likelihood (post-mitigation):**

Medium

**Change in risk assessment in year:**

Increase

**Risk appetite:**
Balanced

**KRIs:**

- Total development exposure (<12.5% of portfolio value); Speculative development exposure (<12.5% of portfolio ERV); and Residential exposure
- Progress on execution of key development projects against plan (including evaluating yield on cost)
- Non-income producing pipeline
- Development spend covered by fixed priced contracts. Forecasts for construction cost inflation

**Link to strategy:**

A B C D

**Overseen by:**
Executive Committee, Investment Committee and Head of Development

**Key**

- Increase
- No change
- Decrease

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

## 7 Financing

Failure to adequately manage financing risks may result in a shortage of funds to sustain the operations of the business or repay facilities as they fall due. Financing risks include reduced availability of finance, increased financing costs, leverage magnifying property returns (both positive and negative) and breach of covenants on borrowing facilities.

### Risk mitigation

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

### Risk assessment

Our overall financing risk has remained relatively stable during the year. Despite the significant rise in market interest rates over the past two years, current forecasts indicate interest rates will begin to decrease in the near term. We have continued to actively manage our financing risk by maintaining access to a diverse range of funding sources with a spread of repayment dates.

**Emerging risk trends:**
- Economic uncertainty, including a potential resurgence of inflationary pressures and impact on interest rates
- Geopolitical instability

### Opportunity/approach

The macroeconomic environment reinforces the importance of a strong balance sheet. Fitch reaffirmed all our credit ratings, including our senior unsecured credit rating at 'A' during the year, with a stable outlook. Our Group Net Debt to EBITDA ratio is 6.8x, and on a proportionally consolidated basis is 8.5x, with our LTV at 37.3%. We have completed £1bn of financing activity in the year, arranging £475m of new bank term loans and extending £475m of revolving credit facilities by one year. We use hedging to manage our interest rate risk and are fully hedged for the year to March 2025. With favourable access to debt capital markets, we are well positioned to support business needs and emerging opportunities.

**Impact:**
Medium

**Likelihood (post-mitigation):**
Low to Medium

**Change in risk assessment in year:**
→

**Risk appetite:**
Risk Adverse

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

**Link to strategy:**
A B C D

**Overseen by:**
Derivatives Committee, CFO

## 8 Environmental and Social Sustainability

This overarching risk now includes both environmental and social factors, with a primary focus on environmental concerns, but acknowledging broader social implications. These risks could affect our financial performance, reputation, operations, assets and our ability to meet our 2030 sustainability goals.

This risk category covers:
- Increased exposure of assets to physical environmental hazards, driven by climate change
- Compliance and costs related to both existing and emerging environmental and social regulations
- Investment and occupational risk as a result of less sustainable/non-compliant buildings
- Social impacts within our communities

### Risk mitigation

- Comprehensive ESG programme, which is regularly reviewed by the Board, Executive Committee and ESG Committee.
- Oversight of our annual TCFD disclosures and scenario analysis by the Risk and ESG Committees.
- Monitoring of performance and management controls by the ESG Committee, guided by our SBTi climate targets and our guiding corporate policies (the Pathway to Net Zero and the Sustainability Brief). These establish a series of actions and targets to reduce the carbon footprint of our business.
- Our property management department operates an environmental management system aligned with ISO 14001. We continue to hold ISO 14001 and 50001 certifications at our commercial offices and run ISO-aligned management systems at our retail assets.
- Climate change and sustainability considerations are fully integrated within our investment and development decisions.
- Through our Place Based approach to social impact, we understand the most important issues and opportunities in the communities around each of our places and focus our efforts collaboratively to ensure we provide places that meet the needs of all relevant stakeholders.
- We target BREEAM Outstanding on office developments, Excellent on retail and HMQ3* on residential. We have also adopted NABERS UK on all our new office developments.
- We undergo assurance for key data and disclosures across our Sustainability programme, enhancing the integrity, quality and usefulness of the information we provide.

### Risk assessment

Our assessment of Environmental and Social Sustainability risk now extends beyond environmental factors to include our social conduct across our portfolio. Despite the evolving regulatory landscape, this risk has remained relatively stable for our business. The growing significance of sustainability risks impacts not only our business but also our customers and stakeholders. We are making good progress on our 2030 Sustainability Strategy, particularly in improving the energy efficiency of our standing portfolio, resulting in improved EPC ratings with 58% of the portfolio now rated A or B.

### Emerging risk trends:
- Regulatory changes
- Supply chain resilience
- Supply of utilities/resources

### Opportunity/approach

We recognise both a responsibility and an opportunity to manage our business in an environmentally and socially responsible manner. This commitment is integral to our overall strategy. Our Sustainability Strategy is built upon three key pillars: Greener Spaces, Thriving Places and Responsible Choices, addressing environmental, social and governance aspects of our approach. Our overall sustainability performance has been recognised in international benchmarks, including GRESB, where we achieved a GRESB 5-star rating.

**Impact:**
Medium

**Likelihood (post-mitigation):**
Medium

**Change in risk assessment in year:**
No change

**Risk appetite:**
Risk Averse

**KRIs:**
- Embodied and operational carbon emissions
- Energy efficiency, including energy performance certificates (EPCs)
- Future cost of carbon credits to meet our net zero carbon transition
- Developments target BREEAM and NABERS UK standards
- Flood risk vulnerability

**Link to strategy:**
B C D

**Overseen by:**
ESG Committee, Sustainability Committee and COO

**Key**
- Increase
- No change
- Decrease

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

## 9 People and Culture

Failure to develop, attract and inspire talent with the right skills and experience to deliver our strategy at pace could lead to significant business underperformance. Additionally, if we have don't have a culture where employees can thrive, feel able to be themselves and reflect the people who live, work and socialise at our assets, our operational performance and decision making will be less than optimal. The talents of our people and the strength of our company culture are key components of our competitive advantage to allow us to achieve our performance goals. This risk encompasses factors such as employee engagement, talent retention, diversity and inclusion, manager effectiveness and aligning corporate values with employee initiatives.

### Risk mitigation

We address people and culture risks through various initiatives, priorities and processes, such as:

- Targeted recruitment initiatives, both directly and through trusted third-party recruiters.
- Rigorous performance assessments to ensure high standards and an outcome driven approach.
- Talent management initiatives and succession planning for key roles.
- Annual benchmarking of salaries and periodic review of benefits to ensure our packages remain competitive.
- Comprehensive development training, including mandatory training for employees with management responsibility.
- Clear hybrid and flexible working policies that set out our expectations.
- Commitment to equality, diversity and inclusion, as outlined in our 2030 strategy.

We use a data-driven approach to assess and manage risks, tracking metrics such as application and acceptance rates, retention statistics, exit surveys and voluntary turnover. Our Executive Committee reviews the firm-wide outcomes of performance and talent assessments to make sure we are applying consistent expectations. We mandate training for all managers, which includes getting the best out of diverse teams, leading for high performance, and addressing day-to-day issues including sickness absence, flexible working requests and wellbeing concerns. We thoroughly analyse our engagement survey results to identify themes to shape action plans for the following year. We engage with our partners and suppliers to reinforce our zero tolerance for fraud, bribery and modern slavery, while outlining our expectations around health and safety, as well as other social and environmental risks.

### Risk assessment

The People and Culture risk has decreased over the year, driven by our sustained high employee engagement at 78% and a shift in the recruitment landscape towards a more balanced dynamic between employee and employer. Although there will always be competition for top talent, the general recruitment environment has eased somewhat amidst economic uncertainties.

### Emerging risk trends:

- Talent and skills shortages
- AI and emerging technologies

### Opportunity/approach

Our overarching focus is ensuring appropriate resources in key areas to support strategic priorities and leveraging our employee value proposition to maintain British Land's status as an employer of choice. We recognise that the talents of our people, and the strength of our Company culture are key components in attaining performance objectives. As part of a specific initiative, this coming year, we are implementing a programme to assess the technology skills of our employees, enabling us to provide tailored training to optimise the utilisation of our technology resources.

**Impact:**

Medium

**Likelihood (post-mitigation):**

Medium

**Change in risk assessment in year:**

↓

**Risk appetite:**
Balanced

**KRIs**

- Voluntary employee turnover and reasons cited
- Employee engagement levels
- Gender and ethnicity representation at all levels, including job applications
- Gender and ethnicity pay gaps
- Employee wellbeing indicators
- Internal job moves and promotion rates

**Link to strategy:**

A B C D

**Overseen by:**
Remuneration Committee and HR Director, General Counsel and Company Secretary

## 10 Customer

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

### Risk mitigation

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

### Risk assessment

Our overall Customer risk has decreased due to strong cash collection, leasing activity and minimal impact of administrations or CVAs, alongside improvements in the macroeconomic landscape. While we remain mindful of ongoing macroeconomic uncertainty and structural shifts in property markets, we proactively maintain a resilient and diversified customer base. As our markets have continued to polarise, customers increasingly demand more from the places where they work and shop.

### Emerging risk trends:

- Economic uncertainty, including a potential resurgence of inflationary pressures and impact on interest rates
- Shifts in work patterns, workforce dynamics and locations of work such as hybrid working
- AI and emerging technologies (including the potential impact on demand for space)

### Opportunity/approach

Successful customer relationships are critical to our business growth. Our business model revolves around our customers, aiming to offer them modern and sustainable spaces that meet their evolving needs and market expectations. Our strategic positioning across campuses, retail parks and London urban logistics portfolios, along with strong collaborative relationships, is focused on providing high quality spaces while maintaining sustainable occupancy costs. This is demonstrated in our high occupancy rate and 99% rent collection.

**Impact:**
Medium

**Likelihood (post-mitigation):**
Medium

**Change in risk assessment in year:**
Decrease

**Risk appetite:**
Balanced

**KRIs**
- Market letting risk, including vacancies, upcoming expiries and breaks, and speculative development
- Occupier covenant strength and concentration (including percentage of rent classified as 'High Risk' and affected by 'CVAs or restructuring plans')
- Occupancy and weighted average unexpired lease term
- Rent collection

**Link to strategy:**
A B C D

**Overseen by:**
Head of Real Estate and CFO

**Key**
- Increase
- No change
- Decrease

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

## 11 Operational and Compliance

The Group's ability to protect its reputation, income and capital values could be damaged by a failure to manage several key operational risks to our business, including: technology and cyber security; health and safety; third party relationships; and key controls.

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

### Risk mitigation

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

#### Technology and cyber security

- The InfoSec Steering Committee, chaired by the Chief Financial Officer, oversees our technology infrastructure, cyber security and key technology controls and reports to the Risk Committee and Audit Committee.
- Cyber security risk is managed using a recognised security framework (ISO 27001), supported by best practice security tools across our technology infrastructure, information security policies, third party risk assessments and mandatory user cyber awareness training.

#### Health and safety

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

#### Third party relationships

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

#### Key controls

- Three lines of defence to manage, monitor, test and review the effectiveness of our key controls across all areas of our business, including financial reporting, operational and compliance activities.
- Biannual attestations by senior management on the effectiveness of these key controls, supplemented by key control operating effectiveness testing performed by Group Finance.
- Reporting of control exceptions to both the Risk and Audit Committees with details of the actions being taken to remedy.
- Annual internal audit review of key controls.

### Risk assessment

Our operational and compliance risks have remained stable. Our business faces both operational and compliance risks in its day-to-day activities across our people, processes and technology. We remain vigilant in monitoring these critical operational and compliance risks and there have been no significant issues to report during the year. We remain committed to ongoing monitoring and are actively implementing strategies to enhance our cyber security, technology infrastructure and related key controls, as well as enhancing our overall internal control framework. We have also carried out business wide risk assessments in respect of fraud, bribery and corruption and money laundering risks, and assessed the controls we have in place to mitigate these risks.

#### Emerging risk trends:

- Increasing sophistication of cyber security threats
- Regulatory changes
- Supply chain resilience

#### Opportunity/approach

The Risk Committee oversees and monitors our key operational and compliance risks across the business. Our goal is to optimise operational capabilities, create efficiencies in people, processes and technology, and simultaneously establish appropriate controls to mitigate risks. Moving forward, we will continue investing in enhancing our operational risk management platform, ensuring adaptability to the dynamic environment while safeguarding the business and allowing us to seize potential future opportunities.

**Impact:**
Medium

**Likelihood (post-mitigation):**
Low to Medium

**Change in risk assessment in year:**

**Risk appetite:**
Risk Adverse

**KRIs**
- Information systems vulnerability score
- Cyber security breaches
- Health and Safety risk assessments
- Health and Safety incidents
- Risk and control exceptions

**Link to strategy:**
A B C D

**Overseen by:**
Risk Committee, Health and Safety Committee, Infosec Steering Group and CFO

# VIABILITY STATEMENT

## Assessment of prospects

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

- The Group has access to £1.9bn undrawn facilities and cash. Before factoring in any income receivable, the facilities and cash would be sufficient to cover forecast capital expenditure, property operating costs, administrative expenses, maturing debt and interest over the next 12 months
- The Group retains significant headroom to debt covenants, has no income or interest cover covenants on unsecured debt and has no requirement to refinance until early 2027
- In the year, British Land raised £475m new bank term loans all with initial five-year terms and extended four bilateral revolving credit facilities totalling £475m

The strategy and risk appetite drive the Group's forecasts. These cover a five-year period and consist of a base case forecast which includes committed transactions only, and a forecast which also includes non-committed transactions the Board expects the Group to make. A five-year forecast is considered to be the optimum balance between the long term nature of property investment and the Group's long term business model to create Places People Prefer, with our weighted average lease lengths and drawn debt maturities of around five years (5.2 and 5.8 years respectively at 31 March 2024). Forecasting greater than five years becomes increasingly unreliable, particularly given the historically cyclical UK property industry.

## Assessment of viability

For the reasons outlined above, the period over which the Directors consider it feasible and appropriate to report on the Group's viability remains five years, to 31 March 2029.

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

The principal risks table on pages 48 to 58 summarises those matters that could prevent the Group from delivering on its strategy. A number of these principal risks, because of their nature or potential impact, could also threaten the Group's ability to continue in business in its current form if they were to occur.

The Directors paid particular attention to the risk of a deterioration in economic outlook which would adversely impact property fundamentals, including investor and occupier demand, which would have a negative impact on valuations, cash flows and a reduction in the availability of finance. In addition, we have sensitised for the potential implications of a major business event and/or business disruption. The remaining principal risks, whilst having an impact on the Group's business model, are not considered by the Directors to have a reasonable likelihood of impacting the Group's viability over the five year period to 31 March 2029.

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

- Structural changes to the Property Market and Customer risk; reflected by an ERV decline, occupancy decline, increased void periods, development delays, no new lettings during FY25 and the impact of a proportion of our high risk and medium risk occupiers entering administration
- A reduction in investment property demand to the level seen in the last severe downturn in 2008/09, with outward yield shift to c.9% net equivalent yield

As at 31 March 2024, the Group's debt covenant headroom is 39%, being the level by which portfolio property values could fall before a financial breach occurs. Over the five-year base case forecast period the lowest headroom is 32%. Under the 'severe downside scenario' this reduces to 12%, prior to any mitigating actions such as asset sales, indicating that financial covenants on existing facilities would not be breached.

Based on the Group's current commitments and available facilities there is no requirement to refinance until early 2027. In the normal course of business, financing is arranged in advance of expected requirements and the Directors have reasonable confidence that additional or replacement debt facilities will be put in place prior to this date.

In the 'severe downside scenario' the refinancing date is maintained at early 2027. However, in the event new finance could not be raised, mitigating actions are available to enable the Group to meet its future liabilities at the refinancing date, principally asset sales, which would allow the Group to continue to meet its liabilities over the assessment period.

## Viability statement

Having considered the forecast cash flows and covenant compliance and the impact of the sensitivities in combination with the 'severe downside scenario', the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period ending 31 March 2029.

## Going concern

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

# DELIVERING OUR SUSTAINABILITY STRATEGY

Canada Water


York House

**Raise Your Game initiative**
Teesside Park


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

# OUR 2030 TARGETS

Our 2030 Sustainability Strategy has three key pillars:

- Greener Spaces
- Thriving Places
- Responsible Choices

We recognise the importance of regular materiality assessments to inform our Sustainability Strategy. To read our double materiality assessment visit britishland.com/materiality.

## Greener Spaces

READ MORE ON PAGE 64

Delivering Greener Spaces is integral to creating Places People Prefer. This means taking actions to minimise our carbon emissions[1] as well as enhancing nature and the wider environment.

Targeting

50%

**lower embodied carbon intensity at our developments by 2030**

– on track at 625kg $CO_2e$ per sqm (Offices)

100%

**of developments' residual embodied carbon emissions offset**

– consistently achieved since FY21

75%

**reduction in operational carbon intensity across our managed portfolio by 2030[2]**

– on track at 39% reduction to date

Targeting

### Sustainability leadership

Strong performance in external sustainability measures, including ESG indices and certifications, underpins our strategy.

1. Carbon emissions is used interchangeably with greenhouse gas (GHG) emissions. Our accounting and reporting covers the scope of all GHG emissions types and GHGs are converted into carbon dioxide equivalents
2. Performance is versus an indexed FY19 baseline, for more information see page 66

## Thriving Places

→ READ MORE ON PAGE 68

We are committed to making a long-lasting, positive social impact in the communities where we operate by collaboratively addressing local priorities with a focus on education, employment and affordable space.

**Targeting**

# £200m

**of direct social and economic value generated by 2030**

- FY24: £29.8m

# 90,000

**education and employment beneficiaries by 2030**

- 58,000 beneficiaries since FY21

# £25m

**Social Impact Fund to be deployed by 2030, including £10m of affordable space**

- £12.6m deployed since FY21, including £6.8m cash and £5.8m affordable space


## Responsible Choices

→ READ MORE ON PAGE 72

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

**Targeting**

# 40%

**(at least) female representation at senior management levels**

- FY24: 36%

# 17.5%

**minoritised ethnic representation across the Company by 2025**

- FY24: 17.7%

# 100%

**of people working at our places on our behalf paid real Living Wages**

- 100% of our employees and 97% of our supplier employees were paid the real Living Wage

# 5*

**GRESB for Development and Standing Investments**

- FY24: 5* achieved

# 100%

**of developments on track to achieve BREEAM Outstanding (Offices); Excellent (Retail); HQM (Residential) minimum 3***

- FY24: 65%

# GREENER SPACES

Exchange Square
Broadgate

Regent's Place

Delivering Greener Spaces is integral to creating Places People Prefer. Our approach helps us to meet the needs of our customers who increasingly want space with excellent sustainability credentials to help them meet their own sustainability goals.

### Average embodied carbon ($CO_2$e) per sqm in current office developments

625kg
2023: 646kg

### Improvement in managed portfolio energy intensity against FY19 baseline

18%[1]
2023: 17%

### Portfolio EPC A or B rated

58%[2]
2023: 45%

1. Performance is versus an indexed FY19 baseline, for more information see page 66
2. EPC rated A or B is reported as a proportion of ERV
3. https://sciencebasedtargets.org/resources/files/SBTi_Buildings_Guidance_Draft_for_Pilot_Testing.pdf

## Our approach to net zero

Real estate is a carbon-intensive industry responsible for 34% of global final energy consumption and 26% of energy-related carbon emissions.[3]

Our Pathway to Net Zero sets out our targets and actions to progress towards net zero carbon. Since its launch in 2020 we have been delivering on these actions, which is reflected in our further strong progress in FY24.

Our Pathway was created in line with the best practice guidance for net zero carbon at the time; however, we recognise that standards and guidance on how to define net zero carbon continue to evolve with climate science. To ensure that we remain aligned with best practice we are updating our existing Science Based Targets initiative (SBTi) targets in line with the upcoming Building sector guidance. Whilst we are updating our SBTi targets, our 2030 sustainability targets will remain unchanged.

### Reducing embodied carbon in developments

Reducing embodied carbon, which covers all emissions generated in the production, maintenance and deconstruction of a building, is critical to advancing towards net zero carbon. This year, we reduced our average embodied carbon intensity across committed, near and medium term office developments to 625kg $CO_2$e per sqm from 646kg $CO_2$e per sqm. Including office developments which have completed since FY21, the average is 593kg $CO_2$e per sqm. Key to this is our commitment to reusing existing building components and materials wherever possible, design efficiency and specifying low carbon materials. It is only once reasonable practical and economically viable steps to reduce embodied carbon have been explored in design that we offset any residual embodied carbon with certified carbon credits.

**Read our Mandela Way case study in our Sustainability Progress Report**

**View more online**
britishland.com/data

| Office developments | kg $CO_2$e per sqm |
| --- | --- |
| Completed developments | 408 |
| Development pipeline, including completed developments | 593 |
| Development pipeline, excluding completed developments | 625 |

### Circular economy

Our development approach acknowledges circularity as a crucial part of real estate's future, placing more importance on regenerating nature, carbon reduction and sustainable resource management. We investigate every opportunity to retain, reuse and upcycle materials and structure in existing buildings, and integrate these into the design where possible. At 2 Finsbury Avenue, the existing aluminium cladding has been investigated for upcycling, with a view for specifying in the new building, reducing carbon, cost and material use. Through materials mapping, we will produce materials passports for our buildings which hold detailed data enabling more efficient reuse, recycling and recovery of materials. In FY22, we were awarded an innovation credit by the Building Research Establishment (BRE) for implementing the UK's first large-scale use of a materials passport at 1 Broadgate, a key enabler for the circular economy in the built environment. To ensure consistency across projects, this year we worked with GXN to develop a materials passport protocol which we piloted at Canada Water, capturing the defined characteristics of reusable materials. We are rolling out this protocol where appropriate on all major developments, recognising that a low carbon future does not exist without a circular economy.

### Low carbon materials

Our Low Carbon Materials Working Group is tasked with identifying and reviewing low carbon materials and solutions to adopt and pilot on our development projects. In FY24, we shared our Carbon Primer with our development suppliers, bringing together lessons from multiple British Land projects that have been at the forefront of innovative low carbon design. The Primer highlights carbon intensive elements of designs and presents solutions for addressing these through efficient design and specifying low carbon materials. The working group also identifies opportunities to further reduce embodied carbon by challenging and interrogating conventional building standards.

### Designing for efficient operation

For new office developments, we target whole building operational energy efficiency of 90kWhe per sqm, in line with UK Green Building Council (UKGBC) 2030 targets. To deliver this, we are adopting NABERS UK Design for Performance (DfP) on all office developments; a framework which ensures accurate prediction of energy consumption throughout a building's life. In FY23, 1 Broadgate received a NABERS UK DfP target rating of 5 stars, the first building in the UK to do so. This year, we have six developments undergoing NABERS UK design reviews, two of which having now received a target rating. To achieve and maintain our NABERS UK targets, we have engaged Verco as part of an internal NABERS Working Group to develop bespoke guidance on implementing robust processes on British Land developments.

### Transition Vehicle

A key mechanism for delivering our energy and carbon targets is our Transition Vehicle, which we established in 2020 to fund the cost of decarbonising our portfolio. It is financed by an internal levy on the embodied carbon in our developments, which we review the price of annually. This year, for the first time, we increased the carbon levy by 50% from £60 to £90 per tonne of carbon. This new price better reflects the true cost of carbon and incentivises our development teams to reduce the embodied carbon. All new committed developments from 1 April 2024 will be subject to this new price.

From every £90, two-thirds is invested in retrofitting projects on our standing portfolio, renewable energy production, and research and development and the remaining one-third is used to purchase carbon credits. We also supplement our Transition Vehicle with a £5m annual float which is ringfenced for our retrofitting projects.

The Transition Vehicle has so far committed £10m on retrofitting projects and Renewable Gas Guarantees of Origin (RGGOs). Some of the projects funded through the Transition Vehicle in FY24 include the installation of an air source heat pump (ASHP) at York House and LED lights at 10 Exchange Square. These projects transitioned the assets to be fully electric, positioning them to benefit from further grid decarbonisation and helping them both achieve an EPC B rating.

### Offsetting strategy

In line with our commitment to progress towards net zero carbon we offset the residual embodied carbon in our developments. This is the embodied carbon that remains once we have explored reasonable practical and economically viable steps to reduce embodied carbon through material reuse, design efficiency and materials specification. We pre-purchase carbon credits for all of our committed developments, both to secure our preferred projects and to provide greater certainty over costs, as one of our identified long term risks is the rising price of carbon credits (see page 80).

We have now pre-purchased carbon credits in agreement with our joint venture partners, where required, equivalent to 93% of the embodied carbon in our committed development pipeline. We retire these carbon credits in line with practical completion or shortly after once the residual embodied carbon values have been finalised. To date, 49% of these carbon credits have been retired.

This year, we conducted a thorough review of our carbon offsetting procurement strategy. Working with consultants, we assessed the main risks in the voluntary carbon market and how we could best mitigate them. As a result, we have incorporated additional due diligence steps and core criteria into our carbon credit selection process. Additionally, for every upcoming development we will consider local, certified carbon credits. The voluntary carbon market is fast-evolving and so we will continue to regularly review our purchasing strategy as the best practice guidelines and our preferences progress.

→ READ MORE ABOUT OUR OFFSETTING STRATEGY IN OUR SUSTAINABILITY PROGRESS REPORT 2024

## Reducing operational carbon in our standing portfolio

For the first time this year we are able to report the energy intensity, 169kWhe per sqm, and carbon intensity, 41kg $CO_2e$ per sqm, for our whole managed portfolio. The managed portfolio includes multi-let properties where there is management influence over operations, including assets fully owned by British Land and joint ventures or investment funds. This is possible as in FY23 we gained access to the occupier-procured energy data at our Retail assets and in FY24 we developed a methodology to incorporate this with our landlord-procured energy data[1]. Being able to monitor the whole energy consumption of our managed portfolio is an important step in our net zero journey.

These values equate to a 39% reduction in carbon intensity and 18% improvement in energy intensity against indexed FY19 baselines for our whole managed portfolio. This progress since FY19 reflects the positive impact our carbon efficient interventions are having on lowering energy consumption and we remain on track to achieve our 2030 sustainability targets.

**Read our Heat pump case studies in our Sustainability Progress Report**

**View more online**
britishland.com/data

### Retrofitting our portfolio

Through a comprehensive programme of environmental audits, a net zero pathway has been established for the majority of our managed assets, which is a fundamental part of their business plans. The audits identified retrofit interventions, which are timed with the lifecycle of existing building components to improve energy and carbon efficiency, such as replacing gas boilers with air or water source heat pumps and LED lighting.

1. Read more about this methodology in the Reporting Criteria section in our Sustainability Progress Report at britishland.com/data

This year we further advanced the retrofit of our managed portfolio and there has now been an £18m[2] investment in carbon efficient interventions across 51 of our managed assets.

We recognise the proposed Minimum Energy Efficiency Standard (MEES) requirements for all commercial buildings to be EPC A or B rated, therefore the net zero pathways include the interventions and associated costs to achieve a B rating. The estimated cost for our portfolio to comply with MEES requirements is £100m and we expect that a significant portion of this investment will be recovered through the service charge as part of the standard process of lifecycle replacement. By implementing the carbon efficient interventions, we have already yielded a commendable increase in the EPC rating across the portfolio, rising from 45% (by ERV) in FY23 to 58% in FY24.

At the end of FY24, we received the Chartered Institution of Building Services Engineers (CIBSE) Building Performance award in recognition for our facility management at our Broadgate campus. This accolade serves as a reflection of the extensive work that the site teams have been doing deploying the asset-level net zero pathways and progressing our 2030 Sustainability Strategy.

### Digitalisation

My Building, our smart building platform, is driving energy efficiency. The platform pulls together various data points which provides new insights to improve building performance, from understanding how occupancy affects energy and how weather affects occupancy, to knowing exactly how much energy is saved by every intervention we implement.

Using My Building, we have also switched from traditional time-schedule operations to occupancy-based, where lighting, heating and cooling automatically adjust based on whether anyone is using the space. Our pilot at Storey 100 Liverpool Street has reduced annual energy use for heating, ventilation, and air conditioning (HVAC) by 35% and by 25% for lighting. Following this successful pilot we are looking at rolling this out at some of our other offices.

### Renewable energy sources

We plan to supplement the decarbonisation of the national grid by investing in on site and off site renewable energy sources. In FY24 we had two-megawatt peak (MWp) of solar capacity. We are exploring how best to grow and roll out our solar capacity at our retail parks and logistics developments.

In FY24 we made progress at our two pilot sites for retail park roof solar PV installation – both sites had their grid applications accepted and we have now submitted planning applications. We are in discussion with our customers on power purchase agreements (PPAs) and taking the roof space back under landlord control. Our customers will benefit from reliable, good value, 100% renewable electricity generated on site while we will generate income from supplying this electricity. Our retail parks have rooftop capacity for approximately 200,000 sqm of solar PV – an area as big as 28 football pitches. If we were able unlock this, it could add c.36MWp of renewable capacity to our portfolio and generate more than 30MkWh of energy for our customers every year.

We are a signatory to RE100, which commits us to procuring 100% renewable energy. We purchase our energy from Renewable Energy Guarantees of Origin (REGO) and Renewable Gas Guarantees of Origin (RGGO) certified sources and all of these are from traceable sources.

## Nature

Alongside climate change it is well documented that we are facing a nature loss crisis, particularly in the UK, which is now considered to be one of the world's most nature-depleted countries[3]. These crises are inextricably linked and so we seek to resolve them together through the use of nature-based solutions. We recognise the intrinsic value of nature and the key role it has in supporting the health and wellbeing of customers and visitors to our places and the role we can play in enhancing it.

We have been supporting nature at our places for more than a decade, through the introduction of green infrastructure and from landscape management. This year we have been working with our ecologists to finalise our Nature Strategy, including setting additional targets for our managed portfolio, which we plan to launch in FY25. Additionally, we have incorporated nature targets and requirements for both our developments and managed assets into our Sustainability Brief for our Places.

**Read our Regent's Place public realm case study in our Sustainability Progress Report**

**View more online**
britishland.com/data

In 2020, the Broadgate Biodiversity Framework set our updated precedent for managing nature. This Framework was used in the design of the public realm improvements at our Broadgate and Regent's Place campuses. These public realm works have resulted in a biodiversity net gain of 16% at Broadgate and 91% at Regent's Place. Alongside this we have been commissioning nature action plans at our retail assets and now 57% of our managed portfolio has an action plan to enhance nature.

With our environmental consultants we completed an initial Taskforce on Nature-related Financial Disclosures (TNFD) scoping exercise for Broadgate. This identified where to focus our early TNFD related efforts to integrate nature into decision making, addressing areas with the highest nature-related impacts and dependencies. We now have a clear action plan to 2027, outlining our steps to create a TNFD aligned disclosure.

### Collaborating to achieve our 2030 targets

To achieve our targets we must address elements that are not in our direct control.

Our embodied carbon reduction targets rely on the decarbonisation of key construction materials, so we are engaging with concrete and steel producers and have signed up to the Concrete Zero and Steel Zero pledges.

To achieve our operational intensity targets we need our occupiers to decrease their energy consumption in our units, so we are engaging with our customers and sharing best practice.

2. This includes Capex (landlord and Joint Venture), service charge and occupier spend

3. https://stateofnature.org.uk/wp-content/uploads/2023/09/TP25999-State-of-Nature-main-report_2023_FULL-DOC-v12.pdf

# THRIVING PLACES

Our social impact strategy focuses on three core areas of education, employment and affordable space as this is where we can make the biggest impact. The resulting programmes directly impact the communities living in and around our places, supporting their wellbeing and prosperity. This makes our places more appealing, helps us attract and retain customers and create more opportunities for local people.

**Abseil to support Hopscotch**
338 Euston Road


**Free school uniform shop**
Ealing Broadway

**Direct social value generated**

£9.4m

2023: n/a[1]

**Total beneficiaries**

15,000[2]

2023: 26,000

**Social impact initiatives supported by our Social Impact Fund**

93

2023: 97

1. Social value reporting was expanded in FY24 so no comparable FY23 data
2. Total beneficiaries includes education, employments and wellbeing beneficiaries

## Social impact

Our strategy focuses on the areas where we can make a long-lasting, positive social impact, on issues that matter in our communities. We have a place-based approach which means that we tailor our activities around local needs and opportunities.

Our £25m Social Impact Fund, which comprises £15m of cash contributions and £10m of affordable space value, is distributed across our three commitment areas of education, employment and affordable space by 2030.

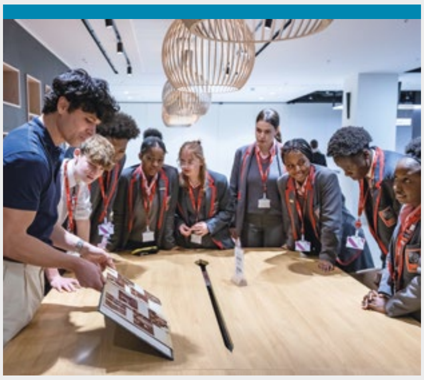
In FY24, our Social Impact Fund contributed £1.3m of cash and £1m of affordable space. This brings our total contributions since FY21 to £6.8m of cash and £5.8m of affordable space.

### Education

We focus our support on needs-based education programmes – to support curriculum learning, increase a local talent pool, raise awareness of careers in our sectors and support young people as they grow into the careers of the future.

**Read our Words for Work case study in our Sustainability Progress Report**

**View more online**
britishland.com/data



This year, we delivered 53 education initiatives at our places, benefitting 7,000 people, often bringing together our customers, suppliers and local partners.

#### Shaping Southwark Futures

Almost 2,000 local students gained insights into career opportunities coming to their area through our contribution to the education partnership with Construction Youth Trust, Canada Water suppliers and local schools and partners. Launched in 2017, the partnership prioritises young people at risk of not being in education, employment or training. The impact of Shaping Southwark Futures continues to grow as young people are connected to employment opportunities with our contractors and subcontractors.

#### National Literacy Trust partnership

Our partnership with the National Literacy Trust (NLT), is the UK's largest and longest running corporate literacy programme. This year, we reached an additional 3,900 children across 18 of our assets.

This included a pilot of Words for Work, addressing inequalities in employment opportunities for young people from disadvantaged communities or under-represented groups in secondary schools.

Together with the National Literacy Trust, we have reached over 72,200 children across the UK since 2011.

### Employment

We support local training and jobs through Bright Lights, our skills and employment programme. Our work enables local people to access opportunities at our places. This helps secure the skills our business, suppliers, customers and communities need to thrive as we work towards an equitable low carbon future.

This year, Bright Lights delivered 33 employment initiatives including pre-employment training, virtual programmes, mentoring, work placements, graduate schemes, internships and apprenticeships.

Over 1,100 people benefitted from meaningful employment support at our places in FY24, with 358 securing employment. This brings the number of Bright Lights beneficiaries to 5,500 since FY21 progressing towards our target of 10,000 by 2030. We have applied a robust approach to reporting, only counting people who receive meaningful life-enhancing support. Many more people enrol or engage in other employment activities at our places, such as job fairs.

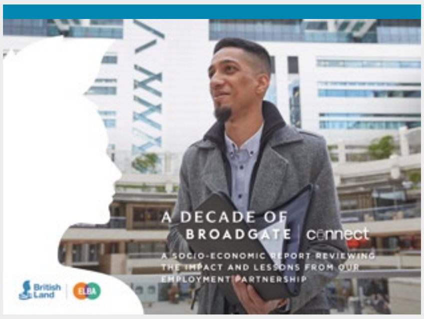
#### A Decade of Broadgate Connect

Our Bright Lights partnership with the East London Business Alliance (ELBA) at Broadgate marked a decade of impact this year. New research revealed that the programme generated a 39:1 total return on investment through its employment and training activity, creating £10m economic value, £8.9m social value and £7.3m in fiscal value in its first 10 years. In addition to supporting 545 local people into good jobs, our partnership connected 84 Broadgate employers to a diverse local talent pipeline.

We continue to review, evolve and adapt so that the programme effectively addresses current employer and candidate needs, and our priority is now to introduce Broadgate Connect to every business and partner across the campus – reaching all employers with recruitment needs.

**Read our Broadgate Connect case study in our Sustainability Progress Report**

**View more online**
britishland.com/data




## Supporting a just transition

We recognise that the transition to net zero requires an increasing range of green skills from heat pump engineers to carbon accountants and many other skilled jobs. Working with experts and partners across our business and supply chain, we are reviewing how all elements of our 2030 Sustainability Strategy can support a just transition. This includes enabling people living in our communities to access the opportunities created by the green skills gap.

As members of the Accounting for Sustainability (A4S) CFO Leadership Network, we support deeper integration of our social and environmental targets into business systems and processes. We are identifying what green skills are needed across our portfolio, communities and supply chain, ensuring our business, communities and partners are well placed to thrive.

During FY24, we have been members of Business in the Community's Green Skills Lab pilot, which brings together companies from different sectors to share challenges and learnings. We have focused on using our existing social impact initiatives to support the development of green skills, ensuring that people living in the communities in which we operate can access employment opportunities for the future. In FY25, we will review our existing Bright Lights programmes and pivot our activity to address the UK's fast-growing science, technology and green skills needs.

Our long standing commitment to addressing social mobility through education and employment initiatives, adapting our approach and programmes to suit changing circumstances and needs, has been recognised by the Social Mobility Index over six consecutive years, and we are the only listed REIT to feature in the Index's top 75.

## Affordable space

Our affordable space strategy focuses on providing affordable space to a broad range of local organisations. This leverages our strengths – our core business of providing high quality space – to generate social impact and differentiate our places.

**Read our Really Local Stores case study in our Sustainability Progress Report**

**View more online**
britishland.com/data


This year, we provided £1m of affordable space, benefitting social enterprises, start-ups, small businesses, charities, community groups and cultural organisations. Affordable space was provided at all of our eight priority assets.

In FY24 our 'Really Local Stores' offer expanded, providing retail space at low or zero cost to small businesses, charities and community groups who source or manufacture locally. This year, we let 11 units across five retail assets to 'Really Local Stores'. This included Scotland's first ever multi-charity store at Glasgow Fort, which generated £121,000 of sales for seven local and national charities in just three months.

In light of the cost of living crisis, we continued to use our spaces to help support those affected. At Ealing Broadway shopping centre almost 2,400 families visited our free second-hand school uniform shop, recycling 2.3 tonnes of clothing. Little Village joined our Regent's Place campus in Camden to support families with children across London on low incomes, and we continued to host a community space at Orbital Shopping Centre in Swindon.

## Social value target

Building on more than 15 years of social investment, this year we unveiled our 2030 social value target, committing to enabling £200m of direct social and economic value.

**Read our Creative Producers case study in our Sustainability Progress Report**

**View more online**
britishland.com/data

This consists of £100m of direct social value generated from our £25m Social Impact Fund, focusing on education, employment and affordable space outcomes and £100m of direct economic value generated from our spend with small and medium-sized enterprises (SMEs) across the UK.

Our social value target, which was verified with external experts, gives a financial value to the outcomes of our social sustainability programmes. This further embeds social impact into every aspect of how we do business, making decisions that are environmentally and socially intelligent, as well as financially sound. Our target underscores the importance of our communities' wellbeing and success as it is inextricably linked to our commercial success. It is a statement of British Land's commitment to our customers, communities and shareholders. At the same time, the figure provides a long term benchmark to track our progress, increasing our accountability and transparency. It will unlock local insights into the impacts of our place-based approach, as we tailor programmes around needs and opportunities at each place.

In addition, we will target £100m of indirect social and economic value by 2030 achieved through our development activity, related to Section 106 employment outcomes, contractor spend with SMEs and local businesses and Section 106 affordable space provision. Recognising that these outcomes are not purely driven by British Land, we are ring-fencing this target and will report 50% of the social and economic value outcomes.

Progress on our target will be reported annually, providing a clear and transparent methodology that demonstrates how the social and economic impact is quantified. The reporting period for the target covers our whole 2030 strategy period, commencing on 1 April 2020 and completing on 31 March 2030.

In FY24, £29.8m of direct social and economic value was generated, of which £9.4m was social value and £20.4m was economic value.

→ A DETAILED BREAKDOWN OF OUR SOCIAL VALUE FIGURE AND FULL DETAIL OF OUR APPROACH TO REPORTING SOCIAL VALUE CAN BE FOUND IN OUR SUSTAINABILITY REPORT 2024

**Direct social value in FY24**

£9.4m

**People benefitting from our education initiatives in FY24**

7,000

**Direct economic value in FY24**

£20.4m

**People receiving meaningful employment-related support as a result of our initiatives in FY24**

1,100


**NLT Young Readers Programme**
Fort Kinnaird


**SMILE-ing Boys Project**
Paddington Central

# RESPONSIBLE CHOICES

We are committed to making responsible choices across all areas of our business and we encourage our customers, partners and suppliers to do the same. We are a responsible employer and incorporate high social, ethical and environmental standards across our procurement decisions.


Paddington Central

## Our people strategy

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

At British Land we recognise that the talent and capability of our people are essential to being able to deliver Places People Prefer. This year our people initiatives focused on three things:

- We mandated training and development for everyone who has any kind of management or leadership responsibility
- We continued to challenge ourselves to have the most diverse and inclusive culture by assessing our diversity data for job applications, offers and acceptance rates
- We worked hard at maintaining the strong engagement of our colleagues, which is a key enabler to inspiring our people to do their best work

## Developing our talent and capabilities

Leadership and management are core and essential skills if any organisation is to be ambitious and successful. We developed and delivered a bespoke 'Managing People' training programme which was mandatory for everyone who has people responsibilities – including our Executive Committee who participated and led by example.

It began with a style profile for each manager to better understand their own preferred or default behaviours. A better awareness of self helps managers identify how they may need to adapt their management style to get the most out of the individuals in their teams, as well as identifying their own development needs. This set the foundation for training on different management styles, motivating teams, coaching and having challenging conversations which all go towards effective teamwork and leadership.

In addition, after a successful pilot (last year) of the 'Achieving Your Full Potential' programme, for our female colleagues, we have now had 18 employees complete the full programme.

In the last 12 months, the Company invested a total of £570,000 in coaching and training with over 11,000 hours of training undertaken.

## Celebrating diversity, equality and inclusion

At British Land, we value diversity, equality, and inclusion (DE&I) as core principles of our organisation. It is clear from our engagement survey that our employees recognise and support this with 92% of our employees agreeing that diversity is a priority at British Land.

Our 2030 DE&I Strategy remains our guide in all our DE&I initiatives. We have had a target for minoritised ethnic participation in our whole workforce since 2021. This year, we adopted and published a target for our senior management minoritised ethnic colleagues of 15%, a practice recommended by the Parker Review.

As part of our ongoing commitment to DE&I we trained everyone in our organisation on Active Inclusion – which discussed micro aggressions, exclusionary language and the importance of being mindful of different perspectives and life experiences in how we interact with each other at work.

We continue to work with our benefit providers to ensure our employee benefits are inclusive for all. In 2018, we first included gender confirmation surgery for our transgender employees in our private medical insurance, and included menopause support in 2022. In FY24, for the first time, our medical insurance covers both assessment of and support for neurodiverse conditions. We continue to ask employees to disclose diversity data on our HR system and last year we expanded the kind of conditions colleagues should consider when identifying whether they have a disability. As a result, we saw our disclosure of disability increase.

Supported by our 10 Employee Networks, we ensure that everyone has equal opportunities to grow and succeed in our organisation, regardless of their background, identity, or circumstances. Over the last year we arranged 76 events to celebrate and inform employees. One notable event was a discussion we hosted with Paul Elliot (former Chair and manager of the FA Inclusion Advisory Board and a professional footballer). Paul talked about the challenges of inclusion especially at management level and steps he thought businesses could take.

In November 2023, we were very pleased to once again be ranked as a top 75 company in the Social Mobility Foundation Index for the sixth year in a row.

## Our workforce engagement

We believe that employee engagement is essential for achieving our organisational objectives and creating a positive work environment. We measure employee engagement through surveys, focus groups, and feedback sessions. We use the results to identify areas of improvement and implement action plans to address them. We encourage our colleagues to share their ideas (Hats On), opinions and suggestions, and we listen to them with respect and openness.

We strive to create a culture of collaboration, trust and empowerment and believe that an engaged workforce contributes not just to productivity but also to a positive and collaborative workplace culture.

Our overall engagement score in our employee opinion survey in December 2023 remained strong at 78%, and the completion rate was our highest ever at 90%. The survey highlighted some major strengths, including British Land's commitment to social responsibility (93%) with 91% of employees stating they would

### Workforce gender diversity at March 2024

| | Female | Male |
|---|---|---|
| All employees (excludes Non-Executive Directors | 310 | 324 |
| Senior Management | 21 | 38 |
| Board | 6 | 6 |

● Female ● Male

### Trained on Active Inclusion

100%

### % of staff proud to work at British Land

93%

2023: 93%

### % of staff who say diversity is a stated priority for British Land

92%

2023: 92%

# SUSTAINABILITY REVIEW CONTINUED

recommend British Land as a great place to work. On an all-company basis, all categories of engagement either held their score or improved compared to the last survey in December 2022. However, there are always things that can be improved in individual departments or teams. Each run their own employee reviews of their detailed team results and identify targeted initiatives on issues of particular importance to them.

**Read our Active Inclusion case study in our Sustainability Progress Report**

**View more online**
britishland.com/data

## Responsible procurement

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

### Real Living Wage

We have a strong track record of paying at least the real Living Wage to all British Land employees and people working on our developments, and in 2017, our London campuses became accredited Living Wage places. Since launching our Supplier Code of Conduct in 2018, we have also strongly encouraged all suppliers to take the same approach. In August FY24, we achieved Living Wage Foundation accreditation across our portfolio, committing to paying real Living Wages to all people working at our places on behalf of British Land. Our Broadgate, Paddington Central and Regent's Place campuses are also accredited Good Work Standard employers – the Mayor of London's benchmark for healthy, fair and inclusive workplaces.

**Read our Living Wage case study in our Sustainability Progress Report**

**View more online**
britishland.com/data


### Against modern slavery

We uphold the human rights of our employees and throughout the supply chain. We have provided anti-modern slavery training to all of our employees. We continue to partner with anti-modern slavery charity Unseen to undertake audits of our key suppliers. During FY24, 10 audits have taken place.

We have also continued to be part of Unseen's Construction Hub which brings together organisations across the construction sector to develop best practice for tackling modern slavery.

### Mandating prompt payment

We have been a signatory to the UK Government's Prompt Payment Code since 2010 and aim to pay 95% of suppliers within 30 days. In FY24, we settled Group invoices within 20 days on average.

## Sustainability leadership

### Engagement and collaboration

Sharing learnings and building strong relationships with our stakeholders is critical to achieving our Sustainability Strategy. In FY24, we held our 'Sustainability: The Power of Collaboration' event, gathering over 120 customers, partners and colleagues for expert panel discussions and inspirational guest speakers. The discussion highlighted the importance and impact of good communication and working together to achieve our shared environmental and social sustainability goals. Key takeaways included how public awareness is driving urgency, the need to drive change from the top and the importance of good stories and robust data.

The event discussion demonstrated that environmental and social sustainability are inextricably intertwined and, together, are vital to ensuring that the shift to a green economy is fair and inclusive. Quality data will be fundamental and sharing experiences, learnings and developments with our stakeholders are all essential to achieving our shared goals.

### 20 years of sustainability

Since the launch of our first Sustainability Brief in 2004, we have driven sustainability leadership across our places and the wider industry. We are pleased with the significant achievements made over the last two decades in delivering Places People Prefer and we are committed to continually pushing the boundaries and accelerating progress towards our 2030 targets, and beyond.

To reflect our advancing ambitions, this year we reviewed our Sustainability Brief, requirements and key performance indicators across the Greener Spaces, Thriving Places and Responsible Choices pillars, to drive performance and lead the industry in best practice and innovation.

→ **FOR MORE, SEE OUR SUSTAINABILITY BRIEF FOR OUR PLACES. BRITISHLAND.COM/SUSTAINABILITY-BRIEF**

# OUR ESG HIGHLIGHTS IN FY24

**Employee engagement score**
78%

**Internal job movements or promotions**
90

**Number of training hours across the business**
11,000

**Gender pay gap**
19.4%

**Ethnicity pay gap**
17.4%

**Diversity disclosure rates**
91.3%

**Female representation at senior management**[1]
36%

**Minoritised ethnic representation across the Company**
17.7%

**Minoritised ethnic representation at senior management**[1]
10.2%

**British Land employees paid at least the real Living Wage**
100%

**Supplier workforce paid at least the real Living Wage**
97%

**Prompt payment – Group invoices settled in**
20 days

→ READ MORE ABOUT THE GENDER AND ETHNICITY PAY GAPS AT BRITISHLAND.COM/DATA

## Our performance in leading international benchmarks

**Global Real Estate Sustainability Benchmark**[2]
FY24: 5* for Standing Investments and Development

**CDP**
FY24: A-

**EPRA Sustainability Reporting Award**
FY24: Gold for the 12th year running

**Science Based Target**
Approved in 2021

**MSCI ESG Ratings**[3]
FY24: AAA for the eighth year running

**FTSE4Good**
FY24: 87th percentile

**Sustainability Mobility Index**
FY24: Top 75 Employer for sixth year running

**Sustainability ESG Rating**
FY24: 9.9 Negligible Risk

1. Senior management includes members of the Executive Committee and their direct reports (excluding administrative roles)
2. GRESB® and the related logo are trademarks owned by GRESB BV and are used with permission
3. MSCI disclaimer and details on additional ESG benchmarks are available at: britishland.com/sustainability/performance/benchmarking

# CLIMATE-RELATED FINANCIAL DISCLOSURES

## Introduction

The following climate-related financial disclosures for the year ended 31 March 2024 are consistent with the TCFD's 'Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures' 2021 guidelines. We comply with the four TCFD recommendations and 11 recommended disclosures and have considered the Section E sector-specific guidance and recommended disclosures for Materials and Buildings Group. The statement is consistent with the requirements of the Financial Conduct Authority's Listing Rule 9.8.6R.

Our approach to integrating sustainability in the way we develop and manage space has been recognised for more than a decade. In 2020, we launched our Pathway to Net Zero outlining our targets and actions to progress towards a net zero portfolio. This commitment was strengthened in 2021 when the Science Based Targets initiative (SBTi) validated our landlord target as 1.5°C-aligned and our value chain target as ambitious. Whilst we are making strong progress with our decarbonisation plans we recognise that the understanding and definition of net zero carbon continues to evolve. To ensure we are in keeping with best practice, we will update our SBTi targets to align with the upcoming Buildings guidance. Our internal 2030 sustainability targets will remain unchanged, and we will continue to decarbonise our portfolio.

We are a signatory to numerous external climate commitments including the Better Buildings Partnership's Climate Commitment, the World Green Building Council's Net Zero Carbon Buildings Commitment and the RE100 commitment to procure renewable energy. Following full consistency with the TCFD guidelines over the past few years, we are now developing a formalised transition plan aligned to the Transition Plan Task Force recommendations as they evolve. We believe that delivering on these targets will create value for our business as demand from occupiers and investors gravitates towards the best, most sustainable space.

Our sustainability goals are shared by our investors, customers, partners and people.

FOR MORE INFORMATION ABOUT OUR SUSTAINABILITY STRATEGY SEE OUR SUSTAINABILITY PROGRESS REPORT 2024

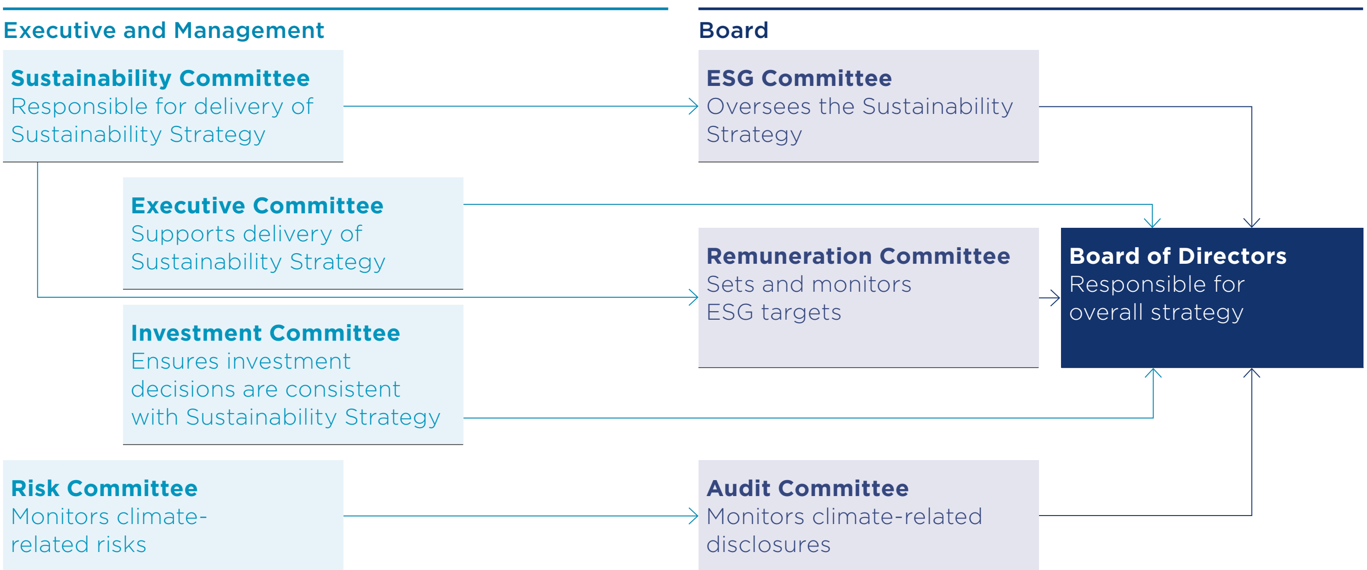
## Governance

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

The Board of Directors has ultimate responsibility for setting the Company's strategy, which incorporates climate-related risks and opportunities. Climate change is included in our internal principal risk 'Environmental and Social Sustainability' and so the Board ensures that appropriate controls and processes are in place to manage it. Additionally, sustainability issues, including climate change, are considered by the Board for strategic and investment decisions that require Board-level approval. The Board is updated on climate-related issues at least annually and two of our Board Committees monitor them.

The Board delegates day-to-day responsibility of the overall strategy, including climate-related, to the Chief Executive Officer (CEO). The CEO has received formal sustainability training and is supported by the Chief Financial Officer (CFO), the Board Director responsible for climate-related issues, and the Chief Operating Officer (COO), the Executive Committee member responsible for delivering our 2030 Sustainability Strategy.

Governance framework




FOR MORE INFORMATION ABOUT THE GOVERNANCE FRAMEWORK, SEE PAGE 97

The ESG Committee, which is attended by the CEO, CFO and COO, meets three times a year and oversees the delivery of the Sustainability Strategy, including management of climate-related risks. On each occasion, the Committee receives an update from the Sustainability team, which typically includes detailed coverage of our environmental 2030 Sustainability Strategy including progress against our Pathway to Net Zero, EPC compliance and sustainability reporting.

The Remuneration Committee is responsible for setting ESG targets for executive remuneration and is updated on progress against Sustainability targets three times during the year. Environmental key performance indicators (KPIs) are included in the Remuneration Policy for Executive Directors (see page 129). The Long-Term Incentive Plan for Executive Directors includes KPIs linked to the reduction of operational carbon and operational energy and the Annual Incentive Plan is linked to our progress on portfolio EPC ratings and our performance in the Global Real Estate Sustainability Benchmark.

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

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

The COO leads the delivery of our Sustainability Strategy and chairs the Sustainability Committee (SusCo) which meets at least three times a year. SusCo reports into the Board-level ESG Committee and members include the CFO, Head of Development, Head of Real Estate, Joint Head of Canada Water and other senior leaders around the business. The Committee tracks the progress against our 2030 Sustainability Strategy as well as monitoring and responding to emerging risks and regulation.

The COO also chairs the Transition Vehicle (TV) Committee, which is comprised of a diverse range of senior managers across the business including the Head of Development. The TV is our mechanism to deliver on our operational energy and carbon targets and is financed by an internal levy on the embodied carbon in developments. The TV Committee meets three times a year and approves applications for TV funding to complete carbon efficient projects.

The COO gets regular updates on climate-related issues from the Head of Environmental Sustainability, who leads the Environmental Sustainability team. The Environmental Sustainability team are responsible for the day-to-day management of our environmental Sustainability Strategy including climate-related risks and opportunities.

Climate change and sustainability considerations are integral to our investment and development decisions and are formally reviewed within papers presented to our Investment Committee. The Investment Committee is chaired by the Head of Investment and Strategy with membership comprising most of the Executive Committee, including the CEO and CFO.

The Risk Committee (RiskCo), chaired by the CFO, is comprised of the Executive Committee and leaders from across the business. RiskCo reports into the Board's Audit Committee and any significant and emerging risks get escalated to them. The Sustainability team works with different business areas to identify climate risks through a process involving trend analysis and stakeholder engagement. Identified risks are incorporated into our risk framework and managed by the appropriate business areas. This process is part of the risk management process for our internal principal risk 'Environmental and Social Sustainability' and Key Risk Indicators (KRIs) monitored within this risk include EPC performance, the percentage of our portfolio at high risk of flood and the forecast cost of carbon credits by 2030 (see page 55).

Progress against our TCFD recommendations is reported to the Risk and Sustainability Committees. This year's disclosure has been comprehensively reviewed and updated where appropriate by the Environmental Sustainability team under the direction of the COO and the CFO. The TCFD report is approved by the Board, as part of the Annual Report approval process following a recommendation from the Audit Committee.

**Governance in action:**

- Decision making: The ESG Committee approved an increased internal levy of £90 per tonne of embodied carbon. This better reflects the true cost of carbon and will be effective from 1 April 2024. This year, Jones Lang LaSalle (JLL) critically reviewed the appropriateness of the methodology and remuneration annual targets for FY27 linked with our 2030 carbon and energy targets, with the conclusions and recommendations from the analysis presented to the Remuneration Committee
- Structure: The Sustainability Committee was repositioned as an Executive-level committee to reflect the Company's commitment to our 2030 Sustainability Strategy. It provides Executive oversight of the Company's efforts towards the Strategy, leads the development of the Strategy beyond 2030, and develops policies and practices to adhere to current and emerging regulatory and legal requirements in this space
- Reporting: This year, we completed an internal audit of selected ESG controls to ensure KPIs are accurately reported and that necessary controls are in place

## Strategy

### (a) Our identified climate-related risks and opportunities over our short-, medium- and long-term time horizons.

#### Material risk and opportunities identification

British Land has worked with Willis Towers Watson (WTW) to identify and assess our exposure to climate-related physical and transition risks and opportunities for a number of years. In FY24 WTW supported us to update our portfolio's climate-related physical risk exposure and in FY25 we plan to update our exposure to climate-related transition risk and opportunities. Our assessments with WTW have reviewed the potential impact of over 20 physical and transition-related issues with input from internal key business areas.

For the physical risk modelling WTW assessed two metrics – climate exposure diagnostic and the value at risk (VaR) using our chosen time horizons and scenarios. We provided WTW with our full portfolio list, the total insured value of our assets by British Land percentage ownership and any existing risk mitigation initiatives.

The climate exposure diagnostic metric assesses an asset's exposure to a range of physical risks. Assets are considered to be exposed if they are located in an area where a physical risk could occur and the level of that exposure is defined by the severity and intensity of the risk. The VaR is the financial impact quantification of associated asset damage and business interruption from acute risks, such as flooding or windstorm. The VaR analysis considers both the exposure to physical risks and evaluates the potential vulnerabilities and consequences in terms of financial impact or potential loss. The results from this analysis are considered as a 'residual' measure as risk adaptation measures, such as insurance, could mitigate any potential financial impacts. Therefore, whilst we present the potential losses from flooding these are fully insured against.

#### Time horizons

For physical risks our scenario analyses used two time horizons – up to 2030 and post-2050. The up to 2030 time horizon aligns with our corporate strategy time horizons which are: short term (<12 months), medium term (1-5 years) and long term (5-10 years). The time horizon of post-2050 was chosen as it is only post-2050 when future climate scenarios start to meaningfully differentiate from the current climate. This aligns with our current portfolio as the standard design life of a building is 60 years.

For transition risks, when quantifying risks beyond a 10-year timeframe, the underlying assumptions begin to play an increasingly significant role in the resulting values. Due to the level of uncertainty that accompanies these longer-term assumptions, our initial analysis focused on the current decade to 2030.

#### Physical risk scenarios and parameters

Physical climate risks assessed:
(i) River flood, (ii) Coastal flood, (iii) Flash flood, (iv) Windstorm, (v) Sea level rise, (vi) Tropical cyclone, (vii) Drought stress, (viii) Fire weather stress, (ix) Heat stress, (x) Precipitation, (xi) Subsidence

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

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

#### Transition risk scenarios and parameters

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

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

| Time frame | Scenarios | | IPCC scenarios | IEA scenarios | NGFS scenarios | Temperature rise by 2081-2100 | 2030 UK price of carbon | Global net zero achieved by: |
|---|---|---|---|---|---|---|---|---|
| Up to 2030 | Net Zero World (1.5°C) scenario | Orderly | SSP1-1.9 | NEZ2050 | Net Zero 2050 | <1.5°C | $118 to $263 | 2050 |
| | Paris Consistent (2°C) scenario | Orderly | SSP1-2.6 | Sustainable Development Scenario | Below 2°C | <2°C | $53 to $82 | 2070 |
| | | Disorderly | | | Delayed Transition | | $0 to $25 | |

### Scenarios

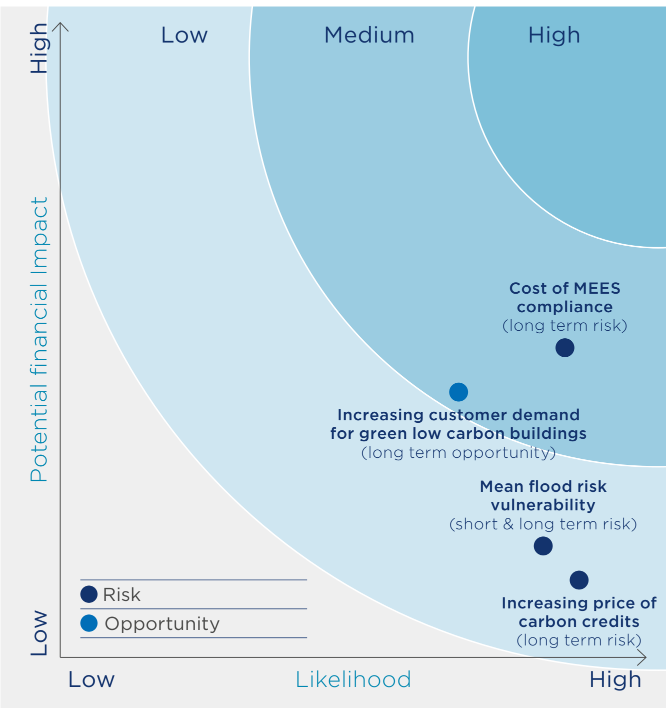
Using the Intergovernmental Panel on Climate Change's (IPCC) Representative Concentration Pathways (RCPs), we assessed the physical risk posed by 2°C (RCP2.6) and 4°C (RCP8.5) climate trajectories. These RCPs are mapped to the latest IPCC AR6 report's Shared Social Economic Pathway (SSPs) scenarios being RCP2.6 (SSP1) and RCP8.5 (SSP5) respectively. These scenarios assessed the risk of increasing frequency and severity of acute weather events as recommended in the Section E Materials and Buildings group sector-specific guidance.

### Defining a material risk and/or opportunity

British Land defines a 'material' risk or opportunity in line with the combination of their potential impact, both financial and/or reputational, and their likelihood. This approach is used across the business to assess all types of risk, and so climate risk is embedded into our broader risk framework. We generally deem a climate-related risk or opportunity as material if it would have at least a medium financial and/or reputational impact.

| | Low | Medium | High |
|---|---|---|---|
| Financial impact thresholds (£) | Less than £10m | £10m to £100m | Greater than £100m |
| Likelihood thresholds (chance of occurrence in a given year) | Unlikely to occur and/or there are limited instances of occurrence observed in the past 5+ years | Could happen and/or a few instances of occurrence observed in past 3-4 years | Likely to occur and/or there is a recent history of occurrence of this threat within the last 2 years |
| Reputational impact thresholds | Limited reputational impact | Significant temporary or limited sustained impact | Significant sustained impact |

### Material risk and opportunities heat map




The most material risks and opportunities are shown in the heat map below, with these issues detailed in the next section. The Likelihood of mean flood risk has increased in line with our new risk management Likelihood categories. This increase is due to low-financial impact regularly occurring flooding events falling within the High Likelihood category. Additionally, the potential financial impact has slightly increased as we have now combined river flooding and flash flooding.

## Identified climate risks and opportunities

### Continue to monitor

Our 'Continue to monitor' risks and opportunities are not currently material but could have the potential to be in the coming years and so we review them on an ongoing basis.

The FY24 physical risk modelling identified that some assets are potentially exposed to flash flooding and so we have now included as a "Continue to monitor" risk. In addition, we have identified potential carbon taxes and levies as a risk that we need to monitor.

We believe that some of these risks, such as the 'Increased cost of raw materials', can open doors for further exploration in the realm of innovative low-carbon materials that minimise our environmental impact.

Continue to monitor:

| Risks | Opportunities |
|---|---|
| Customer demand for sustainable space results in a 'brown discount' to rents at less sustainable assets | Premium pricing for sustainable space results in 'green' premium |
| Occupier business model impacted by transition | Increased access to capital for sustainable businesses |
| Increased costs of raw materials | |
| Increased costs of capital | |
| Potential carbon taxes and levies | |
| Flash flooding | |

### Material risks and opportunities

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

The risks and opportunities are those identified are those from the WTW modelling and through our day-to-day management of our Company, as set out in the Governance section of this disclosure. The physical risks are from our FY24 WTW modelling and the transition risks are from our FY22 WTW modelling.

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

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

## Climate-related risks

### Short term risks (<12 months)

| Primary risk driver | Likelihood | Potential financial impact | Explanation and mitigation |
|---|---|---|---|
| **#1 Flood risk vulnerability of assets (current climate)** | | | |
| Losses from both river flooding and flash flooding, primarily the cost to repair assets, cost of business interruption and increased insurance costs | Low to High | Mean loss: <£1.5m<br>(pre-insurance) | WTW performed climate risk modelling (simulating many thousands of events) based on current and future climate scenarios for our portfolio using the assets' total insured value (by BL % ownership). Mean losses are the average loss of modelled events weighted by the probability of their occurrence. These losses are fully insured against and these potential losses are shown before the impact of insurance.<br>The likelihood for flood risk has increased to 'Low to High' in line with our new 'Likelihood' categories. Additionally, estimated losses have increased as the modelling now combines river and flash flooding.<br>Since 2011, we have commissioned periodic flood risk assessments across the portfolio and issued flood management plans to sites at high risk. Since 2007, our (insured) actual annual mean loss is below the modelled value of £1.5m. |

### Long term risks (5-10 years)

| Primary risk driver | Likelihood | Potential financial impact | Explanation and mitigation |
|---|---|---|---|
| **#2 Increasing price of carbon credits** | | | |
| Net zero commitments by global corporates lead to increased demand for carbon credits, resulting in higher and/or volatile credit prices | High | £0.75m for every 100% increase in the price of carbon | British Land has committed to offsetting the embodied carbon of all new developments and major refurbishments. In FY22, when our transition risk modelling was conducted, we estimated this to be c.300,000 $tCO_2e$ by 2030 across the committed and near term development pipeline.<br>Our scenario analysis implied a wide range of outcomes for the price of carbon credits. We have therefore provided an estimate of £0.75m for the financial impact of the annualised additional cost of carbon credits between FY22 and FY30 if the price rises by 100% from our price of £20 per tonne. If we consider our new price of £30 per tonne, a 100% rise in price would increase this annualised additional cost to £1.1m.<br>If we only purchased UK-based carbon credits (estimated at £75 per tonne) this would have been an additional annualised cost of £2.1m compared to our £20 per tonne price.<br>To mitigate this risk, our approach is to pre purchase carbon credits for our developments at the point of commitment. We have now purchased sufficient carbon credits to offset the embodied carbon in 93% of our committed development pipeline. In addition, our internal carbon levy was reviewed this year and would now cover a carbon credit price increase of up to £90 per tonne. |

### Long term risks (5-10 years) continued

| Primary risk driver | Likelihood | Potential financial impact | Explanation and mitigation |
|---|---|---|---|
| **#3 Cost of complying with minimum EPC standards (MEES compliance)** | | | |
| Cost of upgrading assets to comply with the proposed MEES legislation that properties hold a minimum 'B' rating by 2030 | High | £12.5m per year<br>(proportion service charge recoverable) | Proposed Minimum Energy Efficiency Standard (MEES) legislation is expected to require all commercial property to be a minimum EPC A or B by 2030. The estimated retrofit cost for our current portfolio to be MEES compliant is £100m which was confirmed by the environmental audits of our major managed assets in FY22. This implies an annual cost of £12.5m. Assets to be redeveloped through our near and medium term development pipeline are excluded from this.<br>A significant portion of this investment will be recovered through the service charge as part of the normal process of life cycle replacement. We also expect to derive energy efficiency benefits and related cost savings as a result.<br>Our Transition Vehicle (see page 66) was established to help finance the retrofitting of our portfolio, which includes (but goes beyond) proposed MEES requirements. The Transition Vehicle has committed to spend £10m on carbon efficient interventions to date. |

### Post-2050 risks

| Primary risk driver | Likelihood | Potential financial impact | Explanation and mitigation |
|---|---|---|---|
| **#4 Flood risk vulnerability of assets (future climates)** | | | |
| Losses from both river flooding and flash flooding, primarily the cost to repair assets, cost of business interruption and increased insurance costs | Low to High | Mean loss: £2-3.3m<br>(pre-insurance)<br>Losses in a representative bad year: £61.5-93.1m<br>(pre-insurance) | WTW performed climate risk modelling (simulating many thousands of events) based on current and future climate scenarios for our portfolio using the assets' total insured value (by BL % ownership). Mean losses are the average loss of modelled events weighted by the probability of their occurrence. The likelihood for flood risk has increased to 'Low to High' in line with our new risk management categories. The estimated losses have increased as the model is more stringent and now combines river and flash flooding.<br>For the 'representative bad year', lower banding reflects losses in the 2°C (RCP2.6) scenario, and the upper banding reflects losses in the 4°C (RCP8.5) scenario. These are the losses based on low likelihood events for a 'bad' year, which is assumed to be a 1/100 annual likelihood across the simulations, post 2050.<br>Under current market conditions these losses are insured against and would not be suffered by the Group under normal circumstances, although we recognise that in the long term specific assets could face cost increases or difficulty obtaining insurance. |

## Climate-related opportunities

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

### (b) The impact of climate-related risks and opportunities on our business strategy and financial planning.

Physical climate risks (Risks 1, 4) are managed through our key policies on development, operations and acquisitions. Transition risks and opportunities (Risks 2-3, Opportunity 1) are addressed through the delivery of our Pathway to Net Zero, which affects all aspects of our business with key targets noted in the Metrics section (page 84).

In the shorter term, the transition risks will be more material to us through increasing climate-related policy and legislation and enhanced sustainability requirements from investors and customers. Only post-2050 will the climate-related physical risks start to more significantly impact our portfolio.

This work contributes directly to delivering our corporate strategy (see pages 5 and 10-11), and this includes:

| Impact on strategy | Impact on financial planning |
|---|---|
| **Upgrading the standing portfolio (products and services, operations)** | |
| – Environmental audits of our major managed assets completed in FY22<br>– Asset and Campus business plans incorporate the most impactful carbon efficiency interventions<br>– Progress against 2030 energy and carbon targets (see page 66) reviewed quarterly<br>– 2030 energy and carbon targets now included within executive remuneration (see page 130) | – Cost of decarbonisation (per environmental audits) and EPC upgrades (Risk #3) incorporated into asset business plans<br>– Medium term forecasting incorporates initiatives which support our 2030 energy and carbon targets<br>– Development decisions incorporate the environmental impacts of alternative schemes, including refurbishment and redevelopment |
| **Developing sustainable buildings (products and services, revenues, access to capital)** | |
| – Sustainability Brief for our Places[1] sets stretching targets for our standing portfolio and major developments and refurbishments<br>– Adopting NABERS UK for all office schemes<br>– Sustainability Brief for our Places includes climate resilience requirements, including the completion of a flood risk assessment and incorporating sustainable drainage through design | – Sustainable building certifications can support management of our cost of capital by providing access to green finance<br>– Our portfolio of green buildings is reviewed regularly by our Treasury team when considering options to issue green debt and establish ESG-linked revolving credit facilities (see page 41) |
| **Internal price of carbon (value chain, capital expenditures)** | |
| – Internal levy of £60 per tonne of embodied carbon on developments adopted as part of our 2030 Sustainability Strategy, incentivising low carbon development<br>– From 1 April 2024 the internal levy has been increased to £90 per tonne of embodied carbon to better reflect the true price of carbon | – Funding generated by the levy is available to i) pay for the cost of carbon credits to offset residual embodied carbon in developments and ii) finance carbon efficient interventions on the standing portfolio, managed by our Transition Vehicle (see page 66) |
| **ESG criteria assessed as part of acquisitions** | |
| – ESG criteria are integrated into our due diligence procedure for new acquisitions, including flood risk exposure and EPC rating | – British Land would only buy low rated assets if they offered significant redevelopment potential at attractive returns. The cost of delivering a higher rated product is integrated within our appraisals<br>– To manage specific risks like flood, where necessary formal flood risk assessments are funded as part of the acquisition's due diligence |

1. Read our new Sustainability Brief here – britishland.com/sustainability-brief

### Strategy in action

We have been making strong progress against our Pathway to Net Zero and towards our 2030 Sustainability Strategy targets. Some of our highlights so far include:

- 625kg $CO_2e$ per sqm in current office developments, compared to our FY19 baseline of 1,000kg $CO_2e$ per sqm
- 39% reduction in carbon intensity and 18% improvement in energy intensity compared to our FY19 indexed baselines across our managed portfolio
- 58% of our portfolio (by ERV) rated EPC A or B
- £18m investment to date in carbon efficient interventions across 51 of our managed assets
- £10m committed so far by the Transition Vehicle for retrofitting projects and Renewable Gas Guarantees of Origin (RGGOs)

## (c) Resilience of our strategy in the different climate-related scenarios (up to 2030 and post-2050)

### Resilience to up to 2030 scenarios

Physical risk:

In the current climate, based on the VaR analysis completed by Willis Towers Watson (WTW) our portfolio's exposure to high river flood risk (1/100-year flood risk) is limited to 3% of properties (by BL % ownership of total insured value). Any potential losses from flooding at our assets in high river flood risk areas are fully insured against.

We consider resilience to long term flood risk through the requirements of the 'Climate Resilience' section of our Sustainability Brief for our Places. We have started to work on our climate resilience strategy and this year commissioned a pilot study at Regent's Place. This will build on our climate modelling and will set out an adaptation plan for the campus out to 2050. The joining of decarbonisation pathways with adaptation plans is key for achieving resilient places and we plan to roll out this strategy to other campuses.

Transition risk:

Through our Pathway to Net Zero and our 2030 environmental targets we have a clear plan to improve the energy efficiency of our portfolio which will result in the upgrading of EPCs in line with the proposed 2030 MEES threshold.

Our internal carbon levy coupled with our Transition Vehicle provides us with a formal price for carbon and introduces a governance structure which supports our focus on seeking high quality carbon credits while managing cost risk. This year we updated our internal carbon price by 50% to £90 per tonne of embodied carbon to better reflect the true cost of carbon. Additionally, in FY23 we launched a new carbon credit purchasing strategy and so far we have pre purchased carbon credits equivalent to 93% of the embodied carbon in our committed development pipeline.

Transition opportunities:

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

### Resilience to post-2050 scenarios

Physical risk:

In the two post-2050 scenarios assessed by WTW, only river flood risk (1/100-year flood risk) was classified as 'material'. In the 2° scenario (RCP2.6), 3% of our properties are exposed to high river flood risk (by BL % ownership of total insured value). In the 4° scenario (RCP8.5), the high-emissions scenario where no additional action is taken to protect assets or London, exposure to high river flood risk could be up to 7% (by BL % ownership of total insured value). Under current market conditions potential losses from flooding at these assets in high river flood risk areas are insured against and would not be suffered by the Group under normal circumstances, although we recognise that in the long term specific assets could face cost increases or difficulty obtaining insurance.

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

## Risk management

### (a) Identifying and assessing climate-related risks

We have a rigorous process for identifying and assessing climate-related risks as detailed on pages 78 to 81 which is in line with our internal risk management policy. Our risk mapping process (pages 43 to 47) allows us to determine the relative significance of principal risks which includes climate change. For specialist analysis we engage with expert advisors and for climate-related risks Willis Towers Watson (WTW) undertook quantitative scenario analysis. We determine the materiality of potential risks (including climate-related) using the corporate risk thresholds noted on page 79.

Our risk register tracks:

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

As part of our operational process, we maintain asset plans which include provisions for identifying climate-related risks and opportunities, such as flood risk assessments and environmental audits to identify energy-saving opportunities. Our Sustainability Checklist for acquisitions sets out our environmental criteria for acquiring a new asset, including energy efficiency and flood risk categories. Our Sustainability Brief for our Places sets out our environmental criteria for new constructions and renovations, including requirements for energy efficiency, flood risk, materials choice and embodied carbon reductions. In addition to ensure on floor efficiency we have created a sustainable fit out checklist to ensure that any fit outs are inline with the building's decarbonisation strategy.

The Sustainability Committee, chaired by the Chief Operating Officer, is a key forum for discussing climate-related risks and opportunities at the operational level. Additionally, for energy and emissions savings opportunities identified at asset level, staff can directly submit an internal application for funding from the Transition Vehicle (see page 66). We regularly conduct materiality assessments of the most material ESG issues to our business. In FY23 we worked with JLL to conduct a double materiality assessment of the most material ESG issues to our business and stakeholders[2].

2. Read about our FY23 materiality review here – britishland.com/materiality

### (b) Managing climate-related risks

We consider climate change within our principal risk 'Environmental and Social Sustainability' and so it is managed in line with our internal risk management process (pages 43 to 47). This section outlines our process for mitigating, accepting and controlling principal risks, including climate-related risks. We prioritise principal risks through our corporate risk register and risk heat map.

The impact-likelihood rating is our primary metric for prioritising risks. As a principal risk category, climate change risks are logged in our corporate risk register with key changes reviewed quarterly by the Risk Committee. The Board is ultimately responsible for and determines the nature and extent of principal risks. The external aspects of climate-related risks are incorporated within our 'Major Event/Business Disruption' and 'Political, Legal and Regulatory' principal risks.

#### Risk management in action

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

## Metrics and targets

To enable our shareholders to make informed decisions we set a broad range of environmental targets and detail progress against them alongside a comprehensive set of climate and energy performance data in our Sustainability Progress Report[1].

Our key targets are set out below:

| Embodied carbon |
|---|
| 50% lower embodied carbon intensity at our offices developments to below 500kg $CO_2e$ per sqm from 2030 |
| 100% of developments' residual embodied carbon emissions offset |
| **Operational carbon** |
| 75% reduction in operational carbon intensity of standing assets by 2030 vs 2019 |
| 25% improvement in whole building energy efficiency of standing assets by 2030 vs 2019 |

We align to externally recognised frameworks including the Sustainability Accounting Standards Board (SASB), the European Public Real Estate Association (EPRA) Best Practices Recommendations on Sustainability Reporting and with reference to the Global Reporting Initiative (GRI). These disclosures align with the Section E recommended disclosures for Materials and Buildings Group companies.

We also participate in international indices including CDP[2], Global Real Estate Sustainability Benchmark (GRESB) and FTSE4Good and performance is disclosed on page 75 as well as in our Sustainability Progress Report.

1. Our Sustainability Progress Report can be found here – britishland.com/data
2. Our CDP response is available at britishland.com/cdp2023

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

### Climate-related risks (KRIs)

| | | | 2024 | 2023 | 2022 |
|---|---|---|---|---|---|
| **Policy and legal**[1] | Risk #3 | EPCs rated A (by ERV) | **8** | 3 | 2 |
| | | EPCs rated B (by ERV) | **50** | 42 | 34 |
| | | EPCs rated C (by ERV) | **23** | 30 | 34 |
| | | EPCs rated D (by ERV) | **12** | 17 | 20 |
| | | EPCs rated E (by ERV) | **5** | 6 | 7 |
| | | EPCs rated F (by ERV) | **1** | 1 | 1 |
| | | EPCs rated G (by ERV) | **1** | 1 | 2 |
| **Extreme weather** | Risks #1 and #4 | Percentage of portfolio located in 100-year flood zones (by British Land % ownership of total insured value) | **3%** | 4% | 3% |
| | | Assets in high flood risk areas with flood management plans (by British Land % ownership of total insured value) | **100%**[2] | 100%[2] | 99% |

1. EPC data includes retail assets located in Scotland
2. The 2024 and 2023 values only include occupied British Land managed properties

### Climate-related opportunities (targets and KPIs)

| | | | 2024 | 2023 | 2022 |
|---|---|---|---|---|---|
| **Resource efficiency** | Risk #2 | 50% improvement in embodied carbon intensity of major office developments completed from April 2020 (kg $CO_2e$ per sqm) | **625** | 608 | 632 |
| | Opportunity #1 | 75% improvement in whole building carbon intensity of the managed portfolio by 2030 vs 2019 (Offices) | **45%** | 40% | 35% |
| | | 25% improvement in whole building energy intensity of the managed portfolio by 2030 vs 2019 (Offices) | **24%** | 22% | 26% |
| **Energy sources** | Opportunity #1 | Electricity purchased from renewable sources (%) | **94%** | 88% | 93% |
| | | On site renewable energy generation (MWh) | **1,772** | 2,043 | 1,731 |
| **Products and services** | Opportunity #1 | Standing portfolio with green building ratings (% by floor area) | **48%** | 48% | 44% |
| | | Developments on track for BREEAM Excellent or higher (% by floor area, offices) | **98%** | 98% | 97% |
| | | Percentage of gross rental income from BREEAM certified assets (managed portfolio) | **62%** | 65% | 64% |
| | Risk #2 | Internal price of carbon (£ per tonne) | **£60**[3] | £60 | £60 |

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

3. Internal price of carbon will increase to £90 per tonne for projects committed in FY25 onwards

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

Our greenhouse gas (GHG) emissions and associated energy consumption data are available in the Streamlined Energy and Carbon Reporting (SECR) section of this Report, pages 86 to 87. All our GHG emissions data is subject to 'limited assurance' verification by DNV[4].

4. Details about our reporting methodology and DNV's assurance statement can be found in our Sustainability Progress Report – britishland.com/data

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

Our full set of sustainability targets, including our science-based targets, are detailed in our 2024 Sustainability Progress Report. Our headline climate-related targets are listed above in the Opportunities table within the 'Resource efficiency' section.

# GREENHOUSE GAS REPORTING

## FY24 in review

### Context

This year we have made further good progress against our greenhouse gas targets. We have now achieved a 39% reduction in operational carbon intensity and an 18% improvement in operational energy intensity across our managed portfolio compared to our FY19 indexed baselines[1]. This continued progress even with increased occupancy rates and building utilisation reflects the positive impact of our carbon efficient interventions.

For the first time, we are reporting performance including retail occupier-procured energy across our Retail Parks and Shopping Centres portfolio. The addition of this dataset represents a positive step towards measuring and reporting our operational Carbon and Energy intensities on a whole building basis linked with our 2030 strategy. This dataset represented an additional 205MkWh of energy consumption last year, where we have no control over procurement decisions or usage patterns. This reinforces the need to continue building strong relationships with our stakeholders and customers to achieve our Sustainability Strategy something we have again focused on through FY24.

### Funding the low carbon transition

Our innovative Transition Vehicle is funded by our internal carbon levy and our £5m annual float. In FY24 we increased our levy by 50% from £60 to £90 per tonne of carbon to better reflect the true cost of carbon.

The Transition Vehicle's current balance is £18.4m and so far, £10m has been committed to carbon efficient interventions and Renewable Gas Guarantees of Origin (RGGO). These projects combined are estimated to save c.1,750 $tCO_2e$ and c.£1.5m annually.

In FY24, the Transition Vehicle funded the installation of a new air source heat pump at York House which is predicted to reduce the building energy consumption by c.19% and reduce carbon emissions by c.129 tonnes annually compared to the previous system.

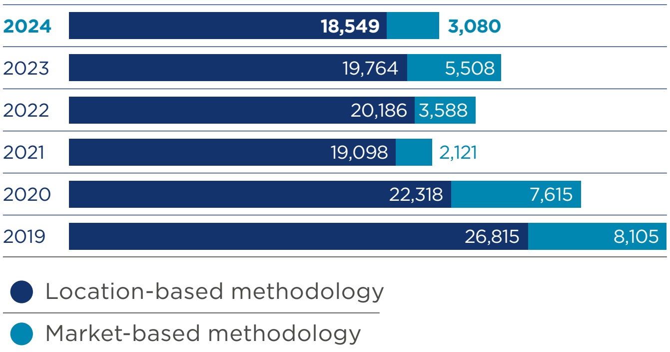
### Operational performance

British Land continues to operate its energy management system, which includes formal ISO 50001 accreditation at commercial offices continuing with our implementation program to deliver energy and carbon efficiency interventions across the portfolio and by investing in onsite and offsite renewable energy sources. Through our development pipeline, we are designing a path to best practice operational efficiency with our 1 Broadgate development on track to reduce energy intensity to one-sixth of the previous building's.

### RE100 and procuring renewable energy

British Land has been a signatory to RE100 since 2016, which commits us to procuring 100% renewable energy. This year, 90% of landlord procured energy was from renewable sources. Our proportion of renewable gas was 77% this year, whilst renewable electricity was 94%.

## Absolute emissions Scope 1 and 2 (tonnes)




For full details on our reporting criteria and the calculation of our Scope 1 and 2 emissions, please see the methodology in our Sustainability Progress Report 2024 at britishland.com/data.

## Greenhouse gas emissions – intensity

| Year ended 31 March | | **2024** | 2023 | 2022 |
|---|---|---|---|---|
| **Total portfolio** | $tCO_2e$ per sqm (including Retail occupier data) | **0.041** | nr | nr |
| **Total portfolio** | $tCO_2e$ per sqm (excluding Retail occupier data) | **0.035** | nr | nr |
| **Offices** | $tCO_2e$ per sqm | **0.062** | 0.068 | 0.074 |
| **Shopping centres** | $tCO_2e$ per common parts sqm | **0.029** | 0.026 | 0.031 |
| **Retail parks**[2] | $tCO_2e$ per carpark spaces sqm | **0.003** | 0.004 | 0.004 |
| **Total portfolio** | $tCO_2e$ per gross rental income (£m)[3] | **32.49** | 34.43 | 36.63 |

1. Further details about this methodology can be found in our Sustainability Progress Report – britishland.com/data
2. Common parts only
3. This intensity only incorporates Scope 1 and 2 emissions

## Scope 1 and 2 emissions and associated energy use

| Year ended 31 March | | Tonnes $CO_2e$ 2024 | 2023 | 2022 | MWh 2024 | 2023 | 2022 |
|---|---|---|---|---|---|---|---|
| Scope 1 (fuel combustion): | | **5,796** | 6,902 | 6,595 | **32,222** | 37,561 | 36,368 |
| Scope 1 (refrigerant loss): | | **126** | 1,123 | 744 | **–** | – | – |
| Scope 2 (purchased electricity): | Location-based | **12,627** | 11,739 | 12,847 | **62,806** | 62,733 | 60,506 |
| | Market-based | **1,555** | 3,686 | 1,665 | **–** | – | – |
| **Total Scope 1 and 2 emissions and associated energy use** | Location-based | **18,549** | 19,764 | 20,186 | **95,028** | 100,294 | 96,874 |
| | Market-based | **3,080** | 5,508 | 3,588 | **–** | – | – |
| **Proportion of Scope 1 and 2 emissions assured by an independent third party** | | **100%** | 100% | 100% | **100%** | 100% | 100% |
| **Proportion that is UK-based** | | **100%** | 100% | 100% | **100%** | 100% | 100% |

## Scope 3 emissions

| Year ended 31 March | | Tonnes $CO_2e$ 2024 | 2023 | 2022 |
|---|---|---|---|---|
| Purchased goods and services | | **15,533** | 15,698 | 15,762 |
| Capital goods | | **25,546** | –[1] | 20,565 |
| Fuel and energy related activities (upstream) | | **5,428** | 5,597 | 5,991 |
| Waste generated in operations | | **291** | 211 | 243 |
| Business travel | | **221** | 236 | 41 |
| Employee commuting and working from home | | **249** | 250 | 248 |
| Downstream leased assets | Location-based | **84,184** | 107,725 | 113,691 |
| Proportion of Scope 3 emissions assured by a third party | | **100%** | 100% | 100% |
| Total Scope 1-3 emissions | Location-based | **150,000** | 149,481 | 176,728 |

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

## Accounting treatment of biogas

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

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

| Biogas | UK factor (kg $CO_2e$ per kWh) | 2024 total (tonnes $CO_2e$) | 2023 total (tonnes $CO_2e$) |
|---|---|---|---|
| Net emissions (excl $CO_2$) | 0.00022 | 8 | 8 |
| Combustion emissions (incl $CO_2$) | 0.19902 | 7,089 | 7,238 |

## Our methodology

We have reported on all greenhouse gas (GHG) emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ('the 2018 Regulations'). These sources fall within our consolidated financial statements and relate to head office activities and controlled emissions from our standing portfolio.

- Scope 1 and 2 emissions cover 91% of our standing portfolio by value. We have used purchased energy consumption data, the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and emission factors from the UK Department for Business, Energy & Industrial Strategy's (BEIS) 2023 guidelines
- Omissions and estimations: for landlord procured utilities, where asset energy and water data were partially unavailable, we used data from adjacent or equivalent periods to estimate this missing data. In FY24, this accounts for <1% of total reported energy consumption and <2% of total reported water consumption
- Gross Rental Income (GRI) from the managed portfolio comprises Group GRI of £308m (FY23: £331m), plus 100% of the GRI generated by joint ventures and funds of £379m (FY23: £364m), less GRI generated assets outside the managed portfolio of £116m (FY23: £121m)
- For full details on our reporting criteria and the calculation of Scope 3 value chain emissions, please see the methodology in our 2024 Sustainability Progress Report at britishland.com/data
- For details of our greenhouse gas emissions boundaries, please see the Pathway to Net Zero at britishland.com/pathway-to-net-zero

# NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

| Non-financial area/ Description of business model | Risk areas[1] | Policies | Purpose and scope | Operation and outcome |
|---|---|---|---|---|
| **Financial crime**<br>We operate a zero-tolerance approach to bribery, corruption and fraud. More information is available in the Audit Committee Report on pages 116 to 124. | 11 | Anti-Bribery and Corruption Policy | – Details the expected conduct of all British Land staff with respect to relationships with suppliers, agents, public officials and charitable and political organisations<br>– Outlines staff responsibilities regarding the reporting of any breaches and details consequences of breaches for staff and the Group as a whole<br>– Provides for staff training and communication around the policy as well as monitoring and review by management | These robust policies around financial crime compliance reflect our zero-tolerance approach to such activity both in and around the business; they have been drafted to provide for education and monitoring in addition to deterrence and prevention. The policies are accessible by all employees via the intranet and mandatory training is required for all staff in relation to them. Our whistleblowing service can be accessed by all employees should they prefer to raise a concern anonymously instead of with their line manager. This is an independent and confidential telephone service and web portal. British Land carries out due diligence on counterparties to comply with legislation on money laundering and to enable it to consider how a transaction with the counterparty may reflect on British Land's reputation. We also screen and monitor on an ongoing basis our occupiers and suppliers for adverse media which might indicate a fraud and or bribery/corruption risk. This is taken into account when decided whether we engage or renew with an occupier or supplier.<br>*The HR Director, General Counsel and Company Secretary has overall responsibility for all four policies which are regularly reviewed and approved by the Audit Committee. Any matters raised under these policies are subject to investigation by the Company.* |
| | | Anti-Fraud Policy | – Provides for fraud prevention training for all British Land staff and requires staff participation in any fraud risk assessments undertaken by the Group where relevant<br>– Outlines protocol for the reporting of suspected fraud with reference to the Group's Whistleblowing Policy | |
| | | Whistleblowing Policy | – Provides contact details for the Group's third party whistleblowing service<br>– Outlines the types of concerns that can be reported to the whistleblowing service<br>– Details safeguarding measures in place for staff and outlines how the Group will respond in cases of whistleblowing | |
| | | Anti-Money Laundering Policy | – Lists 'red flags' detailing the kind of suspicious activity that may indicate an attempt to launder money<br>– Details monitoring and review procedures under the policy | |
| **Environmental matters**<br>Our long term commitment to sustainability and minimising our environmental impact is one of British Land's key differentiators. As occupiers focus on minimising their carbon footprint, our ability to deliver more sustainable space is a key advantage. See pages 64 to 67 and 76 to 87 for our climate-related financial disclosures. | 4, 6, 8 | Sustainability Policy | – Provides for sustainable decisions to be our 'business as usual' approach<br>– Outlines our 2030 Sustainability Strategy: our goal of making our whole portfolio net zero carbon as well as growing social value and wellbeing in the communities in which we operate | Our Sustainability Policy and Brief were comprehensively updated in 2020. Our overall commitment is to take decisions which are environmentally and socially sound and make financial sense. Our internal carbon levy is reviewed annually to ensure that the environmental impact of our developments is costed into their budgets. As a result of our review in FY24 our internal carbon levy has been increased to £90 per tonne of embodied carbon, this will be applied to developments committed after 1st April 2024. We participate in key ESG indices to demonstrate our progress and we publish social and environmental performance data annually.<br>*Our Head of Developments has overall responsibility for our Sustainability Brief, and our Chief Operating Officer has overall responsibility for our Sustainability Policy.* |
| | | Sustainability Brief | – Aligns with our 2030 Sustainability Strategy<br>– Gives effect to our Sustainability Policy<br>– Sets out our sustainability ambitions and the KPIs and standards required to achieve them | |
| **Employees**<br>British Land requires our employees to act in ways that promote fairness, inclusion and respect in their dealings with colleagues, customers, suppliers and business partners. | 9 | Employee Code of Conduct | – Sets out minimum standards required of all employees in all their dealings in and on behalf of the Group<br>– Gives effect to our core values of bring your whole self; listen and understand; be smarter together; build for the future; and deliver at pace<br>– Comprises a number of separate policies including but not limited to our Equal Opportunities Policy; our Disabled Workers Policy; our Gender Identity and Transgender Policy; and our Bereavement, Compassionate and Emergency Leave Policy | British Land remains deeply committed to creating an environment of fairness, inclusion and respect. Our corporate values underpin our commitment to equality, diversity and integrity.<br>We recognise our workforce needs to reflect the communities we serve in order to create spaces that are welcoming to all, and our working practices and employment policies are underpinned by our DE&I Strategy.<br>*The HR Director, General Counsel and Company Secretary has overall responsibility for our employment policies.* |

| Non-financial area/ Description of business model | Risk areas[1] | Policies | Purpose and scope | Operation and outcome |
|---|---|---|---|---|
| **Social matters** British Land has long recognised that a commitment to good social practices is essential to the way we operate; as occupiers increasingly consider the contribution they make to society, our ability to support them is an advantage. See pages 68 to 71. | 6, 8, 9 | Sustainability Policy | See above | We place great importance on the way we work with communities, suppliers and partners. We believe that communication is key in ensuring we meet our social obligations, and by listening to the needs and concerns of our staff and communities we are better able to provide an environment that is safe, inclusive and welcoming.<br>*Our Chief Operating Officer has overall responsibility for our Local Charter; our Head of Procurement has overall responsibility for our Supplier Code of Conduct; and our Head of Developments has overall responsibility for our Health and Safety Policy. All health and safety reports are provided to the Risk Committee. These executives report to the ESG Committee for their area of responsibility.* |
| | | Sustainability Brief | See above | |
| | | Local Charter | – Outlines three key focus areas where we are active in local communities: connection with local communities; supporting educational initiatives for local people; supporting local training and jobs; and providing affordable space | |
| | | Supplier Code of Conduct | – Outlines standards required of our suppliers in a number of areas, including but not limited to health and safety; working hours; responsible sourcing; community engagement; and environmental impact<br>– Details our zero-tolerance approach to: child labour; forced labour; discrimination; and bribery, fraud and corruption<br>– Provides for monitoring, corrective action and reporting under the policy. Work practice audits are carried out on our high-risk suppliers | |
| | | Health and Safety Policy | – Details how British Land will meet the requirements of the Health and Safety at Work Act 1974<br>– Provides for necessary training around display screen equipment and manual handling<br>– Outlines how health and safety matters are managed for staff, colleagues, service providers and others affected by the Company's undertakings | |
| **Human rights** British Land recognises the importance of respecting human rights and has been a signatory to the UN Global Compact since 2009. We are committed to the responsible management of social, ethical and environmental issues across our supply chain. For further information about our activities in this area, see our Sustainability Progress Report at britishland.com/data | 9, 11 | Supplier Code of Conduct | See above | British Land operates a zero-tolerance approach to human rights infringements by any of our suppliers, occupiers or partners. We carry out due diligence on all parties that we work with and require our suppliers to demonstrate the same commitment to the prevention of human rights abuses in their operations. Our Slavery and Human Trafficking Statement can be found on our website and is reviewed and updated annually (britishland.com/modern-slavery-act) |
| | | Slavery and Human Trafficking Statement | – Indicates higher risk areas, including the procurement of specific materials and fair treatment of workers on construction sites<br>– Outlines strategy for reduction of risk in our supply chains with regard to social, environmental and ethical issues<br>– Our anti-modern slavery training is mandatory for all directly employed staff | |

1. Linkages to our principal risks can be found on pages 48 to 58

The Strategic Report was approved by the Board on 21 May 2024 and signed on its behalf by:

**Simon Carter**
Chief Executive

**3 Sheldon Square**
Paddington Central

**Aldgate Place**

# CORPORATE GOVERNANCE


REACHING
NEW
HEIGHTS
ALDGATE PLACE

# 2024 CORPORATE GOVERNANCE REPORT

**Tim Score**
Non-Executive Chair

This year marks my last as Chair of the Board. I will step down as Chair at the conclusion of the 2024 AGM and be succeeded by William Rucker.

The Board that I leave behind is very different from when I became Chair five years ago. In diversity terms, at the conclusion of the 2024 AGM, the Board will be 50% female, compared with 30% at the conclusion of the 2019 AGM as well as already exceeding the recommendations from the Parker Review.

In the past five years, the Board has welcomed a new CEO and CFO, who have reshaped the strategy and operational efficiency of the Company. Together we have weathered the impacts of Covid-19 and higher interest rates on the property sector as a whole and more recently, applied laser focus to preparing the business to take advantage of a more favourable macroeconomic environment.

I am very proud to have served as Chair of British Land and am pleased to hand over to someone of William's calibre and experience to steer the business through its next chapter. I am confident he will provide the Board with strong and effective leadership and will be a great support to Simon and the executive team.

## Governance review

The primary focus of the Board during the year has been to support and challenge management on the effective delivery of strategy amidst a difficult market backdrop, whilst working collectively on positioning the Company towards a more positive macroeconomic outlook. Our efforts are guided as ever, by our purpose: Places People Prefer; and our deep rooted approach to stakeholder engagement.

From a governance perspective, there have been three main focuses of the Board during the year:

- succession planning;
- strategic delivery and formulation; and
- Board effectiveness evaluation.

## Succession planning

The Board has worked closely with the Nomination Committee during the year on a series of Board appointments to strengthen and build upon its existing skillset. At the conclusion of the 2024 AGM Laura Wade-Gery will step down as Non-Executive Director and Chair of the Remuneration Committee having been a member of the Board for nine years.

Laura has provided valuable insight to the Board and has led the Remuneration Committee through a review of the Remuneration Policy in 2022. Laura's contribution to British Land will be missed and we all wish her well in her future endeavours.

Lynn Gladden has also been a Non-Executive Director for nine years as at the date of this Annual Report. Given Lynn's significant expertise within the field of science and technology and her role as Chair of our Innovation Advisory Council, the Board is pleased to extend Lynn's tenure on the Board for one year. Notwithstanding her tenure exceeding nine years, the Board is satisfied that Lynn remains independent. A full description of the Company's departure from the code in this instance is provided on page 102.

## Board appointments

There have been three Non-Executive Director appointments during the year. A description of the process that was undertaken in making these appointments is detailed on page 111 of the Nomination Committee report.

**Amanda Mackenzie** joined the Board in September 2023. Amanda brings a wealth of marketing expertise alongside a proven track record in sustainability and corporate responsibility which will complement the existing capabilities of the Board as the Company progresses its ambitious corporate and sustainability strategy. Amanda, who is currently a member of the Lloyds Banking Group plc Remuneration Committee, joined the British Land Remuneration Committee upon appointment and will be appointed Chair of the Committee in July 2024 when Laura Wade-Gery steps down from the Board.

**Mary Ricks** was appointed to the Board in October 2023. Mary is a highly experienced real estate professional who brings over 35 years' experience of the UK, European and US property markets. Her depth of real estate expertise across a variety of markets will provide valuable insight as we continue to execute our value-add strategy.

**Amanda James'** appointment to the Board was approved in March 2024 and will be effective from 1 July 2024. Amanda will bring substantial retail and finance experience from her long and distinguished career at Next plc, where she is currently CFO, having held various leadership roles there over 28 years. I look forward to welcoming her to the Board in July.

## Strategic delivery and formulation

A key event in the Board calendar is the strategic offsite which considers the current strategy of the business, its effectiveness and developments required, taking into account the Company's operating model and market backdrop. The Board and Executive Committee meet over two days with presentations from external advisors and internal subject matter experts.

During the 2024 strategy offsite, the Board and Executive Committee reviewed the strategic priorities of the business over the short to medium term, the preparedness of British Land to benefit from a more positive macroeconomic environment and the long term success of the Group. The conclusion was that British Land is in a good position to realise growth potential and is equipped with the right leadership team to do so. A full strategic overview and a description of our operating model is contained within the Strategic Report on page 11.

## Board evaluation

As required by the UK Corporate Governance Code, the Board's effectiveness review was facilitated externally during the year by the Board advisory business, No.4, which has no other connection with British Land or its Directors.

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

### Progress against the 2023 internal evaluation

| Action | Outcome |
|---|---|
| **Executive succession deep dive** | – Full Executive Committee succession planning deep dive held in January 2024, including their direct reports and other key roles<br>– Diversity of pipeline reviewed and management action plans agreed |
| **Board training** | – Fifth Wall provided a deep dive into AI and its potential application in the Real Estate industry at the annual strategy offsite |
| **Industry competitors and the real estate market** | – Competitor analysis is integrated into appropriate Board papers and strategy reviews<br>– The CEO letter that is included in each set of Board papers includes commentary on peers and the wider real estate market as appropriate |
| **2024 UK Corporate Governance Code** | – A readiness plan was presented to the Audit Committee and Board in response to the FRC's consultation paper on the UK Corporate Governance Code |

### Process of the 2024 external evaluation

**Stage 1**
**December 2023**
No.4 met with the Chair to discuss the scope and focus of the evaluation

**Stage 2**
**January 2024**
No.4 attended a Board meeting and held individual interviews with each Director, the Company Secretary, Head of Secretariat, Head of Investments, Head of Real Estate and external strategic advisers

**Stage 3**
**February/March 2024**
No.4 attended a further Board meeting and Committee meetings, including the strategy offsite

**Stage 4**
**March 2024**
Draft report from No.4 discussed with the Chair prior to finalisation and presentation to the whole Board

The evaluation found that the Board and its Committees operate very effectively. The management team is held in high regard by the Board who have high levels of mutual respect for each other. All Board members are able to express their views and there is space provided for them to do so by a well-respected Chair.

No.4 considered the diversity and composition of the Board as part of succession planning considerations. The evaluation concluded that the Board comprised a strong mix of individuals which is conducive to excellent strategic thinking and decision making. Maintaining diversity of thought on the Board should continue to be a focus of the Nomination Committee.

Key areas of future focus for the Board are: transitioning to the new Chair; embedding new Non-Executive Directors; shaping the Board for the future; and Board and executive succession planning.

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

I hope you find this Report useful in understanding the operation of the Board and its Committees during the year. I'd like to take this opportunity to thank my colleagues on the Board, executive team and wider business for their contributions over the 10 years that I have been a Board member.

**Tim Score**
Non-Executive Chair


Canada Water

## Board activity

In addition to standing items such as the Management Report, General Counsel and Company Secretary Report and Committee updates, the following matters were among material items discussed during the year:

| | |
|---|---|
| **May 2023** | – Reappointment of Tim Score as Chair until the conclusion of the 2024 AGM<br>– Approval of the 31 March 2023 Annual Report and Accounts and Preliminary Announcement, including full year risk disclosures<br>– Approval of the FY23 Final Dividend<br>– Approval of principal risk assessment and risk appetite |
| **July 2023** | – Canada Water performance update<br>– Technology strategy review |
| **September 2023** | – Approval of the disposal of portfolio of data centres for £125m<br>– Value creation strategy review<br>– Approval of debt facilities<br>– Governance reporting update<br>– Appointment of Amanda Mackenzie as a Non-Executive Director with effect from 1 September |
| **November 2023** | – London office occupational update from CBRE<br>– Approval of the FY24 Interim Results & Dividend<br>– NED and Executive Committee mentoring update<br>– Appointment of Mary Ricks as a Non-Executive Director with effect from 1 November |
| **January 2024** | – Approval in principle of a JV with Royal London Asset Management Limited in respect of 1 Triton Square<br>– Employee engagement survey results analysis<br>– Review of workforce diversity and succession plans |
| **March 2024** | – Appointment of Amanda James as a Non-Executive Director with effect from 1 July 2024<br>– Appointment of William Rucker as Chair Designate, with the appointment as Chair to take effect from the conclusion of the 2024 AGM<br>– Approval in principle for the build contract and pre-let of 2 Finsbury Avenue, subject to the finalisation of terms (which occurred in April 2024). |

## AGM

Our AGM will once again be held at Storey Club, 100 Liverpool Street at 11:30am on Tuesday 9 July 2024. Last year, we were delighted that a slightly later start time enabled many more shareholders to attend. We will continue to host the event as an in-person meeting only, without virtual connectivity given the extremely low levels of virtual attendance. Full details can be found within the Notice of Meeting.

## Stakeholder engagement and principal Board decisions

The nature of our business, from investing in and developing properties to managing and curating our spaces, means we have a continuous dialogue with a wide group of stakeholders and consider our environmental and social impacts in all that we do. This approach is embedded in our culture, is central to our purpose and flows through all levels of the organisation. Our formal section 172 Statement is within the Strategic Report on page 12 and our Workforce Engagement Statement is incorporated within the report of the ESG Committee on page 107.

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

**Stakeholder engagement**
Bottom-up stakeholder engagement assessing the needs of each relevant stakeholder group

**Management action**
Executive-level scrutiny and challenge over management proposal with consequential refinements of the idea

**Proposal and checklist**
Checklist appended to each decision paper detailing the impact on every s.172 stakeholder group

**Board meeting and decision**
The Board ultimately makes a decision based on shareholder benefit, whilst taking into account the impact on all stakeholders

## PRINCIPAL BOARD DECISIONS

The following principal decision shows how engagement with the Company's stakeholders and the other elements of s.172 impact major decisions taken by the Board.

### 2 Finsbury Avenue capital commitment

In March 2024, the Board approved in principle the Company's share of the capital commitment required for the Broadgate joint venture to enter into the main build contract and agreement for lease at 2 Finsbury Avenue.

The decision, in April 2024, to commit to the development was the culmination of several years of work across the business and with GIC, our joint venture partner. The following describes the principal components of s.172 that were considered in reaching a decision.

#### Reducing our impact on the environment

The Investment Committee first reviewed the design proposals in 2021 and challenged the development team on two successive occasions to reduce the embodied carbon levels of the building, before it progressed to the latter stages of design. The design improvements made as a result of this challenge mean that 2 Finsbury Avenue will create a new benchmark for highly sustainable workspace in central London with expected BREEAM Outstanding, WELL Platinum, EPC A and NABERS 5-star ratings. The design improvements have also been embedded into the British Land design process for all future office developments.

#### Suppliers and customers

The build contract secures a multi-year commitment for Sir Robert McAlpine, our development partner that has worked across the Broadgate development since 2016. More broadly, it also secures work for a large range of suppliers and sub-contractors all of whom are integral to delivering a building of the scale of 2 Finsbury Avenue. The Board carefully considered the impact of the timing of this development and the impact that any delay would have on our development partner and supply chain partners.

Simultaneously, when signing the build contract, the joint venture entered into an Agreement for Lease with Citadel Securities in respect of 252,000 sq ft with an option to acquire an additional 130,000 sq ft. The Board considered the impact on the customer of not delivering the space in the timescale that had been subject to intense discussion over a long period of time with Citadel.

#### A view to the future

The Board considered the availability of super prime office space when 2 Finsbury Avenue is due to complete in 2027. It is projected that super prime space will be very undersupplied in 2027, which drives the opportunity to capture even greater rental growth.

The Board considered the impact of deploying a material amount of capital into an office development up to 50% pre-let against the context of future capital commitments and investor sentiment in respect of offices. The Board regarded the high quality of the building, record rental levels secured within the agreement for lease and future growth prospects as compelling reasons to proceed.

#### First-class developer

2 Finsbury Avenue will stand as the flagship asset at the Broadgate campus and represent the very best office space available in the City of London when it completes in 2027, supporting British Land's reputation as a first-class office developer.

**2 Finsbury Avenue**
CGI

## KEY INVESTOR RELATIONS ACTIVITIES DURING THE YEAR

### May 2023
- Full year results presentation
- Full year results roadshow
- Kempen Real Estate Conference (Amsterdam)

### June 2023
- EPRA Corporate Access Conference (London)
- Morgan Stanley European Real Estate Capital Markets (London)
- Private client roadshow (London)
- Chair investor meetings (London and virtual)
- EPRA virtual Asia roadshow

### July 2023
- AGM
- Morgan Stanley virtual US roadshow
- Private client roadshow (London)
- Bank of America roadshow (Paris)

### September 2023
- EPRA London Conference
- Société General Real Estate Conference (London)
- Goldman Sachs European Real Estate Equity and Debt Conference
- Retail investor day (Orpington)

### November 2023
- Half year results presentation
- Half year results roadshow
- JP Morgan UK Leaders Conference (London)
- Goldman Sach Carbonomics Conference (London)
- UBS GRE Conference (London)

### December 2023
- Investor dinner (London)

### January 2024
- Barclays European Real Estate Equity and Credit Conference (London)
- Analyst and investor social (London)

### February 2024
- Life sciences investor day (London)
- Private client broker roadshow (London)

### March 2024
- Citi Global Property Conference (Miami)
- Kempen Property Conference (New York)
- Berenberg UK Corporate Conference (London)
- Bank of America EMEA Real Estate CEO Conference (London)


**135 Bishopsgate**
Broadgate

# GOVERNANCE AT A GLANCE

## Board Attendance

| Director | Meeting attendance |
|---|---|
| Tim Score | 6/6 |
| Simon Carter | 6/6 |
| Bhavesh Mistry | 6/6 |
| Preben Prebensen | 6/6 |
| Mark Aedy | 6/6 |
| Lynn Gladden | 6/6 |
| Irvinder Goodhew | 6/6 |
| Alastair Hughes* | 5/6 |
| Laura Wade-Gery | 6/6 |
| Loraine Woodhouse | 6/6 |
| Amanda Mackenzie | 4/4 |
| Mary Ricks | 3/3 |

* Alastair Hughes was unable to attend the March 2024 Board meeting due to illness.

The Board continues to demonstrate individual and collective commitment to British Land by devoting sufficient time to discharge its duties and each year the Directors are asked to report their time spent on non-British Land commitments. In addition to formal meetings, the Board met collectively with management in February for the annual strategy offsite as well as for informal networking events throughout the year.

## Division of Responsibilities

There is a clear written division of responsibilities between the Chair (who is responsible for the leadership and effectiveness of the Board), Chief Executive (who is responsible for managing the Company) and Senior Independent Director (SID) which has been agreed by the Board and is available to view on our website britishland.com/committees.

### Chair

When running Board meetings, the Chair maintains a collaborative atmosphere and ensures that all Directors have the opportunity to contribute to the debate. The Directors are able to voice their opinions in a calm and respectful environment, allowing coherent discussion. The Chair also arranges informal meetings and events throughout the year to help build constructive relationships between Board members and the senior management team. The Chair meets with individual Directors outside formal Board meetings to allow for open, two-way discussion about the effectiveness of the Board, its Committees and its members. The Chair is therefore able to remain mindful of the views of the individual Directors.

### Chief Executive

The Chief Executive is responsible for executing the Company's strategy, promoting our culture and sharing key stakeholder views with the Board.

### SID

The SID provides a sounding board to the Chair, as well as being available to shareholders and other Non-Executive Directors should they have any concerns.

## Operation of the Board

Regular Board and Committee meetings are scheduled throughout the year. Ad hoc meetings may be held at short notice when Board-level decisions of a time-critical nature need to be made, or for exceptional business.

Care is taken to ensure that information is circulated in good time before Board and Committee meetings and that papers are presented clearly and with the appropriate level of detail to assist the Board in discharging its duties. The Secretariat assists the Board and Committee Chairs in agreeing agendas in sufficient time before meetings to allow for input from key stakeholders and senior executives. Chairs of Committees are also sent draft papers in advance of circulation to Committee members to give time for their input.

Papers for scheduled meetings are circulated one week prior to meetings and clearly marked as being 'For Decision', 'For Information' or 'For Discussion'. To enhance the delivery of Board and Committee papers, the Board uses a Board portal and tablets which provide a secure and efficient process for meeting pack distribution.

Under the direction of the Chair, the HR Director, General Counsel and Company Secretary facilitates effective information flows between the Board and its Committees, and between senior management and Non-Executive Directors.

### Governance framework

**Board**

| Board of directors | Audit Committee | Environmental Social Governance Committee | Remuneration Committee | Nomination Committee |
|---|---|---|---|---|

**Executive**

| Executive Membership<br>Led by the Chief Executive, the Executive Committee ensures delivery of the Company's strategy. | Executive Committee | Investment Committee | Risk Committee | Sustainability Committee |
|---|---|---|---|---|

**Management**

| Management Membership<br>comprises key personnel from across the business in the relevant subject area. The Committees are involved in the granular day-to-day tasks within their remit. | Social Impact Committee | Transition Vehicle Committee | Health and Safety Committee |
|---|---|---|---|

→ FURTHER INFORMATION ABOUT THE DIFFERENT COMMITTEES CAN BE FOUND HERE BRITISHLAND.COM/COMMITTEES

## BOARD OF DIRECTORS

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

N

### Tim Score
Non-Executive Chair

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

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

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

### Simon Carter
Chief Executive Officer

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

**Appointment**
Appointed to the Board in July 2021.

### Bhavesh Mistry
Chief Financial Officer

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

**Board Committee membership key**

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

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

A N R

## Preben Prebensen
Senior Independent Non-Executive Director

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

He is currently the Non-Executive Chairman of Enra Specialist Finance, Non-Executive Chairman of Riverstone International and Non-Executive Chairman of Dale Holdings Limited, having previously been Chief Executive of Close Brothers Group plc from 2009 to 2020.

Preben was formerly the Chief Investment Officer of Catlin Group Limited and Chief Executive of Wellington Underwriting plc. Prior to that, he held a number of senior positions at JP Morgan.

**Appointment**
Appointed as a Non-Executive Director in May 2015.

N R

## Laura Wade-Gery
Non-Executive Director

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

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

**Appointment**
Appointed as a Non-Executive Director in March 2021.

A

## Loraine Woodhouse
Non-Executive Director

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

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

### Appointment
Appointed as a Non-Executive Director in January 2018.

A E N

## Alastair Hughes
Non-Executive Director

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

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

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

### Appointment
Appointed as a Non-Executive Director in October 2020.

N R

## Irvinder Goodhew
Non-Executive Director

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

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

### Appointment
Appointed as a Non-Executive Director in March 2015.

E R

## Lynn Gladden
Non-Executive Director

### Skills and experience
Lynn is recognised as an authority in working at the interface of scientific research and industrial practice. Her critical thinking and analytical skills bring a unique dimension to the Board.

She is Shell Professor of Chemical Engineering at the University of Cambridge, alongside which she has previously held the roles of Pro-Vice Chancellor for Research at the University of Cambridge and Executive Chair of the Engineering and Physical Sciences Research Council (UKRI). Lynn is a trustee of the Faraday Institution and a member of the advisory board of BeyondNetZero, a climate growth equity fund. She is also a fellow of the Royal Society and Royal Academy of Engineering.

### Appointment
Appointed as a Non-Executive Director in September 2021.

E

## Mark Aedy
Non-Executive Director

### Skills and experience
Mark is Chairman of EMEA & Asia, Moelis & Company, the global independent advisory firm. Prior to 2009, Mark was on the Global Executive Committee of Corporate & Investment Banking at Bank of America Merrill Lynch and before that was Head of Investment Banking EMEA at Merrill Lynch.

Formerly, he was the Senior Independent Director of The Royal Marsden NHS Foundation Trust, and was a Trustee of the HALO Trust and is now an Ambassador. He is also a Visiting Fellow at Oxford University.

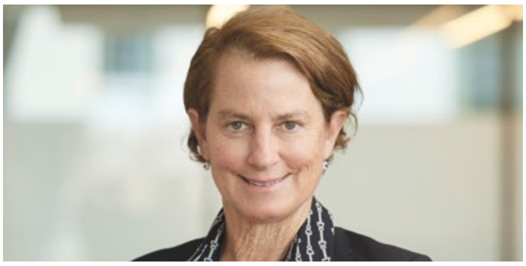
**Board Committee membership key**

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

**Appointment**
Appointed as a Non-Executive Director in September 2023.

## Amanda Mackenzie
Non-Executive Director

**Skills and experience**
Amanda is currently a Non-Executive Director of Lloyds Banking Group plc where she is Chair of the Responsible Business Committee and a member of the Remuneration Committee, Nomination and Governance Committee and Audit Committee. Amanda was Chief Executive of Business in the Community which promotes responsible business and corporate responsibility. Prior to that role, she was a member of Aviva's Group Executive for seven years as Chief Marketing and Communications Officer and was seconded to help launch the United Nations Sustainable Development Goals. She is also a former Director of British Airways AirMiles, BT, Hewlett Packard Inc and British Gas.



**Appointment**
Appointed as a Non-Executive Director in November 2023.

## Mary Ricks
Non-Executive Director

**Skills and experience**
Mary is a highly experienced real estate professional who brings over 35 years' experience of the UK, European and US property markets. She recently stepped down as President of Kennedy Wilson, a global real estate investment company where she worked for 32 years, overseeing the launch of its European business and subsequent IPO in London in 2014. In 2017, the European business was taken private creating an $8bn global real estate investment and asset management platform listed in the US. Mary was Group President of the group from 2018 to 2023, serving as a Board member with a focus on the investment and asset management business.

Mary has set up her own family foundation which supports educational and children's charities.

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

## Brona McKeown
HR Director, General Counsel and Company Secretary

**Skills and experience**
Brona has extensive executive leadership and transactional experience in financial services and real estate covering legal, governance, human resources and operations. She joined British Land in January 2018 having previously played a key role in the restructuring of The Co-operative Bank plc as part of the Executive Committee and its General Counsel and Company Secretary. She served as Interim General Counsel and Secretary of the Coventry Building Society and had a variety of roles over 13 years at Barclays, including Global General Counsel of its Corporate Banking division. Brona qualified as a solicitor at a large London law firm.

# GOVERNANCE AT A GLANCE

In this section we aim to show how we have complied with the provisions of the Code in the year as well as highlighting some of our Board focus areas and achievements in the year.

## Code compliance

We are reporting against the 2018 UK Corporate Governance Code (the 'Code') available at frc.org.uk.

The Board considers that the Company has complied with all relevant provisions of the Code during the year with the exception of:

- Provision 10, which relates to Director independence. The Board has determined that notwithstanding her tenure of nine years at the date of this Annual Report, Lynn Gladden remains independent in character and judgement and provides important strategic value to the Board. In reaching this decision the Board received a recommendation from the Nomination Committee which considered all of the circumstances within Provision 10 and noted Lynn's academic background which brings a unique dimension of independent challenge to the Board. Lynn's significant expertise within the field of science and technology and her role as Chair of the Innovation Advisory Council are crucial as the Company progresses this element of the strategy. In order to carefully monitor Lynn's independence going forwards, the terms of her letter of appointment will be on the basis of a 12-month term. The Board will have special consideration to the circumstances relevant to Lynn's independence each year and report the outcome accordingly.
- Provision 19, which relates to the tenure of the Chair exceeding nine years. Tim Score's appointment as Chair was previously extended by one year at the 2023 AGM which received strong support from shareholders. Several factors were considered in making this decision, including significant recent changes to the Company's strategy and leadership, and macroeconomic challenges at the time. Tim will be succeeded by William Rucker as Chair at the conclusion of the 2024 AGM. A full report of the Chair Succession Programme is provided on page 113.

Further detail on each Principle can be found at the pages noted in the adjacent table.

## Reporting against code principles

### 1. Board leadership and Company purpose

| | | Pages |
|---|---|---|
| A | Effective Board | 93 |
| B | Purpose<br>Value and culture | 4<br>73 to 75 |
| C | Governance framework and Board resources | 102 |
| D | Stakeholder engagement | 12 to 15 |
| E | Workforce policies and practices | 146 |

### 2. Division of responsibilities

| | | Pages |
|---|---|---|
| F | Board roles | 98 to 101 |
| G | Independence | 111 |
| H | External appointments and conflicts of interest | 115 and 145 |
| I | Key activities of the Board in 2024 | 94 to 95 |

### 3. Composition, succession and evaluation

| | | Pages |
|---|---|---|
| J | Appointments to the Board | 92 |
| K | Board skills, experience and knowledge | 112 |
| L | Annual Board evaluation | 93 |

### 4. Audit, risk and internal control

| | | Pages |
|---|---|---|
| M | Financial reporting<br>External auditor and internal audit | 117 to 120<br>120 to 122 |
| N | Review of the 2024 Annual Report and Accounts | 117 |
| O | Internal financial controls<br>Risk management | 124<br>23 |

### 5. Remuneration

| | | Pages |
|---|---|---|
| P | Linking remuneration with purpose and strategy | 125 to 127 |
| Q | Remuneration Policy | 128 |
| R | Performance outcome in 2024 | 129 to 139 |

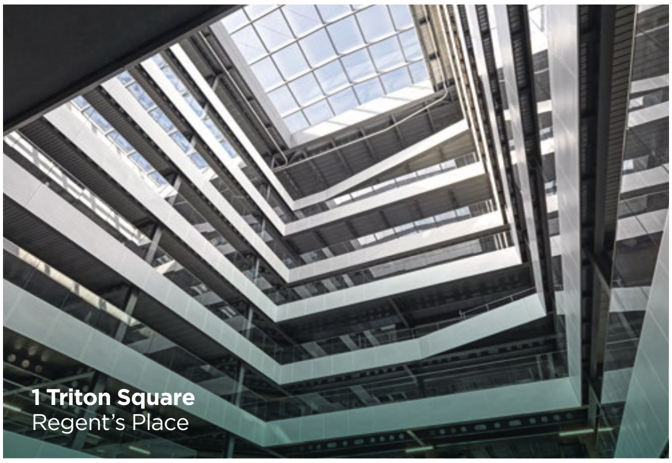
## BOARD HIGHLIGHTS

York House

**The decision to appointment new members of the Board in the year: Amanda Mackenzie; Mary Ricks; Amanda James; and William Rucker.**

199 Bishopsgate
Broadgate

**The Board reviewed internal controls across ESG reporting and technology in the year.**



1 Triton Square
Regent's Place

**Focus areas of the Board this year included the appointment of the Chair Designate and approval of the 1 Triton Square JV.**

Printworks
Canada Water

**The Board engaged with the workforce throughout the year with additional Non-Executive Director involvement with the wider Company.**

→ READ MORE ON PAGE 94

# HELPING PEOPLE THRIVE

**Alastair Hughes**
Chair of the ESG Committee

## Committee composition

The Committee is composed solely of independent Non-Executive Directors. Attendance at Committee meetings during the year is set out in the following table:

| Director | Position | Date of Committee appointment | Attendance |
|---|---|---|---|
| Alastair Hughes* | Chair | 1 Apr 2019 | 2/3 |
| Lynn Gladden | Member | 1 Apr 2019 | 3/3 |
| Mark Aedy | Member | 17 Nov 2021 | 3/3 |
| Amanda Mackenzie | Member | 1 Sep 2023 | 2/2 |

* Alastair Hughes was unable to attend the March 2024 Committee meeting due to illness. The meeting was chaired by Mark Aedy in Alastair's absence.

Senior managers, including the Chief Executive Officer, Chief Financial Officer, HR Director, General Counsel and Company Secretary, Chief Operating Officer and Head of Secretariat are invited to each Committee meeting. Other members of our leadership team such as the Head of Developments, Head of Environmental Sustainability, Head of Social Sustainability and Head of Employee Relations are invited to attend the sections of the meetings that are relevant to their work.

**I am pleased to present the report of the ESG Committee for the year ended 31 March 2024 which sets out in detail the activity undertaken by the Committee during the year.**

## Key areas of focus for the coming year

This year we have seen steady progress towards achieving our 2030 Sustainability Strategy. In particular, we are pleased to be ahead of our target in achieving an A or B grade EPC by ERV across the portfolio. It is also fantastic to see the Transition Vehicle operating in full swing with a substantial amount of funding spent on carbon efficient interventions.

Our people remain central to what we do and we were delighted to be recognised for the 6th year running as a leading employer by the Social Mobility Foundation. In addition this year we achieved accreditation as a Living Wage Employer.

We are keen to continue to push ourselves to achieve and lead in sustainability which can be seen in our new social value target and Logistics Sustainability Targets.

We will continue to monitor the culture of British Land through our workforce engagement methods including those outlined in this Report. Diversity will continue to be a point of focus for the Committee, and we will oversee the processes in place to facilitate a diverse pipeline of talent for the future whilst monitoring progress against the Diversity, Equality & Inclusion Strategy, and gender and ethnicity pay gaps.

We will also closely monitor our health and safety processes and incidents to ensure lessons learned are acted upon and that high standards continue to be demanded.

## Committee effectiveness

Committee effectiveness was considered as part of the externally facilitated Board effectiveness review as detailed on page 93.

The Board reviewed the Terms of Reference of the Committee during the year and considered that they remained appropriate. They are available at britishland.com/committees.

**Alastair Hughes**
Chair of the ESG Committee

## Committee responsibilities

The Committee organises its business under three pillars: Environment, Social and Governance. As a Committee, we make sure that our key stakeholders are at the core of every discussion and decision made in order to create Places People Prefer. Our responsibilities are listed below.

### Environment

- Understand the impact of our operations on the environment
- Monitor progress against our 2030 Sustainability Strategy

### Social

- Oversee the delivery of the Social Impact Fund and the work of the Social Impact Committee
- Assess and monitor company culture to ensure it is aligned with strategy
- Engage with the workforce on behalf of the Board
- Review the effectiveness of workforce engagement methods
- Monitor progress against our Diversity, Equality & Inclusion Strategy
- Encourage the development of our social impact activities

### Governance

- Oversee the work of the Health & Safety Committee and Sustainability Committee, which in turn is responsible for the Social Impact Committee and Transition Vehicle
- Oversee and monitor our Health & Safety systems
- Monitor our processes and mechanisms for building relationships with customers, suppliers & others

## Environment

### Leading by example

British Land continues to be recognised as an industry leader for our sustainability efforts. Notable accolades and achievements during the year include:

- maintained a 5 star GRESB rating for Developments and designated a Global Sector Leader for the second year running after becoming the first amongst our peers to achieve an industry-leading score of 99/100
- regained a 5 star GRESB rating for Standing Investments with a score 14 points ahead of the overall average and named a Regional Sector Leader in the listed category
- improved our CDP rating from B to A-

### 2030 Sustainability Strategy progress – Greener Spaces

We have continued to make excellent progress against our 10-year strategy. We achieved a further reduction in the average embodied carbon intensity of our current office developments to 625kg CO2e per sqm during the year, and became one of the first of our peers to set a target for our logistics developments under our 2030 Sustainability Strategy. Performance against our 2030 targets for operational carbon and operational energy remains on track following further carbon efficient interventions during the year. As a result of our interventions, 58% of our portfolio has now achieved an A or B rating EPC by ERV, an improvement of 13% during the year and ahead of our FY24 stretch target of 55%.

### Transition Vehicle

The Transition Vehicle has now committed a total of £13m across our portfolio, which comprises £3m on carbon offsetting and £10m on carbon efficient interventions and Renewable Gas Guarantees of Origin. A key Committee decision during the year was the increase in our internal Carbon Levy price. We were proud to be amongst the first in our peer group to introduce a Carbon Levy in 2020 of £60 per tonne in line with guidance at the time. We have now increased the Carbon Levy to £90 per tonne to better reflect the true cost of carbon and further incentivise teams to reduce embodied carbon.

## Social

### Social value target

Following the adoption of social value reporting by the Company for the first time in the 2023 Annual Report, a key highlight during the year was the introduction of a headline social and economic value target of £200m by 2030. Our overall target consists of £100m of direct social value, enabled by our £25m Social Impact Fund, and £100m of direct economic value which is created through spend with SMEs across the UK. We are also targeting a further £100m of indirect social and economic value by 2030 which will be achieved through our development activity, for example s.106 outcomes and provisions.

This year we have generated £29.8m direct social and economic value comprising of £9.4m direct social value and £20.4m direct economic value.

As social value is rapidly evolving, reporting requirements are not always clear. As part of setting our 2030 social value target we have committed to achieving clarity on social value boundaries and greater transparency on how this value is generated. To support this, when announcing the target we published our methodology for calculating the various components of social value to ensure that our reporting in this area is clear, meaningful and accessible.

### 2030 Sustainability Strategy progress – Thriving Places

The Thriving Places pillar of our 2030 Sustainability Strategy focuses on creating a long-lasting positive social impact by collaboratively addressing local priorities through a Place Based approach.

We made good progress against our 2030 social impact targets this year reaching 8,100 education and employment beneficiaries and providing £1m of affordable space. 10% of British Land employees were expert volunteers this year and we are on track to achieve 12% by 2030.

We are immensely proud that British Land has become a Living Wage accredited employer during the year.

### Social Impact Fund

We oversee the Social Impact Fund which supports delivery against our targets by providing funding to charities, social enterprises and community organisations predominantly operating in and around our places. The Fund delivers against targets for our three main areas of focus: education, employment and affordable space. A total of £1.3m cash was spent in the year ended 31 March 2024 of which £1m was directed by our Social Impact Committee. We have a commitment of £25m, comprising £15m of cash contributions and at least £10m of affordable space, by 2030.

The Committee was delighted to see the fusion of our social impact was alongside our approach to planning at Camden with the creation of the Creative Producer co-design programme. This serves a dual purpose: engaging with and understanding the local community and providing meaningful upskilling and employment opportunities, connecting people to our places.

## Governance

### Health & Safety

The Committee is regularly updated on management's approach to health and safety and is kept informed of the rigour and detail of the systems in place to ensure our buildings and practices are safe. We maintained our ISO 45001 accreditation for compliance with the ISO's Occupational Health and Safety Standard with our certification renewed to February 2027. During the year we continued our involvement in the Construction Productivity Taskforce and engagement with the British Property Federation of which British Land is a member, and also became a member of BuildUK. The Committee was also briefed on preparations ahead of the potential introduction of Martyn's Law, relating to the preparedness of certain premises against terrorist attacks, including Action Counters Terrorism refresher training being delivered to all operations teams.

### Suppliers & Partners

During the year we received reports that showed how we are mitigating the inflationary pressures experienced by the construction industry, driven by commodity volatility, material supply constraints, supply chain uncertainty and the conflict in Ukraine. The impact of these external factors on our decision making, procurement routes and contractor selection were discussed. We were reassured by the diligent approach taken by management in response to the challenges of the macro environment. The Committee receives annual updates from the Head of Procurement to allow Directors to have regard to engagement with suppliers and partners. We encourage open and collaborative relationships with our supplier partners and seek to promote an inclusive supply chain. Our values are embedded into our procurement processes through our rigorous tendering and onboarding processes and all of our suppliers have signed up to our Supplier Code of Conduct which seeks to promote safe and fair working conditions. During the year we achieved Living Wage Employer accreditation by closely working with our supply chain.

### Diversity, Equality & Inclusion Strategy

The Committee is responsible for overseeing progress under our 2030 Diversity, Equality & Inclusion Strategy which sets out a number of quantifiable targets across five pillars:

| People & Culture | Recruitment & Career Progression | Supply Chain | Leadership | Places & Communities |
|---|---|---|---|---|
| – Reduce our gender and ethnicity pay gaps<br>– Undertake an Equal Pay Audit every two years<br>– Provide regular equality training for our people and our leadership team | – Ensure a bias free recruitment process through anonymised hiring practices<br>– Focus on internal mobility<br>– Create opportunities for young people from diverse backgrounds | – Ensure an inclusive recruitment process by adopting a DE&I Charter<br>– Build a responsible supply chain<br>– Embed our values into supplier contracts via DE&I terms | – Ensure a diverse leadership team through diversity targets for our Board, senior management and leadership teams<br>– Encourage leaders to participate in reverse mentoring programme with ethnic minority colleagues | – Support diverse communities in and around our places<br>– Achieve 10% participation in our employee Expert Volunteering Programme |

An update on key points of progress during the year under our DE&I Strategy can be found within the People section of the Strategic Report on page 73.

## Workforce Engagement Statement

The Committee is responsible for workforce engagement under Provision 5 of the Code. We believe that having a committee responsible for engagement with the workforce provides greater resource at Board level dedicated to engagement rather than designating a single Non-Executive Director or workforce panel. We use a range of engagement methods which are reviewed regularly and refreshed as necessary to maximise engagement and ensure it is aligned with our culture, values and strategy.

Some of our key engagement mechanisms are described below, including impact and outcomes and any changes during the year following the Committee's review of their effectiveness. Further information on our workforce engagement can be found on page 73.

**Employee Engagement Survey**

90%
participation in November 2023

**Measuring impact**

+22%
increase in score on Enjoyment of Physical Workspace vs FY23

### Employee engagement survey

We undertake regular surveys to assess employee engagement levels and identify any areas of concern. Data is thoroughly interrogated to understand trends over time and monitor the impact of any initiatives introduced in response to survey feedback.

#### Review of effectiveness

Employee engagement is strong, with a record participation rate of 90%, and engagement score of 78% which was 7% higher than the national benchmark, in our November 2023 survey. Following the success of the joint session with the Remuneration Committee to analyse the November 2022 survey results through a diversity lens, it was agreed that this would be repeated for all future employee engagement surveys.

#### Activity during the year

In response to feedback in our November 2022 survey, the following action was taken during the year:

- Refurbished our head office to refresh and increase collaborative space
- Set a corporate objective to improve IT systems and began a widescale programme of upgrades
- Relaunched our Learning & Development programme to deliver mandatory management training
- Introduced additional support and new healthcare benefits to promote disability inclusion and established a working group to centralise adjustment policies and processes

#### Impact & outcomes

As a result of these actions, responses to our 2023 survey showed:

- Significant increase in score on Enjoyment of Physical Workspace vs FY23 (+22%)
- Increase in score on Systems and Processes vs FY23 (+7%)
- Increase in score on Learning and Development vs FY23 (+6%) with colleagues who did not attend university answering 8% higher than the Company average when asked if people from all backgrounds have equitable opportunities to advance their career at British Land
- Significant increase in positive scores given by respondents who identified as having a disability for Reward (+20%), Workload Balance (+10%) and Career Opportunities (+10%)

### Company conference

Our company conferences are held every 18 months and are a rare opportunity to bring all our employees, including those at regional sites, into one venue. A theme is chosen for each conference to reflect the culture, values and strategic priorities of the business. Sessions often involve talks, panel discussions and Q&As with senior leadership, business, community partners and staff participating.

This year's conference was themed on Partnerships and Collaboration, which is a key component of the British Land operating model. Representatives of our key collaborators attended the conference including JV partners, suppliers and social impact partners.

#### Review of effectiveness

Employee feedback was sought following last year's company conference as it was the first to be held post-pandemic. Staff were asked for their view on how frequently these should be held. We were delighted to hear that the majority of employees find conferences useful and engaging and supported these being held once every 18 months. Feedback on the right length of the conference and the topics discussed was taken into account when planning this year's conference.

### Rewarding the workforce

Our Company-wide Share Incentive Plan and Save As You Earn Scheme continue to operate for the benefit of our employees. There is also a link between the formulaic calculation of outcomes of the financial targets for Executive Director bonuses and the bonus outcomes for all staff.

## Employee networks

Network chairs regularly present at Executive and ESG Committee meetings to:

- Highlight social issues affecting our people and provide a forum for discussion
- Offer an additional channel of communication between leadership and the workforce and gain further insight into feedback trends
- Make requests for adjustments relating to our people
- Assist the ESG Committee with monitoring the impact of any agreed actions or initiatives to address workforce concerns

Our Networks are instrumental to many of the employee initiatives overseen by the ESG Committee, often working closely with Committee members, senior leadership and Human Resources to provide valuable input and challenge as well as fostering connections at all levels of the business. Examples of the work of some of our Networks during the year include:

- REACH Network chair Dale Hoskins and Executive Committee member Kelly Cleveland co-authored a blog post about their experiences participating in our pilot reverse mentoring program to increase visibility of the scheme and its value
- Our NextGen Network ran a series of Fireside Chats with Executive Committee members on their 'Career Setbacks' which were open to all employees
- The EnaBLe Network ran a series of blog posts on ADHD in which employees from around the business shared their experiences to promote understanding of neurodiverse conditions

Detailed case studies on the work of two of our Networks including impact and outcomes can be found overleaf.

## Internal communications

Open and honest two-way communication between leadership and the business is key to fostering a culture of openness aligned with our values:

- Our Internal Communications team sends a fortnightly companywide email summarising key business activities and organisational changes
- We have a biweekly Network News feature detailing upcoming events and our popular staff blogs covering a range of topics
- Monthly staff meetings in a hybrid format are led by members of the Executive Committee and feature news and updates from all areas of the business including our regional offices


## Director engagement

We have a number of established methods that provide an opportunity for engagement between the workforce and the Board. This year, the Committee conducted a review of these mechanisms with the aim of strengthening Board engagement and as a result, approved the introduction of two new methods as well as the refreshment of an existing method.

### NED Breakfasts (refreshed)

Our 'NED Breakfast' programme provides an opportunity for employees to share an informal breakfast with our Non-Executive Directors. These sessions have run on an 'invitation only' basis, with selected participants often being more senior. Following the Committee's review, this year the programme will be re-launched so that all employees can register their interest in attending, to allow more junior colleagues, or those who would not otherwise interact with Non-Executive Directors as part of their role, greater access to our senior leadership.

### 'In Conversation With' & Mentoring

This year, our women's network, EquitaBLe, arranged 'In Conversation with Lynn Gladden and Tim Score' where employees heard Lynn speak about her career, followed by a panel discussion with Tim about gender equity. Our mentoring scheme to pair highly performing senior employees with Non-Executive Directors continued for its fourth year.

### NED Q&A (new)

Following the positive response to our 'In Conversation With' sessions featuring our Non-Executive Directors, this year we plan to host our first 'NED Q&A' session during one of our all-staff meetings. A panel of Non-Executive Directors will answer questions submitted by staff, and the session will be recorded and posted on our intranet to engage employees across our assets.

### ESG Committee lunches (new)

This year, we will introduce a new lunch session between ESG Committee members and presenters before each Committee meeting to allow them time to interact in a social setting ahead of the meeting.

## Case Study: Parents & Carers

In October 2023, the Parents and Carers Network conducted a survey to which over 10% of the workforce responded, to help the network develop their strategy and programme of events for 2024. Parents, carers and their line managers were given the opportunity to say what is working well, what could be improved and where more support could be provided. They were also encouraged to share any initiatives or ideas that could be explored by the network and/or the business.

The results of this survey were presented to the Committee at their meeting in March 2024 and an action plan was agreed to address areas for improvement:

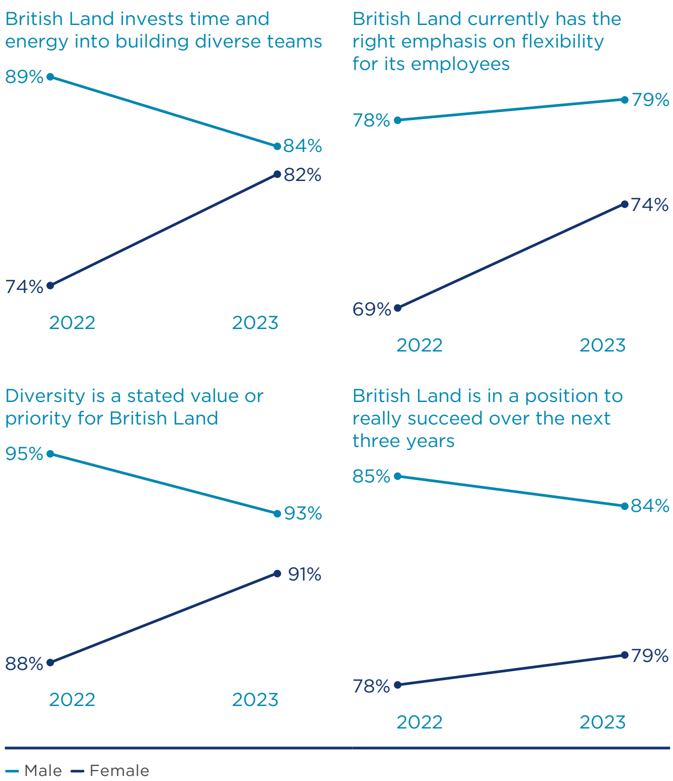
| Topic/Area | Action agreed |
|---|---|
| **Policies** – almost half of respondents found policies difficult to locate, and many felt interpretation of policies could be manager specific and therefore inconsistent | The network will work with HR and the Group Technology team to:<br>– Ensure current policies are more easily accessible and communicated clearly<br>– Review current policies to provide greater clarity and add sections for specific caring circumstances such as blended families, end of life care and 'exceptional circumstances' |
| **Manager Training** – a number of managers surveyed wanted more training, guidance and tools to support those in their team balance their working and parental or caring responsibilities | The network and HR will collaborate to:<br>– Adapt manager training to incorporate specific guidance for managers of parents and carers including practical examples of common challenges faced<br>– As part of this, provide an overview of policies and their implementation to ensure policies are applied consistently across teams |
| **Network Strategy & Programme** – those surveyed were asked to share ideas of topics and events for the network to include in their 2024 programme | Our 2024 strategy and events plan will include a focus on topics identified, including:<br>– More support and raising awareness of blended families including stepparents and single parents<br>– Events and support tailored for parents of children with special educational needs and disabilities |

We look forward to providing an update on our progress over the next year, and will continue to work closely with management and leadership, supported by the Committee, to ensure that arrangements for parents and carers are optimal for both the business and our people.

## Case Study: EquitaBLe

Last year we reported how the work of the EquitaBLe Network had reduced gendered differences in responses to our employee engagement survey results from January 2022 to November 2022. The Network has continued to build on this work, and we were pleased to see in our November 2023 employee engagement survey that the gap in perception between genders had narrowed even further, with only one survey question having a statistically significant difference in the scores given by men and women.

However, while the gap had closed for certain metrics as a result of improved scores from women, for two metrics the reduction was as a result of a decline in scores from men.




Although it is gratifying to see that scores from women around flexible working have improved even further following the work of the network to address this, a key area of focus for the coming year will be to understand why, for certain other areas, scores from men have worsened since 2022, particularly around attitudes towards diversity. It is crucial that a focus on a particular social group or demographic does not detract from the experiences of others and contributes to fostering an inclusive environment.

# ENSURING A BALANCED AND DIVERSE BOARD

**Tim Score**
Non-Executive Chair

## Committee composition and governance

The Committee has five members. As at the 31 March 2024 year end, the Committee comprised: Tim Score, Preben Prebensen, Alastair Hughes, Laura Wade-Gery and Irvinder Goodhew.

Details of the Committee's membership and attendance at meetings during the year are set out in the table below.

| Director | Position | Date of Committee appointment | Attendance |
|---|---|---|---|
| Tim Score* | Chair | 1 Apr 2017 | 2/2 |
| Alastair Hughes | Member | 29 July 2020 | 6/6 |
| Irvinder Goodhew | Member | 18 Nov 2020 | 6/6 |
| Laura Wade-Gery | Member | 18 Nov 2020 | 6/6 |
| Preben Prebensen | Member | 19 July 2019 | 6/6 |

* Tim Score was not invited to attend Committee meetings that related to Chair succession.

## I am pleased to present the report of the Nomination Committee for the year ended 31 March 2024.

As detailed within the opening of this Governance Report on page 92, during the year under review, the Board approved the appointment of William Rucker as Chair Designate as well as the appointment of Amanda Mackenzie, Mary Ricks and Amanda James as independent Non-Executive Directors, following the recommendation of the Nomination Committee.

Preben Prebensen, as Senior Independent Director, led the Chair succession programme and provides a full description of the process that was undertaken on page 113 of this Report.

The rationale for the appointment of the three independent Non-Executive Directors referenced above is included on page 92 and within the Notice of Meeting for the 2024 AGM. An overview of the selection and appointment process that was followed in each case is provided on the following page.

As well as the appointments described above, the Committee has reviewed and amended the Board Diversity & Inclusion Policy and considered future succession arrangements for the Board and Executive Committee as part of broader Board discussions. Further details are provided throughout this Report. I do hope you will find it useful in understanding the work of this Committee during the year.

**Tim Score**
Chair of the Nomination Committee

**The Nomination Committee supports the Board on composition, succession and diversity matters.**

**Tim Score**
Non-Executive Chair

## Responsibilities

### Director search, selection and appointment process

The Committee oversees the search, selection and appointment process for Board appointments. The process is conducted in accordance with the Board Diversity & Inclusion Policy and the Selection and Appointment Process, which are both explained later in this Report. Russell Reynolds Associates, the executive search firm appointed, has no other relationship to the Company or individual Directors. The firm has adopted the Voluntary Code of Conduct for Executive Search Firms on gender diversity and best practice.

### Induction, Board training and development

Each new Director is invited to meet the HR Director, General Counsel and Company Secretary and Head of Secretariat to discuss their induction needs in detail, following which the programme is tailored specifically to their requirements and adapted to reflect their existing knowledge and experience.

Each induction programme would ordinarily include:

1. meetings with the Chair, Executive Directors, Committee Chairs, external auditor and remuneration consultants (as appropriate);
2. information on the corporate strategy, the investment strategy, the financial position and tax matters (including details of the Company's REIT status);
3. an overview of the property portfolio provided by members of the senior management team;
4. visits to key assets;
5. details of Board and Committee procedures and Directors' responsibilities;
6. details of the investor relations programme; and
7. information on the Company's approach to sustainability.

The Committee also has responsibility for the Board's training and professional development needs. Directors receive training and presentations during the course of the year to keep their knowledge current and enhance their experience.

### Board and Committee composition reviews and appointments

During the year, the Committee reviewed the broader composition and balance of the Board and its Committees, their alignment with the Company's strategic objectives and the need for progressive refreshing of the Board.

The Committee is satisfied that, following the externally facilitated Board effectiveness evaluation, the Board and its Committees continue to maintain an appropriate balance of skills and experience required to fulfil their roles effectively.

Details of external appointments taken on by Directors during the year can be found on page 115. These appointments are expected to enhance the Non-Executive Directors' expertise and allow them to bring greater insight to their role at British Land. All significant external appointments are subject to British Land approval prior to being accepted.

## Independence and reappointment

The independence of all Non-Executive Directors is reviewed by the Committee annually, with reference to their independence of character and judgement and whether any circumstances or relationships exist which could affect their judgement. The Board is of the view that the Non-Executive Directors each remain independent. The Committee also considers the time commitment required and whether each reappointment would be in the best interests of the Company. Consideration is given to each Director's contribution to the Board and its Committees, together with the overall balance of knowledge, skills, experience and diversity.

The Committee concluded that each Non-Executive Director continues to demonstrate commitment to his or her role as a member of the Board and its Committees, discharges his or her duties effectively and that each makes a valuable contribution to the leadership of the Company for the benefit of all stakeholders.

In consideration of the reappointment of Lynn Gladden, the Committee made a recommendation to the Board that notwithstanding her tenure of over nine years, she remains independent in accordance with the other circumstances listed within Provision 10 of the Code. Lynn's significant expertise within the field of science and technology is unique to the Board's skill set and provides crucial insight into this relatively new area of the Company's strategy. The reappointment will be on a rolling year basis, whereby the Committee and Board will be able to consider regularly whether Lynn remains independent.

With the exception of Laura Wade-Gery and Tim Score who will step down from the Board after nine and 10 years, respectively, the Committee recommended to the Board that all serving Directors be put forward for appointment and reappointment at the 2024 AGM.

→ BIOGRAPHIES FOR EACH DIRECTOR CAN BE FOUND ON PAGES 98 TO 101

### Selection and Appointment Process overview:

**Role brief**

The Committee works only with external search agencies which have adopted the Voluntary Code of Conduct for Executive Search Firms on gender diversity and best practice. The Committee and agency work together to develop a comprehensive role brief and person specification, aligned to the Group's values and culture. This brief contains clear criteria against which prospective candidates can be objectively assessed.

**Longlist review**

The external search agency is challenged to use the objective criteria for the role to produce a longlist of high quality candidates from a broad range of potential sources of talent. This process supports creation of a diverse long list. The Nomination Committee selects candidates from this list to be invited for interview.

**Interview**

A formal, multi-stage interview process is used to assess the candidates. For each appointment the choice of interviewer is customised to the specific requirements of the role. All interview candidates are subject to a rigorous referencing process.

**Review and recommendation**

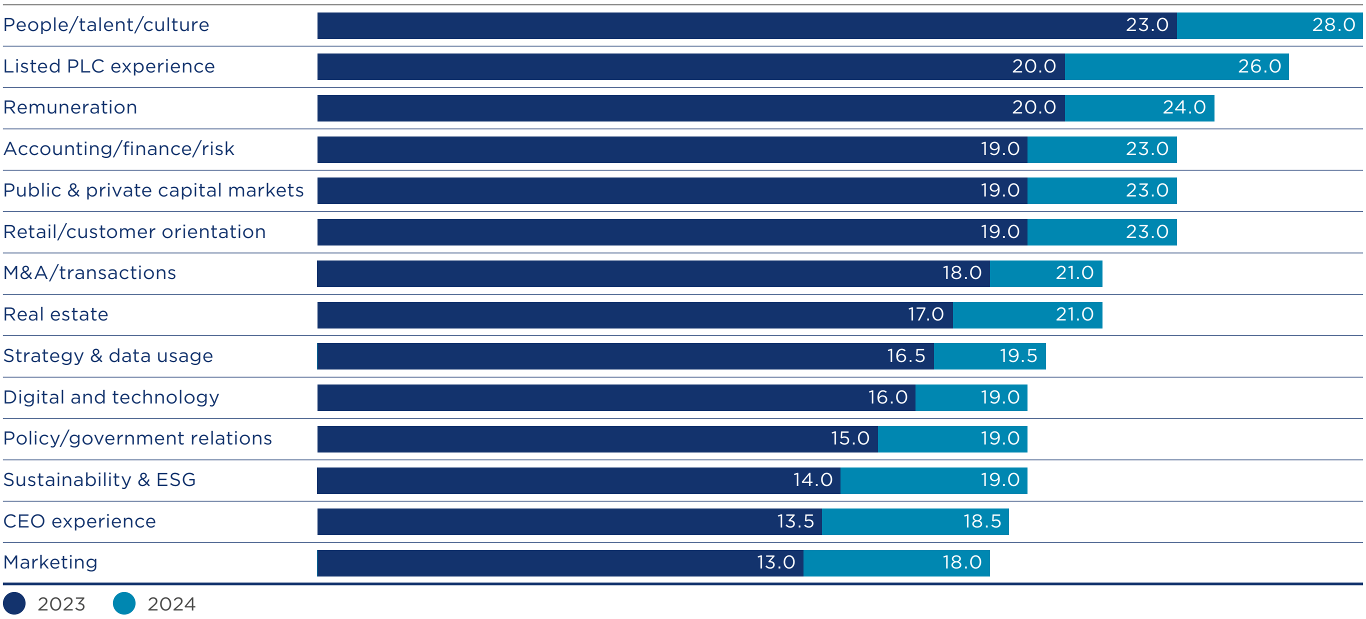
The Committee ensures that, prior to making any recommendation to the Board, any potential conflicts and the significant time commitments of prospective Directors have been satisfactorily reviewed.

## Demonstrating our skills

Our skills matrix has been updated during the year to show the additional skills brought to the Board with the appointment of Amanda Mackenzie and Mary Ricks. Specifically, their appointments have increased the level of skill and experience in the areas of real estate, marketing and policy/government relations.

All Directors appear in more than one category. Directors were marked on a grading scale from one to three for each skill or experience. The maximum score is 30.

### Skills matrix




## Succession planning

The Committee is responsible for reviewing the succession plans for the Board, including the Chief Executive. We recognise that successful succession planning includes nurturing our own talent pool and giving opportunities to those who are capable of growing into more senior roles.

The Committee considered the diversity of the Board when recommending appointments over the course of the year under review. Good progress has been made in the year to achieve a 50/50 gender balance of the Board. The Committee and Board remain committed to appointing a woman into one of the four main Board roles in the medium term.

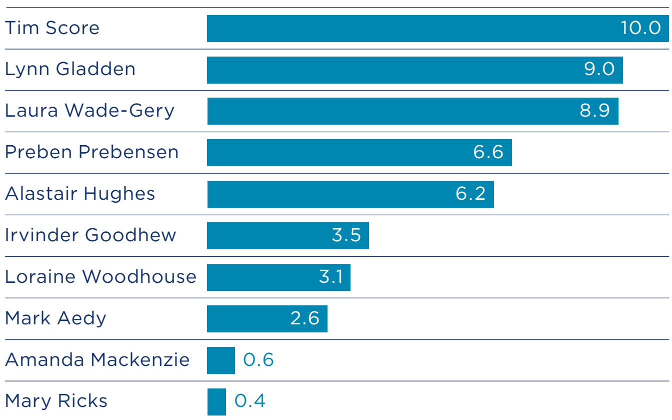
The Board completes a skills matrix periodically to determine which skills and expertise are held by the Board and where we can strengthen our skill set for current and future strategic needs. Science and technology will be an important area to consider for future appointments, noting Lynn Gladden's tenure. Progress has been made in the year to bolster the skill set of the Board in the areas of real estate, marketing and retail.

The Chief Executive prepares succession plans for senior management for consideration by the Committee with the rest of the Board invited to be involved as appropriate. The Committee notes that the remit of the ESG Committee includes consideration of the extent to which the business is developing a diverse pipeline for succession to senior management roles.

Succession planning for the Chief Executive, Executive Committee members and their direct reports was considered by the full Board during the year.

The Committee are mindful of developing a diverse pipeline for succession and initiatives are in place to attempt to expand this. For more information on these initiatives see page 126.

### Non-Executive tenure as at 31 March 2024 (years)



## Appointment of Chair Designate

### Report from Preben Prebensen, Senior Independent Director

As detailed in last year's report, this year the Committee, chaired by me as the Senior Independent Director, led the process to search for and appoint a Chair Designate, to become Chair of the Board at the conclusion of the 2024 AGM.

A rigorous process was followed to ensure the strongest candidate was selected and we were pleased to announce earlier this year that William Rucker will succeed Tim Score following the conclusion of the AGM. The Board selected Spencer Stuart as the search firm to support the Chair succession process.

Spencer Stuart, a leadership advisory firm, has no other relationship to the Company or individual Directors. The firm has adopted the Voluntary Code of Conduct for Executive Search Firms, designed to support board gender balance and diversity more broadly. It has also received accreditation under the Enhanced Code of Conduct for its support for gender equality on FTSE 350 boards. The Chair succession process follows the same selection and appointment process as previously described.

### Role brief

As Senior Independent Director, I worked with the HR Director, General Counsel and Company Secretary to determine the key search criteria. Using a skills matrix similar to that found on the previous page, we considered the existing strengths of the Board and long term strategic priorities of the business. Spencer Stuart also met with each Board member individually to seek their input which was used to refine the key search criteria which were:

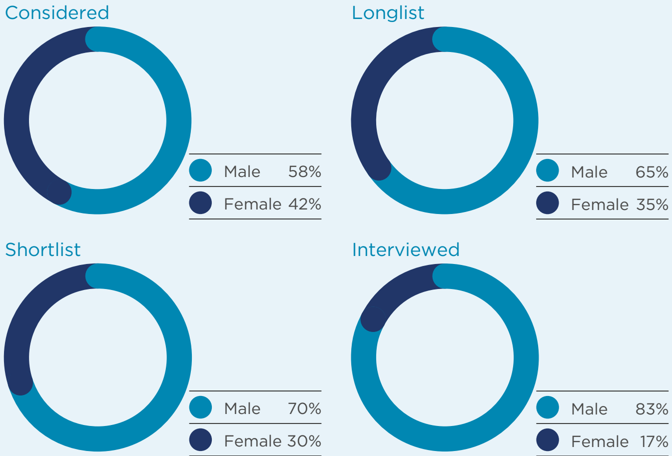
- a commercial business leader with relevant investment and stakeholder experience with a record of success in generating shareholder value;
- real estate intensive, infrastructure or long investment cycle business exposure and experience in capital markets would be additive;
- a strategic outlook with an understanding of the implications of micro and macro trends, evolving business and consumer expectations and balance sheet considerations;
- strong communication skills to coach and influence constructively; and
- style, ability and relationship skills to bring out the greatest value of the Board.

### Long list review

Spencer Stuart reviewed the key search criteria and conducted initial interviews and basic checks to produce a long list of candidates. This included a diverse range of candidates from various backgrounds and industries.

The long list was condensed to a short list of 10 candidates once further capability-based assessments and interviews were carried out in line with the key search criteria.

### Gender balance of candidates:




The Committee observed that at a generalist level, the pool of candidates that are suitable to chair a listed plc, is nearing a 50/50 gender balance. However, when that list is distilled down to a smaller group whose experiences and backgrounds are suited towards the real estate industry and British Land, female candidates are still underrepresented.

### Interview

The Committee discussed each candidate at length before condensing this list of 10 candidates to six. The Committee members and HR Director, General Counsel & Company Secretary individually held meetings with the remaining candidates and refined the short list to the final two candidates. Whilst not being part of the formal Committee approval process, the Chief Executive also held informal meetings with the candidates so he could feedback to the SID on their chemistry and interpersonal dynamics. The candidate reports and individual style of the candidates were also taken into account.

### Review and recommendation

The Committee reconvened to consider and discuss feedback received. Following confirmation of independence and capacity to take on the role, the Committee made a decision and recommended William's appointment to the Board.

**Preben Prebensen**
Senior Independent Director

## Board Diversity & Inclusion Policy

The Board's Diversity & Inclusion Policy was amended during the year to reflect the recommendation from the 2023 Parker Review for all FTSE 350 companies to set out a target for the ethnic diversity of their senior management. The policy also reflects the diversity requirements of the FCA Listing Rules. The policy applies to the Board and its Committees.

The policy recognises the benefits of diversity in its broadest sense and sets out the Board's ambitions and objectives regarding diversity at Board and senior management level. We believe that in order to achieve Places People Prefer we need a diverse Board to reflect the diverse places we develop and manage. The policy notes that appointments will continue to be made on merit against a set of objective criteria, which are developed in consideration of the skills, experience, independence and knowledge which the Board as a whole requires to be effective. The policy also describes the Board's firm belief that in order to be effective a board must properly reflect the environment in which it operates and that diversity in the boardroom has a positive effect on the quality of decision making.

The objectives from the policy in force for the year ended 31 March 2024 included:

- the intention to maintain a balance such that at least 40% of the Board are women;
- the intention to maintain at least two Directors from a minoritised ethnic background;
- the intention for at least one of the Chair, Chief Executive Officer, Chief Financial Officer or Senior Independent Director to be a woman;
- to achieve a gender split such that at least 40% of senior management are women and an ethnic diversity split such that 15% of senior management are from a minoritised ethnic background. Senior management is defined as the Executive Committee and their direct reports; and
- to ensure that there is clear Board-level accountability for diversity and inclusion for the wider workforce.

During the year we included a target of 17.5% for minoritised ethnic representation across the Company by 2025. In 2024, the Board approved setting the new target for 15% of our senior management team (being the Executive Committee and their direct reports) to be from a minoritised ethnic background. The Board recognised the diversity challenges that are acute to the real estate industry and supported the target of 15%, which in itself represented an aspirational diversity mix from current levels.

As at 31 March 2024, which is our chosen reference date in accordance with the Listing Rules, the Board had met a majority of its targets on gender and ethnic diversity balance. One of the four senior Board roles outlined above was not occupied by a woman at the year end, but continues to be an aspiration.

## Board gender balance

| 31 March 2024 | |
|---|---|
| Male | 50% |
| Female | 50% |

| 31 March 2023 | |
|---|---|
| Male | 60% |
| Female | 40% |

| 31 March 2022 | |
|---|---|
| Male | 64% |
| Female | 36% |

As at 31 March 2024, the gender diversity for senior management, as previously defined, was 36% women, up from 32% in 2023. The Board and management are acutely aware of the need for more senior women and this year we have continued our targeted development programmes for mid-level women to help them achieve their full potential and develop our pipeline.

As at 31 March 2024, 10% of our senior management team were from a minoritised ethnic background.

Clear accountability for diversity and inclusion is delivered through the ESG Committee, which monitors progress on diversity and inclusion objectives and relevant initiatives within British Land. Our Board Diversity & Inclusion Policy and Company Diversity, Equality & Inclusion Strategy together enable us to bring in people of wide-ranging talent and experience, diversity of thought and bolstering decision making allowing us to continue to create Places People Prefer.

THE POLICY CAN BE FOUND ON OUR WEBSITE BRITISHLAND.COM/COMMITTEES

### Board gender balance

| | Number of Board members | % of the Board | Number of senior positions on the Board (CEO, CFO, SID and Chair) | Number in executive management | % of executive management |
|---|---|---|---|---|---|
| Men | 6 | 50 | 4 | 6 | 67 |
| Women | 6 | 50 | - | 3 | 33 |
| Other | - | - | - | - | - |
| Prefer not to say | - | - | - | - | - |

| | Number of Board members | % of the Board | Number of senior positions on the Board (CEO, CFO, SID and Chair) | Number in executive management | % of executive management |
|---|---|---|---|---|---|
| White British or other White (including minority-white groups) | 10 | 83 | 3 | 8 | 89 |
| Mixed/Multiple ethnic groups | - | - | - | - | - |
| Asian/Asian British | 2 | 17 | 1 | 1 | 11 |
| Black/African/Caribbean/Black British | - | - | - | - | - |
| Other ethnic group, including Arab | - | - | - | - | - |
| Not specified/prefer not to say | - | - | - | - | - |

The table above sets out the ethnic background and gender identity of the Board and Executive Committee as at 31 March 2024, which is our chosen reference date in accordance with the Listing Rules. The data was collected by the Head of Secretariat via individual questionnaires and also informs the achievement of our Board Diversity and Inclusion Policy targets. Board and Executive Committee members were asked to confirm, where applicable, if there had been any change to their previous response as at the reference date. The forms set out the table as it is above and individuals were asked to indicate which categories are applicable to them. There have been no changes in Board composition since the reference date.

## Board and Committee effectiveness

An externally facilitated Board effectiveness evaluation was conducted during the year. Further detail regarding the outcomes of the evaluation can be found in the Chair's letter on page 93.

The Committee's effectiveness during the year was evaluated as part of the external Board evaluation which concluded that the Committee operated effectively.

## Board composition review

The Committee reviews annually the structure, size and composition of the Board. This review considers the skills and qualities required by the Board and its Committees as a whole in light of the Group's long term strategy, external environment and the need to allow for progressive refreshing of the Board. The review identifies the specific skills required by new appointees and guides the Committee's long term approach to appointments and succession planning.

The Committee also reviewed its terms of reference during the year and no changes were recommended. The terms are available on our website britishland.com/committees.

## External appointments

The Board has delegated authority to the Chair (or Senior Independent Director for appointments concerning the Chair) and any other member of the Nomination Committee to consider and provide approval for significant appointments in between scheduled Board meetings. An updated register of situational conflicts of interest is then tabled at the next scheduled Board meeting for approval by the full Board. The register is provided to the Board for review and approval at least twice a year.

The Board deems significant appointments to include the appointment to the Board of any listed company and/or any appointment where the expected time commitment is more than five days a year. During the year under review only one external appointment was deemed significant and that is Preben Prebensen's appointment as Chairman of Dale Underwriting Partners. The Board considered in this instance that the appointment would not impact Preben's ability to dedicate sufficient time to his commitments at British Land.

## Key areas of focus for the coming year

During the year ahead the Committee will continue to focus on the diversity of the Board and Executive Committee. In particular, the Committee will focus on planning to achieve the requirement for one of the Chair, CEO, CFO or Senior Independent Director to be female. As described on page 113, the limited gender diversity of the candidates for the role of Chair with the experience relevant for chairing a real estate business of the scale and complexity of British Land limited the opportunity to fulfil this ambition. Alongside the relatively recent appointments of the Chief Financial Officer and Chief Executive who are both male, this has meant this target has yet to be achieved.

The Committee will continue to monitor the skills and experiences of Board members to ensure that the Board is equipped to advance the Company's strategy and performance. From an Executive Committee perspective, the Committee will continue to support the Board and Chief Executive in ensuring appropriate succession planning continues and that diversity forms a key part of that process.

# MONITORING QUALITY AND INTEGRITY

**Loraine Woodhouse**
Non-Executive Director

## Committee composition and governance

The Committee continues to be composed solely of independent Non-Executive Directors with sufficient financial experience, commercial acumen and sector knowledge to fulfil their responsibilities.

Members' attendance at Committee meetings is set out in the following table:

| Director | Position | Date of Committee appointment | Attendance |
|---|---|---|---|
| Loraine Woodhouse | Chair | 31 Mar 2021 | 3/3 |
| Alastair Hughes* | Member | 1 Jan 2018 | 2/3 |
| Preben Prebensen | Member | 1 Jan 2021 | 3/3 |

* Alastair Hughes was unable to attend the March 2024 Committee meeting due to illness.

## FY24 calendar

The calendar gives an overview of the key matters considered by the Committee during the year.

The key shows the main areas that the Committee focused on and how we have spent our time during the year.

**Key**

- ● Investment and development property valuations
- ● Corporate and financial reporting and fair, balanced and understandable assessment
- ● Risk management and internal controls
- ● External audit and internal audit

**May 23**

- ● Valuation reports, effectiveness
- ● 2023 draft Annual Report and Accounts and preliminary announcement
- ● Fair, balanced and understandable assessment
- ● Going concern and viability assessments
- ● Sustainability assurance report
- ● Corporate Governance Code compliance
- ● Assessment of principal and emerging risks, key risk indicators and risk appetite
- ● Internal controls effectiveness
- ● Anti-Money Laundering update
- ● Internal audit update
- ● External audit report
- ● Auditor reappointment and subsidiary auditor approval

**July 23**

AGM

Resolutions for the Audit Committee to determine the auditor's remuneration and the reappointment of the external auditor were approved by shareholders.

**November 23**

- ● Valuer report and valuer effectiveness
- ● 2023 half year results and draft preliminary announcement
- ● Key financial reporting judgements
- ● Going concern review
- ● Corporate governance reforms update
- ● Risk management update
- ● Internal controls effectiveness
- ● Technology transformation update
- ● Technology risk update
- ● External audit half year review
- ● Internal audit update
- ● External audit plan, fees and engagement letter
- ● External audit tender
- ● Internal audit update on work performed

**March 24**

- ● Financial reporting judgements
- ● Going concern and viability assessments
- ● Corporate governance reforms update
- ● Sustainability reporting update
- ● Assessment of principal and emerging risks, key risk indicators and risk appetite
- ● Annual fraud and anti-bribery and corruption update
- ● Whistleblowing report
- ● Data privacy compliance update
- ● Annual tax update, including key tax events and tax compliance
- ● Effectiveness of Audit Committee, internal and external auditors
- ● Internal audit plan and update on work performed

## I am pleased to present the report of the Audit Committee for the year ended 31 March 2024.

The Committee plays a key role in the governance of the Group's financial reporting, risk management, internal controls and assurance processes and the external audit. As well as our main areas of responsibility, throughout the year, the Committee paid particular attention to the changes to the Corporate Governance Code published in the year and the external audit tender, further details of which are provided in the case studies in this Report.

I hope that readers will find the information set out on the following pages useful in understanding the Committee's work over the last year.

For the purposes of the Code and FCA Handbook, the Board is satisfied that the Committee as a whole has competence relevant to the real estate sector, and I am deemed to meet the specific requirement of having recent and relevant accounting experience. Further information about members' qualifications can be found in the Directors' biographies on pages 98 to 101.

The Committee meets privately with both external and internal auditors after each scheduled meeting and continues to be satisfied that neither is being unduly influenced by management. As Committee Chair, I additionally hold regular meetings with the Chief Executive, Chief Financial Officer and other members of management to obtain a good understanding of key issues affecting the Group and am thereby able to identify those matters which require meaningful discussion at Committee meetings. I also meet the external audit partner, internal audit partner and representatives from each of the valuers privately to discuss key issues as well as providing them the opportunity to raise any concerns they may have.

## Committee effectiveness

The Committee reviewed its effectiveness as part of the wider external Board evaluation which concluded that the Committee continued to operate effectively.

The Committee reviews its terms of reference on an annual basis and this year that review included consideration of the Financial Reporting Council published minimum standard for audit committees, concluding that no changes were required. The terms are available on our website at britishland.com/structure-committees.

**Loraine Woodhouse**
Chair of the Audit Committee

## Responsibilities and key areas of focus

### Corporate and financial reporting

Monitoring the integrity of the Company's and Group's financial statements and any formal announcements relating to financial performance, and considering significant financial reporting issues, judgements and estimates. Considering the appropriateness of the accounting treatment of significant transactions, including asset acquisitions and disposals, and the viability and going concern statements. Reviewing the content of the Annual Report and preliminary announcement ahead of publication, including sustainability related disclosures and related assurance. Monitoring and responding to key changes to Corporate Governance regulations and best practice.

### Fair, balanced and understandable assessment

Assessing whether the Annual Report is fair, balanced and understandable.

### External audit

Oversight and remuneration of the external auditor, assessing their effectiveness and independence, and making recommendations to the Board on the appointment of, and policy for non-audit services provided by, the external auditor.

### Internal audit

Monitoring and reviewing the internal audit plan, reports on the work of the internal auditor, and reviewing its effectiveness, including its resourcing.

### Risk management and internal controls

Reviewing the effectiveness of the system of internal control and risk management. Reviewing the process for identification and mitigation of principal and emerging risks, assessment of risk appetite and key risk indicators, and challenging management actions where appropriate.

### Investment and development property valuations

Considering the valuation process, assumptions and judgements made by the valuers and the resulting outcomes. Monitoring the effectiveness of the Company's valuers and the proportion of the portfolio for which each valuer has responsibility.

## Focus for the coming year:

- processes by which the Board identifies, assesses, monitors, manages and mitigates risk, particularly in the context of the wider macroeconomic environment;
- monitor key risk areas, particularly those scheduled for review by internal audit including, but not limited to, key financial, reporting, operational and compliance controls, health and safety management, business continuity planning, ESG reporting and GDPR processes;
- continue to enhance our key ESG reporting and technology controls;
- monitor the impact of the implementation of the changes associated with the review of investment valuation standards undertaken by RICS on the valuation processes of the Group; and
- following the external audit tender conducted this year, ensuring the successful transition to the new external audit partner, including enhancing the use of technology to facilitate the external audit process.

## Corporate and financial reporting

The Committee continues to review the content and tone of the preliminary results, Annual Report and Accounts and half year results and make recommendations to the Board regarding their accuracy and appropriateness. Drafts of the Annual Report and Accounts are reviewed by the Committee as a whole prior to formal consideration by the Board, with sufficient time provided for feedback.

The Committee reviewed the key messaging included in the Annual Report and Accounts and half year results, paying particular attention to those matters considered to be important to the Group by virtue of their size, complexity, level of judgement required and potential impact on the financial statements and wider business model.

The Committee has satisfied itself that the controls over the accuracy and consistency of the information presented in the Annual Report and Accounts are robust. The Committee reviewed the procedure undertaken to enable the Board to provide the fair, balanced and understandable confirmation to shareholders.

## Fair, balanced and understandable (FB&U) reporting

The Committee considers annually whether, in its opinion, the Annual Report and Accounts, taken as a whole, is FB&U and whether it provides the information necessary for stakeholders to assess the Company's position, performance, business model and strategy.

The following process is followed by the Committee in making its assessment:

### 1 Management review

Senior management including members of the Investor Relations, Financial Reporting, Analysis, Verification and Company Secretariat teams review and challenge the content and layout of the Annual Report and press release. A report is produced summarising their findings and subsequent changes.

### 2 External auditor

The external auditor reviews content throughout the drafting process, challenging management on its accuracy, consistency and appropriateness. Any significant issues are reported to the Committee and to the executives responsible.

### 3 Internal verification

Alongside the external auditor's review, a small internal group reviews the Annual Report, oversees a verification process for all factual content and reports its findings to the Committee.

### 4 Committee review

The Committee reviews the outputs from stages 1-3 above and, if appropriate, makes a recommendation to the Board that the report is FB&U.

### 5 Recommend to Board

The Board considers the Committee's recommendation that the FB&U statement be made and if thought fit, approves it. The statement can be found in the Directors' Responsibilities Statement on page 147.

The significant issues considered by the Committee in relation to the financial statements and broader work it has undertaken during the year ended 31 March 2024, and the actions taken to address these issues, are set out in the table overleaf.

| Significant issues considered and how these issues were addressed | Outcome |
|---|---|
| **Going concern and viability statement** | |
| The Committee reviewed management's analysis supporting the preparation of the financial statements on a going concern basis. This included consideration of forecast cash flows, availability of committed debt facilities and expected covenant headroom.<br><br>The Committee also reviewed management's assessment of whether the Group's long term viability appropriately reflects the prospects of the Group and covers an appropriate period of time. This included consideration of whether the assessment adequately reflected the Group's risk appetite and principal risks as disclosed on pages 47 to 58; whether the period covered by the statement was reasonable given the strategy of the Group and the environment in which it operates; and whether the assumptions and sensitivities identified, and stress tested, represented severe but plausible scenarios in the context of solvency or liquidity.<br><br>The Committee received a report from the external auditor on the results of the testing undertaken on management's analysis in both cases. | The Committee satisfied itself that the going concern basis of preparation remained appropriate. In doing so, the Committee requested that a reverse stress test be undertaken, in addition to the severe but plausible scenarios conducted. The Committee agreed with management's assessment and recommended the viability statement to the Board. The viability statement, which includes our going concern statement and further details on this assessment, is set out on page 59. |
| **Revised Corporate Governance Code** | |
| The Committee continued to monitor the status of Corporate Governance reforms throughout the year, including the finalised amended Corporate Governance Code and related guidance in January 2024. The Committee received assessments and reports on management's readiness for the changes. | Noting that the most material changes to the Corporate Governance Code related to internal controls, the Committee was satisfied that the Governance arrangements of the Group were well placed to ensure timely compliance with the new Corporate Governance Code. |
| **Accounting for significant transactions** | |
| The accounting treatment of significant property acquisitions, disposals, financing and leasing transactions is a recurring risk for the Group with non-standard accounting entries required, and in some cases management judgement applied. The Committee reviewed management papers on key financial reporting matters, including those for significant transactions, as well as the external auditor's findings on these matters. In particular, the Committee considered the accounting treatment of the formation of a joint venture with Royal London Asset Management in respect of 1 Triton Square. The external auditor separately reviewed management's judgements in relation to these transactions and determined that the approach was appropriate. | The Committee was satisfied that the accounting treatment and related financial disclosure of significant transactions was appropriate. |
| **Valuation of property portfolio** | |
| The valuation of investment and development properties conducted by external valuers is inherently subjective as it is undertaken on the basis of assumptions made by the valuers which may not prove to be accurate. The outcome of the valuation is significant to the Group in terms of investment decisions, results and remuneration. The external valuers presented their reports to the Committee prior to the half year and full year results, providing an overview of the UK property market and summarising the performance of the Group's assets. Significant judgements made in preparing these valuations were highlighted. | The Committee analysed the reports and reviewed the valuation outcomes, challenging assumptions made where appropriate. The Committee queried the valuers on how the challenging macroeconomic environment, including heightened interest rates, had impacted valuations. The Committee also challenged the valuers on the availability of transactional evidence to support their valuations, particularly within the London offices market. The Committee was satisfied with the valuation process and the effectiveness of the Company's valuers. The Committee approved the relevant valuation disclosures to be included in the Annual Report. |

| Significant issues considered and how these issues were addressed | Outcome |
|---|---|
| **Taxation provisions** | |
| The Committee reviewed the appropriateness of taxation provisions made and released by the Group during the period. It considered papers prepared by management and discussed the views of the external auditor to obtain assurance that amounts held were commensurate with the associated risks. | The Committee was satisfied that the taxation provisions were appropriate. 'Our Approach to Tax', which was reviewed by the Committee in the year, is available at britishland.com/taxstrategy. |
| **Risk appetite and principal risks** | |
| The Committee received reports from management which included a review of key risk indicators in the context of our risk appetite and updates on our operational risks. They also received information on the process conducted in the year to review the potential emerging risks of the Group, including an emerging risk workshop held by our internal auditors for management across the business. | The Committee challenged management's assessment of the principal and emerging risks, as well as the appropriate optimal and tolerable ranges for relevant key risk indicators for monitoring these risks, given wider macroeconomic volatility. The Committee resolved that management's assessment of the principal and emerging risks and risk appetite be recommended to the Board. |
| **Assessment of internal controls** | |
| The Committee has continued to seek to enhance the Group's internal control environment, particularly in evolving areas such as ESG reporting and technology. Management provided biannual confirmation of the effectiveness of internal controls. For further information, see the 'Managing risk in delivering our strategy' section on pages 43 to 46. | The Committee reviewed management's biannual confirmation of the effectiveness of internal controls. This includes internal control testing of operating effectiveness for the Group's key controls, providing an additional level of assurance. The Committee reviewed identified control exceptions and challenged management on remediation actions, where necessary. They also reviewed the internal audit report into key controls conducted in the year. Based on the evidence gathered, the Committee assessed that the key internal controls of the Group were effective as at the balance sheet date, making such a recommendation to the Board. |
| **TCFD and ESG reporting** | |
| The Committee reviewed management's continuing compliance with the TCFD requirements for this year's Annual Report and Accounts, as well as other ESG reporting. It considered any changes proposed to both the Strategic Report and financial statements. It also considered the future changes in related Sustainability reporting standards in the year. | The Committee continued to review and provide comment on the revised TCFD disclosure and other ESG reporting, along with discussing the level of assurance provided over key sustainability related metrics, ahead of the final recommendation of the Annual Report and Accounts for approval by the Board. The Committee satisfied itself that the Group's resulting TCFD and ESG reporting disclosure was appropriate. |

## External audit

In line with applicable legislation, the Group was required to conduct an external audit tender for the year ending 31 March 2025 following 10 years of PricewaterhouseCooper's (PwC) appointment, with a minimum change requirement of at least a rotated partner. To enable the opportunity for shadowing through the external audit for the year ended March 2024, an appointment was planned for January 2024.

Following the conclusion of the competitive tender, the Committee recommended to the Board that a resolution to reappoint PwC as external auditor of the Company be put to shareholders at the 2024 AGM.

The Committee is responsible for overseeing the relationship with the external auditor and for considering their terms of engagement, remuneration, effectiveness, independence and continued objectivity. The Committee reviews annually the audit requirements of the Group, for the business and in the context of the external environment, placing great importance on ensuring a high quality, effective external audit process.

BDO LLP provides audit services to a number of wholly-owned subsidiary and joint venture companies.

### Fees and non-audit services

The Committee discussed the audit fee for the 2024 Annual Report with the external auditor and approved the proposed fee on behalf of the Board.

In addition, the Group has adopted a policy for the provision of non-audit services by the external auditor in accordance with the FRC's 2019 Revised Ethical Standard. The policy helps to safeguard the external auditor's independence and objectivity. The policy allows the external auditor to provide non-audit services to British Land where they are considered to be the most appropriate provider for audit related services, including formal reporting relating to borrowings, shareholder and other circulars and work in respect of acquisitions and disposals. In some circumstances, the external auditor is required to carry out the work because of their office. In other circumstances, selection would depend on which firm was best suited to provide the services required. In addition, the following protocols apply to non-audit fees:

- total non-audit fees are limited to 70% of the audit fees in any one year. Additionally, the ratio of audit to non-audit fees is calculated in line with the methodology set out in the FRC's 2019 Revised Ethical Standard;
- Committee approval is required where there might be questions as to whether the external auditor has a conflict of interest; and
- the Audit Committee Chair is required to approve in advance any non-audit service with a value between £25,000 and £100,000, and Committee approval is required for any service over £100,000.

Total fees for non-audit services, primarily relating to a review of interim financial statements and formal reporting relating to borrowings, amounted to £0.26m, which represents 37% of the total Group audit fees payable for the year ended 31 March 2024. Details of fees charged by the external auditor during the year are set out on page 170.

The Committee is satisfied that the Company has complied with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Processes and Audit Committee Responsibilities) Order 2014, published by the Competition and Markets Authority on 26 September 2014.

### Effectiveness

Assessment of the annual evaluation of the external auditor's performance was undertaken by way of a questionnaire completed by key stakeholders across the Group, including senior members of the Finance team. The review took into account the quality of planning, delivery and execution of the audit (including the audit of joint venture and subsidiary companies), the technical competence and strategic knowledge of the audit team and the effectiveness of reporting and communication between the audit team and management.

PwC provides the Committee with an annual report on its independence, objectivity and compliance with statutory, regulatory and ethical standards. For the year ended 31 March 2024, as for the prior year, the external auditor confirmed that it continued to maintain appropriate internal safeguards to ensure its independence and objectivity. PwC also confirms at each Committee meeting that it remains independent, and signs a letter of confirmation stating its independence annually.

The Committee concluded that the quality of the external auditor's work, and the level of challenge, knowledge and competence of the audit team, had been maintained at an appropriate standard during the year.

## External audit tender

### Timetable

In line with applicable legislation, the Group was required to conduct an external audit tender for the year ending 31 March 2025 following 10 years of PwC's appointment, with a minimum change requirement of at least a rotated partner.

The following activities took place during the year:

- Partner interviews with the confirmed bidders
- Request for proposals (RFP) issued to the confirmed bidders with a submission deadline of December 2023
- Data room of relevant information provided to confirmed bidders
- 'Meet the management' sessions organised in November 2023, post half year results

The RFP set out critical success factors for the external audit tender on which the proposals and presentations would be scored, being value add partnering, innovative commercial thinking, competence and capability, audit quality, independence and challenge, transition and delivery.

RFP responses were issued to the Audit Committee in December 2023 with final presentations occurring in January 2024. Following a recommendation to the Board in January 2024, the Board approved the reappointment of PwC as the Group's external auditor.

## Internal Audit

The role of internal audit is to act as an independent and objective assurance function, designed to improve the effectiveness of the governance, risk management and internal controls framework in mitigating the key risks of British Land. Deloitte LLP, in their first year of appointment, provided internal audit services to British Land during the financial year and attended all Committee meetings to present their audit findings alongside the status of management actions.

During the year, the Committee reviewed, made suggested amends to and approved the annual internal audit plan, including consideration of the plan's alignment to the principal risks of the Group and its joint ventures. The Committee also reviewed, made suggested amends to and approved an internal audit three-year strategy covering FY24 to FY26. Internal audits completed during the year included those in relation to key financial and operational controls, digital placemaking, Treasury processes, UK Corporate Governance Reform Readiness, and Development Decision-making Governance. Overall, no significant control issues were identified although several process and control improvements were proposed, with follow up audits scheduled where necessary.

### Effectiveness

The annual effectiveness review of the internal auditor provider included consideration of whether objectives defined in the internal audit charter had been met, review of the quality of the internal audit work undertaken, and the skills and competence of the internal audit teams. Key stakeholders across the Group, including Committee members, Head of Secretariat, Head of Financial Reporting and other senior employees, completed a questionnaire to assess the effectiveness of the internal auditor. The Committee concluded that Deloitte had discharged its duties as internal auditor effectively throughout the year.

## Feedback to inform the Committee's review of the effectiveness of the internal and external audit

| Internal audit/external audit | Management | Audit Committee |
|---|---|---|
| – Assessed audit resource and expertise<br>– Reviewed the quality of audit work, skills and competence of the audit teams<br>– Considered feedback from PwC in relation to the external audit process<br>– Considered feedback from Deloitte in relation to their performance during the year<br>– Reviewed Deloitte's confirmations relating to the internal audit activities, including their independence, composition and interaction with external auditor, Committee and Board<br>– Assessed the internal audit plan | – Reviewed the work carried out by the Risk Committee<br>– Reviewed the questionnaires completed by key stakeholders regarding the Committee, and external and internal auditors' effectiveness<br>– Received assurance that the provision of information to the external auditor complied with the relevant disclosure processes | – Considered the views from members, the Finance team and regular attendees of the Audit Committee<br>– Assessed the output from the Committee evaluation and surveys conducted during this process<br>– Reviewed the external audit reports provided to the Committee during the year, with a specific focus on the demonstration of professional scepticism and challenge of management assumptions. In particular, the Committee noted the significant challenge provided by external audit to management regarding the London office portfolio valuation assumptions in light of the challenging macroeconomic environment<br>– Assessed progress against the prior year's focus areas |

Outcome

Following a review of the outputs from each source outlined above, the Committee concluded the internal and external auditors had operated effectively. For both internal audit and external audit, areas of focus for the year ahead have been agreed taking feedback from FY24 into account and communicated with our providers as part of a continuous improvement approach.

We maintain open and transparent communication with our providers, and will continue to seek market insights and best practices from both internal audit and external audit throughout FY25.

## Investment and development property valuations

The external valuation of British Land's property portfolio is a key determinant of the Group's balance sheet, its performance and the remuneration of the Executive Directors and senior management. The Committee is committed to the rigorous monitoring and review of the effectiveness of its valuers as well as the valuation process itself. The Group's valuers are CBRE, Knight Frank, Jones Lang LaSalle (JLL) and Cushman & Wakefield.

The Committee reviews the effectiveness of the external valuers biannually, focusing on a quantitative analysis of capital values, yield benchmarking, availability of comparable market evidence and major outliers to subsector movements, with an annual qualitative review of the level of service received from each valuer.

The valuers attend Committee meetings at which the full and half year valuations are discussed, presenting their reports which include details of the valuation process, market conditions and any significant judgements made. The external auditor reviews the valuations and valuation process, having had full access to the valuers to determine that due process had been followed and appropriate information used, before separately reporting its findings to the Committee. The valuation process is also subject to regular review by internal audit. The Group's valuers and external auditor have confirmed to the Committee that the process undertaken by British Land to ascertain the valuation of its real estate portfolio is best in class. British Land has fixed fee arrangements in place with the valuers in relation to the valuation of wholly-owned assets, in line with the recommendations of the Carsberg Committee Report.

## Risk management and internal controls

A detailed summary of the Group's risk framework as well as additional information on our systems of internal control is set out in the 'Managing risk in delivering our strategy' section on pages 43 to 46. The Board has delegated responsibility for overseeing the effectiveness of the Group's risk management and internal control systems to the Committee. The Board confirms that the systems have been in place for the year under review and up to the date of approval of the Annual Report and Accounts and have been regularly reviewed throughout the year. The Board is satisfied that the internal controls and systems of risk management are effective. An overarching view of the internal controls system, and the role of the Board and Committee, is set out on the next page. The Committee has oversight of the activities of the executive Risk Committee, receiving minutes of all Risk Committee meetings and discussing any significant matters raised.

As well as complying with the 2018 Corporate Governance Code, the Group has adopted the best practice recommendations in the FRC 'Guidance on risk management, internal control and related financial and business reporting' and the Company's internal control framework operates in line with the recommendations set out in the internationally recognised COSO Internal Control Integrated Framework.

### Emerging Risks

At the full and half year, the Committee reviewed the Group's principal and emerging risks, including consideration of how risk exposures have changed during the period. Both external and internal risks are reviewed and their effect on the Company's strategic aims considered. The assessment of emerging risks includes a bottom-up review of all business units and a deep dive by the Risk Committee. An emerging risk workshop was held with Deloitte in September 2023 attended by over 20 participants from across the business. The aim was to gain deeper insights into and prioritise emerging threats and opportunities which may impact the business. The Audit Committee made a recommendation to the Board regarding the identification and assessment of principal and emerging risks. The Board accepted the Committee's recommendation.

### Effectiveness of Internal Controls

Half yearly, in conjunction with the internal auditor, management reports to the Committee on the effectiveness of internal controls, highlighting control issues identified through the exceptions reporting and key controls testing across all key operational and financial controls. Risk areas identified are considered for incorporation in the internal audit plan and the findings of internal audits are taken into account when identifying and evaluating risks within the business. Key observations and management actions are reported to, and debated by, the Committee. For the year ended 31 March 2024, the Committee has not identified, nor been advised of, a failing or weakness which it has deemed to be significant.

### Risk & Remuneration

At the request of the Remuneration Committee, the Audit Committee considers annually the level of risk taken by management and whether this affects the performance of the Company. The Remuneration Committee takes this confirmation into account when determining incentive awards granted to the Executive Directors and senior management. Taking into account reports received on internal key controls and risk management, and the results of the internal audit reviews, the Committee concluded that for the year ended 31 March 2024 there was no evidence of excessive risk taking by management which ought to be taken into account by the Remuneration Committee when determining incentive awards.

### Financial Reporting

The Board is responsible for preparing the Annual Report and confirms in the Directors' Responsibilities Statement set out on page 147 that it believes that the Annual Report, taken as a whole, is fair, balanced and understandable. The basis on which the Company creates and preserves value over the long term is described in the Strategic Report.

Our financial reporting process is managed using documented accounting policies and reporting formats supported by detailed instructions and guidance on reporting requirements. This process is subject to oversight and review by both the external auditors and the Audit Committee.

### Whistleblowing

The Group's whistleblowing arrangements enable all staff, including temporary and agency staff, suppliers and occupiers, to report any suspected wrongdoing. These arrangements, which are monitored by the HR Director, General Counsel and Company Secretary and reviewed by the Committee annually, include an independent and confidential whistleblowing service for staff provided by a third party. The Committee received a summary of all whistleblowing reports received during the year and concluded that the response to each report by management was appropriate. The whistleblowing reports were also relayed to the Board by the Committee Chair.

## System of internal control

The elements that make up the system of internal control are:

**Governance framework:** Structured with three lines of defence, the governance framework enables the efficient prioritisation of key risks and actions to mitigate risk. An illustration can be found on page 43.

**Strategic risk management:** A holistic view ensures that risk management is underpinned by our strategic objectives, taking into consideration our priorities and the external environment.

**Operational risk management:** Each business unit is supported to manage its own risk to ensure that potential risks are identified and mitigated at an early stage. This embeds the responsibility of risk management at a business unit level. Further detail can be found on page 44.

**Assurance framework:** An element of internal control that is independent of business functions and Executive Committee and Board members.

**Standards and quality framework:** The overarching standards and codes that the Company and its employees adhere to in performing its duties.

### Internal control framework

| Governance | Strategic risk management | Operational risk management | Assurance | Standards and quality framework |
|---|---|---|---|---|
| **Board, Audit Committee and ESG Committee** | – Determine strategic action points and risk appetite<br>– Set strategic and financial goals<br>– Assess the extent and nature of principal and emerging risks | – Review effectiveness of risk management and internal control systems | – External audit<br>– Internal audit | – Group policies and ethical standards e.g. Whistleblowing Policy, Risk & Internal Control Management Policy, Internal Control framework aligns with COSO Internal Control Integrated Framework, FRC Guidance |
| **Executive Committee and Risk Committee** | – Identify principal and emerging risks<br>– Monitor key risk indicators | – Aggregation of risk exposure and adequacy of risk mitigation<br>– Going concern and viability statement | – Group Compliance<br>– Group Health and Safety<br>– Business leads report on key internal controls biannually | – Review and approve business unit policies where relevant |
| **Business units and Risk and Internal Control team** | – Execute strategic actions | – Risk register<br>– Day-to-day responsibility for internal controls | – Risk and Control team oversees the business unit process, including sample testing | – Business unit policies, procedures, processes and systems |

# ALIGNING INCENTIVE WITH STRATEGY

**Laura Wade-Gery**
Chair of the Remuneration Committee

## Committee composition and governance

The Committee continues to be composed solely of independent Non-Executive Directors with sufficient financial experience, commercial acumen and sector knowledge to fulfil their responsibilities.

Members' attendance at Committee meetings is set out in the following table:

| Director | Position | Date of Committee appointment | Attendance |
|---|---|---|---|
| Laura Wade-Gery | Chair | 13 May 2015 | 5/5 |
| Lynn Gladden | Member | 20 Mar 2015 | 5/5 |
| Irvinder Goodhew | Member | 17 Nov 2021 | 5/5 |
| Amanda Mackenzie | Member | 1 Sep 2023 | 3/3 |
| Preben Prebensen | Member | 1 Sep 2017 | 5/5 |

**Our Remuneration Policy aligns management incentives with our strategy.**

**Laura Wade-Gery**
Chair of the Remuneration Committee

## Dear Shareholders

On behalf of the Board, I am pleased to present our Remuneration Report for the financial year ended in March 2024.

### Company performance

In the past twelve months macroeconomic and geopolitical uncertainty has remained high. Against this backdrop management have continued to focus on what they can control delivering very strong operational performance, another year of earnings growth and recycled capital well at good prices to fund future growth. The Company is reporting a strong year of leasing with an underlying profit of £268m, which is ahead of the stretch target set by the Committee. We are pleased to have exceeded our ESG targets for GRESB 5* ratings in development and standing investments; and the proportion of our assets with an EPC rating of A or B. We are proud to have held the very high levels of staff engagement at 78% overall, with a participation rate of 90% and 93% of people proud to work at British Land. This is a commendable achievement in a challenging environment, which has demanded an increased level of work rate to deliver strong operational and financial performance in the year.

### 2024 remuneration outcomes

The Committee considers that the 2022 remuneration policy has operated as intended both in terms of company performance and quantum during the year. The stretching targets set by the Committee have incentivised strong operational and financial performance whilst reflecting the wider economic backdrop against which performance is measured. The Committee considers that the formulaic outcomes under the AIP are appropriate and has not considered it necessary to exercise its discretion to alter the bonus outcomes for the Executive Directors. As a result, the AIP outcomes for the Executive Directors result in a bonus of 119% of salary for Simon Carter and 125% of salary for Bhavesh Mistry against a maximum opportunity of 150% for both Directors.

The outcomes of the AIP for Executive Directors are used as the basis of a company multiplier for the wider workforce, ensuring that overall company performance is reflected in the variable remuneration for the Company as a whole. The multiplier is applied to a personal performance rating against the achievement of corporate and personal development objectives set for each individual. Management work in collaboration with the Committee to determine the company multiplier, ensuring alignment and fairness across the organisation.

The 2021 LTIP grant will vest on 22 June 2024 at an estimated rate of 40%. The Committee is encouraged to see the long term performance of the Company generate positive vesting outcomes for LTIP grants made to Executive Directors and Senior Executives.

Unlike in prior years, the final MSCI Global Universe results, which impact elements of the AIP and LTIP, were available to the Committee prior to the publication of this Annual Report and therefore we are reporting final outcomes in respect of the 2024 AIP. The final outcome of the TAR element of the 2021 LTIP performance conditions is subject to the publication of results by constituents of the property company comparator group and will be confirmed in the 2025 Annual Report.

## 2023 remuneration outcomes

The outcomes of the 2023 AIP and 2020 LTIP vesting reported in the 2023 Annual Report were based on an estimation as final MSCI results were not available until after the publication of the Annual Report.

The 2020 LTIP performance was unchanged by the final MSCI results and therefore vested at a rate of 11% on 22 June 2023.

The final MSCI results did impact the final outturn of the 2023 AIP. The estimated outturn as noted on page 148 of the 2023 Annual Report, was based on a total property return vs the MSCI benchmark of +60bps. The final MSCI results reduced that outperformance to +30bps which in turn reduced the bonus outcome for Simon Carter and Bhavesh Mistry to 87.2% and 89% respectively against a maximum outcome of 150% of salary. The Committee agreed that the final outcome was a fair reflection of performance and did not exercise any discretion.

## Remuneration in respect of the year commencing 1 April 2024

Our overall salary philosophy is to pay mid-market level salaries but on a total package basis be above this level for above target performance. Salaries across the organisation are benchmarked annually. In addition to benchmarking, retention, incentivisation of performance and market demand are considered when setting salary levels.

Salary benchmarking for the Executive Directors has been reviewed by the Committee during the year. We have concluded that total packages are appropriate compared to market and therefore the Executive Directors' salaries will not increase from 1 April 2024. The Committee has carried out a similar exercise for members of the Executive Committee and are not proposing a generic increase. Salary budget for the workforce as a whole is increasing by 5% for the year beginning 1 April 2024, including promotional increases which are considered on a case by case basis. As with Executive Directors and the Executive Committee, salaries may not be increased if benchmarking and relativity of total remuneration does not support it.

The Committee has worked with management during the year to refine target setting in respect of the ESG linked performance measures within the AIP and LTIP, specifically in respect of the operational carbon and energy reduction targets. As a business, we are constantly evolving our data-gathering capabilities and have gained access to occupier operational carbon usage within our retail sites. This data was unavailable when our operational carbon and energy reduction targets were set with the 2022 Remuneration Policy. In order that we are able to assess the full impact of our operational carbon and energy reduction efforts, the Committee has adopted an indexing methodology to include the data that was previously unavailable, whilst maintaining consistency from a performance measurement perspective in current and future years.

## Gender and ethnicity pay gap

The British Land gender pay gap has decreased to 19.4% from 21.9% during the year and the ethnicity pay gap has increased to 17.4% from 14.2%.

We continue to focus on our gender and ethnicity pay gaps and while we have made good progress there is more to do. We run mentoring programmes and a targeted course called "Achieving Your Full Potential" unashamedly aimed at our middle management level women. In management's twice-yearly talent assessments, reviews are done of our high potential population with the emphasis on identifying stretch assignments whether on a temporary or permanent basis to help build skills, experience and confidence. Despite these efforts, one or two senior female departures can have a disproportionate impact on the outcomes due to our relatively small employee base.

Management's focus on recruitment processes, such as blind CVs where possible, has increased the numbers of new hires from diverse backgrounds. During the year ended 31 March 2024, there were 83 new hires, 38.5% of which were from a minoritised ethnic background. However as these were predominantly in more junior roles (given we hire more frequently at junior rather than senior level), the impact has been to increase our ethnicity pay gaps in the short term as junior staff are paid less and new starters will have their bonuses prorated.

## Recommendation

British Land is committed to listening carefully to shareholder feedback and to applying best practice to our remuneration policies and approach. I am delighted to recommend this remuneration report to shareholders on behalf of the Board and hope that you will vote in favour of it at the 2024 AGM.

This will be my last remuneration report as I will be standing down at the AGM in July, having served on the Board for nine years and as Chair of the Remuneration Committee for five. It has been a privilege to lead the Committee. I am particularly proud of having delivered a new Remuneration Policy approved with a vote of 96.24% in favour at the 2022 AGM, embedding environmental performance targets for the first time.

My role as Chair of the Remuneration Committee will pass to Amanda Mackenzie at the conclusion of the AGM and I wish her every success in the role. Amanda will commence the process of reviewing the existing Remuneration Policy during the year ahead and will consult with shareholders at the appropriate time.

Yours sincerely,

Laura Wade-Gery

**Laura Wade-Gery**
Chair of the Remuneration Committee

# REMUNERATION AT A GLANCE

## How we align rewards to delivering our strategy

As set out in the Strategic Report, we have a clearly defined business model and a range of competitive strengths. We target strategic themes that have strong structural tailwinds and currently see opportunities in:

- Development of best in class sustainable space on our campuses
- Retail parks
- London urban logistics

Delivering against these areas lays the foundation for future value creation. Each year, Executive Directors are set objectives by the Board, which are then cascaded through the Executive Committee and on to the whole organisation. These objectives are focused on maximising opportunities within the strategic themes as well as continued strong operational performance, progress against our sustainability ambitions and the continued enhancement of our best in class platform.

We take a long term approach to running our business; our focus is to deliver positive outcomes for all of our stakeholders on a long term, sustainable basis which can mean that actions taken in any one year take time to deliver value.

Over the longer term, we measure our performance against selected financial and sustainability market benchmarks as well as absolute return metrics that are set at the start of the three-year cycle. We only reward our people where the business at least matches those benchmarks and we share a small percentage of any outperformance. We tailor these performance measures to be as relevant as possible to the composition of our business but we recognise that there may be a degree of mismatch at any given time.

The chart below illustrates the alignment between (i) what we are focusing on doing (our strategic objectives), (ii) what we measure and report on and (iii) what we reward Executive Directors for delivering.

**Our strategic themes:**

**Development of Sustainable Space**

**Retail parks**

**London urban logistics**

**People, Sustainability & Operational Execution**

### 2022 Remuneration Policy

| | One-year performance | Three-year performance |
|---|---|---|
| **Annual profitability** | – Profit targets | |
| **Development Profit** | – Targets for Development Profit | |
| **Property valuation changes** | – Relative Total Property Return performance | – Relative Total Property Return performance |
| **Total Accounting Return** | | – Absolute Total Accounting Return performance against a target range |
| **Environmental Measures** | – EPC ratings across estate<br>– GRESB Real Estate benchmark | – Operational carbon reduction<br>– Operational energy reduction |
| **Development of Sustainable Space**<br>**Retail parks**<br>**London urban logistics**<br>**People, Sustainability & Operational Execution** | – Objectives aligned with our strategic themes, sustainability ambitions, continued strong operational performance and continuing to enhance our best in class platform | |

## Summary of the Remuneration Policy and how we apply it

The Remuneration Policy was approved by shareholders on 12 July 2022. The Policy will apply until the AGM in July 2025. The Remuneration Policy is set out in full in the 2022 Annual Report and is available on our website britishland.com/committees.

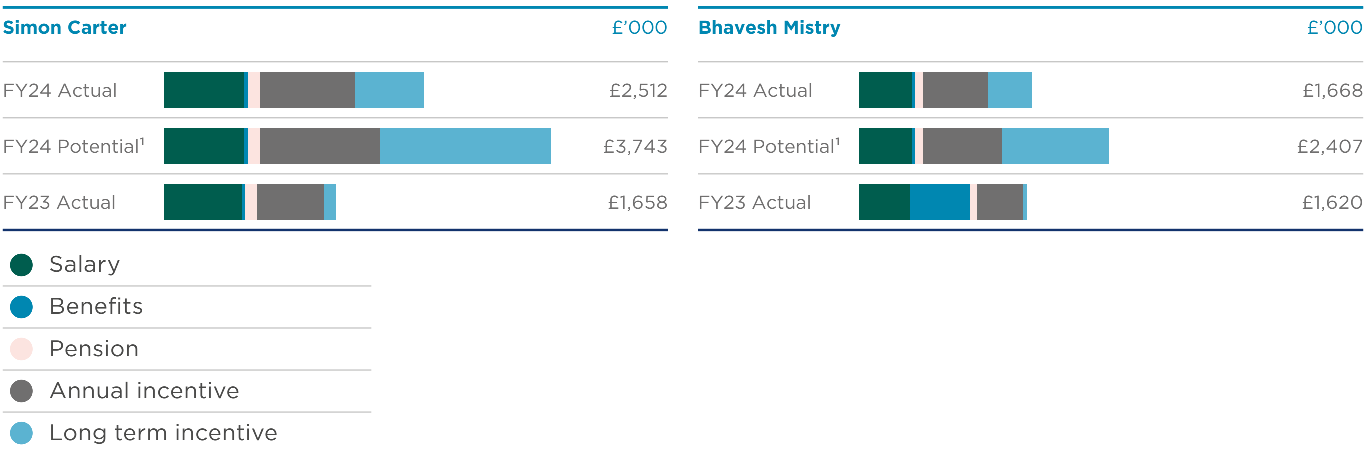
| Element of remuneration | | Link to strategy | Framework |
|---|---|---|---|
| **Fixed** | Basic salary | Attracts and retains talented people with the appropriate degree of expertise and experience to deliver agreed strategy | Reviewed annually and increases typically in line with the market and general salary increases throughout the Group |
| | Benefits | | Benefits are restricted to the amount required to continue providing agreed benefits at a similar level year on year and a maximum of £20,000 per annum for a car allowance |
| | Pension contribution | | Defined contribution arrangements – cash allowances in lieu of pension are made to the CEO and CFO at 15% of salary |
| **Variable** | Annual Incentive | Performance measures related to British Land's strategic, financial and environmental performance as well as the Executive Directors' individual areas of responsibility are set by the Committee at the beginning of the financial year | Maximum opportunity is 150% of basic salary. 2/3rd is paid in cash with the remaining 1/3rd (net of tax) used to purchase shares on behalf of the Executive Director (Annual Incentive Shares) which must be held for a further three years whether or not the Executive Director remains an employee of British Land |
| | Long term incentive | Total Property Return (TPR) links reward to the Company's relative gross property performance<br>Total Accounting Return (TAR) links reward to absolute financial returns<br>ESG Carbon and Energy Reduction link remuneration outcomes to the Company's 2030 Sustainability Strategy | LTIP grants are typically of 250% of salary in the form of performance shares, within the maximum value of an LTIP award of 300% of salary.<br>Awards are subject to a 3 year vesting period and any vested shares must be held by the Director for a further 2 years post-vesting. |

### Executive Directors' remuneration

The tables below show the 2024 actual remuneration against potential opportunity for the year ended 31 March 2024 and 2023 actual remuneration for each Executive Director.

Full disclosure of the single total figure of remuneration for each of the Directors is set out in the table on page 131.

### 2024 actual remuneration v 2024 potential (£'000)




1. FY24 potential assumes that both annual and long term incentives pay out in full, with the LTIP value taking into account share price change since grant.

# HOW WE INTEND TO APPLY OUR REMUNERATION POLICY DURING THE YEAR COMMENCING 1 APRIL 2024

## Executive Directors' remuneration

### Basic salaries

Executive Director salaries were not increased with effect from 1 April 2024. The Committee conducted an industry salary benchmarking exercise and concluded that the Directors' salaries remain appropriate.

| Director | Basic salary £000 |
|---|---|
| Simon Carter | 773 |
| Bhavesh Mistry | 505 |

## Pension and benefits

Both Executive Directors will receive a 15% of salary pension contribution/allowance. Benefits will be provided in line with the policy and include a car allowance and private medical insurance.

## Annual Incentive awards

The maximum bonus opportunity for Executive Directors remains unchanged at 150% of salary. The performance measures for the Annual Incentive awards align with the Company's strategic direction and reflect our sustainability agenda.

The detailed targets that the Committee sets are considered to be commercially sensitive and as such the specific targets for the quantitative measures for the coming year will be disclosed in the 2025 Remuneration Report. In assessing how the Executive Directors perform during the year commencing 1 April 2024, the Committee will take into account their performance against all of the measures and make an assessment in the round to ensure that performance warrants the level of award numerically determined by the table below.

For the year commencing 1 April 2024, the Committee will once again assess performance in the context of the wider stakeholder experience and overall corporate outcome. Discretion may be exercised by the Committee and, if this is the case, a full explanation will be set out in next year's Report.

As disclosed previously, the Committee agreed that for Annual Incentive awards, the sector weighted MSCI March Annual Universe benchmark (which includes sales, acquisitions and developments and so takes into account active asset management as well as a more representative peer group) would be most suitable.

In line with best practice, two-thirds of any bonus amount earned will be paid in cash with the remaining one-third (net of tax) used to purchase shares which must be held for a further three years.

| | Measure | Target | Weighting |
|---|---|---|---|
| **Property valuation changes** | **Annual profitability** | Financial budget targets for profitability<br>0% payout for meeting a threshold level rising to 100% payout for at least matching a stretch level | 30% |
| | **Total Property Return vs MSCI (weighted by sector)** | Total Property Return outperformance target<br>17% payout for matching the MSCI benchmark index rising to 100% payout for outperforming by 1.25% | 20% |
| | **Development Profit** | Financial budget targets for development profit<br>0% payout for meeting a threshold level rising to 100% payout for at least matching a stretch level | 10% |
| **Environmental Measures** | **The Global Real Estate ESG Benchmark (GRESB)** | Benchmark score targets for GRESB rating.<br>0% payout for meeting a threshold score, rising to 50% payout for matching the score that achieves a 5 star rating and rising to 100% payout for at least matching a stretch level score | 10% |
| | **EPC rating across estate** | A&B rating across the estate. 0% payout for meeting a threshold level, rising to 100% payout for at least matching a stretch level | 10% |
| **Strategic/personal/ customer objectives** | **Development of Sustainable Space**<br>**Retail parks**<br>**London urban logistics**<br>**People, Sustainability & Operational Execution** | Commercially sensitive so these will be fully disclosed and explained in next year's Report | 20% |

## Long term incentive awards

LTIP awards will be granted to Executive Directors during the year commencing 1 April 2024. Details will be disclosed at the time of grant in an RNS announcement. Full details will be included in next year's Annual Report.

| Measure | Link to strategy | Measured relative to | Weighting |
|---|---|---|---|
| **Total Accounting Return (TAR)**<br>The growth in British Land's EPRA Net Tangible Asset Value (NAV) per share plus dividends per share paid over the LTIP performance period | The TAR measure is designed to link reward to performance at the net property level that takes account of gearing and our distributions to shareholders | TAR performance will be assessed against targets set in the context of the business plan and investor expectations over the long term<br>Threshold: 4% per annum<br>Maximum: 10% per annum | 50% |
| **Total Property Return (TPR)**<br>The change in capital value, less any capital expenditure incurred, plus net income. TPR is expressed as a percentage of capital employed over the LTIP performance period and is calculated by MSCI | The TPR measure is designed to link reward to strong performance at the gross property level | TPR performance will be assessed against the performance of an MSCI sector weighted benchmark<br>Threshold: Equal to Index<br>Maximum: Index +1.00% per annum | 25% |
| **Environmental, Social, Governance (ESG)**<br>Operational Carbon Reduction ($CO_2e$ per sqm)<br>Operational Energy Reduction | The ESG measure is designed to link reward to delivering our 2030 ESG commitments measured against a 2019 baseline | ESG performance will be assessed against targets set in line with achieving our sustainability vision<br>**Operational Carbon Reduction (12.5% of total weighting)**<br>Threshold: 53% reduction<br>Intermediate: 58% reduction<br>Maximum: 63% reduction<br>**Operational Energy Reduction (12.5% of total weighting)**<br>Threshold: 19% reduction<br>Intermediate: 21% reduction<br>Maximum: 23% reduction | 25% |

For all performance measures, there is no vesting below threshold performance. At threshold performance, vesting is at 20%. There will be straight-line vesting between threshold and intermediate (if applicable) and stretch performance targets.

**The Committee retains the discretion to override the formulaic outcomes of incentive schemes. The purpose of this discretion is to ensure that the incentive scheme outcomes are consistent with overall Company performance and the experience of our stakeholders.**

## Non-Executive Directors' fees

Fees paid to the Chair and Non-Executive Directors for their Board roles are positioned around mid-market with the aim of attracting individuals with the appropriate degree of expertise and experience. The fee structure set out below is unchanged since being applied in 2019 except that the Non-Executive Directors' annual fee was increased by £2,000 to £66,000 from 1 April 2023. The Chairs of Committees also receive a membership fee.

Lynn Gladden's fee of £50,000 to chair the Innovation Advisory Council (IAC) is higher than for chairing Board Committees as the IAC is only recently established and is separate from the Board Governance structure. It therefore requires a greater level of involvement from Lynn to identify members, direct agendas using her experience of innovation and technology sectors and engage in other activities such as investor events.

| Director | Annual fee £000 |
|---|---|
| Chair | 375 |
| Non-Executive Director | 66 |
| Senior Independent Director | 10 |
| Audit or Remuneration Committee Chair's annual fee | 20 |
| Audit or Remuneration Committee member's annual fee | 8 |
| ESG Committee Chair's annual fee | 14 |
| Nomination or ESG Committee member's annual fee | 5 |
| Innovation Advisory Council Chair's annual fee | 50 |

# HOW WE APPLIED OUR CURRENT REMUNERATION POLICY DURING THE YEAR ENDED 31 MARCH 2024

The following pages set out how we implemented the Directors' Remuneration Policy during the year ended 31 March 2024 and the remuneration received by each of the Directors.

## Single total figure of remuneration (audited)

The following tables detail all elements of remuneration receivable by British Land's Executive Directors in respect of the year ended 31 March 2024 and show comparative figures for the year ended 31 March 2023.

| 2024<br>Executive Directors | Salary<br>£000 | Taxable benefits<br>£000 | Pension or pension allowance<br>£000 | Other items in the nature of remuneration<br>£000 | Fixed remuneration<br>£000 | Annual incentive<br>£000 | Long term incentives[1]<br>£000 | Variable remuneration<br>£000 | Total<br>£000 |
|---|---|---|---|---|---|---|---|---|---|
| Simon Carter | **773** | **20** | **116** | **14** | **922** | **919** | **671** | **1,590** | **2,512** |
| Bhavesh Mistry | **505** | **20** | **76** | **11** | **612** | **631** | **424** | **1,055** | **1,668** |

1. Estimated vesting outcomes. Values are based on the Volume Weighted Average Price of 376.76p in respect of the last quarter of the year ended 31 March 2024. Final vesting outcomes will be confirmed in the 2025 Annual Report.

| 2023<br>Executive Directors | Salary<br>£000 | Taxable benefits<br>£000 | Pension or pension allowance<br>£000 | Other items in the nature of remuneration[1]<br>£000 | Fixed remuneration<br>£000 | Annual incentives[2]<br>£000 | Long term incentives incentives[3]<br>£000 | Variable remuneration<br>£000 | Total<br>£000 |
|---|---|---|---|---|---|---|---|---|---|
| Simon Carter | 750 | 20 | 113 | 13 | 896 | 654 | 108 | 762 | 1,658 |
| Bhavesh Mistry | 490 | 20 | 74 | 555 | 595 | 436 | 46 | 1,026 | 1,620 |

1. £543,144 of the amount shown for Bhavesh relates to the partial vesting of a joining award of British Land shares made to him on 19 July 2021 to replace a pre-existing PSP award granted by Tesco plc in 2019 that lapsed upon him joining the Company. It is regarded as variable pay for the purposes of this table. Of the 124,948 shares that were awarded, 107,705 shares (equivalent to 86.2% of the award) vested at 504p per share on 20 June 2022. The remaining balance of 17,243 shares lapsed. The performance condition outcome of 86.2% is reported on page 78 of the 2022 Tesco plc Annual Report under the heading '2019 PSP Outturn (audited)'.
2. Confirmed outcomes. The final relative TPR performance against the MSCI Global Universe was only available after the publication of the 2023 Annual Report. The final outcome reduced the TPR outperformance to +30bps which in turn reduced the AIP bonus outcome for Simon Carter and Bhavesh Mistry to 87.2% and 89% of salary respectively.
3. Confirmed outcomes. Forecast estimated figures were published in the 2023 Report on the basis of a Volume Weighted Average Price for the quarter ended 31 March 2023. The actual outcomes are reflected in the table above on the basis of the share price achieved upon vesting of 311.50p. The vesting level remained at 11%, as estimated within the 2023 Annual Report.

## Notes to the single total figure of remuneration table (audited)

### Fixed pay

#### Taxable benefit

Taxable benefits for both Executive Directors include a car allowance £16,700 and private medical insurance of £3,500.

#### Other items in the nature of remuneration

Other items in the nature of remuneration include: life assurance, permanent health insurance, annual medical check-ups, professional subscriptions and the value of shares awarded under the all-employee Share Incentive Plan (comprising a free share award of £3,600 and matching share awards during the year of £3,600 for both Directors).

#### Pensions

Simon Carter and Bhavesh Mistry are members of the Defined Contribution Scheme and utilise their Annual Pension Allowances; the remaining amount of their pensions is paid in cash for them to make their own arrangements for retirement.

| Executive Director | DC Pension Contribution<br>£000 | Pension Allowance<br>£000 | Total<br>£000 |
|---|---|---|---|
| Simon Carter | 9 | 107 | 116 |
| Bhavesh Mistry | 10 | 66 | 76 |

Simon Carter is also a deferred member of the British Land Defined Benefit Pension Scheme in respect of his employment with British Land earlier in his career. The table below details the defined benefit pensions accrued at 31 March 2024.

| Executive Director | Defined benefit pension accrued at 31 March 2024<br>£000 | Normal retirement age<br>years |
|---|---|---|
| Simon Carter | 46 | 60 |

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

## Annual Incentives FY24 (audited)

The level of Annual Incentive award is determined by the Committee based on British Land's performance and Executive Directors' performance against quantitative and strategic targets during the year. For the year ended 31 March 2024 the Committee's assessment and outcomes against these criteria (before exercising any discretion) are set out below. Quantitative measures are a direct assessment of the Company's financial performance and in the very long term business we operate are a reflection of many of the decisions taken in prior years. The delivery of strategic objectives positions the future performance of the business so payouts under this part of the Annual Incentive Plan will not necessarily correlate with payouts under a particular quantitative measure in any given year. The level of bonus calculated by applying the criteria below generated an outcome of 119% of salary for Simon Carter and 125% of salary for Bhavesh Mistry against a maximum opportunity of 150% for both Directors.

| Quantitative Measures | Weighting | Performance in line with minimum expectations (0% Payout except TPR of 17% Payout, GRESB & EPC Ratings 20% payout) | Performance in line with expectations | Performance in line with maximum expectations (100% Payout) | Final outcome (% of max) | Final outcome (% of salary) | Performance achieved against target range |
|---|---|---|---|---|---|---|---|
| **Net Asset Value changes** | **20%** | | | | | | |
| Total Property Return vs MSCI Benchmark | 20% | 0bps | | +125bps<br>+800bps | **20%** | **30%** | 17% payout for matching the MSCI Benchmark rising to 100% payout for outperforming by 125bps |
| **Annual profitability** | **40%** | | | | | | |
| Underlying Profit | 30% | £241m | £243m | £253m<br>£268m | **30%** | **45%** | 0% payout for meeting a threshold level rising to 100% payout |
| Development Profit | 10% | £-154m<br>£125m | £150m | £175m | **0%** | **0%** | 0% payout for meeting a threshold level rising to 100% payout |
| **Environmental measures** | **20%** | | | | | | |
| Global Real Estate ESG Benchmark (GRESB) | 10% | 5* (-1) | 5* (87pts)<br>89 | 5* (+3) | **8.3%** | **12.5%** | 20% payout for meeting minimum level, 50% payout for achieving in line rising to 100% payout for at least matching a stretch level |
| EPC Rating | 10% | 49% | 52% | 55%<br>58% | **10%** | **15%** | 20% payout for meeting minimum level, 50% payout for achieving in line rising to 100% payout for at least matching a stretch level |
| **Sub-total** | **80%** | | | | **68.3%** | **102.5%** | |

## Simon Carter

| Measure | Weighting | Outcome | % award | Final outcome (% of max) | Final outcome (% of salary) |
|---|---|---|---|---|---|
| Active Capital Recycling | 3.0% | Good progress on sales; £410m sales overall 11% ahead of book value, including 1 Triton JV sale and portfolio of six Vodafone assets.<br>£149m surrender received from Meta at 1 Triton.<br>Good progress on further potential sales across Retail and Offices. | 3.0% | | |
| Realising the value opportunities in Retail | 2.0% | £55m retail park purchases completed.<br>Good investor engagement. Retail park investor event held in September with positive feedback on strength of parks format. | 0.7% | | |
| Realising the potential of our campuses | 3.0% | Achieved planning on six schemes across our campuses. Planning submitted for Broadgate Tower, Euston Tower and Printworks cultural scheme.<br>Continued progress in repositioning towards science and technology; delivered 40k sq ft lab space at Regent's Place, exchanged on 60k sq ft of innovation lettings. Terms agreed with The Crick for a partnership at Regent's Place. Innovation Advisory Council set up and supporting strategic plans.<br>Good investor engagement and positive feedback at science and technology investor day in February. | 1.7% | | |
| Progressing value accretive development | 3.0% | Lease agreed with Citadel for a minimum of 252k sq ft at 2 Finsbury Avenue at record levels of rent for Broadgate and wider City.<br>Norton Folgate fit out progressing and discussions ongoing with potential occupiers. | 1.3% | 11.00% | 16.50% |
| Building our exposure in urban logistics | 3.0% | Achieved planning on four logistics schemes.<br>Started on site at Mandela Way, Southwark and enabling works commenced at The Box, Paddington. | 1.7% | | |
| Delivering our residential strategy | 2.0% | Residential developments at Aldgate and Canada Water on track to practically complete in FY25. Canada Water residential sales prices are ahead of underwriting albeit volume of sales has been at a slower rate than targeted for FY24 (but inline with comparable schemes in the market). | 0.0% | | |
| Deliver our Place Based approach | 1.0% | Initiatives identified across all priority sites with resource now focused on delivery and outcomes. | 0.7% | | |
| People & Sustainability | 3.0% | Gender pay gap improved by 2.5%, but more work to be done on Ethnicity pay gap.<br>Engagement survey completed with a Group engagement score of 78%, in line with prior year and outperforming the benchmark. | 2.0% | | |

## Bhavesh Mistry

| Measure | Weighting | Outcome | % award | Final outcome (% of max) | Final outcome (% of salary) |
|---|---|---|---|---|---|
| Active Capital Recycling | 5.0% | Good investor engagement; Retail park investor event held in September and science and technology investor day in February with positive feedback on strength of parks format and opportunities for science and technology across the portfolio.<br>Maintained refinancing date of >two years with no requirement to refinance until early 2027.<br>Fitch re-affirmed the Company's senior unsecured credit rating at A in August; the highest unsecured rating among European REITs. | 4.2% | 15.00% | 22.50% |
| Realising the value opportunities in Retail | 3.0% | Exchanged £45m of leasing, including £16m of new lettings. Deals exchanged at an average of 17.8% ahead of ERV. | 3.0% | | |
| Realising the potential of our campuses | 3.0% | Exchanged £21m of long-term deals in the Campus standing portfolio, with deals done ahead of budgeted rents. Storey occupancy of 90% and renewals of 62%. | 1.2% | | |
| Delivering operational efficiency and effectiveness | 5.0% | Technology strategy approved by the Board with plans underway and a steering committee established. Office refurbishment completed, including upgrade works to meeting room technology.<br>New lead to lease project progressing in line with plan and successfully launched in April 2024.<br>Delivered improvements in systems, technology, and processes, resulting in increased engagement survey score of 63%, ahead of benchmark.<br>FY24 Cost Ratio of 16% better than target, driven by strong rent collection and lower net costs. | 4.0% | | |
| Deliver our Place Based approach | 1.0% | Initiatives identified across all priority sites with resource now focused on delivery and outcomes. | 0.7% | | |
| People & Sustainability | 3.0% | Gender pay gap improved by 2.5%, but more work to be done on Ethnicity pay gap.<br>Engagement survey completed with a Group engagement score of 78%, in line with prior year and outperforming the benchmark. | 2.0% | | |

| Total Payout | Final outcome (% of max) | Final outcome (% of salary) |
|---|---|---|
| Simon Carter | 79.33% | 119.00% |
| Bhavesh Mistry | 83.33% | 125.00% |

One third of the annual bonus (after tax has been paid) is used to purchase shares which are then held for a minimum of three years by the Executive Director.

**2023 comparative:** In May 2023, after the publication of the 2023 Annual Report, the Committee confirmed that the outperformance of TPR compared to the MSCI benchmark was +30bps, which was reduced from an estimated +60bps within the 2023 Annual Report. The impact on variable remuneration is disclosed within the single figure table on page 131 and explained in full on page 126.

## Long term incentives (audited)

The information in the long term incentives column in the single total figure of remuneration table (see page 131) relates to vesting of awards granted under the following schemes, including, where applicable, dividend equivalent payments on those awards.

## Long Term Incentive Plan (audited)

The award granted to Simon Carter on 22 June 2021 which will vest on 22 June 2024 was subject to three performance conditions over the three-year period to 31 March 2024. The award granted to Bhavesh Mistry on 2 August 2021 which will vest on 2 August 2024 was made after he joined the Company on the same basis as the award granted to Simon Carter on 22 June 2021.

The first condition (40% of the award) measured British Land's Total Property Returns (TPR) relative to the funds in the sector weighted MSCI Annual Universe (the Benchmark) previously the IPD UK Annual Property Index; the second (20% of the award) measured Total Accounting Return (TAR) relative to a comparator group of FTSE 350 property companies; while the third (40% of the award) measured Total Shareholder Return (TSR), half of which was measured against the FTSE 100 and the other half measured against the comparator group of FTSE 350 property companies.

The TPR element will vest, based on British Land's adjusted TPR of +1.0% per annum compared to the Benchmark of -2.8% per annum. The TAR element is expected to lapse based on British Land's TAR of -1.5% per annum compared to a forecast 4.7% per annum for the comparator group. Korn Ferry has confirmed that the TSR element will lapse. The portion assessed against the Property companies index will lapse as British Land's TSR performance was below the sector Index of -5.4%. The portion assessed against the FTSE 100 Index will also lapse as British Land's TSR performance was below the Index performance of 28.8%. The estimated vesting level of the 2021 Awards is 40% of maximum.

The final TAR outcome and overall vesting level will be confirmed in the 2025 Annual Report.

| Executive Director | Performance shares or options | Number of performance shares awarded | Estimated value of award on vesting £000[1] | Estimated dividend equivalent value £000 | Increase in value as a result of share price movement between grant and vesting £000[2] |
|---|---|---|---|---|---|
| Simon Carter | Shares | 377,666 | 569 | 102 | 0 |
| Bhavesh Mistry | Shares | 238,945 | 360 | 64 | 0 |

1. Values are based on the Volume Weighted Average Price of 376.76p in respect of the last quarter of the year ended 31 March 2024
2. The share price used to calculate the value of the awards on grant was 496.47p for Simon Carter and 512.67p for Bhavesh Mistry, therefore there was no increase in value as a result of any share price movement between grant and vesting

## Share scheme interests awarded during the year (audited)

The total face value of LTIP awards made to Executive Directors for the year ended 31 March 2024 was equivalent to 250% of basic salary at grant.

The share price used to determine the face value of performance shares (conditional rights to receive shares subject to performance conditions), and thereby the number of performance shares awarded, is the average over the three dealing days immediately prior to the day of award. The share price for determining the number of performance shares awarded to Executive Directors was 338.74p. The performance conditions attached to these awards are set out in the Remuneration Policy approved by shareholders in July 2022 and summarised on the next page.

### Performance shares

| Executive Director | Grant date | Number of performance shares granted | Face value £000 | End of performance period | Vesting date | Percentage vesting on achievement of minimum performance threshold % |
|---|---|---|---|---|---|---|
| Simon Carter | 15/06/23 | 571,375 | 1,935 | 31/03/26 | 15/06/26 | 20% |
| Bhavesh Mistry | 15/06/23 | 373,298 | 1,265 | 31/03/26 | 15/06/26 | 20% |

Performance against the LTIP will be assessed over a period of three years. No more than 20% of each component of the award will vest if the minimum performance threshold is achieved. Performance below the minimum threshold will result in the relevant proportion of the LTIP award lapsing. 100% of the proportion of each element of award attached to each measure will vest if British Land's performance reaches the stretch level. Those levels are: relative TPR performance against the MSCI March Annual Universe Benchmark: equal to the benchmark for threshold performance and +1.00% pa for maximum performance (25% weighting); absolute TAR: 4% pa for threshold performance and 10% pa for maximum performance (50% weighting); Operational Carbon Reduction: 44% reduction for threshold performance and 53% reduction for maximum performance (12.5% weighting); and Operational Energy Reduction: 17% reduction for threshold performance and 21% reduction for maximum performance (12.5% weighting).

TAR will be measured on the basis of a three-year average over the performance period. TPR will be measured on a straight-line basis between the index and stretch performance. Both sustainability metrics will be measured against the 31 March 2019 base level disclosed within our 2030 Sustainability Strategy, which can be found at britishland.com/sustainability.

## Payments to past Directors & payments for loss of office (audited)

There were no payments to past Directors or payments to Directors for loss of office during the year ended 31 March 2024.

## Directors' shareholdings and share interests (audited)

The table below shows the Directors' shareholdings, including shares held by connected persons, as at year end or, if earlier, the date of retirement from the Board.

Although there are no shareholding guidelines for Non-Executive Directors, they are each encouraged to hold shares in British Land. The Company facilitates this by offering Non-Executive Directors the ability to purchase shares quarterly using their post-tax fees. During the year ended 31 March 2024, Mark Aedy, Irvinder Goodhew and Tim Score have each received shares in full or part satisfaction of their fees.

| | Outstanding scheme interests as at 31 March 2024 | | | | Shares held | | |
|---|---|---|---|---|---|---|---|
| Director | Unvested share plan awards (subject to performance measures) | Unvested share plan awards (not subject to performance measures) | Unvested share plan option awards | **Total shares subject to outstanding share plan awards** | As at 1 April 2023 | **As at 31 March 2024** | **Total of all share plan awards and shareholdings as at 31 March 2024** |
| Simon Carter | 1,360,162 | 4,498 | 4,275 | **1,368,935** | 263,203 | **390,369** | **1,759,304** |
| Bhavesh Mistry | 880,842 | 41,528 | 4,275 | **926,645** | 164,288 | **221,155** | **1,147,800** |
| Tim Score (Chair) | | | | | 124,283 | **153,004** | **153,004** |
| Mark Aedy | | | | | 9,491 | **19,841** | **19,841** |
| Lynn Gladden | | | | | 18,339 | **18,339** | **18,339** |
| Irvinder Goodhew | | | | | 21,487 | **38,074** | **38,074** |
| Alastair Hughes | | | | | 7,371 | **7,371** | **7,371** |
| Amanda Mackenzie | | | | | – | **–** | **–** |
| Preben Prebensen | | | | | 20,000 | **20,000** | **20,000** |
| Mary Ricks | | | | | – | **–** | **–** |
| Laura Wade-Gery | | | | | 9,585 | **9,585** | **9,858** |
| Loraine Woodhouse | | | | | 12,123 | **17,725** | **17,725** |

### Acquisitions of ordinary shares after the year end

In addition, on 9 April 2024, the following Non-Executive Directors were allotted shares at a price of 386.06 pence per share in full or part satisfaction of their fees:

| Non-Executive Director | Shares allotted |
|---|---|
| Tim Score | 6,476 |
| Irvinder Goodhew | 3,787 |
| Mark Aedy | 2,377 |

The Executive Directors have purchased or been granted the following fully paid ordinary British Land shares under the terms of the partnership, matching and dividend elements of the Share Incentive Plan:

| Executive Director | Date of purchase or award | Purchase price | Partnership shares | Matching shares |
|---|---|---|---|---|
| Simon Carter | 15/04/24 | 379p | 39 | 78 |
| | 14/05/24 | 404p | 37 | 74 |
| Bhavesh Mistry | 15/04/24 | 379p | 40 | 80 |
| | 14/05/24 | 404p | 37 | 74 |

Other than as set out above, there have been no further changes from 31 March 2024 up to the date this Annual Report was approved by the Board on 21 May 2024.

## Shareholding guidelines

The shareholding guidelines (as a percentage of salary) for Executive Directors are 200% for the Chief Financial Officer and 225% for the Chief Executive. In addition, Executive Directors are required to retain shares equal to the level of this guideline (or if they have not reached the guideline, the shares that count at that time) for the two years following their departure. There is no set timescale for Executive Directors to reach the prescribed guideline but they are expected to retain net shares received on the vesting of long term incentive awards until the target is achieved. Shares that count towards the holding guideline are those which are unfettered and beneficially owned by the Executive Directors and their connected persons, conditional Share Incentive Plan shares and all vested awards count towards the requirement on a net of tax basis. Any LTIP performance shares or share options do not count.

The guideline shareholdings for the year ended 31 March 2024 are shown below based on the Volume Weighted Average Price for 31 March 2024 of 395.3p:

| Executive Director | Guideline as percentage of basic salary | Guideline holding | Holding counting toward guidelines at 31 March 2024 | % of Salary held (Based on 31 March 2024 shareholding) |
|---|---|---|---|---|
| Simon Carter | 225 | 440,010 | 390,369 | 200 |
| Bhavesh Mistry | 200 | 255,519 | 221,155 | 173 |

### Unvested share awards (subject to performance)

| | LTIP performance shares | | | | |
|---|---|---|---|---|---|
| Executive Director | Date of grant | Number outstanding at 31 March 2024 | Subject to performance measures | End of performance period | Vesting date |
| Simon Carter | 22/06/21 | 377,666 | Yes | 31/03/24 | 22/06/24 |
| | 19/07/22 | 411,121 | Yes | 31/03/25 | 19/07/25 |
| | 15/06/23 | 571,375 | Yes | 31/03/26 | 15/06/26 |
| Bhavesh Mistry | 02/08/21 | 238,945 | Yes | 31/03/24 | 02/08/24 |
| | 19/07/22 | 268,599 | Yes | 31/03/25 | 19/07/25 |
| | 15/06/23 | 373,298 | Yes | 31/03/26 | 15/06/26 |

### Unvested share awards (not subject to performance)

| Executive Director | Date of grant | Number outstanding at 31 March 2024 | Subject to performance measures | Vesting date |
|---|---|---|---|---|
| Bhavesh Mistry | 19/07/21 | 28,209 | No | 27/05/24 |
| | 19/07/21 | 9,403 | No | 26/05/25 |

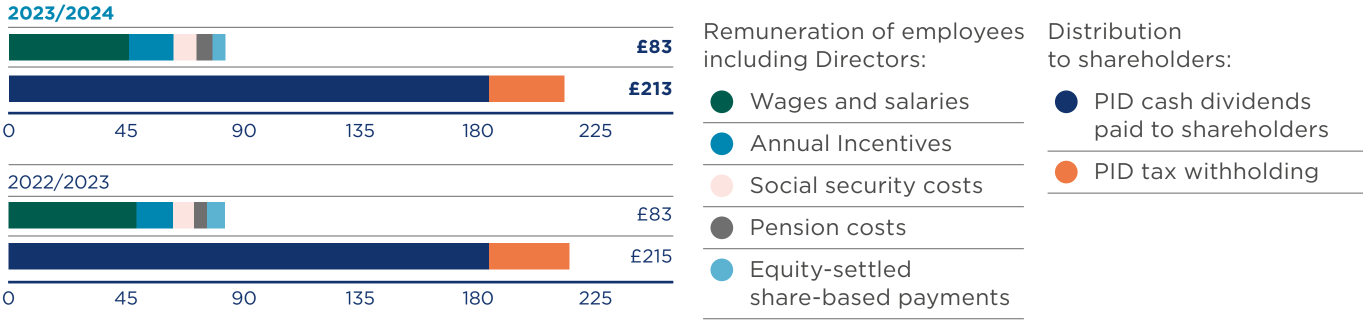
### Unvested option awards (not available to be exercised)

| | Sharesave options | | | | | | |
|---|---|---|---|---|---|---|---|
| Executive Director | Date of grant | Number outstanding at 31 March 2024 | Option price pence | Subject to performance measures | End of performance period | Date becomes exercisable | Exercisable until |
| Simon Carter | 22/06/22 | 4,275 | 421 | No | N/A | 01/09/25 | 28/02/26 |
| Bhavesh Mistry | 22/06/22 | 4,275 | 421 | No | N/A | 01/09/25 | 28/02/26 |

## Other disclosures

### Relative importance of spend on pay

The graph below shows the amount spent on the remuneration for all employees (including Executive Directors) relative to the amount spent on distributions to shareholders for the years to 31 March 2024 and 31 March 2023. The total cost of remunerating employees is unchanged from the prior year. The total cost of paying distributions to shareholders for the year ended 31 March 2024 decreased by 1% compared with the year ended 31 March 2023.




### Total shareholder return and Chief Executive's remuneration

The table below sets out the total remuneration of the Chief Executive over the same period as the Total Shareholder Return graph.

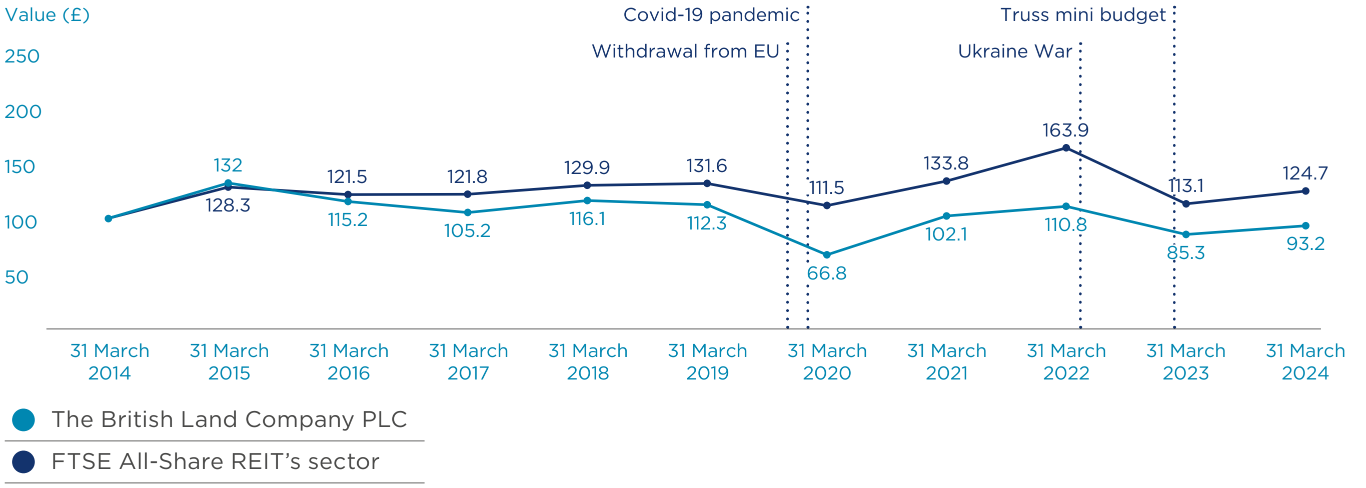
The Annual Incentive awards against maximum opportunity and LTIP vesting percentages represent the year end awards and forecast vesting outcome for the Chief Executive. The quantum of Annual Incentive awards granted each year and long term incentive vesting rates are given as a percentage of the maximum opportunity available.

| | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23[2] | **2023/24[3]** |
|---|---|---|---|---|---|---|---|---|---|---|
| Chief Executive | Chris Grigg | Chris Grigg | Chris Grigg | Chris Grigg | Chris Grigg | Chris Grigg | CEO[1] | Simon Carter | Simon Carter | **Simon Carter** |
| Chief Executive's single total figure of remuneration (£000) | 6,551 | 3,623 | 1,938 | 2,279 | 1,653 | 1,534 | 1,644 | 1,919 | 1,658 | **2,512** |
| Annual Incentive awards against maximum opportunity (%) | 96 | 67 | 33 | 63 | 36 | 28 | 53 | 91 | 58 | **79** |
| Long term incentive awards vesting rate against maximum opportunity (%) | 93 | 54 | 15 | 16 | 0 | 0 | 0 | 0 | 11 | **40** |

1. The amount shown for the 2020/2021 year is a blended figure, representing the remuneration paid to Chris Grigg (£1.093m) and Simon Carter (£0.551m) for the respective periods that they served as CEO
2. Confirmed outcome
3. Estimated outcome

## Total shareholder return

The graph below shows British Land's total shareholder return for the 10 years to 31 March 2024, which assumes that £100 was invested on 1 April 2014. The Company chose the FTSE All-Share REIT's sector as an appropriate comparator for this graph because British Land has been a constituent of that index throughout the period.




## CEO pay ratio

The 2023/24 CEO pay ratio, prepared in line with Method A of the reporting regulations, is set out below, along with historic data. In line with the method used last year, this method is considered to be the most comparable approach to the Single Figure calculation used for the CEO. The pay data is based on employees as at 31 March 2024 and has been analysed on a full-time equivalent basis, with pay for individuals working part-time increased pro-rata to the hours worked. Employees on maternity/paternity leave have been included in the analysis.

The table below shows the movement in median ratio since 2019/20. The median pay ratio has increased in the year to 31 March 2024 driven primarily by better Company performance. This provided a higher CEO bonus outcome and expected 40% vesting of the 2021 LTIP. This compares with 11% vesting for the 2020 LTIP in 2023 and 0% vesting in the prior years under review. The median ratio is considered to be consistent with the pay and progression policies within British Land as the remuneration policy for the CEO is set based on the same principles as the policy for the wider employee population. As such, salaries for all employees are set to reflect the scope and responsibilities of their role and take into account pay levels in the external market. The majority of staff are also eligible to receive a bonus, and whilst variable pay represents a larger proportion of the CEO's package, in all cases, there is a strong link between payouts and the performance of both the Company and the individual. The Committee Chair has provided an explanation of the relationship between reward and performance on page 125.

| CEO pay ratio | 2019/20 | 2020/21[1] | 2021/22 | 2022/23 | 2023/24 |
|---|---|---|---|---|---|
| Method | C | A | A | A | A |
| CEO single figure (£000) | 1,534 | 1,644 | 1,919 | 1,736 | 2,512 |
| Upper quartile | 14:1 | 16:1 | 17:1 | 15:1 | 20:1 |
| Median | 22:1 | 23:1 | 26:1 | 22:1 | 30:1 |
| Lower quartile | 33:1 | 35:1 | 38:1 | 33:1 | 44:1 |

1. The 2020/21 single total figure of remuneration represents a blended amount calculated by reference to the amounts paid to Chris Grigg and Simon Carter for the respective periods that they served as Chief Executive during the year

The salary and total pay for the individuals identified at the Lower quartile, Median and Upper quartile positions in 2023/24 are set out below. Having reviewed the pay levels of these individuals it is felt that these are representative of the structure and quantum of pay at these points in the distribution of employees' pay.

| 2023/24 Employee pay | Salary £ | **Total pay £** |
|---|---|---|
| Upper quartile | 89,250 | **126,938** |
| Median | 65,835 | **84,878** |
| Lower quartile | 45,000 | **56,971** |

## Directors' remuneration compared to remuneration of British Land employees

The table below shows the percentage changes in different elements of the Directors' remuneration relative to the previous financial year and the average percentage changes in those elements of remuneration for employees of the listed parent company The British Land Company PLC. An explanation of the changes between 2023 and 2024 is provided below, with the explanation of changes in prior periods available in the relevant Annual Report and Accounts.

- Simon Carter and Bhavesh Mistry received a 3% salary increase which became effective on 1 April 2023. This compares with an average salary increase across the organisation of 7%.
- The higher Annual Bonus % change for Simon and Bhavesh compared with the prior year is as a result of increased company performance and is consistent with the change in bonuses across the organisation.
- Non-Executive Directors also received a 3% increase in their basic fee effective from 1 April 2024. Those Directors with a 2% change below have other Board roles such as committee membership and chairing roles, the fees for which were not increased. The Chair's fee remained unchanged.
- Lynn Gladden's basic fee increase of 61% represents the additional fee paid to her from May 2023 for chairing the Innovation Advisory Council as disclosed on page 130.
- The change in benefits for Non-Executive Directors relates to taxable travel expenses, the tax and national insurance for which is paid by the Company. Changes are reflective of additional or fewer travel requirements during the year. Although certain % changes look relatively large, the actual amounts paid are small and are disclosed with the prior year comparison on the following page.
- Changes are only displayed where there are two full years of fees to compare in order that there is a fair comparison between years. Mary Ricks and Amanda Mackenzie joined the Board during the year and therefore there is no prior year data to compare with.

| | **2024 vs 2023** | | | 2023 vs 2022 | | | 2022 vs 2021 | | | 2021 vs 2020 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Remuneration element | **Base salary/fees % change** | **Benefits % change** | **Annual Bonus % change** | Base salary/fees % change | Benefits % change | Annual Bonus % change | Base salary/ fees % change | Benefits % change | Annual Bonus % change | Base salary/ fees % change | Benefits % change | Annual Bonus % change |
| Simon Carter | **3%** | **1%** | **41%** | 0% | -2% | -32% | 35% | -2.8% | 117% | n/a | n/a | n/a |
| Bhavesh Mistry | **3%** | **1%** | **45%** | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Tim Score | **0%** | **0%** | **n/a** | 0% | 0% | n/a | 7% | 0% | n/a | 20% | 0% | n/a |
| Mark Aedy | **3%** | **0%** | **n/a** | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Lynn Gladden | **61%** | **62%** | **n/a** | 0% | 98% | n/a | 7% | 100% | n/a | -6% | 0% | n/a |
| Irvinder Goodhew | **3%** | **18%** | **n/a** | 3% | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Alastair Hughes | **2%** | **0%** | **n/a** | 0% | n/a | n/a | 9% | 0% | n/a | -3% | 0% | n/a |
| Amanda Mackenzie | **n/a** | **n/a** | **n/a** | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Preben Prebensen | **2%** | **0%** | **n/a** | 0% | n/a | n/a | 12% | 0% | n/a | 12% | 0% | n/a |
| Mary Ricks | **n/a** | **n/a** | **n/a** | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Laura Wade-Gery | **2%** | **58%** | **n/a** | 0% | n/a | n/a | 13% | 0% | n/a | 0% | 0% | n/a |
| Loraine Woodhouse | **2%** | **-100%** | **n/a** | 0% | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Average employees | **7%** | **14%** | **31%** | 9% | -7% | -17% | 6% | -7% | 50% | 2% | 1% | 84% |

The Committee reviews, takes advice and seeks information from both its independent adviser and the Human Resources department on pay relatively within the wider market and the Company throughout the year. The CEO pay ratio, ethnicity and gender pay ratio help to inform the Committee in its assessment of whether the level and structure of pay within the Company is appropriate. The Committee is satisfied with the current Policy and feels the opportunity and alignment are appropriate at the current time.

## Non-Executive Directors' remuneration (audited)

The table below shows the fees paid to our Non-Executive Directors for the years ended 31 March 2024 and 31 March 2023:

| | Fees[1] | | Taxable benefits[2] | | Total | |
|---|---|---|---|---|---|---|
| Chair and Non-Executive Directors | **2024 £000** | 2023 £000 | **2024 £000** | 2023 £000 | **2024 £000** | 2023 £000 |
| Tim Score (Chair) | **375** | 375 | **0** | 0 | **375** | 375 |
| Mark Aedy | **71** | 69 | **0** | 0 | **71** | 69 |
| Lynn Gladden[3] | **124** | 77 | **6** | 4 | **30** | 81 |
| Irvinder Goodhew | **79** | 77 | **0** | 0 | **79** | 77 |
| Alastair Hughes | **98** | 96 | **0** | 0 | **98** | 96 |
| Amanda Mackenzie[4] | **46** | n/a | **0** | n/a | **46** | n/a |
| Preben Prebensen | **97** | 95 | **0** | 0 | **97** | 95 |
| Mary Ricks[5] | **28** | n/a | **8** | n/a | **36** | n/a |
| Laura Wade-Gery | **99** | 97 | **1** | 1 | **100** | 98 |
| Loraine Woodhouse | **94** | 92 | **0** | 1 | **94** | 93 |

1. Fees include the basic fee of £66,000 paid to each Non-Executive Director as well as Committee membership and Chair roles, with the exception of the Chair
2. Taxable benefits include the expenses incurred by Non-Executive Directors. The Company provides the tax gross up on these benefits and the figures shown above are the grossed up values. There is no variable element to the Non-Executive Directors' fees
3. Lynn Gladden's 2024 fees include the fee paid to her to chair the Innovation Advisory Council
4. Amanda Mackenzie joined the Board on 1 September 2023
5. Mary Ricks joined the Board on 1 November 2023. Mary lives in the USA. Taxable benefits relate to hotel accommodation at the time of Board and Committee meetings

## Remuneration Committee meeting governance

As at 31 March 2024, and throughout the year under review, the Committee was comprised wholly of independent Non-Executive Directors. The members of the Committee, together with attendance at Committee meetings, are set out in the table on page 125.

During the year ended 31 March 2024, Committee meetings were also part attended by Tim Score (Chair), Simon Carter (Chief Executive), Bhavesh Mistry (Chief Financial Officer), Brona McKeown (HR Director, General Counsel and Company Secretary), Kelly Barry (Reward Director) and Gavin Bergin (Head of Secretariat) other than for any item relating to their own remuneration. A representative from Korn Ferry also routinely attends Committee meetings.

The Committee Chair holds regular meetings with the Chair, Chief Executive and HR Director, General Counsel and Company Secretary to discuss all aspects of remuneration within British Land. She also meets the Committee's independent remuneration advisers, Korn Ferry, prior to each substantive meeting to discuss matters of governance, Remuneration Policy and any concerns they may have.

## How the Committee discharged its responsibilities during the year

The Committee's role and responsibilities have remained unchanged during the year and are set out in full in its terms of reference which can be found on the Company's website britishland.com/committees. The Committee's key areas of responsibility are:

- developing the performance conditions relating to the Company's 2030 Sustainability Strategy within the approved 2022 Directors' Remuneration Policy, in respect of which the Committee received in-depth technical briefings from subject matter experts from the business;
- reviewing the Remuneration Policy and strategy for members of the Executive Committee and other members of executive management, whilst having regard to pay and employment conditions across the Group;
- determining the total individual remuneration package of each Executive Director, Executive Committee member and other members of management;
- monitoring the extent to which performance measures and conditions attached to all annual and long term incentive awards have been met;
- determining the vesting and payment outcomes of annual and long term incentive plans in respect of Executive Directors and senior management; and
- selecting, appointing and setting the terms of reference of any independent remuneration consultants.

In addition to the Committee's key areas of responsibility, during the year ended 31 March 2024, the Committee also considered the following matters:

- reviewing and recommending to the Board the Remuneration Report to be presented for shareholder approval; remuneration of the Executive Directors and members of the Executive Committee including achievement of corporate and individual performance; and pay and Annual Incentive awards below Board-level;
- granting discretionary share awards; reviewing and setting performance measures for Annual Incentive awards and Long Term incentives;
- reviewing the Committee's terms of reference;
- feedback from the HR Director, General Counsel and Company Secretary and Remuneration Consultants following consultation with the British Land Leadership Team;
- the Committee was made aware of the results of engagement surveys and any general themes that are impacting employees. All-employee communications were sent from Executive Committee members, including the CEO, relating to wider Company remuneration;
- considering gender and ethnicity pay gap reporting requirements and outcomes; and
- receiving updates and training on corporate governance and remuneration matters from the independent remuneration consultant.

The Committee's terms of reference have been reviewed by the Committee during the year and no changes were made.

### Remuneration consultants

Korn Ferry was appointed as independent remuneration adviser by the Committee on 21 March 2017 following a competitive tender process. Korn Ferry is a member of the Remuneration Consultants Group and adheres to that group's Code of Conduct. The Committee assesses the advice given by its advisers to satisfy itself that it is objective and independent. The advisers have private discussions with the Committee Chair at least once a year in accordance with the Code of Conduct. Fees, which are charged on a time and materials basis, were £66,278 (excluding VAT). Korn Ferry also provided general remuneration advice to the Company during the year.

### Voting at the AGM

The table below shows the voting outcomes of the resolutions put to shareholders regarding the Directors' Remuneration Report and Remuneration Policy at the AGM in July 2023 and July 2022 respectively.

| Resolution | Votes for | % for | Votes against | % against | Total votes cast | Total votes withheld |
|---|---|---|---|---|---|---|
| Directors' Remuneration Report (2023) | 610,298,012 | 92.51 | 49,400,196 | 7.49 | 659,698,208 | 107,048 |
| Directors' Remuneration Policy (2022) | 631,747,807 | 96.24 | 24,675,598 | 3.76 | 656,423,405 | 695,944 |

## Service contracts and letters of appointment

The letters of appointment of Non-Executive Directors are subject to renewal on a triennial basis. In accordance with the UK Corporate Governance Code, all Directors stand for appointment or reappointment by the Company's shareholders on an annual basis. The Directors' service contracts and letters of appointment are available for inspection during normal business hours at the Company's registered office and at the AGM.

### Executive Director service contracts

All Executive Directors have rolling service contracts with the Company which have notice periods of 12 months on either side.

| Director | Length of service contract | Date of service contract | Normal notice period to be given by either party |
|---|---|---|---|
| Simon Carter | 12 months | 18 November 2020 | 12 months |
| Bhavesh Mistry | 12 months | 19 July 2021 | 12 months |

### Executive Directors' external appointments

Executive Directors may take up one non-executive directorship at another FTSE company, subject to British Land Board approval. The Executive Directors do not currently hold any paid external appointments.

## Chair and Non-Executive Directors letters of appointment

The unexpired terms of the Chair's and Non-Executive Directors' letters of appointment are shown below:

| Director | Original date of appointment | Effective date of appointment in most recent letter of appointment | Unexpired term at 21 May 2024 (months) |
|---|---|---|---|
| Tim Score (Chair) | 20 March 2014 | 15 May 2023 | 2 |
| Preben Prebensen (SID) | 1 September 2017 | 1 September 2020 | 2 |
| Mark Aedy | 1 September 2021 | 1 September 2021 | 14 |
| Lynn Gladden | 20 March 2015 | 24 May 2021 | 2 |
| Irvinder Goodhew | 1 October 2020 | 1 October 2020 | 2 |
| Alastair Hughes | 1 January 2018 | 1 January 2021 | 2 |
| Amanda Mackenzie | 1 September 2023 | 1 September 2023 | 38 |
| Mary Ricks | 1 November 2023 | 1 November 2023 | 38 |
| Laura Wade-Gery | 13 May 2015 | 24 May 2021 | 2 |
| Loraine Woodhouse | 1 March 2021 | 1 March 2021 | 2 |

Although the Chair's and Non-Executive Directors' appointments are for fixed terms, their appointments may be terminated immediately without notice if they are not reappointed by shareholders or if they are removed from the Board under the Company's Articles of Association or if they resign and do not offer themselves for re-election. In addition, their appointments may be terminated by either the individual or the Company giving three months' written notice of termination (or, for the current Chair, six months' written notice of termination). Despite these terms of appointment, neither the Chair nor the Non-Executive Directors are entitled to any compensation (other than accrued and unpaid fees and expenses for the period up to the termination) for loss of office save that the Chair and Non-Executive Directors may be entitled, in certain limited circumstances, such as corporate transactions, to receive payment in lieu of their notice period where the Company has terminated their appointment with immediate effect.

This Remuneration Report was approved by the Board on 21 May 2024.

**Laura Wade-Gery**
Chair of the Remuneration Committee

# DIRECTORS' REPORT AND ADDITIONAL DISCLOSURES

## The Directors present their Report on the affairs of the Group, together with the audited financial statements and the report of the auditor for the year ended 31 March 2024.

The Directors' Report also encompasses the entirety of our Corporate Governance Report from pages 92 to 143 and Other Information section from pages 228 to 240 for the purpose of section 463 of the Companies Act 2006 (the 'Act'). The Directors' Report and Strategic Report together constitute the Management Report for the year ended 31 March 2024 for the purpose of Disclosure and Transparency Rule 4.1.8R. Information that is relevant to this Report, and which is incorporated by reference and including information required in accordance with the Act and or Listing Rule 9.8.4R, can be located in the following sections:

| Information | Section in Annual Report | Page |
|---|---|---|
| Engagement with stakeholders | Strategic Report | 12 to 15 |
| Future developments of the business of the Company | Strategic Report | 22 to 33 |
| Dividends | Strategic Report | 38 |
| Financial instruments – risk management objectives and policies | Strategic Report | 40 to 42 |
| Viability and going concern statements | Strategic Report | 59 |
| Employment policies and employee involvement | Strategic Report | 73 |
| Sustainability governance | Strategic Report | 76 to 77 |
| Greenhouse gas emissions, energy consumption and efficiency | Strategic Report | 86 to 87 |
| Governance arrangements | Governance | 97 |
| Long term incentive schemes (LR 9.8.4 (4)) | Directors' Remuneration Report | 135 |
| Capitalised interest (LR 9.8.4 (1)) | Financial Statements | 171 and 177 |
| Exposure to risks | Financial Statements | 190 to 200 |
| Additional unaudited financial information (LR 9.8.4 (2)) | Other Information (unaudited) | 228 to 240 |

## AGM

The 2024 AGM will be held at 11:30am on 9 July 2024 at Storey Club, 100 Liverpool Street, EC2M 2RH.

A separate circular, comprising a letter from the Chair of the Board, Notice of Meeting and explanatory notes on the resolutions being proposed, has been circulated to shareholders and is available on our website britishland.com/agm.

## Articles of Association

The Company's Articles of Association (the 'Articles') may only be amended by special resolution at a general meeting of shareholders. Subject to applicable law and the Articles, the Directors may exercise all powers of the Company.

→ THE ARTICLES ARE AVAILABLE ON THE COMPANY'S WEBSITE BRITISHLAND.COM/GOVERNANCE

## Board of Directors

The names and biographical details of the Directors and details of the Board Committees of which they are members are set out on pages 98 to 101 and are incorporated into this Report by reference. Changes to the Directors during the year and up to the date of this Report are set out on page 92 to 93.

The Company's current Articles require any new Director to stand for election at the next AGM following their appointment. However, in accordance with the Code and the Company's current practice, all continuing Directors offer themselves for appointment or re-appointment, as required, at the AGM.

Details of the Directors' interests in the shares of the Company and any awards granted to the Executive Directors under any of the Company's all-employee or executive share schemes are given in the Directors' Remuneration Report on page 137. The service agreements of the Executive Directors and the letters of appointment of the Non-Executive Directors are also summarised in the Directors' Remuneration Report and are available for inspection at the Company's registered office.

The appointment and replacement of Directors is governed by the Articles, the Code, the Act and any related legislation. The Board may appoint any person to be a Director so long as the total number of Directors does not exceed the limit of 20 prescribed in the Articles. The Articles provide that the Company may by ordinary resolution at a general meeting appoint any person to act as a Director, provided that notice is given of the resolution identifying the proposed person by name and that the Company receives written confirmation of that person's willingness to act as Director if they have not been recommended by the Board. The Articles also empower the Board to appoint as a Director any person who is willing to act as such. In addition to any power of removal conferred by the Act, the Articles provide that the Company may by ordinary resolution (and without the need for any special notice) remove any Director from office. The Articles also set out the circumstances in which a person shall cease to be a Director.

The Articles require that at each AGM each person who is a Director shall retire from office on a specific date selected by the Board. The date selected shall be not more than 14 days before, and no later than, the date of the notice of AGM. A Director who retires at an AGM shall be eligible for reappointment by the shareholders.

## Directors' interests in contracts and conflicts of interest

No contract existed during the year in relation to the Company's business in which any Director was materially interested.

The Company's procedures for managing conflicts of interest by the Directors are set out on page 115. Provisions are also contained in the Articles which allow the Directors to authorise potential conflicts of interest.

## Directors' liability insurance and indemnity

The Company maintains Directors' and Officers' liability insurance cover in respect of any potential legal action brought against its Directors.

'Qualifying third party indemnity' provisions (as defined by Section 234 of the Companies Act 2006) were in force during the course of the year ended 31 March 2024 for the benefit of the then Directors of the Company, and at the date of this Report, are in force for the benefit of the Directors of the Company in relation to certain losses and liabilities which they may incur (or have incurred) in connection with their duties, power or office.

## Share capital

The Company has one class of shares, being ordinary shares of 25p each, all of which are fully paid. Holders of ordinary shares are entitled to attend and speak at general meetings of the Company and to appoint one or more proxies or, if the holder of shares is a corporation, one or more corporate representatives. On a show of hands, each holder of ordinary shares shall have one vote, as shall proxies. On a poll, every holder of ordinary shares present in person or by proxy shall have one vote for every share for which they are a holder. There are no restrictions on voting rights or the transfer of shares except in relation to Real Estate Investment Trust restrictions.

The Directors were granted authority at the 2023 AGM to allot relevant securities up to a nominal amount of £77,256,753 as well as an additional authority to allot shares to the same value again for a fully pre-emptive offer. This authority will apply until the conclusion of the 2024 AGM or the close of business on 30 September 2024, whichever is the sooner. At this year's AGM, shareholders will be asked to renew the authority to allot relevant securities.

At the 2023 AGM a special resolution was also passed to permit the Directors to allot shares for cash on a non-pre-emptive basis. This can be both in connection with a pre-emptive offer and, otherwise than in connection with a pre-emptive offer, up to a maximum nominal amount of £11,588,512. A further special resolution was passed to permit the Directors to allot shares for cash on a non-pre-emptive basis up to the same amount for use only in connection with an acquisition or a specified capital investment. At this year's AGM, shareholders will be asked to renew such powers up to the maximum amount permitted by the Statement of Principles on Disapplying Pre-Emption Rights published by the Pre-Emption Group in November 2022.

At the 2023 AGM a special resolution was passed to permit the purchase of up to 92,708,103 ordinary shares. This authority will expire at the earlier of the conclusion of the 2024 AGM or close of business on 30 September 2024. The Company made no purchases of its own shares into treasury during the year pursuant to the above authority. The Company continued to hold 11,266,245 ordinary shares in treasury during the whole of the year ended 31 March 2024 and to the date of this Report.

→ FURTHER DETAILS RELATING TO SHARE CAPITAL, INCLUDING MOVEMENTS DURING THE YEAR, ARE SET OUT IN NOTE 19 TO THE FINANCIAL STATEMENTS ON PAGES 202 TO 203

## Rights under an employee share scheme

Employee Benefit Trusts (EBTs) operate in connection with some of the Company's employee share plans. The trustees of the EBTs may exercise all rights attached to the Company's ordinary shares in accordance with their fiduciary duties other than as specifically restricted in the documents which govern the relevant employee share plan.

## Waiver of dividends

Blest Limited and Equiniti Share Plan Trustees Limited act as trustees (Trustees) of the Companies discretionary Employee Share Trust (EST) and Share Incentive Plan, respectively. The EST holds and, from time to time, purchases British Land ordinary shares in the market, for the benefit of employees, including to satisfy outstanding awards under the Company's various executive employee share plans. Dividend waivers are in place from the Trustees in respect of all dividends payable by the Company on shares which they hold in trust.

## Substantial interests

All notifications made to British Land under the Disclosure and Transparency Rules (DTR 5) are published on a Regulatory Information Service and made available on the Investors section of our website.

As at 31 March 2024, the Company had been notified of the interests noted below in its ordinary shares in accordance with DTR 5. The information provided is correct at the date of notification.

| | Interests in ordinary shares | Percentage holding disclosed % |
|---|---|---|
| Norges Bank | 64,664,412 | 6.98% |
| BlackRock Inc. | 73,048,930 | 7.86% |
| APG Asset Management N.V. | 55,244,122 | 5.96% |
| Schroders plc | 49,576,536 | 5.35% |
| Invesco Ltd | 45,871,686 | 4.95% |

Since the year end, and up to 21 May 2024, the Company had not received any notifications of interest in its ordinary shares in accordance with DTR 5.

## Change of control

There are a number of agreements that could take effect, alter or terminate upon a change of control of the Company. The Group's unsecured borrowing arrangements, comprising £2.6bn term loans and facilities (including undrawn amounts), £585m US Private Placements and £300m Sterling bond, include provisions that may enable each of the lenders or bondholders to request repayment or have a put at par within a certain period following a change of control of the Company. In the case of the Sterling bond this arises if the change of control also results in a rating downgrade to below investment grade. Further detail on the Group's borrowings is set out in Note 16 to the Accounts on page 190.

There are no agreements between the Company and its Executive Directors or employees providing for compensation for loss of office or employment that occurs specifically because of a takeover, merger or amalgamation with the exception of provisions in the Company's share plans which could result in options and awards vesting or becoming exercisable on a change of control. All appointment letters for Non-Executive Directors will, as they are renewed, contain a provision that allows payment of their notice period in certain limited circumstances, such as corporate transactions, where the Company has terminated their appointment with immediate effect.

## Payments policy

We recognise the importance of good supplier relationships to the overall success of our business. We manage dealings with suppliers in a fair, consistent and transparent manner.

→ FOR MORE INFORMATION PLEASE VISIT THE SUPPLIERS SECTION OF OUR WEBSITE AT BRITISHLAND.COM/SUPPLIERS

## Events after the balance sheet date

Details of subsequent events, if any, can be found in Note 24 on page 206.

## Political donations and expenditure

The Company and its subsidiaries did not make any political donations or incur any expenditure during the year ended 31 March 2024 (nil).

## Inclusive culture

British Land employees are committed to promoting an inclusive, positive and collaborative culture. Our 2030 DE&I Strategy sets out our commitments and goals to make British Land the most inclusive organisation it can be. We treat everyone equally irrespective of age, sex, sexual orientation, race, colour, nationality, ethnic origin, religion, religious or other philosophical belief, disability, gender identity, gender reassignment, marital or civil partner status, or pregnancy or maternity. As stated in our Equal Opportunities Policy, British Land treats 'all colleagues and job applicants with equality. We do not discriminate against job applicants, employees, workers or contractors because of any protected characteristic. This applies to all opportunities provided by the Company, including, but not limited to, job applications, recruitment and interviews, training and development, role enrichment, conditions of work, salary and performance reviews'. The Company ensures that our policies are accessible to all employees, making reasonable adjustment when required.

Through its policies and more specifically the Equal Opportunities, Disability and Workplace Adjustment and Recruitment and Selection policies, the Company ensures that entry into, and progression within, the Company is based solely on personal ability and competence to meet set job criteria. Should an employee, worker or contractor become disabled in the course of their employment/engagement, the Company aims to ensure that reasonable steps are taken to accommodate their disability by making reasonable adjustments to their existing employment/engagement.

## Community investment

Our financial community investment during the year totalled £1.3m (for the year ended 31 March 2023: £2,215,216). Of this, £1m came from the Social Impact Fund which is managed by the Social Impact Committee and overseen by the ESG Committee.

The Company also supports employee fundraising and payroll giving which are included in the figures above. For the year ended 31 March 2024, this covered:

- 50% uplift of British Land staff payroll giving contributions (capped at £5,000 per person and £50,000 per annum for the whole organisation); and
- a staff matched funding pledge, matching money raised for community organisations by British Land staff up to £500 per person per year.

Our community investment is guided by our Local Charter, working with local partners to make a lasting positive difference:

- Impactful education partnerships, benefitting over 80,000 people by 2030
- Impactful employment partnerships, benefitting over 10,000 people with meaningful support by 2030
- Affordable space at each priority place, with at least £10m of affordable workspace, retail space, community and art space delivered across our portfolio by 2030

Through our community investment and social impact activity, we connect with communities where we operate, make positive local contributions, help people fulfil their potential, help businesses grow, and promote wellbeing and enjoyment. This all supports a key plank of our Sustainability Strategy, Thriving Places.

## Auditor and disclosure of information

PwC has indicated its willingness to remain in office and, on the recommendation of the Audit Committee, a resolution to reappoint PwC as the Company's auditor will be proposed at the 2024 AGM.

The Directors' Report was approved by the Board on 21 May 2024 and signed on its behalf by:

**Brona McKeown**
HR Director, General Counsel and Company Secretary

The British Land Company PLC
Company number: 621920

# STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have prepared the Group Financial Statements in accordance with UK-adopted International Accounting Standards and the Company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted International Accounting Standards have been followed for the Group Financial Statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company Financial Statements, subject to any material departures disclosed and explained in the Financial Statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the Financial Statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

## Directors' confirmations

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Corporate Governance Report on pages 98 to 101, confirms that, to the best of their knowledge:

- the Group Financial Statements, which have been prepared in accordance with UK-adopted International Accounting Standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Company Financial Statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company; and
- the Strategic Report and Directors' Report, which represent the management report, include a fair review of the development and performance of the business and the position of the Company and the Group, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

**Bhavesh Mistry**
Chief Financial Officer

21 May 2024


20 Triton Street
Regent's Place

Broadgate: air source heat pump installation

# FINANCIAL STATEMENTS


Canada Water

Plant giveaway
Broadgate

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE BRITISH LAND COMPANY PLC

## Report on the audit of the financial statements

### Opinion

In our opinion:

- The British Land Company PLC's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2024 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts 2024 (the "Annual Report"), which comprise: the Consolidated and Company Balance Sheets as at 31 March 2024; the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, and the Consolidated and Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Our opinion is consistent with our reporting to the Audit Committee.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 5, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

### Our audit approach

#### Overview

Audit scope

- We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. The group financial statements are prepared on a consolidated basis, and the audit team carries out an audit over the consolidated group balances in support of the group audit opinion.
- The group's properties are spread across a number of statutory entities with the group financial statements being a consolidation of these entities, the company and the group's joint ventures. All work was carried out by the group audit team with additional procedures performed on the consolidation to ensure sufficient coverage for our opinion on the group financial statements as a whole.

Key audit matters

- Valuation of investment and development properties, either held directly or through joint ventures (group)
- Taxation (group)
- Recoverability of investments and loans to subsidiaries and joint ventures (company)

Materiality

- Overall group materiality: £79.7 million (2023: £82.9 million) based on 1% of total assets.
- Specific group materiality: £13.5 million (2023: £13.3 million) based on 5% of the group's Underlying Profit before tax.
- Overall company materiality: £71.8 million (2023: £74.6 million) based on 1% of total assets.
- Performance materiality: £59.8 million (2023: £62.1 million) (group) and £53.8 million (2023: £56.0 million) (company).

#### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

#### Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Accounting for the Paddington Central partial disposal and joint venture arrangement and the recoverability of tenant debtors and tenant incentives, which were key audit matters last year, are no longer included because of the fact that the Paddington transaction occurred and was tested in the prior year, whilst the inherent uncertainty related to the impairment provisioning of tenant debtors and tenant incentives, which was driven by the Covid-19 pandemic, no longer has the potential to materially impact the carrying amount of these assets within the next financial year. Otherwise, the key audit matters below are consistent with last year.

| Key audit matter | How our audit addressed the key audit matter |
| --- | --- |
| **Valuation of investment and development properties, either held directly or through joint ventures (group)**<br>Refer to the Report of the Audit Committee, Notes to the financial statements – Note 1 (Basis of preparation, material accounting policies and accounting judgements), Note 10 (Property) and Note 11 (Joint ventures).<br><br>The group owns either directly or through joint ventures a portfolio of property consisting of Campuses, Retail & London Urban Logistics and Developments. The total property portfolio valuation for the group was £5,130 million (2023: £5,595 million) and for the group's share of joint ventures was £3,568 million (2023: £3,316 million) as at 31 March 2024.<br><br>The valuations were carried out by third party valuers CBRE, Jones Lang LaSalle, Cushman & Wakefield and Knight Frank (the 'Valuers'). The Valuers were engaged by the directors and performed their work in accordance with the Royal Institute of Chartered Surveyors ('RICS') Valuation – Global Standards and IFRS 13 (Fair Value Measurement).<br><br>In determining the valuation of a property, the Valuers take into account property-specific information such as the current tenancy agreements and rental income. They apply assumptions for yields and estimated market rent, which are influenced by prevailing market yields and comparable market transactions, to arrive at the final valuation. For developments, the residual appraisal method is used, by estimating the fair value of the completed project using a capitalisation method less estimated costs to completion and a risk premium. The valuation of the group's property portfolio was identified as a key audit matter given the valuation is inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future rental streams for that particular property. The significance of the estimates and judgements involved, coupled with the fact that only a small percentage difference in individual property valuations, when aggregated, could result in a material misstatement, warranted specific audit focus in this area. | Given the inherent subjectivity involved in the valuation of investment and development properties, either held directly or through joint ventures, and therefore the need for deep market knowledge when determining the most appropriate assumptions and the technicalities of valuation methodology, we engaged our internal valuation experts to assist us in our audit of this matter.<br><br>**Assessing the Valuers' expertise and objectivity**<br>We assessed the Valuers' qualifications and expertise and read their terms of engagement with the group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work. We also considered fees and other contractual arrangements that might exist between the group and the Valuers. We found no evidence to suggest that the objectivity of the Valuers was compromised.<br><br>**Assumptions and estimates used by the Valuers**<br>We read the valuation reports for the properties and confirmed that the valuation approach for each was in accordance with RICS Valuation – Global Standards. We obtained details of each property held by the group and set an expected range for yield and capital value movement, determined by reference to published benchmarks and using our experience and knowledge of the market. We compared the investment yields used by the Valuers with the range of expected yields and the year on year capital movement to our expected range. We also considered the reasonableness of other assumptions that were not so readily comparable with published benchmarks, such as estimated rental value. For developments valued using the residual valuation method, we obtained the development appraisals and assessed the reasonableness of the Valuers' key assumptions. This included comparing the yield to comparable market benchmarks, comparing the costs to complete estimates to development plans and contracts, and considering the reasonableness of other assumptions that are not so readily comparable with published benchmarks, such as profit on cost. We held discussions with each of the Valuers and challenged their approach to the valuations, the key assumptions and their rationale behind the more significant valuation movements during the year.<br><br>Where assumptions were outside the expected range or showed unexpected movements based on our knowledge, we undertook further investigations, held further discussions with the Valuers and obtained evidence to support explanations received. We also challenged the Valuers as to the extent to which recent market transactions and expected rental values which they made use of in deriving their valuations took into account the impact of climate change.<br><br>The valuation commentaries provided by the Valuers and supporting evidence, enabled us to consider the property specific factors that may have had an impact on value, including recent comparable transactions where appropriate.<br><br>We concluded that the assumptions used in the valuations were supportable in light of available and comparable market evidence. |

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| | **Information and standing data**<br>We performed testing on the data inputs underpinning the investment properties by agreeing the inputs to the underlying property records on a sample basis, to satisfy ourselves of the accuracy of the property information supplied to the Valuers by management. Where applicable, we agreed tenancy information to supporting evidence on a sample basis. For developments, we confirmed that the supporting information for construction contracts and budgets, which was supplied to the Valuers, was also consistent with the group's records, for example, by inspecting construction contracts. Capitalised expenditure was tested on a sample basis to invoices, and budgeted costs to complete compared to supporting evidence. We agreed the amounts per the valuation reports to the accounting records and the financial statements, including the relevant note disclosures. We considered reasons why the market capitalisation was lower than the net asset value of the group.<br><br>**Overall outcome**<br>We have no matters to report in respect of this work. |
| **Taxation (group)**<br>Refer to the Report of the Audit Committee, the Notes to the financial statements – Note 1 (Basis of preparation, material accounting policies and accounting judgements) and Note 7 (Taxation).<br><br>The UK Real Estate Investment Trust ('REIT') regime grants companies tax-exempt status provided they meet the rules within the regime. The rules are complex, and the tax-exempt status has a significant impact on the financial statements. The complexity of the rules creates a risk of an inadvertent breach and the group's profit becoming subject to tax.<br><br>The group's status as a REIT underpins its business model and shareholder returns. For this reason, it warrants special audit focus. The obligations of the REIT regime include requirements to comply with balance of business, dividend and income cover tests. Tax provisions are in place to account for the risk of challenge of certain of the group's tax positions. Given the subjective nature of these provisions, additional audit focus was placed on tax provisions. | We confirmed our understanding of management's approach to ensuring compliance with the REIT regime rules and we involved our internal taxation specialists to verify the accuracy of the application of the rules.<br><br>We obtained management's calculations and supporting documentation, verified the inputs to their calculations and re-performed the group's annual REIT compliance tests. We used our knowledge of tax circumstances and, by reading relevant correspondence between the group and HMRC and the group's external tax advisors, we are satisfied that the assumptions and judgements used by the group in determining the tax provisions are reasonable.<br><br>We have no matters to report in respect of this work. |

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Recoverability of investments and loans to subsidiaries and joint ventures (company)**<br>Refer to the Notes to the company financial statements – Note A Accounting policies (Critical accounting judgements and key sources of estimation uncertainty) and Note D (Investments in subsidiaries and joint ventures, loans to subsidiaries and other investments).<br><br>The company has investments and loans to subsidiaries of £22,786 million (2023: £23,140 million) and investments in joint ventures £157 million (2023: £111 million) as at 31 March 2024. This is following the recognition of a £275 million (2023: £354 million) provision for impairment in shares in subsidiaries, a provision for impairment of £68 million (2023: reversal of £1,350 million impairment) in loans to subsidiaries, and a £9 million reversal of (2023: £36 million provision for) impairment on investments in joint ventures in the year. The company's accounting policy for investments and loans is to hold them at cost less any impairment. Impairment of the loans is calculated in accordance with IFRS 9 Financial Instruments, where expected credit losses are considered to be the excess of the company's loan to a subsidiary over the subsidiary net asset value. Investments in subsidiaries and joint ventures are assessed for impairment in line with IAS 36 Impairment of Assets.<br><br>The company considered the impairment of investment and loan balances at 31 March 2024 in accordance with IAS 36, IFRS 9 and its accounting policy. Given the inherent estimation and complexity in assessing both the carrying value of a subsidiary or joint venture company, and the expected credit loss of intercompany loans, this was identified as a key audit matter. | We obtained management's impairment assessments for the recoverability of investments and loans in subsidiaries and investment in joint ventures as at 31 March 2024.<br><br>We assessed the accounting policies for investments and loans in subsidiaries and investment in joint ventures to ensure they were compliant with FRS 101 "Reduced Disclosure Framework". We verified that the methodology used by management in arriving at the carrying value of the investments in subsidiaries and joint ventures was in line with IAS 36, and that for loans to subsidiaries the expected credit loss was in line with IFRS 9, including the related provision or reversal of impairment. We identified the key estimate within the assessment of impairment of the investments and loans to subsidiaries and investments in joint ventures to be the underlying valuation of investment property held by the subsidiaries and joint ventures. For details of our procedures over investment property valuations please refer to the related group key audit matter above. Given the complexity and the manual nature of the models, we assessed the integrity of the spreadsheets and recalculated the provisions. We have no matters to report in respect of this work. |

### How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The group owns and invests in a number of investment and development properties in two segments, Campuses and Retail & London Urban Logistics, across the United Kingdom. These are held within a variety of subsidiaries and joint ventures with the group financial statements being a consolidation of these entities, the company and the group's joint ventures. The Broadgate Joint Venture was subject to a full scope audit, and the Meadowhall, Paddington Central and Canada Water Joint Ventures were scoped in for specific account balances. All work was carried out by the group audit team with additional procedures performed at the group level (including audit procedures over the consolidation and consolidation adjustments) to ensure sufficient coverage and appropriate audit evidence for our opinion on the group financial statements as a whole.

The group operates a common IT environment, processes and controls across all reportable segments. In establishing the overall approach to our audit, we assessed the risk of material misstatement, taking into account the nature, likelihood and potential magnitude of any misstatement. Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements.

In respect of the audit of the company, the group audit team performed a full scope statutory audit.

### The impact of climate risk on our audit

In planning our audit, we made enquiries with management to understand the extent of the potential impact of climate change risk on the financial statements. Our evaluation of this conclusion included challenging key judgements and estimates in areas where we considered that there was greatest potential for climate change impact. We particularly considered how climate change risks would impact the assumptions made in the valuation of investment properties as explained in our key audit matter above. We also considered the consistency of the disclosures in relation to climate change made within the Annual Report, the financial statements and the knowledge obtained from our audit. We assessed the consideration of the cost of delivering the group's climate change and sustainability strategy within the going concern and viability forecasts.

### Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

| | Financial statements – group | Financial statements – company |
|---|---|---|
| **Overall materiality** | £79.7 million (2023: £82.9 million). | £71.8 million (2023: £74.6 million). |
| **How we determined it** | 1% of total assets | 1% of total assets |
| **Rationale for benchmark applied** | A key determinant of the group's value is property investments. Due to this, the key area of focus in the audit is the valuation of investment and development properties, either held directly or through joint ventures. On this basis, and consistent with the prior year, we set an overall group materiality level based on total assets. | The company's main activity is the investments in and loans to subsidiaries and joint ventures. Given this, we set an overall company materiality level based on total assets. For purposes of the group audit, we capped the overall materiality for the company to be 90% of the group overall materiality. |

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2023: 75%) of overall materiality, amounting to £59.8 million (2023: £62.1 million) for the group financial statements and £53.8 million (2023: £56.0 million) for the company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

In addition, we set a specific materiality level of £13.5 million (2023: £13.3 million) for items within the Underlying column of the Income Statement which is based on 5% of the group's Underlying Profit before tax.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £4.0 million (group audit) (2023: £4.1 million) and £3.6 million (company audit) (2023: £3.7 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

In addition we agreed with the Audit Committee that we would report to them misstatements identified during our group audit above £1.0 million (2023: £1.0 million) for misstatements related to Underlying Profit within the financial statements, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

## Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Corroborated key assumptions (e.g. liquidity forecasts and financing arrangements) to underlying documentation and ensured this was consistent with our audit work in these areas;
- Considered management's forecasting accuracy by comparing how the forecasts made at the half year compare to the actual performance in the second half of the year;
- Understood and assessed the appropriateness of the key assumptions used both in the base case and in the severe but plausible downside scenario, including assessing whether we considered the downside sensitivities to be appropriately severe;
- Tested the integrity of the underlying formulas and calculations within the going concern and cash flow models;

- Considered the appropriateness of the mitigating actions available to management in the event of the downside scenario materialising. Specifically, we focused on whether these actions are within the group and company's control and are achievable; and
- Reviewed the disclosures provided relating to the going concern basis of preparation and found that these provided an explanation of the directors' assessment that was consistent with the evidence we obtained.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report and additional disclosures, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### Strategic Report and Directors' Report and additional disclosures

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report and additional disclosures for the year ended 31 March 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report and additional disclosures.

### Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

## Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group and company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

## Responsibilities for the financial statements and the audit

### Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with the REIT status Part 12 of the Corporation Tax Act 2010 and the UK regulatory principles, such as those governed by the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue, management bias in accounting estimates and judgemental areas of the financial statements such as the valuation of investment and development properties held directly or through joint ventures. Audit procedures performed by the engagement team included:

- Discussions with management and internal audit, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud, and review of the reports made by management and internal audit;
- Understanding of management's internal controls designed to prevent and detect irregularities;
- Reviewing the group's litigation register in so far as it related to non-compliance with laws and regulations and fraud;
- Reviewing relevant meeting minutes, including those of the Risk Committee and the Audit Committee;
- Review of tax compliance with the involvement of our tax specialists in the audit;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;

- Challenging assumptions and judgements made by management in their significant areas of estimation including procedures relating to the valuation of investment properties as described in the related key audit matters above; and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, post close entries and posted by unexpected users.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

### Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

### Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 18 July 2014 to audit the financial statements for the year ended 31 March 2015 and subsequent financial periods. The period of total uninterrupted engagement is 10 years, covering the years ended 31 March 2015 to 31 March 2024.

## Other matter

The company is required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules to include these financial statements in an annual financial report prepared under the structured digital format required by DTR 4.1.15R – 4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This auditors' report provides no assurance over whether the structured digital format annual financial report has been prepared in accordance with those requirements.

**Sandra Dowling (Senior Statutory Auditor)**
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
21 May 2024

# CONSOLIDATED INCOME STATEMENT

### For the year ended 31 March 2024

| | Note | 2024 Underlying[1] £m | 2024 Capital and other £m | 2024 Total £m | 2023 Underlying[1] £m | 2023 Capital and other £m | 2023 Total £m |
|---|---|---|---|---|---|---|---|
| **Revenue** | 3 | **401** | **174** | **575** | 418 | – | 418 |
| **Costs**[2] | 3 | **(92)** | **(54)** | **(146)** | (97) | – | (97) |
| | 3 | **309** | **120** | **429** | 321 | – | 321 |
| Joint ventures (see also below)[3] | 11 | **100** | **(179)** | **(79)** | 92 | (559) | (467) |
| Administrative expenses | | **(85)** | **–** | **(85)** | (88) | – | (88) |
| Valuation movement | 4 | **–** | **(131)** | **(131)** | – | (798) | (798) |
| Loss on disposal of investment properties and revaluation of investments | | **–** | **(23)** | **(23)** | – | (30) | (30) |
| Net financing (charges) income | | | | | | | |
| financing income | 6 | **1** | **–** | **1** | 2 | 88 | 90 |
| financing charges | 6 | **(56)** | **(41)** | **(97)** | (62) | – | (62) |
| | | **(55)** | **(41)** | **(96)** | (60) | 88 | 28 |
| **Profit (loss) before taxation** | | **269** | **(254)** | **15** | 265 | (1,299) | (1,034) |
| Taxation | 7 | **(3)** | **(11)** | **(14)** | (1) | (4) | (5) |
| **Profit (loss) for the year after taxation** | | **266** | **(265)** | **1** | 264 | (1,303) | (1,039) |
| Attributable to non-controlling interests | | **1** | **1** | **2** | 1 | (2) | (1) |
| **Attributable to shareholders of the Company** | | **265** | **(266)** | **(1)** | 263 | (1,301) | (1,038) |
| Earnings per share: | | | | | | | |
| basic | 2 | | | **(0.1)p** | | | (112.0)p |
| diluted | 2 | | | **(0.1)p** | | | (112.0)p |

All results derive from continuing operations.

| | Note | 2024 Underlying[1] £m | 2024 Capital and other £m | 2024 Total £m | 2023 Underlying[1] £m | 2023 Capital and other £m | 2023 Total £m |
|---|---|---|---|---|---|---|---|
| **Results of joint ventures accounted for using the equity method** | | | | | | | |
| Underlying Profit | | **100** | **–** | **100** | 92 | – | 92 |
| Valuation movement | 4 | **–** | **(179)** | **(179)** | – | (567) | (567) |
| Capital financing (charges) income | | **–** | **(5)** | **(5)** | – | 8 | 8 |
| Profit on disposal of investment and trading properties | | **–** | **5** | **5** | – | – | – |
| Taxation | 7 | **–** | **–** | **–** | – | – | – |
| | 11 | **100** | **(179)** | **(79)** | 92 | (559) | (467) |

1. See definition in Note 2 and a reconciliation between Underlying Profit and IFRS profit in Note 20.
2. Included within 'Costs' is a credit relating to provisions for impairment of tenant debtors, accrued income and tenant incentives and contracted rent increases of £14m (2022/23: £9m credit).
3. Included within 'Joint ventures' is a credit relating to the movement of provision for impairment of equity investments and loans to joint ventures of £42m (2022/23: £237m debit), disclosed in further detail in Note 11 and Note 22.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

**For the year ended 31 March 2024**

| | 2024 £m | 2023 £m |
|---|---|---|
| Profit (loss) for the year after taxation | **1** | (1,039) |
| **Other comprehensive (expense) income:** | | |
| **Items that may be reclassified subsequently to profit or loss:** | | |
| (Losses) gains on cash flow hedges | | |
| – Joint ventures | **(1)** | 10 |
| | **(1)** | 10 |
| Reclassification of foreign exchange differences to the income statement | **(1)** | – |
| **Other comprehensive (expense) income for the year** | **(2)** | 10 |
| **Total comprehensive expense for the year** | **(1)** | (1,029) |
| Attributable to non-controlling interests | **2** | (1) |
| **Attributable to shareholders of the Company** | **(3)** | (1,028) |

# CONSOLIDATED BALANCE SHEET

**As at 31 March 2024**

| | Note | 2024 £m | 2023 £m |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Investment and development properties | 10 | **5,229** | 5,677 |
| | | **5,229** | 5,677 |
| **Other non-current assets** | | | |
| Investments in joint ventures | 11 | **2,429** | 2,206 |
| Other investments | 12 | **54** | 58 |
| Property, plant and equipment | | **19** | 22 |
| Interest rate and currency derivative assets | 16 | **79** | 144 |
| | | **7,810** | 8,107 |
| **Current assets** | | | |
| Trading properties | 10 | **22** | 22 |
| Debtors | 13 | **34** | 34 |
| Corporation tax | | **–** | 2 |
| Interest rate and currency derivative assets | 16 | **20** | – |
| Cash and cash equivalents | 16 | **88** | 125 |
| | | **164** | 183 |
| **Total assets** | | **7,974** | 8,290 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Short term borrowings and overdrafts | 16 | **(10)** | (402) |
| Creditors | 14 | **(260)** | (282) |
| Corporation tax | | **(8)** | – |
| | | **(278)** | (684) |
| **Non-current liabilities** | | | |
| Debentures and loans | 16 | **(2,202)** | (1,865) |
| Other non-current liabilities | 15 | **(121)** | (145) |
| Deferred tax liabilities | | **(5)** | (4) |
| Interest rate and currency derivative liabilities | 16 | **(56)** | (67) |
| | | **(2,384)** | (2,081) |
| **Total liabilities** | | **(2,662)** | (2,765) |
| **Net assets** | | **5,312** | 5,525 |
| **EQUITY** | | | |
| Share capital | | **235** | 234 |
| Share premium | | **1,310** | 1,308 |
| Merger reserve | | **213** | 213 |
| Other reserves | | **13** | 15 |
| Retained earnings | | **3,528** | 3,742 |
| **Equity attributable to shareholders of the Company** | | **5,299** | 5,512 |
| Non-controlling interests | | **13** | 13 |
| **Total equity** | | **5,312** | 5,525 |
| **EPRA Net Tangible Assets per share**[1] | 2 | **562p** | 588p |

1. See definition in Note 2.

**Tim Score**
Chair

**Bhavesh Mistry**
Chief Financial Officer

The financial statements on pages 158 to 208 were approved by the Board of Directors and signed on its behalf on 21 May 2024.
Company number 621920.

# CONSOLIDATED STATEMENT OF CASH FLOWS

## For the year ended 31 March 2024

| | Note | 2024 £m | 2023 £m |
|---|---|---|---|
| Income received from tenants | | **367** | 391 |
| Surrender premia received[1] | | **149** | – |
| Fees and other income received | | **47** | 47 |
| Operating expenses paid to suppliers and employees | | **(177)** | (200) |
| **Cash generated from operations** | | **386** | 238 |
| | | | |
| Interest paid | | **(51)** | (71) |
| Interest received | | **3** | – |
| Corporation taxation payments | | **(6)** | – |
| Distributions and other receivables from joint ventures | 11 | **77** | 73 |
| **Net cash inflow from operating activities** | | **409** | 240 |
| | | | |
| **Cash flows from investing activities** | | | |
| Development and other capital expenditure | | **(312)** | (209) |
| Purchase of investment properties | | **(58)** | (155) |
| Sale of investment properties | | **197** | 8 |
| Sale of investment properties to Paddington Central Joint Venture | 11 | **–** | 686 |
| Sale of investment properties to 1 Triton Square Joint Venture | 11 | **193** | – |
| Purchase of investments | | **(7)** | (15) |
| Indirect taxes paid in respect of investing activities | | **1** | 4 |
| Loan repayments from joint ventures | 11 | **–** | 125 |
| Investment in and loans to joint ventures | | **(186)** | (148) |
| Capital distributions from joint ventures | 11 | **–** | 30 |
| **Net cash (outflow) inflow from investing activities** | | **(172)** | 326 |
| | | | |
| **Cash flows from financing activities** | | | |
| Issue of ordinary shares | | **1** | – |
| Dividends paid | 18 | **(213)** | (213) |
| Dividends paid to non-controlling interests | | **(2)** | (1) |
| Capital payments in respect of interest rate derivatives | | **(31)** | (21) |
| Repayment of lease liabilities | | **(3)** | (4) |
| Repayment of bank and other borrowings[2] | | **(385)** | (52) |
| Drawdowns on bank and other borrowings[2] | | **361** | 20 |
| Net repayment of revolving credit facilities[2] | | **(2)** | (281) |
| **Net cash outflow from financing activities** | | **(274)** | (552) |
| | | | |
| Net (decrease) increase in cash and cash equivalents | | **(37)** | 14 |
| Cash and cash equivalents at 1 April | | **125** | 111 |
| **Cash and cash equivalents at 31 March** | 16 | **88** | 125 |
| | | | |
| **Cash and cash equivalents consists of:** | | | |
| Cash and short term deposits | | **58** | 99 |
| Tenant deposits | | **30** | 26 |

1. Surrender premia received includes £149m (2022/23: £nil) of the consideration for the surrender of 1 Triton Square. Refer to Note 3 for further information.
2. The repayment of bank and other borrowings and drawdowns on bank and other borrowings have both been restated for the year ended 31 March 2023, to exclude the repayments and drawdowns of revolving credit facilities. For the year ended 31 March 2023, the net repayment of revolving credit facilities of £281m has now been disclosed separately within net cash outflow from financing activities. As a result, in the prior year the repayment of bank and other borrowings decreases from £637m to £52m and the drawdowns on bank and other borrowings decreases from £324m to £20m.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

**For the year ended 31 March 2024**

| | Share capital £m | Share premium £m | Hedging and translation reserve £m | Re-valuation reserve £m | Merger reserve £m | Retained earnings £m | Total £m | Non-controlling interests £m | Total equity £m |
|---|---|---|---|---|---|---|---|---|---|
| **Balance at 1 April 2023** | **234** | **1,308** | **2** | **13** | **213** | **3,742** | **5,512** | **13** | **5,525** |
| (Loss) profit for the year after taxation | **–** | **–** | **–** | **–** | **–** | **(1)** | **(1)** | **2** | **1** |
| Losses on cash flow hedges – joint ventures | **–** | **–** | **–** | **(1)** | **–** | **–** | **(1)** | **–** | **(1)** |
| Reclassification of foreign exchange differences to the income statement | **–** | **–** | **(2)** | **1** | **–** | **–** | **(1)** | **–** | **(1)** |
| Other comprehensive expense | **–** | **–** | **(2)** | **–** | **–** | **–** | **(2)** | **–** | **(2)** |
| **Total comprehensive (expense) income for the year** | **–** | **–** | **(2)** | **–** | **–** | **(1)** | **(3)** | **2** | **(1)** |
| Shares issued in the year | **1** | **2** | **–** | **–** | **–** | **–** | **3** | **–** | **3** |
| Fair value of share and share option awards | **–** | **–** | **–** | **–** | **–** | **2** | **2** | **–** | **2** |
| Dividends payable in year (23.20p per share) | **–** | **–** | **–** | **–** | **–** | **(215)** | **(215)** | **–** | **(215)** |
| Dividends payable by subsidiaries | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **(2)** | **(2)** |
| **Balance at 31 March 2024** | **235** | **1,310** | **–** | **13** | **213** | **3,528** | **5,299** | **13** | **5,312** |
| | | | | | | | | | |
| **Balance at 1 April 2022** | 234 | 1,307 | 2 | 3 | 213 | 4,994 | 6,753 | 15 | 6,768 |
| Loss for the year after taxation | – | – | – | – | – | (1,038) | (1,038) | (1) | (1,039) |
| Gains on cash flow hedges – joint ventures | – | – | – | 10 | – | – | 10 | – | 10 |
| Other comprehensive income | – | – | – | 10 | – | – | 10 | – | 10 |
| **Total comprehensive (expense) income for the year** | – | – | – | 10 | – | (1,038) | (1,028) | (1) | (1,029) |
| Share issued in the year | – | 1 | – | – | – | – | 1 | – | 1 |
| Fair value of share and share option awards | – | – | – | – | – | 1 | 1 | – | 1 |
| Dividends payable in year (23.20p per share) | – | – | – | – | – | (215) | (215) | – | (215) |
| Dividends payable by subsidiaries | – | – | – | – | – | – | – | (1) | (1) |
| **Balance at 31 March 2023** | 234 | 1,308 | 2 | 13 | 213 | 3,742 | 5,512 | 13 | 5,525 |

# NOTES TO THE ACCOUNTS

## 1 Basis of preparation, material accounting policies and accounting judgements

### Basis of preparation

The financial statements for the year ended 31 March 2024 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 have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

A number of new standards and amendments to standards and interpretations have been issued for the current accounting year. The Group has applied the following new standards and amendments to the financial statements for the first time for the year ended 31 March 2024: IFRS 17 'Insurance Contracts', amendments to IAS 8 impacting the definition of accounting estimates, Pillar Two model rules and associated IAS 12 amendments, amendments to IAS 12 impacting deferred tax related to assets and liabilities arising from a single transaction, and amendments to IAS 1 and IFRS Practice Statement 2 impacting the disclosure of accounting policies. The new standards and amendments listed above did not have any material impact on amounts recognised in prior years and are not expected to materially affect current and future years.

The Group has assessed the impact of the Pillar Two tax legislation (effective 1 January 2024). The Group is not expected to meet the minimum thresholds for the legislation to apply.

The following standards and interpretations which have been issued but are not yet effective include IAS 1 'Presentation of Financial Statements' on the classification of liabilities and non-current liabilities with covenants, IFRS 16 'Leases' on sale and leaseback arrangements, limited scope amendments to both IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' in respect of sale or contribution of assets between an investor and its associates or joint ventures and IFRS 18 'Presentation and Disclosure in Financial Statements'. With the exception of IFRS 18, these amendments to standards that are not yet effective are not expected to have a material impact on the Group's results.

These financial statements are presented in Pounds Sterling which is the functional currency of the Group, to the nearest million.

### Going concern

The financial statements are prepared on a going concern basis. The consolidated balance sheet shows that the Group is in a net current liability position, predominantly due to current creditors of £260m. The Group has access to £1.9bn of undrawn facilities and cash, which provides the Directors with a reasonable expectation that the Group will be able to meet these current liabilities as they fall due. In making this assessment the Directors took into account forecast cash flows and covenant compliance, including stress testing through the impact of sensitivities as part of a 'severe but plausible downside scenario'. Before factoring in any income receivable, the undrawn facilities and cash would also be sufficient to cover forecast capital expenditure, property operating costs, administrative expenses, maturing debt and interest over the next 12 months from the approval date of these financial statements.

Having assessed the principal risks, the Directors believe that the Group is well placed to manage its financing and other business risks satisfactorily despite the uncertain economic climate, and have a reasonable expectation that the Company and the Group have adequate resources to continue in operation for at least 12 months from the signing date of these financial statements. Accordingly, they believe the going concern basis is an appropriate one.

### Subsidiaries and joint ventures

The consolidated accounts include the accounts of The British Land Company PLC (the Company) and all subsidiaries (entities controlled by British Land). Control is assumed where the Company is exposed, or has the rights, to variable returns from its involvement with investees and has the ability to affect those returns through its power over those investees.

The results of subsidiaries and joint ventures acquired or disposed of during the year are included from the effective date of acquisition or up to the effective date of disposal. Accounting policies of subsidiaries and joint ventures which differ from Group accounting policies are adjusted on consolidation.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation. Joint ventures are accounted for under the equity method, whereby the consolidated balance sheet incorporates the Group's share (investor's share) of the net assets of its joint ventures. The consolidated income statement incorporates the Group's share of joint ventures profits after tax. Their profits include revaluation movements on investment properties. Where joint ventures generate losses after tax, these are recognised initially against the Group's equity investment. If the Group's equity investment is nil, these are subsequently then recognised against other long term interests, principally long term loans.

Distributions and other receivables from joint ventures are classed as cash flows from operating activities, except where they relate to a cash flow arising from a capital transaction, such as a property or investment disposal. In this case they are classed as cash flows from investing activities.

## **NOTES TO THE ACCOUNTS** CONTINUED

### 1 Basis of preparation, material accounting policies and accounting judgements continued

The Group assesses the recoverability of investments in and loans to joint ventures against the joint venture's net asset value. Amounts due are expected to be recovered by a joint venture selling its properties and investments and settling financial assets, net of financial liabilities. The net asset value of a joint venture is considered to be a reasonable approximation of the available assets that could be realised to recover the amounts due and the requirement to recognise expected credit losses. Impairment of investments in joint ventures is calculated in accordance with IAS 36 'Impairment of Assets', and impairment of loans to joint ventures is calculated in accordance with IFRS 9 'Financial Instruments'.

### Properties

Properties are externally valued at the balance sheet date. Investment properties are recorded at valuation whereas trading properties are stated at the lower of cost and net realisable value.

Any surplus or deficit arising on revaluing investment properties is recognised in the Capital and other column of the income statement.

The cost of properties in the course of development includes attributable interest and other associated outgoings including attributable development personnel costs. Interest is calculated on the development expenditure by reference to specific borrowings, where relevant, and otherwise on the weighted average interest rate of the Group's borrowings. Interest is not capitalised where no development activity is taking place. A property ceases to be treated as a development property on practical completion.

Investment property disposals are recognised on completion. Profits and losses arising are recognised through the Capital and other column of the income statement. The profit on disposal is determined as the difference between the net sales proceeds and the carrying amount of the asset at the commencement of the accounting period plus capital expenditure in the period. Where properties are disposed into a joint venture owned by the Group, the subsequent profit recognised in the Capital and other column of the income statement is limited to the extent of the unrelated party's interest. Any subsequent loss is recognised in the Capital and other column of the income statement in full.

Trading properties are initially recognised at cost and then are subsequently measured at the lower of cost and net realisable value. Trading property disposals are recognised in line with the Group's revenue accounting policies.

Where investment properties are appropriated to trading properties, they are transferred at market value. If properties held for trading are appropriated to investment properties, they are transferred at book value.

Transfers to or from an investment property occur when, and only when, there is evidence of change in use.

Where a right-of-use asset meets the definition of investment property under IFRS 16 'Leases', the right-of-use asset will initially be calculated as the present value of minimum lease payments under the lease and subsequently measured under the fair value model, based on discounted cash flows of net rental income earned under the lease.

The Group leases out investment properties under operating leases with rents generally payable monthly or quarterly. The Group is exposed to changes in the residual value of properties at the end of current lease agreements, and mitigates this risk by actively managing its tenant mix in order to maximise the weighted average lease term, minimise vacancies across the portfolio and maximise exposure to tenants with strong financial characteristics. The Group also grants tenant incentives to encourage high quality tenants to remain in properties for longer lease terms. Tenant incentives, such as rent-free periods and cash contributions to tenant fit-out, and contracted rent increases are recognised as part of the investment property balance. The Group calculates the expected credit loss for tenant incentives and contracted rent increases based on lifetime expected credit losses under the IFRS 9 simplified approach.

Surrender premia payable relating to investment properties are recognised in the income statement, through the Underlying column, except where the surrender premia payable are deemed to be unusual or significant by virtue of their size or nature, where they are recognised through the Capital and other column. Surrender premia payable relating to development properties are capitalised as a property addition providing they are a directly attributable and necessary development expense.

### Financial assets and liabilities

Debtors and creditors are initially recognised at fair value and subsequently measured at amortised cost and discounted as appropriate. On initial recognition the Group calculates the expected credit loss for debtors based on lifetime expected credit losses under the IFRS 9 simplified approach.

Other investments include investments classified as amortised cost and investments classified as fair value through profit or loss. Loans and receivables classified as amortised cost are measured using the effective interest method, less any impairment. Interest is recognised by applying the effective interest rate. Investments classified as fair value through profit or loss are initially recorded at fair value and are subsequently externally valued on the same basis at the balance sheet date. Any surplus or deficit arising on revaluing investments classified as fair value through profit or loss is recognised in the Capital and other column of the income statement.

### 1 Basis of preparation, material accounting policies and accounting judgements continued

The lease liability associated with investment property which is held under a lease, is initially calculated as the present value of the minimum lease payments. The lease liability is subsequently measured at amortised cost, unwinding as finance lease interest accrues and lease payments are made.

Debt instruments are stated at their fair value on issue. Finance charges including premia payable on settlement or redemption and direct issue costs are spread over the period to maturity, using the effective interest method. Exceptional finance charges incurred due to early redemption (including premia) are recognised in the income statement when they occur.

As defined by IFRS 9, cash flow and fair value hedges are initially recognised at fair value at the date the derivative contracts are entered into, and subsequently remeasured at fair value. Changes in the fair value of derivatives that are designated and qualify as effective cash flow hedges are recognised directly through other comprehensive income as a movement in the hedging and translation reserve. Changes in the fair value of derivatives that are designated and qualify as effective fair value hedges are recorded in the Capital and other column of the income statement, along with any changes in the fair value of the hedged item that is attributable to the hedged risk. Any ineffective portion of all derivatives is recognised in the Capital and other column of the income statement. Changes in the fair value of derivatives that are not in a designated hedging relationship under IFRS 9 are recorded directly in the Capital and other column of the income statement. These derivatives are carried at fair value on the balance sheet.

Cash equivalents include short-term deposits that are instruments with a maturity of less than three months, and tenant deposits.

#### Revenue

Revenue comprises rental income and surrender premia, service charge income, management and performance fees and proceeds from the sale of trading properties.

Rental income and surrender premia are recognised in accordance with IFRS 16. For leases where a single payment is received to cover both rent and service charge, the service charge component is separated out and reported as service charge income.

Rental income, including fixed rental uplifts, from investment property leased out under an operating lease is recognised as revenue on a straight-line basis over the lease term. Tenant incentives, such as rent-free periods and cash contributions to tenant fit-out, are recognised on the same straight-line basis being an integral part of the net consideration for the use of the investment property. Any rent adjustments based on open market estimated rental values are recognised, based on management estimates, from the rent review date in relation to unsettled rent reviews. Contingent rents, being those lease payments that are not fixed at the inception of the lease, including for example turnover rents, are recognised in the period in which they are earned.

Lease modifications are defined as a change in the scope of a lease, or the consideration of a lease, that was not part of the original terms and conditions of the lease. Modifications to operating leases the Group holds as a lessor are accounted for from the effective date of the modification. Modifications take into account any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease. The revised remaining consideration under the modified lease is then recognised in rental income on a straight-line basis over the remaining lease term.

Concessions granted to tenants for operating lease receivables where prior demanded lease payments have been reduced or waived for a specified period are accounted for as an expected credit loss. Concessions granted to tenants for future lease payments are accounted for as a lease modification.

Surrender premia for the early termination of a lease are recognised as revenue when the amounts become contractually due, net of dilapidations and non-recoverable outgoings relating to the lease concerned.

The Group applies the five-step-model as required by IFRS 15 ‘Revenue from Contracts with Customers’ in recognising its service charge income, management and performance fees and proceeds from the sale of trading properties. Service charge income is recognised as revenue in the period to which it relates.

Management fees are recognised as revenue in the period to which they relate and relate predominantly to the provision of asset management, property management, development management and administration services to joint ventures. Performance fees are recognised at the end of the performance period when the performance obligations are met, the fee amount can be estimated reliably and it is highly probable that the fee will be received. Performance fees are based on property valuations compared to external benchmarks at the end of the reporting period.

Proceeds from the sale of trading properties are recognised when control has been transferred to the purchaser. This generally occurs on completion. Proceeds from the sale of trading properties are recognised as revenue in the Capital and other column of the income statement.

All other revenue described above is recognised in the Underlying column of the income statement, except where revenue items are deemed to be unusual or significant by virtue of their size or nature, where they are recognised through the Capital and other column.

# NOTES TO THE ACCOUNTS CONTINUED

## 1 Basis of preparation, material accounting policies and accounting judgements continued

### Taxation

Current tax is based on taxable profit for the year and is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are not taxable (or tax deductible).

Deferred tax is provided on items that may become taxable in the future, or which may be used to offset against taxable profits in the future, on the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes, and the amounts used for taxation purposes on an undiscounted basis. On business combinations, the deferred tax effect of fair value adjustments is incorporated in the consolidated balance sheet.

Deferred tax assets and liabilities are netted off against each other in the consolidated balance sheet when they relate to income taxes levied by the same tax authority on different taxable entities which intend to settle current tax assets and liabilities on a net basis.

### Employee costs

The fair value of equity-settled share-based payments to employees is determined at the date of grant and is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares or options that will eventually vest. For all schemes except the Group's Long-Term Incentive Plan and Save As You Earn schemes, the fair value of awards are equal to the market value at grant date. For options and performance shares granted under the Long-Term Incentive Plan, the fair values are determined by Monte Carlo and Black-Scholes models. A Black-Scholes model is used for the Save As You Earn schemes.

Defined benefit pension scheme assets are measured using fair values. Pension scheme liabilities are measured using the projected unit credit method and discounted at the rate of return of a high quality corporate bond of equivalent term to the scheme liabilities. The net surplus (where recoverable by the Group) or deficit is recognised in full in the consolidated balance sheet. Any asset resulting from the calculation is limited to the present value of available refunds and reductions in future contributions to the plan. The current service cost and gains and losses on settlement and curtailments are charged to Underlying Profit. Actuarial gains and losses are recognised in full in the period in which they occur and are presented in the consolidated statement of comprehensive income.

### Critical accounting judgements and key sources of estimation uncertainty

In applying the Group's accounting policies, the Directors are required to make critical accounting judgements and assess key sources of estimation uncertainty that affect the financial statements.

**Key sources of estimation uncertainty**

Valuation of investment, development, and trading properties: The Group uses external professional valuers to determine the relevant amounts. The primary source of evidence for property valuations should be recent, comparable market transactions on an arm's length basis. However, the valuation of the Group's property portfolio is inherently subjective, as it is based upon valuer assumptions and estimations that form part of the key unobservable inputs of the valuation, which may prove to be inaccurate. Further details on the valuers' assumptions, estimates and associated key unobservable inputs sensitivity disclosures, have been provided in Note 10. Additionally, the Group's investment in joint ventures can be materially impacted by the joint venture property portfolio, and as such sensitivity disclosures of the joint venture property portfolio have been provided in Note 10.

The Group no longer identifies the impairment provisioning of tenant debtors and tenant incentives as a key source of estimation uncertainty as, in the Group's view, the inherent uncertainty related to these balances, which was driven by the Covid-19 pandemic, no longer has the potential to materially impact the carrying amount of these assets within the next financial year. As this key source of estimation uncertainty has decreased, the associated sensitivities and balances have not been disclosed.

Other sources of estimation uncertainty that would not result in a material movement in the carrying amount in the next financial year include the valuation of interest rate derivatives, the determination of share-based payments, the actuarial assumptions used in calculating the Group's retirement benefit obligations, the fair value of pension scheme assets and taxation provisions.

**Critical accounting judgements**

In the current year to 31 March 2024, the Directors do not consider there to be any critical accounting judgements in the preparation of the Group's financial statements.

In the prior year to 31 March 2023, the Directors exercised critical judgement in respect of the joint control assessment of the Paddington Central Joint Venture. As part of this assessment, the Directors considered the Group's control over the Paddington Property Limited Partnership in respect of its 25% ownership. The Directors assessed the Group's power to direct the relevant activities of the Partnership through the partnership agreements, including reserved matters which require the unanimous consent of the Partners, and the Group's subsequent exposure to variable returns. Through this analysis, the Directors satisfactorily concluded that the Group has joint control over the Partnership and therefore has accounted for the Partnership as a joint venture using the equity method, in line with the Group's accounting policies.

The following items are ongoing areas of accounting judgement, however, the Directors do not consider these accounting judgements to be critical and material accounting judgement has not been required for any of these items in the current financial year.

## 1 Basis of preparation, material accounting policies and accounting judgements continued

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: In accordance with IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements' and IFRS 12 'Disclosure of Interests in Other Entities', an assessment is required to determine the degree of control or influence the Group exercises and the form of any control to ensure that the financial statement treatment is appropriate. The assessment undertaken by management includes consideration of the structure, legal form, contractual terms and other facts and circumstances relating to the relevant entity. This assessment is updated annually and there have been no changes in the judgement reached in relation to the degree of control the Group exercises within the current or prior year. An assessment was performed for the 1 Triton Square Joint Venture transaction that occurred in the current year, and the Paddington Central Joint Venture transaction that occurred in the prior year (see Note 11). A critical accounting judgement was not identified in the assessment of the 1 Triton Square Joint Venture transaction in the current financial year, owing to the ownership structure of the joint venture. As previously disclosed, in the prior year a critical accounting judgement was identified in the assessment of the Paddington Central Joint Venture transaction. Group shares in joint ventures resulting from this process are disclosed in Note 11 to the financial statements.

Joint ventures are accounted for under the equity method, whereby the consolidated balance sheet incorporates the Group's share of the net assets of its joint ventures. The consolidated income statement incorporates the Group's share of joint ventures 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. Management have considered the accounting of the 1 Triton Square Joint Venture transaction in the current year, and the Paddington Central Joint Venture transaction in the prior year (see Note 11).

### Consideration of climate change

In preparing the financial statements, the impact of climate change has been considered, particularly in the context of the Task Force on Climate-related Financial Disclosures (TCFD) included within the Sustainability section of the Strategic Report. Whilst noting the Group's commitment to sustainability, there has not been a material impact on the financial reporting judgements and estimates arising from our considerations, which include physical climate and transitional risk assessments conducted by the Group. This is consistent with our assessment that climate change is not expected to have a material impact on the cash flows of the Group, including those included within the going concern and viability assessments in the medium term. Notwithstanding this, the following should be noted, which is relevant to understanding the impact of climate change on the financial statements:

- As part of the Group's 2030 Sustainability Strategy, the Group's Transition Vehicle applies an internal levy of £60 per tonne to the embodied carbon within developments. This £60 per tonne is rising to £90 per tonne from 1 April 2024 for new developments. Two-thirds of the internal levy is available to finance retrofitting projects which improve energy efficiency and reduce carbon emissions from our standing portfolio. The remaining third is used to purchase carbon credits to mitigate the residual embodied carbon in our developments. The Group committed £5m to retrofitting projects in the year to 31 March 2024 (2022/23: £5m), with £1m spent in the year to 31 March 2024 (2022/23: £5m).
- The Group has purchased and retired carbon credits in the year to offset the residual embodied carbon in developments. This is the embodied carbon that remains once we have done everything economically and practically viable to reduce embodied carbon through material reuse, design efficiency and materials specification. The costs of purchasing these credits were capitalised as part of the cost of the development. The cost of purchasing these credits was £1m for the year ended 31 March 2024 (2022/23: £1m).
- As part of the valuation process, the Group has discussed the impact of sustainability and Environmental, Social and Governance factors with the external valuers who value the investment and development properties of the Group. The physical climate and transitional risk analysis conducted by the Group has been shared with, and discussed with, the valuers as part of the six-monthly valuation process (see Note 10 for further details). As such, the impact of sustainability and Environmental, Social and Governance factors is considered as part of the valuation process, to the extent possible market participants would, and is included within the derived valuation as at the balance sheet date. The Group ensures that to the fullest extent possible, the four valuers are materially consistent in their application of the consideration of these factors on the property valuations.

# NOTES TO THE ACCOUNTS CONTINUED

## 2 Performance measures

### Earnings per share

The Group measures financial performance with reference to underlying earnings per share, the European Public Real Estate Association (EPRA) earnings per share and IFRS earnings per share. The relevant earnings and weighted average number of shares (including dilution adjustments) for each performance measure are shown below, and a reconciliation between these is shown within the supplementary disclosures (Table B).

EPRA earnings per share is calculated using EPRA earnings, which is the IFRS profit after taxation attributable to shareholders of the Company excluding investment and development property revaluations, gains/losses on investment and trading property disposals, changes in the fair value of financial instruments and associated close-out costs and their related taxation.

Underlying earnings per share is calculated using Underlying Profit adjusted for underlying taxation (see Note 7), with the dilutive measure being the primary disclosure measure used. Underlying Profit is the pre-tax EPRA earnings measure, with additional Company adjustments for items which are considered to be unusual and/or significant by virtue of their size and nature. In the current year to 31 March 2024, £25m of rent receivable, £149m of surrender premia receivable, and £54m of tenant incentive impairment were excluded from the calculation of Underlying Profit (see Note 3 for further details). In the prior year to 31 March 2023, no Company adjustments were made.

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| **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 | **265** | **927** | **28.6** | 263 | 927 | 28.4 |
| Underlying diluted | **265** | **929** | **28.5** | 263 | 930 | 28.3 |
| **EPRA** | | | | | | |
| EPRA basic | **385** | **927** | **41.5** | 263 | 927 | 28.4 |
| EPRA diluted | **385** | **929** | **41.4** | 263 | 930 | 28.3 |
| **IFRS** | | | | | | |
| Basic | **(1)** | **927** | **(0.1)** | (1,038) | 927 | (112.0) |
| Diluted | **(1)** | **927** | **(0.1)** | (1,038) | 927 | (112.0) |

### Net asset value

The Group measures financial position with reference to EPRA Net Tangible Assets (NTA), Net Reinvestment Value (NRV) and Net Disposal Value (NDV). The net assets and number of shares for each performance measure are shown below. A reconciliation between IFRS net assets and the three EPRA net asset valuation metrics, and the relevant number of shares for each performance measure, is shown within the supplementary disclosures (Table B). EPRA NTA is a measure that is based on IFRS net assets excluding the mark-to-market on derivatives and related debt adjustments, the carrying value of intangibles, as well as deferred taxation on property and derivative valuations. The metric includes the valuation surplus on trading properties and is adjusted for the dilutive impact of share options.

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| **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 | **5,252** | **934** | **562** | 5,487 | 933 | 588 |
| EPRA NRV | **5,782** | **934** | **619** | 6,029 | 933 | 646 |
| EPRA NDV | **5,389** | **934** | **577** | 5,658 | 933 | 606 |
| **IFRS** | | | | | | |
| Basic | **5,312** | **927** | **573** | 5,525 | 927 | 596 |
| Diluted | **5,312** | **934** | **569** | 5,525 | 933 | 592 |

## 2 Performance measures continued

### Total accounting return

The Group also measures financial performance with reference to total accounting return. This is calculated as the movement in EPRA NTA per share and dividend paid in the year as a percentage of the EPRA NTA per share at the start of the year.

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | Movement in NTA per share pence | Dividend per share paid pence | Total accounting return | Movement in NTA per share pence | Dividend per share paid pence | Total accounting return |
| **Total accounting return** | **(26)** | **23.2** | **(0.5%)** | (142) | 23.2 | (16.3%) |

## 3 Revenue and costs

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | Underlying £m | Capital and other £m | Total £m | Underlying £m | Capital and other £m | Total £m |
| Rent receivable[1] | **284** | **25** | **309** | 306 | – | 306 |
| Spreading of tenant incentives and contracted rent increases | **10** | **–** | **10** | 15 | – | 15 |
| Surrender premia[1] | **3** | **149** | **152** | 1 | – | 1 |
| **Gross rental income** | **297** | **174** | **471** | 322 | – | 322 |
| Service charge income | **59** | **–** | **59** | 59 | – | 59 |
| Management and performance fees (from joint ventures) | **17** | **–** | **17** | 13 | – | 13 |
| Other fees and commissions | **28** | **–** | **28** | 24 | – | 24 |
| **Revenue** | **401** | **174** | **575** | 418 | – | 418 |
| | | | | | | |
| Service charge expenses | **(48)** | **–** | **(48)** | (50) | – | (50) |
| Property operating expenses | **(36)** | **–** | **(36)** | (37) | – | (37) |
| Release of impairment of trade debtors and accrued income | **14** | **–** | **14** | 11 | – | 11 |
| Provisions for impairment of tenant incentives and contracted rent increases[1] | **–** | **(54)** | **(54)** | (2) | – | (2) |
| Other fees and commissions expenses | **(22)** | **–** | **(22)** | (19) | – | (19) |
| **Costs** | **(92)** | **(54)** | **(146)** | (97) | – | (97) |
| | **309** | **120** | **429** | 321 | – | 321 |

1. On 25 September 2023, the Group completed a deed of surrender in relation to an in-force lease of one of its investment properties. The consideration for the surrender was a £149m premium paid by the tenant on the completion date. In line with the requirements of IFRS 16, the surrender transaction was treated as a modification to the lease, with the surrender premium received recognised in full through the income statement at the point of completion, which represented the modified termination date of the lease. At the point of modification, the lease had associated tenant incentive balances of £54m, and as the right to receive these amounts was extinguished through the lease modification, an impairment was recognised in full through the income statement at the point of completion. Also at the point of modification, the lease had an associated deferred lease premium balance of £25m, which in line with the surrender premium received, was recognised in full through the income statement at the point of completion. Owing to the unusual and significant size and nature of this transaction, and in line with the Group's accounting policies, all elements of the transaction have been included within the Capital and other column of the income statement.

The cash element of net rental income (gross rental income less property operating expenses) recognised during the year ended 31 March 2024 from properties which were not subject to a security interest was £222m (2022/23: £238m). Property operating expenses relating to investment properties that did not generate any rental income were £2m (2022/23: £nil). Contingent rents of £9m (2022/23: £9m) that contain a variable lease payment were recognised in the year.

## NOTES TO THE ACCOUNTS CONTINUED

### 4 Valuation movements on property

| | 2024<br>£m | 2023<br>£m |
|---|---|---|
| **Consolidated income statement** | | |
| Revaluation of properties | **(131)** | (798) |
| Revaluation of properties held by joint ventures accounted for using the equity method | **(179)** | (567) |
| | **(310)** | (1,365) |

### 5 Auditors' remuneration

#### PricewaterhouseCoopers LLP

| | 2024<br>£m | 2023<br>£m |
|---|---|---|
| Fees payable to the Company's auditor for the audit of the Company's annual accounts and consolidated financial statements | **0.5** | 0.5 |
| Fees payable to the Company's auditor for the audit of the Company's subsidiaries, pursuant to legislation | **0.2** | 0.2 |
| **Total audit fees** | **0.7** | 0.7 |
| Audit-related assurance services | **0.2** | 0.2 |
| **Total audit and audit-related assurance services** | **0.9** | 0.9 |
| Other fees | **–** | – |
| Other services | **–** | – |
| **Total** | **0.9** | 0.9 |

## 6 Net financing charges

| | 2024 £m | 2023 £m |
|---|---|---|
| **Underlying** | | |
| **Financing charges** | | |
| Facilities and overdrafts | **(46)** | (28) |
| Derivatives | **51** | 28 |
| Other loans | **(83)** | (72) |
| Obligations under head leases | **(3)** | (3) |
| | **(81)** | (75) |
| Development interest capitalised | **25** | 13 |
| | **(56)** | (62) |
| **Financing income** | | |
| Deposits, securities and liquid investments | **1** | 2 |
| | **1** | 2 |
| **Net financing charges – Underlying** | **(55)** | (60) |
| **Capital and other** | | |
| **Financing charges** | | |
| Capital financing costs | **(1)** | – |
| Valuation movement on fair value hedge accounted derivatives[1] | **12** | – |
| Valuation movement on fair value hedge accounted debt[1] | **(14)** | – |
| Valuation movement on non-hedge accounted derivatives | **(38)** | – |
| | **(41)** | – |
| **Financing income** | | |
| Valuation movements on translation of foreign currency debt and investments | **–** | 1 |
| Valuation movement on fair value hedge accounted derivatives[1] | **–** | (27) |
| Valuation movement on fair value hedge accounted debt[1] | **–** | 33 |
| Valuation movement on non-hedge accounted derivatives | **–** | 81 |
| | **–** | 88 |
| **Net financing (charges) income – Capital and other** | **(41)** | 88 |
| **Net financing (charges) income** | | |
| Total financing income | **1** | 90 |
| Total financing charges | **(97)** | (62) |
| **Net financing (charges) income** | **(96)** | 28 |

1. The difference between valuation movement on designated fair value hedge accounted derivatives (hedging instruments) and the valuation movement on fair value hedge accounted debt (hedged item) represents hedge ineffectiveness for the year of a debit of £2m (2022/23: a credit of £6m).

Interest payable on unsecured bank loans and related interest rate derivatives was £25m (2022/23: £16m). The Group's weighted average interest rate was 2.6% (2022/23: 2.9%), and on a proportionally consolidated basis was 3.4% (2022/23: 3.5%).

## NOTES TO THE ACCOUNTS CONTINUED

### 7 Taxation

| | 2024 £m | 2023 £m |
|---|---|---|
| **Taxation expense** | | |
| **Current taxation** | | |
| **Underlying Profit** | | |
| Current period UK corporation taxation (2023/24: 25%; 2022/23: 19%) | **(2)** | (2) |
| Underlying Profit adjustments in respect of prior periods | **(1)** | 1 |
| **Total current Underlying Profit taxation expense** | **(3)** | (1) |
| **Capital and other profit** | | |
| Current period UK corporation taxation (2023/24: 25%; 2022/23: 19%) | **(5)** | – |
| Capital and other profit adjustments in respect of prior periods | **(5)** | – |
| **Total current Capital and other profit taxation expense** | **(10)** | – |
| **Total current taxation expense** | **(13)** | (1) |
| Deferred taxation on revaluation of derivatives | **(1)** | (4) |
| **Group total taxation expense** | **(14)** | (5) |
| Attributable to joint ventures | **–** | – |
| **Total taxation expense** | **(14)** | (5) |
| **Taxation reconciliation** | | |
| Profit (loss) before taxation | **15** | (1,034) |
| Less: Loss attributable to joint ventures | **79** | 467 |
| **Group profit (loss) before taxation** | **94** | (567) |
| Taxation on (profit) loss at UK corporation taxation rate of 25% (2022/23: 19%) | **(24)** | 108 |
| Effects of: | | |
| – REIT exempt income and (losses) gains | **30** | (125) |
| – Taxation losses | **(13)** | 15 |
| – Deferred taxation on revaluation of derivatives | **(1)** | (4) |
| – Adjustments in respect of prior years | **(6)** | 1 |
| **Group total taxation expense** | **(14)** | (5) |

The corporation tax rate of 25% was substantively enacted from 1 April 2023.

Corporation tax liability as at 31 March 2024 was £8m (2022/23: £2m receivable) as shown on the consolidated balance sheet. Deferred taxation expense on the revaluation of derivatives attributable to Capital and other profit was £1m (2022/23: £4m).

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.

## 8 Staff costs

| Staff costs (including Directors) | 2024 £m | 2023 £m |
|---|---|---|
| Wages and salaries | **63** | 62 |
| Social security costs | **9** | 8 |
| Pension costs | **6** | 5 |
| Equity-settled share-based payments | **5** | 7 |
| | **83** | 82 |

The average monthly number of employees of the Company during the year was 353 (2022/23: 356). The average monthly number of Group employees, including those employed directly at the Group's properties and their costs recharged to tenants, was 645 (2022/23: 647).

For the year ended 31 March 2024, the average monthly number of employees of the Company within each category of persons employed was as follows: Campuses: 39; Retail & London Urban Logistics: 32; Developments: 32; Storey: 6; and Support Functions: 244. The average monthly number of employees of the Group within each category of persons employed was as follows: Campuses: 39; Retail & London Urban Logistics: 32; Developments: 32; Storey: 6; Support Functions: 244; and Property Management: 292.

For the year ended 31 March 2023, the average monthly number of employees of the Company within each category of persons employed was as follows: Campuses: 39; Retail & London Urban Logistics: 33; Developments: 38; Storey: 7; and Support Functions: 239. The average monthly number of employees of the Group within each category of persons employed was as follows: Campuses: 39; Retail & London Urban Logistics: 33; Developments: 38; Storey: 7; Support Functions: 239; and Property Management: 291.

The Executive Directors and Non-Executive Directors are the key management personnel. Their emoluments are disclosed in the Remuneration Report on pages 125 to 143.

### Staff costs

The Group's equity-settled share-based payments comprise the following:

| Scheme | Fair value measure |
|---|---|
| Long-Term Incentive Plan (LTIP) | Monte Carlo model simulation and Black-Scholes option valuation models |
| Restricted Share Plan (RSP) | Market value at grant date |
| Save As You Earn schemes (SAYE) | Black-Scholes option valuation model |

The Group expenses an estimate of how many shares are likely to vest based on the market price at the date of grant, taking account of expected performance against the relevant performance targets and service periods, which are discussed in further detail in the Remuneration Report.

## NOTES TO THE ACCOUNTS CONTINUED

### 8 Staff costs continued

During the year and the prior year, the Group granted performance shares under its Long-Term Incentive Plan scheme. Performance conditions are measured over a three-year period and depending on the year of grant, are a weighted blend of Total Property Return (TPR), Total Accounting Return (TAR) and ESG measures (see Directors' Remuneration Report for details). For non-market-based performance conditions, the Group uses a Black-Scholes option valuation method to obtain fair values. For market-based performance conditions, a Monte Carlo model is used as this provides a more accurate fair value for these performance conditions. The key inputs used to obtain fair values for LTIP awards are shown below.

| | **15 July 2024** | | 19 July 2023 | |
|---|---|---|---|---|
| | **Awards with holding period** | **Awards with no holding period** | Awards with holding period | Awards with no holding period |
| Share price | **£3.35** | **£3.35** | £4.71 | £4.71 |
| Exercise price | **£0.00** | **£0.00** | £0.00 | £0.00 |
| Expected volatility | **32.7%** | **32.7%** | 37.5% | 37.5% |
| Expected term (years) | **3** | **3** | 3 | 3 |
| Dividend yield | **6.8%** | **6.8%** | 0.0% | 0.0% |
| Risk free interest rate | **4.6%** | **4.6%** | 2.0% | 2.0% |
| Fair value – TPR and TAR Tranches | **£2.90** | **£3.35** | £3.81 | £4.71 |
| Fair value – ESG Tranche | **£2.90** | **£3.35** | £3.81 | £4.71 |

Movements in shares and options are given in Note 19.

### 9 Pensions

The British Land Group of Companies Pension Scheme ('the scheme') is the principal defined benefit pension scheme in the Group. The assets of the scheme are held in a trustee-administered fund and kept separate from those of the Company. It is not contracted out of SERPS (State Earnings-Related Pension Scheme), it is not planned to admit new employees to the scheme and the scheme closed to future accrual effective 1 September 2020.

The Group has two other small defined benefit pension schemes. There are also two Defined Contribution Pension Schemes. Contributions to these schemes are at a flat rate of salary and are paid by the Company.

The total net pension cost charged for the year was £6m (2022/23: £5m), all of which relates to defined contribution plans.

The last full actuarial valuation of the scheme was performed by the scheme actuary, First Actuarial LLP, as at 31 March 2021. The employer does not expect to make any payments during the year to 31 March 2025. The major assumptions used for the actuarial valuation were:

| | **2024 % p.a.** | 2023 % p.a. | 2022 % p.a. | 2021 % p.a. | 2020 % p.a. |
|---|---|---|---|---|---|
| Discount rate | **4.9** | 4.7 | 2.7 | 2.0 | 2.3 |
| Salary inflation | **–** | – | – | – | 3.9 |
| Pensions increase | **3.3** | 3.4 | 3.7 | 3.4 | 2.5 |
| Price inflation | **3.5** | 3.5 | 3.9 | 3.5 | 2.5 |

The assumptions are that a member currently aged 60 will live on average for a further 27.5 years if they are male and for a further 29.3 years if they are female. For a member who retires in 2044 at age 60, the assumptions are that they will live on average for a further 28.9 years after retirement if they are male and for a further 30.7 years after retirement if they are female.

## 9 Pensions continued

### Composition of scheme assets

| | 2024 £m | 2023 £m |
|---|---|---|
| Equities | 24 | 25 |
| Diversified growth funds | 5 | 4 |
| Other assets | 79 | 88 |
| **Total scheme assets** | **108** | 117 |

63% of the scheme underlying assets are quoted in an active market. Unquoted scheme assets sit within equities and other assets.

The amount included in the consolidated balance sheet arising from the Group's obligations in respect of its defined benefit schemes is as follows:

| | 2024 £m | 2023 £m | 2022 £m | 2021 £m | 2020 £m |
|---|---|---|---|---|---|
| Present value of defined scheme obligations | (85) | (87) | (125) | (152) | (131) |
| Fair value of scheme assets | 108 | 117 | 178 | 178 | 161 |
| Irrecoverable surplus[1] | (23) | (30) | (53) | (26) | (30) |
| **Amount recognised on the consolidated balance sheet** | – | – | – | – | – |

1. The net defined benefit asset must be measured at the lower of the surplus in the defined benefit schemes and the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the schemes or reductions to future contributions to the schemes. The asset ceiling of the Group's defined benefit schemes is £nil (2022/23: £nil), therefore the surplus in the defined benefit schemes of £23m (2022/23: £30m) is irrecoverable.

The sensitivities of the defined benefit obligation in relation to the major actuarial assumptions used to measure scheme liabilities are as follows:

| | | (Decrease) increase in defined scheme obligations | |
|---|---|---|---|
| Assumption | Change in assumption | 2024 £m | 2023 £m |
| Discount rate | +0.5% | (5) | (6) |
| Salary inflation | +0.5% | – | – |
| RPI inflation | +0.5% | 4 | 5 |
| Assumed life expectancy | +1 year | 2 | 3 |

### History of experience gains and losses

| | 2024 £m | 2023 £m | 2022 £m | 2021 £m | 2020 £m |
|---|---|---|---|---|---|
| Total actuarial (loss) gain recognised in the consolidated statement of comprehensive income[1,2] | – | – | – | (13) | – |
| **Percentage of present value on scheme liabilities** | – | – | – | (8.6%) | (0.3%) |

1. Movements stated after adjusting for irrecoverability of any surplus.
2. Cumulative loss recognised in the statement of comprehensive income is £53m (2022/23: £53m).

# NOTES TO THE ACCOUNTS CONTINUED

## 9 Pensions continued

Movements in the present value of defined benefit obligations were as follows:

| | 2024 £m | 2023 £m |
|---|---|---|
| At 1 April | (87) | (125) |
| Interest cost | (4) | (3) |
| Actuarial gain | | |
| Gain from change in financial assumptions | 2 | 32 |
| Gain on scheme liabilities arising from experience | – | – |
| Benefits paid | 4 | 9 |
| **At 31 March** | **(85)** | (87) |

Movements in the fair value of the scheme assets were as follows:

| | 2024 £m | 2023 £m |
|---|---|---|
| At 1 April | 117 | 178 |
| Interest income on scheme assets | 5 | 5 |
| Contributions by employer | – | – |
| Actuarial loss | (10) | (57) |
| Benefits paid | (4) | (9) |
| **At 31 March** | **108** | 117 |

Through its defined benefit plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

### Asset volatility

The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, this will create a deficit. The scheme holds a significant portion of growth assets (equities and diversified growth funds) which, although expected to outperform corporate bonds in the long term, create volatility and risk in the short term. The allocation to growth assets is monitored to ensure it remains appropriate given the scheme's long term objectives.

### Changes in bond yields

A decrease in corporate bond yields will increase the value placed on the scheme's liabilities for accounting purposes, although this will be partially offset by an increase in the value of the scheme's bond holdings.

### Inflation risk

The majority of the scheme's benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). The majority of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also decrease the surplus.

### Life expectancy

The majority of the scheme's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities.

## 10 Property

### Property reconciliation for the year ended 31 March 2024

| | Campuses Level 3 £m | Retail & London Urban Logistics Level 3 £m | Developments Level 3 £m | Investment and development properties Level 3 £m | Trading properties £m | Total £m |
|---|---|---|---|---|---|---|
| **Carrying value at 1 April 2023** | **2,233** | **2,611** | **833** | **5,677** | **22** | **5,699** |
| Additions | | | | | | |
| – property purchases | – | 58 | – | 58 | – | 58 |
| – development expenditure | 16 | 4 | 124 | 144 | – | 144 |
| – capitalised interest and staff costs | 7 | 1 | 12 | 20 | – | 20 |
| – capital expenditure on asset management initiatives | 15 | 31 | 2 | 48 | – | 48 |
| – head lease assets and right-of-use assets[1] | 54 | – | – | 54 | – | 54 |
| | 92 | 94 | 138 | 324 | – | 324 |
| Disposals | (579) | (83) | – | (662) | – | (662) |
| Reclassifications[1] | 346 | – | (346) | – | – | – |
| Revaluations included in income statement | (115) | 61 | (77) | (131) | – | (131) |
| Movement in tenant incentives and contracted rent uplift balances | 18 | 3 | – | 21 | – | 21 |
| **Carrying value at 31 March 2024** | **1,995** | **2,686** | **548** | **5,229** | **22** | **5,251** |
| Lease liabilities (Notes 14 and 15)[2] | | | | | | (123) |
| Less valuation surplus on right-of-use assets[3] | | | | | | (4) |
| Valuation surplus on trading properties | | | | | | 6 |
| **Group property portfolio valuation at 31 March 2024** | | | | | | **5,130** |
| Non-controlling interests | | | | | | (14) |
| **Group property portfolio valuation at 31 March 2024 attributable to shareholders** | | | | | | **5,116** |

1. The £54m head lease assets addition and £346m reclassification from Developments to Campuses relates to the Norton Folgate development which completed in the year ended 31 March 2024.
2. The £4m difference between lease liabilities of £123m and £127m per Notes 14 and 15 relates to a lease liability where the right-of-use asset is classified as property, plant and equipment and premiums associated with the Norton Folgate head lease.
3. Relates to properties held under leasing agreements. The fair value of right-of-use assets is determined by calculating the present value of net rental cash flows over the term of the lease agreements. IFRS 16 right-of-use assets are not externally valued, their fair values are determined by management, and are therefore not included in the Group property portfolio valuation of £5,130m above.

Additions include £1m of capital expenditure in response to climate change, in line with our Sustainability Strategy to reduce both the embodied carbon in our developments and the operational carbon across the Group's standing property portfolio. For further details, refer to the Sustainability section of the Strategic Report on pages 64 to 67.

From 1 April 2023, the Group has changed the name of the Retail & Fulfilment operating segment to Retail & London Urban Logistics in line with our evolving strategy. There has been no changes in the allocation of the segment assets, meaning there are no restatements of the prior year comparative figures as a result of this change. See Note 20 for further information.

On 15 March 2024, the Group entered into a new 50:50 joint venture agreement with Royal London Mutual Insurance Society Limited in relation to 1 Triton Square, resulting in the disposal of £450m of investment property with a resulting loss in the Capital and other column of the consolidated income statement of £68m for the year ended 31 March 2024. The £54m of tenant incentives impairment arising from the surrender transaction of 1 Triton Square forms part of the £68m loss on disposal (see Note 3 for further information). The remaining £14m loss on disposal has been accounted for within the loss on disposal of investment property line within the Capital and other column of the consolidated income statement. As at 30 September 2023, the fair value of the related investment property was £353m, with a corresponding revaluation loss recognised within the valuation movement of £43m in the Capital and other column of the consolidated income statement.

# NOTES TO THE ACCOUNTS CONTINUED

## 10 Property continued

### Property reconciliation for the year ended 31 March 2023

| | Campuses Level 3 £m | Retail & London Urban Logistics Level 3 £m | Developments Level 3 £m | Investment and development properties Level 3 £m | Trading properties £m | Total £m |
|---|---|---|---|---|---|---|
| **Carrying value at 1 April 2022** | 3,477 | 2,850 | 705 | 7,032 | 18 | 7,050 |
| Additions | | | | | | |
| – property purchases | – | 99 | 59 | 158 | – | 158 |
| – development expenditure | – | 6 | 146 | 152 | 4 | 156 |
| – capitalised interest and staff costs | – | – | 13 | 13 | – | 13 |
| – capital expenditure on asset management initiatives | 18 | 43 | 1 | 62 | – | 62 |
| | 18 | 148 | 219 | 385 | 4 | 389 |
| Disposals | (929) | (5) | (11) | (945) | – | (945) |
| Reclassifications | (20) | (31) | 51 | – | – | – |
| Revaluations included in income statement | (328) | (339) | (131) | (798) | – | (798) |
| Movement in tenant incentives and contracted rent uplift balances | 15 | (12) | – | 3 | – | 3 |
| **Carrying value at 31 March 2023** | 2,233 | 2,611 | 833 | 5,677 | 22 | 5,699 |
| Lease liabilities (Notes 14 and 15)[1] | | | | | | (102) |
| Less valuation surplus on right-of-use assets[2] | | | | | | (9) |
| Valuation surplus on trading properties | | | | | | 7 |
| **Group property portfolio valuation at 31 March 2023** | | | | | | 5,595 |
| Non-controlling interests | | | | | | (13) |
| **Group property portfolio valuation at 31 March 2023 attributable to shareholders** | | | | | | 5,582 |

1. The £24m difference between lease liabilities of £102m and £126m per Notes 14 and 15 relates to a £24m lease liability where the right-of-use asset is classified as property, plant and equipment.
2. Relates to properties held under leasing agreements. The fair value of right-of-use assets is determined by calculating the present value of net rental cash flows over the term of the lease agreements. IFRS 16 right-of-use assets are not externally valued, their fair values are determined by management, and are therefore not included in the Group property portfolio valuation of £5,595m above.

In the prior year, on 19 July 2022, the Group entered into a Joint Venture Agreement with GIC in relation to the majority of the Paddington Central Campus, resulting in the disposal of £934m of investment and development properties and £2m of property, plant and equipment with a resulting loss in the Capital and other column of the consolidated income statement of £19m for the year ended 31 March 2023.

## 10 Property continued

### Property valuation

The different valuation method levels are defined below:

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

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

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

These levels are specified in accordance with IFRS 13 'Fair Value Measurement'. Property valuations are inherently subjective as they are made on the basis of assumptions made by the valuer which may not prove to be accurate. For these reasons, and consistent with EPRA's guidance, we have classified the valuations of our property portfolio as Level 3 as defined by IFRS 13. The inputs to the valuations are defined as 'unobservable' by IFRS 13. These key unobservable inputs are net equivalent yield and estimated rental values for investment properties, and costs to complete for development properties. Further analysis and sensitivity disclosures of these key unobservable inputs have been included on the following pages. There were no transfers between levels in the year.

The Group's total property portfolio was valued by external valuers on the basis of fair value, in accordance with the RICS Valuation – Global Standards 2022, published by The Royal Institution of Chartered Surveyors.

The information provided to the valuers, and the assumptions and valuation models used by the valuers, are reviewed by the property portfolio team, the Head of Real Estate, the Chief Financial Officer and the Chief Executive Officer. The valuers meet with the external auditor and also present directly to the Audit Committee at the interim and year-end review of results. Further details of the Audit Committee's responsibilities in relation to valuations can be found in the Report of the Audit Committee on pages 116 to 124.

Investment properties, excluding properties held for development, are valued by adopting the 'investment method' of valuation. This approach involves applying capitalisation yields to current and future rental streams net of income voids arising from vacancies or rent-free periods and associated running costs. These capitalisation yields and future rental values are based on comparable property and leasing transactions in the market using the valuers' professional judgement and market observation. Other factors taken into account in the valuations include the tenure of the property, tenancy details and ground and structural conditions.

In the case of ongoing developments, the approach applied is the 'residual method' of valuation, which is the investment method of valuation as described above, with a deduction for all costs necessary to complete the development, including a notional finance cost, together with a further allowance for remaining risk. Properties held for development are generally valued by adopting the higher of the residual method of valuation, allowing for all associated risks, or the investment method of valuation for the existing asset.

The valuers of the Group's property portfolio have a working knowledge of the various ways that sustainability and Environmental, Social and Governance factors can impact value and have considered these, and how market participants are reflecting these in their pricing, in arriving at their Opinion of Value and resulting valuations as at the balance sheet date. These may be:

- physical risks;
- transition risks related to policy or legislation to achieve sustainability and Environmental, Social and Governance targets; and
- risks reflecting the views and needs of market participants.

Where available, the Group has shared physical climate and transitional risk assessments with the valuers which they have reviewed and taken into consideration to the extent that current market participants would. For further details, refer to the Sustainability section of the Strategic Report on pages 64 to 67.

Valuers observe, assess and monitor evidence from market activities, including market (investor) sentiment on issues such as longer term obsolescence and, where known, future Environmental, Social and Governance related risks and issues which may include, for example, the market's approach to capital expenditure required to maintain the utility of the asset. In the absence of reliable benchmarking data and indices for estimating costs, specialist advice on cost management may be required which is usually agreed with the valuer in the terms of engagement and without which reasonable estimates/assumptions may be needed to properly reflect market expectations in arriving at the Opinion of Value.

## NOTES TO THE ACCOUNTS CONTINUED

### 10 Property continued

A breakdown of valuations split between the Group and its share of joint ventures is shown below:

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | Group £m | Joint ventures £m | Total £m | Group £m | Joint ventures £m | Total £m |
| Knight Frank LLP | 682 | 58 | 740 | 801 | 217 | 1,018 |
| CBRE | 1,580 | 821 | 2,401 | 1,492 | 471 | 1,963 |
| Jones Lang LaSalle | 2,612 | 613 | 3,225 | 2,972 | 556 | 3,528 |
| Cushman & Wakefield | 256 | 2,076 | 2,332 | 330 | 2,072 | 2,402 |
| **Total property portfolio valuation** | 5,130 | 3,568 | 8,698 | 5,595 | 3,316 | 8,911 |
| Non-controlling interests | (14) | – | (14) | (13) | – | (13) |
| **Total property portfolio valuation attributable to shareholders[1]** | 5,116 | 3,568 | 8,684 | 5,582 | 3,316 | 8,898 |

1. The £25m difference between the total property portfolio valuation for joint ventures of £3,568m (2022/23: £3,316m) and the total investment and trading properties of £3,593m (2022/23: £3,334m) disclosed in Note 11 relates to £18m (2022/23: £18m) of headleases and a £7m (2022/23: £nil) trading property deficit, both at Group share.

### Information about fair value measurements using unobservable inputs (Level 3) for the year ended 31 March 2024

| | | | ERV per sq ft | | | Equivalent yield | | | Costs to complete per sq ft | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Investment** | Fair value at 31 March 2024 £m | Valuation technique | Min £ | Max £ | Average £ | Min % | Max % | Average % | Min £ | Max £ | Average £ |
| Campuses | 1,892 | Investment methodology | 23 | 136 | 68 | 5 | 8 | 6 | – | 158 | 39 |
| Retail & London Urban Logistics | 2,662 | Investment methodology | 2 | 38 | 20 | 4 | 22 | 7 | – | 24 | 4 |
| Developments | 548 | Residual methodology | 33 | 107 | 67 | 4 | 7 | 5 | 33 | 628 | 171 |
| **Total** | 5,102 | | | | | | | | | | |
| Trading properties at fair value | 28 | | | | | | | | | | |
| **Group property portfolio valuation** | 5,130 | | | | | | | | | | |

## 10 Property continued

### Information about fair value measurements using unobservable inputs (Level 3) for the year ended 31 March 2023

| Investment | Fair value at 31 March 2023 £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 £ |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Campuses | 2,153 | Investment methodology | 9 | 141 | 58 | 4 | 7 | 5 | – | 158 | 28 |
| Retail & London Urban Logistics | 2,580 | Investment methodology | 2 | 32 | 19 | 4 | 18 | 7 | – | 44 | 6 |
| Developments | 833 | Residual methodology | 29 | 98 | 70 | 5 | 6 | 5 | 273 | 1,048 | 645 |
| **Total** | 5,566 | | | | | | | | | | |
| Trading properties at fair value | 29 | | | | | | | | | | |
| **Group property portfolio valuation** | 5,595 | | | | | | | | | | |

### Information about the impact of changes in unobservable inputs (Level 3) on the fair value of the total property portfolio for the year ended 31 March 2024

| | Fair value at 31 March 2024 £m | Impact on valuations +5% ERV £m | Impact on valuations -5% ERV £m | Impact on valuations -25bps NEY £m | Impact on valuations +25bps NEY £m | Impact on valuations -5% costs £m | Impact on valuations +5% costs £m |
|---|---|---|---|---|---|---|---|
| Campuses[1] | 1,920 | 83 | (83) | 97 | (89) | – | – |
| Retail & London Urban Logistics | 2,662 | 112 | (111) | 114 | (116) | 5 | (5) |
| Developments | 548 | 57 | (56) | 68 | (60) | 36 | (36) |
| **Group property portfolio valuation** | 5,130 | 252 | (250) | 279 | (265) | 41 | (41) |
| Share of joint venture property portfolio valuation | 3,568 | 200 | (197) | 237 | (215) | 62 | (62) |
| **Total property portfolio valuation** | 8,698 | 452 | (447) | 516 | (480) | 103 | (103) |

1. Includes trading properties at fair value.

## 10 Property continued

### Information about the impact of changes in unobservable inputs (Level 3) on the fair value of the total property portfolio for the year ended 31 March 2023

| | | Impact on valuations | | Impact on valuations | | Impact on valuations | |
|---|---|---|---|---|---|---|---|
| | Fair value at 31 March 2023 £m | +5% ERV £m | -5% ERV £m | -25bps NEY £m | +25bps NEY £m | -5% costs £m | +5% costs £m |
| Campuses[1] | 2,182 | 80 | (80) | 123 | (112) | – | – |
| Retail & London Urban Logistics | 2,580 | 103 | (101) | 101 | (96) | – | – |
| Developments | 833 | 88 | (90) | 104 | (95) | 36 | (37) |
| **Group property portfolio valuation** | 5,595 | 271 | (271) | 328 | (303) | 36 | (37) |
| Share of joint venture property portfolio valuation | 3,316 | 171 | (168) | 236 | (202) | 60 | (60) |
| **Total property portfolio valuation** | 8,911 | 442 | (439) | 564 | (505) | 96 | (97) |

1. Includes trading properties at fair value.

All other factors being equal:

- a higher equivalent yield or discount rate would lead to a decrease in the valuation of an asset;
- an increase in the current or estimated future rental stream would have the effect of increasing the capital value; and
- an increase in the costs to complete would lead to a decrease in the valuation of an asset.

However, there are interrelationships between the unobservable inputs which are partially determined by market conditions, which would impact on these changes.

### Additional property disclosures – including covenant information

At 31 March 2024, the Group property portfolio valuation of £5,130m (2022/23: £5,595m) comprises freeholds of £2,522m (2022/23: £2,618m); virtual freeholds of £450m (2022/23: £973m); long leaseholds of £1,794m (2022/23: £1,686m); and short leaseholds of £364m (2022/23: £318m). The historical cost of properties was £4,246m (2022/23: £4,519m).

Cumulative interest capitalised against investment, development and trading properties amounts to £141m (2022/23: £124m).

Properties valued at £1,137m (2022/23: £1,135m) were subject to a security interest and other properties of non-recourse companies amounted to £nil (2022/23: £612m), totalling £1,137m (2022/23: £1,747m).

Included within the property valuation is £2m (2022/23: £2m) in respect of accrued contracted rental uplift income and £128m (2022/23: £153m) in respect of other tenant incentives. The balance arises through the IFRS treatment of leases containing such arrangements, which requires the recognition of rental income on a straight-line basis over the lease term, with the difference between this and the cash receipt changing the carrying value of the property against which revaluations are measured.

## 11 Joint ventures

### Summary movement for the year of the investments in joint ventures

| | Equity £m | Loans £m | **Total £m** |
|---|---|---|---|
| **At 1 April 2023** | 1,419 | 787 | **2,206** |
| Additions | 167 | 291 | **458** |
| Disposals | (41) | (37) | **(78)** |
| Share of loss after taxation[1] | (105) | 26 | **(79)** |
| Distributions and dividends: | | | |
| – Capital | – | – | **–** |
| – Revenue | (77) | – | **(77)** |
| Hedging and exchange movements | (1) | – | **(1)** |
| **At 31 March 2024** | 1,362 | 1,067 | **2,429** |

1. The share of losses after taxation includes equity accounted losses of £121m (2022/23: £230m) and a credit relating to the movement of provision for impairment of equity investments and loans of £42m (2022/23: £237m debit). The Group's net closing investments in and loans to joint ventures, the associated closing provision for impairment and movement in provision for impairment in the year are included in Note 22.

On 15 March 2024, the Group entered into a new 50:50 joint venture arrangement with Royal London Mutual Insurance Society Limited in relation to a wholly-owned investment property, 1 Triton Square. The transaction value of the assets transferred by the Group on the formation of the joint venture at 100% was £385m of investment property with a resulting loss on disposal of £68m in the year ended 31 March 2024. The £54m of tenant incentives impairment arising from the surrender transaction of 1 Triton Square, forms part of the £68m loss on disposal (see Note 3 for further information). The remaining £14m loss on disposal has been accounted for within the loss on disposal of investment property line within the Capital and other column of the consolidated income statement.

The Group has recognised a share of the joint venture's loss of £2m and share of net assets less shareholder loans of £79m in relation to this new joint venture for the year ended 31 March 2024. The Group received £190m of cash consideration in relation to the sale of the investment and development properties to the joint venture (net of transaction costs of £3m).

In the prior year, on 19 July 2022, the Group entered into a new Joint Venture Agreement with GIC in relation to the majority of the Paddington Central Campus. The transaction value of the assets transferred by the Group on the formation of the joint venture at 100% was £934m of investment and development properties and £2m of property, plant and equipment with a resulting loss in the Capital and other column of the consolidated income statement of £19m for the prior year ended 31 March 2023. The Group owns 25% of this new joint venture while GIC owns the remaining 75% stake. The Group has recognised a share of the joint venture's loss of £19m and share of net assets less shareholder loans of £107m in relation to this new joint venture for the prior year ended 31 March 2023. A critical accounting judgement has been exercised in relation to the joint control assessment of the Paddington Central Joint Venture as further outlined in Note 1. The Group received £686m of cash consideration in relation to the sale of the investment and development properties to the joint venture (net of transaction costs of £9m), and subsequently a further £125m through a loan repayment from the newly formed joint venture, as a result of the joint venture obtaining external debt financing. The Group's investment into the Paddington Central Joint Venture is principally through a shareholder loan from the Group to the new joint venture.

# NOTES TO THE ACCOUNTS CONTINUED

## 11 Joint ventures continued

The summarised income statements and balance sheets below and on the following page show 100% of the results, assets and liabilities of joint ventures to the nearest million.

### Joint ventures' summary financial statements for the year ended 31 March 2024

| | Broadgate REIT Ltd | MSC Property Intermediate Holdings Ltd[2] | WOSC Partners Limited Partnership | BL West End Offices Limited |
|---|---|---|---|---|
| Partners | Euro Bluebell LLP (GIC) | Norges Bank Investment Management | Norges Bank Investment Management | Pimco Prime |
| Name and property sector | Broadgate City Offices | Meadowhall Shopping Centres | WOSC West End Offices | BL West End West End Offices |
| Group share | 50% | 50% | 25% | 25% |
| **Summarised income statements** | | | | |
| Revenue[1] | 254 | 86 | 8 | 28 |
| Costs | (88) | (16) | (2) | (8) |
| | 166 | 70 | 6 | 20 |
| Administrative expenses | (1) | – | – | – |
| Net interest payable | (68) | (23) | – | (6) |
| Underlying Profit | 97 | 47 | 6 | 14 |
| Net valuation movement | (258) | 24 | (14) | (19) |
| Capital financing (charges) income | (9) | – | – | – |
| (Loss) profit on disposal of investment and trading properties | (1) | 12 | – | – |
| **(Loss) profit before taxation** | **(171)** | **83** | **(8)** | **(5)** |
| Taxation | – | – | – | (2) |
| **(Loss) profit after taxation** | **(171)** | **83** | **(8)** | **(7)** |
| Other comprehensive income | 3 | (2) | – | (3) |
| **Total comprehensive (expense) income** | **(168)** | **81** | **(8)** | **(10)** |
| **British Land share of total comprehensive (expense) income** | **(84)** | **41** | **(2)** | **(3)** |
| **British Land share of distributions payable** | **46** | **5** | **1** | **3** |
| **Summarised balance sheets** | | | | |
| Investment and trading properties | 4,151 | 729 | 123 | 446 |
| Other non-current assets | 24 | – | – | 17 |
| Current assets | 32 | 22 | 2 | 2 |
| Cash and cash equivalents | 184 | 59 | 5 | 13 |
| **Gross assets** | **4,391** | **810** | **130** | **478** |
| Current liabilities | (142) | (52) | (5) | (13) |
| Bank and securitised debt | (1,565) | (443) | – | (159) |
| Loans from joint venture partners | (1,268) | (638) | (58) | (15) |
| Other non-current liabilities | – | (3) | (4) | (15) |
| **Gross liabilities** | **(2,975)** | **(1,136)** | **(67)** | **(202)** |
| **Net assets (liabilities)** | **1,416** | **(326)** | **63** | **276** |
| **British Land share of net assets less shareholder loans** | **708** | **–** | **16** | **69** |

1. Revenue includes gross rental income at 100% share of £375m (2022/23: £359m).
2. In accordance with the Group's accounting policies detailed in Note 1, the Group recognises a nil equity investment in joint ventures in a net liability position at year end.
3. Hercules Unit Trust joint ventures includes 50% of the results of Fort Kinnaird Limited Partnership and 41.25% of Birstall Co-Ownership Trust. The balance sheet shows 50% of the assets of these joint ventures.
4. Included in the column headed 'Other joint ventures' are contributions from the following: BL Goodman Limited Partnership, Bluebutton Property Management UK Limited, City of London Office Unit Trust, Reading Gate Retail Park Co-Ownership, Eden Walk Shopping Centre Unit Trust and the Fareham Property Partnership.

## 11 Joint ventures continued

| BL CW Upper Limited Partnership | Paddington Property Investment Limited Partnership[2] | One Triton Holding Limited | The SouthGate Limited Partnership | Hercules Unit Trust joint ventures[3] | Other joint Ventures[4] | **Total 2024** | **Total Group share 2024** |
|---|---|---|---|---|---|---|---|
| Australian Super | Euro Emerald Private Limited (GIC) | The Royal London Mutual Insurance Society Limited | Aviva Investors | | | | |
| Canada Water Campuses | Paddington Central Campuses | 1 Triton Square Campuses | Southgate Shopping Centres | Hercules Unit Trust JV Retail Parks | | | |
| 50% | 25% | 50% | 50% | Various | | | |
| 9 | 51 | 1 | 16 | 18 | 18 | 489 | 222 |
| (7) | (13) | (1) | (5) | (2) | (4) | (146) | (67) |
| 2 | 38 | – | 11 | 16 | 14 | 343 | 155 |
| (1) | (1) | – | – | (1) | (1) | (5) | (2) |
| 1 | (26) | – | (1) | – | – | (123) | (53) |
| 2 | 11 | – | 10 | 15 | 13 | 215 | 100 |
| (89) | (36) | (4) | – | 8 | (2) | (390) | (179) |
| 1 | (2) | – | – | – | – | (10) | (5) |
| – | – | – | – | – | – | 11 | 5 |
| **(86)** | **(27)** | **(4)** | **10** | **23** | **11** | **(174)** | **(79)** |
| – | – | – | – | – | – | (2) | – |
| **(86)** | **(27)** | **(4)** | **10** | **23** | **11** | **(176)** | **(79)** |
| – | – | – | – | – | – | (2) | (1) |
| **(86)** | **(27)** | **(4)** | **10** | **23** | **11** | **(178)** | **(80)** |
| **(43)** | **(7)** | **(2)** | **5** | **12** | **3** | **(80)** | |
| **–** | **–** | **–** | **5** | **8** | **9** | **77** | |
| 677 | 861 | 381 | 140 | 196 | 198 | 7,902 | 3,593 |
| – | 21 | – | – | – | – | 62 | 21 |
| 5 | 6 | 4 | 1 | – | 5 | 79 | 34 |
| 10 | 27 | 8 | 4 | 11 | 6 | 327 | 152 |
| **692** | **915** | **393** | **145** | **207** | **209** | **8,370** | **3,800** |
| (40) | (30) | (3) | (7) | (4) | (9) | (305) | (138) |
| (85) | (511) | – | – | – | – | (2,763) | (1,214) |
| – | (455) | (232) | – | – | (101) | (2,767) | (1,252) |
| – | (1) | – | (28) | – | – | (51) | (19) |
| **(125)** | **(997)** | **(235)** | **(35)** | **(4)** | **(110)** | **(5,886)** | **(2,623)** |
| **567** | **(82)** | **158** | **110** | **203** | **99** | **2,484** | **1,177** |
| **283** | **–** | **79** | **55** | **102** | **50** | **1,362** | |

The borrowings of joint ventures and their subsidiaries are non-recourse to the Group. All joint ventures are incorporated in the United Kingdom, with the exception of Broadgate REIT Limited, the Eden Walk Shopping Centre Unit Trust and the Hercules Unit Trust joint ventures which are incorporated in Jersey.

These financial statements include the results and financial position of the Group's interest in the Fareham Property Partnership, the BL Goodman Limited Partnership and the Gibraltar Limited Partnership. Accordingly, advantage has been taken of the exemptions provided by Regulation 7 of the Partnership (Accounts) Regulations 2008 not to attach the partnership accounts to these financial statements.

## 11 Joint ventures continued

The summarised income statements and balance sheets below and on the following page show 100% of the results, assets and liabilities of joint ventures to the nearest million.

### Joint ventures' summary financial statements for the year ended 31 March 2023

| | Broadgate REIT Ltd | MSC Property Intermediate Holdings Ltd[2] | WOSC Partners Limited Partnership[2] | BL West End Offices Limited |
|---|---|---|---|---|
| Partners | Euro Bluebell LLP(GIC) | Norges Bank Investment Management | Norges Bank Investment Management | Allianz SE |
| Name and property sector | Broadgate City Offices | Meadowhall Shopping Centres | WOSC West End Offices | BL West End West End Offices |
| Group share | 50% | 50% | 25% | 25% |
| **Summarised income statements** | | | | |
| Revenue[1] | 245 | 79 | 9 | 28 |
| Costs | (83) | (20) | (4) | (9) |
| | 162 | 59 | 5 | 19 |
| Administrative expenses | (1) | – | – | – |
| Net interest payable | (65) | (26) | – | (5) |
| Underlying Profit | 96 | 33 | 5 | 14 |
| Net valuation movement | (809) | (62) | (17) | (73) |
| Capital financing income (charges) | 5 | – | – | – |
| Loss on disposal of investment properties and investments | – | – | – | – |
| **(Loss) profit before taxation** | **(708)** | **(29)** | **(12)** | **(59)** |
| Taxation | – | – | – | (6) |
| **(Loss) profit after taxation** | **(708)** | **(29)** | **(12)** | **(65)** |
| Other comprehensive income | 10 | 6 | – | 5 |
| **Total comprehensive (expense) income** | **(698)** | **(23)** | **(12)** | **(60)** |
| **British Land share of total comprehensive (expense) income** | **(349)** | **(11)** | **(3)** | **(12)** |
| **British Land share of distributions payable** | **48** | **4** | **–** | **1** |
| **Summarised balance sheets** | | | | |
| Investment and trading properties | 4,142 | 702 | 134 | 464 |
| Other non-current assets | 32 | – | – | 19 |
| Current assets | 13 | 9 | 2 | 2 |
| Cash and cash equivalents | 175 | 39 | 5 | 11 |
| **Gross assets** | **4,362** | **750** | **141** | **496** |
| Current liabilities | (107) | (47) | (4) | (8) |
| Bank and securitised debt | (1,567) | (480) | – | (159) |
| Loans from joint venture partners | (995) | (576) | (209) | (15) |
| Other non-current liabilities | – | (4) | (4) | (14) |
| **Gross liabilities** | **(2,669)** | **(1,107)** | **(217)** | **(196)** |
| **Net assets (liabilities)** | **1,693** | **(357)** | **(76)** | **300** |
| **British Land share of net assets less shareholder loans** | **846** | **–** | **–** | **75** |

1. Revenue includes gross rental income at 100% share of £359m (2021/22: £290m).
2. In accordance with the Group's accounting policies detailed in Note 1, the Group recognises a nil equity investment in joint ventures in a net liability position at year end.
3. USS joint ventures include the Eden Walk Shopping Centre Unit Trust and the Fareham Property Partnership.
4. Hercules Unit Trust joint ventures includes 50% of the results of Deepdale Co-Ownership Trust, Fort Kinnaird Limited Partnership and Valentine Co-Ownership Trust and 41.25% of Birstall Co-Ownership Trust. The balance sheet shows 50% of the assets of these joint ventures. The interest in the Deepdale Co-Ownership Trust was disposed of on 30 November 2022.
5. Included in the column headed 'Other joint ventures' are contributions from the following: BL Goodman Limited Partnership, Bluebutton Property Management UK Limited, City of London Office Unit Trust and Reading Gate Retail Park Co-Ownership.

## 11 Joint ventures continued

| BL CW Upper Limited Partnership | Paddington Property Investment Limited Partnership[2] | The SouthGate Limited Partnership | USS joint ventures[3] | Hercules Unit Trust joint ventures[4] | Other joint ventures[5] | **Total 2023** | **Total Group share 2023** |
|---|---|---|---|---|---|---|---|
| Australian Super | Euro Emerald Private Limited (GIC) | Aviva Investors | Universities Superannuation Scheme Group PLC | | | | |
| Canada Water Campuses | Paddington Central Campuses | SouthGate Shopping Centres | USS Shopping Centres | Hercules Unit Trust JV Retail Parks | | | |
| 50% | 25% | 50% | 50% | Various | | | |
| | | | | | | | |
| 10 | 47 | 13 | 12 | 22 | 5 | 470 | 214 |
| (6) | (23) | (5) | (3) | (3) | – | (156) | (70) |
| 4 | 24 | 8 | 9 | 19 | 5 | 314 | 144 |
| (2) | (1) | – | – | – | – | (4) | (1) |
| – | (13) | (1) | – | – | – | (110) | (51) |
| 2 | 10 | 7 | 9 | 19 | 5 | 200 | 92 |
| (133) | (78) | (5) | (11) | (16) | (12) | (1,216) | (567) |
| (1) | 20 | – | – | – | – | 24 | 8 |
| (2) | – | – | – | – | – | (2) | – |
| **(134)** | **(48)** | **2** | **(2)** | **3** | **(7)** | **(994)** | **(467)** |
| – | – | – | – | – | – | (6) | – |
| **(134)** | **(48)** | **2** | **(2)** | **3** | **(7)** | **(1,000)** | **(467)** |
| – | – | – | – | – | – | 21 | 10 |
| **(134)** | **(48)** | **2** | **(2)** | **3** | **(7)** | **(979)** | **(457)** |
| **(67)** | **(12)** | **1** | **(1)** | **1** | **(4)** | **(457)** | |
| **–** | **–** | **3** | **4** | **39** | **3** | **102** | |
| | | | | | | | |
| 571 | 866 | 137 | 130 | 186 | 70 | 7,402 | 3,334 |
| – | 23 | – | – | – | – | 74 | 26 |
| 10 | 7 | 2 | 2 | 1 | 3 | 74 | 20 |
| 42 | 19 | 7 | 8 | 12 | 3 | 321 | 152 |
| **623** | **915** | **146** | **140** | **199** | **76** | **7,848** | **3,532** |
| (39) | (25) | (7) | (6) | (4) | (4) | (251) | (113) |
| (4) | (510) | – | – | – | – | (2,720) | (1,192) |
| – | (429) | – | (31) | – | (68) | (2,323) | (1,001) |
| (1) | (1) | (28) | – | – | – | (52) | (21) |
| **(44)** | **(965)** | **(35)** | **(37)** | **(4)** | **(72)** | **(5,346)** | **(2,327)** |
| **579** | **(50)** | **111** | **103** | **195** | **4** | **2,502** | **1,205** |
| **290** | **–** | **56** | **52** | **98** | **2** | **1,419** | |

The borrowings of joint ventures and their subsidiaries are non-recourse to the Group. All joint ventures are incorporated in the United Kingdom, with the exception of Broadgate REIT Limited, the Eden Walk Shopping Centre Unit Trust and the Hercules Unit Trust joint ventures which are incorporated in Jersey.

These financial statements include the results and financial position of the Group's interest in the Fareham Property Partnership, the BL Goodman Limited Partnership and the Gibraltar Limited Partnership. Accordingly, advantage has been taken of the exemptions provided by Regulation 7 of the Partnership (Accounts) Regulations 2008 not to attach the partnership accounts to these financial statements.

## 11 Joint ventures continued

### Operating cash flows of joint ventures (Group share)

| | 2024 £m | 2023 £m |
|---|---|---|
| Income received from tenants | 228 | 211 |
| Operating expenses paid to suppliers and employees | (80) | (73) |
| **Cash generated from operations** | 148 | 138 |
| Interest paid | (59) | (47) |
| Interest received | 8 | 1 |
| UK corporation tax paid | – | (2) |
| **Cash inflow from operating activities** | 97 | 90 |
| **Cash inflow from operating activities deployed as:** | | |
| Surplus cash retained within joint ventures | 20 | 17 |
| Revenue distributions per consolidated statement of cash flows | 77 | 73 |
| **Revenue distributions split between controlling and non-controlling interests** | | |
| Attributable to non-controlling interests | – | – |
| **Attributable to shareholders of the Company** | 77 | 73 |

## 12 Other investments

| | 2024 | | | | 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | 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 | 48 | 2 | 8 | 58 | 28 | 4 | 9 | 41 |
| Additions | – | – | 3 | 3 | 13 | – | 2 | 15 |
| Revaluation and foreign currency translation | (2) | – | – | (2) | 7 | – | – | 7 |
| Amortisation | – | (2) | (3) | (5) | – | (2) | (3) | (5) |
| **At 31 March** | 46 | – | 8 | 54 | 48 | 2 | 8 | 58 |

The amount included in the fair value through profit or loss relates to private equity/venture capital investments of £46m (2022/23: £48m) which are categorised as Level 3 in the fair value hierarchy. The fair values of private equity/venture capital investments are determined by the Directors.

## 13 Debtors

| | 2024 £m | 2023 £m |
|---|---|---|
| Trade and other debtors | **22** | 22 |
| Prepayments and accrued income | **12** | 12 |
| | **34** | 34 |

Trade and other debtors are shown after deducting a provision for impairment against tenant debtors of £11m (2022/23: £27m). Accrued income is shown after deducting a provision for impairment of £nil (2022/23: £2m). The provision for impairment is calculated as an expected credit loss on trade and other debtors in accordance with IFRS 9 as set out in Note 1.

The credit to the consolidated income statement for the year in relation to the release of impairment of trade debtors and accrued income was £14m (2022/23: £11m credit), as disclosed in Note 3.

The decrease in provisions for impairment of trade debtors and accrued income of £18m (2022/23: £18m decrease) is equal to the credit to the consolidated income statement of £14m (2022/23: £11m credit), and write-offs of trade debtors of £4m (2022/23: £7m).

The Directors consider that the carrying amount of trade and other debtors is approximate to their fair value. Further details about the Group's credit risk management practices are disclosed in Note 16.

## 14 Creditors

| | 2024 £m | 2023 £m |
|---|---|---|
| Trade creditors | **85** | 113 |
| Accruals | **72** | 60 |
| Deferred income | **42** | 52 |
| Other taxation and social security | **25** | 25 |
| Lease liabilities | **6** | 6 |
| Tenant deposits | **30** | 26 |
| | **260** | 282 |

Trade creditors are interest-free and have settlement dates within one year. The Directors consider that the carrying amount of trade and other creditors is approximate to their fair value.

## 15 Other non-current liabilities

| | 2024 £m | 2023 £m |
|---|---|---|
| Lease liabilities | **121** | 120 |
| Deferred income[1] | **–** | 25 |
| | **121** | 145 |

1. The deferred income of £25m has been released in the current year following the 1 Triton Square surrender transaction. Refer to Note 3 for further information.

# NOTES TO THE ACCOUNTS CONTINUED

## 16 Net debt

| | Footnote | 2024 £m | 2023 £m |
|---|---|---|---|
| **Secured on the assets of the Group** | | | |
| 5.264% First Mortgage Debenture Bonds 2035 | | **321** | 325 |
| 5.0055% First Mortgage Amortising Debentures 2035 | | **85** | 86 |
| 5.357% First Mortgage Debenture Bonds 2028 | | **217** | 218 |
| Bank loans | 1 | **–** | 298 |
| | | **623** | 927 |
| **Unsecured** | | | |
| 4.766% Senior US Dollar Notes 2023 | 2 | **–** | 105 |
| 5.003% Senior US Dollar Notes 2026 | 2 | **63** | 65 |
| 3.81% Senior Notes 2026 | | **98** | 97 |
| 3.97% Senior Notes 2026 | | **97** | 97 |
| 2.375% Sterling Unsecured Bond 2029 | | **299** | 299 |
| 4.16% Senior US Dollar Notes 2025 | 2 | **76** | 78 |
| 2.67% Senior Notes 2025 | | **37** | 38 |
| 2.75% Senior Notes 2026 | | **37** | 38 |
| Floating Rate Senior Notes 2028 | | **80** | 80 |
| Floating Rate Senior Notes 2034 | | **101** | 101 |
| Facilities and overdrafts | | **701** | 342 |
| | | **1,589** | 1,340 |
| **Gross debt** | 3 | **2,212** | 2,267 |
| Interest rate and currency derivative liabilities | | **56** | 67 |
| Interest rate and currency derivative assets | 4 | **(99)** | (144) |
| Cash and cash equivalents | 5,6 | **(88)** | (125) |
| **Total net debt** | | **2,081** | 2,065 |
| Net debt attributable to non-controlling interests | | **1** | 1 |
| **Net debt attributable to shareholders of the Company** | | **2,082** | 2,066 |
| | | | |
| Total net debt | | **2,081** | 2,065 |
| Amounts payable under leases (Notes 14 and 15) | | **127** | 126 |
| **Total net debt (including lease liabilities)** | | **2,208** | 2,191 |
| Net debt attributable to non-controlling interests (including lease liabilities) | | **1** | 1 |
| **Net debt attributable to shareholders of the Company (including lease liabilities)** | | **2,209** | 2,192 |

1. These are non-recourse borrowings with no recourse for repayment to other companies or assets in the Group.

| | 2024 £m | 2023 £m |
|---|---|---|
| Hercules Unit Trust | **–** | 298 |
| | **–** | 298 |

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 2024 was £2,225m (2022/23: £2,250m). Included in this is the principal amount of secured borrowings and other borrowings of non-recourse companies of £633m (2022/23: £933m).
4. Interest rate and currency derivative assets includes non-current interest rate and currency derivative assets of £79m (2022/23: £144m) and current interest rate and currency derivative assets of £20m (2022/23: £nil).
5. Cash and short term deposits not subject to a security interest amount to £58m (2022/23: £86m).
6. Cash and cash equivalents includes tenant deposits of £30m (2022/23: £26m).

## 16 Net debt continued

### Maturity analysis of net debt

| | | 2024 £m | 2023 £m |
|---|---|---|---|
| Repayable: | within one year and on demand | **10** | 402 |
| Between: | one and two years | **314** | 6 |
| | two and five years | **991** | 989 |
| | five and ten years | **306** | 386 |
| | ten and fifteen years | **591** | 484 |
| | | **2,202** | 1,865 |
| **Gross debt** | | **2,212** | 2,267 |
| Interest rate and currency derivatives | | **(43)** | (77) |
| Cash and cash equivalents | | **(88)** | (125) |
| **Net debt** | | **2,081** | 2,065 |

### Fair value and book value of net debt

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | Fair value £m | Book value £m | Difference £m | Fair value £m | Book value £m | Difference £m |
| Debentures and unsecured bonds | **1,459** | **1,511** | **(52)** | 1,533 | 1,627 | (94) |
| Bank debt and other floating rate debt | **707** | **701** | **6** | 645 | 640 | 5 |
| **Gross debt** | **2,166** | **2,212** | **(46)** | 2,178 | 2,267 | (89) |
| Interest rate and currency derivative liabilities | **56** | **56** | **–** | 67 | 67 | – |
| Interest rate and currency derivative assets | **(99)** | **(99)** | **–** | (144) | (144) | – |
| Cash and cash equivalents | **(88)** | **(88)** | **–** | (125) | (125) | – |
| **Net debt** | **2,035** | **2,081** | **(46)** | 1,976 | 2,065 | (89) |
| Net debt attributable to non-controlling interests | **1** | **1** | **–** | 1 | 1 | – |
| **Net debt attributable to shareholders of the Company** | **2,036** | **2,082** | **(46)** | 1,977 | 2,066 | (89) |

The fair values of debentures and unsecured bonds have been established by obtaining quoted market prices from brokers. The bank debt and other floating rate debt has been valued assuming it could be renegotiated at contracted margins. The derivatives have been valued by calculating the present value of expected future cash flows, using appropriate market discount rates, by an independent treasury adviser.

Short term debtors and creditors and other investments have been excluded from the disclosures on the basis that the fair value is equivalent to the book value. The fair value hierarchy level of debt held at amortised cost is Level 2 (as defined in Note 10).

# NOTES TO THE ACCOUNTS CONTINUED

## 16 Net debt continued

### Loan to Value (LTV)

LTV is the ratio of principal amount of gross debt less cash, short term deposits and liquid investments to the aggregate value of properties and investments, excluding non-controlling interests. EPRA LTV has been disclosed in Table E.

### Group LTV

| | 2024 £m | 2023 £m |
|---|---|---|
| **Group LTV** | **28.5%** | 27.4% |
| Principal amount of gross debt | **2,225** | 2,250 |
| Less debt attributable to non-controlling interests | **–** | – |
| Less cash and short term deposits (consolidated statement of cash flows)[1] | **(58)** | (99) |
| Plus cash attributable to non-controlling interests | **1** | 1 |
| **Total net debt for LTV calculation** | **2,168** | 2,152 |
| Group property portfolio valuation (Note 10) | **5,130** | 5,595 |
| Investments in joint ventures (Note 11) | **2,429** | 2,206 |
| Other investments and property, plant and equipment (consolidated balance sheet)[2] | **56** | 61 |
| Less property and investments attributable to non-controlling interests | **(14)** | (13) |
| **Total assets for LTV calculation** | **7,601** | 7,849 |

### Proportionally consolidated LTV

| | 2024 £m | 2023 £m |
|---|---|---|
| **Proportionally consolidated LTV** | **37.3%** | 36.0% |
| Principal amount of gross debt | **3,443** | 3,448 |
| Less debt attributable to non-controlling interests | **–** | – |
| Less cash and short term deposits[3] | **(183)** | (228) |
| Plus cash attributable to non-controlling interests | **1** | 1 |
| **Total net debt for proportional LTV calculation** | **3,261** | 3,221 |
| Group property portfolio valuation (Note 10) | **5,130** | 5,595 |
| Share of property of joint ventures (Note 10) | **3,568** | 3,316 |
| Other investments and property, plant and equipment (consolidated balance sheet)[2] | **56** | 61 |
| Less property attributable to non-controlling interests | **(14)** | (13) |
| **Total assets for proportional LTV calculation** | **8,740** | 8,959 |

1. Cash and short term deposits exclude tenant deposits of £30m (2022/23: £26m).
2. The £17m (2022/23: £19m) difference between other investments and plant, property and equipment per the consolidated balance sheet totalling £73m (2022/23: £80m) 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.
3. Cash and short term deposits exclude tenant deposits of £57m (2022/23: £49m).

## 16 Net debt continued

### Net Debt to EBITDA

Net Debt to EBITDA is the ratio of principal amount of gross debt less cash, short term deposits and liquid investments to earnings before interest, tax, depreciation and amortisation (EBITDA).

The Group ratio excludes non-recourse and joint venture borrowings and includes distributions and other receivables from non-recourse companies and joint ventures.

### Group Net Debt to EBITDA

| | 2024 £m | 2023 £m |
|---|---|---|
| **Group Net Debt to EBITDA** | **6.8x** | 6.4x |
| Principal amount of gross debt | **2,225** | 2,250 |
| Less non-recourse borrowings | **–** | (298) |
| Less cash and short term deposits (consolidated statement of cash flows)[1] | **(58)** | (99) |
| Plus cash attributable to non-controlling interests | **1** | 1 |
| Plus cash attributable to non-recourse companies | **–** | 36 |
| **Total net debt for group Net Debt to EBITDA calculation** | **2,168** | 1,890 |
| Underlying Profit (Table A) | **268** | 264 |
| Plus Net financing charges (Note 6) | **55** | 60 |
| Less Underlying Profit due to joint ventures and non-recourse companies[2] | **(100)** | (144) |
| Plus distributions and other receivables from joint ventures and non-recourse companies[3] | **88** | 107 |
| Plus depreciation and amortisation (Table A) | **8** | 7 |
| **Total EBITDA for group Net Debt to EBITDA calculation** | **319** | 294 |

### Proportionally consolidated Net Debt to EBITDA

| | 2024 £m | 2023 £m |
|---|---|---|
| **Proportionally consolidated Net Debt to EBITDA** | **8.5x** | 8.4x |
| Principal amount of gross debt | **3,443** | 3,448 |
| Less cash and short term deposits[4] | **(183)** | (228) |
| Plus cash attributable to non-controlling interests | **1** | 1 |
| **Total net debt for proportional Net Debt to EBITDA calculation** | **3,261** | 3,221 |
| Underlying Profit (Table A) | **268** | 264 |
| Plus Net financing charges (Table A) | **108** | 111 |
| Plus depreciation and amortisation (Table A) | **8** | 7 |
| **Total EBITDA for proportional Net Debt to EBITDA calculation** | **384** | 382 |

1. Cash and short term deposits exclude tenant deposits of £30m (2022/23: £26m).
2. Underlying Profit due to joint ventures £100m (2022/23: £92m) (consolidated income statement). Underlying Profit due to non-recourse companies £nil (2022/23: £52m).
3. Distributions and other receivables from joint ventures £77m (2022/23 £73m) (consolidated statement of cash flows). Fees and other income received from joint ventures, and distributions and other receivables from non-recourse companies £11m (2022/23: £34m).
4. Cash and short term deposits exclude tenant deposits of £57m (2022/23: £49m).

# NOTES TO THE ACCOUNTS CONTINUED

## 16 Net debt continued

### British Land Unsecured Financial Covenants

The two financial covenants applicable to the Group unsecured debt are shown below:

| | 2024 £m | 2023 £m |
|---|---|---|
| **Net Borrowings not to exceed 175% of Adjusted Capital and Reserves** | **40%** | 38% |
| Principal amount of gross debt | **2,225** | 2,250 |
| Less the relevant proportion of borrowings of the partly owned subsidiary/non-controlling interests | **–** | – |
| Less cash and short term deposits (consolidated statement of cash flows)[1] | **(58)** | (99) |
| Plus the relevant proportion of cash and deposits of the partly owned subsidiary/non-controlling interests | **1** | 1 |
| **Net Borrowings** | **2,168** | 2,152 |
| Share capital and reserves (consolidated balance sheet) | **5,312** | 5,525 |
| Deferred tax liabilities (Table A) | **6** | 6 |
| Trading property (deficit) surplus (Table A) | **(1)** | 7 |
| Exceptional refinancing charges (see below) | **147** | 161 |
| Fair value adjustments of financial instruments (Table A) | **(55)** | (44) |
| Less reserves attributable to non-controlling interests (consolidated balance sheet) | **(13)** | (13) |
| **Adjusted Capital and Reserves** | **5,396** | 5,642 |

In calculating Adjusted Capital and Reserves for the purpose of the unsecured debt financial covenants, there is an adjustment of £147m (2022/23: £161m) to reflect the cumulative net amortised exceptional items relating to the refinancings in the years ended 31 March 2005, 2006 and 2007.

| | 2024 £m | 2023 £m |
|---|---|---|
| **Net Unsecured Borrowings not to exceed 70% of Unencumbered Assets** | **38%** | 32% |
| Principal amount of gross debt | **2,225** | 2,250 |
| Less cash and short term deposits not subject to a security interest | **(58)** | (87) |
| Plus cash attributable to non-controlling interests | **1** | 1 |
| Less principal amount of secured and non-recourse borrowings | **(633)** | (933) |
| **Net Unsecured Borrowings** | **1,535** | 1,231 |
| Group property portfolio valuation (Note 10) | **5,130** | 5,595 |
| Investments in joint ventures (Note 11) | **2,429** | 2,206 |
| Other investments and property, plant and equipment (consolidated balance sheet)[2] | **56** | 61 |
| Less investments in joint ventures | **(2,429)** | (2,206) |
| Less encumbered assets (Note 10) | **(1,137)** | (1,747) |
| **Unencumbered Assets** | **4,049** | 3,909 |

1. Cash and short term deposits exclude tenant deposits of £30m (2022/23: £26m).
2. The £17m (2022/23: £19m) difference between other investments and plant, property and equipment per the balance sheet totalling £73m (2022/23: £80m), 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.

## 16 Net debt continued

### Reconciliation of movement in Group net debt for the year ended 31 March 2024

| | 2023 £m | Cash flows £m | Transfers[1] £m | Foreign exchange £m | Fair value £m | Arrangement cost amortisation £m | 2024 £m |
|---|---|---|---|---|---|---|---|
| Short term borrowings | **402** | **(384)** | **10** | **–** | **(20)** | **2** | **10** |
| Long term borrowings | **1,865** | **355** | **(10)** | **(7)** | **1** | **(2)** | **2,202** |
| Derivatives[2] | **(77)** | **(15)** | **–** | **7** | **42** | **–** | **(43)** |
| Total liabilities from financing activities[3] | **2,190** | **(44)** | **–** | **–** | **23** | **–** | **2,169** |
| Cash and cash equivalents | **(125)** | **37** | **–** | **–** | **–** | **–** | **(88)** |
| **Net debt** | **2,065** | **(7)** | **–** | **–** | **23** | **–** | **2,081** |

### Reconciliation of movement in Group net debt for the year ended 31 March 2023

| | 2022 £m | Cash flows £m | Transfers[1] £m | Foreign exchange £m | Fair value £m | Arrangement cost amortisation £m | 2023 £m |
|---|---|---|---|---|---|---|---|
| Short term borrowings | 189 | (190) | 402 | – | – | 1 | 402 |
| Long term borrowings | 2,427 | (123) | (402) | 20 | (55) | (2) | 1,865 |
| Derivatives[4] | (1) | (12) | – | (20) | (44) | – | (77) |
| Total liabilities from financing activities[5] | 2,615 | (325) | – | – | (99) | (1) | 2,190 |
| Cash and cash equivalents | (111) | (14) | – | – | – | – | (125) |
| **Net debt** | 2,504 | (339) | – | – | (99) | (1) | 2,065 |

1. Transfers comprises debt maturing from long term to short term borrowings.
2. Cash flows on derivatives include £16m of net receipts on derivative interest.
3. Cash flows of £44m shown above represents net cash flows on capital payments in respect of interest rate derivatives of £31m, repayment of bank and other borrowings of £385m, drawdowns on bank and other borrowings of £361m and net repayment of revolving credit facilities of £2m shown in the consolidated statement of cash flows, along with £16m of net receipts on derivative interest and £3m of issue costs.
4. Cash flows on derivatives include £9m of net receipts on derivative interest.
5. Cash flows of £325m shown above represents net cash flows on capital payments in respect of interest rate derivatives of £21m, repayment of bank and other borrowings of £52m, drawdowns on bank and other borrowings of £20m and net repayment of revolving credit facilities of £281m shown in the consolidated statement of cash flows, along with £9m of net receipts on derivative interest.

### Fair value hierarchy

The table below provides an analysis of financial instruments carried at fair value, by the valuation method. The fair value hierarchy levels are defined in Note 10.

| | 2024 | | | | 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | 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 | **–** | **(99)** | **–** | **(99)** | – | (144) | – | (144) |
| Other investments – fair value through profit or loss (Note 12) | **–** | **–** | **(46)** | **(46)** | – | – | (48) | (48) |
| **Assets** | **–** | **(99)** | **(46)** | **(145)** | – | (144) | (48) | (192) |
| Interest rate and currency derivative liabilities | **–** | **56** | **–** | **56** | – | 67 | – | 67 |
| **Liabilities** | **–** | **56** | **–** | **56** | – | 67 | – | 67 |
| **Total** | **–** | **(43)** | **(46)** | **(89)** | – | (77) | (48) | (125) |

# NOTES TO THE ACCOUNTS CONTINUED

## 16 Net debt continued

### Categories of financial instruments

| | 2024 £m | 2023 £m |
|---|---|---|
| **Financial assets** | | |
| **Amortised cost** | | |
| Cash and cash equivalents | 88 | 125 |
| Trade and other debtors (Note 13) | 22 | 22 |
| Other investments (Note 12) | – | 2 |
| **Fair value through profit or loss** | | |
| Derivatives in designated fair value hedge accounting relationships[1,2] | 15 | 45 |
| Derivatives not in designated hedge accounting relationships | 84 | 99 |
| Other investments (Note 12) | 46 | 48 |
| | 255 | 341 |
| **Financial liabilities** | | |
| **Amortised cost** | | |
| Creditors (Note 14) | (187) | (199) |
| Gross debt | (2,212) | (2,267) |
| Lease liabilities (Notes 14 and 15) | (127) | (126) |
| **Fair value through profit or loss** | | |
| Derivatives in designated fair value hedge accounting relationships[1,2] | (17) | (17) |
| Derivatives not in designated hedge accounting relationships | (39) | (50) |
| | (2,582) | (2,659) |
| **Total** | (2,327) | (2,318) |

1. Derivative assets and liabilities in designated hedge accounting relationships sit within the derivative assets and derivative liabilities balances of the consolidated balance sheet.
2. The fair value of derivative assets in designated hedge accounting relationships represents the accumulated amount of fair value hedge adjustments on hedged items.

Gains and losses on financial instruments, as classed above, are disclosed in Note 6 (net financing charges), Note 13 (debtors), the consolidated income statement and the consolidated statement of comprehensive income. The Directors consider that the carrying amounts of other investments are approximate to their fair value, and that the carrying amounts are recoverable.

### Capital risk management

The capital structure of the Group consists of net debt and equity attributable to the equity holders of The British Land Company PLC, comprising issued capital, reserves and retained earnings. Risks relating to capital structure are addressed within Managing risk in delivering our strategy on pages 43 to 58. The Group's objectives, policies and processes for managing debt are set out in the Financial policies and principles on pages 40 to 42.

### Interest rate risk management

The Group uses interest rate swaps and caps to hedge exposure to the variability in cash flows on floating rate debt, such as revolving bank facilities, caused by movements in market rates of interest. The Group's objectives and processes for managing interest rate risk are set out in the Financial policies and principles on pages 40 to 42.

At 31 March 2024, the fair value of these derivatives is a net asset of £74m (2022/23: £41m). Interest rate swaps with a fair value of £nil (2022/23: £nil) have been designated as cash flow hedges under IFRS 9.

The ineffectiveness recognised in the consolidated income statement on cash flow hedges in the year ended 31 March 2024 was £nil (2022/23: £nil).

## 16 Net debt continued

The cash flows occur and are charged to profit and loss until the maturity of the hedged debt. The table below summarises variable rate debt hedged at 31 March.

### Variable rate debt hedged

| | | 2024 £m | 2023 £m |
|---|---|---|---|
| Outstanding: | at one year | **1,175** | 550 |
| | at two years | **1,520** | 1,025 |
| | at five years | **700** | 350 |

### Fair value hedged debt

The Group uses interest rate swaps to hedge exposure on fixed rate financial liabilities caused by movements in market rates of interest.

At 31 March 2024, the fair value of these derivatives is a net liability of £32m (2022/23: net asset of £18m). Interest rate swaps with a fair value liability of £2m have been designated as fair value hedges under IFRS 9 (2022/23: asset of £26m).

The cross-currency swaps of the 2025/2026 US Private Placements fully hedge the foreign exchange exposure at an average floating rate of 150 basis points above SONIA. These have been designated as fair value hedges of the US Private Placements.

### Interest rate profile – including effect of derivatives

| | 2024 £m | 2023 £m |
|---|---|---|
| Fixed or capped rate | **2,081** | 2,168 |
| | **2,081** | 2,168 |

All the debt is effectively Sterling denominated except for £30m of USD debt of which £30m is at a variable rate (2022/23: £27m).

At 31 March 2024 the weighted average interest rate of the Sterling fixed rate debt is 4.2% (2022/23: 4.2%). The weighted average period for which the rate is fixed is 6.3 years (2022/23: 7.3 years).

### Proportionally consolidated net debt at fixed or capped rates of interest

| | 2024 | 2023 |
|---|---|---|
| Spot basis | **100%** | 100% |
| Average over next five-year forecast period | **86%** | 76% |

### Sensitivity table – market rate movements

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | Increase | Decrease | Increase | Decrease |
| Movement in interest rates (bps)[1] | **100** | **(100)** | 373 | (373) |
| Impact on underlying annual profit (£m) | **–** | **–** | – | 9 |
| Movement in medium and long term swap rates (bps)[2] | **424** | **(424)** | 424 | (424) |
| Impact on cash flow hedge and non-hedge accounted derivative valuations (£m) | **189** | **(203)** | 177 | (210) |

1. The movement used for the current year sensitivity analysis is a 1% change in interest rates. The movement used for the prior year sensitivity analysis represented the largest annual change in SONIA over the last 10 years.
2. This movement used for sensitivity analysis represents the largest annual change in the seven-year Sterling swap rate over the last 10 years.

# NOTES TO THE ACCOUNTS CONTINUED

## 16 Net debt continued

### Foreign currency risk management

The Group's policy is to have no material unhedged net assets or liabilities denominated in foreign currencies. The currency risk on overseas investments may be hedged via foreign currency denominated borrowings and derivatives. The Group has adopted net investment hedging in accordance with IFRS 9 and therefore the portion of the gain or loss on any hedging instrument that is determined to be an effective hedge is recognised directly in equity. The ineffective portion of the gain or loss on any hedging instrument is recognised immediately in the income statement.

The table below shows the carrying amounts of the Group's foreign currency denominated assets and liabilities. Provided contingent tax on overseas investments is not expected to occur it will be ignored for hedging purposes. Based on the 31 March 2024 position, a 28% appreciation (largest annual change over the last 10 years) in the USD relative to Sterling would result in a £2m change (2022/23: £3m) in reported profits.

| | Assets[1] | | Liabilities | |
|---|---|---|---|---|
| | **2024 £m** | 2023 £m | **2024 £m** | 2023 £m |
| USD denominated | **37** | 38 | **30** | 27 |

1. The USD denominated asset of £37m (2022/23: £38m) is an other investment accounted for as fair value through profit of loss as disclosed in Note 12. The remaining £9m (2022/23: £10m) other investment accounted for as fair value through profit or loss is a Sterling denominated other investment.

### Credit risk management

The Group's approach to credit risk management of counterparties is referred to in Financial policies and principles on pages 40 to 42 and the risks addressed within Managing risk in delivering our strategy on pages 43 to 58. The carrying amount of financial assets recorded in the financial statements represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

**Banks and financial institutions:**
Cash and cash equivalents at 31 March 2024 amounted to £88m (2022/23: £125m). Cash and cash equivalents were placed with financial institutions with BBB+ or better credit ratings.

At 31 March 2024, the fair value of all interest rate derivative assets was £99m (2022/23: £144m).

At 31 March 2024, prior to taking into account any offset arrangements, the largest combined credit exposure to a single counterparty arising from money market deposits, liquid investments and derivatives was £34m (2022/23: £43m). This represents 0.4% (2022/23: 0.5%) of gross assets.

The deposit exposures are with UK banks and UK branches of international banks.

**Trade debtors:**
Trade debtors are presented net of provisions for impairment for expected credit losses. Expected credit losses are calculated on initial recognition of trade debtors and subsequently in accordance with IFRS 9, taking into account historic and forward-looking information.

**Tenant incentives:**
Tenant incentives and the associated tenant incentive provisions for impairment for expected credit losses are both recognised within investment property. Expected credit losses are calculated on initial recognition of tenant incentives and subsequently in accordance with IFRS 9, taking into account historic and forward-looking information.

## 16 Net debt continued

### Liquidity risk management

The Group's approach to liquidity risk management is discussed in Financial policies and principles on pages 40 to 42, and the risks addressed within Managing risk in delivering our strategy on pages 43 to 58.

The following table presents a maturity profile of the contracted undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal flows. Where the interest payable is not fixed, the amount disclosed has been determined by reference to the projected interest rates implied by yield curves at the reporting date. For derivative financial instruments that settle on a net basis (e.g. interest rate swaps) the undiscounted net cash flows are shown and for derivatives that require gross settlement (e.g. cross-currency swaps) the undiscounted gross cash flows are presented. Where payment obligations are in foreign currencies, the spot exchange rate ruling at the balance sheet date is used. Trade creditors and amounts owed to joint ventures, which are repayable within one year, have been excluded from the analysis.

The Group expects to meet its financial liabilities through the various available liquidity sources, including a secure rental income profile, asset sales, undrawn committed borrowing facilities and, in the longer term, debt refinancings.

The future aggregate minimum rentals receivable under non-cancellable operating leases are shown in the table on the following page. Income from joint ventures is not included. Additional liquidity will arise from letting space in properties under construction as well as from distributions received from joint ventures.

| | 2024 | | | | |
|---|---|---|---|---|---|
| | **Within one year £m** | **Following year £m** | **Three to five years £m** | **Over five years £m** | **Total £m** |
| Gross Debt[1] | **12** | **318** | **999** | **911** | **2,240** |
| Interest on debt | **112** | **101** | **223** | **211** | **647** |
| Derivative payments | **15** | **93** | **88** | **17** | **213** |
| Lease liability payments | **10** | **10** | **30** | **342** | **392** |
| Total payments | **149** | **522** | **1,340** | **1,481** | **3,492** |
| Derivative receipts | **(56)** | **(103)** | **(85)** | **(1)** | **(245)** |
| **Net payment** | **93** | **419** | **1,255** | **1,480** | **3,247** |
| Operating leases with tenants | **260** | **234** | **503** | **556** | **1,553** |
| Liquidity surplus (deficit) | **167** | **(185)** | **(752)** | **(924)** | **(1,694)** |
| **Cumulative liquidity surplus (deficit)** | **167** | **(18)** | **(770)** | **(1,694)** | |

| | 2023 | | | | |
|---|---|---|---|---|---|
| | Within one year £m | Following year £m | Three to five years £m | Over five years £m | Total £m |
| Gross Debt[1] | 409 | 8 | 995 | 882 | 2,294 |
| Interest on debt | 100 | 84 | 195 | 199 | 578 |
| Derivative payments | 104 | 18 | 172 | 26 | 320 |
| Lease liability payments | 10 | 10 | 29 | 305 | 354 |
| Total payments | 623 | 120 | 1,391 | 1,412 | 3,546 |
| Derivative receipts | (172) | (34) | (179) | (3) | (388) |
| **Net payment** | 451 | 86 | 1,212 | 1,409 | 3,158 |
| Operating leases with tenants | 248 | 211 | 440 | 479 | 1,378 |
| Liquidity (deficit) surplus | (203) | 125 | (772) | (930) | (1,780) |
| **Cumulative liquidity deficit** | (203) | (78) | (850) | (1,780) | |

1. Gross debt of £2,212m (2022/23: £2,267m) represents the total of £2,240m (2022/23: £2,294m), less unamortised issue costs of £10m (2022/23: £9m), less fair value adjustments to debt of £18m (2022/23: £18m).

## NOTES TO THE ACCOUNTS CONTINUED

### 16 Net debt continued

Any short term liquidity gap between the net payments required and the rentals receivable can be met through other liquidity sources available to the Group, such as committed undrawn borrowing facilities. The Group currently holds cash and cash equivalents of £88m of which £58m is not subject to a security interest. Further liquidity can be achieved through sales of property assets or investments and financing activity.

The Group's property portfolio is valued externally at £5,130m (2022/23: £5,595m) and the share of joint ventures' property is valued at £3,568m (2022/23: £3,316m). The committed undrawn borrowing facilities available to the Group are a further source of liquidity. The maturity profile of committed undrawn borrowing facilities is shown below.

#### Maturity of committed undrawn borrowing facilities

| | | 2024 £m | 2023 £m |
|---|---|---|---|
| Maturity date: | over five years | **145** | 130 |
| | between four and five years | **310** | 504 |
| | between three and four years | **149** | 370 |
| Total facilities available for more than three years | | **604** | 1,004 |
| Between two and three years | | **450** | 555 |
| Between one and two years | | **625** | 170 |
| Within one year | | **166** | 50 |
| **Total** | | **1,845** | 1,779 |

The undrawn facilities are comprised of British Land undrawn facilities of £1,845m (2022/23: £1,779m).

### 17 Leasing

#### Operating leases with tenants

The Group leases out all of its investment properties under operating leases with a weighted average lease length of six years (2022/23: six years). The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

| | 2024 £m | 2023 £m |
|---|---|---|
| Less than one year | **260** | 248 |
| Between one and two years | **234** | 211 |
| Between three and five years | **503** | 440 |
| Between six and ten years | **355** | 320 |
| Between eleven and fifteen years | **147** | 97 |
| Between sixteen and twenty years | **39** | 41 |
| After twenty years | **15** | 21 |
| **Total** | **1,553** | 1,378 |

## 17 Leasing continued

### Lease commitments

The Group's leasehold investment properties are typically under non-renewable leases without significant restrictions. Lease liabilities are payable in line with the disclosure below and no contingent rents were payable in either period. The lease payments mainly relate to head leases where the Group does not own the freehold of a property.

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | Minimum lease payments £m | Interest £m | Principal £m | Minimum lease payments £m | Interest £m | Principal £m |
| **British Land Group** | | | | | | |
| Less than one year | 10 | 4 | 6 | 10 | 4 | 6 |
| Between one and two years | 10 | 3 | 7 | 10 | 3 | 7 |
| Between two and five years | 30 | 9 | 21 | 29 | 7 | 22 |
| More than five years | 342 | 249 | 93 | 305 | 214 | 91 |
| **Total** | 392 | 265 | 127 | 354 | 228 | 126 |
| Less future finance charges | (265) | | | (228) | | |
| **Present value of lease obligations** | 127 | | | 126 | | |

## 18 Dividends

The final dividend payment for the six-month period ended 31 March 2024 will be 10.64p. Payment will be made on 26 July 2024 to shareholders on the register at close of business on 21 June 2024. The final dividend will be a Property Income Distribution and no SCRIP alternative will be offered.

PID dividends are paid, as required by REIT legislation, after deduction of withholding tax at the basic rate (currently 20%), where appropriate. Certain classes of shareholders may be able to elect to receive dividends gross. Please refer to our website britishland.com/dividends for details.

| Payment date | Dividend | Pence per share | 2024 £m | 2023 £m |
|---|---|---|---|---|
| **Current year dividends** | | | | |
| 26.07.2024 | 2024 Final | 10.64 | | |
| 05.01.2024 | 2024 Interim | 12.16 | 113 | |
| | | 22.80 | | |
| **Prior year dividends** | | | | |
| 28.07.2023 | 2023 Final | 11.04 | 102 | |
| 06.01.2023 | 2023 Interim | 11.60 | | 107 |
| | | 22.64 | | |
| 29.07.2022 | 2022 Final | 11.60 | | 108 |
| **Dividends disclosed in consolidated statement of changes in equity** | | | 215 | 215 |
| Dividends settled in shares | | | – | – |
| Dividends settled in cash | | | 215 | 215 |
| Timing difference relating to payment of withholding tax | | | (2) | (2) |
| **Dividends disclosed in consolidated statement of cash flows** | | | 213 | 213 |

## NOTES TO THE ACCOUNTS CONTINUED

### 19 Share capital and reserves

| | 2024 | 2023 |
|---|---|---|
| Number of ordinary shares in issue at 1 April | 938,334,977 | 938,109,433 |
| Share issues | 429,046 | 225,544 |
| **At 31 March** | 938,764,023 | 938,334,977 |

Of the issued 25p ordinary shares, 7,376 shares were held in the ESOP trust (2022/23: 7,376), 11,266,245 shares were held as treasury shares (2022/23: 11,266,245) and 927,490,402 shares were in free issue (2022/23: 927,061,356). No treasury shares were acquired by the ESOP trust during the year. All issued shares are fully paid.

#### Hedging and translation reserve

The hedging and translation reserve comprises the effective portion of the cumulative net change in the fair value of cash flow and foreign currency hedging instruments, as well as all foreign exchange differences arising from the translation of the financial statements of foreign operations. The foreign exchange differences also include the translation of the liabilities that hedge the Company's net investment in a foreign subsidiary. In the current year to 31 March 2024, £2m (2022/23: £nil) was reclassified from the hedging and translation reserve to the income statement.

#### Revaluation reserve

The revaluation reserve relates to investments in joint ventures. In the current year to 31 March 2024, £1m was transferred from the revaluation reserve to retained earnings (2022/23: £nil).

#### Merger reserve

This comprises the premium on the share placing in March 2013. No share premium is recorded in the Company's financial statements, through the operation of the merger relief provisions of the Companies Act 2006.

At 31 March 2024, options over 1,217,611 ordinary shares were outstanding under employee share option plans. The options had a weighted average life of 3.09 years. Details of outstanding share options and shares awarded to employees, including Executive Directors, are set out below and on the following page:

| | | | | | | | Exercise dates | |
|---|---|---|---|---|---|---|---|---|
| **Date of grant** | At 31 March 2023 | Granted | Exercised/ Vested | Lapsed/ Forfeited | **At 31 March 2024** | Exercise price (pence) | From | To |
| **Share options Sharesave Scheme** | | | | | | | | |
| 29.06.18 | 15,898 | – | – | (15,898) | **–** | 549 | 01.09.23 | 01.03.24 |
| 18.06.19 | 7,032 | – | – | (7,032) | **–** | 435 | 01.09.22 | 01.03.23 |
| 18.06.19 | 8,549 | – | – | (3,033) | **5,516** | 435 | 01.09.24 | 01.03.25 |
| 07.07.20 | 361,293 | – | (223,847) | (125,664) | **11,782** | 336 | 01.09.23 | 01.03.24 |
| 07.07.20 | 296,759 | – | – | (142,757) | **154,002** | 336 | 01.09.25 | 01.03.26 |
| 06.07.21 | 89,312 | – | – | (33,511) | **55,801** | 414 | 01.09.24 | 01.03.25 |
| 06.07.21 | 75,636 | – | – | (55,787) | **19,849** | 414 | 01.09.26 | 01.03.27 |
| 22.06.22 | 127,670 | – | – | (59,670) | **68,000** | 421 | 01.09.25 | 01.03.26 |
| 22.06.22 | 43,031 | – | – | (34,555) | **8,476** | 421 | 01.09.27 | 01.03.28 |
| 21.06.23 | – | 623,607 | – | (19,563) | **604,044** | 287 | 01.09.26 | 01.03.27 |
| 21.06.23 | – | 311,045 | (696) | (20,208) | **290,141** | 287 | 01.09.28 | 01.03.29 |
| | 1,025,180 | 934,652 | (224,543) | (517,678) | **1,217,611** | | | |
| **Long-Term Incentive Plan – options vested, not exercised** | | | | | | | | |
| 05.08.13 | 108,588 | – | – | (108,588) | **–** | 601 | 05.08.16 | 05.08.23 |
| 05.12.13 | 116,618 | – | – | (116,618) | **–** | 600 | 05.12.16 | 05.12.23 |
| | 225,206 | – | – | (225,206) | **–** | | | |
| Total | 1,250,386 | 934,652 | (224,543) | (742,884) | **1,217,611** | | | |
| **Weighted average exercise price of options (pence)** | 409 | 287 | 336 | 440 | **311** | | | |

## 19 Share capital and reserves continued

| Date of grant | At 31 March 2023 | Granted | Exercised/ Vested | Lapsed/ Forfeited | **At 31 March 2024** | Share price at grant date (pence) | Vesting date |
|---|---|---|---|---|---|---|---|
| **Performance Shares Long-Term Incentive Plan** | | | | | | | |
| 22.06.20 | 835,998 | – | (91,174) | (744,824) | **–** | 408.90 | 22.06.23 |
| 22.06.21 | 856,822 | – | – | (56,143) | **800,679** | 516.80 | 22.06.24 |
| 02.08.21 | 238,945 | – | – | – | **238,945** | 519.60 | 02.08.24 |
| 01.09.21 | 41,294 | – | – | – | **41,294** | 542.00 | 01.09.24 |
| 19.07.21 | 44,273 | – | (44,273) | – | **–** | 482.50 | 12.05.23 |
| 19.07.21 | 28,209 | – | – | – | **28,209** | 482.50 | 12.05.24 |
| 19.07.21 | 9,403 | – | – | – | **9,403** | 482.50 | 12.05.25 |
| 19.07.21 | 121,787 | – | (13,396) | (108,391) | **–** | 482.50 | 02.08.24 |
| 19.07.22 | 1,848,874 | – | | (246,371) | **1,602,503** | 470.70 | 19.07.25 |
| 15.06.23 | – | 2,130,159 | | – | **2,130,159** | 334.70 | 15.06.26 |
| | 4,025,605 | 2,130,159 | (148,843) | (1,155,729) | **4,851,192** | | |
| **Restricted Share Plan** | | | | | | | |
| 22.06.20 | 742,764 | – | (725,717) | (17,047) | **–** | 412.40 | 22.06.23 |
| 22.06.21 | 819,467 | – | – | (58,035) | **761,432** | 516.80 | 22.06.24 |
| 19.07.22 | 677,472 | – | – | (45,677) | **631,795** | 470.70 | 19.07.25 |
| 29.07.22 | 21,926 | – | – | – | **21,926** | 492.00 | 19.07.25 |
| 15.06.23 | – | 900,404 | – | (14,792) | **885,612** | 334.70 | 15.06.26 |
| | 2,261,629 | 900,404 | (725,717) | (135,551) | **2,300,765** | | |
| **Total** | 6,287,234 | 3,030,563 | (874,560) | (1,291,280) | **7,151,957** | | |
| **Weighted average price of shares (pence)** | 471 | 335 | 417 | 438 | **426** | | |

## 20 Segment information

The Group allocates resources to investment and asset management according to the sectors it expects to perform over the medium term, and reports under two operating segments, being Campuses and Retail & London Urban Logistics.

From 1 April 2023, the Group changed the name of the Retail & Fulfilment operating segment to Retail & London Urban Logistics in line with our evolving strategy. There have been no changes in the allocation of the segment assets, meaning there are no restatements of the prior year comparative figures as a result of this change.

The relevant gross rental income, net rental income, operating result and property assets, being the measures of segment revenue, segment result and segment assets used by the management of the business, are set out on the following page. Management reviews the performance of the business principally on a proportionally consolidated basis, which includes the Group's share of joint ventures on a line-by-line basis and excludes non-controlling interests in the Group's subsidiaries. The chief operating decision maker for the purpose of segment information is the Executive Committee.

Gross rental income is derived from the rental of buildings. Operating result is the net of net rental income, fee income and administrative expenses. No customer exceeded 10% of the Group's revenues in either year.

# NOTES TO THE ACCOUNTS CONTINUED

## 20 Segment information continued

### Segment result

| | Campuses | | Retail & London Urban Logistics | | Unallocated | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2024 £m | 2023 £m | 2024 £m | 2023 £m | 2024 £m | 2023 £m | 2024 £m | 2023 £m |
| **Gross rental income** | | | | | | | | |
| British Land Group | 85 | 115 | 210 | 205 | – | – | 295 | 320 |
| Share of joint ventures | 111 | 107 | 59 | 57 | – | – | 170 | 164 |
| **Total** | 196 | 222 | 269 | 262 | – | – | 465 | 484 |
| **Net rental income** | | | | | | | | |
| British Land Group | 71 | 108 | 207 | 189 | – | – | 278 | 297 |
| Share of joint ventures | 95 | 89 | 56 | 51 | – | – | 151 | 140 |
| **Total** | 166 | 197 | 263 | 240 | – | – | 429 | 437 |
| **Operating result** | | | | | | | | |
| British Land Group | 89 | 115 | 206 | 186 | (56) | (55) | 239 | 246 |
| Share of joint ventures | 85 | 82 | 54 | 49 | (2) | (2) | 137 | 129 |
| **Total** | 174 | 197 | 260 | 235 | (58) | (57) | 376 | 375 |

| **Reconciliation to Underlying Profit** | 2024 £m | 2023 £m |
|---|---|---|
| Operating result | 376 | 375 |
| Net financing charges | (108) | (111) |
| **Underlying Profit** | 268 | 264 |
| **Reconciliation to profit (loss) before taxation** | | |
| Underlying Profit | 268 | 264 |
| Capital and other | (254) | (1,299) |
| Underlying Profit attributable to non-controlling interests | 1 | 1 |
| **Total profit (loss) before taxation** | 15 | (1,034) |
| **Reconciliation to Group revenue** | | |
| Gross rental income per operating segment result | 465 | 484 |
| Less share of gross rental income of joint ventures | (170) | (164) |
| Plus share of gross rental income attributable to non-controlling interests | 2 | 2 |
| **Gross rental income (Note 3)** | 297 | 322 |
| Service charge income | 59 | 59 |
| Management and performance fees (from joint ventures) | 17 | 13 |
| Other fees and commissions | 28 | 24 |
| **Revenue (consolidated income statement)** | 401 | 418 |

A reconciliation between net financing charges in the consolidated income statement and net financing charges of £108m (2022/23: £111m) in the segmental disclosures above can be found within Table A in the supplementary disclosures. Of the total revenues above, £nil (2022/23: £nil) was derived from outside the UK.

# 20 Segment information continued

## Segment assets

| | Campuses | | Retail & London Urban Logistics | | Total | |
|---|---|---|---|---|---|---|
| | **2024 £m** | 2023 £m | **2024 £m** | 2023 £m | **2024 £m** | 2023 £m |
| **Property assets** | | | | | | |
| British Land Group | **2,360** | 2,972 | **2,760** | 2,619 | **5,120** | 5,591 |
| Share of joint ventures | **2,922** | 2,687 | **646** | 629 | **3,568** | 3,316 |
| **Total** | **5,282** | 5,659 | **3,406** | 3,248 | **8,688** | 8,907 |

## Reconciliation to net assets

| **British Land Group** | **2024 £m** | 2023 £m |
|---|---|---|
| Property assets | **8,688** | 8,907 |
| Other non-current assets | **73** | 141 |
| **Non-current assets** | **8,761** | 9,048 |
| | | |
| Other net current liabilities | **(331)** | (384) |
| EPRA net debt | **(3,178)** | (3,127) |
| Other non-current liabilities | **–** | (50) |
| **EPRA NTA (diluted)** | **5,252** | 5,487 |
| Non-controlling interests | **13** | 13 |
| EPRA adjustments | **47** | 25 |
| **Net assets** | **5,312** | 5,525 |

# 21 Capital commitments

The aggregate capital commitments to purchase, construct or develop investment property, for repairs, maintenance or enhancements, or for the purchase of investments which are contracted for but not provided, are set out below:

| | **2024 £m** | 2023 £m |
|---|---|---|
| British Land Group | **148** | 161 |
| Share of joint ventures | **174** | 332 |
| | **322** | 493 |

As part of the Group's 2030 Sustainability Strategy, the Group's Transition Vehicle applies an internal levy of £60 per tonne to the embodied carbon within developments. This £60 per tonne is rising to £90 per tonne from 1 April 2024 for new developments. Two-thirds of the internal levy is available to finance retrofitting projects which improve energy efficiency and reduce carbon emissions from our standing portfolio. The remaining third is used to purchase carbon credits to mitigate the residual embodied carbon in our developments. The Group committed £5m to retrofitting projects in the year to 31 March 2024 (2022/23: £5m), with £1m spent in the year to 31 March 2024 (2022/23: £5m).

# NOTES TO THE ACCOUNTS CONTINUED

## 22 Related party transactions

Directors are the key management personnel and have the authority and responsibility for planning, directing and controlling the activities of the entity. Details of Directors' remuneration are given in the Remuneration Report on pages 125 to 143. Details of transactions with The British Land Group of Companies Pension Scheme, and other smaller pension schemes, are given in Note 9. Details of transactions with joint ventures are given in Notes 3 and 11 and outlined below.

| Summarised income statement | Note | Joint ventures 2024 £m | Joint ventures 2023 £m |
|---|---|---|---|
| Management and performance fees (from joint ventures) | 3 | 17 | 13 |
| Share of distributions | 11 | 77 | 72 |
| Capital return | 11 | – | 30 |
| **Summarised balance sheet** | | | |
| Loans | 11 | (1,252) | (1,001) |

The Group's net closing investments in and loans to joint ventures, the associated closing provision for impairment and movement in provision for impairment in the year are outlined below. The provision for impairment of investments in joint ventures is calculated in accordance with IAS 36, and provision for impairment of loans to joint ventures is calculated in accordance with IFRS 9 as set out in Note 1.

### Provision for impairment of investments in joint ventures

| | 2024 | | | | | | 2023 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Net closing investment | | Closing provision for impairment | | Movement in provision for impairment | | Net closing investment | | Closing provision for impairment | | Movement in provision for impairment | |
| | Loan £m | Equity £m | Loan £m | Equity £m | Loan £m | Equity £m | Loan £m | Equity £m | Loan £m | Equity £m | Loan £m | Equity £m |
| Broadgate | 634 | 708 | – | (32) | – | 97 | 498 | 846 | – | (129) | – | (129) |
| Meadowhall | 145 | – | (174) | (199) | 18 | (6) | 95 | – | (192) | (193) | (49) | (4) |
| WOSC | 12 | 16 | (3) | (22) | 19 | (22) | 30 | – | (22) | – | (6) | – |
| BL West End | 4 | 69 | – | (20) | – | (7) | 4 | 75 | – | (13) | – | (13) |
| Canada Water | – | 283 | – | (70) | – | (47) | – | 290 | – | (23) | – | (23) |
| Paddington Central | 106 | – | (8) | – | (8) | – | 107 | – | – | – | (10) | – |
| 1 Triton Square | 116 | 79 | – | (2) | – | (2) | – | – | – | – | – | – |
| SouthGate | – | 55 | – | (50) | – | – | – | 56 | – | (50) | – | – |
| Hercules Unit Trust JV | – | 102 | – | – | – | – | – | 98 | – | – | – | – |
| Other joint ventures | 50 | 50 | – | (54) | – | – | 53 | 54 | – | (54) | – | (3) |
| **Total** | 1,067 | 1,362 | (185) | (449) | 29 | 13 | 787 | 1,419 | (214) | (462) | (65) | (172) |

## 23 Contingent liabilities

### Group and joint ventures

The Group and joint ventures have contingent liabilities in respect of legal claims, guarantees and warranties arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from these contingent liabilities.

## 24 Subsequent events

In May 2024, post year end, the Group exchanged contracts on the sale of its 50% interest in the Meadowhall joint venture. Completion is unconditional and scheduled to occur in July 2024. The transaction values the investment properties of the joint venture at £720m (£360m at the Group's 50% share). The cash consideration to be received by the Group, taking into account net debt and other customary transaction adjustments, totals £156m and is materially in line with the carrying value of the joint venture as at 31 March 2024.

## 25 Audit exemptions taken for subsidiaries

The following subsidiaries are exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of Section 479A of that Act.

| Entity Name | Company Number |
|---|---|
| 17-19 Bedford Street Limited | 07398971 |
| 18-20 Craven Hill Gardens Limited | 07667839 |
| 20 Brock Street Limited | 07401697 |
| Adamant Investment Corporation Limited | 00225149 |
| Aldgate Place (GP) Limited | 07829315 |
| Ashband Limited | 04409592 |
| B.L.Holdings Limited | 00000529 |
| Bayeast Property Co Limited | 00635800 |
| BF Propco (No.3) Limited | 05270196 |
| BF Propco (No.5) Limited | 05270219 |
| BF Properties (No.4) Ltd | 05270289 |
| BF Properties (No.5) Ltd | 05270039 |
| BL 5KS Holdings Limited | 13398992 |
| BL Aldgate Development Limited | 05070564 |
| BL Aldgate Holdings Limited | 05876405 |
| BL Bluebutton 2014 Limited | 09048771 |
| BL Bradford Forster Limited | 07780266 |
| BL Broadgate Fragment 1 Limited | 09400407 |
| BL Broadgate Fragment 2 Limited | 09400541 |
| BL Broadgate Fragment 3 Limited | 09400411 |
| BL Broadgate Fragment 4 Limited | 09400409 |
| BL Broadgate Fragment 5 Limited | 09400413 |
| BL Broadgate Fragment 6 Limited | 09400414 |
| BL Broadway Investment Limited | 10754763 |
| BL Chess Limited | 08548399 |
| BL City Offices Holding Company Limited | 06002147 |
| BL CW Residential Holdings Limited | 14178788 |
| BL CW Upper LP Company Limited | 10375411 |
| BL Department Stores Holding Company Limited | 06002135 |
| BL Doncaster Wheatley Limited | 07780272 |
| BL Drummond Properties Limited | 09806622 |
| BL Eden Walk Limited | 10620935 |
| BL Euston Tower Holding Company Limited | 11612398 |
| BL Finsbury Square Limited | 13797223 |
| BL Goodman (LP) Limited | 05056902 |
| BL HC PH LLP | OC317199 |
| BL High Street And Shopping Centres Holding Company Limited | 06002148 |
| BL Innovation Properties 2 Limited | 05070554 |
| BL Innovation Properties Limited | 12293278 |
| BL Leisure And Industrial Holding Company Limited | 05995024 |
| BL Newport Limited | 04967720 |
| BL Office (Non-City) Holding Company Limited | 06002133 |
| BL Office Holding Company Limited | 05995028 |
| BL Office Properties 3 Limited | 14103029 |
| BL Osnaburgh St Residential Ltd | 06874523 |

| Entity Name | Company Number |
|---|---|
| BL Piccadilly Residential Limited | 08707494 |
| BL Residual Holding Company Limited | 05995030 |
| BL Retail Holding Company Limited | 05995033 |
| BL Retail Indirect Investments Limited | 12288466 |
| BL Retail Investment Holdings Limited | 11612693 |
| BL Retail Properties 3 Limited | 04869976 |
| BL Retail Warehousing Holding Company Limited | 06002154 |
| BL Shoreditch Development Limited | 05326670 |
| BL South Camb Limited | 07555233 |
| BL Superstores Holding Company Limited | 06002143 |
| BL Triton Building Residential Limited | 07508029 |
| BL Tunbridge Wells Limited | 11184483 |
| BL West (Watling House) Limited | 04067234 |
| BL West End Investments Limited | 07793483 |
| BL Whiteley Limited | 11253224 |
| BL Whiteley Retail Limited | 11254281 |
| BLD (A) Limited | 00467242 |
| BLD (SJ) Limited | 02924321 |
| BLD Property Holdings Limited | 00823907 |
| BLSSP (PHC 5) Limited | 04104061 |
| BLU Securities Limited | 03323061 |
| Boldswitch Limited | 02307096 |
| British Land (Joint Ventures) Limited | 04682740 |
| British Land Acquisitions Limited | 05464168 |
| British Land City Offices Limited | 03946069 |
| British Land Fund Management Limited | 04450726 |
| British Land Hercules Limited | 02783381 |
| British Land In Town Retail Limited | 03325066 |
| British Land Industrial Limited | 00643370 |
| British Land Investment Management Limited | 04088640 |
| British Land Offices (Non-City) Limited | 02740378 |
| British Land Offices (Non-City) No.2 Limited | 06849369 |
| British Land Property Advisers Limited | 02793828 |
| British Land Superstores (Non Securitised) Number 2 Limited | 06514283 |
| Broadgate Adjoining Properties Limited | 07580963 |
| Broadgate City Limited | 01769078 |
| Broadgate Court Investments Limited | 02048475 |
| Cavendish Geared Limited | 02779045 |
| City Residential Holdings Limited | 06049158 |
| Clarges Estate Property Management Co Limited | 08418875 |
| Drake Circus Leisure Limited | 09190208 |
| Hempel Hotels Limited | 02728455 |
| Hercules Property UK Holdings Limited | 05500932 |
| Industrial Real Estate Limited | 00503636 |
| Ivorydell Limited | 03264791 |

## NOTES TO THE ACCOUNTS CONTINUED

### 25 Audit exemptions taken for subsidiaries continued

| Entity Name | Company Number |
|---|---|
| London And Henley (UK) Limited | 03576158 |
| London And Henley Holdings Limited | 03971515 |
| Lonebridge UK Limited | 03292034 |
| Longford Street Residential Limited | 08700158 |
| Meadowhall Centre (1999) Limited | 02261117 |
| Meadowhall Centre Limited | 03918066 |
| Meadowhall Group (MLP) Limited | 06221263 |
| Meadowhall Holdings Limited | 02125982 |
| Osnaburgh Street Limited | 05886735 |
| Paddington 5KS Holdings Limited | 13843365 |
| Paddington Box Limited | 14782912 |
| Parwick Investments Limited | 0454239 |
| Pillar (Dartford) Limited | 02783384 |
| Pillar Europe Management Limited | 02891826 |

| Entity Name | Company Number |
|---|---|
| Pillar Hercules No.2 Limited | 02839069 |
| Pillar Property Group Limited | 02570618 |
| Plymouth Retail Limited | 10368557 |
| Project Sunrise Limited | 01588407 |
| Regent's Place Holding 1 Limited | 11864369 |
| Regent's Place Holding 2 Limited | 11864307 |
| Regent's Place Holding Company Limited | 10068705 |
| Shoreditch Support Limited | 02360815 |
| Solartron Retail Park Limited | 13060834 |
| Storey Offices Limited | 11417071 |
| TBL (Bromley) Limited | 03840206 |
| TBL Properties Limited | 03863190 |
| Topside Street Limited | 11253428 |
| Wates City Of London Properties Limited | 01788526 |

The following partnerships are exempt from the requirements to prepare, publish and have audited individual accounts by virtue of regulation 7 of The Partnerships (Accounts) Regulations 2008. The results of these partnerships are consolidated within these Group consolidated financial statements.

| Name |
|---|
| BL Fixed Uplift Fund Limited Partnership |
| BL Lancaster Limited Partnership |
| BL Shoreditch Limited Partnership |
| Hereford Shopping Centre Limited Partnership |

| Name |
|---|
| Paddington 5KS Property Limited Partnership |
| Power Court Luton Limited Partnership |
| The Aldgate Place Limited Partnership |
| The Hercules Property Limited Partnership |

# COMPANY BALANCE SHEET

## As at 31 March 2024

| | Note | 2024 £m | 2023 £m |
|---|---|---|---|
| **Fixed assets** | | | |
| Investments and loans to subsidiaries | D | **22,786** | 23,140 |
| Investments in joint ventures | D | **157** | 111 |
| Other investments | D | **27** | 30 |
| Interest rate and currency derivative assets | E | **79** | 142 |
| | | **23,049** | 23,423 |
| **Current assets** | | | |
| Debtors | G | **1** | 7 |
| Interest rate and currency derivative assets | E | **20** | – |
| Cash and cash equivalents | E | **46** | 17 |
| | | **67** | 24 |
| **Current liabilities** | | | |
| Short term borrowings and overdrafts | E | **(10)** | (104) |
| Creditors | H | **(131)** | (96) |
| Amounts due to subsidiaries | | **(16,237)** | (16,269) |
| | | **(16,378)** | (16,469) |
| **Net current liabilities** | | **(16,311)** | (16,445) |
| **Total assets less current liabilities** | | **6,738** | 6,978 |
| **Non-current liabilities** | | | |
| Debentures and loans | E | **(2,202)** | (1,865) |
| Lease liabilities | | **(21)** | (25) |
| Deferred tax liabilities | | **(5)** | (4) |
| Interest rate and currency derivative liabilities | E | **(56)** | (67) |
| | | **(2,284)** | (1,961) |
| **Net assets** | | **4,454** | 5,017 |
| **Equity** | | | |
| Called up share capital | I | **235** | 234 |
| Share premium | | **1,310** | 1,308 |
| Other reserves | | **(5)** | (5) |
| Merger reserve | | **213** | 213 |
| Retained earnings | | **2,701** | 3,267 |
| **Total equity** | | **4,454** | 5,017 |

The loss after taxation for the year ended 31 March 2024 for the Company was £353m (2022/23: £791m profit).

**Tim Score**
Chair

**Bhavesh Mistry**
Chief Financial Officer

The financial statements on pages 209 to 219 were approved by the Board of Directors and signed on its behalf on 21 May 2024.

Company number 621920

## COMPANY STATEMENT OF CHANGES IN EQUITY

**For the year ended 31 March 2024**

| | Share capital £m | Share premium £m | Other reserves £m | Merger reserve £m | Retained earnings £m | Total equity £m |
|---|---|---|---|---|---|---|
| **Balance at 1 April 2023** | **234** | **1,308** | **(5)** | **213** | **3,267** | **5,017** |
| Shares issued in the year | **1** | **2** | **–** | **–** | **–** | **3** |
| Dividend paid | **–** | **–** | **–** | **–** | **(215)** | **(215)** |
| Fair value of share and share option awards | **–** | **–** | **–** | **–** | **2** | **2** |
| Loss for the year after taxation | **–** | **–** | **–** | **–** | **(353)** | **(353)** |
| **Balance at 31 March 2024** | **235** | **1,310** | **(5)** | **213** | **2,701** | **4,454** |
| | | | | | | |
| Balance at 1 April 2022 | 234 | 1,307 | (5) | 213 | 2,690 | 4,439 |
| Shares issued in the year | – | 1 | – | – | – | 1 |
| Dividend paid | – | – | – | – | (215) | (215) |
| Fair value of share and share option awards | – | – | – | – | 1 | 1 |
| Profit for the year after taxation | – | – | – | – | 791 | 791 |
| **Balance at 31 March 2023** | 234 | 1,308 | (5) | 213 | 3,267 | 5,017 |

The value of distributable reserves within retained earnings is £1,859m (2022/23: £2,177m) (unaudited). An explanation of how distributable reserves are determined, and any limitations, is set out on page 212 of Note A, within the Distributable reserves section.

## (A) Accounting policies

The British Land Company PLC is a public limited company, limited by shares, incorporated, domiciled and registered in England under the Companies Act. The address of the registered office is given on page 238 and the back cover.

The principal activities of the Company and its subsidiaries, and the nature of the Group's operations are set out in the Strategic Report on pages 2 to 39.

The financial statements for the year ended 31 March 2024 have been prepared on the historical cost basis, except for the revaluation of derivatives which are measured at fair value. These financial statements have been prepared in accordance with the Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101').

The financial statements apply the recognition, measurement and presentation requirements of UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006, but make amendments where necessary in order to comply with the Act and take advantage of the FRS 101 exemptions. Instances in which advantages of the FRS 101 disclosure exemptions have been taken are set out below.

The Company has taken advantage of the exemption under S.408 Companies Act 2006, to prepare an individual profit and loss account where Group accounts are prepared.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

(a) the requirements of IAS 1 'Presentation of Financial Statements' to provide a statement of cash flows for the year;

(b) the requirements of IAS 1 to provide a statement of compliance with IFRS;

(c) the requirements of IAS 1 to disclose information on the management of capital;

(d) the requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' to disclose new IFRSs that have been issued but are not yet effective;

(e) the requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly-owned by such a member;

(f) the requirements of paragraph 17 of IAS 24 to disclose key management personnel compensation;

(g) the requirements of IFRS 7 'Financial Instruments: Disclosures' to disclose financial instruments; and

(h) the requirements of paragraphs 91-99 of IFRS 13 'Fair Value Measurement' to disclose information of fair value valuation techniques and inputs.

### Going concern

The financial statements are prepared on a going concern basis. The balance sheet shows that the Company is in a net current liability position. This results from loans due to subsidiaries of £16,237m which are repayable on demand and therefore classified as current liabilities. These liabilities are not due to external counterparties and there is no expectation or intention that these loans will be repaid within the next 12 months. The net current liability position also results from the £10m of facilities that are reaching maturity within the next 12 months. The Company has access to £1.9bn of undrawn facilities and cash, which provides the Directors with comfort that the Company will be able to meet these current liabilities as they fall due. As a consequence of this, the Directors feel that the Company is well placed to manage its business risks successfully despite the current economic climate. Accordingly, they believe the going concern basis is an appropriate one. See the full assessment of preparation on a going concern basis in the corporate governance section on page 119.

# NOTES TO THE ACCOUNTS CONTINUED

## (A) Accounting policies continued

### Investments and loans

Investments in and loans to subsidiaries and joint ventures are stated at cost less any impairment. Impairment of loans is calculated in accordance with IFRS 9 'Financial Instruments'. Impairment of investments is calculated in accordance with IAS 36 'Impairment of Assets'. Further detail is provided below.

### Critical accounting judgements and key sources of estimation uncertainty

The key source of estimation uncertainty relates to the Company's investments in and loans to subsidiaries and joint ventures. In estimating the requirement for impairment of investments, management make assumptions and judgements on the value of these investments using inherently subjective underlying asset valuations, supported by independent valuers with reference to investment properties held by the subsidiary or joint ventures which are held at fair value. The assumptions and inputs used in determining the fair value are disclosed in Note 10 of the consolidated financial statements.

In accordance with IFRS 9, management has assessed the recoverability of amounts due to the Company from its subsidiaries and joint ventures. Amounts due to the Company from subsidiaries and joint ventures are recovered through the sale of properties and investments held by subsidiaries and joint ventures and through settling financial assets, net of financial liabilities, that the subsidiaries and joint ventures hold with counterparties other than the Company. This is essentially equal to the net asset value of the subsidiary or joint venture and therefore the net asset value of the subsidiary or joint venture is considered to be a reasonable approximation of the available assets that could be realised to recover the amounts due and the requirement to recognise expected credit losses. This assumption takes into account historical analysis and future expectations prevalent at the balance sheet date. As a result, the expected credit loss is considered to be equal to the excess of the Company's interest in a subsidiary or joint venture in excess of the subsidiary or joint venture's fair value.

The Directors do not consider there to be any critical accounting judgements in the preparation of the Company's financial statements.

### Distributable reserves

Included in the retained earnings the Company had distributable reserves of £1,859m as at 31 March 2024 (2022/23: £2,177m) (unaudited). When making a distribution to shareholders, the Directors determine profits available for distribution by reference to 'Guidance on realised and distributable profits under the Companies Act 2006' issued by the Institute of Chartered Accountants in England and Wales and the Institute of Chartered Accountants of Scotland in April 2017.

The profits of the Company have been received predominantly in the form of interest income, gains on disposal of investments, management and administration fee income and dividends from subsidiaries. The availability of distributable reserves in the Company is dependent on those dividends meeting the definition of qualifying consideration within the guidance and on available cash resources of the Group and other accessible sources of funds. Additionally, the Company does not recognise internally generated gains in the current and prior years from intra-Group sales of investments or investment properties as distributable until they are realised, usually through onward sale to external third parties. The distributable reserves are therefore subject to any future restrictions or limitations at the time such distribution is made.

## (B) Dividends

Details of dividends paid and proposed are included in Note 18 of the consolidated financial statements.

## (C) Employee information

Employee costs include wages and salaries of £40m (2022/23: £41m), social security costs of £6m (2022/23: £6m) and pension costs of £5m (2022/23: £4m). Details of the Executive Directors' remuneration are disclosed in the Remuneration Report on pages 125 to 143. Details of the number of employees of the Company are disclosed in Note 8 of the consolidated financial statements. Audit fees in relation to the parent Company only were £0.5m (2022/23: £0.5m).

## (D) Investments in subsidiaries and joint ventures, loans to subsidiaries and other investments

| | Shares in subsidiaries £m | Loans to subsidiaries £m | Investments in joint ventures £m | Other investments £m | **Total £m** |
|---|---|---|---|---|---|
| At 1 April 2023 | 9,069 | 14,071 | 111 | 30 | **23,281** |
| Additions | – | 2,117 | 37 | 5 | **2,159** |
| Disposals | – | (2,128) | – | (3) | **(2,131)** |
| Amortisation | – | – | – | (5) | **(5)** |
| (Provision for) reversal of impairment | (275) | (68) | 9 | – | **(334)** |
| **As at 31 March 2024** | 8,794 | 13,992 | 157 | 27 | **22,970** |

The historical cost of shares in subsidiaries is £9,723m (2022/23: £9,723m). The historical cost of investments in joint ventures is £539m (2022/23: £502m) net of provision for impairment of £382m (2022/23: £391m) and includes £157m (2022/23: £110m) of loans to joint ventures by the Company. Results of the joint ventures are set out in Note 11 of the consolidated financial statements. The historical cost of other investments is £56m (2022/23: £70m). The investments in joint ventures of £157m (2022/23: £111m) consists of loans of £157m (2022/23: £111m) and equity of £nil (2022/23: £nil).

## (E) Net debt

| | **2024 £m** | 2023 £m |
|---|---|---|
| **Secured on the assets of the Company** | | |
| 5.264% First Mortgage Debenture Bonds 2035 | **321** | 325 |
| 5.0055% First Mortgage Amortising Debentures 2035 | **85** | 86 |
| 5.357% First Mortgage Debenture Bonds 2028 | **217** | 218 |
| | **623** | 629 |
| **Unsecured** | | |
| 4.766% Senior US Dollar Notes 2023[1] | **–** | 105 |
| 5.003% Senior US Dollar Notes 2026[1] | **63** | 65 |
| 3.81% Senior Notes 2026 | **98** | 97 |
| 3.97% Senior Notes 2026 | **97** | 97 |
| 2.375% Sterling Unsecured Bond 2029 | **299** | 299 |
| 4.16% Senior US Dollar Notes 2025[1] | **76** | 78 |
| 2.67% Senior Notes 2025 | **37** | 38 |
| 2.75% Senior Notes 2026 | **37** | 38 |
| Floating Rate Senior Notes 2028 | **80** | 80 |
| Floating Rate Senior Notes 2034 | **101** | 101 |
| Facilities and overdrafts | **701** | 342 |
| | **1,589** | 1,340 |
| **Gross debt** | **2,212** | 1,969 |
| | | |
| Interest rate and currency derivative liabilities | **56** | 67 |
| Interest rate and currency derivative assets[2] | **(99)** | (142) |
| Cash and cash equivalents | **(46)** | (17) |
| **Net debt** | **2,123** | 1,877 |

1. Principal and interest on these borrowings were fully hedged into Sterling at a floating rate at the time of issue.
2. Interest rate and currency derivative assets includes non-current interest rate and currency derivative assets of £79m (2022/23: £142m) and current interest rate and currency derivative assets of £20m (2022/23: £nil).

# NOTES TO THE ACCOUNTS CONTINUED

## (E) Net debt continued

### Maturity analysis of net debt

| | | 2024 £m | 2023 £m |
|---|---|---|---|
| Repayable within one year and on demand | | **10** | 104 |
| between: | one and two years | **314** | 6 |
| | two and five years | **991** | 989 |
| | five and ten years | **306** | 386 |
| | ten and fifteen years | **591** | 484 |
| | fifteen and twenty years | **–** | – |
| | | **2,202** | 1,865 |
| **Gross debt** | | **2,212** | 1,969 |
| Interest rate and currency derivatives | | **(43)** | (75) |
| Cash and cash equivalents | | **(46)** | (17) |
| **Net debt** | | **2,123** | 1,877 |

## (F) Pension

The British Land Group of Companies Pension Scheme and the Defined Contribution Pension Scheme are the principal pension schemes of the Company and details are set out in Note 9 of the consolidated financial statements.

## (G) Debtors

| | 2024 £m | 2023 £m |
|---|---|---|
| Trade and other debtors | **1** | 5 |
| Corporation tax | **–** | 2 |
| | **1** | 7 |

Trade and other debtors are shown after deducting a provision for impairment against tenant debtors of £nil (2022/23: £nil). The provision for impairment is calculated as an expected credit loss on trade and other debtors in accordance with IFRS 9.

## (H) Creditors

| | 2024 £m | 2023 £m |
|---|---|---|
| Trade creditors | **58** | 36 |
| Corporation tax | **8** | – |
| Other taxation and social security | **20** | 21 |
| Accruals and deferred income | **45** | 39 |
| | **131** | 96 |

## (I) Called up share capital

| | £m | Ordinary shares of 25p each |
|---|---|---|
| **Issued, called and fully paid** | | |
| At 1 April 2023 | **234** | **938,334,977** |
| Share issues | **1** | **429,046** |
| **At 31 March 2024** | **235** | **938,764,023** |

| | £m | Ordinary shares of 25p each |
|---|---|---|
| **Issued, called and fully paid** | | |
| At 1 April 2022 | 234 | 938,109,433 |
| Share issues | – | 225,544 |
| **At 31 March 2023** | 234 | 938,334,977 |

## (J) Contingent liabilities, capital commitments and related party transactions

The Company has contingent liabilities in respect of legal claims, guarantees and warranties arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities.

At 31 March 2024, the Company has £nil of capital commitments (2022/23: £nil).

Related party transactions are the same for the Company as for the Group. For details refer to Note 22 of the consolidated financial statements.

## (K) Disclosures relating to subsidiary undertakings

The Company's subsidiaries and other related undertakings at 31 March 2024 are listed on the next page. All Group entities are included in the consolidated financial statements.

Unless otherwise stated, the Company holds 100% of the voting rights and beneficial interests in the shares of the following subsidiaries, partnerships, associates and joint ventures. Unless otherwise stated, the subsidiaries and related undertakings are registered in the United Kingdom.

The share capital of each of the companies, where applicable, comprises ordinary shares unless otherwise stated.

The Company holds the majority of its assets in UK companies, although some are held in overseas companies. In recent years we have reduced the number of overseas companies in the Group.

Unless noted otherwise as per the following key, the registered address of each company is York House, 45 Seymour Street, London W1H 7LX.

1. 47 Esplanade, St Helier, Jersey JE1 0BD.
2. 44 Esplanade, St Helier, Jersey JE1 0BD.
3. 540 Herengracht, 1017CG, Amsterdam, Netherlands.
4. St Helen's, 1 Undershaft, London EC3P 3DQ.

* Companies with an active proposal to be struck off the register or are undergoing liquidation.

## NOTES TO THE ACCOUNTS CONTINUED

### (K) Disclosures relating to subsidiary undertakings continued

#### Direct holdings

| Company Name | UK/Overseas Tax Resident Status |
|---|---|
| BL Bluebutton 2014 Limited | UK Tax Resident |
| BL Bluebutton 2023 Limited | UK Tax Resident |
| BL Davidson Limited | UK Tax Resident |
| BL Intermediate Holding Company Limited | UK Tax Resident |
| BL Intermediate Holding Company 2 Limited | UK Tax Resident |
| BL Shoreditch Development Limited | UK Tax Resident |
| Bluebutton Property Management UK Limited (50% interest) | UK Tax Resident |
| Boldswitch (No 1) Limited | UK Tax Resident |
| Boldswitch Limited | UK Tax Resident |
| British Land Company Secretarial Limited | UK Tax Resident |
| British Land Properties Limited | UK Tax Resident |
| British Land Real Estate Limited* | UK Tax Resident |
| British Land Securities Limited | UK Tax Resident |
| Broadgate Estates Limited | UK Tax Resident |
| London and Henley Holdings Limited | UK Tax Resident |
| Meadowhall Pensions Scheme Trustee Limited | UK Tax Resident |
| MSC Property Intermediate Holdings Limited (50% interest) | UK Tax Resident |
| Regis Property Holdings Limited | UK Tax Resident |

#### Indirect holdings

| Company Name | UK/Overseas Tax Resident Status |
|---|---|
| 10 Brock Street Limited | UK Tax Resident |
| 10 Triton Street Limited | UK Tax Resident |
| 17-19 Bedford Street Limited | UK Tax Resident |
| 18-20 Craven Hill Gardens Limited | UK Tax Resident |
| 20 Brock Street Limited | UK Tax Resident |
| 20 Triton Street Limited | UK Tax Resident |
| 338 Euston Road Limited | UK Tax Resident |
| 350 Euston Road Limited | UK Tax Resident |
| Adamant Investment Corporation Limited | UK Tax Resident |
| Aldgate Land One Limited | UK Tax Resident |
| Aldgate Place (GP) Limited | UK Tax Resident |
| Ashband Limited | UK Tax Resident |
| B.L. Holdings Limited | UK Tax Resident |
| B.L.C.T. (12697) Limited (Jersey)[1] | UK Tax Resident |
| Barnclass Limited | UK Tax Resident |
| Barndrill Limited | UK Tax Resident |
| Bayeast Property Co Limited | UK Tax Resident |
| BF Propco (No 3) Limited | UK Tax Resident |
| BF Propco (No 5) Limited | UK Tax Resident |
| BF Properties (No 4) Limited | UK Tax Resident |
| BF Properties (No 5) Limited | UK Tax Resident |
| Birstall Co-Ownership Trust (Member interest) (41.25% interest) | UK Tax Resident |
| Birstall Retail Park Limited | UK Tax Resident |
| BL 5KS Holdings Limited | UK Tax Resident |
| BL Aldgate Development Limited | UK Tax Resident |
| BL Aldgate Investment Limited | UK Tax Resident |
| BL Bradford Forster Limited | UK Tax Resident |
| BL Broadgate Fragment 1 Limited | UK Tax Resident |
| BL Broadgate Fragment 2 Limited | UK Tax Resident |
| BL Broadgate Fragment 3 Limited | UK Tax Resident |
| BL Broadgate Fragment 4 Limited | UK Tax Resident |
| BL Broadgate Fragment 5 Limited | UK Tax Resident |
| BL Broadgate Fragment 6 Limited | UK Tax Resident |
| BL Broadway Investment Limited | UK Tax Resident |
| BL Chess Limited | UK Tax Resident |
| BL City Offices Holding Company Limited | UK Tax Resident |
| BL CW Residential Holdings Limited | UK Tax Resident |
| BL CW Trading GP Company Limited (50% interest) | UK Tax Resident |
| BL CW Trading Limited Partnership (Partnership interest) (50% interest) | UK Tax Resident |
| BL CW Upper GP Company Limited (50% interest) | UK Tax Resident |
| BL CW Upper Limited Partnership (Partnership interest) (50% interest) | UK Tax Resident |
| BL CW Upper LP Company Limited | UK Tax Resident |

## (K) Disclosures relating to subsidiary undertakings continued

| Company Name | UK/Overseas Tax Resident Status |
|---|---|
| BL Department Stores Holding Company Limited | UK Tax Resident |
| BL Doncaster Wheatley Limited | UK Tax Resident |
| BL Drummond Properties Limited | UK Tax Resident |
| BL Ealing Holding Company Limited | UK Tax Resident |
| BL Ealing Limited | UK Tax Resident |
| BL Eden Walk Limited | UK Tax Resident |
| BL European Holdings Limited* | UK Tax Resident |
| BL Euston Tower Holding Company Limited | UK Tax Resident |
| BL Finsbury Square Limited | UK Tax Resident |
| BL Fixed Uplift Fund Limited Partnership (Partnership interest) | UK Tax Resident |
| BL Fixed Uplift General Partner Limited | UK Tax Resident |
| BL Fixed Uplift Nominee 1 Limited | UK Tax Resident |
| BL Fixed Uplift Nominee 2 Limited | UK Tax Resident |
| BL Goodman (General Partner) Limited (50% interest) | UK Tax Resident |
| BL Goodman (LP) Limited | UK Tax Resident |
| BL Goodman Limited Partnership (50% interest) | UK Tax Resident |
| BL HB Investments Limited | UK Tax Resident |
| BL HC PH LLP (Member interest) | UK Tax Resident |
| BL High Street and Shopping Centres Holding Company Limited | UK Tax Resident |
| BL Holdings 2010 Limited | UK Tax Resident |
| BL Innovation Properties 2 Limited | UK Tax Resident |
| BL Innovation Properties Limited | UK Tax Resident |
| BL Lancaster Investments Limited | UK Tax Resident |
| BL Lancaster Limited Partnership (Partnership interest) | UK Tax Resident |
| BL Leisure and Industrial Holding Company Limited | UK Tax Resident |
| BL Logistics Investment 2 Limited | UK Tax Resident |
| BL Logistics Investment 3 Limited | UK Tax Resident |
| BL Logistics Investment Limited | UK Tax Resident |
| BL Meadowhall Holdings Limited | UK Tax Resident |
| BL Meadowhall Limited | UK Tax Resident |
| BL Newport Limited | UK Tax Resident |
| BL Office (Non-City) Holding Company Limited | UK Tax Resident |
| BL Office Holding Company Limited | UK Tax Resident |
| BL Office Properties 1 Limited | UK Tax Resident |
| BL Office Properties 2 Limited | UK Tax Resident |
| BL Office Properties 3 Limited | UK Tax Resident |
| BL Offices GP Limited | UK Tax Resident |
| BL Osnaburgh St Residential Ltd | UK Tax Resident |
| BL Paddington Holding Company 1 Limited | UK Tax Resident |
| BL Paddington Holding Company 2 Limited | UK Tax Resident |

| Company Name | UK/Overseas Tax Resident Status |
|---|---|
| BL Paddington Property 1 Limited | UK Tax Resident |
| BL Paddington Property 2 Limited | UK Tax Resident |
| BL Paddington Property 3 Limited | UK Tax Resident |
| BL Paddington Property 4 Limited | UK Tax Resident |
| BL Piccadilly Residential Limited | UK Tax Resident |
| BL Residual Holding Company Limited | UK Tax Resident |
| BL Retail Holding Company Limited | UK Tax Resident |
| BL Retail Indirect Investments Limited | UK Tax Resident |
| BL Retail Investment Holdings Limited | UK Tax Resident |
| BL Retail Properties 2 Limited | UK Tax Resident |
| BL Retail Properties 3 Limited | UK Tax Resident |
| BL Retail Properties Limited | UK Tax Resident |
| BL Retail Property Holdings Limited | UK Tax Resident |
| BL Retail Warehousing Holding Company Limited | UK Tax Resident |
| BL Sainsbury Superstores Limited (50% interest)* | UK Tax Resident |
| BL Shoreditch General Partner Limited | UK Tax Resident |
| BL Shoreditch Limited Partnership (Partnership interest) | UK Tax Resident |
| BL Shoreditch No. 1 Limited | UK Tax Resident |
| BL Shoreditch No. 2 Limited | UK Tax Resident |
| BL South Camb Limited | UK Tax Resident |
| BL Superstores Holding Company Limited | UK Tax Resident |
| BL Thanet Limited | UK Tax Resident |
| BL Triton Building Residential Limited | UK Tax Resident |
| BL Tunbridge Wells Limited | UK Tax Resident |
| BL Unitholder No. 1 (J) Limited (Jersey)[1] | Overseas Tax Resident |
| BL Unitholder No. 2 (J) Limited (Jersey)[1] | Overseas Tax Resident |
| BL West (Watling House) Limited | UK Tax Resident |
| BL West End Investments Limited | UK Tax Resident |
| BL West End Offices Limited (25% interest) | UK Tax Resident |
| BL Whiteley Limited | UK Tax Resident |
| BL Whiteley Retail Limited | UK Tax Resident |
| BL Woolwich Limited | UK Tax Resident |
| BL Woolwich Nominee 1 Limited | UK Tax Resident |
| BL Woolwich Nominee 2 Limited | UK Tax Resident |
| Blackwall (1) | UK Tax Resident |
| BLD (A) Limited* | UK Tax Resident |
| BLD (SJ) Limited | UK Tax Resident |
| BLD Property Holdings Limited | UK Tax Resident |
| BLSSP (PHC 5) Limited | UK Tax Resident |
| BLU Estates Limited | UK Tax Resident |
| BLU Property Management Limited | UK Tax Resident |
| BLU Securities Limited | UK Tax Resident |
| British Land (Joint Ventures) Limited | UK Tax Resident |

# NOTES TO THE ACCOUNTS CONTINUED

## (K) Disclosures relating to subsidiary undertakings continued

| Company Name | UK/Overseas Tax Resident Status |
|---|---|
| British Land Acquisitions Limited | UK Tax Resident |
| British Land City Offices Limited | UK Tax Resident |
| British Land Fund Management Limited | UK Tax Resident |
| British Land Hercules Limited | UK Tax Resident |
| British Land In Town Retail Limited | UK Tax Resident |
| British Land Industrial Limited | UK Tax Resident |
| British Land Investment Management Limited* | UK Tax Resident |
| British Land Offices (Non-City) Limited | UK Tax Resident |
| British Land Offices (Non-City) No. 2 Limited | UK Tax Resident |
| British Land Property Advisers Limited | UK Tax Resident |
| British Land Property Management Limited | UK Tax Resident |
| British Land Property Services Limited | UK Tax Resident |
| Broadgate Adjoining Properties Limited | UK Tax Resident |
| Broadgate City Limited | UK Tax Resident |
| Broadgate Court Investments Limited | UK Tax Resident |
| Broadgate Estates People Management Limited | UK Tax Resident |
| Broadgate Investment Holdings Limited | UK Tax Resident |
| Broadgate Properties Limited | UK Tax Resident |
| Broadgate REIT Limited (50% interest)[2] | UK Tax Resident |
| Broughton Retail Park Limited (Jersey)[1] | UK Tax Resident |
| Broughton Unit Trust (Units)[1] | Overseas Tax Resident |
| Brunswick Park Limited | UK Tax Resident |
| BVP Developments Limited | UK Tax Resident |
| Cavendish Geared Limited | UK Tax Resident |
| Cheshine Properties Limited | UK Tax Resident |
| Chester Limited[1] | UK Tax Resident |
| Chrisilu Nominees Limited | UK Tax Resident |
| City of London Office Unit Trust (Jersey) (Units) (35.94% interest)[1] | Overseas Tax Resident |
| City Residential Holdings Limited | UK Tax Resident |
| Clarges Estate Property Management Co Limited | UK Tax Resident |
| Cornish Residential Properties Trading Limited | UK Tax Resident |
| Crescent West Properties | UK Tax Resident |
| Deepdale Co-Ownership Trust (50% interest) | UK Tax Resident |
| Drake Circus Centre Limited | UK Tax Resident |
| Drake Circus Leisure Limited | UK Tax Resident |
| Drake Property Holdings Limited | UK Tax Resident |
| Drake Property Nominee (No. 1) Limited | UK Tax Resident |
| Drake Property Nominee (No. 2) Limited | UK Tax Resident |
| Eden Walk Shopping Centre General Partner Limited (50% interest) | UK Tax Resident |
| Eden Walk Shopping Centre Unit Trust (50% interest) (Jersey) (Units)[2] | Overseas Tax Resident |

| Company Name | UK/Overseas Tax Resident Status |
|---|---|
| Elk Mill Oldham Limited | UK Tax Resident |
| Euston Tower Limited | UK Tax Resident |
| Finsbury Square BV[3] | Overseas Tax Resident |
| Fort Kinnaird GP Limited (50% Interest) | UK Tax Resident |
| Fort Kinnaird Limited Partnership (50% interest) | UK Tax Resident |
| Fort Kinnaird Nominee Limited (50% interest) | UK Tax Resident |
| FRP Group Limited | UK Tax Resident |
| Garamead Properties Limited | UK Tax Resident |
| Gibraltar General Partner Limited (50% interest) | UK Tax Resident |
| Gibraltar Nominees Limited (50% interest) | UK Tax Resident |
| Giltbrook Retail Park Nottingham Limited | UK Tax Resident |
| Glenway Limited | UK Tax Resident |
| Hempel Holdings Limited | UK Tax Resident |
| Hempel Hotels Limited | UK Tax Resident |
| Hercules Property UK Holdings Limited | UK Tax Resident |
| Hercules Property UK Limited | UK Tax Resident |
| Hercules Unit Trust (Jersey) (Units)[1] | Overseas Tax Resident |
| Hereford Old Market Limited | UK Tax Resident |
| Hereford Shopping Centre GP Limited | UK Tax Resident |
| Hereford Shopping Centre Limited Partnership | UK Tax Resident |
| HUT Investments Limited (Jersey)[1] | Overseas Tax Resident |
| Industrial Real Estate Limited | UK Tax Resident |
| Insistmetal 2 Limited | UK Tax Resident |
| Ivorydell Limited* | UK Tax Resident |
| Lancaster General Partner Limited | UK Tax Resident |
| London and Henley (UK) Limited | UK Tax Resident |
| Lonebridge UK Limited | UK Tax Resident |
| Longford Street Residential Limited | UK Tax Resident |
| Ludgate Investment Holdings Limited | UK Tax Resident |
| Mayfair Properties | UK Tax Resident |
| Mayflower Retail Park Basildon Limited | UK Tax Resident |
| Meadowhall Centre (1999) Limited | UK Tax Resident |
| Meadowhall Centre Limited | UK Tax Resident |
| Meadowhall Centre Pension Scheme Trustees Limited | UK Tax Resident |
| Meadowhall Estates (UK) Limited | UK Tax Resident |
| Meadowhall Group (MLP) Limited | UK Tax Resident |
| Meadowhall Holdings Limited | UK Tax Resident |
| Meadowhall Opportunities Nominee 1 Limited | UK Tax Resident |
| Meadowhall Opportunities Nominee 2 Limited | UK Tax Resident |
| Mercari | UK Tax Resident |
| Mercari Holdings Limited | UK Tax Resident |
| Moorage (Property Developments) Limited | UK Tax Resident |
| Nugent Shopping Park Limited | UK Tax Resident |
| One Hundred Ludgate Hill | UK Tax Resident |

## (K) Disclosures relating to subsidiary undertakings continued

| Company Name | UK/Overseas Tax Resident Status |
|---|---|
| One Triton Holding Limited (50% Interest) | UK Tax Resident |
| Orbital Shopping Park Swindon Limited | UK Tax Resident |
| Osnaburgh Street Limited | UK Tax Resident |
| Paddington 3KS Investments Limited | UK Tax Resident |
| Paddington 5KS GP Limited | UK Tax Resident |
| Paddington 5KS Holdings Limited | UK Tax Resident |
| Paddington 5KS Holdings Limited | UK Tax Resident |
| Paddington 5KS Nominee 1 Limited | UK Tax Resident |
| Paddington 5KS Nominee 1 Limited | UK Tax Resident |
| Paddington 5KS Nominee 2 Limited | UK Tax Resident |
| Paddington 5KS Nominee 2 Limited | UK Tax Resident |
| Paddington 5KS Unit Trust (Jersey) (Units) | Overseas Tax Resident |
| Paddington Box Limited | UK Tax Resident |
| Paddington Property Investment GP Limited (25% interest) | UK Tax Resident |
| Paddington Property Investment Limited Partnership (25% interest) | UK Tax Resident |
| Parwick Holdings Limited | UK Tax Resident |
| Parwick Investments Limited | UK Tax Resident |
| PC Canal Limited | UK Tax Resident |
| PC Lease Nominee Ltd | UK Tax Resident |
| PC Partnership Nominee Ltd | UK Tax Resident |
| Piccadilly Residential Limited | UK Tax Resident |
| Pillar (Dartford) Limited | UK Tax Resident |
| Pillar (Fulham) Limited | UK Tax Resident |
| Pillar City Limited | UK Tax Resident |
| Pillar Dartford No.1 Limited | UK Tax Resident |
| Pillar Denton Limited | UK Tax Resident |
| Pillar Europe Management Limited | UK Tax Resident |
| Pillar Hercules No.2 Limited | UK Tax Resident |
| Pillar Nugent Limited | UK Tax Resident |
| Pillar Projects Limited | UK Tax Resident |
| Pillar Property Group Limited | UK Tax Resident |
| PillarStore Limited | UK Tax Resident |
| Plymouth Retail Limited | UK Tax Resident |
| Power Court GP Limited | UK Tax Resident |
| Power Court Luton Limited | UK Tax Resident |
| Power Court Luton Limited Partnership (Partnership interest) | UK Tax Resident |
| Project Sunrise Limited | UK Tax Resident |
| Reading Gate Retail Park Co-Ownership (Member interest) (50% interest) | UK Tax Resident |
| Regent's Place Holding 1 Limited | UK Tax Resident |
| Regent's Place Holding 2 Limited | UK Tax Resident |
| Regent's Place Holding Company Limited | UK Tax Resident |
| Regents Place Management Company Limited (Interest 93.75%) | UK Tax Resident |

| Company Name | UK/Overseas Tax Resident Status |
|---|---|
| Regents Place Residential Limited | UK Tax Resident |
| Salmax Properties | UK Tax Resident |
| Seymour Street Homes Limited | UK Tax Resident |
| Southgate General Partner Limited (50% interest)[4] | UK Tax Resident |
| Southgate Property Unit Trust (Jersey) (Units) | UK Tax Resident |
| Southgate Property Unit Trust (Jersey) (Units) | Overseas Tax Resident |
| Speke Unit Trust (87.5% interest) (Jersey) (Units)[2] | Overseas Tax Resident |
| St. Stephens Shopping Centre Limited | UK Tax Resident |
| Stockton Retail Park Limited | UK Tax Resident |
| Storey Offices Limited | UK Tax Resident |
| Storey Spaces Limited | UK Tax Resident |
| TBL (Bromley) Limited | UK Tax Resident |
| TBL Holdings Limited | UK Tax Resident |
| TBL Properties Limited | UK Tax Resident |
| Teesside Leisure Park Limited (51% interest) | UK Tax Resident |
| The Aldgate Place Limited Partnership (Partnership interest) | UK Tax Resident |
| The Dartford Partnership (Member interest) (50% interest) | UK Tax Resident |
| The Hercules Property Limited Partnership (Partnership interest) | UK Tax Resident |
| The Leadenhall Development Company Limited (50% interest) | UK Tax Resident |
| The Mary Street Estate Limited | UK Tax Resident |
| The Whiteley Co-Ownership (Member interest) (50% interest) | UK Tax Resident |
| Thurrock Retail Park Unit Trust[1] | Overseas Tax Resident |
| Tollgate Centre Colchester Limited | UK Tax Resident |
| Topside Street Limited | UK Tax Resident |
| Tweed Premier 4 Limited | UK Tax Resident |
| Union Property Corporation Limited | UK Tax Resident |
| Union Property Holdings (London) Limited | UK Tax Resident |
| United Kingdom Property Company Limited | UK Tax Resident |
| Valentine Co-ownership Trust (Member interest) (50% interest) | UK Tax Resident |
| Wates City of London Properties Limited | UK Tax Resident |
| Westbourne Terrace Partnership (Partnership interest) | UK Tax Resident |
| Whiteley Shopping Centre Unit Trust (Jersey) (Units)[1] | Overseas Tax Resident |
| WOSC GP Limited (25% interest) | UK Tax Resident |
| WOSC Partners LP (Partnership interest) (25% interest) | UK Tax Resident |

## SUPPLEMENTARY DISCLOSURES

**Unaudited unless otherwise stated**

### Table A: Summary income statement and balance sheet (Unaudited)

#### Summary income statement based on proportional consolidation for the year ended 31 March 2024

The following pro forma information is unaudited and does not form part of the consolidated financial statements or the notes thereto. It presents the results of the Group, with its share of the results of joint ventures included on a line-by-line basis and excluding non-controlling interests.

| | Year ended 31 March 2024 | | | | Year ended 31 March 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Group £m | Share of joint ventures £m | Less non-controlling interests £m | Proportionally consolidated £m | Group £m | Share of joint ventures £m | Less non-controlling interests £m | Proportionally consolidated £m |
| **Gross rental income**[1] | 308 | 170 | (2) | 476 | 331 | 164 | (2) | 493 |
| Property operating expenses[2] | (22) | (15) | 1 | (36) | (28) | (20) | 1 | (47) |
| **Net rental income** | 286 | 155 | (1) | 440 | 303 | 144 | (1) | 446 |
| Administrative expenses[3] | (85) | (2) | – | (87) | (88) | (1) | – | (89) |
| Net fees and other income | 23 | – | – | 23 | 18 | – | – | 18 |
| **Ungeared income return** | 224 | 153 | (1) | 376 | 233 | 143 | (1) | 375 |
| Net financing charges | (55) | (53) | – | (108) | (60) | (51) | – | (111) |
| **Underlying Profit** | 169 | 100 | (1) | 268 | 173 | 92 | (1) | 264 |
| Underlying taxation | (3) | – | – | (3) | (1) | – | – | (1) |
| **Underlying Profit after taxation** | 166 | 100 | (1) | 265 | 172 | 92 | (1) | 263 |
| Valuation movement (see Note 4) | | | | (310) | | | | (1,365) |
| Other capital and taxation (net)[4] | | | | 42 | | | | 74 |
| **Result attributable to shareholders of the Company** | | | | (3) | | | | (1,028) |

1. Group gross rental income includes £11m (2022/23: £9m) of all-inclusive rents relating to service charge income and excludes the £25m (2022/23: £nil) of rent receivable and £149m (2022/23: £nil) of surrender premia received within the Capital and other column of the income statement (see Note 3).
2. Group property operating expenses excludes £54m (2022/23: £nil) of provisions for impairment of tenant incentives and contracted rent increases within the Capital and other column of the income statement (see Note 3).
3. Administrative expenses includes £8m (2022/23: £7m) of depreciation and amortisation.
4. Includes other comprehensive income.

## Table A: Continued

### Summary balance sheet based on proportional consolidation as at 31 March 2024

The following pro forma information is unaudited and does not form part of the consolidated primary statements or the notes thereto. It presents the composition of the EPRA NTA of the Group, with its share of the net assets of the joint ventures included on a line-by-line basis, and excluding non-controlling interests, and assuming full dilution.

| | Group £m | Share of joint ventures £m | Less non-controlling interests £m | Share options £m | Mark-to-market on derivatives and related debt adjustment £m | Lease liabilities £m | Valuation surplus on trading properties £m | Intangibles and Deferred tax £m | EPRA NTA 31 March 2024 £m | EPRA NTA 31 March 2023 £m |
|---|---|---|---|---|---|---|---|---|---|---|
| Campuses properties | **2,474** | **2,932** | **–** | **–** | **–** | **(123)** | **(1)** | **–** | **5,282** | 5,659 |
| Retail & London Urban Logistics properties | **2,777** | **661** | **(14)** | **–** | **–** | **(18)** | **–** | **–** | **3,406** | 3,248 |
| Total properties[1] | **5,251** | **3,593** | **(14)** | **–** | **–** | **(141)** | **(1)** | **–** | **8,688** | 8,907 |
| Investments in joint ventures | **2,429** | **(2,429)** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | – |
| Other investments | **54** | **–** | | **–** | **–** | **–** | **–** | **(8)** | **46** | 50 |
| Other net (liabilities) assets | **(336)** | **(122)** | **2** | **11** | **–** | **141** | **–** | **–** | **(304)** | (343) |
| Deferred tax liability | **(5)** | **(1)** | **–** | **–** | **–** | **–** | **–** | **6** | **–** | – |
| Net debt[2] | **(2,081)** | **(1,041)** | **(1)** | **–** | **(55)** | **–** | **–** | **–** | **(3,178)** | (3,127) |
| **Net assets** | **5,312** | **–** | **(13)** | **11** | **(55)** | **–** | **(1)** | **(2)** | **5,252** | 5,487 |
| **EPRA NTA per share (Note 2)** | | | | | | | | | **562p** | 588p |

1. Included within the total property value of £8,688m (2022/23: £8,907m) are right-of-use assets net of lease liabilities of £4m (2022/23: £9m), which in substance, relate to properties held under leasing agreements. The fair values of right-of-use assets are determined by calculating the present value of net rental cash flows over the term of the lease agreements.
2. EPRA net debt of £3,178m represents adjusted net debt used in Proportionally consolidated LTV and Net Debt to EBITDA calculations of £3,261m (see Note 16), less tenant deposits of £57m and issue costs and fair value hedge adjustments of £26m.

### EPRA Net Tangible Assets movement

| | Year ended 31 March 2024 | | Year ended 31 March 2023 | |
|---|---|---|---|---|
| | £m | Pence per share | £m | Pence per share |
| Opening EPRA NTA | **5,487** | **588** | 6,806 | 730 |
| Income return | **265** | **28** | 263 | 28 |
| Capital return | **(285)** | **(31)** | (1,367) | (147) |
| Dividend paid | **(215)** | **(23)** | (215) | (23) |
| **Closing EPRA NTA** | **5,252** | **562** | 5,487 | 588 |

# SUPPLEMENTARY DISCLOSURES CONTINUED

## Table B: EPRA Performance measures

### EPRA Performance measures summary table

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | £m | Pence per share | £m | Pence per share |
| EPRA Earnings – basic | **385** | **41.5** | 263 | 28.4 |
| – diluted | **385** | **41.4** | 263 | 28.3 |
| | | **Percentage** | | Percentage |
| EPRA Net Initial Yield | | **5.1%** | | 5.1% |
| EPRA 'topped-up' Net Initial Yield | | **5.8%** | | 5.7% |
| EPRA Vacancy Rate | | **10.0%** | | 6.3% |
| EPRA Cost Ratio (including direct vacancy costs) | | **16.4%** | | 19.5% |
| EPRA Cost Ratio (excluding direct vacancy costs) | | **9.2%** | | 12.6% |

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | Net assets £m | Net asset value per share (pence) | Net assets £m | Net asset value per share (pence) |
| EPRA NTA | **5,252** | **562** | 5,487 | 588 |
| EPRA NRV | **5,782** | **619** | 6,029 | 646 |
| EPRA NDV | **5,389** | **577** | 5,658 | 606 |
| | | **Percentage** | | Percentage |
| EPRA LTV | | **40.5%** | | 39.5% |

### Calculation and reconciliation of Underlying/EPRA/IFRS Earnings and Underlying/EPRA/IFRS Earnings per share (Audited)

| | 2024 £m | 2023 £m |
|---|---|---|
| Loss attributable to the shareholders of the Company | **(1)** | (1,038) |
| Exclude: | | |
| Group – Underlying taxation | **3** | 1 |
| Group – Capital and other taxation | **11** | 4 |
| Group – valuation movement | **131** | 798 |
| Group – loss on disposal of investment properties and revaluation of investments | **23** | 30 |
| Group – Capital and other revenue and costs (see Note 3) | **(120)** | – |
| Joint ventures – valuation movement (see Note 4) | **179** | 567 |
| Joint ventures – Capital financing charges (income) | **5** | (8) |
| Joint ventures – profit on disposal of investment and trading properties | **(5)** | – |
| Joint ventures – deferred taxation | **–** | – |
| Changes in fair value of financial instruments and associated close-out costs | **41** | (88) |
| Non-controlling interests in respect of the above | **1** | (2) |
| **Underlying Profit** | **268** | 264 |
| Group – Underlying current taxation | **(3)** | (1) |
| **Underlying Earnings – basic and diluted** | **265** | 263 |
| Group – Capital and other revenue and costs (see Note 3) | **120** | – |
| **EPRA Earnings – basic and diluted** | **385** | 263 |

| | | |
|---|---|---|
| Loss attributable to the shareholders of the Company | **(1)** | (1,038) |
| **IFRS Earnings – basic and diluted** | **(1)** | (1,038) |

## Table B continued

| | 2024 Number million | 2023 Number million |
|---|---|---|
| Weighted average number of shares | 938 | 938 |
| Adjustment for treasury shares | (11) | (11) |
| **IFRS/EPRA/Underlying Weighted average number of shares (basic)** | **927** | **927** |
| Dilutive effect of share options | – | – |
| Dilutive effect of ESOP shares | 2 | 3 |
| **EPRA/Underlying Weighted average number of shares (diluted)** | **929** | **930** |
| Remove anti-dilutive effect | (2) | (3) |
| **IFRS Weighted average number of shares (diluted)** | **927** | **927** |

## Net assets per share (Audited)

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | £m | Pence per share | £m | Pence per share |
| **IFRS net assets** | **5,312** | | **5,525** | |
| Deferred tax arising on revaluation movements | 6 | | 6 | |
| Mark-to-market on derivatives and related debt adjustments | (55) | | (44) | |
| Dilution effect of share options | 11 | | 14 | |
| (Deficit) surplus on trading properties | (1) | | 7 | |
| Intangible assets | (8) | | (8) | |
| Less non-controlling interests | (13) | | (13) | |
| **EPRA NTA** | **5,252** | **562** | **5,487** | **588** |
| Intangible assets | 8 | | 8 | |
| Purchasers' costs | 522 | | 534 | |
| **EPRA NRV** | **5,782** | **619** | **6,029** | **646** |
| Deferred tax arising on revaluation movements | (6) | | (7) | |
| Purchasers' costs | (522) | | (534) | |
| Mark-to-market on derivatives and related debt adjustments | 55 | | 44 | |
| Mark-to-market on debt | 80 | | 126 | |
| **EPRA NDV** | **5,389** | **577** | **5,658** | **606** |

EPRA NTA is considered to be the most relevant measure for the Group and is now the primary measure of net assets. EPRA NTA assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax. Due to the Group's REIT status, deferred tax is only provided at each balance sheet date on properties outside the REIT regime. As a result, deferred taxes are excluded from EPRA NTA for properties within the REIT regime. For properties outside of the REIT regime, deferred tax is included to the extent that it is expected to crystallise, based on the Group's track record and tax structuring. EPRA NRV reflects what would be needed to recreate the Group through the investment markets based on its current capital and financing structure. EPRA NDV reflects shareholders' value which would be recoverable under a disposal scenario, with deferred tax and financial instruments recognised at the full extent of their liability.

| | 2024 Number million | 2023 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 | 4 | 3 |
| **IFRS/EPRA number of shares (diluted)** | **934** | **933** |

## SUPPLEMENTARY DISCLOSURES CONTINUED

**Table B** continued

### EPRA Net Initial Yield and 'topped-up' Net Initial Yield (Unaudited)

| | 2024 £m | 2023 £m |
|---|---|---|
| Investment property – wholly-owned | **5,116** | 5,582 |
| Investment property – share of joint ventures | **3,568** | 3,316 |
| Less developments, residential and land | **(1,861)** | (1,363) |
| **Completed property portfolio** | **6,823** | 7,535 |
| Allowance for estimated purchasers' costs | **885** | 525 |
| **Gross up completed property portfolio valuation (A)** | **7,708** | 8,060 |
| Annualised cash passing rental income | **423** | 443 |
| Property outgoings | **(32)** | (34) |
| **Annualised net rents (B)** | **391** | 409 |
| Rent expiration of rent-free periods and fixed uplifts[1] | **55** | 54 |
| **'Topped-up' net annualised rent (C)** | **446** | 463 |
| **EPRA Net Initial Yield (B/A)** | **5.1%** | 5.1% |
| **EPRA 'topped-up' Net Initial Yield (C/A)** | **5.8%** | 5.7% |
| Including fixed/minimum uplifts received in lieu of rental growth | **4** | 6 |
| **Total 'topped-up' net rents (D)** | **450** | 469 |
| **Overall 'topped-up' Net Initial Yield (D/A)** | **5.8%** | 5.8% |
| 'Topped-up' net annualised rent | **446** | 463 |
| ERV vacant space | **51** | 31 |
| Reversions | **7** | (7) |
| **Total ERV (E)** | **504** | 487 |
| **Net Reversionary Yield (E/A)** | **6.5%** | 6.0% |

1. The weighted average period over which rent-free periods expire is one year (2022/23: one year).

### EPRA Net Initial Yield (NIY) basis of calculation

EPRA NIY is calculated as the annualised net rent (on a cash flow basis), divided by the gross value of the completed property portfolio. The valuation of our completed property portfolio is determined by our external valuers as at 31 March 2024, 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 (Unaudited)

| | 31 March 2024 £m | 31 March 2023 £m |
|---|---|---|
| Annualised potential rental value of vacant premises | **51** | 31 |
| Annualised potential rental value for the completed property portfolio | **512** | 496 |
| **EPRA Vacancy Rate** | **10.0%** | 6.3% |

The above is stated for the UK portfolio only. A discussion of significant factors affecting vacancy rates is included within the Strategic Report (pages 17 to 21).

## Table B continued

### EPRA Cost Ratios (Unaudited)

| | 2024 £m | 2023 £m |
|---|---|---|
| Property operating expenses | **21** | 27 |
| Administrative expenses | **85** | 88 |
| Share of joint ventures expenses | **17** | 21 |
| Less: Performance and management fees (from joint ventures) | **(17)** | (13) |
| Net other fees and commissions | **(6)** | (5) |
| Ground rent costs and operating expenses de facto included in rents | **(27)** | (28) |
| **EPRA Costs (including direct vacancy costs) (A)** | **73** | 90 |
| Direct vacancy costs | **(32)** | (32) |
| **EPRA Costs (excluding direct vacancy costs) (B)** | **41** | 58 |
| Gross Rental Income less ground rent costs and operating expenses de facto included in rents | **277** | 294 |
| Share of joint ventures (GRI less ground rent costs) | **168** | 168 |
| **Total Gross rental income less ground rent costs (C)** | **445** | 462 |
| **EPRA Cost Ratio (including direct vacancy costs) (A/C)** | **16.4%** | 19.5% |
| **EPRA Cost Ratio (excluding direct vacancy costs) (B/C)** | **9.2%** | 12.6% |
| Overhead and operating expenses capitalised (including share of joint ventures) | **6** | 10 |

In the current year, employee costs in relation to staff time on development projects have been capitalised into the base cost of relevant development assets.

## Table C: Gross rental income (Audited)

| | 2024 £m | 2023 £m |
|---|---|---|
| Rent receivable[1] | **463** | 463 |
| Spreading of tenant incentives and contracted rent increases | **7** | 27 |
| Surrender premia | **6** | 3 |
| **Gross rental income** | **476** | 493 |

1. Group gross rental income includes £11m (2022/23: £9m) 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.

## SUPPLEMENTARY DISCLOSURES CONTINUED

### Table D: Property related capital expenditure (Unaudited)

| | Year ended 31 March 2024 | | | Year ended 31 March 2023 | | |
|---|---|---|---|---|---|---|
| | Group £m | Share of joint ventures £m | Total £m | Group £m | Share of joint ventures £m | Total £m |
| Acquisitions | 58 | – | 58 | 158 | – | 158 |
| Development | 144 | 210 | 354 | 156 | 106 | 262 |
| Investment properties | | | | | | |
| Incremental lettable space | 1 | – | 1 | – | – | – |
| No incremental lettable space | 23 | 26 | 49 | 60 | 26 | 86 |
| Tenant incentives | 24 | 7 | 31 | 2 | 1 | 3 |
| Other material non-allocated types of expenditure | 3 | 3 | 6 | 3 | 3 | 6 |
| Capitalised interest | 17 | 8 | 25 | 10 | 3 | 13 |
| **Total property related capital expenditure** | 270 | 254 | 524 | 389 | 139 | 528 |
| Conversion from accrual to cash basis | 40 | (11) | 29 | (50) | (6) | (56) |
| **Total property related capital expenditure on cash basis** | 310 | 243 | 553 | 339 | 133 | 472 |

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 (2022/23: £6m).

## Table E: EPRA LTV (Unaudited)

| | Year ended 31 March 2024 | | | | Year ended 31 March 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | | Proportionally consolidated | | | | Proportionally consolidated | | |
| | Group £m | Share of joint ventures £m | Non-controlling interests £m | Total £m | Group £m | Share of joint ventures £m | Non-controlling interests £m | Total £m |
| **Include:** | | | | | | | | |
| Gross debt | 2,225 | 1,218 | – | 3,443 | 2,250 | 1,198 | – | 3,448 |
| Net payables | 227 | 104 | – | 331 | 271 | 93 | – | 364 |
| **Exclude:** | | | | | | | | |
| Cash and cash equivalents | (88) | (152) | 1 | (239) | (125) | (152) | 1 | (276) |
| **EPRA Net Debt (A)** | 2,364 | 1,170 | 1 | 3,535 | 2,396 | 1,139 | 1 | 3,536 |
| **Include:** | | | | | | | | |
| Property portfolio valuation | 5,130 | 3,568 | (14) | 8,684 | 5,595 | 3,316 | (13) | 8,898 |
| Other financial assets | 46 | – | – | 46 | 50 | – | – | 50 |
| Intangibles | 8 | – | – | 8 | 8 | – | – | 8 |
| **EPRA Total Property Value (B)** | 5,184 | 3,568 | (14) | 8,738 | 5,653 | 3,316 | (13) | 8,956 |
| **EPRA LTV (A/B)** | 45.6% | | | 40.5% | 42.4% | | | 39.5% |

# OTHER INFORMATION (UNAUDITED)

Data includes Group's share of Joint Ventures

## FY24 rent collection

| Rent due between 25 March 2023 and 24 March 2024 | Offices | Retail | Total |
|---|---|---|---|
| Received | 99.8% | 99.3% | 99.5% |
| Outstanding | 0.2% | 0.7% | 0.5% |
| **Total** | **100%** | **100%** | **100%** |
| | **£181m** | **£258m** | **£439m** |

## March quarter 2024 rent collection

| Rent due between 25 March 2024 and 16 May 2024 | Offices | Retail | Total |
|---|---|---|---|
| Received | 98.8% | 95.7% | 97.1% |
| Outstanding | 1.2% | 4.3% | 2.9% |
| **Total** | **100%** | **100%** | **100%** |
| | **£42m** | **£50m** | **£92m** |

## Purchases

| Since 1 April 2023 | Sector | Price (100%) £m | Price (BL Share) £m | Annualised Net Rents £m[1] |
|---|---|---|---|---|
| **Completed** | | | | |
| Westwood Retail Park, Thanet | Retail Park | 55 | 55 | 4 |
| **Total** | | **55** | **55** | **4** |

1. British Land share of annualised rent topped up for rent frees

## Sales

| Since 1 April 2023 | Sector | Price (100%) £m | Price (BL Share) £m | Annualised Net Rents £m[1] |
|---|---|---|---|---|
| **Completed** | | | | |
| Riverside Retail Park, Coleraine | Retail Park | 10 | 10 | 1 |
| 126-134 Baker Street | Office | 17 | 17 | 1 |
| Office & Data Centre Portfolio | Office | 125 | 125 | 6 |
| 1 Triton Square (50% sale) | Office | 385 | 193 | – |
| Meadowhall RDD land | Logistics | 15 | 7 | – |
| Other | Other | 64 | 56 | 3 |
| **Exchanged** | | | | |
| New Century Park Lane | Other | 5 | 2 | – |
| **Total** | | **621** | **410** | **11** |

1. British Land share of annualised rent topped up for rent frees

## Portfolio Valuation by Sector

| As at 31 March 2024 | Group £m | Joint ventures £m | Total[1] £m | Change[2] H1 | Change[2] H2 | Change[2] FY |
|---|---|---|---|---|---|---|
| West End | 1,570 | 515 | 2,085 | (2.5) | 0.0 | (2.5) |
| City | 453 | 2,075 | 2,528 | (4.6) | (2.7) | (6.9) |
| Canada Water & other Campuses | 184 | 330 | 514 | (9.2) | (5.5) | (13.1) |
| Residential[3] | 149 | 2 | 151 | 0.8 | 14.4 | 15.3 |
| **Campuses** | **2,356** | **2,922** | **5,278** | **(4.0)** | **(1.5)** | **(5.3)** |
| Retail Parks | 1,944 | 184 | 2,128 | 0.2 | 2.5 | 2.7 |
| Shopping Centre | 307 | 446 | 753 | 0.0 | 0.8 | 0.8 |
| London Urban Logistics | 307 | 6 | 313 | 0.6 | 3.1 | 3.7 |
| Other Retail | 202 | 10 | 212 | (0.8) | 0.1 | (0.7) |
| **Retail & London Urban Logistics** | **2,760** | **646** | **3,406** | **0.1** | **2.0** | **2.1** |
| **Total** | **5,116** | **3,568** | **8,684** | **(2.5)** | **(0.2)** | **(2.6)** |
| **Standing Investments** | **4,562** | **2,674** | **7,236** | **(2.5)** | **(0.3)** | **(2.6)** |
| **Developments** | **554** | **894** | **1,448** | **(2.6)** | **0.5** | **(2.4)** |

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

1. Property valuation as at 31 March 2024, including capital expenditure in the period
2. 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
3. Standalone Residential

## Accounting Basis: annualised gross rental income

| Accounting Basis £m | Annualised as at 31 March 2024 Group | Joint ventures | Total |
|---|---|---|---|
| West End | 63 | 16 | 79 |
| City | 23 | 87 | 110 |
| Other Campuses | 9 | 4 | 13 |
| **Campuses** | **95** | **107** | **202** |
| Retail Parks | 143 | 13 | 156 |
| Shopping Centre | 36 | 42 | 78 |
| London Urban Logistics | 8 | – | 8 |
| Other Retail | 16 | 1 | 17 |
| **Retail & London Urban Logistics** | **203** | **56** | **259** |
| **Total[1]** | **298** | **163** | **461** |

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

Residential consists of only developments and ground rents, thereby excluded from gross rental income analysis

1. Annualised accounting rent as at 31 March 2024, which differs from the gross rental income seen in the year as a result of leasing activity, capital activity, properties moving from and to development and other movements

## Portfolio Net Yields[1,2]

| As at 31 March 2024 | 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 vs Mar-23 bps | Net reversionary yield %[5] | ERV Growth %[6] |
|---|---|---|---|---|---|---|---|
| West End | 3.7 | 4.7 | 4.7 | 5.6 | 52 | 6.2 | 7.1 |
| City | 3.6 | 4.4 | 4.4 | 5.4 | 48 | 6.1 | 4.2 |
| Other Campuses | 4.5 | 4.5 | 5.0 | 6.0 | 46 | 6.8 | (0.2) |
| **Campuses** | **3.7** | **4.5** | **4.6** | **5.5** | **50** | **6.1** | **5.4** |
| Retail Parks | 6.6 | 7.1 | 7.2 | 6.7 | 12 | 6.8 | 7.2 |
| Shopping Centre | 8.1 | 8.6 | 8.8 | 8.1 | 19 | 8.2 | 5.2 |
| London Urban Logistics | 3.1 | 3.1 | 3.2 | 4.9 | 24 | 5.2 | 10.0 |
| Other Retail | 7.1 | 7.5 | 7.6 | 7.5 | 17 | 6.5 | 1.5 |
| **Retail & London Urban Logistics** | **6.7** | **7.2** | **7.3** | **7.0** | **15** | **7.0** | **6.3** |
| **Total** | **5.1** | **5.8** | **5.8** | **6.2** | **33** | **6.5** | **5.9** |

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

Residential consists of only developments and ground rents, thereby excluded from yield analysis

1. Including notional purchaser's costs
2. Excluding committed developments, assets held for development and residential assets
3. Including rent contracted from expiry of rent-free periods and fixed uplifts not in lieu of rental growth
4. Including fixed/minimum uplifts (excluded from EPRA definition)
5. Net reversionary yield is the anticipated yield to which the initially yield will rise (or fall) once the rent reaches the estimated rental value, assuming 100% occupancy
6. As calculated by MSCI

## Total Property Return (as calculated by MSCI)

| 12 months to 31 March 2024 | Offices | | Retail | | Total | |
|---|---|---|---|---|---|---|
| % | British Land[2] | MSCI | British Land[2] | MSCI | British Land | MSCI |
| Capital Return | (4.9) | (12.8) | 2.3 | (5.9) | (2.3) | (5.4) |
| ERV Growth | 5.4 | 2.7 | 6.3 | 0.8 | 5.9 | 3.3 |
| Yield Movement[1] | 50 bps | 88 bps | 15 bps | 24 bps | 33 bps | 41 bps |
| Income Return | 2.8 | 4.1 | 7.1 | 6.0 | 4.4 | 4.7 |
| **Total Property Return** | **(2.3)** | **(9.3)** | **9.6** | **(0.3)** | **2.0** | **(1.0)** |

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

1. Net equivalent yield movement
2. British Land Offices reflects Campuses; British Land Retail reflects Retail & London Urban Logistics

## Top 20 Occupiers by Sector

| As at 31 March 2024 | % of Retail & London Urban Logistics rent |
|---|---|
| **Retail & London Urban Logistics** | |
| Next | 4.6 |
| Walgreens (Boots) | 4.3 |
| M&S | 3.8 |
| TJX (TK Maxx) | 2.8 |
| JD Sports | 2.7 |
| Currys PLC | 2.6 |
| Frasers Group | 2.5 |
| DFS Furniture | 2.1 |
| TGI Friday's | 2.0 |
| Kingfisher | 1.9 |
| Hutchison Whampoa | 1.7 |
| Homebase | 1.7 |
| Primark | 1.7 |
| Asda Group | 1.6 |
| Tesco Plc | 1.5 |
| River Island | 1.4 |
| Sainsbury | 1.4 |
| Pets at Home | 1.3 |
| Smyths Toys | 1.2 |
| New Look | 1.2 |
| **Total top 20** | **44.0** |

| As at 31 March 2024 | % of Campuses rent |
|---|---|
| **Campuses** | |
| Meta | 12.6 |
| Reed Smith | 6.5 |
| dentsu | 6.1 |
| Herbert Smith Freehills | 3.7 |
| SEFE Energy | 3.4 |
| Sumitomo Mitsui | 2.9 |
| Janus Henderson | 2.2 |
| Softbank Group | 2.1 |
| TP ICAP Plc | 2.0 |
| The Interpublic Group | 2.0 |
| Bank of Montreal | 1.8 |
| Mayer Brown | 1.8 |
| Mimecast Plc | 1.6 |
| Milbank LLP | 1.6 |
| Credit Agricole | 1.5 |
| Accor | 1.5 |
| Visa International | 1.4 |
| The Guinness Trust | 1.3 |
| Dimensional Fund Advisors | 1.1 |
| Elexon | 1.0 |
| **Total top 20** | **58.1** |

## Lease Length & Occupancy

| | Average lease length yrs | | Occupancy rate % | |
|---|---|---|---|---|
| As at 31 March 2024 | To expiry | To break | EPRA Occupancy | Occupancy[1,2,3] |
| West End | 5.5 | 4.7 | 89.6 | 95.0 |
| City | 8.2 | 6.7 | 79.3 | 97.2 |
| Other Campuses | 9.9 | 7.4 | 86.2 | 86.2 |
| Residential[4] | 12.3 | 12.3 | 100.0 | 100.0 |
| **Campuses** | **7.0** | **5.8** | **83.9** | **95.8** |
| Retail Parks | 6.2 | 4.7 | 96.9 | 98.9 |
| Shopping Centre | 5.3 | 4.2 | 93.5 | 97.5 |
| London Urban Logistics | 3.2 | 1.9 | 99.8 | 99.8 |
| Other Retail | 8.4 | 7.7 | 96.2 | 97.2 |
| **Retail & London Urban Logistics** | **6.0** | **4.7** | **96.1** | **98.5** |
| **Total** | **6.4** | **5.2** | **90.0** | **97.2** |

1. EPRA Occupancy vs Occupancy: Occupancy excludes space under offer or subject to asset management and recently completed developments of Norton Folgate in the City and 3 Sheldon Square in the West End
2. Space allocated to Storey is shown as occupied where there is a Storey tenant in place otherwise it is shown as vacant. Total occupancy for Campuses would rise from 95.8% to 97.1% if Storey space was assumed to be fully let
3. Where occupiers have entered administration or CVA but are still liable for rates, these are treated as occupied. If units in administration are treated as vacant, then the occupancy rate for Retail & London Urban Logistics would reduce from 98.5% to 97.7%, and total occupancy would reduce from 97.2% to 96.8%
4. Standalone Residential

## Portfolio Weighting

| As at 31 March 2024 | 2024 % | 2024 £m | 2023 % |
|---|---|---|---|
| West End | 24.0 | 2,085 | 28.5 |
| City | 29.1 | 2,528 | 28.9 |
| Canada Water & other Campuses | 5.9 | 514 | 5.1 |
| Residential[1] | 1.8 | 151 | 1.0 |
| **Campuses** | **60.8** | **5,278** | **63.5** |
| *Of which London* | *98* | *5,154* | *97* |
| Retail Parks | 24.5 | 2,128 | 22.2 |
| Shopping Centre | 8.7 | 753 | 8.4 |
| London Urban Logistics | 3.6 | 313 | 3.0 |
| Other Retail | 2.4 | 212 | 2.9 |
| **Retail & London Urban Logistics** | **39.2** | **3,406** | **36.5** |
| **Total** | **100** | **8,684** | **100** |
| *Of which London* | *67* | *5,800* | *69* |

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

1. Standalone Residential

## Valuation Basis: Annualised Rent & Estimated Rental Value (ERV)

| | Annualised rent (valuation basis) £m[1] | | | ERV £m | Average rent £psf | |
|---|---|---|---|---|---|---|
| As at 31 March 2024 | Group | Joint ventures | Total | Total | Contracted[2] | ERV |
| West End[3] | 56 | 15 | 71 | 110 | 68.0 | 80.7 |
| City[3] | 4 | 83 | 87 | 140 | 57.5 | 65.6 |
| Other Campuses | 5 | – | 5 | 8 | 24.8 | 35.0 |
| **Campuses** | **65** | **98** | **163** | **258** | **58.9** | **66.1** |
| Retail Parks | 143 | 13 | 156 | 159 | 22.9 | 21.4 |
| Shopping Centre | 36 | 43 | 79 | 78 | 27.6 | 25.3 |
| London Urban Logistics | 7 | – | 7 | 13 | 13.6 | 22.7 |
| Other Retail | 17 | 1 | 18 | 16 | 15.8 | 13.7 |
| **Retail & London Urban Logistics** | **203** | **57** | **260** | **266** | **23.0** | **21.7** |
| **Total** | **268** | **155** | **423** | **524** | **30.8** | **32.5** |

On a proportionally consolidated basis including the Group's share of joint ventures and funds and excluding non-controlling interests, and excluding committed, near term and assets held for development

Residential consists of only developments and ground rents, thereby excluded from rent analysis

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

## Rent Subject to Open Market Rent Review

| For year to 31 March<br>As at 31 March 2024 | 2025<br>£m | 2026<br>£m | 2027<br>£m | 2028<br>£m | 2029<br>£m | 2025-27<br>£m | 2025-29<br>£m |
|---|---|---|---|---|---|---|---|
| West End | 16 | 9 | – | 1 | 1 | 25 | 27 |
| City | 10 | 26 | 4 | 1 | 14 | 40 | 55 |
| Other Campuses | 1 | – | – | – | – | 1 | 1 |
| **Campuses** | **27** | **35** | **4** | **2** | **15** | **66** | **83** |
| Retail Parks | 13 | 10 | 11 | 6 | 5 | 34 | 45 |
| Shopping Centre | 4 | 2 | 2 | 2 | 1 | 8 | 11 |
| London Urban Logistics | 1 | – | – | – | – | 1 | 1 |
| Other Retail | 1 | 1 | 1 | 1 | – | 3 | 4 |
| **Retail & London Urban Logistics** | **19** | **13** | **14** | **9** | **6** | **46** | **61** |
| **Total** | **46** | **48** | **18** | **11** | **21** | **112** | **144** |

On a proportionally consolidated basis including the Group's share of joint ventures and excluding non-controlling interests, and excluding committed, near term and assets held for development

Residential consists of only developments and ground rents, thereby excluded from open market rent analysis

## Rent Subject to Lease Break or Expiry

| For year to 31 March<br>As at 31 March 2024 | 2025<br>£m | 2026<br>£m | 2027<br>£m | 2028<br>£m | 2029<br>£m | 2025-27<br>£m | 2025-29<br>£m |
|---|---|---|---|---|---|---|---|
| West End | 10 | 14 | 4 | 7 | 10 | 28 | 45 |
| City | 10 | 8 | 6 | 4 | 20 | 24 | 48 |
| Other Campuses | – | – | 1 | 1 | 1 | 1 | 3 |
| **Campuses** | **20** | **22** | **11** | **12** | **31** | **53** | **96** |
| Retail Parks | 25 | 25 | 23 | 14 | 22 | 73 | 109 |
| Shopping Centre | 14 | 14 | 10 | 14 | 8 | 38 | 60 |
| London Urban Logistics | 1 | 4 | – | 2 | – | 5 | 7 |
| Other Retail | 2 | 2 | 1 | 1 | – | 5 | 6 |
| **Retail & London Urban Logistics** | **42** | **45** | **34** | **31** | **30** | **121** | **182** |
| **Total** | **62** | **67** | **45** | **43** | **61** | **174** | **278** |
| **% of contracted rent** | **13** | **14** | **9** | **9** | **13** | **36** | **58** |

On a proportionally consolidated basis including the Group's share of joint ventures and excluding non-controlling interests excluding committed and near term, and assets held for development

Residential consists of only developments and ground rents, thereby excluded from lease break or expiry analysis

## Completed & Committed Developments

| As at 31 March 2024 | Sector | BL Share | 100% sq ft '000 | PC Calendar Year | Current Value £m | Cost to come £m[1] | ERV £m[2] | Let & under offer £m[4] | Gross Yield on Cost[5] % |
|---|---|---|---|---|---|---|---|---|---|
| Norton Folgate | Office | 100 | 335 | Q4 2023 | 364 | 40 | 25.7 | 10.9 | 5.5 |
| 3 Sheldon Square | Office | 25 | 140 | Q1 2024 | 45 | 2 | 2.6 | 2.2 | 6.4 |
| Robert's Close, K1[3] | Residential | 50 | 62 | Q1 2024 | – | 1 | – | – | N/A |
| **Total Recently Completed** | | | **537** | | **409** | **43** | **28.3** | **13.1** | **5.6** |
| The Priestley Centre | Science & Technology | 100 | 84 | Q2 2024 | 38 | 4 | 3.3 | 2.0 | 8.0 |
| Aldgate Place, Phase 2 | Residential | 100 | 138 | Q2 2024 | 145 | 16 | 6.9 | 0.2 | 5.0 |
| The Optic (Peterhouse Exp.) | Science & Technology | 100 | 96 | Q1 2025 | 29 | 32 | 4.7 | – | 6.2 |
| 1 Broadgate[4] | Office | 50 | 545 | Q2 2025 | 208 | 123 | 20.1 | 13.7 | 5.8 |
| Mandela Way | London Urban logistics | 100 | 144 | Q3 2025 | 21 | 49 | 4.7 | – | 6.2 |
| 2 Finsbury Avenue[6] | Office | 50 | 750 | Q2 2027 | 109 | 350 | 38.6 | 12.5 | 7.7 |
| **Canada Water** | | | | | | | | | |
| The Dock Shed, A2[3] | Mixed Use | 50 | 246 | Q4 2024 | 32 | 19 | 5.5 | – | Blended |
| 1-3 Deal Porters Way, A1[3] | Mixed Use | 50 | 270 | Q4 2024 | 66 | 46 | 3.6 | – | 7.1 |
| **Total Committed** | | | **2,273** | | **648** | **639** | **87.4** | **28.4** | **6.7** |

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

1. From 31 March 2024. Cost to come excludes notional interest as interest is capitalised individually on each development at our capitalisation rate
2. Estimated headline rental value net of rent payable under head leases (excluding tenant incentives)
3. The London Borough of Southwark has confirmed they will not be investing in Phase 1, but retain the right to participate in the development of subsequent plots up to a maximum of 20% with their returns pro-rated accordingly
4. Pre-let & under offer excludes 242,000 sq ft of office space under option
5. Gross yield on cost is the estimated annual rent of a completed development divided by the total cost of development including the site value at the point of commitment and any actual or estimated capitalisation of interest, expressed as a percentage return
6. Committed post period end

## Near Term Development Pipeline

| As at 31 March 2024 | Sector | BL Share % | 100% sq ft '000 | Earliest Start on Site | Current Value £m | Cost to come £m[1] | ERV £m[2] | Planning Status |
|---|---|---|---|---|---|---|---|---|
| 1 Triton Square | Science & Technology | 50 | 311 | Q2 2024 | 190 | 51 | 16.7 | Submitted |
| The Box, Paddington | London Urban Logistics | 100 | 152 | Q3 2024 | 34 | 46 | 6.5 | Consented |
| Verney Road, Southwark | London Urban Logistics | 100 | 202 | Q2 2025 | 29 | 80 | 7.6 | Submitted |
| **Canada Water** | | | | | | | | |
| Printworks, H1 & H2 | Mixed Use | 50 | 311 | Q4 2024 | – | 109 | 9.0 | Submitted |
| **Total Near Term** | | | **976** | | **253** | **286** | **39.8** | |

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

1. From 31 March 2024. Cost to come excludes notional interest as interest is capitalised individually on each development at our capitalisation rate
2. Estimated headline rental value net of rent payable under head leases (excluding tenant incentives)

## Medium Term Development Pipeline

| As at 31 March 2024 | Sector | BL Share % | 100% sq ft '000 | Planning Status |
|---|---|---|---|---|
| Broadgate Tower | Office | 50 | 405 | Submitted |
| 1 Appold Street | Office | 50 | 397 | Consented |
| Euston Tower | Office | 100 | 529 | Submitted |
| 5 Kingdom Street | Office | 100 | 214 | Consented |
| Finsbury Square | London Urban Logistics | 100 | 81 | Pre-submission |
| Thurrock | London Urban Logistics | 100 | 644 | Consented |
| Enfield, Heritage House | London Urban Logistics | 100 | 437 | Consented |
| Hannah Close, Wembley | London Urban Logistics | 100 | 668 | Pre-submission |
| West One Development | Mixed Use | 25 | 72 | Consented |
| **Canada Water** | | | | |
| Plot H3 | Mixed Use | 50 | 313 | Outline Consented |
| Zone L | Residential | 50 | 130 | Consented |
| Plot F2 | Mixed Use | 50 | 448 | Consented |
| Future phases[1] | Mixed Use | 50 | 3,385 | Outline Consented |
| **Total Medium Term** | | | **7,723** | |

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

1. The London Borough of Southwark has the right to invest in up to 20% of the completed development. The ownership share of the joint venture between British Land and AustralianSuper will change over time depending on the level of contributions made, but will be no less than 80%

## EPRA best practice recommendations on sustainability reporting

We have received Gold Awards for sustainability reporting from the European Public Real Estate Association (EPRA), 12 years running. Selected data in the Sustainability Progress Report 2024 has been independently assured by DNV in accordance with the International Standard on Assurance Engagements (ISAE) 3000 revised – Assurance Engagements other than Audits and Reviews of Historical Financial Information' (revised), issued by the International Auditing and Assurance Standards Board.

→ THIS YEAR, FULL DISCLOSURE AGAINST THE EPRA SUSTAINABILITY BEST PRACTICE RECOMMENDATIONS CAN BE FOUND IN THE SUSTAINABILITY PROGRESS REPORT 2024 AT BRITISHLAND.COM/DATA

## Governance indicators

| | Annual Report and Accounts 2024 |
|---|---|
| **Composition of the highest governance body** | Board's Executive and Non-Executive Directors pages 98 to 101<br>Tenures of Non-Executive Directors page 112 |
| **Nominating and selecting the highest governance body** | Appointment process for new Directors page 111 |
| **Process for managing conflicts of interest** | Board procedure for managing conflicts of interest page 115 |

## 10-year record

The table below summarises the last ten years' results, balance sheets and cash flows.

| | **2024 £m** | 2023 £m | 2022 £m | 2021 £m | 2020 £m | 2019 £m | 2018 £m | 2017 £m | 2016 £m | 2015 £m |
|---|---|---|---|---|---|---|---|---|---|---|
| **Summarised income statement**[1] | | | | | | | | | | |
| Gross rental income | **476** | 493 | 493 | 509 | 560 | 576 | 613 | 643 | 654 | 618 |
| Net rental income | **440** | 446 | 425 | 359 | 478 | 532 | 576 | 610 | 620 | 585 |
| Net fees and other income | **23** | 18 | 13 | 11 | 13 | 10 | 15 | 17 | 17 | 17 |
| Net financing charges | **(108)** | (111) | (102) | (103) | (111) | (121) | (128) | (151) | (180) | (201) |
| Administrative expense | **(87)** | (89) | (89) | (74) | (74) | (81) | (83) | (86) | (94) | (88) |
| **Underlying Profit** | **268** | 264 | 247 | 193 | 306 | 340 | 380 | 390 | 363 | 313 |
| **Summarised balance sheets**[1] | | | | | | | | | | |
| Total properties at valuation[3] | **8,688** | 8,907 | 10,476 | 9,140 | 11,177 | 12,316 | 13,716 | 13,940 | 14,648 | 13,677 |
| EPRA net debt | **(3,178)** | (3,127) | (3,397) | (2,877) | (3,854) | (3,521) | (3,973) | (4,223) | (4,765) | (4,918) |
| Other assets and liabilities | **(258)** | (293) | (273) | (221) | (110) | (146) | (183) | (219) | 191 | 276 |
| EPRA NTA/NAV (fully diluted)[5] | **5,252** | 5,487 | 6,806 | 6,080 | 7,213 | 8,649 | 9,560 | 9,498 | 10,074 | 9,035 |
| **Cash flow movement – Group only** | | | | | | | | | | |
| Cash generated from operations | **386** | 238 | 256 | 218 | 404 | 617 | 351 | 379 | 341 | 318 |
| Other cashflows from operations | **23** | 2 | (11) | (69) | (29) | (4) | 2 | (16) | (47) | (33) |
| Net cash inflow from operating activities | **409** | 240 | 245 | 149 | 375 | 613 | 353 | 363 | 294 | 285 |
| Cash (outflow) inflow from capital expenditure, investments, acquisitions and disposals | **(172)** | 326 | (385) | 910 | (361) | 187 | 346 | 470 | 230 | (111) |
| Equity dividends paid | **(213)** | (213) | (155) | (76) | (295) | (298) | (304) | (295) | (235) | (228) |
| Cash (outflow) inflow from management of liquid resources and financing | **(61)** | (339) | 215 | (1,022) | 232 | (365) | (404) | (538) | (283) | 20 |
| (Decrease) increase in cash[4] | **(37)** | 14 | (80) | (39) | (49) | 137 | (9) | – | 6 | (34) |
| **Capital returns** | | | | | | | | | | |
| Growth in net assets[2] | **(4.3)%** | (19.4)% | 11.9% | (15.7)% | (16.6)% | (9.5)% | 0.7% | (5.7)% | 11.5% | 28.6% |
| Total accounting return | **(0.5)%** | (16.3)% | 14.6% | (14.6)% | (11.0)% | (3.3)% | 8.9% | 2.7% | 14.2% | 24.5% |
| **Per share information** | | | | | | | | | | |
| EPRA NTA/NAV per share[6] | **562p** | 588p | 730p | 651p | 774p | 905p | 967p | 915p | 919p | 829p |
| Memorandum | | | | | | | | | | |
| Dividends declared in the year | **22.80p** | 22.64p | 21.92p | 15.0p | 16.0p | 31.0p | 30.1p | 29.2p | 28.4p | 27.7p |
| Dividends paid in the year | **23.2p** | 23.2p | 16.96p | 8.4p | 31.5p | 30.5p | 29.6p | 28.8p | 28.0p | 27.3p |
| Diluted earnings | | | | | | | | | | |
| Underlying earnings per share | **28.5p** | 28.3p | 27.0p | 18.0p | 32.7p | 34.9p | 37.4p | 37.8p | 34.1p | 30.6p |
| IFRS (loss) earnings per share | **(0.1)p** | (112.0)p | 103.5p | (108.0)p | (110.0)p | (30.0)p | 48.5p | 14.7p | 119.7p | 167.3p |

1. Including share of joint ventures
2. Represents movement in diluted EPRA NTA in 2024 to 2021 and movement in diluted EPRA NAV from 2020 to 2014
3. Including surplus over book value of trading and development properties
4. Represents movement in cash and cash equivalents under IFRS
5. EPRA NTA is disclosed in 2024 to 2021 and EPRA NAV is disclosed from 2020 to 2014
6. EPRA NTA per share is disclosed in 2024 to 2021 and EPRA NAV per share is disclosed from 2020 to 2014

## Shareholder information

### Analysis of shareholders – 31 March 2024

| 2023/24 | Number of holdings | % | Balance as at 31 March 2024[1] | % |
|---|---|---|---|---|
| 1–1,000 | 3,426 | 59.23 | 1,224,285 | 0.13 |
| 1,001–5,000 | 1,329 | 22.98 | 2,960,515 | 0.31 |
| 5,001–20,000 | 400 | 6.92 | 3,927,915 | 0.42 |
| 20,001–50,000 | 139 | 2.40 | 4,404,256 | 0.47 |
| 50,001–highest | 490 | 8.47 | 926,247,052 | 98.67 |
| **Total** | **5,784** | **100** | **938,764,023** | **100** |

| Holder type | | | | |
|---|---|---|---|---|
| Individuals | 4,770 | 82.47 | 9,077,851 | 0.97 |
| Nominee and institutional investors | 1,014 | 17.53 | 929,686,172 | 99.03 |
| **Total** | **5,784** | **100** | **938,764,023** | **100** |

1. Excluding 11,266,245 shares held in treasury

### Registrars

British Land has appointed Equiniti Limited (Equiniti) to administer its shareholder register. Equiniti can be contacted at:

Aspect House
Spencer Road
Lancing, West Sussex BN99 6DA

Tel: +44 (0)371 384 2143 (UK and Overseas callers)

Lines are open from 8.30am to 5.30pm Monday to Friday excluding public holidays in England and Wales.

Website: shareview.co.uk

By registering with Shareview, shareholders can:

- view their British Land shareholding online
- update their details
- elect to receive shareholder mailings electronically

Equiniti is also the Registrar for the BLD Property Holdings Limited Stock.

### Share dealing facilities

By registering with Shareview, Equiniti also provides existing and prospective UK shareholders with a share dealing facility for buying and selling British Land shares online or by phone.

**FOR MORE INFORMATION, CONTACT EQUINITI AT SHAREVIEW.CO.UK/DEALING OR CALL 03456 037 037 (MONDAY TO FRIDAY EXCLUDING PUBLIC HOLIDAYS FROM 8.00AM TO 4.30PM, OR FOR ENQUIRIES FROM 8.00AM TO 6.00PM). EXISTING BRITISH LAND SHAREHOLDERS WILL NEED THE REFERENCE NUMBER GIVEN ON THEIR SHARE CERTIFICATE TO REGISTER. SIMILAR SHARE DEALING FACILITIES ARE PROVIDED BY OTHER BROKERS, BANKS AND FINANCIAL SERVICES**

### Website and shareholder communications

The British Land corporate website contains a wealth of material for shareholders, including the current share price, press releases and information on dividends. The website can be accessed at britishland.com

British Land encourages its shareholders to receive shareholder communications electronically. This enables shareholders to receive information quickly and securely as well as in a more environmentally friendly and cost-effective manner. Further information can be obtained from Shareview or the Shareholder Helpline.

### ShareGift

Shareholders with a small number of shares, the value of which makes it uneconomic to sell them, may wish to consider donating their shares to charity. ShareGift is a registered charity (No. 1052686) which collects and sells unwanted shares and uses the proceeds to support a wide range of UK charities. A ShareGift donation form can be obtained from Equiniti.

Further information about ShareGift can be obtained from their website: sharegift.org

### Honorary President

In recognition of his work building British Land into the industry leading company it is today, Sir John Ritblat was appointed as Honorary President on his retirement from the Board in December 2006.

### Registered office

The British Land Company PLC
York House
45 Seymour Street, London W1H 7LX

Telephone: +44 (0)20 7486 4466

Registered number: 621920

Website: britishland.com

### Dividends

As a REIT, British Land pays Property Income Distribution (PID) and non-Property Income Distribution (non-PID) dividends. More information on REITs and PIDs can be found in the Investors section of our website at britishland.com/dividends.

British Land dividends can be paid directly into your bank or building society account instead of being despatched to you by cheque. More information about the benefits of having dividends paid directly into your bank or building society account, and the mandate form to set this up, can be found in the Investors section of our website at britishland.com/dividend-faqs.

## Scrip Dividend Scheme

British Land may offer shareholders the opportunity to participate in the Scrip Dividend Scheme by offering a Scrip Alternative to a particular dividend from time to time. The Scrip Dividend Scheme allows participating shareholders to receive additional shares instead of a cash dividend.

→ **FOR MORE INFORMATION PLEASE VISIT THE INVESTORS SECTION OF OUR WEBSITE AT BRITISHLAND.COM/SCRIP-DIVIDEND-SCHEME**

## Unsolicited mail

British Land is required by law to make its share register available on request to other organisations. This may result in the receipt of unsolicited mail. To limit this, shareholders may register with the Mailing Preference Service. For more information, or to register, visit mpsonline.org.uk

Shareholders are also advised to be vigilant in regard to share fraud which includes telephone calls offering free investment advice or offers to buy and sell shares at discounted or highly inflated prices. If it sounds too good to be true, it often is. Further information can be found on the Financial Conduct Authority's website fca.org.uk/scams or by calling the FCA Consumer Helpline on 0800 111 6768.

## Tax

The Group elected for REIT status on 1 January 2007, paying a £308m conversion charge to HMRC in the same year.

As a consequence of the Group's REIT status, tax is not levied within the corporate group on the qualifying property rental business but is instead deducted from distributions of such income as Property Income Distributions (PID) to shareholders. Any income which does not fall within the REIT regime is subject to tax within the Group in the usual way. This includes profits on property trading activity, property related fee income and interest income.

→ **FURTHER INFORMATION ON OUR TAX STRATEGY CAN BE FOUND IN THE SECTION OUR APPROACH TO TAX STRATEGY AT BRITISHLAND.COM/GOVERNANCE**

## Forward-looking statements

This Annual Report contains certain (and we may make other verbal or written) 'forward-looking' statements. These forward-looking statements include all matters that are not historical facts. Such statements reflect current views, intentions, expectations, forecasts and beliefs of British Land concerning, among other things, our markets, activities, projections, strategy, plans, initiatives, objectives, performance, financial condition, liquidity, growth and prospects, as well as assumptions about future events and developments. Such 'forward-looking' statements can sometimes, but not always, be identified by their reference to a date or point in the future, the future tense, or the use of 'forward-looking' terminology, including terms such as 'believes', 'considers', 'estimates', 'anticipates', 'expects', 'forecasts', 'intends', 'continues', 'due', 'potential', 'possible', 'plans', 'seeks', 'projects', 'budget', 'ambition', 'mission', 'objective', 'goal', 'guidance', 'trends', 'future', 'outlook', 'schedule', 'target', 'aim', 'may', 'likely to', 'will', 'would', 'could', 'should' or similar expressions or in each case their negative or other variations or comparable terminology. By their nature, forward-looking statements involve inherent known and unknown risks, assumptions and uncertainties because they relate to future events and circumstances and depend on circumstances which may or may not occur and may be beyond our ability to control, predict or estimate. Forward-looking statements should be regarded with caution as actual outcomes or results, or plans or objectives, may differ materially from those expressed in or implied by such statements. Recipients should not place reliance on, and are cautioned about relying on, any forward-looking statements.

Important factors that could cause actual results (including the payment of dividends), performance or achievements of British Land to differ materially from any outcomes and results expressed or implied by such forward-looking statements include, among other things, changes and/or developments as regards: (a) general business and political, social and economic conditions globally, (b) ) the United Kingdom's withdrawal from, and evolving relationship with, the European Union, (c) industry and market trends (including demand in the property investment market and property price volatility), (d) competition, (e) the behaviour of other market participants, (f) changes in government and other regulation including in relation to the environment, landlord and tenant law, health and safety and taxation (in particular, in respect of British Land's status as a Real Estate Investment Trust), (g) inflation and consumer confidence, (h) labour relations, work stoppages and increased costs for, or shortages of, talent, (i) climate change, natural disasters and adverse weather conditions, (j) terrorism, conflicts or 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) cyber-attacks and other disruptions and reliability and security of 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 finances, including prolonged higher interest rates, (r) changes in construction supplies and labour availability or cost inflation and (s) global conflicts and their impact on supply chains and the macroeconomic outlook and (t) public health crises.

The Company's principal risks are described in greater detail in the section of this Annual Report headed Principal Risks on pages 47 to 58. Forward-looking statements in this Annual Report, or the British Land website or made subsequently, which are attributable to British Land or persons acting on its behalf, should therefore be construed in light of all such factors.

Information contained in this Annual Report relating to British Land or its share price or the yield on its shares is not a guarantee of, and should not be relied upon as an indicator of, future performance, and nothing in this Annual Report should be construed as a profit forecast or profit estimate, or be taken as implying that the earnings of British Land for the current year or future years will necessarily match or exceed the historical or published earnings of British Land. Any forward-looking statements made by or on behalf of British Land speak only as of the date they are made. Such forward-looking statements are expressly qualified in their entirety by the factors referred to above and no representation, assurance, guarantee or warranty is given in relation to them (whether by British Land or any of its associates, Directors, officers, employees or advisers), including as to their completeness, accuracy, fairness, reliability, the basis on which they were prepared, or their achievement or reasonableness. Other than in accordance with our legal and regulatory obligations (including under the UK Financial Conduct Authority's Listing Rules, Disclosure Guidance and Transparency Rules, the UK Market Abuse Regulation, and the requirements of the Financial Conduct Authority and the London Stock Exchange), British Land does not intend or undertake any obligation to update or revise publicly forward-looking statements to reflect any changes in British Land's expectations with regard thereto or any changes in information, events, conditions, circumstances or other information on which any such statement is based. This document shall not, under any circumstances, create any implication that there has been no change in the business or affairs of British Land since the date of this document or that the information contained herein is correct as at any time subsequent to this date.

Nothing in this document shall constitute, in any jurisdiction, an offer or solicitation to sell or purchase any securities or other financial instruments, nor shall it constitute a recommendation, invitation or inducement, or advice, in respect of any securities or other financial instruments or any other matter.

The Annual Report has been prepared for, and only for, the members of British Land, as a body, and no other persons. British Land, its Directors, officers, employees or advisers do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come, and any such responsibility or liability is expressly disclaimed.

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Head office and registered office
York House
45 Seymour Street
London
W1H 7LX
**britishland.com**

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