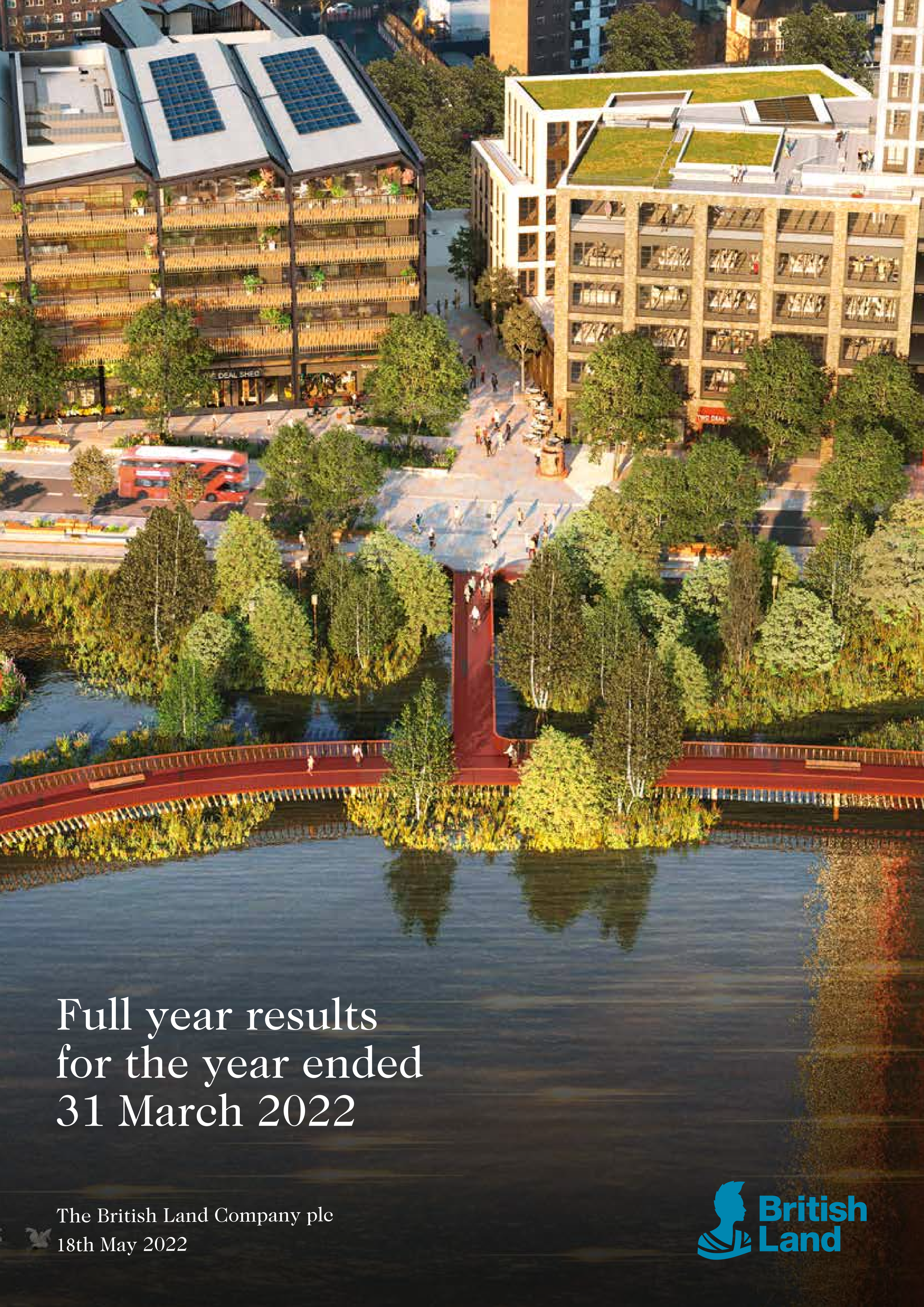

Full year results for the year ended 31 March 2022

The British Land Company plc
18th May 2022

British Land

Delivery against strategy driving strong performance

18 May 2022

Simon Carter, CEO said: "Over the past year we have delivered a strong performance across all parts of our business as we continue to execute against our strategy. Our total accounting return for the year was 14.8% driven by a 6.8% increase in the valuation of our portfolio and Underlying Profit is up 24.9%. Our balance sheet remains strong with pro forma loan to value of 28.4%. Operationally, our leasing volumes across Campuses and Retail & Fulfilment were the highest in ten years and were ahead of ERV. In London, demand continues to gravitate towards the best, most sustainable space where our Campuses are at a distinct advantage. Retail Parks are an attractive, cost-effective format for our retail customers reflected in our very low vacancy of 2.6%, so we are particularly pleased with our decision to allocate capital to this segment, where valuations have increased 20.7%. The fundamentals of Urban Logistics in London are compelling given the chronic shortage of space. We have made a good start to building our Urban Logistics business where we have assembled a c.£1.3bn development pipeline in 12 months.

We are active recyclers of capital, releasing over £1bn since April 2021 to invest into higher value-creating opportunities in development and growth segments of the market. We have a wealth of development opportunities across our London Campuses, including Canada Water and in Urban Logistics which altogether we expect will generate around £2bn of future profit.

We are mindful of current elevated economic and geo-political uncertainties, but our strategic advantage in sectors with pricing power means we can look ahead with confidence."

Performance summary

£2.2bn capital activity – actively recycling capital into areas of growth and value

- £694m from the sale of 75% of majority of assets at Paddington Central to GIC post year end, crystallising 9% p.a. total property returns
- £290m from the sale of 50% of our share in the Canada Water Masterplan to AustralianSuper, enabling us to accelerate delivery and returns from the scheme
- On site with 1.7m sq ft of net zero carbon developments across our Campuses; 91% of costs fixed
- £102m of acquisitions in Cambridge and Guildford, building exposure to innovation sectors; on site with first lab enabled scheme
- £350m investment into Retail Parks in the year with a further £49m in FY21, exploiting the value opportunity
- Assembled an urban logistics development pipeline with a gross development value of £1.3bn, focused on London where the supply-demand imbalance is most acute

Strong operational performance – key themes playing out

- Portfolio value up 6.8% with Campuses up 5.4% and Retail & Fulfilment up 9.9% driven by Retail Parks up 20.7%
- 42bps yield contraction overall; 11 bps yield contraction in Campuses; 151bps yield contraction in Retail Parks
- 1.7m sq ft of Campus leasing, highest volume in 10 years; 5.4% ahead of ERV; average lease length over 12 years
- 2.2m sq ft Retail & Fulfilment leasing, highest volume in 10 years, 2.8% ahead of ERV; Retail Park vacancy down to 2.6%
- Footfall and sales on our Retail Parks portfolio 99.5% and 100.2% of FY20, respectively
- Strong rent collection: 97% for the year, nearing pre-pandemic levels, significantly reducing provisions

Excellent financial performance and strong balance sheet

- 14.8% Total Accounting Return, underpinned by our strategic activity
- Underlying Profit up 24.9% reflecting a significant reduction in provisions
- EPRA Net Tangible Assets (NTA) up 12.2% to 727p
- FY22 dividend of 21.92p per share
- Pro forma LTV at 28.4% adjusting for the Paddington Central transaction
- £1.3bn undrawn facilities and cash. Interest rate on our debt fully hedged on a spot basis with no requirement to refinance until late 2025 following the Paddington transaction
- Fitch affirmed senior unsecured credit rating at 'A'

Further good progress against 2030 Sustainability strategy

- Awarded GRESB 5* rating and AAA rating from MSCI
- Delivered our second net zero carbon development at 1 Triton Square, fully let to Meta (previously Facebook)
- Further accolades for 100 Liverpool Street including Green Building Project of the Year by BusinessGreen, Project of the Year at the Building Awards, a Civic Trust Award and Financing Deal of the Year: UK by Real Estate Capital Europe for 2021.
- Completed net zero audits at our major assets; 70% portfolio now EPC A-C rated
- First UK REIT to achieve the Disability Smart Standard accreditation from the Business Disability Forum

Summary performance

Year ended	31 March 2022	31 March 2021	Change
Income statement			
Underlying Profit	**£251m**	£201m	24.9%
Underlying earnings per share[2]	**27.4p**	18.8p	45.7%
IFRS profit/(loss) after tax	**£960m**	£(1,083)m	
IFRS basic earnings per share	**103.3p**	(111.2)p	
Dividend per share	**21.92p**	15.04p	
Total accounting return[2]	**14.8%**	(15.1)%	
Balance sheet			
Portfolio at valuation (proportionally consolidated)	**£10,467m**	£9,132m	6.8%[1]
EPRA Net Tangible Assets per share[2]	**727p**	648p	12.2%
IFRS net assets	**£6,733m**	£5,983m	
Loan to value ratio (proportionally consolidated)[3]	**32.9%**	32.0%	
Fitch senior unsecured rating	**A**	A	
Operational Statistics			
Lettings and renewals over 1 year	**2.9m sq ft**	1.2m sq ft	
Total lettings and renewals	**3.9m sq ft**	2.2m sq ft	
Committed and recently completed development	**2.1m sq ft**	1.8m sq ft	
Sustainability Performance			
MSCI ESG	**AAA rating**	AAA rating	
GRESB	**5* and Green Star**	5* and Green Star	

1. Valuation movement during the year (after taking account of capex) of properties held at the balance sheet date, including developments (classified by end use), purchases and sales.
2. See Note 2 to the financial statements.
3. Following the sale of a 75% interest in the majority of our assets at Paddington Central, LTV falls to 28.4% on a pro forma basis.

Results Presentation and Investor Conference Call

A presentation of the results will take place at 9.00am on 18 May 2022 at Peel Hunt, 100 Liverpool Street, Broadgate and will be broadcast live via webcast (Britishland.com) and conference call. The details for the conference call and weblink are as follows:

UK Toll Free Number: 0800 640 6441

Access code: 413285

Click for access: Audio weblink

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

Replay number: 020 3936 3001

Passcode: 452061

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

For Information Contact

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Chief Executive's review

Delivery against strategy driving strong performance

We have a clear strategy to exploit our competitive strengths in active management and sustainable development to drive value for our shareholders across our Campuses, Retail Parks and London Urban Logistics. Our platform makes us the partner of choice for institutional investors, enabling us to recycle capital, earn fees and crystallise returns. The success of this approach is reflected in the strength of our leasing, where our Campus model is an important differentiator, and by the exceptional performance of our Retail Parks. In Urban Logistics, we have assembled a development pipeline over the last year with a gross development value of £1.3bn focused on London where the market dynamics are very favourable. Our strategy and operational performance has delivered a total accounting return of 14.8% for the year.

Operational performance

Campus leasing activity was strong at 1.7m sq ft of lettings and renewals, 5.4% ahead of ERV. This includes letting or placing under option all the office space at our 1 Broadgate development, securing £13.7m of rent. Post year end, we were pleased to have placed a further 103,000 sq ft under offer at our Norton Folgate development, representing another £7.5m of rent. Today, businesses have high expectations for their workspace with demand focused on the best space, with an emphasis on sustainability, wellness, shared and flexible space and excellent transport connections. Our Campus model delivers against these customer demands making it the premier office portfolio across London. Campuses were up 5.4% in value, driven by our successful leasing activity and inwards yield shift of 11bps.

In Retail & Fulfilment, lettings and renewals covered 2.2m sq ft of space, including 1.5m sq ft of long term deals, overall 2.8% ahead of ERV. Retail Parks, where we are the UK number 1 owner and operator, accounted for 60% of that activity. They are the preferred format for retailers, reflecting their online channel compatibility and affordability, underpinning improved occupational demand. As a result, Retail Parks delivered 151 bps of yield compression, driving values up 20.7%. This performance is a strong endorsement of the value proposition we identified early, following which we agreed £400m of acquisitions of Retail Parks. Shopping centre values were down 6.1% although the rate of decline decelerated in the second half.

Progress against the Priorities for our business

A year ago, we identified four clear priorities for our business. We have delivered strong progress in each area since the start of the financial year which is summarised below:

Priority	Progress in FY22
Realising the potential of our Campuses	– New joint venture with AustralianSuper at Canada Water accelerating delivery and returns from the Masterplan – Acquired £102m of assets outside of London aligned to growth and innovation including Peterhouse Technology Park in Cambridge, The Priestley Centre and Waterside House in Guildford – Attracted innovative and growing businesses to our Campuses including lettings of 134,000 sq ft to JLL and 254,000 sq ft to Allen & Overy at 1 Broadgate and 315,000 sq ft to Meta at 1 Triton Square – Storey occupancy improved to 86%
Progressing value accretive development	– Delivered 1 Triton Square, our second net zero development, fully let to Meta – On site with 1.7m sq ft of net zero development, with new commitments including Phase 1 of Canada Water and Phase 2 at Aldgate, our first build to rent residential development – On site at The Priestley Centre, Guildford, our first lab enabled office – 91% of costs fixed across committed developments; benefitting from excellent, long term relationships with Tier 1 contractors – 1.3m sq ft planning consents received in the year with a further 2.5m sq ft under submission (based on gross area)
Targeting the opportunities in Retail & Fulfilment	– Assembled an urban logistics development pipeline with a gross development value of £1.3bn including acquisition of a 12.5 acre site in Wembley for £157m – £350m retail park acquisitions in the year including the remaining 22% in HUT at £148m GAV and NIY of 8% taking our ownership to 100% – Increased retail park occupancy by 270bps to 97.4%
Active capital recycling	– Total capital activity of £2.2bn – £694m sale of 75% of majority of assets at Paddington Central post year end – £290m sale of 50% in the Canada Water Masterplan – £645m Retail & Fulfilment acquisitions – £102m additions to our Campuses portfolio – £1.1bn of financing activity in the year

Strategy

We focus our activities on two strategic themes which play best to our skill set and where we currently see the most attractive opportunities to drive future returns:

- **Campuses** – Dynamic neighbourhoods focused on customers in growth and innovation sectors including technology, science, engineering and health; and
- **Retail & Fulfilment** – retail parks and urban logistics aligned to the growth of convenience, online and last mile fulfilment

Campuses

The key theme underpinning our focus on Campuses is that demand will gravitate to the best, most sustainable space. Building on our success at Broadgate, Regent's Place and Paddington Central, we are delivering a fourth Campus at Canada Water, a 53 acre development opportunity. In order to accelerate the delivery and returns of that scheme we sold 50% of our share to AustralianSuper for £290m in March 2022 creating a new joint venture with a partner who shares our vision for Canada Water. This project will be a key driver of value for our business; Phase 1 delivers an IRR for British Land of c.11% and the whole project is expected to deliver c. £2bn of value for British Land and AustralianSuper, equating to an IRR in the low teens. In April 2022, we also announced that we had exchanged on the sale of 75% of the majority of assets in Paddington Central. This has been an excellent investment for British Land, delivering a total property return of 9% per annum since acquisition. The proceeds from this transaction will be invested in value accretive development opportunities across our portfolio, as well as the other growth areas we have identified.

We continue to evolve our Campus model to align with high growth and innovation sectors. Our model is particularly attractive to businesses which like to cluster together, in sectors such as technology, science and engineering. Regent's Place, given its location in the Knowledge Quarter provides an exciting opportunity in this regard. We also see the potential to drive value by taking the Campus model outside of London. We are targeting development opportunities in innovation hubs such as the Golden Triangle and made £102m of acquisitions in Cambridge and Guildford in the year. These are opportunities which play to our Campus skills, including asset management, development, placemaking and community engagement. We are on site with our first lab enabled office at The Priestley Centre which is one of two properties we acquired on Surrey Research Park, together totalling £27m and in Cambridge, we acquired the Peterhouse Technology Park for £75m in August.

Retail & Fulfilment

In Retail, last year, we identified a value opportunity in Retail Parks reflecting attractive relative yields coupled with customer preference for this format. Our portfolio is now valued at £2.1bn which includes acquisitions of £350m in the year (in addition to the £49m in FY21). This timely investment meant we benefitted from significant yield compression to deliver a 31.6% total property return on the retail park portfolio as a whole. We expect to make further, selective acquisitions given our competitive advantage in sourcing, underwriting and asset managing but we will maintain our discipline on returns.

In Urban Logistics, the chronic shortage of space in London is the key theme underpinning our focus on this part of the market. Demand is strong reflecting the growth of e-commerce and in particular rising consumer expectations for same day / next day delivery. This has been supplemented by new sources of demand such as "quick commerce" and "dark kitchens". Supply of the right kind of space in London is highly constrained and requires innovative solutions to increase density and repurpose space which plays well to our skill set in site assembly, planning and delivering complex developments in Central London.

In the first year of our strategy, we have established a pipeline of urban logistics development opportunities totalling £1.3bn of gross development value which focuses on London and will deliver a sizeable platform for British Land in this exciting growth market. Hannah Close in Wembley, our most recent acquisition, is an excellent example of how even in a highly competitive market, we can leverage our skills in planning and development to intensify existing buildings through multi-storey development to create value. We also invest in repurposing opportunities including the Finsbury Square car park, centrally located in the City as well as other opportunities across our portfolio. Overall, the blended forecast IRR from acquisition for our urban logistics opportunities is c.15% which is at the top end of our target range of 10%-15%.

Capital allocation and balance sheet

A key priority for our business is to actively recycle capital. We have demonstrated our nimble and value driven approach with £1.2bn of asset sales and £747m of acquisitions. The recent Paddington Central transaction has further strengthened our balance sheet with pro forma loan to value now at 28.4%, well positioned in current markets. Our performance demonstrates that we are allocating capital smartly, with strong valuation uplifts on our developments and our Retail Parks.

We target an average total accounting return of 8-10% through the cycle. This is based on a total property return of around 7-8%, adjusted for administration costs and the positive impact of leverage. We seek to create value through active management and development. We target development IRRs of 10-15% compared to our standing investments where returns and risks are typically lower. We will remain focused on actively recycling capital and will look to crystallise value from mature and lower returning assets and reinvest into higher returning opportunities.

We maintain good long term relationships with debt providers across the markets and have completed £1.1bn of financing activity in the year. This included a five year 'Green Loan' in our Broadgate joint venture, secured on 100 Liverpool Street which was voted Financing Deal of the Year: UK by Real Estate Capital Europe for 2021.

We are pleased to be announcing a full year dividend of 21.92p, in line with our policy of setting the dividend at 80% of Underlying EPS.

Our people

We are delighted to see our people back in the office. Like so many of our customers, we continue to recognise the benefits that hybrid working brings and to support our people with more flexible arrangements, whilst also reaping the benefits of working more collaboratively when together in the office.

I recognise the important contribution that diversity plays in delivering our strategy so was pleased that we ranked 15th in the FTSE Women Leadership Review for FTSE 100 women representation and we have exceeded the recommendations of the Parker Review on ethnic diversity at Board level. We were also pleased to be the first UK REIT to achieve Disability Smart Accreditation from the Business Disability Forum.

Bhavesh Mistry joined us as Chief Financial Officer in July 2021 and we are already benefitting from the fresh perspective he brings. We were also pleased to welcome Mark Aedy to the Board as a Non-Executive Director in September 2021. Nicholas Macpherson has decided not to seek re-election as a Non-Executive Director at the AGM in July 2022, at the conclusion of which he will stand down from the Board. Nicholas has served with distinction on the Board since joining it in 2016 and we thank him for his valuable contribution.

Outlook

We are mindful that the year ahead will be impacted by heightened macroeconomic and geo-political uncertainty. In the context of higher inflation, we are seeing investors rotate out of bonds and increase their allocations to real estate, particularly in subsectors with strong pricing power and affordable rents. We are well positioned in this respect across both Campuses and in Retail & Fulfilment. In addition, we are pleased with our financial position and that our strong momentum has continued into the new financial year.

Our Campus offering provides customers in London with best-in-class space where we expect demand to remain strong, particularly from the growing, innovative businesses we are targeting. Rents typically represent a small proportion of salary costs, meaning demand is less sensitive to price and for prime London office space, vacancy remains low and new supply is constrained. Reflecting these dynamics, and continued gravitation to the best space, our central case is for rental growth on our Campuses of 1-3% with the potential for some further yield compression.

We expect the strong occupational demand for our Campus developments to continue, reflecting their market leading sustainability credentials. We target BREEAM Outstanding ratings on developments and just 1% of available London office buildings are BREEAM Outstanding. This year construction cost inflation is likely to be between 8-10% and we are pleased to have fixed 91% of the cost on our committed development programme of 1.7m sq ft. Forecasting is difficult with elevated uncertainty, but our base case is for construction cost inflation to moderate to 4-5% over the next 18 months as commodity, transportation and energy prices continue to increase but at a lower rate and capacity in the construction industry slowly increases. The attractive IRRs we are forecasting on our development pipeline of 10-15% incorporate these levels of construction cost inflation and additional contingencies. Higher land values mean that returns from London development are more insulated to cost inflation than development in other parts of the country and we anticipate being able to achieve the modest increase in rents needed to offset any further cost inflation above our base case.

In Retail Parks, we attract a broad tenant base and space is more affordable than alternative formats, thereby making them attractive for retailers facing increased margin pressures due to rising input prices and labour costs; supply is relatively tight, with retail parks accounting for around 10% of the total retail market and vacancy falling. We expect the value play opportunity in retail parks to continue and our ability to unlock value through asset management means we are well placed to make further acquisitions whilst retaining a strong focus on returns. Overall, we expect rents to be stable with some growth for smaller, well-located parks with further yield compression likely. For shopping centres, we have seen ERV decline moderating, and yields were flat in the second half of the year. We expect that yields could compress for the best centres, given increasing investor interest delivering attractive medium term returns.

In Urban Logistics, the market in London is chronically undersupplied and demand remains strong, underpinned by the continued growth of same day delivery. We expect strong rental growth of over 5% p.a. with stable yields – a good backdrop for delivering new space via our repurposing and intensification strategy.

Market backdrop

Macro-economic context

The UK economy responded well to the lifting of Covid-19 restrictions, expanding by 7.4% in the calendar year and by March was 1.2% above pre-Covid levels. However, the combination of Covid, Brexit and rising energy prices has reduced capacity in the economy, putting pressure on prices towards the end of the year. Inflation has risen faster than expected, up 7% in March 2022 compared to up 6.2% the previous month and in response, interest rates have been increased. Consumer confidence has weakened since the summer with concerns around rising prices and the prospect of a real income squeeze weighing on sentiment but unemployment has quickly recovered to pre pandemic levels at under 4 %. Most forecasters are still expecting growth for the 2022 calendar year but with risks to the downside if the economic impact of the war in Ukraine worsens. Given this broader macro context and with investors concerned about the impact of rising inflation and interest rates, they are rotating out of bonds and increasing their allocation to direct real estate, focused on subsectors with pricing power and affordable rents.

London office market

The investment market has returned to strong volumes with confidence strengthening as the economy recovers from the pandemic and employees returned to the office. The period under review saw more than £17bn of investment activity across the City and the West End with pricing strong reflecting pent up investor demand and a lack of available stock. Prime yields currently average 3.5% for the West End, stable over the year and 3.75% for the City, an inwards shift of 25bps.

In the Central London occupational market, take up remains below its long term average, but is recovering well following very low levels last year. Take up for the period was 9.5m sq ft for Central London, more than double the 12 months to March 2021. Technology, Banking & Finance and Professional Services (most notably legal) were the largest sources of take up. Demand is clearly gravitating towards the very best space, with an emphasis on sustainability, wellness, shared and flexible space and excellent transport connections. This part of the market is achieving premium prices and vacancy is estimated at under 4% compared to c.8% for the whole market. In the context of a more uncertain macro environment with elevated input prices, it is becoming apparent that more projects are being delayed and as a result, the supply pipeline is tight, with speculative developments committed and under construction (to 2026) representing 1.8 years average take up. Reflecting the strong preference for new and high quality refurbished space, 32% of development under construction is currently pre-let.

Retail market

Investment activity continues to be dominated by retail parks, which have seen volumes of £4.5bn in the period, compared to £1.7bn in the 12 months to March 2021. Confidence in the sector is strong, reflecting lower occupancy costs for retailers and the important role retail parks can play in online fulfilment. In particular, the market has focused on assets which are small-to-medium in lot size and offer secure, sustainable income streams. As a result, average market yields have moved in 200bps over the year to 5%. The investment market for shopping centres is slowly improving as investors begin to see value despite continuing weakness in the occupational market. £1.2bn transacted in the period compared to £430m last year and yields shifted out 25bps to 7.75%.

After a challenging few years reflecting the structural shift to online and impact of Covid-19 there were signs of a pick up in activity in retail occupational markets. Activity has been skewed towards retail parks which are more affordable and where footfall and sales are near pre-pandemic levels, and in some cases ahead. However, as we move into a more inflationary environment, consumers will be more focused on value and occupiers will need to mitigate the impact of higher input costs. This will focus attention on the affordability of retail space which plays to the retail park proposition.

Logistics market

In logistics, investment volumes remained very high at £18.9bn over the period, the strongest ever year of investment activity. Strong occupier demand, underpinned by structural trends in e-commerce has led to attractive rental growth which continues to appeal to long income investors. In the occupational market, take up in London and the South East was c.8m sq ft and in London, demand is particularly broad reflecting the emergence of "quick commerce" and "dark kitchens", although take up is limited by available stock with vacancy low at around 1.5%. In these cases, central locations are critical to the occupiers' business models and are commanding a rental premium as a result. Forecast rental growth in London is expected to average over 5% p.a. over the next five years.

Business review

Key metrics

Year ended	31 Mar 2022	31 Mar 2021
Portfolio valuation	**£10,467m**	£9,132m
Occupancy[1]	**96.5%**	94.1%
Weighted average lease length to first break	**5.8 yrs**	5.3 yrs
Total property return	**11.7%**	(7.0)%
– Yield shift	**(42) bps**	+33 bps
– ERV movement	**(1.2)%**	(7.6)%
– Valuation movement	**6.8%**	(10.8)%
Lettings/renewals (sq ft) over 1 year	**2.9m**	1.2m
Lettings/renewals over 1 year vs ERV	**+4.5%**	(8.9)%

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

1. Where occupiers have entered CVA or administration but are still liable for rates, these are treated as occupied. If units in administration are treated as vacant, then the occupancy rate would reduce from 96.5% to 95.6%.

Portfolio performance

At 31 March 2022	Valuation £m	Valuation movement %	ERV movement %	Yield shift bps	Total property return %
Campuses	6,967	5.4	0.0	(11)	8.5
Central London	6,460	4.6	(0.1)	(11)	7.7
Canada Water & other Campuses	430	12.9	6.4	+1	17.0
Retail & Fulfilment	3,500	9.9	(2.8)	(97)	19.1
Retail Parks	2,114	20.7	(2.0)	(151)	31.6
Shopping Centres	800	(6.1)	(5.2)	+3	1.4
Urban Logistics	319	0.0	6.3	(75)	8.3
Total	10,467	6.8	(1.2)	(42)	11.7

See supplementary tables for detailed breakdown

The value of the portfolio was up 6.8% driven by an exceptionally strong year for Retail Parks and a good performance across our Campuses.

Retail Parks delivered a valuation uplift of 20.7% driven by yield compression of 151bps reflecting a strong investment market and improving occupational market given their relative affordability and compatibility with online retail. This fully offset an ERV decline of 2.0% which was weighted towards the first half. Shopping Centres also saw some mild yield compression in the second half, reversing the previous trend and there are signs that rents are stabilising with the rate of ERV decline moderating in the second half; overall shopping centres were down 6.1% in value. Urban Logistics was flat on the year with strong yield contraction and ERV growth of 6.3% offsetting purchasers' costs which drove a negative movement in the first half; excluding the impact of purchasers' costs, the value of the Urban Logistics portfolio was up 5.4%.

Campus valuations were up 5.4% with our West End and City portfolios delivering uplifts of 4.5% and 4.7% respectively. These performances were driven by our leasing activity, in particular the Meta letting at Regent's Place and progress on our 1 Broadgate development which is now fully let or under option on the office space. Both portfolios benefitted from some mild yield compression with investment markets strengthening post pandemic. Campus developments were up £201m, (+11.7%) including a very strong performance at Canada Water of 18.3% reflecting the new joint venture agreed with AustralianSuper and progress on Phase 1.

Campus offices outperformed the MSCI benchmark for All Offices and Central London Offices by 150 bps and 100 bps respectively on a total returns basis. Retail outperformed the MSCI All Retail benchmark on a total returns basis by 510 bps due to our weighting towards retail parks. Reflecting the continued strength of industrials, our portfolio overall underperformed the MSCI All Property total return index by 790 bps over the year.

Capital activity

From 1 April 2021	Campuses £m	Retail & Fulfilment £m	Total £m
Purchases	102	645	747
Sales[1]	(1,063)	(117)	(1,180)
Development Spend	205	3	208
Capital Spend	28	10	38
Net Investment	**(728)**	**541**	**(187)**
Gross Capital Activity	**1,398**	**775**	**2,173**

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

1. Includes 75% sale of majority of assets in Paddington Central for £694m which exchanged post year end and St Anne's (£6m) which exchanged prior to 1 April 2021.

The total gross value of our investment activity since 1 April 2021 was £2,173m. The scale of our activity reflects our strategic priority to more actively recycle capital and this has been achieved with £1,180m of sales and £747m invested into acquisitions in retail parks, urban logistics opportunities and assets aligned to innovation and growth outside of London.

The most significant transaction, which exchanged post year end in April 2022, was the sale of a 75% interest in the majority of our assets at Paddington Central to GIC for £694m, this was 1% below September 2021 book value and represented a net initial yield of 4.5%. The transaction, which is expected to complete within two months, establishes a new venture, with ownership split 75:25 for GIC and British Land respectively and the partners having joint control. The 5 Kingdom Street development site and the Novotel at 3 Kingdom Street currently sit outside the structure but GIC have options over both assets. At 5 Kingdom Street, their option (which is over a 6 month period) enables them to acquire 50% of the development, creating a second joint venture and for 3 Kingdom Street, their option enables them to acquire the asset at prevailing market value, via the first joint venture within five years. We will continue to act as development and asset manager for the campus, earning fees. During the year, we also sold a 50% share in the Canada Water Masterplan for £290m to AustralianSuper, representing a 12% premium to the 30 September 2021 book value after taking into account capital expenditure. Again, this transaction provides the opportunity to leverage our operational platform as we will act as the asset manager and development manager for the scheme for which we will earn fees. Other disposals included £79m of residential sales, of which Wardrobe Court accounted for £70m, overall 6% ahead of book value and £117m of retail sales of which the Virgin Active at Chiswick was £54m, overall 9% ahead of book value.

In Urban Logistics, we acquired £295m of assets, most significantly Hannah Close in Wembley for £157m. This is a development-led opportunity where our plans will intensify usage of the existing buildings to deliver a multi-storey urban logistics hub for Central and West London. The warehouses, which sit within the M25, close to the M1 and outside the North Circular, are ideally located for vehicles coming into London and subsequently out for delivery. We are working on feasibility options for the site and expect to achieve vacant possession in 2027. In the meantime, we are working towards outline planning consent and managing the asset which offers considerable reversionary potential. We also acquired a development site on Verney Road in Southwark for £31m. This comprises low rise industrial buildings over two acres and is located on the Old Kent Road (A2) providing excellent access to Central London as well as the M25. The site offers immediate redevelopment potential for a multi-storey urban logistics schemes, subject to planning. This follows acquisitions in the first half, including Heritage House in Enfield, an existing warehouse we plan to intensify through redevelopment as well as Thurrock Shopping Park and Finsbury Square Car Park where we have an opportunity to repurpose the existing sites into urban logistics hubs. Our latest acquisitions bring the gross development value of our urban logistics pipeline to £1.3bn with an average IRR from acquisition of 15%, which is at the top end of our target range of 10-15%.

We also acquired further assets targeting the value opportunity in Retail Parks totalling £350m (including Thurrock Shopping Park which has logistics potential). This includes the remaining units in HUT, acquired for £148m and three shopping parks in Farnborough, Reading and Enfield (adjacent to our Heritage House warehouse). These represent opportunities where we expect to deliver attractive financial returns utilising our asset management expertise which has played out well this year.

In Campuses, we acquired £102m of assets aligned to innovation sectors including The Peterhouse Technology Park in Cambridge for £75m representing a NIY of 4.15%. This 8.25 acre site just outside the centre of Cambridge comprises four buildings covering 140,000 sq ft and is fully let to technology business ARM for its global headquarters. The buildings are held on a long leasehold with significant reversionary potential and benefit from their location in an emerging part of south Cambridge, close to the Cambridge Biomedical Campus. We also acquired The Priestley Centre in Guildford on Surrey Research Park for £12m and adjacent Waterside House for £15m giving us a combined footprint in Guildford of over 11 acres. This provides an opportunity to deploy our Campus proposition and development skills to deliver high quality space for the innovative industries in this affluent town.

Sustainability

We have maintained our firm focus on delivering our 2030 sustainability ambitions. This year we were delighted to retain our GRESB 5 star rating as well as our AAA rating from MSCI and A- from CDP. 100 Liverpool Street, our first net zero carbon development, has continued to pick up industry accolades for its sustainability credentials including Green Building Project of the year in the BusinessGreen Leaders awards, Project of the Year at the Building Awards and most recently a Civic Trust Award.

Net Zero

We are delivering against the commitments we set out in our Pathway to Net Zero, our roadmap to achieving a net zero carbon portfolio by 2030. We conduct whole life carbon assessments on all our developments and refurbishments and we are currently forecasting that embodied carbon on our offices development pipeline will be 632kg CO_2 per sqm including completed developments. This compares well to our 2030 target of 500kg CO_2e per sqm from a baseline of 1000kg CO_2e per sqm, which was the industry benchmark at the launch of our strategy. We completed our second net zero carbon development at 1 Triton Square which achieved a BREEAM Outstanding rating. Like 100 Liverpool Street, we were able to re-use most of the superstructure, keeping the embodied carbon on completed developments low at 408kg CO_2 per sqm. Residual embodied carbon at 1 Triton Square was fully offset through certified, nature-based solutions – a teak afforestation project in Mexico and a community reforestation project in Ghana.

We made further development commitments at Canada Water where we are committed to achieving BREEAM Outstanding on all commercial space, BREEAM Excellent on retail and a minimum of Home Quality Mark 3* for residential. Canada Water is a ground-up redevelopment, so our ability to re-use existing materials is limited and our focus is on using the more sustainable materials and processes. Our use of Earth Friendly Concrete in the permanent piling works was a UK industry first and saved 240 tonnes of carbon emissions. Other low carbon initiatives include the use of cross laminated timber, high recycled content in concrete, electric arc furnace steel and recycled raised access floors. As a result, embodied carbon for the offices space at A1 and A2 at Canada Water is expected to be 682 kg CO_2 per sqm and 666 kg CO_2 per sqm respectively, in line with our glidepath to 2030.

We are also on site at 1 Broadgate, which is expected to be in line with our 2030 office targets for operational efficiency of 95kWhe per sqm on a whole building basis and is on track for a NABERS 5 star rating. Embodied carbon on this building is above our 2030 target at 901 kg CO2 per sqm, but we continue to make improvements throughout the design and delivery process. At Norton Folgate, which will be all electric, we are adding roof top solar panels and like 1 Broadgate, it will be fully smart enabled to optimise performance in operation, delivering an estimated energy intensity which is in line with the trajectory to our 2030 energy performance targets. Embodied carbon on this building is also low at 434kg CO_2e per sqm, reflecting our ability to reuse the existing materials.

MEES Legislation and EPCs

In offices, we are already fully compliant with 2023 MEES legislation which stipulates a minimum EPC rating of E and 46% of our offices space is currently rated A or B (by ERV). For the whole portfolio, 36% is currently A or B rated, significantly above the level of 29% in September reflecting a number of recertifications which have captured improvements delivered in recent years. 70% of the portfolio is now A-C rated. To meet our 2030 objectives and comply with expected MEES legislation requiring our whole portfolio to be a minimum EPC B by 2030, we appointed external consultants to conduct net zero audits identifying opportunities to improve energy efficiency and raise the EPC rating. These audits, which covered 29 of our major assets have now completed. We expect that the total cost for retrofitting the portfolio to be in the region of £100m, which covers the standing portfolio and excludes major developments and refurbishments where energy efficient fixtures and fittings are already incorporated within our development briefs. This investment will be focused on energy efficient interventions which typically have an attractive payback and in the current environment, with energy prices escalating, represent a compelling investment for occupiers and we are already engaged in productive conversations with occupiers across the portfolio. Overall, we expect that two thirds of the cost will be funded through the service charge or by customers directly. While we are making good progress, we are primarily focused on improving energy efficiency and reducing carbon intensity which is how we will deliver on our 2030 targets of a 25% improvement in whole building energy efficiency and a 75% reduction in operational carbon intensity, both against a 2019 baseline.

To fund any outstanding costs relating to these interventions, we have established our "Transition Vehicle" comprising ring fenced funds financed by our internal levy of £60 per tonne of embodied carbon in developments supplemented by an internal float of £5m. Total funding to date within the Transition Vehicle is £15.6m.

Place Based approach

Our Place Based approach means understanding the most important issues and opportunities in the communities around our places and focusing our efforts collaboratively to deliver the biggest impact. Building on the research we commissioned last year into the social and economic situation around our assets, this year we identified initiatives which target key local issues at each of our places. At our Campuses, one of the most effective ways of doing this is through our Community Funds – a forum for connecting our customers and local communities and supporting organisations who do vital work locally. Following the success of the Regent's Place Community Fund, this year we launched funds at Broadgate and Paddington Central with 15 of our occupiers pledging £150,000.

One of our key initiatives this year was the launch of the New Diorama Theatre at Broadgate, helping to bring people together post Covid and supporting the revival of this part of the City. NDT Broadgate is one of the biggest free rehearsal and artist support spaces in the UK. The 20,000 sq ft space is provided completely free of charge for independent and freelance artists to use and is one of the highest profile artist support projects in recent years. We also announced a partnership with The National Theatre to bring creative events and experiences to our Campuses. This involves monthly workshops led by creative experts focusing on theatrical skills and exploring how these can be applied to enhance the working day.

This year, Bright Lights, our skills and employment programme reached over 130 people through virtual employment training and one-to-one support at two of our Campuses and six retail sites. Over 60% of candidates have already gained employment in a range of sectors. Programmes we piloted this year and plan to expand include ADcademy with the Brixton Finishing School. Over 110 young people local to our London Campuses and Ealing Broadway took part in these online workshops designed to develop skills in the creative, technology and advertising sectors. Fort Kinnaird's recruitment project with Capital City Partnership reached 128 beneficiaries with 80% finding employment.

We continued to support the work of the National Literacy Trust, encouraging 7,800 young people to read and bringing the total number of children we have reached almost 56,000 since the launch of our partnership in 2011. To support local businesses, we provided affordable space across five of our priority assets, which included places such as "Thrive" in Canada Water, a community business hub providing workspace and meeting rooms to help local start ups. At Regent's Place, through the Triton Café, we provided space to BlackOut UK to run 5 events that provided peer support, learning and debates for 75 black queer men.

Reflecting our continued focus on diversity, we were pleased to become the first real estate organisation to achieve the Disability Smart Standard, which is awarded by the Business Disability Forum to organisations who can demonstrate a culture of inclusion for all abilities.

Campuses

Key metrics

	31 Mar 2022	31 Mar 2021
Portfolio Valuation (BL share)	£6,967m	£6,540m
Occupancy	96.7%	94.1%
Weighted average lease length to first break	7.0 yrs	5.6 yrs
Total property return	8.5%	(1.0)%
– Yield shift	(11) bps	+9 bps
– ERV growth	0.0%	0.7%
– Valuation movement	5.4%	(4.3)%
Total lettings/renewals (sq ft)	1,654,000	495,000
Lettings/renewals (sq ft) over 1 year	1,243,000	190,000
Lettings/renewals over 1 year vs ERV	+5.4%	+1.3%
Like-for-like income[1]	+2.5%	(1.0)%

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

1. Like-for-like excludes the impact of surrender premia, CVAs & admins and provisions for debtors and tenant incentives. 31 March 2021 comparative reflects the previous report segment Offices with the exclusion of Canada Water being the primary difference.

Campus operational and financial highlights

- Campus value of £7.0bn, up 5.4% driven by leasing activity and development performance. Similar performance from City and West End assets, up 4.7% and 4.5% respectively
- Strong performance from Canada Water up 18.3% reflecting the joint venture with AustralianSuper and progress on Phase 1
- 11 bps yield contraction, weighted towards the City
- Weighted average lease length extended to 7.0 years reflecting the completion of 1 Triton Square and our leasing activity
- ERV growth flat. Adjusting for changing valuation treatment underlying ERV growth on our offices space was 1.5%
- Like-for-like income up 2.5%, driven primarily by strong leasing at Broadgate and across Storey
- Strong rebound in leasing activity with 1.2m sq ft deals (greater than one year) driven by development lettings
- Total lettings and renewals at 1.7m sq ft, including 187,000 sq ft Storey lettings
- Under offer on a further 318,000 sq ft, including a minimum of 103,000 sq ft at Norton Folgate
- Investment lettings and renewals over one year, 5.4% ahead of ERV
- 555,000 sq ft rent reviews agreed 6.7% ahead of passing rent adding £1.6m to rents
- Occupancy improved to 96.7%
- Rent collection 100% for FY22

Campus operational review

Campuses comprises our three London Campuses (Broadgate, Regent's Place and Paddington Central), as well as Canada Water, our recently acquired assets in Cambridge and Surrey Research Park, standalone offices and residential.

Our London Campuses are located in some of London's most exciting neighbourhoods and benefit from excellent transport connections with two of our Campuses directly on the new Elizabeth line which opens this month. Through our platform, we deliver best in class space which meets the highest standards of sustainability and wellbeing, provides a wide range of amenities and an engaging public realm. Our skill set across investment, leasing, asset management, property management and development is transferable to new locations with occupiers focusing on space which best supports their business and people, these advantages position us well to attract a wide range of innovative, growing businesses to our spaces.

We benefit from a diverse portfolio of high quality occupiers focused on technology, financial, corporate and media sectors. Occupancy is 96.6%, improving 270bps since March 2021 and we have collected all our rent for the year.

Broadgate

Total leasing activity covered 751,000 sq ft in the year, of which 680,000 sq ft were long term deals. We successfully let (or placed under option) all the office space at 1 Broadgate four years ahead of completion with Allen & Overy and JLL taking a minimum of 254,000 sq ft and 134,000 sq ft respectively. The strong sustainability credentials of this building were a key attraction and in their press release, A&O commented that the building "will contribute to an 80% reduction" in their annual London office carbon emissions. We also completed the office letting at 100 Liverpool Street, with Hudson River Trading taking 20,300 sq ft on level ten. Newly refurbished space is letting well with Braze, a customer engagement platform, taking 49,900 sq ft at Exchange House and Maven Securities, a proprietary trading firm taking 38,000 sq ft at 155 Bishopsgate. Other lettings include legal firm Jenner & Block at 10 Exchange Square (13,000 sq ft) and financial services platform Symphony at 135 Bishopsgate (7,200 sq ft).

We have made excellent progress on the food & beverage offer, with the launch of Revolve at 100 Liverpool Street, an innovative concept with guest chefs and Shiro, a sushi restaurant , building Broadgate's reputation as a top culinary destination. We have also let space at 155 Bishopsgate to Neat Burger (a plant based burger restaurant backed by Lewis Hamilton), Nest (a bar and restaurant run by Urban Pubs and Bars), Black Sheep coffee and Hawaiian poké restaurant Honi Poké.

We continue to invest in our buildings and are on site with asset management initiatives including the refurbishment of 155 Bishopsgate (our share £35m), Exchange House (our share £12.5m) and 10 Exchange Square (our share £9m), where the first phase now completed. We take the opportunity provided by lease events to re-invest in existing buildings, to deliver energy efficient interventions which raise the EPC rating and refurbish the space, ensuring that they are well positioned to benefit as demand gravitates towards the best, most sustainable space. We also completed public realm improvements at Exchange Square, delivering 1.5 acres of green space, including amphitheatre style seating and outside events space with a range of tree and plant life to support biodiversity.

We refreshed our biodiversity framework for Broadgate, establishing our guiding principles and identifying the key species and habitats of relevance to the area. As well as the public spaces, we have living roofs at seven locations with 12,800 sq ft of planted space to come at 1 Broadgate and 3,000 sq ft at Norton Folgate. We also launched an occupier led and funded Community Fund, replicating the successful Regent's Place Community Fund where we will work together with our occupiers to identify and address key local issues.

The Campus saw a valuation gain of 5.1% reflecting 16bps of inward yield shift and flat ERVs. 100 Liverpool Street, which benefited from inward yield shift and the expiry of rent free periods, and 1 Broadgate, reflecting significant letting activity, were the key drivers of value. Broadgate occupancy is 96.7% up from 92.0% 12 months ago.

Regent's Place
The key transaction in the year was the letting of the office space at 1 Triton Square to Meta which accounted for 315,000 sq ft of the 388,000 sq ft of long term leasing activity. Meta has expanded at Regent's Place and this deal is a testament to their commitment to the Campus where total occupation will be 635,000 sq ft. Dentsu International who had previously committed to taking 1 Triton Square will remain at 10 and 20 Triton Street (180,000 sq ft). Rent reviews totalled 231,000 sq ft overall, 8.9% ahead of previous passing rent adding £1.3m to rents.

Regent's Place is well located to attract innovative and growth businesses looking to cluster around the academic, scientific and research institutions in London's Knowledge Quarter. Reflecting this we have signed life sciences business Babylon Health (12,000 sq ft) and Fabricnano (7,000 sq ft) both at Drummond Street.

In December 2021, we completed the first phase of our public realm improvement programme and we are underway with the second phase. This will include rolling out the biodiversity framework following the model established at Broadgate.

The Campus was up 6.7% in value, benefitting from leasing activity at 1 Triton Square and 10 Triton Street, driving yield compression of 15 bps. ERVs were marginally down 0.7%, partly driven by a change in valuation assumptions at 10 Triton Street which no longer assume a refurbishment given Dentsu International has recommitted to the building. Adjusting for changes in valuation assumptions, underlying ERV growth on our offices was 3.0%. Occupancy is now 95.2%.

Paddington Central
Total leasing activity covered 154,000 sq ft, of which the re-gear of the Novotel lease at 3 Kingdom Street accounted for 111,000 sq ft. We also renewed our lease to Incipio Group, who manage Pergola, the outdoor dining concept at the 5 Kingdom Street development site, covering 20,000 sq ft.

The Campus saw a valuation increase of 1.7%, benefitting from the regear of Novotel at 3 Kingdom Street and Vertex at 4 Kingdom Street, offset by decline at 3 Sheldon Square where leases are coming to an end and we are soon to commence refurbishment. ERVs saw growth of 1.7% with yields moving in 1bp. Occupancy is 99.6%.

Post year end we established a new joint venture at Paddington Central, with GIC owning 75% of the majority of assets and British Land owning the remaining 25%. The Novotel at 3 Kingdom Street and the 5 Kingdom Street development site sit outside of the structure although GIC have options over both assets. We will continue to manage the Campus for which we will earn fees and GIC are committed to our future plans. This includes a comprehensive upgrade of 3 Sheldon Square, where we will deliver an all electric building, targeting a BREEAM Excellent rating. This is estimated to reduce operational energy consumption and carbon emissions by over 40% per annum. We are planning an extensive upgrade to the public realm which will transform the landscaping and have commenced works at the amphitheatre which will revitalise this central part of the Campus.

Storey: our flexible workspace offer

Storey is an important part of our Campus proposition, providing occupiers with the flexibility to expand at short notice or to take ad hoc meeting or events space. It is present on all our Campuses and is operational across 338,000 sq ft (c.5% of Campuses). Occupancy on stabilised buildings (those two years' post fit out or fully let) has increased to 86% as we have seen rising customer demand with confidence improving post Covid driving demand for flexible space.

Since 1 April 2021, we have agreed leases and renewals on 187,000 sq ft of space and our retention rate remains high. 100 Liverpool Street is fully let with online signature service Docusign taking 6,500 sq ft and the Levin Group, a health tech recruitment business going under offer on the final unit post year end. Levin also have 7,000 sq ft at 1 Finsbury Avenue and have pre-let of all the Storey space at 155 Bishopsgate comprising 23,000 sq ft, again post period end. We are now fully let at Orsman Road, with the Homerton Healthcare NHS Foundation Trust signing for 18,100 sq ft, representing half of the space in the building.

Viewings are back to pre pandemic levels and bookings at Storey Club, which provides ad hoc meeting and events space at 100 Liverpool Street and 4 Kingdom Street, have increased over the year. Rent collection was 100% reflecting the strength of Storey's customer base, with the majority of occupiers being UK / European headquarters, scale up businesses or large multinationals.

Looking forward, Storey will cease operations across 27,000 sq ft at 3 Finsbury Avenue and International House at Ealing as we prepare those sites for redevelopment. However, we are actively considering opportunities for Storey on both our standing portfolio and new developments.

Canada Water

In March 2022, we sold 50% of our share in the Canada Water Masterplan, our 53 acre redevelopment scheme in Southwark to AustralianSuper for £290m forming a 50:50 joint venture. Their partnership will accelerate returns and the delivery of the Masterplan, bringing new homes, workspace, retail and leisure opportunities and an enhanced public realm to the local community.

The joint venture is committed to developing Phase 1 of the Masterplan covering 585,000 sq ft and to progressing subsequent phases of the development, with funding split equally between British Land and AustralianSuper. The total development cost of the entire project is £3.6bn. It is expected to take ten years to complete and should deliver a total development value of £5.6bn of which the commercial element accounts for £3.4bn and residential the remainder. British Land is targeting development returns of 11% from commitment for Phase 1 and low teens for the whole project.

We have outline planning permission for the entire scheme and are on site with Phase 1, which comprises a mix of workspace, retail, leisure and residential as set out below. We are targeting rents on the workspace of over £50 psf and a capital value psf of around £1,000 on the residential, which are both highly affordable relative to competing schemes.

Sq ft	Workspace	Retail & leisure	Residential units	Total
A1	120,000	9,000	186	273,000
A2	185,000	65,000	–	250,000
K1	–	–	79	62,000
Total	**305,000**	**74,000**	**265**	**585,000**

The joint venture's ownership is consolidated into a single 500-year lease with Southwark Council as the lessor. The London Borough of Southwark have an initial 20% interest in the scheme and the ability to participate in the development up to a maximum of 20% with returns pro-rated accordingly. They have elected not to fully participate in Phase 1 but are pre-purchasing the 79 affordable homes at K1 and have part funded the 55,000 sq ft leisure centre in A2.

This year, we completed the installation of a modular campus for TEDI-London, a global partnership with King's College London, Arizona State University and UNSW Sydney. Each module uses lightweight steel frame boxes clad with insulation and requires no deep piles or concrete. At the end of its life the building can be reused on-site, relocated in its entirety or stripped and the materials recycled. The 15,000 sq ft campus opened to the first cohort of students in September and we are working with TEDI to deliver a permanent home for around 1,000 students within the Canada Water Masterplan. We see scope to expand this modular approach which provides a quicker route to market for businesses looking to expand without the formal commitment of a long term lease. We are engaged in discussions to deliver a life sciences enabled modular campus and have interest from other higher education providers. We are exploring a range of alternative uses across the Campus, uses which align to our wider strategy to focus the business on growing sectors. Our permission is deliberately flexible so as we move forward, we can take account of changes in demand by amending our offices, residential and retail allocations as appropriate.

The valuation of the Campus was up 18.3% in the year reflecting the joint venture agreement and progress on Phase 1.

This has been a challenging year for many of our community partners whom we have continued to support through the pandemic. We have strengthened our built environment education and careers partnership with Construction Youth Trust by bringing in a number of our suppliers on the Masterplan including constructors Mace Group, Aecom and Gardiner & Theobold. Many of our suppliers have also contributed their time to building The Paper Garden, a pioneering new community space for young people. This is managed by Global Generation, one of our community partners and will be the largest circular economy build in London.

Retail & Fulfilment

Key metrics

As at	31 Mar 2022	31 Mar 2021
Portfolio valuation (BL share)	**£3,500m**	£2,592m
– Of which Retail Parks	**£2,114m**	£1,367m
– Of which Shopping Centres	**£800m**	£896m
– Of which Urban Logistics	**£319m**	–
Occupancy[1]	**96.3%**	94.4%
Weighted average lease length to first break	**4.6 yrs**	5.1 yrs
Total property return	**19.1%**	(19.1)%
– Yield shift	**(97) bps**	+81 bps
– ERV growth	**(2.8)%**	(16.8)%
– Valuation movement	**9.9%**	(24.7)%
Total lettings/renewals (sq ft)	**2,196,000**	1,699,000
Lettings/renewals (sq ft) over 1 year	**1,523,000**	962,000
Lettings/renewals over 1 year vs ERV	**2.8%**	(11.5)%
Like-for-like income[2]	**(0.8)%**	(9.2)%

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

1. Where occupiers have entered CVA or administration but are still liable for rates, these are treated as occupied. If units in administration are treated as vacant, then the occupancy rate for Retail would reduce from 96.3% to 94.5%.
2. Like-for-like excludes the impact of surrender premia, CVAs & admins and provisions for debtors and tenant incentives.

Retail operational and financial highlights

- Retail & Fulfilment portfolio value at £3.5bn, up 9.9%, with Retail Parks delivering an exceptional 20.7% uplift, more than offsetting a decline in Shopping Centres (down 6.1%)
- Yield compression of 97bps overall, driven by Retail Parks down 151bps with yield expansion of 3bps for the year in Shopping Centres, but contraction of 4bps in the second half
- ERVs down 2.8%; weighted towards Shopping Centres, which are down 5.2%; Retail Parks down 2.0%
- Like-for-like income down 0.8%. Including the impact of CVAs and administrations, like-for-like income was down 6.0%
- Like-for-like income up 6.0% on our Retail Parks
- Strong leasing activity, with 1.5m sq ft deals greater than one year; 2.8% ahead of March 2021 ERV and 21% below previous passing rent
- Total lettings and renewals at 2.2m sq ft
- Strong pipeline with 679,000 sq ft under offer, 2.2% above March 2021 ERV and 7.6% below passing rent
- Further 555,000 sq ft of rent reviews agreed 0.2% above passing rent
- Retail Parks occupancy 97.4% up 270bps, reflecting strong leasing activity
- Footfall and sales 91.9% and sales 98.4% respectively of same period in FY20; 99.5% and 100.2% for Retail Parks
- 95% of FY22 rent collected

Retail & Fulfilment operational review

Operational performance

This has been a strong year for leasing volumes, with total activity of 2.2m sq ft. Deals over one year were 2.8% ahead of March 2021 ERV, with a particularly strong performance from Retail Parks which were 5.9% ahead of March 2021 ERV. Total lease renewals covering 949,000 sq ft have tended to outperform new lettings and were on average 6.5% ahead of March 2021 ERV.

Overall, transactions were 21.2% below previous passing rent as we have prioritised occupancy to deliver more sustainable rents which are reflective of the current market. As a result, occupancy levels are high at 96.3%. We have an encouraging pipeline of deals under offer totalling 679,000 sq ft overall 2.2% ahead of March 2021 ERV.

Retail Parks, which account for 60% of the Retail & Fulfilment portfolio have emerged as the preferred format for retailers. They are well connected and affordable for retailers meaning they play an important role in a successful online retail strategy facilitating click and collect, returns and ship from store. Their lower occupancy cost also makes them attractive to a broad range of retailers. For example, we agreed three deals in our Retail Parks with TK Maxx covering 64,800 sq ft, three with Asda covering 57,400 sq ft, two with The Range (30,000 sq ft) and two with Poundland (25,300 sq ft). Footfall on our Retail Parks was in line with FY20 (which included two weeks of closure due to Covid) and sales were ahead.

Shopping Centres now account for 23% of our Retail & Fulfilment portfolio, with open air covered schemes comprising 6% and traditional covered centres 17%. We are encouraged that the rate of ERV decline has notably decelerated for shopping centres and that yields on our portfolio contracted marginally in the second half. With more investors targeting prime shopping centres, we believe the outlook for the best centres is more attractive.

Following the acquisition of Heritage House, Enfield and the Finsbury Square Car Park and including urban logistics opportunities on our existing portfolio, Urban Logistics now accounts for 9% of Retail & Fulfilment.

Footfall and sales recovered strongly following the reopening of indoor hospitality on 17 May 2021 and sales are now close to pre-pandemic levels, with the shortfall in footfall largely compensated for by an increase in basket size, as set out below:

	1 April 2021 – 31 March 2022	
	% of FY20[1]	Benchmark outperformance[2]
Footfall		
– Portfolio	91.9%	+1172bps
– Retail parks	99.5%	+369bps
Sales		
– Portfolio	98.4%	n/a
– Retail parks	100.2%	n/a

1. Compared to the equivalent weeks in FY20 which includes two weeks of closure in March 2020
2. Footfall benchmark: Springboard

With most Covid-19 related restrictions lifted before or during the first quarter and only short term interruptions as a result of the Omicron variant, most of our occupiers have been able to operate as normal for the majority of the period. This is reflected in our rent collection which at 95% of rent for the year is close to historic levels.

CVAs and administrations

There have been relatively few new CVAs or administrations in the year with just fifteen units impacted, of which seven were unaffected, three saw rent reductions and five stores closed. This resulted in £2.5m in lost contracted rent of which £2m related to the Virgin Active restructuring in May 2021.

Developments

At 31 March 2022	Sq ft '000	Current Value £m	Cost to complete £m	ERV £m	ERV Let & under offer £m
Recently completed	369	545	–	24.3	23.9
Committed	1,682	487	648	60.4	21.2
Near term	1,925	219	963	76.6	–
Medium term	7,746				
Total pipeline (ex. Recently Completed)	11,353	706	1,611	137.0	21.2

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

Portfolio

Progressing value accretive development is one of the four key priorities for our business and a key driver of returns. We target project IRRs of 10-12% and altogether, expect our development pipeline to deliver profits of around £2bn. We actively manage the risk associated with development by pre-letting space where appropriate. We have made excellent progress this year with our pre-letting activity securing £13.7m of future rent and post year end, we placed a further 103,000 sq ft under offer at our Norton Folgate development, representing another £7.5m of rent. This brings total future rent secured to £45m across our recently completed and committed pipeline of 2.1m sq ft representing 53% of total ERV. Excluding build to sell residential and retail space which we will let closer to completion, we are 60% pre-let or under offer by ERV. Total development exposure is now 6.2% of portfolio gross asset value with speculative exposure at 6.4% (which is based on ERV and includes space under offer), within our internal risk parameter of 12.5%.

The majority of space in our development pipeline is either income producing or held at low cost, enhancing our flexibility, so we have attractive options we can progress as and when appropriate.

The construction market has changed significantly over the year. Initial increases in raw material costs were due to the combination of supply chain issues, sustained global demand and reduced supply which were primarily Covid-19 related. Manufacturing closures, reduced production and shipping provision, combined with increased demand for raw materials, such as iron ore and timber, from China and the USA as they emerged from the pandemic put upwards pressure in input costs. These price rises were initially sheltered by contractors keen to secure pipeline; however, the levels of workload and magnitude of cost increases have inevitably pushed up tender pricing. Wholesale energy cost increases, shortage of labour, increased cost of materials, elongated supply programmes and an increase in construction activity has resulted in upward inflation pressure. These issues were beginning to reduce at the end of 2021 and early part of 2022, with both supply improving and costs decreasing. This changed with the Ukraine war, which has further destabilised the global supply chain, removing Ukraine and Russian goods and services from the market. This reduction in supply, together with the spike in energy prices resulting from the war, elevated tender price inflation once again.

Our inflation forecast (based on tender price inflation) has increased to around 8-10% in 2022 from our previous forecast of 4.5%, but we expect that to moderate over the next 18 months as wages and commodity prices remain elevated but do not increase at the same rate. Our forecast for 2023 and 2024 is around 4-5% (from 3.5%). We expect the rate of increase to moderate and capacity to emerge as some development projects in the market are deferred or cancelled. We review inflation drivers to ensure our contingencies and cost plans are robust to deal with the market fluctuations. Having maintained momentum on our development programme throughout the pandemic, we have been able to place contracts competitively and 91% of costs are fixed on committed developments. We have built up excellent relationships with Tier 1 contractors and throughout our supply chain so we are confident of placing mutually attractive contracts for our near term developments.

Higher land values mean that returns from London developments are more insulated to cost inflation than development in other parts of the country and we anticipate being able to achieve the modest increase in rents required to offset any further cost inflation above our base case.

Completed developments

We reached practical completion of 1 Triton Square (369,000 sq ft) in May. Embodied carbon was low at 436 kg CO_2e per sqm and we offset residual embodied carbon through certified schemes making this our second net zero carbon development. The offices space is now fully let to Meta.

Committed developments

Our committed pipeline now stands at 1.7m sq ft following commitments at Canada Water, Phase 2 at Aldgate Place and most recently The Priestley Centre in Guildford. The Priestley Centre is located on the University of Surrey Research Park where there is strong demand from innovation sectors and we are on site with an 81,000 sq ft office development which will be partially lab enabled.

At Canada Water, we are on site at the first three buildings covering 585,000 sq ft. A1 is a 35 storey tower, including 186 homes and 120,000 sq ft of workspace; practical completion is targeted for Q4 2024. A2 includes 185,000 sq ft of workspace as well as the new leisure centre and K1 comprises 79 affordable homes. The London Borough of Southwark are not participating in Phase 1 but will take ownership of the affordable housing on completion and have part-funded the leisure centre in A2. We expect to sell the residential units in A1 closer to practical completion.

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

We are also on site at Norton Folgate and 1 Broadgate. At 1 Broadgate (544,000 sq ft) we are fully pre-let or under option on the office space to JLL and Allen & Overy. Norton Folgate is a 336,000 sq ft scheme, comprising 302,000 sq ft of office space, alongside retail and leisure space creating a mixed use development in keeping with the historic fabric of the area. We are under offer on a minimum of 103,000 sq ft and continue to have encouraging discussions with a range of occupiers.

Recently Completed and Committed Developments

As at 31 March 2022	Sector	BL Share %	100% sq ft '000	PC Calendar Year	ERV £m[1]	Forecast IRR %
1 Triton Square	Office	100	369	Q2 2021	24.3	12
Total Recently Completed			**369**		**24.3**	
Norton Folgate	Office	100	336	Q4 2023	23.1	11
1 Broadgate	Office	50	544	Q2 2025	20.2	12
Aldgate Place, Phase 2	Residential	100	136	Q2 2024	6.0	10
Canada Water, Plot A1[2]	Mixed Use	50	273	Q4 2024	3.3	11 blended
Canada Water, Plot A2[2]	Mixed use	50	250	Q3 2024	5.0	
Canada Water, Plot K1[2]	Residential	50	62	Q2 2023	–	
The Priestley Centre	Office	100	81	Q2 2023	2.8	22
Total Committed			**1,682**		**60.4**	

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

Near Term pipeline

Our near term pipeline covers 1.9m sq ft and includes 2 Finsbury Avenue, where we have planning for a 718,000 sq ft office scheme. Embodied carbon on this building is projected to be market leading for a high rise tower below 750kg CO_2 per sqm benefiting from the use of existing and other recycled materials. We expect to start on site later this year. At 5 Kingdom Street, we have consent for a 438,000 sq ft office scheme; our ownership is currently 100% but GIC, our new joint venture partner have an option to acquire 50%. Start on site is expected in late 2023. At Meadowhall, we have outline planning permission for our 604,000sq ft logistics scheme which we expect to progress later this year.

Medium Term Pipeline

The further phases at Canada Water account for 4.5m sq ft of our 7.8m sq ft pipeline. At Euston Tower (578,000 sq ft) we have an exciting opportunity to deliver a highly sustainable, substantial redevelopment, targeting life sciences and other innovation businesses leveraging its location in London's Knowledge Quarter. We expect to submit planning next year.

Urban logistics opportunities account for 2.3m sq ft of medium term opportunities. At Thurrock, where we acquired the Thurrock Shopping Park in the year, we see an opportunity to deliver 559,000 sq ft of logistics space towards the east of London by repurposing two-thirds of the retail space and utilising the site topography to facilitate multi-level development. We see further opportunities to intensify existing buildings at Hannah Close in Wembley and Heritage House in Enfield, with potential to deliver 668,000 sq ft and 431,000 sq ft respectively of well located, urban logistics space. Both are in North London, within the M25 and close to the North Circular. In addition, we have two centrally located opportunities at Finsbury Square and Verney Road in Southwark altogether totalling 213,000 sq ft. In addition opportunities on our existing portfolio include, Teesside where we have identified 299,000 sq ft of land outside of the retail park we could potentially repurpose for logistics.

Finance review

Year ended	31 March 2022	31 March 2021
Underlying Profit[1,2]	**£251m**	£201m
Underlying earning per share[1,2]	**27.4p**	18.8p
IFRS profit/(loss) after tax	**£960m**	£(1,083)m
Dividend per share	**21.92p**	15.04p
Total accounting return[1]	**14.8%**	(15.1)%
EPRA Net Tangible Assets per share[1,2]	**727p**	648p
IFRS net assets	**£6,733m**	£5,983m
LTV[3,4,5]	**32.9%**	32.0%
Weighted average interest rate	**2.9%**	2.9%

1. See Note 2 within condensed financial statements for definition and calculation.
2. See Table B within condensed supplementary disclosure for reconciliations to IFRS metrics.
3. See Note 14 within condensed financial statements for definition, calculation and reconciliation to IFRS metrics.
4. On a proportionally consolidated basis including the Group's share of joint ventures.
5. Following the sale of a 75% interest in the majority of our assets at Paddington Central, LTV falls to 28.4% on a pro forma basis.

Overview

Financial performance has improved significantly following the easing of Covid-19 restrictions. Underlying Profit is up 24.9% at £251m, while underlying earnings per share (EPS) is up 45.7% at 27.4p. Based on our policy of setting the dividend at 80% of Underlying EPS, the Board have proposed a final dividend of 11.60p per share, resulting in a full year dividend of 21.92p per share.

Underlying Profit

	£m
Underlying Profit for the year ended 31 March 2021	**201**
Like-for-like net rent (incl. CVA and administrations)	(8)
Provisions for debtors and tenant incentives[1]	91
Net divestment	(8)
Developments	(12)
Net administrative expenses & fee income	(13)
Underlying Profit for the year ended 31 March 2022	**251**

1. The year on year impact of provisions for debtors and tenant incentives was £91m. This reflects the difference between the £8m credit to the income statement in the year to 31 March 2022 (as disclosed in Note 7 and 10 of condensed financial statements) and the £83m charge in the year to 31 March 2021.

Underlying Profit increased by £50m, primarily due to the significant reduction in provisions for debtors and tenant incentives, following improved rent collection driven by proactive engagement with occupiers and the lifting of Covid-19 related restrictions. This was partially offset by the impact of properties entering vacant possession ahead of redevelopment, an increase in administrative costs and the impact of CVA and administrations that occurred in the prior year.

Net divestment decreased earnings by £8m in the year. Proceeds from sales have been deployed into our value accretive acquisitions and our development pipeline. The recently completed and committed schemes are expected to generate an ERV of £85m, of which 53% is already pre-let or under offer.

IFRS profit after tax for the year was £960m, compared with a loss after tax for the prior year of £1,083m. The significant movement year-on-year primarily reflects the upward valuation movement on the Group's properties and those of its joint ventures.

Overall valuations have increased by 6.8% on a proportionally consolidated basis, resulting in an overall EPRA NTA per share increase of 12.2%. Including dividends of 16.96p per share paid during the year, we have delivered a total accounting return of 14.8%.

Financing activity included the refinance of 100 Liverpool Street, completed in June 2021, with the Broadgate joint venture raising a new £420m 5 year 'Green Loan' secured by the property at an initial LTV of c.50%. As part of the refinance, this BREEAM Outstanding and net zero carbon development was released from the Broadgate securitisation alongside the redemption of £107m of bonds.

In the year to 31 March 2022, LTV increased by 90bps to 32.9%. In April 2022, we exchanged on the sale of a 75% interest in the majority of our assets in Paddington Central to GIC; following its unconditional completion LTV falls to 28.4% on pro forma basis.

Our weighted average interest rate remains low at 2.9%, in line with 31 March 2021.

Our financial position remains strong with £1.3bn of undrawn facilities and cash as at 31 March 2022 and, following the completion of the Paddington Central sale, we have no requirement to refinance until late 2025. We retain significant headroom to our debt covenants, meaning the Group could withstand a fall in asset values across the portfolio of 49% prior to taking any mitigating actions.

Fitch Ratings, as part of their annual review in August 2021, affirmed all our credit ratings with a Stable Outlook, including the senior unsecured rating at 'A'.

Presentation of financial information and alternative performance measures

The Group financial statements are prepared under IFRS 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 use a number of performance metrics in order to assess the performance of the Group and allow for greater comparability between periods, however, do 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 condensed 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) is also monitored by management as a key measure of the level of debt employed by the Group to meet its strategic objectives, along with a measurement of risk. It also allows comparison to other property companies who similarly monitor and report this measure. The definition of Loan to value is shown in Note 14 of the consolidated financial statements.

Income statement

1. Underlying Profit

Underlying Profit is the measure that we use to assess income performance. This is presented below on a proportionally consolidated basis. In the year to 31 March 2022, a £29m surrender premium payment and a £12m reclassification of foreign exchange differences were excluded from the calculation of Underlying Profit (see Note 2 of the condensed financial statements). There was no tax effect of these Company adjusted items. No Company adjustments were made in the prior year to 31 March 2021.

Year ended 31 March	Section	2022 £m	2021 £m
Gross rental income		**490**	508
Property operating expenses		**(61)**	(141)
Net rental income	1.2	**429**	367
Net fees and other income		**13**	11
Administrative expenses	1.3	**(89)**	(74)
Net financing costs	1.4	**(102)**	(103)
Underlying Profit		**251**	201
Underlying tax credit/(charge)		**4**	(26)
Non-controlling interests in Underlying Profit		**2**	3
EPRA and Company adjustments[1]		**703**	(1,261)
IFRS profit/(loss) after tax	2	**960**	(1,083)
Underlying EPS	1.1	**27.4p**	18.8p
IFRS basic EPS	2	**103.3p**	(111.2)p
Dividend per share	3	**21.92p**	15.04p

1. EPRA adjustments consist of investment and development property revaluations, gains/losses on investment and trading property disposals, changes in the fair value of financial instruments and associated close out costs. Company adjustments consist of items which are considered to be unusual and/or significant by virtue to their size or nature. These items are presented in the 'capital and other' column of the consolidated income statement.

1.1 Underlying EPS

Underlying EPS is 27.4p, up 45.7%. This reflects the Underlying Profit increase of 24.9% and the £30m movement in underlying tax. Following the resumption of the dividend in November 2020, our REIT property income distribution requirements have been satisfied and therefore there has been no repeat of the underlying tax charge recognised in the prior year.

1.2 Net rental income

	£m
Net rental income for the year ended 31 March 2021	**367**
Disposals	(41)
Acquisitions	28
Developments	(8)
Like-for-like net rent	–
CVA and administrations	(8)
Provisions for debtors and tenant incentives[1]	91
Net rental income for the year ended 31 March 2022	**429**

1. The year on year impact of provisions for debtors and tenant incentives was £91m. This reflects the difference between the £8m credit to the income statement in the year to 31 March 2022 (as disclosed in Note 7 and 10 of condensed financial statements) and the £83m charge in the year to 31 March 2021.

Disposals of income producing assets over the last 24 months reduced net rents by £41m in the year, where the proceeds from sales are being reinvested into value accretive acquisitions and developments. Acquisitions have increased net rents by £28m, primarily as a result of the purchase of the remaining 21.9% interest of HUT, the acquisition of Heritage House in Enfield and Retail Park acquisitions at Biggleswade and Thurrock. Developments have reduced net rents by £8m, driven by the vacant possession of Euston Tower as it moves into redevelopment. The completed and committed development pipeline is expected to deliver £85m of ERV in future years.

Campus like-for-like net rental growth was 2.5% in the period. This was driven by letting activity, including Monzo at Broadwalk House, Braze at Exchange House and various lettings across our Storey spaces. Excluding the impact of CVAs and administrations, like-for-like net rental growth for Retail Parks was 6% and declined 6% for Shopping Centres. This reflects improved occupancy on our Retail Parks, deals on our Shopping Centres transacting at lower passing rents and normalised car park and turnover income following the lifting of Covid-19 related restrictions. The impact of CVA and administrations primarily relates to various retail CVAs that occurred midway through 2020. When including the impact of CVAs and administrations, like-for-like net rents for Retail & Fulfilment decreased 6.0%.

Provisions made against debtors and tenant incentives decreased by £91m compared to the prior year, with a net £8m credit recognised in the year. We've made good progress on prior year debtors; the £119m of tenant debtors and accrued income relating to the year ending 31 March 2021 now stands at £35m, primarily driven by cash collection and negotiations with occupiers. As of 31 March 2022, tenant debtors and accrued income totalled £72m of which £61m (or 85%) is provided for, reflecting that the majority of these debtors relate to amounts billed during Covid-19 related lockdowns for which recovery is uncertain.

1.3. Administrative expenses

Administrative expenses have increased by £15m in the year to £89m. This increase is driven by the following key drivers; added lease depreciation on our offices at York House, following our sale of a 75% interest in January 2021; a one off accelerated depreciation charge of historic IT assets; the recognition of a credit in the prior year following the closure of the Group's defined benefit pension scheme to future accrual; and higher variable pay reflecting strong financial performance this year.

The Group's EPRA operating cost ratio decreased to 24.2% (March 2021: 37.9%) as a result of a significant decrease in property outgoing expenses due to provisions made in respect of debtors and tenant incentives. Excluding provisions made in respect of debtors and tenant incentives, the Group's operating cost ratio is 26.0% (March 2021: 20.7%) and the increase from the prior year is a result of lower rental income following sales activity and the increase in administrative costs noted above. We expect our operating cost ratio to decrease going forward, reflecting continued cost discipline and the additional fee income that will be generated from our new Canada Water and Paddington joint ventures.

1.4 Net financing costs

	£m
Net financing costs for the year ended 31 March 2021	**(103)**
Financing activity	1
Market rates	(1)
Net divestment	5
Developments	(4)
Net financing costs for the year ended 31 March 2022	**(102)**

Financing activity undertaken in the year has reduced costs by £1m, including the impact of the 100 Liverpool Street refinance and associated securitisation bonds redemption.

The impacts of net divestment and developments have been mostly offset, with proceeds from sales being used to repay revolving credit facilities, whilst interest on the funds drawn for our completed developments is no longer capitalised.

We have a balanced approach to interest rate risk management. At 31 March 2022, the interest rate on our debt was fully hedged on a spot basis. Following the completion of the Paddington Central transaction, on average over the next five years we have interest rate hedging on 79% of our projected debt with 61% fixed (including swaps) and the balance capped. Our finance costs are affected by market rates which apply to debt which is either unhedged or where the cap strike rates are above the current rate. The strike rates are limiting the adverse impact of rising rates on our finance costs. The use of interest rate caps as part of our hedging means we do not incur mark to market costs on any repayment of debt which is capped, or on a floating rate, and the cost of this debt benefits while market rates are below the strike rate. Our weighted average interest rate remains low at 2.9% (March 2021: 2.9%).

During the year we completed the transition from LIBOR to SONIA as the reference rate for Sterling under all our debt and derivative agreements, in line with market practice.

2. IFRS profit after tax

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

The IFRS profit after tax for the year was £960m, compared with a loss after tax for the prior year of £1,083m. IFRS basic EPS was 103.3p per share, compared to (111.2)p per share in the prior year. The IFRS profit after tax for the year primarily reflects the upward valuation movement on the Group's properties of £471m, the capital and other income profit from joint ventures of £158m and the Underlying Profit of £251m. The Group valuation movement and capital and other income profit from joint ventures was driven principally by inward yield shift of 42bps and ERV decline of 1.2% in the portfolio resulting in a valuation increase of 6.8%.

The basic weighted average number of shares in issue during the year was 927m (2020/21: 927m).

3. Dividends

In October 2020, we announced our new dividend policy, setting the dividend as semi-annual and calculated at 80% of Underlying EPS based on the most recently completed six-month period. Applying this policy, the Board are proposing a final dividend for the year ended 31 March 2022 of 11.60p per share. Payment will be made on Friday 29 July 2022 to shareholders on the register at close of business on Friday 24 June 2022. The dividend will be a Property Income Distribution and no SCRIP alternative will be offered.

Balance sheet

As at March 21	Section	2022 £m	2021 £m
Property assets		**10,476**	9,140
Other non-current assets		**69**	51
		10,545	9,191
Other net current liabilities		**(316)**	(203)
Adjusted net debt	6	**(3,458)**	(2,938)
Other non-current liabilities		**–**	–
EPRA Net Tangible Assets		**6,771**	6,050
EPRA NTA per share	4	**727p**	648p
Non-controlling interests		**15**	59
Other EPRA adjustments[1]		**(53)**	(126)
IFRS net assets	5	**6,733**	5,983

Proportionally consolidated basis

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

4. EPRA Net Tangible Assets per share

	pence
EPRA NTA per share at 31 March 2021	**648**
Valuation performance	70
Underlying Profit	27
Dividend	(17)
Finance liability management & other	(1)
EPRA NTA per share at 31 March 2022	**727**

The 12.2% increase in EPRA NTA per share reflects a valuation increase of 6.8% compounded by the Group's gearing.

Campus valuations were up 5.4%, driven by our actions with strong leasing and development activity at Regent's Place and Broadgate in particular generating uplifts of 6.7% and 5.1% respectively. Yields moved in 11bps and ERVs were flat. Campus developments were up 11.7% reflecting a very strong performance at Canada Water of 18.3% which now reflects our new joint venture with AustralianSuper.

Valuations in Retail & Fulfilment were up 9.9% overall, with inward yield shift of 97bps and ERV decline of 2.8%. There is a significant variance at a sub-sector level, with Retail Park valuations showing a strong performance of 20.7%, driven by inward yield shift of 151 bps underpinned by strong investment market and improving occupational market given their relative affordability and compatibility with online retail. Shopping Centres valuations were down 6.1% in the year with ERVs down 5.2%; yields have moved outwards by 3bps in the year, although we saw mild yield compression in the second half.

5. IFRS net assets

IFRS net assets at 31 March 2022 were £6,733m, an increase of £750m from 31 March 2021. This was primarily due to IFRS profit after tax of £960m, offset by dividends paid in the year of £157m and the purchase of the remaining 21.9% units in the Hercules Unit Trust from non-controlling interests of £38m.

Cash flow, net debt and financing

6. Adjusted net debt[1]

	£m
Adjusted net debt at 31 March 2021	**(2,938)**
Disposals	486
Acquisitions	(730)
Development and capex	(327)
Net cash from operations	245
Dividend	(155)
Other	(39)
Adjusted net debt at 31 March 2022	**(3,458)**

1. Adjusted net debt is a proportionally consolidated measure. It represents the Group net debt as disclosed in Note 14 to the condensed financial statements and the Group's share of joint ventures' net debt excluding the mark-to-market on derivatives, related debt adjustments and non-controlling interests. A reconciliation between the Group net debt and adjusted net debt is included in Table A within the supplementary disclosures.

Acquisitions net of disposals increased debt by £244m whilst development spend totalled £266m with a further £61m on capital expenditure related to asset management on the standing portfolio. The value of recently completed and committed developments is £1,032m, with £648m costs to come. Speculative development exposure is 6.4% of ERV (includes space under offer). There are 1.9m sq ft of developments in our near term pipeline with anticipated cost of £963m.

7. Financing

	Group		Proportionally consolidated	
	2022	2021	**2022**	2021
Net debt / adjusted net debt[1]	**£2,541m**	£2,249m	**£3,458m**	£2,938m
Principal amount of gross debt	**£2,562m**	£2,291m	**£3,648m**	£3,183m
Loan to value	**26.2%**	25.1%	**32.9%**	32.0%
Weighted average interest rate	**2.4%**	2.2%	**2.9%**	2.9%
Interest cover	**5.6**	4.3	**3.5**	3.0
Weighted average maturity of drawn debt	**6.6 years**	7.0 years	**6.9 years**	7.6 years

1. Group data as presented in Note 14 of the condensed financial statements. The proportionally consolidated figures include the Group's share of joint ventures' net debt and exclude the mark-to-market on derivatives and related debt adjustments and non-controlling interests.

At 31 March 2022, our proportionally consolidated LTV was 32.9%, up from 32.0% at 31 March 2021. The impact of positive valuation movements decreased LTV by 210 bps. This was offset by acquisitions net of disposals which added 150bps, as well as development spend which added 200 bps. In April 2022, we exchanged on the sale of a 75% interest in the majority of our assets in Paddington Central to GIC; following its completion LTV falls to 28.4% on pro forma basis. Note 14 of the condensed financial statements sets out the calculation of the Group and proportionally consolidated LTV.

In June 2021 we completed the refinance of 100 Liverpool Street with the Broadgate joint venture raising a new £420m 5 year 'Green Loan' secured by the property at an initial LTV of c.50%. As part of the refinance, this BREEAM Outstanding and net zero carbon development was released from the Broadgate securitisation alongside the redemption of £107m of bonds. The new financing was voted Financing Deal of the Year: UK by Real Estate Capital Europe for 2021.

In September our £138m US Private Placement matured and was repaid as planned, using committed bank facilities.

In February , we extended our £450m ESG-linked Revolving Credit Facility by a further year to 2027, with the agreement of all eight banks in that facility.

In March, we signed a new £100m ESG-linked bilateral Revolving Credit Facility with an initial five year term, which may be extended up to seven years at British Land's request, subject to the bank's consent. In keeping with our sustainability strategy, the facility includes two ESG-related KPIs focused on the BREEAM ratings of our developments and assets under management (aligned with the KPIs in the £450m RCF). This brings our total Green / ESG-linked finance to £1bn.

As a result of this financing activity, at 31 March 2022, we had £1.3bn of undrawn facilities and cash. Based on our current commitments and available facilities and following the completion of the Paddington sale, the Group has no requirement to refinance until late 2025.

Our debt and interest rate management approach has enabled us to maintain a low weighted average interest rate of 2.9%.

Fitch Ratings, as part of their annual review in August 2021 affirmed all our credit ratings, with a Stable Outlook; senior unsecured credit rating 'A', long term IDR 'A-' and short term IDR 'F1'.

Our strong balance sheet enables us to deliver on our strategy.

Bhavesh Mistry
Chief Financial Officer

About British Land

Our portfolio of high quality UK commercial property is focused on London Campuses and Retail & Fulfilment assets throughout the UK. We own or manage a portfolio valued at £14.3bn (British Land share: £10.5bn) as at 31 March 2022 making us one of Europe's largest listed real estate investment companies.

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

Our three Campuses at Broadgate, Paddington Central and Regent's Place are dynamic neighbourhoods, attracting growth customers and sectors, and offering some of the best connected, highest quality and most sustainable space in London. We are delivering our fourth Campus at Canada Water, where we have planning consent to deliver 5m sq ft of residential, commercial, retail and community space over 53 acres. Our Campuses account for 67% of our portfolio.

Retail & Fulfilment accounts for 33% of the portfolio and is focused on retail parks which are aligned to the growth of convenience, online and last mile fulfilment. We are complementing this with urban logistics primarily in London, focused on development-led opportunities.

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

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

Risk management and principal risks

Risk Management

We maintain a comprehensive risk management process which serves to identify, assess and respond to the range of financial and non-financial risks facing our business, including those risks that could threaten solvency and liquidity, as well as identifying emerging risks. Our approach is not intended to eliminate risk entirely, but instead to manage our risk exposures across the business, whilst at the same time making the most of our opportunities. Our approach to risk management is centred on being risk-aware, clearly defining our risk appetite, responding to changes to our risk profile quickly and having a strong risk management culture among employees with clear roles and accountability. Our organisational structure ensures close involvement of senior management in all significant decisions as well as in-house management of our development, asset and property management activities.

The volatile and uncertain environment created by the Covid-19 pandemic, coupled with a backdrop of increasing geopolitical and macroeconomic uncertainty, has, and continues to present an uncertain general risk environment for our business to navigate, affecting our entire risk landscape. Looking forward, whilst the removal of all Covid-19 restrictions in England from April 2022 following the successful vaccination programme reduces the risks relating to Covid-19, it is likely that Covid-19 will still be prevalent in society and the risk of further Covid-19 variants, and whether current vaccines will deal with them effectively or not, remains. There are also wider concerns that we are potentially entering an extended period of global volatility with several increasing macroeconomic headwinds including energy price volatility, supply chain disruption and material and labour shortages. These are all increasing inflationary pressures, and are being compounded by the war in Ukraine, and may give rise to further interest rate rises and in turn serve to dampen UK economic growth. Whilst these headwinds continue to evolve, we have set out in our principal risks table below the key potential impacts on our business and how we plan to mitigate these.

Risk management, and the Group's continued ability to be flexible to adjust and respond to these external risks as they evolve, will be fundamental to the future performance of our business. The challenges of the last two years have demonstrated the resilience of our business model, and our robust risk management approach, to protect our business through this period of uncertainty and adapt to a rapidly changing environment.

The Board confirms that 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, was carried out during the year taking into account the evolving Covid-19 risk and the macroeconomic and geopolitical environment. Following a thorough review exercise involving the Risk and Audit Committees, we have also refreshed our principal risks to take into account how our strategy and markets are evolving, together with combining several interrelated risks. We have also added one new principal risk category being 'Operational and Compliance risks' reflecting the significance of several key operational risks to our business involving information systems and cyber security, health and safety, third party relationships and financial crime compliance.

Our current assessment is that the general external environment in which the Group operates remains uncertain, albeit several risks to our business have reduced from their elevated position last year reflecting the lessened impact of Covid-19; being (i) political, legal and regulatory risks; (ii) property market outlook risk for our Campuses; (iii) major events/business disruption risks and (iv} our customer risks. At the same time, our (i) environmental sustainability and (ii) people and culture risks have increased slightly as detailed below.

Our principal external and internal risks are summarised below, including an assessment of how the risks have changed in the year. As usual, a more comprehensive explanation of the Group's approach to risk management will be included in the 2022 Annual Report.

External Principal Risks

Risks and impacts	How we monitor and mitigate the risks		Change in risk assessment in year
1 Macroeconomic Risks			
The UK economic climate and changes to fiscal and monetary policy presents risks and opportunities in property and financing markets and to the businesses of our customers which can impact both the delivery of our strategy and our financial performance.	– The Board, Executive Committee and Risk Committee regularly assess the Company's strategy in the context of the wider macroeconomic environment in which we operate to assess whether changes to the economic outlook justify a reassessment of our strategic priorities, our capital allocation plan and the risk appetite of the business. – Our strategy team prepare a quarterly dashboard for the Board, Executive and Risk Committees which tracks key macroeconomic indicators both from internal and independent external sources (see KRIs), as well as central bank guidance and government policy. – Regular stress testing our business plan against a downturn in economic outlook to ensure our financial position is sufficiently flexible and resilient. – Our business model focuses on a high quality portfolio aligned to key trends in our markets and active capital recycling to maintain a strong financial position, which helps to protect us against adverse changes in economic conditions. KRIs: – Forecast GDP growth, inflation/deflation and interest rate forecasts – Consumer confidence and unemployment rates – Stress testing for downside scenarios to assess the impact of differing market conditions	←→	**Macroeconomic risk has remained consistent during the year and is considered a high impact risk with a medium to high probability.** The UK economy strengthened significantly in the period following the reopening of the economy with consumer confidence improving over the summer, however, rising fuel and food prices have affected confidence more recently and there are concerns that economic momentum slows. The current economic backdrop remains uncertain reflecting the on-going Covid-19 risk and several macroeconomic headwinds, including inflationary pressures, which have been compounded by the war in Ukraine, with potential subsequent impacts on interest rates, rental income, construction costs and property valuations. **Opportunity** The strength of our balance sheet, quality of our assets and experienced Board and management team put us in a strong position to help us to navigate through these near term challenges and take advantage of opportunities as they rise, including continuing to invest in growth sectors and our development pipeline.

Risks and impacts	How we monitor and mitigate the risks		Change in risk assessment in year
2 Political, Legal, and Regulatory Risks			
Significant political events and regulatory changes, including the impact of Government policy response to the pandemic, bring risks principally in four areas: – Reluctance of investors and businesses to make investment and occupational decisions whilst the outcome remains uncertain – The impact on the case for investment in the UK, and on specific policies and regulation introduced, particularly those which directly impact real estate or our customers – The potential for a change of leadership or political direction – The impact on the businesses of our occupiers as well as our own business	– Whilst we cannot influence the outcome of significant political events, the risks are taken into account when setting our business strategy and when making strategic investment and financing decisions. – Internally we review and monitor proposals and emerging policy and legislation to ensure that we take the necessary steps to ensure compliance, if applicable. Additionally, we engage public affairs consultants to ensure that we are properly briefed on the potential policy and regulatory implications of political events. – Where appropriate, we act with other industry participants and representative bodies to contribute to policy and regulatory debate. We monitor and respond to social and political reputational challenges relevant to the industry and apply our own evidence-based research to engage in thought leadership discussions. **KRIs:** – Monitor changes within the geopolitical environment, UK policies, laws or regulations	↓	The political, legal and regulatory risk outlook has reduced over the year with Covid-19 related political uncertainty eased, but still remains elevated with both a medium to high impact and probability. Following the successful vaccination programme, political uncertainty due to the national and global response to Covid-19 has lessened, though risks in response to the economic impact of the Covid-19 pandemic remain, including potential tax rises for businesses. The rent moratorium recently came to an end, with the UK Government introducing a binding arbitration scheme for certain arrears built up during lockdown periods. The global geopolitical environment remains uncertain, heightened by the recent war in Ukraine, with potential impacts on security, cyber risks, sanctions compliance, supply chains and reputational risks. **Opportunity** We continue to closely monitor the political outlook and any potential changes in regulations to ensure changes which may impact the Group, or our customers, are identified and addressed appropriately. We work closely with Government, directly and through our membership of key property industry bodies, to input into regulation as draft proposals are announced. Through this proactive approach, we view the right kind of regulation and legislation as an opportunity for our business to outperform.

Risks and impacts	How we monitor and mitigate the risks	Change in risk assessment in year

3 Property Market Risks

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

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

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

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

↓ Campuses

Our Campus property market risk outlook has reduced in the year and is considered a medium impact risk with a medium probability.

As the economy strengthened over the last year, both investment and occupier markets have improved for London offices, with investment activity particularly driving yield compression. Take up has been mixed and polarised towards best in class space. Availability across the market remains above the long term average but has moderated; and is skewed towards second hand, poorer quality space.

Structural risks remain from increased working from home, accelerated by the impact of Covid-19, enabling some businesses to reassess their real estate options.

Opportunity
Our Campus model is centred on providing well connected, high quality and sustainable buildings with attractive amenity which aligns to our customers' needs and expectations and is an important differentiator of our space. We have been encouraged by the strength of our leasing activity across our Campuses this year.

←→ Retail

Our Retail property market risk outlook has remained consistent and is considered a medium impact risk with a high probability.

The occupational market for retail has endured a challenging few years reflecting the structural shift to online which has accelerated through Covid-19. Retailers' profitability is continuing to be put under pressure due to increased costs, such as rising input costs, wages, business rates and the erosion of margins from online competition. Shopping Centres have been impacted more severely by this, whereas retail parks, which are more affordable and resilient to online, have fared better.

As in the occupational market, investment activity has been skewed towards retail parks reflecting lower occupancy costs for retailers and the important role retail parks can play in online fulfilment; and as a result, yields have moved in. The investment market for shopping centres has continued to be weak, although there are signs of renewed investor interest.

Opportunity
Our Retail portfolio focuses on retail parks aligned to the growth of convenience and supports retailers omnichannel strategy. Despite the challenges in retail, this has been a strong year for our leasing activity and retailers continue to recognise we offer some of the best quality space in the UK. We are focused on maintaining high occupancy, accepting appropriate rents which are more sustainable in the long term.

Risks and impacts	How we monitor and mitigate the risks		Change in risk assessment in year
3 Property Market Risks continued			
		Δ	**Urban Logistics** The urban logistics property market risk outlook has been added as one of our key sectors and is considered a medium impact risk with a low probability. Both the occupational and investment market outlook remain favourable underpinned by structural changes in e-commerce. Supply of the right kind of space remains highly constrained and demand is strong, driving rental growth. **Opportunity** Our Urban Logistics portfolio is focused on a development-led pipeline through the intensification and repurposing of existing buildings in London.

Risks and impacts	How we monitor and mitigate the risks		Change in risk assessment in year

4 Major Events/Business Disruption Risks

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

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

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

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

KRIs:

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

↓ **Our major events/business disruption risk outlook has reduced over the year as Covid-19 related disruption to our business has eased following the full opening of our assets and the return to the office of our people, but this remains a medium to high impact risk with a medium probability.**

This risk was increased last year as the Group's operations were severely impacted by the Covid-19 pandemic. Our core crisis management team, overseen by the Executive Committee, co-ordinated the Group's operational response to the pandemic, and the resilience of our business model, has enabled us to weather the impact since its onset. We remain mindful of the risks posed by any further Covid-19 variants, and whether current vaccines will deal with them effectively.

We are also aware of the increase in global uncertainty, heightened by the war in the Ukraine. Specifically, terrorism remains a threat, as is the risk of cyber security breaches. Our crisis management team carry out event simulations to test our processes and procedures in response to major incidents. We also undertake regular cyber security training and testing.

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

Internal Principal Risks

Risks and impacts	How we monitor and mitigate the risks		Change in risk assessment in year
5 Portfolio Strategy Risks			
The Group's income and capital performance could underperform in absolute or relative terms as a result of an inappropriate portfolio strategy and subsequent execution. This could result from: – incorrect sector selection and weighting – poor timing of investment and divestment decisions – inappropriate exposure to developments – wrong mix of assets, occupiers and region concentration – overpaying for assets through inadequate due diligence or price competition – inappropriate co-investment arrangements	– The Board carries out an annual review of the overall corporate strategy including the current and prospective portfolio strategy so as to meet the Group's overall objectives – Our portfolio strategy is determined to be consistent with our target risk appetite and is based on the evaluation of the external environment – Progress against the strategy and continuing alignment with our risk appetite is discussed regularly by both the Executive and Risk Committees with reference to the property markets and the external economic environment – Individual investment decisions are subject to robust risk evaluation overseen by our Investment Committee including consideration of returns relative to risk adjusted hurdle rates. – Review of prospective performance of individual assets and their business plans – We foster collaborative relationships with our co-investors and enter into ownership agreements which balance the interests of the parties **KRIs:** – Execution of targeted acquisitions and disposals in line with capital allocation plan (overseen by the Investment Committee) – Annual IRR process which forecasts prospective returns of each asset – Portfolio liquidity including percentage of our portfolio in joint ventures and funds	←→	**Our portfolio strategy risk has remained the same and is considered a medium impact risk with a medium probability.** During the year, external impacts discussed in the macroeconomic and property market outlook risks have influenced our portfolio strategy and performance. Whilst investment markets are increasingly competitive in certain subsectors, we continue to actively crystalise value from mature and off strategy assets into value accretive acquisitions and development opportunities. **Opportunity** Our portfolio strategy to actively focus our capital on our competitive strengths in development, active asset management and repositioning of assets is a key opportunity. We remain active in the investment market and continue to take advantage of value opportunities and good market pricing of our assets, where available. This year has marked the return to growth for both our Campuses and Retail & Fulfilment portfolios.

Risks and impacts	How we monitor and mitigate the risks	Change in risk assessment in year

6 Development Risks

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

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

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

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

KRIs:

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

←→ **Our development risk has remained the same and is considered a medium impact risk with a medium probability.**

We are on site with 1.7m sq ft of developments, with new commitments including Phase 1 of Canada Water and Phase 2 at Aldgate Place. Our development exposure remains well within our internal risk parameters of 12.5%; and our total development exposure is 6.2% of portfolio gross asset value with speculative exposure of 6.4% (which is based on ERV and includes space under offer).

During the year, we saw significant inflationary increases in the construction supply chain for certain materials and labour, which have been further compounded by the war in Ukraine. Our inflation forecast (based on tender price inflation) has increased to around 8-10% in 2022 and around 4-5% for 2023 and 2024 based on an expectation of ongoing wage pressures for construction workers and raw materials prices remaining elevated. This is frequently under review to ensure our contingencies and cost plans are robust to deal with the market fluctuations. Having maintained momentum on our development programme throughout the pandemic we have been able to place contracts competitively and 91% of costs are fixed on committed developments.

Opportunity

Progressing value accretive development is one of our key priorities for our business and is a fundamental driver of value. The strength of our balance sheet, our relationships with our contractors and the experience of our management team means we are well positioned to progress our development pipeline, whilst mitigating the risk through a combination of timing, pre-lets, fixing costs and use of joint ventures.

We will continue to actively monitor the inflationary price increases or any potential delays in the construction supply chain and work with our contractors to manage such issues. We will also review the impact on development returns prior to committing to future developments to ensure we meet our detailed pre-set criteria subject to approval by the Investment Committee.

Risks and impacts	How we monitor and mitigate the risks	Change in risk assessment in year

7 Financing Risks

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

Financing risks include:

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

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

KRIs:

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

←→ **Our financing risks overall have remained consistent and are considered medium impact with a low to medium probability.**

The current uncertain environment reinforces the importance of a strong balance sheet. We have continued to closely manage our LTV which has increased moderately to 32.9% as a result of investment in growth sectors and Campus development, offset by sales and valuation increases. However, following the Paddington Central transaction post year end our LTV falls to 28.4% on a proforma basis.

We have retained significant headroom to our Group covenants, which could withstand a fall in asset values across the portfolio of 49%, prior to taking any mitigating actions.

Market interest rates have risen from very low levels and further rises are anticipated. In line with our interest rate management policy, we have hedging on 79% of our projected debt on average over the next five years.

Our strong senior unsecured rating 'A', long-term IDR credit rating 'A-' and short-term IDR credit rating 'F1' were all affirmed by Fitch during the year, with a stable outlook.

During the year we have signed a new £100m ESG-linked revolving credit facility with an initial 5 year term, extended our £450m ESG-linked revolving credit facility to 2027, and raised a new £420m 'Green loan' for the Broadgate joint venture, secured on 100 Liverpool Street.

We expect to continue to be able to access funds from a range of sources in the debt capital markets, as required by the business, for unsecured and secured debt.

Opportunity

The scale and quality of our business enables us to access a diverse range of sources of finance with a spread of repayment dates. Good access to debt capital markets allows us to support business requirements and take advantage of opportunities as they arise. At 31st March 2022, we have £1.3bn of undrawn, committed, unsecured revolving facilities and cash; and post completion of the Paddington Central transaction we have no requirement to refinance until late 2025.

Risks and impacts	How we monitor and mitigate the risks	Change in risk assessment in year

8 Environmental Sustainability Risks

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

This risk category includes the:

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

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

KRIs:

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

↑ **Our environmental sustainability risk outlook has increased in the year and is considered a medium impact risk with a medium probability.**

Overall, the environmental sustainability risk outlook continues to increase in prominence and importance to our business, our customers and other key stakeholders. Also, regulatory requirements and expectations of compliance with best practice have increased and continue to evolve.

During the year, we have worked closely with Willis Towers Watson to quantify the key physical and transition risks that climate change poses to our business and this is informing our long term strategy. The most material issues include: flood risk vulnerability; the increasing price of carbon offsets; and the costs of complying with minimum EPC standards.

We are continuing to improve the energy efficiency of our standing portfolio and have completed net zero audits of 29 of our major office and retail assets, identifying energy efficient interventions and action plans. Alongside this process, we are identifying interventions which improve EPC rating of buildings rated C and below to comply with MEES (Minimum Energy Efficiency Standard) legislation, which is expected to require buildings to be A or B rated (or valid exemptions registered) by 2030.

Opportunity

We have a clear responsibility but also opportunity to manage our business in the most environmentally responsible and sustainable way we can. This is integral to our strategy; it creates value for our business and drives positive outcomes for our stakeholders.

We have made good progress on our 2030 commitments which include ambitious targets to be net zero carbon by 2030 and a focus on environmental leadership. We were pleased to retain our 5 star rating in GRESB, the global benchmark for real estate, achieving 5 stars for both Standing Investments and Developments for the second year running.

Risks and impacts	How we monitor and mitigate the risks		Change in risk assessment in year
9 People and Culture Risks			
Inability to recruit, develop and retain staff and Directors with the right skills and experience required to achieve the business objectives in a culture and environment where employees can thrive, may result in significant underperformance or impact the effectiveness of operations and decision making, in turn impacting business performance.	– Our HR strategy is designed to minimise risk through: – informed and skilled recruitment processes – talent performance management and succession planning for key roles – highly competitive compensation and benefits – people development and training – our flexible working policy helps retain employees while promoting work-life balance and helping to improve productivity This risk is measured through employee engagement surveys, wellbeing surveys, employee turnover, exit surveys and retention metrics. We engage with our employees and suppliers to make clear our requirements in managing key risks including health and safety, fraud and bribery, modern slavery and other social and environmental risks, as detailed in our policies and codes of conduct. **KRIs:** – Voluntary staff turnover – Employee engagement and wellbeing – Diversity and inclusion	↑	**Our people and culture risk has increased in the year and is considered a medium impact risk with a medium to high probability.** This risk has increased in the year reflecting the challenging operating environment caused by Covid-19, together with general rising wage expectations and a recent increase in employee mobility. Following the easing of lockdown restrictions, we have successfully transitioned our people back to the office, whilst supporting individuals with more flexible working arrangements. We have focused on staff wellbeing and have actively sought feedback from staff through pulse surveys and taken several steps as a result to promote wellbeing. We are committed to improving the diversity, equality and inclusivity (DE&I) of our business and in November 2021, the CSR Committee approved our DE&I strategy which sets out our 2030 ambitions for the business. **Opportunity** We have a broad range of expertise across our business which is critical to the successful delivery of our strategy. Our staff turnover remains relatively low. We will assess our employee proposition to ensure it still delivers what people most value in a changing labour market. We have an opportunity to enhance our good employer brand, but will continue to keep this under review, and will actively monitor and promote wellbeing.

Risks and impacts	How we monitor and mitigate the risks	Change in risk assessment in year
10 Customer Risks		
The majority of the Group's income is comprised of rent received from our customers. This could be adversely affected by non-payment of rent; occupier failures; inability to anticipate evolving customer needs; inability to re-let space on equivalent terms; poor customer service as well as potential structural changes to lease obligations.	– We have a high quality, diversified customer base and monitor individual 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 Risk Committee and property teams. – We work with our customers to find ways to best meet their evolving needs. – We take a proactive asset management approach to maintain a strong occupier line-up. We are proactive in addressing key lease breaks and expiries to minimise periods of vacancy – We regularly measure customer satisfaction across our customer base through customer surveys. **KRIs:** – Market letting risk including vacancies, upcoming expiries and breaks, and speculative development – Occupier covenant strength and concentration (including percentage of rent classified as 'High Risk') – Occupancy and weighted average unexpired lease term	↓ **Our customer risk has reduced from its elevated position last year but is still considered both a medium to high impact and probability risk.** Our customer risk was heightened at last year end as most of our customers were unable to operate their businesses due to Covid-19 related restrictions, impacting their ability to pay rent. Whilst our performance continued to be impacted, our rent collection has recovered to close to pre-pandemic levels as the UK economy recovered across the year. We have continued to work closely with our customers to maximise occupancy and rent collection whilst monitoring their covenant strength and taking actions appropriately. This is reflected in our rent collection which is 97% for the year. As our markets have continued to polarise, customers demand more from the places where they work and shop. We are well positioned across both our Campuses and Retail & Fulfillment portfolios where we focus on providing best-in-class-space; and this has been evidenced by our strong leasing activity. Looking forward, we are mindful that higher input prices may impact the profitability of our customers, particularly on the retail side. **Opportunity** Successful customer relationships are vital to our business and continued growth. Our business model is centred around our customers and aims to provides them with modern and sustainable space which aligns to their evolving needs and that of our markets.

Risks and impacts	How we monitor and mitigate the risks		Change in risk assessment in year
11 Operational and Compliance Risks			
The Group's ability to protect its reputation, income and capital values could be damaged by a failure to manage several key operational risks to our business including: – Information Systems & Cyber Security – Health & Safety – Third Party relationships – Financial crime compliance Compliance failures such as breaches in regulations, third party agreements, loan agreements or tax legislation could also damage reputation and our financial performance.	– The Executive and Risk Committees maintain a strong focus on the range of operational and compliance risks to our business. **Information Systems and Cyber Security** – The InfoSec Steering Committee chaired by the Head of Strategy, Digital and Technology, oversees our IT infrastructure, cyber security and key IT controls and reports to the Risk Committee and Audit Committee. – Cyber security risk is managed using a recognised security framework, supported by best practice security tools across our technology infrastructure, IT security policies, third party risk assessments and mandatory user cyber awareness training **Health & Safety** – The Health, Safety and Environment Committee is chaired by the Head of Property Services and governs the Health & Safety management systems, processes and performance in terms of KPIs and reports to the Risk, Audit and CSR Committees – All our properties have general and fire risk assessments undertaken annually and any required improvements are implemented within defined time frames depending on the category of risk – All our employees must attend H&S training relevant to their roles **Third Party Relationships** – We have a robust selection process for our key partners and suppliers; and contracts contain service level agreements which are monitored regularly. – We maintain a portfolio of approved suppliers to ensure resilience within our supply chain. **Financial Crime Compliance** – We operate a zero tolerance approach for bribery, corruption and fraud and have policies in place to manage and monitor these risks. – All employees must undertake mandatory training in these areas. **KRIs** – Information Systems Vulnerability Score – Cyber Security Breaches – H&S Risk Assessments – H&S Incidents	Δ	**Our Operational and Compliance risks have been elevated to a new principal risk which is considered a medium impact risk with a medium probability. Key risks include Information Systems & Cyber Security, Health & Safety, Third Party Relationships and Financial Crime Compliance.** The wider use of digital technology across the Group increases the risks associated with information systems and cyber security such as ransomware, phishing, malware and social engineering. In the wider market, cyber risks continue to be heightened due to the rise in attempted cyber attacks, in some cases exploiting changes in working patterns due to Covid-19. During the year, our Health & Safety team have continued to prioritise the safety of our people whilst working away from the office at times as well as the management of our assets and developments to ensure the business is operating in a safe and compliant manner. We continue to closely monitor the regulatory environment and respond to any new requirements, for instance fire safety improvements, to ensure compliance. The Group provides third party services to a number of key joint venture partners, the number of which has expanded in the year, and ensuring that the provision of those services is at an appropriate level continues to be a key focus for the business. **Opportunity** Our business is set up to navigate and deal with complexity. Our ability to manage and operate large complex property portfolios and developments is a key differentiator and allows us to work with selected joint venture partners who value our expertise. We will continue to invest in and develop our platform to deliver these services.

Key: Change in risk assessment from last year

↑ Increase ←→ No change ↓ Decrease Δ New risk

Directors' Responsibilities Statement

The Directors' Responsibilities Statement below has been prepared in connection with the full Annual Report and financial statements for the year ended 31 March 2022. Certain parts of the Annual Report and financial statements have not been included in this announcement as set out in Note 1 to the condensed financial information.

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with UK-adopted international accounting standards and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the 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 Corporate Governance report, confirms that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards and IFRSs issued by IASB, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the company and profit of the Company; and
- the Annual Report and Accounts includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

By order of the Board.

Bhavesh Mistry
Chief Financial Officer

17 May 2022

Consolidated Income Statement

For the year ended 31 March 2022

	Note	2022 Underlying[1] £m	2022 Capital and other £m	2022 Total £m	2021 Underlying[1] £m	2021 Capital and other £m	2021 Total £m
Revenue	3	**430**	**(20)**	**410**	468	–	468
Costs[2]	3	**(120)**	**(9)**	**(129)**	(180)	–	(180)
	3	**310**	**(29)**	**281**	288	–	288
Joint ventures (see also below)[3]	8	**86**	**158**	**244**	52	(409)	(357)
Administrative expenses		**(88)**	**–**	**(88)**	(74)	–	(74)
Valuation movement	4	**–**	**471**	**471**	–	(888)	(888)
Profit on disposal of investment properties and investments		**–**	**45**	**45**	–	28	28
Net financing costs							
financing income	5	**–**	**67**	**67**	–	15	15
financing charges	5	**(55)**	**(7)**	**(62)**	(62)	(3)	(65)
		(55)	**60**	**5**	(62)	12	(50)
Profit (loss) on ordinary activities before taxation		**253**	**705**	**958**	204	(1,257)	(1,053)
Taxation	6	**4**	**(2)**	**2**	(26)	(4)	(30)
Profit (loss) for the year after taxation		**257**	**703**	**960**	178	(1,261)	(1,083)
Attributable to non-controlling interests		**2**	**–**	**2**	3	(55)	(52)
Attributable to shareholders of the Company		**255**	**703**	**958**	175	(1,206)	(1,031)
Earnings per share:							
basic	2			**103.3p**			(111.2)p
diluted	2			**103.0p**			(111.2)p

All results derive from continuing operations.

	Note	2022 Underlying[1] £m	2022 Capital and other £m	2022 Total £m	2021 Underlying[1] £m	2021 Capital and other £m	2021 Total £m
Results of joint ventures accounted for using the equity method							
Underlying Profit		**86**	**–**	**86**	52	–	52
Valuation movement[4]	4	**–**	**162**	**162**	–	(409)	(409)
Capital financing costs		**–**	**(4)**	**(4)**	–	–	–
Loss on disposal of investment properties, trading properties and investments		**–**	**–**	**–**	–	(1)	(1)
Taxation	6	**–**	**–**	**–**	–	1	1
	8	**86**	**158**	**244**	52	(409)	(357)

1. See definition in Note 2 and a reconciliation between Underlying Profit and IFRS profit in Note 17.
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 £6m (2020/21: charge of £60m). This is disclosed in further detail in Note 7 and Note 10.
3. Included within 'Joint ventures' is a charge relating to provision for impairment of equity investments and loans to joint ventures of £22m (2020/21: £144m), disclosed in further detail in Note 8.
4. Included within the 'Valuation movement' of £162m is a net valuation movement of £110m and the realisation of gain on disposal of assets into joint ventures of £52m, disclosed in further detail in Note 8.

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2022

	2022 £m	2021 £m
Profit (loss) for the year after taxation	**960**	(1,083)
Other comprehensive income (expense):		
Items that will not be reclassified subsequently to profit or loss:		
Net actuarial loss on pension scheme	**–**	(13)
Valuation movement on owner-occupied properties	**–**	(1)
	–	(14)
Items that may be reclassified subsequently to profit or loss:		
Gains on cash flow hedges		
– Group	**–**	2
– Joint ventures	**1**	1
	1	3
Reclassification of foreign exchange differences on disposal of subsidiary net investment to the income statement	**(12)**	–
Deferred tax on items of other comprehensive income	**–**	6
Other comprehensive expense for the year	**(11)**	(5)
Total comprehensive income (expense) for the year	**949**	(1,088)
Attributable to non-controlling interests	**2**	(52)
Attributable to shareholders of the Company	**947**	(1,036)

Consolidated Balance Sheet

As at 31 March 2022

	Note	2022 £m	2021 £m
ASSETS			
Non-current assets			
Investment and development properties	7	**7,032**	6,326
Owner-occupied properties	7	**–**	2
		7,032	6,328
Other non-current assets			
Investments in joint ventures	8	**2,511**	2,120
Other investments	9	**41**	20
Property, plant and equipment		**27**	30
Interest rate and currency derivative assets	14	**97**	135
Debtors		**–**	6
		9,708	8,639
Current assets			
Trading properties	7	**18**	26
Debtors	10	**39**	56
Corporation tax		**3**	–
Cash and short term deposits	14	**74**	154
		134	236
Total assets		**9,842**	8,875
LIABILITIES			
Current liabilities			
Short term borrowings and overdrafts	14	**(189)**	(161)
Creditors	11	**(245)**	(219)
Corporation tax		**–**	(7)
		(434)	(387)
Non-current liabilities			
Debentures and loans	14	**(2,427)**	(2,249)
Other non-current liabilities[1]	12	**(152)**	(128)
Interest rate and currency derivative liabilities	14	**(96)**	(128)
		(2,675)	(2,505)
Total liabilities		**(3,109)**	(2,892)
Net assets		**6,733**	5,983
EQUITY			
Share capital		**234**	234
Share premium		**1,307**	1,307
Merger reserve		**213**	213
Other reserves		**5**	16
Retained earnings		**4,959**	4,154
Equity attributable to shareholders of the Company		**6,718**	5,924
Non-controlling interests		**15**	59
Total equity		**6,733**	5,983

EPRA Net Tangible Assets per share[2]	2	**727p**	648p

1. See footnote 1 in Note 3.
2. See definition in Note 2.

Consolidated Statement of Cash Flows

For the year ended 31 March 2022

	Note	2022 £m	2021 £m
Rental income received from tenants		**358**	320
Fees and other income received		**30**	38
Operating expenses paid to suppliers and employees		**(140)**	(125)
Indirect taxes paid in respect of operating activities		**–**	(15)
Sale of trading properties		**8**	–
Cash generated from operations		**256**	218
Interest paid		**(62)**	(70)
Corporation taxation payments		**(6)**	(33)
Distributions and other receivables from joint ventures	8	**57**	34
Net cash inflow from operating activities		**245**	149
Cash flows from investing activities			
Development and other capital expenditure		**(259)**	(172)
Purchase of investment properties		**(596)**	(52)
Sale of investment properties		**187**	1,073
Sale of investment properties to Canada Water Joint Venture		**290**	–
Purchase of investments		**(14)**	(5)
Sale of investments		**–**	108
Indirect taxes paid in respect of investing activities		**(5)**	(2)
Loan repayments from joint ventures		**133**	40
Investment in and loans to joint ventures		**(121)**	(84)
Capital distributions from joint ventures		**–**	4
Net cash (outflow) inflow from investing activities		**(385)**	910
Cash flows from financing activities			
Dividends paid	15	**(155)**	(76)
Dividends paid to non-controlling interests		**(6)**	(1)
Capital payments in respect of interest rate derivatives		**(7)**	(10)
Purchase of non-controlling interests in Hercules Unit Trust		**(38)**	–
Decrease in lease liabilities		**(4)**	(7)
Decrease in bank and other borrowings		**(213)**	(1,218)
Drawdowns on bank and other borrowings		**483**	214
Net cash inflow (outflow) from financing activities		**60**	(1,098)
Net decrease in cash and cash equivalents		**(80)**	(39)
Cash and cash equivalents at 1 April		**154**	193
Cash and cash equivalents at 31 March		**74**	154
Cash and cash equivalents consists of:			
Cash and short term deposits	14	**74**	154

Consolidated Statement of Changes in Equity

For the year ended 31 March 2022

	Share capital £m	Share premium £m	Hedging and translation reserve[1] £m	Re-valuation reserve £m	Merger reserve £m	Retained earnings £m	**Total £m**	Non-controlling interests £m	**Total equity £m**
Balance at 1 April 2021	**234**	**1,307**	**14**	**2**	**213**	**4,154**	**5,924**	**59**	**5,983**
Profit for the year after taxation	–	–	–	–	–	958	958	2	960
Gains on cash flow hedges – joint ventures	–	–	–	1	–	–	1	–	1
Reclassification of foreign exchange differences on disposal of subsidiary net investment	–	–	(12)	–	–	–	(12)	–	(12)
Other comprehensive income	–	–	(12)	1	–	–	(11)	–	(11)
Total comprehensive (expense) income for the year	–	–	(12)	1	–	958	947	2	949
Fair value of share and share option awards	–	–	–	–	–	2	2	–	2
Purchase of the units from non-controlling interests[2]	–	–	–	–	–	2	2	(40)	(38)
Dividends payable in year (16.96p per share)	–	–	–	–	–	(157)	(157)	–	(157)
Dividends payable by subsidiaries	–	–	–	–	–	–	–	(6)	(6)
Balance at 31 March 2022	**234**	**1,307**	**2**	**3**	**213**	**4,959**	**6,718**	**15**	**6,733**
Balance at 1 April 2020	234	1,307	12	26	213	5,243	7,035	112	7,147
Loss for the year after taxation	–	–	–	–	–	(1,031)	(1,031)	(52)	(1,083)
Revaluation of owner-occupied property	–	–	–	(1)	–	–	(1)	–	(1)
Gains on cash flow hedges – Group	–	–	2	–	–	–	2	–	2
Gains on cash flow hedges – joint ventures	–	–	–	1	–	–	1	–	1
Reserves transfer on disposal of owner-occupied property	–	–	–	(30)	–	30	–	–	–
Net actuarial loss on pension scheme	–	–	–	–	–	(13)	(13)	–	(13)
Deferred tax on items of other comprehensive income	–	–	–	6	–	–	6	–	6
Other comprehensive income	–	–	2	(24)	–	17	(5)	–	(5)
Total comprehensive income (expense) for the year	–	–	2	(24)	–	(1,014)	(1,036)	(52)	(1,088)
Fair value of share and share option awards	–	–	–	–	–	3	3	–	3
Dividends payable in year (8.40p per share)	–	–	–	–	–	(78)	(78)	–	(78)
Dividends payable by subsidiaries	–	–	–	–	–	–	–	(1)	(1)
Balance at 31 March 2021	234	1,307	14	2	213	4,154	5,924	59	5,983

1. The balance at the beginning of the current year includes £15m in relation to translation and (£1m) in relation to hedging (2020/21: £15m and (£3m)). Opening and closing balances in relation to hedging relate to continuing hedges only.
2. On 5 July 2021, the Group completed the acquisition of the remaining 21.9% units of Hercules Unit Trust that the Group did not already own for a consideration of £38m. Whilst the transaction was completed on 5 July 2021, the Group obtained the risks and rewards of ownership of the 21.9% of Hercules Unit Trust on 1 April 2021 and therefore, the change in ownership percentage and resulting non-controlling interests were reflected at this date in the financial information. The book value of the net assets purchased at 1 April 2021 were £40m and consequently £40m has been transferred from non-controlling interests to shareholders equity.

Notes to the Accounts

1 Basis of preparation, significant accounting policies and accounting judgements

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 March 2022 or 2021, but is derived from those accounts. Statutory accounts for 2021 have been delivered to the Registrar of Companies and those for 2022 will be delivered following the Company's Annual General Meeting. The auditor has reported on those accounts and their reports on those accounts were unqualified. The auditors' report did not contain statements under section 498(2) or (3) of the Companies Act 2006.

The financial statements for the year ended 31 March 2022 have been prepared on the historical cost basis, except for the revaluation of properties, investments classified as fair value through profit or loss and derivatives. The financial statements are prepared in accordance with UK-adopted International Accounting Standards and the applicable legal requirements of the Companies Act 2006 ('IFRS').

On 31 December 2020 EU-adopted IFRS was brought into UK law and became UK-adopted International Accounting Standards, with future changes to IFRS being subject to endorsement by the UK Endorsement Board. The consolidated financial statements have transitioned to UK-adopted International Accounting Standards for the year ended 31 March 2022. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the year reported as a result of the change in framework.

While the information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards ('IFRSs'), this announcement does not itself contain sufficient information to comply with IFRSs. The Company expects to publish full financial statements that comply with IFRSs in June 2022.

In the current financial year the Group has adopted a number of minor amendments to standards effective in the year, none of which have had a material impact on the Group.

These amendments include IFRS 16 'Leases' – Covid-19-Related Rent Concessions, and amendments to IFRS 9, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2.

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective for the current accounting period. These amendments include amendments to IAS 1 'Presentation of Financial Statements' on classification of liabilities, a number of narrow-scope amendments to IFRS 3, IAS 16, IAS 17, IAS 37, IAS 1, IAS 8, IAS 12, IFRS 10 and IAS 28 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16. The above amendments are not expected to have a significant impact on the Group's results.

Going concern

The financial information is prepared on a going concern basis. The balance sheet shows that the Group is in a net current liability position, predominantly due to short term borrowings and overdrafts of £189m and other creditors of £245m. The Group has access to £1.3bn of undrawn facilities and cash, which provides the Directors with a reasonable expectation that the Group will be able to meet these current liabilities as they fall due. In making this assessment the Directors took into account forecast cash flows and covenant compliance, including stress testing through the impact of sensitivities as part of a 'severe downside scenario'. Before factoring in any income receivable, the undrawn facilities and cash would also be sufficient to cover forecast capital expenditure, property operating costs, administrative expenses, maturing debt and interest over the next 12 months.

Having assessed the Principal risks, the Directors believe that the Group is well placed to manage its financing and other business risks satisfactorily despite the uncertain economic climate, and have a reasonable expectation that the Company and the Group have adequate resources to continue in operation. Accordingly, they believe the going concern basis is an appropriate one.

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 information.

The general risk environment in which the Group operates has remained heightened during the period due to the continued impact of Covid-19, and the emergence of the UK economy from the pandemic, including related challenges in parts of the UK retail market and macroeconomic headwinds through rising inflation. Despite this the general risk environment is considered to have improved during the year, with the lifting of lockdown restrictions resulting in improvement in activity across the Group's segments, rents stabilising, improved rental collection rates and footfall and sales in retail parks returning close to, and in some cases above, pre-pandemic levels.

The emergence of the conflict in Ukraine in February 2022 has led to increased global economic uncertainty with sanctions imposed upon Russia and heightened political and diplomatic tensions. The Directors do not consider the conflict at this stage to have had a material impact on the Group's financial information owing to the nature of the Group's UK focused operations and limited exposure to Ukrainian and Russian businesses. Additionally, our valuers consider there to be no current evident impact of the conflict on the UK property sector. The Directors and our valuers are closely monitoring the conflict for any future developments that may change the risk environment in which the Group operates.

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

Key sources of estimation uncertainty

Valuation of investment, development, trading and owner-occupied 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 are inherently subjective, as they are based upon valuer assumptions and estimations, that form part of the key unobservable inputs of the valuation, which may prove to be inaccurate.

Impairment provisioning of lease debtors (including accrued income) and lease incentives, which are presented within investment properties: The impact of and emergence from Covid-19 has given rise to an increase in lease debtors due from tenants along with higher loss rates, however these are continuing to decrease as the impact of the pandemic recedes. Consequently, for the year ended 31 March 2022 the impairment provisions calculated using the expected credit loss model under IFRS 9 against these balances are lower than in the prior year.

The key assumptions within the expected credit loss model include the tenants' credit risk rating and the related loss rates assumed for each risk rating depending on the historical experience collection rate and the ageing profile. Tenant risk ratings are determined by management, taking into consideration information available surrounding a tenant's credit rating, financial position and historical loss rates. Tenants are classified as being in Administration or CVA, high, medium or low risk based on this information. The assigned loss rates for these risk categories are reviewed at each balance sheet date and are based on historical experience collection rates and future expectations of collection rates. The same key assumptions are applied in the expected credit loss model for tenant incentives, without the consideration of the ageing profile which is not relevant for these balances. The loss rates attributed to each credit risk rating for tenant incentives tends to be lower than that attributed to lease debtors on the basis that the associated credit risk on these balances, which relate to the tenant's future lease liabilities, is lower than that associated to tenant debtors outstanding as a result of Covid-19.

Other sources of estimation uncertainty that are not key include the valuation of interest rate derivatives, the determination of share-based payments, the actuarial assumptions used in calculating the Group's retirement benefit obligations and taxation provisions.

Critical accounting judgements

The Directors do not consider there to be any critical accounting judgements in the preparation of the Group's financial information.

The following items are ongoing areas of accounting judgement, however, the Directors do not consider these accounting judgements to be critical and significant accounting judgement has not been required for any of these items in the current financial year.

REIT status: British Land is a Real Estate Investment Trust ('REIT') and does not pay tax on its property income or gains on property sales, provided that at least 90% of the Group's property income is distributed as a dividend to shareholders, which becomes taxable in their hands. In addition, the Group has to meet certain conditions such as ensuring the property rental business represents more than 75% of total profits and assets. Any potential or proposed changes to the REIT legislation are monitored and discussed with HMRC. It is management's intention that the Group will continue as a REIT for the foreseeable future.

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 in respect of the Canada Water Joint Venture transaction that occurred in the year ended 31 March 2022 (see Note 8).

Joint ventures are accounted for under the equity method, whereby the consolidated balance sheet incorporates the Group's share of the net assets of its joint ventures and associates. The consolidated income statement incorporates the Group's share of joint venture and associate profits after tax.

Accounting for transactions: Property transactions are complex in nature and can be material to the financial statements. Judgements made in relation to transactions include whether an acquisition is a business combination or an asset; whether held for sale criteria have been met for transactions not yet completed; accounting for transaction costs and contingent consideration; and application of the concept of linked accounting. Management consider each transaction separately in order to determine the most appropriate accounting treatment, and, when considered necessary, seek independent advice. In this regard, management have considered the accounting of the Canada Water Joint Venture transaction in the year ended 31 March 2022 (see Note 8).

2 Performance measures

Earnings per share

The Group measures financial performance with reference to underlying earnings per share, the European Public Real Estate Association ('EPRA') earnings per share and IFRS earnings per share. The relevant earnings and weighted average number of shares (including dilution adjustments) for each performance measure are shown below, and a reconciliation between these is shown within the supplementary disclosures (Table B).

EPRA earnings per share is calculated using EPRA earnings, which is the IFRS profit after taxation attributable to shareholders of the Company excluding investment and development property revaluations, gains/losses on investing and trading property disposals, changes in the fair value of financial instruments and associated close-out costs and their related taxation.

Underlying earnings per share is calculated using Underlying Profit adjusted for underlying taxation (see Note 6), 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 2022, a £29m surrender premium payment and a £12m reclassification of foreign exchange differences were excluded from the calculation of Underlying Profit (see Note 3 and Note 5, respectively, for further details). There was no tax effect of these Company adjusted items. No Company adjustments were made in the prior year to 31 March 2021.

	2022			2021		
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	**255**	**927**	**27.5**	175	927	18.9
Underlying diluted	**255**	**930**	**27.4**	175	930	18.8
EPRA						
EPRA basic	**238**	**927**	**25.7**	175	927	18.9
EPRA diluted	**238**	**930**	**25.6**	175	930	18.8
IFRS						
Basic	**958**	**927**	**103.3**	(1,031)	927	(111.2)
Diluted	**958**	**930**	**103.0**	(1,031)	927	(111.2)

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 is 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, the mark-to-market on the convertible bonds, as well as deferred taxation on property and derivative valuations. The metric includes the valuation surplus on trading properties and is adjusted for the dilutive impact of share options.

	2022			2021		
Net asset value per share	**Relevant net assets £m**	**Relevant number of shares million**	**Net asset value per share pence**	Relevant net assets £m	Relevant number of shares million	Net asset value per share pence
EPRA						
EPRA NTA	**6,771**	**932**	**727**	6,050	933	648
EPRA NRV	**7,403**	**932**	**794**	6,599	933	707
EPRA NDV	**6,542**	**932**	**702**	5,678	933	609
IFRS						
Basic	**6,733**	**927**	**726**	5,983	927	645
Diluted	**6,733**	**932**	**722**	5,983	933	641

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.

	2022			2021		
	Increase in NTA per share pence	**Dividend per share paid pence**	**Total accounting return**	Decrease in NTA per share pence	Dividend per share paid pence	Total accounting return
Total accounting return	**79**	**16.96**	**14.8%**	(125)	8.40	(15.1%)

3 Revenue and costs

	2022			2021		
	Underlying £m	**Capital and other £m**	**Total £m**	Underlying £m	Capital and other £m	Total £m
Rent receivable	**332**	**–**	**332**	370	–	370
Spreading of tenant incentives and contracted rent increases	**5**	**–**	**5**	7	–	7
Surrender premia[1]	**1**	**(29)**	**(28)**	–	–	–
Gross rental income	**338**	**(29)**	**309**	377	–	377
Trading property sales proceeds	**–**	**9**	**9**	–	–	–
Service charge income	**62**	**–**	**62**	64	–	64
Management and performance fees (from joint ventures)	**9**	**–**	**9**	7	–	7
Other fees and commissions	**21**	**–**	**21**	20	–	20
Revenue	**430**	**(20)**	**410**	468	–	468
Trading property cost of sales	**–**	**(9)**	**(9)**	–	–	–
Service charge expenses	**(55)**	**–**	**(55)**	(59)	–	(59)
Property operating expenses	**(54)**	**–**	**(54)**	(45)	–	(45)
Release (provisions) for impairment of trade debtors and accrued income	**7**	**–**	**7**	(52)	–	(52)
Provisions for impairment of tenant incentives and contracted rent increases	**(1)**	**–**	**(1)**	(8)	–	(8)
Other fees and commissions expenses	**(17)**	**–**	**(17)**	(16)	–	(16)
Costs	**(120)**	**(9)**	**(129)**	(180)	–	(180)
	310	**(29)**	**281**	288	–	288

1. On 31 August 2021, the Group undertook a leasing transaction with two unrelated parties in relation to one of its investment properties. The transaction was commercially beneficial and resulted in an overall increase in the net assets of the Group. It involved a £29m payment to one party for the surrender of an agreement for lease, with a subsequent premium of £29m received for the grant of a new agreement for lease for the same property with another party meaning the transaction was cash neutral. In line with the requirements of IFRS 16, and due to the unrelated parties in the transaction, the Group is required to account for the elements of the transaction separately, and as such an associated £29m surrender premium payment was recognised in full through the income statement in the year. Owing to the unusual and significant size and nature of the payment and in line with the Group's accounting policies the payment has been included within the Capital and other column of the income statement. The £29m surrender premium received was initially recognised as deferred income on the balance sheet, with the remeasured amount as at 31 March 2022 principally within other non-current liabilities (see Note 12).

The cash element of net rental income (gross rental income less property operating expenses) recognised during the year ended 31 March 2022 from properties which were not subject to a security interest was £232m (2020/21: £202m). Property operating expenses relating to investment properties that did not generate any rental income were £nil (2020/21: £nil). Contingent rents of £6m (2020/21: £5m) that contain a variable lease payment were recognised in the year.

Further detail on the provision for impairment of trade debtors, accrued income, tenant incentives and contracted rent increases is disclosed in Note 7 and Note 10.

4 Valuation movements on property

	2022 £m	2021 £m
Consolidated income statement		
Revaluation of properties	**471**	(886)
Revaluation of owner-occupied properties	**–**	(2)
Revaluation of properties held by joint ventures accounted for using the equity method[1]	**162**	(409)
	633	(1,297)
Consolidated statement of comprehensive income		
Revaluation of owner-occupied properties	**–**	(1)
	633	(1,298)

1. Comprises net valuation movement of £110m and realisation of gain on disposal of assets into joint ventures of £52m, disclosed in further detail in Note 8.

5 Net financing costs

	2022 £m	2021 £m
Underlying		
Financing charges		
Facilities and overdrafts	**(20)**	(22)
Derivatives	**29**	31
Other loans	**(68)**	(74)
Obligations under head leases	**(3)**	(4)
	(62)	(69)
Development interest capitalised	**7**	7
	(55)	(62)
Financing income		
Deposits, securities and liquid investments	**–**	–
	–	–
Net financing charges – Underlying	**(55)**	(62)
Capital and other		
Financing charges		
Valuation movement on fair value hedge accounted derivatives[1]	**(67)**	(83)
Valuation movement on fair value hedge accounted debt[1]	**61**	83
Fair value movement on convertible bonds	**–**	(3)
Valuation movement on non-hedge accounted derivatives	**(1)**	–
	(7)	(3)
Financing income		
Reclassification of foreign exchange differences on disposal of subsidiary net investment from equity[2]	**12**	–
Valuation movement on non-hedge accounted derivatives	**55**	15
	67	15
Net financing charges – Capital and other	**60**	12

Net financing costs		
Total financing income	**67**	15
Total financing charges	**(62)**	(65)
Net financing costs	**5**	(50)

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 £6m (2020/21: £nil).
2. £12m has been reclassified from the hedging and translation reserve to the income statement in the year ended 31 March 2022, relating to cumulative foreign exchange gains on disposal of the net investment in a foreign subsidiary.

Interest payable on unsecured bank loans and related interest rate derivatives was £13m (2020/21: £11m). Interest on development expenditure is capitalised at the Group's weighted average interest rate of 2.4% (2020/21: 2.2%). The weighted average interest rate on a proportionately consolidated basis at 31 March 2022 was 2.9% (2020/21: 2.9%).

6 Taxation

	2022 £m	2021 £m
Taxation income (expense)		
Current taxation		
Underlying Profit		
Current period UK corporation taxation (2021/22: 19%; 2020/21: 19%)	(2)	(2)
Underlying Profit adjustments in respect of prior periods[1, 2]	6	(24)
Total current Underlying Profit taxation income (expense)	4	(26)
Capital and other profit		
Current period UK corporation taxation (2021/22: 19%; 2020/21: 19%)	–	–
Capital and other profit adjustments in respect of prior periods	(2)	1
Total current Capital and other profit taxation income	(2)	1
Total current taxation income (expense)	2	(25)
Deferred taxation on revaluations and derivatives	–	(5)
Group total taxation income (expense)	2	(30)
Attributable to joint ventures[3]	–	1
Total taxation income (expense)	2	(29)
Taxation reconciliation		
Profit (loss) on ordinary activities before taxation	958	(1,053)
Less: (profit) loss attributable to joint ventures	(244)	358
Group profit (loss) on ordinary activities before taxation	714	(695)
Taxation on (profit) loss on ordinary activities at UK corporation taxation rate of 19% (2020/21: 19%)	(136)	132
Effects of:		
– REIT exempt income and gains	126	(134)
– Taxation losses	9	–
– Deferred taxation on revaluations and derivatives	–	(5)
– Adjustments in respect of prior years	3	(23)
Group total taxation income (expense)	2	(30)

1. The credit in the current year includes £4m as an adjustment to the tax due in respect of the suspension on the dividend in 2020/21 and other credits relating to prior periods of £2m relating to tax provisions in respect of historic taxation matters and points of uncertainty.
2. The charge in the prior year includes the £28m corporation tax charge in relation to the year ended 31 March 2020 of the agreed payment with HMRC for temporarily suspending the dividend due to Covid-19, offset by other credits in respect of prior periods of £4m relating to tax provisions in respect of historic taxation matters and points of uncertainty.
3. A current taxation income of £nil (2020/21: £1m) and a deferred taxation credit of £nil (2020/21: £nil) arose on profits attributable to joint ventures.

Taxation income attributable to Underlying Profit for the year ended 31 March 2022 was £4m (2020/21: £26m expense). Taxation expense attributable to Capital and other profit was £2m (2020/21: £1m income). Corporation tax receivable as at 31 March 2022 was £3m (2020/21: £7m payable) as shown on the balance sheet.

A REIT is required to pay Property Income Distributions ('PIDs') of at least 90% of the taxable profits from its UK property rental business within 12 months of the end of each accounting period.

7 Property

Property reconciliation for the year ended 31 March 2022

	Campuses Level 3 £m	Retail & Fulfilment Level 3 £m	Developments Level 3 £m	Investment and development properties Level 3 £m	Trading Properties £m	Owner-Occupied Level 3 £m	Total £m
Carrying value at 1 April 2021	**3,465**	**2,139**	**722**	**6,326**	**26**	**2**	**6,354**
Additions							
– property purchases	110	486	–	596	–	–	596
– development expenditure[1]	64	3	124	191	–	–	191
– capitalised interest and staff costs	2	–	6	8	–	–	8
– capital expenditure on asset management initiatives	5	13	–	18	–	–	18
– right-of-use assets	4	–	–	4	–	–	4
	185	502	130	817	–	–	817
Disposals	(501)	(104)	–	(605)	(8)	(2)	(615)
Reclassifications	181	–	(181)	–	–	–	–
Revaluations included in income statement	126	311	34	471	–	–	471
Movement in tenant incentives and contracted rent uplift balances	21	2	–	23	–	–	23
Carrying value at 31 March 2022	**3,477**	**2,850**	**705**	**7,032**	**18**	**–**	**7,050**
Lease liabilities (Notes 11 and 12)[2]							(105)
Less valuation surplus on right-of-use assets[3]							(9)
Valuation surplus on trading properties							8
Group property portfolio valuation at 31 March 2022							**6,944**
Non-controlling interests							(15)
Group property portfolio valuation at 31 March 2022 attributable to shareholders							**6,929**

1. Development expenditure includes government grants received for the development of affordable and social housing of £4m.
2. The £26m difference between lease liabilities of £105m and £131m per Notes 11 and 12 relates to a £26m lease liability where the right-of-use asset is classified as property, plant and equipment.
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 £6,944m above.

The Group entered into a Joint Venture agreement with AustralianSuper on 7 March 2022 in relation to the Canada Water Campus, resulting in the Group disposing of £474m of investment and development properties and a resulting gain in the Capital and other column of the consolidated income statement of £44m.

As further explained in Note 17, from 1 April 2021, the Group now reports under two operating segments, Campuses and Retail & Fulfilment, in addition to Development properties which are disclosed separately due to the differing basis of valuation as discussed in further detail within this note.

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 and owner-occupied 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 general risk environment in which the Group operates has remained heightened during the period due to the continued impact of Covid-19, and the emergence of the UK economy from the pandemic, including related challenges in parts of the UK retail market and macroeconomic headwinds through rising inflation. Despite this the general risk environment is considered to have improved during the year, with the lifting of lockdown restrictions resulting in improvement in activity across the Group's segments, rents stabilising, improved rental collection rates and footfall and sales in retail parks returning close to, and in some cases above, pre-pandemic levels.

7 Property continued

The emergence of the conflict in Ukraine in February 2022 has led to increased global economic uncertainty with sanctions imposed upon Russia and heightened political and diplomatic tensions. The Directors do not consider the conflict at this stage to have had a material impact on the Group's financial information, owing to the nature of the Group's UK focused operations and limited exposure to Ukrainian and Russian businesses. Additionally, our valuers consider there to be no current evident impact of the conflict on the UK property sector. The Directors and our valuers are closely monitoring the conflict for any future developments that may change the risk environment in which the Group operates.

In preparing their valuations during the pandemic lockdown periods in 2020/21, our valuers had considered the impact of concessions agreed with tenants at the relevant balance sheet date, which mainly related to rent deferrals and rent-free periods, on valuations, primarily of retail assets. With the lifting of lockdown restrictions during 2021/22, the number of concessions agreed with tenants has decreased and following the cessation of the general moratorium on commercial evictions and restrictions on commercial rent arrears recovery on 25 March 2022, the valuers have assumed that rental income will be received, unless there are specific concession agreements in place. The valuers have also given consideration to occupiers in higher risk sectors, and those assumed to be at risk of default, in determining the appropriate yields to apply.

The information provided to the valuers, and the assumptions and valuation models used by the valuers, are reviewed by the property portfolio team, the Head of Real Estate and the Chief Financial Officer. The valuers meet with the external auditors and also present directly to the Audit Committee at the interim and year-end review of results.

Investment properties, excluding properties held for development, are valued by adopting the 'investment method' of valuation. This approach involves applying capitalisation yields to current and future rental streams net of income voids arising from vacancies or rent-free periods and associated running costs. These capitalisation yields and future rental values are based on comparable property and leasing transactions in the market using the valuers' professional judgement and market observation. Other factors taken into account in the valuations include the tenure of the property, tenancy details and ground and structural conditions.

In the case of ongoing developments, the approach applied is the 'residual method' of valuation, which is the investment method of valuation as described above, with a deduction for all costs necessary to complete the development, including a notional finance cost, together with a further allowance for remaining risk. Properties held for development are generally valued by adopting the higher of the residual method of valuation, allowing for all associated risks, or the investment method of valuation for the existing asset.

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 risk related to policy or legislation to achieve sustainability and Environmental, Social and Governance targets; and
- risks reflecting the views and needs of market participants.

The Group has shared recently conducted physical climate and transitional risk assessments with the valuers which they have reviewed and taken into consideration to the extent that current market participants would.

Valuers observe, assess and monitor evidence from market activities, including market (investor) sentiment on issues such as longer-term obsolescence and, where known, future Environmental, Social and Governance related risks and issues which may include, for example, the market's approach to capital expenditure required to maintain the utility of the asset. In the absence of reliable benchmarking data and indices for estimating costs, specialist advice on cost management may be required which is usually agreed with the valuer in the terms of engagement and without which reasonable estimates/assumptions may be needed to properly reflect market expectations in arriving at the Opinion of Value.

Copies of the valuation certificates of Knight Frank LLP, CBRE, Jones Lang LaSalle and Cushman & Wakefield can be found at britishland.com/reports.

A breakdown of valuations split between the Group and its share of joint ventures is shown below:

	2022			2021		
	Group £m	Joint ventures £m	Total £m	Group £m	Joint ventures £m	Total £m
Knight Frank LLP	**1,387**	**37**	**1,424**	1,375	40	1,415
CBRE	**1,906**	**448**	**2,354**	1,642	124	1,766
Jones Lang LaSalle	**3,330**	**638**	**3,968**	849	506	1,355
Cushman & Wakefield	**321**	**2,415**	**2,736**	2,381	2,378	4,759
Total property portfolio valuation	**6,944**	**3,538**	**10,482**	6,247	3,048	9,295
Non-controlling interests	**(15)**	**–**	**(15)**	(137)	(26)	(163)
Total property portfolio valuation attributable to shareholders[1]	**6,929**	**3,538**	**10,467**	6,110	3,022	9,132

1. The total property portfolio valuation for joint ventures is £3,538m, compared to the total investment and trading properties of £3,545 disclosed in Note 8. The £3,545m includes £12m of trading properties and excludes £19m of headleases, both at Group share.

7 Property continued

Information about fair value measurements using unobservable inputs (Level 3) for the year ended 31 March 2022

Investment	Fair value at 31 March 2022 £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	**3,419**	Investment methodology	**9**	**159**	**56**	**3**	**7**	**4**	**–**	**234**	**24**
Retail & Fulfilment	**2,794**	Investment methodology	**2**	**30**	**17**	**2**	**13**	**6**	**–**	**36**	**7**
Developments	**705**	Residual methodology	**27**	**88**	**75**	**4**	**5**	**4**	**214**	**812**	**391**
Total	**6,918**										
Trading properties at fair value	**26**										
Group property portfolio valuation	**6,944**										

Provisions for impairment of tenant incentives and contracted rent increases

A provision of £23m (31 March 2021: £23m) has been made for impairment of tenant incentives and contracted rent uplift balances (contracted rents). The charge to the income statement in relation to write-offs and provisions for impairment for tenant incentives and contracted rents was £1m (2020/21: £8m) (see Note 3). The Directors consider that the carrying amount of tenant incentives is approximate to their fair value.

The table below shows the movement in provisions for impairment of tenant incentives during the year ended 31 March 2022 on a Group and on a proportionally consolidated basis.

Movement in provisions for impairment of tenant incentives	Group £m	Proportionally consolidated £m
Provisions for impairment of tenant incentives as at 31 March 2021[1]	**23**	**29**
Increase in provisions for impairment of tenant incentives due to acquisition on 1 April 2021[1]	**–**	**2**
Provisions for impairment of tenant incentives as at 1 April 2021[1]	**23**	**31**
Write-offs of tenant incentives	**(1)**	**(4)**
Movement in provisions for impairment of tenant incentives	**1**	**5**
Total provision movement recognised in income statement	**1**	**5**
Provisions for impairment of tenant incentives as at 31 March 2022	**23**	**32**

1. The provisions for impairment of tenant incentives as at 1 April 2021 on a proportionately consolidated basis is £2m higher than the proportionately consolidated provision recognised as at 31 March 2021. This is as a result of the acquisition of the remaining 21.9% units of Hercules Unit Trust on 1 April 2021.

8 Joint ventures

Summary movement for the year of the investments in joint ventures

	Equity £m	Loans £m	Total £m
At 1 April 2021	1,459	661	**2,120**
Additions	252	57	**309**
Disposals	(34)	(70)	**(104)**
Share of profit on ordinary activities after taxation[1]	264	(20)	**244**
Distributions and dividends:			
– Capital	–	–	**–**
– Revenue	(59)	–	**(59)**
Hedging and exchange movements	1	–	**1**
At 31 March 2022	1,883	628	**2,511**

1. The share of profit on ordinary activities after taxation comprises equity accounted profits of £266m and IFRS 9 impairment charges against equity investments and loans of £22m, relating to MSC Property Intermediate Holdings Limited (loan impairment of £17m), WOSC Partners Limited Partnership (loan impairment of £3m) and The Southgate Limited Partnership (equity impairment of £2m). In accordance with IFRS 9, management has assessed the recoverability of loans to joint ventures and assessed the carrying value of investments in joint ventures against the net asset value. Amounts due are expected to be recovered by a joint venture selling its properties and investments and settling financial assets, net of financial liabilities. The net asset value of a joint venture is considered to be a reasonable approximation of the available assets that could be realised to recover the amounts due and the requirement to recognise expected credit losses.

The Group entered into a new Joint Venture agreement with AustralianSuper on 7 March 2022 in relation to the Canada Water Campus. The Group has recognised a share of the joint venture's loss of £6m in addition to the realisation of the gain on disposal of assets into the joint venture of £52m. Therefore the Group has recognised a share of total comprehensive income of £46m and share of net assets less shareholders loans of £294m in relation to this new joint venture in the year.

8 Joint ventures continued

The summarised income statements and balance sheets below and on the following page show 100% of the results, assets and liabilities of joint ventures. Where necessary, these have been restated to the Group's accounting policies.

Joint ventures' summary financial statements for the year ended 31 March 2022

	Broadgate REIT Ltd	MSC Property Intermediate Holdings Ltd[5]	WOSC Partners Limited Partnership[5]	BL West End Offices Limited
Partners	Euro Bluebell LLP (GIC)	Norges Bank Investment Management	Norges Bank Investment Management	Allianz SE
Property sector	City Offices Broadgate	Shopping Centres Meadowhall	West End Offices	West End Offices
Group share	50%	50%	25%	25%
Summarised income statements				
Revenue[4]	228	75	10	26
Costs	(76)	(16)	(4)	(7)
	152	59	6	19
Administrative expenses	(1)	–	–	–
Net interest payable	(62)	(27)	–	(5)
Underlying Profit	89	32	6	14
Net valuation movement	220	(20)	(15)	4
Capital financing (costs) income	(13)	–	–	9
Profit (loss) on disposal of investment properties and investments	–	–	–	–
Profit (loss) on ordinary activities before taxation	296	12	(9)	27
Taxation	–	–	–	–
Profit (loss) on ordinary activities after taxation	**296**	**12**	**(9)**	**27**
Other comprehensive income	–	3	–	–
Total comprehensive income (expense)	**296**	**15**	**(9)**	**27**
Realisation of gain on disposal of assets into joint ventures	–	–	–	–
British Land share of total comprehensive income (expense)	**148**	**6**	**(2)**	**7**
British Land share of distributions payable	**34**	**2**	**–**	**4**
Summarised balance sheets				
Investment and trading properties	4,829	760	149	525
Other non-current assets	30	–	–	9
Current assets	17	8	3	3
Cash and deposits	126	34	4	7
Gross assets	**5,002**	**802**	**156**	**544**
Current liabilities	(89)	(45)	(4)	(11)
Bank and securitised debt	(1,570)	(517)	–	(159)
Loans from joint venture partners	(845)	(523)	(211)	(15)
Other non-current liabilities	–	(12)	(4)	(11)
Gross liabilities	**(2,504)**	**(1,097)**	**(219)**	**(196)**
Net assets (liabilities)	**2,498**	**(295)**	**(63)**	**348**
British Land share of net assets less shareholder loans	**1,249**	**–**	**–**	**87**

1. USS joint ventures include the Eden Walk Shopping Centre Unit Trust and the Fareham Property Partnership.
2. Hercules Unit Trust joint ventures includes 50% of the results of Deepdale Co-Ownership Trust, Fort Kinnaird Limited Partnership and Valentine Co-Ownership Trust and 41.25% of Birstall Co-Ownership Trust. The balance sheet shows 50% of the assets of these joint ventures.
3. Included in the column headed 'Other joint ventures' are contributions from the following: BL Goodman Limited Partnership, Bluebutton Property Management UK Limited, City of London Office Unit Trust, BL Sainsbury's Superstores Limited and Reading Gate Retail Park Co-Ownership. The Reading Gate Retail Park Co-Ownership was acquired during the year ended 31 March 2022, with the Group acquiring a 50% share from Reassure Limited, and The National Farmers Union Mutual Insurance Society Limited owning the remaining 50% share.
4. Revenue includes gross rental income at 100% share of £290m (2020/21: £262m).
5. In accordance with the Group's accounting policies detailed in Note 1, the Group recognises a nil equity investment in joint ventures in a net liability position at period end.
6. The Group entered into a new Joint Venture agreement with AustralianSuper on 7 March 2022 in relation to the Canada Water Campus. The transaction value of the assets transferred by the Group on formation of the joint venture at 100% was £580m. On disposal of the assets into the joint venture and in accordance with IAS 28, the Group recognised a gain of £44m (net of transaction costs of £9m) representing the gain realised to the extent of AustralianSuper's interest in the joint venture. At the disposal date, the remaining gain of £52m relating to the Group's interest in the joint venture was unrealised and included within the Group's investment in the joint venture which was based on the carrying value of the assets transferred at the disposal date. As the assets transferred relate to investment property measured at fair value, this gain was subsequently realised and recognised when the joint venture remeasured these assets to fair value at 31 March 2022. The Group has also recognised its share of the joint venture's loss of £6m compared to the joint venture's total loss of £12m, from 7 March 2022 to 31 March 2022.
7. Total Group share of £245m comprises of the Group's share of total comprehensive income of £193m and the realisation of gain on disposal of assets into joint ventures of £52m.

8 Joint ventures continued

BL CW Upper Limited Partnership[6]	The SouthGate Limited Partnership	USS joint ventures[1]	Hercules Unit Trust joint ventures[2]	Other joint ventures[3]	**Total 2022**	**Total Group share 2022[7]**
AustralianSuper	Aviva Investors	Universities Superannuation Scheme Group PLC				
Canada Water Campus	Shopping Centres	Shopping Centres	Retail Parks			
50%	50%	50%	Various			
1	13	12	26	2	**393**	**189**
(1)	(3)	(2)	(5)	–	**(114)**	**(55)**
–	10	10	21	2	**279**	**134**
–	–	–	–	–	**(1)**	**(1)**
–	(1)	–	–	–	**(95)**	**(47)**
–	9	10	21	2	**183**	**86**
(12)	(7)	9	23	15	**217**	**110**
–	–	–	–	–	**(4)**	**(4)**
–	–	–	–	–	**–**	**–**
(12)	2	19	44	17	**396**	**192**
–	–	–	–	–	**–**	**–**
(12)	**2**	**19**	**44**	**17**	**396**	**192**
–	–	–	–	–	**3**	**1**
(12)	**2**	**19**	**44**	**17**	**399**	**193**
52	–	–	–	–	**52**	**52**
46	**1**	**10**	**22**	**8**	**245**	
–	**3**	**4**	**12**	**–**	**59**	
565	139	140	261	83	**7,451**	**3,545**
–	–	–	–	–	**39**	**17**
6	2	–	1	1	**41**	**31**
39	8	7	12	3	**240**	**117**
610	**149**	**147**	**274**	**87**	**7,771**	**3,710**
(23)	(6)	(6)	(6)	–	**(190)**	**(93)**
–	–	–	–	–	**(2,246)**	**(1,083)**
–	–	(31)	–	(71)	**(1,696)**	**(792)**
–	(28)	–	–	–	**(55)**	**(23)**
(23)	**(34)**	**(37)**	**(6)**	**(71)**	**(4,187)**	**(1,991)**
587	**115**	**110**	**268**	**16**	**3,584**	**1,719**
294	**58**	**55**	**133**	**7**	**1,883**	

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.

8 Joint ventures continued

Operating cash flows of joint ventures (Group share)

	2022 £m	2021 £m
Rental income received from tenants	**153**	119
Operating expenses paid to suppliers and employees	**(28)**	(26)
Cash generated from operations	**125**	93
Interest paid	**(44)**	(47)
Interest received	**–**	–
UK corporation tax received (paid)	**2**	(2)
Cash inflow from operating activities	**83**	44
Cash inflow from operating activities deployed as:		
Surplus cash retained within joint ventures	**26**	10
Revenue distributions per consolidated statement of cash flows	**57**	34
Revenue distributions split between controlling and non-controlling interests		
Attributable to non-controlling interests	**–**	2
Attributable to shareholders of the Company	**57**	32

9 Other investments

	2022				2021			
	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	**6**	**2**	**12**	**20**	111	3	11	125
Additions	**14**	**2**	**2**	**18**	3	–	5	8
Transfers / disposals	**–**	**–**	**–**	**–**	(109)	(1)	–	(110)
Revaluation	**8**	**–**	**–**	**8**	1	–	–	1
Amortisation	**–**	**–**	**(5)**	**(5)**	–	–	(4)	(4)
At 31 March	**28**	**4**	**9**	**41**	6	2	12	20

The amount included in the fair value through profit or loss relates to private equity/venture capital investments of £28m (2020/21: £6m) 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.

10 Debtors

	2022 £m	2021 £m
Trade and other debtors	**24**	38
Prepayments and accrued income	**11**	14
Rental deposits	**4**	4
	39	56

Trade and other debtors are shown after deducting a provision for impairment against tenant debtors of £47m (2020/21: £57m). Accrued income is shown after deducting a provision for impairment of £1m (2020/21: £5m). The provision for impairment is calculated as an expected credit loss on trade and other debtors in accordance with IFRS 9 as set out in Note 1.

The credit to the income statement for the year in relation to provisions for impairment of trade debtors and accrued income was £7m (2020/21: £52m charge), as disclosed in Note 3. Within this credit, £8m (2020/21: £9m) represents a charge for provisions for impairment made against receivable balances related to billed rental income due on 25 March rent quarter day. Rental income is recognised on a straight-line basis over the lease term in accordance with IFRS 16. The majority of rental income relating to 25 March rent quarter day has, therefore, not yet been recognised in the income statement in the current year and is instead recognised as deferred income, within current liabilities as at 31 March 2022. As the rent due on 25 March has been billed to the tenant, however, the Group is required to provide for expected credit losses at the balance sheet date in accordance with IFRS 9. This creates a mismatch in the period between the recognition of rental income and the impairment of the associated rent receivable.

The decrease in provisions for impairment of trade debtors and accrued income of £15m (2020/21: £48m increase) is equal to the release to the income statement of £7m (2020/21: £52m charge), less write-offs of trade debtors of £8m (2020/21: £4m).

For the year ended 31 March 2022, the Group has made amendments in the expected credit loss model that calculates the provision for tenant debtors. As the UK economy emerges from the impact of the Covid-19 pandemic, the amended model places greater emphasis on the historical experience collection rate, in addition to the ageing profile and tenant risk ratings. This amendment has led to a release in the tenant debtor provision of £7m.

The Directors consider that the carrying amount of trade and other debtors is approximate to their fair value.

10 Debtors continued

The table below summarises the movement in provisioning for impairment of tenant debtors and accrued income during the year ended 31 March 2022.

Movement in provisions for impairment of tenant debtors and accrued income	Group £m	Proportionally consolidated £m
Provisions for impairment of tenant debtors and accrued income as at 31 March 2021[1]	62	78
Increase in provisions for impairment of tenant debtors and accrued income due to acquisition on 1 April 2021[1]	–	5
Provisions for impairment of tenant debtors and accrued income as at 1 April 2021[1]	62	83
Write-offs of tenant debtors	(8)	(9)
Movement in provisions for impairment of tenant debtors	(6)	(12)
Movement in provisions for impairment of accrued income	(1)	(1)
Total provision movement recognised in income statement	(7)	(13)
Provisions for impairment of tenant debtors and accrued income as at 31 March 2022	**47**	**61**

1. The provisions for impairment of tenant debtors and accrued income as at 1 April 2021 on a proportionately consolidated basis is £5m higher than the proportionately consolidated provision recognised as at 31 March 2021. This is as a result of the acquisition of the remaining 21.9% units of Hercules Unit Trust on 1 April 2021.

11 Creditors

	2022 £m	2021 £m
Trade creditors	74	55
Accruals	70	68
Deferred income	66	62
Other taxation and social security	25	25
Lease liabilities	6	5
Rental deposits due to tenants	4	4
	245	219

Trade creditors are interest-free and have settlement dates within one year. The Directors consider that the carrying amount of trade and other creditors is approximate to their fair value.

12 Other non-current liabilities

	2022 £m	2021 £m
Lease liabilities	125	128
Deferred income	27	–
	152	128

13 Deferred tax

The movement on deferred tax is as shown below:

Deferred tax assets year ended 31 March 2022

	1 April 2021 £m	Debited to income £m	Credited to equity £m	31 March 2022 £m
Temporary differences	–	–	–	–

Deferred tax liabilities year ended 31 March 2022

	£m	£m	£m	£m
Property and investment revaluations	–	–	–	–
Net deferred tax liabilities	–	–	–	–

Deferred tax assets year ended 31 March 2021

	1 April 2020 £m	Debited to income[1] £m	Credited to equity[2] £m	31 March 2021 £m
Temporary differences	5	(5)	–	–
	5	(5)	–	–

Deferred tax liabilities year ended 31 March 2021

	£m	£m	£m	£m
Property and investment revaluations	(6)	–	6	–
	(6)	–	6	–
Net deferred tax assets (liabilities)	(1)	(5)	6	–

13 Deferred tax continued

The following corporation tax rates have been substantively enacted; 19% effective from 1 April 2017 and 25% effective 1 April 2023. The deferred tax assets and liabilities have been calculated at the tax rate effective in the period that the tax is expected to crystallise.

The Group has recognised a deferred tax asset calculated at 19% (2020/21: 19%) of £nil (2020/21: £nil) in respect of capital losses from previous years available for offset against future capital profit. Further unrecognised deferred tax assets in respect of capital losses of £137m (2020/21: £137m) exist at 31 March 2022.

The Group has recognised deferred tax assets on derivative revaluations to the extent that future matching taxable profits are expected to arise of £nil (2020/21: £nil). At 31 March 2022 the Group had an unrecognised deferred tax asset calculated at 19% (2020/21: 19%) of £47m (2020/21: £45m) in respect of UK revenue tax losses from previous years.

Under the REIT regime development properties which are sold within three years of completion do not benefit from tax exemption. At 31 March 2022 the value of such properties is £1,429m (2020/21: £801m) and if these properties were to be sold and no tax exemption was available the tax arising would be £21m (2020/21: £0.3m).

14 Net debt

	Footnote	2022 £m	2021 £m
Secured on the assets of the Group			
5.264% First Mortgage Debenture Bonds 2035		**347**	361
5.0055% First Mortgage Amortising Debentures 2035		**88**	89
5.357% First Mortgage Debenture Bonds 2028		**227**	241
Bank loans	1	**347**	358
		1,009	1,049
Unsecured			
4.635% Senior US Dollar Notes 2021	2	**–**	157
4.766% Senior US Dollar Notes 2023	2	**101**	102
5.003% Senior US Dollar Notes 2026	2	**66**	67
3.81% Senior Notes 2026		**102**	111
3.97% Senior Notes 2026		**103**	112
2.375% Sterling Unsecured Bond 2029		**298**	298
4.16% Senior US Dollar Notes 2025	2	**77**	77
2.67% Senior Notes 2025		**37**	37
2.75% Senior Notes 2026		**37**	37
Floating Rate Senior Notes 2028		**80**	80
Floating Rate Senior Notes 2034		**102**	102
Facilities and overdrafts		**604**	181
		1,607	1,361
Gross debt	3	**2,616**	2,410
Interest rate and currency derivative liabilities		**96**	128
Interest rate and currency derivative assets		**(97)**	(135)
Cash and short term deposits	4,5	**(74)**	(154)
Total net debt		**2,541**	2,249
Net debt attributable to non-controlling interests		**1**	(70)
Net debt attributable to shareholders of the Company		**2,542**	2,179

Total net debt		**2,541**	2,249
Amounts payable under leases (Notes 11 and 12)		**131**	133
Total net debt (including lease liabilities)		**2,672**	2,382
Net debt attributable to non-controlling interests (including lease liabilities)	4	**1**	(75)
Net debt attributable to shareholders of the Company (including lease liabilities)		**2,673**	2,307

1. These are non-recourse borrowings with no recourse for repayment to other companies or assets in the Group.

	2022 £m	2021 £m
Hercules Unit Trust	**347**	358
	347	358

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 2022 was £2,562m (2020/21: £2,291m). Included in this is the principal amount of secured borrowings and other borrowings of non-recourse companies of £985m.
4. Included in cash and short term deposits is the cash and short term deposits of Hercules Unit Trust, of which £1m is the proportion not beneficially owned by the Group.
5. Cash and deposits not subject to a security interest amount to £64m (2020/21: £145m).

14 Net debt continued

Maturity analysis of net debt

		2022 £m	2021 £m
Repayable: within one year and on demand		**189**	161
Between:	one and two years	**279**	169
	two and five years	**854**	846
	five and ten years	**659**	738
	ten and fifteen years	**485**	496
	fifteen and twenty years	**150**	–
		2,427	2,249
Gross debt		**2,616**	2,410
Interest rate and currency derivatives		**(1)**	(7)
Cash and short term deposits		**(74)**	(154)
Net debt		**2,541**	2,249

Fair value and book value of net debt

	2022			2021		
	Fair value £m	Book value £m	Difference £m	Fair value £m	Book value £m	Difference £m
Debentures and unsecured bonds	**1,745**	**1,665**	**80**	1,978	1,871	107
Bank debt and other floating rate debt	**955**	**951**	**4**	546	539	7
Gross debt	**2,700**	**2,616**	**84**	2,524	2,410	114
Interest rate and currency derivative liabilities	**96**	**96**	**–**	128	128	–
Interest rate and currency derivative assets	**(97)**	**(97)**	**–**	(135)	(135)	–
Cash and short term deposits	**(74)**	**(74)**	**–**	(154)	(154)	–
Net debt	**2,625**	**2,541**	**84**	2,363	2,249	114
Net debt attributable to non-controlling interests	**1**	**1**	**–**	(70)	(70)	–
Net debt attributable to shareholders of the Company	**2,626**	**2,542**	**84**	2,293	2,179	114

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 7).

Loan to Value (LTV)

LTV is the ratio of principal value of gross debt less cash, short term deposits and liquid investments to the aggregate value of properties and investments, excluding non-controlling interests.

Group LTV

	2022 £m	2021 £m
Group LTV	**26.2%**	25.1%
Principal amount of gross debt	**2,562**	2,291
Less debt attributable to non-controlling interests	**–**	(79)
Less cash and short term deposits (balance sheet)	**(74)**	(154)
Plus cash attributable to non-controlling interests	**1**	8
Total net debt for LTV calculation	**2,489**	2,066
Group property portfolio valuation (Note 7)	**6,944**	6,247
Investments in joint ventures (Note 8)	**2,511**	2,120
Other investments and property, plant and equipment (balance sheet)[1]	**46**	26
Less property and investments attributable to non-controlling interests	**(15)**	(163)
Total assets for LTV calculation	**9,486**	8,230

1. The £22m difference between other investments and plant, property and equipment per the balance sheet totalling £68m, relates to a right-of-use asset recognised under a lease which is classified as property, plant and equipment which is not included within Total assets for the purposes of the LTV calculation.

14 Net debt continued

Proportionally consolidated LTV

	2022 £m	2021 £m
Proportionally consolidated LTV	**32.9%**	32.0%
Principal amount of gross debt	**3,648**	3,262
Less debt attributable to non-controlling interests	**–**	(79)
Less cash and short term deposits	**(191)**	(258)
Plus cash attributable to non-controlling interests	**1**	10
Total net debt for proportional LTV calculation	**3,458**	2,935
Group property portfolio valuation (Note 7)	**6,944**	6,247
Share of property of joint ventures (Note 7)	**3,538**	3,048
Other investments and property, plant and equipment (balance sheet)[1]	**46**	26
Less property attributable to non-controlling interests	**(15)**	(163)
Total assets for proportional LTV calculation	**10,513**	9,158

1. The £22m difference between other investments and plant, property and equipment per the balance sheet totalling £68m, relates to a right-of-use asset recognised under a lease which is classified as property, plant and equipment which is not included within Total assets for the purposes of the LTV calculation.

British Land Unsecured Financial Covenants

The two financial covenants applicable to the Group unsecured debt are shown below:

	2022 £m	2021 £m
Net Borrowings not to exceed 175% of Adjusted Capital and Reserves	**36%**	33%
Principal amount of gross debt	**2,562**	2,291
Less the relevant proportion of borrowings of the partly owned subsidiary/non-controlling interests	**–**	(79)
Less cash and deposits (balance sheet)	**(74)**	(154)
Plus the relevant proportion of cash and deposits of the partly owned subsidiary/non-controlling interests	**1**	8
Net Borrowings	**2,489**	2,066
Share capital and reserves (balance sheet)	**6,733**	5,983
Trading property surpluses (EPRA Table A)	**8**	9
Exceptional refinancing charges (see below)	**174**	188
Fair value adjustments of financial instruments (EPRA Table A)	**46**	115
Less reserves attributable to non-controlling interests (balance sheet)	**(15)**	(59)
Adjusted Capital and Reserves	**6,946**	6,236

In calculating Adjusted Capital and Reserves for the purpose of the unsecured debt financial covenants, there is an adjustment of £174m (2020/21: £188m) to reflect the cumulative net amortised exceptional items relating to the refinancing's in the years ended 31 March 2005, 2006 and 2007.

	2022 £m	2021 £m
Net Unsecured Borrowings not to exceed 70% of Unencumbered Assets	**30%**	25%
Principal amount of gross debt	**2,562**	2,291
Less cash and deposits not subject to a security interest	**(64)**	(139)
Less principal amount of secured and non-recourse borrowings	**(985)**	(998)
Net Unsecured Borrowings	**1,513**	1,154
Group property portfolio valuation (Note 7)	**6,944**	6,247
Investments in joint ventures and funds (Note 8)	**2,511**	2,120
Other investments and property, plant and equipment (balance sheet)[1]	**46**	26
Less investments in joint ventures	**(2,511)**	(2,120)
Less encumbered assets (Note 7)	**(1,915)**	(1,592)
Unencumbered Assets	**5,075**	4,681

1. The £22m difference between other investments and plant, property and equipment per the balance sheet totalling £68m, relates to a right-of-use asset recognised under a lease which is classified as property, plant and equipment which is not included within Total assets for the purposes of the LTV calculation.

14 Net debt continued

Reconciliation of movement in Group net debt for the year ended 31 March 2022

	2021 £m	Cash flows £m	Transfers[3] £m	Foreign exchange £m	Fair value £m	Arrangement costs amortisation £m	2022 £m
Short term borrowings	**161**	**(159)**	**189**	**–**	**(4)**	**2**	**189**
Long term borrowings	**2,249**	**429**	**(189)**	**17**	**(76)**	**(3)**	**2,427**
Derivatives[1]	**(7)**	**7**	**–**	**(17)**	**16**	**–**	**(1)**
Total liabilities from financing activities[4]	**2,403**	**277**	**–**	**–**	**(64)**	**(1)**	**2,615**
Cash and cash equivalents	**(154)**	**80**	**–**	**–**	**–**	**–**	**(74)**
Net debt	**2,249**	**357**	**–**	**–**	**(64)**	**(1)**	**2,541**

Reconciliation of movement in Group net debt for the year ended 31 March 2021

	2020 £m	Cash flows £m	Transfers[3] £m	Foreign exchange £m	Fair value £m	Arrangement costs amortisation £m	2021 £m
Short term borrowings	637	(637)	161	–	(2)	2	161
Long term borrowings	2,865	(367)	(161)	(44)	(46)	2	2,249
Derivatives[2]	(62)	14	–	44	(3)	–	(7)
Total liabilities from financing activities[5]	3,440	(990)	–	–	(51)	4	2,403
Cash and cash equivalents	(193)	39	–	–	–	–	(154)
Net debt	3,247	(951)	–	–	(51)	4	2,249

1. Cash flows on derivatives include £15m of net receipts on derivative interest.
2. Cash flows on derivatives include £24m of net receipts on derivative interest.
3. Transfers comprises debt maturing from long term to short term borrowings.
4. Cash flows of £277m shown above represents net cash flows on capital payments in respect of interest rate derivatives of £8m, decrease in bank and other borrowings of £213m and drawdowns on bank and other borrowings of £483m shown in the consolidated statement of cash flows, along with £15m of net receipts on derivative interest.
5. Cash flows of £990m shown above represents net cash flows on capital payments in respect of interest rate derivatives of £10m, decrease in bank and other borrowings of £1,218m and drawdowns on bank and other borrowings of £214m shown in the consolidated statement of cash flows, along with £24m of net receipts on derivative interest.

Fair value hierarchy

The table below provides an analysis of financial instruments carried at fair value, by the valuation method. The fair value hierarchy levels are defined in Note 7.

	2022				2021			
	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	**–**	**(97)**	**–**	**(97)**	–	(135)	–	(135)
Other investments – fair value through profit or loss (Note 9)	**–**	**–**	**(28)**	**(28)**	–	–	(6)	(6)
Assets	**–**	**(97)**	**(28)**	**(125)**	–	(135)	(6)	(141)
Interest rate and currency derivative liabilities	**–**	**96**	**–**	**96**	–	128	–	128
Liabilities	**–**	**96**	**–**	**96**	–	128	–	128
Total	**–**	**(1)**	**(28)**	**(29)**	–	(7)	(6)	(13)

Categories of financial instruments

	2022 £m	2021 £m
Financial assets		
Amortised cost		
Cash and short term deposits	**74**	154
Trade and other debtors (Note 10)	**28**	42
Other investments (Note 9)	**4**	2
Fair value through profit or loss		
Derivatives in designated fair value hedge accounting relationships[1,2]	**59**	126
Derivatives not in designated hedge accounting relationships	**38**	9
Other investments (Note 9)	**28**	6
	231	339
Financial liabilities		
Amortised cost		
Creditors (Note 11)	**(157)**	(141)
Gross debt	**(2,616)**	(2,410)
Lease liabilities (Notes 11 and 12)	**(131)**	(133)
Fair value through profit or loss		
Derivatives not in designated accounting relationships	**(96)**	(128)
	(3,000)	(2,812)
Total	**(2,769)**	(2,473)

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.

14 Net debt continued

Gains and losses on financial instruments, as classed above, are disclosed in Note 5 (net financing costs), Note 10 (debtors), the consolidated income statement and the consolidated statement of comprehensive income. The Directors consider that the carrying amounts of other investments are approximate to their fair value, and that the carrying amounts are recoverable.

Maturity of committed undrawn borrowing facilities

		2022 £m	2021 £m
Maturity date:	over five years	**70**	347
	between four and five years	**401**	1,049
	between three and four years	**406**	294
Total facilities available for more than three years		**877**	1,690
Between two and three years		**360**	–
Between one and two years		**50**	–
Within one year		**–**	–
Total		**1,287**	1,690

The undrawn facilities are comprised of British Land undrawn facilities of £1,287m.

15 Dividends

The Final dividend payment for the six-month period ended 31 March 2022 will be 11.60p. Payment will be made on 29 July 2022 to shareholders on the register at close of business on 24 June 2022. 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	2022 £m	2021 £m
Current year dividends				
29.07.2022	2022 Final	11.60		
07.01.2022	2022 Interim	10.32	**95**	
		21.92		
Prior year dividends				
06.08.2021	2021 Final	6.64	**62**	
19.02.2021	2021 Interim	8.40		78
		15.04		
Dividends in consolidated statement of changes in equity			**157**	78
Dividends settled in shares			**–**	–
Dividends settled in cash			**157**	78
Timing difference relating to payment of withholding tax			**(2)**	(2)
Dividends in cash flow statement			**155**	(76)

16 Share capital and reserves

	2022	2021
Number of ordinary shares in issue at 1 April	**937,981,992**	937,938,097
Share issues	**127,441**	43,895
At 31 March	**938,109,433**	937,981,992

Of the issued 25p ordinary shares, 7,376 shares were held in the ESOP trust (2020/21: 7,376), 11,266,245 shares were held as treasury shares (2020/21: 11,266,245) and 926,835,812 shares were in free issue (2020/21: 926,709,543). No treasury shares were acquired by the ESOP trust during the year. All issued shares are fully paid.

17 Segment information

The Group allocates resources to investment and asset management according to the sectors it expects to perform over the medium term. The Group previously reported under three operating segments, being Offices, Retail and Canada Water. From 1 April 2021, the Group changed its reporting, to report under two operating segments, Campuses and Retail & Fulfilment. The Campuses sector includes the former segments of Offices and Canada Water in addition to residential properties. These changes are in line with our revised strategy and how Management now reviews the performance of the business. Due to the changes in the segments, the comparative figures have been restated in the below segmental disclosures.

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.

Segment result

	Campuses		Retail & Fulfilment		Unallocated		Total	
	2022 £m	Restated 2021 £m	2022 £m	Restated 2021 £m	2022 £m	Restated 2021 £m	2022 £m	Restated 2021 £m
Gross rental income								
British Land Group	**143**	166	**193**	195	**–**	–	**336**	361
Share of joint ventures	**91**	86	**56**	56	**–**	–	**147**	142
Total	**234**	252	**249**	251	**–**	–	**483**	503
Net rental income								
British Land Group	**117**	139	**176**	126	**–**	–	**293**	265
Share of joint ventures	**77**	69	**52**	28	**–**	–	**129**	97
Total	**194**	208	**228**	154	**–**	–	**422**	362
Operating result								
British Land Group	**120**	134	**171**	121	**(60)**	(48)	**231**	207
Share of joint ventures	**73**	69	**51**	28	**(2)**	–	**122**	97
Total	**193**	203	**222**	149	**(62)**	(48)	**353**	304

Reconciliation to Underlying Profit	2022 £m	2021 £m
Operating result	**353**	304
Net financing costs	**(102)**	(103)
Underlying Profit	**251**	201
Reconciliation to profit (loss) on ordinary activities before taxation		
Underlying Profit	**251**	201
Capital and other	**705**	(1,257)
Underlying Profit attributable to non-controlling interests	**2**	3
Total profit (loss) on ordinary activities before taxation	**958**	(1,053)
Reconciliation to Group revenue		
Gross rental income per operating segment result	**483**	503
Less share of gross rental income of joint ventures	**(147)**	(142)
Plus share of gross rental income attributable to non-controlling interests	**2**	16
Gross rental income (Note 3)	**338**	377
Trading property sales proceeds	**9**	–
Service charge income	**62**	64
Management and performance fees (from joint ventures)	**9**	7
Other fees and commissions	**21**	20
Surrender premium payable	**(29)**	–
Revenue (consolidated income statement)	**410**	468

A reconciliation between net financing costs in the consolidated income statement and net financing costs of £102m (2020/21: £103m) in the segmental disclosures above can be found within Table A in the supplementary disclosures. Of the total revenues above, £nil (2020/21: £nil) was derived from outside the UK.

17 Segment information continued

Segment assets

	Campuses 2022 £m	Campuses Restated 2021 £m	Retail & Fulfilment 2022 £m	Retail & Fulfilment Restated 2021 £m	Total 2022 £m	Total Restated 2021 £m
Property assets						
British Land Group	**4,150**	4,130	**2,788**	1,988	**6,938**	6,118
Share of joint ventures	**2,826**	2,418	**712**	604	**3,538**	3,022
Total	**6,976**	6,548	**3,500**	2,592	**10,476**	9,140

Reconciliation to net assets

British Land Group	2022 £m	2021 £m
Property assets	**10,476**	9,140
Other non-current assets	**69**	51
Non-current assets	**10,545**	9,191
Other net current liabilities	**(316)**	(203)
Adjusted net debt	**(3,458)**	(2,938)
Other non-current liabilities	**–**	–
EPRA NTA (diluted)	**6,771**	6,050
Non-controlling interests	**15**	59
EPRA adjustments	**(53)**	(126)
Net assets	**6,733**	5,983

18 Subsequent events

In April 2022, post year end, the Group exchanged contracts on the sale of a 75% interest in the majority of the Paddington Central campus to GIC, forming a new joint venture with an ownership split 75:25 for GIC and British Land, respectively. Completion is unconditional and will occur within three months of the exchange date. The total consideration of £694m is marginally below the associated investment property carrying value as at 31 March 2022, but not materially so.

On completion, two investment properties on the campus, 3 Kingdom Street and 5 Kingdom Street, will remain outside the joint venture but will be subject to two different option agreements.

Firstly, upon completion the joint venture will be granted an unconditional option to acquire 3 Kingdom Street at the prevailing market rate, which expires five years from the completion date.

A second unconditional option to acquire the 5 Kingdom Street development site will also be granted on completion, via a separate 50:50 joint venture with GIC, for a consideration of £68.5m, which expires six months from the completion date. This amount includes elements of contingent consideration and so the expected gain or loss on sale is subject to future events.

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 2022

The following pro forma information is unaudited and does not form part of the consolidated primary statements or the notes thereto. It presents the results of the Group, with its share of the results of joint ventures included on a line-by-line basis and excluding non-controlling interests.

	Year ended 31 March 2022				Year ended 31 March 2021			
	Group £m	Joint ventures £m	Less non-controlling interests £m	Proportionally consolidated £m	Group £m	Joint ventures £m	Less non-controlling interests £m	Proportionally consolidated £m
Gross rental income[1]	**345**	**147**	**(2)**	**490**	382	142	(16)	508
Property operating expenses	**(48)**	**(13)**	**–**	**(61)**	(105)	(45)	9	(141)
Net rental income	**297**	**134**	**(2)**	**429**	277	97	(7)	367
Administrative expenses	**(88)**	**(1)**	**–**	**(89)**	(74)	–	–	(74)
Net fees and other income	**13**	**–**	**–**	**13**	11	–	–	11
Ungeared income return	**222**	**133**	**(2)**	**353**	214	97	(7)	304
Net financing costs	**(55)**	**(47)**	**–**	**(102)**	(62)	(45)	4	(103)
Underlying Profit	**167**	**86**	**(2)**	**251**	152	52	(3)	201
Underlying taxation	**4**	**–**	**–**	**4**	(26)	–	–	(26)
Underlying Profit after taxation	**171**	**86**	**(2)**	**255**	126	52	(3)	175
Valuation movement (see Note 4)				**633**				(1,298)
Other capital and taxation (net)[2]				**59**				87
Result attributable to shareholders of the Company				**947**				(1,036)

1. Group gross rental income includes £7m (2020/21: £5m) of all-inclusive rents relating to service charge income and excludes the £29m (2020/21: £nil) surrender premium payable within the Capital and other column of the income statement.
2. Includes other comprehensive income, movement in dilution of share options and the movement in items excluded for EPRA NTA.

Summary balance sheet based on proportional consolidation as at 31 March 2022

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 venture included on a line-by-line basis, and excluding non-controlling interests, and assuming full dilution.

	Group £m	Share of joint ventures £m	Less non-controlling interests £m	Share options £m	Mark-to-market on derivatives and related debt adjustments £m	Lease liabilities £m	Valuation surplus on trading properties £m	Intangibles £m	EPRA NTA 31 March 2022 £m	Restated EPRA NTA 31 March 2021[2] £m
Campuses properties	**4,191**	**2,829**	**–**	**–**	**–**	**(52)**	**8**	**–**	**6,976**	6,548
Retail & Fulfilment properties	**2,859**	**728**	**(15)**	**–**	**–**	**(72)**	**–**	**–**	**3,500**	2,592
Total properties[1]	**7,050**	**3,557**	**(15)**	**–**	**–**	**(124)**	**8**	**–**	**10,476**	9,140
Investments in joint ventures	**2,511**	**(2,511)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	–
Other investments	**41**	**16**	**–**	**–**	**–**	**–**	**–**	**(9)**	**48**	38
Other net (liabilities) assets	**(328)**	**(100)**	**1**	**8**	**–**	**124**	**–**	**–**	**(295)**	(190)
Net debt	**(2,541)**	**(962)**	**(1)**	**–**	**46**	**–**	**–**	**–**	**(3,458)**	(2,938)
Net assets	**6,733**	**–**	**(15)**	**8**	**46**	**–**	**8**	**(9)**	**6,771**	6,050
EPRA NTA per share (Note 2)									**727p**	648p

1. Included within the total property value of £10,476m (31 March 2020/21: £9,140m) are right-of-use assets net of lease liabilities of £9m (31 March 2020/21: £8m), 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. As explained in Note 17, from 1 April 2021, the Group now reports under two operating segments, Campuses and Retail & Fulfilment. Within this table, the comparative figures have been restated in the relevant disclosures.

EPRA Net Tangible Assets movement

	Year ended 31 March 2022		Year ended 31 March 2021	
	£m	Pence per share	£m	Pence per share
Opening EPRA NTA	**6,050**	**648**	7,202	773
Income return	**255**	**27**	175	19
Capital return	**623**	**69**	(1,249)	(136)
Dividend paid	**(157)**	**(17)**	(78)	(8)
Closing EPRA NTA	**6,771**	**727**	6,050	648

Table B: EPRA Performance measures

EPRA Performance measures summary table

		2022		2021	
		£m	Pence per share	£m	Pence per share
EPRA Earnings	– basic	238	25.7	175	18.9
	– diluted	238	25.6	175	18.8
EPRA Net Initial Yield			4.3%		4.6%
EPRA 'topped-up' Net Initial Yield			4.9%		5.2%
EPRA Vacancy Rate			6.3%		8.3%

	2022		2021	
	Net assets £m	Net asset value per share (pence)	Net assets £m	Net asset value per share (pence)
EPRA NTA	6,771	727	6,050	648
EPRA NRV	7,403	794	6,599	707
EPRA NDV	6.542	702	5,678	609

Calculation and reconciliation of Underlying/EPRA/IFRS Earnings and Underlying/EPRA/IFRS Earnings per share (Audited)

	2022 £m	2021 £m
Profit (loss) attributable to the shareholders of the Company	958	(1,031)
Exclude:		
Group – current taxation	(2)	25
Group – deferred taxation	–	5
Joint ventures – taxation	–	(1)
Group – valuation movement	(471)	888
Group – profit on disposal of investment properties and investments	(45)	(28)
Group – capital and other surrender premia payable (see Note 3)	29	–
Joint ventures – net valuation movement (including result on disposals) (see Note 4)	(162)	410
Joint ventures – capital financing costs	4	–
Changes in fair value of financial instruments and associated close-out costs	(60)	(12)
Non-controlling interests in respect of the above	–	(55)
Underlying Profit	251	201
Group – underlying current taxation	4	(26)
Underlying Earnings – basic and diluted	255	175
Group – capital and other surrender premia payable (see Note 3)	(29)	–
Group – reclassification of foreign exchange differences (see Note 5)	12	–
EPRA Earnings – basic and diluted	238	175
Profit (loss) attributable to the shareholders of the Company	958	(1,031)
IFRS Earnings – basic and diluted	958	(1,031)

	2022 Number million	2021 Number million
Weighted average number of shares	938	938
Adjustment for treasury shares	(11)	(11)
IFRS/EPRA/Underlying Weighted average number of shares (basic)	927	927
Dilutive effect of share options	–	–
Dilutive effect of ESOP shares	3	3
EPRA/Underlying Weighted average number of shares (diluted)	930	930
Remove anti-dilutive effect	–	(3)
IFRS Weighted average number of shares (diluted)	930	927

Table B continued

Net assets per share (Audited)

	2022		2021	
	£m	Pence per share	£m	Pence per share
Balance sheet net assets	**6,733**		5,983	
Deferred tax arising on revaluation movements	**–**		–	
Mark-to-market on derivatives and related debt adjustments	**46**		115	
Dilution effect of share options	**8**		14	
Surplus on trading properties	**8**		9	
Intangible assets	**(9)**		(12)	
Less non-controlling interests	**(15)**		(59)	
EPRA NTA	**6,771**	**727**	6,050	648
Intangible assets	**9**		12	
Purchasers' costs	**623**		537	
EPRA NRV	**7,403**	**794**	6,599	707
Deferred tax arising on revaluation movements	**(2)**		(1)	
Purchasers' costs	**(623)**		(537)	
Mark-to-market on derivatives and related debt adjustments	**(46)**		(115)	
Mark-to-market on debt	**(190)**		(268)	
EPRA NDV	**6,542**	**702**	5,678	609

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.

	2022 Number million	2021 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	**2**	3
IFRS/EPRA number of shares (diluted)	**932**	933

Table B continued

EPRA Net Initial Yield and 'topped-up' Net Initial Yield (Unaudited)

	2022 £m	2021 £m
Investment property – wholly owned	**6,929**	6,118
Investment property – share of joint ventures	**3,538**	3,022
Less developments, residential and land	**(1,168)**	(1,224)
Completed property portfolio	**9,299**	7,916
Allowance for estimated purchasers' costs	**672**	648
Gross up completed property portfolio valuation (A)	**9,971**	8,564
Annualised cash passing rental income	**457**	425
Property outgoings	**(33)**	(29)
Annualised net rents (B)	**424**	396
Rent expiration of rent-free periods and fixed uplifts[1]	**61**	51
'Topped-up' net annualised rent (C)	**485**	447
EPRA Net Initial Yield (B/A)	**4.3%**	4.6%
EPRA 'topped-up' Net Initial Yield (C/A)	**4.9%**	5.2%
Including fixed/minimum uplifts received in lieu of rental growth	**5**	5
Total 'topped-up' net rents (D)	**490**	452
Overall 'topped-up' Net Initial Yield (D/A)	**4.9%**	5.3%
'Topped-up' net annualised rent	**485**	447
ERV vacant space	**33**	42
Reversions	**4**	12
Total ERV (E)	**522**	501
Net Reversionary Yield (E/A)	**5.2%**	5.9%

1. The weighted average period over which rent-free periods expire is one year (2020/21: 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 2022, 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 2022 £m	31 March 2021 £m
Annualised potential rental value of vacant premises	**33**	42
Annualised potential rental value for the completed property portfolio	**526**	507
EPRA Vacancy Rate	**6.3%**	8.3%

Table B continued

EPRA Cost Ratios (Unaudited)

	2022 £m	2021 £m
Property operating expenses	**48**	96
Administrative expenses	**88**	74
Share of joint ventures expenses	**14**	45
Less: Performance and management fees (from joint ventures)	**(9)**	(7)
Net other fees and commissions	**(4)**	(4)
Ground rent costs and operating expenses de facto included in rents	**(25)**	(21)
EPRA Costs (including direct vacancy costs) (A)	**112**	183
Direct vacancy costs	**(42)**	(31)
EPRA Costs (excluding direct vacancy costs) (B)	**70**	152
Gross Rental Income less ground rent costs and operating expenses de facto included in rents	**323**	341
Share of joint ventures (GRI less ground rent costs)	**139**	142
Total Gross rental income less ground rent costs (C)	**462**	483
EPRA Cost Ratio (including direct vacancy costs) (A/C)	**24.2%**	37.9%
EPRA Cost Ratio (excluding direct vacancy costs) (B/C)	**15.2%**	31.5%
Impairment of tenant debtors, tenant incentives and accrued income (D)	**(8)**	83
Adjusted EPRA Cost Ratio (including direct vacancy costs and excluding impairment of tenant debtors, accrued income, tenant incentives and contracted rent increases) (A-D)/C	**26.0%**	20.7%
Adjusted EPRA Cost Ratio (excluding direct vacancy costs and excluding impairment of tenant debtors, accrued income, tenant incentives and contracted rent increases) (B-D)/C	**16.9%**	14.3%
Overhead and operating expenses capitalised (including share of joint ventures)	**7**	6

In the current year, employee costs in relation to staff time on development projects have been capitalised into the base cost of relevant development assets. In addition to the standard EPRA Cost Ratios (both including and excluding direct vacancy costs), adjusted versions of these ratios have also been presented which remove the impact of the impairment of tenant debtors, tenant incentives and accrued income which are exceptional items in the current year, to show the impact of these items on the ratios.

Table C: Gross rental income (Audited)

	2022 £m	2021 £m
Rent receivable[1]	**479**	493
Spreading of tenant incentives and contracted rent increases	**8**	11
Surrender premia	**3**	4
Gross rental income	**490**	508

1. Group gross rental income includes £7m (2020/21: £5m) of all-inclusive rents relating to service charge income.

The current and prior year information is presented on a proportionally consolidated basis, excluding non-controlling interests.

Table D: Property related capital expenditure (Unaudited)

	Year ended 31 March 2022			Year ended 31 March 2021		
	Group £m	Joint ventures £m	Total £m	Group £m	Joint ventures £m	Total £m
Acquisitions	**596**	**34**	**630**	52	–	52
Development	**175**	**33**	**208**	104	25	129
Investment properties						
Incremental lettable space	**1**	**–**	**1**	1	–	1
No incremental lettable space	**12**	**25**	**37**	31	28	59
Tenant incentives	**21**	**3**	**24**	2	5	7
Other material non-allocated types of expenditure	**2**	**3**	**5**	5	1	6
Capitalised interest	**6**	**1**	**7**	6	2	8
Total property related capital expenditure	**813**	**99**	**912**	201	61	262
Conversion from accrual to cash basis	**42**	**(7)**	**35**	34	14	48
Total property related capital expenditure on cash basis	**855**	**92**	**947**	235	75	310

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 £5m (2020/21: £6m).

Supplementary Tables

Data includes Group's share of Joint Ventures

FY22 rent collection[1]

Rent due between 25 March 2021 and 24 March 2022	Offices	Retail[2]	Total
Received	100%	95%	97%
Rent forgiven	-	1%	1%
Outstanding	-	4%	2%
Total	**100%**	**100%**	**100%**
	£196m	**£270m**	**£466m**

March quarter 2022 rent collection[1]

Rent due between 25 March 2022 and 10 May 2022	Offices	Retail[2]	Total
Received	98%	92%	96%
Rent forgiven	-	-	-
Customer paid monthly	-	2%	1%
Outstanding	2%	6%	3%
Total	**100%**	**100%**	**100%**
	£44m	**£31m**	**£75m**

1. As at 10 May 2022
2. Includes non-office customers located within our London campuses

Purchases

Since 1 April 2021 Purchases	Sector	Price (100%) £m	Price (BL Share) £m	Annualised Net Rents £m[1]
Completed				
Hercules Unit Trust units	Retail	148	148	12
Thurrock Retail Park	Retail	82	82	5
Reading Gate Retail Park	Retail	68	34	2
Blackwater Shopping Park, Farnborough	Retail	38	38	2
B&Q, Cambridge	Retail	24	24	1
De Mandeville Retail Park	Retail	24	24	-
Hannah Close, Wembley	Logistics	157	157	4
Heritage House, Enfield	Logistics	87	87	2
Verney Road	Logistics	31	31	-
Finsbury Square car park, London	Logistics	20	20	1
Peterhouse Technology Park, Cambridge	Campuses	75	75	3
Waterside House, Guildford	Campuses	15	15	1
The Priestley Centre, Guildford	Campuses	12	12	-
Total		**781**	**747**	**33**

1. BL share of annualised rent topped up for rent frees

Sales

Since 1 April 2021 Sales	Sector	Price (100%) £m	Price (BL Share) £m	Annualised Net Rents £m[1]
Completed				
Virgin Active, Chiswick	Retail	54	54	2
Woodfields Retail Park, Bury (part-sale)	Retail	36	36	2
Beaumont Leys (Fletcher Mall)	Retail	9	9	1
Virgin Active, Brighton	Retail	14	14	2
Debenhams, Plymouth	Retail	4	4	-
Wardrobe Court	Residential	70	70	-
St Anne's, Regents Place[2]	Residential	6	6	-
Clarges, Mayfair	Residential	3	3	-
Canada Water (50% sale)	Campuses	580	290	1
Exchanged				
Paddington Central (75% sale)[3]	Campuses	934	694	27
Total		**1,710**	**1,180**	**35**

1. BL share of annualised rent topped up for rent frees
2. Exchanged prior to 1 April 2021
3. Exchanged post year end

Portfolio Valuation by Sector

				Change %[1]		
At 31 March 2022	Group £m	Joint ventures £m	Total £m	H1	H2	FY
West End	3,479	128	3,607	2.8	1.6	4.5
City	438	2,415	2,853	2.6	2.1	4.7
Canada Water & other Campuses	147	283	430	6.9	6.4	12.9
Residential[2]	77	-	77	(0.8)	14.7	6.4
Campuses	**4,141**	**2,826**	**6,967**	**3.0**	**2.4**	**5.4**
Retail Parks	1,891	223	2,114	7.1	13.6	20.7
Shopping Centre	332	468	800	(4.2)	(2.1)	(6.1)
Urban Logistics	314	5	319	(0.9)	0.4	-
Other Retail	251	16	267	(0.4)	3.5	2.5
Retail & Fulfilment	**2,788**	**712**	**3,500**	**2.7**	**7.5**	**9.9**
Total	**6,929**	**3,538**	**10,467**	**2.9**	**4.0**	**6.8**
Standing Investments	**6,224**	**3,099**	**9,323**	**2.2**	**3.5**	**5.5**
Developments	**705**	**439**	**1,144**	**6.3**	**7.8**	**11.7**

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

1. Valuation movement during the year (after taking account of capital expenditure) of properties held at the balance sheet date, including developments (classified by end use), purchases and sales
2. Stand-alone residential

Gross Rental Income[1]

	12 months to 31 March 2022			Annualised as at 31 March 2022		
Accounting Basis £m	Group	Joint ventures	Total	Group	Joint ventures	Total
West End	123	6	129	123	5	128
City	13	85	98	7	79	86
Canada Water & other Campuses	8	5	13	6	-	6
Residential[2]	1	-	1	1	-	1
Campuses	**145**	**96**	**241**	**137**	**84**	**221**
Retail Parks	131	15	146	129	16	145
Shopping Centre	47	33	80	42	32	74
Urban Logistics	3	-	3	7	-	7
Other Retail	19	1	20	18	1	19
Retail & Fulfilment	**200**	**49**	**249**	**196**	**49**	**245**
Total	**345**	**145**	**490**	**333**	**133**	**466**

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

1. Gross rental income will differ from annualised valuation rents due to accounting adjustments for fixed & minimum contracted rental uplifts and lease incentives
2. Stand-alone residential

Portfolio Net Yields[1,2]

As at 31 March 2022	EPRA net initial yield %	EPRA topped up net initial yield %[3]	Overall topped up net initial yield %[4]	Net equivalent yield %	Net equivalent yield movement bps	Net reversionary yield %	ERV Growth %[5]
West End	3.4	4.1	4.1	4.3	(7)	4.7	0.4
City	2.9	3.8	3.8	4.3	(15)	4.7	(0.6)
Other Campuses	4.9	4.9	4.9	5.2	1	5.6	6.4
Residential	3.8	3.8	3.8	4.0	-	3.1	(11.7)
Campuses	**3.2**	**4.0**	**4.0**	**4.3**	**(11)**	**4.7**	**0.0**
Retail Parks	6.2	6.5	6.6	5.9	(151)	5.9	(2.0)
Shopping Centre	7.1	7.6	7.8	7.6	3	8.0	(5.2)
Urban Logistics	2.0	2.0	2.0	2.5	(75)	2.6	6.3
Other Retail	5.2	5.6	6.1	6.4	(16)	6.4	0.8
Retail & Fulfilment	**6.0**	**6.3**	**6.4**	**6.0**	**(97)**	**6.1**	(2.8)
Total	**4.3**	**4.9**	**4.9**	**4.9**	**(42)**	**5.2**	**(1.2)**

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

1. Including notional purchaser's costs
2. Excluding committed developments, assets held for development and residential assets
3. Including rent contracted from expiry of rent-free periods and fixed uplifts not in lieu of rental growth
4. Including fixed/minimum uplifts (excluded from EPRA definition)
5. As calculated by MSCI

Total Property Return (as calculated by MSCI)

12 months to 31 March 2022	Offices		Retail		Total	
%	British Land	MSCI	British Land	MSCI	British Land	MSCI
Capital Return	5.8	3.2	11.6	8.8	7.4	14.9
– ERV Growth	0.1	1.4	(2.9)	(2.0)	(1.2)	3.1
– Yield Movement[1]	(11) bps	(23) bps	(97) bps	(82) bps	(42) bps	(67) bps
Income Return	2.6	3.7	7.6	5.6	4.0	4.2
Total Property Return	**8.5**	**7.0**	**20.0**	**14.9**	**11.7**	**19.6**

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

1. Net equivalent yield movement

Top 20 Tenants by Sector

As at 31 March 2022	% of Retail & Fulfilment rent
Retail & Fulfilment	
Next	4.9
Walgreens (Boots)	4.8
M&S	4.1
JD Sports	3.2
Currys Plc	3.1
J Sainsbury	2.8
TJX (TK Maxx)	2.8
Frasers Group	2.5
Asda Group	2.2
Kingfisher	2.0
Tesco plc	2.0
DFS Furniture	1.8
Hutchison Whampoa	1.8
TGI Friday's	1.8
River Island	1.6
Homebase	1.5
Primark	1.5
H&M	1.4
Wilkinson	1.3
Pets at Home	1.2
Total top 20	**48.3**

As at 31 March 2022	% of Campuses rent
Campuses	
Meta (Facebook)	17.4
Dentsu international	4.7
Visa	4.0
Herbert Smith Freehills	2.9
Gazprom	2.6
Microsoft Corp	2.5
SMBC	2.2
Vodafone	2.0
Deutsche Bank	1.9
Henderson	1.7
Reed Smith	1.6
TP ICAP	1.6
The Interpublic Group (McCann)	1.6
Softbank Group	1.5
Mayer Brown	1.4
Mimecast	1.3
Credit Agricole	1.2
Kingfisher	1.2
Milbank LLP	1.1
Monzo Bank	1.1
Total top 20	**55.5**

Major Holdings

As at 31 March 2022	BL Share %	Sq ft '000	Rent (100%) £m pa[1,4]	Occupancy rate %[2,4]	Lease length yrs[3,4]
Broadgate	50	4,468	189	96.7	6.4
Regent's Place	100	1,740	85	95.2	8.7
Paddington Central[5]	100	958	47	99.6	5.2
Meadowhall, Sheffield	50	1,500	67	95.9	4.1
Glasgow Fort, Glasgow	100	510	17	94.7	5.2
Teesside, Stockton	100	569	15	95.0	2.6
Hannah Close, Wembley	100	246	3	100.0	3.4
Ealing Broadway, London	100	540	11	95.0	3.7
Drake's Circus, Plymouth	100	1,190	16	91.9	4.9
Giltbrook, Nottingham	100	198	7	100.0	4.7

1. Annualised EPRA contracted rent including 100% of joint ventures
2. Includes accommodation under offer or subject to asset management
3. Weighted average to first break
4. Excludes committed and near term developments
5. Post year end, exchanged on the sale of 75% of the majority of assets in Paddington Central

Lease Length & Occupancy

	Average lease length yrs		Occupancy rate %	
As at 31 March 2022	To expiry	To break	EPRA Occupancy	Occupancy[1,2,3]
West End	7.8	7.2	95.7	96.8
City	7.4	6.5	90.2	96.2
Other Campuses	7.7	6.8	100.0	100.0
Residential	16.5	16.2	100.0	100.0
Campuses	**7.7**	**7.0**	**93.5**	**96.7**
Retail Parks	6.0	4.4	94.6	97.4
Shopping Centre	5.6	4.3	92.0	93.9
Urban Logistics	5.4	4.5	99.8	99.8
Other Retail	8.2	7.7	94.2	95.9
Retail & Fulfilment	**6.0**	**4.6**	**94.0**	**96.3**
Total	**6.8**	**5.8**	**93.7**	**96.5**

1. Space allocated to Storey is shown as occupied where there is a Storey tenant in place otherwise it is shown as vacant. Total occupancy would rise from 96.7% to 97.2% if Storey space were assumed to be fully let
2. Includes accommodation under offer or subject to asset management
3. Where occupiers have entered administration or CVA but are still liable for rates, these are treated as occupied. If units in administration are treated as vacant, then the occupancy rate for Retail & Fulfilment would reduce from 96.3% to 94.5%, and total occupancy would reduce from 96.5% to 95.6%

Portfolio Weighting

As at 31 March	2021 %	2022 %	2022 £m
West End	35.9	34.5	3,607
City	27.5	27.3	2,853
Canada Water & other Campuses	6.1	4.1	430
Residential[1]	0.6	0.7	77
Campuses	**70.1**	**66.6**	**6,967**
Retail Parks	17.6	20.2	2,114
Shopping Centre	8.3	7.6	800
Urban Logistics	1.2	3.0	319
Other Retail	2.8	2.6	267
Retail & Fulfilment	**29.9**	**33.4**	**3,500**
Total	**100**	**100**	**10,467**
London Weighting	**77%**	**73%**	**7,604**

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

1. Stand-alone residential

Annualised Rent & Estimated Rental Value (ERV)

As at 31 March 2022	Annualised rent (valuation basis) £m[1] Group	Joint ventures	Total	ERV £m Total	Average rent £psf Contracted[2]	ERV
West End[3]	114	5	119	161	63.9	69.4
City[3]	7	72	79	123	53.5	56.4
Canada Water & other Campuses	6	-	6	8	27.2	34.5
Residential[4]	1	-	1	1	41.7	30.9
Campuses	**128**	**77**	**205**	**293**	**52.9**	**57.8**
Retail Parks	133	17	150	136	22.3	19.2
Shopping Centre	39	39	78	76	23.9	22.4
Urban Logistics	7	-	7	9	11.9	15.6
Other Retail	17	1	18	19	11.0	11.2
Retail & Fulfilment	**196**	**57**	**253**	**240**	**20.7**	**18.8**
Total	**324**	**134**	**458**	**533**	**29.5**	**29.9**

On a proportionally consolidated basis including the group's share of joint ventures and funds, excluding committed, near term and assets held for development

1. Gross rents plus, where rent reviews are outstanding, any increases to ERV (as determined by the Group's external valuers), less any ground rents payable under head leases, excludes contracted rent subject to rent free and future uplift
2. Annualised rent, plus rent subject to rent free
3. £psf metrics shown for office space only
4. Stand-alone residential

Rent Subject to Open Market Rent Review

For year to 31 March As at 31 March 2022	2023 £m	2024 £m	2025 £m	2026 £m	2027 £m	2023-25 £m	2023-27 £m
West End	23	4	15	9	22	42	73
City	1	15	8	26	4	24	54
Canada Water & other Campuses	-	-	1	-	-	1	1
Residential	-	-	-	-	1	-	1
Campuses	**24**	**19**	**24**	**35**	**27**	**67**	**129**
Retail Parks	9	8	9	8	7	26	41
Shopping Centre	8	3	3	2	3	14	19
Urban Logistics	-	-	1	-	-	1	1
Other Retail	1	2	1	-	1	4	5
Retail & Fulfilment	**18**	**13**	**14**	**10**	**11**	**45**	**66**
Total	**42**	**32**	**38**	**45**	**38**	**112**	**195**

On a proportionally consolidated basis including the Group's share of joint ventures excluding committed, near term and assets held for development

Rent Subject to Lease Break or Expiry

For year to 31 March As at 31 March 2022	2023 £m	2024 £m	2025 £m	2026 £m	2027 £m	2023-25 £m	2023-27 £m
West End	19	15	11	13	8	45	66
City	7	16	4	17	3	27	47
Other Campuses	1	2	-	-	1	3	4
Residential	-	-	-	-	-	-	-
Campuses	**27**	**33**	**15**	**30**	**12**	**75**	**117**
Retail Parks	23	28	19	21	18	70	109
Shopping Centre	16	12	9	12	7	37	56
Urban Logistics	-	-	2	4	-	2	6
Other Retail	4	1	1	1	1	6	8
Retail & Fulfilment	**43**	**41**	**31**	**38**	**26**	**115**	**179**
Total	**70**	**74**	**46**	**68**	**38**	**190**	**296**
% of contracted rent	**13.7**	**14.0**	**8.9**	**13.2**	**7.2**	**36.6**	**57.0**

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

Recently Completed and Committed Developments

As at 31 March 2022	Sector	BL Share %	100% sq ft '000	PC Calendar Year	Current Value £m	Cost to come £m[1]	ERV £m[2]	Pre-let & under offer £m[5]	Forecast IRR %
1 Triton Square	Office	100	369	Q2 2021	545	–	24.3	23.9	12
Total Recently Completed			**369**		**545**	**–**	**24.3**	**23.9**	
Norton Folgate	Office	100	336	Q4 2023	235	157	23.1	7.5	11
Aldgate Place, Phase 2	Residential	100	136	Q2 2024	48	86	6.0	-	10
1 Broadgate[5]	Office	50	544	Q2 2025	147	210	20.2	13.7	12
The Priestley Centre, Guildford	Office	100	81	Q2 2023	13	19	2.8	-	22
Canada Water, Plot A1[3]	Mixed Use	50	273	Q3 2024	26	103	3.3	-	11
Canada Water, Plot A2[3]	Mixed use	50	250	Q3 2024	16	60	5.0	-	Blended
Canada Water, Plot K1[3]	Residential	50	62	Q2 2023	2	13	-	-	
Total Committed			**1,682**		**487**	**648**	**60.4**	**21.2**	
Other Capital Expenditure[4]						23			

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

1. From 31 March 2022. 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. Capex committed and underway within our investment portfolio relating to leasing, infrastructure and asset management
5. Pre-let & under offer excludes 114,000 sq ft of office space under option

Near Term Development Pipeline

As at 31 March 2022	Sector	BL Share %	100% sq ft '000	Earliest Start on Site	Current Value £m	Cost to come £m[1]	ERV £m[2]	Let & Under Offer £m	Planning Status
2-3 Finsbury Avenue	Office	50	718	Q3 2022	71	433	31.0	-	Consented
5 Kingdom Street	Office	100	438	Q4 2022	122	397	33.9	-	Consented
Meadowhall RDD	Urban Logistics	50	604	Q3 2022	6	37	2.4	-	Consented
Ealing – International House	Office	100	165	Q3 2022	20	96	9.3	-	Consented
Total Near Term			**1,925**		**219**	**963**	**76.6**	**–**	
Other Capital Expenditure[3]						167			

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

1. From 31 March 2022. 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. Forecast capital commitments within our investment portfolio over the next 12 months relating to leasing and asset enhancement

Medium Term Development Pipeline

As at 31 March 2022	Sector	BL Share %	100% Sq ft '000	Planning Status
Thurrock	Urban Logistics	100	559	Pre-submission
Enfield, Heritage House	Urban Logistics	100	431	Pre-submission
Hannah Close, Wembley	Urban Logistics	100	668	Pre-submission
Verney Road	Urban Logistics	100	166	Pre-submission
Teesside, Logistics	Urban Logistics	100	299	Pre-submission
Euston Tower	Office	100	578	Pre-submission
West One Development	Office	25	73	Pre-submission
Finsbury Square	Urban Logistics	100	47	Pre-submission
Ealing – 10-40, The Broadway	Mixed Use	100	325	Pre-submission
Gateway Building	Office	100	105	Consented
Canada Water – Future phases[1]	Mixed Use	50	4,495	Consented
Total Medium Term			**7,746**	

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

1. The London Borough of Southwark has the right to invest in up to 20% of the completed development. The ownership share of the joint venture between British Land and AustralianSuper will change over time depending on the level of contributions made, but will be no less than 80%

Forward-looking statements

This Press Release contains certain (and we may make other verbal or written) 'forward-looking' statements. These forward-looking statements include all matters that are not historical fact. Such statements reflect current views, intentions, expectations, forecasts and beliefs of British Land concerning, among other things, our markets, activities, projections, strategy, plans, initiatives, objectives, performance, financial condition, liquidity, growth and prospects, as well as assumptions about future events 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', 'goal', 'ambition', 'mission', 'objective', '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, may differ materially from those expressed in or implied by such statements. Recipients should not place reliance on, and are cautioned about relying on, any forward-looking statements.

Important factors that could cause actual results (including the payment of dividends), performance or achievements of British Land to differ materially from any outcomes or results expressed or implied by such forward-looking statements include, among other things, 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) government, law or 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) occupier demand and tenant default, (o) financial and equity markets including interest and exchange rate fluctuations, (p) accounting practices and the interpretation of accounting standards (q) the availability and cost of finances, (r) public health crises (including but not limited to the covid-19 pandemic), (s) changes in construction supplies and labour availability or cost inflation and (t) the Ukraine conflict and its impact on supply chains and the macroeconomic outlook. The Company's principal risks are described in greater detail in the section of this Press Release headed "Risk Management and Principal Risks" and in the Company's latest annual report and accounts (which can be found at www.britishland.com). Forward-looking statements in this Press Release, or the British Land website or made subsequently, which are attributable to British Land or persons acting on its behalf, should therefore be construed in light of all such factors.

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