30 SEPTEMBER 2022

HALF YEAR RESULTS

British Land

Good operational performance in a challenging macroeconomic environment

16 November 2022

Simon Carter, CEO said: "Our good operational performance in the half reflects the high quality of our portfolio and reinforces our conviction in our value-add strategy which is focused on sectors with pricing power. We delivered 5% like for like net rental growth and leased 1.5m sq ft of space well ahead of ERV. As a result, underlying profit increased 13% and the dividend is up by 12%.

Higher interest rates have increased property yields, but the impact on valuations was partially cushioned by rental growth. In Campuses, demand remains robust for best-in-class workspace. Retail Parks continue to benefit from retailers' focus on omni-channel and affordability, while the fundamentals in urban logistics remain compelling given the acute lack of supply and the transport savings operators can realise from the best London locations.

We go into the second half with a strong leasing pipeline, but mindful of the weaker macro environment in which we are operating. Well-timed disposals strengthened our balance sheet and combined with the quality of our platform and our continued commitment to capital recycling, mean we are well placed to exploit our attractive development pipeline and the opportunities now emerging in the market."

Performance summary

Good underlying performance and a strong balance sheet

- Underlying Profit growth of 13.3% driven by strong rental growth and cost control; EPRA cost ratio improved 650 bps to 19.7%
- HY23 EPS of 14.5p and dividend of 11.6p per share, both up 12.4%
- Portfolio value down 3.0% with Campuses down 2.7% and Retail & Fulfilment down 3.6%
- +17 bps yield expansion overall; +18 bps in Campuses; +17 bps in Retail & Fulfilment
- ERV growth up 1.2%, Campuses +1.6%, Retail Parks +0.8%, Urban Logistics +16.7%
- EPRA Net Tangible Assets (NTA) down 4.4% to 695p, with Total Accounting Return at -2.8%
- Raised £765m of new finance on good terms including £515m loan in Paddington Central Joint Venture
- LTV at 30.7% (32.9%: March 2022); £2bn of undrawn facilities and cash
- No requirement to refinance until late 2025
- Interest costs fully hedged for the next year and 77% of projected debt is hedged on average over the next 5 years
- Fitch affirmed our senior unsecured credit rating at "A"

Strong operational delivery: 1.5m sq ft leased, 14.7% ahead of ERV and 1.1m sq ft under offer, 11.4% ahead of ERV

- 494,000 sq ft of Campus leasing in the period, 18.4% ahead of ERV; further 310,000 sq ft under offer
- 1m sq ft Retail & Fulfilment leasing, 10.3% ahead of ERV; further 772,000 sq ft under offer
- Delivering 140,000 sq ft of lab space across our Campuses, with over 80,000 sq ft let or in negotiations
- Storey occupancy up 10ppt to 96% since March 2022
- Delivering net zero carbon initiatives; EPC A-B rated properties increased to 52% by ERV for our Campus portfolio

£0.9bn of gross capital activity

- £694m from sale of 75% of majority of Paddington Central completed in July 2022, crystallising 9% p.a. total property returns
- £25m acquisition of Peterhouse Western Expansion, 90,000 sq ft consented scheme in Cambridge
- £22m investment in an urban logistics development site on Mandela Way in Southwark, London

Progressing attractive development pipeline

- On site with 1.7m sq ft of net zero carbon developments across our Campuses; 92% of costs fixed for committed developments
- 10m sq ft development pipeline, targeting IRRs of 10-12%

Expect good underlying performance underpinned by rental growth, set against upward pressure on property yields

- Upward pressure on property yields dependent on where medium term interest rates settle
- ERV guidance, next 12 months: 2-4% growth in Campuses, 1-3% growth in Retail Parks and 4-5% in Urban Logistics

Summary performance

	HY 2022/23	HY 2021/22	Change
Income statement			
Underlying Profit	£136m	£120m	13.3%
Underlying earnings per share[2]	14.5p	12.9p	12.4%
IFRS (loss) / profit after tax	£(34)m	£370m	
IFRS basic earnings per share	(3.7)p	39.9p	
Dividend per share	11.60p	10.32p	
Total accounting return[2]	(2.8)%	6.1%	
Balance sheet	30 Sep 2022	31 March 2022	
Portfolio at valuation (proportionally consolidated)	£9,643m	£10,467m	(3.0)%[1]
EPRA Net Tangible Assets per share[2]	695p	727p	(4.4)%
IFRS net assets	£6,598m	£6,733m	
Loan to value ratio (proportionally consolidated)[3]	30.7%	32.9%	
Fitch senior unsecured credit rating	A	A	
Operational Statistics	HY 2022/2023	HY 2021/22	
Lettings and renewals over 1 year	1.1m sq ft	1.3m sq ft	
Total lettings and renewals	1.5m sq ft	1.8m sq ft	
Committed and recently completed development	1.7m sq ft	2.0m sq ft	
Sustainability Performance			
MSCI ESG	AAA rating	AAA rating	
GRESB (Standing Investments / Developments)	4* / 5*	5* / 5*	

1. Valuation movement during the period (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 condensed interim financial statements.
3. EPRA Loan to value is disclosed in Table E of the condensed interim financial statements.

Results Presentation and Investor Conference Call

A presentation of the results will take place at 9.00am on 16 November 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:	544585
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:	994348

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

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Chief Executive's review

Overview

The past six months have seen a material deterioration in the economic environment. Against this backdrop, our business is performing well operationally, with Underlying Profit increasing 13% reinforcing our conviction in our value-add strategy which is to focus on supply constrained markets where we have pricing power, leveraging our strengths in asset management and sustainable development. We have maintained leasing momentum across our business. We are progressing our committed developments and managing our risks appropriately. Across the wider development pipeline, we are progressing planning, demolition and site mobilisation so we can move forward as and when the time is right. We have maintained our balance sheet strength and have continued to raise financing at attractive levels. However, valuations have been impacted by rising interest rates, and as a result, total accounting return was down 2.8% for the half year.

Performance

Our London Campuses include Broadgate, Regent's Place and Paddington Central and we are creating a fourth at Canada Water. Despite the tougher macro environment, the gravitational pull towards modern, high quality and sustainable space is accelerating as businesses demand the best space. Our model plays well to these themes and as a result we leased 494,000 sq ft in the half year, 18.4% ahead of ERV. This included a significant renewal to Meta and our second life sciences letting at Regent's Place where momentum continues to build at this centre of innovation. Our pipeline of deals under offer remains healthy, covering 310,000 sq ft, including up to 126,800 sq ft to Reed Smith at our Norton Folgate development. However, rising interest rates reduced investors' appetite to make acquisitions over the period, impacting investment markets and sentiment. As a result, the Campus portfolio valuation declined 2.7% with yields increasing by 18 bps partially offset by ERV growth of 1.6%.

Our Retail & Fulfilment portfolio is focused on high quality retail parks, which account for 60% of the Retail & Fulfilment portfolio and we are the largest owner and operator of this format in the UK. Shopping Centres comprise 23% of the portfolio and we are building a business in Urban Logistics in London. Following a record year in FY22, leasing remained strong across the Retail & Fulfilment portfolio covering 1m sq ft, 10.3% ahead of ERV. In Retail Parks, lettings were just 2.9% below previous passing rent, whilst in Shopping Centres, there are indications that ERVs are stabilising. We have 772,000 sq ft in our leasing pipeline 18.0% ahead of ERV. This is weighted towards Retail Parks where we expect demand to be more resilient through a downturn due to the affordability of rents and suitability for fulfilling online retail. Valuations were also impacted by rising rates with a yield shift of +17 bps, partially offset by ERV growth of 0.6% reducing the value of the Retail & Fulfilment portfolio by 3.6%.

As a result of the strong operational performance across the portfolio, Underlying Profit increased £16m or 13.3% in the period to £136m, with Underlying earnings per share up 12.4% to 14.5p.

Business model

We focus on value-add opportunities which exploit our deep asset management and development capabilities. Our approach is to:

- Source value-add opportunities – targeting value accretive acquisitions in the market and creating development opportunities on our portfolio which play to our strengths
- Develop & actively manage – creating modern, high quality and sustainable space which we manage ourselves to respond to customer needs
- Recycle capital – rotating out of assets where we have delivered our business plan and into opportunities where we can drive stronger returns through asset management or development

Our target is to deliver total accounting returns of 8-10% through the cycle. In the current environment, driving growth organically becomes increasingly important to deliver returns for our shareholders. Our progress in each area is summarised below:

	Progress in HY23
Source value-add opportunities	– Acquisition of Peterhouse Western Expansion for £25m, a fully consented development site covering 90,000 sq ft following the acquisition of Peterhouse Technology Park last year (140,000 sq ft) – Acquisition of Mandela Way, Southwark, development site for a multi-storey urban logistics facility for £22m – Progressing planning on development opportunities with 1.2m sq ft consents achieved including The Printworks at Canada Water (based on gross area)
Develop & actively manage	– Delivering c.140,000 sq ft of lab space across the portfolio, of which over 80,000 sq ft is let or in negotiations – Progressing plans for life sciences-led redevelopment of Euston Tower, 578,000 sq ft – Progressing planning for an urban logistics facility at our Paddington Campus, "The Box" (127,000 sq ft) – Maintaining tight control of development costs, 92% fixed; focus on tier 1 contractors – Delivering our net zero carbon initiatives; 52% of Campus portfolio now EPC A – B rated – Supporting local partners through the cost of living crisis with £200,000 funding
Recycle capital	– £694m from the sale of 75% of majority of assets at Paddington Central completed, establishing a new JV – £47m of acquisitions in innovation and urban logistics opportunities – Improved balance sheet and liquidity post refinancing including £515m loan for Paddington Central Joint Venture

Strategy

Our business segments comprise Campuses and Retail & Fulfilment. Within this we are focusing on the following three strategic themes, and are targeting opportunities which play best to our skill set and where we see the most attractive opportunities to drive future returns:

- Campuses – leveraging the Campus proposition to focus on customers in growth and innovation sectors including science, technology and health;
- Retail Parks – aligned to the growth of convenience and omni-channel; and
- London Urban Logistics – where we are delivering new space in a chronically undersupplied market via repurposing and densification

Campuses

Our strong conviction in Campuses is reinforced by the continued strength of demand for the best, most sustainable buildings as occupiers focus on the right space for their business. Our Campuses combine well-located, high quality workspace with opportunities to shop, dine and socialise. Our Campus model provides flexibility for occupiers to expand their footprint as they grow and our large floor plates provide customers with a blank canvas from which they can design collaborative space suited to their specific needs. At the same time, we are targeting innovation businesses across the science, technology and health sectors on our existing London Campuses given the strong growth potential of these sectors. We have built up a 7.3m sq ft development pipeline across our Campuses which we expect will deliver attractive returns, benefiting from the continued trend for best in class space. Since the half year end we have seen this play out with rents for best in class new space up around 5-10% based on recent transactions.

We are also taking this model outside London to markets where supply is constrained but demand is very strong, with the clearest opportunities being in the Golden Triangle. We are being patient in our capital deployment, typically focussing on situations where our development and regeneration skills give us an edge. In the half, we signed a Memorandum of Understanding with Cambridge Biomedical Campus Ltd to be a Partner in Masterplanning at the campus.

Retail & Fulfilment

Retail Parks: In Retail Parks, we made timely acquisitions last year and benefitted as yields contracted and values increased. Although we have seen some yield expansion in the period, we now have greater conviction in the underlying fundamentals and pricing power of retail parks. As the role of the store changes, retail parks are increasingly the preferred format for retailers. They are ideal for omni-channel, enabling click and collect, returns and ship from store, and are affordable with an occupational cost ratio of 10% on our portfolio which is increasingly important as retailers face margin pressures from higher inflation and lower disposable incomes. As a result, retail parks appeal to a broad range of occupiers, including general retailers, grocers, discounters and service offerings such as discount gyms. Occupancy is high at 97.5% and with no new supply, we have good pricing power and are beginning to see rental growth. If the current weakness in capital markets spills over into the retail park investment market, we will look to make further acquisitions of retail parks where we can deploy our asset management capabilities to reduce vacancy and drive rents, but we will maintain our usual discipline on price.

We continue to actively manage our Shopping Centres by improving occupancy and driving rents. Yields have remained relatively stable over the period despite a more challenging macroeconomic outlook. This is because the gap between yields and bond rates is wider than other sectors and we expect the outlook for the best centres to become more attractive as confidence improves.

Urban Logistics: In Urban Logistics, the chronic shortage of space in London is the key theme underpinning our focus on this part of the market – Savills estimate that vacancy in London is 2.2%. We have assembled a pipeline of urban logistics development opportunities with a gross development value of £1.5bn which will give us the most centrally located portfolio in London. Our strategy is to focus on development opportunities where we deliver solutions by repurposing or intensifying the site to drive returns. We primarily operate in two markets: the nascent market of Zone 1 or edge of Zone 1 locations and best in class facilities in Greater London which are over 200,000 sq ft. With demand for same day delivery increasing, proximity to the customer is key because it reduces transport costs for occupiers, driving profitability and making demand for this space inelastic to price. For a typical occupier, rents are c. 6% of the cost of delivering goods to the consumer compared to c.60% for transport. Our urban logistics development appraisals assume some outward yield shift and with rental growth stronger than anticipated we still expect these schemes to deliver attractive IRRs of 10-15%. Our appetite in this sector is unchanged given the strong occupational fundamentals and the potential for a softer investment market to allow us to source opportunities at more attractive pricing.

Capital allocation and balance sheet

A key priority for our business is to actively recycle capital by rotating out of dry, lower returning assets and redeploy into assets where we can leverage our strengths in asset management and development to drive returns. We expect the current environment to generate opportunities particularly in both Retail Parks and Urban Logistics. We have a strong balance sheet, providing the flexibility to make timely decisions on asset sales and purchases.

Our LTV is low at 30.7% and we have a strong liquidity position with access to £2bn of available facilities and cash and no requirement to refinance until late 2025. We maintain good long-term relationships with debt providers across the markets and have continued to raise funds on good terms. Financing activity completed in the half year included a £515m five year secured loan for the Paddington joint venture, provided by a club of three banks. In October 2022, we renewed a £100m bilateral bank revolving credit facility for British Land with a 5 year initial term. In November, we signed a further new £150m facility, also for 5 year initial term. Both of these RCFs are ESG linked with targets linked to our sustainability strategy. The interest rate on our debt is fully hedged for the next year and 77% of projected debt is hedged on average over the next 5 years.

We are pleased to be announcing a half year dividend of 11.6p per share, in line with our policy of setting the dividend at 80% of Underlying EPS.

Outlook

We are now operating in a significantly different environment to the one we reported on in May 2022. Rapid inflation has led the Bank of England to initiate an interest rate hike cycle and 10 year gilt rates are significantly ahead of the level six months ago, albeit below recent highs. This has directly impacted property yields with the effect most pronounced in lower yielding assets. Looking forward, yields will be heavily influenced by where medium term interest rates settle, which is difficult to forecast, but we currently expect to see yield expansion across our business in the second half. However, this impact will likely be cushioned by rental growth across our key markets.

We are proactively managing our risk given the economic uncertainty. On our committed London Campus developments, we have fixed 92% of costs and pre-let or placed under offer 34% of the space (40% of offices pre-let or under offer). Given a lack of new supply, we expect to achieve higher rents on the remaining space, increasing yield on cost. Looking forward, we have a very attractive development pipeline across our Campuses of 7.3m sq ft, c.80% of which is consented. The sequencing of our programme means that we are unlikely to make major new commitments in the next 12 months. In the meantime, we are progressing demolition and basement works at 2 Finsbury Avenue. We typically pre-let around one third of our developments ahead of placing the main build contract. We have maintained our forecast construction cost inflation of 8-10% this year, moderating to 4-5% next year. There is a possibility that inflation next year is lower than our forecast with early signs construction capacity is increasing and tender prices for demolition works are stabilising. Current leasing discussions indicate that occupiers continue to prioritise having the best space for their business over price. Vacancy across prime London office space remains low and availability of new, best in class space is scarce. In particular, new and newly refurbished space accounts for just 1.5% of the market. These factors drive strong pricing power on Campuses where we now expect ERV growth of between 2-4% over the next 12 months with rental growth at our developments likely to exceed these levels.

In Retail Parks, the underlying fundamentals are favourable. Supply is tight, with retail parks accounting for 10% of the total retail market and our occupancy is 97.5%. As a result, we expect to be able to build on the rental growth achieved in the first half to deliver ERV growth of between 1-3%. For shopping centres ERV declines moderated in the half and based on our most recent leasing activity, we would expect this to continue.

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 4-5 % p.a..

We go into the second half with a strong leasing pipeline focused on markets where we have pricing power, but we are mindful of the weaker macro environment we are operating in. The disposal of stakes in Paddington Central and Canada Water strengthened our balance sheet and combined with the quality of our platform and our continued commitment to capital recycling, mean we are well placed to exploit our attractive development pipeline and the opportunities now emerging in the market.

Market backdrop

Macro-economic context

Macroeconomic uncertainty escalated in the period and it now looks increasingly likely that the UK will enter a recession. GDP fell 0.6% in September 2022 and forecasts are generally being revised downwards while inflation has risen much faster than expected, leading to four successive Bank of England interest rate rises since May. Rising energy prices and mortgage rates will put consumers under pressure over the winter and consumer confidence is low. However, the labour market remains robust; unemployment stands at 3.5%, the lowest since 1974 and both household savings and corporate balance sheets are generally strong. These fundamentals will be supportive over the coming months, but the depth and duration of any recession is hard to predict, particularly given geopolitical tensions including the war in Ukraine. Against this backdrop, investors will prefer sectors with proven pricing power and which can demonstrate resilience in a downturn.

London office market

Central London occupational markets have remained robust with take up of 4.9m sq ft across the City and West End over the six month period to 30 September. Banking & Finance, Professional Services and Creative Industries were the largest sources of take up with consolidation in some sectors (notably legal) an important driver. Demand is clearly gravitating towards the very best, with an emphasis on sustainability, wellness, shared and flexible space and excellent transport connections. New and newly refurbished space accounts for just 1.5% of the market; it leases faster, achieves premium prices and vacancy is lower than in the wider market which is 8.4%. In 2021 and so far in 2022, developments in London were on average 75% pre-let two years and one year respectively prior to completion. 34% of all development space under construction is currently pre-let and in the context of a more uncertain macro environment, elevated input prices mean projects are being delayed and as a result, the supply pipeline has tightened.

After a strong start to 2022, investment markets were more subdued in the half with investors pausing to assess the impact of rising interest rates and inflation. The spread between bid and ask prices has increased and as a result, volumes were lighter than the previous six months at c.£6.6bn across the City and West End. Pricing has been impacted with prime yields moving out c.50bps in the City and 25 bps in the West End to 4.25% and 3.50% respectively in the six months to 30 September. However, the highest quality buildings with best in class sustainability credentials command tighter yields. Certain investors are actively looking to allocate capital to physical real estate but are likely to postpone making a decision until there is more clarity on the outlook.

Retail market

Occupational markets continued to strengthen over the period with more retailers recovering to pre-covid trading levels and online reverting to its trajectory, now at 24% of retail sales vs. 38% at the height of the pandemic. With many weaker brands having already exited the market pre pandemic, today's more successful retailers have typically established more resilient business models which include an effective omni channel strategy. These businesses are performing well and are selectively taking space, particularly on retail parks. They include more general retailers such as Marks & Spencer and Next and specialists such as Lush, Rituals and Pandora. As consumers see their disposable incomes squeezed with rising energy and mortgage costs, customers are turning to value retailers such as Lidl, Aldi and B&M who are outperforming as a result. Across the market retailers are also facing higher costs and margin pressures. To help manage this and stimulate more impulse purchases to increase the average basket size, more are incentivising shoppers to complete fulfilment instore which is the most cost effective solution. Coupled with lower occupancy costs on retail parks, this plays well to the retail park proposition.

Investment activity remained strong for retail parks well into the first quarter but there were signs over the summer that higher finance costs and the reduced availability of finance had impacted investor sentiment. Total volumes in the period were £2.3bn, heavily weighted towards the first quarter. The sector has benefitted from significant yield contraction over the past 12 months with retail parks emerging as the preferred format for retailers. Prime yields have moved out (c. 50+ bps), potentially providing an attractive opportunity for equity investors and several motivated sellers have recently brought assets to market. Shopping Centre volumes were £660m, slightly down on the previous six months but ahead year on year with investors starting to see opportunities for good returns with values declining more than 60% since peak. However, investors will want more clarity on pricing before activity picks up which could arise in the coming months with several larger assets being readied for sale.

Logistics market

In London, the occupational market remained strong. Take up year to date (calendar 2022) is already ahead of the calendar year for 2019 and 2020 at 1.6m sq ft (although below 2021, a record year reflecting pandemic related demand) and rents continue to grow with prime rent now £26.50 psf. This reflects the strength of demand for very centrally located space driven by the growth of e-commerce and increased expectations for same day / next day delivery, requiring closer proximity to the customer. As a result, vacancy in London is very low at 2.2% and there is only one available site of over 200,000 sq ft.

However, as a very low yielding sector, sentiment across the wider UK logistics market has been impacted by rising interest rates. Investment activity reduced over the period with a slowdown in stock coming to market as sellers choose to delay sales where they have optionality. However, logistics remains the most active sector by volume with nearly £5.5bn transacted in the six months. In the South East, prime yields have drifted out 50+ bps and we see greater prospects for opportunistic purchases.

Business review

Key metrics

As at	30 Sep 2022	31 Mar 2022
Portfolio valuation	£9,643m	£10,467m
Occupancy[1]	96.7%	96.5%
Weighted average lease length to first break	5.9 yrs	5.8 yrs
Total property return	(1.0)%	11.7%
– Yield shift	+17 bps	(42) bps
– ERV movement	1.2%	(1.2)%
– Valuation movement	(3.0)%	6.8%

Six months to:	30 Sep 2022	30 Sep 2021
Lettings/renewals (sq ft) over 1 year	1.1m	1.3m
Lettings/renewals over 1 year vs ERV	+14.7%	+4.3%
Gross capital activity	£894m	£814m
– Acquisitions	£47m	£501m
– Disposals	£(694)m	£(196)m
– Capital investment	£153m	£117m
Net investment/(divestment)	£(494)m	£422m

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 96.7% to 96.3%.

Portfolio performance

At 30 September 2022	Valuation £m	Valuation movement %	ERV movement %	Yield shift bps	Total property return %
Campuses	6,229	(2.7)	1.6	+18	(1.3)
Central London	5,666	(3.0)	1.7	+18	(1.6)
Canada Water & other Campuses	460	(1.6)	0.0	+5	(0.4)
Retail & Fulfilment	3,414	(3.6)	0.6	+17	(0.3)
Retail Parks	2,046	(3.7)	0.8	+20	(0.3)
Shopping Centres	788	(2.1)	(1.0)	(1)	2.1
Urban Logistics	323	(6.0)	16.7	+60	(5.0)
Total	9,643	(3.0)	1.2	+17	(1.0)

See supplementary tables for detailed breakdown

The value of the portfolio was down 3.0% driven by yield expansion, notably for lower yielding assets where the impact of rising interest rates has been most acute. This was partially offset by positive ERV growth in Campuses, Retail Parks and Urban Logistics.

Campus valuations were down 2.7% with our West End portfolio down 2.5% and City portfolio down 3.6%, reflecting yield expansion of 19 bps and 17 bps respectively. While macroeconomic uncertainty has impacted investment markets, occupational demand has remained robust, particularly for best in class buildings with strong sustainability credentials. We saw ERV growth of 1.6% across Campuses, driven by the West End where ERVs were up 2.8% reflecting our successful leasing activity and tighter supply in the West End. Against a backdrop of rising inflation and given broader market uncertainty, Campus developments valuations were down 1.2% although Aldgate Place, a residential, build to rent scheme was up 19.6% due to the strength of that sub market and the progress made on site.

The value of our Retail Park portfolio fell by 3.7% in the period, driven by yield expansion of 20bps. Following rapid yield contraction over the past 12 months, the sector has been impacted by the recent increase in interest rates. Encouragingly it generated positive ERV growth for the first time in four years, up 0.8%. Conversely in Shopping Centres, yields were flat but ERVs declined 1.0%. Urban Logistics, which is low yielding, saw yield expansion of 60bps but the combination of strong occupational demand and chronic undersupply of the right kind of space has driven ERV growth of 16.7%. Our urban logistics assets are primarily valued on an investment basis, with the uplift from our densification plans likely to be realised as we make progress on planning.

Capital activity

From 1 April 2022	Campuses £m	Retail & Fulfilment £m	Total £m
Purchases	25	22	47
Sales	(694)	-	(694)
Development Spend	113	3	116
Capital Spend	25	12	37
Net Investment	(531)	37	(494)
Gross Capital Activity	857	37	894

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

The total gross value of our capital activity since 1 April 2022 was £894m. The most significant transaction 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 completed in July 2022 establishing a new joint venture, with ownership split 75:25 for GIC and British Land respectively, with the partners having joint control. As part of the transaction agreement, GIC were given options over two further assets at Paddington Central, the development site at 5 Kingdom Street and the Novotel at 3 Kingdom Street. The option at 5 Kingdom Street has now lapsed and the option at 3 Kingdom Street, which enables GIC to acquire the asset at prevailing market value via the first joint venture, is available for five years. British Land will continue to act as the development and asset manager for the campus, for which we will earn fees.

We have continued to progress innovation opportunities including the £25m purchase of a site to the west of our holding on the Peterhouse Technology Park (Peterhouse Western Expansion), with consent for a 90,000 sq ft office building (completed post period end). This acquisition represents an opportunity to deliver lab space in Cambridge, a market which is structurally undersupplied, with no lab space currently available, and where rental growth is expected to be c.5% to 2027.

In Urban Logistics, we acquired a site in Mandela Way for £22m, our second urban logistics location in Southwark, following the acquisition of Verney Road for £31m in February 2022. Mandela Way is an excellent location for a multi-storey, urban logistics scheme, close to the Old Kent Road, the City and London Bridge, and in an area that is popular with a range of third party logistics providers.

Sustainability

We have continued to demonstrate leadership in international benchmarks and were delighted to achieve a GRESB 5 star rating for developments, and were recognised as a Global Sector Leader. We achieved a 4 star rating for standing investments, reflecting the change in our portfolio mix following recent acquisitions of retail parks and logistics facilities, as well as higher usage of our office space post lockdown. We are now focused on initiatives which will improve our score over the coming years. We retained our MSCI AAA rating and improved our ranking in the FTSE4Good index by 7 percentage points to rank just outside the top decile.

Net Zero – Development

We are making good progress against our 2030 environmental commitments. Average embodied carbon across our office development pipeline is 632 kg CO_2e per sqm (including completed developments) which compares well to our 2030 target of 500 kg CO_2e per sqm. We are on site across 1.7m sq ft, targeting the highest sustainability credentials including BREEAM Outstanding on offices at 1 Broadgate and across the offices at Canada Water. Last year we received an innovation credit from BRE, the Building Research Establishment, for the UK's first large-scale use of a materials passport at our 1 Broadgate development. We are taking the same approach at 2 Finsbury Avenue where we have commenced deconstruction and our focus is on upcycling demolition materials to create bespoke finishes and products for the new buildings, examples include upcycling aluminium to create wall finishes and locker doors.

As we start to build an urban logistics business, we are applying the processes and knowledge gained from our other sectors to set environmental targets for our logistics developments which meet our own and our occupiers net zero ambitions.

Net Zero – Standing portfolio and EPC performance

In offices, we are already fully compliant with 2023 MEES (Minimum Energy Efficiency Standard) legislation which stipulates a minimum EPC rating of E and 52% of our offices space is currently rated A or B (by ERV). For the whole portfolio, 42% is currently A or B rated and 75% is A to C rated, ahead of the March 2022 positions of 36% and 70% respectively, driven by the net zero initiatives we are delivering.

Our estimate for the total retrofit cost of the portfolio remains at c. £100m of which we expect c. two-thirds to be funded through the service charge. We expect the cost to be split roughly 50/50 between offices and retail. In offices, we have spent £8.4m to date, of which our contribution has been c. 15%. Over the next few years, we expect air source heat pumps to account for c. 40% of anticipated spend, with LED lighting a further c. 30%.

Following completion of our net zero audit programme last year, our focus now is on implementing their recommendations. Notable successes in the six months include Exchange House, where our improvements delivered a B rating from an E for less than £2m, equating to 0.4% of the building's value. We are also on site with similar initiatives at 338 Euston Road, for example, where we have recently installed air source heat pumps replacing comfort cooling and heating, reducing emissions and gas consumption. The next step is to continue our LED lighting programme and we are engaging closely with occupiers to achieve this. We expect to achieve a B rating on completion of the works from a D currently.

Looking at our 2030 targets more broadly, which are to improve energy efficiency and reduce carbon intensity, customer engagement will be critical because the space they control is within scope. To progress this, we held four round table sessions on our net zero plans attended by many of our top 20 retail and office occupiers.

BL Connect, our smart dashboard which uses Internet of Things sensors around the building to extract and store data, is operating successfully at 100 Liverpool Street and has already enabled us to reduce energy consumption on heating and cooling by 15%. We are rolling this out to all our developments, starting with 1 Broadgate and Canada Water and we will trial a retrofit of an existing building later this year.

As part of our debt portfolio, we have over £1bn of Green loans and ESG linked facilities.

Social Sustainability

Our strategy is to focus on three key areas where we can make a difference: education, employment and affordable space. In education, we have continued to support the work of the National Literacy Trust with nearly 8,000 children participating in Young Readers Week activities across our portfolio. Bright Lights, our skills and employment programme has provided employment support to over 1,000 individuals of which c. 300 went on to achieve full time employment. We are increasingly looking to use our space to make a positive difference and are piloting a 'Really Local' store concept to deliver retail space at low or zero cost to small, local businesses, charity or community groups who source or manufacture things locally. To date we have allocated over 25,000 sq ft to local operators at Meadowhall in Sheffield, Ealing Broadway, Fort Kinnaird in Edinburgh and Royal Victoria Place in Tunbridge Wells.

Recently, we have redirected some of our efforts to support local communities through the 'cost of living crisis'. From our learnings through Covid we are focusing our support on our partner organisations who are facing unprecedented demands on their services. We have committed over £200,000 to a dedicated Cost of Living Fund and immediately pledged £25,000 to the Shelter Hardship Fund (in addition to our support to the Shelter National Helpline) and £25,000 to the Trussell Trust's emergency appeal for foodbanks across the country. We are providing strategic support to our core charity and community partners through the Centre for Charity Effectiveness to help them navigate through the crisis. We are also working closely with our teams across the UK to identify local need and provide economic support that is targeted and relevant including the set up of donation points and supporting warm spaces.

At Paddington Central, we have continued to support the Ukrainian Institute language school by providing space at Storey Club and 2 Kingdom Street for a 12 week term, providing support to over 250 displaced Ukrainians, and enabling 165 individuals to gain a basic qualification in English. The students ranged between 18 and 70 years old with 87% being female. A second course is now underway.

Campuses

Key metrics

	30 Sep 2022	31 Mar 2022
Portfolio Valuation (BL share)	£6,229m	£6,967m
Occupancy	96.9%	96.7%
Weighted average lease length to first break	7.5 yrs	7.0 yrs
Six months to:	30 Sep 2022	30 Sep 2021
Total property return	(1.3)%	4.5%
– Yield shift	+18 bps	(6) bps
– ERV growth	1.6%	(0.3)%
– Valuation movement	(2.7)%	3.0%
Total lettings/renewals (sq ft)	494,000	819,000
Lettings/renewals (sq ft) over 1 year	433,000	668,000
Lettings/renewals over 1 year vs ERV	+18.4%	+6.1%
Like-for-like income[1]	+9.2%	+1.4%

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.

Campus operational review

Campuses were valued at £6.2bn, down 2.7%, driven by 18 bps yield expansion partly offset by ERV growth of 1.6%. Investment lettings and renewals totalled 494,000 sq ft, with deals over one year 18.4% ahead of ERV. Like-for-like income was up 9.2%, driven primarily by strong leasing, particularly in Storey where we saw 114,000 sq ft of leasing activity, increasing occupancy at Storey to 96%. We are under offer on a further 310,000 sq ft, 3.8% ahead of ERV. In addition, we had 82,000 sq ft rent reviews agreed 8.0% ahead of passing rent.

Across our standing portfolio, we benefit from a diverse portfolio of high quality occupiers focused on technology, financial, corporate, science, health and media sectors. Occupancy is 96.9% and we have collected 99% our rent for the period. Our recent customer satisfaction survey was strong: we scored 4.3 out of 5 and 79% say we are "The Best" or outperformed the majority of other providers based on a survey of 53 office facilities managers.

Broadgate

Leasing activity at Broadgate covered 155,000 sq ft in the half year (excluding Storey), of which all were long term deals, completed on average 11.1% ahead of ERV. The most significant was a regear to Credit Agricole at Broadwalk House, covering 116,550 sq ft and extending their lease by five years to 2030. In this case, we have worked closely with the occupier to deliver energy efficient interventions which progress our net zero plans and generate efficiencies for Credit Agricole, particularly in the context of higher energy prices. These interventions include localised cooling to more efficiently serve their space without powering the whole building out of hours; a new air source heat pump and LED lighting. Progressing our net zero ambition plays an important role in our lease negotiations and we are involved in similar conversations elsewhere at Broadgate. We are underway with significant asset management initiatives at Exchange House, 10 Exchange Square and 155 Bishopsgate, totalling £52m (our share) where we have taken the opportunity to incorporate energy efficient interventions at little incremental cost since they are part of the wider refurbishment.

We have made some exciting additions to our food and beverage offer with Los Mochis, a pan-Pacific concept opening a flagship restaurant on the rooftop of 100 Liverpool Street covering 14,000 sq ft. New additions such as this encourages footfall to our campus which is benefitting from the opening of the Elizabeth line.

Our social sustainability initiatives continue to focus on forging connections between our occupiers and local communities and we were pleased that 16 volunteers from SMBC at 100 Liverpool Street participated in New City College's Employability week reaching over 100 students. As part of our Bright Lights initiatives, the Broadgate Connect programme supported 27 local job seekers with 17 placed into work and in connection with the Young Readers Programme, 290 students participated in activities across the Campus.

The Campus saw a valuation decline of 4.1% driven by outward yield shift of 17bps, offsetting ERV growth of 0.6%. Values for larger City assets which are typically more reliant upon debt funding have been disproportionately impacted by rising rates. Broadgate occupancy is 97.7% up from 96.7% six months ago.

Regent's Place

At Regent's Place we have completed 193,000 sq ft (excluding Storey) of long term deals, including a significant regear to Meta at 10 Brock Street covering 146,000 sq ft.

Regent's Place is gaining momentum as a life sciences and innovation hub. We have already delivered lab space across one floor at 338 Euston Road of which 5,000 sq ft is let to Relation Therapeutics and are converting further floors at that building. We have similar opportunities at other buildings on the campus and are aiming to deliver c. 60,000 sq ft of lab space at Regent's Place by September 2023. We are having positive discussions with key life sciences and innovation organisations in the Knowledge Quarter to partner with them on delivering our plans. This is in addition to our current innovation occupiers such as Meta, the General Medical Council, Babylon Health and the NHS.

We are on site with the second phase of a public realm programme which will be delivered by the end of 2022. Our social programmes have included partnering with the Rebel Business School, with 59 participants attending a high impact training programme on how to start their own business and we supported 14 local residents into employment with service partners on the Campus.

Regent's Place was down 2.4% in value, driven by outward yield shift of 18 bps but we benefitted from ERV growth of 2.6%. Occupancy is now 95.1%.

Paddington Central

With very high occupancy of 99.7%, leasing activity was 23,000 sq ft (excluding Storey).

Following the sale of 75% of the majority of assets at the Campus to GIC, Paddington Central is now held in a joint venture with GIC owning 75% and British Land owning the remaining 25% with the partners having joint control. Working with GIC, we continue to manage the Campus where our future plans include a comprehensive upgrade of 3 Sheldon Square which will deliver an all electric building; we expect to start in the new year. We are also underway with an extensive upgrade to the public realm and have commenced works at the amphitheatre which we expect to complete in February 2023.

We are part of the Paddington Life Science Partnerships Group being led by Imperial NHS Trust and are delighted that they have chosen to locate their innovation centre on the Campus at 1a Sheldon Square. We have provided space to the Ukrainian Institute language school to teach English benefitting over 250 Ukrainians in the first term with a second underway. Working with the National Literacy Trust, 270 local children visited Paddington Central as part of their Young Readers Programme, taking part in sustainability workshops with Square Mile Farms, an urban farming business on the campus.

Paddington Central saw valuation decline of 2.7% driven by significant outward yield shift of 34bps which was partially offset by strong ERV growth of 7.2% reflecting the improving rental tone in the wider Paddington area.

Canada Water

Following the sale of 50% of our share in the Canada Water Masterplan in March 2022, this Campus is now held in a 50:50 joint venture with AustralianSuper, Australia's largest superannuation fund. This partnership will accelerate returns and the delivery of the Masterplan, bringing new homes, workspace, retail, education, cultural 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 £4.0bn. It is expected to complete in 2031 and should deliver a total development value of £6.0bn of which the commercial element accounts for £3.7bn 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 psf on the residential, which are both attractive relative to competing schemes.

Sq ft	Workspace	Retail & leisure	No. residential homes	Total
1-3 Deal Porters Way (A1); The Founding (residential)	122,000	9,000	186	276,000
The Dock Shed (A2)	182,000	65,000	–	247,000
Robert's Close (K1)	–	–	79	62,000
Total	304,000	74,000	265	585,000

The London Borough of Southwark held 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.

In July 2022, we were pleased that Southwark Council granted detailed planning permission for the Printworks, in Zone H of the Masterplan. Reflecting its success as a cultural destination, we are now working with the operators to explore retaining a cultural venue to capitalise on the popularity of the offer. In the same month, Southwark Council also granted planning permission to develop Zones F and L, adjacent to the Printworks. Together these will deliver 647 homes including 147 affordable homes, as well as workspace and retail space. We have also submitted a reserved matters application for Zone G of the Masterplan, which includes a replacement Tesco store, 419 homes of which 61% are affordable housing and some smaller flexible retail space. Together, these developments represent the next phases of the Canada Water Masterplan.

We are encouraged by the level of interest we are seeing from occupiers and building on the success of the TEDI modular campus we are progressing plans for a 33,000 sq ft modular innovation campus on the site and are in advanced discussions with a technology business to take some of that space.

The valuation of the Canada Water Campus was broadly flat in the half reflecting an improving residential market and progress on Phase 1 offset by cost increases.

Storey: our flexible workspace offer

Storey is an important part of our Campus proposition and is currently operational across 296,000 sq ft across all our Campuses, providing occupiers with the flexibility to expand at short notice or to benefit from ad hoc meeting or events space. The quality of the space and access to Campus amenities means it is also highly attractive to scale up businesses and we have seen demand strengthen as people return to the office.

We exchanged 114,000 sq ft of leasing in the half year, with a further 7,500 sq ft post period end. 48,000 sq ft of these deals are renewals, and Storey has achieved 70% renewals on expiry in the financial year so far. Levin Group have grown with Storey, adding 7,000 sq ft of space at 100 Liverpool Street to their original space at 1 Finsbury Avenue, as well as pre-letting all 22,500 sq ft of Storey space at 155 Bishopsgate to allow consolidation of their offices. Activity this half year has delivered 100% occupancy on the Storey space at the Paddington Central campus. Total occupancy has increased significantly to 96% from 86% at March 2022, meaning Storey is effectively fully occupied.

Rent collection was 100% reflecting the strength of Storey's customer base, with the majority of occupiers being UK / European headquarters for large multinationals or scale-up businesses.

Storey has now ceased operations at 3 Finsbury Avenue as we prepare this building for development but we are looking at options to expand Storey elsewhere on our Campuses.

Retail & Fulfilment

Key metrics

As at	30 Sep 2022	31 Mar 2022
Portfolio valuation (BL share)	£3,414m	£3,500m
– Of which Retail Parks	£2,046m	£2,114m
– Of which Shopping Centres	£788m	£800m
– Of which Urban Logistics	£323m	£319m
Occupancy[1]	96.6%	96.3%
Weighted average lease length to first break	4.6 yrs	4.6 yrs
Six months to:	30 Sep 2022	30 Sep 2021
Total property return	(0.3)%	+6.5%
– Yield shift	+17 bps	(32) bps
– ERV growth	0.6%	(1.9)%
– Valuation movement	(3.6)%	2.7%
Total lettings/renewals (sq ft)	1,017,000	1,024,000
Lettings/renewals (sq ft) over 1 year	698,000	632,000
Lettings/renewals over 1 year vs ERV	+10.3%	+0.2%
Like-for-like income[2]	+0.8%	+1.5%

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 96.6% to 95.7%.
2. Like-for-like excludes the impact of surrender premia, CVAs & admins and provisions for debtors and tenant incentives.

Retail & Fulfilment operational review

Operational performance

Following record leasing volumes last year, momentum has continued into the new financial year with 1m sq ft of leasing activity, with deals over one year 10.3% ahead of ERV and 7.8% below previous passing rent. Occupancy is high at 96.6% and 96% of HY23 rent collected. Like for like income was 0.8% and including the impact of CVA and administrations, it was down 2.2%. Weighted average lease length remained at 4.6 years. We had 171,000 sq ft of rent reviews that were agreed 0.9% above passing rent. In total, we have 772,000 sq ft of deals under offer, 18.0% above March ERV; c. two-thirds of this volume is at our Retail Parks. We had an excellent response to our recent customer satisfaction survey: retail store managers rated British Land 4.4 out of 5 and 75% say we are "The Best" or outperformed the majority of other providers, amongst a sample of 725 store managers.

Retail Parks

We completed 465,000 sq ft of deals across our Retail Park portfolio, on average just 2.9% below previous passing rent and 6.3% above ERV demonstrating that rents on Retail Parks have effectively rebased. Retail Parks occupancy is 97.5% up 10 bps, reflecting strong leasing activity and like for like income was up 2.2%.

Recent deals included 37,000 sq ft to Inditex (Zara) at Glasgow Fort, doubling their footprint, and 39,000 sq ft to Poundland across Queens Retail Park Stafford, New Mersey Speke and Crownpoint Denton. We continue to let well to Aldi, with 19,000 sq ft let at the Lion Retail Park in Woking, which follows 84,000 sq ft of leases starting with Aldi last year. These significantly improved the performance of individual parks, for example footfall rose 12% at Denton following the opening of the new Aldi.

Shopping centres

We continue to actively manage our Shopping Centres improving occupancy and driving rents forward. We have completed 478,000 sq ft of deals across our shopping centre portfolio, on average 13.4% below previous passing rent but encouragingly 15.3% ahead of ERV. Notable recent deals have included 9,300 sq ft to Watches of Switzerland across Meadowhall and Bath and 10,000 sq ft to the Gym Group, also at Bath. Yields have remained relatively stable over the period despite a more challenging macroeconomic backdrop and we expect the outlook for the best centres to become more attractive as confidence improves.

Footfall and sales are now close to pre-pandemic levels as set out below:

	3 April 2022 – 1 October 2022	
	% of 2019[1]	Benchmark outperformance[2]
Footfall		
– Portfolio	93.0%	+663bps
– Retail parks	98.0%	+171bps
Sales		
– Portfolio	103.6%	n/a
– Retail parks	103.9%	n/a

1. Compared to the equivalent weeks in 2019
4. Footfall benchmark: Springboard

London Urban Logistics

Urban Logistics now accounts for 9.5% of Retail & Fulfilment. Leasing activity across these assets was 33,000 sq ft, all long term deals overall 2.3% ahead of ERV.

Developments

At 30 September 2022	Sq ft '000	Current Value £m	Cost to complete £m	ERV £m	ERV Let & under offer £m
Committed	1,681	581	569	62.3	21.5
Near term	1,766	223	772	62.4	-
Medium term	8,132				
Total pipeline	11,579	804	1,341	124.7	21.5

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

Development pipeline

Progressing value accretive developments is a key driver of returns for British Land. Our experience has demonstrated that some of our best performing developments, including The Leadenhall Building and 100 Liverpool Street, are those which were progressed during periods of uncertainty because they delivered into supply constrained markets. We target project IRRs of 10-12%.

We are currently on site with 1.7m sq ft of best in class workspace, which will be BREEAM Outstanding or Excellent delivering £62.3m of ERV with 34% already pre-let or under offer. Excluding build to sell residential and retail space which we will let closer to completion, we are 40% pre-let or under offer by ERV. Total development exposure is now 6.3% of portfolio gross asset value with speculative exposure at 7.3% (which is based on ERV and includes space under offer), within our internal risk parameter of 12.5%.

Supply chain issues related to the continued fallout from Covid-19 and the ongoing war in Ukraine continue to create uncertainty, putting upwards pressure on construction costs and making forecasting difficult. We have maintained our inflation forecast (based on tender price inflation) at 8-10% in 2022, moderating to 4-5% next year. There is a possibility that inflation next year is lower than our forecast with early signs construction capacity is increasing as development projects are deferred or cancelled and tender prices for demolition works are stabilising. We regularly review inflation drivers to ensure our contingencies and cost plans are robust to deal with the market fluctuations.

We have been able to place contracts competitively and 92% 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.

Committed developments

Our committed pipeline stands at 1.7m sq ft with no new commitments made in the half year. The Committed pipeline is focused on our Campuses, including 1 Broadgate and Norton Folgate in London. 1 Broadgate (544,000 sq ft) will be our most operationally efficient building yet. It is on track to be both BREEAM Outstanding and NABERS 5* and reflecting these strong environmental credentials, the building is fully pre-let or under option on all the office space to JLL and Allen & Overy. Norton Folgate is a 335,000 sq ft scheme, comprising 302,000 sq ft of office space, alongside retail and leisure space within a mix of Georgian and Victorian buildings. We are under offer on one-third of the space to Reed Smith.

At Canada Water, we are on site at the first three buildings covering 585,000 sq ft. 1-3 Deal Porters Way, (previously A1) is a 35 storey tower, including 186 homes and 122,000 sq ft of workspace; practical completion is targeted for Q4 2024. The Dock Shed (A2) includes 182,000 sq ft of workspace as well as a new leisure centre and Roberts Close (K1) comprises 79 affordable homes. We are targeting BREEAM Outstanding on all the commercial space, BREEAM Excellent on retail and a minimum of home Quality Mark 3* for residential. 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. Completion is expected in Q2 2024.

Our most recent commitment, The Priestley Centre is located on the University of Surrey Research Park, home to a number of well established technology and engineering businesses and close to the Royal Surrey County Hospital. We are on site with an 81,000 sq ft office development which will be partially lab enabled.

Recently Committed Developments

As at 30 September 2022	Sector	BL Share %	100% sq ft '000	PC Calendar Year	ERV £m[1]	Forecast IRR %
Norton Folgate	Office	100	335	Q4 2023	23.6	8
1 Broadgate	Office	50	544	Q2 2025	20.2	11
Aldgate Place, Phase 2	Residential	100	136	Q2 2024	6.5	10
1-3 Deal Porters Way, A1[2]	Mixed Use	50	276	Q4 2024	3.6	11 blended
The Dock Shed, A2[2]	Mixed use	50	247	Q4 2024	5.5	
Robert's Close K1[2]	Residential	50	62	Q3 2023	–	
The Priestley Centre	Office	100	81	Q3 2023	2.9	22
Total Committed			1,681		62.3	

1. Estimated headline rental value net of rent payable under head leases (excluding tenant incentives).
5. 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 1.8m sq ft with the latest addition being The Peterhouse Western Expansion, adjacent to the Peterhouse Technology Park, which was acquired post period end. The site has consent for 90,000 sq ft of office space which we expect to commence early next year.

The largest scheme in the near term pipeline is 2 Finsbury Avenue, where we have planning for a 727,000 sq ft office scheme. We have commenced deconstruction and our focus is on upcycling demolition materials for reuse in the new building. At 5 Kingdom Street, we intend to submit a planning application later this month for a new 127,000 sq ft underground urban logistics hub which has a further 211,000 sq ft of consented office space above it.

Medium Term Pipeline

The further phases at Canada Water account for 4.5m sq ft of our 8.1m sq ft medium term pipeline. At Euston Tower (578,000 sq ft) we have an exciting opportunity to deliver a highly sustainable redevelopment, which will include a substantial amount of lab enabled space leveraging its location in London's Knowledge Quarter. We expect to submit planning next year.

Urban Logistics opportunities account for 2.0m sq ft of medium term opportunities. At Thurrock, we are submitting plans for a 637,400 sq ft two-storey logistics hub east of London by repurposing two-thirds of the retail space and utilising the site topography to facilitate multi-level development. Public consultation is currently underway. 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 408,000 sq ft respectively of well located, urban logistics space. Both are in North London, within the M25 and close to the North Circular and the Enfield scheme is out for public consultation. In addition, we have three centrally located opportunities at Finsbury Square in the City and Verney Road and the recently acquired Mandela Way in Southwark altogether totalling 317,000 sq ft where we are working towards planning.

Finance review

Six months to	30 Sep 2022	30 Sep 2021
Underlying Profit[1,2]	£136m	£120m
Underlying earning per share[1,2]	14.5p	12.9p
IFRS (loss)/profit after tax	£(34)m	£370m
Dividend per share	11.60p	10.32p
Total accounting return[1]	(2.8)%	6.1%
As at	30 Sep 2022	31 Mar 2022
EPRA Net Tangible Assets per share[1,2]	695p	727p
EPRA Net Disposal Value per share[1,2]	729p	702p
IFRS net assets	£6,598m	£6,733m
LTV[3,4,5]	30.7%	32.9%
Weighted average interest rate	3.5%	2.9%
Fitch unsecured credit rating	A	A

1. See Note 2 within condensed interim financial statements for definition and calculation.
6. See Table B within supplementary disclosures for reconciliations to IFRS metrics.
7. See Note 11 within condensed interim financial statements for definition, calculation and reconciliation to IFRS metrics.
8. On a proportionally consolidated basis including the Group's share of joint ventures.
9. EPRA Loan to value is disclosed in Table E of the condensed interim financial statements.

Overview

Financial performance has continued to improve driven by strong like-for-like rental growth and our recently completed developments. Underlying Profit is up 13.3% at £136m, while underlying earnings per share (EPS) is up 12.4% at 14.5p. Based on our policy of setting the dividend at 80% of Underlying EPS, the Board have proposed an interim dividend of 11.60p per share, up 12.4%.

Underlying Profit

	£m
Underlying Profit for the six months ended 30 September 2021	120
Like-for-like net rent (incl. CVA and administrations)	7
Provisions for debtors and tenant incentives[1]	1
Net capital activity	(2)
Developments	11
Net finance costs & fee income	(1)
Underlying Profit for the six months ended 30 September 2022	136

1. The period on period impact of provisions for debtors and tenant incentives was £1m. This reflects the difference between the £1m credit to the income statement in the six-month period to 30 September 2022 (as disclosed in Note 7 and 10 of condensed interim financial statements) and the nil charge in the six-month period to 30 September 2021.

Underlying Profit increased by £16m, due to strong operational performance across our portfolio driving like-for-like net rents, as well as the impact of recently completed development, primarily relating to 1 Triton Square. This was partially offset by an increase in finance costs as a result of rising market rates.

Net capital activity decreased earnings by £2m in the period. This reflects a £6m increase from the £794m of acquisitions in Retail Parks, Urban Logistics, and innovation opportunities within Campuses over the last 18 months. Offsetting this, we disposed of £1,180m of mature assets, resulting in a £8m decrease to earnings.

Alongside our value accretive acquisitions, proceeds from sales have been deployed into our development pipeline. Our committed schemes are expected to generate an ERV of £62m, of which 34% is already pre-let or under offer.

IFRS loss after tax for the period was £34m, compared with a profit after tax for the prior period of £370m. The movement period-on-period primarily reflects the downward valuation movement on the Group's properties and those of its joint ventures, offset by the mark-to-market movement on the derivatives hedging the interest rate on our debt.

Overall valuations have decreased by 3.0% on a proportionally consolidated basis, resulting in an overall EPRA NTA per share decrease of 4.4%. Including dividends of 11.60p per share paid during the period, total accounting return is -2.8%.

At 30 September 2022, LTV decreased by 220bps from 31 March 2022 to 30.7%. This reflects the sale of a 75% interest in the majority of our assets in Paddington Central, which completed in July, and the valuation decline as noted above.

We maintain good long-term relationships with debt providers across the markets and have continued to raise funds on good terms. Financing activity completed in the half year included a £515m 5 year secured loan for the Paddington joint venture, provided by a club of three banks. In October, for British Land, we renewed a £100m bilateral bank revolving credit facility (RCF) with a new 5 year initial term. In November, we signed a further new £150m bilateral RCF, also for a 5 year initial term.

Our weighted average interest rate is 3.5%, a 60bps increase from 31 March 2022. This increase was primarily due to the repayment of our lower cost bank RCFs from the proceeds of the Paddington transactions, as well as the impact of rising market rates. The impact on our interest costs is limited by our hedging which includes swaps to fixed rate and caps where the strike rates are now below SONIA. The interest rate on all of our debt is fully hedged for the next year and 77% of our projected debt is hedged on average over the next 5 years.

Our financial position remains strong with £2bn of undrawn facilities and cash as at 30 September 2022 and based on our current commitments and facilities, 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 48% prior to taking any mitigating actions.

Fitch Ratings, as part of their annual review in August 2022, 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 interim 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 11 of the condensed interim 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. No company adjustments were made in the current period. In the period to 30 September 2021, a £29m surrender premium payment was excluded from the calculation of Underlying Profit (see Note 2 of the condensed interim financial statements). There was no tax effect of this Company adjusted item.

Six months to	Section	30 Sep 2022 £m	30 Sep 2021 £m
Gross rental income		251	241
Property operating expenses		(24)	(31)
Net rental income	1.2	227	210
Net fees and other income		9	5
Administrative expenses	1.3	(44)	(44)
Net financing costs	1.4	(56)	(51)
Underlying Profit		136	120
Underlying tax charge		(1)	-
Non-controlling interests in Underlying Profit		1	1
EPRA and Company adjustments[1]		(170)	249
IFRS (loss)/profit after tax	2	(34)	370
Underlying EPS	1.1	14.5p	12.9p
IFRS basic EPS	2	(3.7)p	39.9p
Dividend per share	3	11.60p	10.32p

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, associated close out costs and related deferred tax. 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 14.5p, up 12.4%. This reflects the Underlying Profit increase of 13.3% and the £1m underlying tax charge in the period.

1.2 Net rental income

	£m
Net rental income for the six months ended 30 September 2021	210
Disposals	(10)
Acquisitions	9
Developments	10
Like-for-like net rent (incl. CVAs and administrations)	7
Provisions for debtors and tenant incentives[1]	1
Net rental income for the six months ended 30 September 2022	227

10.The period on period impact of provisions for debtors and tenant incentives was £1m. This reflects the difference between the £1m credit to the income statement in the six-month period to 30 September 2022 (as disclosed in Note 7 and 10 of condensed interim financial statements) and the nil charge in the six-month period to 30 September 2021.

Disposals of income producing assets over the last 18 months reduced net rents by £10m in the period, where the proceeds from sales are being reinvested into value accretive acquisitions and developments. Acquisitions have increased net rents by £9m, primarily as a result of the purchase of retail parks in Farnborough, Thurrock and Reading Gate. Developments have increased net rents by £10m, driven by the completion of 1 Triton Square. The committed development pipeline is expected to deliver £62m of rent in future years.

Campus like-for-like net rental growth was 9% in the period. This was driven by strong letting activity across our Storey spaces, with 100 Liverpool Street and Orsman Road now fully let, as well as the impact of rent reviews with dentsu at 10 Triton and Meta at 10 Brock Street. Excluding the impact of CVAs and administrations, like-for-like net rental growth for Retail Parks was 2% and declined 4% 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. When including the impact of CVAs and administrations, like-for-like net rents for Retail & Fulfilment decreased 2%.

Provisions made against debtors and tenant incentives decreased by £1m compared to the prior period, with a net £1m credit recognised in the period. We've made good progress on prior year debtors; the £72m of tenant debtors and accrued income as at 31 March 2022 now stands at £46m, primarily driven by cash collection and negotiations with occupiers. As of 30 September 2022, tenant debtors and accrued income totalled £89m of which £55m (or 62%) is provided for.

1.3. Administrative expenses

Administrative expenses are flat period on period at £44m as a result of our focus on cost control. The Group's EPRA operating cost ratio decreased to 19.7% (September 2021: 26.2%) driven by like-for-like rental growth, increased occupancy reducing void costs and an higher fee income from the new Canada Water and Paddington joint ventures. In the second half of the year, our operating cost ratio will be slightly higher than the 19.7% reported in the current six month period, due to reduction in rental income in the second half as a result of the 75% disposal of Paddington Central. However, for the full year to 31 March 2023 we expect that our operating cost ratio will be lower than the 24.2% reported for the year to 31 March 2022.

1.4 Net financing costs

	£m
Net financing costs for the six months ended 30 September 2021	(51)
Market rates	(5)
Net investment	(1)
Developments	1
Net financing costs for the six months ended 30 September 2022	(56)

There was a net nil impact from investment and development activity. Acquisitions over the last 18 months resulted in £3m increase in costs, mostly offset by proceeds from sales which were used to repay revolving credit facilities with a net cost of £1m. As we continue to progress our committed development programme, the interest capitalised on the funds drawn has increased period on period, resulting in a £1m reduction in financing costs.

We have a balanced approach to interest rate risk management. At 30 September 2022, the interest rate on our debt was fully hedged on a spot basis and we continue to be fully hedged over the next year. On average over the next five years and with a gradually declining profile, we have interest rate hedging on 77% of our projected debt, with 63% fixed (including by swaps) and the balance capped. The strike rates on our caps are now below current rates/SONIA, thereby limiting the impact of rising rates on our finance costs. The use of interest rate caps as part of our hedging also means we do not incur mark to market costs on any repayment of debt which is capped.

At 30 September 2022 our weighted average interest rate is 3.5% (March 2022: 2.9%). The increase is primarily due to the repayment of our lower cost bank revolving credit facilities from the proceeds of the Paddington transactions, as well as rising market rates.

2. IFRS loss after tax

The main differences between IFRS loss after tax and Underlying Profit are that IFRS includes the valuation movements on investment and trading properties, fair value movements on financial instruments and associated deferred tax, 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 loss after tax for the period was £34m, compared with a profit after tax for the prior period of £370m. IFRS basic EPS was (3.7)p, compared to 39.9p in the prior period. The IFRS loss after tax for the period primarily reflects the downward valuation movement on the Group's properties of £189m, the capital and other income loss from joint ventures of £97m, net capital finance income of £147m (primarily the mark-to-market movement on the derivatives hedging the interest rate on our debt) and the Underlying Profit of £136m. The Group valuation movement and capital and other income profit from joint ventures was driven principally by outward yield shift of 17bps offset by ERV growth of 1.2% in the portfolio resulting in a valuation loss of 3.0%.

The basic weighted average number of shares in issue during the year was 927m (2021/22: 927m).

3. Dividends

Our dividend is 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 an interim dividend for the six months ended 30 September 2022 of 11.60p per share. Payment will be made on Friday 6 January 2023 to shareholders on the register at close of business on Friday 25 November 2022. The dividend will be a Property Income Distribution and no SCRIP alternative will be offered.

Balance sheet

As at	Section	30 Sep 2022 £m	31 Mar 2022 £m
Property assets		9,652	10,476
Other non-current assets		85	69
		9,737	10,545
Other net current liabilities		(279)	(316)
Adjusted net debt	6	(2,977)	(3,458)
Other non-current liabilities		-	–
EPRA Net Tangible Assets		6,481	6,771
EPRA NTA per share	4	695p	727p
Non-controlling interests		14	15
Other EPRA adjustments[1]		103	(53)
IFRS net assets	5	6,598	6,733

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 2022	727
Valuation performance	(35)
Underlying Profit	15
Dividend	(12)
EPRA NTA per share at 30 September 2022	695

The 4.4% decrease in EPRA NTA per share reflects a valuation decrease of 3.0% compounded by the Group's gearing. The decrease in valuations was driven by yield expansion, notably in low yielding sectors where the impact of rising interest rates has been most acute.

Campus valuations were down 2.7%, driven by yields moving out 18ps, but offset by ERV growth of 1.6% reflecting our successful leasing activity and tighter supply in the West End.

Valuations in Retail & Fulfilment were down 3.6% overall, with outward yield shift of 17bps and ERVs up 0.6%. Retail Parks fell by 3.7% in the period, driven by yield expansion of 20bps, although offset by positive ERV growth, up 0.8%. Conversely in Shopping Centres, yields were flat but ERVs declined 1.0%. Urban Logistics saw yield expansion of 60bps but the combination of strong occupational demand and chronic undersupply of space has driven ERV growth of 16.7%.

5. IFRS net assets

IFRS net assets at 30 September 2022 were £6,598m, a decrease of £135m from 31 March 2022. This was primarily due to the IFRS loss after tax of £34m and dividends paid in the period of £108m.

Cash flow, net debt and financing

6. Adjusted net debt[1]

	£m
Adjusted net debt at 31 March 2022	(3,458)
Disposals	674
Acquisitions	(38)
Development and capex	(152)
Net cash from operations	112
Dividend	(106)
Other	(9)
Adjusted net debt at 30 September 2022	(2,977)

1. Adjusted net debt is a proportionally consolidated measure. It represents the Group net debt as disclosed in Note 11 to the condensed interim 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.

Disposals net of acquisitions decreased debt by £636m whilst development spend totalled £118m with a further £34m on capital expenditure related to asset management on the standing portfolio. The value of committed developments is £581m, with £569m costs to come. Speculative development exposure is 7.3% of ERV (includes space under offer). There are 1.8m sq ft of developments in our near term pipeline with anticipated cost of £772m.

7. Financing

	Group		Proportionally consolidated	
	30 Sep 2022	31 Mar 2022	30 Sep 2022	31 Mar 2022
Net debt / adjusted net debt[1]	£1,800m	£2,541m	£2,977m	£3,458m
Principal amount of gross debt	£2,012m	£2,562m	£3,217m	£3,648m
Loan to value	22.0%	26.2%	30.7%	32.9%
Weighted average interest rate	3.0%	2.4%	3.5%	2.9%
Interest cover	5.4	5.6	3.4	3.5
Weighted average maturity of drawn debt	6.0 years	6.6 years	6.3 years	6.9 years

1. Group data as presented in Note 11 of the condensed interim 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 30 September 2022, our proportionally consolidated LTV was 30.7%, down from 32.9% at 31 March 2022. Disposals in the period, primarily the sale of a 75% interest in the majority of our assets in Paddington Central, decreased LTV by 440 bps. This was offset by the impact of valuation movements which added 100 bps, as well as development spend which added 90 bps. Note 11 of the condensed interim financial statements sets out the calculation of the Group and proportionally consolidated LTV.

We maintain good long term relationships with debt providers across the markets and continue to raise funds on good terms. Financing activity completed in the half year included a £515m 5 year loan for the Paddington joint venture, secured on its assets. A club of three banks, DBS Bank Ltd., London Branch, Oversea-Chinese Banking Corporation Limited, and SMBC Bank International PLC and affiliates provided the loan and the related interest rate hedging which completed in July. The proceeds of the Paddington transaction and our share of this loan were used to repay our bank revolving credit facilities (RCF).

At 30 September 2022, we had £2bn of undrawn facilities and cash. Based on our current commitments and available facilities, the Group has no requirement to refinance until late 2025.

In October we renewed a £100m bilateral bank RCF with a new 5 year initial term. In November, we signed a further £150m bilateral RCF for an initial 5 year term, with a bank which is new to our unsecured relationships. Both RCFs have provisions for extensions of up to a further two years. ESG targets apply to these facilities which are in line with our other RCFs; these targets are linked to our sustainability strategy. Together with the other RCFs and the £420m 'Green loan' completed in 2021 secured by 100 Liverpool Street, we have raised over £1bn of 'Green' and ESG linked finance.

Our debt and interest rate management approach (outlined in section 1.4 above) has enabled us to maintain a low weighted average interest rate of 3.5% at September.

Fitch Ratings, as part of their annual review in August 2022 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 and flexible liquidity 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 £14.1bn (British Land share: £9.6bn) as at 30 September 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 65% of our portfolio.

Retail & Fulfilment accounts for 35% 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

At British Land, effective risk management is fundamental to how we do business. It directly informs our strategy and how we position the business to create value whilst delivering positive outcomes for all our stakeholders on a long-term, sustainable basis. Ultimate responsibility for risk rests with the Board, but the effective day to day management of risk is integral to the way the Group conducts business. In summary, our approach to risk management is centred on being risk-aware, clearly defining our risk appetite, responding quickly to changes in our risk profile and having a strong risk management culture amongst all employees with clearly defined roles and accountability. The Group's risk appetite, our integrated approach to managing risk, and our governance framework are unchanged from that set out in the Managing Risk section of the 2022 Annual Report on pages on pages 84 - 96.

Since the release of our 2022 full year results, there is greater global economic uncertainty. Within the UK, the main challenges facing the economy are rising interest rates, heightened inflation, compounded by the impact of the on-going war in the Ukraine and the increasing risk of recession. The potential adverse impact of these factors on our business includes operational and financial challenges for our occupiers, reduced demand for our assets in the investment market, the ability for us to continue to execute our portfolio and development strategy at pace, and increased financing costs, which could impact property values and our rental income. The Board and key committees have overseen the Group's response to the impact of these challenges on our business and their wider economic influences throughout the period. The manner in which we have addressed 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 have considered the principal risks and uncertainties as set out in the Annual Report and Accounts published in May 2022, in light of the challenging macroeconomic environment, and do not consider that the fundamental principal risks and uncertainties facing the Group have changed for the remaining six months of the financial year. However, our current assessment is the Macroeconomic, Political, Legal and Regulatory and Campus Property Market external principal risks have increased, as well as our Development and Customer risks. Whilst there is still much uncertainty around the future trajectory of the economy over the remainder of the financial year, we have set out in our principal risk table below, an update on the changes to our principal risks and expected impacts on our business of the macroeconomic uncertainty, and the mitigating actions and controls we have in place. Our comprehensive risk management process, 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.

External Principal Risks

Principal Risk	Status at year end	Change since year end	Commentary
External			
Macroeconomic	High	Increasing	Macroeconomic uncertainty escalated in the period reflecting rapid inflation and the increased prospect of a recession in the UK, with subsequent impacts on interest rates, rental income, construction costs and property valuations. We are proactively managing our business for this environment by taking a risk-managed approach in moderating our activity, and we will deploy capital patiently. In particular, we are managing our development risk by fixing costs and creating options to progress our pipeline as and when the time is right. Also, we are actively managing our financing risk with access to a diverse range of sources of finance with a spread of repayment dates, along with the use of hedging to mitigate against rising interest rates. The strength of our balance sheet, the 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 potential market opportunities.
Political, Legal and Regulatory	Medium to High	Increasing	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. At the same time, increased political volatility in the UK brings uncertainty in terms of both future policy and economic growth. We continue to closely monitor the changes in political outlook and any potential changes in regulations to ensure changes which may impact the Group, or our customers, are identified and addressed appropriately.
Property Markets			
(a) Campuses	Medium	Increasing	The prime London office market continues to demonstrate better occupational fundamentals due to low vacancy, reduced development pipeline and the continued flight to quality. However, structural headwinds remain from an increased trend in working from home, accelerated by the impact of Covid-19, as well as from rising bond yields impacting investor sentiment. Our Campus model is centred on providing well connected, high quality and sustainable buildings with a wide range of amenities and an engaging public realm, supporting the resilience of our offer as occupiers focus on the best space for their business. This is reflected in our leasing performance across our Campuses in the period.
(b) Retail	Medium to High	No change	The market outlook for retail continues to be challenging reflecting the structural shift to online, which accelerated through Covid-19, albeit there are signs that online growth is slowing and returning to pre-pandemic levels. Retailers' profitability is being put under pressure due to increased costs, such as rising input and energy costs, wages, business rates and the erosion of margins from online competition. Our Retail portfolio focuses on retail parks where we expect demand to be more resilient through any downturn, reflecting their relative affordability to retailers and compatibility with an omnichannel retail strategy. Leasing at these assets has remained strong in the first half of the year. We are focused on providing the best quality space across the UK, maintaining high occupancy to drive sustainable rents.
(c) Urban Logistics	Low	No change	Occupational fundamentals remain favourable underpinned by structural changes in e-commerce. In London, supply of the right kind of space remains highly constrained and demand is strong, driving rental growth. As a low yielding sector, the investment market has been heavily impacted by rising interest rates and pricing has softened over the last six months, potentially creating the environment for opportunistic purchases. We are building an Urban Logistics business focused on a development-led pipeline through the intensification and repurposing of existing buildings in London where our development expertise is a competitive advantage.
Major Events/ Business Disruption	Medium to High	No change	Whilst Covid-19 disruption has eased, the heightened global and political uncertainty, exacerbated by war in Ukraine, continues to potentially have an impact on the Group's operations and stakeholders. 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

Principal Risk	Status at year end	Change since year end	Commentary
Internal			
Portfolio Strategy	Medium	No change	External impacts discussed in the macroeconomic and property markets risks may influence our ability to execute our portfolio and development strategy, and the rising interest rate environment has inevitably impacted valuations. Despite this tougher macro environment, our operational performance has been strong, and reinforces our conviction in our key markets of Campuses, Retail Parks and Urban Logistics. Our approach to portfolio management and capital allocation in the current environment is to deploy capital patiently, sell into pockets of demand and be responsive to opportunities that arise, particularly in Retail Parks and Urban Logistics. Our portfolio has been positioned to be resilient through the cycle and our investment criteria have been reassessed to reflect the impacts of the current macroeconomic uncertainty.
Development	Medium	Increasing	During the period, inflationary pressures in the construction supply chain for certain materials and labour are continuing. These have been further compounded by the war in Ukraine, impacting both development returns and the timing of our future pipeline. We are progressing our committed development pipeline, whilst managing the risks appropriately through a combination of timing, pre-lets, fixing costs and use of joint ventures. Our development exposure remains well within our internal risk parameters of 12.5% at 6.3% of portfolio gross asset value. We have secured fixed price contracts on 92% of the costs of our committed developments and will continue to proactively work alongside our contractors to mitigate any risks of delays or cost increases. Looking forward, we are continuing to progress our near term pipeline and are likely to seek partial pre-lets ahead of placing main build contracts.
Financing	Low to Medium	No change	Market interest rates have risen sharply from very low levels and further rises are anticipated. Fixed rate debt and derivatives (swaps and caps) are used to mitigate against the risk of rising interest rates both now and going forward, with 77% of projected debt hedged on average over the next 5 years. The current uncertain environment reinforces the importance of a strong balance sheet. We have continued to monitor our LTV which is currently 30.7%. We have significant headroom to our Group covenants. We maintain good long term relationship with debt providers across the markets, providing us continued access to debt financing despite the current uncertainty, with £2bn of undrawn facilities and cash.
Environmental Sustainability	Medium	No change	We are making good progress against our 2030 environmental commitments which include ambitious targets to be net zero carbon by 2030 and a focus on environmental leadership. We are continuing to improve the energy efficiency of our standing portfolio and have improved EPC ratings as a result of our net zero initiatives with 42% of the portfolio currently A or B rated (March 2022: 36%) and in offices we are already fully compliant with 2023 MEES legislation which stipulates a minimum EPC rating of E.
People and Culture	Medium to High	No change	Like many companies, we are experiencing rising wage expectations and an increase in employee mobility. However, our staff turnover remains relatively low and we are continuing to focus on staff wellbeing and actively respond to feedback from employee surveys continuing on the themes outlined in our 2022 Annual Report.
Customer	Medium to High	Increasing	We are mindful that higher input prices may impact the profitability of our customers, particularly on the retail side which may increase the risk of future administrations or CVAs. We have continued to work closely with our customers to ensure we provide them with high quality space at a sustainable total occupancy cost, allowing us to maximise occupancy and rent collection, whilst monitoring their covenant strength and taking actions appropriately to mitigate our customer risk. This is reflected in our rent collection which is 98% for the first half of the year.
Operational and Compliance	Medium	No change	Key risks include: Information Systems & Cyber Security, Health & Safety, Third Party Relationships and Financial Crime Compliance. We remain vigilant to these key operational risks for our business with no significant issues to note over the first half of the year. We are continuing to monitor and are executing our plans to strengthen our cyber security and IT infrastructure and associated key controls as well as our wider internal controls environment.

Directors' Responsibilities Statement

The directors confirm that these condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the United Kingdom and that the interim management report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R, namely:

- An indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- Material related party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

The directors of British Land plc are listed on the company website www.britishland.com

By order of the Board.

Bhavesh Mistry
Chief Financial Officer
15 November 2022

Independent review report to The British Land Company PLC

Report on the condensed consolidated interim financial statements

Our conclusion
We have reviewed The British Land Company PLC's condensed consolidated interim financial statements (the "interim financial statements") in the Half Year Results of The British Land Company PLC for the 6 month period ended 30 September 2022 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:

- the Consolidated Balance Sheet as at 30 September 2022;
- the Consolidated Income Statement and the Consolidated Statement of Comprehensive Income for the period then ended;
- the Consolidated Statement of Cash Flows for the period then ended;
- the Consolidated Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Half Year Results of The British Land Company PLC have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Basis for conclusion
We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Half Year Results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern
Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with this ISRE. However, future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors
The Half Year Results, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Half Year Results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the Half Year Results, including the interim financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the Half Year Results based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
London

15 November 2022

Consolidated Income Statement

For the six months ended 30 September 2022

	Note	Six months ended 30 September 2022 Unaudited Underlying[1] £m	Capital and other £m	Total £m	Six months ended 30 September 2021 Unaudited Underlying[1] £m	Capital and other £m	Total £m
Revenue	3	**215**	**–**	**215**	211	(20)	191
Costs[2]	3	**(51)**	**–**	**(51)**	(64)	(9)	(73)
	3	**164**	**–**	**164**	147	(29)	118
Joint ventures (see also below)	8	**47**	**(97)**	**(50)**	45	47	92
Administrative expenses		**(43)**	**–**	**(43)**	(43)	–	(43)
Valuation movement	4	**–**	**(189)**	**(189)**	–	219	219
(Loss) profit on disposal of investment properties and revaluation of investments		**–**	**(20)**	**(20)**	–	3	3
Net financing income (charges)							
financing income	5	**4**	**147**	**151**	–	17	17
financing charges	5	**(35)**	**–**	**(35)**	(28)	(5)	(33)
		(31)	**147**	**116**	(28)	12	(16)
(Loss) profit on ordinary activities before taxation		**137**	**(159)**	**(22)**	121	252	373
Taxation	6	**(1)**	**(11)**	**(12)**	–	(2)	(2)
(Loss) profit for the period after taxation		**136**	**(170)**	**(34)**	121	250	371
Attributable to non-controlling interests		**1**	**(1)**	**–**	1	–	1
Attributable to shareholders of the Company		**135**	**(169)**	**(34)**	120	250	370
Earnings per share:							
basic	2			**(3.7)p**			39.9p
diluted	2			**(3.7)p**			39.8p

All results derive from continuing operations.

	Note	Six months ended 30 September 2022 Unaudited Underlying[1] £m	Capital and other £m	Total £m	Six months ended 30 September 2021 Unaudited Underlying[1] £m	Capital and other £m	Total £m
Results of joint ventures accounted for using the equity method							
Underlying Profit		**47**	**–**	**47**	45	–	45
Valuation movement	4	**–**	**(126)**	**(126)**	–	60	60
Capital financing income (charges)		**–**	**30**	**30**	–	(13)	(13)
Taxation		**–**	**(1)**	**(1)**	–	–	–
	8	**47**	**(97)**	**(50)**	45	47	92

1. See definition in Note 2 and a reconciliation between Underlying Profit and IFRS profit in Note 13.
2. Included within 'Costs' is a credit relating to the provisions for impairment of tenant debtors, accrued income, tenant incentives and contracted rent increases of £2m (six months ended 30 September 2021: charge of £2m). This is disclosed in further detail in Note 3, Note 7 and Note 10.

Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2022

	Six months ended 30 September 2022 Unaudited £m	Six months ended 30 September 2021 Unaudited £m
(Loss) profit for the period after taxation	(34)	371
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Gains on cash flow hedges		
– Joint ventures	4	1
	4	1
Other comprehensive income for the period	4	1
Total comprehensive (loss) income for the period	(30)	372
Attributable to non-controlling interests	–	1
Attributable to shareholders of the Company	(30)	371

Consolidated Balance Sheet

As at 30 September 2022

	Note	30 September 2022 Unaudited £m	31 March 2022 Audited £m
ASSETS			
Non-current assets			
Investment and development properties	7	**5,919**	7,032
		5,919	7,032
Other non-current assets			
Investments in joint ventures	8	**2,591**	2,511
Other investments	9	**61**	41
Property, plant and equipment		**24**	27
Interest rate and currency derivative assets	11	**231**	97
		8,826	9,708
Current assets			
Investment property held-for-sale	7	**122**	–
Trading properties	7	**18**	18
Debtors	10	**30**	39
Corporation tax		**2**	3
Cash and short term deposits	11	**118**	74
		290	134
Total assets		**9,116**	9,842
LIABILITIES			
Current liabilities			
Short term borrowings and overdrafts	11	**(316)**	(189)
Creditors		**(208)**	(245)
		(524)	(434)
Non-current liabilities			
Debentures and loans	11	**(1,722)**	(2,427)
Other non-current liabilities[1]		**(150)**	(152)
Deferred tax liabilities		**(11)**	–
Interest rate and currency derivative liabilities	11	**(111)**	(96)
		(1,994)	(2,675)
Total liabilities		**(2,518)**	(3,109)
Net assets		**6,598**	6,733
EQUITY			
Share capital		**234**	234
Share premium		**1,308**	1,307
Merger reserve		**213**	213
Other reserves		**9**	5
Retained earnings		**4,820**	4,959
Equity attributable to shareholders of the Company		**6,584**	6,718
Non-controlling interests		**14**	15
Total equity		**6,598**	6,733
EPRA Net Tangible Assets per share[2]	2	**695p**	727p

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

Consolidated Statement of Cash Flows

For the six months ended 30 September 2022

	Note	Six months ended 30 September 2022 Unaudited £m	Six months ended 30 September 2021 Unaudited Restated[1] £m
Income received from tenants		**163**	175
Fees and other income received		**26**	13
Operating expenses paid to suppliers and employees		**(74)**	(81)
Sale of trading properties		**–**	9
Cash generated from operations		**115**	116
Interest paid		**(37)**	(31)
Corporation tax payments		**–**	(2)
Distributions and other receivables from joint ventures	8	**34**	24
Net cash inflow from operating activities		**112**	107
Cash flows from investing activities			
Development and other capital expenditure		**(128)**	(120)
Sale of investment properties		**4**	169
Purchase of investment properties		**(24)**	(293)
Sale of investment properties to Paddington Central Joint Venture		**685**	–
Purchase of investments		**(14)**	(4)
Investment in and loans to joint ventures		**(59)**	(29)
Loan repayments from joint ventures		**125**	133
Indirect taxes received (paid) in respect of investing activities		**3**	(5)
Net cash inflow (outflow) from investing activities		**592**	(149)
Cash flows from financing activities			
Dividends paid		**(106)**	(64)
Dividends paid to non-controlling interests		**(1)**	(5)
Decrease in lease liabilities		**(3)**	(3)
Purchase of non-controlling interest in Hercules Unit Trust[1]		**–**	(38)
Decrease in bank and other borrowings		**(584)**	(182)
Drawdown on bank and other borrowings		**34**	252
Net cash outflow from financing activities		**(660)**	(40)
Net increase (decrease) in cash and cash equivalents		**44**	(82)
Cash and cash equivalents at 1 April		**74**	154
Cash and cash equivalents at 30 September		**118**	72
Cash and cash equivalents consists of:			
Cash and short-term deposits		**118**	72

1. See Note 1 for details of the restatement of the purchase of non-controlling interest in Hercules Unit Trust.

Consolidated Statement of Changes in Equity

For the six months ended 30 September 2022

Six month movements in equity (unaudited)

	Share capital £m	Share premium £m	Hedging and translation reserve £m	Re-valuation reserve £m	Merger reserve £m	Retained earnings £m	**Total £m**	Non-controlling interests £m	**Total equity £m**
Balance at 1 April 2022	**234**	**1,307**	**2**	**3**	**213**	**4,959**	**6,718**	**15**	**6,733**
Total comprehensive (loss) income for the period	**–**	**–**	**–**	**4**	**–**	**(34)**	**(30)**	**–**	**(30)**
Share issues	**–**	**1**	**–**	**–**	**–**	**–**	**1**	**–**	**1**
Fair value of share and share option awards	**–**	**–**	**–**	**–**	**–**	**3**	**3**	**–**	**3**
Dividends paid in period (11.60p per share)	**–**	**–**	**–**	**–**	**–**	**(108)**	**(108)**	**–**	**(108)**
Dividends paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1)**	**(1)**
Balance at 30 September 2022	**234**	**1,308**	**2**	**7**	**213**	**4,820**	**6,584**	**14**	**6,598**
Balance at 1 April 2021	234	1,307	14	2	213	4,154	5,924	59	5,983
Total comprehensive income for the period	–	–	–	1	–	370	371	1	372
Fair value of share and share option awards	–	–	–	–	–	(1)	(1)	–	(1)
Purchase of units from non-controlling interests[1]	–	–	–	–	–	2	2	(40)	(38)
Dividends paid in period (6.64p per share)	–	–	–	–	–	(62)	(62)	–	(62)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(5)	(5)
Balance at 30 September 2021	234	1,307	14	3	213	4,463	6,234	15	6,249

Prior year movements in equity (audited)

	Share capital £m	Share premium £m	Hedging and translation reserve £m	Re-valuation reserve £m	Merger reserve £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
Balance at 1 April 2021	234	1,307	14	2	213	4,154	5,924	59	5,983
Total comprehensive income (loss) 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[1]	–	–	–	–	–	2	2	(40)	(38)
Dividends paid in the 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

1. 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 interim financial statements. 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

For the six months ended 30 September 2022

1 Basis of preparation

The financial information for the period ended 30 September 2022 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for the year ended 31 March 2022 has been delivered to the Registrar of Companies. The auditors' report on those accounts was not qualified, did not include a reference to matters to which the auditor drew attention by way of emphasis without qualifying the report, and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

The condensed consolidated interim financial statements for the half-year reporting period ended 30 September 2022 included in this announcement has been prepared on a going concern basis using accounting policies consistent with UK-adopted international accounting standards, in accordance with UK-adopted IAS 34 'Interim Financial Reporting', and in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. 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 Group transitioned to UK-adopted International Accounting Standards in its consolidated financial statements for the year ended 31 March 2022. This change constituted a change in accounting framework. However, there was no impact on recognition, measurement or disclosure as a result of the change in framework. The current period financial information presented in this document has been reviewed, not audited.

The condensed consolidated interim financial statements do not include all the notes of the type normally included in the annual report and accounts. Accordingly, this report is to be read in conjunction with the annual report and accounts for the year ended 31 March 2022, which has been prepared in accordance with both UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006, and any public announcements made by the Group during the interim reporting period. The same accounting policies are followed in the condensed consolidated interim financial statements as applied in the Group's latest annual audited financial statements.

A number of new standards and amendments to standards and interpretations have been issued for the current accounting period. Those that are effective include narrow-scope amendments to IFRS 3, IAS 16 and IAS 37 and annual improvements on IFRS 1, IFRS 9 and IAS 41. Those not yet effective include amendments to IAS 1 'Presentation of Financial Statements' on classification of liabilities, a number of narrow-scope amendments to IFRS 17, IAS 1, IAS 8, IAS 12 and some annual improvements on IFRS 16. The above effective amendments have not had a significant impact on the Group's results, and those not yet effective are not expected to have a significant impact on the Group's results. The Group is currently assessing the impact of the IFRS Interpretation Committee's recent Agenda Decisions in respect of both Lessor Forgiveness of Lease payments (IFRS 9 and IFRS 16) and Demand Deposits with Restrictions on Use arising from a Contract with a Third Party (IAS 7).

The general risk environment in which the Group operates has remained heightened during the period. Whilst the UK economy strengthened in comparison to the prior year period, which was impacted by the ongoing Covid-19 pandemic, increasing geopolitical and macroeconomic uncertainty has continued to present a challenging environment for the sectors in which we operate. At our Campuses, whilst the trend for increased workforce flexibility (including working from home) remains, businesses continue to recognise the value of prime, sustainable places and occupier demand for this very best space has remained robust. Within Retail & Fulfilment, our tenants have benefitted from the reopening of the economy, with sales returning to near pre-pandemic levels, however in recent months they have become more acutely concerned about the impact of significantly rising inflation on their businesses. The conflict in Ukraine, as well as UK and wider geopolitical uncertainties, has contributed to significant inflation over the period, including energy prices, which has the potential to materially impact the economic viability of some retailers. In response to inflation, rising interest rates will also have the impact of dampening investor demand for real estate, with the resulting impact on valuations. The Directors remain vigilant to these risks, as well as any potential resulting opportunities that may arise, as further disclosed within the risk management and principal risks section of this interim report.

Restatement of Consolidated Statement of Cash Flows

The Statement of Cash Flows for the six month period to 30 September 2021 has been restated to classify the purchase of non-controlling interest in Hercules Unit Trust of £38m from cash flows from investing activities to cash flows from financing activities. The restatement correctly classifies the non-controlling interest purchase as a financing activity in accordance with IAS 7 'Statement of Cash Flows' following an error in presentation in the 30 September 2021 condensed consolidated interim financial statements. As a result of this restatement, the net cash outflow from investing activities decreases from £187m to £149m and the net cash outflow from financing activities increases from £2m to £40m for the six month period to 30 September 2021.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of these interim financial statements requires management to make critical accounting judgements and assess key sources of estimation uncertainty, that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results might differ from these estimates.

1 Basis of preparation continued

In preparing these interim financial statements, the critical accounting judgements in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those applied to the Group's consolidated financial statements for the year ended 31 March 2022, with the exception of a new critical accounting judgement exercised in respect of the joint control assessment of the Paddington Central Joint Venture.

Critical accounting judgements

The Directors have exercised critical judgement in respect of the joint control assessment of the Paddington Central Joint Venture which was entered into in the period. As part of the assessment, the Directors considered the Group's control over the Paddington Property Limited Partnership in respect of its 25% ownership. The Directors assessed the Group's power to direct the relevant activities of the Partnership through the partnership agreements, including reserved matters which require the unanimous consent of the Partners, and the Group's subsequent exposure to variable returns. Through this analysis, the Directors have been able to satisfactorily conclude that the Group has joint control over the Partnership and therefore has accounted for the Partnership as a joint venture using the equity method, in-line with the Group's accounting policies.

In July 2022 the Group granted an unconditional option to GIC to acquire the 5 Kingdom Street investment and development property through a new 50:50 joint venture with the Group. The option subsequently lapsed, extinguishing on 7 November 2022, subsequent to the 30 September 2022 reporting date, as per Note 17. As at the reporting date, the property had met the held-for-sale criteria under IFRS 5 and in-line with the Group's accounting policies. As such, the property has been reclassified as a held-for-sale investment property within current assets on the Group balance sheet, and the carrying amount is disclosed separately from the investment and development properties within Note 7.

The held-for sale criteria were supported by the fact that the terms of the transaction had been agreed between the relevant parties and the sale deemed highly probable. The held-for-sale criteria were satisfied on the date at which the unconditional option was granted, prior to this the held-for-sale criteria had not been met. At this point, upon the reclassification of the property as held-for-sale, management expected the carrying amount of the Group's investment in the property to be recovered principally through a sale transaction rather than continuing operations and was committed to the transaction.

Management have exercised a degree of accounting judgement in respect of the held-for-sale classification, however that judgement has not been considered as an area of critical accounting judgement.

The Directors do not consider there to be any additional critical accounting judgements exercised in the preparation of the Group's interim financial statements. The areas of ongoing accounting judgement that are not considered to be critical judgements are consistent with those disclosed in the Group's latest audited financial statements.

Key sources of estimation uncertainty

The Group's key sources of estimation uncertainty are consistent with those disclosed in the Group's latest audited financial statements.

Going concern

The interim financial statements are prepared on a Going Concern basis. The balance sheet shows the Group is in a net current liability position of £234m, predominantly due to short term borrowings and overdrafts of £316m and deferred income of £58m (related to quarterly rents paid in advance which will not result in cash outflows) and other current creditors which will result in cash outflows over the next 12 months in the ordinary course of business. Set against this, the Group has access to £2.0bn 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 also took into account the headroom on Group debt covenants, equivalent to a 48% fall in property values, and the absence of interest cover covenants on the unsecured facilities. Before factoring in any income receivable, the facilities and cash would be sufficient to cover forecast capital expenditure, property operating costs, administrative expenses, maturing debt and interest over the next 12 months from the approval date of the interim financial statements at 30 September 2022.

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 current economic climate, and have a reasonable expectation that the Company and the Group have adequate resources to continue in operation for at least 12 months from the signing date of these interim financial statements. They therefore consider it appropriate to adopt the Going Concern basis of accounting in preparing the interim financial statements. The interim financial statements were approved by the Board on 15 November 2022.

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. No Company adjustments were made in the current period to 30 September 2022. In the prior period comparative to 30 September 2021, a £29m surrender premium payment was excluded from the calculation of Underlying Profit (see Note 3 for further details). There was no tax effect of this Company adjusted item.

	Six months ended 30 September 2022			Six months ended 30 September 2021		
	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	**135**	**927**	**14.6**	120	927	12.9
Underlying diluted	**135**	**930**	**14.5**	120	930	12.9
EPRA						
EPRA basic	**135**	**927**	**14.6**	91	927	9.8
EPRA diluted	**135**	**930**	**14.5**	91	930	9.8
IFRS						
Basic	**(34)**	**927**	**(3.7)**	370	927	39.9
Diluted	**(34)**	**927**	**(3.7)**	370	930	39.8

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, 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.

	30 September 2022			31 March 2022		
	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	**6,481**	**933**	**695**	6,771	932	727
EPRA NRV	**7,065**	**933**	**757**	7,403	932	794
EPRA NDV	**6,801**	**933**	**729**	6,542	932	702
IFRS						
Basic	**6,598**	**927**	**712**	6,733	927	726
Diluted	**6,598**	**933**	**707**	6,733	932	722

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 period as a percentage of the EPRA NTA per share at the start of the period.

	Six months ended 30 September 2022			Six months ended 30 September 2021		
	Movement in NTA per share pence	**Dividend per share paid pence**	**Total accounting return**	Movement in NTA per share pence	Dividend per share paid pence	Total accounting return
Total accounting return	**(32)**	**11.60**	**(2.8%)**	33	6.64	6.1%

3 Revenue and costs

	Six months ended 30 September 2022			Six months ended 30 September 2021		
	Underlying £m	Capital and other £m	Total £m	Underlying £m	Capital and other £m	Total £m
Rent receivable	160	–	160	158	–	158
Spreading of tenant incentives and contracted rent increases	7	–	7	6	–	6
Surrender premia[1]	–	–	–	1	(29)	(28)
Gross rental income	167	–	167	165	(29)	136
Trading property sales proceeds	–	–	–	–	9	9
Service charge income	30	–	30	32	–	32
Management and performance fees (from joint ventures)	6	–	6	3	–	3
Other fees and commissions	12	–	12	11	–	11
Revenue	215	–	215	211	(20)	191
Trading property cost of sales	–	–	–	–	(9)	(9)
Service charge expenses	(26)	–	(26)	(30)	–	(30)
Property operating expenses	(18)	–	(18)	(23)	–	(23)
Release of impairment of trade debtors and accrued income	3	–	3	–	–	–
Provisions for impairment of tenant incentives and contracted rent increases	(1)	–	(1)	(2)	–	(2)
Other fees and commissions expenses	(9)	–	(9)	(9)	–	(9)
Costs	(51)	–	(51)	(64)	(9)	(73)
	164	–	164	147	(29)	118

1. In the prior period, 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 two 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 period. 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 premium recognised as deferred income on the balance sheet as at 30 September 2022 within other non-current liabilities was £27m (30 September 2021: £29m).

Further detail on the provisions 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

	Six months ended 30 September 2022 £m	Six months ended 30 September 2021 £m
Revaluation of properties	(189)	220
Revaluation of owner-occupied property	–	(1)
Revaluation of properties held by joint ventures accounted for using the equity method	(126)	60
	(315)	279

5 Net financing

	Six months ended 30 September 2022 £m	Six months ended 30 September 2021 £m
Underlying		
Financing charges		
Facilities and overdrafts	**(12)**	(9)
Derivatives	**11**	15
Other loans	**(38)**	(36)
Obligations under head leases	**(2)**	(1)
	(41)	(31)
Development interest capitalised	**6**	3
	(35)	(28)
Financing income		
Deposits, securities and liquid investments	**4**	–
Net financing charges – Underlying	**(31)**	(28)
Capital and other		
Financing charges		
Valuation movement on fair value hedge accounted debt	**–**	25
Valuation movement on fair value hedge accounted derivatives	**–**	(30)
	–	(5)
Financing income		
Valuation movements on translation of foreign currency debt and investments	**3**	–
Valuation movement on fair value hedge accounted debt	**26**	–
Valuation movement on fair value hedge accounted derivatives	**(22)**	–
Valuation movement on non-hedge accounted derivatives	**140**	17
	147	17
Net financing income – Capital and other	**147**	12
Total financing income	**151**	17
Total financing charges	**(35)**	(33)
Net financing income (charges)	**116**	(16)

Interest on development expenditure is capitalised at the Group's weighted average interest rate at 30 September 2022 of 3.0% (30 September 2021: 2.1%). The weighted average interest rate on a proportionately consolidated basis at 30 September 2022 was 3.5% (30 September 2021: 2.7%).

6 Taxation

	Six months ended 30 September 2022 £m	Six months ended 30 September 2021 £m
Taxation expense		
Current taxation		
Underlying Profit		
Current period UK corporation taxation (30 September 2022: 19%; 30 September 2021: 19%)	**(1)**	(1)
Underlying Profit adjustments in respect of prior periods	**–**	1
Total current Underlying Profit taxation expense	**(1)**	–
Capital and other profit:		
Current period UK corporation taxation (30 September 2022: 19%; 30 September 2021: 19%)	**–**	–
Capital and other profit adjustments in respect of prior periods	**–**	(2)
Total current Capital and other profit taxation expense	**–**	(2)
Total current taxation expense	**(1)**	(2)
Deferred taxation on revaluation of derivatives	**(11)**	–
Group total taxation	**(12)**	(2)
Attributable to joint ventures	**(1)**	–
Total taxation expense	**(13)**	(2)

Current taxation expense attributable to Underlying Profit for the six months ended 30 September 2022 was £1m (six months ended 30 September 2021: £nil). Current taxation expense attributable to Capital and other profit was £nil (six months ended 30 September 2021: £2m). Deferred taxation on revaluation of derivatives attributable to Capital and other profit was £11m (six months ended 30 September 2021: £nil).

7 Property

Property reconciliation

	Six months ended 30 September 2022 Investment and development properties Level 3 £m	Trading and held-for-sale properties £m	Owner-occupied Level 3 £m	Total £m	Year ended 31 March 2022 Investment and development properties Level 3 £m	Trading and held-for-sale properties £m	Owner-occupied Level 3 £m	Total £m
Carrying value at the start of the period/year	**7,032**	**18**	**–**	**7,050**	6,326	26	2	6,354
Additions								
– property purchases	**24**	**–**	**–**	**24**	596	–	–	596
– development expenditure[1]	**77**	**–**	**–**	**77**	191	–	–	191
– capitalised interest and staff costs	**6**	**–**	**–**	**6**	8	–	–	8
– capital expenditure on asset management initiatives	**24**	**–**	**–**	**24**	18	–	–	18
– right-of-use assets	**–**	**–**	**–**	**–**	4	–	–	4
	131	**–**	**–**	**131**	817	–	–	817
Disposals	**(940)**	**–**	**–**	**(940)**	(605)	(8)	(2)	(615)
Reclassifications for held-for-sale properties	**(122)**	**122**	**–**	**–**	–	–	–	–
Revaluations included in income statement	**(189)**	**–**	**–**	**(189)**	471	–	–	471
Movement in tenant incentives and contracted rent uplift balances	**7**	**–**	**–**	**7**	23	–	–	23
Carrying value at the end of the period/year	**5,919**	**140**	**–**	**6,059**	7,032	18	–	7,050
Lease liabilities				**(102)**				(105)
Less surplus on right-of-use assets[2]				**(9)**				(9)
Valuation surplus on trading properties				**8**				8
Group property portfolio valuation at the end of the period/year				**5,956**				6,944
Non-controlling interests				**(14)**				(15)
Group property portfolio valuation at the end of the period/year attributable to shareholders				**5,942**				6,929

1. Development expenditure includes government grants received for the development of affordable and social housing of £nil (31 March 2022: £4m).
2. Relates to the fair value of right-of-use assets in excess of their associated lease liabilities. The fair value of right-of-use assets is determined by calculating the present value of net rental cashflows over the term of the lease agreements. IFRS 16 right-of-use assets are not externally valued, their fair value is determined by management, and are therefore not included in the Group property portfolio valuation of £5,956m above.

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 Institute of Chartered Surveyors. The information provided to the valuers, and the assumptions and valuation models used by the valuers are reviewed by the property portfolio team, the Head of Real Estate and the Chief Financial Officer. The valuers meet with the external auditors and also present directly to the Audit Committee on a half yearly basis.

On 19 July 2022, the Group entered into a Joint Venture Agreement with GIC in relation to the majority of the Paddington Central Campus, resulting in the disposal of £934m of investment and development properties and £2m of property, plant and equipment with a resulting loss in the Capital and other column of the Consolidated income statement of £19m in the period.

Also in July 2022, the Group granted an unconditional option to GIC to acquire the 5 Kingdom Street investment and development property through a new 50:50 joint venture with the Group. In-line with the Group's accounting policies, the property was reclassified as a held-for-sale property upon granting of the option and is presented as such as at 30 September 2022 for £122m, at which time the option had not been exercised. See Note 1 and Note 17 for further details of the option and events subsequent to the 30 September 2022 reporting date respectively.

Property valuations are inherently subjective as they are made on the basis of assumptions made by the valuer which may not prove to be accurate. For these reasons, and consistent with EPRA's guidance, we have classified the valuations of our property portfolio as Level 3 as defined by IFRS 13. The inputs to the valuations are defined as 'unobservable' by IFRS 13. These key unobservable inputs are net equivalent yield and estimated rental values for investment properties, and costs to complete for development properties. Further analysis and sensitivity disclosures of these key unobservable inputs have been included on the page to follow. There were no transfers between levels in the current period nor in the prior year comparative.

There has been no change in the valuation methodology used for investment property.

7 Property continued

Information about the impact of changes in unobservable inputs (Level 3) on the fair value of the Group's property portfolio valuation for the six months ended 30 September 2022

	Fair value at 30 September 2022 £m	Impact on valuations +5% ERV £m	Impact on valuations -5% ERV £m	Impact on valuations -25bps NEY £m	Impact on valuations +25bps NEY £m	Impact on valuations -5% costs £m	Impact on valuations +5% costs £m
Campuses[1]	2,455	91	(91)	155	(138)	–	–
Retail & Fulfilment	2,698	112	(109)	129	(115)	2	(2)
Developments	803	81	(80)	112	(99)	36	(35)
Group property portfolio valuation	5,956	284	(280)	396	(352)	38	(37)

1. Includes trading properties at fair value.

Information about fair value measurements using unobservable inputs (Level 3) for the six months ended 30 September 2022

Investment	Fair value at 30 September 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	2,429	Investment methodology	9	157	57	4	7	5	–	132	30
Retail & Fulfilment	2,698	Investment methodology	2	30	17	3	19	6	–	40	6
Developments	803	Residual methodology	30	95	86	4	6	4	156	1,345	780
Total	5,930										
Trading properties at fair value	26										
Group property portfolio valuation	5,956										

All other factors being equal:

- a higher equivalent yield or discount rate would lead to a decrease in the valuation of an asset;
- an increase in the current or estimated future rental stream would have the effect of increasing the capital value; and
- an increase in the costs to complete would lead to a decrease in the valuation of an asset.

However, there are interrelationships between the unobservable inputs which are partially determined by market conditions, which would impact on these changes.

Provisions for impairment of tenant incentives and contracted rent increases

A provision of £23m (31 March 2022: £23m) has been made for impairment of tenant incentives and contracted rent uplift balances. The charge to the income statement in relation to provisions for impairment for tenant incentives and contracted rents was £1m (six months ended 30 September 2021: £2m) (see Note 3). The Directors consider that the carrying amount of tenant incentives is approximate to their fair value.

7 Property continued

A 10% increase/decrease in the loss rates assumed for each credit risk rating would result in a £2m increase/decrease to provisions for impairment of tenant incentives (31 March 2022: £2m). This sensitivity analysis has been performed on medium and high risk tenants and tenants in CVA or Administration only, as the significant estimation uncertainty is wholly related to tenants with these risk ratings.

A 10% increase/decrease in the percentage share of high and low risk Retail & Fulfilment tenant incentives only, i.e. assuming 10% of tenant incentives move from medium to high risk and 10% of tenant incentives move from low to medium risk and vice versa, would result in a £3m increase/decrease in provisions for impairment of tenant incentives (31 March 2022: £2m). A movement in the share of Campuses tenant incentives within each credit risk rating has not been considered as management believes there is less uncertainty associated to the assumption on Campuses tenants' credit risk ratings. A 10% increase or decrease represents management's assessment of the reasonable possible change in loss rates and movement in the percentage share of tenant incentives within each credit risk rating.

The table below shows the movement in provisions for impairment of tenant incentives for the six months ended 30 September 2022 on a Group and proportionally consolidated basis.

Movement in provisions for impairment of tenant incentives	Group £m	Proportionally consolidated £m
Provisions for impairment of tenant incentives as at 1 April 2022	23	32
Write-offs of tenant incentives	(1)	(2)
Movements in provisions for impairment of tenant incentives	1	2
Total provision movement recognised in income statement	1	2
Provisions for impairment of tenant incentives as at 30 September 2022	23	32

Additional property covenant information

Properties valued at £1,221m (31 March 2022: £1,266m) were subject to a security interest and other properties of non-recourse companies amounted to £655m (31 March 2022: £649m), totalling £1,876m (31 March 2022: £1,915m).

8 Joint ventures

Summary movement for the period of the investments in joint ventures

	Equity £m	Loans £m	**Total £m**
At 1 April 2022	1,883	628	**2,511**
Additions	32	273	**305**
Disposals	(17)	(125)	**(142)**
Share of loss after taxation	(50)	–	**(50)**
Distributions and dividends:			
– Revenue	(37)	–	**(37)**
Hedging and exchange movements	4	–	**4**
At 30 September 2022	1,815	776	**2,591**

On 19 July 2022, the Group entered into a new Joint Venture Agreement with GIC in relation to the majority of the Paddington Central Campus. The transaction value of the assets transferred by the Group on the formation of the joint venture at 100% was £934m of investment and development properties and £2m of property, plant and equipment with a resulting loss in the Capital and other column of the Consolidated income statement of £19m in the period. The Group owns 25% of this new joint venture while GIC owns the remaining 75% stake. The Group has recognised a share of the joint venture's loss of £2m and share of net assets less shareholders loans of £107m in relation to this new joint venture in the period. A critical accounting judgement has been exercised in relation to the joint control assessment of the Paddington Central Joint Venture as further outlined in Note 1. The Group received £685m of cash consideration in relation to the sale of the investment and development properties to the joint venture (net of transaction costs of £9m), and subsequently a further £125m through a loan repayment from the newly formed joint venture, as a result of the joint venture obtaining external debt financing. The Group's investment into the Paddington Central Joint Venture is principally through a shareholder loan from the Group to the new joint venture.

Summary income statement for the period of the investments in joint ventures

	Six months ended 30 September 2022		Six months ended 30 September 2021	
	£m 100%	**£m BL Share**	£m 100%	£m BL Share
Revenue	**215**	**103**	193	93
Costs	**(63)**	**(30)**	(52)	(24)
	152	**73**	141	69
Administrative expenses	**(3)**	**(1)**	(2)	(1)
Net financing charges	**(53)**	**(25)**	(46)	(23)
Underlying Profit	**96**	**47**	93	45
Net valuation movement	**(285)**	**(126)**	117	60
Capital financing income (charges)	**89**	**30**	(26)	(13)
(Loss) profit on ordinary activities before taxation	**(100)**	**(49)**	184	92
Taxation	**(4)**	**(1)**	–	–
(Loss) profit on ordinary activities after taxation	**(104)**	**(50)**	184	92
(Loss) profit split between controlling and non-controlling interests				
Attributable to non-controlling interests	**–**	**–**	–	–
Attributable to shareholders of the Company	**(104)**	**(50)**	184	92

8 Joint ventures continued

Operating cash flows of joint ventures (Group share)

	Six months ended 30 September 2022 £m	Six months ended 30 September 2021 £m
Income received from tenants	**77**	73
Operating expenses paid to suppliers and employees	**(15)**	(11)
Cash generated from operations	**62**	62
Interest paid	**(22)**	(23)
UK corporation tax (paid) received	**(1)**	1
Cash inflow from operating activities	**39**	40
Cash inflow from operating activities deployed as:		
Cash surplus following revenue distributions	**5**	16
Revenue distributions per consolidated statement of cash flows	**34**	24
Revenue distributions split between controlling and non-controlling interests		
Attributable to non-controlling interests	**–**	5
Attributable to shareholders of the Company	**34**	19

9 Other investments

	30 September 2022 £m	31 March 2022 £m
Fair value through profit or loss	**51**	28
Amortised cost	**2**	4
Intangible assets	**8**	9
	61	41

The amount included in the fair value through profit or loss includes private equity/venture capital investments of £41m (31 March 2022: £28m) 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

	30 September 2022 £m	31 March 2022 £m
Trade and other debtors	**13**	24
Prepayments and accrued income	**12**	11
Rental deposits	**5**	4
	30	39

Trade and other debtors are shown after deducting a provision for impairment against tenant debtors of £43m (31 March 2022: £47m). The provisions for impairment is calculated as an expected credit loss on trade and other debtors in accordance with IFRS 9, with the same key assumptions as disclosed in the Group's latest audited financial statements, updated for market conditions and future expectations as at 30 September 2022.

The credit to the income statement in relation to provisions for impairment of tenant debtors and accrued income for the six months ended 30 September 2022 was £3m (six months ended 30 September 2021: £nil), as disclosed in Note 3.

10 Debtors continued

The decrease in provisions for impairment of tenant debtors and accrued income of £4m (six months ended 30 September 2021: £4m) is equal to the release to the income statement of £3m (six months ended 30 September 2021: £nil), plus write-offs of tenant debtors and accrued income of £1m (six months ended 30 September 2021: £4m).

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

A 10% increase/decrease in the loss rates assumed for each credit risk rating would result in a £1m increase (31 March 2022: £1m increase) and a £1m decrease (31 March 2022: £1m decrease) to provisions for impairment of tenant debtors and accrued income. This sensitivity analysis has been performed on medium and high risk tenants and tenants in CVA or Administration only, as the significant estimation uncertainty is wholly related to tenants with these risk ratings. A 10% increase/decrease in the percentage share of high and low risk Retail & Fulfilment tenant debtors, i.e. assuming 10% of debtors move from medium to high risk and 10% of debtors move from low to medium risk and vice versa, would result in a £5m increase (31 March 2022: £2m increase) and a £5m decrease (31 March 2022: £2m decrease) in provisions for impairment of tenant debtors and accrued income. A movement in the share of Campuses debtors and accrued income within each credit risk rating has not been considered as management believes there is less uncertainty associated to the assumption on Campuses tenants' credit risk ratings. A 10% increase or decrease represents management's assessment of the reasonable possible change in loss rates and movement in the percentage share of tenant incentives within each credit risk rating.

The table below summarises the movement in provisions for impairment of tenant debtors and accrued income during the six months ended 30 September 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 1 April 2022	**47**	**61**
Write-offs of tenant debtors and accrued income	**(1)**	**(3)**
Movement in provisions for impairment of tenant debtors and accrued income	**(3)**	**(3)**
Total provision movement recognised in income statement	**(3)**	**(3)**
Provisions for impairment of tenant debtors and accrued income as at 30 September 2022	**43**	**55**

	30 September 2022						
	Group					**Proportionally consolidated**	
	< 90 days past due £m	**90 – 190 days past due £m**	**190 – 365 days past due £m**	**> 365 days past due £m**	**Total £m**	**Total £m**	**Percentage provided**
Tenant debtors	**25**	**3**	**8**	**27**	**63**	**86**	
Provisions for impairment against tenant debtors	**(4)**	**(3)**	**(8)**	**(27)**	**(42)**	**(54)**	
Net tenant debtors	**21**	**–**	**–**	**–**	**21**	**32**	**63%**

	31 March 2022						
	Group					Proportionally consolidated	
	< 90 days past due £m	90 – 190 days past due £m	190 – 365 days past due £m	> 365 days past due £m	Total £m	Total £m	Percentage provided
Tenant debtors	11	5	10	27	53	70	
Provisions for impairment against tenant debtors	(6)	(4)	(10)	(27)	(47)	(60)	
Net tenant debtors	5	1	–	–	6	10	86%

11 Net debt

11.1 Fair value and book value of net debt

	30 September 2022			31 March 2022		
	Fair value £m	**Book value £m**	**Difference £m**	Fair value £m	Book value £m	Difference £m
Debentures and unsecured bonds	**1,507**	**1,636**	**(129)**	1,745	1,665	80
Bank debt and other floating rate debt	**407**	**402**	**5**	955	951	4
Gross debt	**1,914**	**2,038**	**(124)**	2,700	2,616	84
Interest rate and currency derivative liabilities	**111**	**111**	**–**	96	96	–
Interest rate and currency derivative assets	**(231)**	**(231)**	**–**	(97)	(97)	–
Cash and short term deposits	**(118)**	**(118)**	**–**	(74)	(74)	–
Total net debt	**1,676**	**1,800**	**(124)**	2,625	2,531	84
Net debt attributable to non-controlling interests	**1**	**1**	**–**	1	1	–
Net debt attributable to shareholders of the Company	**1,677**	**1,801**	**(124)**	2,626	2,542	84
Total net debt	**1,676**	**1,800**	**(124)**	2,625	2,541	84
Amounts payable under leases	**129**	**129**	**–**	133	144	–
Net debt (including lease liabilities)	**1,805**	**1,929**	**(124)**	2,758	2,674	84
Net debt attributable to non-controlling interests (including lease liabilities)	**1**	**1**	**–**	1	1	–
Net debt attributable to shareholders of the Company (including lease liabilities)	**1,806**	**1,930**	**(124)**	2,759	2,675	139 84

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 advisor. Short-term debtors and creditors and other investments (see Note 9) have been excluded from the disclosures on the basis that the fair value is equivalent to the book value.

11.2 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.

EPRA LTV has been disclosed in Table E.

Group LTV

	30 September 2022 £m	31 March 2022 £m
Group LTV	**22.0%**	26.2%
Principal value of gross debt	**2,012**	2,562
Less debt attributable to non-controlling interests	**–**	–
Less cash and short term deposits (balance sheet)	**(118)**	(74)
Plus cash attributable to non-controlling interests	**1**	1
Total net debt for LTV calculation	**1,895**	2,489
Group property portfolio valuation (Note 7)	**5,956**	6,944
Investments in joint ventures (Note 8)	**2,591**	2,511
Other investments and property, plant and equipment (balance sheet)[1]	**64**	46
Less property and investments attributable to non-controlling interests	**(14)**	(15)
Total assets for LTV calculation	**8,597**	9,486

1. The £21m difference between other investments and plant, property and equipment per the balance sheet totalling £85m, 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.

11 Net debt continued

Proportionally consolidated LTV

	30 September 2022 £m	31 March 2022 £m
Proportionally consolidated LTV	**30.7%**	32.9%
Principal value of gross debt	**3,217**	3,648
Less attributable to non-controlling interests	**–**	–
Less cash and short term deposits	**(241)**	(191)
Plus cash attributable to non-controlling interests	**1**	1
Total net debt for proportional LTV calculation	**2,977**	3,458
Group property portfolio valuation (Note 7)	**5,956**	6,944
Share of property of joint ventures	**3,701**	3,538
Other investments and property, plant and equipment (balance sheet)[1]	**64**	46
Less property attributable to non-controlling interests	**(14)**	(15)
Total assets for proportional LTV calculation	**9,707**	10,513

1. The £21m difference between other investments and plant, property and equipment per the balance sheet totalling £85m, 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.

11.3 British Land Unsecured Financial Covenants

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

	30 September 2022 £m	31 March 2022 £m
Net Borrowings not to exceed 175% of Adjusted Capital and Reserves	**29%**	36%
Principal amount of gross debt	**2,012**	2,562
Less the relevant proportion of borrowings of the partly-owned subsidiary/non-controlling interests	**–**	–
Less cash and deposits (balance sheet)	**(118)**	(74)
Plus the relevant proportion of cash and deposits of the partly-owned subsidiary/non-controlling interests	**1**	1
Net Borrowings	**1,895**	2,489
Share capital and reserves (balance sheet)	**6,598**	6,733
Deferred tax liabilities (EPRA Table A)	**12**	–
Trading property surpluses (EPRA Table A)	**8**	8
Exceptional refinancing charges (see below)	**167**	174
Fair value adjustments of financial instruments (EPRA Table A)	**(134)**	46
Less reserves attributable to non-controlling interests (balance sheet)	**(14)**	(15)
Adjusted Capital and Reserves	**6,637**	6,946

In calculating Adjusted Capital and Reserves for the purpose of the unsecured debt financial covenants, there is an adjustment of £167m (31 March 2022: £174m) to reflect the cumulative net amortised exceptional items relating to the refinancings in the years ended 31 March 2005, 2006 and 2007.

	30 September 2022 £m	31 March 2022 £m
Net Unsecured Borrowings not to exceed 70% of Unencumbered Assets	**22%**	30%
Principal amount of gross debt	**2,012**	2,562
Less cash and deposits not subject to a security interest (being £118m less cash subject to a security interest of £6m)	**(112)**	(64)
Less principal amount of secured and non-recourse borrowings	**(984)**	(985)
Net Unsecured Borrowings	**916**	1,513
Group property portfolio valuation (Note 7)	**5,956**	6,944
Investments in joint ventures (Note 8)	**2,591**	2,511
Other investments and property, plant and equipment (balance sheet)[1]	**64**	46
Less investments in joint ventures (Note 8)	**(2,591)**	(2,511)
Less encumbered assets (Note 7)	**(1,876)**	(1,915)
Unencumbered Assets	**4,144**	5,075

1. The £21m difference between other investments and plant, property and equipment per the balance sheet totalling £85m, relates to a right-of-use asset recognised under a lease which is classified as property, plant and equipment which is not included within Unencumbered Assets for the purposes of the covenant calculation.

11 Net debt continued

11.4 Fair value hierarchy

The table below analyses financial instruments carried at fair value, by the valuation method. The different levels are defined as follows:

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).

The fair value of interest rate and currency derivatives are determined using the present value of estimated future cash flows and discounted based on the applicable yield curves derived from quoted interest rates and the appropriate exchange rate at the balance sheet date.

	30 September 2022				31 March 2022			
	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	–	(231)	–	(231)	–	(97)	–	(97)
Other investments – fair value through profit and loss	–	–	(51)	(51)	–	–	(28)	(28)
Assets	–	(231)	(51)	(282)	–	(97)	(28)	(125)
Interest rate and currency derivative liabilities	–	111	–	111	–	96	–	96
Liabilities	–	111	–	111	–	96	–	96
Total	–	(120)	(51)	(171)	–	(1)	(28)	(29)

There have been no transfers between levels in the period.

12 Dividend

The Interim dividend payment for the six months ended 30 September 2022 will be 11.60p. Payment will be made on 6 January 2023 to shareholders on the register at close of business on 25 November 2022. The Interim dividend will be a Property Income Distribution and no SCRIP alternative will be offered.

The 2022 Final dividend of 11.60p pence per share, totalling £108m was paid on 29 July 2022. The whole of the 2022 Final dividend was a PID and no scrip alternative was offered. £92m was paid to shareholders, and £16m of withholding tax was retained.

13 Segment information

Operating segments

The Group allocates resources to investment and asset management according to the sectors it expects to perform over the medium term.

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 below. 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 period.

Segment result

	Six months ended 30 September							
	Campuses		Retail & Fulfilment		Unallocated		Total	
	2022 £m	2021 £m	**2022 £m**	2021 £m	**2022 £m**	2021 £m	**2022 £m**	2021 £m
Gross rental income								
British Land Group	**65**	66	**100**	97	**–**	–	**165**	163
Share of joint ventures	**54**	46	**28**	28	**–**	–	**82**	74
Total	**119**	112	**128**	125	**–**	–	**247**	237
Net rental income								
British Land Group	**63**	56	**87**	81	**–**	–	**150**	137
Share of joint ventures	**49**	37	**24**	32	**–**	–	**73**	69
Total	**112**	93	**111**	113	**–**	–	**223**	206
Operating result								
British Land Group	**58**	54	**90**	77	**(28)**	(28)	**120**	103
Share of joint ventures	**54**	37	**19**	31	**(1)**	–	**72**	68
Total	**112**	91	**109**	108	**(29)**	(28)	**192**	171

Reconciliation to Underlying Profit before taxation	**Six months ended 30 September 2022 £m**	Six months ended 30 September 2021 £m
Operating result – proportionately consolidated (Table A)	**192**	171
Net financing charges – proportionately consolidated (Table A)	**(56)**	(51)
Underlying Profit	**136**	120
Reconciliation to (loss) profit on ordinary activities before taxation		
Underlying Profit	**136**	120
Capital and other	**(159)**	252
Underlying Profit attributable to non-controlling interests	**1**	1
Total (loss) profit on ordinary activities before taxation	**(22)**	373

Of the operating result above, £192m (six months ended 30 September 2021: £171m) was derived from within the UK.

13 Segment information continued

Segment assets

	Campuses		Retail & Fulfilment		Total	
	30 September 2022 £m	31 March 2022 £m	**30 September 2022 £m**	31 March 2022 £m	**30 September 2022 £m**	31 March 2022 £m
Property assets						
British Land Group[1]	**3,237**	4,150	**2,714**	2,788	**5,951**	6,938
Share of joint ventures	**3,001**	2,826	**700**	712	**3,701**	3,538
Total	**6,238**	6,976	**3,414**	3,500	**9,652**	10,476

1. The property assets for the British Land Group of £5,951m (31 March 2022: £6,938m) reconciles to the Group property portfolio valuation within Note 7 of £5,942m (31 March 2022: £6,929m) due to the right-of-use assets net of lease liabilities of £9m (31 March 2022: £9m), which in substance, relates to properties held under leasing agreements. The fair value of the right-of-use asset is determined by calculating the present value of net rental cashflows over the term of the lease agreements.

Reconciliation to net assets

British Land Group	**30 September 2022 £m**	31 March 2022 £m
Property assets	**9,652**	10,476
Other non-current assets – proportionately consolidated[1]	**85**	69
Non-current assets	**9,737**	10,545
Other net current liabilities – proportionately consolidated[1]	**(279)**	(316)
Adjusted net debt (Table A)	**(2,977)**	(3,458)
EPRA NTA	**6,481**	6,771
Non-controlling interests	**14**	15
EPRA adjustments (Table A)	**103**	(53)
Net assets	**6,598**	6,733

1. The £27m difference between the other non-current assets of £85m and the other investments of £58m in Table A and the other net current liabilities of £279m and other net (liabilities) assets in Table A of £252m is £24m of property, plant and equipment attributable to the Group and £3m of other investments attributable to the Group's share of joint ventures.

14 Related party transactions

There have been no material changes in the related party transactions described in the last annual report.

15 Contingent liabilities

The Group and joint ventures have contingent liabilities in respect of legal claims, guarantees and warranties arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from contingent liabilities.

16 Share capital and reserves

	£m	Ordinary shares of 25p each
Issued, called and fully paid		
At 1 April 2022	**234**	938,109,433
Share issues	**–**	161,229
At 30 September 2022	**234**	938,270,662

At 30 September 2022, of the issued 25p ordinary shares, 7,376 shares were held in the ESOP trust (31 March 2022: 7,376), 11,266,245 shares were held as treasury shares (31 March 2022: 11,266,245) and 926,997,041 shares were in free issue (31 March 2022: 926,835,812). No treasury shares were acquired by the ESOP trust during the period. All issued shares are fully paid.

17 Subsequent events

Post the balance sheet date, GIC's unconditional option to acquire the 5 Kingdom Street investment and development property through a new 50:50 Joint venture with the Group lapsed and therefore the option extinguished on 7 November 2022. As at the reporting date, the property had met the held-for-sale criteria under IFRS 5 and in-line with the Group's accounting policies. See Note 1 for further details on this accounting judgement. However, subsequent to the reporting date, following the extinguishment of the option with GIC, it is no longer highly probable that a sale would complete within the next 12 months and 5 Kingdom Street no longer meets the held-for-sale criteria under IFRS 5. Therefore, 5 Kingdom Street will subsequently be reclassified as an investment and development property.

There have been no other significant subsequent events post the balance sheet date.

Supplementary Disclosures

Table A: Summary income statement and balance sheet

Summary income statement based on proportional consolidation for the six months ended 30 September 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.

	Six months ended 30 September 2022				Six months ended 30 September 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]	171	82	(2)	251	169	74	(2)	241
Property operating expenses	(16)	(9)	1	(24)	(27)	(5)	1	(31)
Net rental income	155	73	(1)	227	142	69	(1)	210
Administrative expenses	(43)	(1)	–	(44)	(43)	(1)	–	(44)
Net fees and other income	9	–	–	9	5	–	–	5
Ungeared Income Return	121	72	(1)	192	104	68	(1)	171
Net financing charges	(31)	(25)	–	(56)	(28)	(23)	–	(51)
Underlying Profit	90	47	(1)	136	76	45	(1)	120
Underlying taxation	(1)	–	–	(1)	–	–	–	–
Underlying Profit after taxation	89	47	(1)	135	76	45	(1)	120
Valuation movement				(315)				279
Other capital and taxation (net)[2]				150				(29)
Result attributable to shareholders of the Company				(30)				370

1. Group gross rental income includes £4m of all inclusive rents relating to service charge income. For the six months ended 30 September 2021, it also excludes the £29m 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 30 September 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.

	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	Head leases £m	Valuation surplus on trading properties £m	Intangibles and Deferred tax £m	EPRA NTA 30 September 2022 £m	EPRA NTA 31 March 2022 £m
Campuses properties	3,275	3,005	–	–	–	(50)	8	–	6,238	6,976
Retail & Fulfilment properties	2,784	716	(14)	–	–	(72)	–	–	3,414	3,500
Total properties[1]	6,059	3,721	(14)	–	–	(122)	8	–	9,652	10,476
Investments in joint ventures	2,591	(2,591)	–	–	–	–	–	–	–	–
Other investments	61	5	–	–	–	–	–	(8)	58	48
Other net (liabilities) assets	(302)	(92)	1	19	–	122	–	–	(252)	(295)
Deferred tax liability	(11)	(1)	–	–	–	–	–	12	–	–
Net debt	(1,800)	(1,042)	(1)	–	(134)	–	–	–	(2,977)	(3,458)
Net assets	6,598	–	(14)	19	(134)	–	8	4	6,481	6,771
EPRA NTA per share (Note 2)									695p	727p

1. Included within the total property value of £9,652m (31 March 2022: £10,476m) are right-of-use assets net of lease liabilities of £9m (31 March 2022: £9m), which in substance, relates to properties held under leasing agreements. The fair value of the right-of-use asset is determined by calculating the present value of net rental cashflows over the term of the lease agreements.

Table A continued

	30 September 2022		31 March 2022	
	£m	Pence per share	£m	Pence per share
Opening EPRA NTA	6,771	727	6,050	648
Income return	135	15	255	27
Capital return	(317)	(35)	623	69
Dividend paid	(108)	(12)	(157)	(17)
Closing EPRA NTA	6,481	695	6,771	727

Table B: EPRA Performance measures

EPRA Performance measures summary table

	Six months ended 30 September 2022		Six months ended 30 September 2021	
	£m	Pence per share	£m	Pence per share
EPRA Earnings – basic	135	14.6	91	9.8
– diluted	135	14.5	91	9.8
		Percentage		Percentage
EPRA Net Initial Yield		4.5%		4.4%
EPRA 'topped-up' Net Initial Yield		5.2%		5.0%
EPRA Vacancy Rate		6.1%		7.9%
EPRA Cost Ratio (including direct vacancy costs)		19.7%		26.2%
EPRA Cost Ratio (excluding direct vacancy costs)		13.8%		18.3%

	30 September 2022		31 March 2022	
	£m	Pence per share	£m	Pence per share
EPRA NTA	6,481	695	6,771	727
EPRA NRV	7,065	757	7,403	794
EPRA NDV	6,801	729	6,542	702
		Percentage		Percentage
EPRA LTV		33.5%		35.7%

Calculation and reconciliation of Underlying/EPRA/IFRS Earnings and Underlying/EPRA/IFRS Earnings per share

	Six months ended 30 September 2022 £m	Six months ended 30 September 2021 £m
(Loss) profit attributable to the shareholders of the Company	(34)	370
Exclude:		
Group – non-underlying taxation	–	2
Group – deferred tax	11	–
Group – valuation movement	189	(219)
Group – loss (profit) on disposal of investment properties and revaluation of investments	20	(3)
Group – Capital and other surrender premia payable (see Note 3)	–	29
Joint ventures – valuation movement (including result on disposals)	126	(60)
Joint ventures – capital financing (income) charges	(30)	13
Joint ventures – deferred tax	1	–
Changes in fair value of financial instruments and associated close-out costs	(147)	(12)
Non-controlling interests in respect of the above	(1)	–
Underlying Earnings – basic and diluted	135	120
Group – Capital and other surrender premia payable (see Note 3)	–	(29)
EPRA Earnings – basic and diluted	135	91

(Loss) profit attributable to the shareholders of the Company	(34)	370
IFRS Earnings – basic and diluted	(34)	370

Table B continued

	Six months ended 30 September 2022 Number million	Six months ended 30 September 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)	**927**	**930**

Net assets per share

	30 September 2022		31 March 2022	
	£m	Pence per share	£m	Pence per share
Balance sheet net assets	**6,598**		**6,733**	
Deferred tax arising on revaluation of derivatives	12		–	
Mark-to-market on derivatives and related debt adjustments	(134)		46	
Dilution effect of share options	19		8	
Surplus on trading properties	8		8	
Intangible assets	(8)		(9)	
Less non-controlling interests	(14)		(15)	
EPRA NTA	**6,481**	**695**	**6,771**	**727**
Intangible assets	8		9	
Purchasers' costs	576		623	
EPRA NRV	**7,065**	**757**	**7,403**	**794**
Deferred tax arising on revaluation movements	(14)		(2)	
Purchasers' costs	(576)		(623)	
Mark-to-market on derivatives and related debt adjustments	134		(46)	
Mark-to-market on debt	192		(190)	
EPRA NDV	**6,801**	**729**	**6,542**	**702**

EPRA NTA is the Group's primary measure of net assets and 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.

	30 September 2022 Number million	31 March 2022 Number million
Number of shares at period/year end	938	938
Adjustment for treasury shares	(11)	(11)
IFRS/EPRA number of shares (basic)	**927**	**927**
Dilutive effect of share options	3	3
Dilutive effect of ESOP shares	3	2
IFRS/EPRA number of shares (diluted)	**933**	**932**

Table B continued

EPRA Net Initial Yield and 'topped-up' Net Initial Yield

	30 September 2022 £m	30 September 2021 £m
Investment property – wholly-owned	5,942	6,719
Investment property – share of joint ventures	3,701	3,131
Less developments, residential and land	(1,358)	(1,181)
Completed property portfolio	**8,285**	8,669
Allowance for estimated purchasers' costs	589	649
Gross up completed property portfolio valuation (A)	**8,874**	9,318
Annualised cash passing rental income	435	448
Property outgoings	(33)	(39)
Annualised net rents (B)	**402**	409
Rent expiration of rent-free periods and fixed uplifts[1]	59	58
'Topped-up' net annualised rent (C)	**461**	467
EPRA Net Initial Yield (B/A)	**4.5%**	4.4%
EPRA 'topped-up' Net Initial Yield (C/A)	**5.2%**	5.0%
Including fixed/minimum uplifts received in lieu of rental growth	4	6
Total 'topped-up' net rents (D)	**465**	473
Overall 'topped-up' Net Initial Yield (D/A)	**5.2%**	5.1%
'Topped-up' net annualised rent	461	467
ERV vacant space	30	41
Reversions	(4)	7
Total Estimated Rental Value (E)	**487**	515
Net Reversionary Yield (E/A)	**5.5%**	5.5%

1. The weighted average period over which rent-free periods expire is 1 year (30 September 2021: 1 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 30 September 2022, plus an allowance for estimated purchaser's costs. Estimated purchaser's 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 un-rented, lettable space as a proportion of the total rental value of the completed property portfolio.

EPRA Vacancy Rate

	30 September 2022 £m	30 September 2021 £m
Annualised potential rental value of vacant premises	30	41
Annualised potential rental value for the completed property portfolio	489	519
EPRA Vacancy Rate	**6.1%**	7.9%

Table B continued

EPRA Cost Ratios

	Six months ended 30 September 2022 £m	Six months ended 30 September 2021 £m
Property operating expenses	**15**	26
Administrative expenses	**43**	44
Share of joint ventures expenses	**10**	5
Less: Performance & management fees (from joint ventures)	**(6)**	(3)
Net other fees and commissions	**(3)**	(2)
Ground rent costs and operating expenses de facto included in rents	**(12)**	(10)
EPRA Costs (including direct vacancy costs) (A)	**47**	60
Direct vacancy costs	**(14)**	(18)
EPRA Costs (excluding direct vacancy costs) (B)	**33**	42
Gross rental income less ground rent costs and operating expenses de facto included in rents	**157**	155
Share of joint ventures (Gross Rental Income less ground rent costs)	**82**	74
Total Gross rental income (C)	**239**	229
EPRA Cost Ratio (including direct vacancy costs) (A/C)	**19.7%**	26.2%
EPRA Cost Ratio (excluding direct vacancy costs) (B/C)	**13.8%**	18.3%
Reversal of impairment of tenant debtors, tenant incentives and accrued income (D)	**(1)**	–
Adjusted Cost Ratio (including direct vacancy costs and excluding impairment of tenant debtors, tenant incentives and accrued income) (A-D)/C	**20.1%**	26.2%
Adjusted Cost Ratio (excluding direct vacancy costs and excluding impairment of tenant debtors, tenant incentives and accrued income) (B-D)/C	**14.2%**	18.3%
Overhead and operating expenses capitalised (including share of joint ventures)	**3**	3

In the current and prior periods employee costs in relation to staff time on development projects are 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 reversal of impairment of tenant debtors, tenant incentives and accrued income which are exceptional items in the current period, to show the impact of these items on the ratios.

Table C: Gross rental income

	Six months ended 30 September 2022 £m	Six months ended 30 September 2021 £m
Rent receivable	**232**	230
Spreading of tenant incentives and contracted rent increases	**17**	10
Surrender premia	**2**	1
Gross rental income[1]	**251**	241

1. For the six months ended 30 September 2021 Gross rental income excludes the £29m surrender premium payable that has been included within the Capital and other column of the income statement.

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

Table D: Property related capital expenditure

	Six months ended 30 September 2022			Year ended 31 March 2022		
	Group £m	Joint ventures £m	Total £m	Group £m	Joint ventures £m	Total £m
Acquisitions	24	–	24	596	34	630
Development	77	39	116	175	33	208
Investment properties						
Incremental lettable space	–	–	–	1	–	1
No incremental lettable space	24	13	37	12	25	37
Tenant incentives	–	1	1	21	3	24
Other material non-allocated types of expenditure	1	1	2	2	3	5
Capitalised interest	5	1	6	6	1	7
Total property related capex	131	55	186	813	99	912
Conversion from accrual to cash basis	21	1	22	42	(7)	35
Total property related capex on cash basis	152	56	208	855	92	947

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 £2m (31 March 2022: £5m).

Table E: EPRA LTV

	Six months ended 30 September 2022				Year ended 31 March 2022			
		Proportionately consolidated				Proportionately consolidated		
	Group £m	Share of Joint Ventures £m	Non-controlling interests £m	Total £m	Group £m	Share of Joint Ventures £m	Non-controlling interests £m	Total £m
Include:								
Gross debt	2,012	1,205	–	3,217	2,562	1,086	–	3,648
Net payables	196	75	–	271	224	74	–	298
Exclude:								
Cash and cash equivalents	(118)	(123)	1	(240)	(74)	(117)	1	(190)
EPRA Net Debt (a)	2,090	1,157	1	3,248	2,712	1,043	1	3,756
Include:								
Property portfolio valuation	5,956	3,701	(14)	9,643	6,944	3,538	(15)	10,467
Other financial assets	53	–	–	53	32	–	–	32
Intangibles	8	–	–	8	9	–	–	9
EPRA Total Property Value (b)	6,017	3,701	(14)	9,704	6,985	3,538	(15)	10,508
EPRA LTV (a/b)	34.7%			33.5%	38.8%			35.7%

Supplementary Tables

Data includes Group's share of Joint Ventures

HY23 rent collection[1]

Rent due between 25 March 2022 and 28 September 2022	Offices	Retail	Total
Received	99%	96%	98%
Outstanding	1%	4%	2%
Total	100%	100%	100%
	£95m	£131m	£226m

1. As at 9th November 2022

September quarter 2022 rent collection

Rent due between 29 September 2022 and 9 November 2022	Offices	Retail	Total
Received	98%	94%	96%
Outstanding	2%	6%	4%
Total	100%	100%	100%
	£43m	£51m	£94m

Purchases

Since 1 April 2022	Sector	Price (100%) £m	Price (BL Share) £m	Annualised Net Rents £m[1]
Completed				
Mandela Way	Logistics	22	22	-
Peterhouse Extension[2]	Office	25	25	-
Total		47	47	-

1. BL share of annualised rent topped up for rent frees
2. Completed post period end

Sales

Since 1 April 2022	Sector	Price (100%) £m	Price (BL Share) £m	Annualised Net Rents £m[1]
Completed				
Paddington Central (75% sale)	Campuses	934	694	27
Total		934	694	27

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

Portfolio Valuation by Sector

At 30 September 2022	Group £m	Joint ventures £m	Total £m	Change[1] %	Change[1] £m
West End	2,495	348	2,843	(2.5)	(92)
City	482	2,341	2,823	(3.6)	(104)
Canada Water & other Campuses	148	312	460	(1.6)	(7)
Residential[2]	103	-	103	13.2	12
Campuses	3,228	3,001	6,229	(2.7)	(191)
Retail Parks	1,827	219	2,046	(3.7)	(78)
Shopping Centre	323	465	788	(2.1)	(17)
Urban Logistics	318	5	323	(6.0)	(21)
Other Retail	246	11	257	(4.2)	(11)
Retail & Fulfilment	2,714	700	3,414	(3.6)	(127)
Total	5,942	3,701	9,643	(3.0)	(318)
Standing Investments	5,139	3,152	8,291	(3.2)	(297)
Developments	803	549	1,352	(1.5)	(21)

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

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

Gross Rental Income[1]

	6 months to 30 September 2022			Annualised as at 30 September 2022		
Accounting Basis £m	Group	Joint ventures	Total	Group	Joint ventures	Total
West End	56	6	62	81	15	96
City	7	46	53	8	81	89
Other Campuses	6	2	8	6	-	6
Residential[2]	-	-	-	1	-	1
Campuses	69	54	123	96	96	192
Retail Parks	67	9	76	130	16	146
Shopping Centre	20	19	39	37	40	77
Urban Logistics	4	-	4	8	-	8
Other Retail	9	-	9	18	1	19
Retail & Fulfilment	100	28	128	193	57	250
Total	169	82	251	289	153	442

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. Standalone residential

Portfolio Net Yields[1,2]

As at 30 September 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	3.1	4.1	4.1	4.4	19	4.8	2.8
City	3.4	4.2	4.2	4.4	17	4.9	0.5
Other Campuses	5.0	5.0	5.0	5.2	5	5.8	0.0
Residential[6]	3.8	3.8	3.8	4.0	-	3.1	0.0
Campuses	3.3	4.1	4.2	4.5	18	4.9	1.6
Retail Parks	6.6	6.9	7.0	6.1	20	6.1	0.8
Shopping Centre	7.4	7.9	8.0	7.5	(1)	8.1	(1.0)
Urban Logistics	2.3	2.3	2.3	3.1	60	3.2	16.7
Other Retail	5.6	6.2	6.3	6.6	5	6.4	(1.4)
Retail & Fulfilment	6.3	6.7	6.8	6.2	17	6.4	0.6
Total	4.5	5.2	5.2	5.2	17	5.5	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
6. Standalone residential

Total Property Return (as calculated by MSCI)

6 months to 30 September 2022	Offices		Retail		Total	
%	British Land[2]	MSCI	British Land[2]	MSCI	British Land	MSCI
Capital Return	(2.6)	(3.0)	(3.5)	(2.1)	(2.9)	(3.1)
– ERV Growth	1.6	0.8	0.6	0.1	1.2	1.8
– Yield Movement[1]	18 bps	26 bps	17 bps	4 bps	17 bps	23 bps
Income Return	1.3	1.7	3.3	2.6	2.0	1.9
Total Property Return	(1.3)	(1.3)	(0.3)	0.4	(1.0)	(1.3)

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

1. Net equivalent yield movement
2. British Land Offices reflects Campuses; British Land Retail reflects Retail & Fulfilment

Top 20 Occupiers by Sector

As at 30 September 2022	% of Retail & Fulfilment rent
Retail & Fulfilment	
Next	5.2
Walgreens (Boots)	4.6
M&S	4.0
Pentland Group	3.2
Currys Plc	3.0
TJX (TK Maxx)	2.7
Sainsbury	2.7
Frasers Group	2.5
Asda Group	2.1
Tesco Plc	2.0
Kingfisher	2.0
TGI Friday's	1.8
DFS Furniture	1.8
Hutchison Whampoa	1.8
Homebase	1.5
River Island	1.5
Primark	1.4
H&M	1.3
Wilkinson	1.3
Pets at Home	1.1
Total top 20	47.5

As at 30 September 2022	% of Campuses rent
Campuses	
Meta (Facebook)	19.9
Dentsu International	5.4
Herbert Smith Freehills	3.3
SEFE Energy	3.0
Vodafone	2.7
Sumitomo Mitsui	2.6
Deutsche Bank	2.2
Janus Henderson	2.0
Reed Smith	1.9
TP ICAP Plc	1.8
The Interpublic Group	1.8
Softbank Group	1.7
Mayer Brown	1.7
Mimecast Plc	1.4
Credit Agricole	1.4
Accor	1.3
Milbank LLP	1.3
Monzo Bank	1.3
Visa International	1.1
Dimensional Fund Advisors	1.0
Total top 20	58.8

Major Holdings

As at 30 September 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	190	97.7	6.4
Regent's Place	100	1,740	86	95.1	9.1
Paddington Central	25	958	13	99.7	8.4
Meadowhall, Sheffield	50	1,500	71	95.0	4.1
Glasgow Fort, Glasgow	100	510	17	97.8	5.2
Teesside, Stockton	100	569	15	91.4	2.3
Hannah Close, Wembley	100	246	4	100.0	3.9
Ealing Broadway, London	100	540	11	96.5	4.1
Drake's Circus, Plymouth	100	1,190	16	95.7	5.2
Giltbrook, Nottingham	100	198	7	99.7	4.2

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

Lease Length & Occupancy

	Average lease length yrs		Occupancy rate %	
As at 30 September 2022	To expiry	To break	EPRA Occupancy	Occupancy[1,2,3]
West End	9.0	8.5	94.4	95.9
City	7.5	6.5	91.8	97.7
Other Campuses	7.2	6.3	100.0	100.0
Residential[4]	16.0	15.8	100.0	100.0
Campuses	8.3	7.5	93.4	96.9
Retail Parks	5.9	4.3	95.5	97.5
Shopping Centre	5.6	4.4	92.8	94.4
Urban Logistics	5.8	4.7	100.0	100.0
Other Retail	7.9	7.4	95.7	96.6
Retail & Fulfilment	5.9	4.6	94.9	96.6
Total	7.0	5.9	94.1	96.7

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 for Campuses would rise from 96.9% to 97.1% 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 96.6% to 95.7%, and total occupancy would reduce from 96.7% to 96.3%
4. Standalone residential

Portfolio Weighting

As at 30 September	2021 %	2022 %	2022 £m
West End	35.9	29.4	2,843
City	27.5	29.3	2,823
Canada Water & other Campuses	6.1	4.8	460
Residential[1]	0.6	1.1	103
Campuses	70.1	64.6	6,229
Retail Parks	17.6	21.2	2,046
Shopping Centre	8.3	8.2	788
Urban Logistics	1.2	3.3	323
Other Retail	2.8	2.7	257
Retail & Fulfilment	29.9	35.4	3,414
Total	100	100	9,643
London Weighting	74%	71%	6,849

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

1. Standalone residential

Annualised Rent & Estimated Rental Value (ERV)

As at 30 September 2022	Annualised rent (valuation basis) £m[1]			ERV £m	Average rent £psf	
	Group	Joint ventures	Total	Total	Contracted[2]	ERV
West End[3]	70	14	84	128	66.2	73.5
City[3]	8	77	85	119	56.4	60.6
Other Campuses	6	-	6	7	27.2	34.5
Residential[4]	1	-	1	1	41.7	30.9
Campuses	85	91	176	255	54.3	59.4
Retail Parks	136	17	153	138	23.4	20.0
Shopping Centre	39	41	80	75	24.8	22.2
Urban Logistics	7	-	7	10	12.9	18.2
Other Retail	17	1	18	18	11.3	10.8
Retail & Fulfilment	199	59	258	241	21.7	19.3
Total	284	150	434	496	29.6	29.4

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. Standalone residential

Rent Subject to Open Market Rent Review

For year to 31 March As at 30 September 2022	2023 £m	2024 £m	2025 £m	2026 £m	2027 £m	2023-25 £m	2023-27 £m
West End	3	5	14	9	23	22	54
City	-	16	8	27	4	24	55
Other Campuses	-	-	1	-	-	1	1
Residential[1]	-	-	-	-	1	-	1
Campuses	3	21	23	36	28	47	111
Retail Parks	5	8	9	8	7	22	37
Shopping Centre	5	3	3	2	3	11	16
Urban Logistics	-	-	1	-	-	1	1
Other Retail	-	2	1	-	1	3	4
Retail & Fulfilment	10	13	14	10	11	37	58
Total	13	34	37	46	39	84	169

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

1. Standalone residential

Rent Subject to Lease Break or Expiry

For year to 31 March As at 30 September 2022	2023 £m	2024 £m	2025 £m	2026 £m	2027 £m	2023-25 £m	2023-27 £m
West End	7	3	7	14	4	17	35
City	3	16	5	15	2	24	41
Other Campuses	1	2	-	-	1	3	4
Residential[1]	-	-	-	-	-	-	-
Campuses	11	21	12	29	7	44	80
Retail Parks	15	28	21	23	19	64	106
Shopping Centre	7	13	9	14	8	29	51
Urban Logistics	-	-	2	2	-	2	4
Other Retail	3	2	1	1	1	6	8
Retail & Fulfilment	25	43	33	40	28	101	169
Total	36	64	45	69	35	145	249
% of contracted rent	7.2	12.9	9.3	13.8	7.2	29.4	50.4

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

1. Standalone residential

Committed Developments

As at 30 September 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 %
Norton Folgate	Office	100	335	Q4 2023	284	118	23.6	7.8	8
1 Broadgate[5]	Office	50	544	Q2 2025	156	198	20.2	13.7	11
Aldgate Place, Phase 2	Residential	100	136	Q2 2024	74	74	6.5	-	10
1-3 Deal Porters Way, A1[3]	Mixed Use	50	276	Q4 2024	26	100	3.6	-	11 blended
The Dock Shed, A2[3]	Mixed use	50	247	Q4 2024	22	58	5.5	-	
Robert's Close, K1[3]	Residential	50	62	Q3 2023	-	8	-	-	
The Priestley Centre	Office	100	81	Q3 2023	19	13	2.9	-	22
Total Committed			1,681		581	569	62.3	21.5	
Other Capital Expenditure[4]						44			

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

1. From 30 September 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 30 September 2022	Sector	BL Share %	100% sq ft '000	Earliest Start on Site	Current Value £m	Cost to come £m[1]	ERV £m[2]	Planning Status
2 Finsbury Avenue	Office	50	727	Q3 2023	75	409	32.0	Consented
5 Kingdom Street	Office	100	338	Q3 2023	121	275	23.9	Pre-submission
Peterhouse	Office	100	90	Q2 2023	25	43	4.0	Consented
Meadowhall, Logistics	Urban Logistics	50	611	Q1 2023	2	45	2.5	Consented
Total Near Term			1,766		223	772	62.4	
Other Capital Expenditure[3]						135		

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

1. From 30 September 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 30 September 2022	Sector	BL Share %	100% Sq ft '000	Planning Status
Thurrock	Urban Logistics	100	637	Pre-submission
Enfield, Heritage House	Urban Logistics	100	408	Pre-submission
Hannah Close, Wembley	Urban Logistics	100	668	Pre-submission
Verney Road	Urban Logistics	100	166	Pre-submission
Mandela Way	Urban Logistics	100	104	Pre-submission
International House, Ealing	Office	100	165	Consented
Euston Tower	Office	100	578	Pre-submission
West One Development	Mixed Use	25	73	Granted
Finsbury Square	Urban Logistics	100	47	Pre-submission
1 Appold Street	Office	50	363	Pre-submission
Ealing – 10-40, The Broadway	Mixed Use	100	325	Submitted
Gateway Building	Hotel	25	105	Consented
Canada Water – Future phases[1]	Mixed Use	50	4,493	Consented
Total Medium Term			8,132	

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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