



## **British Land Operational Update**

11 January 2021

Following the Christmas trading period and latest quarter date for rental payments on 25 December, British Land is providing the following business update.

### **Retail operational update**

Since our half year update in November, retailers have been required to operate under a series of different restrictions. This included a national lockdown in November (closing non-essential retail but allowing click and collect), regional restrictions based on Tier 1-4 designation in December, and in January, a third national lockdown.

We continue to help our customers trade safely and securely wherever possible. Our assets are particularly well suited to click and collect which has enabled many non-essential stores to continue to operate throughout this important trading period. On 24 December 73% of our stores were operational and footfall and sales proved resilient in the four weeks to Christmas.

From 30 November until 26 December, footfall across our portfolio was 76% of the level achieved last year, 21ppt ahead of the UK market benchmark (ShopperTrak National Index). There was a small difference in performance between assets in different Tiers with those in Tier 4, 5ppt weaker on average than the other Tiers due to the closure of non-essential stores. Like-for-like retailer sales for stores that were open were 81% of the same period last year and there was no notable difference in performance between assets in different Tiers.

Well located, open air retail parks have continued to play an important role for retailers and demonstrate operational outperformance with footfall 87% of the same period last year, 32ppt ahead of the UK market benchmark. Retailer sales for stores that were open on our retail parks were 85% of the same period last year.

As at 7 January, following the latest national lockdown, 620 of our stores are able to trade in some way, representing 32% of the total.

### **Rent collection update**

Across the business, £86m of rent was due for payment in the December quarter before taking account of adjustments made in support of our customers as a result of Covid-19. This comprised £42m in Retail and £44m in Offices. As of 7 January, we had collected 71% of the total amount.

In Offices, we have continued to demonstrate excellent rent collection. We have now received 99% of September rent, 99% of June rent and 98% of March rent (see Tables A, B and C in the appendix). As at 7 January, we have collected 95% of December rent and would expect that to improve in line with previous quarters.

In Retail, rent collection levels for previous quarters have continued to increase, we have now collected 72% of September rent, 73% of June rent and 49% of March rent, with March collection being lower due to 27% of deferrals provided (see appendix). As at 7 January 2021, 7 working days after the quarter end we have collected 46% of December rents, broadly in line with the collection rates at the same point in the previous quarter, and would again expect collection rates to improve over the coming weeks.

<b>Rent due between 25 December and 7 January</b>	<b>Offices</b>	<b>Retail<sup>1</sup></b>	<b>Total</b>
Received	95%	46%	71%
Rent deferrals	-	-	-
Rent forgiven	-	-	-
Customer paid monthly	1%	9%	5%
Outstanding	4%	45%	24%
<b>Total<sup>3</sup></b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
	<b>£44m</b>	<b>£42m</b>	<b>£86m</b>
Collection of adjusted billing <sup>2</sup>	96%	50%	74%

<sup>1</sup> Includes non-office customers located within our London campuses.

<sup>2</sup> Total billed rents exclusive of rent deferrals, rent forgiven and tenants paying monthly.

<sup>3</sup> The amount billed is less than what was billed in previous quarters due to the exclusion of Scottish quarter date amounts which are due to be billed on 28 February and monthly amounts due for February and March which will be billed later in the quarter. Total billings for the quarter will be less than that of previous periods due to the various asset disposals made since 30 September 2020.

We continue to engage with those customers who have strong businesses, but have been disproportionately impacted by Covid-19, to help them manage their rental obligations. We are agreeing solutions which are both equitable and mutually beneficial, generally involving moves to monthly rents, deferrals and partial settlement of outstanding rents for the period of closure in return for lease extensions, reduced incentives, commitments to additional space and the removal of lease breaks.

### **Active capital recycling**

In November we announced four key priorities for our business including active capital recycling and have continued to make good progress. We sold our Clarges offices development in November for £177m and on 23 December we were pleased to announce the sale of a 75% interest in three West End offices for £401m to Allianz Real Estate which will become our joint venture partner. The transaction represented a blended net initial yield of 4.32% and a premium to September book value. Following the transaction, British Land will continue to manage all three buildings and will receive an asset management fee in line with our similar joint venture arrangements.

Since this transaction was announced, we have completed on a further £19m of smaller retail sales, bringing total assets sold in FY21 to £1.1bn with £660m in the second half. This activity demonstrates good progress against our commitment to recycle capital into accretive developments, including Norton Folgate which we committed to in November and Canada Water, where we have planning permission for our 53 acre site and enabling works have commenced.

## Appendices

**Table A – Rent collection, March quarter 2020<sup>1</sup>**

<b>Rent due between 25 March and 23 June</b>	<b>Offices</b>	<b>Retail<sup>2</sup></b>	<b>Total</b>
Received	98%	49%	70%
Rent deferrals	1%	27%	16%
Rent forgiven	1%	12%	7%
Outstanding	-	12%	7%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
	<b>£58m</b>	<b>£78m</b>	<b>£136m</b>
Collection of adjusted billing <sup>3</sup>	100%	81%	91%

**Table B – Rent collection, June quarter 2020<sup>1</sup>**

<b>Rent due between 24 June and 28 September</b>	<b>Offices</b>	<b>Retail<sup>2</sup></b>	<b>Total</b>
Received	99%	73%	84%
Rent deferrals	-	4%	2%
Rent forgiven	-	6%	4%
Outstanding	1%	17%	10%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
	<b>£57m</b>	<b>£80m</b>	<b>£137m</b>
Collection of adjusted billing <sup>3</sup>	99%	81%	89%

**Table C – Rent collection, September quarter 2020<sup>1</sup>**

<b>Rent due between 29 September and 24 December</b>	<b>Offices</b>	<b>Retail<sup>2</sup></b>	<b>Total</b>
Received	99%	72%	82%
Rent deferrals	-	-	-
Rent forgiven	-	1%	1%
Outstanding	1%	27%	17%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
	<b>£53m</b>	<b>£81m</b>	<b>£134m</b>
Collection of adjusted billing <sup>3</sup>	99%	73%	83%

<sup>1</sup> As at 7 January.

<sup>2</sup> Includes non-office customers located within our London campuses.

<sup>3</sup> Total billed rents exclusive of rent deferrals and rent forgiven.

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**Notes to Editors****About British Land**

Our portfolio of high quality UK commercial property is focused on London Offices and Retail around the UK. We own or manage a portfolio valued at £13.7bn (British Land share: £10.3bn) as at 30 September 2020 making us one of Europe's largest listed real estate investment companies.

Our strategy is to provide places which meet the needs of our customers and respond to changing lifestyles - Places People Prefer. We do this by creating great environments both inside and outside our buildings and use our scale and placemaking skills to enhance and enliven them. This expands their appeal to a broader range of occupiers, creating enduring demand and driving sustainable, long term performance.

Our Offices portfolio comprises three office-led campuses in central London as well as high quality standalone buildings and accounts for 65% of our portfolio. Our Retail portfolio is focused on retail parks and shopping centres, and accounts for 31% of our portfolio. Increasingly our focus is on providing a mix of uses and this is most evident at Canada Water, our 53 acre redevelopment opportunity where we have plans to create a new neighbourhood for London.

Sustainability is embedded throughout our business. Our places, which are designed to meet high sustainability standards, become part of local communities, provide opportunities for skills development and employment and promote wellbeing. In April 2016 British Land received the Queen's Award for Enterprise: Sustainable Development, the UK's highest accolade for business success for economic, social and environmental achievements over a period of five years.

Further details can be found on the British Land website at [www.britishland.com](http://www.britishland.com)