



British Land



OUR ECONOMIC CONTRIBUTION

INTRODUCTION

WE MANAGE, FINANCE AND DEVELOP SOME OF THE UK'S FINEST BUILDINGS. THIS REPORT LOOKS AT THE CONTRIBUTION WE MAKE TO THE UK ECONOMY, BASED ON AN ANALYSIS BY PwC.

We commissioned PwC to carry out a review of our economic contributions, to improve understanding of our role within the UK economy, both directly through our activities and indirectly through our occupiers' business activities at our properties. The work also looked forward to the future impacts of our planned major developments.

It was a fairly challenging undertaking and we don't have answers to all the questions yet. PwC applied a range of models and calculations that they use consistently when carrying out this kind of work.

Looking at gross contributions (which do not take into account the extent to which part of the contribution might have happened anyway), it is clear that our most significant contributions to the UK economy are through the space we provide to other businesses.

As a result of the process we went through with PwC and the figures this identified, we have improved our understanding of the wide-reaching economic impacts that we have. The findings also raised new questions, particularly around our socio-economic impacts beyond the creation of jobs. There is also the economic role we play by providing a way for people and organisations, such as pension funds, to invest in property, and by attracting foreign investment into the UK, for instance through our overseas share and debenture holders. There are therefore additional areas that we hope to explore in the future.

We are pleased to share this information with you here, and welcome your feedback.

For more details on PwC's methodology visit www.britishland.com/pwc

OUR 2009/10 CONTRIBUTION

	Our occupiers* – through their business activities in our properties	Us
OVERALL CONTRIBUTION TO THE UK ECONOMY (Gross Value Added)	£10.6 BILLION	£900 MILLION
JOBS SUPPORTED (through direct employment and spending with suppliers)	142,000 JOBS	10,200 JOBS
TOTAL TAX CONTRIBUTION (through taxes and levies paid and collected)	£1.3 BILLION (in payroll taxes, business rates and corporation taxes only)	£82.5 MILLION
CONSUMER SPEND	It has not yet been possible to estimate this accurately – but we know that it is billions rather than millions – and give some more detail on the back page.	N/A

OUR FUTURE ADDITIONAL CONTRIBUTION THROUGH OUR COMMITTED DEVELOPMENT PIPELINE

	Our future occupiers* – through their business activities in our new buildings once fully let	Us
OVERALL CONTRIBUTION TO THE UK ECONOMY	£1.1 BILLION Gross Value Added per annum	£1.0 BILLION (total committed development costs, of which our share is £668 million)
JOBS SUPPORTED	9,700 JOBS PER ANNUM (through direct employment)	15,300 CONSTRUCTION JOBS (person years worked, of which 10,100 are attributable to our share)

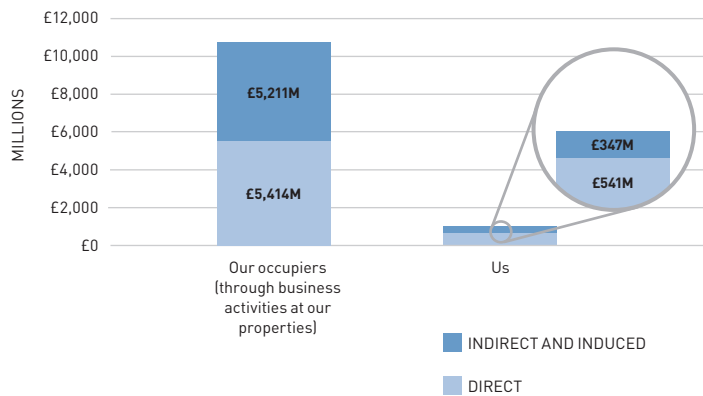
* The percentage of occupier contributions attributed to British Land equals our equity share of the occupiers' space.

OUR OVERALL ECONOMIC CONTRIBUTION

£10.6 BILLION CURRENT

PWC ESTIMATES THAT OUR OCCUPIERS CONTRIBUTED **£10.6 BILLION** TO THE UK ECONOMY IN 2009/10 (GROSS VALUE ADDED) THROUGH BUSINESS ACTIVITIES AT OUR PROPERTIES, WHILE WE CONTRIBUTED ALMOST **£900 MILLION**.

Overall Contribution in 2009/10 (Gross Value Added)



201 Bishopsgate and The Broadgate Tower.

The main contribution made by both us and our occupiers comes from the jobs we support, and the knock-on effects of these people spending their wages in the wider economy.

We help to generate jobs across the UK through our development projects and ongoing property management services, as well as by providing office and retail sites which support employment. At Broadgate in the City of London and Regent's Place in London's West End, our office occupiers support a large number of jobs in high-value services. Across the UK, our retail occupiers provide substantial employment to local people, and rates revenues which help fund local authority services.

GROSS VALUE ADDED (GVA)

This provides a snapshot of a company's overall contribution to the UK economy, as a consequence of both direct activities by a company, and indirectly through its spending:

- **Direct contributions:** pre-tax profits and wages.
- **Indirect contributions:** the multiplier effect resulting from spending with suppliers.
- **Induced contributions:** the multiplier effect of employees and suppliers' employees spending their wages in the wider economy.

£1.1 BILLION PER ANNUM

PWC ESTIMATES THAT OUR FUTURE OCCUPIERS WILL CONTRIBUTE **£1.1 BILLION** PER ANNUM TO THE UK ECONOMY, THROUGH THEIR BUSINESS ACTIVITIES IN OUR NEW BUILDINGS (GROSS VALUE ADDED) ONCE FULLY LET, WHILE WE EXPECT OUR COMMITTED DEVELOPMENT SPEND TO BE **£668 MILLION**.

This is based on our committed development projects as of early 2011. Committed space comprised 2.2 million sq ft in central London, including a new 700,000 sq ft building for UBS at Broadgate, the 610,000 sq ft Leadenhall Building and a 500,000 sq ft mixed-use scheme at Regent's Place. Furthermore, we have prospective development projects including 302,000 sq ft at Whiteley Village in Fareham and 220,000 sq ft at Glasgow Fort Shopping Park.

Our future occupiers' annual contribution will be £1.1 billion through their business activities in our new buildings. This was estimated by PwC based on an average Gross Value Added per worker, not including the multiplier effects (indirect and induced contributions).

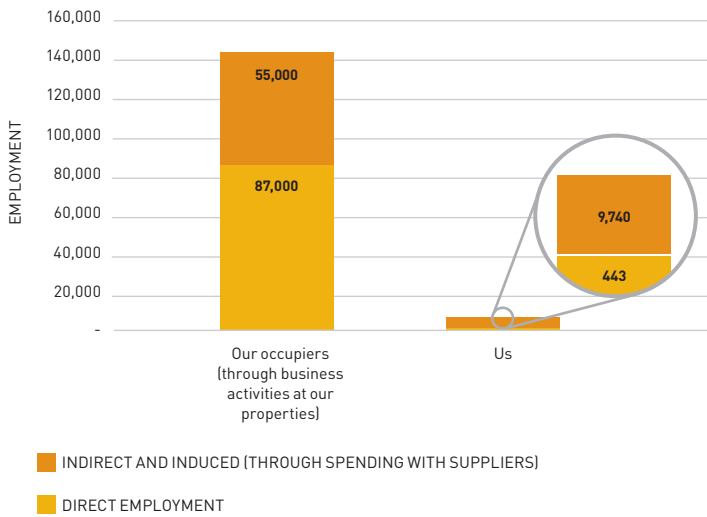
We expect the costs to complete our development projects, excluding land and interest, to be £1.0 billion, of which our share is £668 million.

JOBS

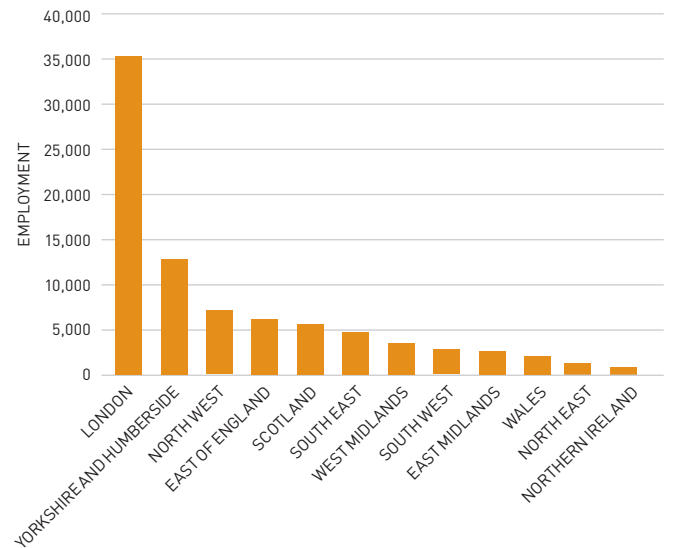
142,000 CURRENT JOBS

PWC ESTIMATES THAT OUR OCCUPIERS SUPPORTED AROUND **142,000 JOBS** IN 2009/10 THROUGH BUSINESS ACTIVITIES AT OUR PROPERTIES, WHILE WE SUPPORTED **10,200 JOBS**.

Jobs in 2009/10



Regional Employment Our Occupiers Supported Through Business Activities at our Properties



Our occupiers employ around 87,000 people directly at our properties. Additionally, PwC calculated they supported a further 55,000 jobs, as shown in the chart above. These are based on the multiplier effects of spending with suppliers (indirect jobs) and the spending of employees and suppliers' employees in the wider economy (induced jobs).

Another way of looking at the total jobs (direct, indirect and induced) is that our retail occupiers across the country support some 87,100 jobs, while our office occupiers in London support about 54,900 jobs.

The vast majority of jobs we support ourselves result from our expenditure on new buildings, with our spending on construction and other suppliers supporting some 9,740 jobs. Our direct employment comprised 443 people employed directly by us or by our wholly-owned subsidiaries, such as Broadgate Estates and Acuity.

An aerial view of **Regent's Place**, with computer-generated images of the new developments.



9,700 JOBS IN THE FUTURE

PWC ESTIMATES THAT OUR FUTURE OCCUPIERS WILL ANNUALLY SUPPORT **9,700 JOBS**, THROUGH THEIR BUSINESS ACTIVITIES IN OUR NEW BUILDINGS, WHILE OUR DEVELOPMENTS WILL SUPPORT **15,300 CONSTRUCTION JOBS** (PERSON YEARS), OF WHICH **10,100** ARE ATTRIBUTABLE TO OUR SHARE.

This is calculated from our committed development projects as of early 2011.

PwC estimated the annual 9,700 jobs that will be supported by our occupiers once our new buildings are fully let, based on an average density ratio of workers per sq ft of space developed.

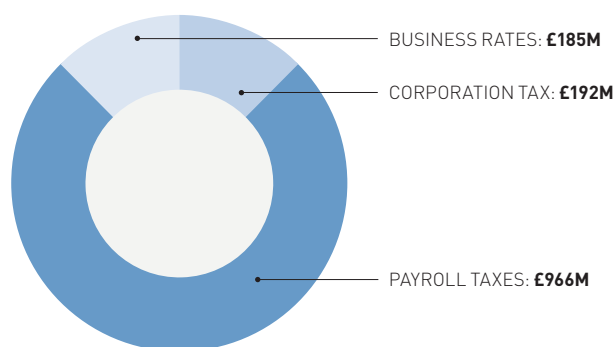
PwC estimated the 10,100 construction jobs we will support during the five year programme, based on our spending with development suppliers on materials and services, calculating construction jobs in terms of person years worked.

TOTAL TAX CONTRIBUTIONS

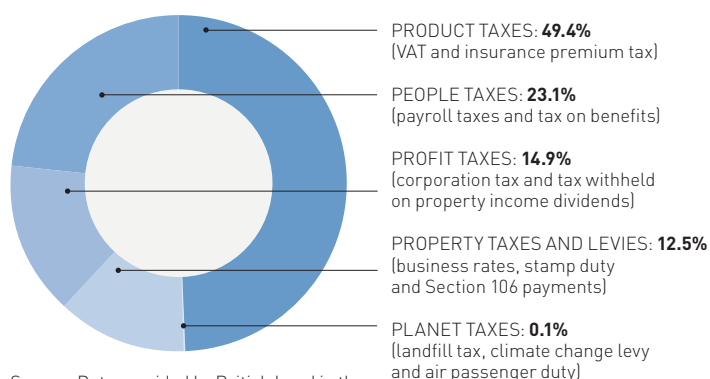
£1.3 BILLION*

IN 2009/10, OUR OCCUPIERS PAID AND COLLECTED **£1.3 BILLION*** IN TAXES AND LEVIES THROUGH BUSINESS ACTIVITIES AT OUR PROPERTIES, WHILE WE PAID AND COLLECTED **£82.5 MILLION**.

Our Occupiers' Tax Contributions Through Business Activities at our Properties (combining amounts paid and collected)



Our Total Tax Contribution (TTC) by Type of Tax (combining amounts paid and collected)



Source: Data provided by British Land in the PwC 2010 TTC survey for the Hundred Group

PwC estimated the payroll taxes, business rates and corporation taxes paid and collected by our occupiers. There are other taxes that these businesses pay that were not included, and so the total taxes paid and collected by our occupiers is greater than £1.3 billion*.

We contribute to the UK public finances both through taxes and levies we pay directly and through taxes collected from others which we administer.

Our Total Tax Contribution is different to the accountancy-defined tax figure quoted in our financial statements. In 2009/10 it comprised:

- £12.3 million in taxes and levies we paid directly, such as stamp duty, business rates, employers' National Insurance and Section 106 payments.
- £70.1 million of taxes collected from others which we administered, such as income tax and employees' National Insurance from staff, VAT from occupiers, and tax withheld on property investment dividends from shareholders.

Our largest single contribution was £40.6 million in VAT. Together with our employees we also paid and collected £18.9 million in income tax and National Insurance contributions, while our shareholders paid £14.5 million in taxes withheld on the property investment dividends they received. We also made an important contribution to local communities, through almost £4.2 million in Section 106 payments relating to our new developments and £4 million in business rates on office space we occupy.

Our status as a Real Estate Investment Trust (REIT) affects the way we pay and administer tax (see REIT status box below). It means that our profits are predominately taxed via property investment dividends rather than corporation tax. In 2007/08, we paid a one-off corporation tax charge of £291 million to convert to REIT status, equivalent to 2% of the market value of our investment properties. Since we converted to REIT status, we have collected and paid more tax derived from our profits than in the two years leading up to our conversion.

Our Profit Tax Contributions Since 2005/06



* In 2007/08, our corporation tax contribution spiked due to payment of our REIT conversion charge.

† In 2009/10, our net corporation tax was a refund of £3.2 million owing to a part-repayment of our REIT conversion charge.

Source: Data provided by British Land in the PwC 2010 TTC survey for the Hundred Group

REIT STATUS

Real Estate Investment Trusts (REITs) are companies which are exempt from corporate taxation on profits from rental income and capital gains on the sale of investment properties. The Government established REIT status in 2007 to remove the tax inequalities between different real estate investors. REITs are required to distribute 90% of their UK property rental profits in the form of property income dividends (PIDs).

* The percentage of occupier contributions attributed to British Land equals our equity share of the occupiers' space.

CONSUMER SPEND

WE ARE ONE OF THE LARGEST OWNERS OF RETAIL PROPERTY IN THE UK, OWNING AND MANAGING HIGH-QUALITY, WELL-LOCATED RETAIL PARKS, SHOPPING CENTRES, SUPERSTORES AND DEPARTMENT STORES.

Our UK retail parks and shopping centres received some 250 million shopper visits in 2010, based on car count data.

It has not yet been possible to estimate accurately how much consumers spend across our retail portfolio, mainly because UK retailers do not always share this information with property owners. However, we have made some progress on estimating the scale of this spend.

We estimate that consumers spent £4.7 billion in superstores and department stores on our sites during 2010. This is based on externally

sourced sales densities (per sq m net) multiplied by the net sales areas of our sites.

We estimate that the annual consumer spend at Meadowhall Shopping Centre in Sheffield is £781 million and at Glasgow Fort Shopping Park is £250 million. This is based on information from CACI, the retail research group.

We hope to work more closely with retailers and other partners to explore how much consumers spend across our retail portfolio.

LOCAL CONTRIBUTION

To improve understanding of how we contribute to local economies, as well as the national economy, PwC reviewed two of our largest retail schemes: Glasgow Fort Shopping Park and Meadowhall Shopping Centre in Sheffield*.

This review revealed that both of these sites, which are near to areas of economic deprivation, provide substantial employment to local people and rates revenues which help fund local authority services.



Glasgow Fort



Meadowhall

	OVERALL CONTRIBUTION TO THE LOCAL ECONOMY (Gross Value Added)	CONSUMER SPEND ON SITE	JOBS ON SITE AT PEAK TIMES	OCCUPIERS' LOCAL TAX CONTRIBUTION (business rates)	OCCUPIERS' NATIONAL TAX CONTRIBUTION (payroll taxes and corporation tax)
GLASGOW FORT (400,000 sq ft)	£57 MILLION	£250 MILLION	1,800	£6.3 MILLION	£12.6 MILLION
MEADOWHALL (1.5 million sq ft)	£217 MILLION	£781 MILLION	7,200	£33.5 MILLION	£47.6 MILLION

These estimates do not include the multiplier effects of occupiers' spending with local suppliers, and occupiers' employees and suppliers' employees spending their wages in the local economy, which bring further benefits to the local area and the region.

* Figures relate to the entire retail sites, rather than British Land's share measured by equity stake. British Land holds a 50% equity stake in Meadowhall and a 38.6% equity stake in Glasgow Fort.

Want to know more?

To find out more or let us know your views, please email us at helen.wyeth@britishland.com

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