

8 March 2022

British Land and AustralianSuper announce new Joint Venture to accelerate delivery of the Canada Water Masterplan

British Land and AustralianSuper are pleased to announce the sale of 50% of British Land's share in the Canada Water Masterplan (the "Masterplan") to AustralianSuper for £290m.¹ Following completion of the sale, British Land and AustralianSuper formed a 50:50 joint venture (the "JV") to accelerate the delivery of this 53 acre development, which is one of the largest and most sustainable London regeneration projects in history. This transaction values British Land's interest prior to the sale at £580m.

AustralianSuper is Australia's biggest profit-to-member pension fund with more than £140bn in member assets under management and a growing presence in the UK property landscape.

This exciting new partnership combines funding from a leading, international investor with British Land's best in class operational platform. It leverages British Land's skills in mixed use, sustainable development to drive value for shareholders whilst bringing new homes, workspace, retail, leisure, employment opportunities and an enhanced public realm to the local community.

This transaction accelerates the delivery of British Land's ambitions at Canada Water, increases returns and releases capital for further development. British Land will also earn fees from the JV as the development and asset manager for the Masterplan and will be entitled to an enhanced return if the JV meets certain returns targets.

The JV has already committed to developing Phase 1 of the Masterplan which is expected to complete in Q3 2024. British Land and AustralianSuper have committed to £201m of initial funding to the JV for the purposes of developing Phase 1 of the Masterplan and to progressing subsequent phases of the development. The funding shall be split equally between British Land and AustralianSuper. It is anticipated that future development will be funded through a combination of shareholder equity and third party debt. The London Borough of Southwark ("LBS") also has the right to participate in the Masterplan but has elected not to fully participate in Phase 1.²

Simon Carter, CEO British Land said: "We are delighted to be working with AustralianSuper on this exciting development to deliver a new urban centre for London at Canada Water. The investment by AustralianSuper, who have extensive experience investing in major regeneration schemes, is testament to the strength of British Land's reputation and best in class development and operational platform. This new partnership enables us to move faster, delivering new homes and workspace, creating new opportunities for local people and delivering value for our shareholders.

This transaction is a great example of our proactive approach to recycling our capital and leveraging our expertise by working with like-minded partners."

Paul Clark, Senior Investment Director Property UK, AustralianSuper said: "Our investment in Canada Water will contribute to the retirement savings of our 2.6 million members, whilst also being part of a once-in-a-lifetime regeneration project that will provide benefits to residents, businesses and the community for generations to come.

¹ Subject to post-completion adjustment

² As a result, LBS will receive a diluted income share for Phase 1 but has the right to participate in the development of subsequent plots up to a maximum of 20% with its returns pro-rated accordingly

The Canada Water Masterplan fits with our focus on investing at scale in large mixed-use projects in major urban centres and we believe this location will become a preferred destination for a range of end-users.

We are actively pursuing new large-scale investment opportunities in the UK and Europe, as well as building out our local team to support this objective. The opportunity to come together with a partner of the calibre of British Land is a critical step to our ongoing expansion in the region and closely aligns to our focus on high quality assets and responsible investment.

We are delighted to be working with British Land to accelerate the delivery of this critical regeneration project and look forward to seeing Phase 1 of the development come to life over the coming months.”

Background to the Masterplan

Covering 53 acres, the Masterplan is centrally located in Zone 2 on the Jubilee Line and London Overground, making it easily accessible from London Bridge, the West End, Canary Wharf and Shoreditch.

British Land achieved full planning permission for the 5m sq ft scheme in 2020. This consent is highly flexible, enabling us to deliver between 2,000 and 4,000 new homes alongside a mix of commercial, retail and community space. We are on site with the first three buildings covering 582,000 sq ft including 265 new homes. Sustainability is central to the Masterplan. Over 35% of the Masterplan will be public realm and we are delivering 12 acres of new open space including a 3.5 acre park. Our developments will target the highest environmental standards including BREEAM Outstanding on the Commercial space, BREEAM Excellent on the retail and Home Quality Mark Beta 3* for residential.

Throughout the planning process, British Land engaged extensively with the local community including over 120 public consultations and local outreach events attracting over 5,000 individuals. We worked with the LBS to develop a Social Regeneration Charter which captures local residents’ priorities for the Masterplan which is now a model for development across the borough.

The management team, under the joint leadership of Emma Cariaga and Roger Madelin, have been instrumental to the Canada Water Masterplan to date. Emma and Roger will continue to lead the Canada Water management team.

Financial effects for British Land

The gross asset value for the entire Masterplan is £474m as at 30 September 2021 and the net rental income attributable to the assets was £5.4m in FY 2021. We expect the transaction to be broadly earnings neutral for FY22 and FY23. The transaction will result in a c.5p per share increase in NTA per share and will reduce leverage by 220bps.

ENDS

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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 £13.3bn (British Land share: £9.8bn) as at 30 September 2021 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 70% of our portfolio.

Retail & Fulfilment accounts for 30% 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

About AustralianSuper

AustralianSuper manages more than £140 billion in members' retirement savings on behalf of more than 2.6 million members from more than 370,000 businesses*. One in 10 working Australians is a member of AustralianSuper, the nation's largest superannuation fund. AustralianSuper's balanced option has generated a 10-year rolling return to members of 10.65% per annum to 30 December 2021, making it one of the top three performing funds in Australia over the long-term**.

**As at 31 December 2021. ** AustralianSuper Balanced investment option compared to the SuperRatings Fund Crediting Rate Survey - SR50 Balanced (60–76) Index to 31 December 2021.*