



British Land agrees £401m of West End offices sales

23 December 2020

British Land is pleased to announce it has exchanged upon the sale of a 75% interest in a portfolio of three buildings in the West End to Allianz Real Estate, acting on behalf of several Allianz Group companies, for £401m. The transaction represents a blended net initial yield of 4.32%, a premium to September book value and is expected to complete in January.

This transaction demonstrates our commitment to recycle capital out of assets not aligned to our core focus on mixed use London campuses, providing greater flexibility to invest in developments, including Norton Folgate, which we committed to in November and Canada Water, where we have planning permission for our 53 acre masterplan.

It is an excellent example of the progress we are already making against the priorities set out in our recent results. The sale brings total asset disposals to date in FY21 to £1.1bn.

Simon Carter, Chief Executive, British Land, said: "Having delivered outstanding office space and attracted high quality occupiers, we are thrilled to have secured Allianz Real Estate as our partner and crystallised significant value for shareholders. This transaction demonstrates that like us, investors remain confident in the long term prospects for high quality assets in prime London locations."

Kari Pitkin, Head of Business Development for Europe at Allianz Real Estate, said: "We are delighted to be working with such a respected partner in British Land. This transaction represents a great opportunity to invest in prime assets in a global city on behalf of our Allianz clients thereby broadening our UK investment portfolio."

British Land will form a new joint venture with Allianz, with British Land's interest at 25% and Allianz's at 75%. British Land will continue to manage all three buildings and will receive an asset management fee. This demonstrates the appetite of high quality institutions to partner with us to access our best in class platform and assets.

The portfolio includes three buildings, 10 Portman Square, Marble Arch House and York House, all of which are in Marylebone. 10 Portman Square comprises 134,000 sq ft of high quality, multi-let office space on Portman Square. Marble Arch House is a 76,000 sq ft office-led building close to Marble Arch station and opposite York House, which is 100,000 sq ft of primarily office space with 22 residential apartments. The office tenants at York House include British Land and we have signed a new ten year lease on our space.

The assets had a combined valuation of £508m (at 100%) at 30 September and the total net rent attributable is £21.1m. Prior to any reinvestment the transaction will reduce underlying earnings per share by around 1.4p and LTV by 2.7%.

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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