BRITISH LAND
Annual Report and Accounts 2024

British Land

PLACES PEOPLE PREFER

Glasgow Fort

Paddington Central

Presentation of financial information

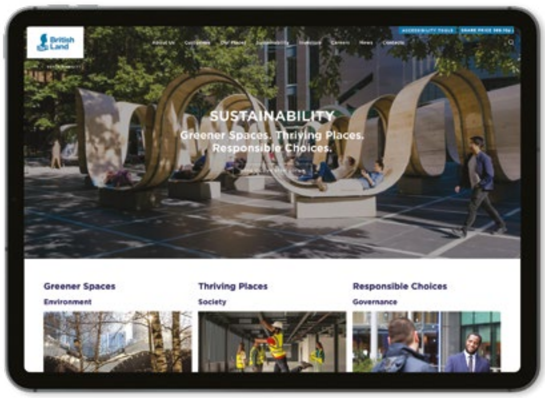
The financial statements for the year ended 31 March 2024 have been prepared on the historical cost basis, except for the revaluation of properties, investments classified as fair value through profit or loss and derivatives. The financial statements have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. As outlined in Note 1 of the financial statements, the Group has adopted a number of new standards and amendments to standards for the year ended 31 March 2024, none of which have had a material impact on the Group. The accounting polices used are consistent with those contained in the Group's previous Annual Report and Accounts for the year ended 31 March 2023.

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. Further analysis of the IFRS results has been disclosed in the Financial review. We supplement our IFRS figures with non-GAAP measures, which management uses internally. IFRS measures are labelled as such. See our supplementary disclosures which start on page 220 for reconciliations, in addition to Note 2 in the financial statements and the glossary found at britishland.com/glossary

Integrated reporting

We integrate environmental and social information throughout this Report in line with the International Integrated Reporting Framework. This reflects how sustainability is integrated throughout our business. Our approach is focused on three key pillars: Greener Spaces, Thriving Places and Responsible Choices. For detailed social and environmental case studies and data, see our Sustainability Progress Report found at britishland.com/data

Read more about our approach to sustainability on our website at **britishland.com**



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OUR KEY PERFORMANCE INDICATORS

Financial KPIs

Underlying Profit

AI

2024	**£268m**
2023	£264m
2022	£247m

Total property return

LTIP AI

2024	**2.0%**
2023	(9.5)%
2022	11.7%

Total accounting return

LTIP

2024	**(0.5)%**
2023	(16.3)%
2022	14.6%

Total shareholder return

2024	**9.2%**
2023	(23.0)%
2022	8.5%

Net debt to EBITDA (Group)

2024[1]	**Pro forma 6.4x**
2024	**6.8x**
2023	6.4x
2022	7.9x

1. Pro forma following the sale of our 50% stake in the Meadowhall joint venture post year end.

Loan to value (LTV) (proportionally consolidated)

2024[1]	**Pro forma 34.6%**
2024	**37.3%**
2023	36.0%
2022	32.9%

Links to remuneration

LTIP Long Term Incentive Plan

AI Annual Incentive Plan

READ MORE ABOUT OUR RESULTS ON PAGES 16 TO 39 AND STRATEGY ON PAGES 10 TO 11

EXPLANATIONS FOR FINANCIAL TERMS CAN BE FOUND IN OUR GLOSSARY AT BRITISHLAND.COM/GLOSSARY

Non-financial KPIs

Environment

GRESB rating

5*

GRESB for Development and Standing Investments
2023: 5*/4*

Reduction in energy intensity of managed portfolio since FY19

18%[1]

2023: 17%

EPC rated A or B

58%[2]

2023: 45%

READ MORE ABOUT OUR ENVIRONMENTAL STRATEGY ON PAGE 64 AND AT BRITISHLAND.COM/DATA

Social impact

Direct social value generated

£9.4m

2023: n/a[3]

Number of education and employment initiatives

86

2023: 94

Value of affordable space provided

£1m

2023:£1.9m

READ MORE ABOUT OUR SOCIAL IMPACT STRATEGY ON PAGE 68 AND AT BRITISHLAND.COM/DATA

People

Staff engagement

78%

2023: 78%

Ethnicity pay gap

17.4%

2023: 14.2%

Gender pay gap

19.4%

2023: 21.9%

READ MORE ABOUT OUR PEOPLE ON PAGE 72 AND AT BRITISHLAND.COM/DATA

1. Performance is versus an indexed FY19 baseline, for more information see page 66
2. EPC rated A or B is reported as a proportion of ERV
3. Social value reporting was expanded in FY24 so no comparable FY23 data

2024 PERFORMANCE HIGHLIGHTS

Financial highlights

Underlying Profit
£268m
2023: £264m

Underlying EPS (diluted)
28.5p
2023: 28.3p

Dividend per share
22.80p
2023: 22.64p

IFRS profit after tax
£1m
2023: £(1,039)m

IFRS EPS
(0.1)p
2023: (112.0)p

IFRS net assets
£5,312m
2023: £5,525m

EPRA NTA per share
562p
2023: 588p

Senior unsecured credit rating
A
2023: A

Years until refinance date
3.0yrs
2023: 3.0yrs

Operational highlights

Leasing activity
3.3m sq ft
2023: 3.4m sq ft

ERV growth
5.9%
2023: 2.8%

Capital activity
£0.9bn
2023: £1.3bn

Average embodied carbon in current office developments
625kg CO_2e per sqm
2023: 646kg CO_2e per sqm

Occupancy
97%[1]
2023: 97%

Committed and recently completed developments
2.8m sq ft
2023: 1.8m sq ft

1. Occupancy excludes space under offer or subject to asset management and recently completed developments of Norton Folgate and 3 Sheldon Square

PLACES PEOPLE PREFER

Our purpose is to create and manage outstanding places that deliver positive outcomes for all our stakeholders on a long term, sustainable basis.

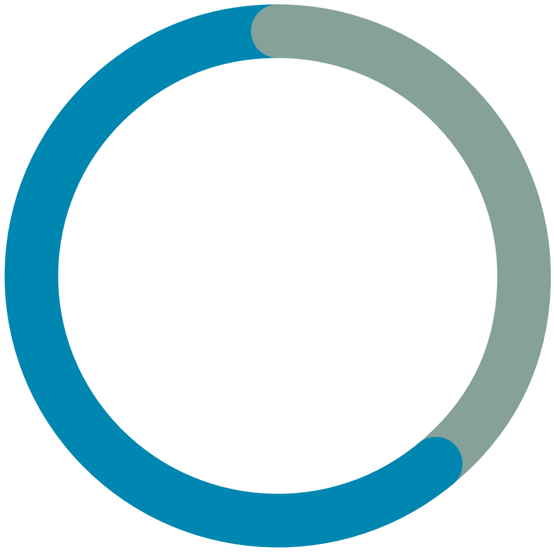
We do this by understanding the evolving needs of the people and the organisations who use our places as well as the communities who live around them.

The deep connections we create between our customers, communities, partners and people help our places to thrive.

Our portfolio

Our portfolio of high quality UK commercial property is focused on campuses in London and retail & London urban logistics.

Portfolio by value



Campuses	61%
Retail & London urban logistics	39%

→ READ MORE ABOUT OUR PORTFOLIO ON PAGE 6


Canada Water


Paddington

What we do

We are developers and asset managers with a value-add strategy. We are a diversified business and invest in segments with strong rental growth prospects where we can leverage our strengths in asset management and development to generate a total accounting return (TAR) of 8-10% through the cycle.


Broadgate

How we do it responsibly

Sustainability is embedded throughout the business. Our approach is focused on three key pillars where British Land can create the most benefit.

Greener Spaces

→ READ MORE ON PAGE 64

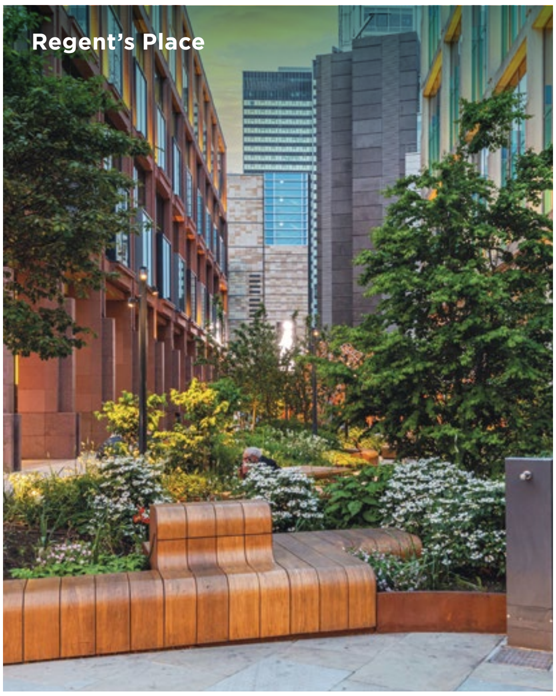
Thriving Places

→ READ MORE ON PAGE 68

Responsible Choices

→ READ MORE ON PAGE 72

→ READ MORE ABOUT OUR SUSTAINABILITY STRATEGY ON PAGE 60


Regent's Place

OUR PORTFOLIO

WE OWN A £8.7BN HIGH QUALITY PORTFOLIO

Campuses: 61% of portfolio by value

We are the leading owner and operator of campuses in the UK, with a particular focus on London. Our campuses are located close to key transport hubs and bring together best in class office, retail and residential buildings with leading sustainability and design credentials, surrounded by attractive public spaces and a range of amenities.

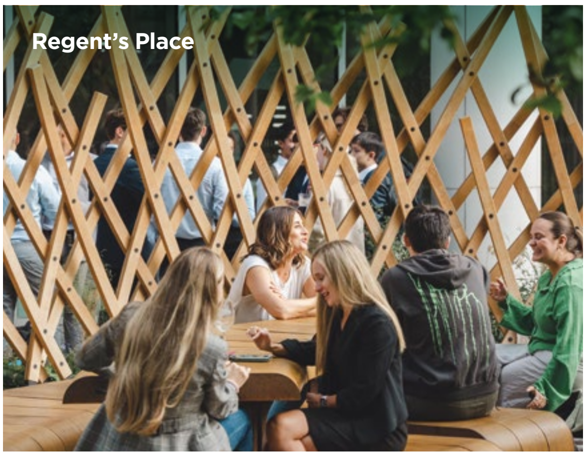
Sustainability is important to us and our customers. We are committed to achieving net zero across our portfolio and target BREEAM[1] Outstanding and EPC A for our new office developments.

We have assembled an 8.6m sq ft development pipeline of best-in-class sustainable space across our campuses, of which 2.1m sq ft is already committed and progressing on site.

Our campuses are:

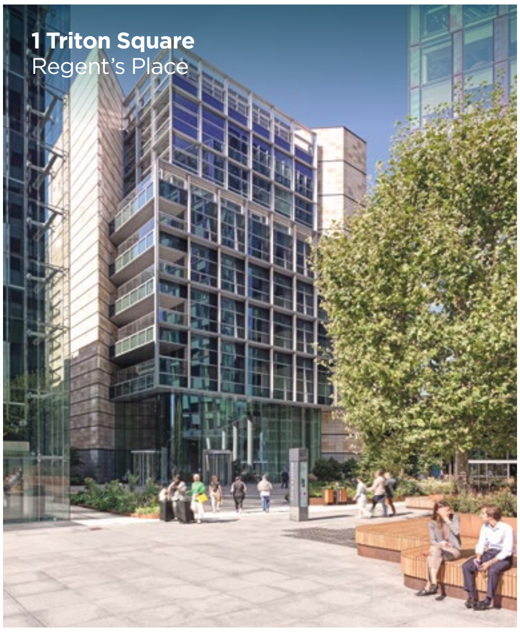
Broadgate (39% of the campus portfolio) is a 32 acre office-led campus in the City of London owned in a 50:50 joint venture with GIC. It has excellent connectivity, and is located next to Liverpool Street Station and the Elizabeth Line. Its proximity to Shoreditch attracts a breadth of customers from financial services, law firms, fin-tech, media and other growth sectors.

As part of our transformation of Broadgate, we have invested significantly into the buildings and public realm. Most recently, we committed to develop 2 Finsbury Avenue, a 750,000 sq ft world class building, which is due to complete in 2027, and will create a new benchmark for highly sustainable workspace in central London.


Regent's Place

Regent's Place (31% of the campus portfolio) is a 13 acre campus. The campus has excellent transport links with Euston and King's Cross stations nearby. It is located in London's growing Knowledge Quarter, close to a range of academic and research institutions, including University College London, The Wellcome Trust and The Francis Crick Institute. Given its location, in this growing part of London, we are repositioning the campus for growth in science and technology.

The campus is 100% owned by us with the exception of the recently announced joint venture with Royal London Asset Management to accelerate the delivery of 1 Triton Square as a world class science and technology building. 1 Triton Square will offer a mix of fitted and lab-enabled space as well as the potential to incorporate serviced offices to accommodate flexible requirements at the lower levels, with best in class office space on upper floors.


1 Triton Square
Regent's Place

Paddington Central (6% of the campus portfolio) is an 11 acre office-led campus in London's West End owned in a 25:75 joint venture with GIC. It sits next to Paddington Station with access to the Elizabeth Line and the Heathrow Express. Its central location and accessibility, attracts a broad range of corporates in financial services, telecommunications and technology. We have made significant investments in the public realm and our latest development is the full refurbishment of 3 Sheldon Square, a 140,000 sq ft office building, which completed in early 2024.

Canal
Paddington Central

Paper Yard
Canada Water

Canada Water (6% of the campus portfolio) is a 53 acre mixed use campus owned in a 50:50 joint venture with AustralianSuper. It is one of the largest mixed use developments in the UK and is located on the Jubilee Line and the London Overground, making it easily accessible to London Bridge, the West End, the City and tech hubs around Shoreditch.

The Canada Water Masterplan is flexible and will deliver a mix of workspace, retail, leisure, entertainment, education and community space, as well as residential of which part will be affordable housing.

The Peterhouse Campus (1% of the campus portfolio) is a 14 acre innovation-led campus in Cambridge, fully owned by us. Part of the campus is let to ARM and in 2023, we committed to the development of the newest part of the site, a 96,000 sq ft lab-enabled and lab-fitted building due to complete in 2025.

The balance of our campus portfolio is a mixture of standalone offices primarily in the West End and residential buildings including our development at Aldgate.

Retail & London urban logistics: 39% of portfolio by value

Retail parks account for 62% of this segment of the portfolio. We are one of the UK's largest owners and operators with c.8% of the retail park market.[2]

Retail parks are the preferred format for retailers due to their affordability, adaptability and accessibility. We will continue to grow our retail park portfolio. They provide an attractive day one cash yield given their low capex requirements and at 99% occupancy our parks portfolio is delivering strong rental growth.

We also own a small, non core, portfolio of shopping centres which account for 22% of this segment of the portfolio.[3]

Our London urban logistics portfolio (9% of this segment) is focused on Zone 1 and multistorey developments within the M25. Our pipeline has a gross development value of £1.5bn and will deliver one of London's most environmentally sustainable and centrally located urban logistics portfolios. Demand for this product is strong due to the long term growth of e-commerce and rising consumer expectations for priority delivery, which, combined with little supply is driving rental growth. Last mile logistics solutions are also increasingly sought after due to their strong environmental sustainability credentials given they reduce large vehicle movements and allow the use of e-vehicles for the last mile delivery to the end customer.

The balance of the portfolio is in other retail which includes retail subsectors in which we do not have material holdings, including high street retail and other small solus retail assets.

1. Building Research Establishment Environmental Assessment Method BREEAM standards aim to minimise harmful carbon emissions, improve water usage and reduce material waste. The rating enables comparability between projects and provides assurance on performance, quality and value of the asset
2. Based on sq ft
3. Includes the 50% stake in Meadowhall Shopping Centre which was sold post year end

Southgate
Bath

EXCELLENT STRATEGIC AND OPERATIONAL PROGRESS

Tim Score
Non-Executive Chair

Dear Shareholders,

In my final letter as Chair of British Land, I look back on the past year, and indeed the last decade, and am greatly encouraged by the resilience of the business in the face of a period of unprecedented challenges.

The real estate sector has faced a challenging period with macroeconomic uncertainty, high inflation and increases in interest rates. Against this backdrop, we have remained focused on controlling the controllables, and as a result British Land has been operationally and financially resilient.

During my 10 years on the Board, initially as Non-Executive Director and, for the last five years as Chair, I have been fortunate to be supported by an excellent management team and highly talented colleagues from across the business.

British Land is a ‘small big’ Company; small in terms of our overall workforce but big in that we own and operate some of the most significant assets in the UK. The calibre and dedication of everyone within the business, and the collaborative culture, enables us to deliver our strategy effectively.

Good progress in FY24

We have delivered another strong leasing performance this year, which combined with good cost control led to a 2% increase in Underlying Profits, and as a result the full year dividend will be up by 1%.

Our strategy of focusing on the parts of the market with the strongest occupational fundamentals is working, as evidenced by the 5.9% rental growth for the portfolio and a 300 basis points (bps) outperformance vs the MSCI All Property total return benchmark.

We are delivering this outperformance versus the market because we have deep development and asset management capabilities and continue to execute well.

We have been disciplined in our balance sheet management and capital allocation, with leverage comfortably within our target range, especially at this stage in the real estate cycle.

A leader in ESG

I continue to believe that sustainability is a key competitive advantage for British Land. Our achievements in developing and managing some of the best, most highly rated sustainable space have been recognised for more than a decade and we are now reaping the benefits as businesses are increasingly willing to pay more for that space.

In the last 12 months, we have made excellent progress against the three pillars of our Sustainability Strategy: Greener Spaces, Thriving Places and Responsible Choices.

In particular, we have significantly improved the EPC ratings of our buildings, increasing the percentage of the portfolio rated EPC A or B by ERV to 58%, up from 45% in FY23.

Separately, we have achieved a 5-star rating in Global Real Estate Sustainability Benchmark (GRESB) for both the Standing Investments and Development benchmarks, placing the Company in the top 20% of participants globally and achieving Global Sector Leader status for the Development benchmark.

This year, we have also been accredited as a Living Wage Employer by the Living Wage Foundation. We recognise that people are key to the success of our business and we have a strong track record of paying at least the real Living Wage to our direct employees. The accreditation reflects the work we have done in recent years to encourage our supply chain to do the same.

Whilst we are making significant progress with our decarbonisation plans, industry standards and guidance on net zero continue to evolve. The Science Based Target initiative will publish new buildings sector guidance to inform net zero definitions for our industry; once these are finalised we will work to ensure our targets reflect best practice and latest climate science.

Our Board

In March 2024, we were delighted to announce the appointment of William Rucker, who will replace me as Chair when I step down at the AGM in July. William is a highly experienced Chair with deep knowledge of the real estate and financial services sectors. I am confident he will provide the Board with strong and effective leadership and will be a great support to Simon and the executive team.

We were delighted to welcome Amanda Mackenzie and Mary Ricks as Non-Executive Directors to the Board this year and look forward to welcoming Amanda James as a Non-Executive Director when she joins the Board in July 2024. Each brings a wealth of diverse experience, which will be invaluable as we continue to execute our strategy. After nine years on the Board, Laura Wade-Gery will step down as Non-Executive Director at the AGM. I’d like to thank her for her significant contribution and wish her well in her future endeavours. You can read more about our latest Board members on page 92.

The appointments highlight the evolution of the Board since I became Chair. At the conclusion of the AGM, the Board will be 50% female, compared with 30% in 2019, and will exceed the recommendations from the Parker Review, which encourages diversity of UK boards.

Conclusion

In summary, we continue to make good progress in executing our strategy. We are confident in our campus proposition and our ability to capture growth in science and technology, retail parks continue to perform very well and we are progressing the build-out of our London urban logistics pipeline.

Our performance, as ever, is a result of the hard work and dedication of the British Land team and I would like to thank my colleagues across the Group.

It has been a real privilege to serve on the Board of British Land. I feel confident that when I step down in July, I will be leaving the Company in good health and safe hands led by a highly capable Board and executive team.

Tim Score
Non-Executive Chair

BUSINESS MODEL

We are developers and asset managers with a value-add strategy. We have a diversified approach and invest in segments with strong rental growth prospects where we can leverage our strengths to generate a total accounting return (TAR) of 8-10% through the cycle.

Our strengths are:

Portfolio of high quality assets
Our portfolio of campuses is mainly located in London, a truly global city which appeals to a broad range of businesses. We are one of the largest owners and operators of retail parks in the UK and we are building a unique portfolio of centrally located and highly sustainable urban logistics schemes in London.

Best in class platform
We have a long-standing team with deep experience across the real estate life cycle from design, planning, development and construction through to asset and property management. We also have industry leading investment and finance teams.

London development expertise
The depth of our relationships with planning authorities, contractors and other stakeholders in London, combined with our extensive construction experience gives us an unparalleled ability to unlock value through development.

Partnerships with investors
We have strong relationships with sovereign wealth funds such as Norges Bank Investment Management and GIC as well as large pension funds like AustralianSuper and Pimco Prime. This gives us the ability to stretch our equity and crystallise value through asset sales and joint ventures.

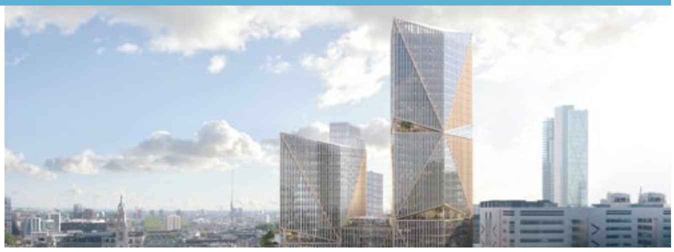
Financial strength
We have a strong balance sheet and we use leverage appropriately. We aim to deliver returns through the property cycle by having a disciplined approach to risk and capital allocation.

Source value-add opportunities

We target opportunistic asset acquisitions in our chosen sectors as well as development opportunities. This is underpinned by a strong balance sheet and a disciplined approach to risk management.

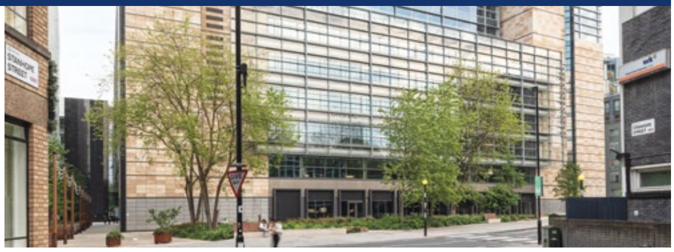
Develop and actively manage

We create and manage modern, high quality and sustainable spaces that our customers want to lease, and that direct investors such as sovereign wealth funds and pension funds want to own.



Recycle capital

We actively sell mature assets to crystallise returns and reinvest capital into opportunities where we can drive strong returns through development or asset management.



Underpinned by our leadership in sustainability

We are committed to achieving net zero across our portfolio and target BREEAM Outstanding and EPC A for our new office developments.

Our values underpin everything we do

- DELIVER AT PACE
- BE SMARTER TOGETHER
- BRING YOUR WHOLE SELF
- BUILD FOR THE FUTURE
- LISTEN AND UNDERSTAND

HOW WE CREATE VALUE FOR OUR STAKEHOLDERS PAGE 12

HOW OUR APPROACH TO RISK UNDERPINS OUR STRATEGY PAGE 43

HOW OUR APPROACH TO REMUNERATION ALIGN WITH OUR STRATEGY PAGE 125

HOW WE ENGAGE WITH AND CREATE VALUE FOR OUR STAKEHOLDERS

Understanding our stakeholders is critical to the long term success of our business. Regular engagement with them helps to shape our strategy and ultimately informs our decisions so that we can deliver outstanding places and positive outcomes for all stakeholders.

Section 172 Statement

Section 172(1) of the Companies Act requires directors of a company to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, taking into account the following: the likely consequences of any decision in the long term; the interests of the company's employees; the need to foster the company's business relationships with suppliers, customers and others; the impact of the company's operations on the community and the environment; the desirability of the company maintaining a reputation for high standards of business conduct; and the need to act fairly as between members of the company.

The nature of our business means that we have a continuous dialogue with a wide group of stakeholders and their views are taken into account before proposals are put to the Board for a decision. Information on how the Directors discharged their duty under section 172 during the year, including how they engaged with key stakeholders, and how they had regard to the matters set out above in their discussions and decision making, can be found within our Governance section starting on page 90. An in-depth case study of the major decision that was the capital commitment to 2 Finsbury Avenue setting out vital section 172 considerations is detailed on page 95.

Our people

Everyone employed by British Land.

Why are they important?

Our people are critical to the success of our business; they are responsible for delivering the strategy, live by and help shape our culture and ultimately deliver sustainable value to our stakeholders.

What matters to them?

- Diverse and inclusive culture with strong leadership
- Career progression and development opportunities
- Healthy and safe space that promotes wellbeing
- Fair pay and reward
- Ethical business with a clear Sustainability Strategy

How we engage

We have an open and collaborative management structure and engage regularly with our employees through a range of formal and informal channels, including:

- Internal communications channel, including newsletters and intranet
- Regular team meetings and a half yearly appraisal process
- Annual employee engagement survey
- CEO breakfast series open to all employees launched this year
- In-person conversations with select Board members
- Biannual Company conference with all employees

Outcomes from engagement

78%

employee engagement score

Value created

93%

employees proud to work at British Land

Our customers

The users of our buildings and spaces, including businesses and their employees; retailers and their customers; and people who visit or live in our spaces.

Why are they important?

Our customers are at the centre of everything we do, and our success depends on our ability to understand and respond to their needs.

What matters to them?

- High quality, sustainable space that fulfils their needs
- Healthy and safe spaces that promote wellbeing
- Fair and appropriate lease terms

How we engage

We communicate regularly with our customers through:

- Regular dialogue with leasing, asset and property management teams
- Annual customer satisfaction surveys to gain insight into how our places are performing
- Customer networks across our campuses

Outcomes from engagement

78%

of customers stated BL are 'the best' or 'better than most' other providers

Value created

3.3m sq ft

of space leased in the year

Our investors

The people and institutions who own British Land shares or debt holders.

Why are they important?

Our investors play an important role in helping to shape our strategy; they also help facilitate access to capital, which is vital to the long term performance of our business.

What matters to them?

- Financial performance, returns and the dividend
- Strong balance sheet and disciplined capital allocation
- Clear strategy and business model
- Leading ESG performance
- Risk management
- Strong leadership and Company culture

How we engage

We have an extensive Investor Relations programme to ensure that our shareholders' views are reflected in our decision making. This programme includes:

- Meetings, roadshows, conferences and video calls
- Regulatory reporting, including the Annual Report, full and half year results and ad hoc updates
- Our AGM
- Investor seminars: this year we hosted two covering our retail parks strategy held at Orpington and our science and technology strategy held at our Regent's Place campus

Outcomes from engagement

c.50%

of share register met and 192 investor meetings completed in the year

Value created

9.2%

total shareholder return (period from 1 April 2023 to 31 March 2024)

Our joint venture partners

Institutions we partner with on specific campuses or standalone assets, usually where we share ownership, returns and risk.

Why are they important?

Joint venture partners are an integral part of our business. The strategic alliances we develop with our partners enables us to stretch our equity, spread risk and accelerate delivery of returns. They enable us to access attractive investment opportunities alongside like-minded partners with complementary skills.

What matters to them?

- Financial performance and returns
- Clear strategy and business model
- Asset management, development and property management expertise
- Long term, collaborative and trusted relationships
- Aligned objectives and values
- Best-in-class assets

How we engage

We have developed deep and long term relationships with our joint venture partners to ensure close alignment on objectives. We have an open and collaborative dialogue with each of our joint venture partners, through:

- Regular meetings to discuss day-to-day activities
- Working groups on a project or topic basis
- Quarterly Board meetings to assess performance, progress and agree future objectives
- Quarterly joint venture reporting

Number of joint ventures

13

Value of assets in joint ventures

£8.4bn

Our communities and local authorities

People who live in and around our places and organisations responsible for public services and enterprises.

Why are they important?
Our places thrive when the communities in which they operate also succeed. Local authorities are responsible for delivering public services and facilities for our communities. We want our places to have a positive local impact on the community and to do this we need to have good relationships both with our communities and local authorities to understand local needs.

What matters to them?
- Collaboration and engagement on local initiatives
- Places that foster social connections and enhance wellbeing
- Providing a relevant mix of services for their needs, such as alignment on education and employment opportunities and access to affordable space

How we engage
We are committed to making a long-lasting positive social impact in our communities by collaboratively addressing local priorities. We engage with our communities through:
- Our Social Impact Fund
- Volunteering and charitable donations
- Employment and apprenticeship opportunities

Outcomes from engagement

7,000

people benefitting from education partnerships in the year

Value created

£1m

affordable space provided to small business and charities in the year

Our suppliers and partners

Those who have a direct contractual relationship with us to provide goods and services.

Why are they important?
Along with our employees, our suppliers and partners support us in delivering for our customers. Strong relationships with suppliers and partners ensure sustainable, high quality delivery for the benefit of all stakeholders.

What matters to them?
- Long term, collaborative, trusted relationships
- New business opportunities
- Fair commercial and payment terms
- Aligned objectives and values

How we engage
We encourage open and collaborative relationships with our suppliers and partners. Their contribution and expertise are critical to delivering our business objectives. We do this by:
- Operating a rigorous onboarding and tendering process
- Being clear through our Supplier Code of Conduct what we stand for, how we work and the commitments we expect them to share with us in relation to social, sustainable and ethical practices

Outcomes from engagement

100%

of suppliers signed up to the Supplier Code of Conduct

Value created

through closely working with our supply chain we achieved Living Wage Employer accreditation

OUR STRATEGY IS DELIVERING


Simon Carter
Chief Executive


135 Bishopsgate
Broadgate

Overview

Our strategy of focusing on campuses, retail parks and London urban logistics is delivering.

ERV growth accelerated to 5.9% in the year, exceeding our guidance in all sectors and resulting in an outperformance of the MSCI All Property total return benchmark by 300 basis points (bps). Increases in market interest rates in the first half of the year caused property yields to move out, impacting our portfolio values which declined by 2.6% over the year. However, in the second half of the year the pace of yield expansion slowed significantly with values down only 0.2%, as a 10 bps increase in yields was offset by 2.6% rental growth.

Our operational momentum continued, with strong leasing, additional fee income and tight cost control offsetting the temporary dilutive impact on earnings of buildings moving into development, resulting in 2% Underlying Profit growth. Leverage is well within our target range, especially at this stage in the cycle.

We are pleased with our capital activity this year, which included the 1 Triton Square surrender and recent joint venture with Royal London Asset Management (Royal London), as well as the commitment to develop 2 Finsbury Avenue following its pre-let at record breaking rents to Citadel Securities (Citadel). We have sold Meadowhall 3% ahead of book value and plan to reinvest the proceeds into retail parks. They provide an attractive day one cash yield given their low capex requirements, and at 99% occupancy, our parks are delivering strong rental growth.

With a portfolio Net Equivalent Yield (NEY) of 6.2%, plus 3-5% expected rental growth and development upside we expect to generate attractive earnings growth and deliver 8-10% total accounting return per annum over the medium term.

Operational update

The operational momentum we reported in FY23 continued in FY24, with adjusted occupancy at 97%[1] and 3.3m sq ft of leasing, 15.1% ahead of ERV. Since 31 March we signed a further 316,000 sq ft on our campuses, 13.1% ahead of ERV and as of 17 May 2024 under offers were 544,000 sq ft, 9.3% ahead of ERV, with a further 806,000 sq ft in negotiations. Key deals included regears with Monzo Bank, Skidmore Owings & Merrill, and a 252,000 sq ft pre-let to Citadel at 2 Finsbury Avenue on our Broadgate campus. In retail, we had another record year of leasing with new lettings and renewals to a wide range of retailers including Sports Direct, Marks & Spencer, Primark, Next, H&M and ASDA. In London urban logistics there were successful regears at Wembley and Enfield.

Our campuses are located close to major transport nodes and have great amenities, high quality sustainable buildings, and allow occupiers to grow and cluster close to other businesses. Demand for this kind of best-in-class workspace remains strong, and as a result, vacancy across our campuses was 4%[1] compared to 9% in the wider London office market.[2] This resulted in 5.4% ERV growth on our campuses, significantly above our guided range of 2-4%.

We also continue to see strong demand for our retail parks due to their affordability, adaptability and accessibility. Underlying vacancy on our retail parks is 1% compared to the UK retail market vacancy of 14%.[3] ERV growth in the year was 7.2%, also significantly above our guided range of 3-5%.

Our urban logistics portfolio is focused on densification and repurposing opportunities in London. Demand is driven by the continued rise of e-commerce, the growth of priority delivery services and the beneficial impact central facilities have on transport costs, carbon emissions and pollution. Supply is constrained which has resulted in an underlying vacancy of 0.2% in our assets compared to 7.2% for the UK big box market.[4] This supply and demand imbalance drove ERV growth of 10%, materially above our guided range of 4-5%.

Strategy

In 2021 we set out a value-add strategy focused on three segments with the strongest operational fundamentals – campuses, retail parks and London urban logistics. In FY24 we outperformed MSCI All Property total return benchmark by 300 bps, and on a reweighted basis to match the British Land portfolio composition at the sector level the outperformance was 800 bps. This was driven by strong ERV growth in campuses and retail parks. We are delivering this outperformance versus the market because we have deep development and asset management capabilities, continue to execute well, and are in the best parts of the market.

Campuses

Best-in-class workspace

The pandemic led most companies to re-evaluate what they wanted from their workspace – their conclusion: higher quality space to attract and retain talent. Alongside this, we identified that science and technology was likely to be a key growth driver of the UK economy over the next decade, particularly in the Golden Triangle of London, Oxford and Cambridge. In 2021, we set about reshaping our office business around these trends.

At the centre of this is our very successful campus model. Our campuses provide the great amenity, transport connectivity, public realm and high quality, sustainable buildings that businesses are seeking post-pandemic. They are also ideal for the clustering and collaboration, which is key to science and technology businesses.

Although hybrid working is here to stay, based on a 350m sq ft sample of global office space, CBRE found that peak office utilisation in London is high, in line with Singapore and Hong Kong, at 80% of max capacity in line with pre-covid, and ahead of Paris, New York, Boston, and Silicon Valley.[5] We are seeing a similar trend on our own campuses, where peak utilisation increased 17% year on year.[6]

In the past four years, the market has seen a bifurcation in the dynamics between best-in-class and secondary space. Although overall market vacancy is 9%, vacancy for best-in-class new space is 1%.[5] Because of the long timelines required to develop buildings, there is little to no supply in the best locations. Projects were put on hold or cancelled during the pandemic and in the years thereafter as inflation pushed up construction costs, and rising interest rates created uncertainty around cost of capital and exit yields.

1. Occupancy excludes recently completed developments at Norton Folgate and 3 Sheldon Square
2. CBRE
3. Local Data Company
4. Savills: >100,000 sq ft UK
5. CBRE
6. April 2023 to April 2024

Regent's Place

Canada Water

Over the next four years, the average annual development pipeline in the City is only 1.3m sq ft compared to the 10-year annual average take up of new or substantially refurbished workspace of 2.1m sq ft per year which we expect to increase given the trend to upgrade.[7] In fact, under offers in the City are at the highest level in the last 24 years and 54% ahead of the 10-year average.[8] This supply demand imbalance is driving strong rental growth. On our campuses, ERV increased by 5.4% in FY24, and Cushman & Wakefield expect rents for super prime space in the City to grow at c.8% per annum for the next four years.

Given these strong occupational fundamentals, we recently committed to a new 750,000 sq ft development at 2 Finsbury Avenue on our Broadgate campus, where occupancy is 98%. 2 Finsbury Avenue is currently the only significant committed new development in the City to be delivered in 2027.[9] This iconic scheme will have a unique podium and dual tower design, incorporating state of the art, highly sustainable workspace with expected BREEAM Outstanding, WELL Platinum, EPC A and a NABERS 5-star ratings. In April 2024, we signed a pre-let with hedge fund and financial advisory firm Citadel to lease 252,000 sq ft of workspace, with options to lease up to another 128,000 sq ft. The deal means that at the point of commitment the building is 33% pre-let at a minimum, and 50% pre-let if the option space is taken.

2 Finsbury Avenue is expected to deliver attractive returns with a forecast yield on cost of 7%, profit on cost above 20%, and a mid-teens IRR (above our target range of 12-14%). Together with GIC, our joint venture partners at Broadgate, we are exploring several capital recycling options, including bringing in an additional partner at 2 Finsbury Avenue to share risk and cost and to accelerate these returns.

Supply of best-in-class workspace will increase to meet demand in due course, and some occupiers may settle for lesser quality space and locations due to price, availability or the need for certainty. Nevertheless, there is a window of opportunity to generate attractive returns over the next three to four years, given the strong demand and long lead times to develop (or convert) space

7. Cushman & Wakefield
8. CBRE
9. Cushman & Wakefield

to the high standards of design, sustainability and in the locations that occupiers now favour.

Science and technology

Targeting fast growing customers is a core part of our campus strategy. The science and technology sector currently represents around 15% of the UK economy and is expected to continue to grow rapidly.[10] The UK's leading position in AI and data sciences is also accelerating the pace of scientific discovery across a broad universe which includes life sciences but also green sciences, physical sciences, and technology. The UK benefits from a strong ecosystem of academic and research institutions and deep pool of talent, particularly, in The Golden Triangle (London, Oxford and Cambridge).

In London this growth is concentrated in the Knowledge Quarter where economic output between 2011 and 2019 increased by 7% per annum.[11] This increase in economic activity combined with a limited supply of best-in-class office space has resulted in rental growth in the Knowledge Quarter of 7% per annum.[11] In Cambridge, where employment growth was 3.5% per year over the last 6 years, vacancy for lab fitted space is less than 3%.[12]

Our campus proposition is ideally suited for this sector as it allows businesses to cluster and have the serendipitous encounters that are so important in science and technology. We already provide space, services and amenities for customers at different maturity stages from start-ups, through scale-ups to global HQ space. In addition, most of our office buildings are well suited to lab conversion. That's because they are modern, with good power, ventilation and slab-to-slab heights.

Our operational platform is also a competitive advantage. Storey, our flexible office proposition, is now six years old. Whilst there are important differences, we've found the operational experience running Storey has been invaluable as we've rolled out enabled, fitted and serviced labs to smaller occupiers on shorter leases.

How material can science and technology customers be to British Land? Our plan will flex based on demand and returns. Today, science and technology occupiers represent over 20% of our campus footprint. This could increase to around 50% by 2030 based on our 2m sq ft innovation pipeline, and while labs will be an important part of a campus like Regent's Place, they may only represent around 15% of our science and technology space.

We are targeting science and technology occupiers at our campuses at Regent's Place, Canada Water and the Peterhouse campus in Cambridge. Regent's Place is a 13 acre campus located in the heart of London's Knowledge Quarter, which is home to leading research institutions including The Francis Crick Institute (The Crick), The Wellcome Trust, The Alan Turing Institute and University College London. It is well placed to benefit from its privileged location within this well-established innovation ecosystem. At Canada Water we have 53 acres of well-connected space and are at the early stages of creating a new cluster with the delivery of our modular lab space. In Cambridge, the Peterhouse campus, is a 14 acre campus, part of which is let to ARM. In the first half of the year, we committed to the development of the newest part of the site, The Optic, a 96,000 sq ft office and lab building which will be delivered in 2025 into a highly constrained market.

Networks are critical to success in science and technology and we are becoming the real estate partner of choice in the Golden Triangle. We recently announced a collaboration with The Crick. The first phase will be to fit out and operate a 30,000 sq ft serviced lab offer at 20 Triton Street at Regent's Place, which is due to be delivered by the end of 2024. The Crick will bring a pipeline of customers and its operational expertise to help create a first of its kind facility in London, providing highly serviced fitted lab and office space with shared facilities for customers, as well as access to The Crick's scientific expertise.

This collaboration builds on the Memorandum of Understanding with University College London (UCL) signed in May 2023, which gives our occupiers access to UCL's technical services and facilities and creates the opportunity for British Land to support the growth of UCL spin outs. These partnerships further consolidate Regent's Place as an outstanding science and technology hub.

We recently announced a joint venture with Royal London at 1 Triton Square at Regent's Place. It will be a world class science and technology building with a highly flexible design, offering a mix of fitted and lab enabled space as well as the potential to incorporate serviced offices to accommodate flexible requirements at the lower levels, whilst retaining best-in-class office space on upper floors. The joint venture enables us to accelerate returns and is an example of how we actively recycle capital. British Land received gross proceeds of £193m from the sale of a 50% share of the building, in addition to a £149m surrender premium already received from Meta. The combination of the surrender premium, joint venture formation and subsequent fit out and leasing is expected to deliver an IRR over 30%.

Retail parks

The second strand of the strategy we set in 2021, was to grow our exposure to retail parks. We could see from our leasing activity that retail parks had become the preferred physical retail format for an increasing number of retailers due to the three "A's" – affordability, accessibility and adaptability. The affordability of retail property is generally assessed by the occupancy cost ratio – rent, rates and service charge as a percentage of total sales. A combination of reduced rents, lower business rates, already low service charges and robust sales reduced this ratio from 17.7% in 2016 to 8.9% now – at this level a very broad range of retailers can trade profitably. Retail parks are highly accessible for consumers as they are typically located on major arterial roads on the outskirts of towns and cities with ample free carparking. This makes them ideal not only for shopping, but for click and collect, returning goods to store and increasingly shipping from store. The adaptability of a retail park unit is an important feature for retailers who face significant challenges in remodelling stores on the high street and in shopping centres.

These occupational fundamentals combined with low capital expenditure requirements, which are around half of that of shopping centres, and pricing below replacement cost make retail parks an attractive investment.[13] Consequently, we have been increasing our exposure to parks and have invested £410m since 2021 at an attractive blended yield of 7.8%.

10. Oxford Economics GVA
11. Metro Dynamics
12. Cambridge Ahead
13. Capex is 12% of net rental income for retail parks compared to 21% at covered centres (MSCI five-year average)

Over the last three years retail parks have been the best performing subsector in UK real estate, and we delivered a total property return of 11.6% per annum, outperforming the wider retail park sector by 440 bps.

We are sometimes asked whether the outperformance of retail parks is just an overhang from Covid because they are open air and were perceived to be safer to visit. Our view is that it is a permanent structural shift driven by the three "A's" above. Affordability is driving incremental demand from discounters and essential retailers and accessibility and adaptability are key for the multichannel retailers. This is borne out by statistics on UK store closures and openings. Since 2016 there have been net closures of -4,327 and -1,195 on the high street and within shopping centres respectively, but +615 net store openings at retail parks, reflecting this incremental demand.[14]

London urban logistics

Our urban logistics strategy is to deliver new space in London by repurposing assets, like the Finsbury Square carpark, or densifying existing industrial land with multistorey schemes like our Mandela Way scheme in Southwark. Strong demand is underpinned by the growth of e-commerce and rising customer expectations on the speed and convenience of deliveries. Occupiers want to optimise their distribution operations and lower costs, while at the same time reducing their carbon footprint and pollution by using e-bikes and e-vehicles for the last mile logistics. Over the last two decades, significant amounts of industrial space in London have been converted to other uses, which combined with strong demand has led to very low vacancy of 0.8% in inner London.[15] This backdrop plays well to our planning expertise and track record of delivering complex developments in London. Our London urban logistics development pipeline has a gross development value of £1.5bn.

During the year we have received planning consents for our schemes at The Box in Paddington, Mandela Way in Southwark, Thurrock and Heritage House in Enfield. We also submitted plans for approval of our scheme in Verney Road in Southwark. Although exit yields and construction costs are higher, returns still look strong as we have been able to mitigate these headwinds by increasing the massing of schemes and rents have grown faster than expected.

Capital allocation

Actively recycling capital is an important way we create value. We dispose of non core and dry assets and redeploy capital into opportunities with higher returns, namely retail parks acquisitions and our development pipeline in campuses and London urban logistics. We also use joint ventures to accelerate returns, stretch our equity, share risk and earn attractive fees.

Since we launched our new strategy, capital activity totalled £3.5bn, of which £1.7bn were offices sold at an average yield of 4.5%. We have reinvested proceeds into developments, an early re-entry into retail parks in 2021 and our London urban logistics pipeline. These transactions have reshaped our portfolio which is now 93% focused on our chosen sectors of campuses, retail parks and London urban logistics and we will continue to actively recycle capital as we see opportunities to create value.

In FY24, disposals totalled £410m from assets sold at 11% above book value on average. These transactions include the joint venture with Royal London to accelerate returns and share risk at 1 Triton Square as well as disposing of non core assets including an office and data centre portfolio. On 20 May 2024 we announced the sale of our 50% stake in Meadowhall Shopping Centre (Meadowhall) to our partner Norges Bank Investment Management (Norges) for £360m. This follows the sale of some ancillary land for £7m (British Land share) earlier this year. Together these deals value the entirety of the Meadowhall Estate at £734m, 3% above the September 2023 book value.

As we continue to recycle capital, our priorities for capital allocation remain unchanged. The resilience of our balance sheet is of utmost importance as it gives the ability to navigate macroeconomic uncertainties and the flexibility to invest in opportunities as they arise.

Our pro forma LTV including the sale of Meadowhall is 34.6%, with FY24 at 37.3% (FY23 36.9%). Pro forma Group Net Debt to EBITDA was 6.4x, with FY24 at 6.8x (FY23 6.4x), with £1.9bn of undrawn facilities and cash at 31 March 2024. In August 2023, Fitch affirmed our Senior Unsecured credit rating at 'A' with stable outlook.

We will continue to buy retail parks opportunistically. They have strong occupational fundamentals, values below replacement costs, attractive yields and are earnings accretive upon acquisition. Developments have created significant value for us over the years and we have adjusted our return and yield on cost requirements to reflect the higher interest rate environment, which has also increased exit yields and finance costs. Our pipeline is focused on campuses and London urban logistics, both subsectors where the supply of new schemes is constrained. As a result, we are securing higher than expected rents, which combined with construction costs levelling off, is resulting in returns above our investment hurdles. This year we committed to The Optic, a lab enabled building at our Peterhouse campus in Cambridge and Mandela Way, a multistorey urban logistics scheme in Southwark. More recently we committed to 2 Finsbury Avenue, a best-in-class office scheme on our Broadgate campus.

We also remain committed to shareholder distributions. Our dividend policy is to pay 80% of underlying EPS and we consider other shareholder distributions as and when appropriate.

Sustainability

We have made good progress against our Sustainability Strategy in FY24. The percentage of the portfolio which is rated EPC A or B increased to 58%, up from 45% at FY23, and is expected to increase to around 64% in FY25.[16] We expect to meet the proposed Minimum Energy Efficiency Standard of EPC 'B' by 2030, the cost of this is estimated to be around £100m, of which two thirds will be recovered through the service charge. Since FY19 we have spent a cumulative £18m on these initiatives, 63% of which has been recovered via the service charge.

14. Local Data Company
15. Savills
16. Measured by ERV

We are a global leader in sustainable development, retaining our GRESB 5* rating and achieving a score of 99/100, whilst our standing investments achieved a rating of 5* up from 4* in FY23. We have also achieved Living Wage accreditation. We recognise that people are key to the success of our business and have always paid at least the real Living Wage to our direct employees and across our developments. The accreditation reflects the work we have done in recent years to encourage our supply chain to do the same.

Another highlight during the year was the introduction of a new social value target to generate £200m of direct value by 2030 of which 50% is social value and 50% is economic value. We will target an additional £100m of indirect social value. These targets provide a financial value to the outcomes of our social sustainability programmes and further embed social impact into everything we do. Progress will be reported annually, providing a clear and transparent methodology that demonstrates how the social and economic impact is quantified.

Board

During the year we have had a series of changes to the Board. William Rucker has been appointed as Chair Designate to succeed Tim Score who will step down after the 2024 AGM after 10 years on the Board and five years as Chair. I would like to thank Tim for his excellent advice and support during his tenure as Chair and welcome William, whose experience and insights will be very valuable as we continue to execute our strategy.

I would like to extend a warm welcome to Amanda Mackenzie, Mary Ricks and Amanda James who have been appointed as independent Non-Executive Directors. The Board will benefit hugely from the depth and breadth of their experience. I would also like to thank Laura Wade-Gery for her significant contribution; she will step down as Non-Executive Director in July at the 2024 AGM after nine years on the Board and we wish her well in her future endeavours. Amanda Mackenzie will become Chair of the Remuneration Committee at the conclusion of the 2024 AGM.

Outlook

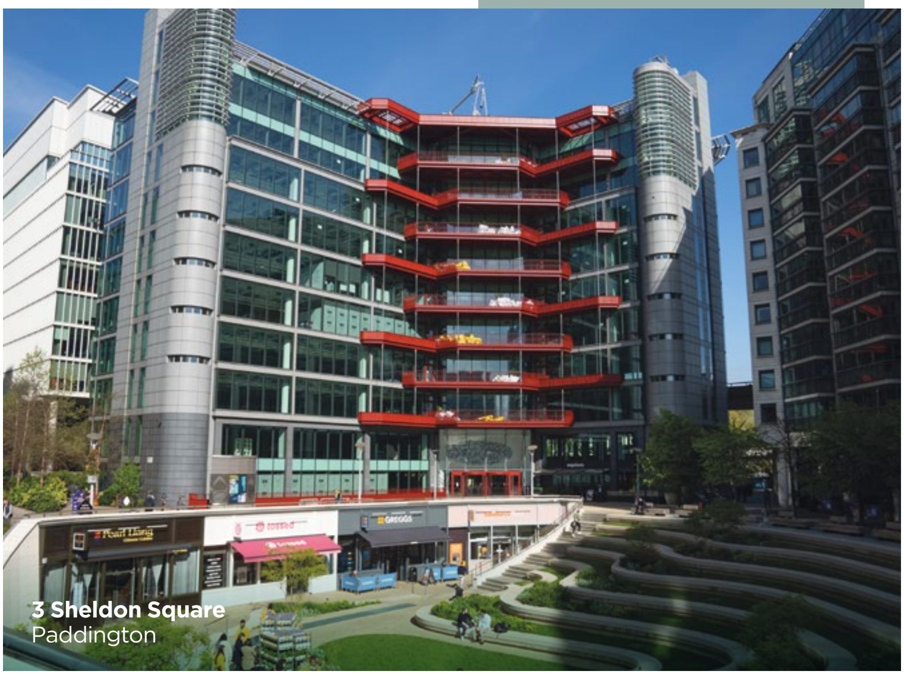
In the past 12 months macroeconomic and geopolitical uncertainty has remained high. However, inflation has declined, and markets are now anticipating interest rate cuts. Consequently, yield expansion in the portfolio slowed significantly in the second half and strong rental growth meant values were broadly flat.

Our base case is that we will be operating in a more supportive economic environment over the next 12 months than we have seen in the last two years. With inflation lower, the next move in the base rate is likely to be down rather than up and although UK GDP growth is expected to be modest at best, most forecasts are for it to be positive. Unemployment is expected to remain low which should be supportive of demand for best-in-class workspace at our campuses as businesses continue to focus on attracting and retaining talent in a competitive jobs market. The return of real wage growth should provide valuable breathing space for consumers, supporting our retail parks business.

The momentum we are seeing in the business combined with strong occupational fundamentals underpin our ERV guidance of 3-5% in each of our markets.

We recognise geopolitical risk remains elevated, but we take comfort from our strong operational performance over the last 24 months. With a portfolio NEY of 6.2%, strong rental growth prospects and development upside we expect to deliver 8-10% total accounting return per annum over the medium term.

Simon Carter
Chief Executive



3 Sheldon Square
Paddington

BUSINESS REVIEW

Key metrics

Year ended	31 March 2024	31 March 2023
Portfolio valuation	**£8,684m**	£8,898m
Occupancy[1]	**97.2%[2]**	96.7%
Weighted average lease length to first break	**5.2 yrs**	5.7 yrs
Total property return	**2.0%**	(9.5)%
– Yield shift	**+33 bps**	+71 bps
– ERV movement	**5.9%**	2.8%
– Valuation movement	**(2.6)%**	(12.3)%
Lettings/renewals (sq ft) over 1 year	**2.8m**	2.6m
Lettings/renewals over 1 year vs ERV	**+15.1%**	+15.1%
Gross capital activity[3]	**£869m**	£1,225m
– Acquisitions	**£55m**	£148m
– Disposals	**£(410)m**	£(729)m
– Capital investment	**£404m**	£348m
Net investment/(divestment)	**£49m**	£(233)m

On a proportionally consolidated basis including the Group's share of joint ventures and excluding non-controlling interests

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 to 96.8%, excluding recently completed developments
2 Occupancy excludes recently completed developments at Norton Folgate and 3 Sheldon Square
3. Excludes the sale of Meadowhall Shopping Centre post year end

Portfolio performance

At 31 March 2024	Valuation £m	Valuation movement %	ERV movement %	Yield shift bps	Total property return %	Net equivalent yield %
Campuses	**5,278**	**(5.3)**	**5.4**	**+50**	**(2.3)**	**5.5**
Central London	**4,613**	**(4.9)**	**5.6**	**+50**	**(1.8)**	**5.5**
Canada Water & other Campuses	**514**	**(13.1)**	**(0.2)**	**+46**	**(12.4)**	**6.0**
Retail & London Urban Logistics	**3,406**	**2.1**	**6.3**	**+15**	**9.6**	**7.0**
Retail Parks	**2,128**	**2.7**	**7.2**	**+12**	**10.0**	**6.7**
Shopping Centres	**753**	**0.8**	**5.2**	**+19**	**10.8**	**8.1**
London Urban Logistics	**313**	**3.7**	**10.0**	**+24**	**6.5**	**4.9**
Total	**8,684**	**(2.6)**	**5.9**	**+33**	**2.0**	**6.2**

See supplementary tables (pages 228 to 235) for detailed breakdown

The value of the portfolio was down 2.6% driven by yield expansion of 33 bps across the portfolio. There has been a notable slowdown in outward yield shift in H2 of 10 bps, compared to H1 where yields moved out by 23 bps. This was partly offset by positive ERV growth of 5.9%, with positive ERV movement across all major subsectors.

Campus valuations were down 5.3% over the year but this decline slowed to -1.5% in H2 compared to -4.0% in H1. The value of our West End portfolio was down 2.5% and City portfolio down 6.9%, reflecting yield expansion of 52 bps and 48 bps respectively. While investment markets continue to see low levels of transactions, there continues to be strong occupational demand for new, best-in-class buildings, located next to transport hubs with strong sustainability credentials. This has led to ERV growth of 5.4% across campuses, with 7.1% and 4.2% ERV growth in our West End and City office portfolio respectively, reflecting leasing activity and limited supply.

The value of our retail park portfolio is up 2.7% in the year, with strong ERV growth of 7.2%, driven by occupier demand and high occupancy on our parks, offsetting marginal outward yield shift of 12 bps. Yields in H2 stabilised.

The value of our shopping centres was marginally up by 0.8% with a 5.2% increase in ERV offsetting yield expansion of 19 bps. London urban logistics values increased by 3.7%, with a significant increase in ERV of 10.0% offsetting outward yield shift of 24 bps.

Campus offices outperformed the MSCI benchmark for All Offices and Central London Offices by 700 bps and 480 bps respectively on a total return basis for the year ended 31 March 2024. Retail parks outperformed the MSCI All Retail Park benchmark on a total return basis by 840 bps and urban logistics outperformed the MSCI industrials benchmark by 210 bps. Our portfolio overall outperformed the MSCI All Property total return index by 300 bps over the year and by 800 bps on a reweighted basis.

Capital activity

From 1 April 2023	Campuses £m	Retail & London Urban Logistics £m	**Total £m**
Purchases	–	55	**55**
Sales[1]	(354)	(56)	**(410)**
Development Spend	344	10	**354**
Capital Spend	42	8	**50**
Net Investment	32	17	**49**
Gross Capital Activity	740	129	**869**

On a proportionally consolidated basis including the Group's share of joint ventures and excluding non-controlling interests

1. Excludes the sale of Meadowhall Shopping Centre post period end

The total gross value of our capital activity in the year was £0.9bn. The most significant transaction in the year was the sale of our 50% stake in 1 Triton Square to Royal London for £193m. Post period end, we exchanged on the sale of our 50% stake in the Meadowhall to our partner Norges for £360m. This follows the sale of some ancillary land for £7m (British Land share) earlier this year. Together these deals value the entirety of the Meadowhall Estate at £734m, 3% above September 2023 book value.

We continue to be disciplined in our approach to capital recycling within the portfolio. Since April 2023, we've disposed of non core assets including six office and data centres for £125m, reflecting a net initial yield (NIY) of 4.6%, 13% ahead of book value as well as superstores in Burton on Trent and Coleraine for £8m and £10m. We continue to grow our exposure to retail parks, purchasing Westwood Retail Park in Thanet for £55m, for a net initial yield of 8.1%, which benefits from excellent accessibility and is let to a strong mix of retailers.

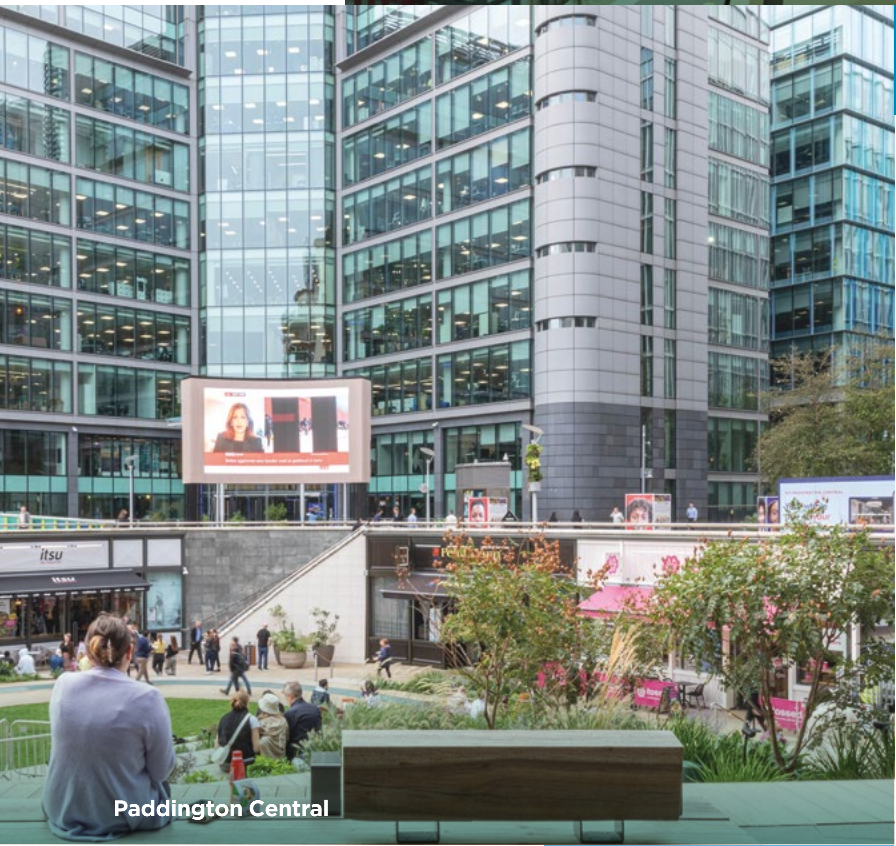
Paddington Central

CAMPUSES

100 Liverpool Street
Broadgate

Regent's Place

Canada Water



Paddington Central

Campuses

Key metrics

Year ended	31 March 2024	31 March 2023
Portfolio valuation	**£5,278m**	£5,650m
Occupancy[1]	**95.8%**	96.2%
Weighted average lease length to first break	**5.8 yrs**	7.2 yrs
Total property return	**(2.3)%**	(11.9)%
– Yield shift	**+50 bps**	+70 bps
– ERV growth	**5.4%**	2.6%
– Valuation movement	**(5.3)%**	(13.1)%
Total lettings/renewals (sq ft)	**679,000**	1,037,000
Lettings/renewals (sq ft) over 1 year	**561,000**	777,000
Lettings/renewals over 1 year vs ERV	**+8.7%**	+11.0%
Like-for-like income[2]	**+4%**	+3%

On a proportionally consolidated basis including the Group's share of joint ventures and excluding non-controlling interests

1. Occupancy excludes recently completed developments of Norton Folgate and 3 Sheldon Square
2. Like-for-like excludes the impact of surrender premia, CVAs & admins, provisions for debtors and tenant incentives, and Storey. Including Storey, campus like-for-like income would be +1% in FY24 and +7% for FY23

Campus operational review

Campuses were valued at £5.3bn, down 5.3%. This was driven by yield expansion of 50 bps, which was partly offset by ERV growth of 5.4%. Lettings and renewals (including Storey) totalled 679,000 sq ft, 8.7% ahead of ERV and 13.4% above previous passing rent. Weighted average lease length is 5.8 years. Post period end, we have completed 316,000 sq ft of deals, 13.1% ahead of ERV, and are under offer on a further 544,000 sq ft, 9.3% ahead of ERV, with a further 806,000 sq ft in negotiations. Occupancy at our campuses is 95.8%.

Campus like-for-like income growth (excluding Storey) was +4% in the year driven by strong leasing and asset management activity across all three London campuses. At Storey, we saw -18% like-for-like growth in the year. Whilst this was in part a consequence of the timing of lease events, which by their nature, can create fluctuations to our income, the key driver was one off cost rebates made in the prior period. Storey occupancy is now at our target of 90%. Looking ahead, we expect strong ERV growth to drive future like-for-like performance across our campuses.

Our campuses provide the great amenity, transport connectivity, public realm and high quality sustainable buildings that businesses are seeking post-pandemic.

Across our standing portfolio, we benefit from a diverse group of high quality customers across financial, corporate, science, health, technology and media sectors.

Broadgate

Broadgate saw a valuation decline of 6.2% driven by outward yield shift of 45 bps, offset by ERV growth of 4.4%. Occupancy remains high at 98%, reflecting the high quality of the space, amenities and public realm and its central location.

Leasing activity (excluding Storey) covered 328,000 sq ft, of which 304,000 sq ft were long term deals, 5.3% ahead of ERV. Significant deals include regears to Monzo Bank at Broadwalk House covering 83,000 sq ft and the Bank of Nova Scotia at 201 Bishopsgate covering 39,000 sq ft. New lettings have also been signed with Steamship Mutual, which signed for 25,000 sq ft of newly refurbished space at 155 Bishopsgate and Vorboss which has signed 29,000 sq ft at 10 Exchange Square.

Post period end, we have also signed a pre-let with Citadel for 252,000 sq ft of workspace at 2 Finsbury Avenue, with options to lease up to another 128,000 sq ft. The deal means the building is already 33% pre-let at a minimum, and 50% pre-let if the option space is taken, at a record headline rent for the City. Simultaneously, we have committed to the 2 Finsbury Avenue development.

We are making good progress on asset management initiatives to improve the sustainability credentials of several buildings on the campus. 10 Exchange Square, 199 and 201 Bishopsgate have all achieved EPC 'B' ratings due to building improvements including air source heat pumps, air handling unit improvements and LED lights.

Our social impact initiatives continue to focus on forging connections between our occupiers and local communities and we were pleased to have run a successful pilot of the Social Mobility Business Partnership's Insights and Skills Programme alongside one of our occupiers. Through the Young Readers Programme, in partnership with the National Literacy Trust, 32 school children participated in activities across the campus. This year we published a socio economic report quantifying £10m of economic value generated over the last 10 years from our long running dedicated employment programme Broadgate Connect, and in the last year, 54 people have benefitted from meaningful employment support.

Regent's Place

Regent's Place valuation was marginally down 0.7%, driven by outward yield shift of 50 bps which was offset by strong ERV growth of 6.9%. Declining values in the first half were partly reversed by an increase in value of 0.9% in H2, as a result of our 50% sale of 1 Triton Square to Royal London and our partnership with The Crick at 20 Triton Street. Occupancy at the campus is 94.5%.

Leasing activity in the year (excluding Storey) covered 59,000 sq ft, of which 51,000 sq ft were long term deals, 13.1% ahead of ERV. Key deals include lease renewals with Digital Cinema Media and Alpha Real Capital covering 7,600 sq ft and 7,300 sq ft respectively and a new letting with affordable housing provider, The Guinness Partnership, which signed 15,000 sq ft of workspace at 350 Euston Road.

Regent's Place continues to gain momentum as a life sciences and innovation hub. At 1 Triton Square, alongside our JV partners Royal London, we are progressing designs to repurpose the building for innovation and life sciences occupiers, including adding lab space and Storey on the bottom floors whilst retaining best-in-class office space on upper floors. This year we announced a collaboration with The Crick, to partner on a 30,000 sq ft fitted lab offer at 20 Triton Street, which is due to be delivered later this year. The Crick will bring its operational expertise to help create the first of its kind facility in London, which will provide highly serviced fitted lab and office space with shared facilities for customers, as well as access to The Crick's scientific expertise. This collaboration builds on the Memorandum of Understanding with UCL, signed in May 2023, which gives our occupiers access to UCL's technical services and facilities and creates the opportunity for British Land to support the growth of UCL spin outs.

Our social impact initiatives at Regent's Place include partnering with Hypha Studios, a charity matching creatives with empty spaces across London. The organisation opened at a vacant retail unit in Euston Tower, which will feature exhibitions from local artists. This builds on our focus on affordable space and the addition of Little Village, a baby bank providing essentials for families living in poverty, opening on the campus. Our partnership with Rebel Business School taught 127 entrepreneurs how to test their new business ideas. Through the Young Readers Programme, in partnership with the National Literacy Trust, 183 school children participated in activities across the campus.

Paddington Central

Paddington Central saw valuation declines of 10.7% driven by outward yield shift of 74 bps. This has been partially offset by ERV growth of 10.4%, largely due to development and leasing progress at 3 Sheldon Square. Occupancy at the campus remains high at 99.5%.[1]

Given we are virtually full, leasing activity (excluding Storey) covered 44,000 sq ft, all of which were long term deals, 7.9% ahead of ERV. There is a further 131,000 sq ft under offer, 8.6% ahead of ERV.

The most significant development on the campus this year was the delivery of 3 Sheldon Square which completed in February 2024. The building has an all electric design and is rated EPC A and the development completed with a low embodied carbon intensity at 124kg CO_2e per sqm. The building is already 65% let to Virgin Media O2 and we are under offer on a further 27,000 sq ft to a life sciences occupier, which would take the building to 86% let or under offer.

As part of our social impact initiatives, we continue to provide affordable space to the Ukrainian Institute to run their English language courses. To date, the classes have benefitted 965 displaced Ukrainians. In partnership with occupiers on the campus, we hosted Mastering My Future insight days for 26 young people to experience different careers at Paddington Central. Through the Young Readers Programme, in partnership with the National Literacy Trust, 122 school children participated in activities across the campus.

Storey: our flexible workspace offer

Storey is a key part of our campus proposition and provides occupiers with the flexibility to expand and contract depending on their requirements. The quality of the space, central location and access to campus amenities make the space appealing to scale up businesses and overseas businesses looking to open a UK Headquarters. Customers on our campuses also benefit from access to ad hoc meeting and events space at Storey Club and this service is an increasingly important factor when making workspace decisions.

Storey is currently operational across 343,000 sq ft. We recently completed 35,500 sq ft at 201 Bishopsgate on our Broadgate campus and 7,500 sq ft at 2 Kingdom Street on our Paddington campus.

Storey leasing activity covered 134,000 sq ft in the year at a 30% premium to traditional rents. Post period end, we have exchanged a further 3,200 sq ft of space and we are under offer on a further 13,400 sq ft. Occupancy is at our target of 90%.

Canada Water

The valuation of Canada Water declined 14.1%, driven by 35 bps outward yield shift on the offices. The first phase of the Canada Water development, which comprises a mix of workspace, retail, leisure and residential is progressing well. Roberts Close (K1), which consists of 79 affordable homes pre-purchased by the London Borough of Southwark, achieved practical completion in January 2024. 1-3 Deal Porters Way (A1), which is a mix of 186 residential units (The Founding) and workspace and The Dock Shed (A2), workspace with a leisure centre on the ground floors is due to be ready for occupation in 2025.

We are targeting rents on the workspace from £50 psf. Residential sales for The Founding launched in February 2023 and current sales are above targeted pricing levels, achieving in excess of £1,250 psf, which is attractive relative to competing schemes.

The London Borough of Southwark held an initial 20% interest in the scheme and has the ability to participate in the development up to a maximum of 20% with returns pro-rated accordingly. Although it has elected not to fully participate in Phase 1, Southwark pre-purchased the affordable homes at Roberts Close and part funded the 55,000 sq ft leisure centre in The Dock Shed.

In the year, we submitted our revised plans for a cultural and office scheme at the Printworks, in addition to agreeing terms with Broadwick Live to operate the cultural part of the Printworks. Demolition works have commenced to prepare the site for when we place a build contract. This, together with the planning permissions received in July 2022 for Zones L and F, represent the range of options available for the next phase of the Canada Water Masterplan. We also achieved planning consent for Zone G of the Masterplan, which includes a replacement Tesco store, residential including affordable housing, some smaller flexible retail space and a new 3.5 acre public park.

Building on the success of the TEDI modular campus we recently completed the build of a 33,000 sq ft modular innovation campus on the site. We are seeing good interest in this space from a range of science and technology businesses. We have signed deals with CheMastery, a startup aiming to increase the efficiency of chemical research and manufacturing and Prosemino, a venture builder committed to addressing climate change by co-founding and building innovative early-stage clean energy technology companies. Canada Water is well located to cater to science and technology businesses, due to its proximity to three leading teaching and research hospitals including Guy's Hospital in London Bridge, St Thomas' Hospital in Waterloo and King's College Hospital in Denmark Hill.

1. Occupancy excludes the recently completed development of 3 Sheldon Square

Whiteley


Fort Kinnaird

RETAIL AND URBAN LOGISTICS

Mandela Way
CGI

Teesside Park

Retail & London urban logistics

Key metrics

Year ended	31 March 2024	31 March 2023
Portfolio valuation	**£3,406m**	£3,248m
– Of which Retail Parks	**£2,128m**	£1,976m
– Of which Shopping Centres	**£753m**	£746m
– Of which London Urban Logistics	**£313m**	£263m
Occupancy[1]	**98.5%**	97.3%
Weighted average lease length to first break	**4.7 yrs**	4.6 yrs
Total property return	**9.6%**	(5.0)%
– Yield shift	**+15 bps**	+72 bps
– ERV growth	**6.3%**	3.0%
– Valuation movement	**2.1%**	(10.9)%
Total lettings/renewals (sq ft)	**2,628,000**	2,395,000
Lettings/renewals (sq ft) over 1 year	**2,282,000**	1,808,000
Lettings/renewals over 1 year vs ERV	**+17.8%**	+18.8%
Like-for-like income[2]	**+1%**	+5%

On a proportionally consolidated basis including the Group's share of joint ventures and excluding non-controlling interests

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 98.5% to 97.7%
2. Like-for-like excludes the impact of surrender premia, CVAs & admins and provisions for debtors and tenant incentives

Retail & London urban logistics operational review

Valuations in these subsectors increased by 2.1% in the year, with retail parks and London urban logistics values up 2.7% and 3.7% respectively, outperforming shopping centres, which were marginally up by 0.8%. Average rental growth across the three subsectors was 6.3% in the year, more than doubling the 3.0% growth delivered in FY23, which offset yield shift of 15 bps. Retail parks rental growth of 7.2% is stronger than shopping centres at 5.2%.

We continue to lease well, with 2.6m sq ft of deals signed in the year, 1.5m sq ft of these were at our retail parks. Retail and London urban logistics deals completed over the year were 17.8% ahead of ERV and 3.1% above previous passing rent. Occupancy across the three subsectors remains high at 98.5%. Like-for-like income was up 1% as we filled vacant space in our shopping centres, which helped to offset negative reversion coming through on some older leases. We expect strong leasing ahead of ERV to increase like-for-like growth next year.

Weighted average lease length is 4.7 years. In the year, we agreed 773,000 sq ft of rent reviews, 0.3% above previous passing rent across all three subsectors. In total, we have 493,000 sq ft of deals under offer, 17.9% above March 2023 ERV.

Retail parks

We continue to see significant leasing momentum across our retail parks with 1.5m sq ft of deals signed in the year, 19.9% above ERV and 5.1% below previous passing rent, compared with -9.7% in FY23. We have a further 282,000 sq ft under offer, 19.2% above ERV. Occupancy remains high at 99%, reflecting strong demand and limited supply. Retail parks are the preferred format for a wide range of customers due to the format's affordability, adaptability and accessibility, which in September, led us to upgrade ERV growth guidance from 2-4% to 3-5%, which we have exceeded.

We continue to see excellent leasing activity on our parks, with 57% of deals done in the year being repeat business. These include six deals with JD Sports totalling 58,000 sq ft and six transactions with Frasers Group totalling 104,000 sq ft, including 91,000 sq ft with Sports Direct and a 12,500 sq ft Flannels at Teesside Park. Marks & Spencer continue to expand on retail parks with two upsizes at Doncaster and Swindon totalling 94,000 sq ft and Asda signed four lease renewals totalling 88,000 sq ft.

New entrants to the retail park format include Hotel Chocolat, which signed three new leases covering 10,000 sq ft and In Health which signed 5,000 sq ft at Denton, representing the first medical diagnostics letting on our parks. Other notable lettings this year include Primark signing for 23,000 sq ft at Glasow Fort. At Teesside Park, we've had very strong leasing in the year with 343,000 sq ft of new letting and renewals, including Sports Direct doubling in size to 25,000 sq ft; a new 12,500 sq ft letting to Flannels and 43,000 sq ft to value retailer B&M.

Our Really Local Stores social sustainability initiative, which gives local makers access to affordable space, operated at five of our retail assets in FY24 including Fort Kinnaird and Ealing Broadway.

Shopping centres

We continue to actively manage our shopping centres improving occupancy and driving rents forward. We have completed 737,000 sq ft of deals, on average 19.5% ahead of ERV and 0.5% above previous passing rent. This activity improved occupancy which is now at 97.5%.

We prefer the occupational fundamentals of retail parks and have said we will reduce our exposure to covered centres at the right time and price. In line with this, we announced the sale of our 50% stake in Meadowhall to our partner Norges for £360m. This follows the sale of some ancillary land for £7m (British Land share) earlier this year. Together these deals value the entirety of the Meadowhall Estate at £734m, 3% above September 2023 book value.

London urban logistics

In London urban logistics we have assembled a 2.3m sq ft pipeline with a GDV of £1.5bn. This year we started on site at Mandela Way in Southwark, building a 144,000 sq ft multistorey scheme in Central London. In addition, we have achieved planning consent for four out of seven schemes including The Box in Paddington, Mandela Way in Southwark and Heritage House in Enfield this year, and have submitted planning for a second multistorey scheme at Verney Road in Southwark. We have completed 230,000 sq ft of lettings and renewals, 102% above previous passing rent and 7% above ERV.

Retail footfall and sales

	02 April 2023 – 31 March 2024	
	% of 2023[1]	Performance vs benchmark[2,3]
Footfall		
– Portfolio	100.2%	-120 bps
– Retail Parks	100.3%	-110 bps
Sales		
– Portfolio	103.9%	100 bps
– Retail Parks	105.4%	250 bps

1. Compared to the equivalent weeks in 2022/23
2. Footfall benchmark: Springboard overall
3. Sales benchmark: BRC UK total instore retail sales

The Box, Paddington
CGI

Glasgow Fort

Developments

At 31 March 2024	Sq ft '000	Current Value £m	Cost to complete £m	ERV £m	ERV Let & under offer £m
Committed	2,273	648	639	87.4	28.4
Near term	976	253	286	39.8	–
Medium term	7,723	960	3,484	272.4	–
Total pipeline	**10,972**	**1,861**	**4,409**	**399.6**	**28.4**

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

Development Pipeline

Developments are a key driver of long term value creation for British Land. Altogether, we expect our development pipeline to deliver profits of around £1.4bn. Against a backdrop of higher interest rates, which have pushed yields out and impacted funding costs, we have increased the return hurdles for our new developments. We now target IRRs of 12-14% on our campuses and mid teens on our London urban logistics developments. Because we are in the right parts of our markets with good supply demand tension, we are securing higher rents. Construction cost inflation appears to be levelling off and higher funding costs have resulted in limited new supply coming on stream. We expect our committed and recently completed developments,[1] in addition to asset management initiatives, to deliver 4.5p of future earnings per share growth, with 2.4p being delivered in FY26 alone.

We are currently on site with 2.3m sq ft of space, which will target BREEAM Outstanding (for offices) and Excellent (for retail), delivering £87.4m of ERV, with 33% already pre-let or under offer. Excluding build to sell residential and retail space, which we will let closer to completion, we are 36% pre-let or under offer by ERV. Total development exposure is now 7.6% of portfolio gross asset value. Speculative exposure, which is based on ERV and includes space under offer, is 9.6% and within our internal risk parameter of 12.5%.

Development valuations were down 2.4% driven primarily by outward yield shift.

Our committed pipeline stands at 2.3m sq ft. In the year we have committed to Mandela Way delivering 144,000 sq ft of urban logistics space across four floors in Southwark and The Optic, delivering a 96,000 sq ft office and lab building on our Peterhouse campus, the only speculative office development to be delivered in Cambridge in 2025. Post period end, we committed to 2 Finsbury Avenue delivering 750,000 sq ft of best-in-class workspace at Broadgate.

We are also on site with an 84,000 sq ft development at The Priestley Centre in Guildford, which will be a mix of innovation and lab-enabled space. The building is already 62% pre-let to LGC, a leading global life sciences company, ahead of completion in Q2 2024.

The development of 1 Broadgate is progressing on programme and the office space is fully pre-let or under option to JLL and Allen & Overy, demonstrating the strong demand for best-in-class, sustainable buildings.

We are making good progress on the development of the first phase of Canada Water, which comprises three buildings covering 578,000 sq ft. The first building, Roberts Close is now complete, and the remaining two buildings, 1-3 Deal Porters Way and The Dock Shed, are due to be ready for occupation in 2025. We are targeting BREEAM Outstanding on all the commercial space, BREEAM Excellent on retail and a minimum of HQM One 4*[2] for private residential.

The development of phase 2 at Aldgate Place is progressing to plan. The scheme comprises 159 premium rental apartments with 19,000 sq ft of office space and 8,000 sq ft of retail and leisure space. It is well located, adjacent to Aldgate East and between Liverpool Street and Whitechapel stations. Completion is expected in Q2 2024.

Completed Developments

As at 31 March 2024	Sector	BL Share %	100% sq ft '000	PC Calendar Year	ERV £m[1]
3 Sheldon Square	Office	25	140	Q1 2024	2.6
Norton Folgate	Office	100	335	Q4 2023	25.7
Roberts Close (Plot K1)	Residential	50	62	Q1 2024	–
Total Completed			**537**		**28.3**

We completed three developments totalling 537,000 sq ft in the year. 3 Sheldon Square reached practical completion in February 2024. The building is one of our most sustainable refurbishments ever, with an all electric design and EPC A rating. Norton Folgate completed in December 2023. We have let 42% of the space including 115,000 sq ft to law firm Reed Smith and 20,000 sq ft to Swiss high performance sportswear brand, On Running. We have commenced fit out of 67,000 sq ft of fully fitted floors, which are likely to be let closer to completion of the fit out later this year.

1. Committed (including post period end commitment of 2 Finsbury Avenue) and completed developments including near term development of 1 Triton Square
2. The Home Quality Mark is an independently assessed certification scheme for new homes, with a simple star rating based on a home's design, construction and sustainability. Every home with an HQM certificate meets standards that are significantly higher than minimum standards such as Building Regulations

Committed Developments

As at 31 March 2024	Sector	BL Share %	100% sq ft '000	PC Calendar Year	ERV £m[1]	Gross Yield on Cost %[2]
The Priestley Centre	Science & Technology	100	84	Q2 2024	3.3	8.0
Aldgate Place, Phase 2	Residential	100	138	Q2 2024	6.9	5.0
The Optic	Science & Technology	100	96	Q1 2025	4.7	6.2
1 Broadgate	Office	50	545	Q2 2025	20.1	5.8
Mandela Way	Logistics	100	144	Q3 2025	4.7	6.2
2 Finsbury Avenue[3]	Office	50	750	Q2 2027	38.6	7.7
Canada Water[4]						
1-3 Deal Porters Way (Plot A1)	Mixed use	50	270	Q4 2024	3.6	blended
The Dock Shed (Plot A2)	Mixed use	50	246	Q4 2024	5.5	7.1
Total Committed			**2,273**		**87.4**	**6.7**

1. Estimated headline rental value net of rent payable under head leases (excluding tenant incentives)
2. Gross yield on cost is the estimated annual rent of a completed development divided by the total cost of development including the site value at the point of commitment and any actual or estimated capitalisation of interest, expressed as a percentage return
3. Committed to post period end
4. 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 976,000 sq ft. At 1 Triton Square, we are progressing designs to repurpose the building for innovation and life sciences occupiers, including adding lab space and Storey on the bottom floors whilst retaining best-in-class office space on upper floors. While it is part of our near term pipeline, we expect to commit to this project shortly.

Our near term pipeline also includes two London urban logistics developments, The Box at Paddington and Verney Road in Southwark. We have achieved planning consent for The Box and we have submitted planning for a multistorey scheme at Verney Road.

Medium Term Pipeline

Our medium term pipeline covers 7.7m sq ft, the largest of which are the future phases of the Canada Water Masterplan, which accounts for 4.3m sq ft and Euston Tower, where we have an exciting opportunity to deliver a highly sustainable innovation and lab-enabled building in London's Knowledge Quarter.

London urban logistics opportunities account for 1.8m sq ft of medium term opportunities. This includes Thurrock, where we have achieved planning for a 644,000 sq ft two storey logistics scheme east of London; Heritage House, Enfield where we have achieved planning for a two storey logistics scheme totalling 437,000 sq ft, Hannah Close in Wembley, where there is potential to deliver 668,000 sq ft of well located, multistorey urban logistics space within the M25 and Finsbury Square where we are working up plans for an 81,000 sq ft underground logistics facility close to the City of London.


Norton Folgate

FINANCIAL REVIEW

Bhavesh Mistry
Chief Financial Officer

20 Triton Street
Regent's Place

Year ended	31 March 2024	31 March 2023
Underlying Profit[1,2]	**£268m**	£264m
Underlying earnings per share[1,2]	**28.5p**	28.3p
IFRS profit (loss) after tax	**£1m**	£(1,039)m
Dividend per share	**22.80p**	22.64p
Total accounting return[1]	**(0.5)%**	(16.3)%
EPRA Net Tangible Assets per share[1,2]	**562p**	588p
EPRA Net Disposal Value per share[1,2]	**577p**	606p
IFRS net assets	**£5,312m**	£5,525m
LTV[3,4,5,6]	**37.3%**	36.0%
Net Debt to EBITDA (Group)[3,7,8]	**6.8x**	6.4x
Net Debt to EBITDA (proportionally consolidated)[3,4,9]	**8.5x**	8.4x
Weighted average interest rate[4]	**3.4%**	3.5%
Senior Unsecured credit rating	**A**	A

1. See Note 2 within the financial statements for definition and calculation
2. See Table B within supplementary disclosures for reconciliations to IFRS metrics
3. See Note 16 within the financial statements for definition, calculation and reference to IFRS metrics
4. On a proportionally consolidated basis including the Group's share of joint ventures and excluding non-controlling interests
5. EPRA Loan to value is disclosed in Table E within supplementary disclosures
6. Following the unconditional exchange for the sale of our 50% stake in Meadowhall, LTV falls to 34.6% on a pro forma basis
7. Net Debt to EBITDA on a Group basis excludes non-recourse and joint venture borrowings, and includes distributions and other receivables from non-recourse companies and joint ventures
8. Following the unconditional exchange for the sale of our 50% stake in Meadowhall, Net Debt to EBITDA on a Group basis falls to 6.4x on a pro forma basis
9. Following the unconditional exchange for the sale of our 50% stake in Meadowhall, Net Debt to EBITDA on a proportionally consolidated basis falls to 8.2x on a pro forma basis

Overview

Continued operational momentum drove delivery of our financial performance in the year. Like-for-like rental growth of 1%, a tight grip on costs, an increase in joint venture fee income and a one off collection of historic arrears resulted in Underlying Profit of £268m up 2% despite a number of properties entering development and the Meta surrender. Underlying earnings per share (EPS) was up 1% at 28.5p. Based on our policy of setting the dividend at 80% of Underlying EPS, the Board has proposed a dividend of 22.80p per share, up 1%. The growth in the dividend is lower than Underlying Profit growth due to the impact of tax payable on fee income received during the year.

IFRS profit after tax for the year to 31 March 2024 was £1m, compared with a loss after tax for the prior year to 31 March 2023 of £1,039m. The year on year improvement reflects a lower valuation decline on the Group's properties and those of its joint ventures, and a net capital finance loss from mark-to-market movement on the derivatives hedging the interest rate on our debt, which was offset by the capital uplift from the surrender premium received at 1 Triton Square.

Overall valuations on a proportionally consolidated basis have fallen by 2.6% resulting in a decrease in EPRA NTA per share of 4%. This fall in values was weighted to the first half of the year (2.5%), while second half values were broadly flat (0.2%). Including dividends paid of 23.20p per share, total accounting return was -0.5%.

Loan to value (LTV) on a proportionally consolidated basis increased by 130 bps from 36.0% at 31 March 2023 to 37.3% at 31 March 2024. This reflects asset valuation declines and capital expenditure on our committed development pipeline, offset by the disposal of an office and data centre portfolio, the 1 Triton Square surrender receipt from Meta and the subsequent 50% joint venture of the asset with Royal London Asset Management Property.

Group Net Debt to EBITDA increased by 0.4x to 6.8x, and Net Debt to EBITDA on a proportionally consolidated basis increased by 0.1x to 8.5x. The Group measure increase reflected the repayment at maturity of the non-recourse HUT term loans using lower margin revolving credit facilities which increased the Group's net debt.

We continue to have good access to finance markets and completed c.£1bn of financing activity for the Group in the year on favourable terms. We arranged five new bank term loans totalling £475m, all with initial five year terms. We also extended £475m in four existing bank revolving credit facilities, by an additional year to 2028/29.

Our financial position remains strong with £1.9bn of undrawn facilities and cash at 31 March 2024 and, based on our commitments and in place facilities, no requirement to refinance until early 2027.

Our weighted average interest rate at 31 March 2024 was 3.4%, a 10 bps decrease from 31 March 2023. The repayment of higher margin HUT term loans and our interest rate hedging, which includes fixed rate debt, swaps to fixed rate, and caps (where the strike rates are below current SONIA) has fully mitigated the impact of increased market rates on our interest costs. Our debt is fully hedged for the year ending 31 March 2025, and 86% hedged on average over the five years to 2029.

We have access to diverse sources of finance and raise debt in British Land for the Group and in our joint ventures. Debt raised in British Land (except for the legacy debentures) is unsecured with no interest cover covenants. We retain significant headroom to our unsecured debt covenants; at March 2024 the Group could withstand a fall in asset values across the portfolio of 39% before reaching the covenant limits, prior to taking any mitigating actions. Joint venture debt is secured on the assets of the relevant entity, non-recourse to the Group, and the majority is "covenant light" with no LTV default covenants.

Fitch Ratings, as part of their annual review in August 2023, affirmed all our credit ratings with a stable outlook, including the Senior Unsecured rating at 'A'.

In May 2024, post year end, the Group exchanged contracts on the sale of its 50% interest in the Meadowhall joint venture. Completion is unconditional and scheduled to occur in July 2024. The transaction values the investment properties of the joint venture at £720m (£360m at the Group's 50% share). The cash consideration to be received by the Group, taking into account net debt and other customary transaction adjustments, totals £156m and is materially in line with the carrying value of the joint venture as at 31 March 2024.

Underlying profit

	£m
Underlying Profit for the year ended 31 March 2023	**264**
Disposals[1]	–
Acquisitions[1]	5
Developments[1]	(24)
Like-for-like net rent	3
Surrender premia	1
CVAs, administrations and provisions for debtors and tenant incentives	11
Finance activity, administrative costs and fee income	8
Underlying Profit for the year ended 31 March 2024	**268**

1. Movement includes the impact on net rental income and finance costs

Underlying Profit increased by £4m, with like-for-like net rental growth, strong cost control, improved fee income, the collection of historic arrears and net divestment, offsetting the impacts of properties going into development, with the incremental associated finance costs on our development pipeline.

Over the last 24 months we disposed of £1.1bn of mature assets (primarily the sale of a 75% interest in the majority of our assets in Paddington Central and the sale of a 50% interest in 1 Triton Square). The net rent dilution of these disposals has been entirely offset by finance cost savings and therefore they have not impacted Underlying Profit. We completed £0.2bn of acquisitions in retail parks, London urban logistics and innovation opportunities which resulted in a £5m increase to Underlying Profit with the additional net rental income exceeding additional finance costs.

Properties moving into development and related incremental spend reduced Underlying Profit by £24m. The net rent reduction was £17m which includes a £9m impact from the space previously leased by Meta at 1 Triton Square, which was surrendered in September 2023.

In addition, 3 Sheldon Square being in development, a rate rebate received on Euston Tower in the prior year, and 1 Appold Street which is now vacant and classified as development, all lowered net rents. We expect our committed and recently completed developments,[2] in addition to asset management initiatives, to deliver 4.5p of future earnings per share growth, with 2.4p being delivered in FY26 alone. The net interest cost impact was £7m as interest on development expenditure is capitalised at the Group's weighted average interest rate, at 31 March 2024 of 2.6% (31 March 2023: 2.9%), which is below the Group's incremental cost of borrowing.

Like-for-like net rental growth across the portfolio was 1% in the year, adding £3m to net rents.

Surrender premia receipts, excluding the £149m receipt from Meta at 1 Triton Square recognised through capital and other profit, added £1m to net rents.

CVAs, administrations and provisions made against debtors and tenant incentives improved by £11m compared to the prior year. This improvement is primarily due to the one-off collection of arrears relating to Arcadia.

Administrative costs were £2m lower year on year due to ongoing cost control, whilst fee income increased £5m primarily as a result of progression of joint venture developments. Excluding the impact of capital activity and development spend, finance costs were also £1m lower as a result of financing activity which includes the repayment at maturity of HUT term loans in December with lower margin facilities in the Group. In aggregate finance activity, admin costs and fee income contributed to a £8m increase in Underlying Profit.

Presentation of financial information and alternative performance measures

The Group financial statements are prepared under IFRS (UK-adopted International Accounting Standards) 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 uses a number of performance metrics in order to assess the performance of the Group and allow for greater comparability between years, however, does 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 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) and Net Debt to EBITDA (Group and proportionally consolidated) are monitored by management as key measures of the level of debt employed by the business to meet its strategic objectives, along with a measurement of risk. It also allows comparison to other property companies who similarly monitor and report these measures. The definitions and calculations of loan to value and Net Debt to EBITDA are shown in Note 16 of the financial statements.

Income statement

1.1 Underlying profit

Underlying Profit is the measure that we use to assess income performance. This is presented below on a proportionally consolidated basis. In the year to 31 March 2024, £120m was excluded from the calculation of Underlying Profit[1] (see Note 2 of the financial statements for further details) in relation to the Meta surrender of its lease at 1 Triton Square. No company adjustments were made in the year to 31 March 2023.

Year ended	Section	**31 March 2024 £m**	31 March 2023 £m
Gross rental income		**476**	493
Property operating expenses		**(36)**	(47)
Net rental income	1.3	**440**	446
Net fees and other income		**23**	18
Administrative expenses	1.4	**(87)**	(89)
Net financing costs	1.5	**(108)**	(111)
Underlying Profit		**268**	264
Underlying tax		**(3)**	(1)
Non-controlling interests in Underlying Profit		**1**	1
EPRA and Company adjustments[2]		**(265)**	(1,303)
IFRS profit/(loss) after tax	2	**1**	(1,039)
Underlying EPS	1.2	**28.5p**	28.3p
IFRS basic EPS	2	**(0.1)p**	(112.0)p
Dividend per share	3	**22.80p**	22.64p

2. Committed (including post period end commitment of 2 Finsbury Avenue) and completed developments including near term development of 1 Triton Square

1. On 25 September 2023, the Group completed a deed of surrender in relation to an in-force lease of one of its investment properties. The consideration for the surrender was a £149m premium paid by the tenant on the completion date. In line with the requirements of IFRS 16, the surrender transaction was treated as a modification to the lease, with the surrender premium received recognised in full through the income statement at the point of completion, which represented the modified termination date of the lease. At the point of modification, the lease had associated tenant incentive balances of £54m, and as the right to receive these amounts was extinguished through the lease modification, an impairment was recognised in full through the income statement at the point of completion. Also at the point of modification, the lease had an associated deferred lease premium balance of £25m, which in line with the surrender premium received, was recognised in full through the income statement at the point of completion. Owing to the unusual and significant size and nature of this transaction, and in line with the Group's accounting policies, all elements of the transaction have been included within the Capital and other column of the income statement.
2. 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 of their size or nature. These items are presented in the 'capital and other' column of the consolidated income statement.

1.2 Underlying EPS

Underlying EPS was 28.5p, up 1%. This reflects the Underlying Profit growth of 2%, after a £3m tax charge in the year.

1.3 Net rental income

	£m
Net rental income for the year ended 31 March 2023	**446**
Disposals	(15)
Acquisitions	11
Developments	(17)
Like-for-like net rent	3
CVAs, administrations and provisions for debtors and tenant incentives	11
Surrender premia	1
Net rental income for the year ended 31 March 2024	**440**

Disposals of income producing assets over the last 24 months reduced net rents by £15m in the year, primarily relating to the sale of a 75% interest in the majority of our assets in Paddington Central in July 2022 and the sale of an office and data centre portfolio in September 2023. The proceeds from sales were reinvested into value accretive acquisitions and our development pipeline. Acquisitions have increased net rents by £11m, primarily as a result of the purchase of nearly £0.2bn retail parks in Farnborough, Preston and Thanet. Properties classified as developments have decreased net rents by £17m, driven by the Meta surrender of 1 Triton Square and its subsequent transfer to our development pipeline. In addition, net rents were reduced by 3 Sheldon Square at our Paddington campus which was under refurbishment, and a one-off rate rebate was received on Euston Tower in the prior year, where we de-rated it for development, and 1 Appold Street which is now vacant and classified as development. The committed development pipeline is expected to deliver £87.4m of ERV in future years.

Like-for-like net rental growth across the portfolio was 1% in the year, adding £3m to net rents.

Campus like-for-like net rental growth was driven by strong leasing and asset management activity, adding £12m to net rents in the year, offset by expiries which reduced net rent by £7m. Storey like-for-like rent declined by £3m, impacted by the timing of expiries and one-off cost rebates in the prior year. Like-for-like net rental growth for retail & London urban logistics was £1m, as our retail parks remained full and we filled vacant units in our shopping centres.

CVAs, administrations and provisions made against debtors and tenant incentives improved by £11m compared to the prior year. This improvement is primarily due to the collection of arrears relating to Arcadia in the year. We also continue to make good progress on prior year debtors with cash collection at 99% in line with pre-pandemic levels.

1.4 Administrative expenses

Despite the inflationary environment, administrative expenses decreased £2m to £87m, as a result of our cost control. The Group's EPRA operating cost ratio decreased to 16.4% (March 2023: 19.5%) through lower administrative costs, higher fee income from our joint ventures and the one-off collection of Arcadia arrears.

1.5 Net financing costs

	£m
Net financing costs for the year ended 31 March 2023	**(111)**
Net divestment	9
Developments	(7)
Financing activity	1
Market rates	–
Net financing costs for the year ended 31 March 2024	**(108)**

Net financing costs decreased by £3m year on year to £108m. Although the amount of debt at year end is at a similar level to last year, movements in the year included net divestment, which reduced financing costs by £9m; disposals of £1.1bn over the last 24 months reduced costs by £15m, partially offset by the £6m impact from acquisitions made over the same period. Drawing on our bank facilities to fund our committed development pipeline and other maintenance capex increased financing costs by £7m. This is due to a significant proportion of the interest on development expenditure being capitalised at the Group's weighted average interest rate, at 31 March 2024 of 2.6%, which is below the Group's incremental cost of borrowing.

Financing activity during the year reduced financing costs by £1m. This was primarily the result of the repayment on maturity of the £300m secured bank loans in HUT, in December, by drawing lower margin Group facilities.

Despite higher market rates over FY24 compared to FY23 (FY24 SONIA 5.0% on average, FY23 SONIA 2.3% on average), our hedging has offset the impact on our financing costs.

The interest rate on our debt is fully hedged for the year ended 31 March 2025, 97% hedged to 31 March 2026, and 86% hedged on average over the five years to 2029, with a gradually declining profile.

2. IFRS loss after tax

IFRS profit after tax includes the valuation movements on investment properties, fair value movements on financial instruments and associated deferred tax, capital financing costs and any Company adjustments. These items are not included in our headline Underlying Profit. 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 profit after tax for the year ended 31 March 2024 was £1m, compared with a loss after tax for the prior year of £(1,039)m. IFRS basic EPS was (0.1)p, compared to (112.0)p in the prior year. The IFRS profit after tax for the year primarily reflects the Underlying Profit of £268m, the capital and other gain from surrender of 1 Triton Square of £120m (as disclosed in Note 3 of the financial statements), the downward valuation movement on the Group's properties of £(131)m, the capital and other loss from joint ventures of £(179)m, £(41)m capital and other finance costs, a £(23)m loss on disposal of investment properties and underlying and capital taxation for the year. The Group valuation movement and capital and other loss from joint ventures was driven principally by outward yield shift of 33 bps offset by ERV growth of 5.9% in the portfolio resulting in a full year valuation decline of 2.6%.

The net IFRS profit impact of the two significant transactions relating to 1 Triton Square in the year was £106m, comprised of the surrender net profit of £120m and the loss on disposal to the newly formed joint venture of £14m (as disclosed in Note 3 and Note 10 of the financial statements respectively).

The basic weighted average number of shares in issue during the year was 927m (31 March 2023: 927m).

3. Dividends

Our dividend is semi-annual, and in line with our dividend policy, is calculated at 80% of Underlying EPS based on the most recently completed six-month year. Applying this policy, the Board are proposing a final dividend for the year ended 31 March 2024 of 10.64p per share. Payment will be made on Friday 26 July 2024 to shareholders on the register at close of business on Friday 21 June 2024. The dividend will be a Property Income Distribution. A Dividend Reinvestment Plan (DRIP) is provided by Equiniti Financial Services Limited which enables the Company's shareholders to elect to have their cash dividend payments used to purchase the Company's shares. More information can be found at www.shareview.co.uk/info/drip.

Balance sheet

As at	Section	31 March 2024 £m	31 March 2023 £m
Property assets		**8,688**	8,907
Other non-current assets		**73**	141
		8,761	9,048
Other net current liabilities		**(248)**	(290)
Adjusted net debt	6	**3,261**	(3,221)
Other non-current liabilities		**-**	(50)
EPRA Net Tangible Assets		**5,252**	5,487
EPRA NTA per share	4	**562p**	588p
Non-controlling interests		**13**	13
Other EPRA adjustments[1]		**47**	25
IFRS net assets	5	**5,312**	5,525

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 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 A within the supplementary disclosures

4. EPRA net tangible assets per share

	pence
EPRA NTA per share at 31 March 2023	**588**
Valuation performance	(36)
Surrender at 1 Triton Square	13
Underlying Profit	28
Dividend	(23)
Other	(8)
EPRA NTA per share at 31 March 2024	**562**

The 4.4% decrease in EPRA NTA per share reflects a valuation decrease of 2.6%, the uplift from the surrender of 1 Triton Square, and the effect of the Group's gearing. The decrease in valuations was a result of further yield expansion, especially in the first half of the year when interest rates continued to rise.

Campus valuations were down 5.3%, driven by yields moving out 50 bps, partly offset by ERV growth of 5.4% reflecting our successful leasing activity and the premium customers are placing on the amenity, transport connections, sustainability and location of our London campuses.

Retail & London urban logistics valuations were up 2.1%, with outward yield shift of 15 bps offset by ERV growth of 6.3%. Retail park values increased by 2.7% in the year, driven by strong ERV growth of 7.2% offsetting yield expansion of 12 bps. Shopping centre values increased by 0.8% driven by yields expanding 19 bps and ERV growth of 5.2%. London urban logistics values were up 3.7%, with yield expansion of 24 bps and strong ERV growth of 10.0%.

On 19 October 2023 the RICS published guidelines on a new time-limited, mandatory rotation cycle for regulated purpose valuations. Rules are effective from 1 May 2024 and require, after a two year transition year, a valuation firm to be rotated after 10 consecutive years of valuing a given asset. These guidelines match our existing voluntary policy of 10 yearly valuer rotation, therefore our planned valuer rotation cycle remains unchanged.

5. IFRS net assets

IFRS net assets at 31 March 2024 were £5,312m, a decrease of £213m from 31 March 2023. This was primarily due to the IFRS profit after tax of £1m and dividends paid in the year of £215m.

Cash flow, net debt and financing

6. Adjusted net debt[1]

	£m
Adjusted net debt at 31 March 2023	**(3,221)**
Disposals	391
1 Triton Square surrender premium receipt	149
Acquisitions[2]	(58)
Developments	(388)
Capex (asset management initiatives)	(47)
Tenant incentives	(31)
Net cash from operations	260
Dividend	(215)
Other[3]	(101)
Adjusted net debt at 31 March 2024	**(3,261)**

1. Adjusted net debt is a proportionally consolidated measure. It represents the principal amount of gross debt, less cash, short term deposits and liquid investments and is used in the calculation of proportionally consolidated LTV and Net Debt to EBITDA. A reconciliation between the Group net debt as disclosed in Note 16 to the financial statements and adjusted net debt is included in Table A within the supplementary disclosures
2. Including transaction costs
3. Other includes financing activities, cash payments in respect of interest costs which are capitalised and other cash movements

Net debt in the year increased marginally by £40m. Asset disposals of £391m and the 1 Triton Square surrender premium receipt of £149m decreased net debt whilst retail park acquisitions increased net debt by £58m. Development spend of £388m, £47m of capital expenditure related to asset management on the standing portfolio, tenant incentives paid of £31m and other cash movements of £101m increased net debt. Net cash from operations offset by the dividend payment reduced net debt by £45m.

7. Financing

	Group		Proportionally consolidated	
	31 March 2024	31 March 2023	**31 March 2024**	31 March 2023
Net debt/adjusted net debt[1,2]	**£2,081m**	£2,065m	**£3,261m**	£3,221m
Principal amount of gross debt	**£2,225m**	£2,250m	**£3,443m**	£3,448m
Loan to value[2]	**28.5%**	27.4%	**37.3%**	36.0%
Net Debt to EBITDA[2,3]	**6.8x**	6.4x	**8.5x**	8.4x
Weighted average interest rate	**2.6%**	2.9%	**3.4%**	3.5%
Interest cover	**5.9x**	5.4x	**3.5x**	3.4x
Weighted average maturity of drawn debt	**6.1 years**	5.6 years	**5.8 years**	5.9 years

1. Group data as presented in Note 16 of the financial statements. The proportionally consolidated figures include the Group's share of joint ventures' net debt and represents the principal amount of gross debt, less cash, short term deposits and liquid investments
2. Note 16 of the financial statements sets out the calculation of the Group and proportionally consolidated LTV and Net Debt to EBITDA
3. Net Debt to EBITDA on a Group basis excludes non-recourse and joint venture borrowings, and includes distributions and other receivables from non-recourse companies and joint ventures

At 31 March 2024, our proportionally consolidated LTV was 37.3%, slightly up from 36.0% at 31 March 2023. Disposals in the year, primarily the office and data centre portfolio and the 1 Triton Square surrender premium receipt and proceeds from the 50% joint venture of this asset decreased LTV by 460 bps. This was offset by the impact of valuation movements which added 150 bps, development spend which added 320 bps and acquisitions in the year which added 40 bps to LTV.

Net Debt to EBITDA for the Group increased from 6.4x to 6.8x at 31 March 2024; on a proportionally consolidated basis the ratio increased 0.1x to 8.5x. Our proportionally consolidated weighted average interest rate at 31 March 2024 was 3.4%, down 10 bps from 3.5%. Movements in Group Net Debt to EBITDA and proportionally consolidated weighted average interest rate were driven by our decision to repay the HUT term loans at maturity with lower margin Group facilities, in December 2023.

We maintain good long term relationships with debt providers across the markets. The strength of these relationships enabled us to continue to raise funds on good terms (despite volatile market conditions), and during the year our financing activity was c.£1bn.

For British Land, we agreed five new bilateral five year term loans totalling £475m with existing relationship banks on favourable terms in line with other facilities, including our unsecured financial covenants. Most of these term loans also have extension options to a total of seven years. We also extended four bilateral unsecured bank revolving credit facilities totalling £475m, by a further year to 2028/29.

Sustainability targets apply to the majority of these new loans and extended revolving credit facilities, aligned with our other ESG linked facilities and to our Sustainability Strategy. In British Land and our joint ventures we have a total £1.7bn (£1.5bn BL share) of Green and sustainability/ ESG linked loans and facilities.

At 31 March 2024, as a result of our financing activity, we had £1.9bn of undrawn facilities and cash. Based on our commitments and these facilities, the Group has no requirement to refinance until early 2027. In keeping with our usual practice, we expect to refinance or replace debt facilities ahead of relevant maturities.

We have an advantageous debt structure with access to diverse sources of finance through debt raised by British Land and in our joint ventures. Our debt in British Land (except for the legacy debentures) is unsecured with no interest cover covenants. At 31 March 2024 we retain significant headroom to our debt covenants, meaning the Group could withstand a fall in asset values across the portfolio of 39%, prior to taking any mitigating actions. Joint venture debt is secured on the assets of the relevant entity, non-recourse to the Group, and the majority is "covenant light" with no LTV default covenants.

Fitch Ratings, as part of their annual review in August 2023 affirmed all our credit ratings, with a stable outlook; Senior Unsecured 'A', long term IDR 'A-' and short term IDR 'F1'.

Our strong balance sheet, established lender relationships, access to different sources of finance and liquidity enable us to deliver on our strategy.

Bhavesh Mistry
Chief Financial Officer

FINANCIAL POLICIES AND PRINCIPLES

A consistent approach to financing, with good access to debt markets, provides flexibility and capacity to deliver our strategy.

Leverage

Our use of debt and equity finance balances the benefits of leverage against the risks, including magnification of property returns. A loan to value (LTV) ratio measures our balance sheet leverage, on a proportionally consolidated basis (including our share of joint ventures) and for the Group (British Land and its subsidiaries). At 31 March 2024, proportionally consolidated LTV was 37.3% and for the Group was 28.5%. The ratio of Net Debt to EBITDA is a measure of leverage based on earnings, rather than asset valuations, which we also consider on both Group and proportionally consolidated bases. At 31 March 2024, our Group Net Debt to EBITDA was 6.8x and the proportionally consolidated measure was 8.5x. The calculations of these ratios are set out in the Notes to the Accounts.

Our leverage is monitored in the context of wider decisions made by the business. We manage our LTV through the property cycle such that our financial position remains robust in the event of a significant fall in property values. This means that, alongside consideration of new commitments, we do not adjust our approach to leverage based only on changes in property market yields. Consequently, our LTV may be higher at the low point in the cycle and will trend downwards as market yields tighten.

Debt finance

The scale of our business, combined with the quality of our assets and rental income, means that we are able to approach a diverse range of debt providers to arrange finance on attractive terms. Good access to the capital and debt markets allows us to take advantage of opportunities when they arise. Our approach to debt financing for British Land is to raise funds on an unsecured basis with our standard financial covenants, as described on page 42, with the calculations set out in the Notes to the Accounts. This provides flexibility and low operational cost. During the year we have raised £475m of new term loans and extended £475m of existing revolving credit facilities (RCFs) on this basis.

Our joint ventures that choose to have external debt are each financed in 'ring fenced' structures without recourse to British Land for repayment and secured on their relevant assets.

We monitor our overall debt requirement by reviewing current and projected borrowing levels, available facilities, debt maturity and interest rate exposure. We undertake sensitivity analysis to assess the impact of proposed transactions, movements in interest rates and changes in property values on key balance sheet, liquidity and profitability ratios. We also consider the risks of a reduction in the availability of finance, including a temporary disruption of the financing markets. British Land's undrawn facilities and cash amounted to £1.9bn at 31 March 2024. Based on our commitments and these available facilities, the Group has no requirement to refinance until early 2027.

Presented on the following page are the five guiding principles that govern the way we structure and manage debt.

Interest rate exposure

We manage our interest rate profile separately from our debt, considering the sensitivity of underlying earnings to movements in market rates of interest primarily over a five-year period. As debt finance is raised at both fixed and variable rates, derivatives (including interest rate swaps and caps) are used to achieve the desired hedging profile across proportionally consolidated net debt. As at 31 March 2024, the interest rate on our debt is fully hedged for the year ending 31 March 2025. On average over the next five years we have interest rate hedging on 86% of our debt, with a decreasing profile over that period. Accordingly, we have a higher degree of protection on interest costs in the short to medium term. The hedging required and use of derivatives is regularly reviewed and managed by a Derivatives Committee. The interest rate management of joint ventures is considered separately by each entity's board, taking into account appropriate factors for its business.

Counterparties

We monitor the credit standing of our counterparties to minimise risk exposure in placing cash deposits and arranging derivatives. Regular reviews are made of the external credit ratings of the counterparties.

Foreign currency

Our policy is to have no material unhedged net assets or liabilities denominated in foreign currencies. When attractive terms are available, we may choose to borrow in currencies other than Sterling, and will fully hedge the foreign currency exposure.

OUR FIVE GUIDING PRINCIPLES

1. Diversify our sources of finance

We monitor finance markets and seek to access different sources of finance when the relevant market conditions are favourable, to meet the needs of our business including joint ventures. We aim to avoid reliance on any particular source of funds and have arranged unsecured and secured, recourse and non-recourse debt. We develop and maintain long term relationships with banks and debt investors from different sectors and geographical areas, with around 30 debt providers in our bank facilities and private placements alone. Our reporting and disclosures enable lenders to evaluate their exposure within the overall context of the Group. In the last five years we have arranged £3.2bn (British Land share £2.4bn) of new finance in unsecured and secured loans and US Private Placements, including £1.7bn of Green/ESG-linked finance. A European Medium Term Note programme is maintained to enable us to access the Sterling/Euro unsecured bond markets, where we have one outstanding Sterling bond, and our Sustainable Finance Framework enables us to issue Sustainable, Green, and/or Social finance, when it is appropriate for our business. We also have existing long-dated British Land debentures and securitisation bonds in our joint ventures.

Total drawn debt (proportionally consolidated)

£3.4bn
in over
25
debt instruments

2 Phase maturity of debt portfolio

The maturity profile of our debt is managed with a spread of repayment dates, currently between one and 14 years, reducing our refinancing risk in regard to timing and market conditions. At 31 March 2024, as a result of our financing and capital activity, based on our commitments and available facilities we have no requirement to refinance until early 2027 (longer than our preferred period of not less than two years). In order to maintain the position and in accordance with our usual practice, we expect to refinance debt in advance of relevant maturities.

Average drawn debt maturity (proportionally consolidated)

5.8 yrs

3 Maintain liquidity

In addition to our drawn debt, we aim always to have a good level of undrawn, committed, unsecured revolving bank facilities. These facilities provide financial liquidity, reduce the need to hold resources in cash and deposits, and minimise costs arising from the difference between borrowing and deposit rates, while limiting credit exposure. We arrange these revolving credit facilities in excess of our committed and expected requirements to ensure we have adequate financing availability to support business activity and new opportunities.

Undrawn facilities and cash

£1.9bn

4 Maintain flexibility

Our facilities are structured to provide valuable flexibility for investment activity execution, whether sales, purchases, developments or asset management initiatives. Unsecured revolving credit facilities provide full operational flexibility of drawing and repayment (and cancellation if we require) at short notice without additional cost. These facilities generally have initial maturities of five years (with extension options). Alongside this, our secured term debt in long-standing debentures has good asset security substitution rights, where we have the ability to move assets in and out of the security pool, as required for the business.

Total facilities

£2.1bn

5 Maintain strong metrics

We use both debt and equity financing. We manage LTV through the property cycle such that our financial position would remain robust in the event of a significant fall in property values and we do not adjust our approach to leverage based only on changes in property market yields. We also consider the earnings-based leverage metric of Net Debt to EBITDA on both the Group basis (which is the ratio principally considered as part of our unsecured credit rating) and the proportionally consolidated basis. Our standard unsecured financial covenants apply to all our unsecured debt, as set out on the following page. Our interest rate profile is managed separately from our debt, within appropriate ranges of hedged debt over a five-year period and the longer term. We maintained our strong senior unsecured credit rating 'A', long term IDR credit rating 'A-', and short term IDR credit rating 'F1', affirmed by Fitch during the year with Stable outlook.

LTV (proportionally consolidated)

37.3%

Net Debt to EBITDA (Group)

6.8x

Senior unsecured credit rating

A

Group borrowings

Unsecured financing for the Group includes bilateral and syndicated bank revolving credit facilities and term loans (with initial maturities usually of five years, often extendable); US Private Placements with maturities up to 2034; and the Sterling unsecured bond maturing in 2029.

Secured debt for the Group comprises British Land debentures with maturities up to 2035.

£1.2bn of the Group's RCFs and term loans include two KPIs referring to developments and assets under management, aligned with our Sustainability Strategy. There is provision for an adjustment to the interest margin payable based on our performance relative to these KPIs, which are published in our Sustainability Accounts.

Unsecured borrowing covenants

There are two financial covenants which apply across all of the Group's unsecured debt. These covenants, which have been consistently agreed with all unsecured lenders since 2003, are:

- Net Borrowings not to exceed 175% of Adjusted Capital and Reserves
- Net Unsecured Borrowings not to exceed 70% of Unencumbered Assets

There are no income or interest cover covenants on any of the unsecured debt of the Group. The Unencumbered Assets of the Group, not subject to any security, stood at £4.0bn as at 31 March 2024.

Although secured assets are excluded from Unencumbered Assets for the covenant calculations, unsecured lenders benefit from the surplus value of these assets above the related debt and the free cash flow from them. During the year ended 31 March 2024, these assets generated £32m of surplus cash after payment of interest. In addition, while investments in joint ventures do not form part of Unencumbered Assets, our share of free cash flows generated by these ventures is regularly passed up to the Group.

Financial covenants

As at 31 March	**2024 %**	2023 %	2022 %	2021 %	2020 %
Net Borrowings to Adjusted Capital and Reserves	**40**	38	36	33	40
Net Unsecured Borrowings to Unencumbered Assets	**38**	32	30	25	30

Secured Borrowings

Secured debt with recourse to British Land is provided by debentures with long maturities and limited amortisation. These are secured against a combined pool of assets with common covenants: the value of the assets is required to cover the amount of the debentures by a minimum of 1.5 times and net rental income must cover the interest at least once. We use our rights under the debentures to actively manage the assets in the security pool, in line with these cover ratios.

We continue to focus on unsecured finance at a Group level.

Borrowings in our joint ventures

External debt for our joint ventures has been arranged through long-dated securitisations or secured bank loans, according to the requirements of the business of each entity, summarised below.

Joint venture	Debt type	Covenants summary
Broadgate	Securitisation bonds	To meet interest and scheduled amortisation (one times cover)
	Secured Green bank loan	Interest cover ratio LTV ratio
Meadowhall	Securitisation bonds	To meet interest and scheduled amortisation (one times cover)
Paddington	Secured bank loan	Interest cover ratio LTV ratio
Canada Water	Secured Green development loan facility	Loan to development cost ratio LTV ratio
West End Offices	Secured bank loan	Interest cover ratio LTV ratio

There is no obligation for British Land to remedy any breach of these covenants in the debt arrangement of joint ventures.

MANAGING RISK IN DELIVERING OUR STRATEGY

We recognise that effective risk management is fundamental to how we do business. Our ability to identify, assess and effectively manage current and emerging risks is critical to 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.

Risk management framework

British Land's risk management and internal control framework is centred on being risk aware. We clearly define our risk appetite, respond quickly to changes in our risk profile and foster a strong risk management culture amongst all employees, with defined roles and responsibilities. It integrates a top-down strategic view with a complementary bottom-up operational process (as outlined in the diagram below). This enables us to effectively identify, assess and manage financial and non-financial risks, including the principal risks that could threaten solvency and liquidity, as well as to identify emerging risks. Our approach is not intended to eliminate risk entirely, but instead to manage our risk exposures within our appetite for each risk, whilst at the same time maximising opportunities.

Governance

The Board has overall responsibility for risk management and maintaining a robust internal control framework. It is responsible for determining the nature and extent of the principal risks that the Group is willing to take in achieving its strategic objectives. The amount of risk is assessed in the context of our strategic priorities and the external environment in which we operate – referred to as our risk appetite (as detailed overleaf). To support the Board, the Audit Committee and ESG Committee provide essential oversight and assurance. The Audit Committee specifically reviews the effectiveness of risk management and internal control processes throughout the year. At the strategic level, this top-down evaluation of risks ensures our risk management is focused on the principal risks facing our business and considers our key risks across the business in aggregate, as well as seeking to identify emerging risks.

Our integrated risk management approach

A top-down, bottom-up approach | Embedding three lines of defence

Strategic risk management	Operational risk management	
Board/Audit Committee/ESG Committee		**Third line of defence**
– Review external environment – Robust assessment of principal risks – Set risk appetite and parameters	– Assess effectiveness of risk management process and internal control systems – Report on principal and emerging risks	– Internal audit serves as an objective assurance function, independently evaluating the effectiveness of our risk management and internal control processes
Risk Committee/Executive Committee		**Second line of defence**
– Identify principal and emerging risks – Direct delivery of strategic actions in line with risk appetite – Monitor key risk indicators – Set risk tolerance levels	– Consider completeness of identified risks and adequacy of mitigating actions – Consider aggregation of risk exposures across the business	– The internal risk and control team aids the Risk Committee in coordinating risk management efforts, ensuring integration of risk management practices and internal controls throughout our operations, culture, and decision-making processes. It oversees and challenges risk identification, assessment, management, and monitoring
Business units		**First line of defence**
– Execute strategic actions – Report on key risk indicators	– Report current and emerging risks – Identify, evaluate and mitigate operational risks recorded in risk register	– Business units take ownership of managing operational risks directly, implementing necessary mitigations and internal controls

The Executive Directors and Risk Committee (comprising the Executive Committee and senior management across the business, chaired by the Chief Financial Officer), are accountable for the effective management and reporting of principal risks across the business. They also monitor the operation of our internal control environment. The internal risk and control team supports the Risk Committee in co-ordinating our risk management activities and embedding risk management and internal controls across the Group's operations, culture and decision-making processes.

At the operational level, the day-to-day management of risk is embedded within our business units and is integral to the way the Group conducts business. This bottom-up approach ensures that potential risks are identified at an early stage and escalated appropriately. Ownership of operational risks resides within each business unit through designated risk representatives, with risks managed at source, and appropriate mitigations (including internal controls) put in place. The business unit risk representatives maintain a detailed risk register, which is regularly reviewed by the Risk Committee. Significant and emerging risks are formally reported to the Audit Committee every six months. Internal audit acts as an objective assurance function by evaluating the effectiveness of our risk management and internal control processes, through independent review.

Through this approach, the Group operates a 'three lines of defence' model of risk management, with operational management forming the first line, the Risk Committee and internal risk and control team forming the second line and finally internal audit as the third line of defence.

→ TO READ MORE ABOUT THE BOARD AND AUDIT COMMITTEE'S RISK OVERSIGHT, SEE PAGES 123 TO 124

Progress with our risk priorities in the year

Monitoring the external environment:

We proactively monitored the external macro environment, including the sustained higher interest rates and inflation levels, as well as the geopolitical uncertainty arising from the conflicts in Ukraine and the Middle East. We adopted a risk focused approach to managing our business, particularly concerning capital allocation decisions and maintaining a strong financial position.

Risk management process:

We proactively monitored our emerging risks, which included conducting a risk workshop led by our internal auditors to evaluate emerging risk trends and prioritise key threats and opportunities. Furthermore, we conducted thorough reviews of risk registers, involving bi-annual assessments of Group-wide risks through both top-down and bottom-up evaluations. In addition, we performed comprehensive testing to evaluate the operating effectiveness of key controls.

Risk appetite and Risk Policy

We established clear risk tolerance statements for each principal risk, refreshed our Risk Management and Internal Control Policy and providing greater clarity and guidance across the business on the practical application of risk management and internal controls.

Corporate Governance reforms:

We have continued to enhance our risk management and internal control framework, supported by a recent internal audit and ongoing refinement of our key controls, positioning us well for compliance with the finalised changes to the UK Corporate Governance Code.

Effective operational risk management:

We continue to prioritise key operational risk areas, including development, health and safety, third-party relationship management and addressing occupier-related risks. For instance, we have intensified our oversight of development contractors through regular performance evaluations and are proactively identifying and mitigating risks linked to our income profile. This included addressing risks related to covenant strength, leasing events and cash collection processes.

ISO 27001 Information Security standard:

We have made good progress in implementing an Information Security Management System (ISMS) aligned to the ISO 27001 global standard establishing best-practice information security controls, policies and procedures. We expect to complete our process of full alignment in the next financial year, significantly enhancing our technology infrastructure, cyber security environment and key IT controls.

Climate-related risks and sustainability targets:

We have made good progress in addressing climate-related risks by reducing the operational energy and carbon intensity of our portfolio as well as improving EPC ratings (58% of portfolio rated A or B, up from 45% at FY23), often in collaboration with our customers.

Our priorities for 2024/25

- Continue to monitor the ongoing impact of macroeconomic and geopolitical uncertainties on our risk profile
- Monitor emerging risks trends, evaluating their evolving impact on the business as well as to identify opportunities. Specifically, focus on AI and emerging technologies, as we integrate these across our operations, tracking the impact on relevant principal risk categories
- Enhance the maturity of our environmental and social sustainability control environment to align with evolving requirements and standards
- Provide training to enhance risk awareness across our business and foster a risk aware culture
- Refine business continuity plans for critical business operations

Our risk-aware culture

We seek to foster a risk-aware culture throughout our business by emphasising risk awareness, education, and training. Our values guide our actions, promoting an open and accountable culture. We actively encourage employees to report risk weaknesses and exceptions, enabling us to take appropriate preventive measures. Within our flat organisational structure, senior management is involved in significant decision-making processes, overseeing the in-house management of our development, asset and property management activities. This approach helps embed risk management principles into our day-to-day operations, encouraging employees to actively contribute to risk identification and mitigation efforts.

Internal control environment

Embedded within our risk management process is our internal control framework, encompassing our policies, procedures and practices. Key controls operate across all areas of our business, including financial reporting, operational and compliance activities. Our control framework involves risk assessment, control activities, as well as monitoring and testing (as outlined in the diagram below).

Internal Control Framework

Board

Monitors effectiveness twice a year

↑

Audit Committee

Reviews and approves evidence of effectiveness of key controls twice a year

↑

Risk Committee

Reviews and attests to evidence of the effectiveness of key controls

↑ ↑

Group Finance

Tests operating effectiveness of key controls annually and continually considers design effectiveness

Internal audit

Tests the design and operating effectiveness of key controls on a rolling basis

↑ ↑

Business Units

Design and operate business unit controls – attest to and provide evidence of key control effectiveness

Our risk appetite and tolerance

Our risk appetite is at the core of our risk management approach, guiding our business planning, decision making and strategy execution. The Group's risk appetite is reviewed annually as part of the strategy review process, and approved by the Board, and is embedded within our policies, procedures and internal controls.

We track our risk appetite using a risk dashboard with key risk indicators (KRIs) for each principal risk, with specific tolerances to help us assess whether our risk exposure aligns with our appetite or could threaten the achievement of our strategic priorities. These risk indicators are a mixture of leading and lagging indicators, with forecasts provided where available, which informs discussions at the Risk Committee (as illustrated in the principal risks table on pages 48 to 58).

Whilst our risk appetite may vary over time and during the course of the property cycle, we maintain a balanced approach to achieve long term sustainable value. During the year, we have formally reviewed our risk appetite and established clear risk appetite statements and tolerances for each internal principal risk (as set out in the principal risks table on pages 52 to 58). Our risk appetite for internal principal risks is defined by three tolerance levels: Risk Averse, Balanced and Risk Taking, each reflecting a different approach to risk management and pursuit of strategic objectives (as summarised below).

Risk appetite tolerance levels

Risk Averse

Cautious approach, prioritising risk avoidance and mitigation

Balanced

Balanced approach in accepting a moderate level of risk (with appropriate mitigation) in order to pursue strategic objectives

Risk Taking

Greater risk taking, after considering the potential benefits to pursue strategic objectives and evaluating the risk tolerance

→ TO SEE OUR RISK APPETITE LEVELS FOR EACH INTERNAL PRINCIPAL RISK, SEE PAGES 52 TO 58

Significant factors which contribute to our balanced appetite for risk across our business include:

- Diversified business model focused on prime, well located campuses, and retail and London urban logistics assets
- Disciplined approach to development, including a balanced approach to our speculative exposure and managing the associated risks appropriately through a combination of timing, pre-lets, fixing costs and use of joint ventures
- Financial strength and discipline underpinned by a strong balance sheet and robust liquidity position
- Diverse occupier base with strong covenants
- Experienced Board, senior management team and Risk Committee

Our risk focus

The macroeconomic and geopolitical challenges from the previous period have persisted into the current financial year, inevitably affecting our business through increased interest rates, heightened inflation and resulting pressures on property valuations. Encouragingly, the economy has been more resilient than expected alongside recent declines in inflation and resulting expectations for lower interest rates, albeit the macroeconomic outlook remains uncertain. The Board and key Committees have maintained oversight over our response to these external challenges, implementing measures to mitigate their impact on our business.

In the principal risks table, we have outlined the impacts of these challenges on each of our principal risks and detailed the proactive measures we have taken to mitigate them, including a thorough review of our capital plan, development programme and active management of our balance sheet.

During the year, the Risk Committee has also focused on key operational risk areas across the business including:

- Continual enhancement and strengthening of key financial reporting, operational and compliance controls
- Health, safety and environmental risk management and compliance with our key performance indicators, including re-certification of our health and safety management system under ISO 45001
- Proactive engagement with occupiers to maximise collection rates and monitor covenant strength
- Monitoring environmental risks and opportunities, including the EPC rating of our assets
- Reviewing development risks, including closely monitoring construction cost inflation and the covenant strength of our major contractors and subcontractors
- Management of procurement and supply chain risks
- Implementation of enhanced information security controls, including vulnerability scanning and cyber security testing
- Internal audit reviews and the implementation of control findings or process improvement opportunities

Our principal risks

Our risk management framework is structured around the principal risks facing British Land. We employ a risk scoring matrix to ensure consistent evaluation of risks, considering likelihood, financial impact (on both income and capital values) and reputational impact. This process aids in identifying both the external and internal strategic and operational principal risks with a higher likelihood and potential impact on our business.

Our principal risks comprise the 11 most significant Group risks, including four external risks primarily influenced by market factors, and seven internal strategic and operational risks which, while subject to external influence, are more under the control of management. External principal risks relate to the macroeconomic and political environment and our key markets, whereas internal principal risks relate to capital allocation, development, customers, sustainability, people and culture, as well as key operational risks such as technology, health and safety, and fraud and compliance. For external principal risks, the Board ensures regular assessment of the potential impact on the business and consequential decision making. Internal principal risks are monitored by the Board to ensure the implementation of appropriate controls and processes for effective risk management.

Emerging risks

Our risk review process incorporates the identification and assessment of emerging risks, which are risks or a combination of risks that are evolving, and not fully understood in terms of impact and likelihood. All risk representatives and members of the Risk Committee are challenged to consider emerging risks, supplemented by formal horizon scans integrated into our annual strategy review. We recently held a risk workshop led by our internal auditors to evaluate emerging risk trends and prioritise key threats and opportunities. The outcomes of this assessment have been reviewed by the Board, Risk and Audit Committees. While several emerging risk trends were identified, none were regarded as new. These evolving trends are either already integrated or will be integrated into relevant principal risk assessments (as outlined in the principal risk table) as they impact various aspects of our business. For instance, AI and emerging technologies will affect both our customers and our own competitive position, people and operations. Furthermore, these emerging risk trends not only pose challenges but also offer opportunities that we are proactively pursuing. To address this, we have formed an AI working group composed of management from various departments to delve into the opportunities and risks associated with AI and emerging technologies as they become integrated into our operations. Our AI Policy, released this financial year, governs our approach to AI and its responsible use across the business.

→ TO READ MORE ABOUT THE IMPACT OF SEVERAL EVOLVING RISK TRENDS ON OUR PRINCIPAL RISKS, SEE PAGES 48 TO 58

PRINCIPAL RISKS

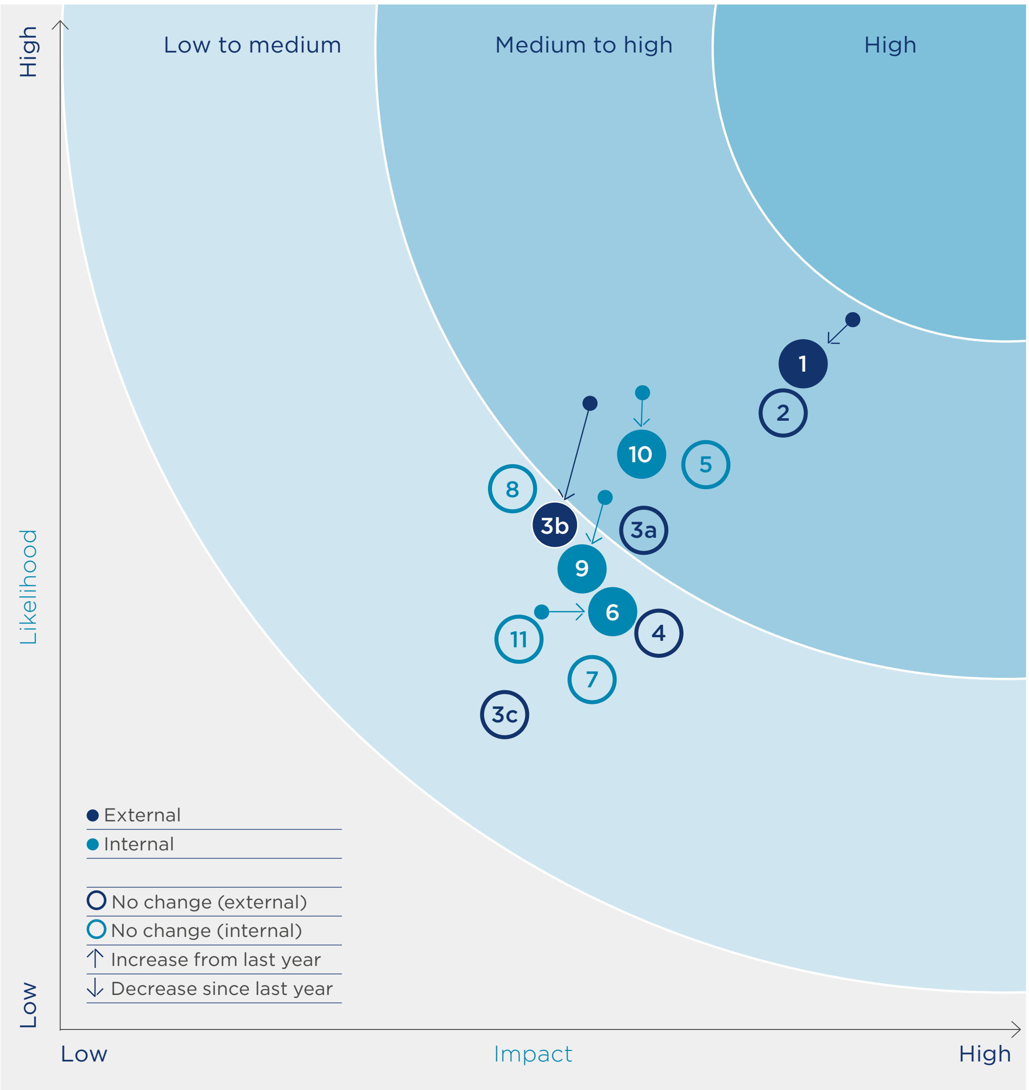
Our principal risk assessment

The Board has undertaken a robust assessment of the principal and emerging risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity, as well as the Group's strategic priorities. The Board does not consider that the fundamental principal risks and uncertainties facing the Group have changed during the year. However, we have broadened our 'Environmental Sustainability' principal risk to 'Environmental and Social Sustainability' to incorporate risks related to our social conduct across our portfolio. This broader perspective aligns with our Sustainability Strategy, acknowledging the significance of our social value, including community, wellbeing and economic benefit, whilst also adapting to evolving sustainability expectations.

Our current assessment shows a reduction in external risks concerning the Macroeconomic and Retail Property Market, along with improvements in People and Culture and Customer risks, influenced by both structural trends and our proactive risk management initiatives. However, there has been a slight increase in Development risk, reflecting our recent development commitments as we actively pursue our strategy to capitalise on our strengths in this area.

The key changes and assessments are summarised in the risk heat map below and in the principal risks table on pages 48 to 58, detailing the key impacts on our business, mitigating actions and key risk indicators.

Risk heat map



Key
Principal risks
External
1 Macroeconomic
2 Political, Legal and Regulatory
3 Property Market
  a Campuses
  b Retail
  c London urban logistics
4 Major Events/Business Disruption

Internal
5 Portfolio Strategy
6 Development
7 Financing
8 Environmental and Social Sustainability
9 People and Culture
10 Customer
11 Operational and Compliance

Note: The above illustrates principal risks which by their nature are those which have the potential to significantly impact the Group's strategic objectives, financial position or reputation. The heat map highlights net risk, after taking account of principal mitigations. The arrow shows the movement from 31 March 2023.

External principal risks

1 Macroeconomic

Changes in the macroeconomic environment and in fiscal and monetary policy can pose risks and opportunities for property and financing markets, impacting our strategy and financial performance.

Risk mitigation

- The Board, Executive Committee and Risk Committee regularly assess our strategy in the broader macroeconomic context, potentially adjusting strategic priorities, capital allocation and risk appetite.
- Our strategy team provides ongoing monitoring through a dashboard that tracks key macroeconomic indicators from internal and external sources alongside central bank guidance and government policies.
- We conduct regular stress tests on our business plan to ensure flexibility and resilience during an economic downturn.
- Our business model centres on a prime, high quality portfolio aligned to submarkets with strong occupational fundamentals and market trends. Additionally, we actively recycle capital to rotate out of assets where we have successfully delivered the business plan to crystallise returns, and then reinvest capital into opportunities where we anticipate strong returns through development or asset management. This strategy helps us maintain financial strength and mitigate the impact of adverse economic shifts.

Risk assessment

Despite ongoing challenges, the economy has shown greater resilience than expected this year. This risk has slightly decreased from its elevated level last year, with expectations for lower inflation and interest rates, and improving, but still modest GDP growth in the near term. Nevertheless, uncertainties persist, particularly in light of recent geopolitical events, making the macroeconomic outlook our most significant risk.

Throughout the year, the Board and key Committees have closely monitored the macroeconomic impact on our portfolio strategy, markets and customers, and have responded accordingly. This has included actively managing our business by strategically allocating capital, maintaining financial strength and mitigating development and financing risks (as detailed under the respective risks below).

Emerging risk trends:

- Economic uncertainty, including a potential resurgence of inflationary pressures and impact on interest rates

Opportunity/approach

We operate a diversified model, focusing on strategically attractive segments with strong occupational fundamentals. This, combined with our high-quality properties, robust balance sheet and experienced leadership, positions us well to navigate further market challenges and capitalise on opportunities as the macroeconomic environment improves.

Impact:

Medium to high

Likelihood (post-mitigation):

Medium to high

Change in risk assessment in year:

↓

KRIs:

- Projected Economic Metrics: including GDP growth, inflation and interest rate forecasts
- Consumer Sentiment and Labour Market Indicators: including consumer confidence levels and unemployment rates
- Market Resilience Assessment: conducting stress testing for downside scenarios to assess the impact of differing market conditions and inform our portfolio strategy

Link to strategy:

A B C D

Overseen by:
Executive Committee, CEO

2 Political, Legal and Regulatory

Significant political events and regulatory changes, along with government policies, pose risks in three key areas, influencing both our strategy and financial performance:
- Reluctance of investors and businesses to make investment and occupational decisions due to prevailing uncertainty
- Negative impact on appetite to invest in the UK, along with changes in government policies and regulation, especially those directly affecting real estate or our customers
- Potential changes in the UK government or shifts in political direction

Risk mitigation

- Whilst we cannot influence the outcome of significant political events, we consider their risks when setting our business strategy and making strategic investment and financing decisions.
- We internally review and monitor proposals, emerging policies and legislation to ensure compliance, and we engage public affairs consultants to stay informed about potential policy and regulatory impacts.
- We participate with industry peers and representative bodies to engage in policy and regulatory debates. Additionally, we monitor and assess social and political challenges relevant to our industry and apply our own evidence-based research to engage in thought leadership discussions.

Risk assessment

Throughout the year, the assessment of Political, Legal and Regulatory risks has remained stable, yet uncertain and elevated. This is primarily due to macroeconomic conditions, ongoing geopolitical tensions arising from the wars in Ukraine and the Middle East, increased government regulations and intervention, and the potential for political leadership changes at the upcoming general election later this year. These factors have the potential to impact various aspects, including interest rates, supply chains, security, cyber risks, compliance and reputation.

Emerging risk trends:
- Geopolitical instability
- Regulatory changes

Opportunity/approach

We actively monitor the political outlook and regulatory changes to promptly identify and address shifts which may impact the Group or our customers to enable us to navigate potential impacts. We work closely with Government, both directly and through our membership of key industry bodies, to input into regulation as draft proposals emerge.

Impact:
Medium to High

Likelihood (post-mitigation):
Medium to High

Change in risk assessment in year:
No change

KRIs:
- Monitor changes within the geopolitical landscape, UK policies, tax or regulations

Link to strategy:
A B C D

Overseen by:
Executive Committee, CEO

Key
- Increase
- No change
- Decrease

- A Source value add opportunities
- B Develop and actively manage
- C Recycle capital
- D Sustainability

3 Property Markets

A decrease in investor demand or weakening occupier demand in our property markets could adversely affect underlying income, rental growth and capital performance. Additionally, structural changes in consumer and business practices, such as the growth of online retailing and hybrid working, could also negatively impact demand for our assets.

Risk mitigation

- The Board, Executive Committee and Risk Committee regularly assess whether any current or future changes in the property market outlook present risks and opportunities. These assessments inform the execution of our strategy and capital allocation plan.
- Our strategy team provides regular dashboards to the relevant Committees, tracking key investment and occupier demand indicators from internal and external sources, supplemented by our market insights.
- We focus on prime assets and sectors that we think will demonstrate resilience over the medium term to a potential reduction in occupier and investor demand.
- We actively maintain strong relationships with our occupiers, agents and investors, to monitor sector trends.
- We stress test our business plan to assess the impacts of shifts in demand, rental growth prospects and property yields.

Risk assessment

Campuses

The campus property market risk outlook has remained stable, mainly due to sustained higher interest rates affecting investor sentiment and structural challenges arising from hybrid working trends. Meanwhile, the prime London office market continues to exhibit strong occupational fundamentals, driven by low vacancy, reduced development pipeline and increasing demand for premium, sustainable spaces.

Emerging risk trends:

- Shifts in work patterns, workforce dynamics and locations of work such as hybrid working
- AI and emerging technologies
- Bifurcation of offices

Opportunity/approach

Our campus model strategically focuses on providing well-connected, best in class buildings with leading sustainability and design credentials, surrounded by attractive public spaces with a range of amenities. The quality of our assets enhances the resilience of our offer as occupiers seek out the best space for their business needs.

Retail

The retail property market risk outlook has improved, with strengthening occupational markets and relatively robust investment activity in our preferred retail park sector.

Opportunity/approach

Our retail portfolio strategically focuses on retail parks, aligned with the growth of convenience and an omni-channel retail strategy. We will continue to seek acquisition opportunities in retail parks, leveraging our scale and asset management expertise for value creation.

London urban logistics

The London urban logistics property market risk outlook has remained stable at a relatively low level, driven by structural changes in e-commerce and a tight supply of suitable space.

Opportunity/approach

Our urban logistics portfolio strategically focuses on development-led initiatives, involving the intensification and repurposing of existing buildings in London, capitalising on high demand and scarce supply.

Campuses

Impact:

Medium

Likelihood (post-mitigation):

Medium

Change in risk assessment in year:

→

Retail

Impact:

Medium

Likelihood (post-mitigation):

Medium

Change in risk assessment in year:

↓

London urban logistics

Impact:

Low

Likelihood (post-mitigation):

Low

Change in risk assessment in year:

→

KRIs:

- Occupier and investor demand indicators within our sectors
- Spread between property yields and borrowing costs
- Online sales market trends to provide insight into consumer behaviour
- Monitor office occupational trends and campus occupancy patterns to understand occupier requirements and visitor patterns

Link to strategy:

A B C D

Overseen by:
Executive Committee, CEO

4 Major Events/Business Disruption

Global or national events such as civil unrest, terrorism, pandemics, cyber-attacks, extreme weather, environmental disasters or power shortages can cause significant damage to our business, portfolio, customers, people and supply chain. This could result in sustained asset value or income impairment, liquidity or business continuity challenges, share price volatility, or loss of key customers or suppliers.

Risk mitigation

- The Group maintains thorough crisis response plans and incident management procedures, as well as business continuity plans, at both head office and asset levels, which are regularly reviewed and tested.
- Asset emergency procedures undergo routine review and scenario testing, with physical security measures implemented at properties and development sites.
- We use third parties to supplement internal expertise when testing resilience to cyber-attacks alongside regular training for employees.
- Robust IT security systems and business continuity plans are in place to safeguard data, support disaster recovery and ensure business continuity.
- Comprehensive property damage and business interruption insurance cover for the entire portfolio.

Risk assessment

Global uncertainties, both political and economic, remain elevated posing potential threats to the Group's operations and stakeholders. Notably, terrorism and cyber security breaches continue to pose threats, as well as evolving geopolitical events which have the potential to disrupt UK supply chains. Our crisis management team carries out event simulations to test our response processes and procedures.

Emerging risk trends:

- Geopolitical instability
- Pandemics and health crises
- Increasing sophistication of cyber security threats

Opportunity/approach

The challenges faced in recent years, especially during the pandemic, have demonstrated the resilience of our business model and the effectiveness of our crisis management plans. We remain vigilant in addressing ongoing risks posed by external threats.

Impact:

Medium

Likelihood (post-mitigation):

Medium

Change in risk assessment in year:

No change

KRIs:

- Home Office terrorism threat level and accessing security threat information services inform our security measures
- Security risk assessments conducted for our assets
- Cyber security breaches
- Flood risk vulnerability

Link to strategy:

B C D

Overseen by:
Executive Committee, CEO

Key

- Increase
- No change
- Decrease

- A Source value add opportunities
- B Develop and actively manage
- C Recycle capital
- D Sustainability

Internal principal risks

5 Portfolio Strategy

Inappropriate portfolio strategy and subsequent execution could lead to income and capital underperformance. This could result from incorrect sector selection and weighting, poor timing of investment and divestment decisions, inappropriate exposure to developments, the wrong mix of assets, occupiers and region concentration, inadequate due diligence, or inappropriate co-investment arrangements.

Risk mitigation

- The Board conducts an annual review of the overall corporate strategy, including the current and prospective portfolio strategy.
- Our portfolio strategy is determined to be consistent with our target risk appetite and is based on the evaluation of the external environment.
- Progress against the strategy and continuing alignment with our risk appetite is discussed regularly by both the Executive and Risk Committees with reference to the property markets and the external economic environment.
- Individual investment decisions undergo rigorous risk evaluation overseen by the Investment Committee including consideration of returns relative to risk adjusted hurdle rates. The Board evaluates and approves significant investment or divestment decisions.
- Review of prospective performance of individual assets and their business plans.
- We foster collaborative relationships with our co-investors and enter into ownership agreements which balance the interests of the parties.

Risk assessment

Our portfolio strategy has faced ongoing challenges, and this risk remains broadly stable, reflecting macroeconomic conditions and challenging investment markets. While rising interest rates have impacted our portfolio valuations, there has been a notable slowdown in outward yield movement during the latter half of the year. Despite this, our operational performance remains strong, reinforcing our confidence in our core markets: campuses, retail parks and London urban logistics. We have maintained a disciplined approach to capital allocation, progressing multiple sales while advancing our development pipeline.

Emerging risk trends:

- Shifts in work patterns, workforce dynamics, and locations of work such as hybrid working
- AI and emerging technologies
- Bifurcation of offices

Opportunity/approach

Our value-add strategy is resilient, centred on recycling capital and redeploying to value-add acquisitions and developments in our chosen sectors. As the market environment becomes more favourable, we anticipate continued rental growth and development upside.

Impact:

Medium

Likelihood (post-mitigation):

Medium

Change in risk assessment in year:

Risk appetite:
Balanced

KRIs:

- Execution of targeted acquisitions and disposals in line with capital allocation plan (overseen by the Investment Committee)
- Annual IRR process which forecasts prospective returns of each asset
- Portfolio liquidity including percentage of our portfolio in joint ventures

Link to strategy:

A B C D

Overseen by:
Executive Committee, Investment Committee and Head of Investment

6 Development

Development offers an opportunity for outperformance but usually involves elevated risk. Development strategy addresses several risks that could adversely impact underlying income and capital performance, including development letting exposure, construction timing and costs, contractor failure, adverse planning decisions, as well as changes in occupational and investment markets.

Risk mitigation

- We employ a risk-controlled development strategy, managing exposure, pre-letting and fixing costs.
- Monitor total and speculative development exposure within targeted ranges, considering associated risks.
- Prior to committing to a development, a detailed appraisal is undertaken, evaluating returns relative to risk adjusted hurdle rates, overseen by our Investment Committee.
- Pre-lets are used to reduce letting risk when appropriate.
- Competitive tendering for construction contracts, including fixed-price contracts. To account for inflationary pressures on materials and labour costs, we incorporate appropriate allowances into our cost estimates and within the fixed-price contracts.
- Detailed selection and close monitoring of main contractors and key subcontractors, including covenant reviews.
- Experienced development management team closely monitors design, construction and overall delivery process.
- Early engagement and strong relationships with planning authorities, considering environmental and community impacts.
- Through our Place Based approach, we engage with communities where we operate to incorporate stakeholder views in our development activities, as detailed in our Sustainability Brief.
- We engage with our development suppliers to manage environmental and social risks, including through our Supplier Code of Conduct, Sustainability Brief and Health and Safety Policy.
- Management of risks across our residential developments, in particular fire and safety requirements.

Risk assessment

We have observed a slight increase in prospective development risk from a relatively low level. This reflects our increased development commitments as we actively pursue our strategy to capitalise on our strengths in this area. While inflationary pressures within the construction supply chain have somewhat eased, geopolitical instabilities continue to pose supply chain risks. This year, we have committed to further projects, including The Optic in Cambridge, and, post-year end, 2 Finsbury Avenue. While this has increased our gross and speculative development exposure, we remain within our associated risk tolerances, and are mitigating risks through a combination of pre-lets, fixing costs and joint ventures.

Emerging risk trends:

- Supply chain resilience
- Supply of utilities/resources

Opportunity/approach

Advancing value-accretive development remains a primary focus for driving business performance. Our robust balance sheet, contractor relationships and development management expertise positions us well to proceed with our pipeline while managing associated risks. We have adjusted our return and yield on cost requirements to account for higher exit yields and finance costs. We will evaluate future development returns based on these defined criteria, taking into consideration our balance sheet capacity.

Impact:

Medium

Likelihood (post-mitigation):

Medium

Change in risk assessment in year:

Increase

Risk appetite:
Balanced

KRIs:

- Total development exposure (<12.5% of portfolio value); Speculative development exposure (<12.5% of portfolio ERV); and Residential exposure
- Progress on execution of key development projects against plan (including evaluating yield on cost)
- Non-income producing pipeline
- Development spend covered by fixed priced contracts. Forecasts for construction cost inflation

Link to strategy:

A B C D

Overseen by:
Executive Committee, Investment Committee and Head of Development

Key

- Increase
- No change
- Decrease

- A Source value add opportunities
- B Develop and actively manage
- C Recycle capital
- D Sustainability

7 Financing

Failure to adequately manage financing risks may result in a shortage of funds to sustain the operations of the business or repay facilities as they fall due. Financing risks include reduced availability of finance, increased financing costs, leverage magnifying property returns (both positive and negative) and breach of covenants on borrowing facilities.

Risk mitigation

- We regularly review funding requirements for our business plans and commitments. We monitor the period until financing is required, considering our facilities and commitments, which is a key determinant of financing activity. Debt and capital market conditions are reviewed regularly to identify financing opportunities that meet our business needs.
- We maintain good long term relationships with our key financing partners.
- We set appropriate ranges of hedging on the interest rates on our debt, with a balanced approach to have a higher degree of protection on interest costs in the shorter term.
- We manage our use of debt and equity finance to balance the benefits of leverage against the risks, including magnification of property valuation movements.
- We aim to manage our loan to value (LTV) through the property cycle such that our financial position would remain robust in the event of a significant fall in property values. We also consider Net Debt to EBITDA, an earnings-based leverage metric. With these metrics, we do not adjust our approach to leverage based only on changes in property market yields.
- We manage our investment activity, as well as our development commitments, to maintain appropriate LTV and Net Debt to EBITDA levels.
- Financial covenant headroom is evaluated regularly and in conjunction with transaction approval.
- We work with industry bodies and relevant organisations to participate in debate on emerging finance regulations affecting our business.
- We spread risk through joint ventures, which may be partly financed by debt without recourse to British Land.

Risk assessment

Our overall financing risk has remained relatively stable during the year. Despite the significant rise in market interest rates over the past two years, current forecasts indicate interest rates will begin to decrease in the near term. We have continued to actively manage our financing risk by maintaining access to a diverse range of funding sources with a spread of repayment dates.

Emerging risk trends:

- Economic uncertainty, including a potential resurgence of inflationary pressures and impact on interest rates
- Geopolitical instability

Opportunity/approach

The macroeconomic environment reinforces the importance of a strong balance sheet. Fitch reaffirmed all our credit ratings, including our senior unsecured credit rating at 'A' during the year, with a stable outlook. Our Group Net Debt to EBITDA ratio is 6.8x, and on a proportionally consolidated basis is 8.5x, with our LTV at 37.3%. We have completed £1bn of financing activity in the year, arranging £475m of new bank term loans and extending £475m of revolving credit facilities by one year. We use hedging to manage our interest rate risk and are fully hedged for the year to March 2025. With favourable access to debt capital markets, we are well positioned to support business needs and emerging opportunities.

Impact:
Medium

Likelihood (post-mitigation):
Low to Medium

Change in risk assessment in year:

Risk appetite:
Risk Adverse

KRIs:
- Period until refinancing is required (not less than two years)
- Net Debt to EBITDA (Group and proportionally consolidated)
- LTV (proportionally consolidated)
- Financial covenant headroom
- Percentage of debt with interest rate hedging (spot and average over next five years)

Link to strategy:
A B C D

Overseen by:
Derivatives Committee, CFO

8 Environmental and Social Sustainability

This overarching risk now includes both environmental and social factors, with a primary focus on environmental concerns, but acknowledging broader social implications. These risks could affect our financial performance, reputation, operations, assets and our ability to meet our 2030 sustainability goals.

This risk category covers:
- Increased exposure of assets to physical environmental hazards, driven by climate change
- Compliance and costs related to both existing and emerging environmental and social regulations
- Investment and occupational risk as a result of less sustainable/non-compliant buildings
- Social impacts within our communities

Risk mitigation

- Comprehensive ESG programme, which is regularly reviewed by the Board, Executive Committee and ESG Committee.
- Oversight of our annual TCFD disclosures and scenario analysis by the Risk and ESG Committees.
- Monitoring of performance and management controls by the ESG Committee, guided by our SBTi climate targets and our guiding corporate policies (the Pathway to Net Zero and the Sustainability Brief). These establish a series of actions and targets to reduce the carbon footprint of our business.
- Our property management department operates an environmental management system aligned with ISO 14001. We continue to hold ISO 14001 and 50001 certifications at our commercial offices and run ISO-aligned management systems at our retail assets.
- Climate change and sustainability considerations are fully integrated within our investment and development decisions.
- Through our Place Based approach to social impact, we understand the most important issues and opportunities in the communities around each of our places and focus our efforts collaboratively to ensure we provide places that meet the needs of all relevant stakeholders.
- We target BREEAM Outstanding on office developments, Excellent on retail and HMQ3* on residential. We have also adopted NABERS UK on all our new office developments.
- We undergo assurance for key data and disclosures across our Sustainability programme, enhancing the integrity, quality and usefulness of the information we provide.

Risk assessment

Our assessment of Environmental and Social Sustainability risk now extends beyond environmental factors to include our social conduct across our portfolio. Despite the evolving regulatory landscape, this risk has remained relatively stable for our business. The growing significance of sustainability risks impacts not only our business but also our customers and stakeholders. We are making good progress on our 2030 Sustainability Strategy, particularly in improving the energy efficiency of our standing portfolio, resulting in improved EPC ratings with 58% of the portfolio now rated A or B.

Emerging risk trends:
- Regulatory changes
- Supply chain resilience
- Supply of utilities/resources

Opportunity/approach

We recognise both a responsibility and an opportunity to manage our business in an environmentally and socially responsible manner. This commitment is integral to our overall strategy. Our Sustainability Strategy is built upon three key pillars: Greener Spaces, Thriving Places and Responsible Choices, addressing environmental, social and governance aspects of our approach. Our overall sustainability performance has been recognised in international benchmarks, including GRESB, where we achieved a GRESB 5-star rating.

Impact:
Medium

Likelihood (post-mitigation):
Medium

Change in risk assessment in year:
→

Risk appetite:
Risk Averse

KRIs:
- Embodied and operational carbon emissions
- Energy efficiency, including energy performance certificates (EPCs)
- Future cost of carbon credits to meet our net zero carbon transition
- Developments target BREEAM and NABERS UK standards
- Flood risk vulnerability

Link to strategy:
B C D

Overseen by:
ESG Committee, Sustainability Committee and COO

Key
- ↑ Increase
- → No change
- ↓ Decrease

- A Source value add opportunities
- B Develop and actively manage
- C Recycle capital
- D Sustainability

9 People and Culture

Failure to develop, attract and inspire talent with the right skills and experience to deliver our strategy at pace could lead to significant business underperformance. Additionally, if we have don't have a culture where employees can thrive, feel able to be themselves and reflect the people who live, work and socialise at our assets, our operational performance and decision making will be less than optimal. The talents of our people and the strength of our company culture are key components of our competitive advantage to allow us to achieve our performance goals. This risk encompasses factors such as employee engagement, talent retention, diversity and inclusion, manager effectiveness and aligning corporate values with employee initiatives.

Risk mitigation

We address people and culture risks through various initiatives, priorities and processes, such as:

- Targeted recruitment initiatives, both directly and through trusted third-party recruiters.
- Rigorous performance assessments to ensure high standards and an outcome driven approach.
- Talent management initiatives and succession planning for key roles.
- Annual benchmarking of salaries and periodic review of benefits to ensure our packages remain competitive.
- Comprehensive development training, including mandatory training for employees with management responsibility.
- Clear hybrid and flexible working policies that set out our expectations.
- Commitment to equality, diversity and inclusion, as outlined in our 2030 strategy.

We use a data-driven approach to assess and manage risks, tracking metrics such as application and acceptance rates, retention statistics, exit surveys and voluntary turnover. Our Executive Committee reviews the firm-wide outcomes of performance and talent assessments to make sure we are applying consistent expectations. We mandate training for all managers, which includes getting the best out of diverse teams, leading for high performance, and addressing day-to-day issues including sickness absence, flexible working requests and wellbeing concerns. We thoroughly analyse our engagement survey results to identify themes to shape action plans for the following year. We engage with our partners and suppliers to reinforce our zero tolerance for fraud, bribery and modern slavery, while outlining our expectations around health and safety, as well as other social and environmental risks.

Risk assessment

The People and Culture risk has decreased over the year, driven by our sustained high employee engagement at 78% and a shift in the recruitment landscape towards a more balanced dynamic between employee and employer. Although there will always be competition for top talent, the general recruitment environment has eased somewhat amidst economic uncertainties.

Emerging risk trends:

- Talent and skills shortages
- AI and emerging technologies

Opportunity/approach

Our overarching focus is ensuring appropriate resources in key areas to support strategic priorities and leveraging our employee value proposition to maintain British Land's status as an employer of choice. We recognise that the talents of our people, and the strength of our Company culture are key components in attaining performance objectives. As part of a specific initiative, this coming year, we are implementing a programme to assess the technology skills of our employees, enabling us to provide tailored training to optimise the utilisation of our technology resources.

Impact:

Medium

Likelihood (post-mitigation):

Medium

Change in risk assessment in year:

↓

Risk appetite:
Balanced

KRIs

- Voluntary employee turnover and reasons cited
- Employee engagement levels
- Gender and ethnicity representation at all levels, including job applications
- Gender and ethnicity pay gaps
- Employee wellbeing indicators
- Internal job moves and promotion rates

Link to strategy:

A B C D

Overseen by:
Remuneration Committee and HR Director, General Counsel and Company Secretary

10 Customer

The Group's primary source of income is rent received from our customers. This could be adversely affected by non-payment of rent; occupier failures; inability to anticipate evolving customer needs; inability to re-let space on equivalent terms; poor customer service; and potential structural changes to lease obligations.

Risk mitigation

- We have a high quality, diversified customer base and monitor exposure to individual occupiers or sectors.
- We perform rigorous occupier covenant checks ahead of approving deals and on an ongoing basis so that we can be proactive in managing exposure to weaker occupiers. An occupier watchlist is maintained and regularly reviewed by the Risk Committee and property teams.
- We take proactive steps to minimise our exposure (both rent and tenant incentives) to customers classified as higher risk.
- We work with our customers to find ways to best meet their evolving needs.
- We take a proactive asset management approach to maintain a strong occupier line-up. We are proactive in addressing key lease breaks and expiries to minimise periods of vacancy.
- We regularly measure satisfaction across our customer base through surveys.

Risk assessment

Our overall Customer risk has decreased due to strong cash collection, leasing activity and minimal impact of administrations or CVAs, alongside improvements in the macroeconomic landscape. While we remain mindful of ongoing macroeconomic uncertainty and structural shifts in property markets, we proactively maintain a resilient and diversified customer base. As our markets have continued to polarise, customers increasingly demand more from the places where they work and shop.

Emerging risk trends:

- Economic uncertainty, including a potential resurgence of inflationary pressures and impact on interest rates
- Shifts in work patterns, workforce dynamics and locations of work such as hybrid working
- AI and emerging technologies (including the potential impact on demand for space)

Opportunity/approach

Successful customer relationships are critical to our business growth. Our business model revolves around our customers, aiming to offer them modern and sustainable spaces that meet their evolving needs and market expectations. Our strategic positioning across campuses, retail parks and London urban logistics portfolios, along with strong collaborative relationships, is focused on providing high quality spaces while maintaining sustainable occupancy costs. This is demonstrated in our high occupancy rate and 99% rent collection.

Impact:
Medium

Likelihood (post-mitigation):
Medium

Change in risk assessment in year:
Decrease

Risk appetite:
Balanced

KRIs
- Market letting risk, including vacancies, upcoming expiries and breaks, and speculative development
- Occupier covenant strength and concentration (including percentage of rent classified as 'High Risk' and affected by 'CVAs or restructuring plans')
- Occupancy and weighted average unexpired lease term
- Rent collection

Link to strategy:
A B C D

Overseen by:
Head of Real Estate and CFO

Key
- Increase
- No change
- Decrease

- A Source value add opportunities
- B Develop and actively manage
- C Recycle capital
- D Sustainability

11 Operational and Compliance

The Group's ability to protect its reputation, income and capital values could be damaged by a failure to manage several key operational risks to our business, including: technology and cyber security; health and safety; third party relationships; and key controls.

Additionally, compliance failures such as breaches in regulations, third party agreements, loan agreements or tax legislation could also damage reputation and our financial performance.

Risk mitigation

- The Executive and Risk Committees maintain a strong focus on the range of operational and compliance risks to our business.

Technology and cyber security

- The InfoSec Steering Committee, chaired by the Chief Financial Officer, oversees our technology infrastructure, cyber security and key technology controls and reports to the Risk Committee and Audit Committee.
- Cyber security risk is managed using a recognised security framework (ISO 27001), supported by best practice security tools across our technology infrastructure, information security policies, third party risk assessments and mandatory user cyber awareness training.

Health and safety

- The Health and Safety Committee is chaired by the Head of Property Services and governs the Health and Safety management systems, processes and performance in terms of KPIs and reports to the Risk, Audit and ESG Committees.
- All our properties have independent general and fire risk assessments (with additional in-house audits) undertaken annually and any required improvements are implemented within defined time frames depending on the category of risk.
- All our employees must attend annual Health and Safety training relevant to their roles.

Third party relationships

- We have a robust selection process for our key partners and suppliers, and contracts contain service level agreements which are monitored regularly.
- We maintain a portfolio of approved suppliers to ensure resilience within our supply chain.

Key controls

- Three lines of defence to manage, monitor, test and review the effectiveness of our key controls across all areas of our business, including financial reporting, operational and compliance activities.
- Biannual attestations by senior management on the effectiveness of these key controls, supplemented by key control operating effectiveness testing performed by Group Finance.
- Reporting of control exceptions to both the Risk and Audit Committees with details of the actions being taken to remedy.
- Annual internal audit review of key controls.

Risk assessment

Our operational and compliance risks have remained stable. Our business faces both operational and compliance risks in its day-to-day activities across our people, processes and technology. We remain vigilant in monitoring these critical operational and compliance risks and there have been no significant issues to report during the year. We remain committed to ongoing monitoring and are actively implementing strategies to enhance our cyber security, technology infrastructure and related key controls, as well as enhancing our overall internal control framework. We have also carried out business wide risk assessments in respect of fraud, bribery and corruption and money laundering risks, and assessed the controls we have in place to mitigate these risks.

Emerging risk trends:

- Increasing sophistication of cyber security threats
- Regulatory changes
- Supply chain resilience

Opportunity/approach

The Risk Committee oversees and monitors our key operational and compliance risks across the business. Our goal is to optimise operational capabilities, create efficiencies in people, processes and technology, and simultaneously establish appropriate controls to mitigate risks. Moving forward, we will continue investing in enhancing our operational risk management platform, ensuring adaptability to the dynamic environment while safeguarding the business and allowing us to seize potential future opportunities.

Impact:
Medium

Likelihood (post-mitigation):
Low to Medium

Change in risk assessment in year:
→

Risk appetite:
Risk Adverse

KRIs
- Information systems vulnerability score
- Cyber security breaches
- Health and Safety risk assessments
- Health and Safety incidents
- Risk and control exceptions

Link to strategy:
A B C D

Overseen by:
Risk Committee, Health and Safety Committee, Infosec Steering Group and CFO

VIABILITY STATEMENT

Assessment of prospects

The Directors have worked consistently over several years to ensure that British Land has a robust financial position from which the Group now benefits.

- The Group has access to £1.9bn undrawn facilities and cash. 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
- The Group retains significant headroom to debt covenants, has no income or interest cover covenants on unsecured debt and has no requirement to refinance until early 2027
- In the year, British Land raised £475m new bank term loans all with initial five-year terms and extended four bilateral revolving credit facilities totalling £475m

The strategy and risk appetite drive the Group's forecasts. These cover a five-year period and consist of a base case forecast which includes committed transactions only, and a forecast which also includes non-committed transactions the Board expects the Group to make. A five-year forecast is considered to be the optimum balance between the long term nature of property investment and the Group's long term business model to create Places People Prefer, with our weighted average lease lengths and drawn debt maturities of around five years (5.2 and 5.8 years respectively at 31 March 2024). Forecasting greater than five years becomes increasingly unreliable, particularly given the historically cyclical UK property industry.

Assessment of viability

For the reasons outlined above, the period over which the Directors consider it feasible and appropriate to report on the Group's viability remains five years, to 31 March 2029.

The assumptions underpinning the forecast cash flows and financial covenant compliance forecasts were sensitised to explore the resilience of the Group to the potential impact of the Group's significant risks.

The principal risks table on pages 48 to 58 summarises those matters that could prevent the Group from delivering on its strategy. A number of these principal risks, because of their nature or potential impact, could also threaten the Group's ability to continue in business in its current form if they were to occur.

The Directors paid particular attention to the risk of a deterioration in economic outlook which would adversely impact property fundamentals, including investor and occupier demand, which would have a negative impact on valuations, cash flows and a reduction in the availability of finance. In addition, we have sensitised for the potential implications of a major business event and/or business disruption. The remaining principal risks, whilst having an impact on the Group's business model, are not considered by the Directors to have a reasonable likelihood of impacting the Group's viability over the five year period to 31 March 2029.

The most severe but plausible downside scenario, reflecting a severe economic downturn, incorporated the following assumptions:

- Structural changes to the Property Market and Customer risk; reflected by an ERV decline, occupancy decline, increased void periods, development delays, no new lettings during FY25 and the impact of a proportion of our high risk and medium risk occupiers entering administration
- A reduction in investment property demand to the level seen in the last severe downturn in 2008/09, with outward yield shift to c.9% net equivalent yield

As at 31 March 2024, the Group's debt covenant headroom is 39%, being the level by which portfolio property values could fall before a financial breach occurs. Over the five-year base case forecast period the lowest headroom is 32%. Under the 'severe downside scenario' this reduces to 12%, prior to any mitigating actions such as asset sales, indicating that financial covenants on existing facilities would not be breached.

Based on the Group's current commitments and available facilities there is no requirement to refinance until early 2027. In the normal course of business, financing is arranged in advance of expected requirements and the Directors have reasonable confidence that additional or replacement debt facilities will be put in place prior to this date.

In the 'severe downside scenario' the refinancing date is maintained at early 2027. However, in the event new finance could not be raised, mitigating actions are available to enable the Group to meet its future liabilities at the refinancing date, principally asset sales, which would allow the Group to continue to meet its liabilities over the assessment period.

Viability statement

Having considered the forecast cash flows and covenant compliance and the impact of the sensitivities in combination with the 'severe downside scenario', the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period ending 31 March 2029.

Going concern

The Directors also considered it appropriate to prepare the financial statements on the going concern basis.

DELIVERING OUR SUSTAINABILITY STRATEGY

Canada Water


York House

Raise Your Game initiative
Teesside Park

Read more in our Sustainability Progress Report **britishland.com/data**

OUR 2030 TARGETS

Our 2030 Sustainability Strategy has three key pillars:

- Greener Spaces
- Thriving Places
- Responsible Choices

We recognise the importance of regular materiality assessments to inform our Sustainability Strategy. To read our double materiality assessment visit britishland.com/materiality.

Greener Spaces

READ MORE ON PAGE 64

Delivering Greener Spaces is integral to creating Places People Prefer. This means taking actions to minimise our carbon emissions[1] as well as enhancing nature and the wider environment.

Targeting

50%

lower embodied carbon intensity at our developments by 2030

– on track at 625kg CO_2e per sqm (Offices)

100%

of developments' residual embodied carbon emissions offset

– consistently achieved since FY21

75%

reduction in operational carbon intensity across our managed portfolio by 2030[2]

– on track at 39% reduction to date

Targeting

Sustainability leadership

Strong performance in external sustainability measures, including ESG indices and certifications, underpins our strategy.

1. Carbon emissions is used interchangeably with greenhouse gas (GHG) emissions. Our accounting and reporting covers the scope of all GHG emissions types and GHGs are converted into carbon dioxide equivalents
2. Performance is versus an indexed FY19 baseline, for more information see page 66

Thriving Places

READ MORE ON PAGE 68

We are committed to making a long-lasting, positive social impact in the communities where we operate by collaboratively addressing local priorities with a focus on education, employment and affordable space.

Targeting

£200m

of direct social and economic value generated by 2030

– FY24: £29.8m

90,000

education and employment beneficiaries by 2030

– 58,000 beneficiaries since FY21

£25m

Social Impact Fund to be deployed by 2030, including £10m of affordable space

– £12.6m deployed since FY21, including £6.8m cash and £5.8m affordable space

Responsible Choices

READ MORE ON PAGE 72

We are committed to making responsible choices across all areas of our business and we encourage our customers, partners and suppliers to do the same.

Targeting

40%

(at least) female representation at senior management levels

– FY24: 36%

17.5%

minoritised ethnic representation across the Company by 2025

– FY24: 17.7%

100%

of people working at our places on our behalf paid real Living Wages

– 100% of our employees and 97% of our supplier employees were paid the real Living Wage

5*

GRESB for Development and Standing Investments

– FY24: 5* achieved

100%

of developments on track to achieve BREEAM Outstanding (Offices); Excellent (Retail); HQM (Residential) minimum 3*

– FY24: 65%

GREENER SPACES

Exchange Square
Broadgate

Regent's Place

Delivering Greener Spaces is integral to creating Places People Prefer. Our approach helps us to meet the needs of our customers who increasingly want space with excellent sustainability credentials to help them meet their own sustainability goals.

Average embodied carbon (CO_2e) per sqm in current office developments

625kg
2023: 646kg

Improvement in managed portfolio energy intensity against FY19 baseline

18%[1]
2023: 17%

Portfolio EPC A or B rated

58%[2]
2023: 45%

1. Performance is versus an indexed FY19 baseline, for more information see page 66
2. EPC rated A or B is reported as a proportion of ERV
3. https://sciencebasedtargets.org/resources/files/SBTi_Buildings_Guidance_Draft_for_Pilot_Testing.pdf

Our approach to net zero

Real estate is a carbon-intensive industry responsible for 34% of global final energy consumption and 26% of energy-related carbon emissions.[3]

Our Pathway to Net Zero sets out our targets and actions to progress towards net zero carbon. Since its launch in 2020 we have been delivering on these actions, which is reflected in our further strong progress in FY24.

Our Pathway was created in line with the best practice guidance for net zero carbon at the time; however, we recognise that standards and guidance on how to define net zero carbon continue to evolve with climate science. To ensure that we remain aligned with best practice we are updating our existing Science Based Targets initiative (SBTi) targets in line with the upcoming Building sector guidance. Whilst we are updating our SBTi targets, our 2030 sustainability targets will remain unchanged.

Reducing embodied carbon in developments

Reducing embodied carbon, which covers all emissions generated in the production, maintenance and deconstruction of a building, is critical to advancing towards net zero carbon. This year, we reduced our average embodied carbon intensity across committed, near and medium term office developments to 625kg CO_2e per sqm from 646kg CO_2e per sqm. Including office developments which have completed since FY21, the average is 593kg CO_2e per sqm. Key to this is our commitment to reusing existing building components and materials wherever possible, design efficiency and specifying low carbon materials. It is only once reasonable practical and economically viable steps to reduce embodied carbon have been explored in design that we offset any residual embodied carbon with certified carbon credits.

Read our Mandela Way case study in our Sustainability Progress Report

View more online
britishland.com/data

Office developments	kg CO_2e per sqm
Completed developments	408
Development pipeline, including completed developments	593
Development pipeline, excluding completed developments	625

Circular economy

Our development approach acknowledges circularity as a crucial part of real estate's future, placing more importance on regenerating nature, carbon reduction and sustainable resource management. We investigate every opportunity to retain, reuse and upcycle materials and structure in existing buildings, and integrate these into the design where possible. At 2 Finsbury Avenue, the existing aluminium cladding has been investigated for upcycling, with a view for specifying in the new building, reducing carbon, cost and material use. Through materials mapping, we will produce materials passports for our buildings which hold detailed data enabling more efficient reuse, recycling and recovery of materials. In FY22, we were awarded an innovation credit by the Building Research Establishment (BRE) for implementing the UK's first large-scale use of a materials passport at 1 Broadgate, a key enabler for the circular economy in the built environment. To ensure consistency across projects, this year we worked with GXN to develop a materials passport protocol which we piloted at Canada Water, capturing the defined characteristics of reusable materials. We are rolling out this protocol where appropriate on all major developments, recognising that a low carbon future does not exist without a circular economy.

Low carbon materials

Our Low Carbon Materials Working Group is tasked with identifying and reviewing low carbon materials and solutions to adopt and pilot on our development projects. In FY24, we shared our Carbon Primer with our development suppliers, bringing together lessons from multiple British Land projects that have been at the forefront of innovative low carbon design. The Primer highlights carbon intensive elements of designs and presents solutions for addressing these through efficient design and specifying low carbon materials. The working group also identifies opportunities to further reduce embodied carbon by challenging and interrogating conventional building standards.

Designing for efficient operation

For new office developments, we target whole building operational energy efficiency of 90kWhe per sqm, in line with UK Green Building Council (UKGBC) 2030 targets. To deliver this, we are adopting NABERS UK Design for Performance (DfP) on all office developments; a framework which ensures accurate prediction of energy consumption throughout a building's life. In FY23, 1 Broadgate received a NABERS UK DfP target rating of 5 stars, the first building in the UK to do so. This year, we have six developments undergoing NABERS UK design reviews, two of which having now received a target rating. To achieve and maintain our NABERS UK targets, we have engaged Verco as part of an internal NABERS Working Group to develop bespoke guidance on implementing robust processes on British Land developments.

Transition Vehicle

A key mechanism for delivering our energy and carbon targets is our Transition Vehicle, which we established in 2020 to fund the cost of decarbonising our portfolio. It is financed by an internal levy on the embodied carbon in our developments, which we review the price of annually. This year, for the first time, we increased the carbon levy by 50% from £60 to £90 per tonne of carbon. This new price better reflects the true cost of carbon and incentivises our development teams to reduce the embodied carbon. All new committed developments from 1 April 2024 will be subject to this new price.

From every £90, two-thirds is invested in retrofitting projects on our standing portfolio, renewable energy production, and research and development and the remaining one-third is used to purchase carbon credits. We also supplement our Transition Vehicle with a £5m annual float which is ringfenced for our retrofitting projects.

The Transition Vehicle has so far committed £10m on retrofitting projects and Renewable Gas Guarantees of Origin (RGGOs). Some of the projects funded through the Transition Vehicle in FY24 include the installation of an air source heat pump (ASHP) at York House and LED lights at 10 Exchange Square. These projects transitioned the assets to be fully electric, positioning them to benefit from further grid decarbonisation and helping them both achieve an EPC B rating.

Offsetting strategy

In line with our commitment to progress towards net zero carbon we offset the residual embodied carbon in our developments. This is the embodied carbon that remains once we have explored reasonable practical and economically viable steps to reduce embodied carbon through material reuse, design efficiency and materials specification. We pre-purchase carbon credits for all of our committed developments, both to secure our preferred projects and to provide greater certainty over costs, as one of our identified long term risks is the rising price of carbon credits (see page 80).

We have now pre-purchased carbon credits in agreement with our joint venture partners, where required, equivalent to 93% of the embodied carbon in our committed development pipeline. We retire these carbon credits in line with practical completion or shortly after once the residual embodied carbon values have been finalised. To date, 49% of these carbon credits have been retired.

This year, we conducted a thorough review of our carbon offsetting procurement strategy. Working with consultants, we assessed the main risks in the voluntary carbon market and how we could best mitigate them. As a result, we have incorporated additional due diligence steps and core criteria into our carbon credit selection process. Additionally, for every upcoming development we will consider local, certified carbon credits. The voluntary carbon market is fast-evolving and so we will continue to regularly review our purchasing strategy as the best practice guidelines and our preferences progress.

→ **READ MORE ABOUT OUR OFFSETTING STRATEGY IN OUR SUSTAINABILITY PROGRESS REPORT 2024**

Reducing operational carbon in our standing portfolio

For the first time this year we are able to report the energy intensity, 169kWhe per sqm, and carbon intensity, 41kg CO_2e per sqm, for our whole managed portfolio. The managed portfolio includes multi-let properties where there is management influence over operations, including assets fully owned by British Land and joint ventures or investment funds. This is possible as in FY23 we gained access to the occupier-procured energy data at our Retail assets and in FY24 we developed a methodology to incorporate this with our landlord-procured energy data[1]. Being able to monitor the whole energy consumption of our managed portfolio is an important step in our net zero journey.

These values equate to a 39% reduction in carbon intensity and 18% improvement in energy intensity against indexed FY19 baselines for our whole managed portfolio. This progress since FY19 reflects the positive impact our carbon efficient interventions are having on lowering energy consumption and we remain on track to achieve our 2030 sustainability targets.

Read our Heat pump case studies in our Sustainability Progress Report

View more online
britishland.com/data

Retrofitting our portfolio

Through a comprehensive programme of environmental audits, a net zero pathway has been established for the majority of our managed assets, which is a fundamental part of their business plans. The audits identified retrofit interventions, which are timed with the lifecycle of existing building components to improve energy and carbon efficiency, such as replacing gas boilers with air or water source heat pumps and LED lighting.

1. Read more about this methodology in the Reporting Criteria section in our Sustainability Progress Report at britishland.com/data

This year we further advanced the retrofit of our managed portfolio and there has now been an £18m[2] investment in carbon efficient interventions across 51 of our managed assets.

We recognise the proposed Minimum Energy Efficiency Standard (MEES) requirements for all commercial buildings to be EPC A or B rated, therefore the net zero pathways include the interventions and associated costs to achieve a B rating. The estimated cost for our portfolio to comply with MEES requirements is £100m and we expect that a significant portion of this investment will be recovered through the service charge as part of the standard process of lifecycle replacement. By implementing the carbon efficient interventions, we have already yielded a commendable increase in the EPC rating across the portfolio, rising from 45% (by ERV) in FY23 to 58% in FY24.

At the end of FY24, we received the Chartered Institution of Building Services Engineers (CIBSE) Building Performance award in recognition for our facility management at our Broadgate campus. This accolade serves as a reflection of the extensive work that the site teams have been doing deploying the asset-level net zero pathways and progressing our 2030 Sustainability Strategy.

Digitalisation

My Building, our smart building platform, is driving energy efficiency. The platform pulls together various data points which provides new insights to improve building performance, from understanding how occupancy affects energy and how weather affects occupancy, to knowing exactly how much energy is saved by every intervention we implement.

Using My Building, we have also switched from traditional time-schedule operations to occupancy-based, where lighting, heating and cooling automatically adjust based on whether anyone is using the space. Our pilot at Storey 100 Liverpool Street has reduced annual energy use for heating, ventilation, and air conditioning (HVAC) by 35% and by 25% for lighting. Following this successful pilot we are looking at rolling this out at some of our other offices.

Renewable energy sources

We plan to supplement the decarbonisation of the national grid by investing in on site and off site renewable energy sources. In FY24 we had two-megawatt peak (MWp) of solar capacity. We are exploring how best to grow and roll out our solar capacity at our retail parks and logistics developments.

In FY24 we made progress at our two pilot sites for retail park roof solar PV installation – both sites had their grid applications accepted and we have now submitted planning applications. We are in discussion with our customers on power purchase agreements (PPAs) and taking the roof space back under landlord control. Our customers will benefit from reliable, good value, 100% renewable electricity generated on site while we will generate income from supplying this electricity. Our retail parks have rooftop capacity for approximately 200,000 sqm of solar PV – an area as big as 28 football pitches. If we were able unlock this, it could add c.36MWp of renewable capacity to our portfolio and generate more than 30MkWh of energy for our customers every year.

We are a signatory to RE100, which commits us to procuring 100% renewable energy. We purchase our energy from Renewable Energy Guarantees of Origin (REGO) and Renewable Gas Guarantees of Origin (RGGO) certified sources and all of these are from traceable sources.

Nature

Alongside climate change it is well documented that we are facing a nature loss crisis, particularly in the UK, which is now considered to be one of the world's most nature-depleted countries[3]. These crises are inextricably linked and so we seek to resolve them together through the use of nature-based solutions. We recognise the intrinsic value of nature and the key role it has in supporting the health and wellbeing of customers and visitors to our places and the role we can play in enhancing it.

We have been supporting nature at our places for more than a decade, through the introduction of green infrastructure and from landscape management. This year we have been working with our ecologists to finalise our Nature Strategy, including setting additional targets for our managed portfolio, which we plan to launch in FY25. Additionally, we have incorporated nature targets and requirements for both our developments and managed assets into our Sustainability Brief for our Places.

Read our Regent's Place public realm case study in our Sustainability Progress Report

View more online
britishland.com/data

In 2020, the Broadgate Biodiversity Framework set our updated precedent for managing nature. This Framework was used in the design of the public realm improvements at our Broadgate and Regent's Place campuses. These public realm works have resulted in a biodiversity net gain of 16% at Broadgate and 91% at Regent's Place. Alongside this we have been commissioning nature action plans at our retail assets and now 57% of our managed portfolio has an action plan to enhance nature.

With our environmental consultants we completed an initial Taskforce on Nature-related Financial Disclosures (TNFD) scoping exercise for Broadgate. This identified where to focus our early TNFD related efforts to integrate nature into decision making, addressing areas with the highest nature-related impacts and dependencies. We now have a clear action plan to 2027, outlining our steps to create a TNFD aligned disclosure.

Collaborating to achieve our 2030 targets

To achieve our targets we must address elements that are not in our direct control.

Our embodied carbon reduction targets rely on the decarbonisation of key construction materials, so we are engaging with concrete and steel producers and have signed up to the Concrete Zero and Steel Zero pledges.

To achieve our operational intensity targets we need our occupiers to decrease their energy consumption in our units, so we are engaging with our customers and sharing best practice.

2. This includes Capex (landlord and Joint Venture), service charge and occupier spend

3. https://stateofnature.org.uk/wp-content/uploads/2023/09/TP25999-State-of-Nature-main-report_2023_FULL-DOC-v12.pdf

THRIVING PLACES

Our social impact strategy focuses on three core areas of education, employment and affordable space as this is where we can make the biggest impact. The resulting programmes directly impact the communities living in and around our places, supporting their wellbeing and prosperity. This makes our places more appealing, helps us attract and retain customers and create more opportunities for local people.

Abseil to support Hopscotch
338 Euston Road

Free school uniform shop
Ealing Broadway

Direct social value generated

£9.4m
2023: n/a[1]

Total beneficiaries

15,000[2]
2023: 26,000

Social impact initiatives supported by our Social Impact Fund

93
2023: 97

1. Social value reporting was expanded in FY24 so no comparable FY23 data
2. Total beneficiaries includes education, employments and wellbeing beneficiaries

Social impact

Our strategy focuses on the areas where we can make a long-lasting, positive social impact, on issues that matter in our communities. We have a place-based approach which means that we tailor our activities around local needs and opportunities.

Our £25m Social Impact Fund, which comprises £15m of cash contributions and £10m of affordable space value, is distributed across our three commitment areas of education, employment and affordable space by 2030.

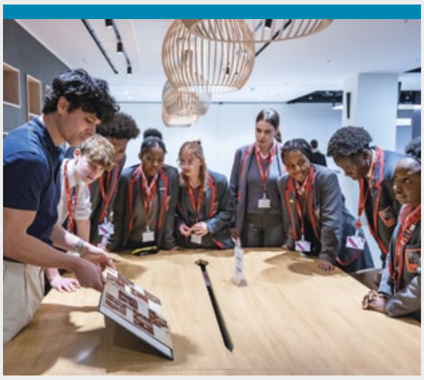
In FY24, our Social Impact Fund contributed £1.3m of cash and £1m of affordable space. This brings our total contributions since FY21 to £6.8m of cash and £5.8m of affordable space.

Education

We focus our support on needs-based education programmes – to support curriculum learning, increase a local talent pool, raise awareness of careers in our sectors and support young people as they grow into the careers of the future.

Read our Words for Work case study in our Sustainability Progress Report

View more online
britishland.com/data



This year, we delivered 53 education initiatives at our places, benefitting 7,000 people, often bringing together our customers, suppliers and local partners.

Shaping Southwark Futures

Almost 2,000 local students gained insights into career opportunities coming to their area through our contribution to the education partnership with Construction Youth Trust, Canada Water suppliers and local schools and partners. Launched in 2017, the partnership prioritises young people at risk of not being in education, employment or training. The impact of Shaping Southwark Futures continues to grow as young people are connected to employment opportunities with our contractors and subcontractors.

National Literacy Trust partnership

Our partnership with the National Literacy Trust (NLT), is the UK's largest and longest running corporate literacy programme. This year, we reached an additional 3,900 children across 18 of our assets.

This included a pilot of Words for Work, addressing inequalities in employment opportunities for young people from disadvantaged communities or under-represented groups in secondary schools.

Together with the National Literacy Trust, we have reached over 72,200 children across the UK since 2011.

Employment

We support local training and jobs through Bright Lights, our skills and employment programme. Our work enables local people to access opportunities at our places. This helps secure the skills our business, suppliers, customers and communities need to thrive as we work towards an equitable low carbon future.

This year, Bright Lights delivered 33 employment initiatives including pre-employment training, virtual programmes, mentoring, work placements, graduate schemes, internships and apprenticeships.

Over 1,100 people benefitted from meaningful employment support at our places in FY24, with 358 securing employment. This brings the number of Bright Lights beneficiaries to 5,500 since FY21 progressing towards our target of 10,000 by 2030. We have applied a robust approach to reporting, only counting people who receive meaningful life-enhancing support. Many more people enrol or engage in other employment activities at our places, such as job fairs.

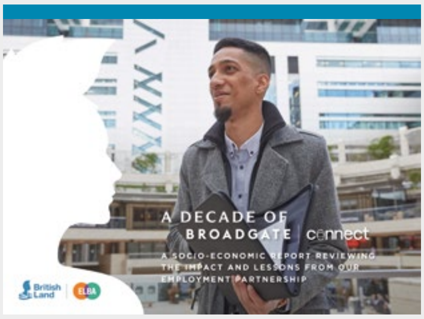
A Decade of Broadgate Connect

Our Bright Lights partnership with the East London Business Alliance (ELBA) at Broadgate marked a decade of impact this year. New research revealed that the programme generated a 39:1 total return on investment through its employment and training activity, creating £10m economic value, £8.9m social value and £7.3m in fiscal value in its first 10 years. In addition to supporting 545 local people into good jobs, our partnership connected 84 Broadgate employers to a diverse local talent pipeline.

We continue to review, evolve and adapt so that the programme effectively addresses current employer and candidate needs, and our priority is now to introduce Broadgate Connect to every business and partner across the campus – reaching all employers with recruitment needs.

Read our Broadgate Connect case study in our Sustainability Progress Report

View more online
britishland.com/data



Supporting a just transition

We recognise that the transition to net zero requires an increasing range of green skills from heat pump engineers to carbon accountants and many other skilled jobs. Working with experts and partners across our business and supply chain, we are reviewing how all elements of our 2030 Sustainability Strategy can support a just transition. This includes enabling people living in our communities to access the opportunities created by the green skills gap.

As members of the Accounting for Sustainability (A4S) CFO Leadership Network, we support deeper integration of our social and environmental targets into business systems and processes. We are identifying what green skills are needed across our portfolio, communities and supply chain, ensuring our business, communities and partners are well placed to thrive.

During FY24, we have been members of Business in the Community's Green Skills Lab pilot, which brings together companies from different sectors to share challenges and learnings. We have focused on using our existing social impact initiatives to support the development of green skills, ensuring that people living in the communities in which we operate can access employment opportunities for the future. In FY25, we will review our existing Bright Lights programmes and pivot our activity to address the UK's fast-growing science, technology and green skills needs.

Our long standing commitment to addressing social mobility through education and employment initiatives, adapting our approach and programmes to suit changing circumstances and needs, has been recognised by the Social Mobility Index over six consecutive years, and we are the only listed REIT to feature in the Index's top 75.

Affordable space

Our affordable space strategy focuses on providing affordable space to a broad range of local organisations. This leverages our strengths – our core business of providing high quality space – to generate social impact and differentiate our places.

Read our Really Local Stores case study in our Sustainability Progress Report

View more online
britishland.com/data

This year, we provided £1m of affordable space, benefitting social enterprises, start-ups, small businesses, charities, community groups and cultural organisations. Affordable space was provided at all of our eight priority assets.

In FY24 our 'Really Local Stores' offer expanded, providing retail space at low or zero cost to small businesses, charities and community groups who source or manufacture locally. This year, we let 11 units across five retail assets to 'Really Local Stores'. This included Scotland's first ever multi-charity store at Glasgow Fort, which generated £121,000 of sales for seven local and national charities in just three months.

In light of the cost of living crisis, we continued to use our spaces to help support those affected. At Ealing Broadway shopping centre almost 2,400 families visited our free second-hand school uniform shop, recycling 2.3 tonnes of clothing. Little Village joined our Regent's Place campus in Camden to support families with children across London on low incomes, and we continued to host a community space at Orbital Shopping Centre in Swindon.

Social value target

Building on more than 15 years of social investment, this year we unveiled our 2030 social value target, committing to enabling £200m of direct social and economic value.

Read our Creative Producers case study in our Sustainability Progress Report

View more online
britishland.com/data

This consists of £100m of direct social value generated from our £25m Social Impact Fund, focusing on education, employment and affordable space outcomes and £100m of direct economic value generated from our spend with small and medium-sized enterprises (SMEs) across the UK.

Our social value target, which was verified with external experts, gives a financial value to the outcomes of our social sustainability programmes. This further embeds social impact into every aspect of how we do business, making decisions that are environmentally and socially intelligent, as well as financially sound. Our target underscores the importance of our communities' wellbeing and success as it is inextricably linked to our commercial success. It is a statement of British Land's commitment to our customers, communities and shareholders. At the same time, the figure provides a long term benchmark to track our progress, increasing our accountability and transparency. It will unlock local insights into the impacts of our place-based approach, as we tailor programmes around needs and opportunities at each place.

In addition, we will target £100m of indirect social and economic value by 2030 achieved through our development activity, related to Section 106 employment outcomes, contractor spend with SMEs and local businesses and Section 106 affordable space provision. Recognising that these outcomes are not purely driven by British Land, we are ring-fencing this target and will report 50% of the social and economic value outcomes.

Progress on our target will be reported annually, providing a clear and transparent methodology that demonstrates how the social and economic impact is quantified. The reporting period for the target covers our whole 2030 strategy period, commencing on 1 April 2020 and completing on 31 March 2030.

In FY24, £29.8m of direct social and economic value was generated, of which £9.4m was social value and £20.4m was economic value.

→ A DETAILED BREAKDOWN OF OUR SOCIAL VALUE FIGURE AND FULL DETAIL OF OUR APPROACH TO REPORTING SOCIAL VALUE CAN BE FOUND IN OUR SUSTAINABILITY REPORT 2024

Direct social value in FY24

£9.4m

People benefitting from our education initiatives in FY24

7,000

Direct economic value in FY24

£20.4m

People receiving meaningful employment-related support as a result of our initiatives in FY24

1,100

NLT Young Readers Programme
Fort Kinnaird

SMILE-ing Boys Project
Paddington Central

RESPONSIBLE CHOICES

We are committed to making responsible choices across all areas of our business and we encourage our customers, partners and suppliers to do the same. We are a responsible employer and incorporate high social, ethical and environmental standards across our procurement decisions.

Paddington Central

Our people strategy

Everything we do is driving towards our goal, which is to foster a diverse, inclusive and ambitious culture so we can develop, attract, and inspire the best people to deliver our strategy.

At British Land we recognise that the talent and capability of our people are essential to being able to deliver Places People Prefer. This year our people initiatives focused on three things:

- We mandated training and development for everyone who has any kind of management or leadership responsibility
- We continued to challenge ourselves to have the most diverse and inclusive culture by assessing our diversity data for job applications, offers and acceptance rates
- We worked hard at maintaining the strong engagement of our colleagues, which is a key enabler to inspiring our people to do their best work

Developing our talent and capabilities

Leadership and management are core and essential skills if any organisation is to be ambitious and successful. We developed and delivered a bespoke 'Managing People' training programme which was mandatory for everyone who has people responsibilities – including our Executive Committee who participated and led by example.

It began with a style profile for each manager to better understand their own preferred or default behaviours. A better awareness of self helps managers identify how they may need to adapt their management style to get the most out of the individuals in their teams, as well as identifying their own development needs. This set the foundation for training on different management styles, motivating teams, coaching and having challenging conversations which all go towards effective teamwork and leadership.

In addition, after a successful pilot (last year) of the 'Achieving Your Full Potential' programme, for our female colleagues, we have now had 18 employees complete the full programme.

In the last 12 months, the Company invested a total of £570,000 in coaching and training with over 11,000 hours of training undertaken.

Celebrating diversity, equality and inclusion

At British Land, we value diversity, equality, and inclusion (DE&I) as core principles of our organisation. It is clear from our engagement survey that our employees recognise and support this with 92% of our employees agreeing that diversity is a priority at British Land.

Our 2030 DE&I Strategy remains our guide in all our DE&I initiatives. We have had a target for minoritised ethnic participation in our whole workforce since 2021. This year, we adopted and published a target for our senior management minoritised ethnic colleagues of 15%, a practice recommended by the Parker Review.

As part of our ongoing commitment to DE&I we trained everyone in our organisation on Active Inclusion – which discussed micro aggressions, exclusionary language and the importance of being mindful of different perspectives and life experiences in how we interact with each other at work.

We continue to work with our benefit providers to ensure our employee benefits are inclusive for all. In 2018, we first included gender confirmation surgery for our transgender employees in our private medical insurance, and included menopause support in 2022. In FY24, for the first time, our medical insurance covers both assessment of and support for neurodiverse conditions. We continue to ask employees to disclose diversity data on our HR system and last year we expanded the kind of conditions colleagues should consider when identifying whether they have a disability. As a result, we saw our disclosure of disability increase.

Supported by our 10 Employee Networks, we ensure that everyone has equal opportunities to grow and succeed in our organisation, regardless of their background, identity, or circumstances. Over the last year we arranged 76 events to celebrate and inform employees. One notable event was a discussion we hosted with Paul Elliot (former Chair and manager of the FA Inclusion Advisory Board and a professional footballer). Paul talked about the challenges of inclusion especially at management level and steps he thought businesses could take.

In November 2023, we were very pleased to once again be ranked as a top 75 company in the Social Mobility Foundation Index for the sixth year in a row.

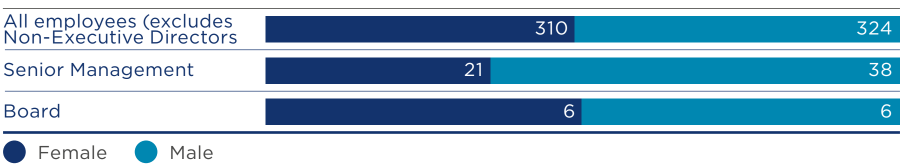
Our workforce engagement

We believe that employee engagement is essential for achieving our organisational objectives and creating a positive work environment. We measure employee engagement through surveys, focus groups, and feedback sessions. We use the results to identify areas of improvement and implement action plans to address them. We encourage our colleagues to share their ideas (Hats On), opinions and suggestions, and we listen to them with respect and openness.

We strive to create a culture of collaboration, trust and empowerment and believe that an engaged workforce contributes not just to productivity but also to a positive and collaborative workplace culture.

Our overall engagement score in our employee opinion survey in December 2023 remained strong at 78%, and the completion rate was our highest ever at 90%. The survey highlighted some major strengths, including British Land's commitment to social responsibility (93%) with 91% of employees stating they would

Workforce gender diversity at March 2024



Trained on Active Inclusion

100%

% of staff proud to work at British Land

93%

2023: 93%

% of staff who say diversity is a stated priority for British Land

92%

2023: 92%

recommend British Land as a great place to work. On an all-company basis, all categories of engagement either held their score or improved compared to the last survey in December 2022. However, there are always things that can be improved in individual departments or teams. Each run their own employee reviews of their detailed team results and identify targeted initiatives on issues of particular importance to them.

Read our Active Inclusion case study in our Sustainability Progress Report

View more online
britishland.com/data

Responsible procurement

A strong relationship with our supplier partners plays a key role in the successful delivery of our strategy which is governed by our Supplier Code of Conduct. This sets out clear social, ethical and environmental obligations for our supply chain partners and promotes safe and fair working conditions. It is mandatory for all supplier partners.

Real Living Wage

We have a strong track record of paying at least the real Living Wage to all British Land employees and people working on our developments, and in 2017, our London campuses became accredited Living Wage places. Since launching our Supplier Code of Conduct in 2018, we have also strongly encouraged all suppliers to take the same approach. In August FY24, we achieved Living Wage Foundation accreditation across our portfolio, committing to paying real Living Wages to all people working at our places on behalf of British Land. Our Broadgate, Paddington Central and Regent's Place campuses are also accredited Good Work Standard employers – the Mayor of London's benchmark for healthy, fair and inclusive workplaces.

Read our Living Wage case study in our Sustainability Progress Report

View more online
britishland.com/data

Against modern slavery

We uphold the human rights of our employees and throughout the supply chain. We have provided anti-modern slavery training to all of our employees. We continue to partner with anti-modern slavery charity Unseen to undertake audits of our key suppliers. During FY24, 10 audits have taken place.

We have also continued to be part of Unseen's Construction Hub which brings together organisations across the construction sector to develop best practice for tackling modern slavery.

Mandating prompt payment

We have been a signatory to the UK Government's Prompt Payment Code since 2010 and aim to pay 95% of suppliers within 30 days. In FY24, we settled Group invoices within 20 days on average.

Sustainability leadership

Engagement and collaboration

Sharing learnings and building strong relationships with our stakeholders is critical to achieving our Sustainability Strategy. In FY24, we held our 'Sustainability: The Power of Collaboration' event, gathering over 120 customers, partners and colleagues for expert panel discussions and inspirational guest speakers. The discussion highlighted the importance and impact of good communication and working together to achieve our shared environmental and social sustainability goals. Key takeaways included how public awareness is driving urgency, the need to drive change from the top and the importance of good stories and robust data.

The event discussion demonstrated that environmental and social sustainability are inextricably intertwined and, together, are vital to ensuring that the shift to a green economy is fair and inclusive. Quality data will be fundamental and sharing experiences, learnings and developments with our stakeholders are all essential to achieving our shared goals.

20 years of sustainability

Since the launch of our first Sustainability Brief in 2004, we have driven sustainability leadership across our places and the wider industry. We are pleased with the significant achievements made over the last two decades in delivering Places People Prefer and we are committed to continually pushing the boundaries and accelerating progress towards our 2030 targets, and beyond.

To reflect our advancing ambitions, this year we reviewed our Sustainability Brief, requirements and key performance indicators across the Greener Spaces, Thriving Places and Responsible Choices pillars, to drive performance and lead the industry in best practice and innovation.

→ FOR MORE, SEE OUR SUSTAINABILITY BRIEF FOR OUR PLACES. BRITISHLAND.COM/SUSTAINABILITY-BRIEF

OUR ESG HIGHLIGHTS IN FY24

Employee engagement score

78%

Internal job movements or promotions

90

Number of training hours across the business

11,000

Gender pay gap

19.4%

Ethnicity pay gap

17.4%

Diversity disclosure rates

91.3%

Female representation at senior management[1]

36%

Minoritised ethnic representation across the Company

17.7%

Minoritised ethnic representation at senior management[1]

10.2%

British Land employees paid at least the real Living Wage

100%

Supplier workforce paid at least the real Living Wage

97%

Prompt payment – Group invoices settled in

20 days

→ READ MORE ABOUT THE GENDER AND ETHNICITY PAY GAPS AT BRITISHLAND.COM/DATA

Our performance in leading international benchmarks

Global Real Estate Sustainability Benchmark[2]
FY24: 5* for Standing Investments and Development

CDP
FY24: A-

EPRA Sustainability Reporting Award
FY24: Gold for the 12th year running

Science Based Target
Approved in 2021

MSCI ESG Ratings[3]
FY24: AAA for the eighth year running

FTSE4Good
FY24: 87th percentile

Sustainability Mobility Index
FY24: Top 75 Employer for sixth year running

Sustainability ESG Rating
FY24: 9.9 Negligible Risk

1. Senior management includes members of the Executive Committee and their direct reports (excluding administrative roles)
2. GRESB® and the related logo are trademarks owned by GRESB BV and are used with permission
3. MSCI disclaimer and details on additional ESG benchmarks are available at: britishland.com/sustainability/performance/benchmarking

CLIMATE-RELATED FINANCIAL DISCLOSURES

Introduction

The following climate-related financial disclosures for the year ended 31 March 2024 are consistent with the TCFD's 'Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures' 2021 guidelines. We comply with the four TCFD recommendations and 11 recommended disclosures and have considered the Section E sector-specific guidance and recommended disclosures for Materials and Buildings Group. The statement is consistent with the requirements of the Financial Conduct Authority's Listing Rule 9.8.6R.

Our approach to integrating sustainability in the way we develop and manage space has been recognised for more than a decade. In 2020, we launched our Pathway to Net Zero outlining our targets and actions to progress towards a net zero portfolio. This commitment was strengthened in 2021 when the Science Based Targets initiative (SBTi) validated our landlord target as 1.5°C-aligned and our value chain target as ambitious. Whilst we are making strong progress with our decarbonisation plans we recognise that the understanding and definition of net zero carbon continues to evolve. To ensure we are in keeping with best practice, we will update our SBTi targets to align with the upcoming Buildings guidance. Our internal 2030 sustainability targets will remain unchanged, and we will continue to decarbonise our portfolio.

We are a signatory to numerous external climate commitments including the Better Buildings Partnership's Climate Commitment, the World Green Building Council's Net Zero Carbon Buildings Commitment and the RE100 commitment to procure renewable energy. Following full consistency with the TCFD guidelines over the past few years, we are now developing a formalised transition plan aligned to the Transition Plan Task Force recommendations as they evolve. We believe that delivering on these targets will create value for our business as demand from occupiers and investors gravitates towards the best, most sustainable space.

Our sustainability goals are shared by our investors, customers, partners and people.

FOR MORE INFORMATION ABOUT OUR SUSTAINABILITY STRATEGY SEE OUR SUSTAINABILITY PROGRESS REPORT 2024

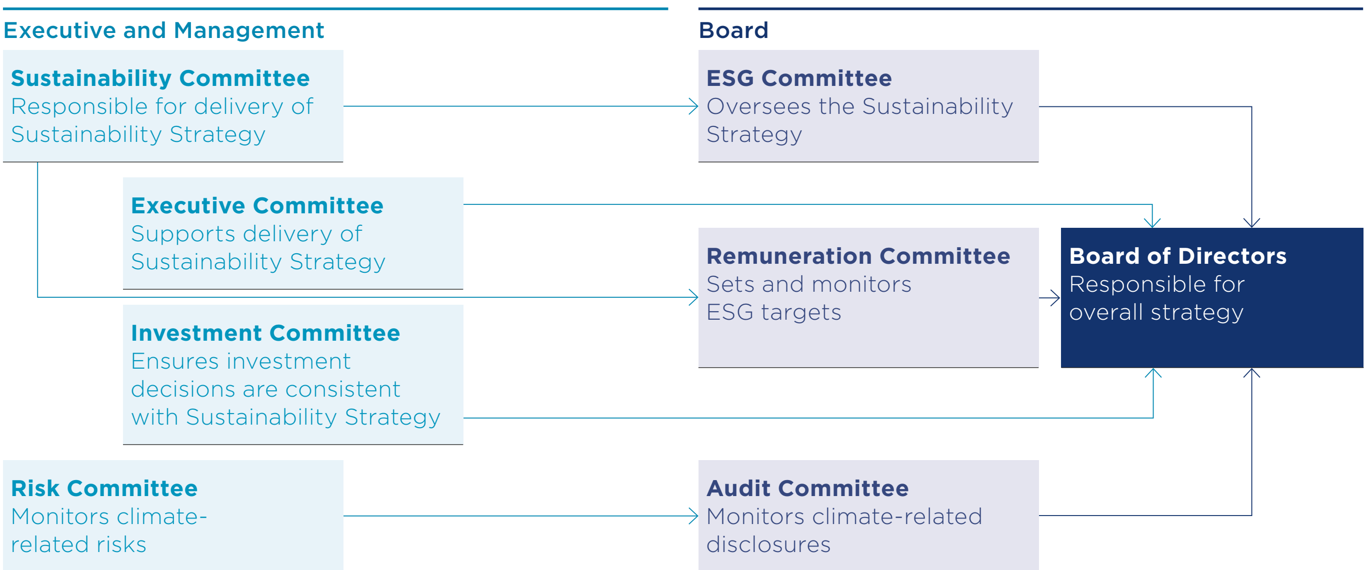
Governance

(a) The Board has ultimate oversight of climate-related risks and opportunities

The Board of Directors has ultimate responsibility for setting the Company's strategy, which incorporates climate-related risks and opportunities. Climate change is included in our internal principal risk 'Environmental and Social Sustainability' and so the Board ensures that appropriate controls and processes are in place to manage it. Additionally, sustainability issues, including climate change, are considered by the Board for strategic and investment decisions that require Board-level approval. The Board is updated on climate-related issues at least annually and two of our Board Committees monitor them.

The Board delegates day-to-day responsibility of the overall strategy, including climate-related, to the Chief Executive Officer (CEO). The CEO has received formal sustainability training and is supported by the Chief Financial Officer (CFO), the Board Director responsible for climate-related issues, and the Chief Operating Officer (COO), the Executive Committee member responsible for delivering our 2030 Sustainability Strategy.

Governance framework



FOR MORE INFORMATION ABOUT THE GOVERNANCE FRAMEWORK, SEE PAGE 97

The ESG Committee, which is attended by the CEO, CFO and COO, meets three times a year and oversees the delivery of the Sustainability Strategy, including management of climate-related risks. On each occasion, the Committee receives an update from the Sustainability team, which typically includes detailed coverage of our environmental 2030 Sustainability Strategy including progress against our Pathway to Net Zero, EPC compliance and sustainability reporting.

The Remuneration Committee is responsible for setting ESG targets for executive remuneration and is updated on progress against Sustainability targets three times during the year. Environmental key performance indicators (KPIs) are included in the Remuneration Policy for Executive Directors (see page 129). The Long-Term Incentive Plan for Executive Directors includes KPIs linked to the reduction of operational carbon and operational energy and the Annual Incentive Plan is linked to our progress on portfolio EPC ratings and our performance in the Global Real Estate Sustainability Benchmark.

(b) The Board delegates responsibility for assessing and managing our response to material climate-related risks and opportunities to the Executive Committee

The Board delegates responsibility for delivering our Sustainability Strategy, including assessing and managing our response to climate-related risks and opportunities to the Executive Committee. To support delivery of the strategy, each Executive Committee member has at least one sustainability-related annual objective and supporting objectives are cascaded across their teams.

The COO leads the delivery of our Sustainability Strategy and chairs the Sustainability Committee (SusCo) which meets at least three times a year. SusCo reports into the Board-level ESG Committee and members include the CFO, Head of Development, Head of Real Estate, Joint Head of Canada Water and other senior leaders around the business. The Committee tracks the progress against our 2030 Sustainability Strategy as well as monitoring and responding to emerging risks and regulation.

The COO also chairs the Transition Vehicle (TV) Committee, which is comprised of a diverse range of senior managers across the business including the Head of Development. The TV is our mechanism to deliver on our operational energy and carbon targets and is financed by an internal levy on the embodied carbon in developments. The TV Committee meets three times a year and approves applications for TV funding to complete carbon efficient projects.

The COO gets regular updates on climate-related issues from the Head of Environmental Sustainability, who leads the Environmental Sustainability team. The Environmental Sustainability team are responsible for the day-to-day management of our environmental Sustainability Strategy including climate-related risks and opportunities.

Climate change and sustainability considerations are integral to our investment and development decisions and are formally reviewed within papers presented to our Investment Committee. The Investment Committee is chaired by the Head of Investment and Strategy with membership comprising most of the Executive Committee, including the CEO and CFO.

The Risk Committee (RiskCo), chaired by the CFO, is comprised of the Executive Committee and leaders from across the business. RiskCo reports into the Board's Audit Committee and any significant and emerging risks get escalated to them. The Sustainability team works with different business areas to identify climate risks through a process involving trend analysis and stakeholder engagement. Identified risks are incorporated into our risk framework and managed by the appropriate business areas. This process is part of the risk management process for our internal principal risk 'Environmental and Social Sustainability' and Key Risk Indicators (KRIs) monitored within this risk include EPC performance, the percentage of our portfolio at high risk of flood and the forecast cost of carbon credits by 2030 (see page 55).

Progress against our TCFD recommendations is reported to the Risk and Sustainability Committees. This year's disclosure has been comprehensively reviewed and updated where appropriate by the Environmental Sustainability team under the direction of the COO and the CFO. The TCFD report is approved by the Board, as part of the Annual Report approval process following a recommendation from the Audit Committee.

Governance in action:

- Decision making: The ESG Committee approved an increased internal levy of £90 per tonne of embodied carbon. This better reflects the true cost of carbon and will be effective from 1 April 2024. This year, Jones Lang LaSalle (JLL) critically reviewed the appropriateness of the methodology and remuneration annual targets for FY27 linked with our 2030 carbon and energy targets, with the conclusions and recommendations from the analysis presented to the Remuneration Committee
- Structure: The Sustainability Committee was repositioned as an Executive-level committee to reflect the Company's commitment to our 2030 Sustainability Strategy. It provides Executive oversight of the Company's efforts towards the Strategy, leads the development of the Strategy beyond 2030, and develops policies and practices to adhere to current and emerging regulatory and legal requirements in this space
- Reporting: This year, we completed an internal audit of selected ESG controls to ensure KPIs are accurately reported and that necessary controls are in place

Strategy

(a) Our identified climate-related risks and opportunities over our short-, medium- and long-term time horizons.

Material risk and opportunities identification

British Land has worked with Willis Towers Watson (WTW) to identify and assess our exposure to climate-related physical and transition risks and opportunities for a number of years. In FY24 WTW supported us to update our portfolio's climate-related physical risk exposure and in FY25 we plan to update our exposure to climate-related transition risk and opportunities. Our assessments with WTW have reviewed the potential impact of over 20 physical and transition-related issues with input from internal key business areas.

For the physical risk modelling WTW assessed two metrics – climate exposure diagnostic and the value at risk (VaR) using our chosen time horizons and scenarios. We provided WTW with our full portfolio list, the total insured value of our assets by British Land percentage ownership and any existing risk mitigation initiatives.

The climate exposure diagnostic metric assesses an asset's exposure to a range of physical risks. Assets are considered to be exposed if they are located in an area where a physical risk could occur and the level of that exposure is defined by the severity and intensity of the risk. The VaR is the financial impact quantification of associated asset damage and business interruption from acute risks, such as flooding or windstorm. The VaR analysis considers both the exposure to physical risks and evaluates the potential vulnerabilities and consequences in terms of financial impact or potential loss. The results from this analysis are considered as a 'residual' measure as risk adaptation measures, such as insurance, could mitigate any potential financial impacts. Therefore, whilst we present the potential losses from flooding these are fully insured against.

Time horizons

For physical risks our scenario analyses used two time horizons – up to 2030 and post-2050. The up to 2030 time horizon aligns with our corporate strategy time horizons which are: short term (<12 months), medium term (1-5 years) and long term (5-10 years). The time horizon of post-2050 was chosen as it is only post-2050 when future climate scenarios start to meaningfully differentiate from the current climate. This aligns with our current portfolio as the standard design life of a building is 60 years.

For transition risks, when quantifying risks beyond a 10-year timeframe, the underlying assumptions begin to play an increasingly significant role in the resulting values. Due to the level of uncertainty that accompanies these longer-term assumptions, our initial analysis focused on the current decade to 2030.

Physical risk scenarios and parameters

Physical climate risks assessed:
(i) River flood, (ii) Coastal flood, (iii) Flash flood, (iv) Windstorm, (v) Sea level rise, (vi) Tropical cyclone, (vii) Drought stress, (viii) Fire weather stress, (ix) Heat stress, (x) Precipitation, (xi) Subsidence

Time horizon	Scenarios	Atmospheric CO_2	Temperature rise[1]	Sea level rise[2]	River flood modelling sources	Coastal flood modelling sources
Up to 2030	Current climate	410 ppm	1.1°C	0.20m	Munich Re Nathan[2] based on JBA flood maps	WTW proprietary coastal flood exposure model
Post-2050	RCP2.6 (2°C)	450 ppm	1.6°C	>0.55m	Munich Re climate hazard conditioned based JBA flood maps & Coupled Model Intercomparison Project Phase 5	Munich Re climate hazard sea level rise data combined with storm surge
	RCP8.5 (4°C)	>1,000 ppm	4.3°C	>0.78m		

1. Values in comparison to pre-industrial times
2. Munich Re Nathan is a tool for assessing physical risks based on hazard zones

Transition risk scenarios and parameters

The Net Zero World (1.5°C) scenario assumes more ambitious targets that would enable global net zero by 2050.

The Paris Consistent (2°C) scenario is based on the Paris Agreement commitments of over 190 countries to limit global warming to well below 2°C.

Time frame	Scenarios		IPCC scenarios	IEA scenarios	NGFS scenarios	Temperature rise by 2081-2100	2030 UK price of carbon	Global net zero achieved by:
Up to 2030	Net Zero World (1.5°C) scenario	Orderly	SSP1-1.9	NEZ2050	Net Zero 2050	<1.5°C	$118 to $263	2050
	Paris Consistent (2°C) scenario	Orderly	SSP1-2.6	Sustainable Development Scenario	Below 2°C	<2°C	$53 to $82	2070
		Disorderly			Delayed Transition		$0 to $25	

Scenarios

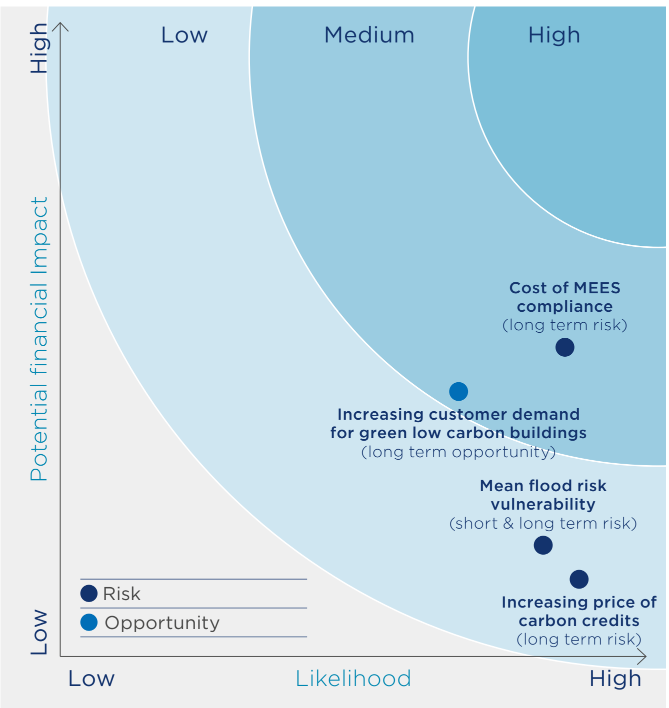
Using the Intergovernmental Panel on Climate Change's (IPCC) Representative Concentration Pathways (RCPs), we assessed the physical risk posed by 2°C (RCP2.6) and 4°C (RCP8.5) climate trajectories. These RCPs are mapped to the latest IPCC AR6 report's Shared Social Economic Pathway (SSPs) scenarios being RCP2.6 (SSP1) and RCP8.5 (SSP5) respectively. These scenarios assessed the risk of increasing frequency and severity of acute weather events as recommended in the Section E Materials and Buildings group sector-specific guidance.

Defining a material risk and/or opportunity

British Land defines a 'material' risk or opportunity in line with the combination of their potential impact, both financial and/or reputational, and their likelihood. This approach is used across the business to assess all types of risk, and so climate risk is embedded into our broader risk framework. We generally deem a climate-related risk or opportunity as material if it would have at least a medium financial and/or reputational impact.

	Low	Medium	High
Financial impact thresholds (£)	Less than £10m	£10m to £100m	Greater than £100m
Likelihood thresholds (chance of occurrence in a given year)	Unlikely to occur and/or there are limited instances of occurrence observed in the past 5+ years	Could happen and/or a few instances of occurrence observed in past 3-4 years	Likely to occur and/or there is a recent history of occurrence of this threat within the last 2 years
Reputational impact thresholds	Limited reputational impact	Significant temporary or limited sustained impact	Significant sustained impact

Material risk and opportunities heat map



The most material risks and opportunities are shown in the heat map below, with these issues detailed in the next section. The Likelihood of mean flood risk has increased in line with our new risk management Likelihood categories. This increase is due to low-financial impact regularly occurring flooding events falling within the High Likelihood category. Additionally, the potential financial impact has slightly increased as we have now combined river flooding and flash flooding.

Identified climate risks and opportunities

Continue to monitor

Our 'Continue to monitor' risks and opportunities are not currently material but could have the potential to be in the coming years and so we review them on an ongoing basis.

The FY24 physical risk modelling identified that some assets are potentially exposed to flash flooding and so we have now included as a "Continue to monitor" risk. In addition, we have identified potential carbon taxes and levies as a risk that we need to monitor.

We believe that some of these risks, such as the 'Increased cost of raw materials', can open doors for further exploration in the realm of innovative low-carbon materials that minimise our environmental impact.

Continue to monitor:

Risks	Opportunities
Customer demand for sustainable space results in a 'brown discount' to rents at less sustainable assets	Premium pricing for sustainable space results in 'green' premium
Occupier business model impacted by transition	Increased access to capital for sustainable businesses
Increased costs of raw materials	
Increased costs of capital	
Potential carbon taxes and levies	
Flash flooding	

Material risks and opportunities

The following section considers the impact of the identified climate-related material risks and opportunities on our business, strategy and financial planning over the short, medium and long term. It considers the resilience of our strategy and seeks to quantify impacts where possible.

The risks and opportunities are those identified are those from the WTW modelling and through our day-to-day management of our Company, as set out in the Governance section of this disclosure. The physical risks are from our FY24 WTW modelling and the transition risks are from our FY22 WTW modelling.

Climate risks and opportunities and the nature of the financial impact of these risks and opportunities are identified by the icons as set out below:

Climate risk and opportunity category	Financial impact category
Physical risk – acute	Income statement
Transition risk – regulatory	Balance sheet
Transition risk or opportunity – market	

Climate-related risks

Short term risks (<12 months)

Primary risk driver	Likelihood	Potential financial impact	Explanation and mitigation
#1 Flood risk vulnerability of assets (current climate)			
Losses from both river flooding and flash flooding, primarily the cost to repair assets, cost of business interruption and increased insurance costs	Low to High	Mean loss: <£1.5m (pre-insurance)	WTW performed climate risk modelling (simulating many thousands of events) based on current and future climate scenarios for our portfolio using the assets' total insured value (by BL % ownership). Mean losses are the average loss of modelled events weighted by the probability of their occurrence. These losses are fully insured against and these potential losses are shown before the impact of insurance. The likelihood for flood risk has increased to 'Low to High' in line with our new 'Likelihood' categories. Additionally, estimated losses have increased as the modelling now combines river and flash flooding. Since 2011, we have commissioned periodic flood risk assessments across the portfolio and issued flood management plans to sites at high risk. Since 2007, our (insured) actual annual mean loss is below the modelled value of £1.5m.

Long term risks (5-10 years)

Primary risk driver	Likelihood	Potential financial impact	Explanation and mitigation
#2 Increasing price of carbon credits			
Net zero commitments by global corporates lead to increased demand for carbon credits, resulting in higher and/or volatile credit prices	High	£0.75m for every 100% increase in the price of carbon	British Land has committed to offsetting the embodied carbon of all new developments and major refurbishments. In FY22, when our transition risk modelling was conducted, we estimated this to be c.300,000 tCO_2e by 2030 across the committed and near term development pipeline. Our scenario analysis implied a wide range of outcomes for the price of carbon credits. We have therefore provided an estimate of £0.75m for the financial impact of the annualised additional cost of carbon credits between FY22 and FY30 if the price rises by 100% from our price of £20 per tonne. If we consider our new price of £30 per tonne, a 100% rise in price would increase this annualised additional cost to £1.1m. If we only purchased UK-based carbon credits (estimated at £75 per tonne) this would have been an additional annualised cost of £2.1m compared to our £20 per tonne price. To mitigate this risk, our approach is to pre purchase carbon credits for our developments at the point of commitment. We have now purchased sufficient carbon credits to offset the embodied carbon in 93% of our committed development pipeline. In addition, our internal carbon levy was reviewed this year and would now cover a carbon credit price increase of up to £90 per tonne.

Long term risks (5-10 years) continued

Primary risk driver	Likelihood	Potential financial impact	Explanation and mitigation
#3 Cost of complying with minimum EPC standards (MEES compliance)			
Cost of upgrading assets to comply with the proposed MEES legislation that properties hold a minimum 'B' rating by 2030	High	£12.5m per year (proportion service charge recoverable)	Proposed Minimum Energy Efficiency Standard (MEES) legislation is expected to require all commercial property to be a minimum EPC A or B by 2030. The estimated retrofit cost for our current portfolio to be MEES compliant is £100m which was confirmed by the environmental audits of our major managed assets in FY22. This implies an annual cost of £12.5m. Assets to be redeveloped through our near and medium term development pipeline are excluded from this. A significant portion of this investment will be recovered through the service charge as part of the normal process of life cycle replacement. We also expect to derive energy efficiency benefits and related cost savings as a result. Our Transition Vehicle (see page 66) was established to help finance the retrofitting of our portfolio, which includes (but goes beyond) proposed MEES requirements. The Transition Vehicle has committed to spend £10m on carbon efficient interventions to date.

Post-2050 risks

Primary risk driver	Likelihood	Potential financial impact	Explanation and mitigation
#4 Flood risk vulnerability of assets (future climates)			
Losses from both river flooding and flash flooding, primarily the cost to repair assets, cost of business interruption and increased insurance costs	Low to High	Mean loss: £2-3.3m (pre-insurance) Losses in a representative bad year: £61.5-93.1m (pre-insurance)	WTW performed climate risk modelling (simulating many thousands of events) based on current and future climate scenarios for our portfolio using the assets' total insured value (by BL % ownership). Mean losses are the average loss of modelled events weighted by the probability of their occurrence. The likelihood for flood risk has increased to 'Low to High' in line with our new risk management categories. The estimated losses have increased as the model is more stringent and now combines river and flash flooding. For the 'representative bad year', lower banding reflects losses in the 2°C (RCP2.6) scenario, and the upper banding reflects losses in the 4°C (RCP8.5) scenario. These are the losses based on low likelihood events for a 'bad' year, which is assumed to be a 1/100 annual likelihood across the simulations, post 2050. Under current market conditions these losses are insured against and would not be suffered by the Group under normal circumstances, although we recognise that in the long term specific assets could face cost increases or difficulty obtaining insurance.

Climate-related opportunities

Primary risk driver	Likelihood	Potential financial impact	Explanation and mitigation
#1 Increasing customer demand for green, low carbon buildings results in a rental premium and faster rates of letting			
An increasing number of our customers have announced net zero commitments. As our portfolio decarbonises, the most efficient, highly rated green buildings may let quicker and at a premium to market rents	High	£7m	Our scenario analysis considered market research such as a Knight Frank study in FY22 which indicated that there was a >10% rental premium above prime Central London office rents for BREEAM Outstanding space. More recent research by JLL has reached similar conclusions. This enhanced financial impact estimates BL's share of the increased rental income if 20% of our Offices (by ERV) transition to BREEAM Outstanding. The portfolio's environmental credentials will be further strengthened as we deliver against our 2030 ambitions to enhance the portfolio's energy and carbon performance.

(b) The impact of climate-related risks and opportunities on our business strategy and financial planning.

Physical climate risks (Risks 1, 4) are managed through our key policies on development, operations and acquisitions. Transition risks and opportunities (Risks 2-3, Opportunity 1) are addressed through the delivery of our Pathway to Net Zero, which affects all aspects of our business with key targets noted in the Metrics section (page 84).

In the shorter term, the transition risks will be more material to us through increasing climate-related policy and legislation and enhanced sustainability requirements from investors and customers. Only post-2050 will the climate-related physical risks start to more significantly impact our portfolio.

This work contributes directly to delivering our corporate strategy (see pages 5 and 10-11), and this includes:

Impact on strategy	Impact on financial planning
Upgrading the standing portfolio (products and services, operations)	
– Environmental audits of our major managed assets completed in FY22 – Asset and Campus business plans incorporate the most impactful carbon efficiency interventions – Progress against 2030 energy and carbon targets (see page 66) reviewed quarterly – 2030 energy and carbon targets now included within executive remuneration (see page 130)	– Cost of decarbonisation (per environmental audits) and EPC upgrades (Risk #3) incorporated into asset business plans – Medium term forecasting incorporates initiatives which support our 2030 energy and carbon targets – Development decisions incorporate the environmental impacts of alternative schemes, including refurbishment and redevelopment
Developing sustainable buildings (products and services, revenues, access to capital)	
– Sustainability Brief for our Places[1] sets stretching targets for our standing portfolio and major developments and refurbishments – Adopting NABERS UK for all office schemes – Sustainability Brief for our Places includes climate resilience requirements, including the completion of a flood risk assessment and incorporating sustainable drainage through design	– Sustainable building certifications can support management of our cost of capital by providing access to green finance – Our portfolio of green buildings is reviewed regularly by our Treasury team when considering options to issue green debt and establish ESG-linked revolving credit facilities (see page 41)
Internal price of carbon (value chain, capital expenditures)	
– Internal levy of £60 per tonne of embodied carbon on developments adopted as part of our 2030 Sustainability Strategy, incentivising low carbon development – From 1 April 2024 the internal levy has been increased to £90 per tonne of embodied carbon to better reflect the true price of carbon	– Funding generated by the levy is available to i) pay for the cost of carbon credits to offset residual embodied carbon in developments and ii) finance carbon efficient interventions on the standing portfolio, managed by our Transition Vehicle (see page 66)
ESG criteria assessed as part of acquisitions	
– ESG criteria are integrated into our due diligence procedure for new acquisitions, including flood risk exposure and EPC rating	– British Land would only buy low rated assets if they offered significant redevelopment potential at attractive returns. The cost of delivering a higher rated product is integrated within our appraisals – To manage specific risks like flood, where necessary formal flood risk assessments are funded as part of the acquisition's due diligence

1. Read our new Sustainability Brief here – britishland.com/sustainability-brief

Strategy in action

We have been making strong progress against our Pathway to Net Zero and towards our 2030 Sustainability Strategy targets. Some of our highlights so far include:

- 625kg CO_2e per sqm in current office developments, compared to our FY19 baseline of 1,000kg CO_2e per sqm
- 39% reduction in carbon intensity and 18% improvement in energy intensity compared to our FY19 indexed baselines across our managed portfolio
- 58% of our portfolio (by ERV) rated EPC A or B
- £18m investment to date in carbon efficient interventions across 51 of our managed assets
- £10m committed so far by the Transition Vehicle for retrofitting projects and Renewable Gas Guarantees of Origin (RGGOs)

(c) Resilience of our strategy in the different climate-related scenarios (up to 2030 and post-2050)

Resilience to up to 2030 scenarios

Physical risk:

In the current climate, based on the VaR analysis completed by Willis Towers Watson (WTW) our portfolio's exposure to high river flood risk (1/100-year flood risk) is limited to 3% of properties (by BL % ownership of total insured value). Any potential losses from flooding at our assets in high river flood risk areas are fully insured against.

We consider resilience to long term flood risk through the requirements of the 'Climate Resilience' section of our Sustainability Brief for our Places. We have started to work on our climate resilience strategy and this year commissioned a pilot study at Regent's Place. This will build on our climate modelling and will set out an adaptation plan for the campus out to 2050. The joining of decarbonisation pathways with adaptation plans is key for achieving resilient places and we plan to roll out this strategy to other campuses.

Transition risk:

Through our Pathway to Net Zero and our 2030 environmental targets we have a clear plan to improve the energy efficiency of our portfolio which will result in the upgrading of EPCs in line with the proposed 2030 MEES threshold.

Our internal carbon levy coupled with our Transition Vehicle provides us with a formal price for carbon and introduces a governance structure which supports our focus on seeking high quality carbon credits while managing cost risk. This year we updated our internal carbon price by 50% to £90 per tonne of embodied carbon to better reflect the true cost of carbon. Additionally, in FY23 we launched a new carbon credit purchasing strategy and so far we have pre purchased carbon credits equivalent to 93% of the embodied carbon in our committed development pipeline.

Transition opportunities:

Our development pipeline's use of NABERS energy star ratings and the upgrading of standing assets as part of our Pathway to Net Zero will support British Land's ability to generate higher rents, as occupiers are prepared to pay a premium for more sustainable space. Our assets' sustainability credentials will be further evidenced by the forecasted BREEAM ratings of our development pipeline and our programme for upgrading the ratings of our standing portfolio – driven in part by our Sustainable Finance Framework.

Resilience to post-2050 scenarios

Physical risk:

In the two post-2050 scenarios assessed by WTW, only river flood risk (1/100-year flood risk) was classified as 'material'. In the 2° scenario (RCP2.6), 3% of our properties are exposed to high river flood risk (by BL % ownership of total insured value). In the 4° scenario (RCP8.5), the high-emissions scenario where no additional action is taken to protect assets or London, exposure to high river flood risk could be up to 7% (by BL % ownership of total insured value). Under current market conditions potential losses from flooding at these assets in high river flood risk areas are insured against and would not be suffered by the Group under normal circumstances, although we recognise that in the long term specific assets could face cost increases or difficulty obtaining insurance.

We consider resilience to long term flood risk through the requirements of the 'Climate Resilience' section of our Sustainability Brief for our Places.

Risk management

(a) Identifying and assessing climate-related risks

We have a rigorous process for identifying and assessing climate-related risks as detailed on pages 78 to 81 which is in line with our internal risk management policy. Our risk mapping process (pages 43 to 47) allows us to determine the relative significance of principal risks which includes climate change. For specialist analysis we engage with expert advisors and for climate-related risks Willis Towers Watson (WTW) undertook quantitative scenario analysis. We determine the materiality of potential risks (including climate-related) using the corporate risk thresholds noted on page 79.

Our risk register tracks:

i. Description of the risk (identification)

ii. Impact-likelihood rating (evaluation enabling prioritisation)

iii. Mitigants (mitigation)

iv. Risk owner (monitoring)

As part of our operational process, we maintain asset plans which include provisions for identifying climate-related risks and opportunities, such as flood risk assessments and environmental audits to identify energy-saving opportunities. Our Sustainability Checklist for acquisitions sets out our environmental criteria for acquiring a new asset, including energy efficiency and flood risk categories. Our Sustainability Brief for our Places sets out our environmental criteria for new constructions and renovations, including requirements for energy efficiency, flood risk, materials choice and embodied carbon reductions. In addition to ensure on floor efficiency we have created a sustainable fit out checklist to ensure that any fit outs are inline with the building's decarbonisation strategy.

The Sustainability Committee, chaired by the Chief Operating Officer, is a key forum for discussing climate-related risks and opportunities at the operational level. Additionally, for energy and emissions savings opportunities identified at asset level, staff can directly submit an internal application for funding from the Transition Vehicle (see page 66). We regularly conduct materiality assessments of the most material ESG issues to our business. In FY23 we worked with JLL to conduct a double materiality assessment of the most material ESG issues to our business and stakeholders[2].

2. Read about our FY23 materiality review here – britishland.com/materiality

(b) Managing climate-related risks

We consider climate change within our principal risk 'Environmental and Social Sustainability' and so it is managed in line with our internal risk management process (pages 43 to 47). This section outlines our process for mitigating, accepting and controlling principal risks, including climate-related risks. We prioritise principal risks through our corporate risk register and risk heat map.

The impact-likelihood rating is our primary metric for prioritising risks. As a principal risk category, climate change risks are logged in our corporate risk register with key changes reviewed quarterly by the Risk Committee. The Board is ultimately responsible for and determines the nature and extent of principal risks. The external aspects of climate-related risks are incorporated within our 'Major Event/Business Disruption' and 'Political, Legal and Regulatory' principal risks.

Risk management in action

- Key risk indicators: there are three environmental key risk indicators we monitor – EPC performance, portfolio flood risk and the future cost of carbon credits. The Risk Committee receives an update on each at every meeting
- Performance vs 2030 targets: progress is monitored in our quarterly reporting packs and reported to the ESG Committee at every meeting
- Customer-controlled space: to help minimise carbon emissions on space we do not control, we run a comprehensive programme of customer engagement
- We have commitments on diversity, equality and inclusion (DE&I), sustainability, community investment and working practices in our supply chain and in our onboarding and tendering activities

Metrics and targets

To enable our shareholders to make informed decisions we set a broad range of environmental targets and detail progress against them alongside a comprehensive set of climate and energy performance data in our Sustainability Progress Report[1].

Our key targets are set out below:

Embodied carbon
50% lower embodied carbon intensity at our offices developments to below 500kg CO_2e per sqm from 2030
100% of developments' residual embodied carbon emissions offset
Operational carbon
75% reduction in operational carbon intensity of standing assets by 2030 vs 2019
25% improvement in whole building energy efficiency of standing assets by 2030 vs 2019

We align to externally recognised frameworks including the Sustainability Accounting Standards Board (SASB), the European Public Real Estate Association (EPRA) Best Practices Recommendations on Sustainability Reporting and with reference to the Global Reporting Initiative (GRI). These disclosures align with the Section E recommended disclosures for Materials and Buildings Group companies.

We also participate in international indices including CDP[2], Global Real Estate Sustainability Benchmark (GRESB) and FTSE4Good and performance is disclosed on page 75 as well as in our Sustainability Progress Report.

1. Our Sustainability Progress Report can be found here – britishland.com/data
2. Our CDP response is available at britishland.com/cdp2023

(a) Our metrics to assess climate-related risks and opportunities in line with our strategy and risk management process

Climate-related risks (KRIs)

			2024	2023	2022
Policy and legal[1]	Risk #3	EPCs rated A (by ERV)	**8**	3	2
		EPCs rated B (by ERV)	**50**	42	34
		EPCs rated C (by ERV)	**23**	30	34
		EPCs rated D (by ERV)	**12**	17	20
		EPCs rated E (by ERV)	**5**	6	7
		EPCs rated F (by ERV)	**1**	1	1
		EPCs rated G (by ERV)	**1**	1	2
Extreme weather	Risks #1 and #4	Percentage of portfolio located in 100-year flood zones (by British Land % ownership of total insured value)	**3%**	4%	3%
		Assets in high flood risk areas with flood management plans (by British Land % ownership of total insured value)	**100%**[2]	100%[2]	99%

1. EPC data includes retail assets located in Scotland
2. The 2024 and 2023 values only include occupied British Land managed properties

Climate-related opportunities (targets and KPIs)

			2024	2023	2022
Resource efficiency	Risk #2	50% improvement in embodied carbon intensity of major office developments completed from April 2020 (kg CO_2e per sqm)	**625**	608	632
	Opportunity #1	75% improvement in whole building carbon intensity of the managed portfolio by 2030 vs 2019 (Offices)	**45%**	40%	35%
		25% improvement in whole building energy intensity of the managed portfolio by 2030 vs 2019 (Offices)	**24%**	22%	26%
Energy sources	Opportunity #1	Electricity purchased from renewable sources (%)	**94%**	88%	93%
		On site renewable energy generation (MWh)	**1,772**	2,043	1,731
Products and services	Opportunity #1	Standing portfolio with green building ratings (% by floor area)	**48%**	48%	44%
		Developments on track for BREEAM Excellent or higher (% by floor area, offices)	**98%**	98%	97%
		Percentage of gross rental income from BREEAM certified assets (managed portfolio)	**62%**	65%	64%
	Risk #2	Internal price of carbon (£ per tonne)	**£60**[3]	£60	£60

All environmental data above except gross rental income from BREEAM and the internal price of carbon is assured by DNV – specific details of scope of assurance can be found in DNV's Assurance Statement in our Sustainability Progress Report – britishland.com/data

3. Internal price of carbon will increase to £90 per tonne for projects committed in FY25 onwards

(b) Our Scope 1, Scope 2 and Scope 3 greenhouse gas (GHG) emissions, and the related risks

Our greenhouse gas (GHG) emissions and associated energy consumption data are available in the Streamlined Energy and Carbon Reporting (SECR) section of this Report, pages 86 to 87. All our GHG emissions data is subject to 'limited assurance' verification by DNV[4].

4. Details about our reporting methodology and DNV's assurance statement can be found in our Sustainability Progress Report – britishland.com/data

(c) Our targets used to manage climate-related risks and opportunities and performance against targets

Our full set of sustainability targets, including our science-based targets, are detailed in our 2024 Sustainability Progress Report. Our headline climate-related targets are listed above in the Opportunities table within the 'Resource efficiency' section.

GREENHOUSE GAS REPORTING

FY24 in review

Context

This year we have made further good progress against our greenhouse gas targets. We have now achieved a 39% reduction in operational carbon intensity and an 18% improvement in operational energy intensity across our managed portfolio compared to our FY19 indexed baselines[1]. This continued progress even with increased occupancy rates and building utilisation reflects the positive impact of our carbon efficient interventions.

For the first time, we are reporting performance including retail occupier-procured energy across our Retail Parks and Shopping Centres portfolio. The addition of this dataset represents a positive step towards measuring and reporting our operational Carbon and Energy intensities on a whole building basis linked with our 2030 strategy. This dataset represented an additional 205MkWh of energy consumption last year, where we have no control over procurement decisions or usage patterns. This reinforces the need to continue building strong relationships with our stakeholders and customers to achieve our Sustainability Strategy something we have again focused on through FY24.

Funding the low carbon transition

Our innovative Transition Vehicle is funded by our internal carbon levy and our £5m annual float. In FY24 we increased our levy by 50% from £60 to £90 per tonne of carbon to better reflect the true cost of carbon.

The Transition Vehicle's current balance is £18.4m and so far, £10m has been committed to carbon efficient interventions and Renewable Gas Guarantees of Origin (RGGO). These projects combined are estimated to save c.1,750 tCO_2e and c.£1.5m annually.

In FY24, the Transition Vehicle funded the installation of a new air source heat pump at York House which is predicted to reduce the building energy consumption by c.19% and reduce carbon emissions by c.129 tonnes annually compared to the previous system.

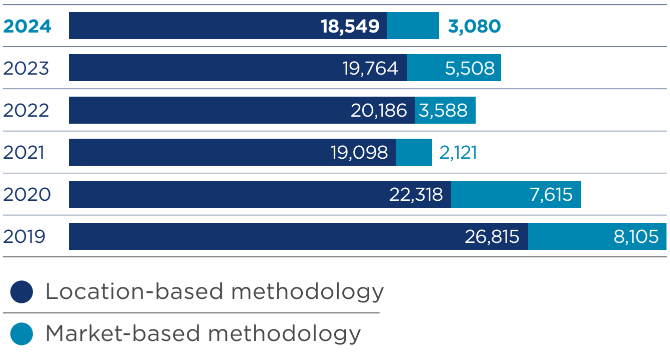
Operational performance

British Land continues to operate its energy management system, which includes formal ISO 50001 accreditation at commercial offices continuing with our implementation program to deliver energy and carbon efficiency interventions across the portfolio and by investing in onsite and offsite renewable energy sources. Through our development pipeline, we are designing a path to best practice operational efficiency with our 1 Broadgate development on track to reduce energy intensity to one-sixth of the previous building's.

RE100 and procuring renewable energy

British Land has been a signatory to RE100 since 2016, which commits us to procuring 100% renewable energy. This year, 90% of landlord procured energy was from renewable sources. Our proportion of renewable gas was 77% this year, whilst renewable electricity was 94%.

Absolute emissions Scope 1 and 2 (tonnes)



For full details on our reporting criteria and the calculation of our Scope 1 and 2 emissions, please see the methodology in our Sustainability Progress Report 2024 at britishland.com/data.

Greenhouse gas emissions – intensity

Year ended 31 March		**2024**	2023	2022
Total portfolio	tCO_2e per sqm (including Retail occupier data)	**0.041**	nr	nr
Total portfolio	tCO_2e per sqm (excluding Retail occupier data)	**0.035**	nr	nr
Offices	tCO_2e per sqm	**0.062**	0.068	0.074
Shopping centres	tCO_2e per common parts sqm	**0.029**	0.026	0.031
Retail parks[2]	tCO_2e per carpark spaces sqm	**0.003**	0.004	0.004
Total portfolio	tCO_2e per gross rental income (£m)[3]	**32.49**	34.43	36.63

1. Further details about this methodology can be found in our Sustainability Progress Report – britishland.com/data
2. Common parts only
3. This intensity only incorporates Scope 1 and 2 emissions

Scope 1 and 2 emissions and associated energy use

Year ended 31 March		Tonnes CO_2e 2024	2023	2022	MWh 2024	2023	2022
Scope 1 (fuel combustion):		**5,796**	6,902	6,595	**32,222**	37,561	36,368
Scope 1 (refrigerant loss):		**126**	1,123	744	**–**	–	–
Scope 2 (purchased electricity):	Location-based	**12,627**	11,739	12,847	**62,806**	62,733	60,506
	Market-based	**1,555**	3,686	1,665	**–**	–	–
Total Scope 1 and 2 emissions and associated energy use	Location-based	**18,549**	19,764	20,186	**95,028**	100,294	96,874
	Market-based	**3,080**	5,508	3,588	**–**	–	–
Proportion of Scope 1 and 2 emissions assured by an independent third party		**100%**	100%	100%	**100%**	100%	100%
Proportion that is UK-based		**100%**	100%	100%	**100%**	100%	100%

Scope 3 emissions

Year ended 31 March		Tonnes CO_2e 2024	2023	2022
Purchased goods and services		**15,533**	15,698	15,762
Capital goods		**25,546**	–[1]	20,565
Fuel and energy related activities (upstream)		**5,428**	5,597	5,991
Waste generated in operations		**291**	211	243
Business travel		**221**	236	41
Employee commuting and working from home		**249**	250	248
Downstream leased assets	Location-based	**84,184**	107,725	113,691
Proportion of Scope 3 emissions assured by a third party		**100%**	100%	100%
Total Scope 1-3 emissions	Location-based	**150,000**	149,481	176,728

1. No developments completed in the reporting year, making this value 0

Accounting treatment of biogas

To reflect our procurement of renewable gas, we report a Scope 1 (market-based) figure to reflect the life cycle benefits of biogas.

In this market-based calculation, we use the UK Government's biogas factor, which includes CH_4 and N_2O emissions but zero-rates CO_2 emissions due to CO_2 absorption that occurs during the growth of biogas feedstock. However, as noted below, bioenergy feedstocks do produce CO_2 emissions during combustion, so the 'combustion emissions' are provided below for full transparency.

Biogas	UK factor (kg CO_2e per kWh)	2024 total (tonnes CO_2e)	2023 total (tonnes CO_2e)
Net emissions (excl CO_2)	0.00022	8	8
Combustion emissions (incl CO_2)	0.19902	7,089	7,238

Our methodology

We have reported on all greenhouse gas (GHG) emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ('the 2018 Regulations'). These sources fall within our consolidated financial statements and relate to head office activities and controlled emissions from our standing portfolio.

- Scope 1 and 2 emissions cover 91% of our standing portfolio by value. We have used purchased energy consumption data, the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and emission factors from the UK Department for Business, Energy & Industrial Strategy's (BEIS) 2023 guidelines
- Omissions and estimations: for landlord procured utilities, where asset energy and water data were partially unavailable, we used data from adjacent or equivalent periods to estimate this missing data. In FY24, this accounts for <1% of total reported energy consumption and <2% of total reported water consumption
- Gross Rental Income (GRI) from the managed portfolio comprises Group GRI of £308m (FY23: £331m), plus 100% of the GRI generated by joint ventures and funds of £379m (FY23: £364m), less GRI generated assets outside the managed portfolio of £116m (FY23: £121m)
- For full details on our reporting criteria and the calculation of Scope 3 value chain emissions, please see the methodology in our 2024 Sustainability Progress Report at britishland.com/data
- For details of our greenhouse gas emissions boundaries, please see the Pathway to Net Zero at britishland.com/pathway-to-net-zero

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

Non-financial area/ Description of business model	Risk areas[1]	Policies	Purpose and scope	Operation and outcome
Financial crime We operate a zero-tolerance approach to bribery, corruption and fraud. More information is available in the Audit Committee Report on pages 116 to 124.	11	Anti-Bribery and Corruption Policy	– Details the expected conduct of all British Land staff with respect to relationships with suppliers, agents, public officials and charitable and political organisations – Outlines staff responsibilities regarding the reporting of any breaches and details consequences of breaches for staff and the Group as a whole – Provides for staff training and communication around the policy as well as monitoring and review by management	These robust policies around financial crime compliance reflect our zero-tolerance approach to such activity both in and around the business; they have been drafted to provide for education and monitoring in addition to deterrence and prevention. The policies are accessible by all employees via the intranet and mandatory training is required for all staff in relation to them. Our whistleblowing service can be accessed by all employees should they prefer to raise a concern anonymously instead of with their line manager. This is an independent and confidential telephone service and web portal. British Land carries out due diligence on counterparties to comply with legislation on money laundering and to enable it to consider how a transaction with the counterparty may reflect on British Land's reputation. We also screen and monitor on an ongoing basis our occupiers and suppliers for adverse media which might indicate a fraud and or bribery/corruption risk. This is taken into account when decided whether we engage or renew with an occupier or supplier. *The HR Director, General Counsel and Company Secretary has overall responsibility for all four policies which are regularly reviewed and approved by the Audit Committee. Any matters raised under these policies are subject to investigation by the Company.*
		Anti-Fraud Policy	– Provides for fraud prevention training for all British Land staff and requires staff participation in any fraud risk assessments undertaken by the Group where relevant – Outlines protocol for the reporting of suspected fraud with reference to the Group's Whistleblowing Policy	
		Whistleblowing Policy	– Provides contact details for the Group's third party whistleblowing service – Outlines the types of concerns that can be reported to the whistleblowing service – Details safeguarding measures in place for staff and outlines how the Group will respond in cases of whistleblowing	
		Anti-Money Laundering Policy	– Lists 'red flags' detailing the kind of suspicious activity that may indicate an attempt to launder money – Details monitoring and review procedures under the policy	
Environmental matters Our long term commitment to sustainability and minimising our environmental impact is one of British Land's key differentiators. As occupiers focus on minimising their carbon footprint, our ability to deliver more sustainable space is a key advantage. See pages 64 to 67 and 76 to 87 for our climate-related financial disclosures.	4, 6, 8	Sustainability Policy	– Provides for sustainable decisions to be our 'business as usual' approach – Outlines our 2030 Sustainability Strategy: our goal of making our whole portfolio net zero carbon as well as growing social value and wellbeing in the communities in which we operate	Our Sustainability Policy and Brief were comprehensively updated in 2020. Our overall commitment is to take decisions which are environmentally and socially sound and make financial sense. Our internal carbon levy is reviewed annually to ensure that the environmental impact of our developments is costed into their budgets. As a result of our review in FY24 our internal carbon levy has been increased to £90 per tonne of embodied carbon, this will be applied to developments committed after 1st April 2024. We participate in key ESG indices to demonstrate our progress and we publish social and environmental performance data annually. *Our Head of Developments has overall responsibility for our Sustainability Brief, and our Chief Operating Officer has overall responsibility for our Sustainability Policy.*
		Sustainability Brief	– Aligns with our 2030 Sustainability Strategy – Gives effect to our Sustainability Policy – Sets out our sustainability ambitions and the KPIs and standards required to achieve them	
Employees British Land requires our employees to act in ways that promote fairness, inclusion and respect in their dealings with colleagues, customers, suppliers and business partners.	9	Employee Code of Conduct	– Sets out minimum standards required of all employees in all their dealings in and on behalf of the Group – Gives effect to our core values of bring your whole self; listen and understand; be smarter together; build for the future; and deliver at pace – Comprises a number of separate policies including but not limited to our Equal Opportunities Policy; our Disabled Workers Policy; our Gender Identity and Transgender Policy; and our Bereavement, Compassionate and Emergency Leave Policy	British Land remains deeply committed to creating an environment of fairness, inclusion and respect. Our corporate values underpin our commitment to equality, diversity and integrity. We recognise our workforce needs to reflect the communities we serve in order to create spaces that are welcoming to all, and our working practices and employment policies are underpinned by our DE&I Strategy. *The HR Director, General Counsel and Company Secretary has overall responsibility for our employment policies.*

Non-financial area/ Description of business model	Risk areas[1]	Policies	Purpose and scope	Operation and outcome
Social matters British Land has long recognised that a commitment to good social practices is essential to the way we operate; as occupiers increasingly consider the contribution they make to society, our ability to support them is an advantage. See pages 68 to 71.	6, 8, 9	Sustainability Policy	See above	We place great importance on the way we work with communities, suppliers and partners. We believe that communication is key in ensuring we meet our social obligations, and by listening to the needs and concerns of our staff and communities we are better able to provide an environment that is safe, inclusive and welcoming. *Our Chief Operating Officer has overall responsibility for our Local Charter; our Head of Procurement has overall responsibility for our Supplier Code of Conduct; and our Head of Developments has overall responsibility for our Health and Safety Policy. All health and safety reports are provided to the Risk Committee. These executives report to the ESG Committee for their area of responsibility.*
		Sustainability Brief	See above	
		Local Charter	– Outlines three key focus areas where we are active in local communities: connection with local communities; supporting educational initiatives for local people; supporting local training and jobs; and providing affordable space	
		Supplier Code of Conduct	– Outlines standards required of our suppliers in a number of areas, including but not limited to health and safety; working hours; responsible sourcing; community engagement; and environmental impact – Details our zero-tolerance approach to: child labour; forced labour; discrimination; and bribery, fraud and corruption – Provides for monitoring, corrective action and reporting under the policy. Work practice audits are carried out on our high-risk suppliers	
		Health and Safety Policy	– Details how British Land will meet the requirements of the Health and Safety at Work Act 1974 – Provides for necessary training around display screen equipment and manual handling – Outlines how health and safety matters are managed for staff, colleagues, service providers and others affected by the Company's undertakings	
Human rights British Land recognises the importance of respecting human rights and has been a signatory to the UN Global Compact since 2009. We are committed to the responsible management of social, ethical and environmental issues across our supply chain. For further information about our activities in this area, see our Sustainability Progress Report at britishland.com/data	9, 11	Supplier Code of Conduct	See above	British Land operates a zero-tolerance approach to human rights infringements by any of our suppliers, occupiers or partners. We carry out due diligence on all parties that we work with and require our suppliers to demonstrate the same commitment to the prevention of human rights abuses in their operations. Our Slavery and Human Trafficking Statement can be found on our website and is reviewed and updated annually (britishland.com/modern-slavery-act)
		Slavery and Human Trafficking Statement	– Indicates higher risk areas, including the procurement of specific materials and fair treatment of workers on construction sites – Outlines strategy for reduction of risk in our supply chains with regard to social, environmental and ethical issues – Our anti-modern slavery training is mandatory for all directly employed staff	

1. Linkages to our principal risks can be found on pages 48 to 58

The Strategic Report was approved by the Board on 21 May 2024 and signed on its behalf by:

Simon Carter
Chief Executive