



British Land Operational Update

13 July 2021

Following the latest quarter date for rental payments on 24 June, British Land is providing the following operational update to coincide with our AGM.

- **Strong operational performance**
 - 183,000 sq ft campus lettings in the first quarter including 134,000 sq ft to JLL at 1 Broadgate; under offer on a further 419,000 sq ft
 - Across our Retail portfolio, footfall and sales 86% and 94% of pre pandemic levels in the 7 weeks since the reopening of indoor hospitality on 17 May
 - Retail parks continuing to clearly outperform; footfall and sales 96% and 99% of pre pandemic levels

- **Improved rent collection**
 - 85% of June 2021 rent collected to date; Offices 99%, Retail 71%; Retail collection 24ppt ahead of rent collection at the same point for the December quarter and 17ppt ahead of the same point for the March quarter
 - March rent collection now 91% overall, 99% in Offices and 85% in Retail

- **Further progress against strategy**
 - Practical completion of 1 Triton Square, a net zero carbon development at Regent's Place
 - Commitment to develop Aldgate Place Phase 2, a 136,000 sq ft mixed use, residential-led development
 - Thurrock Shopping Park, a well-let retail park just off the M25 with strong logistics development potential, acquired for £82m, an attractive £3.81m an acre
 - Indications that retail park values are rising, with those assets valued quarterly up 0.7% for the quarter to June
 - Under offer on the sale of Wardrobe Court, a standalone residential building in the City of London
 - Refinancing of 100 Liverpool Street completed, raising a new £420m 5 year 'Green Loan'

Simon Carter, CEO British Land said: "With lockdown restrictions lifting, we have seen a notable improvement in activity across our markets and our business is performing well. On our retail parks, footfall and sales are close to pre pandemic levels, rents are stabilising with recent deals in line with March ERV and there are indications that retail park values are starting to rise as more investors target the market. At Storey, our flexible workspace offer, activity is above pre pandemic levels. Elsewhere on our Campuses, we see good occupier interest for new and refurbished space, which we expect to be supportive of office rents and values as we move through the year."

Strong operational performance

Strong performance on footfall and sales since reopening, particularly on retail parks which represent 53% of our retail assets (as at 31 March 2021) as set out below:

17 May – 3 July 2021	Footfall		Sales
	% same period in 2019	Benchmark outperformance	% same period in 2019
Portfolio	85.7%	+9.3ppt	93.5%
Retail Parks	96.1%	+1.1ppt	98.6%
Shopping Centres	74.8%	+3.8ppt	89.1%

Note Sales benchmark not meaningful for this period

We have seen a strong response to the re-opening of indoor hospitality with restaurant sales on our portfolio up 6% in the period compared with the same period in 2019. Jewellery, Accessories, Childrenswear, Furniture, Homewares and Convenience Stores also demonstrated good growth compared to pre pandemic levels.

Improved rent collection

Across the business, £87m of rent was due for payment in the June 2021 quarter. This comprised £43m in Retail and £44m in Offices. As of 8 July 2021, 11 working days after the quarter end, we had collected 85% of the total amount. This compares to 72% of the total amount collected at the same point following the December quarter end and 76% following the March quarter end.

June quarter date rent collection, as at 8 July 2021:

Rent due between 24 June and 8 July 2021	Offices	Retail ¹	Total
Received	99%	71%	85%
Rent forgiven	-	-	-
Customer paid monthly	-	11%	5%
Outstanding	1%	18%	10%
Total²	100% £44m	100% £43m	100% £87m

¹ Includes non-office customers located within our London campuses.

² The amount billed is less than was billed in previous quarters due to the exclusion of Scottish quarter date amounts which are due to be billed on 28 August and monthly amounts due for August and September which will be billed later in the quarter.

Following further cash collection in recent weeks, our rents for the March quarter are now 91% collected, with 99% in Offices and 85% collected in Retail.

Where appropriate, we have agreed pragmatic and equitable solutions for the periods of closure, which include monthly payments and concessions. However, with trading restrictions substantially lifted and the vast majority of our customers trading well and paying the rent due, we do not expect to make further concessions this quarter.

Further progress against strategy

In May, we set out a new strategy to exploit our competitive strengths in development and active management, investing behind two strategic themes, our Campuses and Retail & Fulfilment. We have maintained our pace of delivery since year end, with good progress in both areas:

Campuses

We continue to see good interest on our development space and, at Storey, viewings and enquiries are above pre pandemic levels. More recently we have seen a noticeable increase in demand for existing, refurbished space and our recent F&B lettings to four exciting new brands at 155 Bishopsgate, covering over 7,000 sq ft, are an encouraging sign of activity in this part of the market. These include 2,700 sq ft to Neat Burger, a plant-based burger restaurant backed by Lewis Hamilton and 3,300 sq ft to Nest, a bar and restaurant run by Urban Pubs and Bars. In total, 183,000 sq ft of deals have completed in the first quarter of the year, including the pre let of 134,000 sq ft to JLL at 1 Broadgate. In line with our focus on innovative growth sectors, we were pleased to let 7,000 sq ft to FabricNano, a biomanufacturing specialist at our Regent's Place campus. We are under offer on a further 419,000 sq ft of space.

We achieved practical completion at 1 Triton Square in May; the building is fully let to Dentsu Aegis Network. Consistent with our focus on reusing existing materials, we retained virtually all the superstructure of this building so embodied carbon was low at 448kg CO₂e per sqm, ahead of our 2030 target. We have offset the residual carbon through certified schemes; a teak afforestation project in Mexico and a community reforestation project in Ghana. We have mirrored that with an additional commitment in the UK, supporting the planting of 23,000 trees through the Woodland Carbon Code. As a result, like 100 Liverpool Street which reached practical completion in October, 1 Triton Square will be a net zero carbon development.

We have committed to the development of our first build to rent residential building in Aldgate. This brings total development commitments to more than 1m sq ft since November 2020, following recent commitments to 1 Broadgate and Norton Folgate. Phase 2 of Aldgate Place is an exceptional building in a thriving part of the City. It comprises 159 premium built to rent apartments, 19,000 sq ft best-in-class office space and 8,000 sq ft of retail and leisure space and includes a comprehensive upgrade to the public realm. We have further residential opportunities at Canada Water, our fourth London campus, where our flexible planning consent allows us to deliver between 2,000 and 4,000 homes.

Retail & Fulfilment

We have a market leading position in open air, out of town retail parks which represents 53% of our retail assets. Encouragingly, those retail parks which are valued on a quarterly basis increased in value by 0.7% in the quarter to June. We continue to see a value opportunity, reflecting current market yields and a more stable occupational market, driven by affordability and stronger demand from retailers who recognise the important role retail parks can play in supporting their omnichannel strategy. Since 1 April 2021, we have let 38,000 sq ft of space (deals over one year) on our retail parks, overall in line with March ERVs and we have a strong pipeline of deals under offer. We have expanded our approach to include development led investment into urban logistics and in line with this, acquired the Thurrock Shopping Park for £82m (an attractive £3.81m per acre) from Nuveen Real Estate, one of the largest investment managers globally. This presents a clear urban logistics development opportunity given its prime location just off the M25 and proximity to east London. In its current use it has a strong occupier line up including Decathlon, Adidas, Nike, TK Maxx, Iceland Food Warehouse and Pets at Home and benefits from an excellent catchment where significant population growth is expected.

Capital recycling & financing

Our strategy is supported by a more active approach to capital recycling. We have maintained momentum since the year end and are under offer on the sale of Wardrobe Court, a standalone residential building in the City of London.

In June we completed the refinance of 100 Liverpool Street with the Broadgate JV raising a new £420m 5 year 'Green Loan' secured by the property. As part of the refinance, this recently completed BREEAM Outstanding and net zero carbon development was released from the Broadgate securitisation alongside the redemption of £107m of bonds. There was strong interest from lenders for the new loan, reflecting the quality of the property, at an initial LTV of c.50%. We were pleased that a club of three lenders including Crédit Agricole Corporate and Investment Bank and DBS Bank Ltd., London Branch agreed to provide the loan in

equal shares. Crédit Agricole Corporate and Investment Bank and DBS Bank Ltd., London Branch were also Mandated Lead Arrangers and Green Loan Advisers.

Appendices

Rent collection, March quarter 2021¹

Rent due between 25 March and 23 June 2021	Offices	Retail ²	Total
Received	99%	85%	91%
Rent forgiven	-	1%	-
Outstanding	1%	15%	9%
Total	100% £49m	100% £67m	100% £116m

¹ As at 8 July.

² Includes non-office customers located within our London campuses.

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Notes to Editors

About British Land

Our portfolio of high quality UK commercial property is focused on London Campuses and Retail & Fulfilment assets throughout the UK. We own or manage a portfolio valued at £12.7bn (British Land share: £9.1bn) as at 31 March 2021 making us one of Europe's largest listed real estate investment companies.

We create Places People Prefer, delivering the best, most sustainable places for our customers and communities. Our strategy is to leverage our best in class platform and proven expertise in development, repositioning and active management, investing behind two key themes: Campuses and Retail & Fulfilment.

Our three Campuses at Broadgate, Paddington Central and Regent's Place are dynamic neighbourhoods, attracting growth customers and sectors, and offering some of the best connected, highest quality and most sustainable space in London. We are delivering our fourth campus at Canada Water, where we have planning consent to deliver 5 million sq ft of residential, commercial, retail and community space over 53 acres. Our campuses account for c.70% of our portfolio.

Retail & Fulfilment accounts for 25% of the portfolio and is focused on retail parks which are aligned to the growth of convenience, online and last mile fulfilment. We are complementing this with urban logistics primarily in London, focused on development-led opportunities.

Sustainability is embedded throughout our business. In 2020, we set out our sustainability strategy which focuses on two time-critical areas where British Land can create the most benefit: making our whole portfolio net zero carbon by 2030, and partnering to grow social value and wellbeing in the communities where we operate.

Further details can be found on the British Land website at www.britishland.com