OPERATIONALLY STRONG YEAR DESPITE CHALLENGING MACROECONOMIC ENVIRONMENT

17 May 2023

Simon Carter, CEO said: "I'm pleased we have delivered a good operational performance despite the challenging macroeconomic backdrop. We leased 3.4m sq ft of space, 15% ahead of ERV and portfolio occupancy is now 96.7%. Our focus on sectors with strong occupational fundamentals drove like-for-like net rental growth of 6% which, combined with a firm grip on costs, increased Underlying Profit by 7%.

In line with our strategy, we continue to actively recycle capital. We made disposals totalling £746m mainly at Paddington Central which crystallised total property returns of 9% p.a. Recently, we acquired over £200m of high quality retail park, life sciences and London Urban Logistics assets at attractive prices.

Higher interest rates have inevitably had an impact on property market yields and, as a result, the value of our portfolio declined by 12.3%. Whilst we remain mindful of ongoing macroeconomic challenges, the upward yield pressure appears to be easing and there are early signs of yield compression for retail parks.

Ultimately, value in real estate is created over the medium to long term. We like to invest in supply constrained segments with pricing power, where we can be market leaders and leverage our competitive strengths to generate attractive returns. We already lead in campuses, where we continue to see strong demand for best in class space and are increasing our focus on life sciences and innovation sectors. We are consolidating our position as the largest owner and operator of retail parks where scale is an advantage, and we are building a unique portfolio of centrally located and highly sustainable urban logistics schemes in London.

We have high quality assets, a best in class platform, a strong balance sheet, and we continue to see significant opportunities for future value creation through both development and capital recycling."

Financial
– Underlying Profit growth of 6.9%
– Excellent cost control: administrative costs flat year on year and EPRA cost ratio 19.5% significantly lower than 25.6% in FY22
– Underlying EPS of 28.3p up 4.8% and full year dividend of 22.64p per share up 3.3%[1], final dividend to be paid on 28 July 2023

Lettings
– Strong leasing with 3.4m sq ft leased, 15.1% ahead of ERV and 914,000 sq ft under offer, 18.4% ahead of ERV
– 1.0m sq ft of Campus leasing, 11.0% ahead of ERV; further 106,000 sq ft under offer, 8.6% ahead of ERV
– 2.4m sq ft Retail & London Urban Logistics leasing, 18.8% ahead of ERV; further 808,000 sq ft under offer, 19.5% ahead of ERV

Portfolio
– ERV growth of 2.8%: Campuses +2.6%, Retail Parks +2.8% and London Urban Logistics +29.4%
– Yields +71 bps to 5.8% NEY: Campuses +70 bps to 5.0%, Retail and London Urban Logistics +72 bps to 6.8%
– Values down 12.3% with Campuses down 13.1% and Retail & London Urban Logistics down 10.9%; outperformed MSCI by 310 bps
– EPRA Net Tangible Assets (NTA) down 19.5% to 588p and Total Accounting Return of –16.3%

Developments
– High quality development pipeline to deliver 11.8m sq ft with £1.7bn of profit to come
– On site with 1.8m sq ft of net zero carbon developments across our Campuses; 94% of costs fixed for committed developments

Capital activity
– Sales of £746m mainly the sale of 75% of majority of Paddington Central crystallising total property returns of 9% p.a.
– Acquired £203m of retail parks, life sciences and London Urban Logistics assets at attractive prices

Balance sheet
– Financing of £1.4bn (£515m H1, £875m H2) on favourable terms, at margins in line with in place facilities
– Strong liquidity, £1.8bn of undrawn facilities, no requirement to refinance until early 2026
– Group Net Debt to EBITDA 6.4x[2], proportionally consolidated Net Debt to EBITDA 8.4x and LTV 36.0% (FY22: 32.9%)
– Weighted average interest rate 3.5%; debt 97% hedged for FY24, with 76% of projected debt hedged on average over the next 5 years
– Fitch affirmed our senior unsecured credit rating at 'A' with stable outlook

Sustainability
– Portfolio well on track to be compliant with 2030 legislation, with 45% rated EPC A or B up from 36% as at 31 March 2022
– 5 star GRESB rating on Developments and 4 star GRESB rating on Standing Investments
– Created a £25m Social Impact Fund to provide education, employment and affordable space in the communities in which we operate

Outlook
– ERV guidance, next 12 months: 2-4% growth in Campuses, 2-4% growth in Retail Parks and 4-5% in London Urban Logistics
– Upward yield pressure appears to be easing and there are early signs of yield compression for retail parks.

Summary performance

Year ended	31 March 2023	31 March 2022[3]	Change
Income statement			
Underlying Profit[4]	**£264m**	£247m	6.9%
Underlying earnings per share[4]	**28.3p**	27.0p	4.8%
IFRS (loss) / profit after tax	**£(1,039)m**	£965m	
IFRS basic earnings per share	**(112.0)p**	103.8p	
Dividend per share	**22.64p**	21.92p	3.3%
Total accounting return[4]	**(16.3)%**	14.6%	
Balance sheet			
Portfolio at valuation (proportionally consolidated)[5]	**£8,898m**	£10,467m	(12.3)%[5]
EPRA Net Tangible Assets per share[4]	**588p**	730p	(19.5)%
IFRS net assets	**£5,525m**	£6,768m	
Net Debt to EBITDA (Group)[2, 6]	**6.4x**	7.9x	
Net Debt to EBITDA (proportionally consolidated)[6]	**8.4x**	9.7x	
Loan to value (proportionally consolidated)[6, 7]	**36.0%**	32.9%	
Fitch senior unsecured credit rating	**A**	A	
Operational Statistics			
Lettings and renewals over 1 year	**2.6m sq ft**	2.9m sq ft	
Total lettings and renewals	**3.4m sq ft**	3.9m sq ft	
Committed and recently completed development	**1.8m sq ft**	2.1m sq ft	
Sustainability Performance			
MSCI ESG	**AAA rating**	AAA rating	
GRESB (Standing Investments / Developments)	**4* / 5***	5* / 5*	

1. The growth in the dividend is lower than the Underlying EPS growth due to the impact of the rental concession restatement in the prior year.
2. Net Debt to EBITDA on a Group basis excludes non-recourse and joint venture borrowings, and includes distributions from non-recourse companies and joint ventures.
3. Prior year comparatives have been restated for a change in accounting policies in respect of rental concessions and tenant deposits (as disclosed in Note 1 of the condensed financial statements).
4. See Note 2 to the condensed financial statements for definition and calculation.
5. Valuation movement during the year (after taking account of capex) of properties held at the balance sheet date, including developments (classified by end use), purchases and sales.
6. See Note 14 to the condensed financial statements for definition, calculation and reference to IFRS metrics.
7. EPRA Loan to value is disclosed in Table E of the condensed financial statements.

Results Presentation and Investor Conference Call

A presentation of the results will take place at 9.00am on 17 May 2023 at Peel Hunt, 100 Liverpool Street, Broadgate and will be broadcast live via webcast (Britishland.com) and conference call. The details for the conference call and weblink are as follows:

UK Toll Free Number: 0808 189 0158

International: +44 20 3936 2999

Access code: 438144

Click for access: Audio weblink

A dial in replay will be available later in the day for 7 days. The details are as follows:

Replay number: 020 3936 3001

Passcode: 215453

Accompanying slides will be made available at Britishland.com just prior to the event starting.

For Information Contact

Investors

Sandra Moura, British Land 07989 755535

Lizzie King, British Land 07808 912784

Media

Charlotte Whitley, British Land 07887 802535

Guy Lamming/Gordon Simpson, Finsbury 020 7251 3801

britishland@finsbury.com

CHIEF EXECUTIVE'S REVIEW

Overview

The past 12 months have been volatile in terms of the economic and political landscape. Although more recently the outlook for the UK economy is improving, sentiment remains fragile. Against this backdrop, our business is performing well operationally. We leased 3.4m sq ft of space, 15.1% ahead of ERV and portfolio occupancy is high at 96.7%.

In line with our strategy, we continue to actively recycle capital. We made disposals of £746m mainly from the sale of 75% of the majority of Paddington Central crystallising total property returns of 9% p.a. Acquisitions of £203m increased our exposure to retail parks, life sciences and London urban logistics.

Higher interest rates have had an impact on property yields. As a result, the value of our portfolio declined by 12.3%, and our total accounting return was negative 16.3% for the year. Whilst we remain mindful of ongoing macro-economic challenges, the upward yield pressure appears to be easing and there are early signs of compression for retail parks.

Ultimately, value in real estate is created over the medium to long term. We like to invest in supply constrained segments with pricing power, where we can be market leaders and leverage our competitive strengths to generate attractive returns. We already lead in campuses, where we continue to see strong demand for best in class space and are increasing our focus on life sciences and innovation sectors. We are consolidating our position as the largest owner operator of retail parks where scale is an advantage and we are building a unique portfolio of centrally located and highly sustainable urban logistics schemes in London.

We have high quality assets, a best in class platform, a strong balance sheet, and through both development and capital recycling we continue to see significant opportunities for future value creation.

Financial performance

Our focus on sectors with strong occupational fundamentals drove 5.9% like-for-like net rental growth. This growth combined with a firm grip on costs and increased fee income, partly offset by higher financing costs, resulted in Underlying Profit growth of 6.9%.

Underlying EPS was 28.3p, up by 4.8%, as strong Underlying Profit growth was partly offset by the impact of a tax credit in the prior year. In line with our dividend policy of paying 80% of Underlying EPS the proposed full year dividend is 22.64p, a 3.3% increase. The growth in the dividend is lower than Underlying EPS growth due to the £4m impact of the rental concession restatement in the prior year.

Lettings

We maintained strong leasing momentum this year and leased 3.4m sq ft, 15.1% ahead of ERV, and as a result, the occupancy across our portfolio is high at 96.7%.

In Campuses we leased 1.0m sq ft in the year and occupancy is now 96.2%. Long term deals were 11.0% ahead of March 22 ERV, 18.2% above previous passing and a further 106,000 sq ft are under offer. This performance reflects the continued demand for best in class sustainable buildings located on our campuses and includes significant renewals to Meta and Credit Agricole, a pre-let to Virgin Media as well as 146,000 sq ft of deals in Storey our serviced offices product.

In our Retail & London Urban Logistics segment we had a record year of leasing with 2.4m sq ft of new lettings and renewals in the year, 18.8% ahead of ERV and 8.8% below previous passing rent. In Retail Parks, which account for the majority of this segment, occupancy increased to 98.8% due to the attractive occupational fundamentals. Retail Park leasing was 1.2m sq ft, 19.5% above ERV, and although it was 9.7% below previous passing rents this is a significant improvement to leasing in the prior year which was 20.2% below previous passing rents. We have an additional 808,000 sq ft under offer, 19.5% ahead of ERV, 9.6% below previous passing rent. The majority of this is at retail parks reflecting the strong demand for the format due to its affordability and omni-channel compatibility.

Portfolio

Portfolio ERV growth was 2.8% in FY23. In Campuses ERV growth was 2.6% in the middle of our guidance range of 2-4%, reflecting particularly strong growth at Regents Place. In Retail Parks, strong demand for the format, combined with high occupancy rates resulted in ERV growth of 2.8% at the upper end of our guidance range. In London Urban Logistics, ERV grew by 29.4% significantly above our guided range of 4-5%, reflecting the acute undersupply and continued strong demand for last mile logistics assets in London.

Rising market interest rates caused a repricing of all real estate assets and as a result, the net equivalent yield of our portfolio increased by 71 bps to 5.8%. Although this was partially offset by the 2.8% growth in ERV, the value of the portfolio declined by 12.3%. Campuses saw yields increase by 70 bps to 5.0% while, in Retail Parks yields were up by 71 bps to 6.6%. London Urban Logistics saw a larger yield increase of 187 bps to 4.6%. These assets are primarily valued on an investment rather than development basis. We are still expecting attractive development IRRs of c.15% as our original appraisals assumed some of the outward yield shift we have now seen and there has been very strong rental growth over the past year.

Our portfolio outperformed the quarterly MSCI All Property total return index by 310 bps over the year. Our Central London Campuses outperformed the quarterly MSCI benchmark for All Offices by 40 bps, with Central London outperforming Regional Offices in the period. Our Retail and London Urban Logistics portfolio outperformed the MSCI All Retail benchmark by 290 bps due to our exposure to Shopping Centres and Retail Parks, which outperformed other MSCI Retail subsectors.

Developments

Developments are a key driver of long term value creation. We have an 11.8m sq ft development pipeline with over £1.7bn of profit to come.

Our committed pipeline is 1.8m sq ft and is focused on our Campuses. It is 38% pre-let or under offer of which office space is 46%. Costs to come are £488m of which 94% have been fixed. We have made one new commitment this year for the refurbishment of 3 Sheldon Square at Paddington and the building is already 65% pre-let. Our largest onsite projects are at 1 Broadgate, Norton Folgate, Aldgate and Phase 1 at Canada Water.

At Canada Water, we are on site at the first three buildings covering 578,000 sq ft of mixed use space. The Founding (previously A1) is a 35 storey tower, including 186 homes and 121,000 sq ft of workspace, The Dock Shed which includes 181,000 sq ft of workspace as well as a new leisure centre and Roberts Close which comprises 79 affordable homes.

We are on site with a 83,000 sq ft life sciences development at The Priestley Centre in Guildford which will be a mix of office and lab space. This year we also signed a Memorandum of Understanding with Cambridge Biomedical Campus Ltd to be a Partner in Masterplanning at the campus.

Our near term pipeline consists of projects yet to be committed. It includes 2 Finsbury Avenue which will deliver best in class sustainable office space at Broadgate, and the Peterhouse Western Expansion, adjacent to the Peterhouse Technology Park, which will deliver Innovation and lab enabled space in Cambridge. Importantly, it also includes our first three London Urban Logistics developments. The Box at Paddington will be one of London's most centrally located and sustainable urban logistics assets while our developments at Verney Road and Mandela Way will be multistorey urban logistics facilities.

Our medium term pipeline, includes several other developments, the largest of which are the redevelopment of Euston Tower at Regent's Place and the future phases of the Canada Water Masterplan.

Strategy

We invest in supply constrained segments with pricing power, where we can be market leaders and leverage our competitive strengths to generate attractive returns.

Our competitive 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 the largest owner and operator 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 value chain from design, planning, development and construction through to asset and property management.
- **London 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.
- **Sustainability** Our developments, refurbishments, sustainability targets and reporting are all industry leading.
- **Partnerships with investors** We have strong relationships with sovereign wealth funds such as Norges and GIC as well as large pension funds like AustralianSuper and Allianz which give us an important ability to crystalise value through asset sales and joint ventures.
- **Financial strength and discipline** We have a strong balance sheet, use leverage appropriately and we have a disciplined approach to capital allocation to deliver returns through the property cycle.

Business model

We have a diversified approach and invest in schemes where we can leverage our competitive strengths to create value. We are developers and asset managers with a value-add strategy and our medium-term objective is to deliver a total accounting return (TAR) of 8-10% through the cycle.

Our aim is to create value for all our stakeholders and our approach is as follows:

- **Source value-add opportunities** We target value acquisitions and 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 space that meets our customers needs and that direct investors, such as sovereign wealth funds and pension funds, want to own.
- **Recycle capital** We rotate out of assets where we have delivered the business plan to crystalise returns and reinvest capital into opportunities in our chosen strategic themes where we can drive strong returns through development or asset management.
- **Sustainability** From FY21 new developments have been net zero carbon, and we target BREEAM Outstanding and EPC A. We forge strong relationships with local communities and authorities and have a good track record of creating opportunities for employment at our places.

Strategic themes

We like to focus on strategic themes that have strong fundamentals. Currently, we see opportunities in:

Developments on our campuses

Our campus model offers our customers high quality sustainable workspace with great transport infrastructure, beautiful public realm, world class retail and engaging amenities. In addition, it provides our customers with flexibility and allows for clustering of complementary businesses.

- **Best in class sustainable offices** We continue to see strong demand for the modern, sustainable offices on our campuses. Occupiers are looking for the best space for their business to help them attract and retain staff in a competitive jobs market while at the same time helping them meet their net-zero goals. Furthermore, at around 10% of salary costs, rents are affordable. Costar research shows that net absorption rates of new best in class buildings has been strongly positive in the past 5 years in both the City and the West End. As a result, given the low vacancy rates, rents for modern sustainable buildings are showing strong growth based on recent transactions.

  We are seeing this come through in the strong demand for our developments. We have a 8.9m sq ft development pipeline to deliver best-in-class sustainable buildings on our campuses. We target a BREEAM[1] outstanding certification in our developments and JLL research[2] shows that offices with a BREEAM certification have an average c.12% premium on rents and an average capital value premium of c.20%.
- **Life Sciences and innovation** We are increasingly focussed on delivering new space for customers in high growth life sciences and innovation sectors in London and across the Golden Triangle (London, Oxford and Cambridge) where supply is constrained. Our campus at Regents Place, in the centre of the Knowledge Quarter in London, is uniquely positioned to unlock exciting growth opportunities in this segment given the importance of proximity to research and education organisations. Canada Water has the potential to be another significant innovation cluster, while our acquisition of Peterhouse Technology Park, and the land adjacent to it, is our first campus in Cambridge.

  By the end of the year we will have delivered 190,000 sq ft of lab enabled buildings across the portfolio and our total pipeline will deliver 1.9m sq ft over the next 7 years. In addition, we have recently established an Innovation Advisory Council to support our growth in this area and advise on customer requirements, provide insight on future trends, help the business build connections and underwrite new acquisitions.

Retail Parks

Retail parks are retailers' preferred format, as they are large and compatible with the way people shop, supporting retailers' omni-channel strategy, allowing for click and collect, ship from store and in-store returns. Importantly, they are affordable and have an occupancy cost ratio of 9%.

Retail parks account for less than 10% of the UK's total retail space and there is limited new supply expected, given the market price per sq ft is below replacement cost and it is difficult to obtain planning consent. Given this lack of new supply, the growing customer demand is driving high occupancy rates, especially in the best locations, reflected in the 98.8% occupancy of our retail park portfolio.

We like the retail park format and will continue to look for acquisition opportunities where we can create value by leveraging our scale and our expertise in asset management. Most of our leasing deals are with national retailers who are increasing their presence in the best located retail parks while at the same time reducing their exposure to the high street and secondary shopping centres. We have actively targeted a broad range of customers including general retailers, grocers, discounters and value retailers to increase the resiliency of our occupier base.

London Urban Logistics

There is an acute shortage of logistics space within London's M25. Demand is strong due to the long term growth of e-commerce combined with rising consumer expectations for priority delivery, and as a result vacancy in Greater London is 2.3% and 0.4% in Zone 1. This acute supply-demand imbalance underpins the attractiveness of this market segment.

We have a development led approach and our pipeline has a gross development value of £1.3bn. Our strategy is to deliver best in class, environmentally sustainable multistorey and Zone 1 last mile urban logistics schemes that will appeal to a range of occupiers. Last mile logistics solutions that allow the use of e-bikes for delivery to the end customer have up to 90% lower carbon emissions, are 1.6x faster than vans in traffic and support the net zero objectives of local authorities.

Strategy in action

We create value by actively recycling capital out of assets where we have delivered the business plan, and into opportunities where we can leverage our competitive strengths in asset management, development and placemaking to drive returns.

Since April 2022, we have made disposals of £746m mainly from the sale of 75% of the majority of Paddington Central where we had created considerable value through development, asset management and place making and were able to crystallise a total property return of 9% p.a. We will continue to recycle out of mature assets that have completed their business plans or are non core to British Land.

Since April 2022, we made acquisitions totalling £203m. We acquired £148m of retail parks with a blended net initial yield of 8.1% to further increase our market leading position. Our acquisition of Peterhouse Western Expansion for £25m extended our ownership at the Peterhouse Technology Park, our first life sciences and innovation campus in Cambridge. We also acquired Mandela Way a development site for a multi-storey urban logistics facility for £22m. The site is located in Southwark, the same borough as our Canada Water development, where we have strong relationships with the local council.

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. JLL Report on sustainability and value January 2023

We spent £262m on developments in the year. This includes spend to deliver best in class sustainable offices at 1 Broadgate, where the office space is fully let (or under option), Norton Folgate, which is 33% pre-let and Phase 1 of Canada Water.

As we look ahead, we will remain disciplined as we continue to execute our strategy. We will make acquisitions that align with our strategic themes and where we can best deploy our competitive strengths. That means we will continue to acquire retail parks where we see attractive assets that will further consolidate our market leading position. We will also consider life sciences and innovation opportunities in Oxford and Cambridge as well as suitable London urban logistics sites. Good demand for our development pipeline underpins our returns expectations and we will opportunistically recycle out of mature office assets as well as non core assets such as shopping centres.

Balance sheet

We have a strong balance sheet which, combined with capital recycling, allows us to execute our strategy of investing in development opportunities and making acquisitions. Group Net Debt to EBITDA was 6.4x and, on a proportionally consolidated basis, Net Debt to EBITDA and LTV ratios were 8.4x and 36.0% respectively. We have significant liquidity with £1.8bn of undrawn facilities, and no requirement to refinance until early 2026.

We maintain good relationships with debt providers across a range of financing markets. This year, we completed £1.4bn total financing on favourable terms, including margins in line with our in place facilities; £1.2bn of this was new debt raised with existing and new bank relationships. A loan of £515m was arranged for Paddington Central in the first half of the year, alongside completion of the new joint venture, and in the second half of the year in volatile market conditions we signed £875m of facilities.

For British Land, we agreed three new revolving credit facilities totalling £375m, with ESG linked targets aligned to our sustainability strategy. For Canada Water, in March 2023 we arranged a £150m Green development loan for Phase 1 of the project.

Our weighted average interest rate at 31 March 2023 was 3.5%, in line with September 2022. The interest rate on our debt for the year to 31 March 2024 is 97% hedged, and 76% of our projected debt is hedged on average over the next five years.

Sustainability

We launched our current Sustainability Strategy in 2020, committing to achieving a net zero carbon portfolio by 2030 with a clear set of targets to reduce both the embodied carbon in our developments and the operational carbon across our portfolio. This year we have evolved our Sustainability Strategy further by grouping it in to three key pillars: Greener Spaces, Thriving Places and Responsible Choices which map to the environmental, social and governance elements.

Our Greener Spaces pillar includes our ambitious 2030 Net Zero targets for both our developments and our standing portfolio. We are pleased with the continued progress we are making, as sustainability becomes even further embedded in the day-to-day running of our business. Average embodied carbon across our office development pipeline is 646 kg CO2e per sqm, tracking ahead of the glidepath to our 2030 target of 500kg CO2e per sqm. Across our managed portfolio the majority of our assets have a net zero plan and 45% of our portfolio is now rated EPC A or B. This is up from 36% as at March 2022, whilst 50% of our offices are EPC A or B rated, up from 46% as at 31 March 2022.

The Thriving places pillar of our strategy reflects our commitment to making a long-lasting, positive social impact in our communities by collaboratively addressing local priorities. We were delighted to launch a £25m Social Impact Fund in March 2023 to provide education, employment and affordable space in the communities in which we operate. We have also introduced targets for 2030 which focus on the areas where we can have the greatest impact: education, employment and affordable space. This year, for the first time, we have reported the value created by our core projects and the Canada Water development, which totalled £10.6m, combined with our provisions of £1.9m of affordable space, whereby in total we generated £12.5m of social value. Next year, coverage will be expanded across all our community activities.

Responsible Choices is about making responsible choices across all areas of our business and we encourage our customers, partners, and suppliers to do the same. This year we were pleased to be ranked the top property company and 16th overall in the Social Mobility Foundation's Index of the top 75 UK employers taking action to improve social mobility in the workplace. Our overall sustainability performance has been recognised in international benchmarks including GRESB, where we achieved a GRESB 5 star rating for Developments, the highest in Europe in our sector, and a 4 star rating for Standing Investments. We also retained our MSCI AAA rating and improved our ranking in the FTSE4Good index by 7 percentage points to rank just outside the top decile.

Outlook

Although more recently the outlook for the UK economy has improved, continued macroeconomic uncertainty remains our central case for the next twelve months. The upward yield pressure appears to be easing and there are early signs of compression for retail parks. However, liquidity in the investment market remains low so there is still some uncertainty on the outlook.

In terms of rental growth, we expect Campuses to continue to outperform as demand gravitates towards best in class sustainable space and the disparity between "the best vs the rest" continues to widen. As a result, we expect 2-4% ERV growth for our assets. In Retail Parks, the affordability of the format combined with its omni-channel compatibility, will continue to drive high occupancy. These strong occupational fundamentals underpin our upgraded expectations of 2-4% ERV growth for our retail parks. In London Urban Logistics we expect the acute shortage of supply to drive ERV growth of 4-5%.

We are performing well operationally and delivering well against the factors we can control. We have high quality assets, a best in class platform, a strong balance sheet, and through both development and capital recycling we continue to see significant opportunities for future value creation.

MARKET

Macro-economic backdrop

The macroeconomic backdrop in the UK was volatile in the period. Geopolitical tensions, high inflation and successive Bank of England interest rate rises since early 2022 have resulted in lower GDP growth forecasts. The UK has thus far avoided a recession, consumer confidence has been resilient and labour markets remain robust with unemployment at 3.8%. However, sentiment is fragile and the outlook remains uncertain.

London office market

Central London office occupational markets have remained robust with take up of 8.2m sq ft across the City and West End over the year. Banking & finance, professional services and creative industries were the largest sources of take up with consolidation in some sectors (notably legal) an important factor. As businesses evaluate their workspace requirements, demand continues to gravitate towards the very best space, with an emphasis on sustainability, shared and flexible space and excellent transport connections. This 'flight to quality' in offices helps occupiers attract and retain staff in a competitive jobs market, as well as helping them meet their net zero goals. Recent research from CoStar highlights net absorption rates of best in class, sustainable space has been positive with vacancy rates falling and rents climbing. In contrast net absorption rates for older offices have been strongly negative since the pandemic began, with far more tenants leaving than moving in, widening the gap between 'the best and the rest'.

Investment markets were subdued in the financial year with investors pausing to assess the impact of rising interest rates and inflation. Consequently, volumes have been relatively light at c.£10bn across the City and West End compared to £17bn in FY22.

Life sciences market

Life sciences fundamentals remain strong, with take up across the Golden Triangle totalling 1.4m sq ft in 2022 (calendar year), the highest figure in five years. Venture capital funding also remained positive in 2022, with volumes behind record levels achieved in 2021 but still 22% ahead of 2020, further driving demand for space. Meanwhile, vacancy in London and Cambridge is below 1% highlighting the constraint in supply. This supply and demand imbalance has resulted in growing rents, which is expected to continue.

Investment volumes for the year reached £2.1bn. This is below record 2021 levels, but ahead of prior years. As a result of macroeconomic factors, Golden Triangle prime yields shifted outwards by 25 bps to 4.25% at the end of the year. In contrast to historic investment trends in the life sciences sector, 2022 saw more value add, development and repurposing activity, demonstrating the lack of available stock.

Retail market

Occupational markets have continued to strengthen over the year despite macroeconomic headwinds. In the aftermath of Covid-19, retailers that have established more resilient business models with a successful omni channel strategy, are performing well and increasingly looking to take space on retail parks. The format appeals to a wide range of retailers from Marks & Spencer and Next to value retailers such as Lidl, Aldi and B&M. Across the market, retailers are also facing higher costs and margin pressures. To help manage this and stimulate more impulse purchases to increase the average basket size, more are incentivising shoppers to complete fulfilment instore which is the most cost effective solution. This combined with lower occupancy costs on retail parks, plays well to the retail park proposition.

Retail parks investment volumes in the financial year were £3.2bn compared to £4.5bn in FY22, and yields moved out 75-100 bps. However, since January 2023, retail parks have experienced a repricing driven by limited supply and the emergence of new investors, who are attracted by low rents, attractive income returns and positive growth fundamentals, targeting the sector. As a result, prime market yields have moved in 25 bps to 5.75%. Shopping Centre volumes were low at £0.9bn, as investors wait for more clarity on pricing. Limited availability of debt, few transactions and pricing uncertainty has led to a lack of new stock coming to market.

Logistics market

In London, the occupational market remained strong. Take up year to date (calendar 2022) was 1.5m sq ft and rents continue to grow with prime rent now £35 psf. This reflects the strength of demand for very centrally located space driven by the growth of e-commerce and increased expectations for priority delivery, requiring closer proximity to the customer. As a result, vacancy in Greater London is very low at 2.3% and 0.4% in Zone 1.

However, as a very low yielding sector, sentiment across the wider UK logistics market has been impacted by rising interest rates. Investment activity reduced over the period with a slowdown in stock coming to market as sellers choose to delay sales where they have optionality.

BUSINESS REVIEW

Key metrics

Year ended	31 March 2023	31 March 2022
Portfolio valuation	**£8,898m**	£10,467m
Occupancy[1]	**96.7%**	96.5%
Weighted average lease length to first break	**5.7 yrs**	5.8 yrs
Total property return	**(9.5)%**	11.7%
– Yield shift	**+71 bps**	(42) bps
– ERV movement	**2.8%**	(1.2)%
– Valuation movement	**(12.3)%**	6.8%
Lettings/renewals (sq ft) over 1 year	**2.6m**	2.9m
Lettings/renewals over 1 year vs ERV	**+15.1%**	+4.5%
Gross capital activity	**£1,297m**	£1,479m
– Acquisitions	**£203m**	£747m
– Disposals	**£(746)m**	£(486)m
– Capital investment	**£348m**	£246m
Net investment/(divestment)	**£(195)m**	£507m

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 from 96.7% to 96.4%.

Portfolio performance

At 31 March 2023	Valuation £m	Valuation movement %	ERV movement %	Yield shift bps	Total property return %	Net equivalent yield %
Campuses	5,650	(13.1)	2.6	+70	(11.9)	5.0
Central London	5,103	(12.9)	2.7	+71	(11.6)	5.0
Canada Water & other Campuses	456	(17.4)	(0.2)	+43	(16.6)	5.5
Retail & London Urban Logistics	3,248	(10.9)	3.0	+72	(5.0)	6.8
Retail Parks	1,976	(10.2)	2.8	+71	(4.1)	6.6
Shopping Centres	746	(7.6)	1.2	+39	(0.3)	7.9
London Urban Logistics	263	(24.2)	29.4	+187	(22.4)	4.6
Total	8,898	(12.3)	2.8	+71	(9.5)	5.8

See supplementary tables for detailed breakdown

The value of the portfolio was down 12.3% driven by yield expansion of 71 bps across the portfolio. This was partially offset by positive ERV growth of 2.8%.

Campus valuations were down 13.1%, with our West End portfolio down 11.3% and City portfolio down 14.8%, reflecting yield expansion of 72 bps and 69 bps respectively. While macroeconomic uncertainty has impacted investment markets, occupational demand has remained robust, particularly for new buildings with strong sustainability credentials. We saw ERV growth of 2.6% across Campuses, driven by the West End where ERVs were up 4.0% reflecting our successful leasing activity and tighter supply.

The value of our Retail Park portfolio fell by 10.2% in the year, as yields increased by 71 bps to reflect rising interest rates. Encouragingly Retail Parks saw positive ERV growth for the first time in five years, up 2.8%. The value of our Shopping Centres fell by 7.6%, with ERVs now growing for the first time in over five years, up 1.2%.

In London Urban Logistics, values have declined by 24.2%, despite a strong occupational market. This was driven by yield expansion of 187 bps as a result of rising interest rates. The combination of strong occupational demand and acute undersupply of the right kind of space in core London locations drove ERV growth of 29.4%. These assets are primarily valued on an investment rather than development basis. We are still expecting attractive development IRRs of c.15% as our original appraisals assumed some of the outward yield shift we have now seen and there has been very strong rental growth over the past year.

Capital activity

From 1 April 2022	Campuses £m	Retail & London Urban Logistics £m	Total £m
Purchases	33	170	203
Sales	(711)	(35)	(746)
Development Spend	255	7	262
Capital Spend	45	41	86
Net Investment	(378)	183	(195)
Gross Capital Activity	1,044	253	1,297

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

The total gross value of our capital activity since 1 April 2022 was £1.3bn. The most significant transaction was the sale of a 75% interest in the majority of our assets at Paddington Central to GIC for £694m in July 2022. This was 1% below September 2021 book value and represented a net initial yield (NIY) of 4.5%. As part of the transaction agreement, GIC were given options over two further assets at Paddington Central, the development site at 5 Kingdom Street and the Novotel at 3 Kingdom Street. The option at 5 Kingdom Street has now lapsed and the option at 3 Kingdom Street, which enables GIC to acquire the asset at prevailing market value via the first joint venture, is available for five years. British Land continues to act as the development and asset manager for the campus, for which we earn fees.

We have progressed innovation opportunities including the £25m purchase of the Peterhouse Western Expansion site to the west of our holding on the Peterhouse Technology Park, with consent for a 90,000 sq ft office and lab building. This acquisition represents an opportunity to deliver space in Cambridge, a market which is structurally undersupplied and where we expect strong rental growth.

We continue to consolidate our position as the UK's largest owner and operator of Retail Parks. Since April 2022, we've acquired three Retail Parks including Capitol Retail and Leisure Park in Preston for £51.5m (NIY 8.4%), Solartron Retail Park in Farnborough for £34.8m (NIY 7.7%), and Westwood Retail Park in Thanet for £54.5m (NIY 8.1%). All are dominant retail parks within their catchment, let to a strong mix of retailers and benefit from excellent accessibility. In addition, we acquired the DFS unit in Cambridge for £7.4m (NIY 7.1%), which sits immediately adjacent to the B&Q we acquired last year. This purchase offers a secure income stream with the potential for longer-term life sciences and innovation redevelopment in a strategic location.

We also disposed of non core assets including old Debenhams stores in Chester and Cardiff for £4.2m, our 50% stake in Deepdale Retail Park for £30.3m (NIY 7.5%) and 126-134 Baker Street, a mature standalone office asset, for £17.3m (NIY 4.7%).

In London Urban Logistics, we acquired a site in Mandela Way for £22m, our second urban logistics location in Southwark, following the acquisition of Verney Road for £31m in February 2022. Mandela Way is an excellent location for a multi-storey, urban logistics scheme, close to the Old Kent Road, the City and London Bridge, and in an area that is popular with a range of third party logistics providers.

Campuses

Key metrics

Year ended	31 March 2023	31 March 2022
Portfolio Valuation	**£5,650m**	£6,967m
Occupancy	**96.2%**	96.7%
Weighted average lease length to first break	**7.2 yrs**	7.0 yrs
Total property return	**(11.9)%**	8.5%
– Yield shift	**+70 bps**	(11) bps
– ERV growth	**2.6%**	0.0%
– Valuation movement	**(13.1)%**	5.4%
Total lettings/renewals (sq ft)	**1,037,000**	1,654,000
Lettings/renewals (sq ft) over 1 year	**777,000**	1,388,000
Lettings/renewals over 1 year vs ERV	**+11.0%**	+5.4%
Like-for-like income[1]	**+6.5%**	+2.5%

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

1. Like-for-like excludes the impact of surrender premia, CVAs & admins and provisions for debtors and tenant incentives.

Campus operational review

Campuses were valued at £5.65bn, down 13.1%. This was driven by 70 bps yield expansion partly offset by ERV growth of 2.6%. Lettings and renewals totalled 1.0m sq ft, with deals over one year 11.0% ahead of ERV. Like-for-like income was up 6.5%, driven primarily by strong leasing, particularly in Storey where we saw 146,000 sq ft of leasing activity including 61,000 sq ft of renewals, representing a 76% retention rate. Across our Campuses, we are under offer on a further 106,000 sq ft, 8.6% ahead of ERV. In addition, we had 491,000 sq ft of rent reviews agreed 2.6% ahead of passing rent.

Across our standing portfolio, we benefit from a diverse group of high quality customers focused on financial, corporate, science, health, technology and media sectors. Occupancy is 96.2% and we have collected 100% of our rent for the year. Our recent customer satisfaction survey was strong: we scored 4.3 out of 5 stars and 79% say we are "the best" or "better than most" other office providers based on a survey of 53 office facilities managers.

Broadgate

Leasing activity at Broadgate covered 378,000 sq ft (excluding Storey), of which 248,000 sq ft were long term deals, completed on average 2.6% ahead of ERV. Broadgate occupancy is 94.9%.

The most significant deal was a regear to Credit Agricole at Broadwalk House, covering 116,550 sq ft, which extended their lease by five years to 2030. In this case, we have worked closely with the customer to deliver energy efficient interventions which progress our net zero plans and generate efficiencies for Credit Agricole, which is particularly important in the context of higher energy prices. We are underway with significant asset management initiatives at 199 Bishopsgate totalling £35m where we have taken the opportunity to incorporate energy efficient interventions at little incremental cost since they are part of the wider refurbishment.

We have made some exciting additions to our food and beverage offer with Los Mochis, a pan-Pacific concept opening a 14,000 sq ft flagship restaurant on the rooftop of 100 Liverpool Street. New additions such as this encourages footfall to our campus which is benefitting from the opening of the Elizabeth Line.

One of our key social impact initiatives on the Campus was New Diorama Theatre (NDT) Broadgate, which ran for 18 months and ended in July 2022. It provided over 20,000 sq ft of creative space free to independent and freelance artists. Over 8,800 artists used the space, making more than 250 new shows, and an independent economic impact report found it generated £40m of additional gross revenue for the UK economy, supporting over 1,000 full time jobs. In addition, Broadgate Connect, an ongoing employment initiative on the Campus supported 138 local job seekers this year with 44 placed into work. In connection with the Young Readers Programme partnering with the National Literacy Trust, 372 school children participated in activities across the campus.

The Campus saw a valuation decline of 16.5% driven by outward yield shift of 69 bps, partially offset by ERV growth of 1.6%.

Regent's Place

At Regent's Place (excluding Storey), we have completed 195,000 sq ft of leasing, all of which were long term, averaging 19.8% ahead of ERV. The most significant deal was the regear to Meta at 10 Brock Street covering 146,000 sq ft. Occupancy at the Campus is now 96.0%.

Regent's Place is gaining momentum as a life sciences and innovation hub. We have already this year delivered c.15,000 sq ft of lab space across two floors at 338 Euston Road of which 5,300 sq ft was let to Relation Therapeutics. In addition one floor (33,000 sq ft) at 20 Triton Street will be delivered in July 2023. We have similar opportunities at other buildings on the Campus and are aiming to deliver 62,000 sq ft of lab space at Regent's Place by the end of 2023 and c.700,000 sq ft by 2030. We are having positive discussions with key life sciences and innovation organisations in the Knowledge Quarter to partner with them on delivering our plans. This is in addition to our current innovation customers such as FabricNano, the General Medical Council and the NHS.

The second phase of our public realm improvement programme was delivered at the end of 2022. Our social programmes at Regent's Place have included partnering with the Rebel Business School, with 58 participants attending a training programme on how to start their own business. We also supported 16 local residents into employment with service partners on the Campus. Through the Young Readers Programme, in partnership with the National Literacy Trust, 199 school children participated in activities across the Campus.

The Campus saw valuation declines of 14.1%, driven by outward yield shift of 76 bps offset by ERV growth of 3.8%.

Paddington Central

Leasing activity at Paddington Central (excluding Storey) covered 150,000 sq ft, on average 2.3% ahead of ERV. Occupancy on the Campus remains very high at 99.4%.

The most significant letting in the year was 83,000 sq ft to Virgin Media O2 at 3 Sheldon Square, which will become their new UK Headquarters. The building is currently undergoing an all-electric refurbishment, and the deal with Virgin Media 02 takes the building to 65% pre-let, ahead of completion in February 2024.

Following the sale of 75% of the majority of assets at the Campus to GIC, Paddington Central is now held in a joint venture with GIC owning 75% and British Land owning the remaining 25% with the partners having joint control.

We are part of the Paddington Life Science Partnerships Group led by Imperial NHS Trust and are delighted that they have chosen to locate their innovation centre on the Campus at 1a Sheldon Square. We have provided space to the Ukrainian Institute London language school to teach English. The classes have benefitted 627 displaced Ukrainians , with 427 individuals gaining English qualifications. Working with the National Literacy Trust, 259 local children visited Paddington Central as part of their Young Readers Programme, taking part in sustainability workshops with Square Mile Farms, an urban farming business on the campus.

Paddington Central saw valuation decline of 5.8% driven by significant outward yield shift of 57 bps which was partially offset by strong ERV growth of 9.7% reflecting the improving rental tone in the wider Paddington area.

Storey: our flexible workspace offer

Storey is part of our Campus model and is currently operational across 313,000 sq ft on all of our Campuses and in two standalone buildings. Storey 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. 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.

We exchanged 146,000 sq ft of leasing in the year, 61,000 sq ft of these deals are renewals, representing a 76% retention rate. This demonstrates that existing customers like the space and want to commit to stay for longer. Storey occupancy is 93% up from 86% at Q4 FY22, reflecting continued success in securing renewals and minimising void periods between customers.

In H2, we launched 23,000 sq ft of Storey space at 155 Bishopsgate, which has been let in its entirety to Levin Group for its new London Headquarters. The deal was Levin Group's third upsize at Broadgate, having initially taken space at 1 Finsbury Avenue before taking additional space in the neighbouring unit and at 100 Liverpool Street.

Canada Water

Following the sale of 50% of the Canada Water Masterplan in March 2022, this Campus is now held in a 50:50 joint venture with AustralianSuper, Australia's largest superannuation fund. The joint venture is committed to developing Phase 1 of the Masterplan covering 578,000 sq ft and to progressing subsequent phases of the development, with equity funding split equally between British Land and AustralianSuper.

The total development cost of the entire project is £4.1bn. It is expected to complete in 2031 and should deliver a total development value of £6.3bn of which the commercial element accounts for £3.8bn and residential the remainder. British Land is targeting development returns in the low teens for the whole project.

We have outline planning permission for the entire scheme and are on site with Phase 1, which comprises a mix of workspace, retail, leisure and residential as set out below. We are targeting rents on the workspace of over £50 psf and a capital value of around £1,000 psf on the residential, which are both attractive relative to competing schemes. Residential sales for The Founding launched in January and current reservations are above targeted pricing levels.

Sq ft	Workspace	Retail & leisure	No. residential homes	Total
1-3 Deal Porters Way (A1); The Founding (residential)	121,000	8,000	186	270,000
The Dock Shed (A2)	181,000	65,000	–	246,000
Roberts Close (K1)	–	–	79	62,000
Total	**302,000**	**73,000**	**265**	**578,000**

The London Borough of Southwark held an initial 20% interest in the scheme and have the ability to participate in the development up to a maximum of 20% with returns pro-rated accordingly. Although they have elected not to fully participate in Phase 1 they are pre-purchasing the 79 affordable homes at Roberts Close (K1) and have part funded the 55,000 sq ft leisure centre in The Dock Shed (A2).

In July 2022, we were pleased that Southwark Council granted detailed planning permission for the Printworks, in Zone H of the Masterplan. Reflecting its success as a cultural destination, we are now working with the operators to explore retaining a cultural venue to capitalise on the popularity of the offer. In the same month, Southwark Council also granted planning permission to develop Zones F and L, adjacent to the Printworks. Together these will deliver 647 homes including 174 affordable homes, as well as workspace and retail space. We have also submitted a Reserved Matters Application for Zone G of the Masterplan, which includes a replacement Tesco store, 419 homes of which 61% are affordable housing and some smaller flexible retail space. Together, these developments represent the next phases of the Canada Water Masterplan.

Building on the success of the TEDI modular campus we are onsite with a 33,000 sq ft modular innovation campus on the site, which completes in June 2023. We are under offer with CheMastery, a startup aiming to increase the efficiency of chemical research and manufacturing, to take some of that space.

The valuation of Canada Water declined 19.7%, driven by a 30 bps outward yield shift on offices, which has amplified the impact on the land value. Given that we are early into a 10-12 year programme, we still expect to deliver significant profits.

Retail & London Urban Logistics

Key metrics

Year ended	31 March 2023	31 March 2022
Portfolio valuation	**£3,248m**	£3,500m
– Of which Retail Parks	**£1,976m**	£2,114m
– Of which Shopping Centres	**£746m**	£800m
– Of which London Urban Logistics	**£263m**	£319m
Occupancy[1]	**97.3%**	96.3%
Weighted average lease length to first break	**4.6 yrs**	4.6 yrs
Total property return	**(5.0)%**	19.1%
– Yield shift	**+72 bps**	(97) bps
– ERV growth	**3.0%**	(2.8)%
– Valuation movement	**(10.9)%**	9.9%
Total lettings/renewals (sq ft)	**2,395,000**	2,196,000
Lettings/renewals (sq ft) over 1 year	**1,808,000**	1,523,000
Lettings/renewals over 1 year vs ERV	**+18.8%**	+2.8%
Like-for-like income[2]	**+5.3%**	(0.8)%

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 97.3% to 96.8%.
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

Operational performance

We have achieved record leasing volumes this year with 2.4m sq ft of deals signed, of which half was at our Retail Parks. Deals completed over the year were 18.8% ahead of ERV and 8.8% below previous passing rent. Occupancy is high at 97.3% and 98% of FY23 rent was collected. Like-for-like income was up 5.3%.

Weighted average lease length remained at 4.6 years. We had 375,000 sq ft of rent reviews that were agreed 1.0% above passing rent. In total, we have 808,000 sq ft of deals under offer, 19.5% above March 2022 ERV. Our recent customer satisfaction survey was strong: we scored 4.4 out of 5 stars and 75% say we are "the best" or "better than most" other retail providers based on a survey of 725 retail store managers.

Retail Parks

We completed 1.2m sq ft of leasing deals across our Retail Park portfolio, on average 9.7% below previous passing rent and 19.5% above ERV. Retail Parks occupancy is 98.8%, the highest level in twelve years, reflecting strong leasing activity and like-for-like income was up 6.2%.

Notable deals included 37,000 sq ft to Inditex (Zara) at Glasgow Fort, where they doubled their footprint and 28,800 sq ft to Poundland across two retail parks at Speke and Denton. We continue to lease well to Aldi, with 40,000 sq ft let at Woking and Farnborough. In addition, we have introduced new brands at our Retail Parks, including Pets Corner at Whiteley and Black Sheep Coffee at Broughton, who are due to open their first ever store on a retail park.

Shopping Centres

We continue to actively manage our Shopping Centres improving occupancy and driving rents forward. We have completed 991,000 sq ft of deals across this part of the portfolio, on average 7.7% below previous passing rent but 18.5% ahead of ERV.

Notable recent deals have included 9,300 sq ft to Watches of Switzerland across Meadowhall and Southgate, Bath. In addition, Inditex (Zara) and the Gym Group also signed 32,000 sq ft and 10,000 sq ft respectively at Southgate. At Old Market, Hereford, we leased 18,700 sq ft of space to Mountain Warehouse and MandM Direct signed part of the former Debenhams unit, totalling 48,500 sq ft, which will be repurposed into office space for their new Headquarters.

Footfall and sales are now close to pre-pandemic levels as set out below:

	3 April 2022 – 26 March 2023	
	% of 2019[1]	Benchmark outperformance[2]
Footfall		
– Portfolio	95.6%	858 bps
– Retail parks	99.9%	284 bps
Sales		
– Portfolio	108.4%	n/a
– Retail parks	109.1%	n/a

1. Compared to the equivalent weeks in 2019
2. Footfall benchmark: Springboard

London Urban Logistics

In London Urban Logistics we've built a 2.9m sq ft pipeline with a GDV of £1.3bn. We've made good progress in the year, with 2.1m sq ft in planning, including planning consent achieved at The Box at Paddington post year end.

Developments

At 31 March 2023	Sq ft '000	Current Value £m	Cost to complete £m	ERV £m	ERV Let & under offer £m
Committed	1,817	648	488	65.7	25.1
Near term	1,800	245	947	85.0	–
Medium term	8,194				
Total pipeline	**11,811**	**893**	**1,435**	**150.7**	**25.1**

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

Development pipeline

Value accretive developments are a key driver of returns for British Land. We target IRRs of 10-12% on our Campuses and around 15% on our London Urban Logistics developments. Altogether, we expect our development pipeline to deliver profits of around £1.7bn. Our experience has demonstrated that some of our best performing developments are those which were progressed during periods of uncertainty because they delivered into supply constrained markets. Against a backdrop of rising inflation and given broader market uncertainty, development valuations were down 15.7% driven primarily by outward yield shift and the disproportionate impact that this has on residual land valuations.

Construction cost inflation has moderated and we expect it to be 3-4% this year as construction capacity is increasing due to development projects being deferred or cancelled. We regularly review inflation drivers to ensure our contingencies and cost plans are robust to deal with the market fluctuations. We have been able to place contracts competitively and 94% of costs are fixed on committed developments. We have built up excellent relationships with Tier 1 contractors and throughout our supply chain so we are confident of placing mutually attractive contracts for our near term developments.

We are currently on site with 1.8m sq ft of space, which will target BREEAM Outstanding (for offices) and Excellent (for retail) delivering £65.7m of ERV with 38% already pre-let or under offer. Excluding build to sell residential and retail space which we will let closer to completion, we are 46% pre-let or under offer by ERV. Total development exposure is now 5.5% of portfolio gross asset value with speculative exposure at 6.0% (which is based on ERV and includes space under offer), within our internal risk parameter of 12.5%.

Committed developments

Our committed pipeline stands at 1.8m sq ft with one new commitment made this year at 3 Sheldon Square. The committed pipeline is focused on our Campuses, including 1 Broadgate and Norton Folgate in London. 1 Broadgate (544,000 sq ft) is on track to be both BREEAM Outstanding and NABERS 5*[1]. The office space is fully pre-let or under option to JLL and Allen & Overy, four years ahead of practical completion, demonstrating the heightened demand for best in class, sustainable buildings. Norton Folgate (335,000 sq ft) is on track to complete later this year and we have let 114,000 sq ft to Reed Smith, which is one-third of the total office space. 3 Sheldon Square is currently undergoing a full refurbishment, significantly reducing the embodied carbon of the development by retaining and reusing the existing structure and materials. The building will be all electric, including the installation of air source heat pumps, which will reduce operational energy demand by over 40%. The building is already 65% let to Virgin Media O2, which signed 83,000 sq ft for their UK Headquarters in February 2023.

At Canada Water, we are on site at the first three buildings covering 578,000 sq ft. The Founding (previously A1) is a 35 storey tower, including 186 homes and 121,000 sq ft of workspace; practical completion is targeted for Q4 2024. The Dock Shed includes 181,000 sq ft of workspace as well as a new leisure centre and Roberts Close comprises 79 affordable homes. 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 London Borough of Southwark will take ownership of Roberts Close on completion and have part-funded the leisure centre in A2.

Phase 2 at Aldgate Place is our first build to rent residential scheme. It comprises 159 premium 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 the Crossrail stations at Liverpool Street and Whitechapel. Completion is expected in Q2 2024.

We are on site with an 83,000 sq ft development at The Priestley Centre in Guildford, which will be a mix of innovation and lab enabled space. The site is located on the University of Surrey Research Park, home to a number of well established technology and engineering businesses and close to the Royal Surrey County Hospital.

1. NABERS measures the energy efficiency, water usage, waste management and indoor environment quality of a building or tenancy and its impact on the environment.
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 2023	Sector	BL Share %	100% sq ft '000	PC Calendar Year	ERV £m[1]	Forecast IRR %[3]	Rebased IRR %[4]
The Priestley Centre	Life Sciences	100	83	Q4 2023	3.2	14	21
Norton Folgate	Office	100	335	Q4 2023	23.8	5	14
3 Sheldon Square	Office	25	140	Q1 2024	2.5	16	17
Aldgate Place, Phase 2	Residential	100	137	Q2 2024	6.4	6	10
1 Broadgate	Office	50	544	Q2 2025	20.7	7	12
Canada Water[2]							
Roberts Close (Plot K1)	Residential	50	62	Q3 2023	-		
1-3 Deal Porters Way (Plot A1)	Mixed Use	50	270	Q4 2024	3.6	blended 10	blended 13
The Dock Shed (Plot A2)	Mixed use	50	246	Q4 2024	5.5		
Total Committed			**1,817**		**65.7**		

1. Estimated headline rental value net of rent payable under head leases (excluding tenant incentives).
2. 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.
3. Forecast IRRs reflect the land value at the point of commitments.
4. Rebased IRRs reflect current site values.

We target IRRs of 10-12% on our Campuses and around 15% on our London Urban Logistics developments. The recent increase in yields has impacted the forecast IRRs on our committed schemes which reflected the land value at the point of commitment. However, rebased IRRs using current site values are at or above our target range.

Near Term pipeline

Our near term pipeline covers 1.8m sq ft. The largest scheme is 2 Finsbury Avenue, where we have planning consent for a 747,000 sq ft best in class, sustainable office building at Broadgate. Although the development is not committed, we have commenced demolition and basement works to maintain optionality. In addition, The Peterhouse Western Expansion, adjacent to the Peterhouse Technology Park, has consent for 96,000 sq ft of innovation and lab enabled space and we expect to commence start on site in the next few months.

Our near term pipeline also includes our first three London Urban Logistics developments. We recently achieved planning consent for a new 121,000 sq ft underground urban logistics hub at Paddington Central called The Box, which we expect to commence in Q4 2023. The scheme has a further 211,000 sq ft of consented office space above it. We also submitted planning for two multi-storey, last mile logistics hubs at Mandela Way and Verney Road in Southwark, totalling 344,000 sq ft. These schemes have IRRs of above 20% and will provide flexible space for a range of customers.

Medium Term Pipeline

Our medium term pipeline covers 8.2m sq ft, the largest of which are the future phases of the Canada Water Masterplan, which accounts for 4.2m sq ft and Euston Tower, totalling 571,000 sq ft, 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 2.9m sq ft of near and medium term opportunities. This includes Thurrock, where we have submitted plans for a 644,000 sq ft two-storey logistics scheme east of London and Enfield where we have submitted plans for a similar two-storey logistics scheme totalling 437,000 sq ft. At Hannah Close in Wembley, there is potential to deliver 668,000 sq ft of well located, multi-storey urban logistics space, within the M25 and we will be submitting planning for a last mile logistics hub at Finsbury Square in the City of London later this year.

FINANCE REVIEW

Year ended	31 March 2023	31 March 2022[1]
Underlying Profit[2,3]	**£264m**	£247m
Underlying earning per share[2,3]	**28.3p**	27.0p
IFRS (loss)/profit after tax	**£(1,039)m**	£965m
Dividend per share	**22.64p**	21.92p
Total accounting return[2]	**(16.3)%**	14.6%
EPRA Net Tangible Assets per share[2,3]	**588p**	730p
EPRA Net Disposal Value per share[2,3]	**606p**	706p
IFRS net assets	**£5,525m**	£6,768m
LTV[4,5,6]	**36.0%**	32.9%
Net Debt to EBITDA (Group)[4,7]	**6.4x**	7.9x
Net Debt to EBITDA (proportionally consolidated)[4,5]	**8.4x**	9.7x
Weighted average interest rate[5]	**3.5%**	2.9%
Fitch unsecured credit rating	**A**	A

1. Prior year comparatives have been restated for a change in accounting policies in respect of rental concessions and tenant deposits (as disclosed in Note 1 of the condensed financial statements).
2. See Note 2 within condensed financial statements for definition and calculation.
3. See Table B within supplementary disclosures for reconciliations to IFRS metrics.
4. See Note 14 within condensed financial statements for definition, calculation and reference to IFRS metrics.
5. On a proportionally consolidated basis including the Group's share of joint ventures and excluding non-controlling interests.
6. EPRA Loan to value is disclosed in Table E of the condensed financial statements.
7. Net Debt to EBITDA on a Group basis excludes non-recourse and joint venture borrowings, and includes distributions from joint ventures and non-recourse companies.

Overview

Operational performance continued to improve driven by strong like-for-like rental growth and our focus on cost control. Underlying Profit was up 6.9% at £264m, while Underlying earnings per share (EPS) was up 4.8% at 28.3p. Based on our policy of setting the dividend at 80% of Underlying EPS, the Board has proposed a final dividend of 11.04p per share, resulting in a full year dividend of 22.64p, up 3.3%. The growth in the dividend is lower than Underlying EPS growth due to the impact of the rental concession restatement in the prior year.

IFRS loss after tax for the year was £1,039m, compared with a profit after tax for the prior year of £965m. The movement year-on-year primarily reflects the downward valuation movement on the Group's properties and those of its joint ventures as property values adjusted to the higher rate environment, offset by the mark-to-market movement on the derivatives hedging the interest rate on our debt.

Overall valuations have fallen by 12.3% on a proportionally consolidated basis, resulting in a decrease in EPRA NTA per share of 19.5%. Including dividends of 23.20p per share paid during the year, total accounting return was –16.3%.

Loan to value (LTV) on a proportionally consolidated basis increased by 310 bps from 32.9% at 31 March 2022 to 36.0% at 31 March 2023, reflecting the valuation declines noted above and capital expenditure on our committed pipeline. This was partially offset by the sale of a 75% interest in the majority of our assets in Paddington Central, which completed in July 2022.

Group Net Debt to EBITDA decreased by 1.5x to 6.4x, and Net Debt to EBITDA on a proportionally consolidated basis decreased by 1.3x to 8.4x, improving as a result of net divestment made in the year and growth in underlying earnings.

We completed £1.4bn (£0.9bn British Land share) of financing activity in the year on favourable terms, at margins in line with our in place facilities, with banks whom we have longstanding relationships and two which are new relationships to the Group and its joint ventures. For British Land, we agreed £375m of new revolving credit facilities (RCF), all for initial 5 year terms, as well as the extension of a further £100m RCF, and agreed with Homes England the continuation of the £100m loan facility to fund specified infrastructure works at Canada Water following the formation of the joint venture. For this joint venture we completed a £150m Green development loan facility for Canada Water, Phase 1 and for the Paddington joint venture we completed a £515m loan for Paddington Central.

Our weighted average interest rate at 31 March 2023 was 3.5%, a 60 bps increase from 31 March 2022. This increase was primarily due to the repayment of our lower cost bank RCFs with the proceeds of the Paddington transaction, as well as the impact of rising market rates. The impact on our interest costs is limited by our hedging which includes swaps to fixed rate and caps where the strike rates are now below current SONIA. The interest rate on our debt is 97% hedged for the next year and 76% of our projected debt is hedged on average over the next 5 years.

Our financial position remains strong with £1.8bn of undrawn facilities as at 31 March 2023. Based on our current commitments and facilities, we have no requirement to refinance until early 2026.

We retain significant headroom to our debt covenants, meaning the Group could withstand a fall in asset values across the portfolio of 36% prior to taking any mitigating actions.

Fitch Ratings, as part of their annual review in August 2022, affirmed all our credit ratings with a Stable Outlook, including the senior unsecured rating at 'A'.

Underlying Profit

	£m
Underlying Profit for the year ended 31 March 2022[1]	**247**
Like-for-like net rent	21
CVAs, administrations and provisions for debtors and tenant incentives	–
Net divestment	(11)
Developments	12
Net finance costs & fee income	(5)
Underlying Profit for the year ended 31 March 2023	**264**

1. Prior year comparatives have been restated for a change in accounting policy in respect of rental concessions (as disclosed in Note 1 of the condensed financial statements).

Underlying Profit increased by £17m, due to strong like-for-like net rents, as well as the benefit of recently completed developments, partially offset by the impacts of net divestment and increased financing costs primarily due to rising market rates.

Net capital activity decreased earnings by £11m in the year. This reflects a £20m decrease from the £1.2bn disposal of mature assets (primarily the sale of a 75% interest in the majority of our assets in Paddington Central) over the last 24 months, offset by the £0.9bn of acquisitions in Retail Parks, Urban Logistics, and innovation opportunities which resulted in a £9m increase to earnings.

Proceeds from sales have been deployed into our development pipeline and value accretive acquisitions. Our committed schemes are expected to generate an ERV of £65.7m, of which 38% is already pre-let or under offer.

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 periods, 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 condensed 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 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 14 of the condensed 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. No company adjustments were made in the current year to 31 March 2023. In the year to 31 March 2022, a £29m surrender premium payment and a £12m reclassification of foreign exchange differences were excluded from the calculation of Underlying Profit (see Note 2 of the condensed financial statements). There was no tax effect of this Company adjusted item.

Year ended	Section	31 March 2023 £m	31 March 2022[1] £m
Gross rental income		**493**	493
Property operating expenses		**(47)**	(68)
Net rental income	1.2	**446**	425
Net fees and other income		**18**	13
Administrative expenses	1.3	**(89)**	(89)
Net financing costs	1.4	**(111)**	(102)
Underlying Profit		**264**	247
Underlying tax		**(1)**	4
Non-controlling interests in Underlying Profit		**1**	2
EPRA and Company adjustments[2]		**(1,303)**	712
IFRS (loss)/profit after tax	2	**(1,039)**	965
Underlying EPS	1.1	**28.3p**	27.0p
IFRS basic EPS	2	**(112.0)p**	103.8p
Dividend per share	3	**22.64p**	21.92p

1. Prior year comparatives have been restated for a change in accounting policy in respect of rental concessions (as disclosed in Note 1 of the condensed financial statements).
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 28.3p, up 4.8%. This reflects the Underlying Profit increase of 6.9%, offset by the £5m increase in Underlying tax charge compared to the prior year. This reflects a £1m Underlying tax charge in the year compared to a one-off £4m tax credit in the prior year.

1.3 Net rental income

	£m
Net rental income for the year ended 31 March 2022[1]	**425**
Disposals	(25)
Acquisitions	12
Developments	13
Like-for-like net rent	21
CVAs, administrations and provisions for debtors and tenant incentives	–
Net rental income for the year ended 31 March 2023	**446**

1. Prior year comparatives have been restated for a change in accounting policy in respect of rental concessions (as disclosed in Note 1 of the condensed financial statements).

Disposals of income producing assets over the last 24 months reduced net rents by £25m in the year, this primarily relates to the sale of a 75% interest in the majority of our assets in Paddington Central. The proceeds from sales are being reinvested into value accretive acquisitions and developments. Acquisitions have increased net rents by £12m, primarily as a result of the purchase of retail parks in Farnborough, Thurrock and Reading Gate. Developments have increased net rents by £13m, driven by the completion of 1 Triton Square. The committed development pipeline is expected to deliver £65.7m of ERV in future years.

Like-for-like net rental growth across the portfolio was 5.9% in the year, adding £21m to net rents.

Campus like-for-like net rental growth was 6.5% in the year. This was driven by strong letting activity across our Storey spaces, at 100 Liverpool Street and Orsman Road which are now fully let; lettings at our newly refurbished buildings, including Braze at Exchange House; as well as the impact of rent reviews with dentsu at 10 Triton and Meta at 10 Brock Street. Like-for-like net rental growth for Retail Parks was 6.2% and 2.6% for Shopping Centres. This reflects strong leasing and improved occupancy on our Retail Parks, and solid operational performance for Shopping Centres.

Provisions made against debtors and tenant incentives decreased by £5m compared to the prior year, with a net £6m credit recognised in the year. We've made good progress on prior year debtors; the £72m of tenant debtors and accrued income as at 31 March 2022 now stands at £23m, primarily driven by cash collection and negotiations with occupiers. As of 31 March 2023, tenant debtors and accrued income totalled £48m of which £36m (or 75%) is provided for.

The impact of CVA and administrations was £5m in the year, primarily relating to various retail CVAs from prior periods.

1.4 Administrative expenses

Administrative expenses are flat year on year at £89m as a result of our continued focus on cost control. The Group's EPRA operating cost ratio decreased to 19.5% (March 2022: 25.6%) driven by like-for-like rental growth, increased occupancy reducing void costs, tight cost control and a higher fee income from the new Canada Water and Paddington joint ventures.

1.5 Net financing costs

	£m
Net financing costs for the year ended 31 March 2022	**(102)**
Net divestment	2
Developments	(1)
Market rates	(8)
Financing activity	(2)
Net financing costs for the year ended 31 March 2023	**(111)**

Net financing costs increased overall by £9m in the year. Net divestment reduced financing costs by £2m; disposals of £1.2bn over the last 24 months reduced costs by £5m, partially offset by acquisitions made over the same period. Developments increased financing costs by £1m, as interest is no longer capitalised on funds drawn for developments completed in the prior year.

Rising market interest rates during the year increased financing costs by £8m. Over the year to 31 March 2023, the interest rate on all our debt was hedged by fixed rates and interest rate swaps and caps. As market rates (SONIA) continued to rise throughout the year, the strike rates on our caps were reached, thereby limiting the impact on our financing costs, particularly over the second half of the year.

We are 97% hedged on our debt for the year to March 2024. At 31 March 2023, we were fully hedged and over the next five years, on average and with a gradually declining profile, we have hedging on 76% of our projected debt.

2. IFRS loss after tax

The main differences between IFRS loss after tax and Underlying Profit are that IFRS includes the valuation movements on investment properties, fair value movements on financial instruments and associated deferred tax, capital financing costs and any Company adjustments. 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 loss after tax for the year was £1,039m, compared with a profit after tax for the prior year of £965m. IFRS basic EPS was (112.0)p, compared to 103.8p in the prior year. The IFRS loss after tax for the year primarily reflects the downward valuation movement on the Group's properties of £798m, the capital and other loss from joint ventures of £559m, net capital finance income of £88m (primarily the mark-to-market movement on the derivatives hedging the interest rate on our debt) and the Underlying Profit of £264m. The Group valuation movement and capital and other income profit from joint ventures was driven principally by outward yield shift of 71 bps offset by ERV growth of 2.8% in the portfolio resulting in a valuation loss of 12.3%.

The basic weighted average number of shares in issue during the year was 927m (2021/22: 927m).

3. Dividends

Our dividend is semi-annual and calculated at 80% of Underlying EPS based on the most recently completed six-month period. Applying this policy, the Board are proposing a final dividend for the year ended 31 March 2023 of 11.04p per share. Payment will be made on Friday 28 July 2023 to shareholders on the register at close of business on Friday 23 June 2023. The dividend will be a Property Income Distribution and no SCRIP alternative will be offered.

Balance sheet

As at	Section	31 March 2023 £m	31 March 2022[1] £m
Property assets		**8,907**	10,476
Other non-current assets		**141**	104
		9,048	10,580
Other net current liabilities		**(290)**	(316)
Adjusted net debt	6	**(3,221)**	(3,458)
Other non-current liabilities		**(50)**	–
EPRA Net Tangible Assets		**5,487**	6,806
EPRA NTA per share	4	**588p**	730p
Non-controlling interests		**13**	15
Other EPRA adjustments[2]		**25**	(53)
IFRS net assets	5	**5,525**	6,768

Proportionally consolidated basis

1. Prior year comparatives have been restated for a change in accounting policies in respect of rental concessions and tenant deposits (as disclosed in Note 1 of the condensed financial statements).
2. 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, the mark-to-market on the convertible bonds, 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 B within the supplementary disclosures.

4. EPRA Net Tangible Assets per share

	pence
EPRA NTA per share at 31 March 2022[1]	**730**
Valuation performance	(147)
Underlying Profit	28
Dividend	(23)
EPRA NTA per share at 31 March 2023	**588**

1. Prior year comparative has been restated for a change in accounting policies in respect of rental concessions and tenant deposits (as disclosed in Note 1 of the condensed financial statements).

The 19.5% decrease in EPRA NTA per share reflects a valuation decrease of 12.3% compounded by the Group's gearing. The decrease in valuations was driven by yield expansion as a result of rising interest rates.

Campus valuations were down 13.1%, driven by yields moving out 70 bps, but offset by ERV growth of 2.6% reflecting our successful leasing activity.

Valuations in Retail & London Urban Logistics were down 10.9% overall, with outward yield shift of 72 bps and ERVs up 3.0%. Retail Parks fell by 10.2% in the year, driven by yield expansion of 71 bps, although offset by positive ERV growth, up 2.8%. Shopping Centres yields expanded by 39 bps whilst ERVs were up 1.2%. London Urban Logistics saw yield expansion of 187 bps but the combination of strong occupational demand and acute undersupply of space has driven ERV growth of 29.4%.

5. IFRS net assets

IFRS net assets at 31 March 2023 were £5,525m, a decrease of £1,243m from 31 March 2022. This was primarily due to the IFRS loss after tax of £1,039m and dividends payable in the year of £215m.

Cash flow, net debt and financing

6. Adjusted net debt[1]

	£m
Adjusted net debt at 31 March 2022	**(3,458)**
Disposals	732
Acquisitions	(173)
Developments	(276)
Capex (asset management initiatives)	(51)
Net cash from operations	240
Dividend	(213)
Other	(22)
Adjusted net debt at 31 March 2023	**(3,221)**

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 14 to the condensed financial statements and adjusted net debt is included in Table A within the supplementary disclosures.

Disposals net of acquisitions decreased debt by £532m whilst development spend totalled £276m with a further £51m on capital expenditure related to asset management on the standing portfolio. The value of committed developments is £648m, with £488m costs to come. Speculative development exposure is 6.0% of ERV (includes space under offer). There are 1.8m sq ft of developments in our near term pipeline with anticipated cost of £947m.

7. Financing

	Group		Proportionally consolidated	
	31 Mar 2023	31 Mar 2022	**31 Mar 2023**	31 Mar 2022
Net debt / adjusted net debt[1,2]	**£2,065m**	£2,504m	**£3,221m**	£3,458m
Principal amount of gross debt	**£2,250m**	£2,562m	**£3,448m**	£3,648m
Loan to value[3]	**27.4%**	26.2%	**36.0%**	32.9%
Net Debt to EBITDA (Group)[3,4]				
Net Debt to EBITDA (proportionally consolidated)[3]	**6.4x**	7.9x	**8.4x**	9.7x
Weighted average interest rate	**2.9%**	2.4%	**3.5%**	2.9%
Interest cover	**5.4x**	5.6x	**3.4x**	3.5x
Weighted average maturity of drawn debt	**5.6 years**	6.6 years	**5.9 years**	6.9 years

1. Prior year comparatives have been restated for a change in accounting policy in respect of rental concessions and tenant deposits (as disclosed in Note 1 of the condensed financial statements).
2. Group data as presented in Note 14 of the condensed 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.
3. Note 14 of the condensed financial statements sets out the calculation of the Group and proportionally consolidated LTV and Net Debt to EBITDA.
4. Net Debt to EBITDA on a Group basis excludes non-recourse and joint venture borrowings, and includes distributions from non-recourse companies and joint ventures.

At 31 March 2022, our proportionally consolidated LTV was 36.0%, up from 32.9% at 31 March 2022. Disposals in the year, primarily the sale of a 75% interest in the majority of our assets in Paddington Central, decreased LTV by 490 bps. This was more than offset by the impact of valuation movements which added 490 bps, development spend which added 200 bps and acquisitions in the year which added 110 bps.

Our proportionally consolidated Net Debt to EBITDA was 8.4x, reduced by 1.3x since March 2022, driven by net disposals in the year and growth in underlying earnings. For the Group, the Net Debt to EBITDA ratio decreased from 7.9x to 6.4x.

Our weighted average interest rate at 31 March 2023 was 3.5%, the same level as September 2022, up from 2.9% at March 2022. The increase during the first half of the year was primarily due to disposals, including the new Paddington joint venture in July, with the proceeds being used to repay our revolving credit facilities which were then at a market rate lower than our average cost of debt. In the second half of the year, as market rates (SONIA) continued to rise, our interest rate caps limited the additional impact on our cost of debt.

We maintain good long term relationships, and seek to develop new relationships, with debt providers across the markets. During recent volatile market conditions, we have continued to raise funds on good terms for both British Land and joint ventures. During the year our total financing activity was £1.4bn, of which £1.2bn was new finance raised, on favourable terms including margins in line with our in place facilities.

For British Land, we arranged several new and extended bilateral unsecured revolving credit facilities (RCF) during the last six months: in October we renewed a £100m RCF; in November, we signed a £150m RCF with a bank which is new to our unsecured relationships; and in March we signed a further £125m RCF. All these RCFs were for new initial 5 year terms and have provisions for extensions of up to a further two years. In line with these provisions, we also extended another £100m RCF for a further year to mature in 2028. In March, we agreed with Homes England the continuation of the £100m loan facility to fund specified infrastructure works at Canada Water following the formation of the joint venture.

A £150m Green loan facility to support the development costs of Canada Water Phase 1 completed in March this year for our joint venture. National Westminster Bank and Crédit Agricole Corporate & Investment Bank provided the loan and the related interest rate hedging, and acted as Mandated Lead Arrangers and Green Loan Advisers. The loan for three years is secured on the mixed-use Phase 1 project. The offices are targeting BREEAM Outstanding and the private residential is targeting HQM One 4*, enabling the loan and hedging to be designated as 'Green'.

Sustainability targets apply to all these new and extended RCFs, aligned with our other ESG linked RCFs and linked to our sustainability strategy. Together with the £150m Green development loan facility for the Canada Water joint venture, we have raised £525m of 'Green' and ESG linked finance this year.

Earlier in the year, we completed a £515m 5 year loan for the Paddington joint venture, secured on its assets. A club of three banks, DBS Bank Ltd., London Branch, Oversea-Chinese Banking Corporation Limited, and SMBC Bank International PLC and affiliates provided the loan and the related interest rate hedging which completed in July.

As a result of all of this activity, at 31 March 2023, we had £1.8bn of undrawn facilities. Based on our current commitments and facilities, the Group has no requirement to refinance until early 2026.

We retain significant headroom to our debt covenants, meaning the Group could withstand a fall in asset values across the portfolio of 36% prior to taking any mitigating actions.

Fitch Ratings, as part of their annual review in August 2022 affirmed all our credit ratings, with a stable outlook; senior unsecured credit rating 'A', long term IDR 'A-' and short term IDR 'F1'.

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

Bhavesh Mistry
Chief Financial Officer

About British Land

Our portfolio of high quality UK commercial property is focused on London Campuses and Retail & London Urban Logistics assets throughout the UK. We own or manage a portfolio valued at £13.0bn (British Land share: £8.9bn) as at 31 March 2023 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 & London Urban Logistics.

Our three Campuses at Broadgate, Paddington Central and Regent's Place are dynamic neighbourhoods, attracting growth customers and sectors, and offering some of the best connected, highest quality and most sustainable space in London. We are delivering our fourth Campus at Canada Water, where we have planning consent to deliver 5m sq ft of residential, commercial, retail and community space over 53 acres. Our Campuses account for 63% of our portfolio.

Retail & London Urban Logistics accounts for 37% 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. Our approach is focused on three key pillars where British Land can create the most benefit: *Greener Spaces*, making our whole portfolio net zero carbon by 2030, *Thriving Places*, partnering to grow social value and wellbeing in the communities where we operate and *Responsible Choices*, advocating responsible business practices across British Land and throughout our supply chain, and maintaining robust governance structures. Further details can be found on the British Land website at www.britishland.com

RISK MANAGEMENT AND PRINCIPAL RISKS

Risk Management

We have an established risk management and control framework that enables us to effectively identify, assess and manage the range of financial and non-financial risks facing our business, including those principal risks that could threaten solvency and liquidity, as well as identifying 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 making the most of our opportunities.

Our integrated risk management approach combines a top-down strategic view with a complementary bottom-up operational process. Whilst ultimate responsibility for risk rests with the Board, the effective day to day management of risk is integral to the way the Group conducts business. In summary, our approach to risk management is centred on being risk-aware, clearly defining our risk appetite, responding quickly to changes in our risk profile and having a strong risk management culture amongst all employees with clearly defined roles and accountability.

The Group's risk profile has remained elevated during the year, due to the volatile geopolitical environment and a deterioration in macroeconomic conditions, although the risks associated with the Covid-19 pandemic have lessened. The key macroeconomic challenges this year include rapidly rising interest rates, heightened inflation compounded by the impact of the on-going war in the Ukraine and the risk of recession. The Board and key committees have overseen the Group's response to the impact of these challenges on our business and their wider impacts on our markets, portfolio strategy, development programme and our customers, with business resilience and risk management at the core of our approach. We are proactively managing our business by taking a risk-managed approach in terms of capital allocation and maintaining a strong financial position. In particular, we are managing our development risk by fixing costs and taking a measured approach to progress our pipeline as and when the time is right. Also, we are actively managing our financing risk, and maintain access to a diverse range of sources of finance with a spread of repayment dates, along with the use of hedging to mitigate against rising interest rates.

We have set out in the principal risks table overleaf the main adverse impacts of these challenges and the actions we have taken to mitigate them. These include operational and financial challenges for our occupiers, reduced demand for our assets in the investment market, increased difficultly for us to continue to execute our portfolio and development strategy at pace, and rising financing costs, which impact property values and could in time impact our rental income. Despite these challenges, our business has continued to show resilience, with our robust risk management approach continuing to protect the business through this challenging economic environment and enabling us to be flexible to adjust and respond to these external risks as they evolve.

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, and do not consider that the fundamental principal risks and uncertainties facing the Group have changed during the year. However, our assessment of the principal risks has been adversely impacted by the volatile UK economic and political landscape in the year and consequently, several principal risks have increased compared to FY22; largely in their likelihood, and to a lesser extent their potential impact on our business due to mitigating actions we have taken. These include Macroeconomic, Political, Legal and Regulatory, Campus and Urban Logistics Property Markets external risks, as well as our Portfolio Strategy, Customer and Financing risks. At the same time, the Major Events and Business Disruption and People and Culture risks have lessened. Recently, there have been signs that the macroeconomic headwinds that have driven the increase are subsiding which we anticipate will lower the elevated risk assessment of several principal risks looking forward, albeit is too early to conclude this at this stage and we will continue to actively monitor.

Our principal external and internal risks are summarised below, including an assessment of how the risks have changed in the year. As usual, a more comprehensive explanation of the Group's approach to risk management will be included in the 2023 Annual Report and Accounts.

External Principal Risks

<table>
<tr><th>Risks and impacts</th><th>How we monitor and mitigate the risks</th><th>Change in risk assessment in year</th></tr>
<tr><td colspan="3">1. Macroeconomic Risks</td></tr>
<tr>
<td>The UK economic climate and changes to fiscal and monetary policy present risks and opportunities in property and financing markets and to the businesses of our customers which can impact both the delivery of our strategy and our financial performance.</td>
<td>– The Board, Executive Committee and Risk Committee regularly assess the Company's strategy in the context of the wider macroeconomic environment in which we operate to assess whether changes to the economic outlook justify a reassessment of our strategic priorities, our capital allocation plan and the risk appetite of the business.
– Our strategy team prepares a regular dashboard for the Board, Executive and Risk Committees which tracks key macroeconomic indicators both from internal and independent external sources (see KRIs), as well as central bank guidance and government policy.
– Regularly stress testing our business plan against a downturn in economic outlook to ensure our financial position is sufficiently flexible and resilient.
– Our business model is focused on a prime, high quality portfolio aligned to key trends in our markets where we have pricing power and active capital recycling to maintain a strong financial position, which helps to protect us against adverse changes in economic conditions.

KRIs
– Forecast GDP growth, inflation and interest rate forecasts.
– Consumer confidence and unemployment rates.
– Stress testing for downside scenarios to assess the impact of differing market conditions.</td>
<td> The macroeconomic risk outlook was volatile during the year. It increased during the first half of the fiscal year and subsided in the second half. We consider it our most significant risk with a high potential impact and medium to high probability reflecting the prospect of recession in the UK, high inflation (albeit signs this is moderating) and interest rate rises which impact our portfolio strategy, our markets and our customers.

The Board and key Committees have overseen the Group's response to the impact of the macroeconomic environment on our business during the year, and whilst the outlook for the UK economy has improved more recently, we remain mindful of the ongoing macroeconomic challenges. In response, we have increased the regularity of our economic outlook assessments to assess their consequences on our strategy and are taking actions which we deem appropriate. We are proactively managing our business by taking a risk-managed approach in terms of capital allocation and maintaining a strong financial position. In particular, we are managing our development risk by fixing costs and taking a measured approach to progress our pipeline as and when the time is right. Also, we are actively managing our financing risk, and maintain access to a diverse range of sources of finance with a spread of repayment dates, along with the use of hedging to mitigate against rising interest rates.

Opportunity
The strength of our balance sheet, quality of our assets and the experience of our Board and management team put us in a strong position to help us to navigate through these near term challenges and take advantage of opportunities as they arise, including continued investment in assets that are aligned to our strategic themes and our development pipeline.</td>
</tr>
</table>

Risks and impacts	How we monitor and mitigate the risks	Change in risk assessment in year

2. Political, Legal and Regulatory Risks

Significant political events and regulatory changes, including the impact of government policy, bring risks principally in four areas:

- Reluctance of investors and businesses to make investment and occupational decisions whilst the outcome remains uncertain.
- The impact on the case for investment in the UK, and specific policies and regulation introduced, particularly those which directly impact real estate or our customers.
- The potential for a change of leadership or political direction.
- The impact on the businesses of our occupiers as well as our own business.

- Whilst we cannot influence the outcome of significant political events, the risks are taken into account when setting our business strategy and when making strategic investment and financing decisions.
- Internally we review and monitor proposals and emerging policy and legislation to ensure that we take the necessary steps to ensure compliance, if applicable. Additionally, we engage public affairs consultants to ensure that we are properly briefed on the potential policy and regulatory implications of political events.
- Where appropriate, we act with other industry participants and representative bodies to contribute to policy and regulatory debate. We monitor and respond to social and political reputational challenges relevant to the industry and apply our own evidence-based research to engage in thought leadership discussions.

KRIs

- Monitor changes within the geopolitical environment, UK policies, laws or regulations.

The political, legal and regulatory risk outlook has also increased over the year reflecting an uncertain economic environment, continued geopolitical tensions and increased Government regulation, with both a medium to high impact and probability.

Political uncertainty has reduced following the appointment of a new Prime Minister, although the UK's economic outlook is uncertain. The global geopolitical environment also remains uncertain, heightened by the ongoing war in Ukraine. This has potential impacts on interest rates, supply chains, security, cyber risks, compliance and reputational risks.

Government legislation has also continued to increase in the year with potential for this to continue in the future with further associated regulation. As set out under macroeconomic risk, the Board and key committees are actively monitoring these external risks and their potential impacts on the UK economy and our operations to ensure we are taking appropriate mitigating actions.

Opportunity

We continue to closely monitor the political outlook and any potential changes in regulations to ensure changes which may impact the Group, or our customers, are identified and addressed appropriately. We work closely with Government, directly and through our membership of key property industry bodies, to input into regulation as draft proposals are announced. Through this proactive approach, we view the right kind of regulation and legislation as an opportunity for our business to outperform.

Risks and impacts	How we monitor and mitigate the risks	Change in risk assessment in year

3. Property Market Risks

Underlying income, rental growth and capital performance could be adversely affected by a reduction in investor demand or weakening occupier demand in our property markets.

Structural changes in consumer and business practices such as the growth of online retailing and flexible working practices (including more working from home) could have an adverse impact on demand for our assets.

- The Board, Executive Committee and Risk Committee regularly assess whether any current or future changes in the property market outlook present risks and opportunities which should be reflected in the execution of our strategy and our capital allocation plan.
- Our strategy team prepares a regular dashboard for the Board, Executive and Risk Committees which tracks key investment and occupier demand indicators from both internal and independent external sources (see KRIs) which are considered alongside the Committee members' knowledge and experience of market activity and trends.
- We focus on prime assets or those with repositioning potential and sectors which we believe will be more resilient over the medium term to a reduction in occupier and investor demand.
- We maintain strong relationships with our occupiers, agents and direct investors active in the market and actively monitor trends in our sectors.
- We stress test our business plan for the effect of changes in rental growth prospects and property yields.

KRIs

- Occupier and investor demand indicators in our sectors.
- Margin between property yields and borrowing costs.
- Online sales market trends.
- Footfall and retail sales to provide insight into consumer trends.
- Campus occupancy to provide insight into occupier trends and people visiting our Campuses.

↑ **Campuses**

The Campus property market risk outlook increased during the year, due to the adverse impact of rising inflation and interest rates on the investment market, and is considered a medium impact risk with a medium probability.

The prime London office market continues to demonstrate robust occupational fundamentals due to low vacancy, a reduced development pipeline coupled with demand gravitating to the best and most sustainable space. However, rising interest rates have significantly impacted investor sentiment and structural headwinds remain from an increased trend in working from home, accelerated by the impact of Covid-19.

Opportunity
Our Campus model is centred on providing well connected, best in class buildings with leading sustainability and design credentials, surrounded by attractive public spaces with a wide range of amenities and an engaging public realm. This supports the resilience of our offer as occupiers focus on the very best space for their business and this is demonstrated by the continued strength of our leasing activity across our Campuses this year.

⟷ **Retail**

The Retail property market risk outlook has remained stable in the year and is considered a medium impact risk with a medium to high probability.

Whilst occupational markets strengthened over the year with more retailers recovering to pre-pandemic levels in terms of sales, the market outlook continues to be challenging with retailers facing both increased costs, such as rising input costs, energy costs and wages, as well as lower consumer spending. Investment activity was relatively in line with historic trends for retail parks (albeit lower than last year), while shopping centres remains below long term averages.

Opportunity
Our Retail portfolio focuses on retail parks, which we believe is the preferred format for retailers, aligned to the growth of convenience and compatibility with an omni-channel retail strategy. Despite the continued challenges in retail, this has been a strong year for our leasing activity and retailers continue to recognise we offer some of the best quality space in the UK. We will continue to look for acquisition opportunities where we can create value by leveraging our scale and our expertise in asset management.

Risks and impacts	How we monitor and mitigate the risks	Change in risk assessment in year

3. Property Market Risks continued

London Urban Logistics

The London Urban Logistics property market risk outlook increased slightly in likelihood in the year, as rising interest rates impacted investment sentiment, but overall, this risk is a relatively low impact risk with a low probability given the chronic shortage of space in London.

In London, occupational fundamentals remain favourable underpinned by structural changes in e-commerce and with supply of the right kind of space highly constrained. However, as a low yielding sector, the investment market has been heavily impacted by rising interest rates and pricing has softened.

Opportunity
Our Urban Logistics portfolio is focused on a development-led pipeline through the intensification and repurposing of existing buildings in London, a market with significant demand and tightly limited supply. The challenging investment market may create the environment for opportunistic purchases where our development expertise is a competitive advantage.

Risks and impacts	How we monitor and mitigate the risks	Change in risk assessment in year

4. Major Events/Business Disruption Risks

Major global, regional or national events could cause significant damage and disruption to the Group's business, portfolio, customers, people and supply chain.

Such incidents could be caused by a wide range of external events such as civil unrest, an act of terrorism, pandemic disease, a cyber-attack, an extreme weather occurrence, environmental disaster or a power shortage.

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.

- The Group has comprehensive crisis response plans and incident management procedures both at head office and asset-level that are regularly reviewed and tested.
- Asset emergency procedures are regularly reviewed, and scenario tested. Physical security measures are in place at properties and development sites.
- The Group monitors the Home Office terrorism threat level, and we have access to security threat information services to help inform our security measures.
- We have robust IT security systems that support data security, disaster recovery and business continuity plans.
- We have comprehensive property damage and business interruption insurance across the portfolio.

KRIs
- Security Service National Threat level.
- Security risk assessments of our assets.

Our major events/business disruption risk outlook has reduced over the year as Covid-19 related disruption to our business has eased and at present is considered a medium impact risk with a medium probability.

Whilst Covid-19 disruption has eased, the heightened global and political uncertainty, exacerbated by war in Ukraine, could have an impact on the Group's operations and stakeholders. Specifically, terrorism remains a threat, as is the risk of cyber security breaches. Our crisis management team carries out event simulations to test our processes and procedures in response to major incidents and during the year this was centred on a cyber crisis simulation.

Opportunity
The challenges of the last few years have demonstrated the resilience of our business model and our robust crisis management and business continuity plans. We remain vigilant to the continued risk from external threats.

Internal Principal Risks

Risks and impacts	How we monitor and mitigate the risks	Change in risk assessment in year
5. Portfolio Strategy Risks		
The Group's income and capital performance could underperform in absolute or relative terms as a result of an inappropriate portfolio strategy and subsequent execution. This could result from: – incorrect sector selection and weighting. – poor timing of investment and divestment decisions. – inappropriate exposure to developments. – wrong mix of assets, occupiers and region concentration. – overpaying for assets through inadequate due diligence or price competition. – inappropriate co-investment arrangements.	– The Board carries out an annual review of the overall corporate strategy including the current and prospective portfolio strategy so as to meet the Group's overall objectives. – 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 are subject to robust risk evaluation overseen by our Investment Committee including consideration of returns relative to risk adjusted hurdle rates. – 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. **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 and funds.	**Our portfolio strategy risk has increased in likelihood due to the impact of the macroeconomic conditions and challenging investment markets and is considered a medium impact risk with a medium probability.** During the year, external impacts discussed in the macroeconomic and property markets risk outlook have influenced our ability to execute our portfolio and development strategy at pace, and the rising interest environment has inevitably impacted valuations. Despite this tougher macro environment, our operational performance has been strong, and reinforces our conviction in our key markets of Campuses, Retail Parks and London Urban Logistics. **Opportunity** We have a diversified portfolio strategy and focus on sectors which are supply constrained and where we have pricing power and can leverage our competitive strengths in development and active management to create value. We will remain disciplined in terms of our capital allocation and responsive to opportunities that arise, particularly in Retail Parks and London Urban Logistics. Our portfolio has been positioned to be resilient through the cycle and our investment criteria have been reassessed to reflect the prevailing economic conditions impacting our capital allocation and investment decisions.

Risks and impacts	How we monitor and mitigate the risks	Change in risk assessment in year

6. Development Risks

Development provides an opportunity for outperformance but usually involves elevated risk. This is reflected in our decision making process around which schemes to develop and the timing of the development, as well as the execution of these projects.

Development strategy addresses several development risks that could adversely impact underlying income and capital performance including:

- development letting exposure.
- construction timing and costs (including construction cost inflation).
- major contractor or subcontractor failure.
- adverse planning judgements.

- We apply a risk-controlled development strategy through managing our exposure, pre-letting strategy and fixing costs.
- We manage our levels of total and speculative development exposure within targeted ranges considering associated risks and the impact on key financial metrics. This is monitored regularly by the Risk Committee along with progress of developments against plan.
- Prior to committing to a development, a detailed appraisal is undertaken. This includes consideration of returns relative to risk adjusted hurdle rates and is overseen by our Investment Committee.
- Pre-lets are used to reduce development letting risk where considered appropriate.
- Competitive tendering of construction contracts and, where appropriate, fixed price contracts are entered into. We measure inflationary pressure on construction materials and labour costs (and sensitise for a range of inflationary scenarios) and make appropriate allowances in our cost estimates and incorporate within our 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. The Board considers the section 172 factors to ensure the impact on the environment and communities is adequately addressed.
- 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.

KRIs

- Total development exposure ≤12.5% of portfolio by value.
- Speculative development exposure ≤12.5% of portfolio ERV.
- Residential development exposure.
- Progress on execution of key development projects against plan (including evaluating yield on cost).
- Construction costs inflation forecasts.

⟷ **Our development risk has remained at similar levels overall and is considered a medium impact risk with a medium probability.**

During the year, inflationary pressures in the construction supply chain for certain materials and labour have continued, which have been further compounded by the war in Ukraine, impacting both development returns and the timing of our future pipeline. However, construction cost inflation has moderated down to around 3-4% forecast for this year, from the peak of 10% in 2022, in line with our expectations. We are progressing our committed development pipeline, whilst managing the risks appropriately through a combination of timing, pre-lets, fixing costs and use of joint ventures. Our development exposure remains well within our internal risk parameters of 12.5% at 5.5% of portfolio gross asset value. We have competitively secured fixed price contracts on 94% of the costs of our committed developments and 38% of our projects are already pre-let or under offer.

Opportunity
Progressing value accretive development is one of our key business priorities and is a fundamental driver of value. The strength of our balance sheet, our relationships with our contractors and the experience of our management team mean we are well positioned to progress our development pipeline, whilst mitigating the risk through a combination of timing, pre-lets, fixing costs and use of joint ventures. We will continue to actively monitor the inflationary price increases or any potential delays in the construction supply chain and work with our contractors to manage such issues. We will also review the impact on development returns prior to committing to future developments to ensure we meet our detailed pre-set criteria subject to approval by the Investment Committee.

Risks and impacts	How we monitor and mitigate the risks	Change in risk assessment in year

7. Financing Risks

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.
- breach of covenants on borrowing facilities.

- We regularly review funding requirements for our business plans and commitments. We monitor the period until financing is required, which is a key determinant of financing activity. Debt and capital market conditions are reviewed regularly to identify financing opportunities that meet our requirements.
- 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 short term.
- We work with industry bodies and relevant organisations to participate in debate on emerging finance regulations affecting our business.
- 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, the size and timing of which can be uneven, as well as our development commitments to ensure that our LTV and Net Debt to EBITDA levels remain appropriate.
- Financial covenant headroom is evaluated regularly and in conjunction with transaction approval.
- We spread risk through joint ventures and funds which may be partly financed by debt without recourse to British Land.

KRIs

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

Macroeconomic factors have impacted debt capital markets during the year, and as such our financing risk has increased slightly in likelihood. Despite this our balance sheet remains strong and we retain good access to finance, and as a result our financing risk is still considered overall a medium impact with a low to medium probability.

Market interest rates have risen sharply from very low levels and the future outlook is volatile and uncertain. Fixed rate debt and derivatives (swaps and caps) are used to mitigate against the risk of rising interest rates both now and going forward, with 76% of projected debt hedged on average over the next 5 years. Despite the turbulent macroeconomic environment, the scale and quality of our business enables us to continue to access funds from a range of sources and we have raised £1.2bn of new finance on good terms in the year. Based on current commitments and facilities, the Group also has no requirement to refinance until early 2026.

Opportunity

The current uncertain environment reinforces the importance of a strong balance sheet. Our senior unsecured credit rating 'A' was affirmed by Fitch during the year, with a stable outlook.

Our Net Debt to EBITDA on a proportionally consolidated basis is 8.4x which is 1.3x lower than in FY22, and our LTV is currently 36.0%. We have significant headroom to our Group unsecured financial covenants.

Good access to debt capital markets allows us to support business requirements and take advantage of opportunities as they arise.

We have strong liquidity with £1.8bn of undrawn, committed, unsecured revolving facilities and we have no requirement to refinance until early 2026.

Risks and impacts	How we monitor and mitigate the risks	Change in risk assessment in year

8. Environmental Sustainability Risks

A failure to anticipate and respond appropriately and sufficiently to (i) environmental risks or opportunities and (ii) preventative steps taken by government and society could lead to damage to our reputation, disruption in our operations and stranded assets.

This risk category includes the:

- increased exposure of assets to physical environmental hazards, driven by climate change.
- policy risk from the cost of complying with new climate regulations with specific performance and/or technology requirements.
- overall compliance requirements from existing and emerging environmental regulation.
- leasing risk as a result of less sustainable/non-compliant buildings.

- We have a comprehensive ESG programme which is regularly reviewed by the Board, Executive Committee and ESG Committee.
- The Risk and ESG Committees continue to oversee our annual TCFD disclosures including scenario analysis to assess our exposure to climate-related physical and transition risks.
- The ESG Committee monitors our performance and management controls. Underpinned by our SBTi climate targets, our guiding corporate policies (the Pathway to Net Zero and the Sustainability Brief) establish a series of climate and energy targets to ensure our alignment with a societal transition to net zero that limits global warming to 1.5°C.
- Our property management department operates an environmental management system aligned with ISO 14001. We continue to hold ISO 14001 and 50001 accreditations 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 and are evaluated by the Investment Committee and Board in all investment 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.

KRIs

- Energy intensity and carbon emissions. Specifically, energy performance certificates.
- Future cost of carbon credits to meet our 2030 net zero carbon goal.
- Portfolio flood risk.

⟷ **Our environmental sustainability risk has remained stable in the year with both a medium impact and probability.**

Overall, the environmental sustainability risk outlook continues to increase in prominence and importance to our business, our customers and other key stakeholders. Also, regulatory requirements and expectations of compliance with best practice have increased and continue to evolve.

We have made good progress against our 2030 environmental commitments which include ambitious targets to be net zero carbon portfolio by 2030 and a focus on environmental leadership. We are continuing to improve the energy efficiency of our standing portfolio and have improved EPC ratings as a result of our net zero initiatives with 45% of the portfolio currently A or B rated (March 2022: 36%).

Opportunity

We have a clear responsibility but also opportunity to manage our business in the most environmentally responsible and sustainable way we can. This is integral to our strategy; it creates value for our business and drives positive outcomes for our stakeholders. Our Sustainability Strategy has evolved further by grouping it into three key pillars: Greener Spaces, Thriving Places and Responsible Choices, which map to the environmental, social and governance elements of our approach. Our overall sustainability performance has been recognised in international benchmarks including GRESB, where we were delighted to achieve a GRESB 5 star rating for developments and a 4 star rating for standing investments.

Risks and impacts	How we monitor and mitigate the risks		Change in risk assessment in year
9. People and Culture Risks			
Inability to recruit, develop and retain staff and Directors with the right skills and experience required to achieve the business objectives in a culture and environment where employees can thrive, may result in significant underperformance or impact the effectiveness of operations and decision making, in turn impacting business performance.	Our people strategy is designed to minimise risk through: – informed and skilled recruitment processes. – talent performance management and succession planning for key roles. – competitive compensation and benefits. – people development and training. – our flexible working policy helps retain employees while promoting work-life balance and helping to improve productivity. – commitment to equality, diversity and integrity. This risk is measured through employee engagement surveys, wellbeing surveys, employee turnover, exit surveys and retention metrics. We engage with our employees and suppliers to make clear our requirements in managing key risks including health and safety, fraud and bribery, modern slavery and other social and environmental risks, as detailed in our policies and codes of conduct. **KRIs** – Voluntary staff turnover. – Employee engagement and wellbeing. – Gender and ethnicity representation and pay gap.		**Through the success of internal actions, our people and culture risk has reduced in the year and is considered a medium impact risk with a medium probability.** Against a wider economic background of rising inflation, increasing energy bills, and the lingering effects of Covid-19 which have been widely felt, like many companies, we have been experiencing rising wage expectations and an increase in employee mobility. Albeit the competition for talent, which was until recently very intense, has eased off more recently. We will continue to ensure we have the right skills in place across the business and to actively monitor and promote staff wellbeing. During the year we have actively responded to feedback from previous employee surveys, and we were pleased to have our highest ever employee engagement score of 78% in November 2022. **Opportunity** We have a broad range of expertise across our business which is critical to the successful delivery of our strategy. We will continue to assess our employee proposition to ensure it still delivers what people most value in a changing labour market. Our goal is to foster a diverse, inclusive and ambitious culture so we can develop, attract and inspire the best people to deliver our strategy.

Risks and impacts	How we monitor and mitigate the risks	Change in risk assessment in year

10. Customer Risks

The majority of the Group's income is comprised of 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; as well as potential structural changes to lease obligations.

- 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 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.

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').
- Occupancy and weighted average unexpired lease term.

Our customer risk remains elevated and the risk of future administrations or CVAs has increased in likelihood and is considered both a medium to high impact and probability.

We are mindful that higher input prices impact the profitability of our customers, particularly on the retail side which may increase the risk of future administrations or CVAs. We are continuing to collaborate closely with our customers to ensure we provide them with high quality space at a sustainable total occupancy cost, allowing us to maximise occupancy and rent collection. This is reflected in our high occupancy of 96.7% and strong rent collection which was 99% for the year.

Opportunity
Successful customer relationships are vital to our business and continued growth. Our business model is centred around our customers and aims to provides them with modern and sustainable space which aligns to their evolving needs and that of our markets. As our markets have continued to polarise, customers demand more from the places where they work and shop. We are well positioned across both our Campuses and Retail and London Urban Logistics portfolios, where we focus on providing best in class space; and this has been evidenced by our strong leasing activity in the year.

Risks and impacts	How we monitor and mitigate the risks	Change in risk assessment in year

11. Operational and Compliance Risks

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.
- financial crime compliance.

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

- 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 IT infrastructure, cyber security and key IT controls and reports to the Risk Committee and Audit Committee.
- Cyber security risk is managed using a recognised security framework, supported by best practice security tools across our technology infrastructure, IT 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 general and fire risk assessments undertaken annually and any required improvements are implemented within defined time frames depending on the category of risk.
- All our employees must attend 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.

Financial crime compliance

- We operate a zero-tolerance approach for bribery, corruption and fraud and have policies in place to manage and monitor these risks.
- All employees must undertake mandatory training in these areas.

KRIs

- Information systems vulnerability score.
- Cyber security breaches.
- Health and Safety risk assessments.
- Health and Safety incidents.

⟷ **Our operational and compliance risks have remained stable and are considered a medium impact risk with a medium probability.**

Our business faces both operational and compliance risks in its day to day activities across our people, processes and technology. The key risks to our business include: technology and cyber security, health and safety, third party relationships and financial crime compliance. We remain vigilant to these key operational and compliance risks for our business with no significant issues to note over the year. During the year, we have made substantial progress in strengthening our cyber security and IT infrastructure and associated key controls as well as our wider internal controls environment including a detailed fraud risk assessment undertaken across the business.

Opportunity

The Risk Committee oversees and monitors our key operational and compliance risks across the business to ensure we optimise our operational capabilities and create efficiencies in terms of our people, processes and technology, whilst at the same time having appropriate controls to mitigate the risks. Our ability to manage and operate large complex property portfolios and developments is a key differentiator and allows us to work with selected joint venture partners who value our expertise. We will continue to invest in and develop our operational risk management platform so that we can adapt to the dynamic environment to both protect the business and exploit opportunities.

Key: Change in risk assessment from last year

↑ Increase ⟷ No change ↓ Decrease

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors' Responsibilities Statement below has been prepared in connection with the full Annual Report and Accounts for the year ended 31 March 2023. Certain parts of the Annual Report and Accounts have not been included in this announcement as set out in Note 1 to the condensed financial information.

The Directors are responsible for preparing the Annual Report and Accounts in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with UK-adopted international accounting standards and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in Corporate Governance report, confirms that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and loss of the Group;
- the Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the company and profit of the Company; and
- the Annual Report and Accounts includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

By order of the Board.

Bhavesh Mistry
Chief Financial Officer

16 May 2023

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2023

	Note	2023 Underlying[2] £m	2023 Capital and other £m	2023 Total £m	Restated[1] 2022 Underlying[2] £m	Restated[1] 2022 Capital and other £m	Restated[1] 2022 Total £m
Revenue	3	**418**	**–**	**418**	432	(20)	412
Costs[3]	3	**(97)**	**–**	**(97)**	(124)	(9)	(133)
	3	**321**	**–**	**321**	308	(29)	279
Joint ventures (see also below)[4]	8	**92**	**(559)**	**(467)**	84	163	247
Administrative expenses		**(88)**	**–**	**(88)**	(88)	–	(88)
Valuation movement	4	**–**	**(798)**	**(798)**	–	475	475
(Loss) profit on disposal of investment properties and revaluation of investments		**–**	**(30)**	**(30)**	–	45	45
Net financing income							
financing income	5	**2**	**88**	**90**	–	67	67
financing charges	5	**(62)**	**–**	**(62)**	(55)	(7)	(62)
		(60)	**88**	**28**	(55)	60	5
(Loss) profit on ordinary activities before taxation		**265**	**(1,299)**	**(1,034)**	249	714	963
Taxation	6	**(1)**	**(4)**	**(5)**	4	(2)	2
(Loss) profit for the year after taxation		**264**	**(1,303)**	**(1,039)**	253	712	965
Attributable to non-controlling interests		**1**	**(2)**	**(1)**	2	–	2
Attributable to shareholders of the Company		**263**	**(1,301)**	**(1,038)**	251	712	963
Earnings per share:							
basic	2			**(112.0)p**			103.8p
diluted	2			**(112.0)p**			103.5p

All results derive from continuing operations.

	Note	2023 Underlying[2] £m	2023 Capital and other £m	2023 Total £m	Restated[1] 2022 Underlying[2] £m	Restated[1] 2022 Capital and other £m	Restated[1] 2022 Total £m
Results of joint ventures accounted for using the equity method							
Underlying Profit		**92**	**–**	**92**	84	–	84
Valuation movement[5]	4	**–**	**(567)**	**(567)**	–	167	167
Capital financing income (charges)		**–**	**8**	**8**	–	(4)	(4)
Taxation	6	**–**	**–**	**–**	–	–	–
	8	**92**	**(559)**	**(467)**	84	163	247

1. Prior year comparatives have been restated for a change in accounting policy in respect of rental concessions. Refer to Note 1 for further information.
2. See definition in Note 2 and a reconciliation between Underlying Profit and IFRS profit in Note 17.
3. Included within 'Costs' is a credit relating to provisions for impairment of tenant debtors, accrued income and tenant incentives and contracted rent increases of £9m (2021/22: £2m credit). This is disclosed in further detail in Note 7 and Note 10.
4. Included within 'Joint ventures' is a charge relating to provision for impairment of equity investments and loans to joint ventures of £237m (2021/22: £22m), disclosed in further detail in Note 8.
5. Included within the 'Valuation movement' debit of £567m (2021/22: credit of £167m) is a net valuation movement debit of £567m (2021/22: credit of £115m) and the realisation of gain on disposal of assets into joint ventures of £nil (2021/22: £52m), disclosed in further detail in Note 8.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2023

	2023 £m	Restated[1] 2022 £m
(Loss) profit for the year after taxation	**(1,039)**	965
Other comprehensive income (expense):		
Items that may be reclassified subsequently to profit or loss:		
Gains on cash flow hedges		
– Joint ventures	**10**	1
	10	1
Reclassification of foreign exchange differences on disposal of subsidiary net investment to the income statement	**-**	(12)
Other comprehensive income (expense) for the year	**10**	(11)
Total comprehensive (expense) income for the year	**(1,029)**	954
Attributable to non-controlling interests	**(1)**	2
Attributable to shareholders of the Company	**(1,028)**	952

1. Prior year comparatives have been restated for a change in accounting policy in respect of rental concessions. Refer to Note 1 for further information.

CONSOLIDATED BALANCE SHEET

As at 31 March 2023

	Note	2023 £m	Restated[1] 2022 £m
ASSETS			
Non-current assets			
Investment and development properties	7	**5,677**	7,032
		5,677	7,032
Other non-current assets			
Investments in joint ventures	8	**2,206**	2,521
Other investments	9	**58**	41
Property, plant and equipment		**22**	27
Interest rate and currency derivative assets	14	**144**	97
		8,107	9,718
Current assets			
Trading properties	7	**22**	18
Debtors	10	**34**	60
Corporation tax		**2**	3
Cash and cash equivalents	14	**125**	111
		183	192
Total assets		**8,290**	9,910
LIABILITIES			
Current liabilities			
Short term borrowings and overdrafts	14	**(402)**	(189)
Creditors	11	**(282)**	(278)
		(684)	(467)
Non-current liabilities			
Debentures and loans	14	**(1,865)**	(2,427)
Other non-current liabilities[2]	12	**(145)**	(152)
Deferred tax liabilities	13	**(4)**	–
Interest rate and currency derivative liabilities	14	**(67)**	(96)
		(2,081)	(2,675)
Total liabilities		**(2,765)**	(3,142)
Net assets		**5,525**	6,768
EQUITY			
Share capital		**234**	234
Share premium		**1,308**	1,307
Merger reserve		**213**	213
Other reserves		**15**	5
Retained earnings		**3,742**	4,994
Equity attributable to shareholders of the Company		**5,512**	6,753
Non-controlling interests		**13**	15
Total equity		**5,525**	6,768
EPRA Net Tangible Assets per share[3]	2	**588p**	730p

1. Prior year comparatives have been restated for a change in accounting policies in respect of rental concessions and tenant deposits. Refer to Note 1 for further information.
2. See footnote 2 in Note 3.
3. See definition in Note 2.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2023

	Note	2023 £m	Restated[1] 2022 £m
Income received from tenants		**391**	419
Fees and other income received		**47**	30
Operating expenses paid to suppliers and employees		**(200)**	(201)
Sale of trading properties		**–**	8
Cash generated from operations		**238**	256
Interest paid		**(71)**	(62)
Corporation taxation payments		**–**	(6)
Distributions and other receivables from joint ventures	8	**73**	57
Net cash inflow from operating activities		**240**	245
Cash flows from investing activities			
Development and other capital expenditure		**(209)**	(259)
Purchase of investment properties		**(155)**	(596)
Sale of investment properties		**8**	187
Sale of investment properties to Canada Water Joint Venture	8	**–**	290
Sale of investment properties to Paddington Central Joint Venture	8	**686**	–
Purchase of investments		**(15)**	(14)
Indirect taxes paid in respect of investing activities		**4**	(5)
Loan repayments from joint ventures	8	**125**	133
Investment in and loans to joint ventures		**(148)**	(121)
Capital distributions from joint ventures	8	**30**	–
Net cash inflow (outflow) from investing activities		**326**	(385)
Cash flows from financing activities			
Dividends paid	15	**(213)**	(155)
Dividends paid to non-controlling interests		**(1)**	(6)
Capital payments in respect of interest rate derivatives		**(21)**	(7)
Purchase of non-controlling interests in Hercules Unit Trust		**–**	(38)
Decrease in lease liabilities		**(4)**	(4)
Decrease in bank and other borrowings		**(637)**	(213)
Drawdowns on bank and other borrowings		**324**	483
Net cash (outflow) inflow from financing activities		**(552)**	60
Net increase (decrease) in cash and cash equivalents		**14**	(80)
Cash and cash equivalents at 1 April		**111**	191
Cash and cash equivalents at 31 March	14	**125**	111
Cash and cash equivalents consists of:			
Cash and short term deposits		**99**	74
Tenant deposits		**26**	37

1. Prior year comparatives have been restated for a change in accounting policy in respect of tenant deposits. Refer to Note 1 for further information.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2023

	Share capital £m	Share premium £m	Hedging and translation reserve £m	Re-valuation reserve £m	Merger reserve £m	Restated[1] Retained earnings £m	**Restated[1] Total £m**	Non-controlling interests £m	**Restated[1] Total equity £m**
Balance at 1 April 2022	**234**	**1,307**	**2**	**3**	**213**	**4,994**	**6,753**	**15**	**6,768**
Loss for the year after taxation	**–**	**–**	**–**	**–**	**–**	**(1,038)**	**(1,038)**	**(1)**	**(1,039)**
Gains on cash flow hedges – joint ventures	**–**	**–**	**–**	**10**	**–**	**–**	**10**	**–**	**10**
Other comprehensive income	**–**	**–**	**–**	**10**	**–**	**–**	**10**	**–**	**10**
Total comprehensive (expense) income for the year	**–**	**–**	**–**	**10**	**–**	**(1,038)**	**(1,028)**	**(1)**	**(1,029)**
Shares issued in the year	**–**	**1**	**–**	**–**	**–**	**–**	**1**	**–**	**1**
Fair value of share and share option awards	**–**	**–**	**–**	**–**	**–**	**1**	**1**	**–**	**1**
Dividends payable in year (23.20p per share)	**–**	**–**	**–**	**–**	**–**	**(215)**	**(215)**	**–**	**(215)**
Dividends payable by subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1)**	**(1)**
Balance at 31 March 2023	**234**	**1,308**	**2**	**13**	**213**	**3,742**	**5,512**	**13**	**5,525**
Balance at 1 April 2021 as published	234	1,307	14	2	213	4,154	5,924	59	5,983
Change of accounting policy in respect of rental concessions (Note 1)	–	–	–	–	–	30	30	–	30
Restated balance at 1 April 2021	234	1,307	14	2	213	4,184	5,954	59	6,013
Profit for the year after taxation	–	–	–	–	–	963	963	2	965
Gains on cash flow hedges – joint ventures	–	–	–	1	–	–	1	–	1
Reclassification of foreign exchange differences on disposal of subsidiary net investment	–	–	(12)	–	–	–	(12)	–	(12)
Other comprehensive income (expense)	–	–	(12)	1	–	–	(11)	–	(11)
Total comprehensive income (expense) for the year	–	–	(12)	1	–	963	952	2	954
Fair value of share and share option awards	–	–	–	–	–	2	2	–	2
Purchase of the units from non-controlling interests[2]	–	–	–	–	–	2	2	(40)	(38)
Dividends payable in year (16.96p per share)	–	–	–	–	–	(157)	(157)	–	(157)
Dividends payable by subsidiaries	–	–	–	–	–	–	–	(6)	(6)
Balance at 31 March 2022	234	1,307	2	3	213	4,994	6,753	15	6,768

1. Prior year comparatives have been restated for a change in accounting policy in respect of rental concessions. Refer to Note 1 for further information.
2. On 5 July 2021, the Group completed the acquisition of the remaining 21.9% units of Hercules Unit Trust that the Group did not already own for a consideration of £38m. Whilst the transaction was completed on 5 July 2021, the Group obtained the risks and rewards of ownership of the 21.9% of Hercules Unit Trust on 1 April 2021 and therefore, the change in ownership percentage and resulting non-controlling interests were reflected at this date in the financial statements. The book value of the net assets purchased at 1 April 2021 were £40m and consequently £40m has been transferred from non-controlling interests to shareholders' equity.

NOTES TO THE ACCOUNTS

1 Basis of preparation, significant accounting policies and accounting judgements

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 March 2023 or 2022, but is derived from those accounts. Statutory accounts for 2022 have been delivered to the Registrar of Companies and those for 2023 will be delivered following the Company's Annual General Meeting. The auditor has reported on those accounts and their reports on those accounts were unqualified. The auditors' report did not contain statements under Section 498(2) or (3) of the Companies Act 2006.

The financial statements for the year ended 31 March 2023 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 are prepared in accordance with UK-adopted International Accounting Standards and the applicable legal requirements of the Companies Act 2006 ('IFRS').

While the information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of IFRS, this announcement does not itself contain sufficient information to comply with IFRS. The Company expects to publish full financial statements that comply with IFRS in June 2023.

In the current year the Group has adopted a number of minor amendments to standards effective in the year issued by the IASB, none of which have had a material impact on the Group. These include amendments to IAS 16, IAS 37, IFRS 3 and annual improvements to IFRS Standards 2018-2020. Several amendments to standards and interpretations have been issued but are not yet effective for the current accounting period. These include amendments to IAS 12, IAS 1 and IFRS Practice Statement 2. These have not yet been adopted by the Group. The amendments listed above did not have any impact on amounts recognised in prior years, and are not expected to significantly affect current and future years.

In the current year the Group has adopted two Agenda Decisions issued by the IFRS Interpretations Committee, in respect of the accounting for rental concessions granted to tenants and tenant deposits. This has led to a change in the Group's accounting policies in these two respective areas. Further details on these changes have been disclosed later in this Note.

Going concern

The financial statements are prepared on a going concern basis. The consolidated balance sheet shows that the Group is in a net current liability position, predominantly due to short term borrowings and overdrafts of £402m. The Group has access to £1.8bn of undrawn facilities and cash, which provides the Directors with a reasonable expectation that the Group will be able to meet these current liabilities as they fall due. In making this assessment the Directors took into account forecast cash flows and covenant compliance, including stress testing through the impact of sensitivities as part of a 'severe but plausible downside scenario'. Before factoring in any income receivable, the undrawn facilities and cash would also be sufficient to cover forecast capital expenditure, property operating costs, administrative expenses, maturing debt and interest over the next 12 months from the approval date of these financial statements.

Having assessed the principal risks, the Directors believe that the Group is well placed to manage its financing and other business risks satisfactorily despite the uncertain economic climate and have a reasonable expectation that the Company and the Group have adequate resources to continue in operation for at least 12 months from the signing date of these financial statements. Accordingly, they believe the going concern basis is an appropriate one.

Critical accounting judgements and key sources of estimation uncertainty

In applying the Group's accounting policies, the Directors are required to make critical accounting judgements and assess key sources of estimation uncertainty that affect the financial statements.

Key sources of estimation uncertainty

Valuation of investment, development and trading properties: The Group uses external professional valuers to determine the relevant amounts. The primary source of evidence for property valuations should be recent, comparable market transactions on an arm's length basis. However, the valuation of the Group's property portfolio is inherently subjective, as it is based upon valuer assumptions and estimations that form part of the key unobservable inputs of the valuation, which may prove to be inaccurate. Further details on the valuers' assumptions and estimates have been provided in Note 7.

Impairment provisioning of tenant debtors (including accrued income) and tenant incentives, which are presented within investment properties: The impact of Covid-19 gave rise to an increase in tenant debtors due from tenants along with higher loss rates, however these are continuing to decrease as the impact of the pandemic recedes. Consequently, for the year ended 31 March 2023 the impairment provisions calculated using the expected credit loss model under IFRS 9 'Financial Instruments' against these balances are lower than in the prior year. See Note 10 for further details on the reduction of tenant debtors and associated provisions in the year.

The key assumptions within the expected credit loss model include the tenants' credit risk rating and the related loss rates assumed for each risk rating depending on the historical experience collection rate and the ageing profile. Tenant risk ratings are determined by management, taking into consideration information available surrounding a tenant's credit rating, financial position and historical loss rates. Tenants are classified as being in Administration or CVA, high, medium or low risk based on this information. The assigned loss rates for these risk categories are reviewed at each balance sheet date and are based on historical experience collection rates and future expectations of collection rates. The same key assumptions are applied in the expected credit loss model for tenant incentives, without the consideration of the ageing profile which is not relevant for these balances.

Other sources of estimation uncertainty that would not result in a material movement in the carrying amount in the next financial year include the valuation of interest rate derivatives, the determination of share-based payments, the actuarial assumptions used in calculating the Group's retirement benefit obligations and taxation provisions.

1 Basis of preparation, significant accounting policies and accounting judgements continued

Critical accounting judgements
The Directors have exercised critical judgement in respect of the joint control assessment of the Paddington Central Joint Venture which was entered into in the year. As part of the assessment, the Directors considered the Group's control over the Paddington Property Limited Partnership in respect of its 25% ownership. The Directors assessed the Group's power to direct the relevant activities of the Partnership through the partnership agreements, including reserved matters which require the unanimous consent of the Partners, and the Group's subsequent exposure to variable returns. Through this analysis, the Directors have been able to satisfactorily conclude that the Group has joint control over the Partnership and therefore has accounted for the Partnership as a joint venture using the equity method, in line with the Group's accounting policies.

The following items are ongoing areas of accounting judgement, however, the Directors do not consider these accounting judgements to be critical and significant accounting judgement has not been required for any of these items in the current financial year.

REIT status: British Land is a Real Estate Investment Trust ('REIT') and does not pay tax on its property income or gains on property sales, provided that at least 90% of the Group's property income is distributed as a dividend to shareholders, which becomes taxable in their hands. In addition, the Group has to meet certain conditions such as ensuring the property rental business represents more than 75% of total profits and assets. Any potential or proposed changes to the REIT legislation are monitored and discussed with HMRC. It is management's intention that the Group will continue as a REIT for the foreseeable future.

Accounting for joint ventures: In accordance with IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements' and IFRS 12 'Disclosure of Interests in Other Entities', an assessment is required to determine the degree of control or influence the Group exercises and the form of any control to ensure that the financial statement treatment is appropriate. The assessment undertaken by management includes consideration of the structure, legal form, contractual terms and other facts and circumstances relating to the relevant entity. This assessment is updated annually and there have been no changes in the judgement reached in relation to the degree of control the Group exercises within the current or prior year. An assessment was performed for both the Paddington Central Joint Venture transaction that occurred in the current year, and the Canada Water Joint Venture transaction that occurred in the prior year (see Note 8). As previously disclosed, a critical accounting judgement was exercised in the assessment of the Paddington Central Joint Venture transaction. However, as part of the Canada Water Joint Venture transaction assessment, no critical accounting judgements were applied. Group shares in joint ventures resulting from this process are disclosed in Note 8 to the financial statements.

Joint ventures are accounted for under the equity method, whereby the consolidated balance sheet incorporates the Group's share of the net assets of its joint ventures and associates. The consolidated income statement incorporates the Group's share of joint venture and associate profits after tax.

Accounting for transactions: Property transactions are complex in nature and can be material to the financial statements. Judgements made in relation to transactions include whether an acquisition is a business combination or an asset; whether held for sale criteria have been met for transactions not yet completed; accounting for transaction costs and contingent consideration; and application of the concept of linked accounting. Management consider each transaction separately in order to determine the most appropriate accounting treatment, and, when considered necessary, seek independent advice. In this regard, management have considered the accounting of both the Paddington Central Joint Venture transaction in the year ended 31 March 2023 and the Canada Water Joint Venture transaction in the year ended 31 March 2022 (see Note 8).

Change in accounting policies

Rental concessions
In October 2022, the IFRS Interpretations Committee (IFRIC) issued an Agenda Decision in relation to Lessor Forgiveness of Lease Payments (IFRS 9 and IFRS 16), giving clarification on the lessor accounting for concessions (or rental forgiveness) granted to tenants. Concessions granted to tenants consisted of reducing or waiving the rent for a specified period.

The IFRIC clarified that concessions granted to tenants for rental debtors past their due date would fall under the scope of expected credit losses within IFRS 9. As such, the expected credit loss would be reflected in the income statement as part of the derecognition and provisioning of the rental debtor.

Before the Agenda Decision, the Group treated concessions granted to tenants for rental debtors past their due date (predominantly in response to Covid-19), as a lease modification under IFRS 16 'Leases', recognising the concession granted on a straight-line basis over the lease term.

Following the Agenda Decision, the Group has retrospectively applied the accounting clarification to relevant concessions for the years ended 31 March 2021 and 2022. This includes restating the 2021 opening balances and the 2022 comparative balances as set out below. No relevant concessions were granted in preceding financial years.

As part of considering the Agenda Decision, the Group has reassessed the position of the tenant incentive provision on the consolidated balance sheet. Previously, this balance was accounted for as part of debtors. However, following the Agenda Decision, the Group has chosen to retrospectively represent the tenant incentive provision within investment property, as part of the overall concession accounting reassessment. As the associated concession tenant incentive provision was previously accounted for as part of debtors as opposed to investment property, the provision reduction on restatement leads to an increase in both net assets and profit as outlined below.

1 Basis of preparation, significant accounting policies and accounting judgements continued

Overall, for the year ended 31 March 2022, the profit on ordinary activities before taxation increases by £5m from £958m to £963m. Within the consolidated income statement, the restatement has resulted in a change to the following balances:

- Gross rental income;
- Provisions for impairment of trade debtors and accrued income;
- Provisions for impairment of tenant incentives and contracted rent increases;
- Valuation movement; and
- Joint venture result.

In respect of the consolidated balance sheet, the restatement has resulted in the opening net assets of the Group as at 1 April 2021 increasing by £30m from £5,983m to £6,013m. For the year ended 31 March 2022, subsequent to adjusting the opening balances, the net assets of the Group increased by £5m to £6,768m. Within the consolidated balance sheet, the restatement has resulted in a change to the following balances:

- Tenant incentive movement and revaluation within investment property;
- Debtors; and
- Net investment in joint ventures.

The quantitative impact on each balance has been outlined below.

Tenant deposits

In April 2022, the IFRIC issued an Agenda Decision in relation to Demand Deposits with Contractual Restrictions in Use, clarifying that deposits of this nature meet the definition of cash and cash equivalents under IAS 7 'Statement of Cash Flows' and should be disclosed as Tenant deposits within cash and cash equivalents. For the year ended 31 March 2022, the Group recognised £4m of rental deposits within debtors and identified a further £33m of service charge deposits not previously recognised on the Group's consolidated balance sheet, as both meeting the amended definition of a demand deposit. The service charge deposits were previously not recognised on the consolidated balance sheet due to contractual restrictions on the use of these deposits. The Group has amended its accounting policy accordingly and will recognise these balances on the consolidated balance sheet as part of cash and cash equivalents, with a restatement to the 31 March 2022 prior year comparative of £37m.

As part of this reassessment, the Group will also recognise service charge income and expense related cash flows within the consolidated statement of cash flows, within the income received from tenants and operating expenses paid to suppliers and employees of £61m respectively, with a restatement to the year ended 31 March 2022 prior year comparative.

	31 March 2022 Published £m	Opening balance restatement for rental concessions £m	Rental concessions Restatement £m	Tenant deposits Restatement £m	31 March 2022 Restated £m
Consolidated income statement (extract)					
Revenue	410	–	2	–	412
Costs	(129)	–	(4)	–	(133)
Joint ventures	244	–	3	–	247
Valuation movement	471	–	4	–	475
Profit on ordinary activities before taxation	958	–	5	–	963
Consolidated balance sheet (extract)					
Investments in joint ventures	2,511	7	3	–	2,521
Debtors	39	23	2	(4)	60
Cash and cash equivalents	74	–	–	37	111
Creditors	(245)	–	–	(33)	(278)
Retained earnings	4,959	30	5	–	4,994
Net assets	6,733	30	5	–	6,768
Consolidated statement of cash flows (extract)					
Income received from tenants	358	–	–	61	419
Operating expenses paid to suppliers and employees	(140)	–	–	(61)	(201)
Cash and cash equivalents at 1 April	154	–	–	37	191
Cash and cash equivalents at 31 March	74	–	–	37	111
Cash and cash equivalents consist of:					
Tenant deposits	–	–	–	37	37
Performance measures (Note 2)					
Underlying Profit (Table A)	251	–	(4)	–	247
EPRA Net Tangible Assets	6,771	30	5	–	6,806
	pence	pence	pence	pence	pence
Underlying diluted earnings per share	27.4	–	(0.4)	–	27.0
EPRA Net Tangible Assets per share	727	4	(1)	–	730

2 Performance measures

Earnings per share

The Group measures financial performance with reference to underlying earnings per share, the European Public Real Estate Association (EPRA) earnings per share and IFRS earnings per share. The relevant earnings and weighted average number of shares (including dilution adjustments) for each performance measure are shown below, and a reconciliation between these is shown within the supplementary disclosures (Table B).

EPRA earnings per share is calculated using EPRA earnings, which is the IFRS profit after taxation attributable to shareholders of the Company excluding investment and development property revaluations, gains/losses on investing and trading property disposals, changes in the fair value of financial instruments and associated close-out costs and their related taxation.

Underlying earnings per share is calculated using Underlying Profit adjusted for underlying taxation (see Note 6), with the dilutive measure being the primary disclosure measure used. Underlying Profit is the pre-tax EPRA earnings measure, with additional Company adjustments for items which are considered to be unusual and/or significant by virtue of their size and nature. No Company adjustments were made in the current year to 31 March 2023. In the prior year to 31 March 2022, a £29m surrender premium payment and a £12m reclassification of foreign exchange differences were excluded from the calculation of Underlying Profit (see Note 3 and Note 5, respectively, for further details). There was no tax effect of these Company adjusted items.

	2023			Restated[1] 2022		
Earnings per share	**Relevant earnings £m**	**Relevant number of shares million**	**Earnings per share pence**	Relevant earnings £m	Relevant number of shares million	Earnings per share pence
Underlying						
Underlying basic	**263**	**927**	**28.4**	251	927	27.1
Underlying diluted	**263**	**930**	**28.3**	251	930	27.0
EPRA						
EPRA basic	**263**	**927**	**28.4**	234	927	25.3
EPRA diluted	**263**	**930**	**28.3**	234	930	25.2
IFRS						
Basic	**(1,038)**	**927**	**(112.0)**	963	927	103.8
Diluted	**(1,038)**	**927**	**(112.0)**	963	930	103.5

1. Prior year comparatives have been restated for a change in accounting policy in respect of rental concessions. Refer to Note 1 for further information.

Net asset value

The Group measures financial position with reference to EPRA Net Tangible Assets (NTA), Net Reinvestment Value (NRV) and Net Disposal Value (NDV). The net assets and number of shares for each performance measure are shown below. A reconciliation between IFRS net assets and the three EPRA net asset valuation metrics, and the relevant number of shares for each performance measure, is shown within the supplementary disclosures (Table B). EPRA NTA is a 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.

	2023			Restated[1] 2022		
Net asset value per share	**Relevant net assets £m**	**Relevant number of shares million**	**Net asset value per share pence**	Relevant net assets £m	Relevant number of shares million	Net asset value per share pence
EPRA						
EPRA NTA	**5,487**	**933**	**588**	6,806	932	730
EPRA NRV	**6,029**	**933**	**646**	7,438	932	798
EPRA NDV	**5,658**	**933**	**606**	6,577	932	706
IFRS						
Basic	**5,525**	**927**	**596**	6,768	927	730
Diluted	**5,525**	**933**	**592**	6,768	932	726

1. Prior year comparatives have been restated for a change in accounting policies in respect of rental concessions and tenant deposits. Refer to Note 1 for further information.

Total accounting return

The Group also measures financial performance with reference to total accounting return. This is calculated as the movement in EPRA NTA per share and dividend paid in the year as a percentage of the EPRA NTA per share at the start of the year.

	2023			Restated[1] 2022		
	Movement in NTA per share pence	**Dividend per share paid pence**	**Total accounting return**	Movement in NTA per share pence	Dividend per share paid pence	Total accounting return
Total accounting return	**(142)**	**23.2**	**(16.3%)**	78	16.96	14.6%

1. Prior year comparatives have been restated for a change in accounting policies in respect of rental concessions and tenant deposits. Refer to Note 1 for further information.

3 Revenue and costs

	2023			Restated[1] 2022		
	Underlying £m	**Capital and other £m**	**Total £m**	Underlying £m	Capital and other £m	Total £m
Rent receivable	**306**	**–**	**306**	332	–	332
Spreading of tenant incentives and contracted rent increases	**15**	**–**	**15**	7	–	7
Surrender premia[2]	**1**	**–**	**1**	1	(29)	(28)
Gross rental income	**322**	**–**	**322**	340	(29)	311
Trading property sales proceeds	**–**	**–**	**–**	–	9	9
Service charge income	**59**	**–**	**59**	62	–	62
Management and performance fees (from joint ventures)	**13**	**–**	**13**	9	–	9
Other fees and commissions	**24**	**–**	**24**	21	–	21
Revenue	**418**	**–**	**418**	432	(20)	412
Trading property cost of sales	**–**	**–**	**–**	–	(9)	(9)
Service charge expenses	**(50)**	**–**	**(50)**	(55)	–	(55)
Property operating expenses	**(37)**	**–**	**(37)**	(54)	–	(54)
Release (provisions) for impairment of trade debtors and accrued income	**11**	**–**	**11**	(1)	–	(1)
(Provisions) release for impairment of tenant incentives and contracted rent increases	**(2)**	**–**	**(2)**	3	–	3
Other fees and commissions expenses	**(19)**	**–**	**(19)**	(17)	–	(17)
Costs	**(97)**	**–**	**(97)**	(124)	(9)	(133)
	321	**–**	**321**	308	(29)	279

1. Prior year comparatives have been restated for a change in accounting policy in respect of rental concessions. Refer to Note 1 for further information.
2. In the prior year, on 31 August 2021, the Group undertook a leasing transaction with two unrelated parties in relation to one of its investment properties. The transaction was commercially beneficial and resulted in an overall increase in the net assets of the Group. It involved a £29m payment to one party for the surrender of an agreement for lease, with a subsequent premium of £29m received for the grant of a new agreement for lease for the same property with another party, meaning the transaction was cash neutral. In line with the requirements of IFRS 16, and due to the unrelated parties in the transaction, the Group is required to account for the elements of the transaction separately, and as such an associated £29m surrender premium payment was recognised in full through the income statement in the year. Owing to the unusual and significant size and nature of the payment and in line with the Group's accounting policies the payment has been included within the Capital and other column of the income statement. The premium recognised as deferred income on the balance sheet as at 31 March 2023 within other non-current liabilities was £25m (2021/22: £27m) (see Note 12).

The cash element of net rental income (gross rental income less property operating expenses) recognised during the year ended 31 March 2023 from properties which were not subject to a security interest was £238m (2021/22: £232m). Property operating expenses relating to investment properties that did not generate any rental income were £nil (2021/22: £nil). Contingent rents of £9m (2021/22: £6m) that contain a variable lease payment were recognised in the year.

Further detail on the provision for impairment of trade debtors, accrued income, tenant incentives and contracted rent increases is disclosed in Note 7 and Note 10.

4 Valuation movements on property

	2023 £m	Restated[1] 2022 £m
Consolidated income statement		
Revaluation of properties	**(798)**	475
Revaluation of properties held by joint ventures accounted for using the equity method[2]	**(567)**	167
	(1,365)	642

1. Prior year comparative has been restated for a change in accounting policy in respect of rental concessions. Refer to Note 1 for further information.
2. Comprises net valuation movement debit of £567m (2021/22: credit of £115m) and realisation of gain on disposal of assets into joint ventures of £nil (2021/22: credit of £52m), disclosed in further detail in Note 8.

5 Net financing income

	2023 £m	2022 £m
Underlying		
Financing charges		
Facilities and overdrafts	**(28)**	(20)
Derivatives	**28**	29
Other loans	**(72)**	(68)
Obligations under head leases	**(3)**	(3)
	(75)	(62)
Development interest capitalised	**13**	7
	(62)	(55)
Financing income		
Deposits, securities and liquid investments	**2**	–
	2	–
Net financing charges – Underlying	**(60)**	(55)
Capital and other		
Financing charges		
Valuation movement on fair value hedge accounted derivatives[1]	**–**	(67)
Valuation movement on fair value hedge accounted debt[1]	**–**	61
Valuation movement on non-hedge accounted derivatives	**–**	(1)
	–	(7)
Financing income		
Valuation movements on translation of foreign currency debt and investments	**1**	–
Valuation movement on fair value hedge accounted derivatives[1]	**(27)**	–
Valuation movement on fair value hedge accounted debt[1]	**33**	–
Reclassification of foreign exchange differences on disposal of subsidiary net investment from equity[2]	**–**	12
Valuation movement on non-hedge accounted derivatives	**81**	55
	88	67
Net financing income – Capital and other	**88**	60
Net financing income		
Total financing income	**90**	67
Total financing charges	**(62)**	(62)
Net financing income	**28**	5

1. The difference between valuation movement on designated fair value hedge accounted derivatives (hedging instruments) and the valuation movement on fair value hedge accounted debt (hedged item) represents hedge ineffectiveness for the year of a credit of £6m (2021/22: a debit of £6m).
2. £nil (2021/22: £12m) has been reclassified from the hedging and translation reserve to the income statement, relating to cumulative foreign exchange gains on disposal of the net investment in a foreign subsidiary.

Interest payable on unsecured bank loans and related interest rate derivatives was £16m (2021/22: £13m). Interest on development expenditure is capitalised at the Group's weighted average interest rate of 2.9% (2021/22: 2.4%). The weighted average interest rate on a proportionately consolidated basis at 31 March 2023 was 3.5% (2021/22: 2.9%).

6 Taxation

	2023 £m	Restated[1] 2022 £m
Taxation (expense) income		
Current taxation		
Underlying Profit		
Current period UK corporation taxation (2022/23: 19%; 2021/22: 19%)	**(2)**	(2)
Underlying Profit adjustments in respect of prior periods	**1**	6
Total current Underlying Profit taxation (expense) income	**(1)**	4
Capital and other profit		
Current period UK corporation taxation (2022/23: 19%; 2021/22: 19%)	**–**	–
Capital and other profit adjustments in respect of prior periods	**–**	(2)
Total current Capital and other profit taxation income (expense)	**–**	(2)
Total current taxation (expense) income	**(1)**	2
Deferred taxation on revaluation of derivatives	**(4)**	–
Group total taxation (expense) income	**(5)**	2
Attributable to joint ventures[2]	**–**	–
Total taxation (expense) income	**(5)**	2
Taxation reconciliation		
(Loss) profit on ordinary activities before taxation	**(1,034)**	963
Less: Loss (profit) attributable to joint ventures	**467**	(247)
Group (loss) profit on ordinary activities before taxation	**(567)**	716
Taxation on loss (profit) on ordinary activities at UK corporation taxation rate of 19% (2021/22: 19%)	**108**	(136)
Effects of:		
– REIT exempt income and (losses) gains	**(125)**	126
– Taxation losses	**15**	9
– Deferred taxation on revaluation of derivatives	**(4)**	–
– Adjustments in respect of prior years	**1**	3
Group total taxation (expense) income	**(5)**	2

1. Prior year comparatives have been restated for a change in accounting policy in respect of rental concessions. Refer to Note 1 for further information.
2. Current taxation expense of £nil (2021/22: £nil) and a deferred taxation expense of £nil (2021/22: £nil) arose on profits attributable to joint ventures.

Taxation expense attributable to Underlying Profit for the year ended 31 March 2023 was £1m (2021/22: £4m income). Taxation expense attributable to Capital and other profit was £nil (2021/22: £2m expense). Corporation tax receivable as at 31 March 2023 was £2m (2021/22: £3m receivable) as shown on the consolidated balance sheet. Deferred taxation expense on the revaluation of derivatives attributable to Capital and other profit was £4m (2021/22: £nil).

A REIT is required to pay Property Income Distributions (PIDs) of at least 90% of the taxable profits from its UK property rental business within 12 months of the end of each accounting period.

7 Property

Property reconciliation for the year ended 31 March 2023

	Campuses Level 3 £m	Retail & Fulfilment Level 3 £m	Developments Level 3 £m	Investment and development properties Level 3 £m	Trading properties £m	Total £m
Carrying value at 1 April 2022	**3,477**	**2,850**	**705**	**7,032**	**18**	**7,050**
Additions						
– property purchases	**–**	**99**	**59**	**158**	**–**	**158**
– development expenditure	**–**	**6**	**146**	**152**	**4**	**156**
– capitalised interest and staff costs	**–**	**–**	**13**	**13**	**–**	**13**
– capital expenditure on asset management initiatives	**18**	**43**	**1**	**62**	**–**	**62**
	18	**148**	**219**	**385**	**4**	**389**
Disposals	**(929)**	**(5)**	**(11)**	**(945)**	**–**	**(945)**
Reclassifications	**(20)**	**(31)**	**51**	**–**	**–**	**–**
Revaluations included in income statement	**(328)**	**(339)**	**(131)**	**(798)**	**–**	**(798)**
Movement in tenant incentives and contracted rent uplift balances	**15**	**(12)**	**–**	**3**	**–**	**3**
Carrying value at 31 March 2023	**2,233**	**2,611**	**833**	**5,677**	**22**	**5,699**
Lease liabilities (Notes 11 and 12)[1]						**(102)**
Less valuation surplus on right-of-use assets[2]						**(9)**
Valuation surplus on trading properties						**7**
Group property portfolio valuation at 31 March 2023						**5,595**
Non-controlling interests						**(13)**
Group property portfolio valuation at 31 March 2023 attributable to shareholders						**5,582**

1. The £24m difference between lease liabilities of £102m and £126m per Notes 11 and 12 relates to a £24m lease liability where the right-of-use asset is classified as property, plant and equipment.
2. Relates to properties held under leasing agreements. The fair value of right-of-use assets is determined by calculating the present value of net rental cash flows over the term of the lease agreements. IFRS 16 right-of-use assets are not externally valued, their fair values are determined by management, and are therefore not included in the Group property portfolio valuation of £5,595m above.

On 19 July 2022, the Group entered into a Joint Venture Agreement with GIC in relation to the majority of the Paddington Central Campus, resulting in the disposal of £934m of investment and development properties and £2m of property, plant and equipment with a resulting loss in the Capital and other column of the consolidated income statement of £19m for the year ended 31 March 2023.

Property valuation

The different valuation method levels are defined below:

Level 1: **Quoted prices (unadjusted) in active markets for identical assets or liabilities.**
Level 2: **Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).**
Level 3: **Inputs for the asset or liability that are not based on observable market data (unobservable inputs).**

These levels are specified in accordance with IFRS 13 'Fair Value Measurement'. Property valuations are inherently subjective as they are made on the basis of assumptions made by the valuer which may not prove to be accurate. For these reasons, and consistent with EPRA's guidance, we have classified the valuations of our property portfolio as Level 3 as defined by IFRS 13. The inputs to the valuations are defined as 'unobservable' by IFRS 13. These key unobservable inputs are net equivalent yield and estimated rental values for investment properties, and costs to complete for development properties. Further analysis of these key unobservable inputs have been included later in this note. There were no transfers between levels in the year.

The Group's total property portfolio was valued by external valuers on the basis of fair value, in accordance with the RICS Valuation – Global Standards 2022, published by The Royal Institution of Chartered Surveyors.

The information provided to the valuers, and the assumptions and valuation models used by the valuers, are reviewed by the property portfolio team, the Head of Real Estate, the Chief Financial Officer and the Chief Executive Officer. The valuers meet with the external auditor and also present directly to the Audit Committee at the interim and year-end review of results.

7 Property continued

Investment properties, excluding properties held for development, are valued by adopting the 'investment method' of valuation. This approach involves applying capitalisation yields to current and future rental streams net of income voids arising from vacancies or rent-free periods and associated running costs. These capitalisation yields and future rental values are based on comparable property and leasing transactions in the market using the valuers' professional judgement and market observation. Other factors taken into account in the valuations include the tenure of the property, tenancy details and ground and structural conditions.

In the case of ongoing developments, the approach applied is the 'residual method' of valuation, which is the investment method of valuation as described above, with a deduction for all costs necessary to complete the development, including a notional finance cost, together with a further allowance for remaining risk. Properties held for development are generally valued by adopting the higher of the residual method of valuation, allowing for all associated risks, or the investment method of valuation for the existing asset.

The valuers of the Group's property portfolio have a working knowledge of the various ways that sustainability and Environmental, Social and Governance factors can impact value and have considered these, and how market participants are reflecting these in their pricing, in arriving at their Opinion of Value and resulting valuations as at the balance sheet date. These may be:

- physical risks;
- transition risks related to policy or legislation to achieve sustainability and Environmental, Social and Governance targets; and
- risks reflecting the views and needs of market participants.

The Group has shared recently conducted physical climate and transitional risk assessments with the valuers which they have reviewed and taken into consideration to the extent that current market participants would.

Valuers observe, assess and monitor evidence from market activities, including market (investor) sentiment on issues such as longer term obsolescence and, where known, future Environmental, Social and Governance related risks and issues which may include, for example, the market's approach to capital expenditure required to maintain the utility of the asset. In the absence of reliable benchmarking data and indices for estimating costs, specialist advice on cost management may be required which is usually agreed with the valuer in the terms of engagement and without which reasonable estimates/assumptions may be needed to properly reflect market expectations in arriving at the Opinion of Value.

A breakdown of valuations split between the Group and its share of joint ventures is shown below:

	2023			2022		
	Group £m	**Joint ventures £m**	**Total £m**	Group £m	Joint ventures £m	Total £m
Knight Frank LLP	**801**	**217**	**1,018**	1,387	37	1,424
CBRE	**1,492**	**471**	**1,963**	1,906	448	2,354
Jones Lang LaSalle	**2,972**	**556**	**3,528**	3,330	638	3,968
Cushman & Wakefield	**330**	**2,072**	**2,402**	321	2,415	2,736
Total property portfolio valuation	**5,595**	**3,316**	**8,911**	6,944	3,538	10,482
Non-controlling interests	**(13)**	**–**	**(13)**	(15)	–	(15)
Total property portfolio valuation attributable to shareholders[1]	**5,582**	**3,316**	**8,898**	6,929	3,538	10,467

1. The total property portfolio valuation for joint ventures is £3,316m (2021/22: £3,538m), compared to the total investment and trading properties of £3,334m (2021/22: £3,545m) disclosed in Note 8. The £3,316m (2021/22: £3,545m) includes £23m (2021/22: £12m) of trading properties and excludes £18m (2021/22: £19m) of headleases, both at Group share.

Information about fair value measurements using unobservable inputs (Level 3) for the year ended 31 March 2023

			ERV per sq ft			**Equivalent yield**			**Costs to complete per sq ft**		
Investment	**Fair value at 31 March 2023 £m**	**Valuation technique**	**Min £**	**Max £**	**Average £**	**Min %**	**Max %**	**Average %**	**Min £**	**Max £**	**Average £**
Campuses	**2,153**	Investment methodology	**9**	**141**	**58**	**4**	**7**	**5**	**–**	**158**	**28**
Retail & Fulfilment	**2,580**	Investment methodology	**2**	**32**	**19**	**4**	**18**	**7**	**–**	**44**	**6**
Developments	**833**	Residual methodology	**29**	**98**	**70**	**5**	**6**	**5**	**273**	**1,048**	**645**
Total	**5,566**										
Trading properties at fair value	**29**										
Group property portfolio valuation	**5,595**										

7 Property continued

Provisions for impairment of tenant incentives and contracted rent increases

A provision of £20m (2021/22: £19m) has been made for impairment of tenant incentives and contracted rent uplift balances (contracted rents). The charge to the income statement in relation to write-offs and provisions for impairment for tenant incentives and contracted rents was £2m (2021/22: credit of £3m) (see Note 3). The Directors consider that the carrying amount of tenant incentives is approximate to their fair value.

The table below shows the movement in provisions for impairment of tenant incentives during the year ended 31 March 2023 on a Group and on a proportionally consolidated basis.

Movement in provisions for impairment of tenant incentives (Restated[1])	**Group £m**	**Proportionally consolidated £m**
Provisions for impairment of tenant incentives as at 1 April 2022	**19**	**27**
Write-offs of tenant incentives	**(1)**	**(2)**
Movement in provisions for impairment of tenant incentives	**2**	**7**
Total provision movement recognised in income statement	**2**	**7**
Provisions for impairment of tenant incentives as at 31 March 2023	**20**	**32**

1. Prior year comparatives have been restated for a change in accounting policy in respect of rental concessions. Refer to Note 1 for further information.

8 Joint ventures

Summary movement for the year of the investments in joint ventures

	Equity £m	Loans £m	**Total £m**
At 1 April 2022 (Restated[1])	1,889	632	**2,521**
Additions	71	211	**282**
Disposals	(39)	1	**(38)**
Share of loss on ordinary activities after taxation[2]	(410)	(57)	**(467)**
Distributions and dividends:			
– Capital	(30)	–	**(30)**
– Revenue	(72)	–	**(72)**
Hedging and exchange movements	10	–	**10**
At 31 March 2023	1,419	787	**2,206**

1. Prior year comparatives have been restated for a change in accounting policies in respect of rental concessions and tenant deposits. Refer to Note 1 for further information.
2. The share of losses on ordinary activities after taxation comprises equity accounted losses of £230m and IFRS 9 impairment charges against equity investments and loans of £237m, relating to Broadgate REIT Ltd (equity impairment of £129m), MSC Property Intermediate Holdings Ltd (loan impairment of £49m, equity impairment £4m), BL CW Upper Limited Partnership (equity impairment £23m), BL West End Offices Ltd (equity impairment of £13m), Paddington Property Investment Limited Partnership (equity impairment £10m), WOSC Partners Limited Partnership (loan impairment of £6m) and USS Joint Ventures (equity impairment of £3m). In accordance with IFRS 9, management has assessed the recoverability of loans to joint ventures and assessed the carrying value of investments in joint ventures against the net asset value. Amounts due are expected to be recovered by a joint venture selling its properties and investments and settling financial assets, net of financial liabilities. The net asset value of a joint venture is considered to be a reasonable approximation of the available assets that could be realised to recover the amounts due and the requirement to recognise expected credit losses. The impairments recognised in each joint venture are attributable to the net valuation loss recognised in the year.

On 19 July 2022, the Group entered into a new Joint Venture Agreement with GIC in relation to the majority of the Paddington Central Campus. The transaction value of the assets transferred by the Group on the formation of the joint venture at 100% was £934m of investment and development properties and £2m of property, plant and equipment with a resulting loss in the Capital and other column of the consolidated income statement of £19m for the year ended 31 March 2023. The Group owns 25% of this new joint venture while GIC owns the remaining 75% stake. The Group has recognised a share of the joint venture's loss of £19m and share of net assets less shareholder loans of £107m in relation to this new joint venture for the year ended 31 March 2023. A critical accounting judgement has been exercised in relation to the joint control assessment of the Paddington Central Joint Venture as further outlined in Note 1. The Group received £686m of cash consideration in relation to the sale of the investment and development properties to the joint venture (net of transaction costs of £9m), and subsequently a further £125m through a loan repayment from the newly formed joint venture, as a result of the joint venture obtaining external debt financing. The Group's investment into the Paddington Central Joint Venture is principally through a shareholder loan from the Group to the new joint venture.

In the prior year, the Group entered into a Joint Venture Agreement with AustralianSuper on 7 March 2022 in relation to the Canada Water Campus. For the year ended 31 March 2022, the Group recognised a share of the joint venture's loss of £6m in addition to the realisation of the gain on disposal of assets into the joint venture of £52m. Therefore the Group had recognised a share of total comprehensive income of £46m and share of net assets less shareholder loans of £294m in relation to this new joint venture in the prior year.

8 Joint ventures continued

The summarised income statements and balance sheets below show 100% of the results, assets and liabilities of joint ventures. Where necessary, these have been restated to the Group's accounting policies.

Joint ventures' summary financial statements for the year ended 31 March 2023

	Broadgate REIT Ltd	MSC Property Intermediate Holdings Ltd	WOSC Partners Limited Partnership	BL West End Offices Limited
Partners	Euro Bluebell LLP (GIC)	Norges Bank Investment Management	Norges Bank Investment Management	Allianz SE
Property sector	City Offices Broadgate	Shopping Centres Meadowhall	West End Offices	West End Offices
Group share	50%	50%	25%	25%
Summarised income statements				
Revenue[4]	245	79	9	28
Costs	(83)	(20)	(4)	(9)
	162	59	5	19
Administrative expenses	(1)	–	–	–
Net interest payable	(65)	(26)	–	(5)
Underlying Profit	96	33	5	14
Net valuation movement	(809)	(62)	(17)	(73)
Capital financing (charges) income	5	–	–	–
(Loss) profit on disposal of investment properties and investments	–	–	–	–
(Loss) profit on ordinary activities before taxation	**(708)**	**(29)**	**(12)**	**(59)**
Taxation	–	–	–	(6)
(Loss) profit on ordinary activities after taxation	**(708)**	**(29)**	**(12)**	**(65)**
Other comprehensive income	10	6	–	5
Total comprehensive (expense) income	**(698)**	**(23)**	**(12)**	**(60)**
British Land share of total comprehensive (expense) income	**(349)**	**(11)**	**(3)**	**(12)**
British Land share of distributions payable	**(48)**	**(4)**	**–**	**(1)**
Summarised balance sheets				
Investment and trading properties	4,142	702	134	464
Other non-current assets	32	–	–	19
Current assets	13	9	2	2
Cash and cash equivalents	175	39	5	11
Gross assets	**4,362**	**750**	**141**	**496**
Current liabilities	(107)	(47)	(4)	(8)
Bank and securitised debt	(1,567)	(480)	–	(159)
Loans from joint venture partners	(995)	(576)	(209)	(15)
Other non-current liabilities	–	(4)	(4)	(14)
Gross liabilities	**(2,669)**	**(1,107)**	**(217)**	**(196)**
Net assets (liabilities)	**1,693**	**(357)**	**(76)**	**300**
British Land share of net assets less shareholder loans	**846**	**–**	**–**	**75**

1. USS joint ventures include the Eden Walk Shopping Centre Unit Trust and the Fareham Property Partnership.
2. Hercules Unit Trust joint ventures includes 50% of the results of Deepdale Co-Ownership Trust, Fort Kinnaird Limited Partnership and Valentine Co-Ownership Trust and 41.25% of Birstall Co-Ownership Trust. The balance sheet shows 50% of the assets of these joint ventures. The interest in the Deepdale Co-Ownership Trust was disposed of on 30 November 2022.
3. Included in the column headed 'Other joint ventures' are contributions from the following: BL Goodman Limited Partnership, Bluebutton Property Management UK Limited, City of London Office Unit Trust and Reading Gate Retail Park Co-Ownership.
4. Revenue includes gross rental income at 100% share of £359m (2021/22: £290m).

8 Joint ventures continued

BL CW Upper Limited Partnership	Paddington Property Investment Limited Partnership	The SouthGate Limited Partnership	USS joint ventures[1]	Hercules Unit Trust joint ventures[2]	Other joint ventures[3]	**Total 2023**	**Total Group share 2023**
AustralianSuper	Euro Emerald Private Limited (GIC)	Aviva Investors	Universities Superannuation Scheme Group PLC				
Canada Water Campus	Paddington Central Campus	Shopping Centres	Shopping Centres	Retail Parks			
50%	25%	50%	50%	Various			
10	47	13	12	22	5	470	214
(6)	(23)	(5)	(3)	(3)	–	(156)	(70)
4	24	8	9	19	5	314	144
(2)	(1)	–	–	–	–	(4)	(1)
–	(13)	(1)	–	–	–	(110)	(51)
2	10	7	9	19	5	200	92
(133)	(78)	(5)	(11)	(16)	(12)	(1,216)	(567)
(1)	20	–	–	–	–	24	8
(2)	–	–	–	–	–	(2)	–
(134)	**(48)**	**2**	**(2)**	**3**	**(7)**	**(994)**	**(467)**
–	–	–	–	–	–	(6)	–
(134)	**(48)**	**2**	**(2)**	**3**	**(7)**	**(1,000)**	**(467)**
–	–	–	–	–	–	21	10
(134)	**(48)**	**2**	**(2)**	**3**	**(7)**	**(979)**	**(457)**
(67)	**(12)**	**1**	**(1)**	**1**	**(4)**	**(457)**	
–	**–**	**(3)**	**(4)**	**(39)**	**(3)**	**(102)**	
571	866	137	130	186	70	7,402	3,334
–	23	–	–	–	–	74	26
10	7	2	2	1	3	51	20
42	19	7	8	12	3	321	152
623	**915**	**146**	**140**	**199**	**76**	**7,848**	**3,532**
(39)	(25)	(7)	(6)	(4)	(4)	(251)	(113)
(4)	(510)	–	–	–	–	(2,720)	(1,192)
–	(429)	–	(31)	–	(68)	(2,323)	(1,001)
(1)	(1)	(28)	–	–	–	(52)	(21)
(44)	**(965)**	**(35)**	**(37)**	**(4)**	**(72)**	**(5,346)**	**(2,327)**
579	**(50)**	**111**	**103**	**195**	**4**	**2,502**	**1,205**
290	**–**	**56**	**52**	**98**	**2**	**1,419**	

The borrowings of joint ventures and their subsidiaries are non-recourse to the Group. All joint ventures are incorporated in the United Kingdom, with the exception of Broadgate REIT Limited, the Eden Walk Shopping Centre Unit Trust and the Hercules Unit Trust joint ventures which are incorporated in Jersey.

These financial statements include the results and financial position of the Group's interest in the Fareham Property Partnership, the BL Goodman Limited Partnership and the Gibraltar Limited Partnership. Accordingly, advantage has been taken of the exemptions provided by Regulation 7 of the Partnership (Accounts) Regulations 2008 not to attach the partnership accounts to these financial statements.

8 Joint ventures continued

Operating cash flows of joint ventures (Group share)

	2023 £m	Restated[1] 2022 £m
Income received from tenants	**211**	194
Operating expenses paid to suppliers and employees	**(73)**	(69)
Cash generated from operations	**138**	125
Interest paid	**(47)**	(44)
Interest received	**1**	–
UK corporation tax (paid) received	**(2)**	2
Cash inflow from operating activities	**90**	83
Cash inflow from operating activities deployed as:		
Surplus cash retained within joint ventures	**17**	26
Revenue distributions per consolidated statement of cash flows	**73**	57
Revenue distributions split between controlling and non-controlling interests		
Attributable to non-controlling interests	**–**	–
Attributable to shareholders of the Company	**73**	57

1. Prior year comparatives have been restated for a change in accounting policy in respect of tenant deposits. The Income received from tenants and the Operating expenses paid to suppliers and employees have both been restated for the year ended 31 March 2022 by £41m. Refer to Note 1 for further information.

9 Other investments

	2023				2022			
	Fair value through profit or loss £m	Amortised cost £m	Intangible assets £m	Total £m	Fair value through profit or loss £m	Amortised cost £m	Intangible assets £m	Total £m
At 1 April	**28**	**4**	**9**	**41**	6	2	12	20
Additions	**13**	**–**	**2**	**15**	14	2	2	18
Revaluation and foreign currency translation	**7**	**–**	**–**	**7**	8	–	–	8
Amortisation	**–**	**(2)**	**(3)**	**(5)**	–	–	(5)	(5)
At 31 March	**48**	**2**	**8**	**58**	28	4	9	41

The amount included in the fair value through profit or loss relates to private equity/venture capital investments of £48m (2021/22: £28m) which are categorised as Level 3 in the fair value hierarchy. The fair values of private equity/venture capital investments are determined by the Directors.

10 Debtors

	2023 £m	Restated[1] 2022 £m
Trade and other debtors	**22**	49
Prepayments and accrued income	**12**	11
	34	60

1. Prior year comparatives have been restated for a change in accounting policies in respect of rental concessions and tenant deposits. Refer to Note 1 for further information.

Trade and other debtors are shown after deducting a provision for impairment against tenant debtors of £27m (2021/22: £47m). Accrued income is shown after deducting a provision for impairment of £2m (2021/22: £1m). The provision for impairment is calculated as an expected credit loss on trade and other debtors in accordance with IFRS 9 as set out in Note 1.

The credit to the income statement for the year in relation to provisions for impairment of trade debtors and accrued income was £11m (2021/22: £7m credit), as disclosed in Note 3.

The decrease in provisions for impairment of trade debtors and accrued income of £18m (2021/22: £15m decrease) is equal to the credit to the income statement of £11m (2021/22: £1m debit), and write-offs of trade debtors of £7m (2021/22: £8m).

The Directors consider that the carrying amount of trade and other debtors is approximate to their fair value.

10 Debtors continued

The table below summarises the movement in provisioning for impairment of tenant debtors and accrued income during the year ended 31 March 2023.

Movement in provisions for impairment of tenant debtors and accrued income	**Group £m**	**Proportionally consolidated £m**
Provisions for impairment of tenant debtors and accrued income as at 1 April 2022	**47**	**61**
Write-offs of tenant debtors	**(7)**	**(12)**
Movement in provisions for impairment of tenant debtors	**(12)**	**(15)**
Movement in provisions for impairment of accrued income	**1**	**2**
Total provision movement recognised in income statement	**(11)**	**(13)**
Provisions for impairment of tenant debtors and accrued income as at 31 March 2023	**29**	**36**

11 Creditors

	2023 £m	Restated[1] 2022 £m
Trade creditors	**113**	74
Accruals	**60**	70
Deferred income	**52**	66
Other taxation and social security	**25**	25
Lease liabilities	**6**	6
Tenant deposits	**26**	37
	282	278

1. Prior year comparatives have been restated for a change in accounting policy in respect of tenant deposits. Refer to Note 1 for further information.

Trade creditors are interest-free and have settlement dates within one year. The Directors consider that the carrying amount of trade and other creditors is approximate to their fair value.

12 Other non-current liabilities

	2023 £m	2022 £m
Lease liabilities	**120**	125
Deferred income	**25**	27
	145	152

13 Deferred tax

The movement on deferred tax is as shown below:

Deferred tax assets year ended 31 March 2023

	1 April 2022 £m	Debited to income £m	Credited to equity £m	31 March 2023 £m
Temporary differences	**–**	**5**	**–**	**5**

Deferred tax liabilities year ended 31 March 2023

	£m	£m	£m	£m
Derivative revaluations	**–**	**(9)**	**–**	**(9)**
Net deferred tax liabilities	**–**	**(4)**	**–**	**(4)**

Deferred tax assets year ended 31 March 2022

	1 April 2021 £m	Debited to income £m	Credited to equity £m	31 March 2022 £m
Temporary differences	–	–	–	–

Deferred tax liabilities year ended 31 March 2022

	£m	£m	£m	£m
Derivative revaluations	–	–	–	–
	–	–	–	–
Net deferred tax assets (liabilities)	–	–	–	–

The following corporation tax rates have been substantively enacted: 19% effective from 1 April 2017 and 25% effective from 1 April 2023. The deferred tax assets and liabilities have been calculated at the tax rate effective in the period that the tax is expected to crystallise.

At 31 March 2023 the Group had capital losses of £718m (2021/22: £720m) available to offset future capital gains giving rise to an unrecognised deferred tax asset calculated at 25% (2021/22: 19%) of £180m (2021/22: £137m).

At 31 March 2023 the Group had UK revenue tax losses from previous years of £224m (2021/22: £247m) giving rise to an unrecognised deferred tax asset calculated at 25% (2021/22: 19%) of £56m (2021/22: £47m).

The Group has recognised a net deferred tax liability on derivative revaluations of £4m (2021/22: £nil). On a gross basis, to the extent that future matching taxable profits are expected to arise of £9m in respect of derivative revaluations (2021/22: £nil), deferred tax assets of £5m have been recognised (2021/22: £nil).

Under the REIT regime development properties which are sold within three years of completion do not benefit from tax exemption. At 31 March 2023 the value of such properties is £827m (2021/22: £1,429m) and if these properties were to be sold and no tax exemption was available the tax arising would be £3m (2021/22: £21m).

14 Net debt

	Footnote	2023 £m	Restated[7] 2022 £m
Secured on the assets of the Group			
5.264% First Mortgage Debenture Bonds 2035		**325**	347
5.0055% First Mortgage Amortising Debentures 2035		**86**	88
5.357% First Mortgage Debenture Bonds 2028		**218**	227
Bank loans	1	**298**	347
		927	1,009
Unsecured			
4.766% Senior US Dollar Notes 2023	2	**105**	101
5.003% Senior US Dollar Notes 2026	2	**65**	66
3.81% Senior Notes 2026		**97**	102
3.97% Senior Notes 2026		**97**	103
2.375% Sterling Unsecured Bond 2029		**299**	298
4.16% Senior US Dollar Notes 2025	2	**78**	77
2.67% Senior Notes 2025		**38**	37
2.75% Senior Notes 2026		**38**	37
Floating Rate Senior Notes 2028		**80**	80
Floating Rate Senior Notes 2034		**101**	102
Facilities and overdrafts		**342**	604
		1,340	1,607
Gross debt	3	**2,267**	2,616
Interest rate and currency derivative liabilities		**67**	96
Interest rate and currency derivative assets		**(144)**	(97)
Cash and cash equivalents	4,5,6	**(125)**	(111)
Total net debt		**2,065**	2,504
Net debt attributable to non-controlling interests		**1**	1
Net debt attributable to shareholders of the Company		**2,066**	2,505
Total net debt		**2,065**	2,504
Amounts payable under leases (Notes 11 and 12)		**126**	131
Total net debt (including lease liabilities)		**2,191**	2,635
Net debt attributable to non-controlling interests (including lease liabilities)	4	**1**	1
Net debt attributable to shareholders of the Company (including lease liabilities)		**2,192**	2,636

1. These are non-recourse borrowings with no recourse for repayment to other companies or assets in the Group.

	2023 £m	2022 £m
Hercules Unit Trust	**298**	347
	298	347

2. Principal and interest on these borrowings were fully hedged into Sterling at a floating rate at the time of issue.
3. The principal amount of gross debt at 31 March 2023 was £2,250m (2021/22: £2,562m). Included in this is the principal amount of secured borrowings and other borrowings of non-recourse companies of £933m.
4. Included in cash and cash equivalents is the cash and short term deposits of Hercules Unit Trust of £37m, of which £1m is the proportion not beneficially owned by the Group.
5. Cash and short term deposits not subject to a security interest amount to £86m (2021/22: £64m).
6. Cash and cash equivalents includes tenant deposits of £26m (2021/22: £37m).
7. Prior year comparatives have been restated for a change in accounting policy in respect of tenant deposits. Refer to Note 1 for further information.

Maturity analysis of net debt

		2023 £m	Restated[1] 2022 £m
Repayable: within one year and on demand		**402**	189
Between:	one and two years	**6**	279
	two and five years	**989**	854
	five and ten years	**386**	659
	ten and fifteen years	**484**	485
	fifteen and twenty years	**-**	150
		1,865	2,427
Gross debt		**2,267**	2,616
Interest rate and currency derivatives		**(77)**	(1)
Cash and cash equivalents		**(125)**	(111)
Net debt		**2,065**	2,504

1. Prior year comparatives have been restated for a change in accounting policy in respect of tenant deposits. Refer to Note 1 for further information.

14 Net debt continued

Fair value and book value of net debt

	2023			Restated[1] 2022		
	Fair value £m	**Book value £m**	**Difference £m**	Fair value £m	Book value £m	Difference £m
Debentures and unsecured bonds	**1,533**	**1,627**	**(94)**	1,745	1,665	80
Bank debt and other floating rate debt	**645**	**640**	**5**	955	951	4
Gross debt	**2,178**	**2,267**	**(89)**	2,700	2,616	84
Interest rate and currency derivative liabilities	**67**	**67**	**–**	96	96	–
Interest rate and currency derivative assets	**(144)**	**(144)**	**–**	(97)	(97)	–
Cash and cash equivalents	**(125)**	**(125)**	**–**	(111)	(111)	–
Net debt	**1,976**	**2,065**	**(89)**	2,588	2,504	84
Net debt attributable to non-controlling interests	**1**	**1**	**–**	1	1	–
Net debt attributable to shareholders of the Company	**1,977**	**2,066**	**(89)**	2,589	2,505	84

1. Prior year comparatives have been restated for a change in accounting policy in respect of tenant deposits. Refer to Note 1 for further information.

The fair values of debentures and unsecured bonds have been established by obtaining quoted market prices from brokers. The bank debt and other floating rate debt has been valued assuming it could be renegotiated at contracted margins. The derivatives have been valued by calculating the present value of expected future cash flows, using appropriate market discount rates, by an independent treasury adviser.

Short term debtors and creditors and other investments have been excluded from the disclosures on the basis that the fair value is equivalent to the book value. The fair value hierarchy level of debt held at amortised cost is Level 2 (as defined in Note 7).

Loan to Value (LTV)

LTV is the ratio of principal amount of gross debt less cash, short term deposits and liquid investments to the aggregate value of properties and investments, excluding non-controlling interests. EPRA LTV has been disclosed in Table E.

Group LTV

	2023 £m	Restated[1] 2022 £m
Group LTV	**27.4%**	26.2%
Principal amount of gross debt	**2,250**	2,562
Less debt attributable to non-controlling interests	**–**	–
Less cash and short term deposits (statement of cash flows)[2]	**(99)**	(74)
Plus cash attributable to non-controlling interests	**1**	1
Total net debt for LTV calculation	**2,152**	2,489
Group property portfolio valuation (Note 7)	**5,595**	6,944
Investments in joint ventures (Note 8)	**2,206**	2,521
Other investments and property, plant and equipment (balance sheet)[3]	**61**	46
Less property and investments attributable to non-controlling interests	**(13)**	(15)
Total assets for LTV calculation	**7,849**	9,496

Proportionally consolidated LTV

	2023 £m	2022 £m
Proportionally consolidated LTV	**36.0%**	32.9%
Principal amount of gross debt	**3,448**	3,648
Less debt attributable to non-controlling interests	**–**	–
Less cash and short term deposits[4]	**(228)**	(191)
Plus cash attributable to non-controlling interests	**1**	1
Total net debt for proportional LTV calculation	**3,221**	3,458
Group property portfolio valuation (Note 7)	**5,595**	6,944
Share of property of joint ventures (Note 7)	**3,316**	3,538
Other investments and property, plant and equipment (balance sheet)[3]	**61**	46
Less property attributable to non-controlling interests	**(13)**	(15)
Total assets for proportional LTV calculation	**8,959**	10,513

1. Prior year comparatives have been restated for a change in accounting policy in respect of rental concessions. Refer to Note 1 for further information.
2. Cash and short term deposits exclude tenant deposits of £26m (2021/22: £37m).
3. The £19m (2021/22: £22m) difference between other investments and plant, property and equipment per the balance sheet totalling £80m (2021/22: £68m), relates to a right-of-use asset recognised under a lease which is classified as property, plant and equipment which is not included within Total assets for the purposes of the LTV calculation.
4. Cash and short term deposits exclude tenant deposits of £49m (2021/22: £61m).

14 Net debt continued

Net Debt to EBITDA

Net Debt to EBITDA is the ratio of principal amount of gross debt less cash, short term deposits and liquid investments to earnings before interest, tax, depreciation and amortisation (EBITDA).

The Group ratio excludes non-recourse and joint venture borrowings and includes distributions and other receivables from non-recourse companies and joint ventures.

Group Net Debt to EBITDA

	2023 £m	2022 £m
Group Net Debt to EBITDA	**6.4x**	7.9x
Principal amount of gross debt	**2,250**	2,562
Less non-recourse borrowings	**(298)**	(347)
Less cash and short term deposits (statement of cash flows)[1]	**(99)**	(74)
Plus cash attributable to non-recourse companies	**37**	29
Total net debt for group Net Debt to EBITDA calculation	**1,890**	2,170
Underlying Profit (Table A)	**264**	247
Plus Net finance income (Note 5)	**60**	55
Less Underlying Profit due to joint ventures and non-recourse companies[2]	**(144)**	(133)
Plus distributions and other receivables from joint ventures and non-recourse companies[3]	**107**	97
Plus depreciation and amortisation (Table A)	**7**	9
Total EBITDA for group Net Debt to EBITDA calculation	**294**	275

Proportionately consolidated Net Debt to EBITDA

	2023 £m	2022 £m
Proportionally consolidated Net Debt to EBITDA	**8.4x**	9.7x
Principal amount of gross debt	**3,448**	3,648
Less cash and short term deposits[4]	**(228)**	(191)
Plus cash attributable to non-controlling interests	**1**	1
Total net debt for proportional Net Debt to EBITDA calculation	**3,221**	3,458
Underlying Profit (Table A)	**264**	247
Plus Net finance income (Table A)	**111**	102
Plus depreciation and amortisation (Table A)	**7**	9
Total EBITDA for proportional Net Debt to EBITDA calculation	**382**	358

1. Cash and short term deposits exclude tenant deposits of £26m (2021/22: £37m).
2. Underlying Profit due to joint ventures £92m (2021/22: £84m) as disclosed in the consolidated income statement and Underlying Profit due to non-recourse companies £52m (2021/22: £49m).
3. Distributions and other receivables from joint ventures £73m (2021/22 £57m) as disclosed in the consolidated statement of cash flows and distributions and other receivables from non-recourse companies £34m (2021/22: £40m).
4. Cash and short term deposits exclude tenant deposits of £49m (2021/22: £61m).

14 Net debt continued

British Land Unsecured Financial Covenants

The two financial covenants applicable to the Group unsecured debt are shown below:

	2023 £m	Restated[1] 2022 £m
Net Borrowings not to exceed 175% of Adjusted Capital and Reserves	**38%**	36%
Principal amount of gross debt	**2,250**	2,562
Less the relevant proportion of borrowings of the partly owned subsidiary/non-controlling interests	**–**	–
Less cash and short term deposits (statement of cash flows)[2]	**(99)**	(74)
Plus the relevant proportion of cash and deposits of the partly owned subsidiary/non-controlling interests	**1**	1
Net Borrowings	**2,152**	2,489
Share capital and reserves (balance sheet)	**5,525**	6,768
Trading property surpluses (Table A)	**7**	8
Exceptional refinancing charges (see below)	**161**	174
Fair value adjustments of financial instruments (Table A)	**(44)**	46
Less reserves attributable to non-controlling interests (balance sheet)	**(13)**	(15)
Adjusted Capital and Reserves	**5,636**	6,981

1. Prior year comparatives have been restated for a change in accounting policies in respect of rental concessions and tenant deposits. Refer to Note 1 for further information.
2. Cash and short term deposits exclude tenant deposits of £26m (2021/22: £37m).

In calculating Adjusted Capital and Reserves for the purpose of the unsecured debt financial covenants, there is an adjustment of £161m (2021/22: £174m) to reflect the cumulative net amortised exceptional items relating to the refinancings in the years ended 31 March 2005, 2006 and 2007.

	2023 £m	Restated[1] 2022 £m
Net Unsecured Borrowings not to exceed 70% of Unencumbered Assets	**32%**	30%
Principal amount of gross debt	**2,250**	2,562
Less cash and short term deposits not subject to a security interest	**(86)**	(64)
Less principal amount of secured and non-recourse borrowings	**(933)**	(985)
Net Unsecured Borrowings	**1,231**	1,513
Group property portfolio valuation (Note 7)	**5,595**	6,944
Investments in joint ventures and funds (Note 8)	**2,206**	2,521
Other investments and property, plant and equipment (balance sheet)[2]	**61**	46
Less investments in joint ventures	**(2,206)**	(2,521)
Less encumbered assets (Note 7)	**(1,747)**	(1,915)
Unencumbered Assets	**3,909**	5,075

1. Prior year comparatives have been restated for a change in accounting policies in respect of rental concessions and tenant deposits. Refer to Note 1 for further information.
2. The £19m (2021/22: £22m) difference between other investments and plant, property and equipment per the balance sheet totalling £80m (2021/22: £68m), relates to a right-of-use asset recognised under a lease which is classified as property, plant and equipment which is not included within Total assets for the purposes of the LTV calculation.

Reconciliation of movement in Group net debt for the year ended 31 March 2023

	Restated[1] 2022 £m	Cash flows £m	Transfers[2] £m	Foreign exchange £m	Fair value £m	Arrangement cost amortisation £m	2023 £m
Short term borrowings	**189**	**(190)**	**402**	**–**	**–**	**1**	**402**
Long term borrowings	**2,427**	**(123)**	**(402)**	**20**	**(55)**	**(2)**	**1,865**
Derivatives[3]	**(1)**	**(12)**	**–**	**(20)**	**(44)**	**–**	**(77)**
Total liabilities from financing activities[4]	**2,615**	**(325)**	**–**	**–**	**(99)**	**(1)**	**2,190**
Cash and cash equivalents	**(111)**	**(14)**	**–**	**–**	**–**	**–**	**(125)**
Net debt	**2,504**	**(339)**	**–**	**–**	**(99)**	**(1)**	**2,065**

1. Prior year comparative has been restated for a change in accounting policy in respect of tenant deposits. Refer to Note 1 for further information.
2. Transfers comprises debt maturing from long term to short term borrowings.
3. Cash flows on derivatives include £9m of net receipts on derivative interest.
4. Cash flows of £325m shown above represents net cash flows on capital payments in respect of interest rate derivatives of £21m, decrease in bank and other borrowings of £637m and drawdowns on bank and other borrowings of £324m shown in the consolidated statement of cash flows, along with £9m of net receipts on derivative interest.

14 Net debt continued

Fair value hierarchy

The table below provides an analysis of financial instruments carried at fair value, by the valuation method. The fair value hierarchy levels are defined in Note 7.

	2023				2022			
	Level 1 £m	**Level 2 £m**	**Level 3 £m**	**Total £m**	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Interest rate and currency derivative assets	**–**	**(144)**	**–**	**(144)**	–	(97)	–	(97)
Other investments – fair value through profit or loss (Note 9)	**–**	**–**	**(48)**	**(48)**	–	–	(28)	(28)
Assets	**–**	**(144)**	**(48)**	**(192)**	–	(97)	(28)	(125)
Interest rate and currency derivative liabilities	**–**	**67**	**–**	**67**	–	96	–	96
Liabilities	**–**	**67**	**–**	**67**	–	96	–	96
Total	**–**	**(77)**	**(48)**	**(125)**	–	(1)	(28)	(29)

Categories of financial instruments

	2023 £m	Restated[1] 2022 £m
Financial assets		
Amortised cost		
Cash and cash equivalents	**125**	111
Trade and other debtors (Note 10)	**22**	49
Other investments (Note 9)	**2**	4
Fair value through profit or loss		
Derivatives in designated fair value hedge accounting relationships[2,3]	**45**	59
Derivatives not in designated hedge accounting relationships	**99**	38
Other investments (Note 9)	**48**	28
	341	289
Financial liabilities		
Amortised cost		
Creditors (Note 11)	**(199)**	(157)
Gross debt	**(2,267)**	(2,616)
Lease liabilities (Notes 11 and 12)	**(126)**	(131)
Fair value through profit or loss		
Derivatives not in designated hedge accounting relationships	**(50)**	(96)
Derivatives in designated fair value hedge accounting relationships[2,3]	**(17)**	–
	(2,659)	(3,000)
Total	**(2,318)**	(2,711)

1. Prior year comparatives have been restated for a change in accounting policies in respect of rental concessions and tenant deposits. Refer to Note 1 for further information.
2. Derivative assets and liabilities in designated hedge accounting relationships sit within the derivative assets and derivative liabilities balances of the consolidated balance sheet.
3. The fair value of derivative assets in designated hedge accounting relationships represents the accumulated amount of fair value hedge adjustments on hedged items.

Gains and losses on financial instruments, as classed above, are disclosed in Note 5 (net financing income), Note 10 (debtors), the consolidated income statement and the consolidated statement of comprehensive income. The Directors consider that the carrying amounts of other investments are approximate to their fair value, and that the carrying amounts are recoverable.

Maturity of committed undrawn borrowing facilities

		2023 £m	2022 £m
Maturity date:	over five years	**130**	70
	between four and five years	**504**	401
	between three and four years	**370**	406
Total facilities available for more than three years		**1,004**	877
Between two and three years		**555**	360
Between one and two years		**170**	50
Within one year		**50**	–
Total		**1,779**	1,287

The undrawn facilities are comprised of British Land undrawn facilities of £1,779m (2021/22: £1,287m).

15 Dividends

The final dividend payment for the six-month period ended 31 March 2023 will be 11.04p. Payment will be made on 28 July 2023 to shareholders on the register at close of business on 23 June 2023. The final dividend will be a Property Income Distribution and no SCRIP alternative will be offered.

PID dividends are paid, as required by REIT legislation, after deduction of withholding tax at the basic rate (currently 20%), where appropriate. Certain classes of shareholders may be able to elect to receive dividends gross. Please refer to our website britishland.com/dividends for details.

Payment date	Dividend	Pence per share	2023 £m	2022 £m
Current year dividends				
28.07.2023	2023 Final	11.04		
06.01.2023	2023 Interim	11.60	**107**	
		22.64		
Prior year dividends				
29.07.2022	2022 Final	11.60	**108**	
07.01.2022	2022 Interim	10.32		95
		21.92		
06.08.2021	2021 Final	6.64		62
Dividends disclosed in consolidated statement of changes in equity			**215**	157
Dividends settled in shares			**–**	–
Dividends settled in cash			**215**	157
Timing difference relating to payment of withholding tax			**(2)**	(2)
Dividends disclosed in consolidated statement of cash flows			**213**	155

16 Share capital and reserves

	2023	2022
Number of ordinary shares in issue at 1 April	**938,109,433**	937,981,992
Share issues	**225,544**	127,441
At 31 March	**938,334,977**	938,109,433

Of the issued 25p ordinary shares, 7,376 shares were held in the ESOP trust (2021/22: 7,376), 11,266,245 shares were held as treasury shares (2021/22: 11,266,245) and 927,061,356 shares were in free issue (2021/22: 926,835,812). No treasury shares were acquired by the ESOP trust during the year. All issued shares are fully paid.

17 Segment information

The Group allocates resources to investment and asset management according to the sectors it expects to perform over the medium term, and reports under two operating segments, being Campuses and Retail & Fulfilment. From 1 April 2023 the Group intends to change the name of the Retail & Fulfilment operating segment to Retail & London Urban Logistics in line with our evolving strategy. There will be no changes in the allocation of segment results or assets as a consequence of this change.

The relevant gross rental income, net rental income, operating result and property assets, being the measures of segment revenue, segment result and segment assets used by the management of the business, are set out below. Management reviews the performance of the business principally on a proportionally consolidated basis, which 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 chief operating decision maker for the purpose of segment information is the Executive Committee.

Gross rental income is derived from the rental of buildings. Operating result is the net of net rental income, fee income and administrative expenses. No customer exceeded 10% of the Group's revenues in either year.

17 Segment information continued

Segment result

	Campuses		Retail & Fulfilment		Unallocated		Total	
	2023 £m	Restated[1] 2022 £m	2023 £m	Restated[1] 2022 £m	2023 £m	Restated[1] 2022 £m	2023 £m	Restated[1] 2022 £m
Gross rental income								
British Land Group	**115**	143	**205**	195	**–**	–	**320**	338
Share of joint ventures	**107**	91	**57**	57	**–**	–	**164**	148
Total	**222**	234	**262**	252	**–**	–	**484**	486
Net rental income								
British Land Group	**108**	116	**189**	175	**–**	–	**297**	291
Share of joint ventures	**89**	76	**51**	51	**–**	–	**140**	127
Total	**197**	192	**240**	226	**–**	–	**437**	418
Operating result								
British Land Group	**115**	119	**186**	170	**(55)**	(60)	**246**	229
Share of joint ventures	**82**	72	**49**	50	**(2)**	(2)	**129**	120
Total	**197**	191	**235**	220	**(57)**	(62)	**375**	349

Reconciliation to Underlying Profit	2023 £m	Restated[1] 2022 £m
Operating result	**375**	349
Net financing charges	**(111)**	(102)
Underlying Profit	**264**	247
Reconciliation to (loss) profit on ordinary activities before taxation		
Underlying Profit	**264**	247
Capital and other	**(1,299)**	714
Underlying Profit attributable to non-controlling interests	**1**	2
Total (loss) profit on ordinary activities before taxation	**(1,034)**	963
Reconciliation to Group revenue		
Gross rental income per operating segment result	**484**	486
Less share of gross rental income of joint ventures	**(164)**	(148)
Plus share of gross rental income attributable to non-controlling interests	**2**	2
Gross rental income (Note 3)	**322**	340
Trading property sales proceeds	**–**	9
Service charge income	**59**	62
Management and performance fees (from joint ventures)	**13**	9
Other fees and commissions	**24**	21
Surrender premium payable	**–**	(29)
Revenue (consolidated income statement)	**418**	412

1. Prior year comparative has been restated for a change in accounting policy in respect of rental concessions. Refer to Note 1 for further information.

A reconciliation between net financing income in the consolidated income statement and net financing charges of £111m (2021/22: £102m) in the segmental disclosures above can be found within Table A in the supplementary disclosures. Of the total revenues above, £nil (2021/22: £nil) was derived from outside the UK.

17 Segment information continued

Segment assets

	Campuses		Retail & Fulfilment		Total	
	2023 £m	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m
Property assets						
British Land Group	**2,972**	4,150	**2,619**	2,788	**5,591**	6,938
Share of joint ventures	**2,687**	2,826	**629**	712	**3,316**	3,538
Total	**5,659**	6,976	**3,248**	3,500	**8,907**	10,476

Reconciliation to net assets

British Land Group	**2023 £m**	Restated[1] 2022 £m
Property assets	**8,907**	10,476
Other non-current assets	**141**	104
Non-current assets	**9,048**	10,580
Other net current liabilities	**(384)**	(377)
EPRA net debt	**(3,127)**	(3,397)
Other non-current liabilities	**(50)**	–
EPRA NTA (diluted)	**5,487**	6,806
Non-controlling interests	**13**	15
EPRA adjustments	**25**	(53)
Net assets	**5,525**	6,768

1. Prior year comparatives have been restated for a change in accounting policies in respect of rental concessions and tenant deposits. Refer to Note 1 for further information.

18 Subsequent events

There have been no significant subsequent events post the balance sheet date.

SUPPLEMENTARY DISCLOSURES

Unaudited unless otherwise stated

Table A: Summary income statement and balance sheet (Unaudited)

Summary income statement based on proportional consolidation for the year ended 31 March 2023

The following pro forma information is unaudited and does not form part of the consolidated primary statements or the notes thereto. It presents the results of the Group, with its share of the results of joint ventures included on a line-by-line basis and excluding non-controlling interests.

	Year ended 31 March 2023				Restated[1] Year ended 31 March 2022			
	Group £m	**Joint ventures £m**	**Less non-controlling interests £m**	**Proportionally consolidated £m**	Group £m	Joint ventures £m	Less non-controlling interests £m	Proportionally consolidated £m
Gross rental income[2]	**331**	**164**	**(2)**	**493**	347	148	(2)	493
Property operating expenses	**(28)**	**(20)**	**1**	**(47)**	(52)	(16)	–	(68)
Net rental income	**303**	**144**	**(1)**	**446**	295	132	(2)	425
Administrative expenses[3]	**(88)**	**(1)**	**–**	**(89)**	(88)	(1)	–	(89)
Net fees and other income	**18**	**–**	**–**	**18**	13	–	–	13
Ungeared income return	**233**	**143**	**(1)**	**375**	220	131	(2)	349
Net financing charges	**(60)**	**(51)**	**–**	**(111)**	(55)	(47)	–	(102)
Underlying Profit	**173**	**92**	**(1)**	**264**	165	84	(2)	247
Underlying taxation	**(1)**	**–**	**–**	**(1)**	4	–	–	4
Underlying Profit after taxation	**172**	**92**	**(1)**	**263**	169	84	(2)	251
Valuation movement (see Note 4)				**(1,365)**				642
Other capital and taxation (net)[4]				**74**				59
Result attributable to shareholders of the Company				**(1,028)**				952

1. Prior year comparatives have been restated for a change in accounting policy in respect of rental concessions. Refer to Note 1 for further information.
2. Group gross rental income includes £9m (2021/22: £7m) of all-inclusive rents relating to service charge income and excludes the surrender premium payable of £nil (2021/22: £29m) within the Capital and other column of the income statement.
3. Administrative expenses includes £7m (2021/22: £9m) of depreciation and amortisation.
4. Includes other comprehensive income.

Summary balance sheet based on proportional consolidation as at 31 March 2023

The following pro forma information is unaudited and does not form part of the consolidated primary statements or the notes thereto. It presents the composition of the EPRA NTA of the Group, with its share of the net assets of the joint ventures included on a line-by-line basis, and excluding non-controlling interests, and assuming full dilution.

	Group £m	**Share of joint ventures £m**	**Less non-controlling interests £m**	**Share options £m**	**Mark-to-market on derivatives and related debt adjustments £m**	**Lease liabilities £m**	**Valuation surplus on trading properties £m**	**Intangibles and Deferred tax £m**	**EPRA NTA 31 March 2023 £m**	Restated[1] EPRA NTA 31 March 2022 £m
Campuses properties	**3,034**	**2,690**	**–**	**–**	**–**	**(72)**	**7**	**–**	**5,659**	6,976
Retail & Fulfilment properties	**2,665**	**644**	**(13)**	**–**	**–**	**(48)**	**–**	**–**	**3,248**	3,500
Total properties[2]	**5,699**	**3,334**	**(13)**	**–**	**–**	**(120)**	**7**	**–**	**8,907**	10,476
Investments in joint ventures	**2,206**	**(2,206)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	–
Other investments	**58**	**–**	**–**	**–**	**–**	**–**	**–**	**(8)**	**50**	48
Other net (liabilities) assets	**(369)**	**(109)**	**1**	**14**	**–**	**120**	**–**	**–**	**(343)**	(321)
Deferred tax liability	**(4)**	**(2)**	**–**	**–**	**–**	**–**	**–**	**6**	**–**	–
Net debt[3]	**(2,065)**	**(1,017)**	**(1)**	**–**	**(44)**	**–**	**–**	**–**	**(3,127)**	(3,397)
Net assets	**5,525**	**–**	**(13)**	**14**	**(44)**	**–**	**7**	**(2)**	**5,487**	6,806
EPRA NTA per share (Note 2)									**588p**	730p

1. Prior year comparatives have been restated for a change in accounting policies in respect of rental concessions and tenant deposits. Refer to Note 1 for further information.
2. Included within the total property value of £8,907m (2021/22: £10,476m) are right-of-use assets net of lease liabilities of £9m (2021/22: £9m), which in substance, relate to properties held under leasing agreements. The fair values of right-of-use assets are determined by calculating the present value of net rental cash flows over the term of the lease agreements.
3. EPRA net debt of £3,127m represents adjusted net debt used in Proportionally consolidated LTV and Net Debt to EBITDA calculations of £3,221m (see Note 14), less tenant deposits of £49m and issue costs and fair value hedge adjustments of £45m.

Table A continued

EPRA Net Tangible Assets movement

	Year ended 31 March 2023		Restated[1] Year ended 31 March 2022	
	£m	**Pence per share**	£m	Pence per share
Opening EPRA NTA	**6,806**	**730**	6,080	651
Income return	**263**	**28**	251	27
Capital return	**(1,367)**	**(147)**	632	69
Dividend paid	**(215)**	**(23)**	(157)	(17)
Closing EPRA NTA	**5,487**	**588**	6,806	730

1. Prior year comparatives have been restated for a change in accounting policies in respect of rental concessions and tenant deposits. Refer to Note 1 for further information.

Table B: EPRA Performance measures

EPRA Performance measures summary table

		2023		Restated[1] 2022	
		£m	**Pence per share**	£m	Pence per share
EPRA Earnings	– basic	**263**	**28.4**	234	25.3
	– diluted	**263**	**28.3**	234	25.2
			Percentage		Percentage
EPRA Net Initial Yield			**5.1%**		4.3%
EPRA 'topped-up' Net Initial Yield			**5.7%**		4.9%
EPRA Vacancy Rate			**6.3%**		6.3%
EPRA Cost Ratio (including direct vacancy costs)			**19.5%**		25.6%
EPRA Cost Ratio (excluding direct vacancy costs)			**12.6%**		16.5%

1. Prior year comparative has been restated for a change in accounting policy in respect of rental concessions. Refer to Note 1 for further information.

	2023		Restated[1] 2022	
	Net assets £m	**Net asset value per share (pence)**	Net assets £m	Net asset value per share (pence)
EPRA NTA	**5,487**	**588**	6,806	730
EPRA NRV	**6,029**	**646**	7,438	798
EPRA NDV	**5,658**	**606**	6,577	706
		Percentage		Percentage
EPRA LTV		**39.5%**		35.7%

1. Prior year comparatives have been restated for a change in accounting policies in respect of rental concessions and tenant deposits. Refer to Note 1 for further information.

Table B continued

Calculation and reconciliation of Underlying/EPRA/IFRS Earnings and Underlying/EPRA/IFRS Earnings per share (Audited)

	2023 £m	Restated[1] 2022 £m
(Loss) profit attributable to the shareholders of the Company	**(1,038)**	963
Exclude:		
Group – current taxation	**1**	(2)
Group – deferred taxation	**4**	–
Group – valuation movement	**798**	(475)
Group – loss (profit) on disposal of investment properties and investments	**30**	(45)
Group – Capital and other surrender premia payable (see Note 3)	**–**	29
Joint ventures – valuation movement (including result on disposals) (see Note 4)	**567**	(167)
Joint ventures – Capital financing charges	**(8)**	4
Joint ventures – deferred taxation	**–**	–
Changes in fair value of financial instruments and associated close-out costs	**(88)**	(60)
Non-controlling interests in respect of the above	**(2)**	–
Underlying Profit	**264**	247
Group – Underlying current taxation	**(1)**	4
Underlying Earnings – basic and diluted	**263**	251
Group – Capital and other surrender premia payable (see Note 3)	**–**	(29)
Group – reclassification of foreign exchange differences (see Note 5)	**–**	12
EPRA Earnings – basic and diluted	**263**	234
(Loss) profit attributable to the shareholders of the Company	**(1,038)**	963
IFRS Earnings – basic and diluted	**(1,038)**	963

1. Prior year comparatives have been restated for a change in accounting policy in respect of rental concessions. Refer to Note 1 for further information.

	2023 Number million	2022 Number million
Weighted average number of shares	**938**	938
Adjustment for treasury shares	**(11)**	(11)
IFRS/EPRA/Underlying Weighted average number of shares (basic)	**927**	927
Dilutive effect of share options	**–**	–
Dilutive effect of ESOP shares	**3**	3
EPRA/Underlying Weighted average number of shares (diluted)	**930**	930
Remove anti-dilutive effect	**(3)**	–
IFRS Weighted average number of shares (diluted)	**927**	930

Table B continued

Net assets per share (Audited)

	2023		Restated[1] 2022	
	£m	Pence per share	£m	Pence per share
IFRS net assets	**5,525**		6,768	
Deferred tax arising on revaluation movements	**6**		–	
Mark-to-market on derivatives and related debt adjustments	**(44)**		46	
Dilution effect of share options	**14**		8	
Surplus on trading properties	**7**		8	
Intangible assets	**(8)**		(9)	
Less non-controlling interests	**(13)**		(15)	
EPRA NTA	**5,487**	**588**	6,806	730
Intangible assets	**8**		9	
Purchasers' costs	**534**		623	
EPRA NRV	**6,029**	**646**	7,438	798
Deferred tax arising on revaluation movements	**(7)**		(2)	
Purchasers' costs	**(534)**		(623)	
Mark-to-market on derivatives and related debt adjustments	**44**		(46)	
Mark-to-market on debt	**126**		(190)	
EPRA NDV	**5,658**	**606**	6,577	706

1. Prior year comparatives have been restated for a change in accounting policies in respect of rental concessions and tenant deposits. Refer to Note 1 for further information.

EPRA NTA is considered to be the most relevant measure for the Group and is now the primary measure of net assets. EPRA NTA assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax. Due to the Group's REIT status, deferred tax is only provided at each balance sheet date on properties outside the REIT regime. As a result deferred taxes are excluded from EPRA NTA for properties within the REIT regime. For properties outside of the REIT regime, deferred tax is included to the extent that it is expected to crystallise, based on the Group's track record and tax structuring. EPRA NRV reflects what would be needed to recreate the Group through the investment markets based on its current capital and financing structure. EPRA NDV reflects shareholders' value which would be recoverable under a disposal scenario, with deferred tax and financial instruments recognised at the full extent of their liability.

	2023 Number million	2022 Number million
Number of shares at year end	**938**	938
Adjustment for treasury shares	**(11)**	(11)
IFRS/EPRA number of shares (basic)	**927**	927
Dilutive effect of share options	**3**	3
Dilutive effect of ESOP shares	**3**	2
IFRS/EPRA number of shares (diluted)	**933**	932

Table B continued

EPRA Net Initial Yield and 'topped-up' Net Initial Yield (Unaudited)

	2023 £m	2022 £m
Investment property – wholly owned	**5,582**	6,929
Investment property – share of joint ventures	**3,316**	3,538
Less developments, residential and land	**(1,363)**	(1,168)
Completed property portfolio	**7,535**	9,299
Allowance for estimated purchasers' costs	**525**	672
Gross up completed property portfolio valuation (A)	**8,060**	9,971
Annualised cash passing rental income	**443**	457
Property outgoings	**(34)**	(33)
Annualised net rents (B)	**409**	424
Rent expiration of rent-free periods and fixed uplifts[1]	**54**	61
'Topped-up' net annualised rent (C)	**463**	485
EPRA Net Initial Yield (B/A)	**5.1%**	4.3%
EPRA 'topped-up' Net Initial Yield (C/A)	**5.7%**	4.9%
Including fixed/minimum uplifts received in lieu of rental growth	**6**	5
Total 'topped-up' net rents (D)	**469**	490
Overall 'topped-up' Net Initial Yield (D/A)	**5.8%**	4.9%
'Topped-up' net annualised rent	**463**	485
ERV vacant space	**31**	33
Reversions	**(7)**	4
Total ERV (E)	**487**	522
Net Reversionary Yield (E/A)	**6.0%**	5.2%

1. The weighted average period over which rent-free periods expire is one year (2021/22: one year).

EPRA Net Initial Yield (NIY) basis of calculation

EPRA NIY is calculated as the annualised net rent (on a cash flow basis), divided by the gross value of the completed property portfolio. The valuation of our completed property portfolio is determined by our external valuers as at 31 March 2023, plus an allowance for estimated purchasers' costs. Estimated purchasers' costs are determined by the relevant stamp duty liability, plus an estimate by our valuers of agent and legal fees on notional acquisition. The net rent deduction allowed for property outgoings is based on our valuers' assumptions on future recurring non-recoverable revenue expenditure.

In calculating the EPRA 'topped-up' NIY, the annualised net rent is increased by the total contracted rent from expiry of rent-free periods and future contracted rental uplifts where defined as not in lieu of growth. Overall 'topped-up' NIY is calculated by adding any other contracted future uplift to the 'topped-up' net annualised rent.

The net reversionary yield is calculated by dividing the total estimated rental value (ERV) for the completed property portfolio, as determined by our external valuers, by the gross completed property portfolio valuation.

Table B continued

The EPRA Vacancy Rate is calculated as the ERV of the unrented, lettable space as a proportion of the total rental value of the completed property portfolio.

EPRA Vacancy Rate (Unaudited)

	31 March 2023 £m	31 March 2022 £m
Annualised potential rental value of vacant premises	**31**	33
Annualised potential rental value for the completed property portfolio	**496**	526
EPRA Vacancy Rate	**6.3%**	6.3%

EPRA Cost Ratios (Unaudited)

	2023 £m	Restated[1] 2022 £m
Property operating expenses	**27**	52
Administrative expenses	**88**	88
Share of joint ventures expenses	**21**	17
Less: Performance and management fees (from joint ventures)	**(13)**	(9)
Net other fees and commissions	**(5)**	(4)
Ground rent costs and operating expenses de facto included in rents	**(28)**	(25)
EPRA Costs (including direct vacancy costs) (A)	**90**	119
Direct vacancy costs	**(32)**	(42)
EPRA Costs (excluding direct vacancy costs) (B)	**58**	77
Gross Rental Income less ground rent costs and operating expenses de facto included in rents	**294**	325
Share of joint ventures (GRI less ground rent costs)	**168**	140
Total Gross rental income less ground rent costs (C)	**462**	465
EPRA Cost Ratio (including direct vacancy costs) (A/C)	**19.5%**	25.6%
EPRA Cost Ratio (excluding direct vacancy costs) (B/C)	**12.6%**	16.5%
Impairment of tenant debtors, tenant incentives and accrued income (D)	**(6)**	(1)
Adjusted EPRA Cost Ratio (including direct vacancy costs and excluding impairment of tenant debtors, accrued income, tenant incentives and contracted rent increases) (A-D)/C	**20.8%**	25.8%
Adjusted EPRA Cost Ratio (excluding direct vacancy costs and excluding impairment of tenant debtors, accrued income, tenant incentives and contracted rent increases) (B-D)/C	**13.9%**	16.8%
Overhead and operating expenses capitalised (including share of joint ventures)	**10**	7

1. Prior year comparatives have been restated for a change in accounting policy in respect of rental concessions. Refer to Note 1 for further information.

In the current year, employee costs in relation to staff time on development projects have been capitalised into the base cost of relevant development assets. In addition to the standard EPRA Cost Ratios (both including and excluding direct vacancy costs), adjusted versions of these ratios have also been presented which remove the impact of the impairment of tenant debtors, tenant incentives and accrued income, to show the impact of these items on the ratios.

Table C: Gross rental income (Audited)

	2023 £m	Restated[1] 2022 £m
Rent receivable[2]	**463**	479
Spreading of tenant incentives and contracted rent increases	**27**	11
Surrender premia	**3**	3
Gross rental income	**493**	493

1. Prior year comparatives have been restated for a change in accounting policy in respect of rental concessions. Refer to Note 1 for further information.
2. Group gross rental income includes £9m (2021/22: £7m) of all-inclusive rents relating to service charge income.

The current and prior year information is presented on a proportionally consolidated basis, excluding non-controlling interests.

Table D: Property related capital expenditure (Unaudited)

	Year ended 31 March 2023			Year ended 31 March 2022		
	Group £m	**Joint ventures £m**	**Total £m**	Group £m	Joint ventures £m	Total £m
Acquisitions	**158**	**-**	**158**	596	34	630
Development	**156**	**106**	**262**	175	33	208
Investment properties						
Incremental lettable space	**-**	**-**	**-**	1	-	1
No incremental lettable space	**60**	**26**	**86**	12	25	37
Tenant incentives	**2**	**1**	**3**	21	3	24
Other material non-allocated types of expenditure	**3**	**3**	**6**	2	3	5
Capitalised interest	**10**	**3**	**13**	6	1	7
Total property related capital expenditure	**389**	**139**	**528**	813	99	912
Conversion from accrual to cash basis	**(50)**	**(6)**	**(56)**	42	(7)	35
Total property related capital expenditure on cash basis	**339**	**133**	**472**	855	92	947

The above is presented on a proportionally consolidated basis, excluding non-controlling interests and business combinations. The 'Other material non-allocated types of expenditure' category contains capitalised staff costs of £6m (2021/22: £5m).

Table E: EPRA LTV (Unaudited)

	Year ended 31 March 2023				Year ended 31 March 2022			
		Proportionately consolidated				Proportionately consolidated		
	Group £m	**Share of Joint Ventures £m**	**Non-controlling interests £m**	**Total £m**	Group £m	Share of Joint Ventures £m	Non-controlling interests £m	Total £m
Include:								
Gross debt	**2,250**	**1,198**	**-**	**3,448**	2,562	1,086	-	3,648
Net payables	**271**	**93**	**-**	**364**	261	97	-	358
Exclude:								
Cash and cash equivalents	**(125)**	**(152)**	**1**	**(276)**	(111)	(141)	1	(251)
EPRA Net Debt (A)	**2,396**	**1,139**	**1**	**3,536**	2,712	1,042	1	3,755
Include:								
Property portfolio valuation	**5,595**	**3,316**	**(13)**	**8,898**	6,944	3,538	(15)	10,467
Other financial assets	**50**	**-**	**-**	**50**	32	-	-	32
Intangibles	**8**	**-**	**-**	**8**	9	-	-	9
EPRA Total Property Value (B)	**5,653**	**3,316**	**(13)**	**8,956**	6,985	3,538	(15)	10,508
EPRA LTV (A/B)	**42.4%**			**39.5%**	38.8%			35.7%

SUPPLEMENTARY TABLES

Data includes Group's share of Joint Ventures

FY23 rent collection

Rent due between 25 March 2022 and 24 March 2023	Offices	Retail	Total
Received	100%	98%	99%
Outstanding	0%	2%	1%
Total	**100%**	**100%**	**100%**
	£187m	**£260m**	**£447m**

March quarter 2023 rent collection

Rent due between 25 March 2023 and 9 May 2023	Offices	Retail	Total
Received	99%	91%	95%
Outstanding	1%	9%	5%
Total	**100%**	**100%**	**100%**
	£44m	**£51m**	**£95m**

Purchases

Since 1 April 2022	Sector	Price (100%) £m	Price (BL Share) £m	Annualised Net Rents £m[1]
Completed				
DFS, Cambridge	Retail Parks	7	7	1
Solartron Retail Park	Retail Parks	35	35	3
Capitol Retail Park	Retail Parks	51	51	5
Westwood Retail Park, Thanet	Retail Parks	55	55	4
Mandela Way, Southwark	London Urban Logistics	22	22	–
Peterhouse Extension, Cambridge	Office	25	25	–
South Trumpington Land	Office	8	8	–
Total		**203**	**203**	**13**

1. British Land share of annualised rent topped up for rent frees

Sales

Since 1 April 2022	Sector	Price (100%) £m	Price (BL Share) £m	Annualised Net Rents £m[1]
Completed				
Debenhams, Chester	Other Retail	1	1	–
Deepdale Shopping Park, Preston	Retail Park	61	31	2
Debenhams, Cardiff	Other Retail	3	3	–
Paddington Central (75% sale)	Campuses	939	694	27
Exchanged				
126-134 Baker Street[2]	Office	17	17	1
Total		**1,021**	**746**	**30**

1. British Land share of annualised rent topped up for rent frees
2. Exchanged and completed post period end

Portfolio Valuation by Sector

At 31 March 2023	Group £m	Joint ventures £m	Total £m	Change[1] H1	H2	FY
West End	2,208	330	2,538	(2.5)	(11.2)	(11.3)
City	494	2,072	2,566	(3.6)	(11.8)	(14.8)
Canada Water & other Campuses	171	285	456	(1.6)	(16.2)	(17.4)
Residential[2]	90	–	90	13.2	(11.2)	0.8
Campuses	**2,963**	**2,687**	**5,650**	**(2.7)**	**(11.9)**	**(13.1)**
Retail Parks	1,800	176	1,976	(3.7)	(6.9)	(10.2)
Shopping Centre	309	437	746	(2.1)	(5.6)	(7.6)
London Urban Logistics	258	5	263	(6.0)	(19.3)	(24.2)
Other Retail	252	11	263	(4.2)	(6.1)	(9.7)
Retail & London Urban Logistics	**2,619**	**629**	**3,248**	**(3.6)**	**(7.7)**	**(10.9)**
Total	**5,582**	**3,316**	**8,898**	**(3.0)**	**(10.4)**	**(12.3)**
Standing Investments	**4,745**	**2,798**	**7,543**	**(3.2)**	**(9.4)**	**(11.7)**
Developments	**837**	**518**	**1,355**	**(1.5)**	**(15.5)**	**(15.7)**

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

1. Valuation movement during the period (after taking account of capital expenditure) of properties held at the balance sheet date, including developments (classified by end use), purchases and sales
2. Standalone residential

Gross Rental Income[1]

	12 months to 31 March 2023			Annualised as at 31 March 2023		
Accounting Basis £m	Group	Joint ventures	Total	Group	Joint ventures	Total
West End	89	23	112	85	15	100
City	15	90	105	15	93	108
Other Campuses	11	3	14	9	3	12
Residential[2]	–	–	–	–	–	–
Campuses	**115**	**116**	**231**	**109**	**111**	**220**
Retail Parks	139	16	155	137	14	151
Shopping Centre	40	40	80	39	41	80
London Urban Logistics	7	–	7	8	–	8
Other Retail	19	1	20	20	1	21
Retail & London Urban Logistics	**205**	**57**	**262**	**204**	**56**	**260**
Total	**320**	**173**	**493**	**313**	**167**	**480**

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

1. Gross rental income will differ from annualised valuation rents due to accounting adjustments for fixed & minimum contracted rental uplifts and lease incentives
2. Standalone residential

Portfolio Net Yields[1,2]

As at 31 March 2023	EPRA net initial yield %	EPRA topped up net initial yield %[3]	Overall topped up net initial yield %[4]	Net equivalent yield %	Net equivalent yield movement bps	Net reversionary yield %	ERV Growth %[5]
West End	3.3	4.4	4.4	5.0	72	5.4	4.0
City	4.0	4.8	4.8	5.0	69	5.5	1.3
Other Campuses	5.3	5.3	5.7	5.5	43	6.2	(0.2)
Campuses	**3.7**	**4.6**	**4.6**	**5.0**	**70**	**5.5**	**2.6**
Retail Parks	7.0	7.4	7.5	6.6	71	6.6	2.8
Shopping Centre	7.9	8.3	8.5	7.9	39	7.8	1.2
London Urban Logistics	3.2	3.2	3.3	4.6	187	4.9	29.4
Other Retail	6.8	7.1	7.3	7.0	75	6.4	(0.3)
Retail & London Urban Logistics	**6.9**	**7.3**	**7.4**	**6.8**	**72**	**6.8**	**3.0**
Total	**5.1**	**5.7**	**5.8**	**5.8**	**71**	**6.0**	**2.8**

On a proportionally consolidated basis including the Group's share of joint ventures and excluding non-controlling interests
Residential consists of only developments and ground rents, thereby excluded from yield analysis

1. Including notional purchaser's costs
2. Excluding committed developments, assets held for development and residential assets
3. Including rent contracted from expiry of rent-free periods and fixed uplifts not in lieu of rental growth
4. Including fixed/minimum uplifts (excluded from EPRA definition)
5. As calculated by MSCI

Total Property Return (as calculated by MSCI)

12 months to 31 March 2023	Offices		Retail		Total	
%	British Land[2]	MSCI	British Land[2]	MSCI	British Land	MSCI
Capital Return	(14.2)	(15.3)	(11.1)	(12.7)	(13.1)	(16.1)
– ERV Growth	2.6	1.6	3.0	0.4	2.8	3.5
– Yield Movement[1]	70 bps	104 bps	72 bps	67 bps	71 bps	109 bps
Income Return	2.7	3.6	6.8	5.4	4.1	4.1
Total Property Return	**(11.9)**	**(12.3)**	**(5.0)**	**(7.9)**	**(9.5)**	**(12.6)**

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

1. Net equivalent yield movement
2. British Land Offices reflects Campuses; British Land Retail reflects Retail & London Urban Logistics

Top 20 Occupiers by Sector

As at 31 March 2023	% of Retail & London Urban Logistics rent
Retail & London Urban Logistics	
Next	5.1
Walgreens (Boots)	4.3
M&S	3.7
JD Sports	3.2
Currys Plc	3.1
TJX (TK Maxx)	2.9
Sainsbury	2.6
Frasers Group	2.4
DFS Furniture	2.1
Asda Group	2.0
Tesco Plc	2.0
Kingfisher	2.0
TGI Friday's	1.9
Hutchison Whampoa	1.8
Homebase	1.4
Primark	1.4
River Island	1.4
Pets at Home	1.3
Wilkinson	1.2
H&M	1.0
Total top 20	**46.8**

As at 31 March 2023	% of Campuses rent
Campuses	
Meta	20.3
dentsu	5.5
Herbert Smith Freehills	3.4
SEFE Energy	3.1
Vodafone	2.8
Sumitomo Mitsui	2.6
Deutsche Bank	2.2
Janus Henderson	2.0
TP ICAP Plc	1.8
The Interpublic Group	1.8
Softbank Group	1.8
Reed Smith[1]	1.7
Mayer Brown	1.7
Mimecast Plc	1.5
Milbank LLP	1.5
Credit Agricole	1.4
Accor	1.3
Monzo Bank	1.3
Visa International	1.2
Dimensional Fund Advisors	1.0
Total top 20	**59.9**

1. Taking into account their pre-let of 114,000 sq ft at Norton Folgate, % contracted rent would rise to 3.7%.

Major Holdings

As at 31 March 2023	Sector	BL Share %	Sq ft '000	Rent (100%) £m pa[1,4]	Occupancy rate %[2,4]	Lease length yrs[3,4]
Broadgate	Office	50	4,468	192	94.9	6.0
Regent's Place	Office	100	1,740	83	96.0	8.9
Paddington Central	Office	25	958	13	99.4	8.5
Teesside, Stockton	Retail Park	100	569	15	99.1	2.2
Glasgow Fort, Glasgow	Retail Park	100	510	17	99.9	5.1
Giltbrook, Nottingham	Retail Park	100	198	7	100.0	6.1
Hannah Close, Wembley	London Urban Logistics	100	246	4	100.0	2.8
Meadowhall, Sheffield	Shopping Centre	50	1,500	71	96.8	3.8
Drake's Circus, Plymouth	Shopping Centre	100	1,190	17	92.4	5.0
Ealing Broadway, London	Shopping Centre	100	540	12	94.9	4.2

1. Annualised EPRA contracted rent including 100% of joint ventures
2. Includes accommodation under offer or subject to asset management
3. Weighted average to first break
4. Excludes committed and near term developments

Lease Length & Occupancy

	Average lease length yrs		Occupancy rate %	
As at 31 March 2023	To expiry	To break	EPRA Occupancy	Occupancy[1,2,3]
West End	8.9	8.3	91.9	96.8
City	7.1	6.1	92.4	95.2
Other Campuses	6.9	6.0	100.0	100.0
Residential[4]	13.2	13.2	100.0	100.0
Campuses	**8.0**	**7.2**	**92.4**	**96.2**
Retail Parks	6.0	4.5	96.1	98.8
Shopping Centre	5.5	4.2	92.5	94.1
London Urban Logistics	3.7	2.6	99.8	99.8
Other Retail	8.0	7.6	95.0	96.4
Retail & London Urban Logistics	**5.9**	**4.6**	**95.1**	**97.3**
Total	**6.8**	**5.7**	**93.7**	**96.7**

1. Space allocated to Storey is shown as occupied where there is a Storey tenant in place otherwise it is shown as vacant. Total occupancy for Campuses would rise from 96.2% to 96.4% if Storey space were assumed to be fully let
2. Includes accommodation under offer or subject to asset management
3. Where occupiers have entered administration or CVA 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 & London Urban Logistics would reduce from 97.3% to 96.8%, and total occupancy would reduce from 96.7% to 96.4%
4. Standalone residential

Portfolio Weighting

As at 31 March 2023	2022 %	2023 %	2023 £m
West End	34.5	28.5	2,538
City	27.3	28.9	2,566
Canada Water & other Campuses	4.1	5.1	456
Residential[1]	0.7	1.0	90
Campuses	**66.6**	**63.5**	**5,650**
Retail Parks	20.2	22.2	1,976
Shopping Centre	7.6	8.4	746
London Urban Logistics	3.0	3.0	263
Other Retail	2.6	2.9	263
Retail & London Urban Logistics	**33.4**	**36.5**	**3,248**
Total	**100**	**100**	**8,898**
London Weighting	**73%**	**69%**	**6,174**

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

1. Standalone residential

Annualised Rent & Estimated Rental Value (ERV)

	Annualised rent (valuation basis) £m[1]			ERV £m	Average rent £psf	
As at 31 March 2023	Group	Joint ventures	Total	Total	Contracted[2]	ERV
West End[3]	67	15	82	127	67.3	74.5
City[3]	8	80	88	120	56.1	61.8
Other Campuses	6	–	6	7	27.0	34.5
Residential[4]	–	–	–	–	–	–
Campuses	**81**	**95**	**176**	**254**	**55.1**	**60.2**
Retail Parks	144	14	158	144	23.2	20.3
Shopping Centre	40	42	82	77	26.1	23.6
London Urban Logistics	7	–	7	12	13.9	21.2
Other Retail	20	–	20	18	14.3	12.6
Retail & London Urban Logistics	**211**	**56**	**267**	**251**	**22.5**	**20.3**
Total	**292**	**151**	**443**	**505**	**30.4**	**30.4**

On a proportionally consolidated basis including the group's share of joint ventures and funds, excluding committed, near term and assets held for development

1. Gross rents plus, where rent reviews are outstanding, any increases to ERV (as determined by the Group's external valuers), less any ground rents payable under head leases, excludes contracted rent subject to rent free and future uplift
2. Annualised rent, plus rent subject to rent free
3. £psf metrics shown for office space only
4. Standalone residential

Rent Subject to Open Market Rent Review

For year to 31 March As at 31 March 2023	2024 £m	2025 £m	2026 £m	2027 £m	2028 £m	2024-26 £m	2024-28 £m
West End	5	15	9	22	1	29	52
City	15	8	27	5	1	50	56
Other Campuses	–	1	–	–	–	1	1
Residential[1]	–	–	–	–	–	–	–
Campuses	**20**	**24**	**36**	**27**	**2**	**80**	**109**
Retail Parks	10	11	8	9	4	29	42
Shopping Centre	4	3	2	3	2	9	14
London Urban Logistics	–	1	–	–	–	1	1
Other Retail	1	1	1	2	1	3	6
Retail & London Urban Logistics	**15**	**16**	**11**	**14**	**7**	**42**	**63**
Total	**35**	**40**	**47**	**41**	**9**	**122**	**172**

On a proportionally consolidated basis including the Group's share of joint ventures and excluding non-controlling interests as well as committed, near term and assets held for development

1. Standalone residential

Rent Subject to Lease Break or Expiry

For year to 31 March As at 31 March 2023	2024 £m	2025 £m	2026 £m	2027 £m	2028 £m	2024-26 £m	2024-28 £m
West End	5	7	14	5	6	26	37
City	13	11	13	3	3	37	43
Other Campuses	3	–	–	1	–	3	4
Residential[1]	–	–	–	–	–	–	–
Campuses	**21**	**18**	**27**	**9**	**9**	**66**	**84**
Retail Parks	30	20	25	19	15	75	109
Shopping Centre	16	10	14	8	13	40	61
London Urban Logistics	–	1	4	1	1	5	7
Other Retail	4	2	1	1	1	7	9
Retail & London Urban Logistics	**50**	**33**	**44**	**29**	**30**	**127**	**186**
Total	**71**	**51**	**71**	**38**	**39**	**193**	**270**
% of contracted rent	**14**	**10**	**14**	**8**	**8**	**38**	**54**

On a proportionally consolidated basis including the Group's share of joint ventures and excluding non-controlling interests as well as committed, near term and assets held for development

1. Standalone residential

Committed Developments

As at 31 March 2023	Sector	BL Share %	100% sq ft '000	PC Calendar Year	Current Value £m	Cost to come £m[1]	ERV £m[2]	Pre-let & under offer £m[4]	Forecast IRR %[5]	Rebased IRR %[6]
The Priestley Centre	Life Science	100	83	Q4 2023	24	15	3.2	2.0	14	21
Norton Folgate	Office	100	335	Q4 2023	318	93	23.8	7.8	5	14
3 Sheldon Square	Office	25	140	Q1 2024	29	10	2.5	1.7	16	17
Aldgate Place, Phase 2	Residential	100	137	Q2 2024	86	44	6.4	–	6	10
1 Broadgate[4]	Office	50	544	Q2 2025	124	188	20.7	13.6	7	12
Canada Water										
Roberts Close (Plot K1)[3]	Residential	50	62	Q3 2023	–	5	–	–		
The Dock Shed (Plot A2)[3]	Mixed use	50	246	Q4 2024	26	48	5.5	–	Blended 10	Blended 13
1-3 Deal Porters Way (Plot A1)[3]	Mixed Use	50	270	Q4 2024	41	85	3.6	–		
Total Committed			**1,817**		**648**	**488**	**65.7**	**25.1**		

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

1. From 31 March 2023. Cost to come excludes notional interest as interest is capitalised individually on each development at our capitalisation rate
2. Estimated headline rental value net of rent payable under head leases (excluding tenant incentives)
3. 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
4. Pre-let & under offer excludes 114,000 sq ft of office space under option
5. Forecast IRRs reflect the land value of the point of commitments
6. Rebase IRRs reflect current site values

Near Term Development Pipeline

As at 31 March 2023	Sector	BL Share %	100% sq ft '000	Earliest Start on Site	Current Value £m	Cost to come £m[1]	ERV £m[2]	Planning Status
2 Finsbury Avenue	Office	50	747	Q2 2023	72	410	35.4	Consented
Peterhouse Extension, Cambridge	Life Science	100	96	Q3 2023	22	50	4.7	Consented
Verney Road, Southwark	London Urban Logistics	100	200	Q4 2023	26	75	7.1	Submitted
Mandela Way, Southwark	London Urban Logistics	100	144	Q4 2023	17	53	4.7	Submitted
The Box, Paddington	London Urban Logistics	100	121	Q4 2023	42	41	5.5	Consented
5 Kingdom Street	Office	100	211	Q2 2024	60	226	19.0	Consented
Canada Water								
Printworks (Plots H1 & H2)	Mixed Use	50	281	Q3 2024	6	92	8.6	Outline Consented
Total Near Term			**1,800**		**245**	**947**	**85.0**	

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

1. From 31 March 2023. Cost to come excludes notional interest as interest is capitalised individually on each development at our capitalisation rate
2. Estimated headline rental value net of rent payable under head leases (excluding tenant incentives)

Medium Term Development Pipeline

As at 31 March 2023	Sector	BL Share %	100% Sq ft '000	Planning Status
1 Appold Street	Office	50	404	Consented
International House, Ealing	Office	100	165	Consented
Euston Tower	Office	100	571	Pre-submission
Finsbury Square	London Urban Logistics	100	81	Pre-submission
Thurrock	London Urban Logistics	100	644	Submitted
Enfield, Heritage House	London Urban Logistics	100	437	Submitted
Hannah Close, Wembley	London Urban Logistics	100	668	Pre-submission
Meadowhall	London Urban Logistics	50	611	Consented
West One Development	Mixed Use	25	73	Consented
Ealing – 10-40, The Broadway	Mixed Use	100	320	Consented
Canada Water				
Plot H3	Office	50	313	Outline consent
Zone L	Residential	50	200	Consented
Plot F2	Mixed Use	50	447	Consented
Future phases[1]	Mixed Use	50	3,260	Outline consent
Total Medium Term			**8,194**	

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

1. The London Borough of Southwark has the right to invest in up to 20% of the completed development. The ownership share of the joint venture between British Land and AustralianSuper will change over time depending on the level of contributions made, but will be no less than 80%

Forward-looking statements

This Press Release contains certain (and we may make other verbal or written) 'forward-looking' statements. These forward-looking statements include all matters that are not historical fact. Such statements reflect current views, intentions, expectations, forecasts and beliefs of British Land concerning, among other things, our markets, activities, projections, strategy, plans, initiatives, objectives, performance, financial condition, liquidity, growth and prospects, as well as assumptions about future events and developments. Such 'forward-looking' statements can sometimes, but not always, be identified by their reference to a date or point in the future, the future tense, or the use of 'forward-looking' terminology, including terms such as 'believes', 'considers', 'estimates', 'anticipates', 'expects', 'forecasts', 'intends', 'continues', 'due', 'potential', 'possible', 'plans', 'seeks', 'projects', 'budget', 'goal', 'ambition', 'mission', 'objective', 'guidance', 'trends', 'future', 'outlook', 'schedule', 'target', 'aim', 'may', 'likely to', 'will', 'would', 'could', 'should' or similar expressions or in each case their negative or other variations or comparable terminology. By their nature, forward-looking statements involve inherent known and unknown risks, assumptions and uncertainties because they relate to future events and circumstances and depend on circumstances which may or may not occur and may be beyond our ability to control, predict or estimate. Forward-looking statements should be regarded with caution as actual outcomes or results, may differ materially from those expressed in or implied by such statements. Recipients should not place reliance on, and are cautioned about relying on, any forward-looking statements.

Important factors that could cause actual results (including the payment of dividends), performance or achievements of British Land to differ materially from any outcomes or results expressed or implied by such forward-looking statements include, among other things, changes and/or developments as regards: (a) general business and political, social and economic conditions globally, (b) the United Kingdom's withdrawal from, and evolving relationship with the European Union, (c) industry and market trends (including demand in the property investment market and property price volatility), (d) competition, (e) the behaviour of other market participants, (f) government, law or regulation including in relation to the environment, landlord and tenant law, health and safety and taxation (in particular, in respect of British Land's status as a Real Estate Investment Trust), (g) inflation and consumer confidence, (h) labour relations, work stoppages and increased costs for, or shortages of, talent, (i) climate change, natural disasters and adverse weather conditions, (j) terrorism, conflicts or acts of war, (k) British Land's overall business strategy, risk appetite and investment choices in its portfolio management, (l) legal or other proceedings against or affecting British Land, (m) cyber-attacks and other disruptions and reliability and security of IT infrastructure, (n) occupier demand and tenant default, (o) financial and equity markets including interest and exchange rate fluctuations, (p) accounting practices and the interpretation of accounting standards (q) the availability and cost of finances, (r) public health crises (including but not limited to the Covid-19 pandemic), (s) changes in construction supplies and labour availability or cost inflation and (t) the Ukraine conflict and its impact on supply chains and the macroeconomic outlook. The Company's principal risks are described in greater detail in the section of this Press Release headed "Risk Management and Principal Risks" and in the Company's latest annual report and accounts (which can be found at www.britishland.com). Forward-looking statements in this Press Release, or the British Land website or made subsequently, which are attributable to British Land or persons acting on its behalf, should therefore be construed in light of all such factors.

Information contained in this Press Release relating to British Land or its share price or the yield on its shares are not guarantees of, and should not be relied upon as an indicator of, future performance, and nothing in this Press Release should be construed as a profit forecast or profit estimate, or be taken as implying that the earnings of British Land for the current year or future years will necessarily match or exceed the historical or published earnings of British Land. Any forward-looking statements made by or on behalf of British Land speak only as of the date they are made. Such forward-looking statements are expressly qualified in their entirety by the factors referred to above and no representation, assurance, guarantee or warranty is given in relation to them (whether by British Land or any of its associates, Directors, officers, employees or advisers), including as to their completeness, accuracy, fairness, reliability, the basis on which they were prepared, or their achievement or reasonableness.

Other than in accordance with our legal and regulatory obligations (including under the UK Financial Conduct Authority's Listing Rules, Disclosure Guidance and Transparency Rules, the UK Market Abuse Regulation, and the requirements of the Financial Conduct Authority and the London Stock Exchange), British Land does not intend or undertake any obligation to update or revise publicly forward-looking statements to reflect any changes in British Land's expectations with regard thereto or any changes in information, events, conditions or circumstances on which any such statement is based. This document shall not, under any circumstances, create any implication that there has been no change in the business or affairs of British Land since the date of this document or that the information contained herein is correct as at any time subsequent to this date.

Nothing in this document shall constitute, in any jurisdiction, an offer or solicitation to sell or purchase any securities or other financial instruments, nor shall it constitute a recommendation, invitation or inducement, or advice, in respect of any securities or other financial instruments or any other matter.