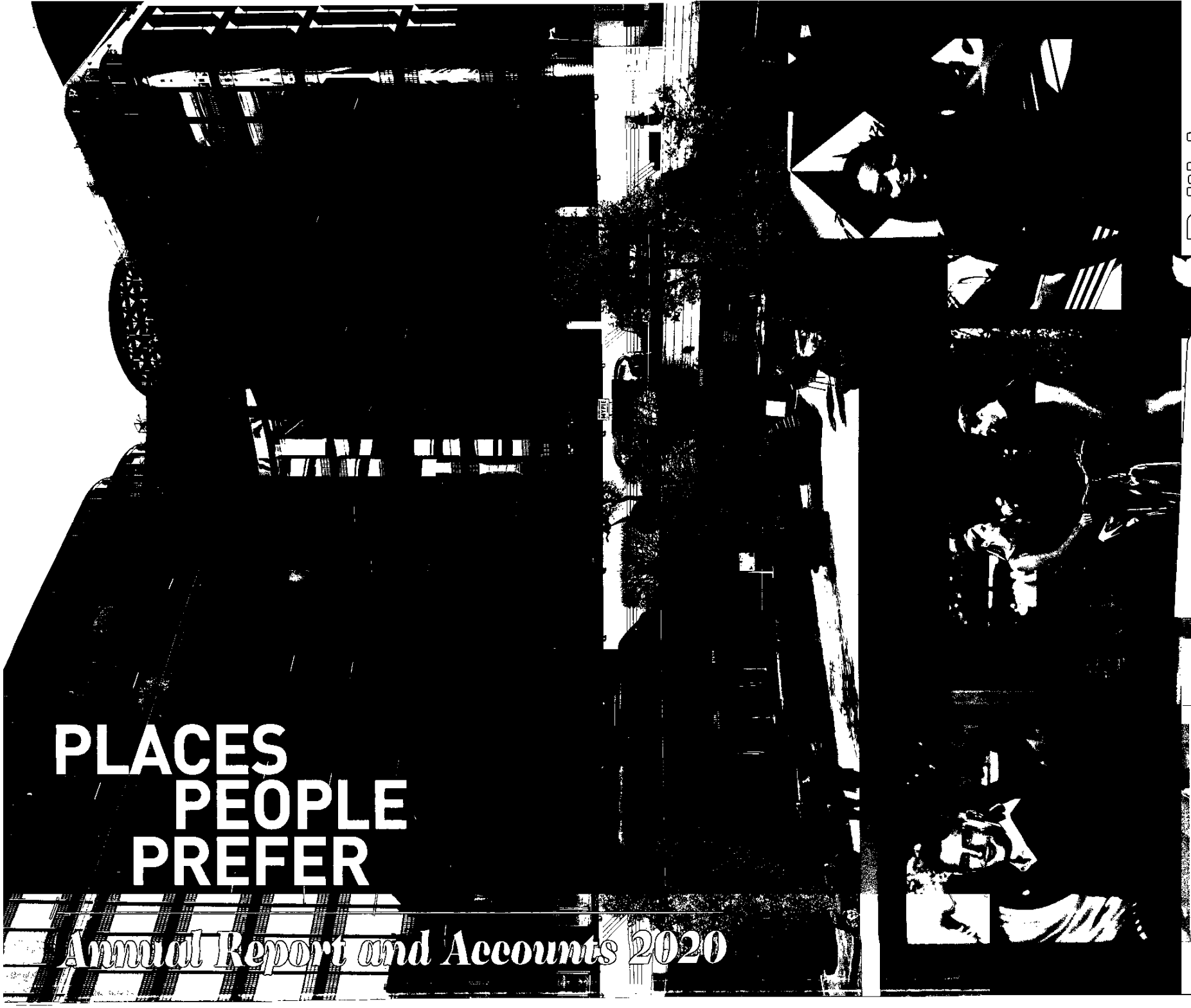


PLACES PEOPLE PREFER

Annual Report and Accounts 2020

British Land

WEDNESDAY
A04 *A9ZXYD01* #19
10/03/2021
COMPANIES HOUSE

Inside

Strategic Report

At a glance 2
Chairman's statement 4
Our purpose 6
Case study: 1 Triton Square 8
Chief Executive's review 10
Investment case 13
Business model 14

Places

Our portfolio 16
Strategic focus 22
Strategic performance and KPIs 24
Development pipeline 26

People

Customer and community stories 30
Stakeholder engagement and s172 32
People and culture 34
Employee-led networks 36
Sustainability 38
Task Force on Climate-Related Financial Disclosures (TCFD) 42
GHG emissions 46
Non-financial reporting disclosure 47

Prefer

Market insights 54
Performance review 56
Financial review 68
Financial policies and principles 75
Managing risk 78
Principal risks 82
Viability statement 88

Corporate Governance Report

Chairman's introduction 90
Board of Directors 92
Stakeholder engagement statement 96
Corporate Governance Report 98
Report of the Nomination Committee 104
Report of the Audit Committee 108
Report of the Corporate Social Responsibility Committee 114
Workforce engagement statement 116
Directors' Remuneration Report 118
Directors' Report and additional disclosures 134
Directors' responsibilities statement 137

Financial Statements

Report of the auditors 138
Primary statements and notes 147
Company balance sheet 195
Supplementary disclosures 207

Other Information

Other information (unaudited) 213
Sustainability performance measures 221
Ten year record 224
Shareholder information 225

Visit www.britishland.com for more information

Key figures

Underlying EPS
32.7p
2019: 34.9p

IFRS loss after tax
£(1,114)m
2019: £(320)m

EPRA NAV per share
774p
2019: 905p

Underlying Profit
£306m
2019: £340m

Total accounting return
(11.0)%
2019: (3.3)%

IFRS net assets
£7,147m
2019: £8,689m

IFRS EPS
(110.0)p
2019: (30.0)p

Dividend per share
15.97p
2019: 31.00p

Senior unsecured credit rating
A
2019: A

Carbon intensity reduction versus 2009
73%
2019: 64%

***Customer* satisfaction**
8.3
2019: 8.2/10

***Bright Lights* skills and employment programme**
504
people supported with work
2019: 389

Presentation of financial information

The Group financial statements are prepared under IFRS where the Group's interests in joint ventures and funds 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 and funds 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. Refer to the Financial review for a discussion of the IFRS results.

We supplement our IFRS figures with non-GAAP measures, which management uses internally. IFRS measures are labelled as such. See our supplementary disclosures which start on page 207 for reconciliations, and the glossary found at www.britishland.com/glossary.

Integrated reporting

We integrate social and environmental information throughout this Report in line with the International Integrated Reporting Framework. This reflects how sustainability is integrated into our placemaking strategy, governance and business operations. Our industry-leading sustainability strategy is a powerful tool to deliver lasting value for all our stakeholders.

Disclaimer: This Report was signed off by the Board on 26 May 2020

PLACES PEOPLE PREFER

At British Land, our purpose is to create and manage outstanding places which deliver positive outcomes for all our stakeholders on a long term, sustainable basis.

We do this by understanding the evolving needs of the people and organisations who use our places and the communities who live in and around them. The changing way people work, shop and live is what shapes our strategy, enabling us to drive enduring demand for our space and deliver value over the long term.

This year's annual report is split into chapters focused on our purpose and demonstrates how we engage with key stakeholder groups, which are denoted by the following icons:

- Our customers
- Communities, partners and suppliers
- Our people
- Shareholders

Dealing with Covid-19

[illegible]

At a glance

BRITISH LAND

We are a leading UK property company. We create and manage outstanding places to deliver positive outcomes for our stakeholders, on a long term, sustainable basis.

Our assets

22.8m
sq ft of floor space

£516m
annualised rent

96.6%
occupancy rate

5.8 yrs
average lease length

41,500
people work across British Land campuses

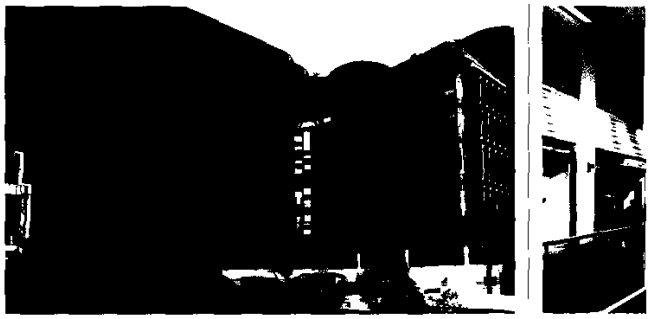
76%
of our portfolio is in London and the South East

8m
sq ft pipeline of development opportunities across the portfolio

OUR PORTFOLIO

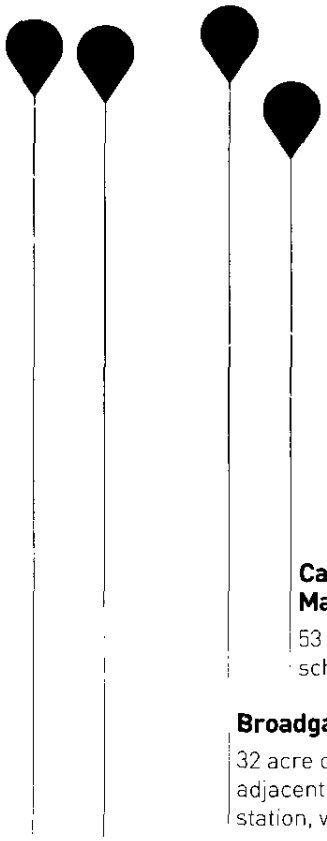
Our long term aspiration is to build an increasingly mixed use business. Our London campuses combine workspace with retail and leisure and at Canada Water we are creating a new urban centre for London. Our high quality Retail assets meet a broad range of needs nationwide.

Retail
A modern, well located UK network



WE CREATE PLACES PEOPLE PREFER

From leasing and asset management, to development, finance, marketing and our use of data and technology, we have the depth and breadth of talent within our team to deliver on our purpose.



Canada Water Masterplan
53 acre redevelopment scheme in zone 2

Broadgate
32 acre office-led campus adjacent to Liverpool Street station, with Crossrail on site

Regent's Place
13 acre office-led campus in London's Knowledge Quarter

Paddington Central
11 acre office-led campus close to Paddington station

Supporting our focus on creating value for our stakeholders

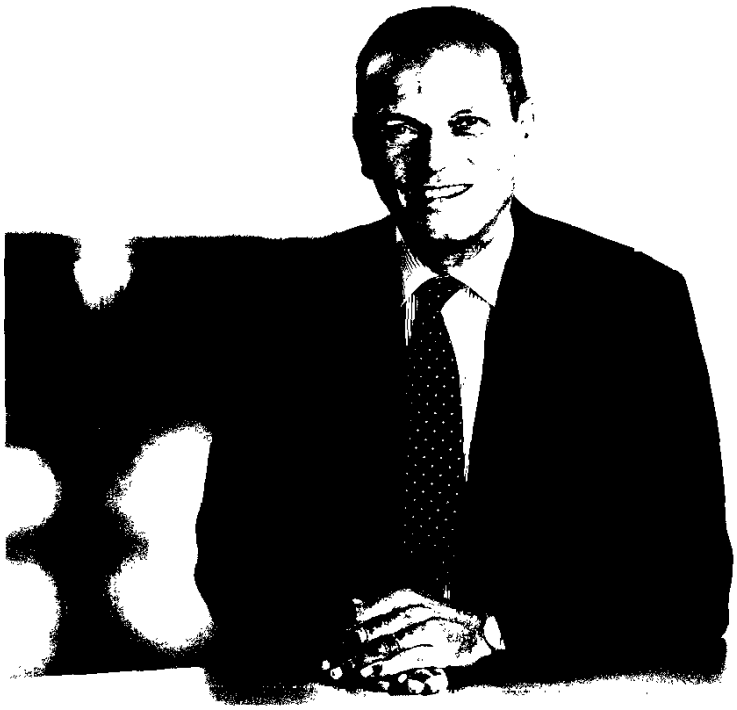
At British Land, we have created a diverse team, with a broad range of skills, experiences and perspectives, helping us to make balanced and well informed decisions across our business. This approach is key to understanding the needs of our customers, helping us to design and build space that meets their needs. A more diverse team also means we work more effectively across our stakeholder groups, including our local communities and suppliers, partnering to grow social value and wellbeing, as well as promoting ethical practices throughout our supply chain.

Read more about how we engage with our stakeholders on page 32

Employee engagement score
75%

Employees who are proud to work at British Land
91%

A resilient performance, but challenges ahead



British Land benefits from a strong balance sheet, high quality assets, a clear strategy and great people.

Our purpose

At British Land, our purpose is to create and manage outstanding places which deliver positive outcomes for all our stakeholders on a long term, sustainable basis.

We do this by understanding the evolving needs of the people and organisations who use our places and the communities who live in and around them. The changing way people work, shop and live is what shapes our strategy, enabling us to drive enduring demand for our space and deliver value over the long term.

After six years on the Board, this has been an extraordinary start to my Chairmanship. In recent months, our business has faced challenges on an unprecedented scale as a result of the Covid-19 crisis, but I am extremely proud of the way our people have responded. Without exception, they have delivered day in, day out often in extremely difficult circumstances. Nevertheless, it is inevitable that our business, like many others, will be impacted. However, we have worked hard over several years to strengthen our balance sheet, refine our portfolio and re-focus our strategy, meaning we are well placed to respond to the current challenge, today and long term.

Robust financial position

We finished the year on a sound financial footing. Our loan to value is 34% and we have access to £1.3bn of cash and undrawn facilities with no need to refinance until 2024, and significant headroom against Group level covenants. However, considering the potential impact of Covid-19, we are taking a more prudent approach to preserving our cash flow. We have therefore temporarily suspended dividends. This decision was not taken lightly, but until we have sufficient clarity on the outlook, the Board felt it was the most appropriate course of action.

This should also be seen in the context of our status as a REIT and our broader approach to capital allocation. The Board is mindful of the importance of the dividend to many shareholders, and will seek to resume dividends at an appropriate level as soon as there is sufficient clarity of outlook. For this we would need to see a significant improvement in rent collection and have more visibility on the post lockdown productivity of our assets, principally how quickly retail customers and office workers return.

Progress and performance

Covid-19 emerged in our fourth quarter and notwithstanding the challenges brought about by the crisis, we made further good progress across the year. Our London campuses sit at the heart of our strategy and our excellent leasing performance was a strong endorsement of that approach. We leased 946,000 sq ft of London office space, of which 650,000 sq ft was at existing and refurbished campus space, demonstrating the appeal of these locations. Inevitably, activity has slowed since March, but we are confident that demand for well connected, world class space in vibrant and attractive locations will endure over the long term. With developments now 88% pre-let, we are well placed to embark on the next stage of our programme and would look to commit to 1 Broadgate and Norton Folgate when the time is right.

At our campuses, our focus is on creating neighbourhoods where businesses and their people can thrive. In today's market as more occupiers seek buildings which are sustainable and support wellbeing, our space stands out. I was delighted that 1 Triton Square at Regent's Place was one of the winners at the 2020 BREEAM awards and 100 Liverpool Street is on track to achieve a BREEAM Excellent rating.

At Canada Water we achieved some important milestones, with a resolution to grant planning for our overall masterplan as well as confirmation from the Mayor of London that he will not be calling in the application for further consideration. This progress reflects the hard work of our team and the strong relationships they have built with our partners at Southwark Council and across the local community over the last five years

For retailers, the Covid-19 crisis has accelerated the structural shift towards online, which increased significantly as people stayed at home. At British Land, we remain committed to providing flexibility to our customers and this is clearly demonstrated by our response to these challenges. While the short term impact of the actions we have taken so far is relatively limited for us, ongoing negative sentiment plus an adjustment for the Covid-19 crisis meant that retail valuations were down 26%. Longer term, we remain committed to our strategy of refining our Retail portfolio, but in the current environment we expect that progress will be slower.

Integrating a more sustainable approach

We were pleased to launch our 2030 sustainability strategy in May. We have committed to cutting our embodied carbon intensity by 50% and our operational carbon intensity by 75%, with all future developments to be net zero embodied carbon and the entire portfolio to be net zero carbon by 2030. We know these are challenging targets, but we also recognise the very real urgency to make progress.

Covid-19 and the Board

The Board's decision to temporarily suspend dividend provided us with additional flexibility to support our stakeholders. This includes protecting our employees, supporting the hardest hit retail and leisure customers and in turn the communities they operate within, whilst preserving long term shareholder value and financial resilience. In view of this, the Board has waived a portion of their salaries.

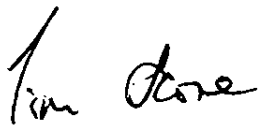
Read more about the Board's decision making during the Covid-19 crisis within our Stakeholder engagement statement on page 96

We are similarly focused on growing social value and wellbeing at our places, something that's become even more important over recent months. I know these priorities are shared by our occupiers, our shareholders and indeed our own people. Our strong track record in delivering sustainable, inclusive space is already helping to differentiate our offer and we are seeing this reflected in the price and pace at which we are letting space.

Looking to the future

The impact of Covid-19 will rightly and inevitably dominate both our own and the national agenda for the coming months. At the same time, we are very conscious of our broader responsibilities to deliver value for our shareholders on a long term, sustainable basis. In this context, the enduring demand of our London campuses, the unique development opportunities we have created and the way we are integrating sustainability into our overall approach stand us in good stead. However, these are early days and we do not yet have clarity around how the crisis will play out long term, so we will remain alert as things develop and flexible in our approach, including evolving or adapting our strategy as appropriate. Our prudent approach to managing the business today will leave us in better shape for the future.

I would like to thank my fellow Directors and the whole British Land team who have shown great initiative, resilience and spirit in these challenging times.



Tim Score
Non-executive Chairman

For the Chairman's introduction, see page 90

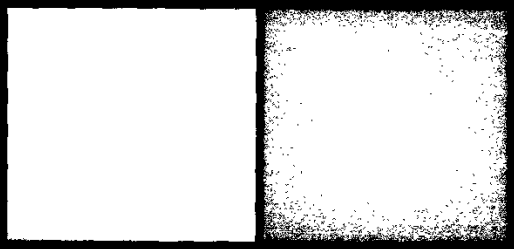
Our purpose

PLACES PEOPLE PREFER

Our purpose: creating and managing Places People Prefer. Outstanding places which deliver positive outcomes for all our stakeholders on a long term, sustainable basis.

Informed by the needs of our stakeholders...

We engage with those who contribute to and are impacted by what we do:



Our people **Shareholders**

→ Read more on page 32

...as we work towards our long term aspiration...

To build an increasingly mixed use business, focused on three core areas:

- Office-led London campuses
- A smaller, more focused Retail portfolio, and
- A growing residential business

All on a low carbon basis

→ Read more on page 22

All of which is underpinned by our values, which we extend to the partners and suppliers we work with

Bring your whole self **Listen and understand**

→ Read more on page

guided by our strategic framework...

Our activities are focused on four key areas and we measure our performance against these:

Expert People

Capital Efficiency

Read more about our KPIs on page 24

Be smarter together

Build for the future

An outstanding place with a positive impact

"There's a perception in the industry that new buildings are worth more than re-used ones. This needs to change. When you regenerate a building imaginatively and to a high standard, the quality of space is often more characterful and diverse than a new build."

Simon Swietochowski,
Associate Director at Arup Architecture

Customers

Dentsu Aegis Network

We are transforming an existing office block into one of the biggest and most sustainable office buildings in London. Dentsu's new global headquarters will consolidate their businesses into a single hub, with more modern and collaborative workspace.

Suppliers

A long term relationship

We are working with Arup, who designed the original building, on the redevelopment alongside contractor Lendlease who have delivered several of our projects at Regent's Place. We sought input from both at an early stage to encourage a more wide-ranging and effective plan from the start.

Community

Playing a real role in community life

The Triton team has volunteered hundreds of hours supporting local employment and education activities, including apprenticeships for local people. We have created a public park and a community garden run by Global Generation, an organisation connecting young people with nature, and we support local charities such as Camden Giving.

Local authorities

Providing places to work and live

As part of the scheme, we're delivering 22 affordable housing units adjacent to the park and well positioned within the campus. At 1 Triton, we're providing 10,000 sq ft of affordable workspace which will be available to local businesses.

Sustainability

A circular approach

Working with Arup and Lendlease, we were able to retain virtually all the superstructure whilst also doubling the lettable office area. We set up a pop up factory nearby to refurbish 3,500m² of glass panels rather than buying new, which reduced our carbon footprint, saved 25,000 transport miles, supported local employment and achieved a 66% cost saving versus a new equivalent.

62,000

tonnes of carbon avoided over 20 years

Overall, our development and operational efficiencies will avoid an estimated 62,000 tonnes of carbon over 20 years, with 56% less embodied carbon than a typical new build and 43% greater operational efficiency than a typical commercial building.

Read more about how we are engaging with our stakeholders on page 32

"1 Triton Square is an outstanding example of how we can achieve our 2030 sustainability goals when we work in partnership with suppliers and customers. It lays down the benchmark for all of our projects going forwards."

Juliette Morgan, Head of Sustainable Development British Land

Delivering Future British Land

Covid-19 has brought about an unprecedented situation for our business and our people, as we have had to adapt quickly to new working conditions. One of our company values is to be smarter together, and never has this been more evident right across British Land. The resilience, humour and efficiency with which our team has responded, many working under very challenging circumstances, at our assets, or at home, has been remarkable – and I thank them all on behalf of the Board and leadership team. Reflecting the Covid-19 situation, my review will start with an update on current conditions before covering the financial year.

Covid-19 impact and response

Our immediate priority has been to work alongside and support the communities in which we operate, our suppliers and those customers most affected to protect the long term value of our business. To help do this, we have released smaller retail, food & beverage and leisure customers from their rental obligations for the three months to June; the financial impact of this in terms of lost rent is £2m. Recognising that many other customers, particularly those operating in the retail, food & beverage and leisure sectors are experiencing challenges as a result of Covid-19, we offered to defer their March rents, and will spread repayment over six quarters from September 2020. Around £35m of rent deferrals have been agreed.

Overall, we have collected 68% of the rent originally due for the March quarter (97% for Offices and 43% for Retail), which equates to 91% adjusting for rent deferred, forgiven or moved to monthly payments. The balance owing is primarily from strong retailers.

The value of the retail portfolio declined 26.1% as ongoing structural challenges were exacerbated at the year end valuation date by the early effects of Covid-19. Offices saw an uplift of 2.3% so overall the portfolio was down 10.1%.

For our customers, creating Places People Prefer means being an active partner to deliver dynamic neighbourhoods that help their businesses thrive. Our longer term commitment to responsible urbanism means we work with them and local communities to do this in the most sustainable way. Our approach is built around the customer and has five key elements.

1 **Access to an extensive network of locations**
Our London campuses and high quality retail centres

2 **Great places, both inside and out**
Inspiring architecture and sustainable, tech-enabled buildings; with green urban spaces and local neighbourhoods, supporting wellbeing and making life more enjoyable

3 **The flexibility to meet their needs**
A range of options from unfitted to fully furnished and serviced, and the agility to help them adapt their space over time

4 **Added value services to help customers be successful**
This includes how they fit out and run their space, reducing their costs, their impact on the environment and helping them make more efficient use of their space

5 **A vibrant community**
We work with our customers and community partners to bring people together so everyone benefits

In Offices, occupiers are working on plans to get back to the workplace and most feel that it is too early to make fundamental long term changes around their requirements. However, we are mindful that the trend towards greater flexibility may accelerate following this prolonged period of working from home. At the same time, there will be a greater focus on high quality, modern and safe environments, which provide more space per person and we expect the trend towards higher density offices and hot desking to reverse. We continue to make progress on leasing discussions, particularly larger space requirements, which are generally on a longer time frame. Supply at this end of the market remains constrained. Where occupiers are looking for smaller spaces, on a shorter timeframe progress has been delayed due to remote working, and uncertainty around fit out and timing of occupation. We are conducting virtual viewings and have now commenced physical viewings and are encouraged by the level of activity we are seeing.

We suspended work on our developments in March for health and safety reasons, although this has now recommenced at all major sites, including our two largest development sites at 100 Liverpool Street and 1 Triton Square. This work has started with a clear focus on social distancing and safety, meaning that the numbers of people on site is reduced and our productivity is lower. 100 Liverpool Street is now expected to complete in calendar Q3 2020 and subject to social distancing requirements, we are targeting calendar Q2 2021 at 1 Triton Square. We completed 135 Bishopsgate in the year, and the space is now being fitted out, albeit progress will inevitably be slower. When appropriate, we are ready to start work on the next phase of our development programme at 1 Broadgate and Norton Folgate.

We benefit from the work we have done over several years to strengthen our balance sheet. Our leverage increased modestly to 34% and we have access to £1.3bn of undrawn bank facilities and cash.

We successfully completed our first ESG linked RCF of £450m and extended £925m of facilities, providing additional flexibility and meaning that we have no requirement to refinance until 2024. We have significant headroom to our debt covenants, meaning we could withstand a fall in asset values across the portfolio of 45% prior to taking any mitigating actions. There are no income or interest cover covenants on the Group's unsecured debt.

Longer term, it is our view that many of the macro trends that have informed our strategy will accelerate. This includes the growth of online shopping, reinforcing our focus on delivering a smaller, more focused retail business. We continue to believe there remains a role for the right kind of retail within our portfolio especially assets that can play a key role for retailers in terms of fulfilment of online sales, returns and click and collect. This will particularly be the case for well located, open air retail parks, which lend themselves to more mission-based shopping and people may feel more comfortable visiting, as well as those London assets located conveniently in and around key transport hubs. We also expect demand to polarise towards workspace which is high quality, modern and sustainable and supports more flexible working patterns, and this plays well to the space we provide including through Storey. However, it remains early days and we do not yet have clarity around what long term trends will emerge so we will remain alert as things develop and flexible in our approach, including evolving or adapting our strategy as appropriate.

Why mixed use?

The way people use real estate is changing and the most effective way to drive enduring demand for our space is to evolve our offer in line with those trends. Today, this means providing a wider mix of uses in one place.

The benefits of our mixed use portfolio

For our customers

- Well connected
- Flexible and affordable
- Attracts a skilled workforce
- Technology-enabled
- Complementary businesses nearby
- Aligned to brand

For their people

- Well connected
- Sustainable and eco friendly
- Places to shop and socialise
- Vibrant local neighbourhoods
- Safe and promotes wellbeing
- Excellent facilities and services

Near term, it is clear that the management and maintenance of places and buildings is likely to become more important to businesses, their customers and their people, as they place an even greater focus on the safety and quality of their environments. As a result, our property management expertise is likely to become even more of a positive differentiator for our business.

Review of the year ended March 2020

Occupancy remains high at 97% across our London campuses and 96% in Retail. We signed 946,000 sq ft of lettings and renewals in London and 1,361,000 sq ft in Retail over the year. Our progress on development leasing means that £54m of future rental income is secured and speculative exposure is low at just 0.6% of portfolio value.

Reflecting the broader appeal of our campuses, we saw strong demand for repurposed as well as new space with challenger bank Monzo signing at Broadgate and Visa recommitting at Paddington Central. Storey is operational across 297,000 sq ft and occupancy on the stabilised portfolio is 92%. The Offices portfolio saw an uplift in value of 2.3%, led by a strong performance at Broadgate, up 4.7%.

In Retail, we have been pragmatic in our approach to leasing, accepting lower rents and shorter leases where it makes sense to maintain occupancy. Overall, deals of more than one year were 4% below previous passing rent. CVAs and administrations impacted 118 units in the year of which 29% were unaffected; rent reductions resulted in a loss of £5.5m in contracted rent, with store closures accounting for a further £5.8m, together totalling £11.3m on an annualised basis. Several of our customers entered administration post year end, accounting for a further £5.1m of lost contracted rent. Overall, reflecting ongoing challenges in the market and with uncertainty heightened as a result of Covid-19, valuations were down 26.1% in Retail.

At Canada Water, our valuation increased 9.8% reflecting progress on planning and we were delighted to receive a resolution to grant planning on our 53 acre scheme with detailed permission on the first three buildings. This is a major milestone for our process and is the culmination of five years masterplanning and engagement with the local community.

Capital Allocation

In November 2018 we announced a plan to reduce Retail to 30-35% of our portfolio over the medium term. Because of valuation declines in Retail, we have now reached this level. However, that does not mean we have achieved our aspirations and over time we expect to make further selective retail sales. Our revised plan is for Retail to comprise 25-30% of the portfolio. We have made £296m of retail disposals (our share) in the year, bringing total retail sales since we set out our plan in November 2018 to £610m. Making sales is more challenging in the current market, with a lack of liquidity and depressed values, and so our immediate focus will be on driving value through intensive asset management, keeping our centres as full as possible and exploiting demand for assets which support instore fulfilment and click and collect.

In March, the Board took the difficult decision to temporarily suspend the dividend. This was the appropriate course of action given the circumstances and uncertainty of outlook despite our financial resilience and performance during FY20. Going forward, the Board understands the importance of the dividend to shareholders and is mindful of our obligations as a REIT. We will seek to resume dividends at an appropriate level as soon as there is sufficient clarity of outlook. For this we will need to see a significant improvement in rent collection and have more visibility on the post lockdown productivity of our assets, principally how quickly retail customers and office workers return.

Looking ahead, our business benefits from several key attributes that position us to succeed: we have established a unique network of campuses located in some of the most exciting parts of London; our development pipeline is focused on further enhancing these places, and is unmatched in scale and optionality; we have a robust financial position and a broad range of skills and expertise across our business which has been very much in evidence in recent months.

Chris Grigg
Chief Executive

The British Land investment case

1 The scale and quality of our portfolio

Our 23m sq ft portfolio of high quality assets is underpinned by our resilient balance sheet and financial strength

Assets under management

£14.8bn

British Land owned assets

£11.2bn

Read about our business on pages 16 to 21 and 18 to 33

2 Our operational expertise and customer insight

Our broad skill set, which includes investing, developing, leasing, marketing and financing, is underpinned by our understanding of the customer

Customer surveys completed in the year

24,000

Customer satisfaction rating out of 10

8.3

Read about our people on page 34

3 Our clear strategy and distinctive business model

We are increasing our focus on mixed use places and will be growing our London campuses and building a residential business while refining our Retail business

Development opportunities at our campuses

7.1m sq ft

Residential homes planned at Canada Water

3,000

Read about our business model on page 14 and strategy on page 22

4 A well positioned development pipeline, with opportunities across our portfolio

We have created attractive options for development across our London campuses supporting earnings growth and value creation long term

Recently completed/ committed developments pre-let

88%

EPS uplift from recently completed/committed developments when fully let

4.2p

Read about our pipeline of developments on page 26

BUSINESS MODEL

Designed for positive, sustainable long term outcomes

Our key inputs

Our portfolio

Financial strength

- Strong financial footing
- Appropriate leverage
- Diverse, efficient and flexible finance
- Partnerships which mitigate risks and add expertise

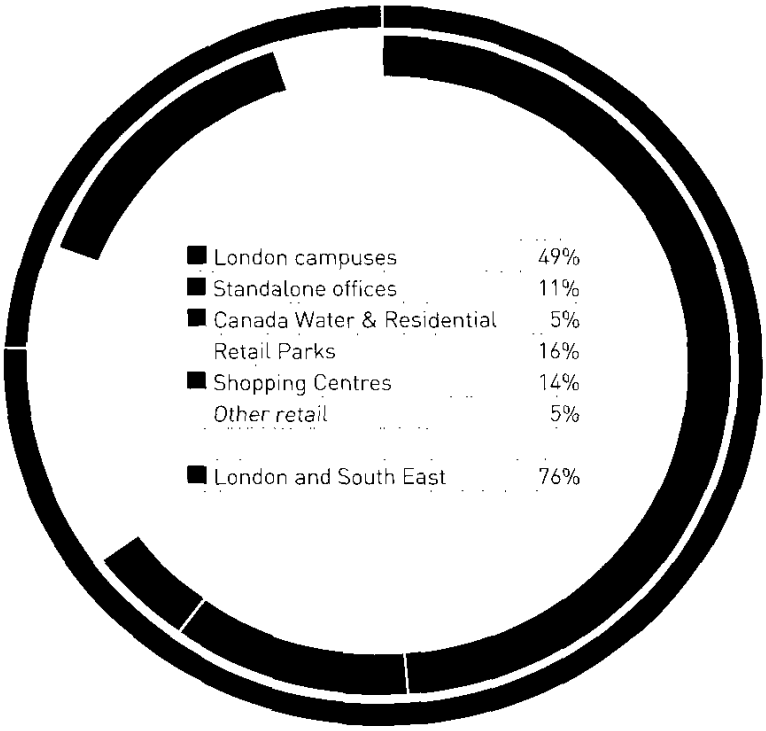
Strong relationships

- Customers
- Local communities and local government
- Suppliers and contractors
- Partners

Expert People

- Broad range of skills, experience and perspectives
- Diverse and inclusive environment where people can achieve their potential
- *Culture of teamwork and collaboration*

A diverse and high quality portfolio with a focus on London and the South East



Our differentiators

Invest and develop

- Creating development opportunities
- Sourcing attractive investments
- Allocating capital to deliver growth and returns
- Smart and sustainable buildings

Manage our space

- Right mix of uses and occupiers
- World class property management
- Appropriate facilities and services

Placemaking

- Design-led places in tune with modern lifestyles
- Enhancing and enlivening our space to create a positive experience
- Minimising our impact on the environment
- Connecting to local communities

Positive outcomes for stakeholders

Great places, inside and out, developed and managed on a sustainable basis, which help our customers

Active partnerships which create inclusive places and help grow social value and wellbeing

Our people

A diverse and inclusive workplace, where people can achieve their full potential

Shareholders

Sustainable long term income and value creation

[illegible] to deliver positive outcomes for all our stakeholders on a long term, sustainable basis.

Meadowhall • Regent's Place [illegible] • Drake Circus • Teesside Park, Stockton • 350 Euston Road • Broadgate Tower • Clarges,

Dealing with Covid-19

We have prioritised the safety of our people and their families but have managed to keep all but two of our Retail places open to provide access to essential stores including pharmacies and supermarkets. All our London campuses remain open for access. We have worked closely with customers, partners, local communities and organisations around our places to provide help where it is most needed and ensure that it is delivered most effectively

Broadgate Tower, Broadgate

Broadgate is a 32 acre campus owned in a 50:50 joint venture with GIC. It is adjacent to Liverpool Street station with access to Crossrail and close to the vibrant areas of Shoreditch and Spitalfields. Newest occupiers on the campus include advertising agency McCann and IT security company Mimecast.

22,800
People work at Broadgate

72
Office occupiers at Broadgate

1.1m sq ft
Recently completed/ committed development

1m sq ft +
Near and medium term development opportunities

50%
Joint venture with GIC

Canada Water Masterplan

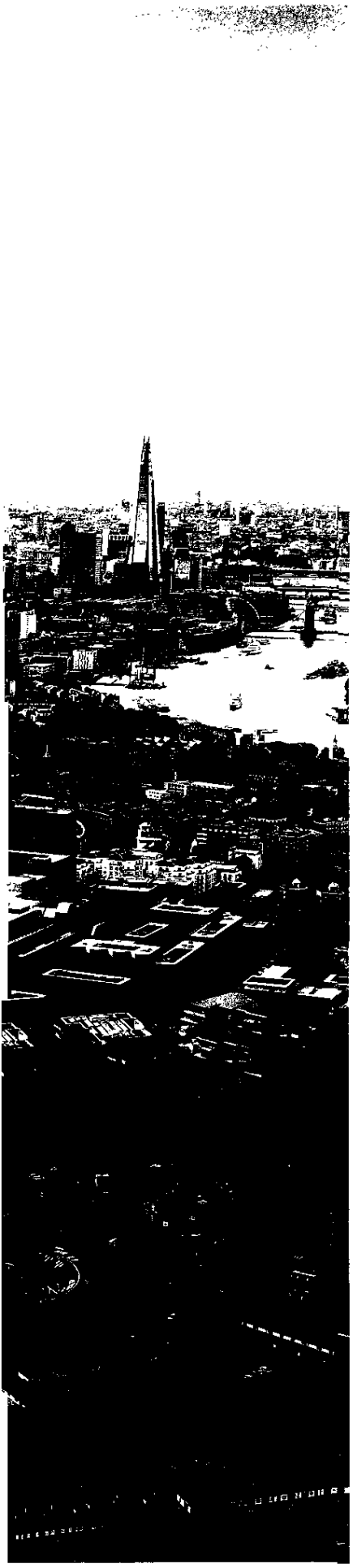
Our 53 acre site at Canada Water is one of the largest mixed use regeneration projects in London. We received a resolution to grant planning for our overall masterplan in the year which will deliver 3,000 homes alongside retail, leisure and workspace. A new partnership with TEDI-London will bring this design-led, engineering higher education provider to Canada Water.

3,000
New homes

2m sq ft
Workspace

5m sq ft
Development opportunity

1m sq ft
Leisure & Retail space



Meadowhall, Sheffield

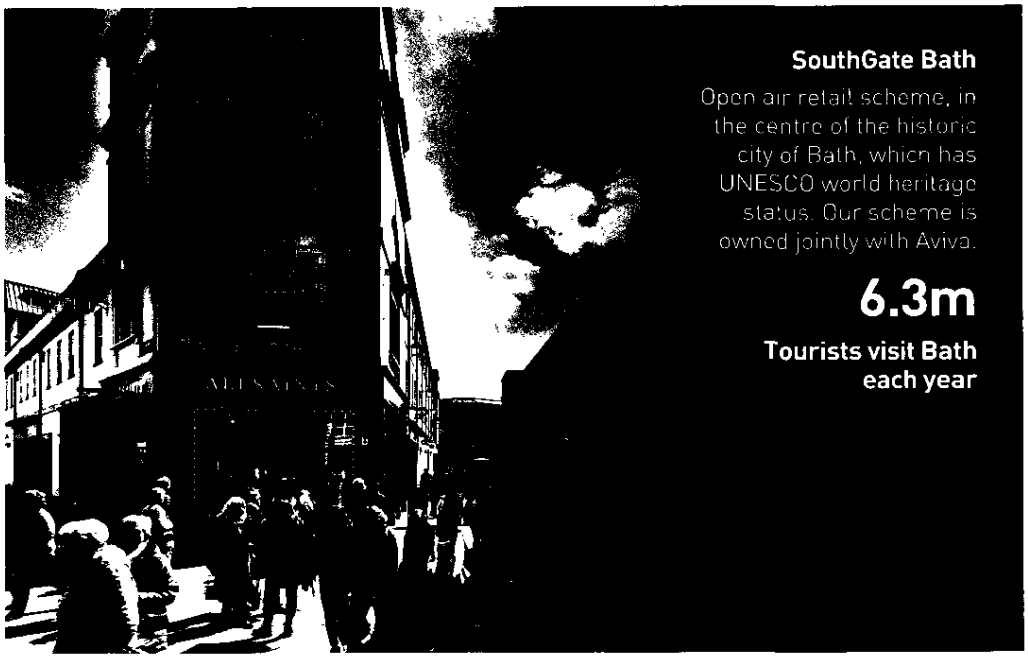
Yorkshire's premier shopping destination has continued to attract popular modern brands including Rituals, Frasers, Lovisa and Deichmann this year

96%

Occupancy

50%

Joint venture with Norges



SouthGate Bath

Open air retail scheme, in the centre of the historic city of Bath, which has UNESCO world heritage status. Our scheme is owned jointly with Aviva.

6.3m

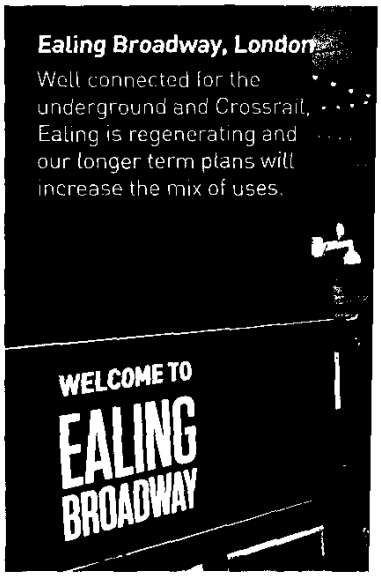
Tourists visit Bath each year

Fort Kinnaird, Edinburgh

Destination retail and leisure centre with strong local connections. Over 1,800 children have benefitted from our award-winning Young Readers Programme here since 2012 and through our Recruitment & Skills Centre we have supported local people into employment.

Ealing Broadway, London

Well connected for the underground and Crossrail, Ealing is regenerating and our longer term plans will increase the mix of uses.



Paddington Central

This is a mixed use campus, beside Paddington station and the Grand Union Canal. Acquired in 2013, the campus is home to 18 international corporates including Microsoft, Kingfisher, Prudential and Visa who are committed to their space this year.

7,200

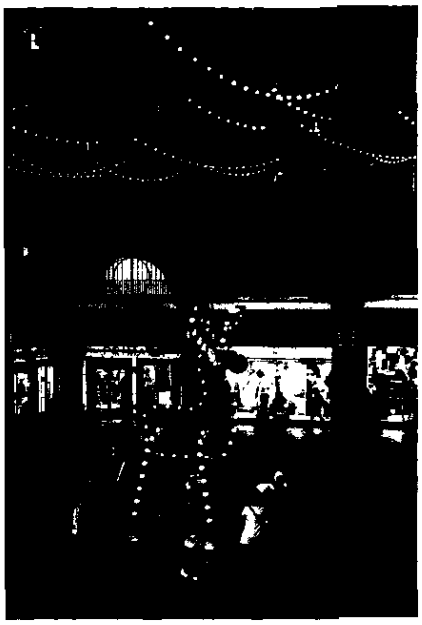
People work at Paddington Central

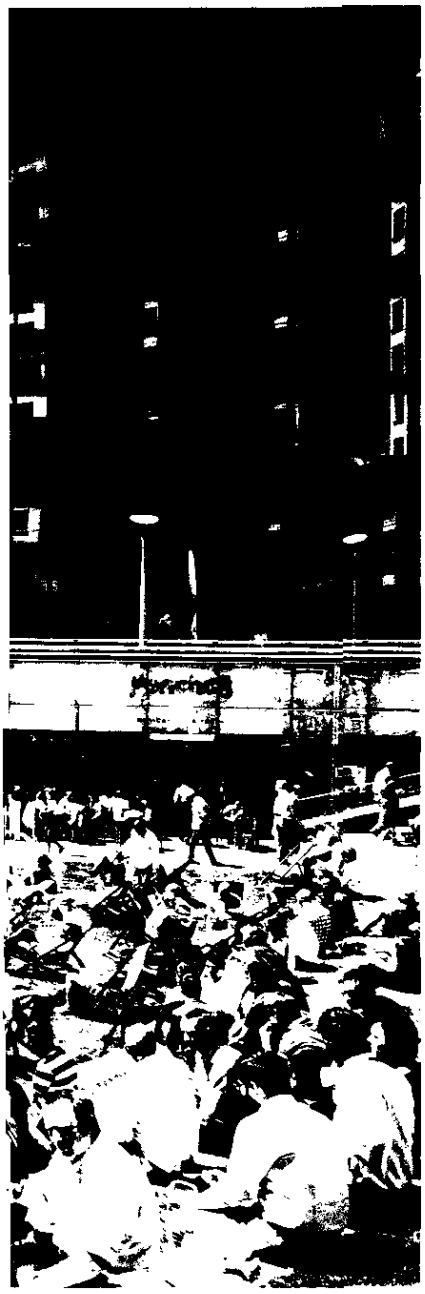
27

Office occupiers

438,000 sq ft

Development opportunity at 5 Kingdom Street





Regent's Place, London

A 13 acre office-led campus in London's Knowledge Quarter, a cluster of academic and scientific institutions in the West End. The campus has been substantially redeveloped in recent years, including 10-30 Brock Street, which is now home to Facebook, Santander and Manchester City FC.

11,500

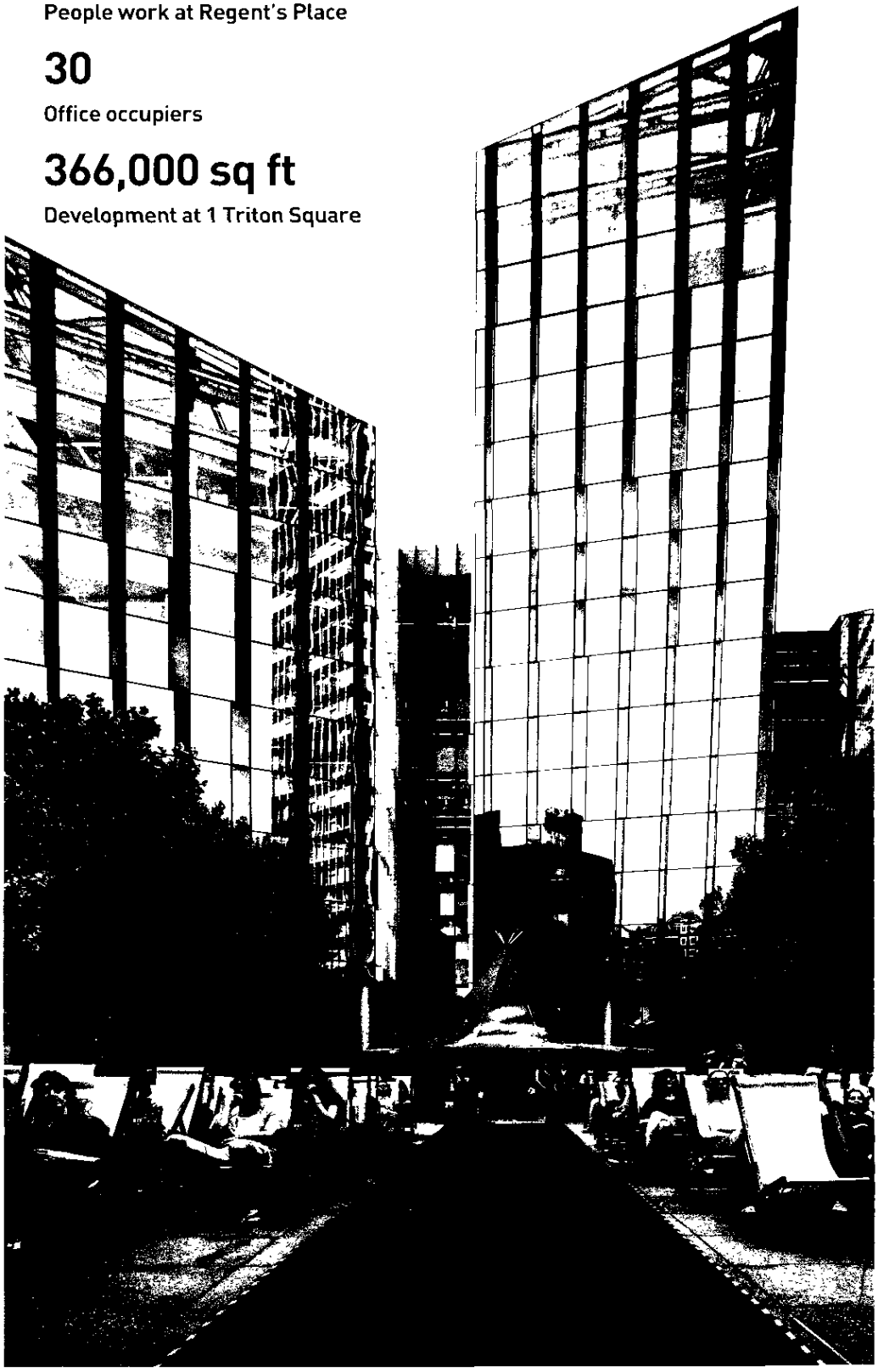
People work at Regent's Place

30

Office occupiers

366,000 sq ft

Development at 1 Triton Square



STRATEGIC FOCUS

We are building an increasingly mixed use business

As the boundaries between work and leisure become more blurred, we are increasing the range of uses at our places to reflect the changing way people work, shop and live.

Our future business will be focused on three key areas

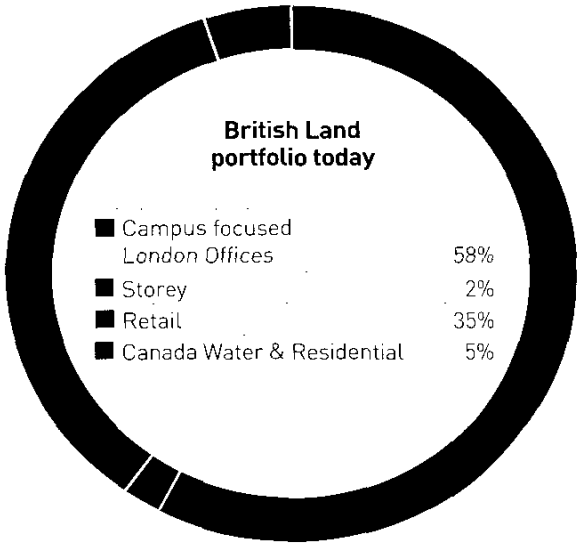
Campus focused London Offices
With a blend of core and flexible space integrated alongside world class retail and leisure offerings

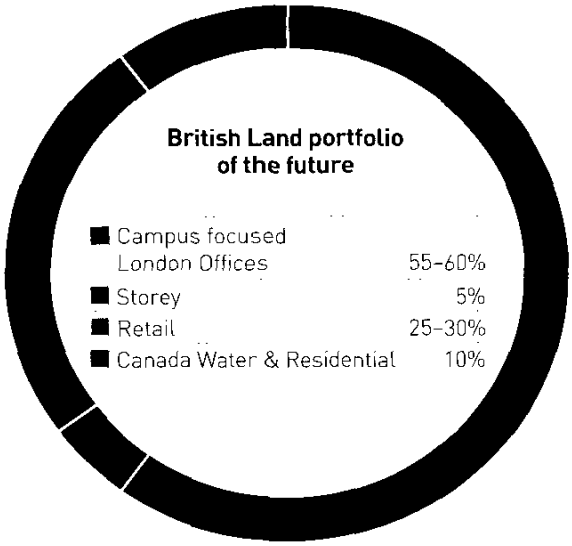
Storey – Flexible workspace

A smaller, more focused Retail portfolio
High quality, well located assets focused on well connected multi-let places

Canada Water & Residential
Plans for 3,000 homes at Canada Water with further opportunities within our portfolio

The evolution of our portfolio





The indicative business mix for the future portfolio was announced in November 2018 and based on September 2018 values, it is restated above for current valuations

Dealing with Covid-19

Covid-19 has impacted our business at every level. We are supporting those customers hardest hit with more flexible rental provisions and we are providing funding to local communities most in need through our Community Investment Fund. We are providing the resources our people need to work effectively from home as well as the networks which help them feel connected to the broader team. We have demonstrated our thoughtful and disciplined approach to capital allocation and benefit from the work we have done over several years to strengthen our balance sheet.

We are delivering this through our strategic framework:

Customer Orientation

Responding to changing lifestyles

Our business is focused on our customers: the organisations which have taken space at our places. We also consider carefully the needs of the people who work, shop at or visit our places and the communities who live in the surrounding neighbourhoods. We have developed a deep understanding of how people use our space which informs our approach to managing our assets and guides our investment activity. This means we are always focused on the customer and deliver places that are successful and sustainable long term.

Right Places

Creating great environments

Our insight into the customer helps us identify places which can succeed long term. This underpins our focus on our London campuses, where we can manage the environment to deliver a broader mix of uses enabling people to combine their work and leisure time, reflecting modern London lifestyles. We apply the same principles to our Retail spaces, which are around the country in places that are easily accessible from strong catchment areas. Our 53 acre scheme at Canada Water, which will be mixed use from the start, is the best illustration of this approach.

Expert People

Changing the way we work

Our people strategy focuses on creating a team which can deliver on our purpose. We do this by attracting and retaining people with a broad range of skills and experience and a diversity of backgrounds. We recognise that to keep people engaged in our business, we must invest in their development and in creating a working environment that supports wellbeing and inclusion which we articulate in our values (see page 34). We also recognise the importance of investing in tomorrow's workforce for our customers, suppliers and local partners.

Stakeholders: Aligned to our people

Sustainability: Aligned to skills and opportunity

Capital Efficiency

Thoughtful use of capital

We are thoughtful in our approach to capital allocation and carefully evaluate investment opportunities to support income and returns for our shareholders, while minimising our impact on the environment. We have created opportunities for development within our portfolio, which typically deliver stronger returns, although are inherently higher risk. We balance this against acquisition opportunities we see in the market and investing in our own portfolio by buying back shares. At the same time, we monitor our leverage in the context of wider decisions made by the business.

Stakeholders: Aligned to shareholders

Sustainability: Aligned to futureproofing

Monitoring our progress

Achievements against last year's priorities

Develop our Smart Places product

- Smart-specific guidance documents produced for internal teams and supply chain
- Smart-enabled our head office, which will enable us to control and manage space remotely
- Selected partner for our Campus app

Strengthened our operational expertise

- Storey operational across 297,000 sq ft including Storey Club and our first standalone building at Wells Street, W1
- Property Management business now fully integrated

Progress developments, focusing on London campuses

- 135 Bishopsgate completed; 100 Liverpool Street close to completion (delayed due to Covid-19)
- Enabling works commenced at Norton Folgate

Refine and re-focus our Retail business

- £296m sales of non-core assets

Progress at Canada Water

- Achieved resolution to grant planning for our Masterplan and confirmation that it will not be called in by the Mayor

Performance

Customer satisfaction

We extensively survey our customers and other users of our places to assess our performance and identify opportunities for improvement.

2020	
2019	8.2 out of 10
2018	8.1 out of 10

Total property returns LTIP AI

We have underperformed the IPD benchmark this year by 600bps, reflecting the continued strength of industrials where we have no exposure.

2020	**(6.4)%**
2019	(0.9)%
2018	7.0%

Speculative development commitment

Development supports value and future income growth, but adds risk. We keep our committed development exposure at less than 15% of our investment portfolio, with a maximum of 8% developed speculatively.

% of standing investments

2020	**0.6%**	**£0.1bn**
2019	2.3%	£0.3bn
2018	4.5%	£0.6bn

Future priorities

- Incorporate sustainability principles as standard within our leasing offer
- Develop our Smart Places product to become an integral part of our campus offer
- Active networks supporting our customers, communities and suppliers
- Leverage our data and insights to develop our office offer and support masterplanning of major schemes
- Make further disposals in retail to progress our plan to deliver a smaller, more focused Retail business
- Continued investment in campus development including 1 Broadgate; progress at Norton Folgate
- Commence development at Canada Water
- Make our places net zero carbon and increase their resilience to climate change

Risk indicators

- Monitor concentration of exposure to individual occupiers or sectors
- Consumer confidence
- Employment forecasts for relevant sectors
- Market letting risk (vacancies, expiries, speculative development)
- Property capital return and ERV growth forecasts
- Total and speculative development exposure
- Progress of developments against plan
- Execution of targeted acquisitions and disposals in line with capital allocation plan
- Review of prospective performance of individual assets and their business plans

Links to remuneration: LTIP Long-Term Incentive Plan AI Annual Incentive Award

Expert People

Office and Retail businesses fully integrated

- Efficiencies achieved in common functions including marketing and finance
- Leasing and asset management strategies benefitting from more diverse skill set

Median gender pay gap reduced

- Reduced to 27.9% from 34.9% across British Land

EnaBLe network formed

- Focused on providing opportunities and excellent customer services to all

Employee engagement score

75% employee engagement score, 6% higher than the United Kingdom benchmark.

2018 data was collated prior to the combination of British Land and British Land Property Management and relates to British Land only.

- Embed Sustainability knowledge more firmly across the business with clear team and department objectives
- Generate efficiencies and leverage experience through new team structure
- Continue to reduce our gender pay gap

- Voluntary staff turnover
- Employee engagement

Capital Efficiency

Maintain appropriate leverage

- Debt low with LTV at 34.0%
- Flexible finance: £550m new debt finance arranged; £925m of facilities extended
- £1.3bn of undrawn facilities and cash with no requirement to refinance until 2024

Recycle capital to improve returns

- £86m residential and £296m retail sales
- £125m share buyback completed; total of £625m returned since July 2017

Loan to value (LTV) – proportionally consolidated

We manage our LTV through the property cycle such that our financial position would remain robust in the event of a significant fall in value.

Weighted average interest rate – proportionally consolidated

Our low cost of finance at 2.5% has contributed to reducing our interest cost, supporting our financial performance. Our use of caps as well as swaps for interest rate hedging means we benefit if market rates remain low.

- Take capital allocation decisions based on relative value and in accordance with our strategy
- Maintain balance sheet resilience with sufficient liquidity for business requirements
- Consider Sustainable and ESG linked Finance

- Financial covenant headroom
- Available facilities and cash
- Period until refinancing is required
- Execution of debt financing, availability and cost of finance in the market

Group indicators

Total accounting return (TAR) LTIP

TAR is our overall measure of performance. It is the dividend paid plus the change in EPRA NAV per share expressed as a percentage of EPRA NAV at the beginning of the period.

This year our TAR was (11.0)% comprising a dividend of 15.97p per share offset by a fall in EPRA NAV of 14.5% to 774p per share.

TAR

(11.0)%

2019: (3.3)%

Delivering long term, sustainable value.

Read more on our Principal risks on page 82

Well positioned for future market opportunities

Our approach is to pre-let developments, effectively de-risking them and with Completed and Committed developments now 88% let we are well positioned in the current environments.

Completed

1 Finsbury Avenue

Office-led refurbishment at Broadgate including a cinema, cafés and flexible workspace. The building is 85% let with technology companies Mimecast and Product Madness among those taking space.

287,000 sq ft

135 Bishopsgate

Office-led development at Broadgate. 90% let with occupiers including advertising agency McCann, financial services firm TP ICAP and Italian marketplace Eataly.

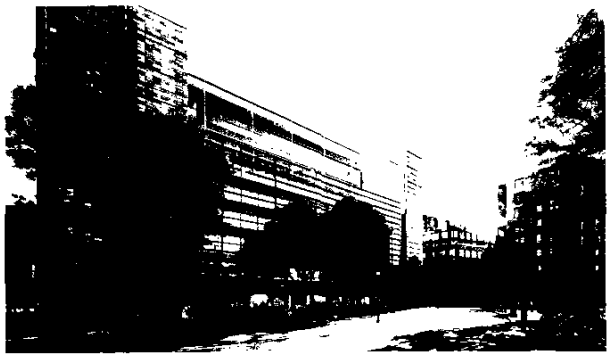
335,000 sq ft

Committed

1 Triton Square

Office-led development at Regent's Place, the office space is fully pre-let to Dentsu Aegis Network, an existing occupier on the campus.

366,000 sq ft

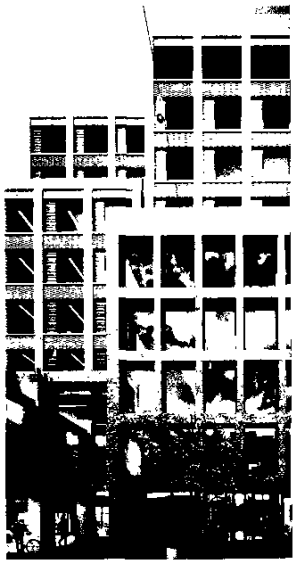


100 Liverpool St

Office-led development adjacent to Liverpool Street station. 84% of office space let to occupiers including financial services firms SMBC Europe and Peel Hunt, law firm Milbank and German gym operator, JOHN REED.

524,000 sq ft

Near term



Norton Folgate

Office-led redevelopment in Shoreditch, integrating 258,000 sq ft of office space alongside retail and residential to create a mixed use space that draws on the historic fabric of the area.

336,000 sq ft

Dealing with Covid-19

In the wake of Covid-19, and to ensure the safety and wellbeing of those working on site, construction work was suspended at all our developments but working closely with our construction partners, we have been able to re-open all our major development sites whilst adhering to social distancing measures, including 100 Liverpool Street and 1 Triton Square, but inevitably productivity is lower.

We have assembled a pipeline of attractive opportunities and when there is greater clarity on the outlook, we would expect to progress, starting 1 Broadgate at our Broadgate campus and Norton Folgate, which is nearby.

Medium term

1 Broadgate

Office-led development at Broadgate including 137,000 sq ft of retail connecting Finsbury Avenue Square with 100 Liverpool Street and the Broadgate Circle creating a retail, leisure and dining hub.

538,000 sq ft

2&3 Finsbury Avenue

Office-led development at Broadgate, including ground floor retail, a publicly accessible restaurant, café and roof terrace.

563,000 sq ft

Aldgate Place, Phase 2

Build-to-rent, residential-led scheme in Aldgate, delivering 159 homes with 19,000 sq ft of office space.

133,000 sq ft

Canada Water

The first phase comprises three buildings, delivering a mix of office, retail, leisure and residential with 265 homes planned across a range of tenures and affordability.

580,000 sq ft

See page 65 for more details on our development pipeline

PEOPLE

Understanding the needs of our customers, our partners and our people helps us deliver outstanding places.

Our customers

Our customers are the organisations who have taken space at our assets as well as the people who visit them. Our campus customers cover a broad mix of sectors, including government, media, technology and financial services and our Retail customers are amongst the best in today's challenging market.

Communities, partners and suppliers

Our communities are the people who live in and around our assets. We work closely with community partners and local authorities and collaborate with them ahead of any significant projects. We work with local suppliers wherever possible and promote social, ethical and environmental responsibility through our Supplier Code of Conduct.

Our people

We recognise that to deliver on our purpose, we need a diverse team, with a range of skills, experiences, and perspectives. This underpins the way we recruit new people, the way we engage with our existing team and the way we invest in and develop talent.

Shareholders

Our focus on creating outstanding and sustainable places drives enduring demand for our space, supporting rental growth and value appreciation over the long term.

Dealing with Covid-19

Supporting our stakeholders has been our priority throughout the Covid-19 crisis. We are supporting those customers hardest hit with more flexible rental provisions and we are supporting local communities most in need through our Community Investment Fund. We are providing the resources our people need to work effectively from home as well as the networks which help them feel connected to the broader team, and we have maintained a continuing dialogue with shareholders, including public updates and one-to-one discussions.

Customer and community stories

From the people who make our places.

Peel Hunt, Broadgate

Financial services firm Peel Hunt is consolidating two of its offices into a single floor at our 100 Liverpool Street development covering 40,000 sq ft.

"100 Liverpool Street stood out for us because the design was exceptional. The floor plates enabled us to consolidate our businesses onto a single level which was a priority and it gave us a real identity, because we're one of only a few companies in the building. Plus, Broadgate is a vibrant hub with strong environmental credentials and that has real value for our people. British Land demonstrated a real willingness to accommodate us at every step, and we've been thrilled with the result."

Steven Fine,
CEO Peel Hunt

East London Business Alliance, Broadgate

British Land works with the East London Business Alliance through Broadgate Connect, part of our Bright Lights skills and employment programme, supporting local people into work in and around Broadgate.

"British Land plays a key role in our community. Over eight years, they have partnered with us and their suppliers and customers to connect over 400 local jobseekers with employment opportunities in and around Broadgate. More recently, they have been working to cushion the Covid-19 impact on our communities. This includes reinforcing support for people we have placed into jobs over the last two years, connecting them to new opportunities where needed and delivering training so they are resilient for the future."

Julie Hutchinson,
Managing Director at London Works and Skills & Employment Director at ELBA

Central Market, Tunbridge Wells

Central Market provides shoppers at Royal Victoria Place with somewhere to meet, eat gourmet street food and listen to live music in the centre of Tunbridge Wells.

"British Land gave us the opportunity to launch our food market concept at Royal Victoria Place. It's become a great venue for local producers to trade and for local people to meet up with friends so we feel strongly anchored in the local community.

British Land were incredibly supportive throughout the process and as a new business, that was invaluable."

Thibault Bouquet de Joliniere,
Initiative Group

See pages 32 and 96 for stakeholder engagement and page 116 for workforce engagement

Lendlease, construction partner, Regent's Place

Lendlease, an international property and infrastructure group headquartered at Regent's Place, delivered a number of earlier projects at this campus and is partnering with us on the delivery of 1 Triton Square.

"British Land brought the design team and construction team together to think about how we could do things differently from an early stage. They engaged Lendlease as construction partner as early as possible, which meant we could give input to the design team and cost consultants, together finding solutions to problems before they even happened. 1 Triton Square shows what's possible when clients involve the whole lifecycle team early on and encourage everyone to work collaboratively together towards shared goals."

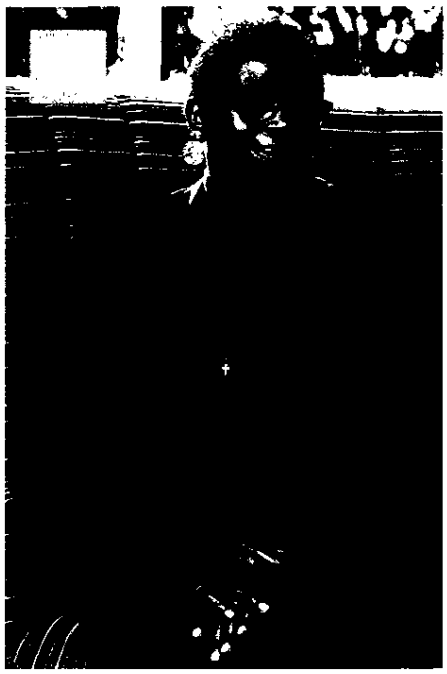
Chris Carragher,
Project Director at Lendlease

Urban Farms, Paddington

Square Mile Farms launched their first urban farm at Paddington Central and now supply local restaurants on the campus including the London Shell Company and our own Storey Club.

"At Square Mile Farms, we're improving the wellbeing of urban communities by integrating urban farms into the workplace. At Paddington Central, we work with occupiers on campus to create a culture of sustainable, low impact living, with the backdrop of vertical, hydroponic farms that produce fresh veg and herbs for employees to take home. British Land share our vision and have been incredibly supportive. Not only have they provided space, but they've helped us engage with campus occupiers."

Johnno Ransom,
Square Mile Farms



Mental health professional, Canada Water

British Land works with the charity Tree Shepherd to establish a temporary low cost workspace, Thrive, and business support programmes for local entrepreneurs and SMEs. Millicent is one of 42 people we have supported.

"While working as a therapist in the Forensic Mental Health Service, I saw a real need for a counselling service in Canada Water and set up a private practice part-time. When I retired, I decided to run this as a full-time business, but I needed help getting it off the ground. British Land supported me with affordable, flexible workspace in a great location, so it's convenient for me and my customers."

Millicent Martin,
Volunteer Chairperson for Southwark's Independent Custody Visitor's Panel for the Mayor's Office for Policing and Crime

A continuous dialogue

Through broad engagement, our thinking is shaped by a wide range of perspectives. This helps us deliver outstanding places and positive outcomes for all our stakeholders – Places People Prefer.

The way people work, shop and live is changing and they expect to do more of these things in a single place while minimising their impact on the environment

Understanding how customer demands are changing helps us to provide places which meet more of their needs, driving long term demand for our space

We have undertaken 24,000 visitor surveys this year. For our retail occupiers, we have built a digital platform that enables data sharing and a BL:comm app to enable closer interaction and we leverage social media to keep our customers informed across the business

Social challenges around equality, health, skills, employment, in-work poverty and social cohesion as well as environmental and local concerns

Our places thrive when our communities and the people who support them prosper, helping us create more successful, inclusive places that make a positive contribution to the wider neighbourhood and attract customers

Our Local Charter and our Supplier Code of Conduct guide how we engage with local people and partners to make a positive difference. They are integrated into all our placemaking plans and activities, including community engagement and partnership projects

Our people

Our people strategy is focused on creating a diverse team with a range of skills and experiences

Key issues

Attracting and retaining talent in a competitive market and allowing them to fulfil their potential

Why we engage with employees

Understanding what motivates our employees and how we can support their wellbeing helps us to provide a supportive workplace with opportunities that enrich skills and experience, helping us attract and retain talent

How we engage with employees

We encourage open and constructive discussions throughout the business; employees have regular opportunities to provide feedback through company surveys, at regular town hall meetings or through a range of employee networks

How we respond

Strategy: Aligned to Expert People

Sustainability: Aligned to skills & opportunity

Our shareholders

Our focus is on creating outstanding and sustainable places to deliver value for shareholders over the long term

Key issues

Delivering long term, sustainable income and capital growth, while meeting investors' expectations around environmental and social responsibilities

Why we engage with shareholders

We have a clear responsibility to engage with shareholders as the owners of our business as well as appealing to new shareholders so their views are an important driver of our strategy

How we engage with shareholders

Key shareholders regularly meet management on a one-to-one basis, and we engage with shareholders more broadly through investor events. A range of information from financial performance to blogs from our CEO and people across our business is also available on our website

How we respond

Statement on s172 of the Companies Act 2006

s172(1) of the Companies Act requires Directors of a company to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as whole, taking into account:

- the likely consequences of any decision in the long term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the company.

The nature of our business means that we have a continuous dialogue with a wide group of stakeholders and the views of our stakeholders are taken into account before decisions are put to the Board for a decision.

In order to ensure that the Directors are aware of these factors and can take proper account of them, all papers submitted to the Board for decision include a checklist of these factors, stating:

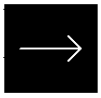
1. Whether or not the factor is a relevant factor in taking the decision; and
2. Where there is a relevant factor to be considered, a short description of the issue or reference to the section of the paper where the factor is discussed.

In that way, the Directors are confident that they have considered the factors in s172 when making their decision.

Read more about stakeholder engagement:

We discuss how stakeholder engagement has affected Board decisions within our stakeholder engagement statement on page 96

We outline the Company's workforce engagement mechanisms within the workforce engagement statement on page 116



Our Chairman discusses the Board's response to Covid-19 and how that was shaped by the needs of our stakeholders, and especially our customers, on page 4

We outline our employee networks on page 36

We highlight the work we do in our local communities on page 37

Nurturing a working environment that supports our culture

We remain focused on creating a motivated and engaged workforce to deliver our strategy.

Over the past 12 months we have continued to make significant advances in ensuring that British Land remains a great place to work, so that our employees can focus on the Company's purpose. Employee engagement is at the core of our people strategy and our 2019 employee engagement survey provided a rich set of results which has shaped our thinking during the 2019/20 period.

We continue to ensure that our values (set out below) remain at the heart of all our decisions, enabling us to again support the Company's long term aspiration to build an increasingly mixed use business. Some examples of our people strategy achievements in the past 12 months are covered below

Engagement

It is important to us to understand what motivates our employees to perform their best. It is also important to get feedback so that we continue to develop as a business and support our employees.

In the year, 89% of our colleagues took part in an engagement survey (up from 72% the previous year) which provided very positive results. Our overall engagement score remained at 75% (same as the previous year) which is 6% above the UK benchmark score. The two areas of focus for the future of our culture is to be more collaborative and have more effective two-way communication.

Retaining and developing our employees is important to ensure that people are engaged in their work and are developing their skill sets; training is key to this and during the year over 8,000 hours were spent on training across the Company. We promote people internally wherever possible, and are pleased that in the last year we have had 68 internal moves or promotions, representing 12% of the Company.

Integration of Property Management (formerly Broadgate Estates) into British Land

We recognise that in order to successfully deliver Places People Prefer, a unified workforce is necessary. In 2018 we sold the third party portfolio within our property management business to focus on our own assets and the remaining colleagues were integrated within British Land to create a new department, Property Management. This integration has given us the opportunity to work more collaboratively and flexibly with our Property Management colleagues, forming closer links between head office and the centre managers and estates directors.

This integration was also a great opportunity to further embed our values into our working culture and we have held 24 values training sessions across our London, Glasgow, Sheffield, Teesside, Bath and Plymouth sites over the past year.

Championing an inclusive culture

At British Land we are an employer that champions diversity and inclusivity; a place where people can bring their whole selves and be their best. We attract the best talent and support them in reaching their full potential. Many initiatives are led by groups of employees. Above all British Land is a place where employees can be themselves

Our values

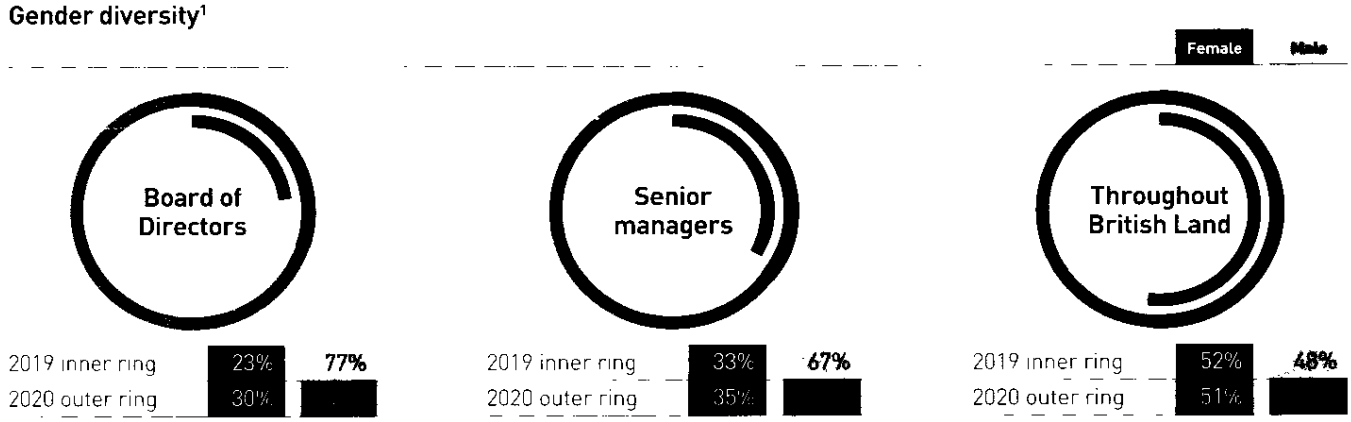
Bring your whole self
- Feel free to be ourselves and help others feel the same
- Bring all our passion and energy to what we do
- Be open and inclusive

Listen and understand
- Take the time to listen and feed back
- Listen with respect and without judgement
- Base our actions on what we learn

Be smarter together
- Bring together the right team
- Own our responsibilities
- Support each other to succeed

Build for the future
- Anticipate needs and lead with courage
- Grow our expertise and earn from our experience
- Be accountable for the legacy we leave

Gender diversity[1]



1. On an FTE basis.

Note. On a headcount basis, as at 31 March 2020, our workforce comprises 565 employees (293 female, 272 male), with 123 senior managers (44 female, 79 male). 'Senior managers' represents the Executive Committee, members of the British Land Leadership Team and employees in certain other senior roles. The Board comprises 10 members (3 female and 7 male).

This year British Land was named by the Social Mobility Foundation as one of the top 50 employers who have taken the most action to improve social mobility in the workplace. The Index ranks employers on the actions they are taking to ensure they are open to accessing and progressing talent from all class backgrounds and enabling those from lower socio-economic backgrounds to succeed. We recognise that diversity of backgrounds leads to diversity of ideas and can help us to engage better and understand our community and customers better. We continue to work in our communities to support the Pathways to Property programme and each year welcome more apprentices to our business.

For the fifth consecutive year Chris Grigg was ranked in the top 30 of Ally Executives by OUTstanding. We are also proud that our Stonewall Index rank has climbed 156 places since 2018 and we are in the top quartile for being an inclusive employer of LGBTQ+. Of the employees that took part in the Stonewall survey, 96% said they feel able to be themselves at work and 81% feel comfortable disclosing being LGBTQ+ to their colleagues. This represents the efforts by so many to make British Land a great place to work where we live our "bring your whole self" value.

The past year has also seen several positive steps being taken in relation to our Diversity and Inclusion networks. We created the "EnaBLe" network (our seventh network) to celebrate ability, as we believe that no one should ever feel disabled. In July 2019, members of all seven networks showcased their current plans and future aspirations at our successful diversity and inclusion conference. We have also committed to sharing some of our networks' best practices with occupiers on our campuses. Following a series of on site meetings with occupier representatives, we have established great links with organisations looking to replicate some of the things we have done within their businesses. The meetings have also enabled us to align better with our customers' needs in the areas of wellbeing, sustainability and collaboration, whilst also bringing some new skills and techniques back into British Land.

These networks and committees have hosted around 60 events this year. You can read more about this on page 36.

Leadership

The British Land Leadership Team (BLLT), made up of the Executive Committee and senior managers, was formed to unlock new levels of performance and teamwork going forward, particularly by focusing on how we lead our teams and how we interact as a group. It further aims to strengthen our culture of continuous improvement, which we believe is something that distinguishes great companies. The team's first task was to ensure that communication and collaboration were consistent and effective within their departments.

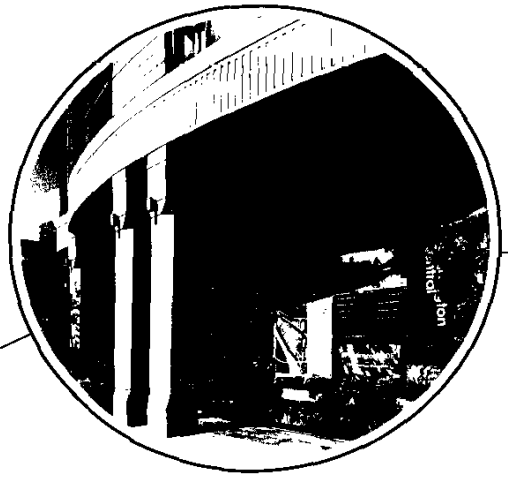
As leaders in the property industry, we understand that we have a responsibility to the people who occupy, visit or live in/around our spaces but also to the environment. Our CSR Committee was therefore established and is chaired by Alastair Hughes, a member of our Board, to ensure that British Land (i) is a first-class employer, (ii) is a first-class builder of real estate, (iii) takes into account the impact its business has on the community, and (iv) does all this in a sustainable manner. Over the past year, the committee has worked to connect the Board with the extensive work done on employee engagement, culture and diversity and inclusion.

One example of community engagement is our annual volunteering day, which last year saw the majority of our employees join 30 community events in a single day in July. Since 2017, 42 employees have signed up to the Step on Board programme, an external service that supports employees to volunteer as non-executive directors and trustees of charities and voluntary organisations.

To read more on the gender pay gap see page 119 and www.britishland.com/gender-pay-gap

Delivering positive change at British Land and beyond

At British Land, we have well-established, employee-led networks focused on the things that really matter to our people. We're supporting our occupiers as they roll out similar networks across our campuses, making these places stronger and more successful communities.



EnaBLe

Our newest network 'enaBLe' was set up in May 2019 to celebrate ability. We focus on the positive contributions that people can make and encourage a disability smart approach in our workplace and assets. We work with our employees, customers and local organisations to identify opportunities to promote understanding and improve our facilities. Over the last 12 months we held a number of events including Deaf Awareness Day, Purple Tuesday, and International Day for People with Disabilities to raise awareness and celebrate difference.

Ethnic Diversity network

Throughout the year, we celebrated religious events and held a series of networking and wellbeing events to support our ethnic minority employees. We welcomed renowned author Abir Mukherjee to our offices to discuss his thriller "A Rising Man". We celebrated Black History Month with a talk from reporter and producer Dr Aida Holly-Nambi, whose work includes telling the stories of LGBT+ Africans. Several families from near our Paddington campus also shared what Black History month meant to them.

Parents & Carers network

Our Parents & Carers network welcomed speakers and hosted webinars on issues ranging from how to choose the right school to managing sibling rivalry

BL Pride

In July, our team organised events in support of London Pride and throughout the year we hosted film nights and workshops which explored LGBT+ issues. We worked in collaboration with other networks, such as our Ethnic Diversity and Parents & Carers networks and this year hosted a Procurement Workshop with 40 of our suppliers.

We collaborate with HR to review and update internal policies so all parental leave and healthcare is LGBT+ inclusive and now includes cover for staff who may be transitioning. We were thrilled to achieve a rank of 118 out of 503 submissions in the 2020 Stonewall Workplace Equality Index, our highest rank yet. See Just Like Us case study opposite.

Women's network

This year we hosted a number of inspirational "In conversation with..." talks with successful women in and outside real estate and held a theatrical show, "Ada Ada Ada", telling the story of the life and work of Ada Lovelace.

Wellbeing Committee

In the year, we provided training for 161 employees, helping them to recognise colleagues who may be living with poor mental health or be in need of support. We have introduced new stress management and wellbeing policies and our wellbeing room continues to be a calm retreat which colleagues can use during the working day when they need to.

EXTENDING THE NETWORK TO OUR CAMPUSES...

Paddington Central

At Paddington Central, a Diversity & Inclusion network was set up by our occupiers and supported by British Land. We have hosted meetings and events at our Storey Club space and our Community Managers are reaching out to more occupiers. From this, smaller groups focused on Women, LGBT+ and Diversity have emerged.

Regent's Place

In June, campus occupiers including Dentsu Aegis Network, Facebook and Lendlease joined forces with community partners to create a Pride network for Regent's Place. This network provides a forum for occupiers to pool ideas and resources which promote inclusion. We also launched a Regen Network in partnership with climate change group Common VC, which is occupier led and has attracted support from community groups including Global Generation, who have space at Canada Water and Regent's Place.

Broadgate

At Broadgate we have supported the launch and roll out of a Mental Health network and held events at the Winter Forest in aid of the mental health charity, Mind in the City, Hackney and Waltham Forest. Virtual events were also held in the lockdown period.

Dealing with Covid-19

Our networks have been an exceptional source of strength and community throughout the Covid-19 crisis. From providing tips on how to homeschool while working from home, to virtual quiz nights and coffee mornings, employees have been connected to each other and the wider business. Thanks to the expertise and hard work of our technology team, we have been able to deliver on our day-to-day jobs throughout this challenging period.

Just Like Us

"British Land's support has had a transformational impact on our programme to tackle homophobia, biphobia and transphobia in schools.

With an office in the dynamic Broadgate Estate, we're better able to support our volunteers, LGBT+ young people aged 18-25, to deliver anti-bullying workshops in schools. It also gives us the chance to explore new ideas and opportunities with local businesses. Thanks to the support of the LGBT+ network and the Paddington Storey Club, we were also able to launch a new programme by hosting training to help teachers and pupils from 25 schools to set up LGBT+ and ally groups in their school in the Paddington Storey Club."

Tim Ramsey,
CEO Just Like Us

Just Like Us presented to the BL team at an event hosted by the BL Pride network on "Challenging Conversations" and British Land hosted a day of workshops and training for around 100 secondary school students and teachers taking part in the Just Like Us Pride Group programme.

A new approach to sustainability

Introduction from Simon Carter

PLACES PEOPLE PREFER

Building on the solid track record we have established over the last decade, we intend to accelerate progress and have set stretching new targets for the decade ahead.

Through our new strategy, we are intensifying focus on two areas where British Land can create the most benefit: 1) making our whole portfolio net zero carbon, and 2) partnering to grow social value and wellbeing in the communities where we operate. While concentrating on these areas, we will maintain strong performance on social and environmental priorities, in line with our purpose and values.

Environmentally, we will accelerate the reduction of embodied carbon in our developments, which typically represents around half our annual carbon footprint. To this end, we have already committed to prioritise retro-fit above new build, trial new materials and employ circular economy principles.

Underpinning our commitment, from April 2020 any remaining embodied carbon emissions will be offset, meaning every development we deliver from now on will be net zero.

To drive improvement across our 23m sq ft operational portfolio, we are creating a bespoke Transition Fund. This will finance our journey to operational net zero carbon, imposing an actual financial cost of carbon on every development to create the ring-fenced capital we require to become net zero carbon nationwide by 2030.

Turning to our contribution to society, over the last decade the immense opportunity we can leverage as a long term investor in our places has become clear. At several of our places, we have been uniquely positioned to bring people and organisations together around common local goals, pooling resources, ideas, talent and time to achieve a shared objective.

A great example is at Fort Kinnaird, where the award-winning Recruitment & Skills Centre, supported by British Land and a range of local organisations, helped local people into employment. Another is the enthusiasm of our customers who continually collaborate with us to support the local community through the Regent's Place Community Fund. From this year, this place-based perspective will become our corporate approach, and at each place we will progressively bring together customers, suppliers, community groups and representatives with our own people to maximise the local value produced from our shared resources. This will not only build a stronger community for all our stakeholders at each place, but align us more closely with the local narrative, which will improve our business decisions.

And the way we think about sustainability has changed. For us, it must be 'business as usual'. This means ensuring that every decision taken by each of us at British Land every day is environmentally and socially intelligent, as well as making sound financial sense. For us, this is central to creating Places People Prefer.

Simon Carter
Chief Financial Officer

More on our strategy and performance can be found in our Sustainability Accounts at www.britishland.com/data

Our performance on sustainability indices

We use industry-recognised indices to track our sustainability performance.

GRESB 2019: 4 star rating, Green Star

CDP 2019: B score

MSCI ESG Rating 2019: AAA

FTSE4Good Index 2019: Top 98th percentile

Good progress on our 2020 targets but more to do

Achieved or exceeded

- 73% reduction in carbon intensity (Scopes 1 and 2) across our portfolio versus 2009 baseline (target: 55% index scored)
- 55% reduction in landlord energy intensity across our portfolio versus 2009 baseline (target: 55% index scored)
- 16% average reduction in embodied carbon versus concept design on our major developments (target: 15%)
- 1,745 people supported into jobs through Bright Lights, our skills and employment programme, since 2016 (target: 1,700), working with suppliers, customers and local partners

More challenging but strong progress

- 96% of electricity purchased from renewable sources (target 100%)
- 94% progress on our Local Charter at our places (target: 100%), investing £2.8m in our local communities

For progress on all of our 2020 targets see page 221

2020 sustainability performance

In 2015, we embarked on our second challenging five-year programme to drive a step change in our environmental performance and contribution to the communities where we work. As this programme comes to an end, we are pleased with the progress achieved in many areas, and better informed as a result of the challenges we have faced in others.

Our success in more than halving landlord operational energy use per sq ft against our 2009 baseline has contributed to a 73% decrease in the carbon intensity of our portfolio, far beyond the 55% target we set and a material leap towards our net zero carbon future.

In the communities where we work, we have helped 1,745 people into employment and now design all our places around seven wellbeing principles. This helps the millions of people who use them lead more active, social and creative lives, accessing opportunities and green spaces that support social cohesion and collaboration. Research we commissioned last year demonstrates that building wellbeing into the fabric of our places has a direct impact on the businesses and communities that use them, as well as the public purse.

Working in close partnership with our suppliers has enabled us to promote responsible business and the benefits of greater diversity throughout our operations. This is driven by our Code of Conduct, which 96% of our strategic suppliers have now formally adopted.

As well as safeguarding fair employment conditions, it helps our local communities access wider opportunities and develop deeper skills that contribute to local wellbeing and prosperity.

This year marks the ninth of our partnership with the National Literacy Trust, which has resulted in relationships with over 500 schools local to our places. Over this period, we and our customers have helped 42,700 children in the UK develop a love of reading, a key factor in determining the opportunities they will be able to access throughout their lives. The positive impact of long term, place-based partnerships, such as these, is also demonstrated at Fort Kinnaird through our work with the Skills & Recruitment centre and at Regent's Place, where collaboration with our customers has established a community fund working to support local initiatives. Over the long term, fostering strong local connections such as these is key to the success of our places.

We are also pleased that 19% of our own employees have held skills-based volunteering roles in a range of non-profits such as the West Euston Partnership, Hackney CVS, New Diorama Theatre and the Spitalfields Crypt Trust. For British Land and our people, supporting and encouraging skills-based volunteering helps develop better professional skills and deeper understanding of the needs of our communities, resulting in better decision making.

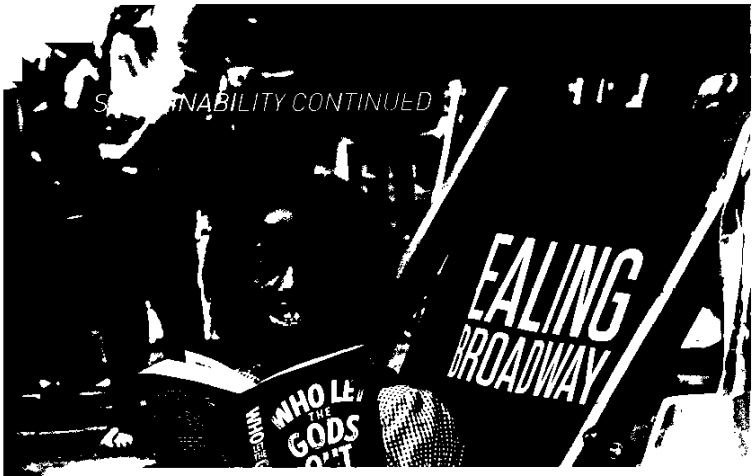
How sustainability adds value

There is growing evidence which supports the commercial case for more sustainable buildings in terms of generating a rental premium and increasing the pace of letting space.

Research by JLL demonstrates that:

- Buildings rated BREEAM Outstanding or Excellent generally achieve a premium of 10% in Central London compared to prime (grade A) rents without a rating, and in the City, this premium has increased over time
- The average vacancy rate in buildings rated BREEAM Outstanding or Excellent was c.7% compared to 20% for a building rated Very Good, 24 months post completion

With the number of companies based in London signing up to science-based sustainability targets doubling since December 2018 the demand for sustainable real estate is expected to increase significantly.



Transition Fund: accelerating net zero carbon

Our journey to a net zero carbon portfolio will take 10 years to achieve and involve work across the standing portfolio.

As we are prioritising reductions in embodied carbon, we have devised a powerful incentive for our teams to adopt low carbon materials and methods of development, which will in turn support the transition of the wider portfolio. Every tonne of embodied carbon we produce from this year until 2030 will trigger an additional £60 payment. A proportion of this will be used to purchase accredited offsets, with the balance being ring-fenced in our new Transition Fund to provide capital to retro-fit our standing assets.

During FY21, a transition plan will be created for each of our assets, detailing the measures required to reduce operational emissions and strengthen their resilience to climate change. These will aggregate up into a portfolio-wide transition plan, detailing our journey to net zero in 2030.

In the same way that the Community Investment Fund has supported our social contribution over the last 10 years, the Transition Fund will create a ring-fenced source of funding to help transition our portfolio to a more resilient, low carbon state

Our new 2030 strategy

The lessons we have learnt over the last decade and recognition of the need to accelerate progress underpin our new 2030 sustainability strategy, launched this spring.

To concentrate the business on driving progress in the most urgent areas, we have chosen two primary focuses: achieving a net zero carbon portfolio and a place-based approach to social contribution.

1. Creating a net zero carbon portfolio by 2030

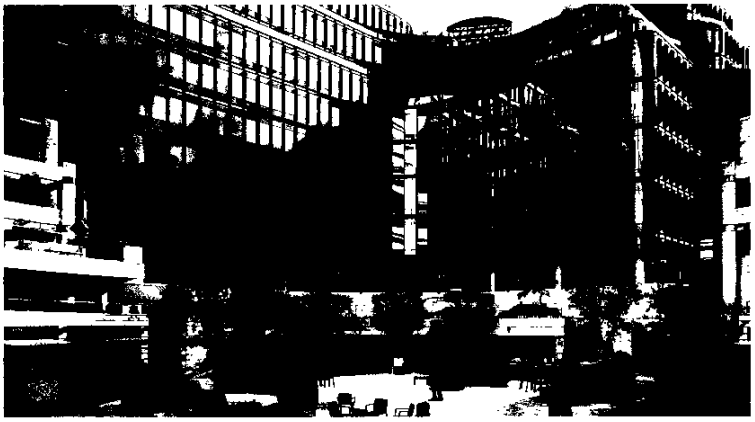
The main elements of this will be:

- All developments delivered after April 2020 to be net zero embodied carbon
- A 50% reduction in embodied carbon emissions at our developments, to below 500kg CO_2e / m^2 by 2030
- A 75% reduction in operational carbon emissions across our portfolio by 2030
- Creation of a Transition Fund, resourced by an internal carbon fee at £60/tonne levied on new developments, to finance retrofitting of our standing portfolio, as well as low carbon research and development

2. A place-based approach to social contribution

- Partnering with local stakeholders
- Education and employment partnerships at each place
- Using our Local Charter

Achieving net zero carbon at 100 Liverpool Street



Reducing embodied carbon

- Half the existing structure retained
- Low carbon materials sourced

Reducing operational carbon

- Targeting BREEAM Excellent
- EPC A (offices)

Trialling new innovations

- Using recycled materials and alternatives to cement
- Piloting WELL Certification
- Smart-enabled to optimise operational efficiency

British Land pathway to net zero

2020
- Launch Transition Fund
- Developments net zero

2022
- Asset audits complete

2022/3
- Achieve scope 1 and 2 SBTi targets met – REGO/PPAs

2025
- Review strategy at interim stage
- Embodied carbon 750kg CO_2e / m^2

2029
- Commence design of new strategy

Our 2030 sustainability focus areas align to the UN's Sustainable Development Goals: 12 – responsible consumption and production, and 8 – decent work and economic growth, and will be underpinned by 17 – partnership for the goals. Our long-standing partnership approach produces greater value for more people.

3. Environmental Leadership

As we do this, we will demonstrate leadership across leading international environmental benchmarks, including the Global Real Estate Sustainability Benchmark (GRESB), where we are targeting a 5 star rating.

4. Advocating Responsible Business

Across our business, including our customers and supply chain we will continue to advocate responsible business practices, including:

- promoting diversity and inclusion, everywhere
- being active against modern slavery
- mandating prompt payment
- integrating wellbeing, everywhere
- being a champion of responsible employment

Low upfront payment to achieve net zero

26,700 tonnes
Total embodied carbon

£60/tonne[1]
Internal price of carbon

0.4%
of total construction costs

0.2%
of net development value

Total embodied carbon of
395kg CO_2e / m^2

Exceeding our 2030 target
500kg CO_2e / m^2

1. Commitment to mitigate embodied carbon at £60/tonne is for British Land share of developments.

2030

- Begin annual offset of portfolio emissions – BBP target
- 75% reduction in carbon emissions across the portfolio
- Embodied carbon 500kg CO_2e / m^2
- UKGBC 2030 targets achieved for new developments

More information on our strategy can be found at www.britishland.com/sustainability/strategy

Community Investment Fund: tackling Covid-19

Established in 2008, our Community Investment Fund now commits over £1.3m of funding per year. Through regular review, the feedback provided by our community partners, site teams, project beneficiaries and customers has enabled us to evolve our approach and develop a range of very successful, often award-winning, initiatives and incredibly strong charity and community partnerships. Today the fund focuses on local initiatives that benefit the communities around our places; much of it is focused on multi-year commitments to our long term partners with ring-fenced funding to give them certainty of resource. Together with our site teams, suppliers and, where appropriate, customers, we work together to achieve the greatest impact possible in our local communities. We ensure funds are directed to strong community and charity projects around our properties and beyond, to help deliver our Local Charter. We also provide matched funding for employee fundraising and contributions to employee payroll giving donations – helping support causes that matter to our people.

In March this year, we quickly recognised the impact of Covid-19 on our community partners and local people, and moved at speed to re-focus the Fund to support them through this crisis.

We have since funded a package of support, delivered by experts at the Centre for Charity Effectiveness at Cass Business School, to help leaders at key community organisations around our places to navigate the acute range of challenges they now face, as well as funding bespoke employment support programmes through trusted partner organisations such as the East London Business Alliance. In other places we have helped individuals to develop new skills and donated equipment to support non-profit organisations to work effectively from home. At 20 of our places we are also working with the National Literacy Trust to direct book bundles and activity packs to some of the most vulnerable families via a network of foodbanks and local community hubs.

Our strong and collaborative relationships with community partners and well-established governance around funding allocation enabled us to pivot quickly in the heat of the crisis, directing resources immediately to where there was greatest need.

Climate-Related Financial Disclosures

The Board recognises the systemic threat posed by climate change and the need for urgent mitigating action. We have a track record of improving environmental performance, we were one of the first real estate companies to introduce stretching carbon reduction targets that go beyond the demands of the Science Based Targets initiative for Scope 1 and 2 emissions, and we are a founding signatory of the Better Buildings Partnership's Climate Change Commitment. Since 2009, we have reduced our operational carbon intensity by 73%, and we are announcing an ambitious set of climate targets as part of our new pathway to net zero (see page 40).

Our roadmap to full disclosure in 2021/22

2019/20

Establish governance

Board-level oversight
1. Established the CSR Committee
2. Net zero strategy reviewed at the Board away days

Operational Accountability
1. TCFD Steering Committee established

Scoped potential risks

Two climate workshops, including:
- low carbon transition risk scenario
- physical risk scenario

▶ **Potential risks identified Roadmap agreed**

Progress
- Our newly-formed TCFD Steering Committee undertook two climate risk scenarios workshops, where facilitators from Forum for the Future took the group through the latest climate science and ran breakout sessions on climate risk identification and organisational responses.
- As part of the new sustainability strategy, we worked with experts to develop our pathway to net zero, including aggressive climate and energy targets. Our updated Sustainability Brief will enable asset-level delivery of this approach.
- The Board's strategy away days in 2019/20 included the review and discussion of our new sustainability strategy including the pathway to net zero.

2020/21

Establish exposure

Physical:
- Audit asset resilience
- Potential compound impact
- Identify opportunities

Transitional:
- Policy development
- Supplier resilience
- Identify opportunities

2021/22

Organisational response

Portfolio level:
Quantified exposure to each risk event

▶ Adapting corporate strategy ▶ **Mitigation targets**

▶ Adapting financial planning ▶

▶ Incorporate into enterprise risk management ▶ **Risk management metrics**

For more information, see our 2020 Sustainability Accounts at www.britishland.com/data

Governance

Board oversight of climate-related risks and opportunities

Our Board Director responsible for climate-related issues is Simon Carter, Chief Financial Officer. Simon chairs our Risk and Sustainability Committees, ensuring continuity and accountability. As part of assuming these responsibilities, Simon took part in The Prince of Wales's Business & Sustainability Programme at the Cambridge Institute for Sustainability Leadership.

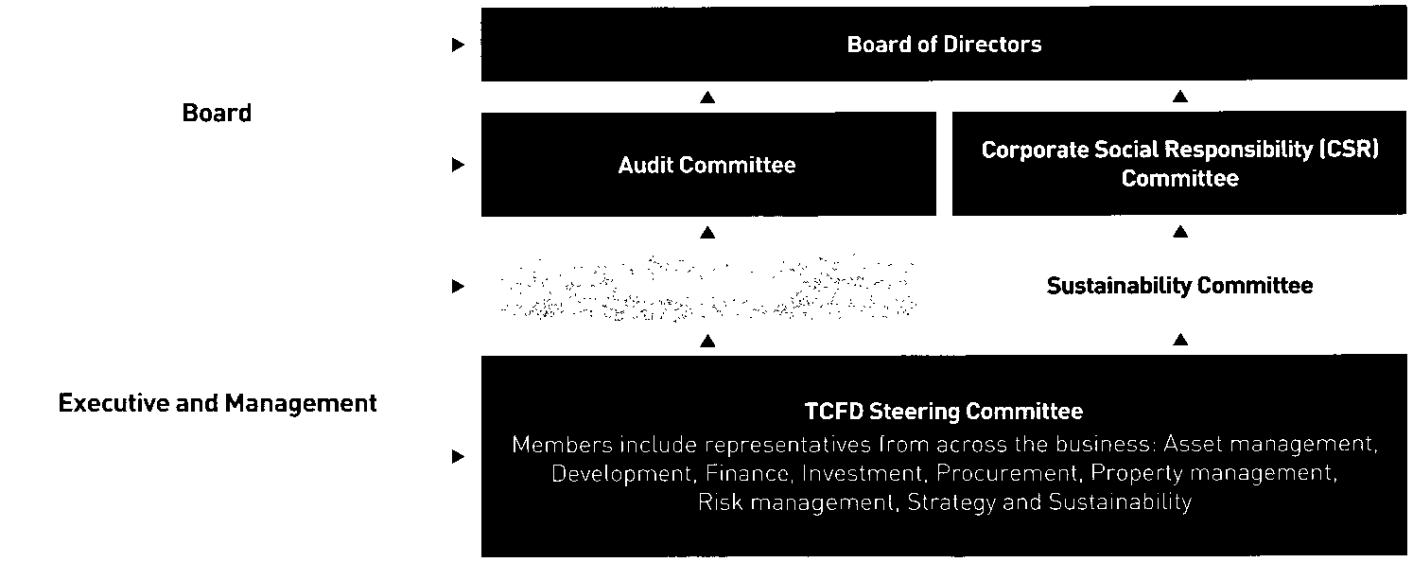
The Board is updated on climate-related issues at least annually and has ultimate oversight of risk management. Significant and emerging risks are escalated to the Audit Committee and climate risk is tracked as part of our Catastrophic Business Event risk category (see page 84).

Our Board CSR Committee meets three times a year and oversees the delivery of the sustainability strategy, including the delivery of the Pathway to net zero and the management of climate-related risks.

Management's role in assessing and managing climate-related risks and opportunities

The Board delegates responsibility for analysing:

- Climate-related risks to the Risk Committee, which consists of the Executive Committee and leaders from business units, including procurement and property management. Each business unit maintains a comprehensive risk register, which is reviewed quarterly by the Risk Committee. Climate risks are identified through a process involving trend analysis and stakeholder engagement. Identified risks are incorporated into our risk framework and managed by the appropriate business areas.
- The TCFD Steering Committee reports to the Risk and Sustainability Committees, both of which meet quarterly. Ultimate oversight is at Board level, with our new Corporate Social Responsibility Committee playing a role from May 2019. Any resulting disclosure requires approval by the Audit Committee.
- Climate-related opportunities to the Sustainability Committee, which consists of senior managers from across the business including strategy, asset management, and leasing. The delivery of the sustainability programme, including our net zero targets, is overseen by this Committee, which reports to the Board's Corporate Social Responsibility Committee.



Strategy

Impacts of climate-related risks and opportunities on our business

We consider climate-related issues within the time horizons used in our corporate strategy:

Short term	Medium term	Long term
Less than 12 months	1 to 5 years	Over 5 years

To date, we have focused on climate-related risks and opportunities for short and medium term horizons. We provide further disclosure on these risks in our annual CDP response www.britishland.com/sustainabilityreport.

Examples of climate-related risks

Extreme weather

Short term risks	Higher flood risks could increase insurance costs. This could, in turn, increase service charge costs for customers. Inability to sell or rent property assets at book value, due to flood risk
Impact on corporate strategy	Flood risk assessments undertaken for our current portfolio 100% of high risk assets have flood management plans.
Impact on financial planning	Flood risk is effectively priced into our valuations. Flood risk factored into our process for acquisitions and developments.

Energy regulation

Medium term risks	Lease renewals subject to Minimum Energy Efficiency Standard (MEES) compliance and all leased properties subject to MEES from April 2023, with few exemptions
Impact on corporate strategy	Through our futureproofing programme we monitor the 5% of our portfolio with F or G Energy Performance Certificate (EPC) ratings (by floor area). Property Managers will take action on F and G rated assets by 1 April 2023
Impact on financial planning	MEES non-compliance would pose a risk of revenue loss and a potential liability from non-compliance penalties.

Energy prices

Medium term risks	Energy cost volatility.
Impact on corporate strategy	Through our efficiency programme, we reduce our energy consumption profile and ultimately our exposure to price fluctuations.
Impact on financial planning	Financial modelling includes the expected occupancy of assets and their associated energy costs. Procurement manages the financial risk of volatile energy prices

Examples of climate-related opportunities

Resource efficiency

Short term opportunity	Energy savings from the UK Energy Savings Opportunity Scheme (ESOS).
Impact on corporate strategy	As part of complying with ESOS in 2019, we have identified initiatives representing £1.4m of capex investment that would save £1.2m annually and payback in 13 months.
Impact on financial planning	The business cases for these capex investments are considered as part of our overarching financial process.

Energy sources

Short term opportunity	Revenue generated from solar PV installations on our assets.
Impact on corporate strategy	Installation of solar PV at 10 assets, generating 1,763 MWh in 2019/20.
Impact on financial planning	The cost savings and revenue from exporting to the grid are factored into our financial planning.

Products and services

Medium term opportunity	Earning a rental premium from high efficiency buildings with a Design for Performance approach.
Impact on corporate strategy	Our Sustainability Brief for Developments sets out our requirement for detailed energy modelling early in the design stage to inform design and set operational performance benchmarks. To learn from industry best practice, we also became a member of the Better Buildings Partnership's Design for Performance initiative in 2020
Impact on financial planning	Rental income for high efficiency and low efficiency assets would be factored into our revenue forecasts in the medium term, as this would affect their marketability.

Assessing the resilience of our strategy

British Land undertook an initial analysis of medium term portfolio risks in 2017. Informed by the internal scenarios workshops held in summer 2019, we will carry out TCFD-aligned scenario analysis in 2020, including a scenario where global warming is limited to 2°C or lower.

Risk management

Climate-related risks are identified and assessed using our risk management framework, set out on page 78 of this Report

We consider climate change within 'External risks: Catastrophic business event', which is a principal risk to our business. We define principal risks as those with a substantive financial or strategic impact on the business, high likelihood of occurrence and medium/high potential impact on our performance. Our integrated approach combines a top down strategic view with a complementary bottom up operational process.

Identifying and assessing climate-related risks

As part of our top down strategic view, our risk heat mapping process allows us to determine the relative significance of principal risks. As a factor within a principal risk category, climate change is monitored by the Risk Committee.

Our risk register tracks:

- i Description of the risk (identification)
- ii Impact-likelihood rating (evaluation enabling prioritisation)
- iii Mitigants (mitigation)
- iv Risk owner (monitoring)

As part of our bottom up operational process, we maintain Asset Plans which include provisions for identifying climate-related risks and opportunities, such as flood risk assessments and audits to identify energy saving opportunities. Our Sustainability Brief for Acquisitions sets out our environmental criteria for acquiring a new property, including energy efficiency and flood risk categories. Our Sustainability Brief for Developments sets out our environmental criteria for new constructions and renovations, including requirements for energy efficiency, flood risk, materials choice and embodied carbon reductions.

Managing climate-related risks

Our process for mitigating, accepting and controlling principal risks, including climate-related risks, is set out on page 78 of this Report.

We prioritise principal risks through our corporate risk register and risk heat map. The impact-likelihood rating, which is evaluated during risk identification, is our primary metric for prioritising risks. As a factor within a principal risk category, climate change risks are logged in our corporate risk register and reviewed quarterly by the Risk Committee, which comprises the Executive Committee and senior management. The Board is ultimately responsible for and determines the nature and extent of principal risks it is willing to take to achieve its strategic objectives.

Metrics and targets

Through our TCFD Steering Committee work, we will quantify our total climate-related financial exposure.

Below are the climate-related metrics and targets against which we currently report.

Climate-related risks

		2020	2019	2018
Energy regulation	EPCs rated F or G (% by floor area)	**5%**	5%	5%
Extreme weather	Portfolio at high risk of flood (% by value)	**2%**	3%	3%
	High flood risk assets with flood management plans (% by value)	**100%**	100%	100%

Climate-related opportunities

		2020	2019	2018
Resource efficiency	Scope 1 and 2 carbon intensity reduction versus 2009 (2020 target: 55% reduction, index scored)	**73%**	64%	54%
	Landlord energy intensity reduction versus 2009 (2020 target: 55% reduction, index scored)	**55%**	44%	40%
Energy sources	Electricity purchased from renewable sources (2020 target: 100%)	**96%**	96%	97%
	On-site renewable energy generation (MWh)	**1,763**	1,131	782
Products and services	Portfolio with green building ratings (% by floor area)	**23%**	18%	18%
	Developments outperforming Building Regulations for carbon efficiency (% better on average)	**27%**	25%	26%

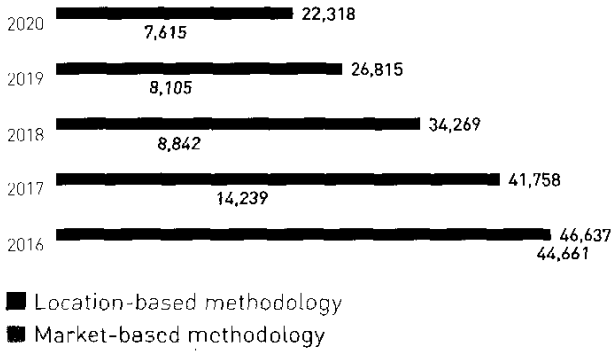
Reducing carbon intensity

Emissions intensity

Carbon intensity across our portfolio has reduced by 73% versus our 2009 baseline, exceeding our 2020 reduction target, through the National Grid decarbonisation and our own efficiency improvements.

In 2020, we invested £880,000 in delivering over 20 energy efficiency projects including a boiler upgrade, building management systems optimisation, improved lighting controls, and the installation of LEDs. These are expected to result in annual energy savings of 2,250,000 kWh. Over the next 12 months, we will pursue ISO 50001 accreditation at our commercial offices.

Absolute emissions Scope 1 and 2:



Scope 1 and 2 emissions intensity[1,2] (Tonnes CO_2e)

[illegible]	2020	[illegible]	[illegible]
Offices: per m² net lettable area	**0.032**	0.044	0.118
Retail – enclosed: per m²	**0.037**	0.043	0.174
Retail – open air: per parking space	**0.044**	0.049	0.106
Total managed portfolio: per £m gross rental and related income[3]	**38.05**	46.21	–

Absolute Scope 1 and 2 emissions and associated energy use

[illegible]		[illegible]			[illegible]	
		2020	[illegible]	[illegible]	2020	[illegible]
Scope 1 Combustion of fuel: Managed portfolio gas use and fuel use in British Land owned vehicles		**6,327**	6,433	5,156	**30,715**	31,203
Scope 1 Operation of facilities: Managed portfolio refrigerant loss from air conditioning		**618**	123	–	**–**	–
Scope 2 Purchase of electricity, heat, steam and cooling for our own use: Managed portfolio electricity use for common parts and shared services	Location-based	**15,373**	20,258	41,186	**62,880**	74,752
	Market-based	**669**	1,549	–	**–**	–
Total Scope 1 and 2 emissions and associated energy use	Location-based	**22,318**	26,815	46,342	**93,595**	105,955
	Market-based	**7,615**	8,105	–	**–**	–
Proportion of Scope 1 and 2 emissions assured by an independent third party		**100%**	100%	–	**100%**	100%
Proportion that is UK-based		**100%**	100%	–	**100%**	100%

Absolute Scope 3 emissions – managed portfolio[4] (Tonnes CO_2e)

[illegible]		2020	[illegible]
Landlord purchased energy: occupier gas and electricity consumption, upstream impacts of all purchased energy (including the fuels of on site vehicles)	Location-based	**33,405**	35,671
	Market-based	**1,534**	nr
Landlord purchased water: upstream impacts		**285**	183
Waste management: downstream impacts		**351**	409
Proportion of Scope 3 emissions (above) assured by an independent third party		**100%**	100%

1 We have reported on all emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ('the 2018 Regulations'). These sources fall within our consolidated financial statements and relate to head office activities and controlled emissions from our managed portfolio. Scope 1 and 2 emissions cover 99% of our multi-let managed portfolio by value. We have used purchased energy consumption data, the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and *emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2019*

2 Omissions and estimations. Where asset energy and water data was partially unavailable, we used data from adjacent periods to estimate data for missing periods. In 2020, this accounts for 1.6% of total reported energy consumption and 1.2% of total reported water consumption

3 Gross Rental Income (GRI) from the managed portfolio comprises Group GRI of £436m (2019: £439m), plus 100% of the GRI generated by joint ventures and funds of £287m (2019: £314m), less GRI generated assets outside the managed portfolio of £212m (2019: £173m)

4 For full Scope 3 greenhouse gas reporting, see the British Land Sustainability Accounts 2020 at www.britishland.com/data

5 FY19 residential data has been restated as more accurate data became available.

Non-financial reporting disclosure

Reporting requirement	Key policies include	Risk areas[1]	Where information can be found in this Report on our impact	Page
Environmental matters	– Sustainability Policy – Sustainability Brief	6	– Stakeholder engagement – A new approach to sustainability – Reducing carbon intensity – Managing risk in delivering our strategy – Task Force on Climate-related Financial Disclosures – Sustainability performance measures	32 38 46 78 42 221
Employees	– Code of Conduct[2] – Health and Safety Policy	11	– People and culture – Managing risk in delivering our strategy	34 78
Human rights	– Code of Conduct[2] – Modern Slavery Act Statement[2]	B, F, G	– Managing risk in delivering our strategy	78
Social matters	– Sustainability Policy – Code of Conduct – Local Charter[2] – Sustainability Brief[2] – Health and Safety Policy	11, F	– Sustainability – Managing risk in delivering our strategy	38 78
Anti-bribery and corruption	– Anti-Fraud Policy – Anti-Bribery and Corruption Policy[2] – Whistleblowing	E		
Business model			– Strategic focus	22
Non-financial KPIs			– Strategic performance and KPIs – Sustainability – Climate-related financial disclosures	24 38 42

[1] Linkages to our Principal Risks and Other Group Risks which can be found on pages 78 to 87.
[2] Available on www.britishland.com/policies.
[3] Employee versions are available through our internal Employee Handbook. Supplier version available on www.britishland.com/policies.

Supply chain

[illegible]pliers to work in a way we [illegible]est practice to achieve our [illegible]ronmental and ethical [illegible]

Human rights

Our respect for human rights is embedded in how we do business. We are a signatory to the UN Global [illegible]t which supports a core set of [illegible]ncluding human rights, and have [illegible]propriate disclosures in respect [illegible]dern Slavery Act. We are also a [illegible] of APRES, an action [illegible]me on responsible and ethical [illegible] across the construction [illegible]

Anti-bribery and corruption

We are committed to the highest legal and ethical standards in every aspect of our business. It is our policy to conduct business in a fair, honest and open way, without the use of bribery or corrupt practices to obtain an unfair advantage. We provide clear guidance for suppliers and employees, including policies on anti-bribery and corruption, anti-fraud and our code of conduct. All employees receive training on these issues appropriate to their roles and responsibilities.

PREFER

Embracing the changing way people live, work and shop helps define our strategy and delivers long term value.

We understand what makes places preferred and the importance of maintaining that preference to drive enduring demand for our space

Connectivity

Our places benefit from excellent transport connections; our campuses are well located for the underground and National Rail making them easily accessible across London and two have Crossrail stations immediately adjacent.

Open and public spaces

The scale of our campuses and retail assets means we can curate the space around our buildings to provide places where people can relax, socialise and be entertained.

Vibrant neighbourhoods

Our London campuses are focused in some of the most vibrant and interesting parts of London; like our retail places they have deep connections with local people, creating a strong sense of community.

The right mix of uses and occupiers

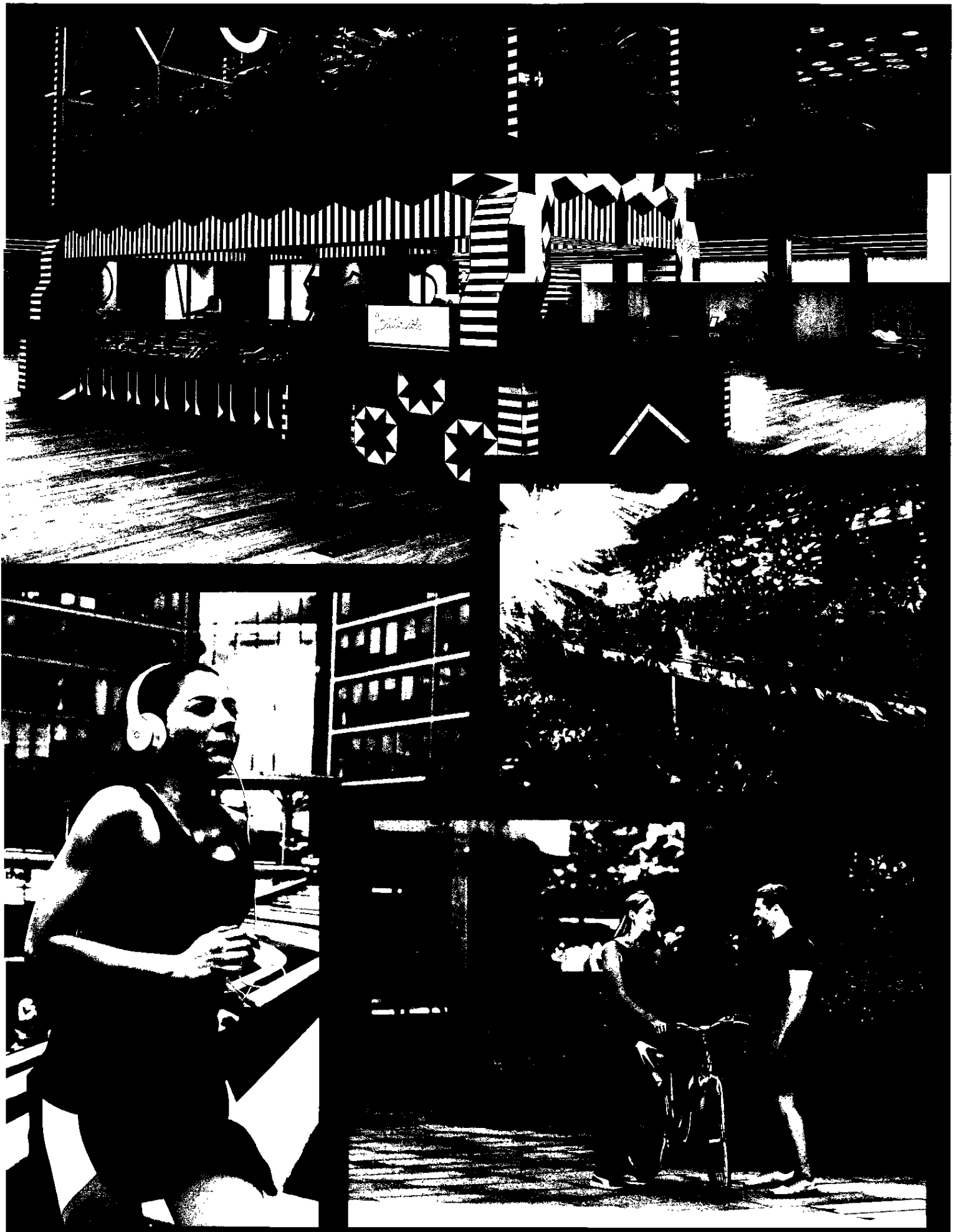
Our places offer an appropriate mix of retail, leisure and workspace which we actively manage to reflect changing customer preferences. This experience is informing our planning at Canada Water where we are building a new town centre.

Flexible and affordable offer

Our retail and workspaces are attractively priced; we offer a range of floor plates, different levels of service and more flexible leases. We actively work with customers to evolve space in line with their needs.

Dealing with Covid-19

By responding quickly, effectively and thoughtfully to the Covid-19 crisis we demonstrated our commitment to our customers and the communities who live in and around our places. We have provided financial flexibility as well as practical support to many of our occupiers experiencing challenges and our campus networks have provided an important forum for occupiers to connect with each other. We are working with employment organisations to redirect workers to areas where there is a clear need or to provide longer term skills and employment support to people whose livelihoods have been affected.

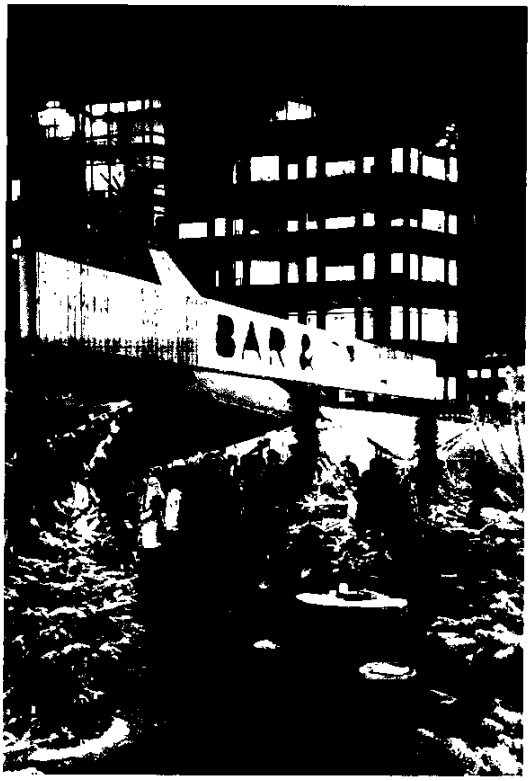


Campus stories

Creating places to work, shop and be entertained.

At our London campuses and Canada Water we're curating our space to be in line with modern London lifestyles, reflecting the needs of the people who use it.

BROADGATE

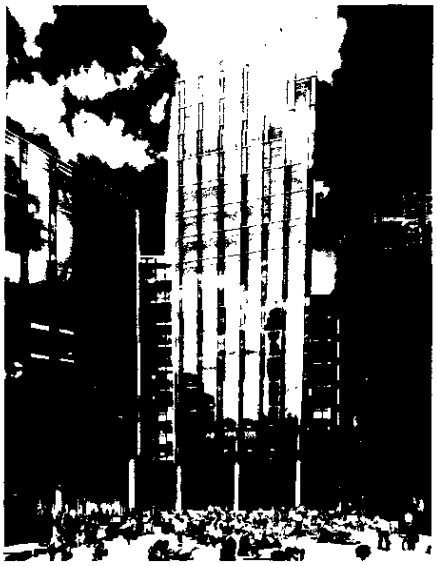


Broadgate is successfully appealing to a broader range of occupiers on both new and refurbished space, demonstrating its unique appeal. This year we let space on the existing portfolio to challenger bank Monzo with Bank of Montreal and Workday among those taking space in our newest developments. We added new restaurants Baraka and Bar Douro with retailers Reiss and Waterstones also taking space. In September, Finsbury Avenue Square was transformed by the "Please be seated" installation for London Design Festival and our popular Winter Forest returned for its third year.

97%
Occupancy

£162m
Rent

Regent's Place

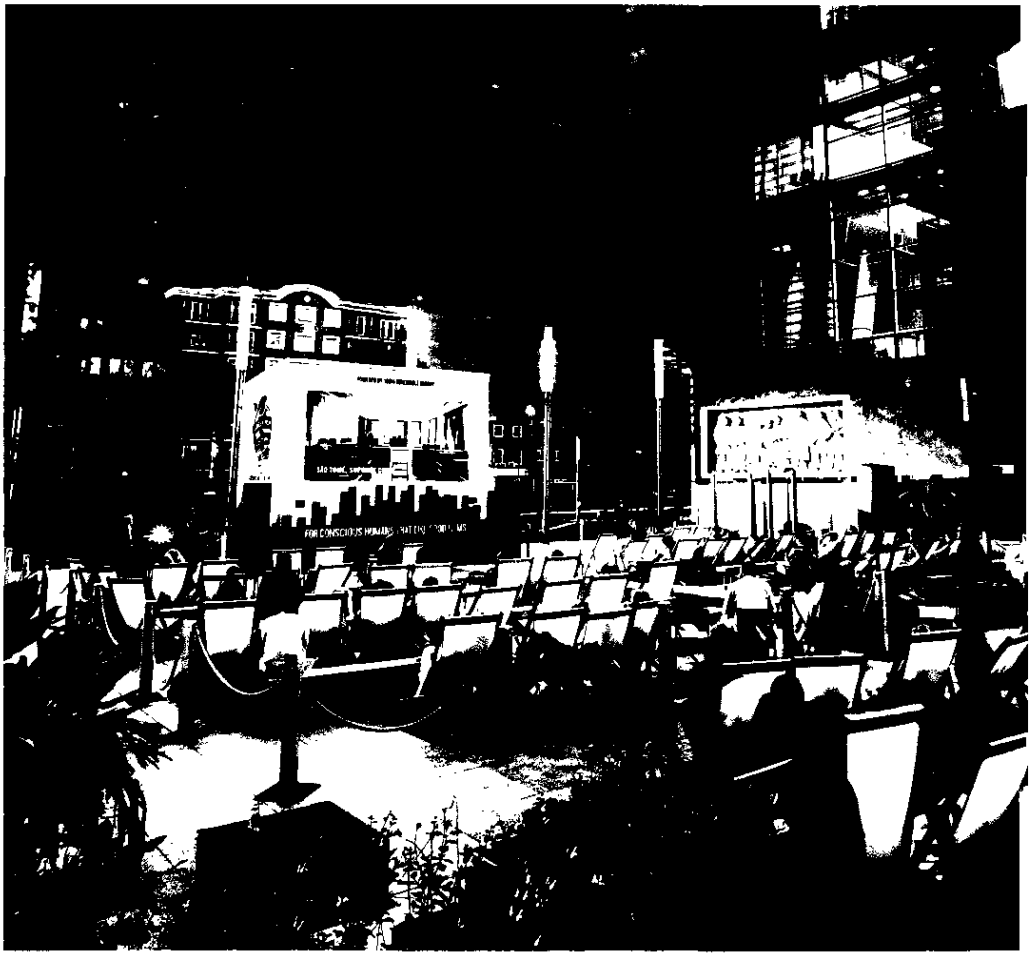


Regent's Place is fast becoming a showcase for how to build and manage space in a more sustainable way. Our 1 Triton Square development will be one of the most sustainable buildings in London and our public realm improvements are adding more green space. At 338 Euston Road we partnered with a circular economy specialist to refit space for a technology occupier while minimising their carbon footprint and saving money, and this year we opened a new cafe built entirely from recycled materials which has a more sustainable approach to food.

See case study on 1 Triton Square on page 8

97%
Occupancy

£80m
Rent



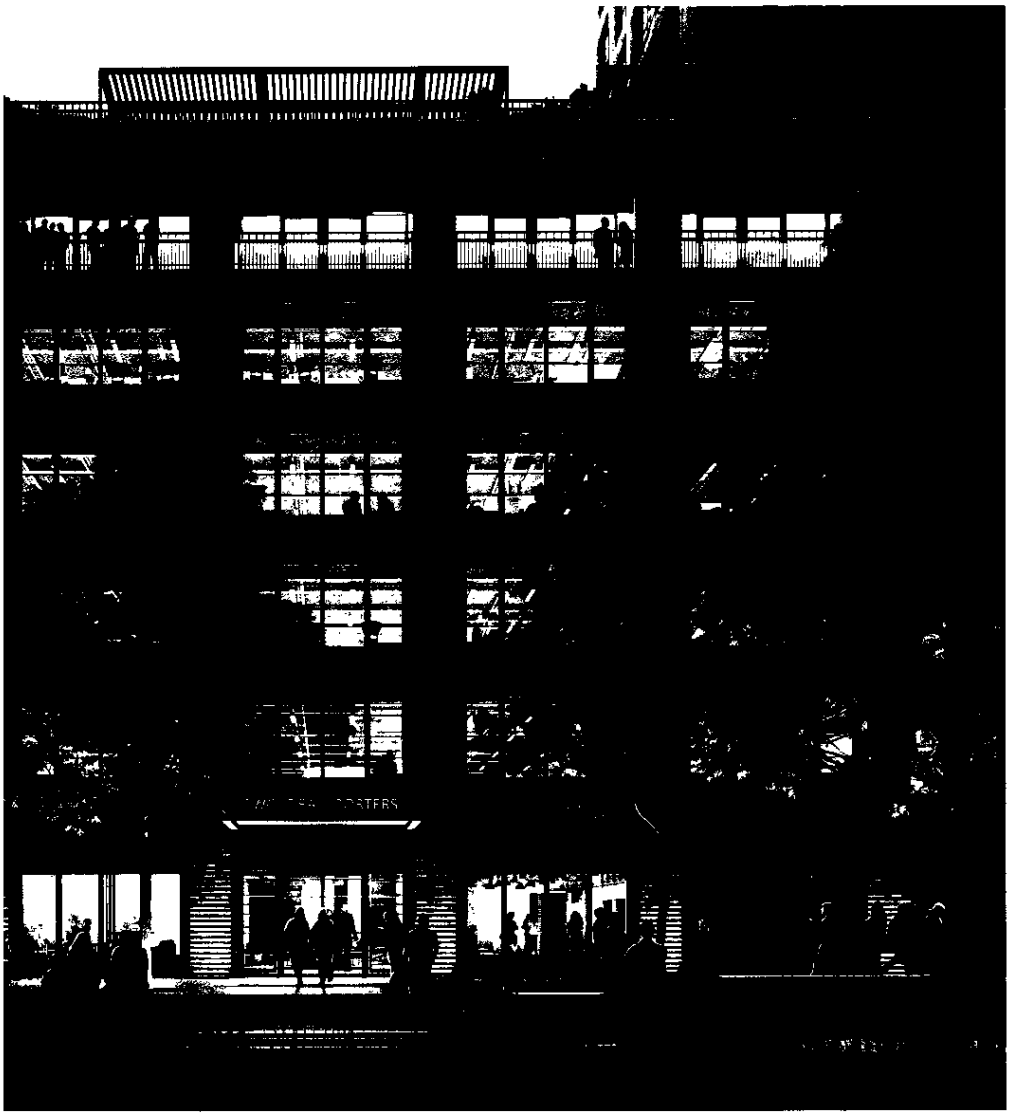
Paddington Central

At Paddington Central, our enlivenment activities focused on the canal-side, which is a unique feature of this campus. We added a fourth floating restaurant, the Grand Duchess, and a fifth will open this year. We hosted a floating market for five days in August and the London Design Festival in September. The "Sessions" launched at Storey Club, with activities including chocolate making, wine tasting and a zero-waste skincare workshop. Visa, our largest single customer at Paddington, recommitted to the campus this year.

98%
Occupancy

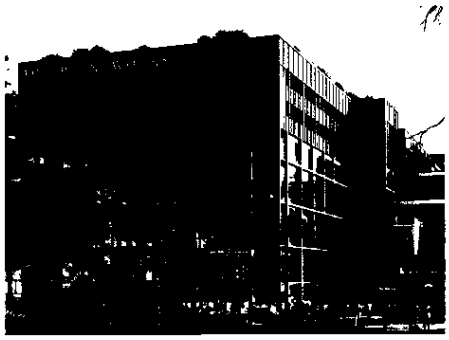
£46m
Rent

CANADA WATER MASTERPLAN



At Canada Water, we were delighted to receive a resolution to grant planning for our 53 acre masterplan, as well as confirmation that the Mayor of London will not be calling in the application for further consideration. This reflects our successful programme of engagement with the local community and wider stakeholders which has resulted in significant changes to our masterplan over the last five years.

We continued to work with the Vibration Group to provide a temporary world class live music and events space at the Printworks, significantly raising the profile of the area and demonstrating the real potential we have to create a cultural hub at Canada Water. We announced a new partnership with TEDI-London, an education programme addressing the skills and diversity gaps within engineering, and we have continued to ensure that the local community benefits from our activities, partnering with community organisations and our supply chain.



"British Land demonstrated a real and proactive approach to community engagement at Canada Water. Through events, exhibitions, conversations and the day-to-day delivery of community projects, British Land listened to local people and reflected this feedback in their masterplan. They have gone beyond the formal planning process to improve the area for residents, for example by changing the location of the leisure centre and the dock crossing, as well as responding positively to our need for more social housing."

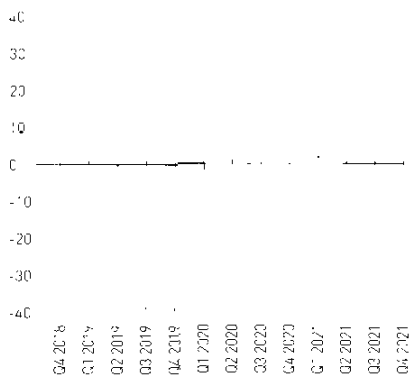
Peter John, Leader Southwark Council

Understanding our markets

Our business is well positioned to respond to the challenges and opportunities in our markets.

Heightened economic uncertainty

Forecast real GDP growth %



Source: Office for Budget Responsibility, April 2020

Covid-19 has introduced an unprecedented level of uncertainty for our business and our markets. It is extremely difficult to quantify how deep or how prolonged its effect will be and consequently estimates of the economic impact vary significantly. In the short term, it has fundamentally changed the way people work and shop and it is not yet clear whether or to what extent these changes will become permanent.

Already this uncertainty has caused occupational and investment markets across our business to stall. For Offices, the fundamental attractions of London remain sound so recovery, when restrictions are lifted, is expected to come sooner, but the impact may be more prolonged in Retail.

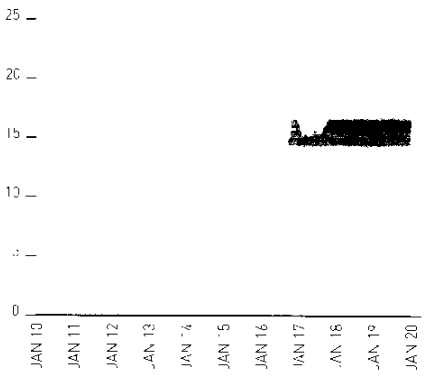
These challenges come at a time when our trading relationship with the EU has yet to be formerly defined, creating an additional layer of uncertainty for UK businesses.

Our response

We have actively strengthened our balance sheet over a number of years so are well placed in the current environment. We temporarily suspended the dividend to provide further flexibility enabling us to support those customers hardest hit.

Continued challenges in retail

Online % total retail sales



Source: ONS

The growth of online retail is a well-established trend, but many retailers have struggled to adapt their models to this new way of shopping. This structural theme has accelerated as a result of Covid-19 which saw more people shop online than ever before. At the same time, with people obliged to stay at home, they saw fewer reasons to shop for non-essentials, such as new clothes or beauty products.

As a result, several operators whose business models were already struggling, entered CVA or administration. In the short term, many businesses have benefitted from landlord or Government support, but how long this can remain in place is not clear. Longer term only businesses which successfully evolve their offer to be compatible with online will be successful.

Our response

We are working with retailers throughout the Covid-19 crisis to support successful businesses which are struggling at this time. We offered rental waivers to small, retail, food & beverage, and leisure operators and for larger businesses affected by the crisis, we deferred rents. Longer term, retail has an important role to play within our mixed use environments but we are committed to reducing our overall retail exposure.

War for talent

Unemployment in London

2.1m

Jobs in the UK digital economy

+150%

Increase in digital tech jobs since 2015

Source: Technation

Notwithstanding the impact of Covid-19, the war for talent in London is having a real influence on the type of space occupiers are looking for.

London and the South East host more than half of European HQs for the world's largest 500 companies and in 2019, London received $9.7bn of venture capital funding into the technology sector, ranking it fourth globally. This reflects London's exceptional pool of talent, spanning finance, technology and creative industries. With many sectors competing for the same skills, it has become harder to attract key talent.

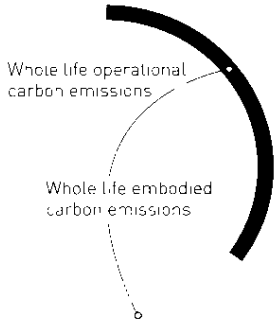
In this context, employers are using new and different means to appeal to employees. This includes office space which supports their wellbeing, more flexible ways of working and a more green and ethical approach to business.

Our response

Our newest developments deliver high quality, technology-enabled space. At 100 Liverpool Street, we are on track to receive a WELL Gold Certification for wellbeing and a WiredScore platinum rating for internet connectivity. 100% of our current new developments are on track to achieve BREEAM Excellent rating and all future developments will be net zero carbon.

Focus on sustainability

Indicative relationship between operational and embodied carbon emissions for offices



■ Embodied emissions to practical completion
Embodied emissions from fit out, refurbishment and deconstruction
Operational emissions from energy use

Source: RIBA, British Land

This year, the urgent need to address climate change attracted media and public attention on an unprecedented scale. With buildings and construction together accounting for nearly 40% of global CO_2 emissions, our industry has a real responsibility to act quickly. Not only is this the right thing to do, it is increasingly what our shareholders and our customers expect, and we believe will drive commercial advantage.

By reusing existing materials, which is everything from the building's structure to its furniture, and by sourcing any new materials responsibly, we can minimise the carbon impact of development. With more thoughtful construction, leveraging technology to deliver operational efficiencies, we can further reduce emissions over a building's lifetime.

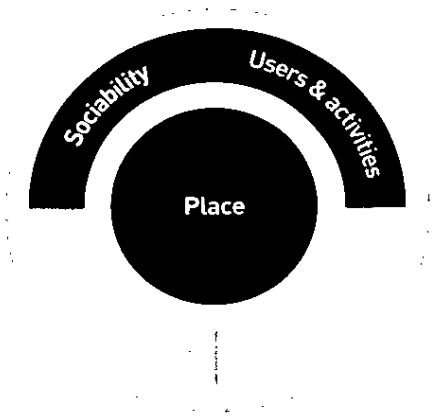
As an industry, we have come together to tackle climate change, pledging to deliver net zero carbon portfolios through a Climate Change Commitment launched by the Better Buildings Partnership.

Our response

Our 2030 sustainability strategy, includes a commitment to achieving a net zero carbon portfolio by 2030. This supports our business with research by JLL demonstrating that sustainability can drive value through higher rents and faster leasing.

Social inclusion

What makes a successful place



Source: Project for Public Spaces

There is a growing expectation that operators of public space have a responsibility to the wider community to create places that have a positive impact. This is particularly evident during the Covid-19 crisis when many property companies responded proactively, providing financial and practical support to businesses and communities in need.

Longer term, there is an expectation that places are inclusive. This may include the provision of social housing, alongside green and open spaces, places for communities to come together and opportunities for learning, development and employment.

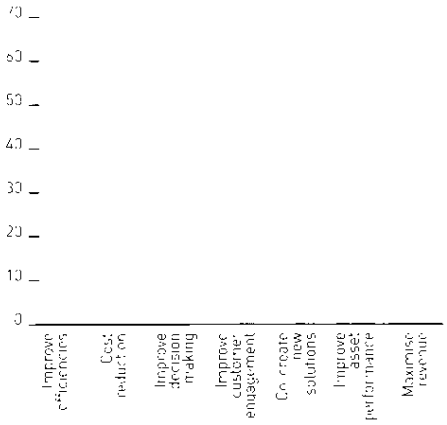
Operators of public space also have a responsibility to ensure fair and ethical practices throughout their supply chain, including fair pay for those working across their spaces.

Our response

Our 2030 sustainability strategy sets out a clear plan to grow social value and wellbeing and includes clear metrics against which we will measure our performance. We promote ethical working practices through our Supplier Code of Conduct.

Role of technology

Why companies invest in PropTech %



Source: KPMG

Today, real estate is a more customer focused business with technology playing an increasingly important role in improving the user experience.

Data collection and analysis is at the heart of this. Data can demonstrate how space is used, helping us refine our offer to meet more of our customers' needs. For example, data-driven insights can help to identify the right mix of uses and the right operators for our schemes. Technology can also help us personalise space, potentially generating improved efficiencies for us and our customers.

Importantly, technology has a role to play in delivering buildings which are more sustainable, for example by monitoring carbon emissions and energy usage and innovating to find ways to reduce that impact.

Our response

Our dedicated Smart Places team is focused on delivering digital placemaking in our developments and evaluating opportunities to enhance the digital capabilities of our standing portfolio. Our investment into Fifth Wall, a PropTech fund, keeps us alert to the wider possibilities in this space.

Market backdrop

Our operations are entirely located in the UK, so were unaffected by Covid-19 for the first 11 months of the financial year. This review provides context for our performance across the year ended March.

Macro-economic context

The backdrop remained volatile throughout the year, reflecting continued Brexit uncertainty and a fast-changing political environment including December's General Election. The decisive election result and subsequent greater clarity on Brexit improved confidence, but this dropped markedly as the Covid-19 situation developed through February and March. Most shops selling non-essential goods and services, including entertainment, dining and leisure remain closed. The longer term economic impact of these restrictions is expected to be significant, albeit hard to quantify and despite Government support, the Office for Budgetary Responsibility's illustrative projections are for GDP to decline 13% in 2020, with an improvement in 2021 (based on 14 April 2020 report).

London market

The London investment market was subdued in the first half of the year with investors cautious pending greater clarity on Brexit, but there was a notable uptick in activity after the election with £4.4bn of Central London deals in the quarter to December 2019, and yields were widely expected to contract. However, in the wake of Covid-19, a number of transactions were cancelled or postponed, leading to a drop in volumes for the quarter to March 2020. While confidence may be impacted in the short term, longer term the market is underpinned by sound fundamentals and in the context of global uncertainty, London real estate is considered a relative safe haven. These factors should support the investment market longer term.

Occupier demand for high quality, well located space remained strong throughout the year. Take up in our markets was up 2% in the year, ahead of the long term average and prime rents increased moderately in both the City and the West End to £73 psf and £110 psf, respectively.

A preference is also emerging for space which is sustainable with the rental premium for buildings which are rated BREEAM Outstanding or Excellent estimated by JLL to be c. 10% in central London. Flexible workspace continues to be important, and accounts for 12% of take up, although certain business models particularly those who do not own their own space, were struggling even prior to Covid-19, and for these operators, the current environment is proving particularly challenging. Activity slowed in March and looking forward, polarisation towards high quality, well located space is likely to accelerate. Supply is relatively constrained in these markets and pre-letting levels have remained healthy, with 61% of development under construction already taken.

Retail market

Retail markets remained challenging Investment volumes were low with investors very cautious on value given the challenges faced by occupiers while certain sellers are known to be under pressure, driving down pricing. Liquidity slowly returned to the retail park market, with several transactions announced in early 2020, albeit at relatively wide yields.

However, a number of these deals have since fallen away and activity was effectively halted as a result of Covid-19 with increased uncertainty around values. Demand for superstores was good throughout the year and there remains investor appetite for assets with alternative use, including standalone assets.

The occupational market remained tough throughout the year and deteriorated with Covid-19. Many of those with good underlying business models have suffered and despite significant support from many landlords and the Government, the outlook is uncertain and several operators have since entered CVA or administration. Retail deemed essential, including supermarkets and pharmacies, have performed better and across the market there is a renewed focus on supply chain and distribution networks.

Glasgow Fort

Our Strategy

Our long term strategic focus remains unchanged, but we will evolve or adapt our strategy as appropriate.

A Mixed Use Specialist

We have a clear long term strategy to build an increasingly mixed use business.

We expect many of the macro trends we have built our strategy around to accelerate as a result of the current crisis, so our long term strategic focus remains unchanged. However, it remains early days and we do not yet have clarity around what long term trends will emerge so we will remain alert as things develop and flexible in our approach, including evolving or adapting our strategy as appropriate.

Why mixed use?

We recognise that the way people use real estate is changing and that the most effective way to drive enduring demand for our space is to evolve our offer in line with those trends. In the wake of Covid-19, there is likely to be an increasing emphasis on workspace which is high quality, modern and supports more flexible working; places which benefit from green and open spaces are also more likely to be preferred. The ability to shop quickly and efficiently near to the place of work is a key advantage in the short term, and long term, people will again want opportunities to socialise or be entertained nearby. There is also a growing expectation that businesses and places of work minimise their impact on the environment and make a positive contribution to local communities. Workspaces which meet these expectations help businesses attract and retain talent and support productivity and effectiveness.

How does it deliver value?

A successful mixed use strategy, with strong environmental and social credentials is fully aligned to the evolving needs of our customers and how people use our places. By helping drive enduring demand for our space, it supports the delivery of long term sustainable value through rental growth and high occupancy. At our campuses and multi-let spaces we control not just the buildings, but the spaces between them. As such, investment we make into the broader environment has a positive impact on the value of our individual assets. As long term owners and managers of space, we are also fully incentivised to develop buildings which are sustainable and to invest in local areas to support the local communities around which we operate; we believe that by playing a role within a thriving local community, our places are better able to succeed.

Our scale and unique network also mean we have the flexibility to re-allocate uses within our places over time to better reflect the needs of our customers as they change and ensure that we always make the best use of our space.

How are we delivering it?

We have a clear and consistent plan to reshape our business to comprise three core, complementary elements as part of an increasingly mixed use business:

- **Campus focused London offices:** with a blend of core and flexible space, including the further build out of Storey, integrated alongside a world class retail and leisure offering
- **A smaller, more focused Retail portfolio:** high quality, accessible and well located assets which are affordable to retailers and can play a role facilitating online fulfilment such as click and collect. In London, assets focused on transport hubs, especially assets with mixed use potential
- **Canada Water and Residential:** plans for 3,000 homes at Canada Water with further opportunities within our portfolio

Progress on our strategy

Key focus areas and indicative business mix	Progress
Campus focused London Offices **60-65%** **Including Storey c.5%**	– Progressing development on our campuses and de-risking through pre-lets with 88% of our recently completed and committed developments now let to a broad range of occupiers – Creating options with 760,000 sq ft of planning applications submitted – Storey operational across 297,000 sq ft on all three campuses with further 90,000 sq ft identified – Smart-specific guidance documents produced for internal teams and supply chain; smart-enabled our head office bringing building systems and sensors into a single cloud environment, which will enable us to control and manage space remotely; selected partner to deliver our Campus app
Refocused Retail **25-30%**	– £296m assets (our share) sold since April 2019, 5% above book value – Outperformance on footfall and sales – Focusing on assets which support instore fulfilment and click and collect
Canada Water & Residential **c.10%**	– Completed on eight units in the period at Clarges with one unit remaining at a book value of £3m – Achieved resolution to grant planning at Canada Water and confirmation that the Mayor will not call in the scheme, positioning us to progress our masterplan which includes 3,000 new homes – Aldgate Phase 2, a BTR scheme delivering 159 units added to our near term pipeline with planning on the building now agreed

Business mix percentages have been revised downwards to reflect retail valuation declines

Campus focused London offices

At our London campuses, we create and manage some of the best connected, most accessible space in London. Located in vibrant and exciting neighbourhoods, they provide world class, modern and sustainable offices alongside public spaces, with a range of places to spend time outside of work. These unique campus benefits are the result of specific investment over many years and represent a clear attraction to businesses seeking to hire and retain the best people.

Increasingly what differentiates our space is the range of product and depth of services we provide. We have evolved our offer to attract a much broader range of industries and occupiers and to cater to their changing needs over time. Our menu of products spans more traditional core space, typically on long term leases, with a range of services priced on a bespoke basis; to fully fitted and furnished, generally on a short to medium term lease, with a basic package of services; to Storey, our fully serviced, flexible workspace offer.

Storey is deliberately differentiated from other flexible offerings in allowing occupiers to personalise their space through their own branding while benefitting from the shared amenities in the building and on our campuses. It has helped attract new types of occupier to our campuses, particularly tech and creative businesses who benefit from being located around some of the world's leading financial, legal and professional companies. Storey has also become a valued service for existing occupiers on our campuses, providing overflow or project space, and through Storey Club at Paddington, we offer ad hoc meeting and events space to all our Paddington occupiers.

A smaller, more focused Retail portfolio

In the context of rapid and fundamental structural change in retail, which could be accelerated as a result of Covid-19, we plan to reduce this part of our business to 25-30% of the total portfolio over the medium term. Retail will remain a significant part of British Land reflecting our longer term view that as part of an increasingly mixed use business, the right assets in the right locations will succeed. These include high quality, accessible and well located assets which are affordable to retailers and can play a role facilitating online fulfilment such as click and collect; in particular, retail parks which are more conducive to mission-based shopping and are open air, so people may feel more comfortable visiting. In London, we will focus on transport hubs, especially those assets with mixed use potential.

We have made £296m of retail disposals (our share) in the year, bringing total retail sales since we set out our plan in November 2018 to £610m but with more to do. Future sales will be selective and primarily comprise solus assets, with limited asset management potential, and some multi-let centres, particularly those outside London which do not fit our longer term strategy. In the context of today's valuations, our focus is on intensive asset management, keeping our assets full and exploiting demand for assets which support instore fulfilment and click and collect, so we expect progress on sales to be slower near term.

Residential

Residential is complementary to our existing expertise and longer term will be additive to our mixed use strategy. We see most potential to build exposure in this market at Canada Water where we have potential to deliver 3,000 homes; other opportunities in our portfolio, include Aldgate Phase 2, in our near term pipeline. Building this business organically is the most effective way of ensuring that our product is high quality, reflects our strategy, adheres to the highest standards of safety and sustainability but inevitably means that it will be delivered over a longer time frame.

Paddington Square

Sustainability – launch of 2030 strategy

Completion of 2020 strategy

At the end of FY20, we concluded our five-year sustainability programme, which drove progress across multiple environmental and social factors. We were particularly pleased to achieve a 73% reduction in carbon intensity, exceeding our target of 55% against our 2009 baseline, and a 55% reduction in energy intensity in line with our target of 55%

The programme helped us make sustainable new buildings our standard, with 100% of British Land's current new developments on track for BREEAM Excellent or above ratings, and in the last year we achieved a further step change by prioritising retro-fit above demolition. At 1 Triton Square, Regent's Place, we have saved 36,000 tonnes of embodied carbon compared to a typical new build and will achieve a 40% reduction in operational emissions, which we expect to result in an Outstanding BREEAM rating. At Broadgate's 100 Liverpool Street we expect an Excellent BREEAM rating due to the retro-fit, alongside WELL Gold certification and a WiredScore platinum rating for internet connectivity.

Our ability to support the communities where we operate has increased through the programme. We have supported 1,745 individuals into employment, exceeding our target of 1,700 and 96% of strategic suppliers have now adopted our Code of Conduct, mandating responsible business practices throughout operations associated with British Land. Our long-standing partnership with the National Literacy Trust has now helped 42,700 children improve their reading ability.

Looking forward

As we conclude our 2020 programme, we are pleased to launch our new targets for 2030. Building on the momentum we have established over the last five years, these targets will be similarly stretching and will focus on two areas where action is most urgent:

1 Creation of a Net Zero Carbon Portfolio by 2030

The main drivers of this will be:

- All developments delivered after April 2020 to be net zero embodied carbon
- A 50% reduction in embodied carbon emissions at our developments, to below 500kg CO_2e / m^2 by 2030
- A 75% reduction in operational carbon emissions across our portfolio by 2030
- Creation of a Transition Fund, resourced by an internal carbon fee at £60/tonne levied on new developments, to finance retrofitting of our standing portfolio, including research and development.

To bring focus to operational performance, we undertook a pilot certification of seven assets under BREEAM In Use. We will certify a further 30 assets over the next 24 months and have underpinned this goal with the announcement in March of a £450m ESG linked Revolving Credit Facility that requires a continual increase in green building certifications.

With a growing number of London businesses making firm commitments to reduce their carbon footprint, strong sustainability credentials are an increasingly relevant and important part of our overall leasing offer. Research from JLL demonstrates that buildings rated BREEAM Outstanding or Excellent generally achieve a premium of c. 10% compared to prime rents, and 24 months post completion achieve a lower vacancy rate of c.7% compared to c.20% for a building rated Very Good.

2 A place-based approach to social contribution

As a long term investor in places, we help build relationships with local people and organisations that generate mutual benefit. Examples include our Recruitment & Skills centre at Fort Kinnaird and our Community Fund at Regent's Place. We will now adopt this place-based approach across our entire managed portfolio, deepening connections between stakeholders – ourselves, our communities, customers and supply chain partners – in pursuit of a shared local goal. Using the framework of our Local Charter, our ambition is to increase the resilience and community experienced by everyone in and around our places, so the benefit is shared widely. Our reporting will also shift over time from focusing on British Land's input to the social outcomes that result from our approach.

We will run three pilots building on our work at Regent's Place and Fort Kinnaird. Through these we will define common parameters and support for our place teams, enabling decisions to be devolved to a local level.

Supporting communities through Covid-19

Supporting local communities has been at the heart of our response to Covid-19. In 2008 we established a community investment fund, which now commits over £1.3m of funding annually through which we have provided support to those most in need. We were able to swiftly deploy part of the fund to support our communities through the crisis. We funded expert strategic advice for the leadership teams of our partners from the CASS Centre for Charity Effectiveness to help them deal with the crisis, as well as funding bespoke employment support programmes through organisations such as the East London Business Alliance for those whose livelihoods were affected. Elsewhere we helped individuals to develop new skills and donated equipment to support non-profit organisations to work effectively from home. In 20 of our places, we also worked with the National Literacy Trust to support vulnerable families with home schooling to maintain their children's progress.

Commitment to leadership

Our continued strong sustainability performance is reflected in our rankings in ESG indices, including a green star rating for the tenth consecutive year in the Global Real Estate Sustainability Benchmark (GRESB), AAA rating in MSCI, 96th percentile in Sustainalytics for our sector, and inclusion in FTSE4Good and Dow Jones Sustainability Indices (DJSI) 2019. We have been a signatory to the UN Global Compact since 2009 and will continue to support human rights, fair labour practices, good environmental performance and oppose corruption through our strategy, governance and business operations.

See page 40 for more details on our 2030 strategy

Business Review

Portfolio valuation

£11.2bn

Occupancy

96.6%

Weighted average lease length to first break

5.8 years

Total property return

(6.4)%

ERV movement

(4.7)%

Valuation movement

(10.1)%

Portfolio performance

At 31 March 2020	Valuation £m	Valuation movement %	ERV movement %	Yield shift bps	Total property return %
Offices	6,773	2.3	3.2	-4	5.7
Retail	3,873	(26.1)	(11.7)	+101	(22.6)
Canada Water	364	9.8	na	na	14.3
Residential	147	(2.7)	na	na	(0.1)
Total	11,157	(10.1)	(4.7)	+38	(6.4)

Overall, the portfolio was down 10.1% in value. All of our valuation reports include a "material valuation uncertainty" disclosure. This states that valuers can attach less weight to previous market evidence for comparison purposes, and thus less certainty – and a higher degree of caution – should be attached to their valuations than would normally be the case. The valuers clarify that this does not mean that the valuations cannot be relied upon.

We delivered a value increase of 2.3% in Offices, led by developments (+7.5%), and supported by good ERV growth, which reflected a lack of quality supply in all submarkets, with ERVs in the City up 4.5% and up 2.4% in the West End. While we have seen some variation between the campuses, with the value of Broadgate +4.7% and Paddington Central +1.9%, these were driven by campus-specific lease events.

Retail values declined 26.1% reflecting ongoing structural challenges compounded by the impact of Covid-19. Our third party valuers made Covid-19 adjustments in respect of their FY20 valuations which included the following and together these adjustments accounted for a c.6% valuation decline:

- deducted three months rent roll on all non-essential retail as a capital sum
- non-contractual income such as commercialisation deducted as a capital sum for a period of six months
- increasing yields by between 25-100bps based on the quality of the scheme and current yield profile
- increasing void periods to reflect additional leasing time
- increasing structural vacancy

In addition, throughout the year there has been little transactional evidence, particularly for larger lot sizes. As a result, we have seen significant outward yield shift for prime assets. There were signs towards the end of the financial year that limited activity was returning to the retail park market, with a number of transactions announced, but this was superseded by the impact of Covid-19.

Canada Water valuation increased 9.8% reflecting good progress on planning, albeit the value declined slightly in the second half as a result of the impact of Covid-19 on the retail existing use element of the valuation. This effect should unwind on drawdown of the headlease and the adoption of a development valuation for the masterplan.

Offices outperformed the Central London Office benchmark and the All Offices benchmark. However, Retail underperformed the benchmark which saw the strongest performances from superstores and high street shops. As a result and reflecting the continued strength of industrials where we have no exposure, the portfolio underperformed the IPD All Property total return index by 600bps over the year.

Capital activity

From 1 April 2019	Offices £m	Retail £m	Residential £m	Canada Water £m	Total £m
Purchases	86	13	19	–	118
Sales[1]	–	(296)	(86)	–	(382)
Development Spend	243	9	5	25	282
Capital Spend	69	34	–	–	103
Net Investment	398	(240)	(62)	25	121
Gross Investment	398	352	110	25	885

On a proportionally consolidated basis including the Group's share of joint ventures and funds

1 Includes Clarges residential sales of £86m, of which £6m exchanged prior to FY20

The total gross value of our investment activity since 1 April 2019 was £885m with retail disposals accounting for £296m (our share). Our sale of 12 Sainsbury's superstores to Really Income Corporation in April 2019 for £429m (our share £194m) was the largest single component of this and was achieved at a modest premium to book. In line with strategy, we have continued to make sales from our standalone (solus) portfolio, including a leisure asset and a Homebase both of which sold significantly ahead of book but have been more pragmatic on other assets with a standalone Debenhams and a Sainsbury's superstore sold below book. Post year end, we agreed the sale of a standalone Tesco in Bristington on an unconditional basis at book value (£42m), with completion expected later this month. We also exchanged and completed on the sale of our share of a portfolio of reversionary interests in Sainsbury's superstores for £102m.

The most notable purchase in the year was a 25% interest in West One, a shopping centre and offices building, above Bond Street station. This 92,000 sq ft scheme provides attractive long term potential and is in line with our plan to become an increasingly mixed use business. Working with Norges who retain ownership of 75% we will assume responsibility for the asset management and any future development, generating a fee income.

At Clarges, we completed on the sale of eight units, bringing total completed units to 33 with receipts totalling £446m. This leaves one unit remaining, valued at £3m. This has been a highly successful scheme, delivering profits of c.£200m to date.

At Aldgate, we have acquired Barratt's 50% share in our Phase 2 build-to-rent residential-led scheme which has now been added to our near term pipeline. We also completed the purchase of 6 Orsman Road, Haggerston for Storey for £32m.

Data and insights

The insights we generate from data and research help us to understand the needs of our customers. This information can play a real and fundamental role in decision making around leasing, asset management and capital allocation helping to generate incremental value for shareholders and our customers

This year, we completed our largest ever B2B customer satisfaction survey, spanning retail, office and Storey customers, including 141 senior decision makers, 65 facilities managers and 737 store managers. The research gauged satisfaction with us as a landlord and collected feedback on how service had changed over time, how we compare to competition and what we could do to better support our customers, and changes were implemented as a result We completed the roll out of footfall counters to our campuses, enabling us to better understand how many people visit and the flow around the campus, helping us to tailor our offer, and we are trialling machine learning to estimate the performance of our retailers at our campuses.

Smart Places

Our Smart Places team deliver digital placemaking across our London campuses, using technology to enhance the experience and operation of our places. We have a clear vision of the functionality and experience that smart *should deliver for our customers.* Through the course of this year we have engaged with our supply chain to provide clear guidance on how to design and specify smart technology in line with our expectations during development and fit out. We smart-enabled our head office in York House, bringing building systems and sensors into a single cloud environment, which will enable us to control and manage space remotely, giving us much greater understanding and control over how our building operates, allowing us to find efficiencies with both energy usage and space utilisation. We have selected Equiem as a partner to deliver a campus app, initially at Broadgate, with the aim to roll out across our other London campuses in 2021. This builds on the experience we had during FY20 developing and publishing the StoreyPortal app across Storey and Storey Club which gave users a seamless interface to book meeting rooms, arrange catering, book in guests and access space. Reflecting this good progress, we were thrilled to win "Best Adoption of Tech" at the 2019 UK Proptech awards.

Campus focused London offices

Campus operational and financial highlights

- **Portfolio value up 2.3%, with the City up 3.7% and the West End up 1.4%**
- **ERV growth of 3.2% across the portfolio, with the City strong, +4.5% and the West End +2.4%**
- **Yields saw 14bps contraction in the City and no change in the West End**
- **Activity generating like for like income growth of 0.8%**
- **Leasing activity covering 946,000 sq ft representing £40m of rents**
- **New lettings and renewals on investment portfolio signed 9.1% ahead of ERV**
- **360,000 sq ft rent reviews agreed 6.5% ahead of passing rent adding £1.1m to rents**
- **Occupancy of 97.3%**

Campus operational review

81% of our Offices are located on our three central London campuses, each benefitting from excellent transport connectivity and vibrant local neighbourhoods which are an important part of their appeal. Building on this, our strategy is focused on expanding the mix of uses, to enhance the retail, dining and entertainment offer, embedding our places more firmly within the local community and appealing to a broader mix of occupier.

We agreed 946,000 sq ft of new lettings and renewals in the period, overall 9.1% ahead of ERV as our high quality, well located space continued to drive a premium. Leasing activity inevitably slowed in the final month of the year, but we are under offer on 220,000 sq ft and in negotiations on another 160,000 sq ft. We are continuing to conduct virtual viewings and have responded to 375,000 sq ft of new RFPs since the crisis began.

Each of our campuses has remained open and fully operational throughout the Covid-19 outbreak although physical occupancy was significantly reduced with the majority of people working from home.

Broadgate

Broadgate: Continued strong leasing

Our 1m sq ft development programme at Broadgate is nearing completion and is now 83% let. We have also let well on our standing portfolio, with 51,000 sq ft of leasing at Broadgate Tower, and challenger bank Monzo taking 124,000 sq ft at Broadwalk House.

At 100 Liverpool Street (524,000 sq ft), Bank of Montreal committed to 60,000 sq ft and Japanese Bank SMBCE increased their commitment by 22,000 sq ft taking their total occupation to 184,000 sq ft. As a result, the office space is now 84% pre-let. In retail, we also made good progress this year, we signed L'Occitane, John Reed Gyms, Tommy Hilfiger, Monica Vinader and Space NK in the second half and are under offer on three restaurants. Sitting at the entrance to Liverpool Street and the new Crossrail station, these are prime retail locations.

At 1 Finsbury Avenue (287,000 sq ft), which completed at the end of FY19, we are under offer on a third restaurant and a leisure operator, which will join two existing restaurants. Technology firm Workday also signed for 29,000 sq ft in the second half; and 73,000 sq ft is allocated to Storey.

At 135 Bishopsgate, which reached practical completion in the second half, we let 9,700 sq ft to FinTech operator FNZ and are under offer on a further 20,000 sq ft, leaving only 7,000 sq ft (representing 10% of space) available to let. Post completion works are well underway, albeit progressing more slowly due to Covid-19 restrictions

Rent reviews with existing occupiers were agreed on 57,000 sq ft, 10% ahead of passing rent and the campus is virtually full, with occupancy of 97%. Overall, we delivered a valuation uplift of 4.7% reflecting ERV growth of 5.0% and yield contraction of 14bps.

Paddington Central: Recommitment of largest occupier

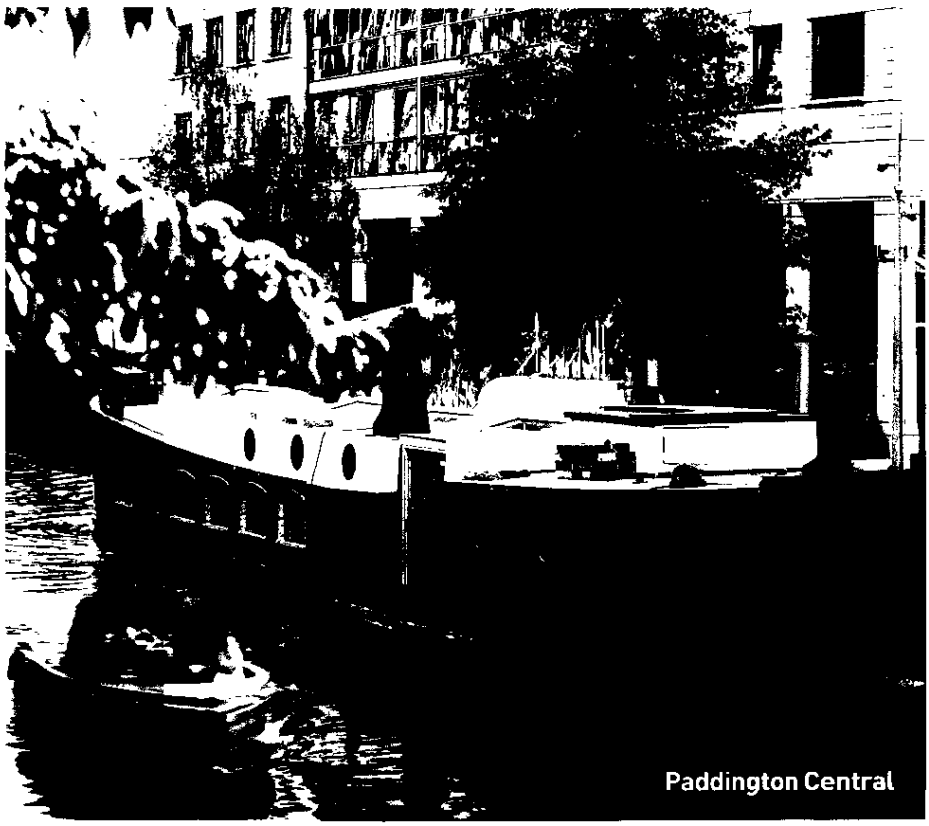
At Paddington Central, the key leasing event was Visa's recommitment to 1 Sheldon Square with the term extended by six years, demonstrating that the work we have done here is delivering results. We are improving the variety of our F&B offer. The Grand Duchess floating restaurant and a fifth barge, The Cheese Bar, will launch when conditions allow, further enhancing the waterfront and helping to create a dining destination along the Grand Union Canal.

We delivered a valuation uplift of 1.9%, with yield contraction of 1bp. ERV growth at 0.9%, was reduced by the valuer's treatment of Visa's lease extension which changed from a headline to a net effective basis, although the Visa rent was increased. Occupancy is 98%.

Regent's Place: Repurposing existing space

Consistent with trends at Broadgate and Paddington Central, existing space is also letting well at Regent's Place with 45,000 sq ft let to Skyscanner at 338 Euston Road and Mind Gym, a learning and development specialist taking space at 350 Euston Road. We have continued to strengthen our retail offer with space let to Acai Berry, the Amazon Boost Superfood Bar and renewed leases to Starbucks and Daisy Green. We opened a new café at 17-19 Triton Square entirely built from recycled materials with a more sustainable approach to food, and we are on site with a programme of public realm improvements, including a new community park.

The value of Regent's Place was up 2.6%, with yield contraction of 1 bp and ERV growth of 3.6%. Occupancy is at 97%.



Paddington Central

Storey: our flexible workspace brand

Storey, our flexible workspace solution, launched three new buildings over the year, bringing the total space operated to 297,000 sq ft. It is a deliberately differentiated concept providing high quality private workspaces in great locations across London, which customers can brand and personalise themselves. With nearly 70% of customers being UK/European HQs for scale up or large multinational companies, Storey appeals to businesses with 50+ people on average, who want larger floor plates, lower density and private meeting spaces. Now in its third year, Storey provides an additional level of flexibility and service for British Land customers, becoming an integral part of London campuses, supporting our "core-flex" strategy.

Occupancy across stabilised buildings was 92% at year end and remains unchanged. Progress at new buildings has been encouraging, including 1FA where we have let space to 11:FS, a digital financial services firm for banks. At Wells Street, our first standalone building, we are fully let with a recent letting to data management firm Datastax. Average lease lengths are now 26 months to term certain and retention rate is 68% based on lease events, with a further 19% of customers having expanded within Storey.

Storey Club, which offers ad hoc workspace, meeting and dining rooms, launched at Paddington Central in the year. This has proved a popular resource with 80% of Paddington occupiers having made chargeable bookings as well as hosting events and workshops aimed at campus occupiers and the local community.

Looking forward, we are committed to a further 90,000 sq ft across 2 Kingdom Street, 6 Orsman Road and 100 Liverpool Street, which is nearing completion and will include Storey Club space.

Smaller, more focused Retail

Retail operational and financial highlights

- **Total Retail portfolio value down 26.1% reflecting ongoing structural challenges and the early impact of Covid-19**
- **Yield expansion of 101bps; ERVs down 11.7%**
- **Leasing activity 1,361,000 sq ft**
- **Deals of more than one year were 4% below previous passing rent; retention rate of 72%**
- **Further 1.2m sq ft of rent reviews agreed with existing occupiers, 3.6% ahead of passing rent**
- **High occupancy maintained at 95.7%**
- **Like for like income down 5.1% primarily due to the impact of CVAs and administrations**
- **CVAs and administrations reducing annualised contracted rent by £11.3m**
- **Footfall down 2.3% for the year, 460bps ahead of benchmark; like for like sales down 2.1%, 390bps ahead of benchmark**
- **£296m (British Land share) non-core assets sold since April 2019**

Performance review

Operational performance

With markets challenging, even prior to the impact of Covid-19, our focus has been on driving operational performance and keeping centres full. This has required a more pragmatic approach at some locations but we have maintained occupancy at 96%, leasing 1,361,000 sq ft, with leases greater than one year on average 4% below previous passing rent, with an average lease term of 6.7 years and average incentives of 10 months.

We have seen an increased proportion of temporary deals (less than one year), particularly where units have become vacant at short notice as a result of CVAs or administrations – these now account for 28% based on headline rents.

At Meadowhall, we signed 15 long term deals, overall 7% below previous passing rent. New additions included Rituals, Frasers, Lovisa and Deichmann. Elsewhere on the portfolio, we agreed four new leases with Wren Kitchens, two with Superdrug as well as new deals with Marks and Spencer at Giltbrook, Nottingham, Lidl at Orbital, Swindon and Boots at Nugent, Orpington.

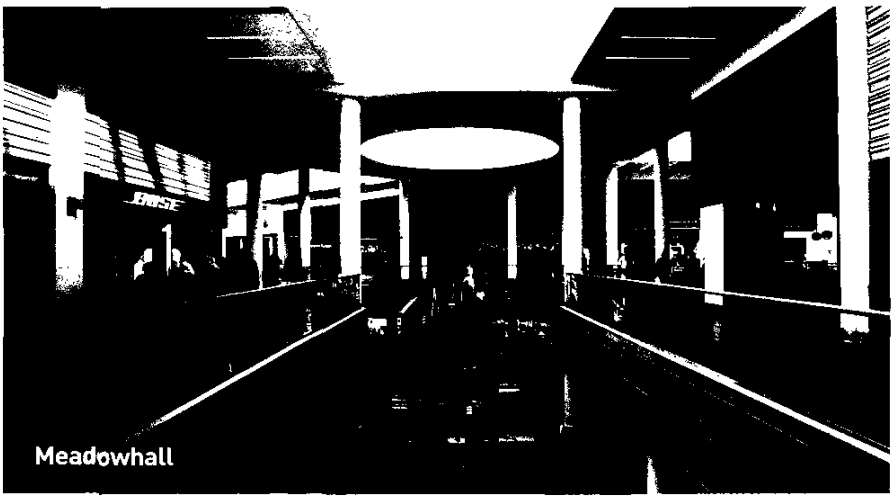
We have continued to outperform on footfall and like for like sales, which were down 2.3% and 2.1% respectively reflecting the market, but were 460bps and 390bps ahead of benchmark. In the period since the lockdown, from 23 March until 10 May, footfall was down 78%, 700 bps ahead of benchmark and like for like sales were down 82%. Grocery anchored sites performed better, with footfall down 70% and sales down 42%.

CVAs and administrations

CVAs and administrations impacted 118 units in the year of which 29% were unaffected; rent reductions resulted in a loss of £5.5m in contracted rent, with store closures accounting for a further £5.8m, together totalling £11.3m on an annualised basis. Several of our customers entered administration post year end, including Debenhams, accounting for a further £5.1m of lost contracted rent.

Capital activity

In November 2018 we set out a clear plan to refine our Retail portfolio to deliver a smaller, more focused business representing 30-35% of total assets, we have revised this to 25-30% given the subsequent reduction in values. Since November 2018, we have made £610m (our share) of retail sales with £296m (our share) achieved this year. The sale of 12 Sainsbury's superstores to Realty Income Corporation accounted for the majority (£194m British Land share) but we also sold a leisure asset in the first half and four solus retail assets towards the end of the second half.



Meadowhall

"The main reason we have heavily committed to the centre is that we believe it's the best shopping centre in the country, not only because it offers our customers a fantastic shopping experience but because the centre is managed by amazing people that are approachable, supportive and professional. As you rightly say these are unprecedented times and we would like to thank everyone in the Broadgate and British Land teams for the invaluable support."

Independent retailer, Meadowhall

Development

At 31 March 2020	Sq ft '000	Current Value £m	Cost to complete £m	ERV £m	ERV let £m
Recently completed	730	411	2	20	17
Committed	890	763	76	42	37
Near term	1,007	228	605	49	–
Medium term	6,861				

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

Portfolio

Developments are a key element of our investment case as a fundamental driver of sustainable value and growth for the long term. Recently completed and committed developments total 1.6m sq ft and are now 88% let, securing £54m of future rent. This means that speculative exposure is low at 0.6% of portfolio value and costs to come on our committed pipeline are £76m.

Our approach has been to create opportunities for development across our portfolio and in London, where long term fundamentals are strong and there are limited opportunities to acquire assets with development potential, this is a key competitive advantage. In addition, the majority of space in our development pipeline is either income producing or held at low cost, enhancing our flexibility, so we have attractive options we can progress as and when appropriate. If we were to commit to our near term pipeline, our speculative exposure would increase to 7.7%, below our internal risk threshold for speculative development of 8%. Although we will not make further commitments until we have more clarity on outlook.

Construction cost forecasts pre Covid-19 suggested that the rate of growth was likely to be moderate compared with long term historical trends, owing to the continued market uncertainty surrounding Brexit and weaker global growth. However, since Covid-19, there is increased market uncertainty; raw material costs have decreased, wages are static, low productivity is prevalent and market consolidation is expected. This suggests that short term tender price inflation is likely to be very low. This is still set against the risk that a prolonged delay to Brexit terms being agreed increases material costs and reduces labour supply in 2020/21. Therefore, the anticipated range of cost inflation is expected to be between 2%-4% per annum. To mitigate this risk, 97% of the costs on our major committed development programme have been fixed.

Campus developments

Our long term strategy focuses on our London campuses. Development is an important part of how we will deliver that, enabling us to provide new and refurbished space to meet the future needs of occupiers. This has a positive impact beyond the individual building, which supports our overall offer and is reflected in our leasing performance on existing space as well as developments.

Completed developments

We reached practical completion at 1 Finsbury Avenue (287,000 sq ft) in FY19 and 135 Bishopsgate (335,000 sq ft) this year. At 1 Finsbury Avenue, we are now 85% let by ERV (including let Storey space) rising to 97% including all space allocated to Storey. We have four retail units left to let and all office occupiers have now taken occupation. At 135 Bishopsgate, we are now 90% let by ERV, with just 7,000 sq ft remaining.

Committed developments

Our committed office development pipeline is now focused on two buildings, 100 Liverpool Street at Broadgate and 1 Triton Square at Regent's Place together covering 890,000 sq ft. We initially suspended works at both, as a result of Covid-19 restrictions, which has pushed out completion dates (see Covid-19 operational update on page 73), but work has now recommenced albeit on a restricted basis.

100 Liverpool Street (524,000 sq ft) is 84% let on the office space and with 45,000 sq ft allocated to Storey, we have only 20,000 sq ft left to let. The building is on track to achieve a BREEAM excellent rating, a WELL Gold Certification for Wellbeing and a WiredScore platinum rating for internet connectivity. Sustainability has been integral to the design and delivery of this building; by retaining half of the existing structure we have saved 7,200 tonnes of embodied carbon and are on track to save a further 4,100 tonnes through carbon-efficient design and use of low carbon materials. More than half of the construction spend has been with businesses in the City and neighbouring boroughs, ensuring local people benefit from our development.

At 1 Triton Square, Regent's Place, we are fully pre-let on the office space to Dentsu Aegis Network on a 20-year lease. The building topped out in the year and subject to social distancing requirements, we are now targeting practical completion in calendar Q2 2021.

Near term pipeline

Our near term pipeline covers more than 1m sq ft. At Norton Folgate we have consent for a 336,000 sq ft scheme comprising 257,000 sq ft of office space alongside retail and residential space, to create a mixed use development which is in keeping with the historic fabric of the area. Our plans envisage a mix of floorplates, to appeal to small and growing businesses as well as more established organisations, particularly in the technology and creative sectors. We have commenced enabling works meaning we are able to begin construction when appropriate.

At 1 Broadgate, we have consent for a 538,000 sq ft office-led scheme, including 137,000 sq ft of retail, leisure and dining space, connecting Finsbury Avenue Square with retail at 100 Liverpool Street and the Broadgate Circle.

At Aldgate Place, Phase 2 is a build-to-residential scheme delivering 159 homes with 19,000 sq ft of office space. We have achieved planning consent for our revised building layout and will be submitting a second application on the landscaping in the coming months. We would not expect to start on site until we have greater clarity on the market outlook.

Medium term pipeline

We have three campus developments in the medium term pipeline, together covering more than 1m sq ft. These buildings progress our mixed use campus vision and support future income growth.

The most significant scheme is 2-3 Finsbury Avenue at Broadgate where our plans add 313,000 sq ft to the existing space to deliver a 563,000 sq ft office-led scheme. The building is currently generating an income through short term, more flexible lettings, including 51,000 sq ft allocated to Storey.

At 5 Kingdom Street, Paddington Central, our planning application to increase our consented scheme from 240,000 sq ft to 429,000 sq ft was rejected by Westminster City Council but has since been called in by the Mayor and we are awaiting a decision. The scheme includes the opportunity to develop a former Crossrail works site which reverts to British Land on completion of Crossrail, providing 80,000 sq ft of community, retail, leisure and cultural facilities, reflecting feedback from focus groups and residents who we consulted on how this space could best be used. At the Gateway Building, Paddington, we have consent for a 105,000 sq ft premium hotel.

Retail development: enhancing and repositioning our portfolio for the future

In line with our disciplined approach to capital allocation and reflecting our longer term view on the role of retail within our portfolio, we do not expect to undertake significant retail development in the near term. We do however maintain a range of opportunities across our portfolio which preserve our optionality but we would only commit to projects which are aligned with our strategy, most likely comprising a mixed use element, and when market conditions are supportive.

Completed developments

We completed our 108,000 sq ft leisure extension at Drake Circus, Plymouth comprising a 12-screen cinema and 14 restaurants which is 67% let.

We have no committed retail developments.

Medium term pipeline

Our medium term pipeline is focused on mixed use opportunities. At Ealing Broadway, we are working up plans for an exciting new 303,000 sq ft office-led mixed use scheme that will sit adjacent to our Ealing Broadway shopping centre, outside the new Crossrail entrance. The first step is a refurbishment of 54 The Broadway where we are on site delivering 20,000 sq ft of offices. At Eden Walk, Kingston (jointly owned with USS) our consented mixed use development plans include 380 new homes, alongside shops, restaurants and 35,000 sq ft of flexible office space. At Meadowhall, we have consent for a 333,000 sq ft leisure extension but are unlikely to progress this in the current environment.

100 Liverpool Street

Canada Water: 53 acre masterplan for a new urban centre in Central London

Highlights

- **Secured resolution to grant planning permission for the Canada Water Masterplan, a 5m sq ft mixed use scheme, unanimously supported by Southwark Council**
- **Received Stage 2 confirmation from The Mayor of London that he will not be calling in the application for further consideration**
- **Drawdown of the headlease may be delayed due to impact of Covid-19 on finalising the S106 Agreement; anticipated earliest summer 2020**
- **Net valuation movement up 9.8% to £364m reflecting progress on planning**

"British Land's support makes it possible for local kids to take football seriously. That goes beyond the game – our players are learning what it means to work hard and be part of a team so they're developing a real sense of community and responsibility. British Land gave their time, provided practical help with our business plan and they're amongst our most enthusiastic fans!"

Jamie Mehmet,
Ballers Football Acadamy

At Canada Water, we are working with the London Borough of Southwark to deliver a 5m sq ft mixed use scheme, including 3,000 new homes alongside a mix of commercial, retail and community space. The site is located on the Jubilee line and the London Overground, making it easily accessible from London Bridge, the West End, Canary Wharf, Shoreditch and South West London. It will also be an indirect beneficiary of Crossrail, which will reduce pressure on the Jubilee Line between Canary Wharf and Bond Street. It covers 53 acres including the dock area, providing 48 acres of developable land.

In September we received a resolution to grant outline planning on the entire 5m sq ft masterplan from Southwark Council, including detailed consent on the first three buildings, covering 580,000 sq ft. In February 2020, we received confirmation from the Mayor of London that he would not be calling in the scheme for further consideration. Following the completion of the S106 Agreement and issue of planning permission, which may be delayed due to the impact of Covid-19 on finalising the S106 Agreement, we will be in a position to draw down the headlease under the terms of the Master Development Agreement signed with Southwark Council in May 2018, which we anticipate being earliest summer 2020. This will combine the ownership of our assets at Canada Water into a single 500-year headlease, with Southwark Council as the lessor. At that point, British Land will own 80% of the scheme with Southwark Council owning the remaining 20% and going forward, they will be able to participate in the development, up to a maximum of 20% with returns pro-rated accordingly.

The resolution to grant planning decision, which was unanimously agreed by Southwark Council is a positive endorsement of our programme of engagement with the local community, which has included over 120 public consultations and local outreach events, attracting over 5,000 individuals. As part of this, we worked with Southwark Council to develop a Social Regeneration Charter which captures local residents' priorities for the benefits of the development, and proposals for how these will be delivered.

Sustainability has been integral to our approach from the start, and we are committed to a strategy that ensures the masterplan will support low carbon living. In total, a minimum of 35% of the 53 acres will be public open space and we will be planting more than 1,200 additional trees, both on and offsite. Our plans will also benefit the existing and growing local community, with investment into education, health and community facilities in the local area.

The first three buildings will deliver 265 homes, of which 35% will be affordable (split 70:30 between social rent and intermediate housing), as well as a new leisure centre, new public spaces and improved pedestrian connections. Building K1 will be solely residential while building A1 will provide a mix of residential and workspace and building A2 will provide workspace and the new leisure centre. Both A1 and A2 will include retail at ground floor.

Potential funding structures will be explored on formal receipt of planning, ahead of which, we are seeing interest in the space from a range of sectors and discussions are underway on several buildings. This year, we announced our partnership with TEDI-London, a higher education establishment led by Arizona State University, Kings College London and UNSW Sydney to deliver an engineering curriculum at Canada Water.

The net valuation movement for Canada Water over the year showed an uplift of 9.8% reflecting the progress made on planning.

Resilient performance in a challenging market

[illegible]	[illegible]	2020
Underlying earnings per share[1,2]	34.9p	**32.7p**
Underlying Profit[1,2]	£340m	**£306m**
IFRS (loss) after tax	£(320)m	**£(1,114)m**
Dividend per share	31.00p	**15.97p**
Total accounting return[3]	(3.3)%	**(11.0)%**
EPRA net asset value per share[1,2]	905p	**774p**
IFRS net assets	£8,689m	**£7,147m**
LTV[1,4,5]	28.1%	**34.0%**
Weighted average interest rate[5]	2.9%	**2.5%**

1 See Glossary on website for definitions
2 See Table B within supplementary disclosure for reconciliations to IFRS metrics
3. See Note 2 within financial statements for calculation.
4 See Note 17 within financial statements for calculation and reconciliation to IFRS metrics.
5 On a proportionally consolidated basis including the Group's share of joint ventures and funds.

Overview

Financial performance for the year was resilient in the context of significant sales over the last two years, an especially challenging retail environment and the impact of Covid-19 which arose in the fourth quarter and so primarily impacted the balance sheet valuations. Underlying earnings per share (EPS) were down 6.3% at 32.7p, while Underlying Profit was down 10.0% at £306m. The impact of lower profits on EPS has been partially mitigated by the effect of share buybacks which added 1.1p in the year.

Capital activity (sales net of acquisitions and share buybacks) decreased EPS by 1.4p in the year. Proceeds from sales have been deployed into our value-accretive development programme. The recently completed and committed schemes are expected to generate EPS accretion of 4.2p once fully let based on expected rental income of £62m, of which 88% is pre-let. Setting aside capital activity, earnings decreased by 0.8p, primarily due to increased provisioning for tenant incentives in light of Covid-19. Cost savings through administrative and financing activities offset the impact of retailer CVAs and administrations throughout the year.

Since April 2019, we have completed £0.9bn of gross capital activity. This includes £296m sales (our share) of income producing assets, primarily the sale of 12 Sainsbury's superstores to Realty Income Corporation in April 2019 for £429m (our share £194m). In addition, we completed on £86m of residential sales at Clarges, Mayfair, £6m of which exchanged prior to this financial year. We also acquired a 25% interest (£54m) in West One, a shopping centre and offices building, above Bond Street station.

Valuations reduced by 10.1% on a proportionally consolidated basis resulting in an overall EPRA net asset value (NAV) per share decline of 14.5%.

Reflecting the strength of our balance sheet coming into this period our financial position remains resilient. LTV has increased by 590bps during the year to 34.0% with the key drivers being valuation declines contributing 340bps and capital spend contributing 210bps. We had £1.3bn of undrawn facilities and cash at year end and our weighted average interest rate reduced to a new low of 2.5%.

Presentation of financial information

The Group financial statements are prepared under IFRS where the Group's interests in joint ventures and funds 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 and funds 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 monitors Underlying Profit as this more accurately reflects the underlying recurring performance of our core property rental activity, as opposed to IFRS metrics which include the non-cash valuation movement on the property portfolio. 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.

Management also monitors EPRA NAV 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 NAV, and dividends paid.

Loan to value (proportionally consolidated) is also monitored by management as a key measure of the level of debt employed by the Group to meet its strategic objectives, along with a measurement of risk. It also allows comparison to other property companies who similarly monitor and report this measure.

Income statement

1. Underlying Profit

Underlying Profit is the measure that is used internally to assess income performance. This is presented below on a proportionally consolidated basis. No company adjustments have been made in the current or prior year and therefore this is the same as the pre-tax EPRA earnings measure which includes a number of adjustments to the IFRS reported profit before tax.

	Section	[illegible] £m	2020 £m
Gross rental income		576	**560**
Property operating expenses		(44)	**(82)**
Net rental income	1.2	532	**478**
Net fees and other income		10	**13**
Administrative expenses	1.3	(81)	**(74)**
Net financing costs	1.4	(121)	**(111)**
Underlying Profit		340	**306**
Non-controlling interests in Underlying Profit		12	**12**
EPRA adjustments[1]		(672)	**(1,432)**
IFRS profit/(loss) after tax	2	(320)	**(1,114)**
Underlying EPS	1.1	34.9p	**32.7p**
IFRS basic EPS	2	(30.0)p	**(110.0)p**
Dividend per share	3	31.00p	**15.97p**

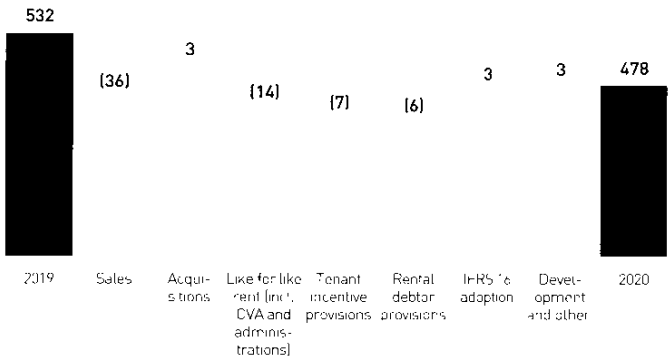
1. EPRA adjustments consist of investment and development property revaluations, gains/losses on investment and trading property disposals, changes in the fair value of financial instruments and associated close out costs. These items are presented in the 'capital and other' column of the consolidated income statement.

1.1 Underlying EPS

Underlying EPS is 32.7p, a decline of 6.3% on the prior year. This reflects Underlying Profit decline of 10.0%, partially offset by the impact of share buybacks which added 1.1p in the year.

1.2 Net rental income

£m



Net sales of income producing assets over the last 2 years was £0.9bn. This reduced rents by £33m in the year, including £12m from superstore sales, £4m from the sale of 5 Broadgate in June 2018 and £11m from the sale of the Spirit Pubs portfolio in March 2019. Proceeds from these sales are being reinvested in the development pipeline which is expected to deliver £62m in rents in future years and is already 88% pre-let (£54m).

Retail like for like net rental decline is 5.1% in the year, primarily reflecting the impact of CVAs and administrations. The offices portfolio saw like for like growth of 0.8% which is lower than the historic run-rate due to lease expiries. Office expiries contributed a 3.0% decrease to net rents, however the space has either been re-let or is to be refurbished. Expiries have been more than offset by the impact of leasing activity in the year.

In light of Covid-19, an impairment of £7m was made against tenant incentive balances primarily within the retail portfolio. These non-cash provisions primarily relate to the spreading of historic rent frees and fixed uplifts. A further £6m was provided against tenant debtors that were deemed high risk. The March quarter rent we offered to defer for our retail and leisure customers facing challenges due to Covid-19 were not receivable at year end and therefore not a trade debtor.

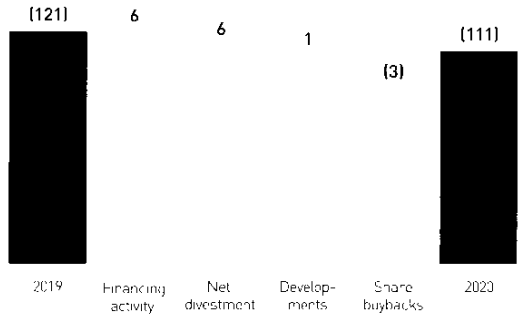
Accounting changes upon adoption of IFRS 16 results in a £3m increase to net rents, due to recognising head lease assets under the fair value model.

1.3 Administrative expenses

Administrative expenses decreased by 8.6% in the year. The Group's operating cost ratio increased by 480bps to 23.5% (2018/19: 18.7%) as a result of lower rental income following sales activity and an increase in property outgoing expenses due to write-offs and provisions made in respect of tenant incentive. Excluding write-offs and provisions made in respect of tenant incentives and guaranteed rent increases, the Group's cost ratio is 19.8%.

1.4 Net financing costs

£m



Lower interest rates and our financing activity undertaken over the last 24 months reduced costs by £6m. Financing during the year included the issuance of a new £100m 2034 USPP note following prepayment of a £98m 2027 note, and repayment of £30m of secured Broadgate bonds (BL share, in addition to the £111m repaid in October 2018).

The reduction in finance costs as a result of proceeds from net divestment includes the repayment of £86m (BL share) of secured Sainsbury's JV bonds on the sale of a portfolio of superstores, partially offset by share buybacks.

We have a risk managed approach to interest rates on debt. At 31 March 2020, on average over the next 5 years the interest rate on 75% of our debt is hedged, based on current commitments. On a spot basis we are 81% hedged. Our use of interest rate caps as part of our hedging (alongside swaps) means that around half of our debt benefits if market rates remain low.

2. IFRS profit before tax

The main difference between IFRS profit before tax and Underlying Profit is that IFRS includes the valuation movement on investment and trading properties, fair value movements on financial instruments and capital financing costs. In addition, the Group's investments in joint ventures and funds 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 £1,114m, compared with a loss after tax for the prior year of £320m. As a result, IFRS basic EPS was (110.0)p per share, compared to (30.0)p per share in the prior year. This primarily reflects the downward valuation movement on the Group's properties of £1,105m, and an increase in the capital and other income loss from joint ventures and funds of £306m, both driven principally by outward yield shift of 101bps and ERV decline of 11.7% in the Retail portfolio

The basic weighted average number of shares in issue during the year was 934m (2018/19: 971m).

3. Dividends

In March, the Company announced the Board's decision to temporarily suspend future dividend payments. This was considered prudent to best ensure we can effectively support our retail and leisure customers who are hardest hit, protect the long term value of the business, and further strengthen our financial position. Accordingly, the third interim dividend due for payment in May was suspended. We will seek to resume dividends at an appropriate level as soon as there is sufficient clarity of outlook. For this we will need to see a significant improvement in rent collection and have more visibility on the post lockdown productivity of our assets, principally how quickly retail customers and office workers return. The dividend for the year ended 31 March 2020 was 15.97p.

Balance sheet

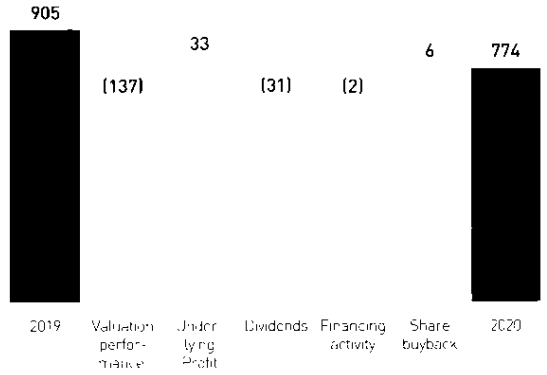
Asset	Section	2019 £m	2020 £m
Properties assets		12,316	**11,177**
Other non-current assets		151	**131**
		12,467	**11,308**
Other net current liabilities		(297)	**(241)**
Adjusted net debt	6	(3,521)	**(3,854)**
Other non-current liabilities		–	**–**
EPRA net assets		8,649	**7,213**
EPRA NAV per share	4	905p	**774p**
Non-controlling interests		211	**112**
Other EPRA adjustments[1]		(171)	**(178)**
IFRS net assets	5	8,689	**7,147**

Proportionally consolidated basis.

1 EPRA net assets exclude the mark to market on derivatives and related debt adjustments, the mark-to-market on the convertible bond as well as deferred taxation on property and derivative revaluations They include the trading properties at valuation (rather than lower of cost and net realisable value) and are adjusted for the dilutive impact of share options No dilution adjustment is made for the £350m zero coupon convertible bond maturing in 2020 Details of the EPRA adjustments are included in Table B within the supplementary disclosures

4. EPRA net asset value per share

pence



The 14.5% decrease in EPRA NAV per share primarily reflects a valuation decrease of 10.1% across the portfolio Valuation gains in the Office portfolio and Canada Water were more than offset by a fall in Retail values.

Office valuations were up 2.3% driven by strong leasing at our developments which were up 7.5%, including 100 Liverpool Street where values were up 19%. ERV growth was 3 2% across the standing investments and yields moved in 4bps.

Valuations in Retail were down 26.1%, with outward yield shift of 101bps and ERV decline of 11.7%. These values reflect ongoing structural challenges faced by occupiers, the lack of transactional evidence and the initial impact of Covid-19. Across our largest assets, yields have moved between 100-160bps. For smaller retail parks, a number of assets were transacted earlier in the year which have provided some valuation evidence.

While financing activity initially decreased NAV by 2p, it delivers future interest cost savings. Completion of the £125m share buyback programme during the year has contributed 6p to EPRA NAV.

EPRA published its latest Best Practices Recommendations in October 2019 which included three replacement Net Asset Valuation metrics, namely EPRA Net Reinstatement Value (NRV), EPRA Net Tangible Assets (NTA) and EPRA Net Disposal Value (NDV). We will report all three metrics going forwards, adopting EPRA NTA as our primary metric as it is the closest to our current primary metric, EPRA NAV. The three metrics have been presented below as at 31 March 2020 to provide a comparison to the current measures, EPRA NAV and EPRA NNNAV.

	£m	per share
EPRA Net Reinstatement Value (NRV)	7,872	845
EPRA Net Tangible Assets (NTA)	7,202	773
EPRA Net Disposal Value (NDV)	6,762	726

5. IFRS net assets

IFRS net assets at 31 March 2020 were £7,147m, a decrease of £1,542m from 31 March 2019. This was primarily due to the IFRS loss after tax of £1,114m, along with £295m of dividends paid and £125m of share purchases under the share buyback programme.

Cash flow, net debt and financing

6. Adjusted net debt[1]

£m

1 *Adjusted net debt is a proportionally consolidated measure. It represents the* Group net debt as disclosed in Note 17 to the financial statements and the Group's share of joint venture and funds' net debt excluding the mark-to-market on derivatives, related debt adjustments and non-controlling interests. A reconciliation between the Group net debt and adjusted net debt is included in Table A within the supplementary disclosures.

Net sales reduced debt by £264m whilst development spend totalled £291m with a further £97m on capital expenditure related to Storey fit-out and asset management on the standing portfolio. The value of recently completed and committed developments is £1,174m, with £78m costs to come. Speculative development exposure is 0.6% of the portfolio. There are 1m sq ft of developments in our near term pipeline with anticipated cost of £605m.

7. Financing

		2020		2020
Net debt / adjusted net debt[1]	£2,765m	**£3,247m**	£3,521m	**£3,854m**
Principal amount of gross debt	£2,881m	**£3,294m**	£3,895m	**£4,158m**
Loan to value	22.2%	**28.9%**	28.1%	**34.0%**
Weighted average interest rate	2.2%	**1.9%**	2.9%	**2.5%**
Interest cover	6.3x	**5.8x**	3.8x	**3.8x**
Weighted average maturity of drawn debt	7.3 years	**6.8 years**	8.1 years	**7.5 years**

1 Group data as presented in Note 17 of the financial statements. The proportionally consolidated figures include the Group's share of joint venture and funds' net debt and exclude the mark-to-market on derivatives and related debt adjustments and non-controlling interests.

At 31 March 2020, our proportionally consolidated LTV was 34.0%, up 590bps from 28.1% at 31 March 2019. Valuation declines contributed 340bps of this increase, and capital spend contributed 210bps. Note 17 of the financial statements sets out the calculation of the Group and proportionally consolidated LTV.

During the year, we issued a new £100m 2034 USPP note following prepayment of a £98m 2027 note, extending debt maturity and delivering future interest cost savings.

In March, we completed our first ESG linked Revolving Credit Facility at £450m with a group of eight banks, by extending and *amending one of our existing unsecured RCFs. The extended* RCF has a headline margin of 90 basis points over LIBOR (unchanged) and an initial five-year term which may be extended to a maximum of seven years at British Land's request, subject to banks' consent. The facility may continue to be used for our general corporate purposes. Aligning with our sustainability strategy, the facility includes two ESG-related KPIs focused on the BREEAM ratings of our developments and assets under management.

We also extended a total of £925m under other committed bank facilities by a further 1 year.

After the year end, one of the bank facilities in HUT which was due to mature in September 2020 was refinanced with an *extended facility to December 2023.*

Our liability and debt management activity has enabled us to reduce our weighted average interest rate to a new low of 2.5%. Our weighted average debt maturity is 7.5 years.

At 31 March 2020, British Land had £1.8bn of committed unsecured revolving bank facilities; undrawn facilities and cash amounted to £1.3bn. Based on our current commitments, these facilities and debt maturities, we have no requirement to refinance until 2024.

The current uncertain environment reinforces the importance of a strong balance sheet.

Simon Carter
Chief Financial Officer

Covid-19 operational update

Rent due 2 March to 30 April	Offices	Retail[1]	Total
Received	97%	43%	68%
Rent deferrals	1%	40%	22%
Rent forgiven	1%	4%	3%
Moved to monthly		1%	–
Outstanding	1%	12%	7%
Collection of adjusted billing	99%	78%	91%

1. Includes non-office customers located within our London campuses
2. Total billed rents exclusive of rent deferrals, rent forgiven and tenants moved to monthly payments
3. As at 15 May

Retail

Following the measures announced by the Government on 23 March, two of our retail centres are temporarily closed. All others remain open to provide important access to essential stores such as supermarkets and pharmacies. Overall, as of 25 May, in line with Government measures, c.270 individual units (c.15% of the total) are open

On 26 March, we announced that at sites we control, we would be releasing smaller retail, food & beverage and leisure customers from their rental obligations for three months (April to June). *The financial impact in terms of lost rent is c.£2m.*

For other retail, food & beverage and leisure customers experiencing financial challenges because of Covid-19, we agreed to defer c.£35m of rents relating to the March quarter.

As a result, we have now collected 43% of rent due between 2 March and 30 April. Of the remainder, 40% is deferred, 4% is forgiven, 12% is outstanding (primarily owed by strong retailers) and 1% has moved to monthly payments.

Several occupiers entered administration in the wake of the Covid-19 crisis, representing £5.1m of lost contracted rent.

The value of the retail portfolio declined 26.1% as ongoing structural challenges were exacerbated at the year end valuation date by the early effects of Covid-19. The valuers made several Covid-19 adjustments in arriving at their valuation which are set out in the FY20 Business Review; these adjustments accounted for a c.6% valuation decline.

In the period since the lockdown, from 23 March until 10 May, footfall was down 78%, 700bps ahead of benchmark and like for like sales were down 82%. Grocery anchored sites performed better, with footfall down 70% and sales down 42%.

London Offices

Our London campuses remain open and all offices are operational, although physical occupancy is significantly reduced with the majority of people now working from home. While the crisis has inevitably created uncertainty for our office occupiers, it has not materially affected our rent collection to date and we benefit from a high quality, diverse customer base.

As a result, we have now collected 97% of rent due between 2 March and 30 April, including Storey. Of the remainder 2% is deferred or forgiven and 1% is outstanding.

At Storey, we identified savings from reduced operations and offered all our customers discounted rent for 3 months. This proactive measure has been well received by our customers, in particular smaller local businesses. Some customers have asked for additional flexibility in meeting their rental obligations, and consistent with our approach across the portfolio, we are supporting those companies who have been adversely impacted, but with otherwise strong business models. In these cases, we are providing up to three-month rent deferrals representing c.20% (by number) of Storey customers and £0.4m per month. Occupancy across stabilised buildings was 92% at year end, and remains unchanged with assets in ramp up at 42% occupancy.

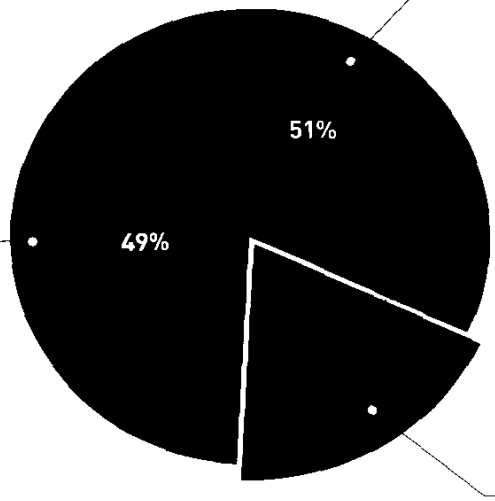
Across the Offices portfolio, we have 220,000 sq ft under offer and 160,000 sq ft in negotiations. We are continuing to make progress, particularly on larger deals which are generally on a longer time frame. On smaller deals, where occupiers are looking to take space soon, progress has been delayed due to uncertainty around fit out and timing of occupation. We are conducting virtual viewings and have responded to 375,000 sq ft of RFPs since the crisis began.

Developments

Having initially closed our major sites as a result of Covid-19, whilst we reviewed how Public Health England guidelines could be adhered to, all our major sites are now open, including both 100 Liverpool Street and 1 Triton Square. However, we are currently operating at much lower levels of productivity due to reduced number of operatives on site and amended working practices. At this stage it remains difficult to accurately assess the impact of these delays. We currently expect that the office element of 100 Liverpool Street will be practically completed in early summer, with full practical completion in calendar Q3 2020. At 1 Triton Square, we are targeting calendar Q2 2021 for practical completion.

We have reached practical completion on 135 Bishopsgate and the space is now being fitted out, albeit progress will inevitably be slower with fewer operatives on site.

Our assessment of Covid-19 on our offices and retail customers



Higher Impact

Typical sectors:

- Food & Beverage, Leisure
- Fashion and Beauty
- General Retail
- Travel and Media
- Home and DIY

39%

Rent collected due between 2 March-30 April

Lower Impact

Typical sectors:

- Global Technology
- Financial Institutions
- Professional and Corporate
- Grocery and Convenience
- Government

93%

Rent collected due between 2 March-30 April

Over a third of higher impact businesses are listed with a market cap of over £1bn[1]

Based on contracted rents on a proportionally consolidated basis.

1. Market capitalisation as at 18 May.

Our assessment of Covid-19 on our customers

We have undertaken a bottom up analysis to understand the potential impact of Covid-19 on our customers and therefore the risk associated with our rental cashflows. Based on this analysis, we estimate that those customers likely to suffer a relatively lower impact account for 49% of our contracted rent; this includes sectors such as international technology businesses, financial institutions, professional services and government. Customers we believe are likely to experience a higher impact account for 51% of contracted rent, including sectors such as F&B, leisure, fashion & beauty retail and other general retail. Of this group, over a third are public companies with market capitalisations of over £1bn (as at 18 May 2020).

Furthermore, income from lower impact customers fully covered property, administrative and finance costs in FY20.

Covenant headroom

We continue to have significant headroom to our debt covenants.

There are two financial covenants which apply across all of the Group's unsecured debt:

- Net Borrowings not to exceed 175% of Adjusted Capital and Reserves (as at March 2020: 40%)
- Net Unsecured Borrowings not to exceed 70% of Unencumbered Assets (as at March 2020: 30%)

There are no income or interest cover covenants on the Group's unsecured debt.

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

The secured debt in joint ventures and funds is all non-recourse and the Broadgate and Meadowhall securitisations have no loan to value default covenants.

Given our covenant structure across the Group, we could withstand a further fall in asset values across the portfolio of 45% prior to any mitigating actions.

We have access to £1.3bn of undrawn facilities and cash, with no requirement to refinance until 2024.

Financial strength and balanced approach

We have worked consistently over recent years to deliver a robust financial footing, positioning us well to meet the market challenges of Covid-19.

Leverage

We manage our use of debt and equity finance to balance the benefits of leverage against the risks, including magnification of property returns. A loan to value ratio ('LTV') measures our leverage, primarily on a proportionally consolidated basis including our share of joint ventures and funds and excluding non-controlling interests. At 31 March 2020, our proportionally consolidated LTV was 34.0% and the Group measure was 28.9%. Our LTV is monitored in the context of wider decisions made by the business. We manage our LTV through the property cycle such that our financial position would remain robust in the event of a significant fall in property values. This means we do not adjust our approach to leverage based only on changes in property market yields. Consequently, our LTV may be higher in the low point in the cycle and will trend downwards as market yields tighten.

Debt finance

The scale of our business combined with the quality of our assets and rental income means that we are able to approach a diverse range of debt providers to arrange finance on attractive terms. Good access to the capital and debt markets allows us to take advantage of opportunities when they arise. The Group's approach to debt financing for British Land is to raise funds predominantly on an unsecured basis with our standard financial covenants (set out on page 77). This provides flexibility and low operational cost. Our joint ventures and funds which choose to have external debt are each financed in 'ring-fenced' structures without recourse to British Land for repayment and are secured on their relevant assets. Presented on the following page are the five guiding principles that govern the way we structure and manage debt.

Monitoring and controlling our debt

We monitor our debt requirement by focusing principally on current and projected borrowing levels, available facilities, debt maturity and interest rate exposure. We undertake sensitivity analysis to assess the impact of proposed transactions, movements in interest rates and changes in property values on key balance sheet, liquidity and profitability ratios. We also consider the risks of a reduction in the availability of finance, including a temporary disruption of the debt markets. Based on our current commitments and available facilities, the Group has no requirement to refinance until 2024. British Land's committed bank facilities total £1.8bn; undrawn facilities and cash amounted to £1.3bn at 31 March 2020.

Managing interest rate exposure

We manage our interest rate profile separately from our debt, considering the sensitivity of underlying earnings to movements in market rates of interest over a five-year period. The Board sets appropriate ranges of hedged debt over that period and the longer term. Our debt finance is raised at both fixed and variable rates. Derivatives (primarily interest rate swaps and caps) are used to achieve the desired interest rate profile across proportionally consolidated net debt. At 31 March we had interest rate hedging on 81% of our debt (spot), and on 75% of our projected debt on average over the next five years, with a decreasing profile over that period. Our use of interest rate caps as part of our hedging (alongside swaps) means that we also benefit if market rates remain low. Accordingly we have a higher degree of protection on interest costs in the short term and achieve market rate finance in the medium to longer term The use of derivatives is managed by a Derivatives Committee. The interest rate management of joint ventures and funds is considered separately by each entity's board, taking into account appropriate factors for its business.

Counterparties

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

Foreign currency

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

Our five guiding principles

1

Diversify our sources of finance

We monitor finance markets and seek to access different sources of finance when the relevant market conditions are favourable to meet the needs of our business and, where appropriate, those of our joint ventures and funds. The scale and quality of our business enable us to access a broad range of unsecured and secured, recourse and non-recourse debt. We develop and maintain long term relationships with banks and debt investors. We aim to avoid reliance on particular sources of funds and borrow from a large number of lenders from different sectors in the market across a range of geographical areas, with around 30 debt providers in bank facilities and private placements alone. We work to ensure that debt providers understand our business, adopting a transparent approach to provide sufficient disclosures to enable them to evaluate their exposure within the overall context of the Group. These factors increase our attractiveness to debt providers, and in the last five years we have arranged £3.3bn (British Land share £3.1bn) of new finance in unsecured and secured bank loan facilities, Sterling bonds, US Private Placements and convertible bonds. In addition, we have existing long dated debentures and securitisation bonds. A European Medium Term Note programme is maintained to enable us to access Sterling/Euro unsecured bond markets when it is appropriate for our business.

£4.2bn

total drawn debt (proportionally consolidated)

2

Phase maturity of debt portfolio

The maturity profile of our debt is managed with a spread of repayment dates, currently between one and 18 years, reducing our refinancing risk in respect of timing and market conditions. As a result of our financing activity, we are ahead of our preferred refinancing date horizon of not less than two years. In accordance with our usual practice, we expect to refinance facilities ahead of their maturities, and have recently successfully extended and amended one of our unsecured Revolving Credit Facilities (RCF) at £450m for a new five-year term.

7.5 years

average drawn debt maturity (proportionally consolidated)

3

Maintain liquidity

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

£1.3bn

undrawn revolving credit facilities and cash

4

Maintain flexibility

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

£1.8bn

total revolving credit facilities

5

Maintain strong metrics

We use both debt and equity financing. We manage LTV through the property cycle such that our financial position would remain robust in the event of a significant fall in property values and we do not adjust our approach to leverage based on changes in property market yields. We manage our interest rate profile separately from our debt, setting appropriate ranges of hedged debt over a five-year period and the longer term.

We maintained our strong senior unsecured credit rating ('A') and long term IDR credit rating ('A-'), while our short term IDR credit rating was upgraded to F1 during the year.

34%

LTV (proportionally consolidated)

A

senior unsecured credit rating

3.8x

interest cover (proportionally consolidated)

Group borrowings

Unsecured financing for the Group includes bilateral and syndicated revolving bank facilities (with initial terms usually of five years, often extendable), US Private Placements with maturities up to 2034; the Sterling unsecured bond maturing in 2029, and the convertible bond maturing in 2020.

Secured debt for the Group (excluding debt in Hercules Unit Trust which is covered under 'Borrowings in our joint ventures and funds') is provided by debentures with maturities up to 2035.

Unsecured Borrowings and covenants

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

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

There are no income or interest cover covenants on any of the unsecured debt of the Group

The Unencumbered Assets of the Group, not subject to any security, stood at £6 5bn as at 31 March 2020.

Although secured assets are excluded from Unencumbered Assets for the covenant calculations, unsecured lenders benefit from the surplus value of these assets above the related debt and the free cash flow from them. During the year ended 31 March 2020, these assets generated £14m of surplus cash after payment of interest. In addition, while investments in joint ventures do not form part of Unencumbered Assets, our share of free cash flows generated by these ventures is regularly passed up to the Group.

Secured borrowings

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

Borrowings in our joint ventures and funds

External debt for our joint ventures and funds has been arranged through long dated securitisations or secured bank debt, according to the requirements of the business of each venture

Hercules Unit Trust has two term bank loan facilities maturing in 2022 and 2023 arranged for its business and secured on property portfolios, without recourse to British Land. These loans include LTV ratios of 65% and 60%, and income based covenants.

The securitisations of Broadgate £1,225m and Meadowhall £585m have weighted average maturities of 10.4 years and 8.0 years. The key financial covenant applicable is to meet interest and scheduled amortisation (equivalent to one times cover); there are no LTV default covenants. These securitisations have quarterly amortisation with the balance outstanding reducing to approximately 20% to 30% of the original amount raised by expected final maturity, thus mitigating refinancing risk.

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

Unsecured financial covenants

At 31 March	2016 %	2017 %	2018 %	2019 %	**2020 %**
Net borrowings to adjusted capital and reserves	34	29	29	29	**40**
Net unsecured borrowings to unencumbered assets	29	26	23	21	**30**

Effective risk management

Effective risk management is integral to our objective of delivering sustainable long term value.

Our risk management framework

For British Land, effective risk management is a cornerstone of our strategy and integral to the achievement of our objective of delivering sustainable long term value. We maintain a comprehensive risk management process which serves to identify, assess and respond to the range of financial and non-financial risks facing our business, including those risks that could threaten solvency and liquidity, as well as to identify emerging risks. Our approach is not intended to eliminate risk entirely, but instead to manage our risk exposures across the business, whilst at the same time making the most of our opportunities.

Our integrated approach combines a top down strategic view with a complementary bottom up operational process outlined in the diagram below. The Board has overall responsibility for risk management with a focus on determining the nature and extent of exposure to the principal risks the business is willing to take in achieving its strategic objectives. The amount of risk is assessed in the context of our business model and the external environment in which we operate – this is our risk appetite. It is integral both to our consideration of strategy and to our medium term planning process.

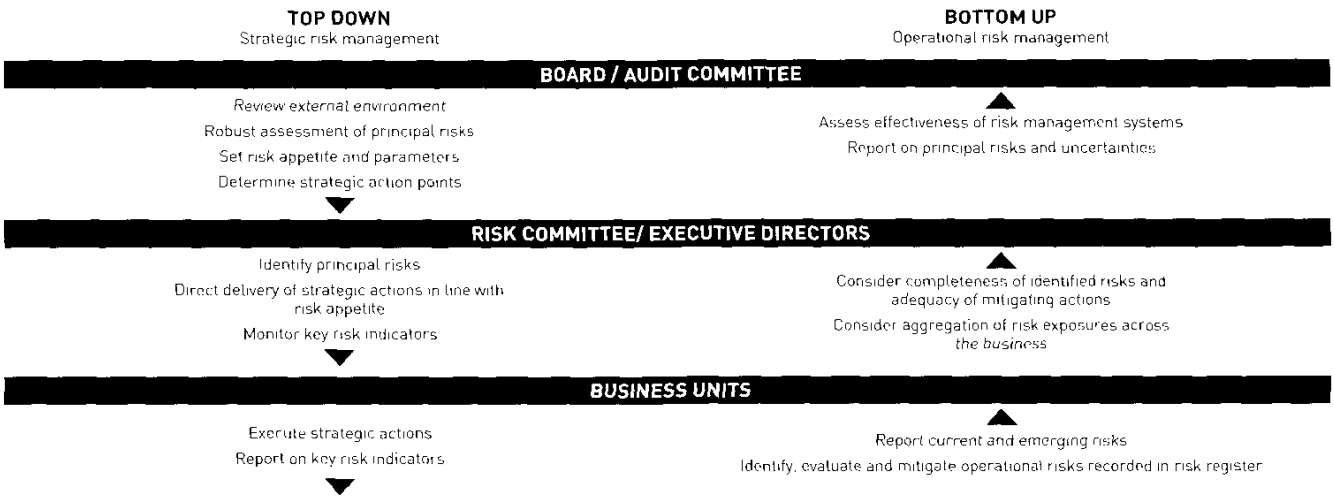
The Audit Committee takes responsibility for overseeing the effectiveness of risk management and internal control systems on behalf of the Board and advises the Board on the principal risks facing the business including those that would threaten its solvency or liquidity.

The Executive Directors are responsible for delivering the Company's strategy, as set by the Board, and managing risk. Our risk management framework categorises our risks into external, strategic and operational risks. The Risk Committee (comprising the Executive Committee and senior management across the business and chaired by the Chief Financial Officer) is responsible for managing the principal risks in each category in order to achieve our performance goals.

Whilst ultimate responsibility for oversight of risk management rests with the Board, the effective day-to-day management of risk is embedded within our operational business units and forms an integral part of how we work. This bottom up approach allows potential risks to be identified at an early stage and escalated as appropriate, with mitigations put in place to manage such risks. Each business unit maintains a comprehensive risk register. Changes to the register are reviewed quarterly by the Risk Committee, with significant and emerging risks escalated to the Audit Committee.

To read more about the Board and Audit Committee's risk oversight, see pages 101, 112 and 113

Our integrated risk management approach



Our risk appetite

[illegible]	[illegible]	[illegible]
Investment strategy	– Execution of targeted acquisitions and disposals in line with capital allocation plan (overseen by Investment Committee) – Annual IRR process which forecasts prospective returns of each asset – Percentage of portfolio in non-core sectors	↔
Development strategy	– Total development exposure <15% of investment portfolio by value – Speculative development exposure <8% of investment portfolio by value – Progress on execution of key development projects against plan	↔
Capital structure	– Manage our leverage such that LTV should not exceed a maximum level if market yields were to rise to previous peaks – Financial covenant headroom	↔
Finance strategy	– Period until refinancing is required of not less than two years – Percentage of debt with interest rate hedging (spot and average over next five years)	↔
People	– Voluntary staff turnover – Employee engagement	↔
Income sustainability	– Market letting risk including vacancies, upcoming expiries and breaks, and speculative development – Weighted average unexpired lease term – Concentration of exposure to individual customers or sectors	↔

Key: Change in risk appetite from last year ↑ Increase ↔ No change ↓ Decrease

Our risk appetite is reviewed annually as part of the strategy review process and approved by the Board. This evaluation guides the actions we take in executing our strategy. We have identified a suite of Key Risk Indicators (KRIs) and defined specific tolerances for each (summarised above). These are reviewed quarterly by the Risk Committee, to ensure that the activities of the business remain within our risk appetite and that our risk exposure is well matched to changes in our business and our markets. These include the most significant judgements affecting our risk exposure, including our investment and development strategy; the level of occupational and development exposure; and our financial leverage.

Whilst our appetite for risk will vary over time and during the course of the property cycle, in general we maintain a balanced approach to risk. The Board considers our overall risk appetite in the year is broadly unchanged from last year. Over the last few years we lowered our financial risk whilst accepting an increase in our risk relating to the more operational nature of property, reflecting market trends and our strategy.

Given the backdrop of economic and political challenges, we have continued to actively manage our incremental risk exposure by maintaining:

- high occupancy of 97% across our assets and proactively managing our exposure to individual occupiers and sectors.
- a disciplined approach to development including using a broad range of contractors and closely monitoring them, coupled with our successful pre-letting strategy.
- an efficient capital structure and liquidity position. Based on our current commitments, available bank facilities and debt maturities, we have no requirement to refinance until 2024.

Our risk focus

The general risk environment in which the Group operates has increased over the course of the year, which is largely due to the continued level of uncertainty associated with the Brexit process, the challenging UK retail market and weaker investment markets. This has been compounded more recently by the Covid-19 outbreak.

Covid-19 presents a new and major risk to the business. As yet, it is impossible to fully predict the impact on the global and UK economy and thus the consequential impact on our business and our key markets. The Board will continue to closely monitor and adapt to the developing situation and its effect on the Company, although the Board is reassured by the strength of our balance sheet, our high quality diverse portfolio of assets and operational expertise; which means we are positioned to protect our business through the near term period of uncertainty. We have considered the potential impact of Covid-19 on each of our principal risks, which are set out on pages 82 to 87. We have robust crisis management and business continuity plans in place and have acted swiftly in dealing with the exceptional challenges posed by Covid-19; our focus is to ensure the safety of our people, our assets are securely maintained and to support our customers and suppliers.

Brexit continues to be an area of specific focus, which is monitored and actively managed, supported by a dedicated risk checklist. Whilst the UK General Election in December 2019 has enabled the Government to move forward and the UK to formally leave the EU on 31 January 2020, any significant impact will only be felt when the transition period ends on 31 December 2020 (or such other date that is agreed). Until new trade and international agreements and arrangements have been finalised, the risk will remain elevated due to the continuing uncertainty around the economic, political and regulatory outlook.

We are continuing to monitor external events and our primary areas of focus have been to mitigate risks, where practical, in our construction supply chain, in our operational day-to-day property management and our crisis management plans; and we remain alert to potential uncertainties caused by Covid-19 and Brexit which could adversely impact investment, capital, financial, occupier and labour markets.

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

- retailer tenant risk and managing our exposure to customers or sectors in a more challenging market backdrop
- covenant strength of potential construction contractors to mitigate our future exposure
- health, safety and environmental risk management. Our Health and Safety management system was re-certified under BS OHSAS 18001
- climate change which is increasingly important for risk management. The Risk Committee is overseeing the Steering Committee's progress towards TCFD compliance
- ongoing data privacy programme and implementation
- payment operations and key financial controls
- procurement and new supplier onboarding process
- internal audit and implementing control findings, including a review of Information Security policies and key controls
- on site compliance audits across our assets

Our principal risks and assessment

Our risk management framework is structured around the principal risks facing British Land. The Board confirms that a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity, was carried out during the year and more recently taking into account the current Covid-19 risk and economic and political environment.

The current principal risks facing the Group are summarised in the diagram opposite and described across the following pages. Whilst we consider there has been no material change to the nature of the Group's principal risks, not surprisingly several risks have increased as a result of the challenging external environment and significant ongoing uncertainty. At last year end, we flagged the economic outlook, political outlook, investment and occupier demand, our investment strategy and income sustainability risks as elevated. Our current assessment is that these risks remain heightened, but also:

- The emerging threat from Covid-19 is incorporated within our catastrophic business event principal risk (but will also impact other principal risks). Whilst it is not possible to fully predict its impact, we expect Covid-19 to adversely impact the economic outlook and present an increased risk to the investment and occupier markets as well as to our people, our investment strategy and income sustainability principal risks.
- The dynamics in the office and retail markets are very different and thus the risks of investment and occupier demand should be assessed separately; with retail already showing a much increased risk profile. The risk outlook for offices is also elevated but to a lesser extent than retail.

The principal risks are summarised below (and detailed on pages 82 to 87), including an assessment of the potential impact and likelihood and how the risks have changed in the year, together with how they relate to our strategic priorities.

Our risk assessment

External risks

1	Economic outlook	↑
2	Political and regulatory outlook	↔
3a	Office investment market	↑
3b	Retail investment market	↑
4a	Office occupier market	↑
4b	Retail occupier market	↑
5	Availability and cost of finance	↔
6	Catastrophic business event	↑

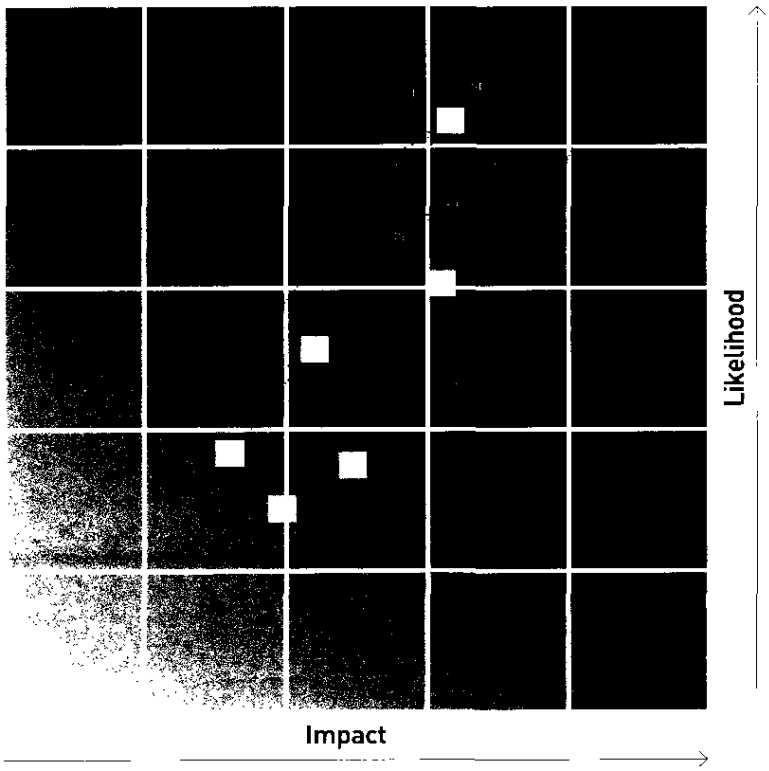
Internal risks – strategic

Investment strategy	↑
Development strategy	↔
Capital structure	↔
Finance strategy	↔

Internal risks – operational

People	↑
Income sustainability	↑

Risk heat map



Other Group risks

In addition to our principal risks, there are also a number of other risks that are largely operational in nature and are managed centrally with appropriate processes and mitigation plans in place.

These risks comprise:

A. Operating model including reliance on third parties
B. Culture
C. Information systems and cyber security
D. Effective control environment
E. Fraud and corruption
F. Compliance and legal framework
G. Supply chain management

Key

Strategic priorities
- Customer Orientation
- Right Places
- Capital Efficiency
- Expert People

Change year on year
- ↔ No change
- ↑ Increase
- ↓ Decrease

Note The above illustrates principal risks which by their nature are those which have the potential to significantly impact the Group's strategic objectives, financial position or reputation. The heat map highlights net risk, after taking account of principal mitigations. The arrow shows the movement from the 2019 point

Principal risks

External risks

Risks and impacts	How we monitor and manage the risk	Change in risk assessment in year
Economic outlook		
The UK economic climate and future movements in interest rates present risks and opportunities in property and financing markets and the businesses of our customers which can impact both the delivery of our strategy and our financial performance.	– The Risk Committee reviews the economic environment in which we operate quarterly to assess whether any changes to the economic outlook justify a reassessment of the risk appetite of the business – *Key indicators including forecast GDP growth,* employment rates, business and consumer confidence, interest rates and inflation/deflation are considered, as well as central bank guidance and government policy updates – We stress test our business plan against a downturn in economic outlook to ensure our financial position is sufficiently flexible and resilient – Our resilient business model focuses on a high quality portfolio underpinned by our balance sheet and financial strength.	↑ Economic growth remained volatile throughout the year. The outcome of the General Election and Brexit withdrawal deal had initially been positive for the UK economy, however, the recent Covid-19 outbreak has derailed any revival in the UK economic outlook – GDP forecasts for 2020 have continued to reduce with many commentators predicting the impact on the economy will be deeper than the post Global Financial Crisis downturn, with the trajectory of recovery difficult to forecast – Also, failure to achieve a UK-EU arrangement conducive to trade is also a key risk to the outlook for the UK economy – Strong levels of government spending and measures announced by the Bank of England to lower interest rates will initially help mitigate some of the impact of Covid-19 Covid-19. Looking ahead, whilst the long term economic impact of Covid-19 is hard to predict, the economy faces a challenging short term outlook, with an increased risk posed by a global recession. Whilst it is inevitable that our business, like many others, will be negatively impacted; our business has a strong balance sheet and clear long term strategy.
Political and regulatory outlook		
Significant political events and regulatory changes, including the decision to leave the EU, *bring risks principally in three areas:* reluctance of investors and businesses to make investment and occupational decisions whilst the outcome remains uncertain – on determination of the outcome, the impact on the case for investment in the UK, and on 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	– Whilst we are not able to influence the outcome of significant political events, we do take the *uncertainty related to such events and the range of* possible outcomes into account 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. We also monitor public trust in business. 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, such as with Design for Life	↔ – The political risk outlook remains high dictated by the national and global response to Covid-19 and there *remains significant uncertainty until our future* relationship with the EU has been determined – Furthermore, the global geopolitical and trade environments remain uncertain – Covid-19. It is not possible to predict fully the impact Covid-19 and Brexit will have on our business and our markets, but we are well placed to respond proactively to the key risks and have modelled various scenarios as part of our five-year forecasts

Key

Change in risk assessment from last year

↑ Increase

↔ No change

↓ Decrease

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

Commercial property investor demand

Reduction in investor demand for UK real estate may result in falls in asset valuations and could arise from variations in:

- the health of the UK economy
- the attractiveness of investment in the UK
- availability of finance
- relative attractiveness of other asset classes

- The Risk Committee reviews the property market quarterly to assess whether any changes to the market outlook present risks and opportunities which should be reflected in the execution of our strategy and our capital allocation plan. The Committee considers indicators such as the margin between property yields and borrowing costs and property capital growth forecasts, which are considered alongside the Committee members knowledge and experience of market activity and trends
- We focus on prime assets and sectors which we believe will be less susceptible over the medium term to a reduction in occupier and investor demand.
- We maintain strong relationships with agents and direct investors active in the market.

  We stress test our business plan for the effect of a change in property yields.

↑ **London Offices**

- Investment volumes were low but picked up in the final quarter of 2019 following the UK election and Brexit outcome. However, in the wake of Covid-19, a number of transactions have been cancelled or postponed
- Covid-19: We expect investor confidence and volumes will be impacted in the short term. However, in the longer term we expect market fundamentals to continue to favour London Offices as yields remain attractive compared to many other European markets, and London is considered a relatively safe haven

↑ **Retail**

- Investment markets were significantly weaker, reflecting challenges in the occupational market. Liquidity did return to certain parts of the market, with a pick-up in transactional activity, particularly in retail parks, but this has not continued as a result of Covid-19
- There has been limited liquidity and a lack of transactional evidence, particularly for larger lot sizes, and as a result we have seen significant outward yield shift for prime assets.
- Covid-19: We expect the retail investment market will remain challenging and materially weaker as a result of Covid-19. We remain committed to our plan to refine our Retail portfolio, however, we recognise that making progress with sales in the coming period will be more difficult.

4 Occupier demand and tenant default

Underlying income, rental growth and capital performance could be adversely affected by weakening occupier demand and occupier failures resulting from variations in the health of the UK economy and corresponding weakening of consumer confidence, business activity and investment.

Changing consumer and business practices including the growth of internet retailing, flexible working practices and demand for energy efficient buildings, new technologies, new legislation and alternative locations may result in earlier than anticipated obsolescence of our buildings if evolving occupier and regulatory requirements are not met.

- The Risk Committee reviews indicators of occupier demand quarterly including consumer confidence surveys and employment and ERV growth forecasts, alongside the Committee members' knowledge and experience of occupier plans, trading performance and leasing activity in guiding execution of our strategy.
- We have a high quality, diversified occupier base and monitor concentration of 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
- Through our Key Occupier Account programme, we work together with our customers to find ways to best meet their evolving requirements
- Our sustainability strategy links action on customer health and wellbeing, energy efficiency, community and sustainable design to our business strategy. Our social and environmental targets help us comply with new legislation and respond to customer demands; for example, we expect all our current new developments to achieve a BREEAM Excellent or above rating

↑ **London Offices**

- Over the year, occupier demand for high quality, well located London offices has remained strong with take up in our markets, ahead of the long term average. However, activity has slowed since March 2020 and Covid-19 is likely to impact some office occupiers

  Covid-19: Whilst it is too early to predict the full impact of Covid-19 and its effect on how office occupiers will want to utilise their space, it is likely to accelerate the ongoing trend for flexible working, and trends for hot desking and increased densification may slow. Also a reduction in rental growth is possible as decision making goes on hold. However, office supply for large occupiers remains limited and interest levels remain robust for the best quality space. Our London campuses continue to appeal to a broader range of businesses and are effectively full.

↑ **Retail**

- The retail occupational market has remained tough and the challenges facing UK retail have been compounded by the Covid-19 lockdown. In the short term, this is playing out in several ways, including rent reductions, rent deferments and non payment, but also an increase in retailers entering CVAs or administrations
- Covid-19: The outlook will remain challenging as the structural changes facing retail accelerate and we expect further retailers will fail. Our focus is on helping the customers who are hardest hit but with otherwise sound business models. We have a pragmatic approach to leasing to maintain occupancy

External risks

Risks and impacts	How we monitor and manage the risk	Change in risk assessment in year
Availability and cost of finance		
Reduced availability of finance may adversely impact ability to refinance debt and/or drive up cost. Regulation and capital costs of lenders may increase cost of finance	- Market borrowing rates and real estate debt availability are monitored by the Risk Committee quarterly and reviewed regularly in order to guide our financing actions in executing our strategy - We monitor our projected LTV and our debt requirements using several internally generated reports focused on borrowing levels, debt maturity, available facilities and interest rate exposure. - We maintain good long term relationships with our key financing partners - The scale and quality of our business enables us to access a diverse range of sources of finance with a spread of repayment dates. We aim always to have *a good level of undrawn, committed, unsecured* revolving facilities to ensure we have adequate financing availability to support business requirements and opportunities. - We work with industry bodies and other relevant organisations to participate in debate on emerging finance regulations where our interests and those of *our industry are affected*	↔ - Markets have been adversely affected globally by Covid-19. Governments and central banks have cut interest rates and increased economic stimulus in response. In the UK, lenders' appetite and support varies in different debt markets. For real estate, strength of sponsor and quality of property remain key. Availability of finance for retail assets has significantly reduced - Covid-19: British Land has maintained good access to sources of funds in the unsecured markets. We achieved good support from our banking group with our new FSG linked RCF of £450m and the extension of £975m of other committed bank facilities for a further year
Catastrophic business event		
An external event such as a civil emergency, including a large-scale terrorist attack, cybercrime, pandemic disease, extreme *weather occurrence, environmental* disaster or power shortage could severely disrupt global markets (including property and finance) and cause significant damage and disruption to British Land's portfolio, operations and people.	- We maintain a comprehensive crisis response plan across all business units as well as a head office business continuity plan. - The Risk Committee monitors the Home Office terrorism threat level and we have access to security *threat information services* - Asset emergency procedures are regularly reviewed, and scenario tested. Physical security measures are in place at properties and development sites. - Our Sustainability Committee continues to monitor environmental risks and we have established a TCFD Steering Committee to review our *management processes for climate-related risks* and opportunities. Asset risk assessments are carried out to assess a range of risks including security, flood, environmental and health and safety We have implemented corporate cyber security systems which are supplemented by incident management, disaster recovery and business *continuity plans, all of which are regularly reviewed* to be able to respond to changes in the threat landscape and organisational requirements - We also have appropriate insurance in place across the portfolio for physical damage	↑ - While the Home Office threat level from international terrorism has been reduced to 'Substantial', the emerging threat from Covid-19 is incorporated within *our catastrophic business event principal risk and* means our residual risk assessment has increased since the prior year. Under the new Covid Alert System, the threat level of Covid-19 on a scale of one to five is currently rated four ('Severe'), but moving towards level three ('Substantial') meaning some lockdown and social distancing measures need to remain in place - The wider use and enhancement of digital technology across the Group increases the risks associated with information and cyber security. - The awareness of climate-related risks has been elevated in the year, although we have already been focused on this for some time. We have a long *track record of focusing on sustainability matters and* have a comprehensive strategy to address climate change risks - Covid-19: We have robust crisis management and business continuity plans in place and have acted swiftly in responding to the exceptional challenges posed by Covid-19, our focus is to ensure the safety of *our people, our assets are securely maintained* and to support our customers and suppliers. We protected the interests of our employees by moving to working from home even before the lockdown

Key

Change in risk assessment from last year

↑ Increase

↔ No change

↓ Decrease

Internal risks

Risks and impacts	How we monitor and manage the risk	Change in risk assessment in year
Investment strategy		
In order to meet our strategic objectives, we aim to invest in and exit from the right properties at the right time. **Underperformance could result from changes in market sentiment as well as inappropriate determination and execution of our property investment strategy, including:** - sector selection and weighting - timing of investment and divestment decisions - exposure to developments - asset, occupier, region concentration - co-investment arrangements	- Our investment 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 at each Risk Committee with reference to the property markets and the external economic environment - The Board carries out an annual review of the overall corporate strategy including the current and prospective asset portfolio allocation - 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	↑ - We have a clear and consistent strategy to build an increasingly mixed use business, focused on three core areas, campus focused London Offices, refocused Retail and residential - We have a plan to reduce Retail to 25-30% of our portfolio over the medium term; based on today's values. We have made progress on this with £296m of retail sales, bringing the total since we set out our plan in November 2018 to c £610m - Covid-19: Making value-accretive sales will be more challenging in the current market so we will only progress on an opportunistic basis and will continue to allocate capital thoughtfully in light of the current market conditions.
8 Development strategy		
Development provides an opportunity for outperformance but usually brings with it elevated risk. **This is reflected in our decision making process around which schemes to develop, 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 failure - adverse planning judgements	- We manage our levels of total and speculative development exposure as a proportion of the investment portfolio value within a target range considering associated risks and the impact on key financial metrics. This is monitored quarterly 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 entered into - Detailed selection and close monitoring of contractors including covenant reviews. - Experienced development management team closely monitors design, construction and overall delivery process Early engagement and strong relationships with planning authorities. - We actively engage with the communities in which we operate, as detailed in our Local Charter, to ensure that our development activities consider the interests of all stakeholders. - We manage environmental and social risks across our development supply chain by engaging with our suppliers, including through our Supplier Code of Conduct, Sustainability Brief for Developments and Health and Safety Policy	↔ - Development is a key element of our investment case as a fundamental driver of value, but is inherently higher risk, particularly when pursued on a speculative basis. We limit our development exposure to 15% of the total investment portfolio by value, with a maximum of 8% to be developed speculatively - We actively manage our development risk and pre-letting our space is an important part of that approach. Reflecting our continued successful leasing activity, 88% of our recently completed and committed developments are pre-let - Covid-19: We chose to halt construction on our committed pipeline; however, work has safely recommenced at all our major developments, albeit currently operating at much lower levels of productivity due to reduced numbers of people on site and amended working practices. Delays in construction may lead to increased cost and there is a risk of disputes with development partners as to who bears the cost of delays. However, our committed developments are close to completion and 88% pre-let. Our speculative exposure is low at 0.6% of the total investment portfolio, and we are unlikely to make further commitments until we have further clarity on the macro outlook

Internal risks

Risks and impacts	How we monitor and manage the risk	Change in risk assessment in year
Capital structure – leverage		
Our capital structure recognises the need for balance between performance, risk and flexibility: – leverage magnifies property returns, both positive and negative – an increase in leverage increases the risk of a breach of covenants on borrowing facilities and may increase finance costs	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. This means we do not adjust our approach to leverage based 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 level remains appropriate. – We leverage our equity and achieve benefits of scale while spreading risk through joint ventures and funds which are typically partly financed by debt without recourse to British Land.	↔ – Over the last few years we have lowered our leverage and benefit from a sound financial position, with a proportionally consolidated LTV of 34%. This financial strength provides us with the capacity to progress opportunities – Covid-19: Given our debt covenant structure across the Group, we could withstand a further fall in asset values of c 45% before any mitigating actions
Finance strategy		
Finance strategy addresses risks both to continuing solvency and profits generated. Failure to manage refinancing requirements may result in a shortage of funds to sustain the operations of the business or repay facilities as they fall due	– Five key principles guide our financing, employed together to manage the risks in this area: diversify our sources of finance, phase maturity of debt portfolio, maintain liquidity, maintain flexibility, and maintain strong metrics – 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 business requirements – Financial covenant headroom is evaluated regularly and in conjunction with transactions – We are committed to maintaining and enhancing relationships with our key financing partners – We are mindful of relevant emerging regulation which has the potential to impact the way that we finance the business	↔ – The scale of our business and quality of our assets have enabled us to access a broad range of debt finance on attractive terms. During the year, we have completed £550m of refinancing and extended £925m of facilities – Our senior unsecured rating was affirmed at 'A' and our short term IDR was upgraded to 'F1' during the year – Covid-19: We have £1.3bn of undrawn facilities and cash and no requirement to refinance until 2024

Key

Change in risk assessment from last year

↑ Increase

↔ No change

↓ Decrease

Risks and impacts	How we monitor and manage the risk	Change in risk assessment in year
People		
A number of critical business processes and decisions lie in the hands of a few people. **Failure to recruit, develop and retain staff and Directors with the right skills and experience may result in significant underperformance or impact the effectiveness of operations and decision making, in turn impacting business performance.**	Our HR strategy is designed to minimise risk through - informed and skilled recruitment processes - talent performance management and succession planning for key roles - highly competitive compensation and benefits people development and training The risk is measured through employee engagement surveys, employee turnover and retention metrics. We monitor this through voluntary staff turnover in addition to conducting exit interviews. We engage with our employees and suppliers to make clear our requirements in managing key risks including health and safety, fraud and bribery and other social and environmental risks, as detailed in our policies and codes of conduct	↑ - Our people strategy is focused on creating a diverse team with a range of skills and experiences who can deliver Places People Prefer Over the year, we have continued to make significant advances in ensuring that British Land remains a great place to work, so that our employees remain motivated and engaged to deliver our strategy. - Covid-19 The Covid 19 crisis presents a health and safety risk to our people and has made day-to-day operations more difficult and complex, and in the medium term our operating model may need to change The health and wellbeing of our people has always been our priority and we were quick to encourage all our office-based staff to work from home We are providing the resources our people need to work effectively from home, as well as actively *monitoring our staff wellbeing during this prolonged* period of lockdown
Income sustainability		
We are mindful of maintaining sustainable income streams which underpin a stable and growing dividend and provide the platform from which to grow the business. We consider sustainability of our income streams in - execution of investment strategy and capital recycling, notably timing of reinvestment of sale proceeds - nature and structure of leasing activity - nature and timing of asset management and development activity	- We undertake comprehensive profit and cash flow forecasting incorporating scenario analysis to model the impact of proposed transactions. - We take a proactive asset management approach to maintain a strong occupier line-up We monitor our market letting exposure including vacancies, upcoming expiries and breaks and speculative development as well as our weighted average unexpired lease term. - We have a high quality and diversified occupier base and monitor concentration of exposure to individual occupiers or sectors - We are proactive in addressing key lease breaks and expiries to minimise periods of vacancy. - We actively engage with the communities in which we operate, as detailed in our Local Charter, to ensure we provide places that meet the needs of all relevant stakeholders	↑ - Our income streams are underpinned by high quality assets and a diverse occupier base with high occupancy However, our income will be negatively impacted by the challenges facing the retail market compounded by Covid-19 - We continue to actively monitor our exposure to occupiers at risk of default and administration and are selective about the sectors and occupiers we target Covid-19: We are mindful of the challenges facing the retail market which has seen more retailers fail. To support our smaller retail, food & beverage and leisure customers facing financial challenges we have been offering rental reductions and for larger *occupiers rent deferrals Given the likely impact of the* current crisis on occupiers, there is a risk of higher levels of non-payment of rent There is also a risk that UK Government initiatives temporarily structurally alter the ongoing legal obligations of occupiers to meet their contractual commitments to landlords. To preserve flexibility the Board has temporarily suspended dividends until there is sufficient clarity of outlook.

Viability statement

Assessment of prospects

In the current situation it is much more difficult to forecast given the lack of clarity on the extent and implications of the Covid-19 pandemic. Consequently, the Board's focus is on stress testing a five-year forecast based on committed transactions.

We have worked consistently over several years to ensure that British Land has a strong and robust financial footing and we are now benefitting from that:

- We have £1.3bn of undrawn facilities and cash
- Our leverage remains low, with LTV of 34% at 31 March 2020
- We have a diverse customer base, with our largest occupiers across Retail and Offices being Tesco (7.8% of Retail rents) and Facebook (7.8% of Office rents)
- We have strong relationships with our debt providers, and have agreed extensions to financing of £925m during the year.

A five-year forecast is considered to be the optimum balance between the Group's long term business, underpinned by lease lengths of 5.8 years and average debt maturity of 7.5 years, offset by the progressively unreliable nature of forecasting in later years particularly given uncertainty on the extent and duration of the Covid-19 pandemic.

Assessment of viability

For the reasons outlined above, the period over which the Directors consider it feasible and appropriate to report on the Group's viability remains five years, to 31 March 2025.

The assumptions underpinning the forecast cash flows and covenant compliance forecasts were sensitised to explore the resilience of the Group to the potential impact of the Group's significant risks and Covid-19.

The principal risks table on pages 82 to 87 summarises those matters that could prevent the Group from delivering on its strategy. A number of these principal risks, because of their nature or potential impact, could also threaten the Group's ability to continue in business in its current form if they were to occur.

The Directors paid particular attention to the risk of a deterioration in economic outlook which would adversely impact property fundamentals, including investor and occupier demand which would have a negative impact on valuations, cash flows and a reduction in the availability of finance. In addition, we have sensitised for the potential implications of a catastrophic business event. The remaining principal risks, whilst having an impact on the Group's business model, are not considered by the Directors to have a reasonable likelihood of impacting the Group's viability over the five-year period to 31 March 2025.

The most severe but plausible 'downturn scenario', reflecting a severe economic downturn and extended Covid-19 pandemic, incorporated the following assumptions:

- A reduction in occupier demand and impact on income sustainability; reflected by an ERV decline, occupancy decline, increased void periods, development delays, no new lettings during FY21, the impact of 100% of our high risk and 50% of our medium risk tenants entering administration, and the inability of our remaining Retail tenants (excluding essential stores) and c.20% of our Office tenants by value to pay rents for an extended period.
- A reduction in investment property demand to the level seen in the last severe downturn in 2008/2009, with outward yield shift to 8% net initial yield.

The outcome of the 'downturn scenario' was that the Group's covenant headroom on existing debt (i.e. the level at which investment property values would have to fall before a financial breach occurs) reduces from 45% to, at its lowest level, 5%, prior to any mitigating actions such as asset sales, indicating covenants on existing facilities would not be breached.

Based on the Group's current commitments and available facilities there is no requirement to refinance until 2024. In the normal course of business, financing is arranged in advance of expected requirements and the Directors have reasonable confidence that additional or replacement debt facilities will be put in place prior to this date.

In the downturn scenario the refinancing date reduces to mid 2022. However, in the event new finance could not be raised mitigating actions are available to enable the Group to meet its future liabilities at the refinancing date, principally asset sales, which would allow the Group to continue to meets its liabilities over the assessment period.

Viability statement

Having considered the forecast cash flows and covenant compliance and the impact of the sensitivities in combination in the 'downturn scenario', the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period ending 31 March 2025.

Going concern

The Directors also considered it appropriate to prepare the financial statements on the going concern basis, as explained in the Governance Review.

To read more information on going concern, go to page 192

The Strategic Report was approved by the Board on 26 May 2020 and signed on its behalf by:

Chris Grigg
Chief Executive

I am pleased to present the 2020 Corporate Governance Report

The Board's responsibility for leading the Company and overseeing the governance of the Group continues to be supported by a robust structure which allows for constructive debate and challenge by all Board members. This approach enables the Directors to make effective decisions, at the right time and based on the right information.

I am pleased to present the Corporate Governance Report for the year ended 31 March 2020.

Governance underpins the way in which the business of the Group is managed, our behaviour and our corporate culture. This year, we are reporting against the 2018 UK Corporate Governance Code (the 'Code') available at www.frc.org.uk. I am pleased with the standards of governance the Board continues to uphold and the Board considers that the Company has complied with the Code throughout the year.

An additional requirement this year is to include a statement on how the Board has had regard to the matters set out in s172(1)(a) to (f) of the Companies Act 2006. This statement can be found on page 33 and highlights that we continue to ensure that Directors have the right information on which to make decisions. This is supported by our strong engagement with the key stakeholders in our business, including employees, suppliers, customers, local authorities, partners, communities and shareholders further details of which can be found on pages 96, 97 and 116, 117.

As I stated in my introduction to this Annual Report and Accounts, our purpose is to create and manage outstanding places which deliver positive outcomes for all our stakeholders on a long term, sustainable basis. We call this Places People Prefer; we have articulated it that way for more than six years, but it has underpinned the way we do business for much longer. From providing the best space and the right services to delivering great buildings, it is the input we get from all our stakeholders that enables us to do this well. Engaging with them and having regard to our broader impact on the environment is therefore always factored into our decision making.

The Board formally satisfies itself that the matters in s172 have been taken into account by consulting a checklist included with decision papers, setting out which of the factors are relevant to the decision and where in the paper they are discussed.

Covid-19

The way in which we have responded to the Covid-19 crisis demonstrates that the interests of our stakeholders are fully integrated into our decision making. Key considerations included:

- interests of employees in moving to working from home before the lockdown;
- relationships with customers in forgiving or deferring rent;
- safety and needs of our suppliers in closing down and safely reopening construction sites;
- impact on the communities by providing further contributions to the Community Investment Fund;
- consequences of supporting our customers to preserve long term value for shareholders; and
- balancing all of the above with the interests of shareholders and the decision to suspend the dividend.

CSR Committee

We have this year introduced a new committee, the Corporate Social Responsibility (CSR) Committee. The CSR Committee, chaired by Alastair Hughes, is our prescribed mechanism for workforce engagement in accordance with Provision 5 of the Code. Further details can be found in the CSR Committee report on page 114. We believe that having a committee responsible for engagement with the workforce provides greater resource at Board level dedicated to engagement than designating a single non-executive director.

Board changes

In April 2020, William Jackson had served nine years on the Board and although we had announced he would step down at the end of the AGM in July 2020, we have asked William, and he has agreed, given the current uncertainty brought about by Covid-19, to stay on the Board for up to a further 12 months. Preben Prebensen has been appointed as William's successor as the Senior Independent Director and Alastair Hughes will replace William on the Nomination Committee, with both changes becoming effective at the end of the 2020 AGM.

The Board has appointed Irvinder Goodhew as an independent Non-Executive Director with effect from 1 October 2020. Further details on her appointment and experience can be found on page 105

All Directors in role at 31 March 2020 will stand for re-election at the 2020 AGM.

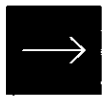
This year we carried out an internal evaluation of the Board. Details of the process undertaken and a summary of the outcomes are set out on pages 100 to 101.

Directors' Report

Chairman's introduction	90
Board of Directors	92
Stakeholder engagement statement	96
Corporate Governance Report	98
Report of the Nomination Committee	104
Report of the Audit Committee	108
Report of the Corporate Social Responsibility Committee	114
Workforce engagement statement	116
Directors' Remuneration Report	118
Directors' Report and additional disclosures	134
Directors' responsibilities statement	137

Compliance with the UK Corporate Governance Code

In addition to the reports listed above, the following sections of this Governance Report outline how the principles of the Code have been followed:



Board Leadership & Company Purpose

More on page 98

Division of Responsibilities

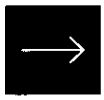
More on page 99

Composition, Succession & Evaluation

More on page 100

Audit, Risk Management & Internal Control

More on page 101



Remuneration

More on page 102

This year's AGM will unfortunately not allow the usual level of engagement between the Board and shareholders at an open meeting because of the restrictions in place as a result of Covid-19, but we would urge you still to cast your vote by appointing the Chairman of the meeting as your proxy.

Tim Score
Non-Executive Chairman

Driving success

Our Board develops strategy and leads British Land to achieve long term success.

Tim Score N

Non-Executive Chairman

Appointed as a Non-Executive Director in March 2014 and as Chairman in July 2019.

Skills and experience

Tim has significant experience in the rapidly evolving global technology landscape and brings years of engagement both with mature economies and emerging markets to the Board.

He is a non-executive director of Pearson plc and HM Treasury and sits on the board of trustees of the Royal National Theatre. Tim was formerly chief financial officer of ARM Holdings PLC and held senior financial positions at Rebus Group Limited, William Baird plc, LucasVarity plc and BTR plc. From 2005 to 2014, he was a non-executive director of National Express Group PLC, including time as interim chairman and six years as senior independent director.

Chris Grigg

Chief Executive

Appointed to the Board in January 2009.

Skills and experience

Chris Grigg has been Chief Executive of British Land since 2009. Throughout this last decade, he has put placemaking, wellbeing, sustainability and design excellence at the heart of British Land's approach to real estate. This is summed up in the company's strategic focus on creating "Places People Prefer". Chris has also focused on balancing diversity at all levels within British Land and actively championed diversity across the property sector.

Until November 2008, Chris was Chief Executive of Barclays Commercial Bank, having joined Barclays in 2005. Prior to that, Chris spent over 20 years at Goldman Sachs. Chris is a Non-Executive Director of BAE Systems plc where he also sits on the Corporate Responsibility Committee, and is on the Executive Board of the European Public Real Estate Association (EPRA).

Simon Carter

Chief Financial Officer

Appointed to the Board in May 2018.

Skills and experience

Simon has extensive experience of finance and the real estate sector. He joined British Land from Logicor, the owner and operator of European logistics real estate, where he had served as chief financial officer since January 2017.

Prior to joining Logicor, from 2015 to 2017 Simon was finance director at Quintain Estates & Development Plc. Simon previously spent over 10 years with British Land, working in a variety of financial and strategic roles and was a member of our Executive Committee from 2012 until his departure in January 2015. Simon also previously worked for UBS in fixed income and qualified as a chartered accountant with Arthur Andersen.

William Jackson N

Non-Executive Director

Appointed as a Non-Executive Director in April 2011 and Senior Independent Director in July 2017.

Skills and experience

William's experience spans business operations and financial planning. He is Managing Partner of Bridgepoint, one of Europe's leading private equity groups, which he has led since 2001. William has served on a wide range of UK and international boards during his career and has extensive property experience.

William will be stepping down from the Nomination Committee and as Senior Independent Director at the end of the 2020 AGM. He will be succeeded by Alastair Hughes and Preben Prebensen respectively. He will seek re-election for a period of not more than 12 months.

Preben Prebensen N R

Senior Independent Non-Executive Director

Appointed as a Non-Executive Director in September 2017.

Skills and experience

Preben has 30 years' experience in driving long term growth for British banking businesses.

He has held the position of chief executive of Close Brothers Group plc since 2009 but is expected to step down in 2020. Preben was formerly the chief investment officer of Catlin Group Limited and chief executive of Wellington Underwriting plc. Prior to that he held a number of senior positions at JP Morgan.

Preben will succeed William Jackson in the role of Senior Independent Director at the end of the 2020 AGM.

Laura Wade-Gery R

Non-Executive Director

Appointed as a Non-Executive Director in May 2015.

Skills and experience

Laura has deep knowledge of digital transformation and customer experience and brings her experience leading business change management to the Board.

She is a non-executive director of John Lewis Partnership plc and Deputy Chair of NHS Improvement. Previously, Laura was executive director Multi Channel at Marks and Spencer Group plc, served in a number of senior positions at Tesco PLC including chief executive officer of Tesco.com and was a non-executive director of Reach PLC (formerly known as Trinity Mirror plc).

Lynn Gladden C R

Non-Executive Director

Appointed as a Non-Executive Director in March 2015.

Skills and experience

Lynn is recognised as an authority in working at the interface of advanced technology and industry. Her critical thinking and analytical skills bring a unique dimension to the Board.

She is Shell Professor of Chemical Engineering at the University of Cambridge and was appointed as Executive Chair of the Engineering and Physical Sciences Research Council in 2018. She is also a fellow of the Royal Society and Royal Academy of Engineering.

Alastair Hughes C A

Non-Executive Director

Appointed as a Non-Executive Director in January 2018.

Skills and experience

Alastair has proven experience of growing real estate companies and is a fellow of the Royal Institution of Chartered Surveyors.

Alastair is a non-executive director of Schroders Real Estate Investment Trust Limited, Tritax Big Box REIT and QuadReal Property Group, with over 25 years of experience in real estate markets. He is a former director of Jones Lang LaSalle Inc. (JLL) having served as managing director of JLL in the UK, as CEO for Europe, Middle East and Africa and then as CEO for Asia Pacific.

Alastair will join the Nomination Committee at the end of the 2020 AGM.

Nicholas Macpherson A

Non-Executive Director

Appointed as a Non-Executive Director in December 2016.

Skills and experience

Nicholas has directed organisations through both fiscal and strategic change management and brings this vital expertise to the Board.

He is chairman of C. Hoare & Co and a director of The Scottish American Investment Company PLC. Nicholas was the Permanent Secretary to the Treasury for over 10 years from 2005 to March 2016, leading the department through the financial crisis and subsequent period of banking reform.

Rebecca Worthington A

Non-Executive Director

Appointed as a Non-Executive Director in January 2018.

Skills and experience

Rebecca has extensive listed property sector experience and brings key commercial acumen to the Board.

She is chief financial officer of IQSA Services Limited and was formerly group chief operating officer, having previously been group chief finance officer, of Countryside Properties PLC. Rebecca also spent 15 years at Quintain Estates and Development PLC as finance director before becoming deputy chief executive.

She was also a non-executive director and chair of the audit committee at Hansteen Holdings plc until March 2018, and a non-executive director of Aga Rangemaster Group plc until September 2015. She qualified as a chartered accountant with Pricewaterhouse Coopers LLP.

Brona McKeown

General Counsel and Company Secretary

Appointed as General Counsel and Company Secretary in January 2018.

Skills and experience

Before joining British Land, Brona was General Counsel and Company Secretary of The Co-operative Bank plc for four years as part of the restructuring executive team. Immediately prior to that she was Interim General Counsel and Secretary at the Coventry Building Society. Until October 2011, Brona was Global General Counsel of the Corporate division of Barclays Bank plc, having joined Barclays in 1998. Brona trained and spent a number of years at a large City law firm.

Board Committee membership key

- A Audit Committee
- C Corporate Social Responsibility Committee
- N Nomination Committee
- R Remuneration Committee
- Chair of a Board Committee

Our core focus areas

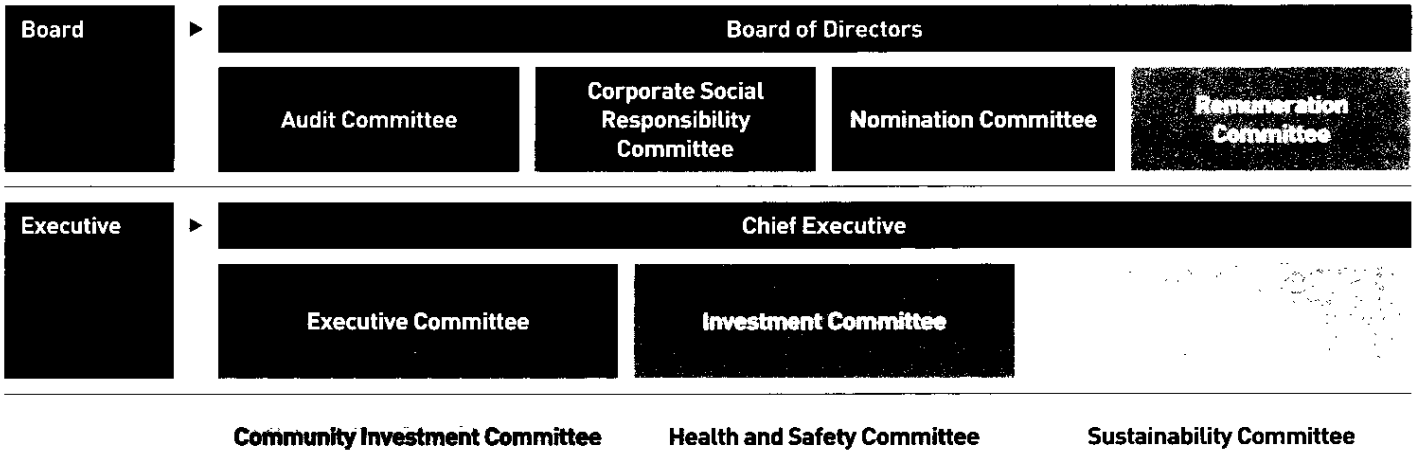
The Board meets regularly with people from across the British Land business and interacts with a range of advisers including corporate brokers and valuers. During Covid-19 they have met every two weeks to consider the impact on stakeholders and the business. Board discussions have covered a wide range of topics with a significant amount of time spent on the following strategic topics:

Strategic topic	Areas on which the Board has focused during the year
	- Strategic occupier relocation and associated capital expenditure at Canada Water - Residential strategy - Retail landscape and occupier insolvency - Financial support to occupiers and service partners during the Covid-19 pandemic
	- Strategic occupier relocation and associated capital expenditure at Canada Water - The development of 1 Broadgate - Overseeing our Retail disposal strategy - Capital plan and long term development pipeline
Expert People	- The safety and wellbeing of our workforce following the outbreak of Covid-19 and the nationwide shutdown - Decisions on remuneration in the context of Covid-19 - The delivery of a P2P system and further approval for central system infrastructure improvements - The 2019 employee engagement survey - Challenging management to improve collaboration and communication which led to the creation of the British Land Leadership Team
Capital Efficiency	- Portfolio structure and shareholder value - Suspension of dividend in March 2020 in light of the Covid-19 pandemic - Refinancing and capital allocation to ensure liquidity and covenant headroom - Investor engagement and share price performance
Sustainability	- 2030 sustainability strategy - Oversight of the work of the newly established CSR Committee - Diversity and inclusion across our business

A strategic enabler

Our governance structure ensures that the right people have access to the right information. Delegated authorities throughout our organisation enable effective decision making at appropriate levels.

Governance framework



Board attendance

Director	Scheduled meetings	Ad hoc meetings	Total[1]
Tim Score	**6/6**	4/4	10/10
Alastair Hughes[1]	**6/6**	2/4	8/10
Chris Grigg	**6/6**	4/4	10/10
Laura Wade-Gery	**6/6**	4/4	10/10
Lynn Gladden	**6/6**	3/4	9/10
Nicholas Macpherson	**6/6**	4/4	10/10
Preben Prebensen	**6/6**	4/4	10/10
Rebecca Worthington	**6/6**	4/4	10/10
Simon Carter	**6/6**	4/4	10/10
William Jackson[2]	**5/6**	4/4	9/10
Former Directors who served during the year			
John Gildersleeve	**2/2**	–	2/2

1. Alastair Hughes missed two ad hoc meetings and Lynn Gladden missed one ad hoc meeting that were called at short notice. In each case, the Directors who were unable to attend had been separately briefed on the business of the meeting and had provided their views beforehand.
2. William Jackson was unable to attend one meeting in July 2019 which conflicted with his daughter's graduation.

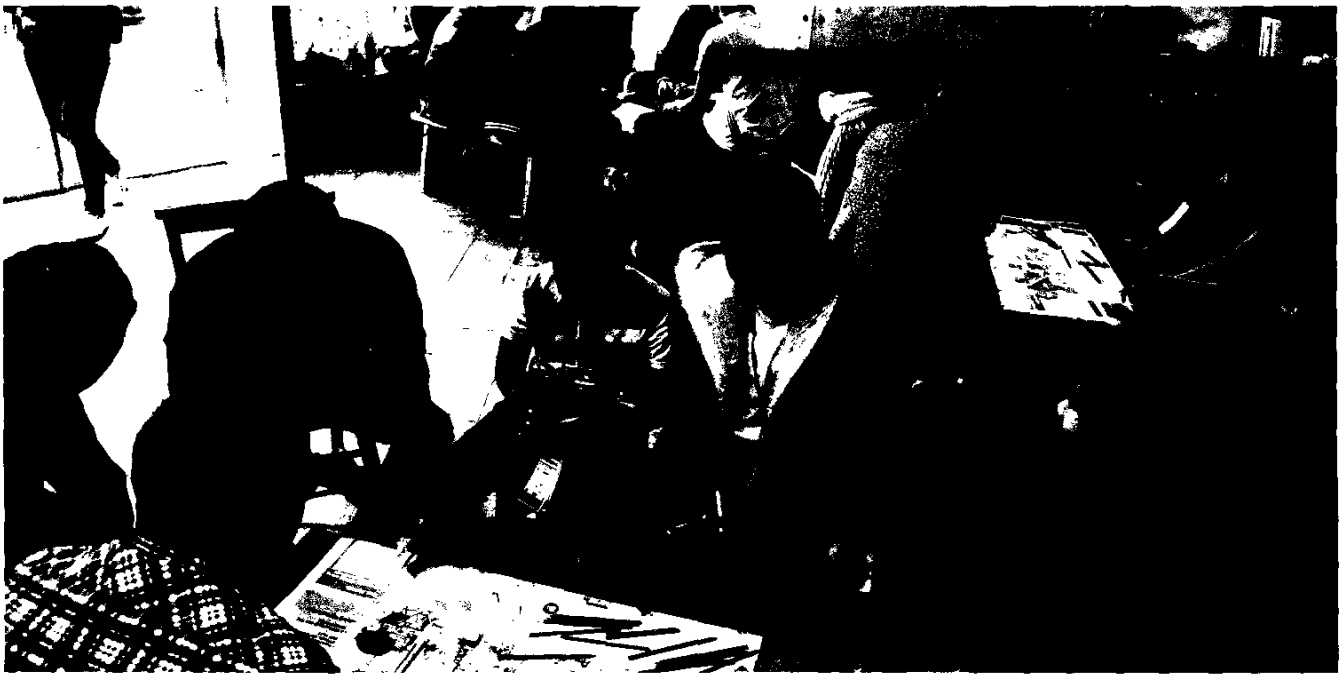
Additional Board meetings in response to Covid-19

Director	Total
Tim Score	**5/5**
Alastair Hughes	**5/5**
Chris Grigg	**5/5**
Laura Wade-Gery	**5/5**
Lynn Gladden	**5/5**
Nicholas Macpherson	**5/5**
Preben Prebensen	**5/5**
Rebecca Worthington	**5/5**
Simon Carter	**5/5**
William Jackson	**5/5**

The Board of Directors has made itself available for a total of five meetings at short notice from 22 March to 1 May 2020 in order to receive important updates and make critical decisions in response to Covid-19. This highlights the Board's individual and collective commitment to British Land and demonstrates that each Director has sufficient time to commit to critical needs in addition to meetings in the ordinary course of business.

Engaging with and considering the needs of our key stakeholders

Effective stakeholder engagement is at the heart of Places People Prefer and embedded throughout every level of British Land.



The nature of our business, from investing and developing properties to managing and curating our spaces, means we have a continuous dialogue with a wide group of stakeholders including customers, local authorities, local communities, suppliers, partners and shareholders. This continuous engagement means the views of our stakeholders are taken into account before proposals are put to the Board for a decision.

How do we engage with our stakeholder groups?

We develop our buildings in collaboration with future occupiers so that from the ground up, the end product is designed to fit the needs of our customers. This dialogue continues long after the development is complete as we look to support our customers over a long term relationship. We utilise our flexible office brand Storey to help our customers grow.

We embed ourselves into the communities we operate in. For example, through the Literacy Trust we have helped 42,700 children to read over the past 10 years. See the People section of our strategic report from page 28 for more information about our community projects.

We maintain a continuous dialogue with our suppliers through our procurement management process. In September 2019, we hosted a round table event which was attended by 40 of our key suppliers all of whom exchanged pledges to raise the diversity and inclusion agenda across our supply chain. By working together we hold each other accountable for the delivery of the pledges.

At Canada Water, working closely with Southwark Council, we conducted over 120 public consultations and local outreach events, attracting over 5,000 individuals over a period of five years, giving us a real insight into what key stakeholder groups wanted from this development. This resulted in some significant changes to our masterplan.

Our people

The workforce engagement statement on pages 116 to 117 outlines the work we do to ensure the views of our workforce are known and taken into account in decision making.

How stakeholder interests and the matters set out within s172 of the Companies Act 2006 are considered in Board discussions and decision making:

Material business decisions are reserved for the Board, however our Investment Committee has a delegated authority to take investment decisions of up to £100m. Proposals that are brought to either the Board or Investment Committee for decision are accompanied by a checklist that outlines the matters included in s172(1) (a)-(f) of the Companies Act 2006 and specifically lists the relevance of each to the decision. This ensures that the forum taking the decision understands the impact on our stakeholders.

Our s172 Statement is within the Strategic Report on page 33.

Canada Water

As described on page 53 of the Strategic Report, the work undertaken to date to receive a resolution to grant planning for our 53 acre masterplan at Canada Water has been informed by in-depth stakeholder engagement over many years. Our vision for Canada Water has evolved over time and has been shaped around the local community and businesses that it is home to, from revisions made to our masterplan in response to residents' opinions, to retaining the Printworks within our plans to respond to the successful venue it has become.

In September 2019, the Board considered the residential strategy of the Group, of which our plans at Canada Water are a key component. The Board considered that the successful delivery of the residential strategy at Canada Water involved positive long term relationships with our supply chain. The Board recognised that the flexibility within the planning consent would enable a variety of tenure and quantum of homes to be delivered to ensure a mixed and balanced community.

Considering our stakeholders during the Covid-19 pandemic

The Board took the decision on 25 March to temporarily suspend dividends in light of the financial uncertainty arising from the Covid-19 pandemic. In reaching this decision, the Board specifically considered stakeholder interests and the matters set out in s172.

A key driver of the decision was to provide greater flexibility in the short to near term that would enable us to support the hardest hit retail and leisure customers, protect the long term value of the business and further strengthen our financial resilience.

The Board took the decision to release smaller retail, food and beverage and leisure customers from their rental obligations for three months at a cost of £2m and we have agreed to defer a further c £35m of rental payments for the quarter ended March 2020. The Board specifically considered the impact to the local communities we operate in when making their decision.

Although we initially closed our construction sites, we were able to support some of our suppliers where it was safe for them to return to the site, as well as our suppliers' sub-contractors.

We were able to respond quickly and effectively providing help where it was most needed due to the strong relationships we have built with the communities we operate in over many years.

The Board held five additional meetings over the period from 22 March to 1 May 2020 to consider the fast changing environment.

Corporate Governance Report

→ Board Leadership & Company Purpose

The Board has determined that the Company's purpose is to create and manage outstanding places to deliver positive outcomes for all our stakeholders on a sustainable basis. We call this Places People Prefer. We do this by understanding the evolving needs of the people and organisations who use our places every day and the communities who live in and around them. The changing way people choose to work, shop and live is what shapes our strategy, enabling us to drive enduring demand for our space and value over the long term.

The Board, supported by an expert management team, continue to maximise the competitive advantage of the Company by utilising a deep history of stakeholder engagement to produce Places People Prefer and maximise sustainable value for shareholders. The Company is led by the Board in its entrepreneurial approach to placemaking and continues to innovate and produce world class destinations.

As at 31 March 2020, the Board comprised the Chairman, seven independent Non-Executive Directors and two Executive Directors. We continue to have a strong mix of experienced individuals on the Board. The majority are independent Non-Executive Directors who are not only able to offer an external perspective on the business, but also constructively challenge the Executive Directors, particularly when developing the Company's strategy and in their performance.

Our governance structure is designed to ensure that decisions are taken at the appropriate level with the proper level of oversight and challenge. Elements of our business require quick decision making and this is enabled by an agile Board and management team that collaborate effectively on complex issues.

Strategy days

The Board held its annual offsite strategy event during February 2020. The strategy days are structured to provide the Directors, and the Non-Executive Directors in particular, with an opportunity to focus on the development of, and challenge to, the Company's corporate strategy. The Executive Directors, senior executives and external guests delivered a number of presentations to attendees providing in-depth analysis on aspects of the business and the external environment. The days were carefully structured to achieve a balance between presentations, debate and discussion. Areas focused on at the 2020 strategy days included: portfolio structure and shareholder value; customer focus (with a presentation from Jones Lang Lasalle); sustainability (both environmental and social); and Canada Water.

Culture and stakeholder engagement

The Company's purpose is core to every decision taken by the Board. As detailed on pages 6 and 7 the Company has a framework of values and strategic measures that underpin our purpose to ensure that the strategy and culture of the Company are aligned. Led by the CSR Committee, we have a broad range of workforce engagement mechanisms to ensure the Board is able to assess the culture of the organisation. Our workforce engagement mechanisms are described on pages 116 and 117.

The Board receives regular updates on workforce engagement from the CSR Committee and management team through, amongst other methods, detailed workforce surveys. The Board has delegated oversight of the Company's whistleblowing arrangements to the Audit Committee but retains overall responsibility and receives updates on cases as appropriate.

In the year under review, the Board challenged management to enhance collaboration, one of the Company's core behaviours, which resulted in the creation of the British Land Leadership Team. The team consists of the Executive Committee and its direct reports in management roles who meet regularly both formally and informally to ensure there is a direct and visible link across the business and a channel for workforce views to reach the Board.

As well as workforce engagement, the CSR Committee has formal responsibility for engagement with the Company's wider stakeholders. Stakeholder engagement is integral to creating Places People Prefer and the decisions taken by the Board to maximise shareholder value are enhanced by the views of the diverse range of stakeholders and wider communities that we serve. The mechanisms that ensure effective stakeholder engagement as well as two examples of how decisions in the boardroom have been shaped by the impacts on our stakeholders are described in the stakeholder engagement statement on page 96. Further information on British Land's contribution to wider society can be found on pages 30 to 37.

Engagement with major shareholders

Institutional investors and analysts receive regular communications from the Company, including investor relations events, one-to-one and group meetings with the Chairman and Executive Directors, and tours of our major assets.

In September 2019, the Company hosted an investor day for institutional investors and analysts in Storey Club at our Paddington campus. The Group Chairman, Executive Directors and senior management gave presentations and held breakout sessions on strategic initiatives, sustainability and our long term view. The presentations were recorded and are available to view on our website www.britishland.com/investors/investor-day-2019.

The Chairman is committed to ensuring that shareholder views, both positive and negative, are relayed back to the Board and is assisted by the executive team in doing so. The Chairman has met personally with 10 investors during the course of the year and is committed to understanding and sharing the views of major shareholders within the boardroom.

In addition to the Chairman's efforts, the Chief Executive provides a written report at each scheduled Board meeting which includes direct market feedback on activity during the period and commentary on any meetings with major shareholders.

Conflicts of interest

The Directors are required to avoid a situation in which they have, or could have, a direct or indirect conflict with the interests of the Company. The Board has established a procedure whereby the Directors are required to notify the Chairman and the General Counsel and Company Secretary of all potential new outside interests and actual or perceived conflicts of interest that may affect them in their roles as Directors of British Land. All potential conflicts of interest are authorised by the Board and the register of Directors' interests is reviewed by the Board twice a year. The Board also reviews the Directors' Interests Policy on an annual basis. Following the last review in November 2019, the Board concluded that the policy continued to operate effectively.

External appointments

Any additional significant appointments must be approved by the Board before they are accepted by Directors. The Board will consider the Directors' existing commitments in making its decision. Non-Executive Directors' letters of appointment set out the time commitments expected from them. Following consideration, the Nomination Committee has concluded that all the Non-Executive Directors continue to devote sufficient time to discharging their duties to the required high standard.

British Land's policy is to allow Executive Directors to take one non-executive directorship at another FTSE company, subject to Board approval. External appointments of the Executive Directors are disclosed in their biographies. Any fees earned by the Executive Directors from such appointments are disclosed on page 130 within the Remuneration Report.

The Board considered and approved the appointment of Alastair Hughes to the Board of QuadReal Property Group, which the Board deemed a significant appointment.

→ Division of Responsibilities

There is a clear written division of responsibilities between the Chairman (who is responsible for the leadership and effectiveness of the Board) and the Chief Executive (who is responsible for managing the Company's business). The responsibilities of the Chairman, Chief Executive and Senior Independent Director have been agreed by the Board and are available to view on our website www.britishland.com/committees.

When running Board meetings, the Chairman maintains a collaborative atmosphere and ensures that all Directors have the opportunity to contribute to the debate. The Directors are able to voice their opinions in a calm and respectful environment, allowing coherent discussion.

The Chairman also arranges informal meetings and events throughout the year to help build constructive relationships between Board members and the senior management team. The Chairman meets with individual Directors outside formal Board meetings to allow for open, two-way discussion about the effectiveness of the Board, its Committees and its members. The Chairman is therefore able to remain mindful of the views of the individual Directors.

Operation of the Board

Our governance structure set out on page 95, ensures that the Board is able to focus on strategic proposals, major transactions and governance matters which affect the long term success of the business.

Regular Board and Committee meetings are scheduled throughout the year. In response to feedback received through the Board evaluation process, an additional Board meeting has been added to the annual calendar to ensure continuity across the full year. Ad hoc meetings may be held at short notice when Board-level decisions of a time-critical nature need to be made or for exceptional business. Fortnightly Board calls were held during the Covid-19 crisis.

Care is taken to ensure that information is circulated in good time before Board and Committee meetings and that papers are presented clearly and with the appropriate level of detail to assist the Board in discharging its duties. The Head of Secretariat assists the Board and Committee Chairs in agreeing the agenda in sufficient time before the meeting to allow input from key stakeholders and senior executives.

Papers for scheduled meetings are circulated one week prior to meetings and clearly marked as being 'For Decision', 'For Information' or 'For Discussion'. To enhance the delivery of Board and Committee papers, the Board uses a Board portal and tablets which provide a secure and efficient process for meeting pack distribution.

Division of Responsibilities

Under the direction of the Chairman, the General Counsel and Company Secretary facilitates effective information flows between the Board and its Committees, and between senior management and Non-Executive Directors.

Board Committees

Four standing Committees have been operating throughout the year: Audit, Nomination, Remuneration and Corporate Social Responsibility, to which certain powers have been delegated. Membership of each of these Committees is comprised solely of independent Non-Executive Directors. The reports of these four standing Committees are set out in the following pages. The terms of reference of each Committee and the matters reserved for the Board are available at our website www.britishland.com/committees.

The Board has delegated authority for the day-to-day management of the business to the Chief Executive. Executive Directors and senior management have been given delegated authority by the Board to make decisions within specified parameters. Decisions outside of these parameters are reserved for the Board although management will often bring decisions within their delegated authority to the Board for scrutiny and challenge.

Management are supported by three standing Executive Committees:

Investment Committee

Principal investment decisions are reserved for the Board, however it has delegated authority to the Investment Committee to make decisions within specified financial parameters. The Investment Committee membership comprises the Chief Executive, Chief Financial Officer, Head of Strategy and Investments, Head of Real Estate and Head of Developments. The Investment Committee also reviews investment proposals that fall outside of its delegated authority and provides recommendations to the Board for its consideration.

Executive Committee

The Chief Executive is supported by the Executive Committee in discharging his duties which have been delegated by the Board. Comprised of the senior management team, the Committee's main areas of focus are the formulation and implementation of strategic initiatives, business performance monitoring and evaluation and overseeing culture and stakeholder engagement.

Risk Committee

The Chief Financial Officer chairs the Risk Committee which comprises all members of the Executive Committee. The Committee manages external, strategic and operational risks in achieving the Company's performance goals.

→ Composition, Succession & Evaluation

Our rigorous and transparent procedures for appointing new Directors are led by the Nomination Committee. Non-Executive Directors are appointed for specified terms and all continuing Directors offer themselves for election or re-election by shareholders at the AGM each year provided the Board, on the recommendation of the Nomination Committee, deems it appropriate that they do so. The procedure for appointing new Directors is detailed in the Nomination Committee report on page 106.

The Nomination Committee is responsible for reviewing the composition of the Board and its Committees and assessing whether the balance of skills, experience, knowledge and diversity is appropriate to enable them to operate effectively. More detail can be found in the Nomination Committee report on page 105.

The Notice of Meeting for the 2020 Annual General Meeting details the specific reasons why the contribution of each Director seeking re-election is and continues to be important to the Company's long term sustainable success. The biographies of each Director on pages 92 to 93 set out the skills and expertise that each Director brings to the Board.

Following a recommendation from the Nomination Committee, the Board considers that each Non-Executive Director remains independent in accordance with provisions of the Code.

As well as leading the procedures for appointments to the Board and its Committees, the Nomination Committee oversees succession planning for the Board and senior management with reference to the Board Diversity and Inclusion Policy. Further details on the work of the Nomination Committee and the Diversity and Inclusion Policy are within its report on page 107.

Board evaluation

The effectiveness of the Board and its Committees is reviewed annually, with an independent, externally facilitated review being conducted at least once every three years. The next external review will be in 2021.

In 2020, an internal evaluation of the Board and its Committees was conducted by the General Counsel and Company Secretary by circulating questionnaires, seeking quantitative and qualitative feedback and reporting the outcomes to the Board.

In addition to the formal evaluation, the Chairman met each Non-Executive Director individually during the year to discuss their contribution to the Board. The Senior Independent Director led the appraisal of the Chairman's performance by the Non-Executive Directors, with the views of the Executive Directors also being taken into consideration.

The Chairman and Chief Executive presented their appraisals of the performance of the Chief Executive and the Chief Financial Officer respectively. These appraisals were taken into account when considering the performance of the Board as a whole as well as in relation to annual and long term incentive awards.

The review concluded that the Board, its Committees and its individual members all continue to operate effectively and with due diligence. It also confirmed that good progress has been made on the recommendations of last year's evaluation:

- the Board has continued to develop its understanding of culture and values with a review of the engagement survey results;
- there have been more discussions on succession plans this year, with the whole Board spending more time considering the issue; and
- the time scheduled for Board meetings has been extended, with strategy being a greater focus throughout the year.

The focus for the coming year will be:

- continuing the work on progressing succession planning throughout the organisation;
- testing and refining the strategy in light of changes in the sector;
- reviewing the scope of the CSR Committee; and
- improving the understanding and monitoring of culture and values.

We will report on the progress of these focus areas in the 2021 Annual Report.

Audit, Risk Manageme & Internal Control

Financial and business reporting

The Board is responsible for preparing the Annual Report and confirms in the Directors' Responsibilities Statement set out on page 137 that it believes that the Annual Report, taken as a whole, is fair, balanced and understandable. The process for reaching this decision is outlined in the report of the Audit Committee. The basis on which the Company creates and preserves value over the long term is described in the Strategic Report.

Audit Committee

The Audit Committee is responsible for monitoring the integrity of the financial statements and results announcements of the Company as well as the appointment, remuneration and effectiveness of the external and internal auditors. The detailed report of the Audit Committee is on pages 108 to 113.

Risk management

The Board determines the extent and nature of the risks it is prepared to take in order to achieve the Company's strategic objectives. The Board is assisted in this responsibility by the Audit Committee which makes recommendations in respect of the Group's principal and emerging risks, risk appetite and key risk indicators. Further information on the Group's risk management processes and role of the Board and the Audit Committee can be found on page 78.

The Board has responsibility for the Company's overall approach to risk management and internal control which includes ensuring the design and implementation of appropriate risk management and internal control systems. Oversight of the effectiveness of these systems is delegated to the Audit Committee which undertakes regular reviews to ensure that the Group is identifying, considering and as far as practicable mitigating the risks for the business.

During the course of its review for the year ended 31 March 2020, and to the date of this Report, the Audit Committee has not identified, nor been advised of, a failing or weakness which it has determined to be significant.

Pages 112 to 113 set out the confirmations that the Audit Committee made to the Board as part of the risk management and internal control assurance process for the full year.

Internal control over financial reporting

As well as complying with the Code, the Group has adopted the best practice recommendations in the FRC 'Guidance on risk management, internal control and related financial and business reporting' and the Company's internal control framework operates in line with the recommendations set out in the internationally recognised COSO Internal Control Integrated Framework.

Audit, Risk Management & Internal Control

The key risk management and internal control procedures over financial reporting include the following:

- **Operational risk management framework:** operational reporting processes are in place to mitigate the risk of financial misstatement. Key controls are owned by senior managers who report on compliance on a six-monthly basis to the Risk Committee. All key internal financial controls are reviewed on a two-yearly cycle by internal audit;
- **Financial reporting:** our financial reporting process is managed using documented accounting policies and reporting formats supported by detailed instructions and guidance on reporting requirements. This process is subject to oversight and review by both external auditors and the Audit Committee;
- **Disclosure Committee:** membership comprises the Chief Executive Officer, Chief Financial Officer, Head of Investor Relations, General Counsel and Company Secretary and Head of Secretariat. The Committee regularly reviews draft financial reports and valuation information during the interim and full year reporting process and determines, with external advice from the Company's legal and financial advisers, whether inside information exists and the appropriate disclosure requirements.

Going concern and viability statements

During the year the Board assessed the appropriateness of using the 'going concern' basis of accounting in the financial statements. The assessment considered future cash flows and debt facilities (to assess the liquidity risk of the Company) and the availability of finance (to assess solvency risk). The assessment covered the 12-month period required by the 'going concern' basis of accounting.

Following these assessments the Directors believe that the Group is well placed to manage its financing and other business risks satisfactorily and have reasonable expectation that the Company and the Group have adequate resources to continue in operation for at least 12 months from the date of the Annual Report. They therefore consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

A detailed description of the viability assessment for the year ended 31 March 2020 is included on page 88 alongside the viability and going concern statements made by the Board.

→ Remuneration

The Company's remuneration policies and practices are designed to support strategy and promote the long term sustainable success of the business. We have a clear strategy to "build an increasingly mixed use business". To deliver on this strategy, we focus on four objectives: Customer Orientation, Capital Efficiency, Right Places and Expert People. Delivering against these objectives creates the inputs to future value creation for all of our stakeholders. In our Directors' Remuneration Report we explain our approach to incentivise and reward employees to deliver these inputs whilst also managing the business on a day-to-day basis. We also explain how we create alignment with shareholders and measure our performance over the longer term.

Our current Remuneration Policy was approved by shareholders at the 2019 AGM. The Committee is also responsible for establishing remuneration of the members of the Executive Committee.

The Remuneration Committee is authorised to use discretion in determining remuneration outcomes for Executive Directors and the wider workforce. Further details on the Committee's use of discretion this year can be found in the Directors' Remuneration Report starting on page 118.

Key investor relations activities during the year

May

- Full Year Results Presentation
- Full Year Results Roadshow, London
- Investor Property Conference, Netherlands

June

- Investor Roadshow, US (New York, Boston, Philadelphia)
- Two Investor Property Conferences, London

July

- Private Client Investor Roadshow, London
- AGM

September

- Analyst & Investor Event, Paddington

November

- Industry Dinner
- Half Year Results Presentation
- Half Year Results Roadshow, London
- Investor Property Conference, London
- Investor Roadshow, US (New York, Boston) & Canada (Toronto)

December

- Investor Property Conference, London

January

- Private Client Investor Breakfast, London
- Private Client Investor Roadshow, London

March

- Investor Property Conference, Miami

Ensuring a balanced and diverse Board

The Nomination Committee supports the Board on composition, succession and diversity matters.

I am pleased to present the report of the Nomination Committee for the year ended 31 March 2020. I became Chair of the Committee in July 2019, at which time Preben Prebensen also became a member of the Committee.

The Nomination Committee continues to play a key role in supporting British Land's long term sustainable success. The development and execution of our long term strategic objectives, embedding of our culture and values and promotion of the interests of our stakeholders are all dependent upon effective leadership at both Board and executive level. It is the Committee's responsibility to maintain an appropriate combination of skills and capabilities amongst the Directors. Long term succession planning at Board and executive level remains a key priority of the Committee.

As a Committee our core responsibilities include reviewing the structure of the Board and Committees, recommending new Board appointments and ensuring adherence to formal, rigorous selection, appointment and induction processes for new Directors. As part of our ongoing reviews of the composition of the Board and its Committees we recommended a number of changes to Committee memberships which are outlined on page 105. The search process for Non-Executive appointments was refreshed during the year and we commenced a successful search for a new Non-Executive Director. Irvinder Goodhew will join the Board on 1 October. More information about the search process can be found on page 106.

As I noted in my introduction to the Governance section, in March we announced that William Jackson, Senior Independent Director (SID), would step down as a Director from the conclusion of the Company's AGM in July 2020. The Committee recommended that he be succeeded as SID by Preben Prebensen and that Alastair Hughes be appointed to the Committee. These appointments will still take place at that time even though William will now stay on the Board for an extended period of up to 12 months.

All of the Committee activities set out in this Report were conducted within the context of our unwavering commitment to improving inclusion and diversity across British Land. We are proud of the tangible impact British Land's diversity policies and initiatives are having both at Board level and in the wider business, and we report on this progress in both this Report and in the Expert People section of the Strategic Report.

Looking ahead, long term succession planning at Board and executive level will remain a key priority of the Committee.

I hope you find the following report interesting and illustrative of our focus on ensuring that the Board and its Committees remain well equipped with the skills and capabilities needed to drive the future success of British Land.

Tim Score
Chairman of the Nomination Committee

Committee composition and governance

The Committee has three members. At the 2019 AGM, John Gildersleeve stepped down from the Committee, and was replaced by Tim Score as Chairman. Therefore, as at the 31 March 2020 year end the Committee comprised: Tim Score, William Jackson, and Preben Prebensen, all of whom are considered by the Board to be independent.

Details of the Committee's membership and attendance at meetings during the year are set out in the table below. Planned changes to the Committee membership during the year to come are outlined in the following section.

[illegible]	[illegible]	[illegible]	Attendance
Tim Score	Chairman	1 Apr 2017	**4/4**
William Jackson	Member	11 Apr 2011	**4/4**
Preben Prebensen[1]	Member	19 Jul 2019	**3/3**
Former Directors who served during the year			
John Gildersleeve[2]	Chairman	1 Jan 2013	**1/1**

1. Preben Prebensen joined the Committee on 19 July 2019
2. John Gildersleeve stepped down from the Board and Committee on 19 July 2019, at which point Tim Score became Chairman of the Committee

Key areas of focus during the year

Non-Executive Director search and selection

In late 2019, following further review of the longer term needs of the Board, we began the search for a new Non-Executive Director to supplement the Board's skillset.

The search process was conducted in accordance with the Board Diversity and Inclusion Policy and the Selection and Appointment Process, which are both explained later in this Report. Russell Reynolds Associates, the executive search firm appointed, has no other relationship to the Company or individual Directors. The firm has adopted the Voluntary Code of Conduct for Executive Search Firms on gender diversity and best practice.

The search resulted in the appointment of Irvinder Goodhew as a Non-Executive Director, as announced on 21 May 2020. Irvinder brings over 25 years of experience in various operational and strategic roles, in a broad range of sectors including retail, consulting and financial services and will join the Board on 1 October 2020.

Board and Committee composition reviews and appointments

During the year the Committee reviewed the broader composition and balance of the Board and its Committees, their alignment with the Company's strategic objectives, and the need for progressive refreshing of the Board.

In March 2019 we announced that John Gildersleeve would retire as a Non-Executive Director and step down as Chairman of the Company at the conclusion of the 2019 AGM, to be succeeded by Tim Score. As a result, the following Committee changes took effect in July 2019:

- Tim Score stepped down from the Audit Committee, and was succeeded as Chair by Rebecca Worthington;
- William Jackson stepped down from the Remuneration Committee and was succeeded as Chair by Laura Wade-Gery;
- John Gildersleeve was succeeded as Chair of the Nomination Committee by Tim Score; and
- Preben Prebensen was appointed to the Nomination Committee.

In addition, in May 2019 Alastair Hughes and Lynn Gladden became members of the CSR Committee on its formation, with Alastair taking the Chair.

Nick MacPherson completed his first three-year term in December 2019 and William Jackson completed his third three-year term in April 2020. In making recommendations for reappointment, the Committee considered their performance and ability to contribute effectively to Board discussion and to challenge the performance of management.

In March 2020 we announced that William Jackson would retire as a Non-Executive Director at the conclusion of this year's AGM in July, but as stated earlier he will now remain on the Board for an extended period of up to 12 months. The Committee considered a successor for William as SID and, having confirmed that he possessed an appropriate skillset, and the right personal qualities and experience for the role, made a recommendation to the Board for the appointment of Preben Prebensen to the role of SID. The Committee also recommended that Alastair Hughes be appointed to the Committee. As a result the Committee recommended the following changes to take effect at the end of the 2020 AGM:

- Preben Prebensen to succeed William Jackson as Senior Independent Director; and
- Alastair Hughes be appointed to the Nomination Committee.

The Committee is satisfied that, following the Committee composition changes described above, the Board and its Committees will continue to have the appropriate balance of skills and experience required to fulfil their roles effectively.

Independence and re-election

The independence of all Non-Executive Directors is reviewed by the Committee annually, with reference to their independence of character and judgement and whether any circumstances or relationships exist which could affect their judgement. The most recent assessment included a fuller review of the independence of William Jackson, who has now served in excess of nine years on the Board. Having regard to all such considerations, the Board is of the view that the Non-Executive Directors each remain independent, notwithstanding their periods of tenure.

Prior to recommending the reappointment of serving Directors to the Board, the Committee also considers the time commitment required and whether each reappointment would be in the best interests of the Company. Detailed consideration is given to each Director's contribution to the Board and its Committees, together with the overall balance of knowledge, skills, experience and diversity.

Following its review, the Committee is of the opinion that each Non-Executive Director continues to demonstrate commitment to his or her role as a member of the Board and its Committees, discharges his or her duties effectively and that each makes a valuable contribution to the leadership of the Company for the benefit of all stakeholders.

Accordingly, the Committee recommended to the Board that all serving Directors be put forward for election or re-election at the 2020 AGM.

Biographies for each Director can be found on pages 92 to 93.

Succession planning

The Committee is responsible for reviewing the succession plans for the Board, including the Chief Executive. We recognise that successful succession planning includes nurturing our own talent pool and giving opportunities to those who are capable of growing into more senior roles.

The succession plans for the Executive Directors are prepared on both shorter and longer term bases while those for Non-Executive Directors reflect the need to refresh the Board regularly. Such plans take account of the tenure of individual members. The Committee's review of Executive Director succession plans includes consideration of the process for talent development within the organisation to create a pipeline to the Board.

The Chief Executive, with the support of the HR Director, prepares succession plans for senior management for consideration by the Committee with the rest of the Board invited to be involved as appropriate. The Committee notes that the remit of the Corporate Social Responsibility Committee includes consideration of the extent to which the business is developing a diverse pipeline for succession to senior management roles.

A number of issues that would normally be dealt with by the Committee were discussed with the full Board.

Selection and appointment process

The Committee oversees the selection and appointment process for Board appointment, which was updated during the year, and is summarised in the figure below.

Board composition review

The Committee annually reviews the structure, size and composition of the Board. This review considers the skills and qualities required by the Board and its Committees as a whole in light of the Group's long term strategy, external environment and the need to allow for progressive refreshing of the Board. The review identifies the specific skills required by new appointees and guides the Committee's long term approach to appointments and succession planning.

Role brief

The Committee works only with external search agencies which have adopted the Voluntary Code of Conduct for Executive Search Firms on gender diversity and best practice. The Committee and agency work together to develop a comprehensive role brief and person specification, aligned to the Group's values and culture. This brief contains clear criteria against which prospective candidates can be objectively assessed.

Longlist review

The external search agency is challenged to use the objective criteria for the role to produce a longlist of high quality candidates from a broad range of potential sources of talent. This process supports creation of a diverse longlist. The Nomination Committee selects candidates from this list to be invited for interview.

Interview

A formal, multi-stage interview process is used to assess the candidates. For each appointment the choice of interviewers is customised to the specific requirements of the role. All interview candidates are subject to a rigorous referencing process.

Review and recommendation

The Committee ensures that, prior to making any recommendation to the Board, any potential conflicts and the significant time commitments of prospective Directors have been satisfactorily reviewed.

Diversity and inclusion

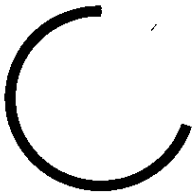
The Board's Diversity and Inclusion Policy has been updated during the year, expanding the Board's commitments in this area. It recognises the benefits of diversity in its broadest sense and sets out the Board's ambitions and objectives regarding diversity at Board and senior management level. The Policy notes that appointments will continue to be made on merit against a set of objective criteria, which are developed in consideration of the skills, experience, independence and knowledge which the Board as a whole requires to be effective. The Policy also describes the Board's firm belief that in order to be effective a board must properly reflect the environment in which it operates and that diversity in the boardroom can have a positive effect on the quality of decision making. Aligned to this, the Policy has a number of specific quantitative and qualitative policy objectives in support of Board-level diversity and inclusion, including the following commitments:

- the intention to maintain a balance such that at least 30% of the Board are women;
- the intention to have at least one Director from an ethnic minority background on the Board by the end of 2020;
- to maintain the improved gender balance of its leadership teams and senior management; and
- to ensure that there is clear Board-level accountability for diversity and inclusion for the wider workforce

The Committee is pleased to confirm that these objectives have been fully met. As at 31 March the Board comprised 30% women, while the Executive Committee composition has increased from 33% to 36% women. Clear accountability for diversity and inclusion is delivered through Alastair Hughes and Lynn Gladden's membership of the Corporate Social Responsibility Committee, which monitors progress on diversity and inclusion objectives and relevant initiatives within British Land.

Average Board member age over a four-year period[1]

Composition[2]



Chairman	1
Executive Directors	2
Non-Executive Directors	7

Tenure[2]

0-3 years	3
3-6 years	3
6-9 years	2

1. As at intended AGM date of 29 July 2020.
2. As at 31 March 2020

Induction, Board training and development

Each new Director is invited to meet the General Counsel and Company Secretary or Head of Secretariat to discuss their induction in detail, following which the programme is tailored specifically to their requirements and adapted to reflect their existing knowledge and experience.

Each induction programme would ordinarily include:

1. meetings with the Chairman, Executive Directors, Committee Chairmen, external auditor or remuneration consultants (as appropriate);
2. information on the corporate strategy, the investment strategy, the financial position and tax matters (including details of the Company's REIT status);
3. an overview of the property portfolio provided by members of the senior management team;
4. visits to key assets;
5. details of Board and Committee procedures and Directors' responsibilities;
6. details on the investor relations programme; and
7. information on the Company's approach to sustainability.

The Committee also has responsibility for the Board's training and professional development needs. Directors receive training and presentations during the course of the year to keep their knowledge current and enhance their experience.

Key areas of focus for the coming year

As well as the regular cycle of matters that the Committee schedules for consideration each year, we are planning over the next 12 months to continue to focus on succession planning both for the Board and at senior management level, and will continue to develop a strong talent pipeline and associated leadership programmes.

Board and Committee effectiveness

The process followed for the internally-led Board effectiveness evaluation conducted during the year is described in the main Board governance section on page 100.

The Committee's effectiveness during the year was evaluated as part of the wider Board evaluation and concluded that the Committee operated effectively.

The Committee also reviewed its terms of reference; no changes were recommended during the year. The terms are available on our website www.britishland.com/committees.

Monitoring quality and integrity

The Audit Committee monitors the quality and integrity of the financial reporting and valuation process.

I am pleased to present the report of the Audit Committee for the year ended 31 March 2020.

This is my first report as Chair of the Committee following my appointment at the conclusion of the 2019 AGM. In line with the focus on improved governance and clear, relevant and concise reporting, this report of the Audit Committee highlights the main issues which arose during the year and how they were addressed.

Role and responsibilities

The principal responsibilities of the Committee are:

Financial reporting – Monitoring the integrity of the Company's financial statements and any formal announcements relating to financial performance, and considering significant financial reporting issues, judgements and estimates

External Audit – Oversight and remuneration of the external auditor, assessing effectiveness and making recommendations to the Board on the appointment of, and the policy for non-audit services provided by, the external auditor

Internal Audit – Monitoring and reviewing reports on the work performed by the internal auditor and reviewing effectiveness, including its plans and resourcing

Risk management and internal controls – Reviewing the system of internal control and risk management

Investment and development property valuations – Considering the valuation process and outcome and the effectiveness of the Company's valuers

Key areas of focus

Ultimately, the Committee continues to play a key role in overseeing the integrity of the Group's financial statements, including assessing whether the Annual Report is fair, balanced and understandable, as well as ensuring that a sound system of risk management and internal control is in place.

During the year, the Committee has reviewed the process for identification and mitigation of key business and emerging risks, challenging management actions where appropriate. The Committee has also reviewed the appropriateness of the accounting treatment of significant transactions, including asset acquisitions and disposals, along with scrutinising the valuation of the Group's property assets as well as the effectiveness of the valuers.

The Committee continued to monitor the implementation of the new valuer policy which was approved in 2017. The third and final phase of the implementation of the policy was successfully completed during the year. As at 31 March 2020 84% of the portfolio was under new instruction since the transition process began in the year ended 31 March 2018. The Committee thanks all of its valuers for their professionalism throughout the implementation of the policy.

Committee composition and governance

I became Chair of the Committee at the conclusion of the 2019 AGM following Tim Score's appointment as Group Chairman. Following his appointment Tim stepped down as Chair and as a member of the Committee in accordance with the Code. The Committee continues to be composed solely of independent Non-Executive Directors with sufficient financial experience, commercial acumen and sector knowledge to fulfil their responsibilities. Members' attendance at Committee meetings is set out in the following table:

[illegible]	[illegible]	[illegible]	Attendance
Rebecca Worthington	Chairman	1 Jan 2018	3/3
Alastair Hughes	Member	1 Jan 2018	3/3
Nicholas Macpherson	Member	1 Apr 2017	3/3
Tim Score[1]	Chairman	20 Mar 2014	1/1

1 Tim Score stepped down from the Audit Committee on 19 July 2019, at which point Rebecca Worthington became Chair of the Committee.

The Board is satisfied that the Committee as a whole has competence relevant to the real estate sector. For the purposes of the Code, I am deemed to meet the specific requirement of having significant, recent and relevant financial experience.

Members of the senior management team, including the Chief Financial Officer, General Counsel and Company Secretary, Group Financial Controller, Head of Financial Reporting and representatives of both external and internal auditors, are invited to attend each Committee meeting. In addition, the Chairman of the Board, Chief Executive Officer, Head of Investor Relations, Head of Planning and Analysis and other key employees are invited to attend part, or all, of specific Committee meetings.

The Committee meets privately with both external and internal auditors after each scheduled meeting and continues to be satisfied that neither is being unduly influenced by management. As Committee Chair, I additionally hold regular meetings with the Chief Executive Officer, Chief Financial Officer and other members of management to obtain a good understanding of key issues affecting the Group and am thereby able to identify those matters which require meaningful discussion at Committee meetings. I also meet the external audit partner, internal audit partner and representatives from each of the valuers privately to discuss any matters they wish to raise or concerns they may have.

Committee effectiveness

The Committee assessed its own effectiveness during the year through an internal questionnaire. The Committee reviews its terms of reference on an annual basis. Following an extensive update during the year ended 31 March 2019 to reflect the adoption of the Code, the Committee was satisfied that the terms of reference continued to be appropriate. The current terms of reference were effective from 1 April 2019 and are available on our website at www.britishland.com/committees.

The information below sets out in detail the activity undertaken by the Committee during the year ended 31 March 2020. I hope that you find it useful in understanding our work.

Rebecca Worthington
Chair of the Audit Committee

Financial reporting

The Committee continues to review the content and tone of the preliminary results press release, Annual Report and half year results at the request of the Board. Drafts of the Annual Report are reviewed by the Committee Chair and the Committee as a whole prior to formal consideration by the Board, with sufficient time provided for feedback.

The Committee reviewed the key messaging included in the Annual Report and half year results, paying particular attention to those matters considered to be important to the Group by virtue of their size, complexity, level of judgement required and potential impact on the financial statements and wider business model. Any issues which were deemed to be significant were debated openly by the Committee members and other attendees, including management, external and internal auditors.

The Committee has satisfied itself that the controls over the *accuracy and consistency of the information presented in the* Annual Report are robust. The Committee reviewed the procedure undertaken to enable the Board to provide the fair, balanced and understandable confirmation to shareholders. Meetings were held between the Group Financial Controller, Head of Investor Relations and other senior employees to review and document the key considerations and a detailed report was then provided to the Committee. The Committee therefore recommended to the Board that the Annual Report presented a fair, balanced and understandable overview of the business of the Group and that it provided stakeholders with the necessary information to assess the Group's position, performance, business model and strategy.

The significant issues considered by the Committee in relation to the financial statements during the year ended 31 March 2020, and the actions taken to address these issues, are set out in the following table:

Significant issues considered	How these issues were addressed
Going concern statement The appropriateness of preparing the Group financial statements on a going concern basis	The Committee reviewed management's analysis supporting the going concern basis of preparation. This included consideration of forecast cash flows, availability of committed debt facilities and expected covenant headroom. The Committee also received a report from the external auditor on the results of the testing undertaken on management's analysis. As a result of the assessment undertaken, the Committee satisfied itself that the going concern basis of preparation remained appropriate. The going concern statement is set out on page 88.
Viability statement Whether the assessment undertaken by management regarding the Group's long term viability appropriately reflects the prospects of the Group and covers an appropriate period of time.	The Committee considered whether management's assessment adequately reflected the Group's risk appetite and principal risks as disclosed on pages 78 to 87; whether the period covered by the statement was reasonable given the strategy of the Group and the environment in which it operates; and whether the assumptions and sensitivities identified, and stress tested, represented severe but plausible scenarios in the context of solvency or liquidity. The Committee also considered a report from the external auditor. The Committee concurred with management's assessment and recommended the viability statement to the Board. The viability statement, together with further details on the assessment undertaken, is set out on page 88.
Covid-19 The impact of Covid-19 on the assessment of the Group's principal risks and uncertainties, risk appetite and viability statement.	A detailed analysis of the impacts of Covid-19 on the Group's risk framework is included within the Risk Review on pages 78 to 88
Accounting for significant transactions The accounting treatment of significant property acquisitions, disposals, financing and leasing transactions is a recurring risk for the Group with non-standard accounting entries required, and in some cases management judgement applied.	The Committee reviewed management papers on key judgements, including those for significant transactions, as well as the external auditor's findings on these matters. In particular, the Committee considered the accounting treatment of the acquisition of West One, and the treatment of bespoke leasing arrangements in relation to a key development. The external auditor separately reviewed management's judgements in relation to these transactions.
REIT status Maintenance of the Group's REIT status through compliance with certain conditions has a significant impact on the Group's results.	The Committee reviewed the REIT tests performed by management and concluded that the Company's REIT status had been maintained in the year. The Committee separately considered the external auditor's review of management's assessment.
Valuation of property portfolio The valuation of investment and development properties conducted by external valuers is inherently subjective as it is undertaken on the basis of assumptions made by the valuers which may not prove to be accurate. The outcome of the valuation is significant to the Group in terms of investment decisions, results and remuneration.	The external valuers presented their reports to the Committee prior to the half year and full year results, providing an overview of the UK property market and summarising the performance of the Group's assets. Significant judgements were also highlighted. The Committee analysed the reports and reviewed the valuation outcomes, challenging assumptions made where thought fit. In particular, with the third and final phase of the implementation of the valuer appointment policy, the Committee paid specific attention to those assets which were subject to a new valuation instruction during the year including Broadgate. The Committee closely analysed the valuation of Canada Water following the resolution to grant planning for our 53 acre masterplan and robustly challenged the methodology used. The Committee was satisfied with the valuation process and the effectiveness of the Company's valuers. The Committee also approved the relevant valuation disclosures to be included in the Annual Report.
Taxation provisions The appropriateness of taxation provisions made and released in the period.	The Committee reviewed taxation provisions made and released by the Group. They considered papers prepared by management and discussed the views of the external auditors to obtain assurance that amounts held were commensurate with the associated risks.

External Audit

PricewaterhouseCoopers LLP (PwC) was appointed as the Group's external auditor for the 2015 Annual Report following a formal competitive tender process. The Committee considered the need for a competitive tender for the role of external auditor during the year under review and confirmed that a tender was not appropriate due to PwC's strong performance to date. The Committee confirmed that a competitive tender will be completed no later than for the 2025 year end audit. Given the continuing effectiveness of PwC in their role as external auditor, the Committee believe it is in the best interests of shareholders for PwC to remain as external auditor for the following financial year. It is currently proposed that a tender process be completed during 2024.

The year under review is Sandra Dowling's first year as engagement partner following John Waters' mandatory rotation at the conclusion of the 2019 audit. The Committee will ensure that future rotations are undertaken as required by legislation to the extent that this is not undertaken earlier by PwC.

The Committee is responsible for overseeing the relationship with the external auditor and for considering their terms of engagement, remuneration, effectiveness, independence and continued objectivity. The Committee annually reviews the audit requirements of the Group, for the business and in the context of the external environment, placing great importance on ensuring a high quality, effective external audit process.

Fees and non-audit services

The Committee discussed the audit fee for the 2020 Annual Report with the external auditor and approved the proposed fee on behalf of the Board.

In addition, the Group has adopted a policy for the provision of non-audit services by the external auditor. The policy helps to safeguard the external auditor's independence and objectivity. The policy allows the external auditor to provide the following non-audit services to British Land where they are considered to be the most appropriate provider:

- audit related services: including formal reporting relating to borrowings, shareholder and other circulars and work in respect of acquisitions and disposals. In some circumstances, the external auditor is required to carry out the work because of their office. In other circumstances, selection would depend on which firm was best suited to provide the services required

In addition, the following protocols apply to non-audit fees:

- total non-audit fees are limited to 70% of the audit fees in any one year. Additionally, the ratio of audit to non-audit fees is calculated in line with the methodology set out in the 2014 EU Regulations.
- Committee approval is required where there might be questions as to whether the external auditor has a conflict of interest; and
- the Audit Committee Chair is required to approve in advance each additional project or incremental fee between £25,000 and £100,000, and Committee approval is required for any additional projects over £100,000.

Total fees for non-audit services amounted to £0.04m, which represents 6% of the total Group audit fees payable for the year ended 31 March 2020. Details of all fees charged by the external auditor during the year are set out on page 158.

The Committee is satisfied that the Company has complied with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Processes and Audit Committee Responsibilities) Order 2014, published by the Competition and Markets Authority on 26 September 2014.

Effectiveness

Assessment of the annual evaluation of the external auditor's performance was undertaken by way of a questionnaire completed by key stakeholders across the Group, including senior members of the Finance team. The review took into account the quality of planning, delivery and execution of the audit (including the audit of subsidiary companies), the technical competence and strategic knowledge of the audit team and the effectiveness of reporting and communication between the audit team and management.

PwC also provide the Committee with an annual report on its independence, objectivity and compliance with statutory, regulatory and ethical standards. For the year ended 31 March 2020, as for the prior year, the external auditor confirmed that it continued to maintain appropriate internal safeguards to ensure its independence and objectivity.

The Committee concluded that the quality of the external auditor's work, and the knowledge and competence of the audit team, had been maintained at an appropriate standard during the year.

In addition, the Committee reviewed the Financial Reporting Council's (FRC)'s review of PwC's audit of the Group for the year ended 31 March 2019. The FRC's review identified some limited improvements in relation to the audit of property valuations and revenue recognition, but otherwise noted the audit was of a 'good standard'. PwC's responses were discussed with management and with the Committee to ensure the FRC's points are addressed in future audits.

The Committee therefore recommended to the Board that a resolution to reappoint PwC as external auditor of the Company be put to shareholders at the 2020 AGM.

Internal Audit

The role of Internal Audit is to act as an independent and objective assurance function, designed to improve the effectiveness of the governance, risk management and internal controls framework in mitigating the key risks of British Land. Ernst & Young LLP (EY) continue to provide Internal Audit services to British Land and attended all Committee meetings to present their audit findings and the status of management actions.

During the year, the Committee reviewed and approved the annual Internal Audit plan, including consideration of the plan's alignment to the principal risks of the Group and its joint ventures. Internal audits completed during the year included those in relation to supplier risk management, key operational control testing, crisis management and Storey. Overall, no significant control issues were identified although several process and control improvements were proposed, with follow up audits scheduled where necessary.

Effectiveness

The annual effectiveness review of the internal auditor included consideration of the Internal Audit charter which defines EY's role and responsibilities, review of the quality of the audit work undertaken and the skills and competence of the audit teams. Key stakeholders across the Group, including Committee members, Head of Secretariat, Head of Financial Reporting and other senior employees, completed a questionnaire to assess the effectiveness of the internal auditor. The results of the questionnaire were improved from a good base, following the completion of actions identified from the prior year The Committee concluded that EY continued to discharge its duties as internal auditor effectively and should continue in the role for the year commencing 1 April 2020

Risk management and internal controls

The Board has delegated responsibility for overseeing the effectiveness of the Group's risk management and internal control systems to the Committee. The Committee has oversight of the activities of the executive Risk Committee, receiving minutes of all Risk Committee meetings and discussing any significant matters raised.

At the full and half year, the Committee reviewed the Group's principal risks including consideration of how risk exposures have changed during the period. Both external and internal risks are reviewed and their effect on the Company's strategic aims considered. At full year, the Committee reviewed the Group's emerging risks, following a bottom up assessment throughout business units and deep dive by the Risk Committee. The Audit Committee made a recommendation to the Board regarding the identification and assessment of principal and emerging risks. The Board accepted the Committee's recommendation.

The Committee considered the Group's risk appetite and recommended an update to the measurement of our people risk in order that the Group risk appetite remains set at an appropriate level to achieve the Group's strategic goals without taking undue risk. The Board accepted the Committee's recommendation for the Group's risk appetite.

The Committee also reviewed the status of key risk indicators throughout the year against risk appetite, focusing on any which were outside optimal ranges. The Committee gave particular attention to the risks relating to Covid-19, occupier credit risk exposure, the UK's political and economic outlook following the UK's departure from the European Union and the UK's internal political turmoil and development contractor exposure.

Half yearly, in conjunction with the internal auditor, management reports to the Committee on the effectiveness of internal controls, highlighting control issues identified through the exceptions reporting process. Risk areas identified are considered for incorporation in the Internal Audit plan and the findings of internal audits are taken into account when identifying and evaluating risks within the business. Key observations and management actions are reported to, and debated by, the Committee. For the year ended 31 March 2020, the Committee has not identified, nor been advised of, a failing or weakness which it has deemed to be significant.

At the request of the Remuneration Committee, the Committee considers annually the level of risk taken by management and whether this affects the performance of the Company. The Remuneration Committee takes this confirmation into account when determining incentive awards granted to the Executive Directors and senior management. Taking into account reports received on internal key controls and risk management, and the results of the internal audit reviews, the Committee concluded that for the year ended 31 March 2020 there was no evidence of excessive risk taking by management which ought to be taken into account by the Remuneration Committee when determining incentive awards.

The Group's whistleblowing arrangements enable all staff, including temporary and agency staff, suppliers and occupiers to report any suspected wrongdoing. These arrangements, which are monitored by the General Counsel and Company Secretary and reviewed by the Committee annually, include an independent and confidential whistleblowing service provided by a third party. In March 2020, a new third party supplier was appointed that presents greater value and a more user-friendly platform. The Committee received a summary of all whistleblowing reports received during the year and concluded that the response to each report by management was appropriate. The whistleblowing reports were also relayed to the Board by the Committee Chair.

The Committee also reviewed the Group's tax strategy which sets out the Group's approach to risk management and governance in relation to UK taxation, its attitude towards tax planning, the level of risk the Group is prepared to accept in relation to tax and its relationship with HM Revenue & Customs. The resulting document ('Our Approach to Tax') was approved by the Board and is available on the Company's website at www.britishland.com/governance.

Additional information on the Company's internal controls systems is set out in the 'Managing risk in delivering our strategy' section on pages 78 to 81.

Investment and development property valuations

The external valuation of British Land's property portfolio is a key determinant of the Group's balance sheet, its performance and the remuneration of the Executive Directors and senior management. The Committee is committed to the rigorous monitoring and review of the effectiveness of its valuers as well as the valuation process itself. The Group's valuers are now CBRE, Knight Frank, Jones Lang LaSalle (JLL) and Cushman & Wakefield

The Committee reviews the effectiveness of the external valuers bi-annually, focusing on a quantitative analysis of capital values, yield benchmarking, availability of comparable market evidence and major outliers to subsector movements, with an annual qualitative review of the level of service received from each valuer.

The valuers attend Committee meetings at which the full and half year valuations are discussed, presenting their reports which include details of the valuation process, market conditions and any significant judgements made. The external auditor reviews the valuations and valuation process, having had full access to the valuers to determine that due process had been followed and appropriate information used, before separately reporting its findings to the Committee. The valuation process is also subject to regular review by Internal Audit.

British Land has fixed fee arrangements in place with the valuers in relation to the valuation of wholly-owned assets, in line with the recommendations of the Carsberg Committee Report. Copies of the valuation certificates of CBRE, Knight Frank, JLL and Cushman & Wakefield can be found on our website at www.britishland.com/reports.

Focus for the coming year

During the year ending 31 March 2021 the Committee will continue to focus on the processes by which the Board identifies, assesses, monitors, manages and mitigates risk, particularly in light of the challenging conditions within the retail sector and Covid-19. The Committee will also continue to monitor key risk areas for the business, particularly those scheduled for review by Internal Audit including, but not limited to, key financial and operational controls, Canada Water, cyber security strategy and the procure to pay system operation.

Helping people thrive

We seek to ensure the Company is a first-class employer, builds and manages first-class buildings for its communities and occupiers and delivers this in a sustainable way.

I am pleased to present the report of the CSR Committee for the year ended 31 March 2020.

The Committee was set up at the beginning of the year to assist the Board in overseeing its engagement with employees and other stakeholders and to assess the Company's wider contribution to society. The Committee is also the Board's designated mechanism for workforce engagement in accordance with provision 5 of the Code.

Our terms of reference set out the primary role of the Committee and are available on our website www.britishland.com/committees. We summarise this as seeking to ensure that the Company:

- Is a first-class employer;
- Builds and manages first-class buildings; and
- Delivers this in a sustainable way for both our communities and the environment.

The information below sets out in detail the activity undertaken by the Committee during the year ended 31 March 2020. I hope that you find it useful in understanding our work.

Key areas of focus during the year

In its first year the Committee has sought to understand further the Company's engagement with employees and how it constructs its buildings to ensure they are high quality, safe and built in an environmentally friendly way.

Employee engagement and culture

We have been encouraged by the number and quality of mechanisms in place for employee engagement and the results of the engagement survey undertaken this year. The Committee reviewed the output of the employee engagement survey, which showed an overall engagement score of 75%, which is 6% ahead of the national benchmark. This is a good result and was based on a high response rate of 89%. Particularly encouraging for the Committee were the scores of 91% saying they were proud to work at British Land and 90% supporting the statement that British Land's commitment to social responsibility (e.g. community support, sustainability, etc) is genuine.

Over half of the mechanisms suggested by the FRC Guidance on Board Effectiveness were already in use to engage with employees. As Directors we have a number of ways in which we interact with employees and following our last externally facilitated Board evaluation, almost all Board meetings have either a breakfast or lunch with an equal number of employees. The initial round of these events enabled us to get to know senior management better but in the last year we have had the opportunity to meet other employees without senior management present. Laura Wade-Gery has been the subject of an "in conversation" session with employees which explored a wide range of subjects.

The Company has a strong set of networks and committees with different focus areas. These are not standalone focus areas but are integrated into how we engage with our stakeholders and run our business. As an example, the Parents & Carers Committee and BL Pride Alliance arranged a presentation from the LGBTQ+ charity Just Like Us, who are now also an occupier at Broadgate and have hosted workshops and training at the Paddington Campus for students and teachers taking part in the Just Like Us programme (further information on this can be found on page 37). Similarly, the Wellbeing Committee has set up a network including occupiers and the local community to consider wellbeing at our Paddington campus. Further details on these and our other committees can be found in our Expert People section from page 28.

Construction and health and safety

The Committee took time to understand management's approach to health and safety and was impressed with the rigour and detail of the systems in place to ensure our buildings and practices are safe, with Accident Frequency Rates substantially below the national average. We also covered how we procure and design our buildings, including having a design framework which ensures that we and our suppliers adhere to high environmental and ethical standards.

Engaging with our occupiers, both current and future, has demonstrated that strong environmental credentials are an increasingly key requirement for them and this is driving our focus on more sustainable buildings which in turn supports our leasing aim, to let space more quickly and achieve higher rents. This is a great example of how engagement with our stakeholders is driving change in how we run our business.

Sustainability

We have helped the Sustainability Committee to review performance against the Sustainability 2020 targets that were set six years ago. With our current sustainability programme ending in March 2020, we have also guided the development of a new sustainability strategy. This will focus on two key issues around net zero carbon on the environmental side and a place-based approach to building connections in our communities, underpinned by a commitment to upper quintile performance on wider environmental matters and key principles of responsible business, such as prompt payment to suppliers. We continue to make good progress on reducing our environmental impact, taking an innovative approach to projects such as 1 Triton Square where we have saved 57,000 tonnes of embodied carbon in the design and construction phase. Further details of how 1 Triton Square has delivered environmental improvements and the benefits of collaboration with our stakeholders can be found on pages 8 and 9. Further information on our approach to sustainability can be found on page 38.

Key areas of focus for the coming year

This first year of the Committee has been spent developing our understanding of some of the basic practices of the Company and we can now begin to look at some areas in more detail.

We plan to review diversity in the workforce, including drivers affecting diversity and what policies are in place or needed to ensure we have a diverse workforce and pipeline for future success.

We will review British Land's engagement with its communities, how the Company contributes to the wider society and the impact this has on the Company's performance. We will also be considering the charitable activities of the Company.

We will look at how we embed sustainability within all that we do. Part of this will be a cultural shift to have sustainability as part of every employee's role and objectives and avoiding having sustainability as a separate team who have to make designs and practices more sustainable in an incremental way. This will clearly be an integral part of the progress of our Developments team. One of our measures of success will be not to have a sustainability team in 10 years!

Committee composition and governance

The Committee is composed solely of independent Non-Executive Directors. Attendance at Committee meetings during the year is set out in the following table:

Director	Position	Date of Committee appointment	Attendance
Alastair Hughes	Chairman	1 Apr 2019	3/3
Lynn Gladden	Member	1 Apr 2019	3/3

Members of the senior management team, including the Chief Executive Officer, Chief Financial Officer, General Counsel and Company Secretary, Head of Secretariat, HR Director, Head of Developments, Head of Corporate Affairs and Sustainability and Head of Sustainable Developments, are invited to attend each Committee meeting.

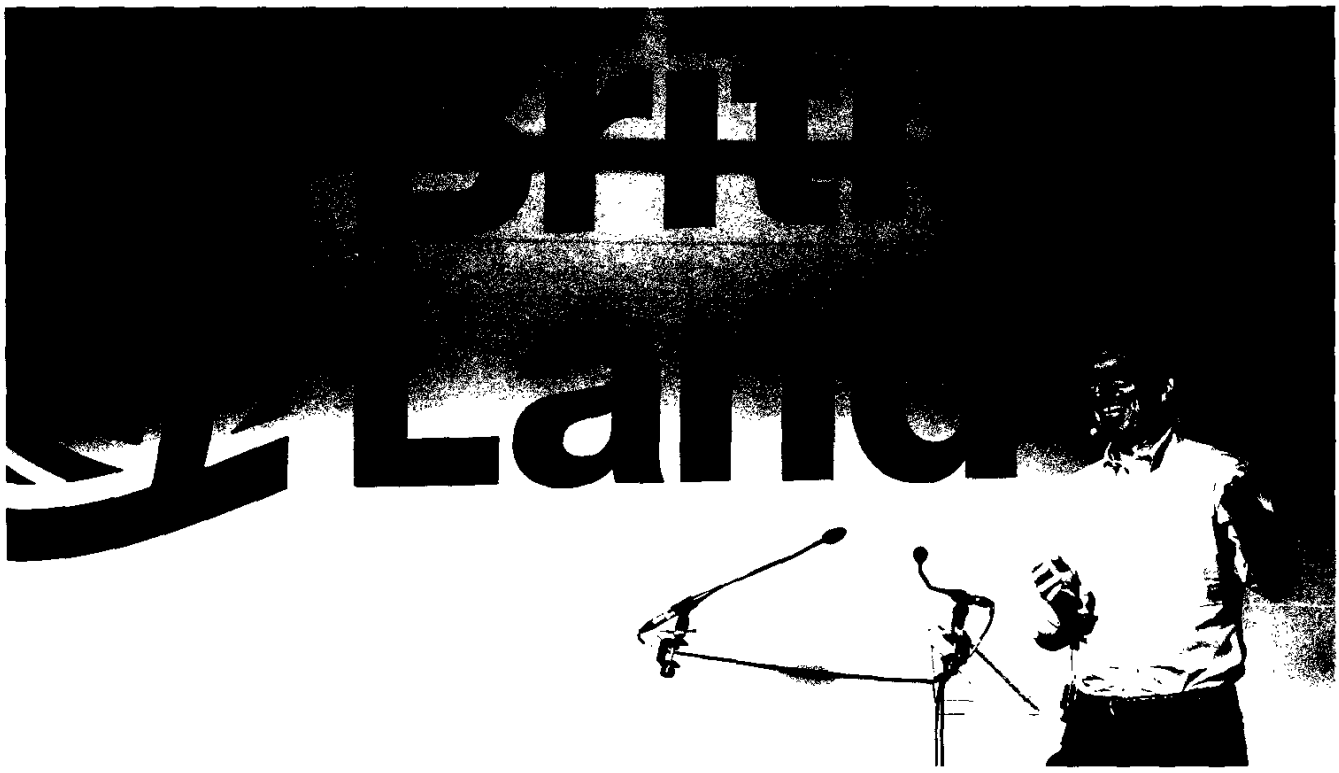
Committee effectiveness

The Committee's effectiveness was reviewed as part of the wider Board evaluation and concluded that the Committee had operated effectively. The Committee reviewed and updated its terms of reference, which are available on our website www.britishland.com/committees.

Alastair Hughes
Chairman of the CSR Committee

Engaging with our workforce

Workforce engagement is central to the Expert People pillar of our strategic framework.



The Corporate Social Responsibility Committee, chaired by Alastair Hughes, has formal responsibility for overseeing the operation and effectiveness of our workforce engagement mechanisms for the purposes of provision 5 of the UK Corporate Governance Code.

The CSR Committee report on the previous pages details the activities of the Committee in its first year of operation, which have largely been focused on exploring and understanding the mechanisms we already have in place.

Workforce engagement initiatives:

Communication

Internal communication

A member of our Executive Committee holds a Company-wide meeting each month to report on important Company developments, introduce initiatives to colleagues and field questions. These sessions are often opportunities for senior management to discuss market conditions and key operational initiatives with our workforce and take questions from them.

Our internal communications team send out a Company-wide weekly email with updates and details of key events and a member of our Executive Committee hosts a social hour each month where our people network in a less formal environment.

Company Conference
Once a year our people are brought together from across our business to attend our Company Conference. In 2019, the conference was held at the Printworks at Canada Water. The day consisted of presentations by the Group Chairman, Chief Executive Officer, Chief Financial Officer and other members of our senior management team as well as interactive team building and social events.

BL Leadership Team (BLLT)
The BLLT was created to enhance collaboration and communication within the Group and was a response to recommendations by the Board. The BLLT comprises our top managers and includes our Executive Committee and its direct reports and meets monthly to discuss key issues. BLLT members are a key point of contact for our people and facilitate a two-way dialogue between the leadership team and the rest of the workforce.

Financial awareness
At the half and full year, our Chief Executive Officer and Chief Financial Officer present the financial results to the Group and answer questions.

Ownership
Our employees are invited to join our Company-wide Share Incentive Plan and Save As You Earn Plan. Employee share ownership encourages employees to focus on long term Company performance and aligns their interests with shareholders.

Engagement with Directors

Engagement survey
The Board reviews the results of the annual employee engagement survey as well as interim 'pulse' surveys. The Board discusses the results and challenges management on areas of improvement. The response from the 2019 engagement survey returned results significantly above the national benchmark on questions relating to leadership. More details on our engagement survey can be found on page 34.

BL employee networks
As discussed on pages 36 and 37 there are a wide range of employee-led networks at British Land. The work of our networks has promoted social issues that are important to our people and driven internal policy changes such as our adoption of enhanced shared parental leave.

The CSR Committee receives presentations by the Chairs of our networks to engage with key issues at Board level.

Covid-19

Consideration of the Company's workforce was at the centre of decision making both by executive management and the Board during the immediate outbreak of the virus. The safety of our people and their families, together with the interests of our other stakeholders, shaped the decisions that we took as a business. This was only possible due to the strong mechanisms of employee engagement that were already in place.

BL networks

We were able to leverage our employee networks to provide support with useful information and tips to our workforce.

Leadership

Executive Committee members ensured there were clear lines of communication with their teams which was aided by the BLLT and cross-Company collaboration. The Executive Committee and a BLLT working group both met every day during the outbreak of the crisis to manage the effects on the Group and our response in real time. Chris Grigg also gave regular Company-wide updates.

The Company's response to Covid-19 is described throughout the Strategic Report and in the context of broader stakeholder engagement on pages 96 to 97.

Aligning incentive with strategy

Our Remuneration Policy aligns management incentives with our strategy.

Dear Shareholders

I am delighted to introduce the Directors' Remuneration Report for the year. This is my first report to you as Chair of the Committee having taken over from William Jackson at the AGM on Friday 19 July 2019.

On behalf of the Board and the Committee, I would like to thank William for his excellent and thorough chairing of this Committee for three years. We have all benefitted from his wisdom and his challenge throughout this time, culminating in his piloting through of our new Remuneration Policy approved at the 2019 AGM.

Following William stepping down, the Committee had three members during 2019/20 – Lynn Gladden, Preben Prebensen and myself. We continue to be supported by Andrew Udale of Korn Ferry who we appointed to advise the Committee in 2017.

As you will be only too aware, an awful lot has happened in the last few months as a result of Covid-19. As a Committee and a Board we have discussed at length what decisions we should be taking on remuneration matters. In the remainder of this statement, I seek to explain what actions we have taken, what actions we have deferred taking for the moment and in each case why. In making these decisions we have been in close dialogue with the executive members of the Board and our fellow non-executives. We have considered carefully the interests of the wider stakeholders of the Company and their longer term interests in particular.

Board changes

Charles Maudsley and Tim Roberts stood down from the Board on 31 March 2019. Both were considered good leavers, and their share plan awards have been pro-rated and treated in line with the good leaver provisions in the respective plan rules. Charles took a consultancy role with Bridgepoint Advisers and as a result mitigated some of his monthly salary during his notice period; Tim became CEO of Henry Boot plc with a similar mitigation impact. Details are provided on page 129.

Your support for our new Remuneration Policy

Thank you for your 98.3% support of our new Remuneration Policy adopted at the 2019 AGM. Our remuneration philosophy is simple – we want to ensure that our management is aligned to shareholders' and other key stakeholders' interests, and that our policy supports our long term business strategy, values and corporate culture. We conducted an extensive review of our previous policy during 2018, concluding that, while the policy was broadly working well, there was an opportunity both to simplify it and to ensure that it was in line with the Company's current strategic objectives and with evolving best practice. After consultation and discussion, it was good to receive the support of so many of our shareholders and their representative bodies in July 2019. The new policy is summarised on pages 120 to 121 of this Annual Report.

Remuneration in respect of the year ended 31 March 2020

We believe that the manner in which the Committee sets and operates this Remuneration Policy is clear to executives and is aligned to our corporate culture. We operated it with regard to risks inherent in the business and market place, providing the opportunity for executives to earn rewards in a manner which is proportionate to the value delivered against clear targets.

The Committee reflected at length on the impact of the current circumstances on the Company's stakeholders. In particular, it took account of the Board's decision temporarily to suspend the dividend and that (other than for promotions) our employees will not be receiving salary reviews this year. We have not furloughed any of our own employees but are well aware of the impact of Covid-19 on our communities, suppliers and customers. Shareholders have received two quarterly dividends with the remaining dividends currently being retained in the business, adding to our cash balances and therefore our net asset value per share.

The result of these deliberations was that despite Covid-19 affecting only six weeks of the performance year in question, the estimated level of bonus for the whole business against criteria we had previously set for the year ended 31 March 2020 was reduced by 41%. Specifically this has reduced the estimated

bonuses for executive directors to c.40% of their salary levels as opposed to c.70% and represents approximately a quarter of the maximum available opportunity. However, we have decided that while these are estimates of what would have been paid after scaling back, the decision on whether some, all or none of the scaled back amounts should actually be paid to Executive Directors is being deferred. The same approach has been taken to the entirety of bonus awards for members of the Executive Committee and for the decision on a portion of the bonus award for over 100 further managers. The decision on these bonuses will be reached later in 2020 when more information on the impact on our stakeholders in relation to the year ended 31 March 2020 is available. The Committee and management believe that this deferral of any decision on how much of the estimated bonus to award is the right and fair approach in these unprecedented circumstances.

Remuneration in respect of the year commencing 1 April 2020

Salaries

We took a decision not to review salaries for the Executive Directors so they remain unchanged. The Non-Executive Directors' and the Chairman's fee levels also remain unchanged. In addition, the Executive Directors volunteered to waive an amount equal to 20% of their salaries for the first three months of the year. The Chairman and the Non-Executive Directors also volunteered to do the same in relation to 20% of fees for the same three-month period.

Annual Incentives

For the coming year, we will continue to measure 70% of the Annual Incentive against quantitative measures, and the remaining 30% based on strategic measures. We have made some changes for this year to reflect the current environment and will be assessing the level of bonus derived from the targets set in the context of the wider stakeholder experience during the year. Further information is set out on page 122.

Long term incentives

The Committee intends to grant long term incentive awards during the coming year to the two Executive Directors and other senior executives. The performance measures and targets will remain unchanged, but the intended level of award had not been determined by the Committee by the time of signing the Annual Report. The Committee intends to make this decision closer to the date of grant so that it can factor in the share price to the size of the award. We will set out and explain the grant levels in next year's Report, which will not exceed the levels awarded last year.

Executive pensions

We are committed to ensuring that pension contributions across our workforce are equitable. Simon Carter joined the Company in May 2018 with the same pension benefit as the wider workforce at 15% of his salary. As noted last year, Chris Grigg has agreed to reduce his pension allowance by 5% of salary annually (now 25% for financial year 2021) to bring it in line with the employee contribution rate by 2022. We would like to thank Chris for his sensitivity to wider shareholder concerns about executive pension contributions.

Below Board-level incentives

Following the approval of our new Remuneration Policy in July 2019, we have revisited the Annual Incentive arrangements for our Executive Committee. This is in line with the requirements of the 2018 UK Corporate Governance Code. Previously, this team's Annual Incentive structure was the same as our wider employee base; we have decided to create an even stronger link between their Annual Incentive and the financial performance of the Company in the way we assess the amount of their bonus at the end of the financial year.

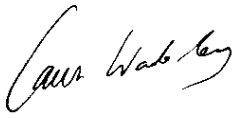
Gender pay gap

The latest gender pay gap for the 5 April 2020 snapshots shows a further reduction in the median pay gap of 7% to 27.9% from 34.9% for British Land. Broadgate Estates, a subsidiary company, shows a decrease in the median pay gap from 37.7% to 35.5%. More information can be found at www.britishland.com/gender-pay-gap.

Recommendation

British Land is committed to listening carefully to shareholder feedback and to applying best practice to its remuneration policies and approach. We hope that you will continue to support our approach to remuneration and will vote in favour of this report at the 2020 AGM.

Yours sincerely



Laura Wade-Gery
Chair of the Remuneration Committee

How we align rewards to delivering our strategy

As set out on pages 22 to 23, we have a clear strategy to build an increasingly mixed use business.

It will comprise three core elements: our London campuses, a smaller Retail portfolio and a residential business. To deliver on this strategy, we focus on four objectives:

Customer Orientation:
Responding to changing lifestyles

Right Places:
Creating great environments

Expert People:
Changing the way we work

Capital Efficiency:
Thoughtful use of capital

Delivering against these objectives creates the inputs to future value creation for all of our stakeholders. We run a very long term business and actions taken in any one year can take many years to show up as enhancing value.

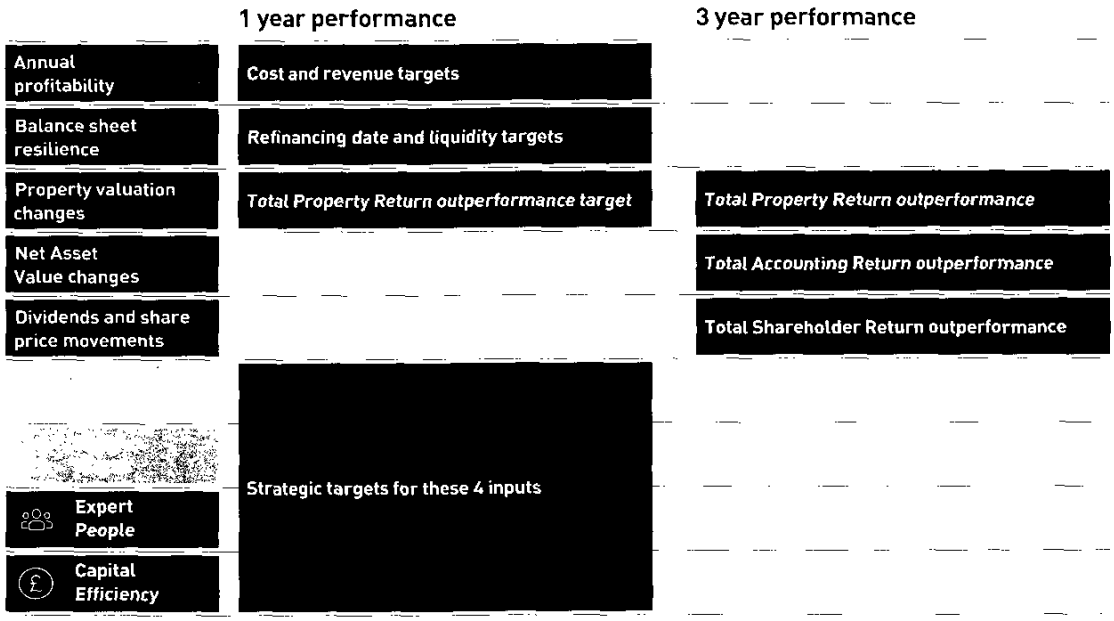
Our remuneration philosophy is to incentivise and reward employees across the Group, cascading from the Executive Directors, to deliver these inputs whilst also managing the business on a day-to-day basis. Successful delivery of some of these objectives may not necessarily be reflected in the financial results of the business in a single year but should flow through to the longer term performance of the business.

In determining what the best measures of performance are for incentivising our employees, the Committee strikes a balance between the short term and longer term goals that it sets. The short term goals are a mixture of these inputs and annual financial performance.

This creates an alignment with shareholders ensuring that the level of annual bonus is not out of line with the performance of the business in the financial year.

Over the longer term, we measure our performance against selected market benchmarks. We only deliver rewards where the business at least matches those benchmarks and we share a small percentage of any outperformance. We tailor these benchmarks to be as relevant as possible but we recognise that there may inevitably be a degree of mismatch.

The chart below illustrates the alignment between (i) what we are focusing on doing (our strategic objectives), (ii) what we measure and report on (dark blue) and (iii) what we reward Executive Directors for delivering (light blue).



Summary of the Remuneration Policy and how we apply it

The Remuneration Policy was approved by shareholders on 19 July 2019. The Policy will apply until the AGM in July 2022. The Remuneration Policy is set out in full in the 2019 Annual Report and is available on our website www.britishland.com/committees

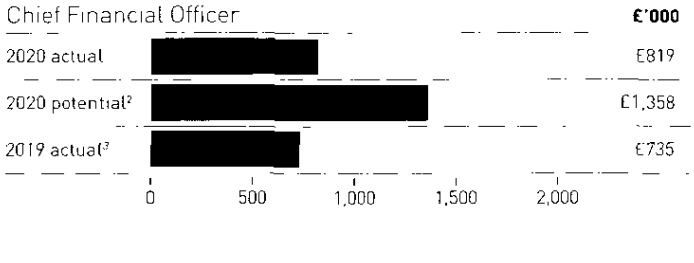
Element of remuneration		Link to strategy	Framework
Fixed	Basic salary	Attracts and retains Expert People with the appropriate degree of expertise and experience to deliver agreed strategy.	Reviewed annually and increases typically in line with the market and general salary increases throughout the Group.
	Benefits		Benefits are restricted to a maximum of £20,000 per annum for car allowance and the amount required to continue providing agreed benefits at a similar level year on year.
	Pension contribution		Defined contribution arrangements – cash allowances in lieu of pension are made to the CFO at 15% of salary. The CEO's pension allowance has been reducing by 5% of salary per annum (currently 25% for the year commencing 1 April 2020) and will do so until it is in line with the majority of the workforce at 15% of salary. The workforce rate will apply to all future Executive Director appointments.
Variable	Annual Incentive	Performance measures related to British Land's strategic focus and the Executive Director's individual area of responsibility are set by the Committee at the beginning of the financial year.	Maximum opportunity is 150% of basic salary. 2/3rd is paid in cash with the remaining 1/3rd (net of tax) used to purchase shares on behalf of the Executive Director (Annual Incentive Shares) which must be held for a further three years whether or not the Executive Director remains an employee of British Land.
	Long term incentive	Total Property Return (TPR) links reward to gross property performance. Total Accounting Return (TAR) links reward to net property performance and shareholder distributions. Total Shareholder Return (TSR) directly correlates reward with shareholder returns.	Recent LTIP grants have been at the level of 250% of salary in the form of performance shares, within the maximum value of an LTIP award of 300% of salary.

Executive Directors' remuneration

The tables below show the 2020 actual remuneration against potential opportunity for the year ended 31 March 2020 and 2019 actual remuneration for each Executive Director. Full disclosure of the single total figure of remuneration for each of the Directors is set out in the table on page 124.

Chris Grigg
Chief Executive

Simon Carter
Chief Financial Officer



1. 2020 potential assumes that both annual and long-term incentives pay out in full.
2. 2020 potential assumes that Annual Incentives pay out in full. There are no LTIP values for Simon Carter as the first grant following appointment was made in June 2018 which will be included in the 2021 pay figure
3. 2019 actual is based on pay since appointment in May 2018 and excludes buyout award made on recruitment.

How we intend to apply our Remuneration Policy during the year commencing 1 April 2020

The following pages set out how the Committee intends to apply the Remuneration Policy during the coming year.

Executive Directors' remuneration

Basic salaries

Basic salaries for our current Directors remain unchanged at the following levels for the year commencing 1 April 2020. However, as explained on page 119, Chris and Simon have elected to forgo an amount equal to 20% of their salaries for an initial period of three months effective 1 April 2020.

Director	[illegible]
Chris Grigg	874
Simon Carter	500

Pension and benefits

Chris Grigg has volunteered to reduce the pension contribution he receives from the Company over the coming years. As such, for the year commencing 1 April 2020 his contribution has been reduced to 25% of salary and this will continue to be reduced by 5% of salary per annum until it is at 15% of salary (in line with the current workforce level). Simon Carter will continue to receive a 15% of salary pension contribution. Benefits will continue to be provided in line with the policy and include a car allowance and private medical insurance

Annual Incentive awards

The maximum bonus opportunity for Executive Directors remains at 150% of salary. The performance measures for the Annual Incentive awards have been selected to reflect a range of quantitative and strategic goals that support the Company's key strategic objectives. The performance measures and weightings for the year commencing 1 April 2020 are set out in the table below. The Committee has made several changes this year to the operation of the Annual Incentive plan. These reflect the changed circumstances we find ourselves in for the year ahead.

First, as we finalise this report, development activity has been delayed. Second, there is an increased focus within the market place on balance sheet resilience for property companies. Finally, there is less certainty in relation to the precision of independent property valuations. Reflecting these changed circumstances this year, the Committee has altered the way it will operate the plan for the year commencing 1 April 2020 as follows:

- The weighting on TPR will be reduced from 30% to 20%;
- Two balance sheet resilience measures will be introduced to replace the 10% on development profit and the 10% from the TPR measure; and
- The profitability measure that incentivises outperformance of the annual budget will be a combination of cost and revenue with a wider range than in previous years reflecting the greater uncertainty currently prevailing.

	Measure		Proportion of Annual Incentive as a percentage of maximum opportunity
Quantitative measures 70% reward weighting	Net Asset Value changes	Total Property Return outperformance target 17% payout for matching the MSCI benchmark index rising to 100% payout for outperforming by 1.25%	20%
	Annual profitability	Financial budget targets for cost and revenue 0% payout for meeting a threshold level rising to 100% payout for at least matching a stretch level	30%
	Balance sheet resilience measures:	*Refinancing* 0% payout for meeting a threshold level rising to 100% payout for at least matching a stretch level	10%
		Liquidity 0% payout for meeting a threshold level rising to 100% payout for at least matching a stretch level	10%
Strategic measures 30% reward weighting	Expert People	These targets will be fully disclosed and explained in next year's report	7.5%
	Capital Efficiency		

The detailed targets that the Committee sets are considered to be commercially sensitive and as such the specific targets for the quantitative measures for the coming year will be disclosed in the 2021 Remuneration Report. In assessing how the Executive Directors performed during the year commencing 1 April 2020, the Committee will take into account their performance against all of the measures and make an assessment in the round to ensure that performance warrants the level of award determined by the table above. This year in particular, the Committee will assess performance in the context of the wider stakeholder experience and overall corporate outcome. Discretion may be exercised by the Committee and, if this is the case, a full explanation will be set out in next year's report

As disclosed previously, the Committee agreed that for Annual Incentive awards, the sector weighted IPD March Annual Universe benchmark (which includes sales, acquisitions and developments and so takes into account active asset management as well as a more representative peer group) would be most suitable.

In line with current practice, two-thirds of any amount earned will be paid in cash with the remaining one-third (net of tax) used to purchase shares which must be held for a further three years.

Long term incentive awards (audited)

An LTIP award will be granted to Executive Directors during the year commencing 1 April 2020. The size and timing of the award will be determined by the Committee at a later date and explained in the next year's report, having been disclosed at the time of grant.

The performance measures that apply to this LTIP award will be as below These measures were also applied to the LTIP award granted in July 2019, as shown on page 127.

Measure	Link to strategy	Measured relative to	Weighting
Total Property Return (TPR) The change in capital value, less any capital expenditure incurred, plus net income. TPR is expressed as a percentage of capital employed over the LTIP performance period and is calculated by IPD	The TPR measure is designed to link reward to strong performance at the gross property level.	TPR performance will be assessed against the performance of an IPD sector weighted benchmark.	40%
Total Accounting Return (TAR) The growth in British Land's EPRA Net Tangible Asset Value (NAV) per share plus dividends per share paid over the LTIP performance period.	The TAR measure is designed to link reward to performance at the net property level that takes account of gearing and our distributions to shareholders.	TAR will be measured relative to a market capitalisation weighted index of the FTSE 350 property companies that use EPRA accounting.	20%
Total Shareholder Return (TSR) The growth in value of a British Land shareholding over the LTIP performance period, assuming dividends are reinvested to purchase additional shares.	The TSR measure is designed to directly correlate reward with the return delivered to shareholders.	Half of the TSR measure will be measured relative to the performance of the FTSE 100 and the other half will be measured relative to a market capitalisation weighted index of the FTSE 350 property companies that use EPRA accounting.	40%

Performance against the LTIP measures will be assessed over a period of three years. If performance against a measure is equal to the index, 20% of the proportion attached to that measure will vest and if performance is below index the proportion attached to that measure will lapse. 100% of the proportion of each element of award attached to each measure will vest if British Land's performance is at a stretch level. Those stretch levels are TPR 1.00% per annum, TAR 2.00% per annum, TSR (Real Estate) 3.00% per annum and TSR (FTSE 100) 5.00% per annum There will be straight-line vesting between index and stretch performance for each measure. Following a change in the EPRA definition of NAV, TAR is now being measured using EPRA Net Tangible Asset Value per share.

The Committee retains the discretion to override the formulaic outcomes of incentive schemes. The purpose of this discretion is to ensure that the incentive scheme outcomes are consistent with overall Company performance and the experience of stakeholders.

Non-Executive Directors' fees

Fees paid to the Chairman and Non-Executive Directors are positioned around the mid-market with the aim of attracting individuals with the appropriate degree of expertise and experience. The fee structure set out below is unchanged from those applied in 2019. However, as explained on page 119, the Chairman and Non-Executive Directors have elected to forgo an amount equal to 20% of their fees for an initial period of three months effective 1 April 2020.

Chairman's annual fee	£375,000
Non-Executive Director's annual fee	£64,000
Senior Independent Director's annual fee	£10,000
Audit or Remuneration Committee Chairman's annual fee	£20,000
Audit or Remuneration Committee member's annual fee	£8,000
CSR Committee Chairman's annual fee	£14,000
Nomination or CSR Committee member's annual fee	£5,000

How we applied our Remuneration Policy during the year ended 31 March 2020

The following pages set out how we implemented the Directors' Remuneration Policy during the year ended 31 March 2020 and the remuneration received by each of the Directors.

Single total figure of remuneration (audited)

The following tables detail all elements of remuneration receivable by British Land's Executive Directors in respect of the year ended 31 March 2020 and show comparative figures for the year ended 31 March 2019

Executive Directors	Salary 2020 £000	Taxable benefits 2020 £000	Other items in the nature of remuneration 2020 £000	Pension or pension allowance 2020 £000	Annual Incentives[1] 2020 £000	Long term incentives[2] 2020 £000	Total 2020 £000
Chris Grigg	**874**	**20**	**16**	**262**	**362**	**0**	**1,534**
Simon Carter	**500**	**20**	**13**	**75**	**211**	**0**	**819**

1 *Estimated outcomes. 2020 Annual Incentive outcomes are subject to the publication of final IPD results and an assessment by the Committee later in the year.*
2 Forecast outcomes. 2020 Long Term Incentive outcomes are subject to confirmation of final vesting levels in June 2020

	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Chris Grigg	857	21	15	300	460	0	1,653
Simon Carter (from May 2018)	421	18	599	53	238	0	1,329

1 Confirmed outcomes. Actual Annual Incentive and Long Term Incentive outcomes are confirmed after publication of the Annual Report each year. Forecast estimated figures were published in the 2019 Report, the actual outcomes are reflected in the table above

Notes to the single total figure of remuneration table (audited)

Fixed pay

Taxable benefits: Taxable benefits include car allowance (Chris Grigg £16,800 and Simon Carter £16,700) and private medical insurance.

Other items in the nature of remuneration: include life assurance, permanent health insurance, annual medical check-ups, professional subscriptions, the value of shares awarded under the all-employee Share Incentive Plan and any notional gain on exercise for Sharesave options that matured during the year, if any. As disclosed in 2018, to replace deferred payments forfeited on joining British Land, Simon Carter was conditionally awarded €675,000 of shares (86,196 shares) which had to be held for at least a year from 22 June 2018, with a value of £592,684.

Pensions: Chris Grigg does not participate in any British Land pension plan. Instead he receives cash allowances, in lieu of pension. As stated in the 2019 Report it was agreed with Chris that his annual pension allowance would reduce by 5% per annum until it is in alignment with the wider workforce. Simon Carter is a member of the Defined Contribution Scheme and utilises his Annual Pension Allowance; the remaining amount of his pension is paid to him in cash, for him to make his own arrangements for retirement. Simon Carter is also a deferred member of the British Land Defined Benefit Pension Scheme in respect of his employment with British Land earlier in his career. The table below details the defined benefit pensions accrued at 31 March 2020.

Executive Director	Defined benefit pension accrued at 31 March 2020 £000	Normal retirement age
Simon Carter	**38**	60

There are no additional benefits that will become receivable by a Director in the event that a Director retires early.

Annual Incentives FY20 (audited)

The level of Annual Incentive award is determined by the Committee based on British Land's performance and Executive Directors' performance against quantitative and strategic targets during the year. For the year ended 31 March 2020 the Committee's assessment and outcomes against these criteria (before exercising any discretion) are set out below. Quantitative measures are a direct assessment of the Company's financial performance and in the very long term business we operate are a reflection of many of the decisions taken in prior years. The delivery of strategic objectives positions the future performance of the business so payouts under this part of the Annual Incentive Plan will not necessarily correlate with payouts under the quantitative measures in any year. The level of bonus calculated by applying the criteria below generated an outcome of c.70% of salary for the two Executive Directors.

Having reflected at length on the impact of Covid-19 on the Company's stakeholders (including our employees, shareholders and customers) the Committee with the full support of the executive directors, scaled back the level of estimated bonus to 41.4% and 42.2% of salary for Chris and Simon respectively, just over a quarter of the maximum opportunity. The decision on these bonuses will be taken later in 2020 when more information on the impact on our stakeholders is available and when performance against the Total Property Return benchmark for the year ending 31 March 2020 is known.

Quantitative measure	Weighting				Final outcome	As a % of salary	Performance achieved against target range
Total Property Returns vs IPD	30%	<0bps -460 bps	0bps	+125bps	0%	0%	**Target range of matching sector weighted index to outperforming it by 125bps.** Forecast TPR of -7.4%, underperforming against the estimated threshold of weighted IPD index by -460bps.
Profit	30%	Budget -1% £293m	On Budget £296m	Budget +4% £306m £308m	26.27%	39.41%	**Target range of 1% below the budget target to outperforming it by 4%.**
Development Profit	10%	Budget -1% £65.6m £88.0m	On Budget £88.9m	Budget +4% £92.5m	0%	0%	**Target range of 1% below budgeted development profit to outperforming it by 4%.**
Sub-total	70%			Sub-total	26.27%	39.41%	

Note: The above chart is a forecast of the 2020 TPR outcomes which will depend on performance against IPD figures that will only become available after the publication of this Report and as such, represent an estimate of the final figures.

CHRIS GRIGG

Strategic objective	Measure	Weighting	Performance achieved		Final outcome (% of max)	Final outcome (% of salary)
Right Places	Deliver Planned Development projects	7.5%	Achieved unanimous resolution to grant planning permission for Canada Water Development	3.75%		
	Grow our urban mixed use business		Further diversification of tenant base at Broadgate. Space committed to Storey	3.75%		
Customer Orientation	Deliver Campus Promise Framework	7.5%	Completed neighbourhood/campus promise framework	3.75%		
	Evolve our offer leveraging technology		Commenced execution of digital platform strategy (SMART, Vicinitee, Storey Portal)	1.88%	**20.64%**	**30.96%**
Expert People	New management structure established and operating efficiently	7.5%	Integrated to form a single Property business (including Broadgate Estates)	3.75%		
	Reduce Gender Pay gap (April 2020 snapshot data)		Gender Pay Gap median reduced by 7% as at 5 April 2020; September Survey engagement score of 75%	1.88%		
Capital Efficiency	Progress made on Retail plan	7.5%	Retail sales impacted by Brexit and retail decline. Completed £194m of superstore sales £103m of other retail	0.94%		
	Deliver Capital Plan		Purchased £86m Office/Storey	0.94%		

SIMON CARTER

Strategic objective	Measure	Weighting	Performance achieved		Final outcome (% of max)	Final outcome (% of salary)
Right Places	Implement and execute refreshed IR Programme	7.5%	Investor Relations programme refreshed and successful Investor day held	3.75%	21.57%	32.36%
Customer Orientation	Evolve our offer leveraging technology	7.5%	Proactis system live. Property management prototype approved at Board	7.5%		
Expert People	Agree new CSR Strategy	7.5%	New CSR (including Sustainability) Strategy agreed. 10 year energy reduction target achieved (55% reduction)	3.75%		
	Reduce Gender Pay gap (April 2020 snapshot data)		Gender Pay Gap median reduced by 7% as at 5 April 2020; September Survey engagement score of 75%	1.88%		
Capital Efficiency	Deliver Capital Plan	7.5%	Completed share buyback programme	0.94%		
	Refinance Requirements Maintained		Financing initiatives executed to maintain >2yrs refinancing date	3.75%		

Total bonus calculation	Forecast final outcome (% of max)	Forecast final outcome (% of salary)
Chris Grigg	46.91%	70.37%
Simon Carter	47.84%	71.77%

	Scaled back estimated bonus (% of salary)[1]
Chris Grigg	41.39%
Simon Carter	42.22%

1. As described on page 125 the Committee scaled back the level of estimated bonuses by 41% and has deferred a final decision on whether to pay some, all or part of this scaled back bonus. The decision on these bonuses will be reached during 2020

One third of the annual bonus (after tax has been paid) has to be applied to purchase shares which are then held for three years by the Executive Director.

2019 comparative: In May 2019, the Committee confirmed that the underperformance of TPR compared to the IPD benchmark was -220bps rather than the estimate of -190bps made for the purposes of the single total figure of remuneration table in the 2019 Annual Report. This did not alter the amount of bonus earned.

Long term incentives (audited)

The information in the long term incentives column in the single total figure of remuneration table (see page 124) relates to vesting of awards granted under the following schemes, including, where applicable, dividend equivalent payments on those awards. The below note outlines forecasts of the 2020 long term incentive outcomes. The actual outcomes will only become available after the publication of this Report.

Long-Term Incentive Plan

The awards granted to Executive Directors on 28 June 2017, and which will vest on 26 June 2020, were subject to three performance conditions over the three-year period to 31 March 2020. The first condition (40% of the award) measured British Land's Total Property Returns (TPR) relative to the funds in the December IPD UK Annual Property Index (the Index); the second (40% of the award) measured Total Accounting Return (TAR) relative to a comparator group of British Land and 15 other property companies; while the third (20% of the award) measured Total Shareholder Return (TSR), half of which was measured against the FTSE 100 and the other half measured against the comparator group of British Land and 15 other property companies.

The TPR element is expected to lapse, based on British Land's adjusted TPR of 0.2% per annum when compared to the funds in the Index of 4.0%. The TAR element is also expected to lapse based on British Land's TAR of -2.1% per annum compared to 4.6% per annum for the property company median. The actual vesting of the TPR and TAR elements can only be calculated once results have been published by IPD and all the companies within the comparator group respectively. The actual percentage vesting will be confirmed by the Committee in due course and details provided in the 2021 Remuneration Report. Korn Ferry has confirmed that the TSR element of the award will lapse as British Land's TSR performance over the period was -0.96% compared to a median of 5.62% and 39.58% for the FTSE 100 and Property companies comparator groups respectively.

Executive Director	Performance shares or options	Number of performance shares awarded	Estimated value of award on vesting £000	Estimated dividend equivalent and interest £000	Increase in value as a result of share price movement between grant and vesting £000
Chris Grigg	Shares	340,264	nil	nil	n/a

2019 comparative: As set out in the 2019 Annual Report, the 2016 LTIP awards lapsed in full on 22 June 2019 as expected.

Matching Share Plan

The last award was made under the Matching Share Plan in 2016 and as such there was no award with a performance period ending on 31 March 2020 to be disclosed in the 2020 single figure

2019 comparative: In June 2019, the Committee confirmed that the 2016 MSP Matching awards lapsed in full, compared to the forecast vesting at 50%. The long term incentive figures in the 2019 comparatives of the single total figure of remuneration table have therefore been updated accordingly.

Share scheme interests awarded during the year (audited)

Long-Term Incentive Plan

The total face value of each Executive Director's LTIP award for the year ended 31 March 2020 was equivalent to 250% of basic salary at grant.

The share price used to determine the face value of performance shares, and thereby the number of performance shares awarded, is the average over the three dealing days immediately prior to the day of award. The share price for determining the number of performance shares awarded was 535.60p. The performance conditions attached to these awards are set out in the Remuneration Policy approved by shareholders in July 2019 and summarised on page 123.

Performance shares

Executive Director	Grant date	Number of performance shares granted	Face value £000	End of performance period	Vesting date	Percentage vesting on achievement of minimum performance threshold %
Chris Grigg	23/07/2019	407,923	2,185	31/03/22	23/07/22	20%
Simon Carter	23/07/2019	233,383	1,250	31/03/22	23/07/22	20%

Directors' shareholdings and share interests (audited)

The table below shows the Directors' shareholdings, including shares held by connected persons, as at year end or, if earlier, the date of retirement from the Board.

Although there are no shareholding guidelines for Non-Executive Directors, they are each encouraged to hold shares in British Land. The Company facilitates this by offering Non-Executive Directors the ability to purchase shares quarterly using their post-tax fees. During the year ended 31 March 2020, William Jackson and Tim Score have each received shares in full or part satisfaction of their fees.

	Outstanding scheme interests as at 31 March 2020				Shares held		
Director	[illegible]	[illegible]	[illegible]	Total shares subject to outstanding share plan awards	[illegible]	As at 31 March 2020	Total of all share plan awards and shareholdings as at 31 March 2020
Chris Grigg	1,062,171	9,468	1,439,146	**2,510,785**	1,343,549	**1,459,709**	**3,970,494**
Simon Carter	411,116	5,769	0	**416,885**	133,975	**142,085**	**558,970**
Tim Score (Chair)					43,899	**54,319**	**54,319**
Lynn Gladden					18,339	**18,339**	**18,339**
Alastair Hughes					7,274	**7,371**	**7,371**
William Jackson					135,115	**143,728**	**143,728**
Nicholas Macpherson					5,600	**5,600**	**5,600**
Preben Prebensen					20,000	**20,000**	**20,000**
Laura Wade-Gery					9,585	**9,585**	**9,585**
Rebecca Worthington					3,000	**3,000**	**3,000**
Former Directors who served during the year							
John Gildersleeve[1]					5,220	**5,220**	**5,220**

1. Holding is as at the date of departure of 19 July 2019.

In addition, on 6 April 2020, the following Non-Executive Directors were allotted shares at a price of 322.52 pence per share in full or part satisfaction of their fees:

Non-Executive Director	Shares allotted
William Jackson	3,247
Tim Score	7,751

Other than as set out above, there have been no further changes since 31 March 2020.

Shareholding guidelines

The shareholding guidelines (as a percentage of salary) for Executive Directors are 200% for the Chief Financial Officer and 225% for the Chief Executive. In addition, Executive Directors will normally be required to retain shares equal to the level of this guideline (or if they have not reached the guideline, the shares that count at that time) for the two years following their departure. There is no set timescale for Executive Directors to reach the prescribed guideline but they are expected to retain net shares received on the vesting of long term incentive awards until the target is achieved. Shares that count towards the holding guideline are unfettered and beneficially owned by the Executive Directors and their connected persons, locked-in SIP shares and all vested awards count towards the requirement on a net of tax basis. All other awards that are still the subject of a performance assessment and any share options do not count.

The guideline shareholdings for the year ending 31 March 2020 are shown below:

Executive Director	Guideline as percentage of basic salary	Guideline holding[1]	Holding counting toward guidelines at 31 March 2020	% of Salary Held (Based on 31 March 2020 Shareholding)
Chris Grigg	225%	584,877	1,459,709	562%
Simon Carter	200%	297,442	142,085	96%

1. Calculated on a share price of 336.2p on 31 March 2020.

Using the average share price for the whole financial year of 551p, the total guideline holding as a percentage of basic salary for Chris Grigg and Simon Carter would be 920% and 157% respectively.

Acquisitions of ordinary shares after the year end

The Executive Directors have purchased or been granted the following fully paid ordinary British Land shares under the terms of the partnership, matching and dividend elements of the Share Incentive Plan:

Executive Director	Date of purchase or award	Purchase price	Partnership shares	Matching shares	Dividend shares
Chris Grigg	14/04/20	397.86p	38	76	nil
	14/05/20	324.00p	46	92	nil
Simon Carter	14/04/20	397.86p	37	74	nil
	14/05/20	324.00p	47	94	nil

Other than as set out above, there have been no further changes since 31 March 2020.

Unvested share awards (subject to performance)

Executive Director		Date of grant	Number outstanding at 31 March 2020	Subject to performance measures	End of performance period	Vesting date
Chris Grigg	LTIP performance shares	28/06/17	340,264	Yes	31/03/20	28/06/20
	LTIP performance shares	26/06/18	313,984	Yes	31/03/21	26/06/21
	LTIP performance shares	23/07/19	407,923	Yes	31/03/22	23/07/22
Simon Carter	LTIP performance shares	26/06/18	177,733	Yes	31/03/21	26/06/21
	LTIP performance shares	23/07/19	233,383	Yes	31/03/22	23/07/22

1 The LTIP awards granted in June 2017 are also included within the '2020 Long term incentives' column of the single total figure of remuneration table on page 124. The degree to which performance measures have been or are expected to be achieved, and the resultant proportions of the awards expected to vest, are detailed on pages 126 to 128.

Unvested option awards (not available to be exercised)

Executive Director		Date of grant	Number outstanding at 31 March 2020	Option price pence	Subject to performance measures	End of performance period	Date becomes exercisable	Exercisable until
Chris Grigg	Sharesave options	18/06/19	4,137	435.0	No	n/a	01/09/22	28/02/23
Simon Carter	Sharesave options	18/06/19	4,137	435.0	No	n/a	01/09/22	28/02/23

Vested option awards (available to be exercised)

Executive Director		Date of grant	Number outstanding at 31 March 2020	Option price pence	Exercisable until
Chris Grigg	LTIP options	28/06/11	695,652	575	28/06/21
	LTIP options	14/09/12	743,494	538	14/09/22

Options exercised during the year ended 31 March 2020

Executive Director		Date of grant	Number exercised	Option price pence	Date became exercisable	Date exercised	Market price on date of exercise pence
Chris Grigg	LTIP options	11/06/10	1,073,825	447	11/06/13	11/07/19	543.73

Payments to past Directors and for loss of office (audited)

As disclosed in the 2019 Directors' Remuneration Report, Charles Maudsley ceased to be a Director of the Company and left the Company on 31 March 2019 and Tim Roberts ceased to be a Director of the Company on 31 March 2019 and remained an employee until 31 July 2019. The treatment of their remuneration arrangements upon leaving the Company was in line with policy and disclosed in full on pages 104 and 105 of the 2019 Annual Report. During the year ending 31 March 2020 British Land has therefore made the following payments in line with the treatment disclosed:

(1) Charles Maudsley

- A payment in lieu of notice for the period from when he left the Company to the end of his notice period, reduced by the value of remuneration secured with Bridgepoint Advisers Limited during the notice period, totalling £381k.
- The bonus in respect of the year ending 31 March 2019 which totalled £251k of which one-third was used to purchase shares which must be held for three years.
- The MSP Award failed to vest so had nil value

(2) Tim Roberts

- Payments comprising salary and car allowance for the period up to 31 July 2019 when Tim ceased to be an employee, totalling £157,115.
- A payment in lieu of notice for the period from when he left the Company to the end of his notice period, reduced by the value of paid employment secured with Henry Boot plc during the notice period, totalling £242k
- A payment of £13k in lieu of untaken holiday.
- The bonus in respect of the year ending 31 March 2019 which totalled £251k of which one-third was used to purchase shares which must be held for three years. Tim also received a bonus of £28k whilst he worked as a member of the Executive Committee after leaving the Board.
- The MSP Award failed to vest so had nil value.

Other disclosures

Service contracts

All Executive Directors have rolling service contracts with the Company which have notice periods of 12 months on either side.

Director	Date of service contract	Normal notice period to be given by Company	Normal notice period to be given by Director
Chris Grigg	19/12/08	12 months	12 months
Simon Carter	18/01/18	12 months	12 months

In accordance with the Code, all continuing Directors stand for election or re-election by the Company's shareholders on an annual basis. The Directors' service contracts are available for inspection during normal business hours at the Company's registered office and at the Annual General Meeting. The Company may terminate an Executive Director's appointment with immediate effect without notice or payment in lieu of notice under certain circumstances, prescribed within the Executive Director's service contract.

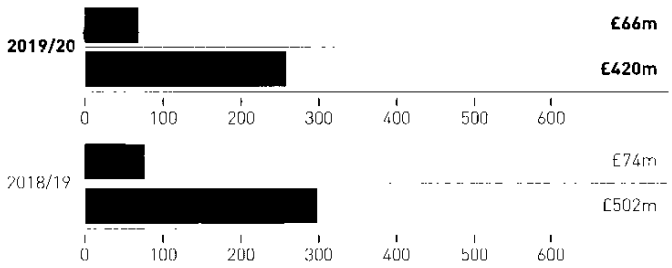
Executive Directors' external appointments

Executive Directors may take up one non-executive directorship at another FTSE company, subject to British Land Board approval.

Chris Grigg was appointed a non-executive director of BAE Systems plc on 1 July 2013. During the year to 31 March 2020, Chris received a fee of £87,252 (including £7,252 of overseas travel allowances and benefits deemed to be taxable) from BAE Systems plc, which he retained in full (2019: £92,640).

Relative importance of spend on pay

The graph below shows the amount spent on remuneration of all employees (including Executive Directors) relative to the amount spent on distributions to shareholders for the years to 31 March 2020 and 31 March 2019. The remuneration of employees decreased by 11% relative to the prior year. As a result of the 2019 share buyback programme, the total cost of distributions to shareholders decreased by 16%. Distributions to shareholders include ordinary and, where offered, scrip dividends. No scrip alternative was offered during the year ended 31 March 2020



Remuneration of employees including Directors:

- Wages and salaries
- Annual Incentives
- Social security costs
- Pension costs
- Equity settled share based payments

Distribution to shareholders:

- PID cash dividends paid to shareholders
- PID tax withholding
- Non-PID cash dividends paid to shareholders
- Share buybacks

Total shareholder return and Chief Executive's remuneration

The graph below shows British Land's total shareholder return for the 10 years from 1 April 2010 to 31 March 2020 against that of the FTSE All-Share Real Estate Investment Trusts (REIT) Total Return Index for the same period. The graph shows how the total return on a £100 investment in the Company made on 1 April 2010 would have changed over the 10-year period, compared with the total return on a £100 investment in the FTSE All-Share REIT Total Return Index. This index has been selected as a suitable comparator because it is the index in which British Land's shares are classified.

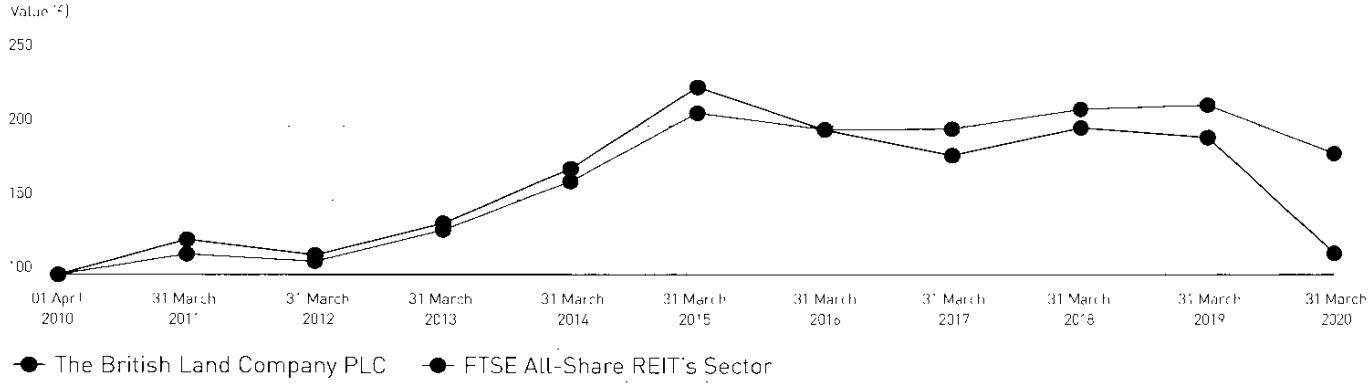
The table below sets out the total remuneration of Chris Grigg, Chief Executive, over the same period as the Total Shareholder Return graph. The quantum of Annual Incentive awards granted each year and long term incentive vesting rates are given as a percentage of the maximum opportunity available.

Chief Executive	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19[1]	2019/20[2]
Chief Executive's single total figure of remuneration (£000)	2,329	5,353	4,810	5,398	6,551	3,623	1,938	2,279	1,653	1,534
Annual Incentive awards against maximum opportunity (%)	83	75	75	90	96	67	33	63	36	28
Long term incentive awards vesting rate against maximum opportunity (%)	n/a	99	63	98	93	54	15	16	0	0

1. Confirmed outcome.
2. Forecast outcome.

Total shareholder return

The graph below shows British Land's total shareholder return for the 10 years to 31 March 2020, which assumes that £100 was invested on 1 April 2010. The Company chose the FTSE All-Share REIT's Sector as an appropriate comparator for this graph because British Land has been a constituent of that index throughout the period.



CEO pay ratio

The CEO pay ratios are set out below in line with the new regulations. In calculating this information last year we used the gender pay gap data calculated for each employee, to provide a more accurate calculation we moved to using employees as at 31 March 2020. This analysis is very similar to Gender Pay analysis except that it excludes certain one off amounts that might have distorted the full year figure. Pay data has been analysed on a full-time equivalent basis with pay for individuals working part-time increased pro-rata to the hours worked. It also includes employees on maternity who would be excluded under the Gender Pay methodology The table below shows that the movement in the median ratio is broadly flat since 2018/19. This is due to similar reductions in the CEO single figure and the total pay for the median employee. The median ratio is considered to be consistent with the pay and progression policies within British Land as the remuneration policy for the CEO is set based on the same principles as the policy for the wider employee population. As such salaries for all employees are set to reflect the scope and responsibilities of their role and take into account pay levels in the external market. The majority of staff are also eligible to receive a bonus, and whilst variable pay represents a larger proportion of the CEO's package, in all cases, there is a strong link between payouts and the performance of both the company and the individual. The Committee Chair has provided an explanation of the relationship between reward and performance on page 120

CEO pay ratio	2017/18	2018/19	2019/20
Method	B	B	C
CEO single figure (£,000)	2,279	1,653	1,534
Upper quartile	23:1	13:1	14:1
Median	35:1	22:1	22:1
Lower quartile	50:1	33:1	33:1

The salary and total pay for the individuals identified at the Lower quartile, Median and Upper quartile positions in 2019/20 are set out below. Having reviewed the pay levels of these individuals it is felt that these are representative of the structure and quantum of pay at these points in the distribution of employees' pay.

2019/20 CEO pay ratio		
Upper quartile	£90,000	£106,240
Median	£55,042	£68,949
Lower quartile	£40,740	£46,830

Chief Executive's remuneration compared to remuneration of British Land employees

The table below shows the percentage changes in different elements of the Chief Executive's remuneration relative to the previous financial year and the average percentage changes in those elements of remuneration for employees.

Remuneration element	Value of Chief Executive remuneration 2020 £000	Value of Chief Executive remuneration 2019 £000	Change in Chief Executive remuneration %	Average change in remuneration of British Land employees %
Salary	873.9	856.8	2.0	6.0
Taxable benefits	20.2	21.5	-6.2[1]	-2.6
Annual Incentive	359.6	361.7	-21.3	-25.6

1 Change attributable to reduced premiums for private medical insurance, whilst retaining an equivalent level of cover.

The Committee reviews, takes advice and seeks information from both its independent adviser and the Human Resources department on pay relatively within the wider market and the Company throughout the year. The CEO pay ratio and gender pay ratio help to inform the Committee in its assessment of whether the level and structure of pay within the Company is appropriate. The Committee reviewed and updated the Remuneration Policy last year and shareholders approved both the Policy and its application at the AGM with votes in favour of 98% and 95% respectively. The Committee is satisfied with the current Policy and feels the opportunity and alignment are appropriate at the current time.

Non-Executive Directors' remuneration (audited)

The table below shows the fees paid to our Non-Executive Directors for the years ended 31 March 2020 and 2019:

	Fees		Taxable benefits[1]		Total	
Chairman and Non-Executive Directors	2020 £000	2019 £000	2020 £000	2019 £000	2020 £000	2019 £000
Tim Score (Chair)	**292**	95	**–**	–	**292**	95
Lynn Gladden	**77**	71	**1**	1	**78**	72
Alastair Hughes	**91**	73	**–**	–	**91**	73
William Jackson	**87**	105	**–**	–	**87**	105
Nicholas Macpherson	**72**	71	**–**	–	**72**	71
Preben Prebensen	**76**	71	**–**	–	**76**	71
Laura Wade-Gery	**86**	71	**0**	1	**86**	72
Rebecca Worthington	**86**	73	**–**	1	**86**	74
Former Directors who served during the year						
John Gildersleeve	**118**	385	**37**	64	**155**	449

1. Taxable benefits include the former Chairman's chauffeur cost and expenses incurred by other Non-Executive Directors. The Company provides the tax gross up on these benefits and the figures shown above are the grossed up values.

Letters of appointment (audited)

All Non-Executive Directors have a letter of appointment with the Company. The effective dates of appointment are shown below:

Director	Effective date of appointment
Tim Score (Chair)	19 July 2019
Lynn Gladden	22 March 2018
Alastair Hughes	1 January 2018
William Jackson	11 April 2020
Nicholas Macpherson	19 December 2019
Preben Prebensen	1 September 2017
Laura Wade-Gery	13 May 2018
Rebecca Worthington	1 January 2018

All continuing Non-Executive Directors stand for election or re-election on an annual basis. The letters of appointment are available for inspection during normal business hours at the Company's registered office and at the AGM.

The appointment of the Chairman or any Non-Executive Directors may be terminated immediately without notice if they are not reappointed by shareholders or if they are removed from the Board under the Company's Articles of Association or if they resign and do not offer themselves for re-election. In addition, appointments may be terminated by either the individual or the Company giving three months' written notice of termination or, for the current Chairman, six months' written notice of termination.

Remuneration Committee membership

As at 31 March 2020, and throughout the year under review, the Committee was comprised wholly of independent Non-Executive Directors. The members of the Committee, together with attendance at Committee meetings, are set out in the table below:

Director	Position	Date of appointment (to the Committee)	Attendance
William Jackson	Chairman[1]	14 January 2013	**1/1**
Laura Wade-Gery	Chair[1]	13 May 2015	**4/4**
Lynn Gladden	Member	20 March 2015	**4/4**
Preben Prebensen	Member	1 September 2017	**4/4**

1. William Jackson stepped down from the Committee and Laura Wade-Gery was appointed Chair at the conclusion of the 2019 AGM.

During the year ended 31 March 2020, Committee meetings were also part attended by Tim Score and John Gildersleeve (Company Chairmen), Chris Grigg (Chief Executive), Simon Carter (Chief Financial Officer), Bruce James (Head of Secretariat), Brona McKeown (General Counsel and Company Secretary), Ann Henshaw (HR Director) and Kelly Barry (Head of Reward) other than for any item relating to their own remuneration. A representative from Korn Ferry also routinely attends Committee meetings.

The Committee Chair holds regular meetings with the Chairman, Chief Executive and HR Director to discuss all aspects of remuneration within British Land. She also meets the Committee's independent remuneration advisers, Korn Ferry, prior to each substantive meeting to discuss matters of governance, Remuneration Policy and any concerns they may have.

How the Committee discharged its responsibilities during the year

The Committee's role and responsibilities have remained unchanged during the year (having been amended in March 2019 to incorporate changes to the Code) and are set out in full in its terms of reference which can be found on the Company's website www.britishland.com/committees. The Committee's key areas of responsibility are:

- setting the Remuneration Policy for Executive Directors and the Company Chairman, reviewing the Remuneration Policy and strategy for members of the Executive Committee and other members of executive management, whilst having regard to pay and employment conditions across the Group;
- determining the total individual remuneration package of each Executive Director, Executive Committee member and other members of management;
- monitoring performance against conditions attached to all annual and long term incentive awards to Executive Directors, Executive Committee and other members of management and approving the vesting and payment outcomes of these arrangements; and
- selecting, appointing and setting the terms of reference of any independent remuneration consultants.

In addition to the Committee's key areas of responsibility, during the year ended 31 March 2020, the Committee also considered the following matters:

- reviewing and recommending to the Board the Remuneration Report to be presented for shareholder approval,
- remuneration of the Executive Directors and members of the Executive Committee including achievement of corporate and individual performance; and pay and Annual Incentive awards below Board-level;
- the extent to which performance measures have been met and, where appropriate, approving the vesting of Annual Incentive and long term incentive awards;
- granting discretionary share awards; reviewing and setting performance measures for Annual Incentive awards;
- reviewing the Committee's terms of reference;
- the need for engagement with shareholders and their representative bodies on remuneration matters. This took place at the start of the year in relation to the 2019 AGM, but has not been felt to be necessary since then;
- whilst formal consultation with the workforce did not take place in the year, the Committee was made aware of the results of engagement surveys and any general themes that are impacting employees;
- considering gender pay gap reporting requirements; and
- receiving updates and training on corporate governance and remuneration matters from the independent remuneration consultant.

The Committee's terms of reference have been reviewed by the Committee during the year. No changes were proposed.

Remuneration consultants

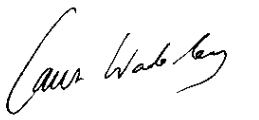
Korn Ferry was appointed as independent remuneration adviser by the Committee on 21 March 2017 following a competitive tender process. Korn Ferry is a member of the Remuneration Consultants Group and adheres to that group's Code of Conduct. The Committee assesses the advice given by its advisers to satisfy itself that it is objective and independent. The advisers have private discussions with the Committee Chair at least once a year in accordance with the Code of Conduct. Fees, which are charged on a time and materials basis, were £124,805 (excluding VAT). Korn Ferry also provided general remuneration advice to the Company during the year.

Voting at the Annual General Meeting

The table below shows the voting outcomes of the resolutions put to shareholders regarding the Directors' Remuneration Report and Remuneration Policy (at the AGM in July 2019).

Resolution	Votes for	% for	Votes against	% against	Total votes cast	Votes withheld
Directors' Remuneration Report (2019)	672,923,921	94.54	38,861,785	5.46	711,785,706	1,062,975
Directors' Remuneration Policy (2019)	699,935,009	98.30	12,073,236	1.70	712,008,245	840,435

This Remuneration Report was approved by the Board on 26 May 2020



Laura Wade-Gery

Chair of the Remuneration Committee

Directors' Report and additional disclosures

The Directors present their Report on the affairs of the Group, together with the audited financial statements and the report of the auditor for the year ended 31 March 2020. The Directors' Report also encompasses the entirety of our Corporate Governance Report from pages 90 to 137 and Other Information section from pages 225 to 227 for the purpose of the Act section 463. The Directors' Report and Strategic Report together constitute the Management Report for the year ended 31 March 2020 for the purpose of Disclosure and Transparency Rule 4.1.8R. Information that is relevant to this Report, and which is incorporated by reference and including information required in accordance with the UK Companies Act 2006 and or Listing Rule 9.8.4R, can be located in the following sections:

Information	Section in Annual Report	Page
Future developments of the business of the Company	Strategic Report	22 to 27
Risk factors and principal risks	Strategic Report	78 to 87
Financial instruments – risk management objectives and policies	Strategic Report	75 to 77
Dividends	Strategic Report	71
Sustainability governance	Strategic Report	43
Greenhouse gas emissions	Strategic Report	46
Viability and going concern statements	Strategic Report	88
Governance arrangements	Governance	90 to 102
Employment policies and employee involvement	Strategic Report	34 to 35
Capitalised interest	Financial Statements	159 to 169
Long term incentive schemes	Governance	123
Directors' waivers of emoluments	Governance	122 and 123
Additional unaudited financial information	Other Information unaudited	213 to 220

Annual General Meeting (AGM)

The 2020 AGM will be held at 9.30am on 29 July 2020 at York House, 45 Seymour Street, London, W1H 7LX.

A separate circular, comprising a letter from the Chairman of the Board, Notice of Meeting and explanatory notes on the resolutions being proposed, has been circulated to shareholders and is available on our website www.britishland.com/agm.

Articles of Association

The Company's Articles of Association (Articles) may only be amended by special resolution at a general meeting of shareholders. Subject to applicable law and the Company's Articles, the Directors may exercise all powers of the Company.

The Articles are available on the Company's website www.britishland.com/governance.

Board of Directors

The names and biographical details of the Directors and details of the Board Committees of which they are members are set out on pages 92 to 93 and incorporated into this Report by reference. Changes to the Directors during the year and up to the date of this Report are set out on page 105. The Company's current Articles require any new Director to stand for election at the next AGM following their appointment. However, in accordance with the Code and the Company's current practice, all continuing Directors offer themselves for election or re-election, as required, at the AGM.

Details of the Directors' interests in the shares of the Company and any awards granted to the Executive Directors under any of the Company's all-employee or executive share schemes are given in the Directors' Remuneration Report on pages 126 to 128. The service agreements of the Executive Directors and the letters of appointment of the Non-Executive Directors are also summarised in the Directors' Remuneration Report and are available for inspection at the Company's registered office.

The appointment and replacement of Directors is governed by the Company's Articles, the Code, the Companies Act 2006 and any related legislation. The Board may appoint any person to be a Director so long as the total number of Directors does not exceed the limit prescribed in the Articles. In addition to any power of removal conferred by the Companies Act 2006, the Company may by ordinary resolution remove any Director before the expiry of their period of office.

Directors' interests in contracts and conflicts of interest

No contract existed during the year in relation to the Company's business in which any Director was materially interested.

The Company's procedures for managing conflicts of interest by the Directors are set out on page 99. Provisions are also contained in the Company's Articles which allow the Directors to authorise potential conflicts of interest.

Directors' liability insurance and indemnity

The Company maintains appropriate Directors' and Officers' liability insurance cover in respect of any potential legal action brought against its Directors.

The Company has also indemnified each Director to the extent permitted by law against any liability incurred in relation to *acts or omissions arising in the ordinary course of their duties.* The indemnity arrangements are qualifying indemnity provisions under the Companies Act 2006 and were in force throughout the year.

Share capital

The Company has one class of shares, being ordinary shares of 25p each, all of which are fully paid. The rights and obligations attached to the Company's shares are set out in the Articles. There are no restrictions on the transfer of shares except in relation to Real Estate Investment Trust restrictions.

The Directors were granted authority at the 2019 AGM to allot relevant securities up to a nominal amount of £78,897,782 as well as an additional authority to allot shares to the same value on a rights issue. This authority will apply until the conclusion of the 2020 AGM or the close of business on 30 September 2020, whichever is the sooner. At this year's AGM, shareholders will be asked to renew the authority to allot relevant securities.

At the 2019 AGM, the Directors were also given power by the shareholders to make market purchases of ordinary shares representing up to 10% of its issued capital at that time, being 94,677,339 ordinary shares. This authority will also expire at the 2020 AGM and it is proposed that the renewal of the authority will be sought.

In May 2019, the Board decided that in light of the discount implied by the Company's share price, the best use of capital would be to continue to reinvest sales proceeds into our portfolio by extension of the share buyback programme. As a result, during the year ended 31 March 2020, the Company repurchased 23,795,110 ordinary shares of 25p each for an aggregate consideration of £125m. This represents 2.54% of the issued share capital (excluding shares held in Treasury) at that date. All shares repurchased during the year were cancelled.

The Company continued to hold 11,266,245 ordinary shares in treasury during the whole of the year ended 31 March 2020 and to the date of this Report.

Further details relating to share capital, including movements during the year, are set out in Note 20 to the financial statements on pages 187 to 189.

Rights under an employee share scheme

Employee Benefit Trusts (EBTs) operate in connection with some of the Company's employee share plans. The trustees of the EBTs may exercise all rights attached to the Company's ordinary shares in accordance with their fiduciary duties other than as specifically restricted in the documents which govern the relevant employee share plan.

Waiver of dividends

Blest Limited acts as trustee (Trustee) of the Company's discretionary Employee Share Trust (EST). The EST holds and, from time to time, purchases British Land ordinary shares in the market, for the benefit of employees, including to satisfy outstanding awards under the Company's various executive employee share plans. A dividend waiver is in place from the Trustee in respect of all dividends payable by the Company on shares which it holds in trust.

Substantial interests

All notifications made to British Land under the Disclosure and Transparency Rules (DTR 5) are published on a Regulatory Information Service and made available on the Investors section of our website.

As at 31 March 2020, the Company had been notified of the following interests in its ordinary shares in accordance with DTR 5. The information provided is correct at the date of notification:

	Interests in ordinary shares	Percentage holding disclosed %
BlackRock, Inc.	92,240,338	9.92
Invesco Ltd.	45,871,686	4.95
Norges Bank	48,606,089	5.01
GIC Private Limited	37,708,560	4.07
APG Asset Management N.V.	37,197,666	4.01

Since the year end, and up to 22 May 2020, the Company had been notified of the following interests in its ordinary shares in accordance with DTR 5. The information provided is correct at the date of notification.

	Interests in ordinary shares	Percentage holding disclosed %
BlackRock, Inc.	92,490,473	9.98
APG Asset Management N.V.	48,072,042	5.19

Change of control

The Group's unsecured borrowing arrangements include provisions that may enable each of the lenders or bondholders to request repayment or have a put at par within a certain period following a change of control of the Company. In the case of the Sterling bond this arises if the change of control also results in a rating downgrade to below investment grade. In the case of the convertible bond there may also be an adjustment to the conversion price applicable for a limited period following a change of control.

There are no agreements between the Company and its Executive Directors or employees providing for compensation for loss of office or employment that occurs specifically because of a takeover, merger or amalgamation with the exception of provisions in the Company's share plans which could result in options and awards vesting or becoming exercisable on a change of control. All appointment letters for Non-Executive Directors will, as they are renewed, contain a provision that allows payment of their notice period in certain limited circumstances, such as corporate transactions, where the Company has terminated their appointment with immediate effect.

Payments policy

We recognise the importance of good supplier relationships to the overall success of our business. We manage dealings with suppliers in a fair, consistent and transparent manner. For more information please visit the Suppliers section of our website at www.britishland.com/about-us/suppliers.

Events after the balance sheet date

Details of subsequent events, if any, can be found in Note 26 on page 192.

Political donations

The Company made no political donations during the year (2019: nil).

Inclusive culture

British Land employees are committed to promoting an inclusive, positive and collaborative culture. We treat everyone equally irrespective of age, sex, sexual orientation, race, colour, nationality, ethnic origin, religion, religious or other philosophical belief, disability, gender identity, gender reassignment, marital or civil partner status, or pregnancy or maternity. As stated in our Equal Opportunities Policy, British Land treats 'all colleagues and job applicants with equality. We do not discriminate against job applicants, employees, workers or contractors because of any protected characteristic. This applies to all opportunities provided by the Company including, but not limited to, job applications, recruitment and interviews, training and development, role enrichment, conditions of work, salary and performance review'. The Company ensures that our policies are accessible to all employees, making reasonable adjustment when required.

Through its policies and more specifically the Equal Opportunities, Disabled Workers and Recruitment policies, the Company ensures that entry into, and progression within, the Company is based solely on personal ability and competence to meet set job criteria. Should an employee, worker or contractor become disabled in the course of their employment/engagement, the Company aims to ensure that reasonable steps are taken to accommodate their disability by making reasonable adjustments to their existing employment/engagement.

Community investment

Our financial donations to good causes during the year totalled £1,620,000 (2019: £1,424,000). Our Community Investment Committee approves all expenditure from our Community Investment Fund.

In addition, the Company also supports fundraising and payroll giving for causes that matter to staff. The support provided for the year ended 31 March 2020 includes:

- 50% uplift of British Land staff payroll giving contributions (capped at £5,000 per person and £50,000 per annum for the whole organisation); and
- A staff matched funding pledge, matching money raised for charity by British Land staff up to £500 per person per year.

Our community investment is guided by our Local Charter, working with local partners to make a lasting positive difference:

- connecting with local communities
- supporting educational initiatives for local people
- supporting local training and jobs
- supporting local businesses
- contributing to local people's wellbeing and enjoyment

Through our community investment and Local Charter activity, we connect with communities where we operate, make positive local contributions, help people fulfil their potential, help businesses grow, and promote wellbeing and enjoyment. This all supports our strategy to create Places People Prefer.

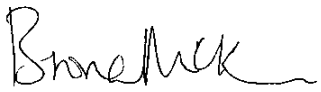
Auditor and disclosure of information

Each of the Directors at the date of approval of this Report confirms that:

- so far as the Director is aware, there is no relevant audit information that has not been brought to the attention of the auditor
- the Director has taken all steps that he/she should have taken to make himself/herself aware of any relevant audit information and to establish that the Company's auditor was aware of that information

PwC has indicated its willingness to remain in office and, on the recommendation of the Audit Committee, a resolution to reappoint PwC as the Company's auditor will be proposed at the 2020 AGM.

The Directors' Report was approved by the Board on 26 May 2020 and signed on its behalf by



Brona McKeown
General Counsel and Company Secretary

The British Land Company PLC
Company Number: 621920

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Annual Report and the financial statements 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union and the parent 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 the 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 IFRSs as adopted by the European Union have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the parent 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
- 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 keeping adequate accounting records that are sufficient to show and explain the Group 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 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The Directors are also 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 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.

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 and the Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Board of Directors on pages 92 to 93, confirm that, to the best of their knowledge:

- the Company financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law), give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company
- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group
- the Strategic Report and the Directors' Report include 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 they face.

By order of the Board.

Simon Carter
Chief Financial Officer
26 May 2020

Independent auditors' report to the members of The British Land Company PLC

Report on the audit of the financial statements

Opinion

In our opinion:

- The British Land Company PLC's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 31 March 2020 and of the Group's loss and cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements, included within the Annual Report and Accounts 2020 (the "Annual Report"), which comprise: the Consolidated and Company balance sheets as at 31 March 2020; the Consolidated income statement and the Consolidated statement of comprehensive income, the Consolidated statement of cash flows, and the Consolidated and Company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

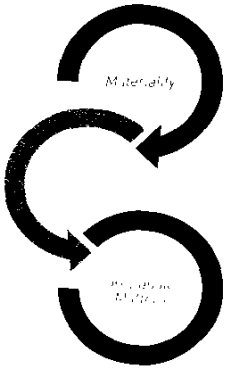
We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Company.

Other than those disclosed in Note 5 to the financial statements, we have provided no non-audit services to the Group or the Company in the period from 1 April 2019 to 31 March 2020.

Our audit approach

Overview



- Overall Group materiality: £113.0 million (2019: £122.6 million), based on 1% of total assets.
- Specific Group materiality: £15.9 million (2019: £16.9 million), which represents 5% of underlying pre-tax profits.
- Overall Company materiality: £101.7 million (2019: £110.4 million), based on 1% of total assets.

- We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. The Group financial statements are prepared on a consolidated basis, and the audit team carries out an audit over the consolidated Group balances in support of the Group audit opinion. The following joint ventures are also audited to Group materiality: Broadgate and Meadowhall.

- Valuation of investment and development properties, either held directly or within joint ventures (Group).
- Revenue recognition (Group).
- Taxation (Group).
- Covid-19 (Group).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with the Real Estate Investment Trust (REIT) status section 1158 of the Corporation Tax Act 2010 and the UK and European regulatory principles, such as those governed by the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the financial statements of the Group and Company. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the Listing Rules. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, and management bias in accounting estimates and judgemental areas of the financial statements such as the valuation of investment properties. Audit procedures performed by the Group engagement team included:

- Discussions with management and internal audit, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud, and review of the reports made by management and internal audit;
- Understanding of management's internal controls designed to prevent and detect irregularities, risk-based monitoring of customer processes;
- Assessment of matters reported on the Group's whistleblowing helpline and the results of management's investigation of such matters;
- Reviewing the Group's litigation register in so far as it related to non-compliance with laws and regulations and fraud;
- Reviewing relevant meeting minutes, including those of the Risk Committee and the Audit Committee;
- Review of tax compliance with the involvement of our tax specialists in the audit;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing of expenses;
- Testing transactions entered into outside of the normal course of the Group's and Company's business;
- Procedures relating to the valuation of investment and development properties, either held directly or within joint ventures, described in the related key audit matter below; and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, posted by unexpected users and posted on unexpected days.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Independent auditors' report to the members of The British Land Company PLC continued

Key audit matter	*How our audit addressed the key audit matter*
Valuation of investment and development properties, either held directly or through joint ventures (Group) *Refer to page 108 (Report of the Audit Committee), pages 165 to 174 (Notes to the financial statements – Note 10 Property and Note 11 Joint ventures and funds) and page 153 (Notes to the financial statements – Note 1 Basis of preparation, significant accounting policies and accounting judgements).* The Group owns either directly or through joint ventures and funds a portfolio of property consisting of office and residential real estate in Central London, retail and leisure properties across the UK, and developments including the Canada Water site in East London. The total property portfolio valuation for the Group was £8.106 million and for the Group's share of joint ventures and funds was £3,272 million as at 31 March 2020. The valuations were carried out by third party valuers CBRE, Jones Lang LaSalle, Cushman & Wakefield and Knight Frank (the "valuers"). The valuers were engaged by the Directors and performed their work in accordance with the Royal Institute of Chartered Surveyors ("RICS") Valuation – Professional Standards and the requirements of International Accounting Standard 40 'Investment Property'. The valuers have included a material valuation uncertainty clause in their valuation reports as at 31 March 2020. This clause highlights that less certainty, and consequently a higher degree of caution, should be attached to the valuation as a result of the COVID-19 pandemic. This represents a significant estimation uncertainty in relation to the valuation of investment properties. In determining the valuation of a property, the valuers take into account property-specific information such as the current tenancy agreements and rental income. They apply assumptions for yields and estimated market rent, which are influenced by prevailing market yields and comparable market transactions, to arrive at the final valuation. For developments, the residual appraisal method is used, by estimating the fair value of the completed project using a capitalisation method less estimated costs to completion and a risk premium. The valuation of the Group's property portfolio was identified as a key audit matter given the valuation is inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future rental streams for that particular property. The wider challenges currently facing the real estate occupier and investors markets as a result of COVID-19 further contributed to the subjectivity for the year ended 31 March 2020. The significance of the estimates and judgements involved, coupled with the fact that only a small percentage difference in individual property valuations, when aggregated, could result in a material misstatement, warranted specific audit focus in this area.	Given the inherent subjectivity involved in the valuation of the property portfolio, and therefore the need for deep market knowledge when determining the most appropriate assumptions and the technicalities of valuation methodology, we engaged our internal valuation experts (qualified chartered surveyors) to assist us in our audit of this area. *Material valuation uncertainty due to COVID-19* We considered the adequacy of the disclosures made in Note 1 (Basis of preparation, significant accounting policies and accounting judgements) and Note 10 (Property) to the financial statements. These notes explain that the valuers reported on the basis of a material valuation uncertainty and consequently that less certainty and a higher degree of caution should be attached to the valuations as at 31 March 2020. We discussed this clause with management and obtained sufficient appropriate audit evidence to demonstrate that management's assessment of the suitability of the inclusion of the valuation in the consolidated statement of financial position and disclosures made in the financial statements are appropriate. *Assessing the valuers' expertise and objectivity* We assessed the valuers' qualifications and expertise and read their terms of engagement with the Group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work. We also considered fees and other contractual arrangements that might exist between the Group and the valuers. We found no evidence to suggest that the objectivity of the valuers was compromised. *Assumptions and estimates used by the valuers* We read the valuation reports for all the properties and confirmed that the valuation approach for each was in accordance with RICS standards. We obtained details of each property held by the Group and set an expected range for yield and capital value movement, determined by reference to published benchmarks and using our experience and knowledge of the market. We compared the investment yields used by the valuers with the range of expected yields and the year on year capital movement to our expected range. We also considered the reasonableness of other assumptions that were not so readily comparable with published benchmarks, such as estimated rental value. We spoke with each of the valuers to discuss and challenge their approach to the valuations, particularly in light of COVID-19, the key assumptions and their rationale behind the more significant valuation movements during the year. Where assumptions were outside the expected range or showed unexpected movements based on our knowledge, we undertook further investigations, held further discussions with the valuers and obtained evidence to support explanations received. The valuation commentaries provided by the valuers and supporting evidence, enabled us to consider the property specific factors that may have had an impact on value, including recent comparable transactions where appropriate. We observed that alternative assumptions had been considered and evaluated by management and the valuers, before determining the final valuation. We concluded that the assumptions used in the valuations were supportable in light of available and comparable market evidence.

Key audit matter	*How our audit addressed the key audit matter*
Valuation of investment and development properties, either held directly or through joint ventures (Group) (continued)	*Information and standing data* We performed testing on the standing data in the Group's information systems concerning the valuation process We carried out procedures, on a sample basis, to satisfy ourselves of the accuracy of the property information supplied to the valuers by management For developments, we confirmed that the supporting information for construction contracts and budgets, which was supplied to the valuers, was also consistent with the Group's records for example by inspecting original construction contracts. For developments, capitalised expenditure was tested on a sample basis to invoices, and budgeted costs to complete compared with supporting evidence. We agreed the amounts per the valuation reports to the accounting records which we then agreed to the financial statements *Overall findings* We concluded that the assumptions used in the valuations by the valuers were supportable in light of the evidence obtained and the disclosures in relation to the material valuation uncertainty within the financial statements are sufficient and appropriate to highlight the increased estimation uncertainty as a result of COVID-19.
Revenue recognition (Group) Refer to page 108 (Report of the Audit Committee), page 157 (Notes to the financial statements – Note 3 Revenue and costs) and page 154 (Notes to the financial statements – Note 1 Basis of preparation, significant accounting policies and accounting judgements). Revenue for the Group consists primarily of rental income. Rental income is based on tenancy agreements where there is a standard process in place for recording revenue, which is system generated. There are certain transactions within revenue that warrant additional audit focus because of an increased inherent risk of error due to their non-standard nature. These include spreading of tenant incentives, guaranteed rent increases and rental concessions given to tenants as a result of COVID-19. These balances require adjustments made to rental income to ensure revenue is recorded on a straight-line basis over the course of the lease.	We carried out tests of controls over the cash and accounts receivable processes and the related information technology systems to obtain evidence that postings to these accounts were reliable. We performed substantive testing procedures to ensure the recording of all revenue streams is accurate. For rental income balances, we tested a sample of balances to supporting lease agreements, recalculated amounts due and traced receipts to bank or accounts receivables balances and ensured that rental income has been appropriately recorded within the correct period. We performed sample testing over the lease data recorded in the property management system to supporting lease agreements, to ensure revenue transactions were complete. We tested a sample of lease agreements used to calculate lease incentives back to supporting documentation and assessed that the calculation of adjustments to be made to rental income to record revenue on a straight-line basis over the course of the lease has been calculated correctly. We used substantive testing procedures to ensure that a sample of rental concessions offered to tenants had been correctly accounted for within the requirements of IFRS 16 – Leases. We assessed the recoverability of trade and lease incentive receivables by evaluating the financial viability of the major tenant balances and ensured provisions made are accounted for within the requirements of IFRS 9 – Financial Instruments. For balances not included within rental income, such as service charge income, we performed substantive testing on a sample basis and assessed whether the revenue recognition policies adopted for each revenue stream complied with IFRS 15 Revenue as adopted by the European Union. No issues were identified in our testing.

Independent auditors' report to the members of The British Land Company PLC continued

Key audit matter	*How our audit addressed the key audit matter*
Taxation (Group) Refer to page 108 (Report of the Audit Committee), pages 160 and 191 (Notes to the financial statements – Note 7 Taxation and Note 24 Contingent liabilities) and page 154 (Notes to the financial statements – Note 1 Basis of preparation, significant accounting policies and accounting judgements). The Group's status as a REIT underpins its business model and shareholder returns. For this reason, it warrants special audit focus. The obligations of the REIT regime include requirements to comply with balance of business, dividend and income cover tests. The Broadgate joint venture is also structured as a REIT and as such, REIT compliance is also of relevance for this joint venture in addition to the overall Group. Tax provisions are in place to account for the risk of challenge of certain of the Group's tax provisions. Given the subjective nature of these provisions, additional audit focus was placed on tax provisions.	We confirmed our understanding of management's approach to ensuring compliance with the REIT regime rules and we involved our internal taxation specialists to verify the accuracy of the application of the rules. We obtained management's calculations and supporting documentation, verified the inputs to their calculations and re-performed the Group's and Broadgate's annual REIT compliance tests. We considered the adequacy of the contingent tax liability disclosure in the notes to the financial statements of the potential tax impact of the temporary suspension of the Property Income Dividend payment as a result of COVID-19. We used our knowledge of tax circumstances and, by reading relevant correspondence between the Group and Her Majesty's Revenue & Customs and the Group's external tax advisors, we are satisfied that the assumptions and judgements used by the Group in determining the tax provisions are reasonable. No material issues were identified as a result of our testing.
COVID-19 Refer to pages 81-88 (Strategic Report – Principal risks and the Viability statement), page 108 (Report of the Audit Committee) and pages 152 to 153 (Notes to the financial statements – Note 1 Basis of preparation, significant accounting policies and accounting judgements). The outbreak of the novel coronavirus (known as COVID 19) in many countries is rapidly evolving and the socio-economic impact is unprecedented. It has been declared as a global pandemic and is having a major impact on economies and financial markets. The efficacy of government measures will materially influence the length of economic disruption, but it is probable there will be a recession in the United Kingdom. In order to assess the impact of COVID-19 on the business, management have updated their risk assessment and prepared an analysis of the potential impact on the revenues, profits, cash flows, operations and liquidity position of the Group for the next 12 months and over the next five years. The analysis and related assumptions have been used by management in its assessment of the level of provisions required against several balance sheet items, as well as underpinning the Group's going concern and viability analysis. The most significant impact to the financial statements has been in relation to the valuation of investment and development properties. Impairment provisions have been recorded in respect of trade and lease receivables. These are described in the respective key audit matters above.	We evaluated the Group's updated risk assessment and analysis and considered whether it addresses the relevant threats posed by COVID-19. We also evaluated management's assessment and corroborated evidence of the operational impacts, considering their consistency with other available information and our understanding of the business. Our conclusions relating to going concern and other information are set out in the 'Going Concern' and 'Reporting on other information' sections of our report, respectively, below. Our procedures in respect of the valuation of investment and development properties and provisions recorded in relation to trade and lease receivables are set out in the respective key audit matters above. We assessed the disclosures presented in the Annual Report in relation to COVID-19 by reading the other information, including the Principal risks and Viability statement set out in the Strategic Report, and assessing its consistency with the financial statements and the evidence we obtained in our audit. We considered the appropriateness of the disclosures around the increased uncertainty on its accounting estimates and consider these to be adequate. In respect of going concern, we assessed the Directors' going concern analysis in light of COVID-19 and obtained evidence to support the key assumptions used in preparing the going concern model, including assessing covenant headroom within the base and downside case scenarios. We challenged the key assumptions and the reasonableness of the mitigating actions used in preparing the analysis. We obtained evidence to support the loan refinanced post the year end that was classified as a current liability at the balance sheet date In conjunction with the above, we have reviewed management's analysis of liquidity and recalculated loan covenant compliance to satisfy ourselves that no breaches are anticipated over the going concern period of assessment.

Key audit matter	*How our audit addressed the key audit matter*
COVID-19 (continued) Management's analysis includes base and downside case scenarios and a robust analysis of planned mitigating actions. At the balance sheet date, the Group has access to cash and undrawn loan facilities of £1.3 billion and post the year end, the Group has refinanced one of the two loans presented in net current liabilities as at 31 March 2020. In making their assessment management took into account the covenant headroom on the Group's drawn unsecured loan facilities. After considering all of these factors, management have concluded that preparing the financial statements on a going concern basis remains appropriate. No material uncertainty in relation to going concern exists. Management have described its assessment of viability on pages 88 of the Annual Report	We considered whether changes to working practices brought about by Covid-19 had an adverse impact on the effectiveness of management's business process and IT controls. Our planned tests of controls did not identify any evidence of material deterioration in the control environment.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	***Company financial statements***
Overall materiality	£113.0 million (2019: £122.6 million).	£101.7 million (2019: £110.4 million).
How we determined it	1% of total assets.	1% of total assets.
Rationale for benchmark applied	A key determinant of the Group's value is property investments. Due to this, the key area of focus in the audit is the valuation of investment and development properties, either held directly or through joint ventures. On this basis, and consistent with the prior year, we set an overall Group materiality level based on total assets.	The Company's main activity is the holding of investments in subsidiaries. Given this, and consistent with the prior year, we set an overall Company materiality level based on total assets. For purposes of the Group audit, we capped the overall materiality for the Company to be 90% of the Group overall materiality.

In addition, we set a specific materiality level of £15.9 million (2019: £16.9 million) for items within underlying pre-tax profit. This equates to 5% of profit before tax adjusted for capital and other items. In arriving at this judgment, we had regard to the fact that the underlying pre-tax profit is a secondary financial indicator of the Group (Refer to Note 2 of the financial statements pages 156 to 157 where the term is defined in full).

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £5.6 million (Group audit) (2019: £6.1 million) and £5.0 million (Company audit) (2019: £5.5 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

In addition we agreed with the Audit Committee we would report to them misstatements identified during our Group audit above £1.0 million (2019: £1.0 million) for misstatements related to underlying profit within the financial statements, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Independent auditors' report to the members of The British Land Company PLC continued

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Group's and the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Company's ability to continue as a going concern.
We are required to report if the directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report, Directors' Report and Additional Disclosures and Corporate Governance Statement, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' Report and Additional Disclosures

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report and Additional Disclosures for the year ended 31 March 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report and Additional Disclosures. *(CA06)*

Corporate Governance Statement

In our opinion, based on the work undertaken in the course of the audit, the information given in the Corporate Governance Statement (page 90) about internal controls and risk management systems in relation to financial reporting processes and about share capital structures in compliance with rules 7.2.5 and 7.2.6 of the Disclosure Guidance and Transparency Rules sourcebook of the FCA ("DTR") is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. *(CA06)*

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in this information. *(CA06)*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Corporate Governance Statement (90-91) with respect to the Company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the DTR. *(CA06)*

We have nothing to report arising from our responsibility to report if a corporate governance statement has not been prepared by the Company. *(CA06)*

The directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

We have nothing material to add or draw attention to regarding:

- The directors' confirmation on pages 80-81 of the Annual Report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The directors' explanation on page 88 of the Annual Report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal risks facing the Group and statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit. *(Listing Rules)*

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the directors, on page 137, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and Company obtained in the course of performing our audit.
- The section of the Annual Report on page 108 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. *(CA06)*

Independent auditors' report to the members of The British Land Company PLC continued

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 137, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the audit committee, we were appointed by the members on 18 July 2014 to audit the financial statements for the year ended 31 March 2015 and subsequent financial periods. The period of total uninterrupted engagement is 6 years, covering the years ended 31 March 2015 to 31 March 2020.

Sandra Dowling (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

26 May 2020

Consolidated income statement

For the year ended 31 March 2020

	Note	2020 Underlying[1] £m	2020 Capital and other £m	2020 Total £m	2019 Underlying £m	2019 Capital and other £m	2019 Total £m
Revenue	3	**526**	**87**	**613**	554	350	904
Costs	3	**(148)**	**(70)**	**(218)**	(141)	(258)	(399)
	3	**378**	**17**	**395**	413	92	505
Joint ventures and funds (see also below)	11	**79**	**(306)**	**(227)**	86	(79)	7
Administrative expenses		**(73)**	**–**	**(73)**	(80)	–	(80)
Valuation movement	4	**–**	**(1,105)**	**(1,105)**	–	(620)	(620)
Profit (loss) on disposal of investment properties and investments		**–**	**1**	**1**	–	(18)	(18)
Net financing costs							
financing income	6	**1**	**–**	**1**	–	–	–
financing charges	6	**(67)**	**(41)**	**(108)**	(67)	(46)	(113)
		(66)	**(41)**	**(107)**	(67)	(46)	(113)
Profit (loss) on ordinary activities before taxation		**318**	**(1,434)**	**(1,116)**	352	(671)	(319)
Taxation	7	**–**	**2**	**2**	–	(1)	(1)
Loss for the year after taxation				**(1,114)**			(320)
Attributable to non-controlling interests		**12**	**(99)**	**(87)**	12	(41)	(29)
Attributable to shareholders of the Company		**306**	**(1,333)**	**(1,027)**	340	(631)	(291)
Earnings per share:							
basic	2			**(110.0)p**			(30.0)p
diluted	2			**(110.0)p**			(30.0)p

All results derive from continuing operations.

	Note	2020 Underlying[1] £m	2020 Capital and other £m	2020 Total £m	2019 Underlying[1] £m	2019 Capital and other £m	2019 Total £m
Results of joint ventures and funds accounted for using the equity method							
Underlying Profit		**79**	**–**	**79**	86	–	86
Valuation movement	4	**–**	**(284)**	**(284)**	–	(63)	(63)
Capital financing costs		**–**	**(22)**	**(22)**	–	(21)	(21)
Profit on disposal of investment properties, trading properties and investments		**–**	**–**	**–**	–	3	3
Taxation		**–**	**–**	**–**	–	2	2
	11	**79**	**(306)**	**(227)**	86	(79)	7

1. See definition in Note 2.

Consolidated statement of comprehensive income

For the year ended 31 March 2020

	2020 £m	2019 £m
Loss for the year after taxation	**(1,114)**	(320)
Other comprehensive income:		
Items that will not be reclassified subsequently to profit or loss:		
Valuation movements on owner-occupied properties	**1**	3
	1	3
Items that may be reclassified subsequently to profit or loss:		
Gains (losses) on cash flow hedges		
– Group	**2**	1
– Joint ventures and funds	**(1)**	–
	1	1
Transferred to the income statement (cash flow hedges)		
– Interest rate derivatives – Group	**–**	–
– Interest rate derivatives – joint ventures	**–**	18
Deferred tax on items of other comprehensive income	**–**	(1)
Other comprehensive income for the year	**2**	21
Total comprehensive loss for the year	**(1,112)**	(299)
Attributable to non-controlling interests	**(86)**	(29)
Attributable to shareholders of the Company	**(1,026)**	(270)

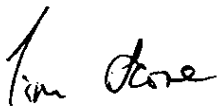
1 Represents a reclassification of cumulative losses within the Group revaluation reserve to capital profit and loss, because the hedged item has affected profit or loss

Consolidated balance sheet

As at 31 March 2020

	Note	2020 £m	2019 £m
ASSETS			
Non-current assets			
Investment and development properties	10	**8,188**	8,931
Owner-occupied properties	10	**68**	73
		8,256	9,004
Other non-current assets			
Investments in joint ventures and funds	11	**2,358**	2,560
Other investments	12	**125**	129
Property, plant and equipment		**6**	22
Deferred tax assets	16	**–**	1
Interest rate and currency derivative assets	17	**231**	154
		10,976	11,870
Current assets			
Trading properties	10	**20**	87
Debtors	13	**56**	57
Cash and short term deposits	17	**193**	242
		269	386
Total assets		**11,245**	12,256
LIABILITIES			
Current liabilities			
Short term borrowings and overdrafts	17	**(637)**	(99)
Creditors	14	**(253)**	(289)
Corporation tax		**(17)**	(25)
		(907)	(413)
Non-current liabilities			
Debentures and loans	17	**(2,865)**	(2,932)
Other non-current liabilities	15	**(156)**	(92)
Deferred tax liabilities	16	**(1)**	–
Interest rate and currency derivative liabilities	17	**(169)**	(130)
		(3,191)	(3,154)
Total liabilities		**(4,098)**	(3,567)
Net assets		**7,147**	8,689
EQUITY			
Share capital		**234**	240
Share premium		**1,307**	1,302
Merger reserve		**213**	213
Other reserves		**38**	37
Retained earnings		**5,243**	6,686
Equity attributable to shareholders of the Company		**7,035**	8,478
Non-controlling interests		**112**	211
Total equity		**7,147**	8,689
EPRA NAV per share[1]	2	**774p**	905p

1. As defined in Note 2.



Tim Score
Chairman

Simon Carter
Chief Financial Officer

The financial statements on pages 147 to 194 were approved by the Board of Directors and signed on its behalf on 26 May 2020.
Company number 621920

Consolidated statement of cash flows

For the year ended 31 March 2020

	Note	2020 £m	2019 £m
Rental income received from tenants		**415**	449
Fees and other income received		**42**	62
Operating expenses paid to suppliers and employees		**(146)**	(162)
Indirect taxes received in respect of operating activities		**11**	–
Sale of trading properties		**82**	268
Cash generated from operations		**404**	617
Interest paid		**(79)**	(75)
Interest received		**5**	7
Corporation taxation (payments) repayments		**(4)**	5
Distributions and other receivables from joint ventures and funds	11	**49**	59
Net cash inflow from operating activities		**375**	613
Cash flows from investing activities			
Development and other capital expenditure		**(259)**	(218)
Purchase of investment properties		**(52)**	(185)
Sale of investment properties		**77**	380
Acquisition of remaining share of Aldgate JV		**(21)**	–
Acquisition of investment in WOSC joint venture		**(57)**	–
Purchase of investments		**(9)**	(9)
Sale of investments		**19**	13
Indirect taxes received (paid) in respect of investing activities		**1**	(3)
Investment in and loans to joint ventures and funds		**(191)**	(298)
Loan repayments from joint ventures and funds		**–**	247
Capital distributions from joint ventures and funds		**131**	260
Net cash (outflow) inflow from investing activities		**(361)**	187
Cash flows from financing activities			
Issue of ordinary shares		**5**	2
Purchase of own shares		**(125)**	(204)
Dividends paid	19	**(295)**	(298)
Dividends paid to non-controlling interests		**(13)**	(14)
Capital payments in respect of interest rate derivatives		**(14)**	(19)
Decrease in lease liabilities		**(8)**	–
Decrease in bank and other borrowings		**(189)**	(576)
Drawdowns on bank and other borrowings		**576**	446
Net cash outflow from financing activities		**(63)**	(663)
Net (decrease) increase in cash and cash equivalents		**(49)**	137
Cash and cash equivalents at 1 April		**242**	105
Cash and cash equivalents at 31 March		**193**	242
Cash and cash equivalents consists of:			
Cash and short term deposits	17	**193**	242

Consolidated statement of changes in equity

For the year ended 31 March 2020

	Share capital £m	Share premium £m	Hedging and translation reserve[1] £m	Re-valuation reserve £m	Merger reserve £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
Balance at 1 April 2019	**240**	**1,302**	**11**	**26**	**213**	**6,686**	**8,478**	**211**	**8,689**
Loss for the year after taxation	–	–	–	–	–	(1,027)	(1,027)	(87)	(1,114)
Revaluation of owner-occupied property	–	–	–	1	–	–	1	–	1
Gains on cash flow hedges – Group	–	–	1	–	–	–	1	1	2
Losses on cash flow hedges – joint ventures	–	–	–	(1)	–	–	(1)	–	(1)
Deferred tax on items of other comprehensive income	–	–	–	–	–	–	–	–	–
Other comprehensive income	–	–	1	–	–	–	1	1	2
Total comprehensive income for the year	–	–	1	–	–	(1,027)	(1,026)	(86)	(1,112)
Share issues	–	5	–	–	–	–	5	–	5
Fair value of share and share option awards	–	–	–	–	–	(2)	(2)	–	(2)
Purchase of own shares	(6)	–	–	–	–	(119)	(125)	–	(125)
Dividends payable in year (31.47p per share)	–	–	–	–	–	(295)	(295)	–	(295)
Dividends payable by subsidiaries	–	–	–	–	–	–	–	(13)	(13)
Balance at 31 March 2020	**234**	**1,307**	**12**	**26**	**213**	**5,243**	**7,035**	**112**	**7,147**
Balance at 1 April 2018	248	1,300	11	22	213	7,458	9,252	254	9,506
Loss for the year after taxation	–	–	–	–	–	(291)	(291)	(29)	(320)
Revaluation of owner-occupied property	–	–	–	3	–	–	3	–	3
Gains on cash flow hedges – Group	–	–	1	–	–	–	1	–	1
Closeout of cash flow hedges – joint ventures and funds	–	–	–	18	–	–	18	–	18
Reserves transfer – joint venture cash flow hedges	–	–	–	(17)	–	17	–	–	–
Deferred tax on items of other comprehensive income	–	–	(1)	–	–	–	(1)	–	(1)
Other comprehensive income	–	–	–	4	–	17	21	–	21
Total comprehensive income for the year	–	–	–	4	–	(274)	(270)	(29)	(299)
Share issues	–	2	–	–	–	–	2	–	2
Fair value of share and share option awards	–	–	–	–	–	(4)	(4)	–	(4)
Purchase of own shares	(8)	–	–	–	–	(196)	(204)	–	(204)
Dividends payable in year (30.54p per share)	–	–	–	–	–	(298)	(298)	–	(298)
Dividends payable by subsidiaries	–	–	–	–	–	–	–	(14)	(14)
Balance at 31 March 2019	240	1,302	11	26	213	6,686	8,478	211	8,689

1 The balance at the beginning of the current year includes £15m in relation to translation and (£4m) in relation to hedging (2018/19: £15m and (£4m)). Opening and closing balances in relation to hedging relate to continuing hedges only.

Notes to the accounts

1 Basis of preparation, significant accounting policies and accounting judgements

The financial statements for the year ended 31 March 2020 have been prepared on the historical cost basis, except for the revaluation of properties, investments held for trading and derivatives. The financial statements have also been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and interpretations issued by the IFRS Interpretations Committee (IFRS IC), and therefore comply with article 4 of the EU IAS regulation, and in accordance with the Companies Act 2006. In the current financial year the Group has adopted a number of minor amendments to standards effective in the year issued by the IASB and endorsed by the EU, none of which have had a material impact on the Group. The accounting policies used are otherwise consistent with those contained in the Group's previous Annual Report and Accounts for the year ended 31 March 2019.

New standards effective for the current accounting period do not have a material impact on the consolidated financial statements of the Group. These are discussed in further detail below.

IFRS 16 – Leases

The new standard was adopted by the Group on 1 April 2019. The Group adopted IFRS 16 in accordance with IFRS 16 C8. This approach allows the recognition of the lease liability and asset as at 1 April 2019 with no restatement of prior period financial statements. The Group has applied the practical expedient on transition to apply a single discount rate to a portfolio of leases with reasonably similar characteristics. The Group has also adopted the practical expedients relating to short term and low value assets which allow these to be expensed through the income statement.

The leases which have been brought onto the balance sheet include management agreements between the Group and its Broadgate JV partner, which are in substance lease agreements, as well as a small number of leases the Group holds as lessee. These leases were previously classified as operating leases under IAS 17. IFRS 16 has not impacted the accounting treatment of leases the Group holds as lessor, therefore the adoption of the accounting standard has not had a material impact on the Group.

The impact on the balance sheet at 1 April 2019, on adoption of IFRS 16, is a £56m increase in investment property, a £1m reduction in current assets and a corresponding £55m increase in liabilities. The impact relating to new leases which commenced during the year is a £40m increase in investment property and a £40m increase in liabilities. New leases which commenced in the year relate to the management agreements described above.

On transition the lease liability was calculated as the present value of the outstanding rental payments, discounted using the Group's incremental borrowing rate at the date of initial application. The right-of-use asset was then set as being equal to the liability, adjusted by a £1m increase in relation to prepaid rent which is added to the right-of-use asset on adoption. Therefore the impact on net assets on adoption is nil. The weighted average incremental borrowing rate applied to the lease liabilities recognised at the date of initial application was 1.5%.

The right-of-use assets meet the definition of investment property and are subsequently measured under the fair value model. The adoption of IFRS 16 has increased profit/(loss) before tax by £19m, £20m of which results from the revaluation gain recognised on the right-of-use assets and (£1m) of which results from interest on lease liabilities.

The Group has considered amendments to standards endorsed by the European Union effective for the current accounting period and determined that these do not have a material impact on the consolidated financial statements of the Group. These amendments include, amendments to IFRS 9 (prepayments features), IAS 28 (long term interests), IAS 19 (plan amendments) and IFRIC 23.

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective for the current accounting period.

Amendments to IFRS 3 (Business Combinations) are effective for financial years commencing on or after 1 January 2020. The amendments relate to changes in the criteria for determining whether an acquisition is a business combination or an asset acquisition. These amendments will be applied to any future business combinations.

Amendments to IFRS 9 (Financial Instruments) are effective for financial years commencing on or after 1 January 2020. The amendments offer relief in meeting the criteria for hedge accounting on the transition from LIBOR to IBOR. The adoption of these amendments is not considered to have a material impact on the financial statements of the Group.

Amendments to References to the Conceptual Framework are effective for financial years commencing on or after 1 January 2020. The adoption of these amendments is not considered to have a material impact on the consolidated financial statements of the Group.

Amendments to IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) are also effective for financial years commencing on or after 1 January 2020. The amendments will be applied to any future changes in Accounting Policy, Accounting Estimates or Errors.

Going concern

The financial statements are prepared on a going concern basis. The balance sheet shows that the company has net current liabilities, mainly as a result of the convertible bond and a credit facility within the HUT fund reaching maturity within the next twelve months. As the Group has access to £1.1bn of undrawn facilities and the HUT facility was refinanced post period end, the Directors believe the Group will be able to meet these current liabilities as they fall due. In making this assessment the Directors took into account the covenant headroom on the Group's unsecured facilities, equivalent to a 45% fall in property values, the absence of interest cover covenants on these facilities and the limited capital expenditure remaining on the Group's committed development programme. Before factoring in any income receivable, the facilities should also be sufficient to cover forecast property operating costs, administrative expenses and interest over the next 12 months

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

As a consequence of this, the Directors feel that the Group is well placed to manage its business risks successfully despite the current economic climate. Accordingly, they believe the going concern basis is an appropriate one. See the full assessment of preparation on a going concern basis in the corporate governance section on page 102.

Subsidiaries, joint ventures and associates (including funds)

The consolidated accounts include the accounts of the British Land Company PLC and all subsidiaries (entities controlled by British Land). Control is assumed where British Land is exposed, or has the rights, to variable returns from its involvement with investees and has the ability to affect those returns through its power over those investees.

The results of subsidiaries, joint ventures or associates acquired or disposed of during the year are included from the effective date of acquisition or up to the effective date of disposal. Accounting policies of subsidiaries, joint ventures or associates which differ from Group accounting policies are adjusted on consolidation.

Business combinations are accounted for under the acquisition method. Any excess of the purchase price of business combinations over the fair value of the assets, liabilities and contingent liabilities acquired and resulting deferred tax thereon is recognised as goodwill. Any discount received is credited to the income statement in the period of acquisition.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation. Joint ventures and associates, including funds, are accounted for under the equity method, whereby the consolidated balance sheet incorporates the Group's share (investor'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. Their profits include revaluation movements on investment properties.

Distributions and other receivables from joint ventures and associates (including funds) are classed as cash flows from operating activities, except where they relate to a cash flow arising from a capital transaction, such as a property or investment disposal. In this case they are classed as cash flows from investing activities.

Properties

Properties are externally valued at the balance sheet date. Investment and owner-occupied properties are recorded at valuation whereas trading properties are stated at the lower of cost and net realisable value.

Any surplus or deficit arising on revaluing investment properties is recognised in the capital and other column of the income statement.

Any surplus arising on revaluing owner-occupied properties above cost is recognised in other comprehensive income, and any deficit arising in revaluation below cost for owner-occupied and trading properties is recognised in the capital and other column of the income statement.

The cost of properties in the course of development includes attributable interest and other associated outgoings including attributable development personnel costs. Interest is calculated on the development expenditure by reference to specific borrowings, where relevant, and otherwise on the weighted average interest rate of British Land Company PLC borrowings. Interest is not capitalised where no development activity is taking place. A property ceases to be treated as a development property on practical completion.

Investment property disposals are recognised on completion. Profits and losses arising are recognised through the capital and other column of the income statement. The profit on disposal is determined as the difference between the net sales proceeds and the carrying amount of the asset at the commencement of the accounting period plus capital expenditure in the period.

Trading properties are initially recognised at cost less impairment, and trading property disposals are recognised in line with the revenue policies outlined on the following page.

Where investment properties are appropriated to trading properties, they are transferred at market value. If properties held for trading are appropriated to investment properties, they are transferred at book value. Transfers to or from investment property occur when, and only when, there is evidence of change in use.

Where a right-of-use asset meets the definition of investment property under IFRS 16, the right-of-use asset will initially be calculated as the present value of minimum lease payments under the lease and subsequently measured under the fair value model, based on discounted cash flows of net rental income earned under the lease.

The Group leases out investment properties under operating leases with rents generally payable monthly or quarterly. The Group is exposed to changes in the residual value of properties at the end of current lease agreements, and mitigates this risk by actively managing its tenant mix in order to maximise the weighted average lease term, minimise vacancies across the portfolio and maximise exposure to tenants with strong financial characteristics. The Group also grants lease incentives to encourage high quality tenants to remain in properties for longer lease terms.

Financial assets and liabilities

Debtors and creditors are initially recognised at fair value and subsequently measured at amortised cost and discounted as appropriate. On initial recognition the Group calculates the expected credit loss for debtors based on lifetime expected credit losses under the IFRS 9 simplified approach.

Other investments include investments classified as amortised cost and investments classified as fair value through profit or loss. Loans and receivables classified as amortised cost are measured using the effective interest method, less any impairment. Interest is recognised by applying the effective interest rate. Investments classified as fair value through profit or loss are initially recorded at fair value and are subsequently externally valued on the same basis at the balance sheet date. Any surplus or deficit arising on revaluing investments held for trading is recognised in the capital and other column of the income statement.

Notes to the accounts continued

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

The lease liability associated with investment property which is held under a lease, is initially calculated as the present value of the minimum lease payments. The lease liability is subsequently measured at amortised cost, unwinding as finance lease interest accrues and lease payments are made.

Debt instruments are stated at their fair value on issue. Finance charges including premia payable on settlement or redemption and direct issue costs are spread over the period to redemption, using the effective interest method. Exceptional finance charges incurred due to early redemption (including premia) are recognised in the income statement when they occur.

Convertible bonds are designated as fair value through profit or loss and so are initially recognised at fair value with all subsequent gains and losses, including the write-off of issue costs, recognised in the capital and other column of the income statement as a component of net financing costs. The interest charge in respect of the coupon rate on the bonds is recognised within the underlying component of net financing costs on an accruals basis.

As defined by IFRS 9, cash flow and fair value hedges are initially recognised at fair value at the date the derivative contracts are entered into, and subsequently remeasured at fair value. Changes in the fair value of derivatives that are designated and qualify as effective cash flow hedges are recognised directly through other comprehensive income as a movement in the hedging and translation reserve. Changes in the fair value of derivatives that are designated and qualify as effective fair value hedges are recorded in the capital and other column of the income statement, along with any changes in the fair value of the hedged item that is attributable to the hedged risk. Any ineffective portion of all derivatives is recognised in the capital and other column of the income statement. Changes in the fair value of derivatives that are not in a designated hedging relationship under IFRS 9 are recorded directly in the capital and other column of the income statement. These derivatives are carried at fair value on the balance sheet.

Cash equivalents are limited to instruments with a maturity of less than three months.

Revenue

Revenue comprises rental income and surrender premia, service charge income, management and performance fees and proceeds from the sale of trading properties.

Rental income and surrender premia are recognised in accordance with IFRS 16 Leases.

As a result of adopting IFRS 16, the Group now reports separately service charge income for leases where a single payment is received to cover both rent and service charge. The total payment received was previously included within rental income, but the service charge component is separated out in the current year and reported as service charge income in the notes to the financial statements. There has been no net impact on the Group's income statement or balance sheet.

Rental income, including fixed rental uplifts, from investment property leased out under an operating lease is recognised as revenue on a straight line basis over the lease term. Lease incentives, such as rent-free periods and cash contributions to tenant fit-out, are recognised on the same straight-line basis being an integral part of the net consideration for the use of the investment property. Any rent adjustments based on open market estimated rental values are recognised, based on management estimates, from the rent review date in relation to unsettled rent reviews. Contingent rents, being those lease payments that are not fixed at the inception of the lease, including for example turnover rents, are recognised in the period in which they are earned.

Surrender premia for the early termination of a lease are recognised as revenue when the amounts become contractually due, net of dilapidations and non-recoverable outgoings relating to the lease concerned.

The Group applies the five step-model as required by IFRS 15 in recognising its service charge income, management and performance fees and proceeds from the sale of trading properties.

Service charge income is recognised as revenue in the period to which it relates.

Management fees are recognised as revenue in the period to which they relate and relate to property management. Performance fees are recognised at the end of the performance period when the performance obligations are met, the fee amount can be estimated reliably and it is highly probable that the fee will be received. Performance fees are based on property valuations compared to external benchmarks at the end of the reporting period. Proceeds from the sale of trading properties are recognised when control has been transferred to the purchaser. This generally occurs on completion. Proceeds from the sale of trading properties are recognised as revenue in the capital and other column of the income statement. All other revenue described above is recognised in the underlying column of the income statement.

Taxation

Current tax is based on taxable profit for the year and is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are not taxable (or tax deductible).

Deferred tax is provided on items that may become taxable in the future, or which may be used to offset against taxable profits in the future, on the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes, and the amounts used for taxation purposes on an undiscounted basis. On business combinations, the deferred tax effect of fair value adjustments is incorporated in the consolidated balance sheet.

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

Deferred tax assets and liabilities are net off against each other in the consolidated balance sheet when they relate to income taxes levied by the same tax authority on different taxable entities which intend to either settle current tax assets and liabilities on a net basis.

Employee costs

The fair value of equity-settled share-based payments to employees is determined at the date of grant and is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares or options that will eventually vest. For all schemes except the Group's Long Term Incentive Plan and Save As You Earn schemes, the fair value of awards are equal to the market value at grant date. For options and performance shares granted under the Long Term Incentive Plan, the fair values are determined by Monte Carlo and Black-Scholes models. A Black-Scholes model is used for the Save As You Earn schemes.

Defined benefit pension scheme assets are measured using fair values. Pension scheme liabilities are measured using the projected unit credit method and discounted at the rate of return of a high quality corporate bond of equivalent term to the scheme liabilities. The net surplus (where recoverable by the Group) or deficit is recognised in full in the consolidated balance sheet. Any asset resulting from the calculation is limited to the present value of available refunds and reductions in future contributions to the plan. The current service cost and gains and losses on settlement and curtailments are charged to operating profit. Actuarial gains and losses are recognised in full in the period in which they occur and are presented in the consolidated statement of comprehensive income.

Contributions to the Group's defined contribution schemes are expensed on the basis of the contracted annual contribution.

Accounting judgements and estimates

In applying the Group's accounting policies, the Directors are required to make judgements and estimates that affect the financial statements.

Significant areas of estimation are:

Valuation of investment, trading and owner-occupied properties and investments classified as fair value through profit or loss. 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 arms-length basis. However, the valuation of the Group's property portfolio and investments classified as fair value through profit or loss are inherently subjective, as they are based upon valuer assumptions which may prove to be inaccurate.

The third party valuers for properties recognised at 31 March 2020 include a material valuation uncertainty clause in their reports. The clause highlights significant estimation uncertainty regarding the valuation of investment property due to the Covid-19 pandemic. The valuations as at the current balance sheet date should therefore be treated with additional caution. Sensitivity tables are included within Note 10.

Other less significant areas of estimation include the valuation of fixed rate debt and interest rate derivatives, the determination of share-based payment expense, the actuarial assumptions used in calculating the Group's retirement benefit obligations, provisions for trade debtors and lease incentive receivables and taxation provisions.

The following items are ongoing areas of accounting judgement, however, significant judgment 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 and funds: In accordance with IFRS 10 'Consolidated financial statements', IFRS 11 'Joint arrangements', and IFRS 12 'Disclosures 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. Group shares in joint ventures and funds resulting from this process are disclosed in Note 11 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.

Notes to the accounts continued

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 loss 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. In the current year, diluted EPRA earnings per share did not include the dilutive impact of the 2015 convertible bond, as the Group's share price was below the current exchange price of 975.09p. IFRS diluted earnings per share would include the dilutive impact as IAS 33 ignores this hurdle to conversion, however due to the current year loss, this would be anti-dilutive and therefore no adjustment is made. In the prior year, both EPRA and IFRS measures exclude the dilutive impact of the 2015 convertible bond as the Company's share price had not exceeded the level required for the convertible conditions attached to the bond to trigger conversion into shares.

Underlying earnings per share is calculated using Underlying Profit adjusted for underlying taxation (see Note 7). Underlying Profit is the pre-tax EPRA earnings measure, with additional Company adjustments. No Company adjustments were made in either the current or prior year.

	2020			2019		
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	**306**	**934**	**32.8**	340	971	35.0
Underlying diluted	**306**	**937**	**32.7**	340	974	34.9
EPRA						
EPRA basic	**306**	**934**	**32.8**	340	971	35.0
EPRA diluted	**306**	**937**	**32.7**	340	974	34.9
IFRS						
Basic	**(1,027)**	**934**	**(110.0)**	(291)	971	(30.0)
Diluted	**(1,027)**	**934**	**(110.0)**	(291)	971	(30.0)

Net asset value

The Group measures financial position with reference to EPRA net asset value (NAV) per share and EPRA triple net asset value (NNNAV) per share. The net asset value and number of shares for each performance measure are shown below. A reconciliation between IFRS net assets and EPRA net assets, and the relevant number of shares for each performance measure, is shown within the supplementary disclosures (Table B). EPRA net assets is a proportionally consolidated measure that is based on IFRS net assets excluding the mark-to-market on derivatives and related debt adjustments, the mark-to-market on the convertible bonds and deferred taxation on property and derivative valuations. They include the valuation surplus on trading properties and are adjusted for the dilutive impact of share options.

As at 31 March 2020, EPRA NAV and EPRA NNNAV did not include the dilutive impact of the 2015 convertible bond, as the Group's share price was below the exchange price of 975.09p. IFRS net assets also does not include the convertible impact following the treatment of IFRS earnings per share. In the prior year, both EPRA and IFRS measures exclude the dilutive impact of the 2015 convertible bond as the Company's share price had not exceeded the level required for the convertible conditions attached to the bond to trigger conversion into shares.

	2020			2019		
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 NAV	**7,213**	**932**	**774**	8,649	956	905
EPRA NNNAV	**6,762**	**932**	**726**	8,161	956	854
IFRS						
Basic	**7,147**	**927**	**771**	8,689	949	916
Diluted	**7,147**	**932**	**767**	8,689	956	909

2 Performance measures continued

Total accounting return

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

	2020			2019		
	Decrease in NAV per share *pence*	**Dividend per share paid** *pence*	**Total accounting** *return*	Decrease in NAV per share *pence*	Dividend per share paid *pence*	Total accounting *return*
Total accounting return	**(131)**	**31.47**	**(11.0%)**	(62)	30.54	(3.3%)

EPRA published updated Best Practice Recommendations in October 2019 which introduced three new Net Asset valuations. These are applicable for accounting periods starting on or after 1 January 2020 and the Group will adopt these Recommendations for the year ended 31 March 2021. Total accounting return will be based upon one of these new asset valuations, EPRA Net Tangible Assets, which the Board judges to be closely aligned with EPRA Net Asset Value. See Supplementary Disclosures, Table B for further details.

3 Revenue and costs

	2020			2019		
	Underlying £m	***Capital* and other £m**	**Total £m**	Underlying £m	*Capital* and other £m	Total £m
Rent receivable	**431**	**–**	**431**	444	–	444
Spreading of tenant incentives and guaranteed rent increases	**(3)**	**–**	**(3)**	(6)	–	(6)
Surrender premia	**5**	**–**	**5**	1	–	1
Gross rental income	**433**	**–**	**433**	439	–	439
Trading property sales proceeds	**–**	**87**	**87**	–	350	350
Service charge income	**64**	**–**	**64**	76	–	76
Management and performance fees (from joint ventures and funds)	**8**	**–**	**8**	7	–	7
Other fees and commissions	**21**	**–**	**21**	32	–	32
Revenue	**526**	**87**	**613**	554	350	904
Trading property cost of sales	**–**	**(70)**	**(70)**	–	(258)	(258)
Service charge expenses	**(61)**	**–**	**(61)**	(76)	–	(76)
Property operating expenses	**(50)**	**–**	**(50)**	(35)	–	(35)
Impairment of tenant incentives and guaranteed rent increases[1]	**(20)**	**–**	**(20)**	–	–	–
Other fees and commissions expenses	**(17)**	**–**	**(17)**	(30)	–	(30)
Costs	**(148)**	**(70)**	**(218)**	(141)	(258)	(399)
	378	**17**	**395**	413	92	505

1. In the current year this balance includes £15m (2018/19: £nil) in relation to write-offs and provision against tenant incentive balances held by the Group and £5m (2018/19: £nil) in relation to write-offs of guaranteed rent increases

The cash element of net rental income (gross rental income less property operating expenses) recognised during the year ended 31 March 2020 from properties which were not subject to a security interest was £316m (2018/19: £356m). Property operating expenses relating to investment properties that did not generate any rental income were £nil (2018/19: £1m). Contingent rents of £3m (2018/19: £3m) were recognised in the year.

As a result of adopting IFRS 16, the Group now reports separately service charge income for leases where a single payment is received to cover both rent and service charge. The total payment is included within rental income in the prior year. In the current year, the service charge component has now been separated and reported as service charge income in the notes to the financial statements.

Notes to the accounts continued

4 Valuation movements on property

	2020 £m	2019 £m
Consolidated income statement		
Revaluation of properties	**(1,105)**	(620)
Revaluation of properties held by joint ventures and funds accounted for using the equity method	**(284)**	(63)
	(1,389)	(683)
Consolidated statement of comprehensive income		
Revaluation of owner-occupied properties	**1**	3
	(1,388)	(680)

5 Auditors' remuneration – PricewaterhouseCoopers LLP

	2020 £m	2019 £m
Fees payable to the Company's auditors for the audit of the Company's annual accounts	**0.3**	0.3
Fees payable to the Company's auditors for the audit of the Company's subsidiaries, pursuant to legislation	**0.4**	0.4
Total audit fees	**0.7**	0.7
Audit-related assurance services	**0.1**	0.1
Total audit and audit-related assurance services	**0.8**	0.8
Other fees		
Other services	**0.0**	0.1
Total	**0.8**	0.9

6 Net financing costs

	2020 £m	2019 £m
Underlying		
Financing charges		
Bank loans and overdrafts	**(25)**	(21)
Derivatives	**30**	29
Other loans	**(76)**	(75)
Obligations under head leases	**(4)**	(3)
	(75)	(70)
Development interest capitalised	**8**	3
	(67)	(67)
Financing income		
Deposits, securities and liquid investments	**1**	–
	1	–
Net financing charges – underlying	**(66)**	(67)
Capital and other		
Financing charges		
Valuation movements on fair value hedge accounted derivatives[2]	**62**	41
Valuation movements on fair value hedge accounted debt[2]	**(62)**	(38)
Capital financing costs[1]	**3**	(32)
Fair value movement on convertible bonds	**(4)**	(6)
Valuation movement on non-hedge accounted derivatives	**(40)**	(11)
	(41)	(46)
Net financing charges – capital	**(41)**	(46)
Net financing costs		
Total financing income	**1**	–
Total financing charges	**(108)**	(113)
Net financing costs	**(107)**	(113)

Interest payable on unsecured bank loans and related interest rate derivatives was £9m (2018/19: £8m). Interest on development expenditure is capitalised at the Group's weighted average interest rate of 1.9% (2018/19: 2.2%). The weighted average interest rate on a proportionately consolidated basis at 31 March 2020 was 2.5% (2018/19: 2.9%).

1 Primarily bond redemption costs.
2 The difference between valuation movements on designated fair value hedge accounted derivatives (hedging instruments) and the valuation movements on fair value hedge accounted debt (hedged item) represents hedge ineffectiveness for the period of £nil (2018/19: £3m).

Notes to the accounts continued

7 Taxation

	2020 £m	2019 £m
Taxation (expense) income		
Current taxation:		
UK corporation taxation: 19% (2018/19: 19%)	**(1)**	(10)
Adjustments in respect of prior years	**5**	13
Total current taxation income	**4**	3
Deferred taxation on revaluations and derivatives	**(2)**	(4)
Group total taxation	**2**	(1)
Attributable to joint ventures and funds	**–**	2
Total taxation income	**2**	1
Taxation reconciliation		
Loss on ordinary activities before taxation	**(1,116)**	(319)
Less: loss (profit) attributable to joint ventures and funds[1]	**227**	(5)
Group loss on ordinary activities before taxation	**(889)**	(324)
Taxation on loss on ordinary activities at UK corporation taxation rate of 19% (2018/19: 19%)	**169**	62
Effects of:		
– REIT exempt income and gains	**(165)**	(73)
– Taxation losses	**(5)**	1
– Deferred taxation on revaluations and derivatives	**(2)**	(4)
– Adjustments in respect of prior years	**5**	13
Group total taxation income (expense)	**2**	(1)

1 A current taxation income of £nil (2018/19: £2m) and a deferred taxation credit of £nil (2018/19: £nil) arose on profits attributable to joint ventures and funds. The low tax charge reflects the Group's REIT status.

Taxation expense attributable to Underlying Profit for the year ended 31 March 2020 was £nil (2018/19: £nil). Corporation taxation payable at 31 March 2020 was £17m (2018/19: £25m) as shown on the balance sheet. During the year to 31 March 2020 tax provisions in respect of historic taxation matters and current points of uncertainty in the UK have been released and provisions made.

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 twelve months of the end of each accounting period. Following the temporary suspension of future dividends to best ensure we can effectively support our customers who are hardest hit and protect the long term value of the business as a result of Covid-19, we are discussing an extension to this deadline with HMRC. To date £29m of the PID required in respect of the year to 31 March 2020 has been paid. Whilst we intend pay the required PID amount within the agreed deadline, the balance of the required PID not paid by the extended due date would instead be subject to corporation tax and a charge of up to £37m would become due. The Group is currently in discussions with HMRC over the timing of payments of Property Income Distributions required by the REIT regime (see Note 24 Contingent liabilities).

8 Staff costs

Staff costs (including Directors)	2020 £m	2019 £m
Wages and salaries	**56**	62
Social security costs	**7**	8
Pension costs	**6**	7
Equity-settled share-based payments	**(3)**	(3)
	66	74

The average monthly number of employees of the Company during the year was 300 (2018/19: 293). The average monthly number of Group employees, including those employed directly at the Group's properties and their costs recharged to tenants, was 672 (2018/19: 783). The average monthly number of employees of the Company within each category of persons employed was as follows: Retail: 25; Offices: 17; Canada Water: 16; Developments: 38; Storey: 11; Support Functions: 193.

The Executive Directors and Non-Executive Directors are the key management personnel. Their emoluments are summarised below and further detail is disclosed in the Remuneration Report on pages 118 to 133.

Directors' emoluments	2020 £m	2019 £m
Short term employee benefits	**2.8**	5.6
Service cost in relation to defined benefit pension schemes	**–**	0.1
Equity-settled share-based payments	**(2.2)**	(2.0)
	0.6	3.7

Staff costs

The Group's equity-settled share-based payments comprise the following:

Scheme	Fair value measure
Long Term Incentive Plan (LTIP)	Monte Carlo model simulation and Black-Scholes option valuation models
Matching Share Plan (MSP)	Market value at grant date
Restricted Share Plan (RSP)	Market value at grant date
Save As You Earn schemes (SAYE)	Black-Scholes option valuation model

The Group expenses an estimate of how many shares are likely to vest based on the market price at the date of grant, taking account of expected performance against the relevant performance targets and service periods, which are discussed in further detail in the Remuneration Report.

During the year the Group granted performance shares under its Long Term Incentive Plan scheme. In the prior year the Group granted performance shares and options under its Long Term Incentive Plan scheme. Performance conditions are measured over a three-year period and are a weighted blend of Total Shareholder Return (TSR), Total Property Return (TPR) and Total Accounting Return (TAR) (see Directors Remuneration Report for details). For non-market-based performance conditions, the Group uses a Black-Scholes option valuation method to obtain fair values. For market-based performance conditions, a Monte Carlo model is used as this provides a more accurate fair value than the previous method used by the Group. The impact on the fair value of options resulting from the change in model was immaterial. The key inputs used to obtain fair values for LTIP awards are shown below.

	24 July 2019		25 June 2018		
	Awards with holding period	**Awards with no holding period**	Awards with holding period	Awards with no holding period	Market value options
Share price	**£5.35**	**£5.35**	£6.79	£6.79	£6.79
Exercise price	**£0.00**	**£0.00**	£0.00	£0.00	£6.82
Expected volatility	**17.1%**	**17.1%**	24.8%	24.8%	24.8%
Expected term (years)	**3**	**3**	3	3	5
Dividend yield	**0.0%**	**0.0%**	0.0%	0.0%	4.43%
Risk free interest rate	**0.47%**	**0.47%**	0.79%	0.79%	0.98%
Fair value – TSR Tranche FTSE 350	**£1.41**	**£1.54**	£2.33	£2.67	£0.58
Fair value – TSR Tranche FTSE 100	**£1.40**	**£1.53**	£3.02	£3.46	£0.68
Fair value – TPR and TAR Tranches	**£4.89**	**£5.35**	£5.93	£6.79	£0.84

Movements in shares and options are given in Note 20.

Notes to the accounts continued

9 Pensions

The British Land Group of Companies Pension Scheme ('the scheme') is the principal defined benefit pension scheme in the Group. The assets of the scheme are held in a trustee-administered fund and kept separate from those of the Company. It is not contracted out of SERPS (State Earnings-Related Pension Scheme) and it is not planned to admit new employees to the scheme. The Group has three other small defined benefit pension schemes. There are also two Defined Contribution Pension Schemes. Contributions to these schemes are at a flat rate of salary and are paid by the Company.

The total net pension cost charged for the year was £6m (2018/19: £7m), of which £5m (2018/19: £5m) relates to defined contribution plans and £1m (2018/19: £2m) relates to the current service cost of the defined benefit schemes.

A full actuarial valuation of the scheme was carried out at 31 March 2018 by consulting actuaries, First Actuarial LLP. The employer's contributions will be paid in the future at the rate recommended by the actuary of 68.3% per annum of basic salaries. The best estimate of employer contributions expected to be paid during the year to 31 March 2021 is £1m. The major assumptions used for the actuarial valuation were:

	2020 % pa	2019 % pa	2018 % pa	2017 % pa	2016 % pa
Discount rate	**2.3**	2.4	2.6	2.4	3.2
Salary inflation	**3.9**	4.8	4.9	4.9	4.8
Pensions increase	**2.5**	3.3	3.3	3.3	3.2
Price inflation	**2.5**	3.4	3.4	3.4	3.3

The assumptions are that a member currently aged 60 will live on average for a further 28.0 years if they are male and for a further 29.6 years if they are female. For a member who retires in 2040 at age 60, the assumptions are that they will live on average for a further 29.3 years after retirement if they are male and for a further 31.0 years after retirement if they are female.

Composition of scheme assets

	2020 £m	2019 £m
Equities	**60**	60
Diversified growth funds	**50**	88
Other assets	**51**	12
Total scheme assets	**161**	160

94.3% of the scheme assets are quoted in an active market. All unquoted scheme assets sit within equities.

The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit schemes is as follows:

	2020 £m	2019 £m	2018 £m	2017 £m	2016 £m
Present value of defined scheme obligations	**(131)**	(147)	(147)	(167)	(143)
Fair value of scheme assets	**161**	160	152	154	137
Irrecoverable surplus	**(30)**	(13)	(5)	–	–
Liability recognised in the balance sheet	**–**	–	–	(13)	(6)

1 *The net defined benefit asset must be measured at the lower of the surplus in the defined benefit schemes and the asset ceiling. The asset ceiling is the present value of any* economic benefits available in the form of refunds from the schemes or reductions to future contributions to the schemes. The asset ceiling of the Group's defined benefit schemes is £nil (2018/19: £nil), therefore the surplus in the defined benefit schemes of £30m (2018/19: £13m) is irrecoverable.

9 Pensions continued

The sensitivities of the defined benefit obligation in relation to the major actuarial assumptions used to measure scheme liabilities are as follows:

Assumption	Change in assumption	Increase/(decrease) in defined scheme obligations 2020 £m	2019 £m
Discount rate	+0.5%	**(11)**	(15)
Salary inflation	+0.5%	**1**	2
RPI inflation	+0.5%	**12**	12
Assumed life expectancy	+1 year	**4**	5

History of experience gains and losses

	2020 £m	2019 £m	2018 £m	2017 £m	2016 £m
Total actuarial gain (loss) recognised in the consolidated statement of comprehensive income[1,2]	**–**	–	9	(12)	(1)
Percentage of present value on scheme liabilities	**(0.3%)**	0.1%	6.1%	7.2%	0.7%

1. Movements stated after adjusting for irrecoverability of any surplus.
2. Cumulative loss recognised in the statement of comprehensive income is £40m (2018/19 £40m)

Movements in the present value of defined benefit obligations were as follows:

	2020 £m	2019 £m
At 1 April	**(147)**	(147)
Current service cost	**(2)**	(2)
Interest cost	**(4)**	(3)
Actuarial gain (loss)		
Gain (loss) from change in financial assumptions	**17**	(2)
Gain on scheme liabilities arising from experience	**–**	1
Benefits paid	**5**	6
At 31 March	**(131)**	(147)

Notes to the accounts continued

9 Pensions continued

Movements in the fair value of the scheme assets were as follows:

	2020 £m	2019 £m
At 1 April	**160**	152
Interest income on scheme assets	**4**	4
Contributions by employer	**1**	2
Actuarial gain	**1**	8
Benefits paid	**(5)**	(6)
At 31 March	**161**	160

Through its defined benefit plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, this will create a deficit. The scheme holds a significant portion of growth assets (equities and diversified growth funds) which, although expected to outperform corporate bonds in the long term, create volatility and risk in the short term. The allocation to growth assets is monitored to ensure it remains appropriate given the scheme's long term objectives.

Changes in bond yields

A decrease in corporate bond yields will increase the value placed on the scheme's liabilities for accounting purposes, although this will be partially offset by an increase in the value of the scheme's bond holdings.

Inflation risk

The majority of the scheme's benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). The majority of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy

The majority of the scheme's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities.

10 Property

Property reconciliation for the year ended 31 March 2020

	Retail Level 3 £m	Offices and Residential Level 3 £m	Canada Water Level 3 £m	Developments Level 3 £m	**Investment and development properties Level 3 £m**	Trading Properties £m	Owner Occupied Level 3 £m	**Total £m**
Carrying value at 1 April 2019	**4,317**	**3,776**	**318**	**520**	**8,931**	**87**	**73**	**9,091**
Additions								
- property purchases	**19**	**34**	**–**	**41**	**94**	**–**	**–**	**94**
- development expenditure	**1**	**2**	**24**	**129**	**156**	**–**	**–**	**156**
- capitalised interest and staff costs	**–**	**–**	**4**	**5**	**9**	**–**	**–**	**9**
- capital expenditure on asset management initiatives[1]	**36**	**54**	**–**	**2**	**92**	**–**	**–**	**92**
- right-of-use assets	**5**	**48**	**21**	**–**	**74**	**–**	**–**	**74**
	61	**138**	**49**	**177**	**425**	**–**	**–**	**425**
Depreciation	**–**	**–**	**–**	**–**	**–**	**–**	**(1)**	**(1)**
Disposals	**(58)**	**–**	**–**	**–**	**(58)**	**(67)**	**–**	**(125)**
Reclassifications	**45**	**(14)**	**–**	**(26)**	**5**	**–**	**(5)**	**–**
Revaluations included in income statement	**(1,158)**	**35**	**33**	**(15)**	**(1,105)**	**–**	**–**	**(1,105)**
Revaluations included in OCI	**–**	**–**	**–**	**–**	**–**	**–**	**1**	**1**
Movement in tenant incentives and contracted rent uplift balances	**(19)**	**6**	**–**	**3**	**(10)**	**–**	**–**	**(10)**
Carrying value at 31 March 2020	**3,188**	**3,941**	**400**	**659**	**8,188**	**20**	**68**	**8,276**
Lease liabilities (Notes 14 and 15)								**(163)**
Less valuation surplus on right-of-use assets[2]								**(20)**
Valuation surplus on trading properties								**13**
Group property portfolio valuation at 31 March 2020								**8,106**
Non-controlling interests								**(185)**
Group property portfolio valuation at 31 March 2020 attributable to shareholders								**7,921**

1. Offices capital expenditure includes £36m of flexible workspace fit-out in the current year which has been reclassified from property, plant and equipment to property additions
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 cashflows over the term of the lease agreements. IFRS 16 right-of-use assets are not externally valued, their fair value is determined by management, and are therefore not included in the Group property portfolio valuation of £8,106m above

Notes to the accounts continued

10 Property continued

Property reconciliation for the year ended 31 March 2019

	Retail Level 3 £m	Offices and Residential Level 3 £m	Canada Water Level 3 £m	Developments Level 3 £m	Investment and development properties Level 3 £m	Trading Properties £m	Owner-Occupied Level 3 £m	Total £m
Carrying value at 1 April 2018	5,195	3,659	298	355	9,507	328	90	9,925
Additions								
– property purchases	97	88	–	–	185	–	–	185
– development expenditure	2	–	19	151	172	11	–	183
– capitalised interest and staff costs	–	–	3	2	5	–	–	5
– capital expenditure on asset management initiatives	27	15	–	–	42	–	–	42
– head lease assets	31	5	–	–	36	–	–	36
	157	108	22	153	440	11	–	451
Depreciation	–	–	–	–	–	–	(1)	(1)
Disposals	(409)	–	–	(3)	(412)	(252)	–	(664)
Reclassifications	–	19	–	–	19	–	(19)	–
Revaluations included in income statement[1]	(621)	(12)	(2)	15	(620)	–	–	(620)
Revaluations included in OCI	–	–	–	–	–	–	3	3
Movement in tenant incentives and contracted rent uplift balances	(5)	2	–	–	(3)	–	–	(3)
Carrying value at 31 March 2019	4,317	3,776	318	520	8,931	87	73	9,091
Head lease liabilities (Note 15)								(92)
Valuation surplus on trading properties								29
Group property portfolio valuation at 31 March 2019								9,028
Non-controlling interests								(267)
Group property portfolio valuation at 31 March 2019 attributable to shareholders								8,761

1 Included within the offices and residential property revaluation movement above is a £4m increase to the valuation of 10 Brock Street following the leasing transaction with Facebook and Debenhams.

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 and these are analysed in a table on the following page. There were no transfers between levels in the year.

During the current financial period, the Group adopted the new accounting standard IFRS 16, Leases. The right-of-use asset recognised on adoption is included within the investment and development property line. The carrying amount of right-of-use assets included within the line is £67m. An adjustment is made to reflect the fact that separate lease liabilities are recognised on balance sheet in relation to right-of-use assets.

The general risk environment in which the Group operates has heightened during the period, which is largely due to the continued level of uncertainty of the future impact of the UK's exit from the EU, the outbreak of the Novel Coronavirus (Covid-19) and the significant deterioration in the UK retail market and weaker investment markets. This environment could have a significant impact upon property valuations.

The Group's total property portfolio was valued by external valuers on the basis of fair value, in accordance with the RICS Valuation – Professional Standards 2014, ninth edition, published by The Royal Institution of Chartered Surveyors.

10 Property continued

The outbreak of Covid-19, declared by the World Health Organization as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors As at the valuation date, the external valuers consider that they can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. The current response to Covid-19 means that external valuers are faced with an unprecedented set of circumstances on which to base a judgment. The valuations across all asset classes are therefore reported on the basis of "material valuation uncertainty" as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to the valuations provided than would normally be the case. The external valuers have confirmed, the inclusion of the "material valuation uncertainty" declaration does not mean that valuations cannot be relied upon. Rather, the phrase is used in order to be clear and transparent with all parties, in a professional manner that – in the current extraordinary circumstances – less certainty can be attached to valuations than would otherwise be the case. In light of this material valuation uncertainty we have reviewed the ranges used in assessing the impact of changes in unobservable inputs on the fair value of the Group's property portfolio. Whilst the property valuations reflect the external valuers' assessment of the impact of Covid-19 at the valuation date, we consider +/-10% for ERV, +/-50bps for NEY and +/-10% for development costs to capture the increased uncertainty in these key valuation assumptions. The results of this analysis are detailed in the sensitivity tables on the following page.

There has been no change in the valuation methodology used for investment property as a result of Covid-19.

A provision of £17m (2018/19: £14m) has been made against tenant incentives and contracted rent uplift balances. The charge to the income statement in relation to write-offs and provisions made against tenant lease incentives and guaranteed rents was £20m (see Note 3).

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 and the Chief Financial Officer. The valuers meet with the external auditors and also present directly to the Audit Committee at the interim and year end review of results. Further details of the Audit Committee's responsibilities in relation to valuations can be found in the Report of the Audit Committee on pages 108 to 113.

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.

Copies of the valuation certificates of Knight Frank LLP, CBRE, Jones Lang LaSalle and Cushman & Wakefield can be found at www.britishland.com/reports.

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

	2020			2019		
	Group £m	**Joint ventures and funds £m**	**Total £m**	Group £m	Joint ventures and funds £m	Total £m
Knight Frank LLP	**1,420**	**54**	**1,474**	1,434	2,256	3,690
CBRE	**2,097**	**183**	**2,280**	2,675	231	2,906
Jones Lang LaSalle	**1,348**	**765**	**2,113**	1,889	1,099	2,988
Cushman & Wakefield	**3,241**	**2,270**	**5,511**	3,030	19	3,049
Total property portfolio valuation	**8,106**	**3,272**	**11,378**	9,028	3,605	12,633
Non-controlling interests	**(185)**	**(36)**	**(221)**	(267)	(50)	(317)
Total property portfolio valuation attributable to shareholders	**7,921**	**3,236**	**11,157**	8,761	3,555	12,316

Notes to the accounts continued

10 Property continued

Information about fair value measurements using unobservable inputs (Level 3) for the year ended 31 March 2020

Investment	Fair value at 31 March 2020 £m	Valuation technique	ERV per sq ft Min £	ERV per sq ft Max £	ERV per sq ft Average £	Equivalent yield Min %	Equivalent yield Max %	Equivalent yield Average %	Costs to complete per sq ft Min £	Costs to complete per sq ft Max £	Costs to complete per sq ft Average £
Retail	3,128	Investment methodology	2	87	21	4	11	7	–	85	15
Offices[1]	3,851	Investment methodology	9	177	60	4	5	4	–	421	62
Canada Water	364	Investment methodology	15	31	20	2	6	4	–	–	–
Residential	70	Investment methodology	38	38	38	4	4	4	–	–	–
Developments	660	Residual methodology	48	62	55	4	5	4	–	367	220
Total	8,073										
Trading properties at fair value	33										
Group property portfolio valuation	8,106										

1 Includes owner-occupied

Information about fair value measurements using unobservable inputs (Level 3) for the year ended 31 March 2019

Investment	Fair value at 31 March 2019 £m	Valuation technique	ERV per sq ft Min £	ERV per sq ft Max £	ERV per sq ft Average £	Equivalent yield Min %	Equivalent yield Max %	Equivalent yield Average %	Costs to complete per sq ft Min £	Costs to complete per sq ft Max £	Costs to complete per sq ft Average £
Retail	4,278	Investment methodology	2	87	24	4	10	6	–	37	6
Offices[1]	3,769	Investment methodology	8	145	58	4	5	4	–	465	53
Canada Water	302	Investment methodology	15	31	22	2	6	4	–	1	–
Residential	43	Investment methodology	38	38	38	4	4	4	–	–	–
Developments	520	Residual methodology	47	63	55	4	5	4	–	334	228
Total	8,912										
Trading properties at fair value	116										
Group property portfolio valuation	9,028										

1 Includes owner-occupied

Information about the impact of changes in unobservable inputs (Level 3) on the fair value of the Group's property portfolio including share of joint ventures and funds for the year ended 31 March 2020

	Fair value at 31 March 2020 £m	Impact on valuations +10% ERV £m	Impact on valuations -10% ERV £m	Impact on valuations -50bps NEY £m	Impact on valuations +50bps NEY £m	Impact on valuations -10% costs £m	Impact on valuations +10% costs £m
Retail	3,848	297	(287)	322	(276)	4	(4)
Offices[1]	5,800	553	(530)	878	(678)	26	(27)
Canada Water	364	7	(7)	8	(6)	136	(133)
Residential	99	2	(2)	4	(3)	–	–
Developments	1,046	129	(128)	198	(155)	19	(19)
Group property portfolio valuation including share of joint ventures and funds	11,157	988	(954)	1,410	(1,118)	185	(183)

1 Includes trading properties at fair value

10 Property continued

Information about the impact of changes in unobservable inputs (Level 3) on the fair value of the Group's property portfolio including share of joint ventures and funds for the year ended 31 March 2019

	Fair value at 31 March 2019 £m	Impact on valuations +5% ERV £m	Impact on valuations -5% ERV £m	Impact on valuations 25bps NEY £m	Impact on valuations +25bps NEY £m	Impact on valuations -5% costs £m	Impact on valuations +5% costs £m
Retail	5,530	230	(220)	272	(251)	–	–
Offices[1]	5,444	228	(207)	361	(313)	–	–
Canada Water	303	4	(4)	5	(4)	31	(30)
Residential	99	1	(1)	2	(2)	–	–
Developments	940	48	(52)	64	(60)	26	(30)
Group property portfolio valuation including share of joint ventures and funds	12,316	511	(484)	704	(630)	57	(60)

1. Includes trading properties at fair value

All other factors being equal:

- a higher equivalent yield or discount rate would lead to a decrease in the valuation of an asset
- an increase in the current or estimated future rental stream would have the effect of increasing the capital value
- an increase in the costs to complete would lead to a decrease in the valuation of an asset

However, there are interrelationships between the unobservable inputs which are partially determined by market conditions, which would impact on these changes.

Additional property disclosures – including covenant information

At 31 March 2020, the Group property portfolio valuation of £8,106m (2018/19: £9,028m) comprises freeholds of £4,139m (2018/19: £4,929m); virtual freeholds of £1,050m (2018/19: £940m); long leaseholds of £2,822m (2018/19 £3,097m); and short leaseholds of £95m (2018/19: £62m). The historical cost of properties was £5,981m (2018/19: £5,853m).

The property valuation does not include any investment properties held under leases (2018/19: £nil).

Cumulative interest capitalised against investment, development and trading properties amounts to £103m (2018/19: £99m).

Properties valued at £961m (2018/19: £1,019m) were subject to a security interest and other properties of non-recourse companies amounted to £772m (2018/19: £1,115m), totalling £1,733m (2018/19: £2,134m).

Included within the property valuation is £12m (2018/19: £28m) in respect of accrued contracted rental uplift income. The balance arises through the IFRS treatment of leases containing such arrangements, which requires the recognition of rental income on a straight-line basis over the lease term, with the difference between this and the cash receipt changing the carrying value of the property against which revaluations are measured.

11 Joint ventures and funds

Summary movement for the year of the investments in joint ventures and funds

	Joint ventures £m	Funds £m	**Total £m**	Equity £m	Loans £m	**Total £m**
At 1 April 2019	2,330	230	**2,560**	2,112	448	**2,560**
Additions	256	3	**259**	7	252	**259**
Disposals	(23)	–	**(23)**	(22)	(1)	**(23)**
Share of profit on ordinary activities after taxation	(179)	(48)	**(227)**	(227)	–	**(227)**
Distributions and dividends:						
- Capital	(131)	(2)	**(133)**	(133)	–	**(133)**
- Revenue	(64)	(13)	**(77)**	(77)	–	**(77)**
Hedging and exchange movements	(1)	–	**(1)**	(1)	–	**(1)**
At 31 March 2020	2,188	170	**2,358**	1,659	699	**2,358**

Notes to the accounts continued

11 Joint ventures and funds continued

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

Joint ventures' and funds' summary financial statements for the year ended 31 March 2020

	Broadgate REIT Ltd	MSC Property Intermediate Holdings Ltd	WOSC Partners Limited Partnership
Partners	Euro Bluebell LLP (GIC)	Norges Bank Investment Management	Norges Bank Investment Management
Property sector	City Offices Broadgate	Shopping Centres Meadowhall	Offices
Group share	50%	50%	25%
Summarised income statements	£m	£m	£m
Revenue[4]	203	103	4
Costs	(78)	(27)	(1)
	125	76	3
Administrative expenses	(1)	–	–
Net interest payable	(63)	(30)	–
Underlying Profit	61	46	3
Net valuation movement	204	(542)	(3)
Capital financing costs[5]	(12)	–	–
Profit (loss) on disposal of investment properties and investments	–	–	–
Profit (loss) on ordinary activities before taxation	253	(496)	–
Taxation	–	–	–
Profit (loss) on ordinary activities after taxation	**253**	**(496)**	**–**
Other comprehensive income	–	(2)	–
Total comprehensive income (expense)	**253**	**(498)**	**–**
British Land share of total comprehensive income (expense)	**127**	**(249)**	**–**
British Land share of distributions payable	17	4	–
Summarised balance sheets			
Investment and trading properties	4,539	1,202	218
Current assets	28	8	3
Cash and deposits	209	20	4
Gross assets	**4,776**	**1,230**	**225**
Current liabilities	(118)	(30)	(4)
Bank and securitised debt	(1,368)	(583)	–
Loans from joint venture partners	(850)	(409)	(217)
Other non-current liabilities	–	(21)	(4)
Gross liabilities	**(2,336)**	**(1,043)**	**(225)**
Net assets	**2,440**	**187**	**–**
British Land share of net assets less shareholder loans	**1,220**	**93**	**–**

1. USS joint ventures include the Eden Walk Shopping Centre Unit Trust and the Fareham Property Partnership.
2. *Hercules Unit Trust joint ventures and sub-funds 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 and sub-funds.
3. Included in the column headed 'Other joint ventures and funds' are contributions from the following: BL Goodman Limited Partnership, Bluebutton Property Management UK Limited, City of London Office Unit Trust and BL Sainsbury's Superstores Limited and Pillar Retail Europark Fund (PREF). The Group's ownership share of PREF is 65%, however as the Group is not able to exercise control over significant decisions of the fund, the Group equity accounts for its interest in PREF
4. Revenue includes gross rental income at 100% share of £284m (2018/19: £310m)
5. Capital financing costs of £32m in other joint ventures and funds relates to bond redemption costs in a joint venture with Sainsbury's

The SouthGate Limited Partnership	JSS joint ventures	Hercules Unit Trust joint ventures and sub-funds	Other joint ventures and funds	Total 2020	Total Group share 2020
Aviva Investors	Universities Superannuation Scheme Group PLC				
Shopping Centres	Shopping Centres	Retail Parks			
50%	50%	Various			
£m	£m	£m	£m	£m	£m
18	14	32	9	**383**	**191**
(5)	(5)	(8)	–	**(124)**	**(62)**
13	9	24	9	**259**	**129**
(1)	–	–	(1)	**(3)**	**(1)**
(1)	–	–	(2)	**(96)**	**(49)**
11	9	24	6	**160**	**79**
(45)	(49)	(129)	(5)	**(569)**	**(284)**
–	–	–	(32)	**(44)**	**(22)**
–	–	1	(2)	**(1)**	**–**
(34)	(40)	(104)	(33)	**(454)**	**(227)**
–	–	–	–	**–**	**–**
(34)	**(40)**	**(104)**	**(33)**	**(454)**	**(227)**
–	**–**	–	–	**(2)**	**(1)**
(34)	**(40)**	**(104)**	**(33)**	**(456)**	**(228)**
(17)	**(20)**	**(52)**	**(17)**	**(228)**	
6	4	13	136	**180**	
208	188	332	–	**6,687**	**3,288**
2	1	2	–	**44**	**24**
5	6	11	10	**265**	**131**
215	**195**	**345**	**10**	**6,996**	**3,443**
(4)	(3)	(9)	(3)	**(171)**	**(85)**
–	–	–	–	**(1,951)**	**(975)**
–	(31)	–	(3)	**(1,510)**	**(701)**
(28)	–	–	–	**(53)**	**(25)**
(32)	**(34)**	**(9)**	**(6)**	**(3,685)**	**(1,786)**
183	**161**	**336**	**4**	**3,311**	**1,657**
91	**80**	**171**	**2**	**1,657**	

The borrowings of joint ventures and funds 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 and the Eden Walk Shopping Centre Unit Trust which are incorporated in Jersey. Of the funds, the Hercules Unit Trust (HUT) joint ventures and sub-funds 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.

Notes to the accounts continued

11 Joint ventures and funds continued

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

Joint ventures' and funds' summary financial statements for the year ended 31 March 2019

	Broadgate REIT Ltd	MSC Property Intermediate Holdings Ltd	BL Sainsbury Superstores Ltd
Partners	Euro Bluebell LLP (GIC)	Norges Bank Investment Management	J Sainsbury plc
Property sector	City Offices Broadgate	Shopping Centres Meadowhall	Superstores
Group share	50%	50%	50%
Summarised income statements	£m	£m	£m
Revenue[4]	194	102	32
Costs	(60)	(24)	–
	134	78	32
Administrative expenses	(1)	–	–
Net interest payable	(71)	(32)	(11)
Underlying Profit	62	46	21
Net valuation movement	117	(152)	1
Capital financing costs	(37)	–	(3)
Profit (loss) on disposal of investment properties and investments	10	–	(4)
Profit (loss) on ordinary activities before taxation	152	(106)	15
Taxation	4	–	–
Profit (loss) on ordinary activities after taxation	**156**	**(106)**	**15**
Other comprehensive income	36	–	–
Total comprehensive income (expense)	**192**	**(106)**	**15**
British Land share of total comprehensive income (expense)	**96**	**(53)**	**8**
British Land share of distributions payable	275	4	20
Summarised balance sheets	£m	£m	£m
Investment and trading properties	4,024	1,744	488
Current assets	(1)	4	4
Cash and deposits	219	31	40
Gross assets	**4,242**	**1,779**	**532**
Current liabilities	(83)	(37)	(22)
Bank and securitised debt	(1,442)	(612)	(196)
Loans from joint venture partners	(479)	(385)	–
Other non-current liabilities	–	(20)	–
Gross liabilities	**(2,004)**	**(1,054)**	**(218)**
Net assets	**2,238**	**725**	**314**
British Land share of net assets less shareholder loans	**1,119**	**363**	**157**

1 USS joint ventures include the Eden Walk Shopping Centre Unit Trust and the Fareham Property Partnership
2. Hercules Unit Trust joint ventures and sub-funds 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 and sub-funds.
3. Included in the column headed 'Other joint ventures and funds' are contributions from the following. BL Goodman Limited Partnership, The Aldgate Place Limited Partnership, Bluebutton Property Management UK Limited, City of London Office Unit Trust and Pillar Retail Europark Fund (PREF). The Group's ownership share of PREF is 65%, however as the Group is not able to exercise control over significant decisions of the fund, the Group equity accounts for its interest in PREF.
4 Revenue includes gross rental income at 100% share of £310m (2017/18: £385m).

The SouthGate Limited Partnership	USS joint ventures[1]	Hercules Unit Trust joint ventures and sub-funds	Other joint ventures and funds	Total 2019	Total Group share 2019
Aviva Investors	Universities Superannuation Scheme Group PLC				
Shopping Centres	Shopping Centres	Retail Parks			
50%	50%	Various			
£m	£m	£m	£m	£m	£m
18	14	33	–	**393**	**196**
(4)	(5)	(8)	(1)	**(102)**	**(51)**
14	9	25	(1)	**291**	**145**
–	–	(1)	–	**(2)**	**(1)**
(1)	–	(1)	–	**(116)**	**(58)**
13	9	23	(1)	**173**	**86**
(25)	(15)	(52)	(1)	**(127)**	**(63)**
–	–	(2)	–	**(42)**	**(21)**
–	–	(7)	5	**4**	**3**
(12)	(6)	(38)	3	**8**	**5**
–	–	–	–	**4**	**2**
(12)	(6)	(38)	**3**	**12**	**7**
–	–	–	–	**36**	**18**
(12)	(6)	(38)	**3**	**48**	**25**
(6)	(3)	(19)	**2**	**25**	**–**
5	4	13	–	**321**	**–**
£m	£m	£m	£m	£m	£m
252	238	456	–	**7,202**	**3,601**
1	1	6	40	**55**	**27**
9	6	13	5	**323**	**162**
262	**245**	**475**	**45**	**7,580**	**3,790**
(3)	(4)	(11)	(10)	**(170)**	**(85)**
–	–	–	–	**(2,250)**	**(1,125)**
–	(30)	–	(6)	**(900)**	**(450)**
(28)	–	–	8	**(40)**	**(20)**
(31)	(34)	(11)	(8)	**(3,360)**	**(1,680)**
231	**211**	**464**	**37**	**4,220**	**2,110**
116	**105**	**232**	**18**	**2,110**	

The borrowings of joint ventures and funds 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 and the Eden Walk Shopping Centre Unit Trust which are incorporated in Jersey. Of the funds, the Hercules Unit Trust (HUT) joint ventures and sub-funds are incorporated in Jersey and PREF in Luxembourg.

These financial statements include the results and financial position of the Group's interest in the Fareham Property Partnership, the Aldgate Place Limited 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.

Notes to the accounts continued

11 Joint ventures and funds continued

Operating cash flows of joint ventures and funds (Group share)

	2020 £m	2019 £m
Rental income received from tenants	**131**	160
Operating expenses paid to suppliers and employees	**(27)**	(23)
Cash generated from operations	**104**	137
Interest paid	**(56)**	(70)
Interest received	**1**	1
UK corporation tax paid	**(2)**	(2)
Cash inflow from operating activities	**47**	66
Cash inflow from operating activities deployed as:		
(Deficit) surplus cash retained within joint ventures and funds	**(2)**	7
Revenue distributions per consolidated statement of cash flows	**49**	59
Revenue distributions split between controlling and non-controlling interests		
Attributable to non-controlling interests	**2**	3
Attributable to shareholders of the Company	**47**	56

12 Other investments

	2020				2019			
	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	**114**	**5**	**10**	**129**	112	28	10	150
Additions	**4**	**2**	**4**	**10**	–	8	4	12
Transfers / disposals	**–**	**(4)**	**–**	**(4)**	–	(27)	–	(27)
Revaluation	**(7)**	**–**	**–**	**(7)**	2	(4)	–	(2)
Depreciation / amortisation	**–**	**–**	**(3)**	**(3)**	–	–	(4)	(4)
At 31 March	**111**	**3**	**11**	**125**	114	5	10	129

Included within fair value through profit or loss is £93m (2018/19: £100m) comprising interests as a trust beneficiary. The trust's assets comprise freehold reversions in a pool of commercial properties, comprising Sainsbury's superstores. The interest, categorised as Level 3 in the fair value hierarchy, is subject to the same inputs as those disclosed in Note 10, and its fair value was determined by the Directors, supported by an external valuation. The remaining amounts included in the fair value through profit or loss relate to private equity/venture capital investments of £2m (2019/18: £nil) which are categorised as Level 3 in the fair value hierarchy and government bonds of £16m (2018/19: £14m) which are classified as Level 1. The fair value of private equity/venture capital investments is determined by the Directors.

13 Debtors

	2020 £m	2019 £m
Trade and other debtors	**29**	34
Prepayments and accrued income	**10**	9
Rental deposits	**17**	14
	56	57

Trade and other debtors are shown after deducting a provision for bad and doubtful debts of £14m (2018/19: £6m). The provision for doubtful debts is calculated as an expected credit loss on trade and other debtors in accordance with IFRS 9 (see Note 1). The charge to the income statement in relation to write-offs and provisions made against doubtful debts was £8m (2018/19: £1m).

The expected credit loss is recognised on initial recognition of a debtor and is reassessed at each reporting period. In order to calculate the expected credit loss, the Group applies a forward-looking outlook to historic default rates. In the current reporting period, the forward-looking outlook has considered the impacts of Covid-19. The historic default rates used are specific to how many days past due a receivable is. Specific provisions are also made in excess of the expected credit loss where information is available to suggest that a higher provision than the expected credit loss is required. In the current reporting period, an additional review of tenant debtors was undertaken to assess recoverability in light of the Covid-19 pandemic.

The Directors consider that the carrying amount of trade and other debtors is approximate to their fair value. There is no concentration of credit risk with respect to trade debtors as the Group has a large number of customers who are paying their rent in advance. Further details about the Group's credit risk management practices are disclosed in Note 17.

14 Creditors

	2020 £m	2019 £m
Trade creditors	**55**	94
Other taxation and social security	**27**	28
Accruals	**89**	82
Deferred income	**58**	71
Lease liabilities	**7**	-
Rental deposits due to tenants	**17**	14
	253	289

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.

15 Other non-current liabilities

	2020 £m	2019 £m
Lease liabilities	**156**	92
	156	92

During the current financial period, the Group adopted the new accounting standard IFRS 16, Leases. The lease liabilities recognised as a result of IFRS 16 represent £40m of the total in the table above and £7m of lease liabilities disclosed in Note 14.

Notes to the accounts continued

16 Deferred tax

The movement on deferred tax is as shown below:

Deferred tax assets year ended 31 March 2020

	1 April 2019 £m	Debited to income[1] £m	Credited to equity[2] £m	31 March 2020 £m
Interest rate and currency derivative revaluations	1	(1)	–	–
Other timing differences	6	(1)	–	5
	7	(2)	–	5

Deferred tax liabilities year ended 31 March 2020

	£m	£m	£m	£m
Property and investment revaluations	(6)	–	–	(6)
	(6)	–	–	(6)
Net deferred tax liabilities	1	(2)	–	(1)

1 A £1m credit in respect of the deferred tax asset, credited to income, results from the change in the tax rate used to calculate the deferred tax to 19% (2018/19: 17%)
2 A £1m debit in respect of the deferred tax liability, debited to equity, results from the change in the tax rate used to calculate deferred tax to 19% (2018/19: 17%).

Deferred tax assets year ended 31 March 2019

	1 April 2018 £m	Debited to income £m	Credited to equity £m	31 March 2019 £m
Interest rate and currency derivative revaluations	4	(3)	–	1
Other timing differences	7	(1)	–	6
	11	(4)	–	7

Deferred tax liabilities year ended 31 March 2019

	£m	£m	£m	£m
Property and investment revaluations	(7)	–	1	(6)
	(7)	–	1	(6)
Net deferred tax assets	4	(4)	1	1

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

The Group has recognised a deferred tax asset calculated at 19% (2018/19: 17%) of £4m (2018/19: £6m) in respect of capital losses from previous years available for offset against future capital profit. Further unrecognised deferred tax assets in respect of capital losses of £135m (2018/19: £123m) exist at 31 March 2020.

The Group has recognised deferred tax assets on derivative revaluations to the extent that future matching taxable profits are expected to arise. At 31 March 2020, the Group had an unrecognised deferred tax asset calculated at 19% (2018/19: 17%) of £52m (2018/19: £49m) in respect of UK revenue tax losses from previous years.

Under the REIT regime, development properties which are sold within three years of completion do not benefit from tax exemption. At 31 March 2020, the value of such properties is £254m (2018/19: £148m) and if these properties were to be sold and no tax exemption was available, the tax arising would be £21m (2018/19: £11m).

17 Net debt

	Footnote	2020 £m	2019 £m
Secured on the assets of the Group			
5.264% First Mortgage Debenture Bonds 2035		**375**	368
5.0055% First Mortgage Amortising Debentures 2035		**91**	94
5.357% First Mortgage Debenture Bonds 2028		**249**	252
Bank loans	1	**515**	512
Loan notes		**–**	2
		1,230	1,228
Unsecured			
5.50% Senior Notes 2027		**–**	99
4.635% Senior US Dollar Notes 2021	2	**180**	168
4.766% Senior US Dollar Notes 2023	2	**117**	106
5.003% Senior US Dollar Notes 2026	2	**80**	69
3.81% Senior Notes 2026		**113**	111
3.97% Senior Notes 2026		**115**	113
0% Convertible Bond 2020		**347**	343
2.375% Sterling Unsecured Bond 2029		**298**	298
4.16% Senior US Dollar Notes 2025	2	**89**	78
2.67% Senior Notes 2025		**37**	37
2.75% Senior Notes 2026		**37**	37
Floating Rate Senior Notes 2028		**80**	80
Floating Rate Senior Notes 2034		**102**	–
Bank loans and overdrafts		**677**	264
		2,272	1,803
Gross debt	3	**3,502**	3,031
Interest rate and currency derivative liabilities		**169**	130
Interest rate and currency derivative assets		**(231)**	(154)
Cash and short term deposits	4,5	**(193)**	(242)
Total net debt		**3,247**	2,765
Net debt attributable to non-controlling interests		**(107)**	(104)
Net debt attributable to shareholders of the Company		**3,140**	2,661
Amounts payable under leases (Notes 14 and 15)		**163**	92
Total net debt (including lease liabilities)		**3,410**	2,857
Net debt attributable to non-controlling interests (including lease liabilities)		**(112)**	(109)
Net debt attributable to shareholders of the Company (including lease liabilities)		**3,298**	2,748

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

	2020 £m	2019 £m
Hercules Unit Trust	**515**	512
	515	512

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 2020 was £3,294m (2018/19: £2,881m). Included in this is the principal amount of secured borrowings and other borrowings of non-recourse companies of £1,156m of which the borrowings of the partly-owned subsidiary, Hercules Unit Trust, not beneficially owned by the Group are £113m.
4 Included within cash and short term deposits is the cash and short term deposits of Hercules Unit Trust, of which £6m is the proportion not beneficially owned by the Group.
5 Cash and deposits not subject to a security interest amount to £173m (2018/19: £228m).

Notes to the accounts continued

17 Net debt continued

Maturity analysis of net debt

		2020 £m	2019 £m
Repayable: within one year and on demand		**637**	99
Between:	one and two years	**188**	710
	two and five years	**829**	644
	five and ten years	**1,141**	808
	ten and fifteen years	**107**	305
	fifteen and twenty years	**600**	465
		2,865	2,932
Gross debt		**3,502**	3,031
Interest rate and currency derivatives		**(62)**	(24)
Cash and short term deposits		**(193)**	(242)
Net debt		**3,247**	2,765

0% Convertible bond 2015 (maturity 2020)

On 9 June 2015, British Land (White) 2015 Limited (the 2015 Issuer), a wholly-owned subsidiary of the Group, issued £350 million zero coupon guaranteed convertible bonds due 2020 (the 2015 bonds) at par. The 2015 Issuer is fully guaranteed by the Company in respect of the 2015 bonds.

Subject to their terms, the 2015 bonds are convertible into preference shares of the 2015 Issuer which are automatically transferred to the Company in exchange for ordinary shares in the Company or, at the Company's election, any combination of ordinary shares and cash. Bondholders may exercise their conversion right at any time up to but excluding the seventh dealing day before 9 June 2020 (the maturity date), a bondholder may convert at any time.

The initial exchange price was 1103.32p per ordinary share. The exchange price is adjusted based on certain events (such as the Company paying dividends in any quarter above 3.418p per ordinary share). As at 31 March 2020 the exchange price was 975.09p per ordinary share.

From 30 June 2018, the Company has the option to redeem the 2015 bonds at par if the Company's share price has traded above 130% of the exchange price for a specified period, or at any time once 85% by nominal value of the 2015 bonds have been converted, redeemed, or purchased and cancelled. The 2015 bonds will be redeemed at par on 9 June 2020 (the maturity date) if they have not already been converted, redeemed or purchased and cancelled.

The Group has the ability to repay these bonds via existing committed undrawn credit facilities.

Fair value and book value of net debt

	2020			2019		
	Fair value £m	Book value £m	Difference £m	Fair value £m	Book value £m	Difference £m
Debentures and unsecured bonds	**2,022**	**1,964**	**58**	2,036	1,910	126
Convertible bonds	**347**	**347**	**–**	343	343	–
Bank debt and other floating rate debt	**1,197**	**1,191**	**6**	784	778	6
Gross debt	**3,566**	**3,502**	**64**	3,163	3,031	132
Interest rate and currency derivative liabilities	**169**	**169**	**–**	130	130	–
Interest rate and currency derivative assets	**(231)**	**(231)**	**–**	(154)	(154)	–
Cash and short term deposits	**(193)**	**(193)**	**–**	(242)	(242)	–
Net debt	**3,311**	**3,247**	**64**	2,897	2,765	132
Net debt attributable to non-controlling interests	**(107)**	**(107)**	**–**	(105)	(104)	(1)
Net debt attributable to shareholders of the Company	**3,204**	**3,140**	**64**	2,792	2,661	131

The fair values of debentures, unsecured bonds and the convertible bond 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 10).

17 Net debt continued

Group loan to value (LTV)

	2020 £m	2019 £m
Group loan to value (LTV)	**28.9%**	22.2%
Principal amount of gross debt	**3,294**	2,881
Less debt attributable to non-controlling interests	**(113)**	(112)
Less cash and short term deposits (balance sheet)	**(193)**	(242)
Plus cash attributable to non-controlling interests	**6**	9
Total net debt for LTV calculation	**2,994**	2,536
Group property portfolio valuation (Note 10)	**8,106**	9,028
Investments in joint ventures and funds (Note 11)	**2,358**	2,560
Other investments and property, plant and equipment (balance sheet)	**131**	151
Less property and investments attributable to non-controlling interests	**(221)**	(317)
Total assets for LTV calculation	**10,374**	11,422

Proportionally consolidated loan to value (LTV)

	2020 £m	2019 £m
Proportionally consolidated loan to value (LTV)	**34.0%**	28.1%
Principal amount of gross debt	**4,271**	4,007
Less debt attributable to non-controlling interests	**(113)**	(112)
Less cash and short term deposits	**(322)**	(402)
Plus cash attributable to non-controlling interests	**6**	9
Total net debt for proportional LTV calculation	**3,842**	3,502
Group property portfolio valuation (Note 10)	**8,106**	9,028
Share of property of joint ventures and funds (Note 10)	**3,272**	3,605
Other investments and property, plant and equipment (balance sheet)	**131**	151
Less property attributable to non-controlling interests	**(221)**	(317)
Total assets for proportional LTV calculation	**11,288**	12,467

Notes to the accounts continued

17 Net debt continued

British Land Unsecured Financial Covenants

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

	2020 £m	2019 £m
Net Borrowings not to exceed 175% of Adjusted Capital and Reserves	**40%**	29%
Principal amount of gross debt	**3,294**	2,881
Less the relevant proportion of borrowings of the partly-owned subsidiary/non-controlling interests	**(113)**	(112)
Less cash and deposits (balance sheet)	**(193)**	(242)
Plus the relevant proportion of cash and deposits of the partly-owned subsidiary/non-controlling interests	**6**	9
Net Borrowings	**2,994**	2,536
Share capital and reserves (balance sheet)	**7,147**	8,689
EPRA deferred tax adjustment (EPRA Table A)	**6**	5
Trading property surpluses (EPRA Table A)	**13**	29
Exceptional refinancing charges (see below)	**199**	216
Fair value adjustments of financial instruments (EPRA Table A)	**141**	113
Less reserves attributable to non-controlling interests (balance sheet)	**(112)**	(211)
Adjusted Capital and Reserves	**7,394**	8,841

In calculating Adjusted Capital and Reserves for the purpose of the unsecured debt financial covenants, there is an adjustment of £199m (2018/19: £216m) to reflect the cumulative net amortised exceptional items relating to the refinancings in the years ended 31 March 2005, 2006 and 2007.

	2020 £m	2019 £m
Net Unsecured Borrowings not to exceed 70% of Unencumbered Assets	**30%**	21%
Principal amount of gross debt	**3,294**	2,881
Less cash and deposits not subject to a security interest (being £173m less the relevant proportion of cash and deposits of the partly-owned subsidiary/non-controlling interests of £4m)	**(169)**	(221)
Less principal amount of secured and non-recourse borrowings	**(1,156)**	(1,158)
Net Unsecured Borrowings	**1,969**	1,502
Group property portfolio valuation (Note 10)	**8,106**	9,028
Investments in joint ventures and funds (Note 11)	**2,358**	2,560
Other investments and property, plant and equipment (balance sheet)	**131**	151
Less investments in joint ventures	**(2,358)**	(2,560)
Less encumbered assets (Note 10)	**(1,733)**	(2,134)
Unencumbered Assets	**6,504**	7,045

17 Net debt continued

Reconciliation of movement in Group net debt for the year ended 31 March 2020

	2019 £m	Cash flows £m	Transfers[3] £m	Foreign exchange £m	Fair value £m	Arrangement costs amortisation £m	2020 £m
Short term borrowings	**99**	**(121)**	**637**	**–**	**22**	**–**	**637**
Long term borrowings	**2,932**	**507**	**(637)**	**21**	**37**	**5**	**2,865**
Derivatives[1]	**(24)**	**4**	**–**	**(21)**	**(21)**	**–**	**(62)**
Total liabilities from financing activities[4]	**3,007**	**390**	**–**	**–**	**38**	**5**	**3,440**
Cash and cash equivalents	**(242)**	**49**	**–**	**–**	**–**	**–**	**(193)**
Net debt	**2,765**	**439**	**–**	**–**	**38**	**5**	**3,247**

Reconciliation of movement in Group net debt for the year ended 31 March 2019

	2018 £m	Cash flows £m	Transfers[3] £m	Foreign exchange £m	Fair value £m	Arrangement costs amortisation £m	2019 £m
Short term borrowings	27	(25)	99	(2)	–	–	99
Long term borrowings	3,101	(105)	(99)	(22)	53	4	2,932
Derivatives[2]	23	(2)	–	24	(69)	–	(24)
Total liabilities from financing activities[5]	3,151	(132)	–	–	(16)	4	3,007
Cash and cash equivalents	(105)	(137)	–	–	–	–	(242)
Net debt	3,046	(269)	–	–	(16)	4	2,765

1. Cash flows on derivatives include £17m of net receipts on derivative interest
2. Cash flows on derivatives include £17m of net receipts on derivative interest
3. Transfers comprises debt maturing from long term to short term borrowings.
4. Cash flows of £390m shown above represents net cash flows on capital payments in respect of interest rate derivative of £14m, decrease in bank and other borrowings of £189m and drawdowns on bank and other borrowings of £576m shown in the consolidated statement of cash flows, along with £17m of net receipts on derivative interest.
5. Cash flows of £132m shown above represents net cash flows on interest rate derivative closeouts of £19m, decrease in bank and other borrowings of £576m and drawdowns on bank and other borrowings of £446m shown in the consolidated statement of cash flows, along with £17m of net receipts on derivative interest.

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 10.

	2020				2019			
	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	**–**	**(231)**	**–**	**(231)**	–	(154)	–	(154)
Other investments – fair value through profit or loss (Note 12)	**(16)**	**–**	**(95)**	**(111)**	(14)	–	(100)	(114)
Assets	**(16)**	**(231)**	**(95)**	**(342)**	(14)	(154)	(100)	(268)
Interest rate and currency derivative liabilities	**–**	**169**	**–**	**169**	–	130	–	130
Convertible bonds	**347**	**–**	**–**	**347**	343	–	–	343
Liabilities	**347**	**169**	**–**	**516**	343	130	–	473
Total	**331**	**(62)**	**(95)**	**174**	329	(24)	(100)	205

Notes to the accounts continued

17 Net debt continued

Categories of financial instruments

	2020 £m	2019 £m
Financial assets		
Amortised cost		
Cash and short term deposits	**193**	242
Trade and other debtors (Note 13)	**46**	48
Other investments (Note 12)	**3**	5
Fair value through profit or loss		
Derivatives in designated fair value hedge accounting relationships[1,2]	**209**	148
Derivatives not in designated hedge accounting relationships	**22**	6
Other investments (Note 12)	**111**	114
	584	563
Financial liabilities		
Amortised cost		
Creditors	**(180)**	(208)
Gross debt	**(3,155)**	(2,688)
Lease liabilities (Notes 14 and 15)	**(163)**	(92)
Fair value through profit or loss		
Derivatives not in designated accounting relationships	**(167)**	(126)
Convertible bond	**(347)**	(343)
Fair value through other comprehensive income		
Derivatives in designated cash flow hedge accounting relationships[1,2]	**(2)**	(4)
	(4,014)	(3,461)
Total	**(3,430)**	(2,898)

1. Derivative assets and liabilities in designated hedge accounting relationships sit within the derivative assets and derivative liabilities balances of the consolidated balance sheet.
2. 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 6 (net financing costs), Note 13 (debtors), the consolidated income statement and the consolidated statement of comprehensive income. The Directors consider that the carrying amounts of other investments and head leases payable are approximate to their fair value, and that the carrying amounts are recoverable.

Capital risk management

The capital structure of the Group consists of net debt and equity attributable to the equity holders of The British Land Company PLC, comprising issued capital, reserves and retained earnings. Risks relating to capital structure are addressed within Managing risk in *delivering our strategy on pages 78 to 87. The Group's objectives, policies and processes for managing debt are set out in the Financial* policies and principles on pages 75 to 77.

Interest rate risk management

The Group uses interest rate swaps and caps to hedge exposure to the variability in cash flows on floating rate debt, such as revolving bank facilities, caused by movements in market rates of interest. The Group's objectives and processes for managing interest rate risk are set out in the Financial policies and principles on pages 75 to 77.

At 31 March 2020, the fair value of these derivatives is a net liability of £166m. Interest rate swaps with a fair value of (£2m) have been designated as cash flow hedges under IFRS 9.

The ineffectiveness recognised in the income statement on cash flow hedges in the year ended 31 March 2020 was £nil (2018/19: £nil).

17 Net debt continued

The cash flows occur and are charged to profit and loss until the maturity of the hedged debt. The table below summarises variable rate debt hedged at 31 March 2020.

Variable rate debt hedged

		2020 £m	2019 £m
Outstanding:	at one year	**855**	1,155
	at two years	**1,005**	1,005
	at five years	**250**	250
	at ten years	**250**	250

Fair value hedged debt

The Group uses interest rate swaps to hedge exposure on fixed rate financial liabilities caused by movements in market rates of interest.

At 31 March 2020, the fair value of these derivatives is a net asset of £228m. Interest rate swaps with a fair value of £209m have been designated as fair value hedges under IFRS 9 (2018/19: asset of £148m).

The cross currency swaps of the 2021/2023/2025/2026 US Private Placements fully hedge the foreign exchange exposure at an average floating rate of 142 basis points above LIBOR. These have been designated as fair value hedges of the US Private Placements.

Interest rate profile – including effect of derivatives

	2020 £m	2019 £m
Fixed or capped rate	**2,317**	2,222
Variable rate (net of cash)	**930**	543
	3,247	2,765

All the debt is effectively Sterling denominated except for £5m of USD debt of which £5m is at a variable rate (2018/19: £1m).

At 31 March 2020 the weighted average interest rate of the Sterling fixed rate debt is 3.2% (2018/19: 3.4%). The weighted average period for which the rate is fixed is 8.0 years (2018/19: 8.9 years). The floating rate debt is set for periods of the Company's choosing at the relevant LIBOR (or similar) rate.

Proportionally consolidated net debt at fixed or capped rates of interest

	2020	2019
Spot basis	**81%**	87%
Average over next five-year forecast period	**75%**	63%

Sensitivity table – market rate movements

	2020		2019	
	Increase	Decrease	Increase	Decrease
Movement in interest rates (bps)[1]	**58**	**(58)**	98	(85)
Impact on underlying annual profit (£m)	**(12)**	**15**	(9)	9
Movement in medium and long term swap rates (bps)[2]	**173**	**(173)**	173	(173)
Impact on cash flow hedge and non-hedge accounted derivative valuations (£m)	**106**	**(81)**	65	(62)
Impact on convertible bond valuations (£m)[3]	**1**	**(1)**	7	(7)

1 The movement used for sensitivity analysis represents the largest annual change in the three-month Sterling LIBOR over the last ten years. This assumes LIBOR doesn't fall below 0%.
2 This movement used for sensitivity analysis represents the largest annual change in the seven-year Sterling swap rate over the last ten years.
3 The 0% 2015 Convertible Bond is designated as fair value through profit or loss. Principal components of the market value of this bond include British Land's share price volatility and market interest rates.

Notes to the accounts continued

17 Net debt continued

Foreign currency risk management

The Group's policy is to have no material unhedged net assets or liabilities denominated in foreign currencies. The currency risk on overseas investments is hedged via foreign currency denominated borrowings and derivatives. The Group has adopted net investment hedging in accordance with IFRS 9 and therefore the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity. The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in the income statement.

The table below shows the carrying amounts of the Group's foreign currency denominated assets and liabilities. Provided contingent tax on overseas investments is not expected to occur it will be ignored for hedging purposes. Based on the 31 March 2020 position a 27% appreciation (largest annual change over the last ten years) in the USD relative to Sterling would result in a £nil change (2018/19: £nil) in reported profits.

	Assets		Liabilities	
	2020 £m	2019 £m	**2020 £m**	2019 £m
Euro denominated	**–**	3	**–**	3
USD denominated	**4**	–	**5**	1

Credit risk management

The Group's approach to credit risk management of counterparties is referred to in Financial policies and principles on pages 75 to 77 and the risks addressed within Managing risk in delivering our strategy on pages 78 to 87. The carrying amount of financial assets recorded in the financial statements represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Banks and financial institutions:

Cash and short term deposits at 31 March 2020 amounted to £193m (2018/19: £242m). Deposits and interest rate deposits were placed with financial institutions with BBB+ or better credit ratings.

At 31 March 2020, the fair value of all interest rate derivative assets was £231m (2018/19: £154m).

At 31 March 2020, prior to taking into account any offset arrangements, the largest combined credit exposure to a single counterparty arising from money market deposits, liquid investments and derivatives was £94m (2018/19: £68m). This represents 0.8% (2018/19: 0.6%) of gross assets.

The deposit exposures are with UK banks and UK branches of international banks.

Trade receivables:

Trade receivables are shown in the balance sheet net of expected credit losses made for irrecoverable debtors. Expected credit losses are calculated on initial recognition of trade receivables in accordance with IFRS 9, taking into account historic and forward-looking information. See Note 13 for further details.

Liquidity risk management

The Group's approach to liquidity risk management is discussed in Financial policies and principles on pages 75 to 77, and the risks addressed within Managing risk in delivering our strategy on pages 78 to 87.

The following table presents a maturity profile of the contracted undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal flows. Where the interest payable is not fixed, the amount disclosed has been determined by reference to the projected interest rates implied by yield curves at the reporting date. For derivative financial instruments that settle on a net basis (e.g. interest rate swaps) the undiscounted net cash flows are shown and for derivatives that require gross settlement (e.g. cross currency swaps) the undiscounted gross cash flows are presented. Where payment obligations are in foreign currencies, the spot exchange rate ruling at the balance sheet date is used. Trade creditors and amounts owed to joint ventures, which are repayable within one year, have been excluded from the analysis.

The Group expects to meet its financial liabilities through the various available liquidity sources, including a secure rental income profile, asset sales, undrawn committed borrowing facilities and, in the longer term, debt refinancings.

The future aggregate minimum rentals receivable under non-cancellable operating leases are shown in the table on the following page. Income from joint ventures and funds is not included on the following page. Additional liquidity will arise from letting space in properties under construction as well as from distributions received from joint ventures and funds.

17 Net debt continued

Liquidity risk management continued

	2020				
	Within one year £m	Following year £m	Three to five years £m	Over five years £m	Total £m
Debt[1]	**638**	**179**	**581**	**1,980**	**3,378**
Interest on debt	**90**	**81**	**215**	**356**	**742**
Derivative payments	**11**	**156**	**132**	**258**	**557**
Lease liability payments	**11**	**10**	**25**	**465**	**511**
Total payments	**750**	**426**	**953**	**3,059**	**5,188**
Derivative receipts	**(31)**	**(207)**	**(179)**	**(193)**	**(610)**
Net payment	**719**	**219**	**774**	**2,866**	**4,578**
Operating leases with tenants	**406**	**342**	**724**	**911**	**2,383**
Liquidity (deficit) surplus	**(313)**	**123**	**(50)**	**(1,955)**	**(2,195)**
Cumulative liquidity deficit	**(313)**	**(190)**	**(240)**	**(2,195)**	

	2019				
	Within one year £m	Following year £m	Three to five years £m	Over five years £m	Total £m
Debt[1]	100	703	635	1,505	2,943
Interest on debt	89	84	212	386	771
Derivative payments	11	13	267	243	534
Head lease payments	3	3	9	382	397
Total payments	203	803	1,123	2,516	4,645
Derivative receipts	(26)	(27)	(334)	(180)	(567)
Net payment	177	776	789	2,336	4,078
Operating leases with tenants	413	387	876	1,307	2,983
Liquidity surplus (deficit)	236	(389)	87	(1,029)	(1,095)
Cumulative liquidity surplus (deficit)	236	(153)	(66)	(1,095)	

1 Gross debt of £3,502m (2018/19: £3,031m) represents the total of £3,378m (2018/19: £2,943m), less unamortised issue costs of £10m (2018/19: £12m), plus fair value adjustments to debt of £134m (2018/19 £100m)

Any short term liquidity gap between the net payments required and the rentals receivable can be met through other liquidity sources available to the Group, such as committed undrawn borrowing facilities. The Group currently holds cash and short term deposits of £193m of which £173m is not subject to a security interest (see footnote 5 to net debt table on page 177. Further liquidity can be achieved through sales of property assets or investments and debt refinancings.

The Group's property portfolio is valued externally at £8,106m and the share of joint ventures and funds' property is valued at £3,288m. The committed undrawn borrowing facilities available to the Group are a further source of liquidity. The maturity profile of committed undrawn borrowing facilities is shown below.

Maturity of committed undrawn borrowing facilities

		2020 £m	2019 £m
Maturity date:	over five years	**50**	275
	between four and five years	**1,046**	832
	between three and four years	**–**	86
Total facilities available for more than three years		**1,096**	1,193
Between two and three years		**20**	435
Between one and two years		**–**	–
Within one year		**–**	–
Total		**1,116**	1,628

The above facilities are comprised of British Land undrawn facilities of £1,096m plus undrawn facilities of Hercules Unit Trust totalling £20m.

Notes to the accounts continued

18 Leasing

Operating leases with tenants

The Group leases out all of its investment properties under operating leases with a weighted average lease length of six years (2018/19: six years). The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	2020 £m	2019 £m
Less than one year	**406**	413
Between one and two years	**342**	387
Between three and five years	**724**	876
Between six and ten years	**638**	792
Between eleven and fifteen years	**192**	314
Between sixteen and twenty years	**52**	111
After twenty years	**29**	90
Total	**2,383**	2,983

Lease commitments

The table below reconciles the difference between the presentation of operating leases under IAS 17 and IFRS 16 as at 31 March 2019.

Operating lease commitments as at 31 March 2019	58
Discounted using the incremental borrowing rate at the date of initial application	55
Add: finance lease liabilities recognised as at 31 March 2019	92
Lease liability recognised at 1 April 2019	147

The Group's leasehold investment properties are typically under non-renewable leases without significant restrictions. Lease liabilities are payable as follows; no contingent rents were payable in either period. The lease payments mainly relate to head leases where the Group does not own the freehold of a property. The lease payments from the year ending 31 March 2020 also include short term leases relating to management agreements between the Group and the Broadgate JV, which are in substance lease agreements, as well as some immaterial property leases the Group holds as lessee.

	2020			2019		
	Minimum lease payments £m	Interest £m	Principal £m	Minimum lease payments £m	Interest £m	Principal £m
British Land Group						
Less than one year	**11**	**4**	**7**	3	3	–
Between one and two years	**10**	**4**	**6**	3	3	–
Between two and five years	**25**	**12**	**13**	9	9	–
More than five years	**465**	**328**	**137**	382	290	92
Total	**511**	**348**	**163**	397	305	92
Less future finance charges	**(348)**			(305)		
Present value of lease obligations	**163**			92		

19 Dividends

As announced on 26 March 2020, the Board deems it prudent to temporarily suspend future dividend payments, including the third interim and final dividend that were due for payment in May and August respectively.

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 twelve months of the end of each accounting period and we are discussing an extension to this deadline with HMRC. While we intend to pay the required PID amount within the agreed extended deadline, we have agreed with HMRC that any underpayment of the PID required would instead be subject to corporation tax at 19% provided that it arises as a consequence of Covid-19. The Group comfortably passes all other REIT tests and intends to remain a REIT for the foreseeable future.

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 www.britishland.com/dividends for details.

Payment date	Dividend	Pence per share	2020 £m	2019 £m
Current year dividends				
07.02.2020	2020 2nd interim	7.9825	**74**	
08.11.2019	2020 1st interim	7.9825	**74**	
		15.97		
Prior year dividends				
02.08.2019	2019 4th interim	7.75[1]	**73**	
03.05.2019	2019 3rd interim	7.75	**74**	
08.02.2019	2019 2nd interim	7.75		74
09.11.2018	2019 1st interim	7.75		76
		31.00		
03.08.2018	2018 4th interim	7.52		74
04.05.2018	2018 3rd interim	7.52		74
Dividends in consolidated statement of changes in equity			**295**	298
Dividends settled in shares			**–**	–
Dividends settled in cash			**295**	298
Timing difference relating to payment of withholding tax			**–**	–
Dividends in cash flow statement			**295**	298

1. Dividend split half PID, half non-PID

20 Share capital and reserves

	2020	2019
Number of ordinary shares in issue at 1 April	**960,589,072**	993,857,125
Share issues	**1,144,135**	404,377
Repurchased and cancelled	**(23,795,110)**	(33,672,430)
At 31 March	**937,938,097**	960,589,072

Of the issued 25p ordinary shares, 7,376 shares were held in the ESOP trust (2018/19: 7,376), 11,266,245 shares were held as treasury shares (2018/19: 11,266,245) and 926,664,476 shares were in free issue (2018/19: 949,315,451). No treasury shares were acquired by the ESOP trust during the year. All issued shares are fully paid. In the year ended 31 March 2020 the Company repurchased and cancelled 23,795,110 ordinary shares at a weighted average price of 525p.

Hedging and translation reserve

The hedging and translation reserve comprises the effective portion of the cumulative net change in the fair value of cash flow and foreign currency hedging instruments, as well as all foreign exchange differences arising from the translation of the financial statements of foreign operations. The foreign exchange differences also include the translation of the liabilities that hedge the Company's net investment in a foreign subsidiary.

Revaluation reserve

The revaluation reserve relates to owner-occupied properties and investments in joint ventures and funds.

Notes to the accounts continued

20 Share capital and reserves continued

Merger reserve

This comprises the premium on the share placing in March 2013. No share premium is recorded in the Company's financial statements, through the operation of the merger relief provisions of the Companies Act 2006.

At 31 March 2020, options over 3,949,662 ordinary shares were outstanding under employee share option plans. The options had a weighted average life of 5.9 years. Details of outstanding share options and shares awarded to employees including Executive Directors are set out below and on the following page:

Date of grant	At 1 April 2019	Granted	Vested but not exercised	Exercised/ Vested	Lapsed	**At 31 March 2020**	Exercise price (pence)	Exercise dates From	Exercise dates To
Share options Sharesave Scheme									
23.06.14	77,810	–	–	(11,461)	(66,349)	–	574.00	01.09.19	01.03.20
22.06.15	516	–	–	–	(516)	–	697.00	01.09.18	01.03.19
22.06.15	11,404	–	–	–	(6,025)	**5,379**	697.00	01.09.20	01.03.21
20.06.16	31,570	–	–	–	(28,610)	**2,960**	608.00	01.09.19	01.03.20
20.06.16	18,747	–	–	–	(7,399)	**11,348**	608.00	01.09.21	01.03.22
21.06.17	200,355	–	–	(2,854)	(85,002)	**112,499**	508.00	01.09.20	01.03.21
21.06.17	67,843	–	–	(4,133)	(42,513)	**21,197**	508.00	01.09.22	01.03.23
29.06.18	112,254	–	–	(536)	(54,786)	**56,932**	549.00	01.09.21	01.03.22
29.06.18	61,135	–	–	(691)	(26,516)	**33,928**	549.00	01.09.23	01.03.24
18.06.19	–	301,744	–	–	(17,042)	**284,702**	435.00	01.09.22	01.03.23
18.06.19	–	156,803	–	(689)	(11,034)	**145,080**	435.00	01.09.24	01.03.25
	581,634	458,547	–	(20,364)	(345,792)	**674,025**			
Long Term Incentive Plan – options vested, not exercised									
29.06.09	2,582	–	–	–	(2,582)	–	387.00	29.06.12	26.09.19
21.12.09	56,938	–	–	(13,497)	(43,441)	–	446.00	21.12.12	21.12.19
11.06.10	1,112,008	–	–	(1,077,750)	–	**34,258**	447.00	11.06.13	11.06.20
14.12.10	40,576	–	–	(676)	(7,047)	**32,853**	510.00	14.12.13	14.12.20
28.06.11	799,302	–	–	(1,912)	(2,191)	**795,199**	575.00	28.06.14	28.06.21
19.12.11	53,848	–	–	(2,438)	(2,793)	**48,617**	451.00	19.12.14	19.12.21
14.09.12	809,583	–	–	(1,152)	(9,628)	**798,803**	538.00	14.09.15	14.09.22
20.12.12	46,763	–	–	(4,340)	(3,410)	**39,013**	563.00	20.12.15	20.12.22
05.08.13	194,410	–	–	–	(14,160)	**180,250**	601.00	05.08.16	05.08.23
05.12.13	155,210	–	–	–	(21,632)	**133,578**	600.00	05.12.16	05.12.23
28.06.17	26,540	–	69,672	–	–	**96,212**	617.17	28.06.20	28.06.27
	3,297,760	–	69,672	(1,101,765)	(106,884)	**2,158,783**			
Long Term Incentive Plan – unvested options									
22.06.16	1,214,693	–	–	–	(1,214,693)	–	730.50	22.06.19	22.06.26
28.06.17	1,130,121	–	–	(69,672)	(27,537)	**1,032,912**	617.17	28.06.20	28.06.27
26.06.18	83,942	–	–	–	–	**83,942**	681.40	26.06.21	26.06.28
	2,428,756	–	–	(69,672)	(1,242,230)	**1,116,854**			
Total	6,308,150	458,547	69,672	(1,191,801)	(1,694,906)	**3,949,662**			
Weighted average exercise price of options (pence)	582	435	617	459	676	**563**			

20 Share capital and reserves continued

Date of grant	At 1 April 2019	Granted	Exercised/ Vested	Lapsed	At 31 March 2020	Share price at grant date (pence)	Vesting date
Performance Shares Long Term Incentive Plan							
22.06.16	1,071,555	–	–	(1,071,555)	**–**	730.50	22.06.19
28.06.17	1,716,702	–	–	(58,993)	**1,657,709**	617.17	28.06.20
26.06.18	1,053,360	–	–	(16,990)	**1,036,370**	681.40	26.06.21
23.07.19	–	1,079,539	–	(38,951)	**1,040,588**	535.60	23.07.29
	3,841,617	1,079,539	–	(1,186,489)	**3,734,667**		
Restricted Share Plan							
26.06.18	627,982	–	–	(37,811)	**590,171**	681.40	26.06.21
19.06.19	–	823,762	–	(61,469)	**762,293**		
	627,982	823,762	–	(99,280)	**1,352,464**		
Matching Share Plan							
29.06.16	293,732	–	–	(293,732)	**–**	604.00	26.06.19
	293,732	–	–	(293,732)	**–**		
Total	4,763,331	1,903,301	–	(1,579,501)	**5,087,131**		
Weighted average price of shares (pence)	665	537	–	689	**609**		

21 Segment information

The Group allocates resources to investment and asset management according to the sectors it expects to perform over the medium term. Its three principal sectors are Offices, Retail and Canada Water. The Retail sector includes leisure, as this is often incorporated into Retail schemes. The Other/unallocated sector includes residential properties.

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 on the following page. Management reviews the performance of the business principally on a proportionally consolidated basis, which includes the Group's share of joint ventures and funds 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.

Notes to the accounts continued

21 Segment information continued

Segment result

	Offices		Retail		Canada Water		Other/unallocated		Total	
	2020 £m	2019 £m	**2020 £m**	2019 £m	**2020 £m**	2019 £m	**2020 £m**	2019 £m	**2020 £m**	2019 £m
Gross rental income										
British Land Group	**166**	150	**236**	260	**9**	9	**4**	4	**415**	423
Share of joint ventures and funds	**71**	70	**71**	83	**–**	–	**–**	–	**142**	153
Total	**237**	220	**307**	343	**9**	9	**4**	4	**557**	576
Net rental income										
British Land Group	**145**	139	**189**	238	**8**	9	**4**	4	**346**	390
Share of joint ventures and funds	**63**	66	**66**	76	**–**	–	**–**	–	**129**	142
Total	**208**	205	**255**	314	**8**	9	**4**	4	**475**	532
Operating result										
British Land Group	**146**	132	**193**	235	**3**	4	**(42)**	(42)	**300**	329
Share of joint ventures and funds	**57**	61	**60**	71	**–**	–	**–**	–	**117**	132
Total	**203**	193	**253**	306	**3**	4	**(42)**	(42)	**417**	461

Reconciliation to Underlying Profit	**2020 £m**	2019 £m
Operating result	**417**	461
Net financing costs	**(111)**	(121)
Underlying Profit	**306**	340
Reconciliation to loss on ordinary activities before taxation		
Underlying Profit	**306**	340
Capital and other	**(1,434)**	(671)
Underlying Profit attributable to non-controlling interests	**12**	12
Loss on ordinary activities before taxation	**(1,116)**	(319)
Reconciliation to Group revenue		
Gross rental income per operating segment result	**557**	576
Less share of gross rental income of joint ventures and funds	**(142)**	(153)
Plus share of gross rental income attributable to non-controlling interests	**18**	16
Gross rental income (Note 3)	**433**	439
Trading property sales proceeds	**87**	350
Service charge income	**64**	76
Management and performance fees (from joint ventures and funds)	**8**	7
Other fees and commissions	**21**	32
Revenue (consolidated income statement)	**613**	904

A reconciliation between net financing costs in the consolidated income statement and net financing costs of £111m (2018/19: £121m) in the segmental disclosures above can be found within Table A in the supplementary disclosures. Of the total revenues above, £nil (2018/19: £nil) was derived from outside the UK.

21 Segment information continued

Segment assets

	Offices		Retail		Canada Water		Other/unallocated		Total	
	2020 £m	2019 £m	**2020 £m**	2019 £m	**2020 £m**	2019 £m	**2020 £m**	2019 £m	**2020 £m**	2019 £m
Property assets										
British Land Group	**4,470**	4,296	**2,960**	4,053	**364**	303	**147**	109	**7,941**	8,761
Share of joint ventures and funds	**2,323**	2,012	**913**	1,524	**–**	–	**–**	19	**3,236**	3,555
Total	**6,793**	6,308	**3,873**	5,577	**364**	303	**147**	128	**11,177**	12,316

Reconciliation to net assets

British Land Group	**2020 £m**	2019 £m
Property assets	**11,177**	12,316
Other non-current assets	**131**	151
Non-current assets	**11,308**	12,467
Other net current liabilities	**(241)**	(297)
Adjusted net debt	**(3,854)**	(3,521)
Other non-current liabilities	**–**	–
EPRA net assets (diluted)	**7,213**	8,649
Non-controlling interests	**112**	211
EPRA adjustments	**(178)**	(171)
Net assets	**7,147**	8,689

22 Capital commitments

The aggregate capital commitments to purchase, construct or develop investment property, for repairs, maintenance or enhancements, or for the purchase of investments which are contracted for but not provided, are set out below:

	2020 £m	2019 £m
British Land and subsidiaries	**72**	177
Share of joint ventures	**56**	111
Share of funds	**–**	1
	128	289

23 Related party transactions

Details of transactions with joint ventures and funds are given in Notes 3, 6 and 11. During the year the Group recognised joint venture management fees of £8m (2018/19: £6m). Details of Directors' remuneration are given in the Remuneration Report on pages 118 to 133. Details of transactions with key management personnel are provided in Note 8. Details of transactions with The British Land Group of Companies Pension Scheme, and other smaller pension schemes, are given in Note 9.

24 Contingent liabilities

Group, joint ventures and funds

The Group, joint ventures and funds have contingent liabilities in respect of legal claims, guarantees and warranties arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from these contingent liabilities.

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 twelve months of the end of each accounting period. Following the temporary suspension of future dividends to best ensure we can effectively support our customers who are hardest hit and protect the long term value of the business as a result of Covid-19, we are discussing an extension to this deadline with HMRC. Whilst we intend to pay the required PID amount within the agreed extended deadline, we have agreed with HMRC that any underpayment of the PID required would instead be subject to corporation tax at 19% provided that it arises as a consequence of Covid-19. A total of £37m of corporation tax would be due by 31 March 2021 if no further PIDs were paid by this date in respect of the year to 31 March 2020 and no extension is agreed.

Notes to the accounts continued

25 Subsidiaries with material non-controlling interests

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The information below is the amount before intercompany eliminations and represents the consolidated results of the Hercules Unit Trust group.

Summarised income statement for the year ended 31 March

	Hercules Unit Trust	
	2020 £m	2019 £m
Loss on ordinary activities after taxation	**(366)**	(122)
Attributable to non-controlling interests	**(87)**	(29)
Attributable to the shareholders of the Company	**(279)**	(93)

Summarised balance sheet as at 31 March

	Hercules Unit Trust	
	2020 £m	2019 £m
Total assets	**1,002**	1,415
Total liabilities	**(564)**	(561)
Net assets	**438**	854
Non-controlling interests	**(112)**	(211)
Equity attributable to shareholders of the Company	**326**	643

Summarised cash flows

	Hercules Unit Trust	
	2020 £m	2019 £m
Net decrease in cash and cash equivalents	**(11)**	(3)
Cash and cash equivalents at 1 April	**40**	43
Cash and cash equivalents at 31 March	**29**	40

The Hercules Unit Trust is a closed-ended property Unit Trust. The unit price at 31 March 2020 is £280 (2018/19: £563). Non-controlling interests collectively own 21.9% of units in issue. The British Land Company PLC owns 78.1% of units in issue, each of which confer equal voting rights, and therefore is deemed to exercise control over the trust.

26 Subsequent events

After the year end, one of the bank facilities in HUT which was due to mature in September 2020 was refinanced with an extended facility to December 2023. The Group exchanged and completed on the sale of our share of a portfolio of reversionary interests in Sainsbury's superstores for £102m.

27 Audit exemptions taken for subsidiaries

The following subsidiaries are exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of Section 479A of that Act.

Name	Companies House reg number
17-19 Bedford Street Limited	07398971
18-20 Craven Hill Gardens Limited	07667839
20 Brock Street Limited	07401697
Adamant Investment Corporation Limited	00225149
Aldgate Place (GP) Limited	07829315
Bayeast Property Co Limited	00635800
BF Propco (No. 1) Limited	05270158
BF Propco (No. 3) Limited	05270196
BF Propco (No. 4) Limited	05270137
BF Propco (No. 5) Limited	05270219
BF Propco (No.13) Limited	05270274
BL CW Holdings No2 Company Limited	07667834
BL (SP) Cannon Street Limited	02283030
BL Aldgate Holdings Limited	05876405
BL Broadgate Fragment 1 Limited	09400407
BL Broadgate Fragment 2 Limited	09400541
BL Broadgate Fragment 3 Limited	09400411
BL Broadgate Fragment 4 Limited	09400409
BL Broadgate Fragment 5 Limited	09400413
BL Broadgate Fragment 6 Limited	09400414
BL CW Developments Limited	10664198
BL CW Developments Plot A1 Limited	10782150
BL CW Developments Plot A2 Limited	10782335
BL CW Developments Plot D1/2 Company Limited	10997879
BL CW Developments Plot K1 Company Limited	10997465
BL CW Developments Plots H1 H2 Company Limited	12141281
BL CW Developments Plots L1 L2 L3 Company Limited	12140906
BL Eden Walk Limited	10620935
BL Goodman (LP) Limited	05056902
BL GP Chess No 1 Limited	08572585
BL Guaranteeco Limited	05403335
BL HC (DSCLI) Limited	04290601
BL HC Health And Fitness Holdings Limited	04374665
BL HC Invic Leisure Limited	02464159
BL HC Property Holdings Limited	06894046
BL Health Clubs PH No 1 Limited	05643248
BL Health Clubs PH No 2 Limited	05643261
BL High Street and Shopping Centres Holding Limited	06002148
BL Holdings 2010 Limited	07353966
BL Osnaburgh St Residential Limited	06874523
BL Paddington Holding Company 1 Limited	11863703
BL Paddington Holding Company 2 Limited	11863746
BL Paddington Property 1 Limited	11863429
BL Paddington Property 2 Limited	11863540
BL Paddington Property 3 Limited	11863747
BL Paddington Property 4 Limited	11863835
BL Piccadilly Residential Limited	08707494
BL Piccadilly Residential Retail Limited	09117243
BL Shoreditch Development Limited	05326670
BL West End Investments Limited	07793483
Blackglen Limited	05482088
Blaxmill (Twenty-nine) Limited	05279010
BLD (Ebury Gate) Limited	03863852
BLD (SJ) Investments Limited	04484750
BLD (SJ) Limited	02924321
BF Properties (No 4) Limited	05270289
BL Department Stores Holding Company Limited	06002135
BLD Property Holdings Limited	00823907
BLSSP (PHC 5) Limited	04104061
BLU Securities Limited	03323061
Boldswitch Limited	02307096
British Land City Offices Limited	03946069
British Land In Town Retail Limited	03325066
British Land Offices (Non-City) Limited	02740378
British Land Offices Limited	02725156
British Land Offices No.1 Limited	02338232
British Land Superstores (Non Securitised) Number 2 Limited	06514283
British Land Department Stores Limited	05312262
Broadgate Properties Limited	01982350
Cavendish Geared Limited	02779045
Cornish Residential Property Investments Limited	03523833
Elementvirtue Limited	05423035
Hempel Holdings Limited	05341380
Hempel Hotels Limited	02728455
Hyfleet Limited	02835919
Insistmetal 2 Limited	04181514
Linestair Limited	05656174
Longford Street Residential Limited	08700158
Moorage (Property Developments) Limited	01185513
Osnaburgh Street Limited	05886735
Parwick Holdings Limited	06049168
PC Canal Limited	09712919
Pillar (Cricklewood) Limited	02567025
Pillar Auchinlea Limited	02661047
Pillar Dartford No.1 Limited	04385738
Pillar Developments Limited	02850421
Pillar Estates No.2 Limited	02783379
Pillar Kinnaird Limited	02931056
Pillar Nugent Limited	02567031
Pillar Projects Limited	02444288
Plymouth Retail Limited	10368557
Regent's Place Holding 1 Limited	11864369
Regent's Place Holding 2 Limited	11864307
Regent's Place Holding Company Limited	10068705
Regents Place Management Company Limited	07136724
Regents Place Residential Limited	11241644
Shopping Centres Limited	02230056
Shoreditch Support Limited	02360815
Surrey Quays Limited	05294243
TBL (Lisnagelvin) Limited	03853983
TBL (Maidstone) Limited	03854615
TBL Properties Limited	03863190
Teesside Leisure Park Limited	02672136
The Liverpool Exchange Company Limited	00490255
Topside Street Limited	11253428

Notes to the accounts continued

27 Audit exemptions taken for subsidiaries continued

Name	Companies House reg number
TPP Investments Limited	04843814
United Kingdom Property Company Limited	00266486
Vicinitee Limited	04106142
Wardrobe Place Limited	00483257
Wates City of London Properties Limited	01788526

The following partnerships are exempt from the requirements to prepare, publish and have audited individual accounts by virtue of regulation 7 of The Partnerships (Accounts) Regulations 2008. The results of these partnerships are consolidated within these Group accounts.

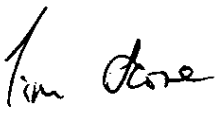
Name
BL Shoreditch Limited Partnership
BL CW Lower Limited Partnership
BL CW Upper Limited Partnership
BL Lancaster Limited Partnership
Hereford Shopping Centre Limited Partnership
Paddington Block A Limited Partnership
Paddington Block B Limited Partnership
Paddington Central I Limited Partnership
Paddington Central II Limited Partnership
Paddington Kiosk Limited Partnership
Power Court Luton Limited Partnership
The Aldgate Place Limited Partnership
The Hercules Property Limited Partnership

Company balance sheet

As at 31 March 2020

	Note	2020 £m	2019 £m
Fixed assets			
Investments and loans to subsidiaries	D	**34,800**	27,821
Investments in joint ventures	D	**404**	397
Other investments	D	**31**	29
Interest rate derivative assets	E	**231**	153
Deferred tax assets		**5**	7
		35,471	28,407
Current assets			
Debtors	G	**13**	5
Cash and short term deposits	E	**142**	182
		155	187
Current liabilities			
Short term borrowings and overdrafts	E	**(5)**	(99)
Creditors	H	**(71)**	(126)
Amounts due to subsidiaries		**(28,682)**	(20,786)
		(28,758)	(21,011)
Net current liabilities		**(28,603)**	(20,824)
Total assets less current liabilities		**6,868**	7,583
Non-current liabilities			
Debentures and loans	E	**(2,635)**	(2,075)
Interest rate derivative liabilities	E	**(165)**	(127)
		(2,800)	(2,202)
Net assets		**4,068**	5,381
Equity			
Called up share capital	I	**234**	240
Share premium		**1,307**	1,302
Other reserves		**(5)**	(5)
Merger reserve		**213**	213
Retained earnings		**2,319**	3,631
Total equity		**4,068**	5,381

The loss after taxation for the year ended 31 March 2020 for the Company was £896m (year ended 31 March 2019: £307m profit).



Tim Score
Chairman

Simon Carter
Chief Financial Officer

Approved by the Board on 26 May 2020

Company number 621920

Company statement of changes in equity

For the year ended 31 March 2020

	Share capital £m	*Share premium £m*	*Other reserves £m*	*Merger reserve £m*	*Profit and loss account £m*	***Total equity £m***
Balance at 1 April 2019	**240**	**1,302**	**(5)**	**213**	**3,631**	**5,381**
Share issues	**–**	**5**	**–**	**–**	**–**	**5**
Purchase of own shares	**(6)**	**–**	**–**	**–**	**(119)**	**(125)**
Dividend paid	**–**	**–**	**–**	**–**	**(295)**	**(295)**
Fair value of share and share option awards	**–**	**–**	**–**	**–**	**(2)**	**(2)**
Loss for the year after taxation	**–**	**–**	**–**	**–**	**(896)**	**(896)**
Balance at 31 March 2020	**234**	**1,307**	**(5)**	**213**	**2,319**	**4,068**
Balance at 1 April 2018	248	1,300	(5)	213	3,822	5,578
Share issues	–	2	–	–	–	2
Purchase of own shares	(8)	–	–	–	(196)	(204)
Dividend paid	–	–	–	–	(298)	(298)
Fair value of share and share option awards		–	–	–	(4)	(4)
Profit for the year after taxation	–	–	–	–	307	307
Balance at 31 March 2019	240	1,302	(5)	213	3,631	5,381

The value of distributable reserves within the profit and loss account is £918m (2018/19: £1,846m).

Notes to the financial statements

(A) Accounting policies

The financial statements for the year ended 31 March 2020 have been prepared on the historical cost basis, except for the revaluation of derivatives which are measured at fair value. These financial statements have also been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101'). The amendments to FRS 101 (2015/16 Cycle) issued in July 2016 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ('Adopted IFRSs'), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

(a) the requirements of IAS 1 to provide a balance sheet at the beginning of the period in the event of a prior period adjustment

(b) the requirements of IAS 1 to provide a statement of cash flows for the period

(c) the requirements of IAS 1 to provide a statement of compliance with IFRS

(d) the requirements of IAS 1 to disclose information on the management of capital

(e) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to disclose new IFRSs that have been issued but are not yet effective

(f) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly-owned by such a member

(g) the requirements of paragraph 17 of IAS 24 Related Party Disclosures to disclose key management personnel compensation

(h) the requirements of IFRS 7 to disclose financial instruments

(i) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement to disclose information of fair value valuation techniques and inputs

New standards effective for the current accounting period do not have a material impact on the financial statements of the Company. These are discussed in further detail below.

Notes to the financial statements continued

IFRS 16 – Leases

The Company adopted IFRS 16, Leases, during the year ended 31 March 2020. IFRS 16 supersedes the existing accounting guidance in IAS 17 Leases. The standard was adopted in accordance with IFRS 16 C8, comparative amounts are not restated and adjustments in opening retained earnings have not been recognised.

The new standard results in almost all leases held as lessee being recognised on the balance sheet as the distinction between operating and finance leases is removed. The Company does not hold any material leases as lessee, therefore the standard has not had a material impact on the balance sheet or loss for the year.

Going concern

The financial statements are prepared on a going concern basis. The balance sheet shows that the Company has net current liabilities. This results from loans due to subsidiaries of £28,682m which are repayable on demand and therefore classified as current liabilities. These liabilities are not due to external counterparties and there is no expectation or intention that these loans will be repaid within the next twelve months. As a consequence of this, the Directors feel that the Company is well placed to manage its business risks successfully despite the current economic climate. Accordingly, they believe the going concern basis is an appropriate one. See the full assessment of preparation on a going concern basis in the corporate governance section on page 102.

Investments and loans

Investments and loans in subsidiaries and joint ventures are stated at cost less an expected credit loss on the balance in accordance with IFRS 9. The expected credit loss on the balance is immaterial.

Significant judgements and sources of estimation uncertainty

The key source of estimation uncertainty relates to the Company's investments in subsidiaries and joint ventures. In estimating the requirement for impairment of these investments, management make assumptions and judgements on the value of these investments using inherently subjective underlying asset valuations, supported by independent valuers.

(B) Dividends

Details of dividends paid and proposed are included in Note 19 of the consolidated financial statements.

(C) Employee information

Employee costs include wages and salaries of £36m (2018/19: £38m), social security costs of £4m (2018/19: £5m) and pension costs of £4m (2018/19: £4m). Details of the Executive Directors' remuneration are disclosed in the Remuneration Report on pages 118 to 133.

Audit fees in relation to the parent Company only were £0.3m (2018/19: £0.3m).

(D) Investments in subsidiaries and joint ventures, loans to subsidiaries and other investments

	Shares in subsidiaries £m	Loans to subsidiaries £m	Investments in joint ventures £m	Other investments £m	**Total £m**
On 1 April 2019	19,702	8,119	397	29	**28,247**
Additions	–	9,483	7	6	**9,496**
Disposals	(846)	(723)	–	–	**(1,569)**
Depreciation / amortisation	–	–	–	(4)	**(4)**
Provision for impairment	–	(935)	–	–	**(935)**
As at 31 March 2020	18,856	15,944	404	31	**35,235**

The historical cost of shares in subsidiaries is £19,090m (2018/19: £20,025m). Investments in joint ventures of £404m (2018/19: £397m) includes £204m (2018/19: £201m) of loans to joint ventures by the Company. Results of the joint ventures are set out in Note 11 of the consolidated financial statements. The historical cost of other investments is £57m (2018/19: £51m).

(E) Net debt

	2020 £m	2019 £m
Secured on the assets of the Company		
5.264% First Mortgage Debenture Bonds 2035	**375**	368
5.0055% First Mortgage Amortising Debentures 2035	**91**	94
5.357% First Mortgage Debenture Bonds 2028	**249**	252
	715	714
Unsecured		
5.50% Senior Notes 2027	**–**	99
4.635% Senior US Dollar Notes 2021[1]	**180**	168
4.766% Senior US Dollar Notes 2023[1]	**117**	106
5.003% Senior US Dollar Notes 2026[1]	**80**	69
3.81% Senior Notes 2026	**113**	111
3.97% Senior Notes 2026	**115**	113
2.375% Sterling Unsecured Bond 2029	**298**	298
4.16% Senior US Dollar Notes 2025[1]	**89**	78
2.67% Senior Notes 2025	**37**	37
2.75% Senior Notes 2026	**37**	37
Floating Rate Senior Notes 2028	**80**	80
Floating Rate Senior Notes 2034	**102**	–
Bank loans and overdrafts	**677**	264
	1,925	1,460
Gross debt	**2,640**	2,174
Interest rate and currency derivative liabilities	**165**	127
Interest rate and currency derivative assets	**(231)**	(153)
Cash and short term deposits	**(142)**	(182)
Net debt	**2,432**	1,966

1 Principal and interest on these borrowings were fully hedged into Sterling at a floating rate at the time of issue.

Notes to the financial statements continued

(E) Net debt continued

0% Convertible bond 2015 (maturity 2020)

On 9 June 2015, British Land (White) 2015 Limited (the 2015 Issuer), a wholly-owned subsidiary of the Company, issued £350 million zero coupon guaranteed convertible bonds due 2020 (the 2015 bonds) at par. The 2015 Issuer is fully guaranteed by the Company in respect of the 2015 bonds.

Subject to their terms, the 2015 bonds are convertible into preference shares of the 2015 Issuer which are automatically transferred to the Company in exchange for ordinary shares in the Company or, at the Company's election, any combination of ordinary shares and cash. Bondholders may exercise their conversion right at any time up to but excluding the seventh dealing day before 9 June 2020 (the maturity date), a bondholder may convert at any time.

The initial exchange price was 1103.32p per ordinary share. The exchange price is adjusted based on certain events (such as the Company paying dividends in any quarter above 3.418p per ordinary share). As at 31 March 2020 the exchange price was 975.09p per ordinary share.

From 30 June 2018, the Company has the option to redeem the 2015 bonds at par if the Company's share price has traded above 130% of the exchange price for a specified period, or at any time once 85% by nominal value of the 2015 bonds have been converted, redeemed, or purchased and cancelled. The 2015 bonds will be redeemed at par on 9 June 2020 (the maturity date) if they have not already been converted, redeemed or purchased and cancelled.

The intercompany loan between the Issuer and the Company arising from the transfer of the loan proceeds was initially recognised at fair value, net of capitalised issue costs, and is accounted for using the amortised cost method. In addition to the intercompany loan, the Company has entered into a derivative contract relating to its guarantee of the obligations of the Issuer in respect of the bonds and the commitment to provide shares or a combination of shares and cash on conversion of the bonds. This derivative contract is included within the balance sheet as a liability carried at fair value through profit and loss.

Maturity analysis of net debt

		2020 £m	2019 £m
Repayable within one year and on demand		**5**	99
between:	one and two years	**188**	17
	two and five years	**599**	479
	five and ten years	**1,141**	808
	ten and fifteen years	**107**	306
	fifteen and twenty years	**600**	465
		2,635	2,075
Gross debt		**2,640**	2,174
Interest rate derivatives		**(66)**	(26)
Cash and short term deposits		**(142)**	(182)
Net debt		**2,432**	1,966

(F) Pension

The British Land Group of Companies Pension Scheme and the Defined Contribution Pension Scheme are the principal pension schemes of the Company and details are set out in Note 9 of the consolidated financial statements.

(G) Debtors

	2020 £m	2019 £m
Trade and other debtors	**13**	4
Prepayments and accrued income	**–**	1
	13	5

(H) Creditors

	2020 £m	2019 £m
Trade creditors	**6**	46
Corporation tax	**15**	25
Other taxation and social security	**21**	25
Accruals and deferred income	**29**	30
	71	126

(I) Share capital

	£m	Ordinary shares of 25p each
Issued, called and fully paid		
At 1 April 2019	**240**	**960,589,072**
Share issues	**–**	**1,144,135**
Repurchased and cancelled	**(6)**	**(23,795,110)**
At 31 March 2020	**234**	**937,938,097**

	£m	Ordinary shares of 25p each
Issued, called and fully paid		
At 1 April 2018	248	993,857,125
Share issues	–	404,377
Repurchased and cancelled	(8)	(33,672,430)
At 31 March 2019	240	960,589,072

(J) Contingent liabilities, capital commitments and related party transactions

The Company has contingent liabilities in respect of legal claims, guarantees and warranties arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities.

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 twelve months of the end of each accounting period. Following the temporary suspension of future dividends to best ensure we can effectively support our customers who are hardest hit and protect the long term value of the business as a result of Covid-19, we are discussing an extension to this deadline with HMRC. Whilst we intend to pay the required PID amount within the agreed extended deadline, we have agreed with HMRC that any underpayment of the PID required would instead be subject to corporation tax at 19% provided that it arises as a consequence of Covid-19. A total of £37m of corporation tax would be due by 31 March 2021 if no further PIDs were paid by this date in respect of the year to 31 March 2020 and no extension is agreed. At 31 March 2020, the Company has £nil of capital commitments (2018/19: £nil).

Related party transactions are the same for the Company as for the Group. For details refer to Note 23 of the consolidated financial statements.

(K) Disclosures relating to subsidiary undertakings

The Company's subsidiaries and other related undertakings at 31 March 2020 are listed on the next page. Companies which are in the process of being dissolved are marked with an asterisk (*). All Group entities are included in the consolidated financial results.

Unless otherwise stated, the Company holds 100% of the voting rights and beneficial interests in the shares of the following subsidiaries, partnerships, associates and joint ventures. Unless otherwise stated, the subsidiaries and related undertakings are registered in the United Kingdom.

The share capital of each of the companies, where applicable, comprises ordinary shares unless otherwise stated.

The Company holds the majority of its assets in UK companies, although some are held in overseas companies. In recent years we have reduced the number of overseas companies in the Group.

Unless noted otherwise as per the following key, the registered address of each company is York House, 45 Seymour Street, London W1H 7LX.

1. 47 Esplanade, St Helier, Jersey JE1 0BD.
2. 13-14 Esplanade, St Helier, Jersey JE1 1EE.
3. 14 Porte de France, 4360 Esch-sur-Alzette, Luxembourg.
4. 300 Meadowhall Way, Sheffield, South Yorkshire, England, S9 1EA.

Notes to the financial statements continued

Direct holdings

Company Name	UK/Overseas Tax Resident Status
BL Bluebutton 2014 Limited	UK Tax Resident
BL Davidson Limited	UK Tax Resident
BL European Fund Management LLP	UK Tax Resident
BL Guaranteeco Limited	UK Tax Resident
BL Intermediate Holding Company Limited	UK Tax Resident
BL Intermediate Holding Company 2 Limited	UK Tax Resident
BLSSP (Funding) Limited	UK Tax Resident
Bluebutton Property Management UK Limited (50% interest)	UK Tax Resident
Boldswitch (No 1) Limited	UK Tax Resident
Boldswitch Limited	UK Tax Resident
British Land (White) 2015 Limited (Jersey) (Founder Shares)[1]	UK Tax Resident
British Land City	UK Tax Resident
British Land City 2005 Limited	UK Tax Resident
British Land Company Secretarial Limited	UK Tax Resident
British Land Financing Limited*	UK Tax Resident
British Land Properties Limited	UK Tax Resident
British Land Real Estate Limited	UK Tax Resident
British Land Securities Limited	UK Tax Resident
Broadgate (Funding) PLC	UK Tax Resident
Broadgate Estates Insurance Mediation Services Limited	UK Tax Resident
Hyfleet Limited	UK Tax Resident
Kingsmere Productions Limited	UK Tax Resident
London and Henley Holdings Limited	UK Tax Resident
Meadowhall Pensions Scheme Trustee Limited	UK Tax Resident
MSC Property Intermediate Holdings Limited (50% interest)	UK Tax Resident
Regis Property Holdings Limited	UK Tax Resident
The British Land Corporation Limited	UK Tax Resident

Indirect holdings

Company Name	UK/Overseas Tax Resident Status
1 & 4 & 7 Triton Limited	UK Tax Resident
10 Brock Street Limited	UK Tax Resident
10 Portman Square Unit Trust (Jersey) (Units)[1]	Overseas Tax Resident
10 Triton Street Limited	UK Tax Resident
17-19 Bedford Street Limited	UK Tax Resident
18-20 Craven Hill Gardens Limited	UK Tax Resident
20 Brock Street Limited	UK Tax Resident
20 Triton Street Limited	UK Tax Resident
338 Euston Road Limited	UK Tax Resident
350 Euston Road Limited	UK Tax Resident
39 Victoria Street Limited	UK Tax Resident
Adamant Investment Corporation Limited	UK Tax Resident
Adshilta Limited*	UK Tax Resident
Aldgate Place (GP) Limited	UK Tax Resident
Aldgate Land One Limited	UK Tax Resident
Aldgate Land Two Limited	UK Tax Resident
Apartpower Limited	UK Tax Resident
Ashband Limited	UK Tax Resident
B.L. Holdings Limited	UK Tax Resident
B.L.C.T. (12697) Limited (Jersey)[1]	UK Tax Resident
B.L.C.T. (21500) Limited (Jersey)[1]	UK Tax Resident
Barnclass Limited	UK Tax Resident
Barndrill Limited	UK Tax Resident
Bayeast Property Co Limited	UK Tax Resident
BF Propco (No 1) Limited	UK Tax Resident
BF Propco (No 19) Limited	UK Tax Resident
BF Propco (No 3) Limited	UK Tax Resident
BF Propco (No 4) Limited	UK Tax Resident
BF Propco (No 5) Limited	UK Tax Resident
BF Properties (No 4) Limited	UK Tax Resident
BF Properties (No 5) Limited	UK Tax Resident
BF Propco (No 13) Limited	UK Tax Resident
Birstall Co-Ownership Trust (Member interest) (41.25% interest)	UK Tax Resident
BL (SP) Cannon Street Limited	UK Tax Resident
BL Aldgate Development Limited	UK Tax Resident
BL Aldgate Investment Limited	UK Tax Resident
BL Bradford Forster Limited	UK Tax Resident
BL Brislington Limited	UK Tax Resident
BL Broadgate Fragment 1 Limited	UK Tax Resident
BL Broadgate Fragment 2 Limited	UK Tax Resident
BL Broadgate Fragment 3 Limited	UK Tax Resident
BL Broadgate Fragment 4 Limited	UK Tax Resident
BL Broadgate Fragment 5 Limited	UK Tax Resident
BL Broadgate Fragment 6 Limited	UK Tax Resident
BL Broadway Investment Limited	UK Tax Resident
BL Chess Limited	UK Tax Resident
BL City Offices Holding Company Limited	UK Tax Resident
BL CW Developments Infrastructure Company Limited	UK Tax Resident
BL CW Developments Limited	UK Tax Resident
BL CW Developments Plot A1 Limited	UK Tax Resident
BL CW Developments Plot A2 Limited	UK Tax Resident
BL CW Developments Plot D1/2 Company Limited	UK Tax Resident

Company Name	UK/Overseas Tax Resident Status
BL CW Developments Plot G1 Limited	UK Tax Resident
BL CW Developments Plot K1 Company Limited	UK Tax Resident
BL CW Developments Plots F1, F2, F3 Company Limited	UK Tax Resident
BL CW Developments Plots H1, H2 Company Limited	UK Tax Resident
BL CW Developments Plots L1, L2, L3 Company Limited	UK Tax Resident
BL CW Holdings Limited	UK Tax Resident
BL CW Holdings No2 Company Limited	UK Tax Resident
BL CW Holdings Plot A1 Company Limited	UK Tax Resident
BL CW Holdings Plot A2 Company Limited	UK Tax Resident
BL CW Holdings Plot D1/2 Company Limited	UK Tax Resident
BL CW Holdings Plot G1 Company Limited	UK Tax Resident
BL CW Holdings Plot K1 Company Limited	UK Tax Resident
BL CW Holdings Plots F1, F2, F3 Company Limited	UK Tax Resident
BL CW Holdings Plots H1, H2 Company Limited	UK Tax Resident
BL CW Holdings Plots L1, L2, L3 Company Limited	UK Tax Resident
BL CW Lower GP Company Limited	UK Tax Resident
BL CW Lower Limited Partnership (Partnership interest)	UK Tax Resident
BL CW Lower LP Company Limited	UK Tax Resident
BL CW Upper GP Company Limited	UK Tax Resident
BL CW Upper Limited Partnership (Partnership interest)	UK Tax Resident
BL CW Upper LP Company Limited	UK Tax Resident
BL Department Stores Holding Company Limited	UK Tax Resident
BL Doncaster Wheatley Limited	UK Tax Resident
BL Drummond Properties Limited	UK Tax Resident
BL Ealing Limited	UK Tax Resident
BL Eden Walk Limited	UK Tax Resident
BL European Holdings Limited	UK Tax Resident
BL Fixed Uplift Fund Limited Partnership (Partnership interest)	UK Tax Resident
BL Fixed Uplift General Partner Limited	UK Tax Resident
BL Fixed Uplift Nominee 1 Limited	UK Tax Resident
BL Fixed Uplift Nominee 2 Limited	UK Tax Resident
BL Goodman (General Partner) Limited (50% interest)	UK Tax Resident
BL Goodman Limited Partnership (50% interest)	UK Tax Resident
BL Goodman (LP) Limited	UK Tax Resident
BL GP Chess No. 1 Limited*	UK Tax Resident
BL HB Investments Limited	UK Tax Resident
BL HC (DSCH) Limited	UK Tax Resident
BL HC (DSCLI) Limited	UK Tax Resident
BL HC Dollview Limited	UK Tax Resident
BL HC Hampshire PH LLP (Member interest)	UK Tax Resident
BL HC Health And Fitness Holdings Limited	UK Tax Resident
BL HC Invic Leisure Limited	UK Tax Resident
BL HC PH CRG LLP (Member interest)	UK Tax Resident
BL HC PH LLP (Member interest)	UK Tax Resident
BL HC PH No 1 LLP (Member interest)	UK Tax Resident
BL HC PH No 2 LLP (Member interest)	UK Tax Resident
BL HC PH No 3 LLP (Member interest)	UK Tax Resident
BL HC Property Holdings Limited	UK Tax Resident
BL Health Clubs PH No 1 Limited	UK Tax Resident
BL Health Clubs PH No 2 Limited	UK Tax Resident
BL High Street and Shopping Centres Holding Company Limited	UK Tax Resident
BL Holdings 2010 Limited	UK Tax Resident
BL Lancaster Investments Limited	UK Tax Resident
BL Lancaster Limited Partnership (Partnership interest)	UK Tax Resident
BL Leadenhall (Jersey) Limited[2]*	Overseas Tax Resident
BL Leisure and Industrial Holding Company Limited	UK Tax Resident
BL Marble Arch House Limited	UK Tax Resident
BL Mayfair Offices Limited	UK Tax Resident
BL Meadowhall Holdings Limited	UK Tax Resident
BL Meadowhall Limited	UK Tax Resident
BL Meadowhall No 4 Limited*	UK Tax Resident
BL Newport Limited	UK Tax Resident
BL Office (Non-City) Holding Company Limited	UK Tax Resident
BL Office Holding Company Limited	UK Tax Resident
BL Osnaburgh St Residential Ltd	UK Tax Resident
BL Paddington Holding Company 1 Limited	UK Tax Resident
BL Paddington Holding Company 2 Limited	UK Tax Resident
BL Paddington Property 1 Limited	UK Tax Resident
BL Paddington Property 2 Limited	UK Tax Resident
BL Paddington Property 3 Limited	UK Tax Resident
BL Paddington Property 4 Limited	UK Tax Resident
BL Piccadilly Residential Limited	UK Tax Resident
BL Piccadilly Residential Management Co Limited	UK Tax Resident
BL Piccadilly Residential Retail Limited	UK Tax Resident
BL Residential Investment Limited	UK Tax Resident
BL Residential Management Limited	UK Tax Resident
BL Residual Holding Company Limited	UK Tax Resident
BL Retail Holding Company Limited	UK Tax Resident
BL Retail Indirect Investments Limited	UK Tax Resident
BL Retail Investment Holdings Limited	UK Tax Resident
BL Retail Investments Limited	UK Tax Resident
BL Retail Warehousing Holding Company Limited	UK Tax Resident
BL Sainsbury Superstores Limited (50% interest)	UK Tax Resident
BL Shoreditch Development Limited	UK Tax Resident
BL Shoreditch General Partner Limited	UK Tax Resident
BL Shoreditch Limited Partnership (Partnership interest)	UK Tax Resident
BL Shoreditch No. 1 Limited	UK Tax Resident
BL Shoreditch No. 2 Limited	UK Tax Resident
BL Superstores Holding Company Limited	UK Tax Resident
BL Triton Building Residential Limited	UK Tax Resident
BL Tunbridge Wells Limited	UK Tax Resident
BL Unitholder No 1 (J) Limited (Jersey)[1]	Overseas Tax Resident
BL Unitholder No. 2 (J) Limited (Jersey)[1]	Overseas Tax Resident
BL Universal Limited	UK Tax Resident

Notes to the financial statements continued

Company Name	UK/Overseas Tax Resident Status
BL Wardrobe Court Holdings Limited	UK Tax Resident
BL West (Watling House) Limited	UK Tax Resident
BL West End Investments Limited	UK Tax Resident
BL Whiteley Limited	UK Tax Resident
BL Whiteley Retail Limited	UK Tax Resident
BL Woolwich Limited	UK Tax Resident
BL Woolwich Nominee 1 Limited	UK Tax Resident
BL Woolwich Nominee 2 Limited	UK Tax Resident
Blackglen Limited	UK Tax Resident
Blackwall (1)	UK Tax Resident
Blaxmill (Twenty-nine) Limited	UK Tax Resident
BLD (A) Limited	UK Tax Resident
BLD (Ebury Gate) Limited	UK Tax Resident
BLD (SJ) Investments Limited	UK Tax Resident
BLD (SJ) Limited	UK Tax Resident
BLD Land Limited	UK Tax Resident
BLD Properties Limited	UK Tax Resident
BLD Property Holdings Limited	UK Tax Resident
BLU Estates Limited	UK Tax Resident
BLU Property Management Limited	UK Tax Resident
BLU Securities Limited	UK Tax Resident
British Land (Joint Ventures) Limited	UK Tax Resident
British Land Acquisitions Limited	UK Tax Resident
British Land Aqua Partnership (2) Limited	UK Tax Resident
British Land Aqua Partnership Limited	UK Tax Resident
British Land City Offices Limited	UK Tax Resident
British Land Construction Limited	UK Tax Resident
British Land Department Stores Limited	UK Tax Resident
British Land Developments Limited	UK Tax Resident
British Land Fund Management Limited	UK Tax Resident
British Land Hercules Limited	UK Tax Resident
British Land In Town Retail Limited	UK Tax Resident
British Land Industrial Limited	UK Tax Resident
British Land Investment Management Limited	UK Tax Resident
British Land Offices (Non-City) Limited	UK Tax Resident
British Land Offices (Non-City) No. 2 Limited	UK Tax Resident
British Land Offices Limited	UK Tax Resident
British Land Offices No.1 Limited	UK Tax Resident
British Land Property Advisers Limited	UK Tax Resident
British Land Property Management Limited	UK Tax Resident
Broadgate (PHC 8) Limited	UK Tax Resident
Broadgate Adjoining Properties Limited	UK Tax Resident
Broadgate City Limited	UK Tax Resident
Broadgate Court Investments Limited	UK Tax Resident
Broadgate Estates Limited	UK Tax Resident
Broadgate Estates People Management Limited	UK Tax Resident
Broadgate Investment Holdings Limited	UK Tax Resident
Broadgate Properties Limited	UK Tax Resident
Broadgate REIT Limited (50% interest)[2]	UK Tax Resident
Broadgate Square Limited	UK Tax Resident
Broughton Retail Park Limited (Jersey) (Units) (78.14% interest)[1]	Overseas Tax Resident
Broughton Unit Trust (78.14% interest)[1]	Overseas Tax Resident
Brunswick Park Limited	UK Tax Resident

Company Name	UK/Overseas Tax Resident Status
BVP Developments Limited	UK Tax Resident
Canada Water Offices Limited	UK Tax Resident
Casegood Enterprises	UK Tax Resident
Caseplane Limited	UK Tax Resident
Cavendish Geared II Limited	UK Tax Resident
Cavendish Geared Limited	UK Tax Resident
Caymall Limited	UK Tax Resident
Cheshine Properties Limited	UK Tax Resident
Chester Limited[1]	UK Tax Resident
Chrisilu Nominees Limited	UK Tax Resident
City of London Office Unit Trust (Jersey) (Units) (35.94% interest)[1]	Overseas Tax Resident
Clarges Estate Property Management Co Limited	UK Tax Resident
Comgenic Limited	UK Tax Resident
Cornish Residential Properties Trading Limited	UK Tax Resident
Cornish Residential Property Investments Limited	UK Tax Resident
Crescent West Properties	UK Tax Resident
Deepdale Co-Ownership Trust (39.07% interest)	UK Tax Resident
Derby Investment Holdings Limited	UK Tax Resident
Drake Circus Centre Limited	UK Tax Resident
Drake Circus Leisure Limited	UK Tax Resident
Drake Property Holdings Limited	UK Tax Resident
Drake Property Nominee (No. 1) Limited	UK Tax Resident
Drake Property Nominee (No. 2) Limited	UK Tax Resident
Eden Walk Shopping Centre General Partner Limited (50% interest)	UK Tax Resident
Eden Walk Shopping Centre Unit Trust[2] (50% interest) (Jersey) (Units)	Overseas Tax Resident
Elementvirtue Limited	UK Tax Resident
Elk Mill Oldham Limited	UK Tax Resident
Estate Management (Brick) Limited	UK Tax Resident
Euston Tower Limited	UK Tax Resident
Exchange House Holdings Limited	UK Tax Resident
Exchange Square Management Limited	UK Tax Resident
Fort Kinnaird GP Limited (39.07% interest)	UK Tax Resident
Fort Kinnaird Limited Partnership (39.07% interest)	UK Tax Resident
Fort Kinnaird Nominee Limited (39.07% interest)	UK Tax Resident
Four Broadgate Limited	UK Tax Resident
FRP Group Limited	UK Tax Resident
Garamead Properties Limited	UK Tax Resident
Gardenray Limited	UK Tax Resident
Gibraltar General Partner Limited (39.07% interest)	UK Tax Resident
Gibraltar Nominees Limited (39.07% interest)	UK Tax Resident
Giltbrook Retail Park Nottingham Limited	UK Tax Resident
Hempel Holdings Limited	UK Tax Resident
Hempel Hotels Limited	UK Tax Resident
Hercules Property UK Holdings Limited	UK Tax Resident
Hercules Property UK Limited	UK Tax Resident
Hercules Unit Trust (78.14% interest) (Jersey) (Units)[1]	Overseas Tax Resident

Company Name	UK/Overseas Tax Resident Status
Hereford Old Market Limited	UK Tax Resident
Hereford Shopping Centre GP Limited	UK Tax Resident
Hereford Shopping Centre Limited Partnership	UK Tax Resident
Horndrift Limited	UK Tax Resident
HUT Investments Limited (Jersey) (78 14% interest)[1]	Overseas Tax Resident
Industrial Real Estate Limited	UK Tax Resident
Insistmetal 2 Limited	UK Tax Resident
Ivorydell Limited	UK Tax Resident
Ivorydell Subsidiary Limited	UK Tax Resident
Jetbloom Limited	UK Tax Resident
Lancaster General Partner Limited	UK Tax Resident
Linestair Limited	UK Tax Resident
London and Henley (UK) Limited	UK Tax Resident
London and Henley Limited	UK Tax Resident
Lonebridge UK Limited	UK Tax Resident
Longford Street Residential Limited	UK Tax Resident
Ludgate Investment Holdings Limited	UK Tax Resident
Ludgate West Limited	UK Tax Resident
Mayfair Properties	UK Tax Resident
Mayflower Retail Park Basildon Limited	UK Tax Resident
Meadowbank Retail Park Edinburgh Limited	UK Tax Resident
Meadowhall Centre (1999) Limited	UK Tax Resident
Meadowhall Centre Limited	UK Tax Resident
Meadowhall Centre Pension Scheme Trustees Limited	UK Tax Resident
Meadowhall Estates (UK) Limited	UK Tax Resident
Meadowhall Group (MLP) Limited	UK Tax Resident
Meadowhall Holdings Limited	UK Tax Resident
Meadowhall (MLP) Limited	UK Tax Resident
Meadowhall Opportunities Nominee 1 Limited	UK Tax Resident
Meadowhall Opportunities Nominee 2 Limited	UK Tax Resident
Meadowhall Shopping Centre Limited	UK Tax Resident
Meadowhall Shopping Centre Property Holdings Limited	UK Tax Resident
Meadowhall SubCo Limited	UK Tax Resident
Mercari	UK Tax Resident
Mercari Holdings Limited	UK Tax Resident
Minhill Investments Limited	UK Tax Resident
Moorage (Property Developments) Limited	UK Tax Resident
Nugent Shopping Park Limited	UK Tax Resident
One Hundred Ludgate Hill	UK Tax Resident
One Sheldon Square Limited (Jersey)[1]	Overseas Tax Resident
Orbital Shopping Park Swindon Limited	UK Tax Resident
Osnaburgh Street Limited	UK Tax Resident
Paddington Block A (GP) Ltd	UK Tax Resident
Paddington Block A LP (Partnership interest)	UK Tax Resident
Paddington Block B (GP) Ltd	UK Tax Resident
Paddington Block B LP (Partnership interest)	UK Tax Resident
Paddington Central I (GP) Limited	UK Tax Resident
Paddington Central I LP (Partnership interest)	UK Tax Resident

Company Name	UK/Overseas Tax Resident Status
Paddington Central I Unit Trust (Jersey) (Units)	Overseas Tax Resident
Paddington Central II (GP) Limited	UK Tax Resident
Paddington Central II LP (Partnership interest)	UK Tax Resident
Paddington Central II Unit Trust (Jersey) (Units)[1]	Overseas Tax Resident
Paddington Central IV Unit Trust (Jersey) (Units)[1]	Overseas Tax Resident
Paddington Kiosk (GP) Ltd	UK Tax Resident
Paddington Kiosk LP (Partnership interest)	UK Tax Resident
PaddingtonCentral Management Company Limited (87.5% interest)	UK Tax Resident
Parwick Holdings Limited	UK Tax Resident
Parwick Investments Limited	UK Tax Resident
PC Canal Limited	UK Tax Resident
PC Lease Nominee Ltd	UK Tax Resident
PC Partnership Nominee Ltd	UK Tax Resident
Piccadilly Residential Limited	UK Tax Resident
Pillar (Cricklewood) Limited	UK Tax Resident
Pillar (Dartford) Limited	UK Tax Resident
Pillar (Fulham) Limited	UK Tax Resident
Pillar Auchinlea Limited*	UK Tax Resident
Pillar Broadway Limited	UK Tax Resident
Pillar City Limited	UK Tax Resident
Pillar Dartford No.1 Limited	UK Tax Resident
Pillar Denton Limited	UK Tax Resident
Pillar Developments Limited	UK Tax Resident
Pillar Estates No.2 Limited*	UK Tax Resident
Pillar Europe Management Limited	UK Tax Resident
Pillar Fort Limited	UK Tax Resident
Pillar Gallions Reach Limited	UK Tax Resident
Pillar Glasgow 1 Limited	UK Tax Resident
Pillar Hercules No.2 Limited	UK Tax Resident
Pillar Kinnaird Limited*	UK Tax Resident
Pillar Nugent Limited	UK Tax Resident
Pillar Projects Limited	UK Tax Resident
Pillar Property Group Limited	UK Tax Resident
PillarStore Limited	UK Tax Resident
Plymouth Retail Limited	UK Tax Resident
Power Court GP Limited	UK Tax Resident
Power Court Luton Limited Partnership (Partnership interest)	UK Tax Resident
Power Court Nominee Limited	UK Tax Resident
PREF Management Company SA (Luxembourg)[3]	Overseas Tax Resident
Project Sunrise Investments Limited	UK Tax Resident
Project Sunrise Limited	UK Tax Resident
Project Sunrise Properties Limited	UK Tax Resident
Reboline Limited	UK Tax Resident
Regent's Place Holding 1 Limited	UK Tax Resident
Regent's Place Holding 2 Limited	UK Tax Resident
Regent's Place Holding Company Limited	UK Tax Resident
Regents Place Management Company Limited	UK Tax Resident
Regents Place Residential Limited	UK Tax Resident
Rigphone Limited	UK Tax Resident
Rohawk Properties Limited	UK Tax Resident

Notes to the financial statements continued

Company Name	UK/Overseas Tax Resident Status
Salmax Properties	UK Tax Resident
Seymour Street Homes Limited	UK Tax Resident
Shopping Centres Limited	UK Tax Resident
Shoreditch Support Limited	UK Tax Resident
Six Broadgate Limited	UK Tax Resident
Southgate General Partner Limited (50% interest)	UK Tax Resident
Southgate Property Unit Trust (Jersey) (Units) (50% interest)[1]	Overseas Tax Resident
Speke Unit Trust (67.34% interest) (Jersey) (Units)[2]	Overseas Tax Resident
Sprint 1118 Limited	UK Tax Resident
St. Stephens Shopping Centre Limited	UK Tax Resident
Stockton Retail Park Limited	UK Tax Resident
Storey London Offices Limited	UK Tax Resident
Storey Offices Limited	UK Tax Resident
Storey Spaces Limited	UK Tax Resident
Surrey Quays Limited	UK Tax Resident
T (Partnership) Limited	UK Tax Resident
Tailress Limited	UK Tax Resident
TBL (Bromley) Limited	UK Tax Resident
TBL (Bury) Limited	UK Tax Resident
TBL (Lisnagelvin) Limited	UK Tax Resident
TBL (Maidstone) Limited	UK Tax Resident
TBL (Milton Keynes) Limited	UK Tax Resident
TBL (Peterborough) Limited	UK Tax Resident
TBL Holdings Limited	UK Tax Resident
TBL Properties Limited	UK Tax Resident
Teesside Leisure Park Limited	UK Tax Resident
The Aldgate Place Limited Partnership (Partnership interest)	UK Tax Resident
The Dartford Partnership (Member interest) (50% interest)	UK Tax Resident
The Gibraltar Limited Partnership (Partnership interest) (39.07% interest)	UK Tax Resident
The Hercules Property Limited Partnership (Partnership)	UK Tax Resident
The Leadenhall Development Company Limited (50% interest)	UK Tax Resident
The Liverpool Exchange Company Limited	UK Tax Resident
The Mary Street Estate Limited	UK Tax Resident
The Meadowhall Education Centre (Limited by guarantee) (50% interest)[4]	UK Tax Resident
The Retail and Warehouse Company Limited	UK Tax Resident
The TBL Property Partnership (Partnership interest)	UK Tax Resident
The Whiteley Co-Ownership (Member interest) (50% interest)	UK Tax Resident
Tollgate Centre Colchester Limited	UK Tax Resident
Topside Street Limited	UK Tax Resident
TPP Investments Limited	UK Tax Resident
Tweed Premier 4 Limited	UK Tax Resident
Union Property Corporation Limited	UK Tax Resident
Union Property Holdings (London) Limited	UK Tax Resident

Company Name	UK/Overseas Tax Resident Status
Valentine Unit Trust (Jersey) (Units) (39.07% interest)[1]	Overseas Tax Resident
Vicinitee Limited	UK Tax Resident
Vintners' Place Limited	UK Tax Resident
Wardrobe Court Limited	UK Tax Resident
Wardrobe Holdings Limited	UK Tax Resident
Wardrobe Place Limited	UK Tax Resident
Wates City of London Properties Limited	UK Tax Resident
Westbourne Terrace Partnership (Partnership interest)	UK Tax Resident
Whiteley Shopping Centre Unit Trust (Jersey) (Units)[1]	Overseas Tax Resident
WK Holdings Limited	UK Tax Resident
WOSC 1 Nominee Limited (25% interest)	UK Tax Resident
WOSC 2 Nominee Limited (25% interest)	UK Tax Resident
WOSC GP Limited (25% interest)	UK Tax Resident
WOSC Partners LP (Partnership interest) (25% interest)	UK Tax Resident
York House W1 Limited	UK Tax Resident

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 2020

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 and funds included on a line-by-line basis and excluding non-controlling interests.

	Year ended 31 March 2020				Year ended 31 March 2019			
	Group £m	Joint ventures and funds £m	Less non-controlling interests £m	Proportionally consolidated £m	Group £m	Joint ventures and funds £m	Less non-controlling interests £m	Proportionally consolidated £m
Gross rental income[2]	**436**	**142**	**(18)**	**560**	439	155	(18)	576
Property operating expenses	**(70)**	**(13)**	**1**	**(82)**	(35)	(10)	1	(44)
Net rental income	**366**	**129**	**(17)**	**478**	404	145	(17)	532
Administrative expenses	**(73)**	**(1)**	**–**	**(74)**	(80)	(1)	–	(81)
Net fees and other income	**12**	**–**	**1**	**13**	9	–	1	10
Ungeared income return	**305**	**128**	**(16)**	**417**	333	144	(16)	461
Net financing costs	**(66)**	**(49)**	**4**	**(111)**	(67)	(58)	4	(121)
Underlying Profit	**239**	**79**	**(12)**	**306**	266	86	(12)	340
Underlying taxation	**–**	**–**	**–**	**–**	–	–	–	–
Underlying Profit after taxation	**239**	**79**	**(12)**	**306**	266	86	(12)	340
Valuation movement				**(1,389)**				(683)
Other capital and taxation (net)[1]				**56**				52
Result attributable to shareholders of the Company				**(1,027)**				(291)

1. Includes other comprehensive income, movement in dilution of share options and the movement in items excluded for EPRA NAV
2. Group gross rental income includes £3m of all inclusive rents relating to service charge income.

Summary balance sheet based on proportional consolidation as at 31 March 2020

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 net assets of the Group, with its share of the net assets of the joint venture and fund assets and liabilities included on a line-by-line basis, and excluding non-controlling interests, and assuming full dilution.

	Group £m	Share of joint ventures and funds £m	Less non-controlling interests £m	Share options £m	Deferred tax £m	Mark-to-market on derivatives and related debt adjustments £m	Lease liabilities £m	Valuation surplus on trading properties £m	**EPRA Net assets 31 March 2020 £m**	EPRA Net assets 31 March 2019 £m
Retail properties	**3,204**	**964**	**(221)**	**–**	**–**	**–**	**(74)**	**–**	**3,873**	5,577
Office properties	**4,525**	**2,324**	**–**	**–**	**–**	**–**	**(69)**	**13**	**6,793**	6,308
Canada Water properties	**400**	**–**	**–**	**–**	**–**	**–**	**(36)**	**–**	**364**	303
Other properties	**147**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**147**	128
Total properties[1]	**8,276**	**3,288**	**(221)**	**–**	**–**	**–**	**(179)**	**13**	**11,177**	12,316
Investments in joint ventures and funds	**2,358**	**(2,358)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	–
Other investments	**125**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**125**	129
Other net (liabilities) assets	**(365)**	**(77)**	**4**	**18**	**6**	**–**	**179**	**–**	**(235)**	(275)
Net debt	**(3,247)**	**(853)**	**105**	**–**	**–**	**141**	**–**	**–**	**(3,854)**	(3,521)
Net assets	**7,147**	**–**	**(112)**	**18**	**6**	**141**	**–**	**13**	**7,213**	8,649
EPRA NAV per share (Note 2)									**774p**	905p

1. Included within the total property value of £11,177m are right-of-use assets net of lease liabilities of £20m, which in substance, relate to properties held under leasing agreements. The fair value of right-of-use assets are determined by calculating the present value of net rental cashflows over the term of the lease agreements

Supplementary disclosures continued

Unaudited unless otherwise stated

Table A continued

EPRA Net assets movement

	Year ended 31 March 2020		Year ended 31 March 2019	
	£m	Pence per share	£m	Pence per share
Opening EPRA NAV	**8,649**	**905**	9,560	967
Income return	**306**	**33**	340	35
Capital return	**(1,322)**	**(139)**	(749)	(77)
Dividend paid	**(295)**	**(31)**	(298)	(30)
Purchase of own shares	**(125)**	**6**	(204)	10
Closing EPRA NAV	**7,213**	**774**	8,649	905

Table B: EPRA Performance measures

EPRA Performance measures summary table

	2020		2019	
	£m	Pence per share	£m	Pence per share
EPRA Earnings – basic	**306**	**32.8**	340	35.0
– diluted	**306**	**32.7**	340	34.9
EPRA Net Initial Yield		**4.6%**		4.5%
EPRA 'topped-up' Net Initial Yield		**5.1%**		4.7%
EPRA Vacancy Rate		**6.3%**		4.1%

	2020		2019	
	Net assets £m	Net asset value per share (pence)	Net assets £m	Net asset value per share (pence)
EPRA NAV	**7,213**	**774**	8,649	905
EPRA NNNAV	**6,762**	**726**	8,161	854

Calculation and reconciliation of EPRA/IFRS earnings and EPRA/IFRS earnings per share

(Audited)	2020 £m	2019 £m
Loss attributable to the shareholders of the Company	**(1,027)**	(291)
Exclude:		
Group – current taxation	**(4)**	(3)
Group – deferred taxation	**2**	4
Joint ventures and funds – taxation	**–**	(2)
Group – valuation movement	**1,105**	620
Group – (profit) loss on disposal of investment properties and investments	**(1)**	18
Group – profit on disposal of trading properties	**(17)**	(92)
Joint ventures and funds – net valuation movement (including result on disposals)	**284**	60
Joint ventures and funds – capital financing costs	**22**	21
Changes in fair value of financial instruments and associated close-out costs	**41**	46
Non-controlling interests in respect of the above	**(99)**	(41)
Underlying Profit	**306**	340
Group – underlying current taxation	**–**	–
EPRA earnings – basic and diluted	**306**	340
Loss attributable to the shareholders of the Company	**(1,027)**	(291)
Dilutive effect of 2015 convertible bond	**–**	–
IFRS earnings – diluted	**(1,027)**	(291)

Table B continued

	2020 Number million	2019 Number million
Weighted average number of shares	**945**	982
Adjustment for treasury shares	**(11)**	(11)
IFRS/EPRA Weighted average number of shares (basic)	**934**	971
Dilutive effect of share options	**–**	1
Dilutive effect of ESOP shares	**3**	2
EPRA Weighted average number of shares (diluted)	**937**	974
Strip out anti-dilutive	**(3)**	(3)
IFRS Weighted average number of shares (diluted)	**934**	971

Net assets per share (Audited)

	2020		2019	
	£m	Pence per share	£m	Pence per share
Balance sheet net assets	**7,147**		8,689	
Deferred tax arising on revaluation movements	**6**		5	
Mark-to-market on derivatives and related debt adjustments	**141**		113	
Dilution effect of share options	**18**		24	
Surplus on trading properties	**13**		29	
Less non-controlling interests	**(112)**		(211)	
EPRA NAV	**7,213**	**774**	8,649	905
Deferred tax arising on revaluation movements	**(9)**		(11)	
Mark-to-market on derivatives and related debt adjustments	**(141)**		(113)	
Mark-to-market on debt	**(301)**		(364)	
EPRA NNNAV	**6,762**	**726**	8,161	854

EPRA NNNAV is the EPRA NAV adjusted to reflect the fair value of the debt and derivatives and to include the deferred taxation on revaluations and derivatives.

	2020 Number million	2019 Number million
Number of shares at year end	**938**	960
Adjustment for treasury shares	**(11)**	(11)
IFRS/EPRA number of shares (basic)	**927**	949
Dilutive effect of share options	**3**	2
Dilutive effect of ESOP shares	**2**	5
IFRS/EPRA number of shares (diluted)	**932**	956

Supplementary disclosures continued

Unaudited unless otherwise stated

Table B continued

New EPRA Best Practice Recommendations

EPRA published its latest Best Practices Recommendations in October 2019 which included three new Net Asset Valuation metrics, namely EPRA Net Reinstatement Value (NRV), EPRA Net Tangible Assets (NTA) and EPRA Net Disposal Value (NDV). These metrics are effective from 1 January 2020 but have been presented below as at 31 March 2020 to provide a comparison to the current measures, EPRA NAV and EPRA NNNAV.

	EPRA NRV £m	EPRA NTA £m
At 31 March 2020		
EPRA net asset value	**7,213**	**7,213**
Adjustment for:		
Purchasers' costs	**659**	**–**
Intangibles	**–**	**(11)**
Deferred tax adjustment[1]	**–**	**–**
	7,872	**7,202**
Per share measure	**845p**	**773p**

1 The new EPRA guidance states that deferred taxes expected to crystallise should no longer be excluded. The Group will conduct a review of such items upon adoption of the guidance but does not expect any resulting EPRA adjustment to be material.

As the Group's EPRA NDV is the same as the EPRA NNNAV, there are no reconciling items.

	EPRA NDV £m
At 31 March 2020	
EPRA net disposal value	**6,762**
Per share measure	**726p**

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

	2020 £m	2019 £m
Investment property – wholly-owned	**7,941**	8,761
Investment property – share of joint ventures and funds	**3,236**	3,555
Less developments, residential and land	**(1,140)**	(1,098)
Completed property portfolio	**10,037**	11,218
Allowance for estimated purchasers' costs	**724**	751
Gross up completed property portfolio valuation (A)	**10,761**	11,969
Annualised cash passing rental income	**517**	548
Property outgoings	**(21)**	(14)
Annualised net rents (B)	**496**	534
Rent expiration of rent-free periods and fixed uplifts[1]	**49**	32
'Topped-up' net annualised rent (C)	**545**	566
EPRA Net Initial Yield (B/A)	**4.6%**	4.5%
EPRA 'topped-up' Net Initial Yield (C/A)	**5.1%**	4.7%
Including fixed/minimum uplifts received in lieu of rental growth	**10**	8
Total 'topped-up' net rents (D)	**555**	574
Overall 'topped-up' Net Initial Yield (D/A)	**5.2%**	4.8%
'Topped-up' net annualised rent	**545**	566
ERV vacant space	**38**	22
Reversions	**13**	30
Total ERV (E)	**596**	618
Net Reversionary Yield (E/A)	**5.5%**	5.2%

1 The weighted average period over which rent-free periods expire is one year (2018/19: one year).

Table B continued

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 2020, plus an allowance for estimated purchaser's costs. Estimated purchaser's 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.

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

	2020 £m	2019 £m
Annualised potential rental value of vacant premises	**38**	26
Annualised potential rental value for the completed property portfolio	**603**	629
EPRA Vacancy Rate	**6.3%**	4.1%

The above is stated for the UK portfolio only. A discussion of significant factors affecting vacancy rates is included within the Strategic Report (page 56).

EPRA Cost Ratios (Unaudited)

	2020 £m	2019 £m
Property operating expenses[1]	**69**	34
Administrative expenses	**73**	80
Share of joint ventures and funds expenses	**14**	11
Less: Performance and management fees (from joint ventures and funds)	**(8)**	(8)
Net other fees and commissions	**(5)**	(2)
Ground rent costs and operating expenses de facto included in rents	**(16)**	(9)
EPRA Costs (including direct vacancy costs) (A)	**127**	106
Direct vacancy costs	**(30)**	(13)
EPRA Costs (excluding direct vacancy costs) (B)	**97**	93
Gross Rental Income less ground rent costs and operating expenses de facto included in rents	**398**	414
Share of joint ventures and funds (GRI less ground rent costs)	**142**	153
Total Gross Rental Income less ground rent costs (C)	**540**	567
EPRA Cost Ratio (including direct vacancy costs) (A/C)	**23.5%**	18.7%
EPRA Cost Ratio (excluding direct vacancy costs) (B/C)	**18.0%**	16.4%
Impairment of tenant incentives and guaranteed rent increases' (D)	**20**	–
Adjusted EPRA Cost ratio (including direct vacancy costs and excluding impairment of tenant incentives and guaranteed rent increases) (A-D)/C	**19.8%**	18.7%
Adjusted EPRA Cost ratio (excluding direct vacancy costs and excluding impairment of tenant incentives and guaranteed rent increases) (B-D)/C	**14.3%**	16.4%
Overhead and operating expenses capitalised (including share of joint ventures and funds)	**6**	6

1 Included within property operating expenses in the current year is £15m (2018/19: £nil) in relation to write-offs and provision against tenant incentive balances held by the group and £5m (2018/19: £nil) in relation to write-offs of guaranteed rent increases.

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 incentives and guaranteed rent increases which are exceptional items in the current year, to show the impact of these items on the ratios.

Supplementary disclosures continued

Unaudited unless otherwise stated

Table C: Gross rental income

	2020 £m	2019 £m
Rent receivable[1]	**558**	587
Spreading of tenant incentives and guaranteed rent increases	**(3)**	(13)
Surrender premia	**5**	2
Gross rental income	**560**	576

1. Group gross rental income includes £3m 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

	2020			2019		
	Group £m	Joint ventures and funds £m	Total £m	Group £m	Joint ventures and funds £m	Total £m
Acquisitions	**94**	**54**	**148**	221	15	236
Development	**156**	**126**	**282**	183	91	274
Like for like portfolio[1]	**83**	**20**	**103**	35	19	54
Other	**18**	**11**	**29**	12	8	20
Total property related capex	**351**	**211**	**562**	451	133	584

1. Includes £36m of flexible workspace fit-out in the current year which has been reclassified from property, plant and equipment to property additions.

The above is presented on a proportionally consolidated basis, excluding non-controlling interests and business combinations The 'Other' category contains amounts owing to tenant incentives of £12m (2018/19: £7m), letting fees of £3m (2018/19: £5m), capitalised staff costs of £6m (2018/19: £6m) and capitalised interest of £8m (2018/19: £3m).

OTHER INFORMATION (UNAUDITED)

(Data includes Group's share of Joint Ventures and Funds)

Sales

Since 1 April 2019	Sector	Price (100%) £m	Price (BL Share) £m	Annual Passing Rent £m[1]
Completed				
Portfolio of Sainsbury's stores	Retail	522	246	15
David Lloyd, Croydon	Retail	22	22	1
Homebase, Walton on Thames	Retail	20	20	1
Debenhams, Bournemouth	Retail	8	8	1
Clarges[2]	Residential	86	86	–
Total		**658**	**382**	**18**

1. BL share of annualised rent topped up for rent frees
2. £6m of which exchanged prior to FY20.

Purchases

Since 1 April 2019	Sector	Price (100%) £m	Price (BL Share) £m	Annual Passing Rent £m[1]
Completed				
West One	Offices	217	54	2
6 Orsman Road, Haggerston	Offices	32	32	2
Aldgate Place, Phase 2	Residential	19	19	–
Former ToysRus unit, Stockton-on-Tees	Retail	8	8	–
Sainsbury's, Burton upon Trent	Retail	5	5	1
Total		**281**	**118**	**5**

1. BL share of annualised rent topped up for rent frees

Portfolio Valuation by Sector

At 31 March 2020	Group £m	JVs & Funds £m	Total £m	Change%[1] H1	H2	FY
West End	4,151	53	4,204	(0.1)	1.5	1.4
City	300	2,269	2,569	1.3	2.5	3.7
Offices	**4,451**	**2,322**	**6,773**	**0.4**	**1.9**	**2.3**
Retail Parks	1,115	724	1,839	(12.4)	(18.8)	(28.7)
Shopping Centre	753	757	1,510	(11.8)	(19.8)	(29.2)
Superstores	89	–	89	(1.5)	(7.7)	(4.7)
Department Stores	33	–	33	(10.5)	(33.3)	(40.3)
High Street	133	1	134	(9.7)	(11.0)	(19.8)
Leisure	249	19	268	0.8	(8.4)	(7.1)
Retail	**2,372**	**1,501**	**3,873**	**(10.7)**	**(18.2)**	**(26.1)**
Residential[2]	**147**	**–**	**147**	**(2.1)**	**(0.6)**	**(2.7)**
Canada Water	**364**	**–**	**364**	**12.4**	**(1.6)**	**9.8**
Total	**7,334**	**3,823**	**11,157**	**(4.3)**	**(6.3)**	**(10.1)**
Standing Investments	**6,593**	**3,432**	**10,025**	**(5.2)**	**(7.4)**	**(12.0)**
Developments	**741**	**391**	**1,132**	**4.6**	**2.3**	**6.5**

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

Gross Rental Income[1]

Accounting Basis £m	12 months to 31 March 2020 Group	JVs & Funds	Total	Annualised as at 31 March 2020 Group	JVs & Funds	Total
West End	155	1	156	144	2	146
City	15	69	84	7	63	70
Offices	**170**	**70**	**240**	**151**	**65**	**216**
Retail Parks	94	58	152	90	55	145
Shopping Centre	64	52	116	61	49	110
Superstores	5	5	10	5	2	7
Department Stores	7	–	7	5	–	5
High Street	6	–	6	6	–	6
Leisure	15	1	16	14	1	15
Retail	**191**	**116**	**307**	**181**	**107**	**288**
Residential[2]	**4**	**–**	**4**	**4**	**–**	**4**
Canada Water	**9**	**–**	**9**	**8**	**–**	**8**
Total	**374**	**186**	**560**	**344**	**172**	**516**

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

Portfolio Net Yields[1,2]

As at 31 March 2020	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	3.5	4.1	4.1	4.3	–	4.8	2.4
City	3.2	4.0	4.0	4.5	(14)	5.3	4.5
Offices	**3.4**	**4.1**	**4.1**	**4.4**	**(4)**	**5.0**	**3.2**
Retail Parks	7.0	7.2	7.3	7.0	117	6.8	(13.6)
Shopping Centre	6.1	6.2	6.3	6.4	99	6.4	(10.2)
Superstore	6.9	6.9	6.9	5.7	38	5.6	(9.8)
Department Store	15.6	15.6	22.9	9.2	185	10.4	(19.8)
High Street	3.8	4.0	4.0	5.5	57	5.9	(9.8)
Leisure	5.3	5.4	6.0	5.8	22	5.1	(1.2)
Retail	**6.5**	**6.6**	**6.9**	**6.6**	**101**	**6.5**	**(11.7)**
Canada Water	**3.4**	**3.4**	**3.4**	**4.0**	**25**	**4.0**	**(5.8)**
Total	**4.6**	**5.1**	**5.2**	**5.2**	**38**	**5.5**	**(4.7)**

On a proportionally consolidated basis including the Group's share of joint ventures and funds

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 IPD.

Total Property Return (as calculated by IPD)

12 months to 31 March 2020	Offices		Retail		Total	
%	British Land	IPD	British Land	IPD	British Land	IPD
Capital Return	2.5	(0.5)	(27.3)	(14.5)	(10.3)	(4.8)
– ERV Growth	3.2	1.3	(11.7)	(5.8)	(4.7)	(1.0)
– Yield Movement[1]	(4bps)	(2bps)	101bps	59bps	38bps	18bps
Income Return	3.1	3.8	6.2	5.4	4.3	4.5
Total Property Return	**5.7**	**3.3**	**(22.6)**	**(9.8)**	**(6.4)**	**(0.4)**

On a proportionally consolidated basis including the Group's share of joint ventures and funds

1. Net equivalent yield movement.

Top 20 Tenants by Sector

As at 31 March 2020	% of retail rent		% of office rent
Retail		**Offices**	
Tesco plc[1]	7.8	Facebook	7.8
Next plc	4.9	Government	6.4
Kingfisher	3.6	Dentsu Aegis[2]	4.4
Walgreens (Boots)	3.5	Visa	4.0
M&S Plc	2.8	Herbert Smith Freehills	3.2
J Sainsbury	2.6	Gazprom	2.5
Dixons Carphone	2.5	Microsoft Corp	2.4
Debenhams	2.5	Vodafone	2.0
Frasers	2.4	Tullett Prebon	2.0
JD Sports	2.2	Deutsche Bank	1.9
TJX (TK Maxx)	2.1	Henderson	1.7
Arcadia Group	2.0	Reed Smith	1.7
New Look	1.9	The Interpublic Group (McCann)	1.6
Asda Group	1.7	Mayer Brown	1.4
Virgin	1.6	Skyscanner	1.3
TGI Fridays	1.5	Mimecast Ltd	1.3
Steinhoff	1.5	Credit Agricole	1.2
H&M	1.4	Aramco	1.2
Hutchison Whampoa Ltd	1.4	Kingfisher	1.2
DFS Furniture	1.3	Monzo Bank	1.1

1. Includes £3.4m at Surrey Quays Shopping Centre.
2. Taking into account their pre-let of 310,000 sq ft at 1 Triton Square, % of contracted rent would rise to 13.0%. As part of this new letting, Dentsu Aegis have an option to return their existing space at 10 Triton Street in 2021. If this option is exercised, there is an adjustment to the rent free period in respect of the letting at 1 Triton Square to compensate British Land.

Major Holdings

As at 31 March 2020	BL Share %	Sq ft '000	Rent (100%) £m pa[1,4]	Occupancy rate %[2,4]	Lease length yrs[3,4]
Broadgate	50	4,468	162	96.9	6.3
Regent's Place	100	1,740	80	97.1	5.3
Paddington Central	100	958	46	97.6	5.8
Portman Square	100	134	10	100.0	5.4
Meadowhall, Sheffield	50	1,500	82	96.1	4.9
Drake's Circus, Plymouth	100	1,190	20	90.1	6.3
Teesside, Stockton	100	569	16	96.5	3.8
Ealing Broadway	100	540	15	92.1	3.8
Glasgow Fort	78	510	20	96.1	5.7
New Mersey, Speke	68	502	14	94.4	5.7

1. Annualised EPRA contracted rent including 100% of Joint Ventures & Funds
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 2020	To expiry	To break	EPRA Occupancy	Occupancy[1,2,3]
West End	6.4	5.4	97.6	97.7
City	7.5	6.3	85.4	96.6
Offices	**6.8**	**5.7**	**92.9**	**97.3**
Retail Parks	6.8	5.5	94.1	96.1
Shopping Centre	6.6	5.2	94.2	95.6
Superstores	6.9	6.8	100.0	100.0
Department Stores	18.1	9.1	97.9	97.9
High Street	4.7	4.0	91.7	92.1
Leisure	14.6	14.3	93.1	93.1
Retail	**7.3**	**5.9**	**94.2**	**95.7**
Canada Water	**4.9**	**4.7**	**97.7**	**97.9**
Total	**7.0**	**5.8**	**93.6**	**96.6**

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 would rise from 96.6% to 97.1% 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. Reflecting units currently occupied but expected to become vacant, then the occupancy rate for Retail would reduce from 95.7% to 94.7%, and total occupancy would reduce from 96.6% to 96.0%.

Portfolio Weighting

As at 31 March	2019 %	2020 %	2020 £m
West End	33.0	37.7	4,204
City	18.2	23.0	2,569
Offices	**51.2**	**60.7**	**6,773**
Retail Parks	21.0	16.5	1,839
Shopping Centre	17.2	13.5	1,510
Superstores	2.7	0.8	89
Department Stores	0.6	0.3	33
High Street	1.4	1.2	134
Leisure	2.4	2.4	268
Retail	**45.3**	**34.7**	**3,873**
Residential[1]	**1.0**	**1.3**	**147**
Canada Water	**2.5**	**3.3**	**364**
Total	**100.0**	**100.0**	**11,157**
London Weighting	**61%**	**71%**	**7,878**

1. Stand-alone residential

Annualised Rent & Estimated Rental Value (ERV)

	Annualised rent (valuation basis) £m[1]			ERV £m	Average rent £psf	
As at 31 March 2020	Group	JVs & Funds	Total	Total	Contracted[2]	ERV
West End[3]	136	2	138	191	62.8	69.4
City[3]	6	64	70	118	50.3	63.1
Offices[3]	**142**	**66**	**208**	**309**	**58.0**	**66.9**
Retail Parks	91	58	149	140	25.0	22.9
Shopping Centre	62	51	113	116	29.7	29.9
Superstores	7	–	7	5	21.0	17.1
Department Stores	6	–	6	4	6.6	4.6
High Street	6	–	6	9	13.1	18.6
Leisure	14	1	15	15	17.1	16.3
Retail	**186**	**110**	**296**	**289**	**24.1**	**23.0**
Residential[4]	**4**	**–**	**4**	**4**	**44.7**	**37.4**
Canada Water[5]	**8**	**–**	**8**	**9**	**17.7**	**20.5**
Total	**340**	**176**	**516**	**611**	**30.9**	**33.4**

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
5. Reflects standing investment only

Rent Subject to Open Market Rent Review

For period to 31 March As at 31 March 2020	2021 £m	2022 £m	2023 £m	2024 £m	2025 £m	2021-23 £m	2021-25 £m
West End	17	9	23	7	16	49	72
City	11	–	–	15	11	11	37
Offices	**28**	**9**	**23**	**22**	**27**	**60**	**109**
Retail Parks	17	11	14	6	6	42	54
Shopping Centre	12	7	12	7	4	31	42
Superstores	–	–	–	1	3	–	4
Department Stores	–	–	1	2	–	1	3
High Street	–	–	1	–	–	1	1
Leisure	–	–	–	–	1	–	1
Retail	**29**	**18**	**28**	**16**	**14**	**75**	**105**
Residential	**–**	**1**	**–**	**–**	**–**	**1**	**1**
Canada Water[1]	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total	**57**	**28**	**51**	**38**	**41**	**136**	**215**

On a proportionally consolidated basis including the Group's share of joint ventures and funds

1 Reflects standing investment only

Rent Subject to Lease Break or Expiry

For period to 31 March As at 31 March 2020	2021 £m	2022 £m	2023 £m	2024 £m	2025 £m	2021-23 £m	2021-25 £m
West End	13	29	17	14	16	59	89
City	12	3	4	12	6	19	37
Offices	**25**	**32**	**21**	**26**	**22**	**78**	**126**
Retail Parks	17	11	16	25	12	44	81
Shopping Centre	14	14	14	14	7	42	63
Superstores	–	–	2	–	–	2	2
Department Stores	–	3	–	–	–	3	3
High Street	2	1	1	1	1	4	6
Leisure	–	–	–	–	–	–	–
Retail	**33**	**29**	**33**	**40**	**20**	**95**	**155**
Residential	**3**	**–**	**–**	**–**	**–**	**3**	**3**
Canada Water[1]	**1**	**1**	**1**	**2**	**–**	**3**	**5**
Total	**62**	**62**	**55**	**68**	**42**	**179**	**289**
% of contracted rent	**10.9**	**10.8**	**9.6**	**11.8**	**7.4**	**31.3**	**50.5**

On a proportionally consolidated basis including the Group's share of joint ventures and funds

1 Reflects standing investment only.

Recently Completed and Committed Developments

As at 31 March 2020	Sector	BL Share %	100% sq ft '000	PC Calendar Year	Current Value £m	Cost to come £m[1]	ERV £m[2]	Let £m
1 Finsbury Avenue	Office	50	287	Q1 2019	171	–	8.3	7.0
135 Bishopsgate	Office	50	335	Q1 2020	214	–	9.7	8.7
Plymouth (Leisure)	Retail	100	108	Q4 2019	26	2	1.8	1.2
Total Recently Completed			**730**		**411**	**2**	**19.8**	**16.9**
100 Liverpool Street	Office	50	524	Q3 2020	378	27	19.3	15.4
1 Triton Square[3]	Office	100	366	Q2 2021	385	49	22.6	21.8
Total Committed			**890**		**763**	**76**	**41.9**	**37.2**
Other Capital Expenditure[4]						57		

1. From 1 April 2020. 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. ERV let & under offer of £21.8m represents space taken by Dentsu Aegis. As part of this letting, Dentsu Aegis have an option to return their existing space at 10 Triton Street in 2021. If this option is exercised, there is an adjustment to the rent free period in respect of the letting at 1 Triton Square to compensate British Land.
4. Capex committed and underway within our investment portfolio relating to leasing and asset management.

Near Term Development Pipeline

As at 31 March 2020	Sector	BL Share %	100% sq ft '000	Earliest Start On Site	Current Value £m	Cost to Come £m[1]	ERV £m[2]	Let & Under Offer £m	Planning Status
Norton Folgate	Office	100	336	Q3 2020	95	280	22.0	–	Consented
1 Broadgate	Office	50	538	Q2 2021	96	230	20.0	–	Consented
Aldgate Place, Phase 2	Residential	100	133	Q4 2020	37	95	7.0		Consented
Total Near Term			**1,007**		**228**	**605**	**49.0**	**–**	
Other Capital Expenditure[3]						22			

1. From 1 April 2020. 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. Forecast capital commitments within our investment portfolio over the next 12 months relating to leasing and asset enhancement.

Medium Term Development Pipeline

As at 31 March 2020	Sector	BL Share %	100% Sq ft '000	Planning Status
5 Kingdom Street[1]	Office	100	438	Submitted
2-3 Finsbury Avenue	Office	50	563	Consented
Eden Walk Retail & Residential	Mixed Use	50	452	Consented
Ealing – 10-40 The Broadway	Retail	100	303	Pre-submission
Gateway Building	Leisure	100	105	Consented
Canada Water[2]	Mixed Use	100	5,000	Resolution to grant planning
Total Medium Term			**6,861**	

1. Planning consent for previous 240,000 sq ft scheme
2. On drawdown of the Master Development Agreement, ownership reduces to 80% with LBS owning 20%. LBS ownership will adjust over time depending on level of investment by Southwark.

Sustainability performance measures

We report on all assets where we have day-to-day operational or management influence (our managed portfolio) and all developments over £300,000 with planning permission, onsite or completed in the year. The exception is EPC and flood risk data, where we report on all assets under management. As at 31 March 2020, our managed portfolio comprised 83% of our assets under management. Please see the scope column for indicator-specific reporting coverage.

Selected data has been independently assured since 2007. Selected data in the Sustainability Accounts for 2020 has been independently assured by DNV GL in accordance with ISAE 3000 (Revised).

2020 sustainability strategy performance

Aligned to the corporate strategy, our sustainability strategy is built around four focus areas, which address major social, economic and environmental trends to create value for our stakeholders and the business. Here is an overview of our recent performance.

For our full methodology, more detailed data and the 2020 DNV GL assurance statement, please see our Sustainability Accounts 2020 at www.britishland.com/data.

Overall

Indicators[1]	Performance 2020	Performance 2019	2020 scope assets or total
Continued inclusion in three out of four sustainability indices. DJSI Europe, DJSI World, FTSE4Good and GRESB	**4/4**	4/4	-
Major developments on track to implement Sustainability Brief	**100%**	100%	22/22

Wellbeing (Customer Orientation)

Indicators[1]		2020 targets	Performance 2020	Performance 2019	2020 scope assets or total
Deliver a WELL certified commercial office to shell and core, and set corporate policy for future developments		Deliver	**On track**	On track	-
Develop and pilot retail wellbeing specification		Deliver	**Completed**	In progress	-
Increase the sense of wellbeing for shoppers, retailers and occupiers at our places		Increase	**85%**	84%	-
Define and trial a methodology for measuring productivity in offices		Deliver	**Completed**	Completed	-
Research and publish on how development design impacts public health outcomes		Deliver	**Completed**	Completed	-
Pilot interventions to improve local air quality		3	**2**	In progress	-
Injury Incidence Rate (RIDDOR)	Offices		**33.96**	14.77	46/46
	Retail		**0.00**	0.01	57/57
Injury Frequency Rate (RIDDOR)	Developments		**0.04**	0.12	49/52

Community (Right Places)

Indicators	2020 targets	Performance 2020	Performance 2019	2020 scope assets or total
Implement our Local Charter at key assets and major developments	100%	**94%**	92%	-
British Land employee skills-based volunteering	20%	**19%**	17%	-
British Land employee volunteering	90%	**68%**	81%	-
Community programme beneficiaries		**40,076**	36,358	-

Futureproofing (Capital Efficiency)

Indicators	2020 targets	Performance 2020	Performance 2019	2020 scope assets or total
Current new developments on track to achieve BREEAM Excellent for Offices and Excellent or Very Good for Retail	100%	**100%**	92%	100%
Carbon (Scope 1 and 2) intensity reduction versus 2009 (index scored)	55%	**73%**	64%	73/73
Landlord energy intensity reduction versus 2009 (index scored)	55%	**55%**	44%	73/73
Electricity purchased from renewable sources	100%	**96%**	96%	102/106
Average reduction in embodied carbon emissions versus concept design on major developments	15%	**16%**	10%	-
Waste diverted from landfill: managed properties and developments	100%	**99%**	99.6%	133/141
Portfolio with green building ratings (% by floor area)		**23%**	18%	100%
Energy Performance Certificates rated F or G (% by floor area)		**5%**	5%	2587/3006
Portfolio at high risk of flood (% by value)		**2%**	3%	174/174
High flood risk assets with flood management plans (% by value)		**100%**	100%	7/7

1 In this financial year we were listed in DJSI 2019 World and Europe, awarded a green star in GRESB 2019 and ranked in the top 98th percentile of FTSE4Good 2019.

Skills and opportunity (Expert People)

Indicators		2020 targets	Performance 2020	2019	2020 Scope (assets or units)
People supported into employment (cumulative)		1,700	**1,745**	1,232	-
Strategic suppliers agreed with terms of our Supplier Code of Conduct		100%	**96%**	53%	-
Prioritised supplier workforce who are apprentices		3%	**2.1%**	2.4%	147/278
Pilot a Living Wage Zone at a London campus		Deliver	**Piloted**	In progress	-
Workforce paid at least Living Wage Foundation rate	Group employees	100%	**100%**	100%	-
	Supplier workforce at managed properties		**78%**	66%	101/101
Developments supply chain spend within 25 miles			**66%**	66%	9/10

EPRA best practice recommendations on sustainability reporting

We have received Gold Awards for sustainability reporting from the European Public Real Estate Association (EPRA), eight years running. For our full EPRA sustainability reporting, methodology and the 2020 DNV GL assurance statement, please see our Sustainability Accounts 2020 at www.britishland.com/data.

Selected data has been independently assured since 2007. Selected data in the Sustainability Accounts for 2020 has been independently assured by DNV GL in accordance with the International Standard on Assurance Engagements (ISAE) 3000 revised – Assurance Engagements other than Audits and Reviews of Historical Financial Information' (revised), issued by the International Auditing and Assurance Standards Board.

Environmental[1]

Indicators		Performance 2020	2019	2018	2020 Scope (assets or units)
Total electricity consumption (MWh)		**151,504**	154,532	162,833	102/106
Total district heating and cooling consumption (MWh)		**0**	0	0	-
Total fuel consumption (MWh)		**37,156**	36,290	37,500	81/85
Building energy intensity (kWh)	Offices (per m²)	**102.99**	136.40	145.71	31/31
	Retail – enclosed (per m²)	**132.10**	149.02	156.48	8/8
	Retail – open air (per car parking space)	**160.46**	161.06	168.13	34/34
Total direct (Scope 1) greenhouse gas emissions (tonnes CO_2e)		**6,945**	6,556	6,967	81/85
Total indirect (Scope 2) greenhouse gas emissions (tonnes CO_2e)	Location based	**15,373**	20,258	27,301	102/106
	Market based	**669**	1,549	1,875	102/106
Greenhouse gas intensity from building energy consumption (tonnes CO_2e)	Offices (per m²)	**0.032**	0.044	0.055	31/31
	Retail – enclosed (per m²)	**0.037**	0.043	0.056	8/8
	Retail – open air (per car parking space)	**0.044**	0.049	0.062	34/34
Total water consumption (m³)		**814,658**	553,282	616,221	74/76
Building water intensity (m³)	Offices (per FTE)	**12.1**	14.09	15.56	30/30
	Retail – enclosed (per 10,000 visitors)	**13.5**	nr	Nr	8/8
	Retail – open air (per 10,000 visitors)	**15.4**	nr	Nr	18/19
Total non-hazardous waste by disposal route (tonnes and %)		**10,065**	10,818	11,207	
	Re-used and recycled	**58%**	57%	56%	85/90
		7,368	8,182	8,887	
	Incinerated	**42%**	43%	44%	85/90
		2	2	6	
	Landfilled	**0%**	0%	0%	85/90
Total hazardous waste by disposal route (tonnes and %)		**8**	5		
	Re-used and recycled	**84%**	44%	nr	85/90
		2	7		
	Incinerated	**16%**	56%	nr	85/90
		0	0		
	Landfilled	**0%**	0%	nr	85/90
Sustainably certified assets – Energy Performance Certificates (% by floor area)	A to B	**25%**	22%	23%	2587/3006
	C to E	**70%**	73%	72%	2587/3006
	F to G	**5%**	5%	5%	2587/3006

1. As per EPRA best practice recommendations, total energy and water data covers energy and water procured by British Land. Energy and carbon intensity data covers common parts and shared services for Offices and common parts for Retail. Water intensity data covers whole buildings for Offices and common parts for Retail. Per m² comprises net internal areas for Offices and common parts for Retail.

Social

Indicators		2020	[illegible]	[illegible]	[illegible]
Employee diversity – gender	Male	**49%**	48%	51%	–
	Female	**51%**	52%	49%	–
Employee gender pay ratio (median remuneration, female to male)	Executive Directors	**–**	–	–	–
	Senior management	**89%**	87%	89%	–
	Middle and non-management	**71%**	74%	69%	–
Employee training – average hours		**23.6**	13.4	14.2	–
Employee annual performance review		**100%**	100%	100%	–
Employee new hires rate		**12%**	17%	20%	–
Employee turnover – departures rate		**12%**	19%	15%	–
Employee health and safety	Absentee rate	**1%**	1%	1%	–
	Injury frequency rate	**0**	0	0	–
	Lost day rate	**0**	3.68	0	–
	Work-related fatalities	**0**	0	0	–
Asset health and safety	Proportion subject to health and safety review (%)	**100%**	100%	100%	100%
	Incidents of non-compliance	**0**	0	0	100%
Progress implementing our Local Charter at key assets and major developments	Implement our Local Charter at key assets and major developments (% progress)	**94%**	92%	Charter updated	–
	Proportion of managed portfolio (floor area) where Local Charter or other community activity implemented	**80%**	83%	–	101/101

Governance

Indicators	Annual Report and Accounts 2020
Composition of the highest governance body	Board's Executive and Non-Executive Directors page 92 Tenures of Non-Executive Directors page 107.
Nominating and selecting the highest governance body Corporate-level performance	Appointment process for new directors page 106.
Process for managing conflicts of interest	Board procedure for managing conflicts of interest page 99.

TEN YEAR RECORD

The table below summarises the last ten years' results, cash flows and balance sheets.

	2020 £m	2019 £m	2018 £m	2017 £m	2016 £m	2015 £m	2014 £m	2013 £m	2012 £m	2011 £m
Income[1]										
Gross rental income	**560**	576	613	643	654	618	597	567	572	541
Net rental income	**478**	532	576	610	620	585	562	541	546	518
Net fees and other income	**13**	10	15	17	17	17	15	15	17	18
Interest expense (net)	**(111)**	(121)	(128)	(151)	(180)	(201)	(202)	(206)	(218)	(212)
Administrative expense	**(74)**	(81)	(83)	(86)	(94)	(88)	(78)	(76)	(76)	(68)
Underlying Profit	**306**	340	380	390	363	313	297	274	269	256
Exceptional costs (not included in Underlying Profit)[4]	**–**	–	–	–	–	–	–	–	–	–
Dividends declared	**148**	298	302	296	287	277	266	234	231	231
Summarised balance sheets										
Total properties at valuation[1,3]	**11,177**	12,316	13,716	13,940	14,648	13,677	12,040	10,499	10,337	9,572
Net debt	**(3,854)**	(3,521)	(3,973)	(4,223)	(4,765)	(4,918)	(4,890)	(4,266)	(4,690)	(4,173)
Other assets and liabilities	**(110)**	(146)	(183)	(219)	191	276	(123)	(266)	(266)	(298)
EPRA NAV/Fully diluted adjusted net assets	**7,213**	8,649	9,560	9,498	10,074	9,035	7,027	5,967	5,381	5,101
Cash flow movement – Group only										
Cash generated from operations	**404**	617	351	379	341	318	243	197	211	182
Other cash flows from operations	**(29)**	(4)	2	(16)	(47)	(33)	(24)	(7)	(5)	28
Net cash inflow from operating activities	**375**	613	353	363	294	285	219	190	206	210
Cash (outflow) inflow from capital expenditure, investments, acquisitions and disposals	**(361)**	187	346	470	230	(111)	(660)	(202)	(547)	(240)
Equity dividends paid	**(295)**	(298)	(304)	(295)	(235)	(228)	(159)	(203)	(212)	(139)
Cash inflow (outflow) from management of liquid resources and financing	**232**	(365)	(404)	(538)	(283)	20	607	213	630	157
(Decrease) increase in cash[5]	**(49)**	137	(9)	–	6	(34)	7	(2)	77	(12)
Capital returns										
(Reduction) growth in net assets[2]	**(16.6)%**	(9.5)%	0.7%	(5.7)%	11.5%	28.6%	17.8%	10.9%	5.5%	15.7%
Total return	**(11.0)%**	(3.3)%	8.9%	2.7%	14.2%	24.5%	20.0%	4.5%	9.5%	17.7%
Total return – pre-exceptional	**(11.0)%**	(3.3)%	8.9%	2.7%	14.2%	24.5%	20.0%	4.5%	9.5%	17.7%
Per share information										
EPRA net asset value per share	**774p**	905p	967p	915p	919p	829p	688p	596p	595p	567p
Memorandum										
Dividends declared in the year	**16.0p**	31.0p	30.1p	29.2p	28.4p	27.7p	27.0p	26.4p	26.1p	26.0p
Dividends paid in the year	**31.5p**	30.5p	29.6p	28.8p	28.0p	27.3p	26.7p	26.3p	26.0p	26.0p
Diluted earnings										
Underlying EPRA earnings per share	**32.7p**	34.9p	37.4p	37.8p	34.1p	30.6p	29.4p	30.3p	29.7p	28.5p
IFRS (loss) earnings per share[4]	**(110.0)p**	(30.0)p	48.5p	14.7p	119.7p	167.3p	110.2p	31.5p	53.8p	95.2p

1. Including share of joint ventures and funds.
2. Represents movement in diluted EPRA NAV.
3. Including surplus over book value of trading and development properties
4. Including restatement in 2016 and exceptional finance costs in 2009 £119m.
5. Represents movement in cash and cash equivalents under IFRS and movements in cash under UK GAAP.

Analysis of shareholders – 31 March 2020

2020/21	Number of holdings	%	Balance as at 31 March 2020[1]	%
1–1,000	4,955	54.58	2,100,543	0.22
1,001–5,000	2,636	29.04	5,804,849	0.62
5,001–20,000	637	7.02	6,317,738	0.67
20,001–50,000	232	2.56	7,439,394	0.79
50,001–Highest	618	6.81	916,275,573	97.69
Total	9,078	100.00	937,938,097	100.00
Holder type				
Individuals	5,580	61.50	10,116,522	1.08
Nominee and institutional investors	3,498	38.50	927,821,575	98.92
Total	9,078	100.00	937,938,097	100.00

1 Excluding 11,266,245 shares held in treasury

Registrars

British Land has appointed Equiniti Limited (Equiniti) to administer its shareholder register. Equiniti can be contacted at:

Aspect House
Spencer Road
Lancing, West Sussex BN99 6DA

Tel: 0371 384 2143 (UK callers)
Tel: +44 (0)121 415 7047 (Overseas callers)

Lines are open from 8.30am to 5.30pm Monday to Friday excluding public holidays in England and Wales.

Website: www.shareview.co.uk

By registering with Shareview, shareholders can:

- view your British Land shareholding online
- update your details
- elect to receive shareholder mailings electronically

Equiniti is also the Registrar for the BLD Property Holdings Limited Stock.

Share dealing facilities

By registering with Shareview, Equiniti also provides existing and prospective UK shareholders with a share dealing facility for buying and selling British Land shares online or by phone.

For more information, contact Equiniti at www.shareview.co.uk/dealing or call 0845 603 7037 (Monday to Friday excluding public holidays from 8.30am to 4.30pm). Existing British Land shareholders will need the reference number given on your share certificate to register. Similar share dealing facilities are provided by other brokers, banks and financial services.

Website and shareholder communications

The British Land corporate website contains a wealth of material for shareholders, including the current share price, press releases and information on dividends. The website can be accessed at www.britishland.com.

British Land encourages its shareholders to receive shareholder communications electronically. This enables shareholders to receive information quickly and securely as well as in a more environmentally friendly and cost-effective manner. Further information can be obtained from Shareview or the Shareholder Helpline.

ShareGift

Shareholders with a small number of shares, the value of which makes it uneconomic to sell them, may wish to consider donating their shares to charity. ShareGift is a registered charity (No. 1052686) which collects and sells unwanted shares and uses the proceeds to support a wide range of UK charities. A ShareGift donation form can be obtained from Equiniti.

Further information about ShareGift can be obtained from their website: www.sharegift.org.

Honorary President

In recognition of his work building British Land into the industry leading company it is today, Sir John Ritblat was appointed as Honorary President on his retirement from the Board in December 2006.

Registered office

The British Land Company PLC
York House
45 Seymour Street, London W1H 7LX

Telephone: +44 (0)20 7486 4466

Registered number: 621920

Website: www.britishland.com

Dividends

As a REIT, British Land pays Property Income Distribution (PID) and non-Property Income Distribution (non-PID) dividends. More information on REITs and PIDs can be found in the Investors section of our website at www.britishland.com/investors/dividends.

British Land dividends can be paid directly into your bank or building society account instead of being despatched to you by cheque. More information about the benefits of having dividends paid directly into your bank or building society account, and the mandate form to set this up, can be found in the Investors section of our website at www.britishland.com/investors/dividends/dividends-direct-to-your-bank.

Scrip Dividend Scheme

British Land may offer shareholders the opportunity to participate in the Scrip Dividend Scheme by offering a Scrip Alternative to a particular dividend from time to time. The Scrip Dividend Scheme allows participating shareholders to receive additional shares instead of a cash dividend. For more information please visit the Investors section of our website at www.britishland.com/investors/dividends/scrip-dividend-scheme.

Unsolicited mail

British Land is required by law to make its share register available on request to other organisations. This may result in the receipt of unsolicited mail. To limit this, shareholders may register with the Mailing Preference Service. For more information, or to register, visit www.mpsonline.org.uk.

Shareholders are also advised to be vigilant of share fraud which includes telephone calls offering free investment advice or offers to buy and sell shares at discounted or highly inflated prices. If it sounds too good to be true, it often is. Further information can be found on the Financial Conduct Authority's website www.fca.org.uk/scams or by calling the FCA Consumer Helpline on 0800 111 6768.

Tax

The Group elected for REIT status on 1 January 2007, paying a £308m conversion charge to HMRC in the same year. As a consequence of the Group's REIT status, tax is not levied within the corporate group on the qualifying property rental business but is instead deducted from distributions of such income as Property Income Distributions to shareholders. Any income which does not fall within the REIT regime is subject to tax within the Group in the usual way. This includes profits on property trading activity, property related fee income and interest income. We continue to pass all REIT tests ensuring that our REIT status is maintained.

We work proactively and openly to maintain a constructive relationship with HMRC. We discuss matters in real-time with HMRC and disclose all relevant facts and circumstances, particularly where there may be tax uncertainty or the law is unclear. HMRC assigns risk ratings to all large companies. We have a low appetite for tax risk and HMRC considers us to be 'Low Risk' (a status we have held since 2007 when the rating was first introduced by HMRC).

Further information on our Tax Strategy can be found in Our Approach to Tax Strategy at www.britishland.com/governance.

Forward-looking statements

This Annual Report 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. 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', '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, or plans or objectives, 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: (a) general business and political, social and economic conditions globally, (b) the consequences of the referendum on Britain leaving the EU, (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) changes in government and other regulation including in relation to the environment, 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 and work stoppages, (i) natural disasters and adverse weather conditions, (j) terrorism and 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) reliable and secure IT infrastructure, (n) changes in occupier demand and tenant default, (o) changes in financial and equity markets including interest and exchange rate fluctuations, (p) changes in accounting practices and the interpretation of accounting standards, (q) the availability and cost of finance and (r) the consequences of the Covid-19 pandemic. The Company's principal risks are described in greater detail in the section of this Annual Report headed "Effective Risk Management" on pages 78 to 81 (inclusive). Forward-looking statements in this Annual Report, 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 Annual Report 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 Annual Report 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 EU 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, circumstances or other information on which any such statement is based (regardless of whether those forward-looking statements are affected as a result). 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.

The Annual Report has been prepared for, and only for, the members of British Land, as a body, and no other persons. British Land, its Directors, officers, employees or advisers do not accept or assume responsibility to any other person to who this document is shown or into whose hands it may come, and any such responsibility or liability is expressly disclaimed.

This page has been intentionally left blank.

FSC
www.fsc.org
MIX
Paper from responsible sources
FSC® C022913

Designed an

rt is printed on paper certifie
ance with the FSC® (Forest
hip Council®) and is recyclab
ree.

Ltd is FSC certified and
certified showing that it is

Follow us on social media @BritishLandPLC

British Land

www.britishland.com

Head office and registered office

York House
45 Seymour Street
London
W1