ANNUAL REPORT AND ACCOUNTS 2019

Places People Prefer

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Highlights

Underlying EPS

34.9p

2018: 37.4p

Underlying Profit

£340m

2018: £380m

IFRS EPS

(30.0)p

2018: 48.7p

IFRS profit/(loss) before tax

£(319)m

2018: £501m

Total accounting return

(3.3)%

2018: 8.9%

Dividend per share

31.00p

2018: 30.08p

EPRA NAV per share

905p

2018: 967p

IFRS net assets

£8,689m

2018: £9,506m

Senior unsecured credit rating

A

2018: A

Carbon intensity reduction versus 2009

64%

2018: 54%

Customer satisfaction

8.2/10

2018: 8 1/10

Bright Lights skills and employment programme

393

people supported with work

2018: 288

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 179 for reconciliations, and the glossary found at 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.

Who we are

We are a leading UK property company. We create and manage places that reflect the changing needs of the people who work, visit or live in and around them.

Visit britishland.com to learn more about our business

Our business

Our portfolio is increasingly focused on mixed use places. Our campus-focused Offices portfolio and Canada Water are located in central London and our Retail assets are around the country.

Campus-focused London Offices

Our three office-led campuses are located in central London. They are well-connected and engaging places to work and spend time, with the right mix of world class offices, retail, leisure and dining, helping our occupiers attract the best talent for their business.

Offices comprise

51%

of the portfolio

Learn more about our London portfolio on pages 12 to 13 and 37 to 38

Canada Water

At Canada Water our masterplan includes office, retail, residential, leisure and public spaces to create an exciting new urban centre for London.

53

acres

Learn more about the Canada Water development on pages 14 to 15 and 43

Paddington

11 acre office-led campus close to Paddington Station

We are delivering a wide and varied dining offer with new signings including Lords of Poké whose story we tell on page 12

Regent's Place

13 acre office-led campus in the West End, close to Euston, Great Portland Street and Warren Street stations

Its proximity to the Knowledge Quarter of academic institutions is increasing the profile of the area. Read more about our occupier, Dentsu Aegis Network, on page 13

Our five-year vision

We have set out a clear strategic plan to build an increasingly mixed use business. It will comprise three core elements; our London campuses, a smaller Retail portfolio and a residential business.

Learn more about our long term strategy on page 7

Broadgate
32 acre office-led campus adjacent to Liverpool Street station

On site with three major developments with pre-lettings to global advertising group McCann, technology company Mimecast and Italian marketplace Eataly. Read more about this on page 12, 38 and 41

Teesside
Leading regional retail centre in the North East

Hotel Chocolat have opened their second store with British Land at Teesside, with a third planned at Fort Kinnaird, Edinburgh. Read more about this on page 16

Meadowhall
1.5m sq ft superregional retail centre with 280 units

Rock Up and Joe Browns were amongst the businesses that took space at Meadowhall following our £60m refurbishment. Read more about them on pages 16 and 17

Retail

Our retail places are around the country and reflect the changing way people shop. Increasingly we are focused on multi-let locations within or close to urban areas which best complement an omni-channel retail strategy.

Canada Water
53 acre development opportunity in zone 2

Connecting with local education and families through the Paper Garden and supporting London's poets through the Poetry School whose story we tell on page 14

45%

of the portfolio

Portfolio breakdown includes:
Canada Water 3%
Residential 1%

Learn more about our Retail portfolio on pages 39 to 40

Four compelling reasons to invest in British Land

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

- £16bn of assets under management (£12.3bn owned)
- Increasingly mixed use at our London campuses and high quality retail nationwide
- Loan to value (LTV) is appropriate at 28.1% and cost of finance is low at 2.9%

British Land owned assets

£12.3bn

Learn more on pages 8 to 9

2 Our operational expertise and customer insight

Our deep expertise of managing and leasing our assets, based on our understanding of the customer, drives incremental value for British Land and our stakeholders

- Investing in our places to deliver more attractive and engaging environments
- Targeting the right mix of occupiers to make our places successful
- Understanding the needs of our customers as they evolve

Visitor surveys completed in the last year

c.26,500

Learn more on pages 10 to 11

3 Our distinctive business model and clear strategy

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

- Enhancing our campuses through development
- Masterplanning a 53 acre development opportunity at Canada Water
- Delivering a smaller, more focused Retail business through asset sales

Residential homes envisaged in our Canada Water masterplan

3,000

Learn more on pages 18 and 19

4 A well-positioned development pipeline

Our development pipeline is aligned to our strategy and provides visibility on future earnings

- 1.6m sq ft of high quality, design-led buildings focused on our campuses
- Developments delivering £63m of future rents adding 4.5p to EPS
- De-risked by pre-letting space to lock in future income

Committed and recently completed developments pre-let or under offer

76%

Learn more on pages 22 to 23

Another year of good progress

In my final year as Chairman I leave the business well positioned for the future.

Our business has continued to make good progress this year against an uncertain economic and political backdrop. We saw the effect of the particularly challenging retail environment in valuation declines but delivered a robust earnings performance with good progress on our strategy.

Our Office leasing performance has once again been excellent. Across our London office business, we have leased over 1m sq ft of space, to world class businesses including McCann, Facebook and Milbank. The quality of the buildings we are delivering and our campus approach are really paying off. A broader range of businesses than ever before are taking space at our campuses, at attractive rental levels, and our recently completed and committed pipeline of new buildings is now 76% pre-let or under offer, locking in significant future income for our business. This is a resounding endorsement of our campus strategy and our decision to commit to development over recent years.

Our three London campuses at Broadgate, Paddington Central and Regent's Place represent British Land at its best. Having recently visited Broadgate with the Board in March, it is no exaggeration to say that the neighbourhood has been transformed. We are delivering world class, modern office space alongside some of the best retail, leisure and restaurants in London, all integrated within central London's largest pedestrianised environment. And there's more to come; during the year we were delighted to receive planning permission for 1-2 Broadgate, which will represent the cornerstone of the next phase of Broadgate's transformation.

> ***British Land is taking the right steps to position its portfolio for the long term***

Dividend per share

31.00p

2018: 30.08p

Storey, our flexible office business, is now operational across all of our campuses. It is additive to our overall offer and we've been pleased with our leasing progress. We've signed new types of businesses as well as existing occupiers looking for space in which to expand, project space or space on more flexible terms as their needs change. There is no question that demand for increased flexibility is a theme that's here to stay in the office market. We recognised this early and responded appropriately, meaning that our offices offer remains relevant to as many potential occupiers as possible.

Last year I wrote that the retail sector was experiencing a period of challenge and rapid change. If anything these challenges have become more pronounced this year. Fundamental structural changes driven primarily by the internet have been compounded by short term headwinds including subdued consumer confidence, cost pressures and changes to business rates. In this context, we remain focused on providing the kind of space modern retailers need to succeed. We know that long term, only the best quality, best located and most accessible retail space will continue to thrive. To maximise occupancy and support rents, we also know our retail places need to be located in areas with strong demographics, affordable to retailers and the right size to underpin good demand tension for the space.

Again, this is something we have been focused on for some time and we have a clear view of the long term role retail will play within British Land as a smaller, more focused part of our portfolio. This year we made further good progress towards that, disposing of £646m of retail assets, meaning we have now sold nearly £3bn in the last five years.

John Gildersleeve, Non-Executive Chairman

At the same time, the team have remained focused on the operational performance of our Retail business. We have leased 1.6m sq ft of retail space this year, and dealt well with the impact of company voluntary arrangements (CVA) and administrations. There is no doubt that the retail market will continue to evolve in the future and not all of that change will be easy. I am confident however that building on the significant progress we've already made, British Land is taking the right steps to position its portfolio to succeed over the long term.

The NAV discount in our share price, which increased after the EU referendum, persisted across the year. This was one of the factors we took into account when deciding to extend the share buyback by £200m following the sale of 5 Broadgate in June. We have now bought back £500m of shares over the last two years, all linked to significant disposals. Given our confidence in the quality of our assets, we believe the ability to reinvest sales proceeds into that portfolio at a significant discount, through buying our own shares, represents an effective use of capital. The robust financial performance we have delivered in the year, the strength of our balance sheet and the future income we have secured through pre-letting developments mean that the Board believes it is appropriate to recommend a 3% increase in the dividend for 2020.

Everything we do at British Land is with a view to the long term. We want to create enduring value in a sustainable way. Through our responsible approach to development, we reuse existing building materials where possible, significantly reducing carbon emissions associated with construction. We also incorporate efficiency innovations and wellbeing improvements that cut occupiers' energy consumption and support the health and productivity of their teams for years to come. We have a strong track record of connecting with our local communities from an early stage and minimising any impacts of construction on our customers and on people who work or live locally. Nowhere is this more evident than at Canada Water. Find out more about what we are doing on pages 67, 115 and 185.

In March we announced that I will step down after the AGM in July, having served over 10 years on the Board, including the last six as Chairman. When I look back at what our business has achieved over this time, I do so with a great deal of pride. There is no doubt we've faced challenges, and our operating environment and the way we do business have changed substantially in a range of different ways. But I am confident that I leave with British Land well positioned, with the right strategy and team to succeed long term. I am delighted that Tim Score will be succeeding me as Chairman. Having served on the Board for five years Tim has got to know our business well, especially during his time as Chair of the Audit Committee, and is the ideal candidate to take our business forward. He will lead a Board which has the right mix of talent, experience and expertise to deal with the fast changing and complex world in which British Land, like all businesses, must operate.

Finally, I would like to place on record my thanks to the British Land team. Everyone in our business from Chris, Simon, the Executive Committee and throughout plays a critical role every day in delivering the exceptional places and results that drive sustainable, long term benefit for our customers, shareholders and all stakeholders. They have been a pleasure to work alongside and I wish them all well for the future.

John Gildersleeve
Non-executive Chairman

For the Chairman's governance review, see page 72

Creating Places People Prefer

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

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.

Delivering against a clear plan

Chris Grigg
Chief Executive

Introduction and strategy: building the specialist in mixed use

This has been another year of good strategic and operational progress in an uneven market as retail remained challenging, but the London offices market continued to be healthy. We have leased 2.7m sq ft across our business - more than any of the last five years, continued to invest into our campuses, progressed developments on a carefully risk managed basis and further reshaped our Retail portfolio. This operational outperformance and our robust financial results are due to the fact that we are delivering high quality places that reflect the evolving needs of our customers.

Our long term strategy is clear: to build an increasingly mixed use business comprising three core elements – our London campuses, a smaller Retail portfolio and residential. By providing the right mix of uses at each of our places, we drive enduring demand for our space, support rental growth and create long term sustainable value.

Leasing and operational performance

Our leasing performance was again excellent. Across our London business our leasing activity covered 1.1m sq ft of space, further de-risking our developments – which are now 76% pre-let or under offer – and securing £48m pa future rental income. We again let space to a broad range of occupiers, reflecting the modern London economy and improving the diversity and quality of our rental income. Key lettings this year included global advertising agency McCann, Peel Hunt, Facebook and law firm Milbank and momentum remains good, we are currently in negotiations on a further 479,000 sq ft.

The retail market remained challenging, but we continue to outperform footfall and sales benchmarks and our leasing performance was strong, at 1.6m sq ft. Retailers continue to face the challenge of fundamental structural change, compounded this year by short term operational headwinds. As a result, we have seen further CVAs and administrations from troubled operators and, although faring better than the market overall, we have not been immune; the annualised rental impact from CVAs and administrations that have occurred over the last two years was £16.9m, including £0.9m at properties which have subsequently been sold. We have been focused on mitigating this for some time. Of the £10.9m rent on stores subject to closure, £6.5m has already been let or is in negotiation.

This year, we combined our Offices and Retail businesses into one real estate team under single leadership, to better align our operations to our strategy and further enhance our customer service. Operational progress this year included the further rollout of our flexible workspace business, Storey, at all three campuses and the launch of Storey Club at Paddington, providing high quality meeting and events space to our occupiers. We established a Smart Places team, to work alongside our Data and Insights function and Commercialisation teams as we think more broadly about the ways in which we can continue to support our occupiers and understand and respond to their changing needs.

We submitted our planning application for the Canada Water masterplan including a detailed application for the first three buildings and, together with our partners at Southwark, are targeting a July planning meeting. Our plans envisage the development of a new urban centre for London, including commercial, office and community space as well as around 3,000 new homes, so will represent a core part of our plan to grow scale in residential.

Capital allocation and investments

We have continued to allocate capital thoughtfully. We sold 5 Broadgate for £500m (our share) in June and £646m of Retail assets since April 2018 – overall ahead of book value. This continues our strong sales track record: standalone superstore exposure is down from 11% in 2014 to 1% today and overall Retail is now under half of the business, down from 66% in 2010. Looking ahead, we expect Retail to comprise around 30-35% of assets in five years, so we will continue to sell assets. However, we are patient and opportunistic in our approach and have a clear view of the value of our assets so will continue to only make sales which deliver value and progress our long term strategy. We have used sales proceeds to progress developments and reinvest in our own portfolio through a £200m share buyback, meaning we have bought back £500m of shares in two years. Given the discount implied by the current share price, we continue to believe that reinvesting sales proceeds into our portfolio through buying our shares represents an efficient use of capital, so we are extending the buyback by up to £125m.

Outlook

Looking ahead, retail is likely to remain challenging as structural change continues, but there are early signs on parts of our portfolio, that some of the short term operational headwinds impacting retailers are easing. We expect the London market to remain active, as occupier demand for the highest quality space continues to be firm and supply is relatively constrained. We are mindful of the ongoing Brexit uncertainty, but our business is well positioned and financially strong. We remain focused on delivering operationally and being thoughtful and commercial in what we do every day while at the same time progressing our long term strategic goals.

Chris Grigg
Chief Executive

To read more from Chris, visit britishland.com/CEOblog

IN CONVERSATION WITH CHRIS GRIGG

Facing the future

The questions our stakeholders are asking...

Why are you changing the shape of your business?

We have outlined a clear long term plan to ensure our business best reflects the changing way people use space. Increasingly people want to be able to combine their work and leisure time in a single place and that's why we're specialising in mixed use.

Our London campuses are the obvious place to start. Here we are increasing the mix of uses with a broader retail, leisure and dining offer alongside world class offices, including Storey, our flexible offer.

At Broadgate, we are well advanced; our newest developments include more shops, restaurants and a cinema, and our long term plans will create a 350,000 sq ft cultural hub, driving footfall from a wider area, and providing places for people to socialise outside the office.

Residential is an important and complementary part of our approach, as well as being a fast growing market in its own right. With scope for over 3,000 homes across our portfolio, this represents a real opportunity for us, particularly at Canada Water, where we can develop at scale and curate the environment to deliver attractive returns over the long term.

At the same time, we think the total amount of physical space retailers require will be less so we're reducing our overall exposure to retail, although it will remain core to our mixed use proposition.

Why have you combined your Retail and Offices businesses under a single leadership?

We announced in January that we would be combining our Retail and Offices businesses under the single leadership of Darren Richards.

These businesses have always been highly complementary, particularly as we have sought to increase the mix of uses on our campuses. For example the knowledge and experience we have on the retail side of the business was one reason we've been able to expand the mix of uses on the offices side. We've added high quality retail and leisure, enhancing the appeal of our campuses and helping us to sign a much broader range of occupiers than ever before.

As we progress our strategy to build an increasingly mixed use business, there are important benefits to be achieved in combining the two teams under a single leadership. We can more efficiently transfer learnings from one side of the business to the other – for example our use of data and insights, which is relatively more advanced in retail than in our campus business – and there are functions that are common to both where we can generate scale efficiencies.

Darren, who has a broad spread of experience across our business, brings a fresh perspective that will help align our approach and accelerate our focus on mixed use.

How do you explain your gender pay gap?

Our gender pay gap isn't what we'd like it to be and it's a complex issue. We are taking steps to reduce the gap but this will take time. Our 5 April 2019 snapshot shows that we are moving in the right direction, with a further reduction of 5.7% in our median pay gap.

Women are of course paid the same as their male colleagues for the same job however there are more men in senior roles and more women in lower paid roles. We need to address both of these structural issues. As in many sectors, it is largely a legacy issue and change will take time. Real estate has historically been male dominated and, as an industry, we have not done enough to encourage women to be part of it. But that's changing, and I'm pleased that British Land are taking the lead in that.

We have a very active and successful Women's Committee, which has pioneered changes in the way we work. Today we encourage people to work flexibly in terms of their hours and their location; we introduced shared parental leave in 2017; and we provide mentors and coaching for women returning to work after having children.

I'm pleased we have a number of very senior women in our organisation, and now 33% of the Executive Committee are women. We also recognise that change must happen outside British Land as well and that gender balance is only part of the issue we need to address.

I am personally very focused on building a more diverse and inclusive culture at British Land and we have set out some of the things we're doing more widely on our website and on pages 30 to 31.

Read more at britishland.com/gender-pay-gap and our employee gender split can be seen on page 112

Building an increasingly mixed use business

How our business has changed

Since 2010 we have shifted the balance of our portfolio towards our campus-focused London offices business, which now accounts for 51% of our assets. We have invested significantly in this business through acquisition and development. Over recent years, this has included the redevelopments of 199 Bishopsgate and 1 Finsbury Avenue at Broadgate and 10-30 Brock Street at Regent's Place; as well as the acquisition of Paddington Central, our third London campus in 2013, where we recently redeveloped 4 Kingdom Street.

Through a series of acquisitions we have also assembled a unique development opportunity at Canada Water covering 53 acres. Here our masterplan envisages a development of our fourth mixed use campus.

At the same time we have also been proactively reshaping our Retail portfolio so that it reflects retailers' focus on the highest quality and the best located space. Over the last five years we have sold £2.9bn of retail assets, improving the overall quality of our portfolio which is now focused on multi-let space.

Our five-year vision

Looking forward, we are working to build an increasingly mixed use business. This reflects the changing way people use real estate, with the boundaries between work and leisure increasingly blurred. We currently have a recently completed and committed development pipeline of 1.6m sq ft across our campuses, which we continue to enhance with the right mix of uses including retail, leisure and dining. We will also further expand Storey, which could become up to 10% of our Offices portfolio.

At Canada Water we have plans to develop a mixed use urban centre with a compelling commercial and retail offer alongside a range of public and leisure spaces and up to 3,000 homes. We have opportunities across our portfolio to develop a significant number of future homes, so residential will play an increasingly important role in the business, potentially comprising up to 10% of our portfolio on a five-year view.

We will continue to refine our Retail portfolio to deliver a smaller, more focused business, primarily comprising high quality, well located multi-let assets with mixed use potential.

Portfolio split by asset type

1 The scale and quality of our portfolio

Over 80% of our assets are located within our campuses or multi-let retail environments, which cater for a broader mix of uses reflecting the evolving needs of our occupiers and their customers.

Campus-focused London offices

Our three office-led London campuses are located in central London. They are well-connected and engaging places to work and spend time, with the right mix of world class offices, retail, leisure and dining, helping our occupiers attract the best talent for their business.

£8.3bn

assets under management

46,000

people work across our campuses

Becoming the specialist in mixed use

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. Central to this is the blurring of boundaries between work and leisure time. Increasingly people expect to be able to socialise, exercise or be entertained conveniently to the office. They want to work in places which are pleasant, safe and easily accessible from where they live. These factors underpin people's decisions around which companies they work for, the places they shop and spend time. It helps businesses attract and retain talent and supports their productivity and effectiveness.

Canada Water

At Canada Water our masterplan envisages office, retail, residential, leisure and public spaces to create an exciting new urban centre for London.

53 acre

development opportunity

3,000

new homes, including affordable housing

Retail

Our retail centres are around the country and reflect the changing way people shop. Increasingly we are focused on multi-let locations within or close to urban areas which best complement an omni-channel retail strategy.

£7.5bn

assets under management

61%

of the population falls within the catchment of our portfolio

How are we delivering it?

A year ago, we outlined the future shape of British Land, comprising 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, well located assets focused on a smaller number of on average larger, multi-let places, especially those with mixed use potential
- **Residential, principally Build to Rent:** 3,000 homes at Canada Water with further opportunities within our portfolio

How does it deliver value?

A successful mixed use strategy delivers long term sustainable value by driving rental growth, maintaining occupancy and increasing the value of our assets. By aligning our business to the evolving needs of our customers, and the people who use our places, we drive enduring demand for our space, enabling us to grow rents and add resilience to our future income streams. The nature of our campuses and multi-let spaces means that 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 assets for the long term. We also have more flexibility to re-allocate uses within our places over time to better reflect the needs of our customers as they change, and therefore to ensure that we make the best use of our buildings over the long term.

2 Our operational expertise and customer insight

Our expertise in managing and leasing our assets, based on our understanding of the customer, drives incremental value for British Land and our stakeholders.

Asset management

As our business becomes more operational, managing our space well is a key advantage. We have the benefit of our in-house property management team who focus exclusively on British Land properties. This year we moved the team into our head office, to foster cross-team collaboration and deliver efficiencies.

Based on our understanding of the customer, we are investing in our assets to deliver more attractive and engaging places. This includes a high quality public realm, a wide-ranging programme of events and activities and best in class customer services.

This year, we established a Smart Places team, to deliver placemaking at a digital level. We are equipping our buildings with the functionality to measure how space is used to enhance efficiency and are developing the capabilities to automatically personalise the working environment.

Leasing

Delivering the right mix of occupiers at our London campuses and at our multi-let retail spaces is an important part of making our places successful.

Our leasing teams are specialists in their fields but draw upon expertise across the business. Our network of contacts on the retail side is helping us build a diverse retail and dining offer at our campuses, and we have significantly strengthened our marketing expertise, better enabling us to showcase space, particularly when in development.

Storey, our flexible workspace business, is enabling us to serve new customer segments. This includes providing project space to our existing customers as well as smaller scale businesses. The shorter nature of Storey leases means we benefit more quickly from rental growth than we otherwise would.

Insight

We engage with businesses and people who visit and work in and around our places to understand what they want from real estate. We use research and data to understand when and how our occupiers and customers use our spaces. This helps us allocate the right mix of space and ensures our occupiers utilise their space more efficiently. We collect data on which brands and services people engage with and which they would like to see more of.

This research and data generates insights which support our asset management and leasing decisions, for example, shaping the way we allocate space between a range of uses as well as the occupiers we target.

Over the longer term view, this understanding provides valuable insight into which of our assets are performing well, so we can make more informed investment and divestment decisions to allocate capital efficiently as we align our portfolio to benefit from long term trends to drive value for our stakeholders.

At Paddington Central we have invested nearly £100m into the transformation of the campus, including the development of 4 Kingdom Street and a significant upgrade to the public realm. We have successfully launched Storey at 4 Kingdom Street, including Storey Club which provides the highest quality meeting and events space for campus occupiers. We have added 10 new retailers, significantly changing the look and feel of the campus. These range from Flykick, a kick-boxing inspired exercise studio, to Vagabond Wines, a wine bar, and the Grand Duchess, our second floating restaurant.

This year we have leased more than 1m sq ft in offices, including good progress on our campus developments which are now 76% let or under offer. At Broadgate we let 739,000 sq ft of space in the year to a range of occupiers, including global advertising agency McCann, law firm Milbank and Product Madness, an online gaming platform. This was in addition to financial occupiers such as TP ICAP and Peel Hunt, who have made long term commitments with us.

At Canada Water, we have been engaging with the local community for many years through a range of initiatives, building up a clear picture of local needs. In addition, we have undertaken a detailed modelling exercise to project the likely needs of the community as our developments progress and this is helping to shape our offer in terms of the amount of retail, leisure and community space required and how we position and market this space to the right markets and customers. This model builds on the expertise we have developed across our campuses and retail centres, leveraging our knowledge of the individual sectors but also developing our understanding of the interdependencies and benefits of a mix of uses.

London campuses

A wider mix of uses, to reflect changing London lifestyles

Our three office-led mixed use campuses are located in some of London's best connected and most vibrant neighbourhoods.

Across Broadgate, Paddington Central and Regent's Place we manage more than 50 acres of central London, providing vibrant and diverse places with excellent connectivity and world class public space.

Our campuses are a unique competitive advantage for us; here we control not just the buildings but the spaces between them, allowing us to deliver environments that reflect the evolving needs of modern, London lifestyles. Today's businesses are focused on operating in buildings and locations which enable them to attract and retain the best talent. Environments and connectivity are key benefits our campuses deliver, each providing access to at least four underground lines and Broadgate and Paddington Central have Crossrail stations immediately adjacent.

Increasingly our customers are focused on flexibility. Within our buildings and across our campuses we offer a broad range of space in terms of size, type and level of service. In June 2017 we launched Storey, our flexible office brand, catering to smaller 'scale up' businesses of around 45 people and providing additional space to existing occupiers on more flexible terms to facilitate expansion or house project teams. Storey has quickly become an important part of our campus offer, enabling us to attract a broader range of businesses to our places.

Reflecting growing demand for buildings which promote health and productivity, our developments and refurbishments incorporate wellbeing principles by design. These include a focus on active design, air quality and spaces where people can socialise and enjoy time outside the office.

We recognise that businesses need to use space efficiently, combining personal and collaborative workspace, so our designs thoughtfully balance this mix of demands. We also look beyond our campuses; we invest in local communities and our events and activities bring people together and enliven our space for everyone who uses it.

"Opening a place in London where people can buy, eat and learn is a very important and exciting milestone for us. Being able to bring our model into a place that is so significant stimulates us to create in London a wonderful multi-functional experience."

Luca Baffigo, CEO, Eataly

"Paddington has been a great place to grow our business! From a food truck, we upgraded to a small kiosk and now we have opened our flagship store here, all within two years. Footfall is high and we think the area has great potential – that long term vision is incredibly important to us. It's been a steep learning curve, but we've felt very supported by British Land and the Paddington team and we're really excited that they're part of our journey."

Marty Sykes and Tom Greenhill, Co-Founders of Lords of Poké

"It was important for us to find a workplace partner that can help our organisation to scale, rather than just another office provider, who would work with us to bring our vision to life. The Storey team continue to play an important part in helping our organisation be successful."

Billy D'Arcy, CEO, BAI Communications

British Land has really transformed Regent's Place in the eight years that we've been there

Similarly, our business has evolved significantly in that time, and will continue to do so. As such, it's great to work with a partner that understands our needs and is developing a collaborative space for our people and clients that will also help us work more efficiently in a thriving London location.

Richard Sexton, Director of Change Management Office, Dentsu Aegis Network

Canada Water

A new urban centre for London

At Canada Water we are masterplanning a 5m sq ft mixed use scheme across 53 acres of central London.

The site is located between London Bridge and Canary Wharf on the Jubilee line and has access to the London Overground making it is easily accessible to Canary Wharf, the West End, Shoreditch and South West London. It will also benefit significantly from the opening of Crossrail, which will reduce pressure on the Jubilee line between Canary Wharf and Bond Street.

Here, our ambition is to create a sustainable, new urban centre for London, that supports the existing community and attracts new people to the area to deliver a real sense of neighbourhood. We have consulted extensively with local people and community groups and their views have helped to shape our plans.

Our partner, the London Borough of Southwark, has the opportunity to co invest in each phase on an individual basis, closely aligning our interests.

Wellness and sustainability are at the centre of our plans. Smartly designed buildings will be set around water and green public spaces, together creating a vibrant destination where people can live, work and be entertained throughout the day and into the evening. Our design draws on the heritage of the local area to provide a mix of space including retail, office and leisure with capacity for c.3,000 homes across a range of tenures and affordability.

Residential will play a key role in the regeneration of Canada Water and will be an increasingly important part of our business as we seek to focus on mixed use places. Owning and managing people's homes comes with a real responsibility which will be at the forefront of our approach as we build this business.

@CanadaWaterMasterplan

canadawatermasterplan.com

"We appreciate the interest and respect British Land have for what we do. They have a long term vision and we're part of that, it's like we've been brought into the subsoil and it's wonderful to be part of the conversation around how this place comes together."

Jane Riddiford, Co-Founder, Global Generation

"Canada Water is a great place for us to work – the location is perfect for our students and tutors who are delighted with our new home. We've found this incredible space, and have really benefitted from British Land's knowledge of the area and interaction with the local community. We have lots of exciting plans and look forward to growing with the development and reaching more people who live here."

Sally Carruthers, Executive Director, The Poetry School

"Delivering our masterplan is a hugely complicated and long term project. It will absolutely transform the local area, so we have a real responsibility to engage closely with local residents. We've done that at every stage and we're thrilled with the level of local support our plans are generating."

Emma Cariaga, Head of Operations at Canada Water, British Land

The area is changing and the masterplan builds on that momentum...

What we look for is great space, high footfall and a catchment we think would engage with Pizza 1889. British Land immediately understood what we were trying to achieve here and have a really strong understanding of how retail is evolving and the role we can play within that. The area has seen so many changes in terms of the environment and the demographics and the masterplan really reflects where it's heading.

Dan Southwell, Founder and CEO, Pizza 1889

Retail

Convenient and engaging places supporting a modern approach to retail

In a rapidly-changing market, only the best quality space in the right locations will succeed.

Our Retail portfolio is focused on places which support modern retailers with an omni-channel strategy to drive demand for our space.

In an evolving market, physical store networks remain important to successful retailers, but their role is changing. Increasingly, the true value of physical stores is as a showroom or logistics network to support fulfilment of an online sale.

Larger, regional centres best support the showrooming function. They tend to offer a broad range of leisure and entertainment activities, attracting customers from a wide catchment for a whole day, and generating high footfall. This enables people to touch and try things on, boosting sales even if they subsequently make the purchase online.

A physical network can support fulfilment in several ways. Well-connected stores, or those with the capacity to hold stock, can support a 'ship from store' approach, minimising delivery times for consumers who increasingly expect purchases to arrive immediately. Centres with parking widely available, or which are located near transport interchanges, are also ideal for click and collect. Our data shows that click and collect customers are highly valuable, spending on average nearly twice as much as a non-click and collect customer.

Looking forward, we are focusing our portfolio on assets which benefit from these characteristics, but we recognise that the overall quantity of space that retailers require will reduce, with only the best quality space in the right locations being viable long term. Therefore on a five-year view, we will be reducing our exposure to retail such that it comprises c.30-35% of our total portfolio, down from 45% today. We have already made substantial progress, with £2.9bn of asset sales over the last five years.

However, our focus on mixed use places means that retail will remain an integral part of our offer. Our campus developments and our plans at Canada Water incorporate a significant retail allocation as we seek to create places that reflect today's lifestyles.

"We opened our first centre at one of British Land's shopping centres in 2014, when there was a much more limited leisure offering in shopping centres. But British Land were very forward thinking, they saw the way retail was evolving and it was a great success for both of us. We've since opened two more with British Land. Meadowhall has high footfall, a strong catchment, an excellent occupier line up and a wide range of facilities, so it was an ideal destination for us, and the support we received from British Land both pre and post opening has been fantastic."

Heidi Duckworth, Executive Chairman, Rock Up

"To soar in today's crowded market, your brand must stand out, connecting emotionally with consumers and offering them something special. It can be challenging to do that if you're an online-only business. Opening stores was a step-change for Hotel Chocolat, enabling us to not only diversify into things we couldn't have done before but also to create a real sense of chocolate theatre, adding an immersive experience that allowed us to interact with guests."

Peter Harris, Co-Founder and Development Director, Hotel Chocolat which has a store at Meadowhall and Teesside, and coming soon to Fort Kinnard, Edinburgh

"We work with a lot of landlords, but two things set British Land apart. First, they really understand the customer. They know who and how people shop across the estate and that's a real advantage. Second, they understand that creating a great environment and getting the service right is absolutely key. We're really excited about opening at Meadowhall. It will bring us closer to our customers and their feedback is what really helps develop the brand."

Mike Rich, Head of Retail, Skopes

We opened a physical store because that's what our customers wanted

One of the main reasons we opened a physical store was that our customers started asking for it. Meadowhall could guarantee high footfall, so it ticked a lot of boxes for us. British Land are a forward thinking landlord who understood our passion for creating something different. The wider business is flourishing – sales are up 20%, that's not all down to Meadowhall, but the store has given us extra credibility and really raised our profile in the press and social media, so we'll definitely be opening more.

Darren Abbott
Director, Joe Browns

3 Our distinctive business model

Our business model is designed to deliver positive long term outcomes for all our stakeholders.

Our inputs: what makes our model work

Relationships

Our customers and partners

The communities who live and work in and around our assets

Our suppliers and contractors

Operational expertise

Our expert people

Culture of collaboration enabling effective working across teams

Data and analysis tools providing insight into customer needs

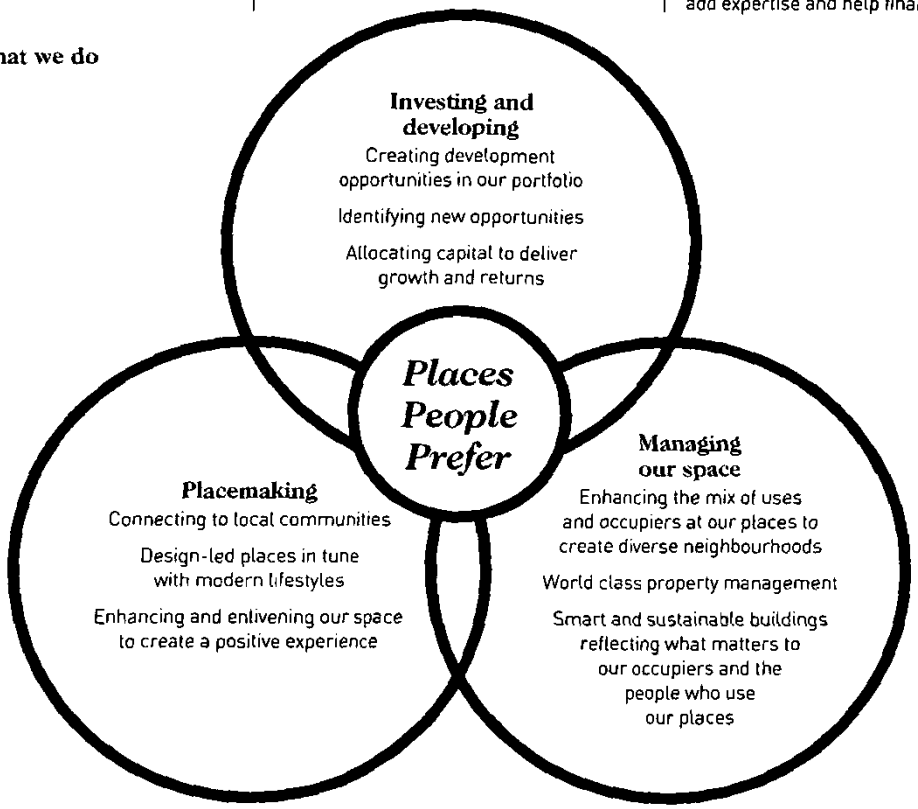
Our finance

Appropriate leverage for current and future plans

Diverse, efficient and flexible finances from a range of sources

Partnerships which mitigate risks, add expertise and help finance projects

Activities: what we do



Our outputs: what we deliver

Customers

High quality environments which help our customers succeed

Communities

Inclusive places which create opportunities and make a positive local contribution

Employees

Supportive and inclusive culture where people can feel supported and empowered to develop their skills and experience

Partners

Participation in high quality projects, benefitting from our scale and expertise

Shareholders

Sustainable and responsible long term income and value creation

...and clear focus

We invest in long term themes to create vibrant mixed use places for our stakeholders.

Customer Orientation – Responding to changing lifestyles

Our business is focused on our customers who are the organisations which have taken space at our assets. 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.

Aligned to our sustainability pillar: Wellbeing — Create places that promote health, improve productivity and increase enjoyment

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.

Aligned to our sustainability pillar: Community — Make a positive contribution locally and behave so our places are considered part of their local community

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. We have created opportunities for development within our portfolio, which typically deliver stronger returns, although with 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.

Aligned to our sustainability pillar: Futureproofing — Protect and enhance asset value through environmental stewardship, including energy generation and efficiency, materials innovation and flood risk reduction

Expert People – Changing the way we work

Our people strategy focuses on creating a team which can deliver Places People Prefer. 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. We also recognise the importance of investing in tomorrow's workforce for our customers, suppliers and local partners. We take action on this through Bright Lights, our skills and employment programme.

Aligned to our sustainability pillar: Skills and opportunity — Develop skills and opportunities to help local people and businesses grow

Detail on our achievements and progress can be found within the KPI review on pages 20 to 21

Delivering on our strategy

Focus area	Achievements	Priorities for the year ahead
Customer Orientation	**Continued investment in technology driven innovations and insights** - Smart Places team established and strategic vision to deliver digital placemaking set out - Digital platform capturing sales data rolled out to c.1,000 retail occupiers providing further insight into the customer and the performance of our assets **Strengthened our operational expertise** - Storey now operational across 141,000 sq ft, providing flexible space for existing occupiers and attracting new occupiers to our campuses	- Develop our Smart Places product and roll out across the Offices portfolio - Launch Storey Club and standalone Storey offer - Continue to manage the integration of British Land Property Management with British Land - Leverage our data and insights to develop our office offer
Right Places	**Refine and refocus our Retail business** - £646m sales of non-core or solus assets **Progress developments, focusing on London campuses** - 1 Finsbury Avenue completed and continued good leasing progress across development pipeline, now 76% pre-let or under offer - Achieved planning on 1-2 Broadgate **Progress residential business** - Planning application submitted at Canada Water with potential for 3,000 homes in our masterplan	- Continued Retail sales, progressing our strategic plan to deliver a smaller, more focused Retail business - Continued investment in campus development - Achieve planning at Canada Water and commence development - Progress opportunity at Norton Folgate - Commence refurbishment of Royal Victoria Place, Tunbridge Wells
Capital Efficiency	**Recycle capital to improve returns** - £500m sale (our share) of 5 Broadgate - £359m residential sales and £646m retail sales - £200m extension to share buyback completed - £125m further extension to buyback announced - Repayment of £223m of debt in the Broadgate JV releasing buildings for potential development **Maintain appropriate leverage** - LTV remains low at 28.1% - Flexible finance: £1.4bn new debt finance arranged	- Continue to take capital allocation decisions based on relative value - Maintain appropriate leverage
Expert People	**Encourage cross-team collaboration and shared learnings** - Office and Retail asset management and leasing restructured under single leadership **Enhance diversity across the business** - Top 10 performer in Hampton Alexander Review - Successful year across our networks **Embed new corporate values** - Value-focused events and activities through the year	- Integrate our asset management and leasing teams to act as a single business across Retail and Offices - Reduce our gender pay gap - Launch of EnaBLe, our disability network

Total accounting return (TAR)

Delivering sustainable long term value

Total accounting return is our overall measure of performance. It is the dividend paid plus the change in EPRA NAV per share.

KEY PERFORMANCE INDICATORS

Performance		Risk indicators
Customer satisfaction We extensively survey our customers and other users of our places to assess our performance and identify opportunities for improvement. **Out of 10**		- Consumer confidence - Employment forecasts for relevant sectors - Market letting risk (vacancies, expiries, speculative development)
Total property returns We have underperformed the IPD benchmark this year by 550bps, reflecting the continued strength of industrials where we have no exposure.	**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**	- Property capital return and ERV growth forecasts - Total development exposure - Progress of developments against plan - Speculative development exposure
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 property values.	**Weighted average interest rate – proportionally consolidated** Our low cost of finance at 2.9% has contributed to reducing our interest cost, supporting our financial performance.	- Financial covenant headroom - Period until refinancing is required - Percentage of debt with interest rate hedging - Execution of debt financings
Employee engagement score 75% employee engagement score, 5% higher than the United Kingdom benchmark.*	During the year we formally combined our British Land and British Land Property Management businesses into our York House head office so the 2019 employee engagement score relates to the combined business, while historic figures relate to British Land only. For 2019, employee engagement at British Land was 78%.	- Unplanned executive departures

* Culture AMP 2018

This year our TAR was (3.3)% comprising a dividend increase of 3.0% to 31 pence per share offset by a fall in EPRA NAV of 6.4% to 905 pence per share.		- Forecast GDP - The margin between property yields and long term borrowing costs - Property capital growth and ERV growth forecasts

Links to remuneration: Long-Term Incentive Plan Annual Incentive Award Read more on pages 100 to 103

4 A well positioned development pipeline

Our significant development pipeline positions us well to capitalise on future market opportunities in a thoughtful and risk managed way.

1.6m sq ft

Committed and recently completed developments

Delivering

£63m

Future rent

76%

Pre-let or under offer

Committed

1 Triton Square
Office led development at Regent's Place, fully pre-let to Dentsu Aegis Network, an existing occupier on the campus. At 310,000 sq ft this was the largest West End pre-let in more than 20 years.

366,000 sq ft
PC Q4 2020

Completed

2020

1 Finsbury Avenue
Office-led refurbishment at our Broadgate campus providing a mix of space including a cinema, cafés and flexible workspace alongside conventional office space. The building is 58% let or under offer with technology companies Mimecast and Product Madness among those taking space.

287,000 sq ft
PC Q1 2019

135 Bishopsgate
Office-led development at our Broadgate campus. The building is 90% pre-let or under offer with future occupiers including Italian marketplace Eataly, global advertising agency McCann and interdealer broker TP ICAP.

335,000 sq ft
PC Q3 2019

100 Liverpool St
Office-led development adjacent to Liverpool Street station with 90,000 sq ft of retail and leisure space. 56% pre-let or under offer to occupiers including financial services firms SMBC Europe and Peel Hunt and law firm Milbank.

521,000 sq ft
PC Q1 2020

Near term pipeline

Medium term pipeline

1-2 Broadgate
Office-led development on our Broadgate campus which includes 153,000 sq ft of retail connecting Finsbury Avenue Square with retail at 100 Liverpool Street and the Broadgate Circle to create a 350,000 sq ft retail, leisure and dining hub.

531,000 sq ft

5 Kingdom Street
Office-led development at the western end of Paddington Central, with 80,000 sq ft of space available for a broader mix of uses including retail, dining and events space.

429,000 sq ft

Canada Water, Phase 1a
Three buildings delivering a mix of office, retail, leisure and residential with 265 homes planned across a range of tenures and affordability.

576,000 sq ft

2021 → 2024 →

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.

335,000 sq ft

Sustainable development

We understand that, as a developer, we have a real responsibility to manage our environmental and social impacts. In many cases, our first decisions are around how much of the existing structure we can retain, which reduces our embodied carbon emissions. We always focus on minimising disruption for our customers and local community and we work with partners to create a lasting positive legacy, opening up opportunities for local schoolchildren, students, jobseekers and businesses.

For more information on our approach see case studies on 1 Triton Square page 67, 100 Liverpool Street page 115 and 1 Finsbury Avenue page 185.

Queen's Award for Enterprise

This was our third year holding the Queen's Award for Enterprise, the UK's highest business accolade, recognising our economic, social and environmental achievements on our developments and across our managed portfolio.

Understanding our markets

Our insight into our customers underpins our understanding of the key trends driving our markets.

Economic uncertainty/ Brexit

The UK economic environment has been uncertain since the EU referendum in 2016. When the terms of exit are agreed, we will enter a new chapter in our relationship with the EU and key trading partners to which it will take time to adapt.

To date, the economy has proved more resilient than many expected, with unemployment remaining low, particularly in London. Businesses have continued to take space – an important sign of confidence, and overseas investors have continued to acquire London real estate. In financial services, the shift of personnel to Europe has been much less than expected and in London the technology sector is thriving with investment of £4.5bn,[1] more than France and Germany combined.

Cyclical and structural challenges in retail

There have been profound structural changes in the way we shop, with the growth of online sales, which now represent nearly 20% of the total and we estimate that could grow to 40%. This challenge, coupled with cyclical pressures, including rising costs and an uncertain economic outlook, has put pressure on retailers to adjust their operating models. Many have not adapted quickly enough, resulting in a series of high profile failures.

Some retailers are adapting successfully and many new, primarily-online operators also recognise the key role that physical can play in an omni-channel approach.

However, the overall volume of retail space required will likely decrease, as retailers focus their physical networks on high quality, differentiated space that complements their customers' broader needs.

Technology as a disruptor and enabler

Technology is driving real change in the way we use real estate. Businesses can track the way workspace is used to make more informed decisions about their requirements. We have the ability to personalise light and temperature or to make it respond to the climate outside. People can work remotely, so they no longer need to be in the office, and prefer to work more collaboratively when they are there.

Technology has already revolutionised the way we shop and profoundly changed the way retailers interact with their customers. Retailers increasingly monitor footfall, website clicks within a store catchment and social media to identify which sites work best as they refine their physical footprint.

Technology presents a real opportunity across the sector for operators who can leverage its potential.

Leading global cities for office investment 2018 (£bn)

Internet sales as a percentage of total retail sales (%)

Real estate tech global financing history

Growth of flexible workspace

Demand for flexible and co-working space is increasing driven by the growth of small and medium sized businesses which now employ more than 50% of the workforce.[2] Typically, these occupiers cannot make large or long term commitments, creating a clear market for smaller floor plates on more flexible terms, with the benefit of pooled facilities like meeting rooms, kitchens and gyms.

Large occupiers also see a role for more flexible space to accommodate project teams or temporary overflow, with 41% of large occupiers also expected to use flexible office space within three years.[3]

Flexible office space represents just 4%[3] of total rental stock, but is the fastest growing component of office take up.

Flexible office take up, Central London (% of total)

The war for talent in London

London offers a unique cluster of skilled labour across technology, finance, media, creative industries and the law as well as access to capital and cross-sector regulation. This co-location of some of the most important inputs for new businesses has underpinned London's success as a leading global city.

Today it is the knowledge economy, specifically technology, which is driving that success, so access to talent is key. Businesses from banking to fashion are competing for people with the same skill sets. At the same time, employees increasingly value the opportunity to live, work and socialise in a way that suits them, so employers must do more to attract the best people.

This means the quality of the environment, the vibrancy of the public realm and the mix of amenities are increasingly what set businesses apart as a place to work.

UK Unemployment rates (aged 16 years and over)

Focus on wellbeing and sustainability

Increasingly, people are choosing to work, shop or spend time in places which have a positive impact on their wellbeing. People want space to work collaboratively, to socialise and to incorporate exercise into their day. This has implications for the sort of facilities employers need to provide and the sort of environments retailers need to offer to drive footfall; as a result, the ability to control the area around a building is a key advantage.

Personalising the environment is one of the newest ways to differentiate space. Giving people more control over light and temperature and optimising air quality promotes wellbeing and enhances productivity.

At the same time, employees want to work in buildings with strong environmental credentials, and to work for businesses that take their environmental responsibilities seriously.

Top reasons for green building in the UK (%)

Shaping our thinking

We engage with a wide range of stakeholders to inform our thinking. It takes a diversity of perspectives to deliver outstanding places and positive outcomes for all our stakeholders.

	Key issues	Why we engage	How we engage
Customers	The way people work, shop and live is changing and their expectations for places where they spend time and the standard of services they receive are increasing	Understanding the businesses and the people who use our space helps us provide places which meet a wider range of needs, driving long term demand for our space	We undertake c.26,500 visitor surveys each year. We have built a digital platform that enables data sharing with our retail occupiers and we leverage social media to keep our customers informed across the business
Communities	Social challenges around equality, health, skills, in-work poverty, affordable housing and social cohesion, as well as environmental concerns and local issues	We thrive when our communities prosper. Understanding our communities helps us create successful, inclusive places that contribute to the prosperity of the wider neighbourhood and are attractive to customers	Our Local Charter guides how we engage with local people and partners to make a positive difference. It is integrated into all our placemaking plans and activities, including community consultation and partnership projects
Employees	Attracting and retaining talent in a competitive market	To understand how we can best provide a supportive workplace with career opportunities that enrich experience, develop skill sets and promote wellbeing	We encourage open and constructive discussions throughout the business; employees can feed back in the annual company survey, at regular town hall meetings or through a range of employee networks
Partners	Promoting our ethical and corporate governance standards across joint venture partners and suppliers. Engaging with debt investors, enabling them to better understand our business	To help us leverage the range of expertise across existing and potential suppliers, joint venture partners and debt providers to support us in delivering outstanding places	As an expert partner, we believe that aligning interests creates greater mutual benefit. We have shared our strategy and expectations at supplier conferences and assign key contacts to build close working relationships
Shareholders	Delivering income and capital growth over the long term in the context of broader market uncertainty	We have a clear responsibility to engage with shareholders as the owners of our business and their views are an important driver of our strategy	We offer key shareholders the opportunity to meet with management on a one-to-one basis and engage more broadly through investor events. A range of information from financial performance to blogs from our CEO is also available on our website

We respond to these stakeholder issues through our strategy		Through our strategy we also help address global challenges
Customer Orientation Responding to changing lifestyles	**Wellbeing** Create places that promote health, improve productivity and increase enjoyment	Our sustainability focus areas support the UN's Sustainable Development Goals (SDGs). Learn more on pages 28 to 29
Right Places Creating great environments	**Community** Make a positive contribution locally and behave so our places are considered part of their local community	
Capital Efficiency Thoughtful use of capital	**Futureproofing** Protect and enhance asset value through environmental stewardship, including energy generation and efficiency, materials innovation and flood risk reduction	We are committed to adopting the recommendations of the Task Force on Climate-related Financial Disclosures and have established a Steering Committee to progress towards TCFD alignment. Learn more on pages 62 to 64
Expert People Changing the way we work	**Skills and opportunity** Develop skills and opportunities to help local people and businesses grow	**Non-financial reporting statement** Our non-financial reporting includes environmental matters, employees, human rights, social matters and anti-bribery and corruption. See our statement on page 44
For more information on our corporate strategy see page 19	For more information on our sustainability strategy see pages 28 to 29	

Our 2020 sustainability strategy

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.

British Land has been a signatory to the UN Global Compact since 2009 and our sustainability focus areas support several of the UN Sustainable Development Goals (SDGs), as outlined here. Goal 17, on Partnerships, underpins all our activities.

Next year will be the final reporting date for our 2020 targets. We have made excellent progress against many, while facing challenges with others. More information can be found in our Sustainability Accounts and on our website.

We are currently engaging with people across our business, key stakeholders and external experts to develop our post 2020 sustainability strategy, which we will launch next year.

Our performance on sustainability indices

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

Global Real Estate Sustainability Benchmark 2018: Green Star

CDP 2018: A- score

MSCI ESG Leaders Index* 2018: AAA rating

FTSE4Good Index 2018: Top 96th percentile

DJSI World 2018 Top 92nd percentile

* MSCI disclaimer available at britishland.com/sustainability/performance/benchmarks

Our focus areas

Wellbeing **Community**

Supporting UN Sustainable Development Goals

2019 progress on 2020 targets includes

- Developed our air quality framework, engaged with stakeholders on pedestrianisation opportunities and partnered with City Air Tech to pilot an air purifying green wall (2020 target: pilot three interventions to improve air quality).
- Published 'Design for Life' research on the potential economic benefits of placemaking for wellbeing, partnering with WPI Economics (2020 target: achieved early).
- Submitted evidence for WELL certification at 100 Liverpool Street, where we are targeting Gold, working with our suppliers to design for wellbeing and productivity (2020 target: deliver WELL certified office).
- 92% progress on our Local Charter at our places (2020 target: 100%), investing £1.8m to make a lasting positive difference to our local communities.
- 17% employee skills-based volunteers,[1] up from 16% in 2018 (2020 target: 20%),[1] as we partner with CASS Business School to develop and support skilled volunteers, maximising societal impact.
- 81% employee volunteering (2020 target: 90%).[1] Although we continue to offer colleagues up to four days' paid time off work for volunteering each year, we recognise that greater value is created through skills-based volunteering, so this is where we are increasingly focusing.

1. Volunteering figures currently exclude our property management team, formerly Broadgate Estates Ltd, which was brought in-house this year

For more sustainability performance data, including progress on our 2020 targets and EPRA indicators, see pages 195 to 197 of this Report

For our full sustainability performance data, see our Sustainability Accounts 2019: britishland.com/data

To find out where we report on the key areas of the Non-Financial Reporting Directive, see page 44

Futureproofing

- 10% average reduction in embodied carbon emissions versus concept design on our major developments (2020 target: 15% reduction). This builds on a decade of work on embodied carbon, commissioning and publishing studies and partnering with our supply chain to improve performance.
- 44% reduction in landlord energy intensity across our portfolio versus our 2009 baseline, through our efficiency programme, working with property teams and partners (2020 target: 55% reduction, index scored).
- 96% of electricity purchased from renewable sources (2020 target: 100%) and installation of the UK's largest shopping centre solar array at Meadowhall.

Skills and opportunity

- 393 people supported into jobs through Bright Lights, our skills and employment programme, bringing the total to 1,232 since 2016, working with suppliers, customers and local partners (2020 target: 1,700). Building on the success of Starting Out in Retail pre-employment course, we launched Starting Out in Building Services and piloted Retrain in Retail.
- Since the launch last year we have signed up 34/64 strategic suppliers to our new Supplier Code of Conduct (2020 target: 100%), and overall 774 suppliers are signed up.
- 2.4% of our prioritised suppliers' UK workforce are apprentices (2020 target: 3%). With unemployment at a record low, changes to education funding and other external factors, our focus is increasingly on upskilling people and supporting people who face barriers to employment into work.

Partnerships for the goals

Through our award-winning partnership with the National Literacy Trust, we have hosted fun literacy events for over 40,000 children and given more than 120,000 free books since 2012, changing lives.

Hear from some of our partners, as we work together to make a greater difference:

"Research shows that children who enjoy reading, read more and go on to have better opportunities in life. British Land takes us to the heart of many communities that we want to reach. Our collaboration is the largest and longest partnership between a business and charity to improve literacy in the UK. The results show how businesses can transform educational outcomes."

Jonathan Douglas of the National Literacy Trust

"The Recruitment & Skills Centre at Fort Kinnaird contributes to Edinburgh's economic strategy, supporting jobseekers into jobs and reducing in-work poverty by helping people progress in their careers. When the public and private sectors share common goals and work together, we can achieve so much."

Rhona McLinden of Capital City Partnership, Edinburgh

Changing how we work to deliver our strategy

Our culture is evolving in line with our increasing focus on mixed use.

As we progress this strategy, we are focused on the needs of the businesses, people and communities who live, work and visit our places. Our workforce is made up of people who understand and represent customers' needs and perspectives and reflect this in their daily work to create Places People Prefer.

Our values (below) define our ways of working at British Land and connect us every day to our vision, purpose and strategy.

We have identified four key themes of workplace culture which support our business strategy, to become more inclusive, more flexible, more creative and more responsible.

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 learn from our experience
- Be accountable for the legacy we leave

Read more about our inclusive culture and diversity at britishland.com/inclusive-culture

More inclusive

At British Land we celebrate inclusivity as part of our corporate culture. Many initiatives are led by groups of employees. Above all our workplace is a place where employees can be themselves.

Our CEO Chris Grigg is at the forefront of this change and for the fourth consecutive year was ranked in the top 30 of Ally Executives by OUTstanding and the Financial Times. He is supported by Darren Richards, our Head of Real Estate and Executive Committee member, who heads our Inclusive Culture Steering Committee. A Corporate Social Responsibility Committee of the Board which has recently been established, chaired by Non-Executive Director Alistair Hughes, also has oversight of the development of our culture.

We have well-established networks and forums which are led by employees both at work and outside the office. These have continued to thrive, hosting a total of 29 events this year.

We recognise our role in supporting the wellbeing and mental health of our employees. Our Wellbeing Committee has trained 47 employees as Mental Health First Aiders. The team have created a Wellbeing Room to provide people with a calm retreat which can be used by employees during the working day.

In February we hosted an event for our occupiers at 201 Bishopsgate alongside Lord Holmes to launch a Women's network for the building.

We remain in the top 10 best performers in the Hampton Alexander review with over 33% women (the recommended amount) in the combined Executive Committee and Direct Reports. We are in the Top 50 Social Mobility Employer index up from position 85 and are just outside the top 100 for the Stonewall UK Equality index.

We continue to recognise that it will be a long and steady path to reduce our gender pay gap and we remain focused on this with our Executive team who have a joint management objective to reduce the gap progressively. Our gender pay gap is discussed in the conversation with Chris Grigg on page 6 and more information can be found at britishland.com/gender-pay-gap. Our gender split can be found on page 112.

Building a more inclusive workforce for the future, our summer internship programme recruits from a variety of backgrounds, and for the sixth consecutive year, we have supported the Pathways to Property programme. Across our portfolio, over 36,000 people benefitted from our skills, employment and educational initiatives in the year.

More flexible

Like our customers, many of our employees wish to work more flexibly, to better balance their personal and professional lives. To accommodate this, we ensure that all employees have the technology to work flexibly and are pleased that 15% do so on a formal basis.

To keep our people engaged in their work, we invest in training and development, enabling them to work across different projects, developing new skill sets and building their experience. This year we invested more than £600,000 to train and develop our people.

We work with Cambridge University to run a Leadership in Real Estate programme. 75 of our staff have benefitted from this programme since it was launched in 2014. Aligned with cultural changes across the business, we have delivered the 'Performance through People' programme in partnership with Ashridge Executive Education to support British Land managers in their role and we offer a range of online resources to help employees develop their skills.

Investing in tomorrow's workforce is a key priority for British Land, our customers and partners, and this means we continuously need to evolve the way we work to accommodate the needs of people at different stages of their lives. This includes reviews of our policies and benefits, as well as the way we recruit, hire and train.

More creative

We recognise the importance of collaborative working practices to enhance creative ideas and thinking. Across our portfolio, we create places that encourage innovation through collaboration and connection and we take the same approach with our own workspace.

The renovation of our head office in 2015 better integrated the different teams within our business and provided more collaborative space. This year, we went further, introducing agile working so people get to work with different teams on a regular basis and, in addition, can work in shared space at our assets, providing a real insight into the customer experience. We believe this environment encourages people to be more entrepreneurial in their thinking.

More responsible

We recognise that as an owner and manager of space we have a real responsibility to the people who occupy, visit or live in and around it. In May 2018 we sold the third party portfolio of Broadgate Estates, our property management business which now focuses exclusively on our own portfolio. This year, we integrated this business within British Land and it now sits within our head office. This reflects the important role that customer services plays in our business as we progress our strategic focus on mixed use places.

We encourage all our people to support local communities through volunteering and are pleased that 81% of the British Land team was involved volunteering this year, including roles as charity trustees and school governors. Since 2017, 48 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.

Our 'Quarterly in Conversation' (QIC) group of senior managers is a forum which facilitates discussion across teams, generating new ideas and enabling our teams to learn from each other's experience. It meets quarterly with the CEO and /or a member of the Board, providing a two-way dialogue that keeps people at every level of the business better informed.

Focused on our strategy

£12.3bn

Portfolio valuation

6.4 years

Weighted average lease length to first break

(0.9)%

Total property return

97.2%[1]

Occupancy rate

(1.6)%

ERV movement

(4.8)%

Valuation movement

1. Where occupiers have entered CVA or administration but are still liable for rates, these are treated as occupied. If units expected to become vacant are treated as vacant, then the occupancy rate would reduce from 97.2% to 96.9%

Market backdrop

Macro-economic context

The backdrop through the year was dominated by the ongoing Brexit process. The UK recorded only moderate GDP growth and the rate of growth slowed in the final quarter. Business confidence remained fragile and declined overall, with companies slowing investment decisions in the context of a possible 'no deal' scenario. Consumer sentiment remained subdued, albeit stable. A number of forecasters including the Bank of England have reduced their growth projections for the coming year with the outlook mixed. Unemployment remained low at under 4%, the lowest level since 1975 and real wage growth strengthened as levels of employment continued at record highs.

London market

The London investment market remained good, with £16bn of transactions in 2018, slightly down on 2017, but more than any other major city globally. Overseas buyers, who accounted for more than 80% of deals remained active, although the make up of buyers continued to evolve with demand from China and Hong Kong easing, but demand from South Korea, Australia and the Middle East growing. There was however a notable pause in the early part of 2019 as Brexit uncertainty increased and the theme of polarisation in investment demand continued as activity focused on high quality, well-let or trophy assets, with less prime properties pricing below expectations and at generally wider yields.

The occupational market continued to show resilience with above average take up. Serviced offices were the largest single component of demand accounting for 17%, with banking and finance representing 16%. Vacancy is in line with the 10 year average and year-on-year, incentives were largely unchanged, with prime rents moderately up in both the West End and the City.

Pricing has continued to polarise, with well designed, new or refurbished space achieving a significant premium. This is evidenced by the fact that c.65% of all space under construction for delivery in 2019 is already pre-let. Supply has remained relatively constrained and some 30% of space previously expected to be delivered in 2020 is not yet under construction, suggesting development starts continue to be pushed back.

Annual house price growth remained relatively subdued at 0.7% in March 2019 and was weakest in London and the South East, which reported declining prices. The market for prime and super prime continues to be challenging, with demand from overseas buyers reduced partly due to political uncertainty in the UK and globally, as well as changes to rules on capital gains tax on property disposals for overseas investors.

Retail market

Retail investment markets were weak reflecting continued negative sentiment around the long term role of physical retail. However, there is robust demand for well-let individual assets with strong occupational characteristics or alternative use potential. Investment volumes for multi-let assets have been low and those that have transacted have often been at significant discounts to book value. Towards the end of the financial year however, it became apparent that for certain types of multi-let assets, valuations reached a point where return profiles were attracting interest from a deeper pool of investors.

The occupational market remained challenging as more retailers have entered CVA or administration, resulting in store closures. All retailers are working to optimise their store networks to have the right footprint to succeed in an omni-channel environment. They are focused on the optimal number of stores they need and how much they are willing to pay for them and key to this is the quality and connectivity of the locations. As a result, we have seen polarisation trends accelerate with the best quality, best located retail assets, in the strongest demographic locations which are right sized and affordable to retailers continuing to perform relatively well whereas secondary locations, or those which are too big to reflect local demand, have struggled.

Despite these challenges, many retailers continue to perform well and successful new entrants continue to emerge – as has always been the case. However, whilst the key Christmas trading period was generally stronger than expected, the market is set to remain challenging overall. Since the end of our financial year we have seen a high profile CVA from Debenhams.

Campus-focused London offices

At our London campuses, we create and manage some of the best connected, most accessible space in London, all located in vibrant and exciting neighbourhoods. They provide world class, modern and sustainable offices alongside public spaces with all the mix of amenities people expect of a modern workplace. 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.

People and businesses are working more flexibly, and their needs change over time, driving demand for quality office space on more flexible terms. This is what Storey, our flexible workspace offer provides. It is operational across all three of our campuses and is an integral part of our offering. It is differentiated from other flexible office offerings in allowing occupiers to personalise high quality office space through their own branding whilst benefitting from shared amenities in the building and all the benefits our campuses offer. The average size of our Storey customers is 45 employees, and with an average lease length of around two years it complements our core office offer while attracting a new market segment to British Land: relatively new, fast-growing 'scale up' businesses, and specific standalone divisions of larger companies.

Retail will continue to play an increasingly prominent role within our campuses, notably at Broadgate, where our development pipeline will deliver an additional 395,000 sq ft of non-office space, focused on retail, leisure and dining space. This will predominantly be at ground floor, so although the total allocation will be just 12%, it makes a highly visible contribution to the campus, and has been instrumental in helping us sign a more diverse range of occupier.

A smaller, more focused Retail portfolio

Structural change in retail is fundamental and ongoing. Recognising this, we have been refining our Retail portfolio for several years and have made good progress with £2.9bn of asset sales since 2014.

We have a clear view of the role retail will play in our business long term. We will focus on assets which are best placed to support the changing role of physical retail and enable retailers to succeed in an increasingly omni-channel world. They will be high quality, well connected multi-let centres accessible to catchment areas with attractive demographics. They will have strong market positions, be affordable to retailers, appropriately sized to reflect their local market and have the potential to become increasingly mixed use over time.

Looking forward, we aim to reduce our Retail business to 30-35% of the total, based on current valuations over the next five years. This implies further asset sales into a market which is currently more challenging and is likely to remain so in the short term. In this context, we will remain patient and opportunistic in our approach and only progress disposals at the right price, which deliver clear value and progress our long term strategy.

Residential, principally Build to Rent

Build to Rent residential is complementary to our existing expertise and additive to our mixed use strategy. The market is underpinned by sound fundamentals, with housing generally undersupplied relative to demand and ability to buy constrained, making renting an attractive option for a growing number of people. Added to this, ownership is relatively fragmented, creating an opportunity for professionally-managed, quality space especially in London and the South East.

More details on the portfolio, property performance, individual developments and assets sold and acquired during the year can be found in the detailed supplementary tables on pages 186 to 194

Storey

Storey, our flexible workspace offer, launched in June 2017. It is a deliberately differentiated concept, providing quality workspace on a short term basis. Occupiers have the ability to brand the space themselves whilst benefitting from the shared facilities in the buildings and the amenities across the wider campus. It has become integral to our campus offering, helping us attract new businesses, typically from the technology or creative sectors, as well as providing overflow or project space for occupiers on our core space.

Two years in, it is operational across 141,000 sq ft and our plans will more than double this to include standalone buildings as well as space of our campuses.

Progress on our strategy

Strategic priority	Indicative 5-year business mix	Progress
Campus-focused London Offices	55-60% Of which Storey c.5%	- Progressing development on our campuses and de-risking through pre-lets with 76% of our recently completed and committed developments now let or under offer to a broad range of occupiers - Creating options with 2.7m sq ft of planning consents achieved - Storey operational across 141,000 sq ft on all three campuses with further 161,000 sq ft identified (incl. standalone locations) - Smart Places team established with a clear strategy to deliver digital placemaking across our places
Refocused Retail	30-35%	- £646m of assets sold since April 2018, marginally above book value including a mix of solus, leisure and multi-let assets
Residential principally Build to Rent	c.10%	- Further good progress at Clarges Mayfair, with 23 units completed in the year, bringing total completed units to 25, a further two exchanged and three under offer - Canada Water planning application submitted including 3,000 homes - Further opportunities across our portfolio

Business review

(1.6)%
ERV movement

2.7m sq ft
Lettings and renewals

£1.5bn
Disposals

£239m
Acquisitions

+0.4%
Lettings and renewals ahead of ERV

Portfolio performance

At 31 March 2019	Valuation £m	Valuation movement %	ERV growth %	Yield shift bps	Total property return %
Offices	6,308	1.1	1.4	+2	4.9
Retail	5,577	(11.1)	(3.8)	+37	(6.6)
Residential	128	(4.4)	na	na	(1.6)
Canada Water	303	(0.8)	na	na	3.1
Total	12,316	(4.8)	(1.6)	+19	(0.9)

The portfolio value was down 4.8% overall, with Retail valuations down 11.1%. Offices were 1.1% ahead, driven by developments which were up 11.3%. The Offices portfolio saw positive ERV growth, balanced across the City and West End with yields broadly flat. In Retail, investor sentiment remained negative with CVAs and administrations putting further pressure on rents, driving yield expansion and ERV decline. These difficulties were most pronounced in department stores and smaller multi-let centres in areas with weaker demographics.

Offices performed in line with the London Office benchmark although underperformed All Offices by 100bps due to the strength of regional offices within the Index. Retail underperformed the Retail benchmark, which saw values down overall. Multi-let centres in weaker demographic locations which were disproportionately impacted by CVAs underperformed overall compared to the benchmark which includes long let assets which were typically less impacted. 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 550 bps over the period.

Capital activity

From 1 April 2018	Offices £m	Retail £m	Residential £m	Canada Water £m	Total £m
Purchases	129	110	–	–	239
Sales[1]	(500)	(646)	(359)	–	(1,505)
Development Spend	212	31	11	21	275
Capital Spend	20	33	–	–	53
Net Investment	**(139)**	**(472)**	**(348)**	**21**	**(938)**
Gross Investment	**861**	**820**	**370**	**21**	**2,072**

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

1. Includes sale of Richmond which exchanged in FY18 and completed in the current year for £45m. Includes sale of 12 Sainsbury's superstores which exchanged post year end for £194m. Includes Clarges residential sales of £359m, of which £253m exchanged prior to FY19 and completed in the year and £18m exchanged post year end

We have completed or exchanged on £1.5bn of asset disposals since 1 April 2018, bringing the total gross value of our investment activity since 1 April 2018 to £2.1bn. In Retail, we made sales of £646m, comprising a mix of non-core multi-let centres and standalone retail or leisure assets. Overall, sales were marginally ahead of book value, with multi-let centres generally transacting at a discount, and solus assets, particularly those with good alternative use potential, generally achieving a premium to book value. We acquired Royal Victoria Place in Tunbridge Wells at the start of the year for £92m; the centre offers good mixed use potential and is well located in London's commuter belt.

“

We love being part of the Storey community. Before moving into our space in Appold Street we were part of a co-working office, but with our team growing, we were at the stage where we had to get something of our own. We needed something flexible, but representative, and we definitely found exactly the right fit. Storey has been absolutely brilliant not only in helping us find the ideal office, but also in making sure everything runs smoothly for our team every day. The Storey team are a delight to work with, and I'm excited to see how the community grows in the future.

Chris McCullough, CEO & Co-Founder, Rotageek

In Offices, the most significant transaction in the period was the sale of 5 Broadgate for £1bn (our share £500m) in line with book value. Overall, this development generated a total property return of 18% per annum for British Land.

At Clarges, our prime residential-led development in Mayfair, we completed on the sale of 23 units in the year for £335m, bringing total completed units to 25 with receipts totalling £359m. We have exchanged on two further units, bringing completed and exchanged sales to £383m with seven units remaining, of which three are under offer. Clarges has been a highly successful scheme for us, having delivered total profits of £200m to date with £34m sales to go, excluding those already under offer.

Data and insights

We are continuing to leverage our insight into our places, which is grounded in the data we collect across the portfolio on the people who work at, visit and live around our centres and campuses. This data shows how users interact with our spaces; for example how they choose to spend their time and money, which brands they engage with and what they think of our facilities and services. Our understanding is informing development strategy at our campuses and providing valuable evidence in leasing discussions in an environment where brands are very focused on taking the right physical space.

This year, we rolled out a new data and analytics platform, whereby nearly 1,000 retailers, representing two-thirds of our portfolio contribute sales data in exchange for reports and benchmarking, providing our occupiers with a real insight into their customer base and helping us build a clear picture of which occupiers and centres are performing well. Over time, this information guides our asset management and our investment activity, helping us allocate capital efficiently.

At Canada Water, we have used insight to project the likely needs of the community as the scheme progresses and this is shaping the amount of retail, leisure and community space in our plans. This modelling builds on the expertise we have developed across our campuses and retail centres by factoring in the benefits of a mix of uses for placemaking.

Sustainability

Sustainability is integral to how we manage our business. Our activities have a real impact on the environment, our customers and local communities and we recognise our responsibility to manage those impacts. This year we published 'Design for Life' research, quantifying the potential economic benefits and individual boost of putting wellbeing at the heart of urban design, which is core to creating Places People Prefer. Sustainability is integrated into the standard tools we use across our business, from our Sustainability Brief for Developments, now in its 15th year, to our Local Charter, which sets out five ways we make a lasting positive difference to our local communities.

At 100 Liverpool Street, our largest on-site development around half of the original structure and foundations were retained, saving 7,200 tonnes of embodied carbon, with a further 4,100 tonnes set to be saved through carbon-efficient design and the use of low-carbon materials. We have worked hard to minimise the impact of this development for customers, for example by using an off-site consolidation centre to combine deliveries, we achieved a 20% reduction in trucks coming to the site. We also worked closely with London transport partners to ensure that transport connections were unaffected and with local shops and businesses who lost no trading days.

Across our Broadgate developments, we are working in partnership with our main contractor, Sir Robert McAlpine, to create a positive local legacy. Over 3,300 people have benefitted from our Broadgate construction team's community activities over the last two years, including local schoolchildren, jobseekers and people affected by homelessness. Over 60 apprentices and trainees have developed their skills through our Broadgate construction activity over the same period. We are also ensuring that our projects directly benefit local businesses. For example, 58% of construction spend at 100 Liverpool Street so far (£59m) has been spent in the City and neighbouring boroughs.

At our managed assets, we continue to support people into work through Bright Lights, our skills and employment programme. At Fort Kinnaird, Edinburgh, the Recruitment & Skills Centre celebrated its fifth anniversary this year. Winner of the Estates Gazette Collaborators Award 2018, our innovative collaboration involves councils in East Lothian, City of Edinburgh and Midlothian and partners such as the Capital City Partnership, Department of Work and Pensions and Skills Development Scotland. Since opening, the Centre has trained 2,663 people and helped 3,585 people into work, supporting around 160 employers each year, including our customers. This improves opportunities for people in surrounding neighbourhoods and creates the skilled workforce that our customers value.

Our strong sustainability performance is reflected in our rankings on external ESG indices, including a green star rating for the ninth consecutive year in the Global Real Estate Sustainability Benchmark (GRESB), CDP A- score (2017: B) and inclusion in the FTSE4Good and Dow Jones Sustainability Indices 2018. This year, while we maintained our strong absolute performance in GRESB, our relative ranking reduced to 4-stars. We have established a Steering Committee to progress meeting the recommendations of the Taskforce on Climate-related Financial Disclosures and continue to reduce carbon and energy intensity across the portfolio, this year achieving 64% and 44% reductions, respectively, against our 2009 baseline.

“

We just wanted to serve really good wine and fish – British Land gave us an opportunity to do something really special, and people seem to really enjoy that. We get a lot of positive feedback on the area, particularly from people who remember it decades ago and they're amazed by how much it's come together with the canal at its heart, and it's getting better and better.

”

Harry Lobek, Director, London Shell Co

Campus-focused London Offices

Operational and financial highlights

- Portfolio value up 1.1%, with the City up 1.9% and West End up 0.7%
- Yields flat in the City, with moderate expansion in the West End +3bps
- ERV growth of 1.4% across the portfolio
- Activity generating like-for-like income growth of 4.9%
- Leasing activity covering 1.1m sq ft, adding £21m to future rents
- Under offer on a further 28,000 sq ft and in negotiations on a further 479,000 sq ft
- Investment lettings and renewals signed 1.2% ahead of ERV adding £3m to future rents
- 317,000 sq ft rent reviews agreed 7.1% ahead of passing rent adding £0.9m to rents
- Occupancy increased slightly to 97.7%; Regent's Place and Paddington Central virtually full
- 5 Broadgate sold at book value (our share £500m) generating an 18% pa total property return

Campus operational review

80% 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. Across these spaces we have made good progress on our strategy to expand the mix of uses, which in the context of our campuses means an enhanced leisure, dining and entertainment offering.

Broadgate

More than half our leasing activity this year has been at Broadgate, where we made 739,000 sq ft of lettings and renewals and agreed rent reviews on a further 152,000 sq ft of space, overall 6.5% ahead of ERV. The most significant included McCann, one of the world's leading advertising agencies and TP ICAP, the global interdealer broker who signed for 127,000 sq ft and 123,000 sq ft respectively at 135 Bishopsgate, both for a 15 year term.

At 100 Liverpool Street, Milbank, a leading international law firm, has committed to over 70,000 sq ft and despite the uncertain political backdrop, financial services firm Peel Hunt has signed for 40,000 sq ft. We have made good progress leasing on the retail side, with space let or under offer to Watches of Switzerland, Gant, Kiehls and Neom Organics alongside several high quality grab and go operators. These are typically smaller lettings, ranging from 300 to 6,000 sq ft, but are located on the station concourse or at lower ground floor level, where the rent achieved can be more than double that on the office space (on a per sq ft basis).

At 1 Finsbury Avenue, which has reached practical completion, we are building a premium food offering, with space let or under offer to Bar Douro, a Portuguese restaurant specialising in small plates and independent, high quality grab and go brands Nyokee and Yolk. These join Everyman, the boutique cinema operator who signed for a three-screen cinema covering 11,000 sq ft earlier in the year. These lettings demonstrate significant progress to create a destination centre for food, retail and culture at Broadgate, enhancing the appeal of our campus to prospective occupiers, particularly those from non-traditional sectors including technology. The most recent example is Product Madness, an online gaming platform who are taking 31,000 sq ft at 1 Finsbury Avenue on a ten year term. Earlier in the year, technology company Mimecast committed to an additional 34,000 sq ft bringing their total occupation to 113,000 sq ft.

Elsewhere on the campus, we let 37,000 sq ft to commodities broker Marex at 155 Bishopsgate and nearly 40,000 sq ft at Broadgate Tower, where both Liquidnet and TradeTech expanded their space. We also completed 25,100 sq ft of short term lettings to tech and professional service businesses at 2&3 Finsbury Avenue including CheckRecipient, Poq, and Tech Nation. This strong progress across the campus demonstrates London's enduring appeal as a place to do business, despite Brexit.

Overall, the campus saw a valuation uplift of 1.9% driven by gains on our development properties and benefitting from ERV growth of 1.2%.

Paddington Central

We have continued to make good progress evolving our retail and dining offer at Paddington Central. This year, we have let space to Vagabonds Wine and a second canal-boat restaurant, further enlivening the canal-side as well as Pure, and Department of Coffee and Social Affairs at 2 Kingdom Street and Pall Mall Barbers in Sheldon Square. Total lettings/renewals at the campus covered 41,000 sq ft, including 20,000 sq ft of lettings through Storey with rent reviews on 78,000 sq ft of space agreed more than 10% ahead of passing rent. Occupancy across the campus is 97.2%.

There is real momentum building across the neighbourhood, with leasing interest from a range of sectors reflecting significant investment and regeneration ahead of Crossrail opening. The campus saw a valuation uplift of 1.9%, benefitting from yield tightening of 1 bp and ERV growth of 0.9%.

Regent's Place

At Regent's Place, where occupancy is 98.7% our leasing activity covered 250,000 sq ft. Our largest single letting was to Facebook who are taking 175,000 sq ft on 10 year lease at 10 Brock Street in the space to be vacated by Debenhams. This takes their occupancy at the building to 290,000 sq ft and is a strong endorsement of the campus. We have also let 12,600 sq ft to Hays at 20 Triton Street and agreed 34,000 sq ft of rent reviews, 9.1% ahead of passing rent. This activity supported ERV growth of 2.2% offsetting mild yield expansion of 3 bps to deliver an overall valuation uplift of 1.4%.

We are planning a re-brand of the campus, which we expect to launch in the summer and are progressing plans for a programme of public realm improvements, which will enhance existing connections with Regent's Park, the residential areas to the north and the Knowledge Quarter. These will introduce more green space and support a more diverse range of uses, experiences and activities throughout the year.

Increasing the mix of uses

Non-office leasing at our campuses totalled 68,000 sq ft in the year, primarily comprising retail, leisure and dining, with the largest single letting to Everyman cinema at 1 Finsbury Avenue.

We have also focused on making smart use of public or shared spaces through events and activities which enliven our space as well as successful commercial events which generate income. This year, our campuses hosted 44 major marketing activities as well as a range of seasonal events to mark national occasions such as International Women's Day, Mental Health Awareness Week and London Pride. We were recognised by REVO for brand experiences including Eon's 'Shot of Summer' and a Bordeaux Butterfly Bar, both at Broadgate. Our Adidas experience held last summer at Norton Folgate comprising sport, music and "Instagramable" moments generated around £50,000 rent for a 10-day event.

Storey: our flexible workspace brand

We launched Storey nearly two years ago. It is a deliberately differentiated flexible workspace concept, providing occupiers with the opportunity to brand the space themselves whilst benefitting from shared facilities in the building and the advantages our campuses provide. This year, Storey opened at 2 and 4 Kingdom Street (Paddington Central), and 3 Finsbury Avenue (Broadgate) as well as at York House, W1 in our standalone portfolio. It is now operational across 141,000 sq ft and is 90% let or under offer.

Part of the business rationale was the increasingly complementary nature of core and more flexible space, so we are pleased that 35% of Storey occupiers by rent are existing customers of British Land. It has also been instrumental in building our exposure to the growing technology and creative sectors, which account for c.40% of space let; recent examples include Tryzens a provider of e-commerce solutions and AppDynamics, an application performance analytics company, who both signed in the year.

Storey continues to achieve attractive premiums to ERV of around 30% on total leased space with an average lease length of 23 months, and average occupier headcount of 45 people.

> ***We love the progressive approach to design, the open space and amenities, and crucially, access to future talent. We think we've found the perfect place for Mimecast to grow and continue to succeed in London.***
>
> **Neil Murray, Chief Technology Officer, Mimecast**

Looking forward, the Storey pipeline is 161,000 sq ft which includes 'Storey Club' at 4 Kingdom Street, a new concept providing ad hoc workspace, additional meeting rooms, private dining venues and event and workshop spaces for Storey occupiers. We have earmarked more than 60,000 sq ft in standalone space at Wells St in Fitzrovia and Orsman Road in Haggerston (exchanged in the year).

Smart Places

This year, our Smart Places team have laid out a long term plan to deliver digital placemaking across our Office campuses. This is an example of how we are evolving our offer to enhance the experience for our occupiers, differentiating our space to drive long term demand and deliver rental growth. Our Smart strategy focuses on three core areas:

- Tech hardware: ensuring we are putting in place the right materials and equipment in our buildings for the long term – efficient mechanical and electrical materials which are internet-connected, and can send and receive instructions according to an open-source British Land standard for data
- Building a data environment: bringing together data from across our spaces and other sources to derive insight, improve usage of space and enable building control
- User experience: developing platforms that allow users to engage seamlessly with their space, helping them to be healthier, productive and more engaged in their environment

At our head office at York House we have successfully trialled hardware which measures space utilisation and are working with third parties to generate insights from the data we have collected. We have standardised a Smart Buildings design guide which we are using across all new developments and have started to engage with occupiers to support them in making the most of our advanced office developments, constantly improving our understanding of what our occupiers want and how we will achieve this.

Smaller, more focused Retail

Retail operational and financial highlights

- Total portfolio value down 11.1%, led by smaller multi-let schemes which were disproportionately affected by CVAs and administrations
- Yield expansion of 37 bps overall
- ERVs down 3.8%
- Robust leasing activity with lettings/renewals covering 1.6m sq ft, marginally ahead of ERV; strong retention rate on renewals of 78%
- Further 1.8m sq ft of rent reviews agreed 2.3% ahead of passing rent
- High occupancy maintained at 97%
- Annualised rental impact of CVAs and administrations over the last two years of £16.9m; £0.9m at assets subsequently sold, £5.1m at stores where rents have reduced and £10.9m is at stores subject to closure of which £6.5m has already been let or in negotiation
- Like for like income growth excluding the impact of CVAs and administrations of 0.8%
- Footfall down 0.9%, 230 bps ahead of benchmark; total sales down 0.5%, 160 bps ahead of benchmark
- £646m non-core assets exchanged since April 2018

Performance review

Leasing

In a challenging operating environment, our focus this year has been on the day to day business of leasing and managing our space. Overall, leasing volumes have been ahead of historic levels at 1.6m sq ft, with the number of long term deals in line with average, but a higher number of short term or temporary lettings signed this year, demonstrating the way we are evolving our offer to meet the needs of our occupiers whilst retaining flexibility in our estate to respond to new retailers and concepts.

We have had a successful year at Meadowhall, with 22 long term deals with new lettings to Skopes, Rock Up and Lacoste, and upsizings from North Face and Fat Face. Meadowhall has seen nine consecutive months of year on year footfall growth, demonstrating its strong and growing appeal, post our £60m refurbishment. Building on this, we are on site with a new children's playground and have an upgrade to the Oasis dining quarter planned for the current year. We are piloting changes in the way we use retail space, including Meadowhall Sessions, a series of evening classes and a regular artisan market showcasing the best in Yorkshire produce which both launched in the year.

Across the portfolio, we have continued to welcome new formats with Goldsmith's the jewellers opening their first out of town store at Fort Kinnaird and Empire cinemas launching their first new café and cinema concept at SouthGate, Bath. We have re-geared leases with major tenants on a portfolio basis, including Boots at three schemes totalling 44,000 sq ft at 12.4% ahead of ERV and Argos at six schemes totalling 61,000 sq ft broadly in line with ERV. We also agreed a portfolio deal with New Look covering 11 leases.

CVAs and administrations

Across our portfolio, we are addressing the impact of CVAs and administrations. The annualised impact of CVAs and administrations over the last two years is £16.9m. £0.9m at assets subsequently sold, £5.1m at stores where rents have reduced and £10.9m is at stores subject to closure of which £6.5m has already been let or in negotiation. This has disproportionately impacted our smaller multi-let centres especially those in weaker demographic locations, and are generally assets that do not have a long term role within our portfolio. Post period end, Debenhams also applied for a CVA, prior to which we had re-let their head office space to Facebook, and had managed down our retail exposure with the sale of a standalone store in Clapham. Our exposure to Debenhams now comprises four standalone and five stores in multi-let centres.

> ***Broadgate gave us a chance. They trusted in a new business because they believed in us and the concept. We have a home now – a base so that we can serve our food and delicious coffee every day. It's the kind of spot we were hoping for and dreaming of.***
>
> **Nick Philpot, Founder, Yolk**

Operational performance

Footfall was down 0.9% in the year, but we have continued to outperform the benchmark (230 bps ahead) demonstrating that despite changes in the way people shop, our centres are still relatively well placed. Total sales, which take into account our asset management initiatives, were down 0.5% outperforming the benchmark by 160 bps, although same store sales, which strips out these improvements showed decline of 1.5% but was 160 bps ahead of the benchmark. Both metrics showed an improvement over the year, and encouragingly, turned positive in the last quarter of the financial year. These figures only capture instore sales and exclude online sales where the physical store plays a key role, including shipping direct from store, an approach more retailers are adopting, as well as click and collect and online purchases first browsed in store.

This year eight of our commercialisation events were recognised at the REVO awards with three winners including best Pop Up Shop for our Unicorn Meadow at Meadowhall, best Mall Transformation again at Meadowhall, recognising the change that our refurbishment has delivered and best Commercial Event for our Ultra-Violet Bar at SouthGate, Bath, marking our partnership with the Bath Gin Company.

Capital activity

We have a clear strategy to refine our Retail portfolio to deliver a smaller, more focused business, comprising assets that support the changing role of physical retail, are right sized for their local markets and have the potential to become increasingly mixed use.

In line with that, we have made asset sales totalling £646m since 1 April 2018, comprising smaller, multi-let retail centres, non-core leisure assets and standalone retail assets. Overall sales were 2% ahead of book value, but multi-let retail has generally sold at or below book, while standalone retail and leisure has generally sold at or above book. The most significant transaction was the disposal of 12 of our Sainsbury's superstores for £193.5m (our share), modestly ahead of book value, which exchanged post period end.

This brings total retail disposals over the last five years to £2.9bn comprising the following core categories:

Asset class	£m sold since April 2014	% total portfolio March 2014	% total portfolio March 2019
Department stores	£682m	5%	1%
Superstores (standalone)	£1,203m	11%	1%[1]
Leisure	£195m	3%	2%
Non-core multi-let retail	£790m		
Total	**£2,870m**		

1. Pro-forma for post year end exchanged sale of 12 Sainsbury's superstores

We have a clear view of the value of our assets, and have set out the indicative shape of our business in five years, when we expect retail will comprise 30-35% of the portfolio, based on current valuations. We have the financial capacity to progress our developments without necessitating asset sales, enabling us to be patient and opportunistic in our approach, so we benefit from pockets of demand for particular asset types as and when they arise. We will maintain this approach going forward and only make disposals which deliver value or significantly progress our long term strategy. We have a strong track record of delivering on our strategic goals having reduced our standalone superstore exposure from 11% in 2014 to 1% today with just six standalone stores remaining.

Retail will remain an important part of our business long term, so we will continue to invest in those assets which support the changing role of physical retail and have the potential to become mixed use. We have a clear set of criteria in terms of size and location, the environment, mix of operators and services that we use to evaluate our assets and these factors underpinned our purchase of Royal Victoria Place in Tunbridge Wells for £91.8m at the start of the year. Here, we have committed to a refurbishment covering around two-thirds of the centre and have plans for a redevelopment of the remaining third of the space; longer term, we see potential to significantly expand the mix of uses.

"

PureGym are delighted to have finally secured representation on Fort Kinnaird. It's proved to be a great decision and was actually our strongest ever new site opening since the business began 10 years and 238 gyms ago!

Duncan Costin, Property Director, PureGym

Development

At 31 March 2019	Sq ft '000	Current Value £m	Cost to complete £m	ERV £m	ERV let/under offer £m
Recently completed	287	153	11	8.2	4.7
Committed	1,330	714	252	55.0	43.2
Near term	866	156	404	39.4	-
Medium term	2,443				
Canada Water Phase 1[1]	1,917				

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

1. Total site area is 5m sq ft. Phase 1 consists of Phase 1a, 1b, 1c. Detailed planning submitted for Phase 1a (576,000 sq ft), outline planning submitted for total Phase 1

Portfolio

Developments are a key element of our investment case as a fundamental driver of sustainable value and growth for the long term. In the current market we see limited opportunities to make accretive acquisitions, so the capacity to develop is an important competitive advantage. Critical to our approach is the flexibility and optionality we have created, with the majority of space in our development pipeline either income producing or held at low cost, so we have attractive options we can progress as and when appropriate.

We actively manage our development risk and pre-letting our space is an important part of that approach. Reflecting our continued successful leasing activity, 76% of our recently completed and committed developments are pre-let or under offer and speculative exposure remains low at 2.3% of portfolio gross asset value. Including our near term pipeline, this will be 7.4%, below our internal risk threshold for speculative development of 8%.

Construction cost forecasts continue to suggest that the rate of growth has moderated from the level in recent years. However, there is a risk that the Brexit outcome increases materials costs and reduces labour supply in future years, potentially increasing cost inflation above the expected 2-4% per annum. To mitigate this risk, 93% of the costs on our committed development programme have been fixed.

Campus developments: further enhancing the mix of uses

Development has been an important driver of value over the year. Our successful leasing activity has supported the rental tone at our Broadgate campus while the benefit of our 4 Kingdom Street development (completed in 2018) continues to support rental growth at Paddington Central.

Completed developments

1 Finsbury Avenue (287,000 sq ft) at Broadgate has reached practical completion, and we are 58% let or under offer by ERV following 168,000 sq ft of leasing activity. Signings included Mimecast, Everyman and Product Madness and with four F&B operators exchanged or under offer. In addition, we are allocating 72,000 sq ft to Storey, leaving just 46,000 sq ft available to let.

> ***Our employee base is approximately two thirds under 30. People looking for work will not only look for a job now – they will look at the environment they're working in and the location of the building as part of their overall decision making process. They are less likely to choose an employer if they don't like what they see.***
>
> **Stephen Guy, Chief Integration Officer and Chief of Staff, McCann Worldwide**

Committed developments

Our committed development pipeline covers 1.3m sq ft (excluding 1 Finsbury Avenue). At 1 Triton Square (Regent's Place) which is our largest wholly-owned development covering 366,000 sq ft, the office space is fully pre-let to Dentsu Aegis Network on a 20-year lease.

At Broadgate, we are on site with two developments together delivering 856,000 sq ft. 100 Liverpool Street (521,000 sq ft) topped out in the period, the façade has now been installed up to level 10 and fit out of the interiors started in April. It will be one of Europe's smartest office buildings, with a single digital spine connecting systems within the building to personalise elements of the working environment including temperature and light as well as monitor the use of space. We are aiming for a WiredScore platinum rating for internet connectivity and infrastructure and a Well Gold certification for wellbeing. Sustainability has been integral to the design and delivery of this building; by retaining as much of the existing structure as possible 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 invested in the City and neighbouring boroughs, ensuring local people benefit from our development. Following lettings to Peel Hunt and Milbank this year, who join Sumitomo Mitsui Banking Corporation Europe, the building is now 56% let or under offer by ERV. At 135 Bishopsgate (335,000 sq ft), we are 90% let or under offer, with signings to McCann and TP ICAP this year, in addition to Eataly, the Italian marketplace which is taking 44,000 sq ft on the ground floor. Across both buildings, we are seeing good interest in the remaining space.

Near term pipeline

We have increased our near term pipeline to 866,000 sq ft with the addition of 1-2 Broadgate where we achieved planning permission during the year. This 531,000 sq ft scheme includes 153,000 sq ft of retail, leisure and dining space, connecting Finsbury Avenue Square with retail at 100 Liverpool Street and the Broadgate Circle, creating a 350,000 sq ft retail, leisure and dining hub.

At Norton Folgate (previously Blossom Street) we have consent for a 335,000 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 and we are already seeing good interest in the space.

Medium term Pipeline

Our medium term pipeline includes three office-led schemes covering more than 1m sq ft in total. These buildings progress our mixed use campus vision and support future income growth.

The most significant scheme is 2-3 Finsbury Avenue at Broadgate. Covering 563,000 sq ft, the scheme adds 374,000 sq ft to the existing space which generates an income through short term, more flexible lettings, with 50,500 sq ft allocated to Storey. We have also launched a 1,700 sq ft events space at 3 Finsbury Avenue which regularly hosts thought-leadership events, as well as yoga, pilates and meditation sessions.

At 5 Kingdom Street, Paddington Central, we have submitted a revised planning application which would increase our consented scheme from 240,000 sq ft to 429,000 sq ft. 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, 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, we consistently review our capital spending plans. In the current environment we would expect the overall level of capital spend on our Retail portfolio to be lower than historically. However, we maintain a range of opportunities across our portfolio which preserve our optionality but would only commit where market conditions and long term prospects are supportive

Committed developments

At Drake Circus, Plymouth, we are on site with a 108,000 sq ft leisure extension which will add a 12-screen cinema and 14 restaurants. The scheme is 67% let and under offer and we expect to reach practical completion in autumn 2019.

Medium term pipeline

Our medium term pipeline is focused on mixed use opportunities. At Ealing Broadway, which will benefit from Crossrail, we are working up plans for a 292,000 sq ft scheme, and 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 undertaking a review of our plans which is expected to conclude towards the end of the year. We have further opportunities at New George Street in Plymouth, adjacent to our Drake Circus regional retail centre which cover 43,000 sq ft. In each case, our focus will be on enhancing the mix of uses to best reflect the local market.

Read more about our development pipeline on pages 22 and 23

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

Highlights

- 5m sq ft mixed use development scheme
- Master development agreement signed with Southwark Council in May 2018
- Planning application including detailed planning submission on the first three buildings and outline planning for the whole scheme submitted May 2018
- Net valuation movement down 0.8% to £303m; increase in gross valuation offset by costs incurred in connection with planning

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 between London Bridge and Canary Wharf on the Jubilee line with access to the London Overground, making it easily accessible from Canary Wharf, the West End, Shoreditch and South West London. It will also be an indirect beneficiary of Crossrail, which will significantly 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.

We started engaging on our masterplan proposals in 2014 and since then have held over 120 public consultations and local outreach events. These have attracted over 5,000 individuals who have inputted at every stage and provided 12,000 comments on our plans, enabling us to shape a design that seeks to meet local needs and aspirations. Together with Southwark Council, we have also developed a Social Regeneration Charter which captures local residents' priorities for the benefits of the development, and ideas for how these can be delivered.

In May 2018 we signed the Master Development Agreement with Southwark Council. This set out the terms of a new headlease consolidating our holdings into a single 500-year headlease with Southwark Council as the Lessor. This structure effectively aligns the ownership of these assets, with British Land owning 80% and Southwark Council owning the remaining 20%. Southwark Council can participate in the development of the individual plots, up to a maximum of 20% and returns will be pro-rated accordingly. This headlease becomes effective on fulfilment of several conditions, most importantly achieving outline planning consent for the whole masterplan and detailed planning consent for the first three buildings which was also submitted in May 2018.

Since submission of our application, we have worked constructively with Southwark Council through the complexities of the planning process and we are targeting a July planning meeting.

The first three buildings total c. 576,000 sq ft and will provide 265 homes of which around 35% will be affordable. Building A1 will provide both residential and workspace and building A2 will be focused on workspace and a new leisure centre, with both providing a small amount of retail at ground floor. K1, the third building will be wholly residential.

Potential funding structures will be explored when we have greater visibility on timing, ahead of which we are already seeing interest in the space from a range of sectors and discussions are underway on several buildings. In the meantime, the Printworks has become an established live music venue, frequently hosting crowds of up to 5,000. Ticket sales and visitors are now over 80,000 from 23 shows through the winter/spring season.

The net valuation movement for Canada Water over the year showed a marginal decrease, reflecting an increase in gross value to £303m attributable to progress on planning and design offset by costs incurred in masterplanning the scheme.

> ***Coming to the Paper Garden means to me... community. A nice way to come together with others who have a similar mindset. A great collaboration of me, others, and nature. I get to try out new things, like free writing and cooking. It is part of myself, to come closer to our planet and unleash my inner self. Coming to the Paper Garden means everything to me, everything I do.***
>
> **Andras, friend of the Paper Garden**

Non-financial reporting disclosure

Reporting requirement	Key policies include	Where information can be found in this report on our impact and risks	Page
Environmental matters	- Sustainability Policy[1] - Sustainability Brief for Developments[1]	- Shaping our thinking - Our 2020 sustainability strategy - Greenhouse gas reporting - Managing risk in delivering our strategy - Task force on climate-related financial disclosures - Sustainability performance measures	26 28 45 54 62 195
Employees	- Code of Conduct[2] - Health and Safety Policy[2]	- Changing how we work to deliver our strategy - Managing risk in delivering our strategy	30 54
Human rights	- Code of Conduct[2] - Modern Slavery Act Statement[1]	- Managing risk in delivering our strategy	54
Social matters	- Sustainability Policy[1] - Code of Conduct[2] - Local Charter[1] - Sustainability Brief for Developments[1] - Health and Safety Policy[2]	- Our 2020 sustainability strategy - Managing risk in delivering our strategy	28 54
Anti-bribery and corruption	- Anti-Fraud Policy[2] - Anti-Bribery and Corruption Policy[2] - Whistleblowing[1]		
Business model		- Our distinct business model	18
Non-financial KPIs		- Delivering on our strategy - Our 2020 sustainability strategy	20 28

1. Available on britishland.com/policies
2. Employee version available through our internal Employee Handbook. Supplier version available on britishland.com/policies

Supply chain

We ask suppliers to work in a way we believe is best practice to achieve our social, environmental and ethical standards. The effectiveness of our policies in this area can be seen in our sustainability performance measures on pages 195 to 197. We set out our supplier obligations in areas such as health and safety, human rights, fair working conditions, anti-bribery and corruption, community engagement, apprenticeships and environmental management in our Supplier Code of Conduct.

Human rights

Our respect for human rights is embedded in how we do business. We are a signatory to the UN Global Compact which supports a core set of values, including human rights, and have made appropriate disclosures in respect of the Modern Slavery Act. We are also a member of APRES, an action programme on responsible and ethical sourcing across the construction industry. For our performance on aspects including fair wages and diversity, see pages 196 and 197.

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.

Greenhouse gas reporting

Emissions intensity

Carbon intensity across our portfolio has reduced by 64% versus our 2009 baseline, achieving our 2020 reduction target early, through the National Grid decarbonisation and our own efficiency improvements. We also continue to work towards 100% of electricity from renewable sources as an RE100 partner. Despite changes to our Retail and Offices portfolios and increased reporting across our Residential portfolio, 96% of our power was procured from certified renewable sources.

In 2019, we undertook energy efficiency projects including optimising building management systems, replacing light fittings with LEDs and installing lighting sensors. These are expected to result in annual energy use savings of £1.2m.

Absolute emissions

As shown in the Absolute Scope 1 and 2 emissions table below, total Scope 1 emissions increased by a net 29% reflecting the inclusion of gas combustion across our residential portfolio for the first time. However, our Retail and Offices portfolios reduced combustion of fuel by 13% this year, largely due to changes in our portfolio. Scope 2 location based emissions decreased by 26%, largely due to National Grid decarbonisation and changes in our portfolio. Scope 2 market based emissions decreased by 22%, largely due to reduced electricity use and our commitment to renewables, including the installation of solar PV at Meadowhall.

Absolute emissions Scope 1 and 2:

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

Year ended 31 March	2019	2018	2009
Offices: per m² net lettable area	**0.044**	0.055	0.118
Retail – enclosed: per m²	**0.043**	0.056	0.174
Retail – open air: per parking space	**0.049**	0.062	0.106
Total managed portfolio: per £m gross rental and related income[2]	**50.22**	58.03	–

Absolute Scope 1 and 2 emissions and associated energy use

		Tonnes CO_2e			MWh	
Year ended 31 March		2019	2018	2009	2019	2018
Scope 1 Combustion of fuel: Managed portfolio gas use and fuel use in British Land owned vehicles		**8,833**	6,901	5,156	**42,946**	32,813
Scope 1 Operation of facilities: Managed portfolio refrigerant loss from air conditioning		**123**	66	–	–	–
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	**20,188**	27,301	41,186	**74,550**	80,868
	Market-based	**1,457**	1,875	–	–	–
Total Scope 1 and 2 emissions (location-based) and associated energy use		**29,144**	34,268	46,342	**117,497**	113,681
Proportion that is UK-based		**100%**	100%	–	**100%**	100%

Absolute Scope 3 emissions – managed portfolio (Tonnes CO_2e)

Year ended 31 March	2019	2018
Landlord purchased energy: occupier gas and electricity consumption, upstream impacts of all purchased energy (including the fuels of on-site vehicles)	**35,999**	46,888
Landlord purchased water: upstream impacts	**225**	219
Waste management: downstream impacts	**409**	437

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 73% 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 2018
2. Gross Rental Income (GRI) from the managed portfolio comprises Group GRI of £482m (2018: £441m), plus 100% of the GRI generated by joint ventures and funds of £271m (2018: £358m), less GRI generated assets outside the managed portfolio of £173m (2018: £235m)

Financial performance for the year was robust

Simon Carter, Chief Financial Officer

Year ended 31 March	2018	2019
Underlying earnings per share[1]	37.4p	**34.9p**
Underlying Profit[1,2]	£380m	**£340m**
IFRS profit (loss) before tax	£501m	**£(319)m**
Dividend per share	30.08p	**31.00p**
Total accounting return[1,3]	+8.9%	**(3.3)%**
EPRA net asset value per share[1,2]	967p	**905p**
IFRS net assets	£9,506m	**£8,689m**
LTV[1,4,5]	28.4%	**28.1%**
Weighted average interest rate[5]	2.8%	**2.9%**

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 has been robust in the context of significant sales over the last 2 years, an especially challenging retail environment and an unpredictable UK macroeconomic backdrop. Underlying earnings per share (EPS) are down 6.7% at 34.9p, while Underlying Profit is down 10.5% at £340m, primarily reflecting one off surrender premia of £20m received in the prior year.

Setting aside the one-off surrender premia, Underlying EPS is marginally down 1% with strong like-for-like rental growth in Offices and the benefits of share buyback mostly offsetting the impact of sales and CVAs and administrations amongst retailers. Net sales activity to date is expected to reduce EPS next year by 2.4p with proceeds to be deployed into our development programme. The existing committed programme is expected to deliver 4.5p EPS accretion once fully let and is already 76% pre-let or under offer – equivalent to £48m pa of future rental income secured.

Valuations have reduced by 4.8% on a proportionally consolidated basis although this was partially offset by the impact of the £200m shares bought back in the period resulting in an overall EPRA net asset value (NAV) per share decline of 6.4%.

Since April 2018, we have completed £2.1bn of gross capital activity. This includes £1.1bn sales of income producing assets, primarily our 50% interest in 5 Broadgate for £0.5bn, which sold at book value, representing a net initial yield of 4%. In addition, we made Retail sales totalling £0.6bn, 2% ahead of book value, at an average yield of 5.7%. We exchanged or completed on £359m of residential sales, £253m which exchanged prior to this financial year and £18m exchanged post year end.

We remain thoughtful about the use of proceeds from disposals. As well as continuing to invest into our development pipeline, we extended the share buyback programme by £200m following the sale of 5 Broadgate, which was completed in the year, at an average price of 594p per share adding 10p to NAV. Given the current share price discount, we continue to believe that reinvesting in our portfolio through our own shares represents an effective use of capital so, following further recent retail sales, we are extending the buyback by up to a further £125m.

Our financial position remains strong. LTV has decreased by a further 30bps during the period to 28.1% despite the valuation fall. The reduction was driven by net sales reducing LTV by 330bps, partially offset by the share buyback and investment into the development programme. Our weighted average interest rate remains low at 2.9%. We have been active in debt markets, with £1.4bn of new financing arranged.

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 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 period and therefore this is the same as the pre-tax EPRA earnings measure which includes a number of adjustments to the IFRS reported profit or loss before tax.

	Section	2018 £m	2019 £m
Gross rental income		613	**576**
Property operating expenses		(37)	**(44)**
Net rental income	1.2	576	**532**
Net fees and other income		15	**10**
Administrative expenses	1.3	(83)	**(81)**
Net financing costs	1.4	(128)	**(121)**
Underlying Profit		380	**340**
Non-controlling interests in Underlying Profit		14	**12**
EPRA adjustments[1]		107	**(671)**
IFRS profit/(loss) before tax	2	501	**(319)**
Underlying EPS	1.1	37.4p	**34.9p**
IFRS basic EPS	2	48.7p	**(30.0)p**
Dividend per share	3	30.08p	**31.00p**

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 34.9p, a decline of 6.7% on the prior year. This reflects Underlying Profit decline of 10.5%, partially offset by the impact of share buyback completed in the year which added 1.2p in the period.

1.2 Net rental income

The £44m decrease in net rental income is primarily a result of the one-off surrender premia received in the prior year and the impact of net divestment over the last two years. The impact of CVAs and administrations has been more than offset by like-for-like growth.

Net sales of income producing assets over the last two years was over £2bn. This has reduced net rents by £21m in the year, including £14m from the sale of 5 Broadgate in June 2018, and £3m from the sale of The Leadenhall Building in May 2017. As well as funding the £500m of share buybacks we have completed over the last 18 months, proceeds from these sales are being reinvested in the development pipeline, which is expected to deliver £63m in rents in future years and is already 76% pre-let or under offer (£48m).

Occupier CVAs and administrations in the Retail portfolio have reduced net rents by £14m in the year. Excluding this impact, like-for-like rental growth across the portfolio is 2.4%, or £15m. This has been driven by 4.9% growth within Offices, resulting from strong leasing activity across our campuses, particularly at 4 Kingdom Street. Retail like-for-like growth is up marginally at 0.8%.

1.3 Administrative expenses

Administrative expenses have marginally decreased this year as a result of lower variable pay. The Group's operating cost ratio has increased by 180 bps to 18.7% (2017/18: 16.9%) as a result of lower rental income following sales activity.

1.4 Net financing costs

Financing activity undertaken over the last two years has reduced costs by £5m in the year, more than offsetting the impact of increases in market interest rates. Financing activity includes the amendment and extension of our largest syndicated RCF at £735m, with 12 banks, at an initial margin of 90 bps and maturity of five years, as well as the repayment of £223m (£111m our share) of secured Broadgate bonds. This released 1-2 Broadgate and 2-3 Finsbury Avenue from the securitisation, providing greater flexibility and optionality over these buildings as we continue to progress our vision for Broadgate.

The reduction in finance costs as a result of proceeds from net divestment has been partially offset by development spend and share buybacks.

We have a risk managed approach to interest rates on debt. At 31 March 2019, on a spot basis, the interest rate on 87% of our debt is hedged. On average, we are 63% hedged over the next five years, based on current commitments.

2. IFRS profit or loss before tax

The main difference between IFRS profit or loss before tax and Underlying Profit is that IFRS includes the valuation movement on investment and development 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 before tax for the year was £319m, compared with a profit before tax for the prior period of £501m. This reflects the change in valuation movement on the Group's properties which was £834m less than the prior period, and the capital and other income result from joint ventures and funds being £115m less than the prior period, both driven principally by outward yield shift of 37 bps and ERV decline in the Retail portfolio. In addition, the result on disposal of investment properties and investments was £36m lower than the prior period. These items were partially offset by £78m of additional trading property sale profits, as a result of the completion of a number of Clarges units in the period, along with a £117m decrease in capital financing charges.

IFRS basic EPS was (30.0)p per share, compared to 48.7p per share in the prior year, driven principally by the decline in property valuations. The basic weighted average number of shares in issue during the period was 971m (2017/18: 1,013m).

3. Dividends

As previously announced, we have increased the dividend by 3.0% for the year to 31 March 2019 bringing the full year dividend to 31 March 2019 to 31.0p. The dividend pay-out ratio is 89% for the period (2017/18: 80%). British Land will recommend to shareholders a final dividend payment for the year ended 31 March 2019 of 7.75p. Subject to approval by shareholders, payment will be made on 2 August 2019 to shareholders on the register at close of business on 28 June 2019. The final dividend will consist of two components: a Property Income Distribution of 3.875 pence and a Non-Property Income Distribution of 3.875 pence. No SCRIP alternative will be offered.

Balance sheet

	Section	2018 £m	2019 £m
Properties at valuation		13,716	**12,316**
Other non-current assets		185	**151**
		13,901	**12,467**
Other net current liabilities		(368)	**(297)**
Adjusted net debt	6	(3,973)	**(3,521)**
Other non-current liabilities		–	**–**
EPRA net assets		9,560	**8,649**
EPRA NAV per share	4	967p	**905p**
Non-controlling interests		254	**211**
Other EPRA adjustments[1]		(308)	**(172)**
IFRS net assets	5	9,506	**8,689**

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 bonds 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

The 6.4% decrease in EPRA NAV per share reflects a valuation decrease of 4.8% across the portfolio. Valuation gains in the Office portfolio of 1.1% have been more than offset by an 11.1% fall in Retail values as a result of weakening investment sentiment and a challenging occupational market.

Office valuations were up 1.1% driven by strong leasing at our developments which were up 10.8%, including 135 Bishopsgate where values are up 33%, with ERV growth of 1.4% across the standing investments and relatively stable yields. This reflects specific asset lettings we've completed and the resulting washover effect.

Valuations in Retail are down 11.1%, with outward yield shift of 37 bps and ERV decline of 3.8%, reflecting the impact of CVAs and administrations on both the investment and occupational markets, particularly at our smaller retail assets outside the South-East and department stores. However, the performance within the portfolio has been varied, and we continue to see ERV growth at high quality, well positioned assets with good supply/demand tension. Investment demand remains for long term, secure income assets.

While financing activity has decreased NAV by 7p, it will deliver cost savings and the overall impact is NPV neutral. It includes the repayment of higher coupon debt including a portion of secured Broadgate bonds and termination of the associated interest rate swaps. Completion of the £200m share buyback programme during the year has contributed 10p to EPRA NAV.

5. IFRS net assets

IFRS net assets at 31 March 2019 were £8,689m, a decrease of £817m from 31 March 2018. This was primarily due to IFRS loss before tax of £319m, along with £298m of dividends paid and £204m of share purchases under the share buyback programme.

Cash flow, net debt and financing

6. Adjusted net debt[1]

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 £970m in the year. Completed sales included 5 Broadgate for £500m (BL share) and, in line with our strategy of focusing on multi-let assets, 57 standalone assets totalling £367m (BL share) and three retail parks (Cheltenham Gallagher, Leeds Westside and Bath Weston Lock). We have completed purchases of £233m including Royal Victoria Place in Tunbridge Wells.

We spent £223m on developments and a further £44m on capital expenditure related to asset management on the standing portfolio. The value of recently completed and committed developments is £867m, with £263m costs to come. Speculative development exposure is 2.3% of the portfolio. There are 866,000 sq ft of developments in our near term pipeline with anticipated cost of £404m.

7. Financing

	Group		Proportionally consolidated	
	2018	2019	2018	2019
Net debt / adjusted net debt[1]	£3,046m	**£2,765m**	£3,973m	**£3,521m**
Principal amount of gross debt	£3,007m	**£2,881m**	£4,265m	**£3,895m**
Loan to value	22.1%	**22.2%**	28.4%	**28.1%**
Weighted average interest rate	2.0%	**2.2%**	2.8%	**2.9%**
Interest cover	5.3	**4.9**	4.0	**3.8**
Weighted average maturity of drawn debt	8.1 years	**7.3 years**	8.6 years	**8.1 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

Over the year, we completed £1.6bn of financing activity, including £1.4bn of new financing arranged.

This includes the amendment and extension of our largest syndicated RCF at £735m, with 12 banks, at an initial margin of 90 bps and maturity of five years. We also arranged new bi-lateral RCFs totalling £140m for 5 years. Each of these facilities may be extended by a further two years at our request and on the relevant bank's approval.

We issued £231m new US Private Placement notes to four investors for 7-10 years (average of 8.2 years), at blended pricing of 3 month Libor +124bps.

We are pleased with this ongoing support from all the lenders, which provides liquidity and flexible finance from diverse sources.

We also repaid £223m (£111m our share) of secured Broadgate bonds, releasing 1-2 Broadgate and 2-3 Finsbury Avenue from the securitisation, providing greater flexibility and optionality over these buildings as we continue to progress our vision for Broadgate.

At 31 March 2019, our proportionally consolidated LTV was 28.1%, down 30 bps from 28.4% at 31 March 2018 due to net disposals, offset by share buybacks, development spend and the valuation decline. This positions us well to enable investment into our development pipeline. Note 17 of the financial statements sets out the calculation of the Group and proportionally consolidated LTV.

Our liability and debt management activity has enabled us to keep our weighted average interest rate low at 2.9%, despite the impact of net divestment and increase in market rates. Our interest cover has reduced to 3.8 times as a result of proportionately lower Underlying Profits.

Our weighted average debt maturity is largely unchanged at 8.1 years.

At 31 March 2019, British Land had £1.8bn of committed unsecured revolving bank facilities, £1.5bn undrawn. Based on our current commitments, these facilities and debt maturities, we have no requirement to refinance until late 2022.

The current uncertain environment reinforces the importance of a strong balance sheet and we have capacity to progress opportunities when the time is right.

Simon Carter
Chief Financial Officer

Financial strength and balanced approach

To deliver our property strategy, we focus on having an appropriate balance of debt and equity funding.

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 2019, our proportionally consolidated LTV was 28.1% and the Group measure was 22.2%. 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 is a competitive advantage, allowing 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 53). 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 late 2022. British Land's committed bank facilities total £1.8bn, of which £1.5bn was undrawn at 31 March 2019.

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 87% of our debt (spot), and on 63% of our projected debt on average over the next five years, with a decreasing profile over that period. Accordingly we have a higher degree of certainty 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 enables 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 over 25 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 £4.7bn (British Land share £4.2bn) 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.

£3.9bn

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 19 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.

8.1 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.

£1.5bn

undrawn revolving credit facilities

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-').

28.1%

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 2028; 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 £6.9 billion as at 31 March 2019.

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 2019, these assets generated £16 million 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.

Unsecured financial covenants

At 31 March	2015 %	2016 %	2017 %	2018 %	**2019 %**
Net borrowings to adjusted capital and reserves	38	34	29	29	**29**
Net unsecured borrowings to unencumbered assets	28	29	26	23	**21**

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 term loan facilities maturing in 2020 and 2022 arranged for its business and secured on property portfolios, without recourse to British Land. These loans include LTV ratio (with maximum levels of 65%) and income based covenants.

The securitisations of Broadgate (£1,300m), Meadowhall (£613m) and the Sainsbury's Superstores portfolio (£196m), have weighted average maturities of 11.0 years, 8.6 years and 5.0 years respectively. The key financial covenant applicable is to meet interest and scheduled amortisation (equivalent to 1 times cover); there are no LTV covenants. These securitisations have quarterly amortisation with the balance outstanding reducing to approximately 15% 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.

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

British Land core strengths

- Increasing focus on mixed use places as we evolve our business to reflect the changing way people use space
- High quality commercial portfolio focused on London campuses and multi-let retail centres around the UK and building a Residential business
- Long term strategy positioning the business to benefit from long term trends
- Customer focused approach to respond to changing lifestyles
- Diverse and high quality occupier base
- High occupancy
- Well balanced and risk managed development pipeline
- Execution of asset management and development activity
- Ability to source and execute attractive investment deals
- Efficient capital structure with good access to capital and debt markets
- Strong sustainability performance

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 on the right.

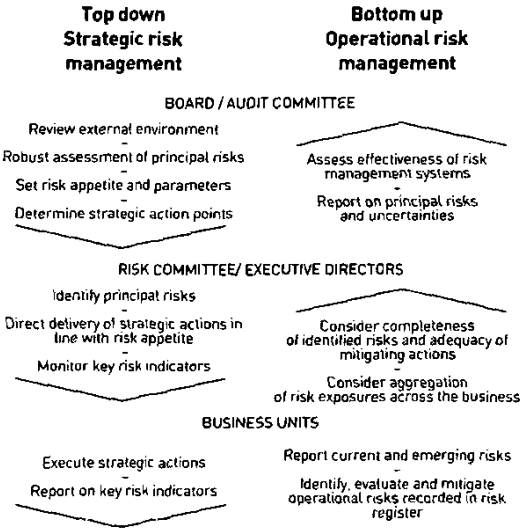
The Board has overall responsibility for risk management with a particular focus on determining the nature and extent of exposure to the principal risks the business is willing to take in achieving its strategic objectives. The amount of risk is assessed in the context of the core strengths of our business (as summarised above) 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 77, 78 and 84.



Our risk appetite

Principal internal risks	Key risk indicators (including current thresholds)	Change in risk appetite in the year
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 over next five years)	↔
People	- Unplanned executive departures - 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

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. Having over the last few years lowered our financial risk we are now prepared to accept an increase in our risk relating to the more operational nature of property, reflecting market trends and our strategy as we build an increasingly mixed use business.

Given the backdrop of economic and political challenges, we have actively managed our incremental risk exposure by:

- maintaining a limited exposure to speculative development coupled with our successful pre-letting strategy
- continuing to take a thoughtful approach to capital allocation, demonstrated by selling £1.5bn of mature and off-strategy assets, reinvesting partly in our share buyback programme, selective acquisitions and profitable development, whilst reducing our LTV further to 28.1%, despite valuation falls
- maintaining substantial financial headroom with £1.8bn of committed unsecured revolving bank facilities, of which £1.5bn is undrawn. Based on our current commitments, these facilities and debt maturities, we have no requirement to refinance until late 2022.

Our risk focus

The general risk environment in which the Group operates has heightened over the course of the year, which is largely due to the continued level of uncertainty associated with the future impact of the UK's exit from the EU, the significant deterioration in the UK retail market and weaker investment markets.

Inevitably the risk of a disruptive or 'no deal' Brexit has loomed large and remains an actively managed risk, supported by a dedicated risk checklist. While it is not possible to predict fully the impact Brexit will have on our business and our markets, the Board is continuing to monitor external events and is taking appropriate action to prepare for short term risks to ensure our business is both resilient and responsive in the short term, and well positioned for the long term. 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 Brexit which could adversely impact investment, capital, financial, occupier and labour markets.

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

- ongoing GDPR programme to manage personal data appropriately
- retailer tenant risk and managing our exposure to customers or sectors in a more challenging market backdrop
- enhancing our crisis management strategy including a simulation exercise undertaken by senior management
- health, safety and environmental risk management. Our Health and Safety management system was re-certified under BS OHSAS 18001
- detailed review of the covenant strength of current and potential construction contractors to mitigate our future exposure
- climate change including establishing a Steering Committee to progress towards TCFD alignment
- payment operations and key financial controls
- procurement policy and new supplier onboarding process.

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.

Whilst we consider there has been no material change to the nature of the Group's principal risks, not surprisingly, several risks are elevated as a result of the challenging external environment, with the increased level of political uncertainty associated with the UK's departure from the EU, alongside the continued challenging trading conditions in retail (as shown by the risk heat map opposite).

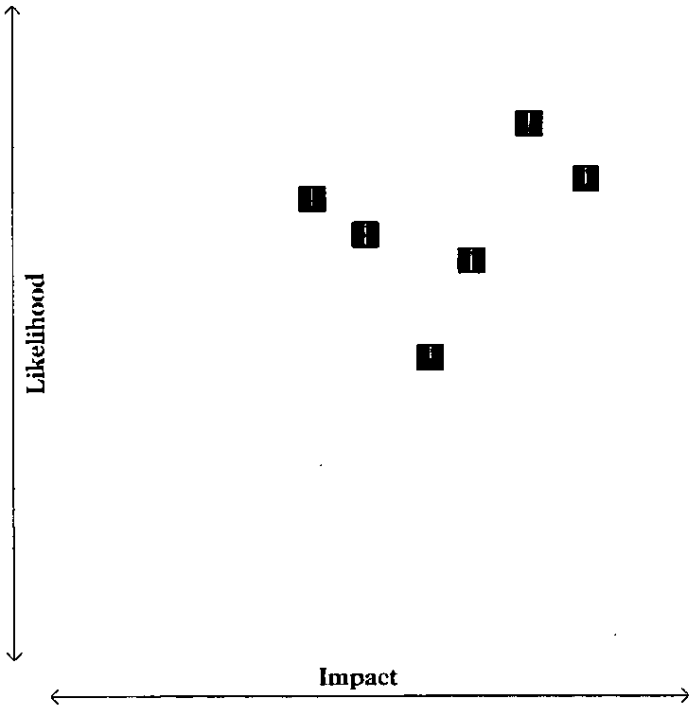
The risks considered to be elevated since the year end due to continuing Brexit uncertainty are both the economic and political and regulatory outlook. In addition, we consider the principal risks of occupier demand and investor demand to be elevated since the year end due to the continued challenging trading conditions in retail with several recent high profile CVAs and administrations. This could impact our ability to execute our investment strategy and present an increased risk to income sustainability.

The principal risks are summarised opposite (and detailed on pages 58 to 61), 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

Principal risk	Related strategic priority	Change
External risks		
Economic outlook		↑
Political and regulatory outlook		↑
Commercial property investor demand		↑
Occupier demand and tenant default		↑
Availability and cost of finance		↔
Catastrophic business event		↔
Internal risks – strategic		
Investment strategy		↑
Development strategy		↔
Capital structure		↔
Finance strategy		↔
Internal risks – operational		
People		↔
Income sustainability		↑

Risk heat map



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.

Key

Strategic priorities	Change year on year
Customer Orientation	↔ No change
Right Places	↑ Increase
Capital Efficiency	↓ Decrease
Expert People	

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:

- Operating model including reliance on third parties
- Culture
- Information systems and cyber security
- Effective control environment
- Fraud and corruption
- Compliance and legal framework
- Supply chain management

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 re-assessment 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 and secure income streams and robust finances.	↑ - The UK economic position has weakened during the year, largely due to the uncertainty associated with Brexit together with the weaker global economy. - Inflation and interest rates remain relatively stable. However, markets remain sensitive to external shocks, particularly associated with Brexit. - Against this employment is at its highest level since 1975 and real wage growth has strengthened. - We are mindful of the ongoing political and economic uncertainties, but our focus remains on controlling what we can within our business. Looking ahead our business is well positioned, financially strong and we have a 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, political direction, or an early general election.	- 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 environment remains unstable and the risk of a disruptive or 'no deal' Brexit has loomed large, alongside the possibility of a general election. This heightens both the economic and political risk outlook. - Furthermore the global geopolitical and trade environments remain uncertain. - Whilst it is not possible to predict fully the impact Brexit will have on our business and our markets, we have prepared a Brexit checklist to identify and manage the key risks to different areas of our business and have considered various Brexit scenarios as part of our five-year forecasts.
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 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. - 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.	↑ - Investment markets have slowed more recently with fewer transactions, particularly in retail, reflecting macro-economic uncertainty and challenges in the retail occupational market. - The London office investment market has remained robust, continuing to benefit from demand from overseas investors. - The theme of polarisation has continued with activity focused on high quality, well-let assets with strong occupational characteristics or alternative use potential. - London office yields have remained broadly stable throughout the year, however we have seen yield expansion in retail reflecting weakening investor sentiment, with weaker locations the most affected. - Notwithstanding this market backdrop we have continued to be active and have successfully sold £1.5bn of assets.

Key

Change year on year

↔ No change

↑ Increase

↓ Decrease

Risks and impacts	How we monitor and manage the risk	Change in risk assessment in year
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 office developments to achieve a BREEAM Excellent rating.	↑ - London offices are continuing to show resilience with above average take up. Retail has been weak with retailers facing both economic and structural challenges. As such, we have seen further retailers enter CVAs or administration, resulting in store closures and rent reductions. - In light of these market dynamics, prime London rents have been stable both in the West End and City, however retail has experienced rental value declines. - Across our markets, we are seeing polarisation of occupier demand continuing with occupiers focusing on the best quality assets. - In this context, we are focused on delivering high quality space with the right mix of uses; we have let or renewed 2.7m sq ft of space across the portfolio, and occupancy remains high at 97%.
Availability and cost of finance		
Reduced availability of finance may adversely impact ability to refinance debt and/or drive up cost. These factors may also result in weaker investor demand for real estate. 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.	↔ - Ongoing and increased uncertainty about Brexit and the impacts of the macro economic and political environment are affecting market sentiment, and operations of some lenders. - Debt continues to be available for the 'right' transactions; strong sponsor and quality of property are key. - Lenders' appetite varies in different debt markets. There is a more cautious and reduced appetite for retail. - Interest margins/spreads have increased in the market recently in some sectors, although overall debt cost still relatively low. - Development finance is difficult to obtain for projects without pre-lets. - During the year we have continued to be active in debt markets, with £1.4bn of new finance arranged across a variety of sources.
Catastrophic business event		
An external event such as a civil emergency, including a large-scale terrorist attack, cyber crime, 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 and operations.	- 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.	↔ - The evaluation of the likely impact of this risk has not changed notably since the prior year. The Home Office threat level from international terrorism remains 'Severe'. - The wider use and enhancement of digital technology across the Group increases the risks associated with Information and Cyber security; with an increasing risk from legacy system vulnerabilities, social engineering and phishing. During the year, we have continued to enhance our technical security position as well as provide employee awareness training on Information Security and Data Privacy principles. - We have carried out a crisis simulation exercise and enhanced our procedures where appropriate.

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, tenant, 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 continued to allocate capital thoughtfully in light of the current market conditions. - Since 1 April 2018, we have sold 5 Broadgate for £500m and successfully executed £646m of retail sales – overall marginally ahead of book value. Overall we were a net divestor of £0.9bn of assets. - The retail market faces structural challenges and we have continued to refine our Retail portfolio to deliver a smaller, more focused business, with total sales of £2.9bn over the last five years. - We remain thoughtful about the use of proceeds from disposals, and are continuing to invest into our development pipeline and have extended our share buyback programme. - Our portfolio values were down 4.8%, led by Retail where values were down 11.1% whereas Offices values were up 1.1%.
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 taking into account 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 an important part of our business and has delivered some of our strongest returns, 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. - We have successfully pre-let or under offer on 76% of our completed and committed developments and speculative exposure remains low at 2.3% of portfolio gross asset value. Also, 93% of the costs on our committed development programme have been fixed.

Key

Change year on year

↔ No change

↑ Increase

↓ Decrease

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. - 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.	↔ - We manage our use of debt and equity finance to balance the benefits of leverage against the risks, including magnification of property valuation movements. - Our financial position remains strong; our proportionally consolidated LTV has been reduced by a further 30bps during the year to 28.1%, despite the valuation fall. - This financial strength provides us with the capacity to progress opportunities including our development pipeline whilst retaining significant headroom to our covenants.
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, quality of our assets and rental income enable us to access a broad range of debt finance on attractive terms. During the year we have completed £1.4bn of new financing. - We have £1.8bn of committed unsecured, revolving bank facilities, of which £1.5bn is undrawn. Based on current commitments, these facilities and debt maturities, we have no requirement to refinance the business until late 2022.
People		
A number of critical business processes and decisions tie 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 the number of unplanned executive departures 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.	↔ - Expert People is one of the four core focus areas of our strategy and a key factor in our performance. We continue to empower our people to make the most of their potential through training and development and are focused on building a supportive and inclusive culture for our people. - During the year, we have made several important changes to encourage cross-team collaboration and shared learnings. We have combined our Retail and Offices businesses under the single leadership of Darren Richards and we have also integrated the property management business within the wider business at a single office site.
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.	↑ - We are mindful of the challenges facing the retail market which has seen several more operators apply for CVA or administration. We continue to actively monitor our exposure to occupiers at risk of default and administration and are selective about the sectors and operators we target. - We also recognise that in delivering our investment strategy and selling some of our mature assets, we have had to be conscious of the impact on our income in the short term. - However, our income streams are underpinned by prime assets and a high quality, diverse occupier base with high occupancy. Looking forward our development pipeline offers significant potential to generate future income.

Climate change is one of the most pressing challenges our world faces today

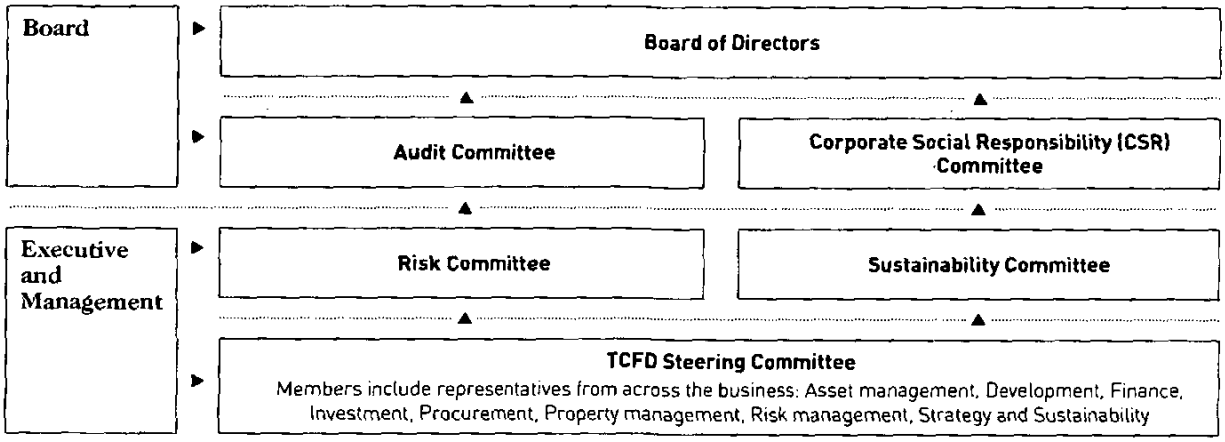
The Board recognises the systemic threat posed by climate change and the need for urgent mitigating action. We have a track record of improving environmental performance and were one of the first real estate companies to introduce stretching carbon reduction targets that go beyond the demands of the Science Based Targets initiative for Scope 1 and 2 emissions. For more information, see our 2019 Sustainability Accounts at britishland.com/data.

Our focus on mitigating climate risks and leveraging climate opportunities has protected value, reduced occupational costs and enhanced our revenue. The TCFD recommendations provide an excellent framework for us to continue this journey.

To progress towards TCFD alignment, in March 2019 we established a TCFD Steering Committee, sponsored by our Chief Financial Officer, Simon Carter. This Committee will:

- undertake long term scenario analysis of the impact of climate change on our business
- recommend adjustments to our strategic and risk management processes to further integrate climate change issues into our day-to-day operations
- identify metrics that translate climate change issues into financial exposure.

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.



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 or attends our Risk and Sustainability Committees, ensuring continuity and accountability.

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 59).

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
- climate-related opportunities to the Sustainability Committee, which will report to our new 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. This work will be expanded to consider long term horizons through our new TCFD Steering Committee.

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, we have identified initiatives representing £6.4m of capex investment that would save £3.7m annually.
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 1,131 MWh in 2018/19.
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.
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.

The resilience of our strategy

British Land undertook an initial analysis of medium term portfolio risks in 2017. 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 54 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 54 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

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

Climate-related opportunities

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

Viability statement

Assessment of prospects

The Group's annual corporate planning process includes the completion of a strategic review, reassessing the Group's risk appetite and updating the Group's forecasts.

The Group's strategy provides the focus for our annual priorities and is formally reviewed annually. This process is led by the Chief Executive through the Executive Committee and includes the active engagement of the Board. Part of the Board's role is to consider whether the strategy takes appropriate account of the Group's principal risks. The latest updates to the strategic plan and Group's risk appetite were approved by the Board in February and March 2019, respectively.

The strategy and risk appetite drive the Group's forecasts. These cover a five-year period and consist of a forecast which includes committed transactions only, and a forecast which also includes non-committed transactions the Board expects the Group to make in line with the Group's strategy. A five-year forecast is considered to be the optimal balance between the Group's long term business model to create Places People Prefer and the fact that property investment is a long term business (with weighted average lease lengths and debt maturities in excess of five years), offset by the progressively unreliable nature of forecasting in later years, particularly given the historically cyclical nature of the UK property industry.

Assessment of viability

For the reasons outlined above, the period over which the Directors consider it feasible and appropriate to report on the Group's viability is the five-year period to 31 March 2024.

The assumptions underpinning these 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, or a combination of those risks.

The principal risks table on pages 58 to 61 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 downturn in economic outlook which could 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. 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 2024.

The sensitivities performed were designed to be severe but plausible; and relate to a single 'downturn scenario' before mitigating actions:

- downturn in economic outlook: key assumptions including occupancy, void periods, rental growth and yields were sensitised in the 'downturn scenario' to reflect reasonably likely levels associated with an economic downturn, including:
  - a reduction in occupier demand reflected by an ERV decline, occupancy decline, increased void periods and additional impact of retail CVAs or administrations
  - 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.
- Restricted availability of finance: based on the Group's current commitments and available facilities there is no requirement to refinance until late 2022. 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. In the 'downturn scenario', the following sensitivity of this assumption was conducted:
  - a reduction in the availability of finance, for two years of the five-year assessment in tandem with the Group's refinancing date.

The outcome of the 'downturn scenario' was that the Group's covenant headroom based on existing debt (i.e. the level by which investment property values would have to fall before a financial covenant breach occurs) decreases from the current 56% to, at its lowest level, 13%, indicating covenants on existing facilities would not be breached.

In the 'downturn scenario', mitigating actions would be required to enable the Group to meet its future liabilities, including through asset sales, which would allow the Group to continue to meet its liabilities over the assessment period.

Viability statement

Having considered the forecast cash flows and covenant compliance and the impact of the sensitivities in combination 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 to 31 March 2024.

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 78.

The Strategic Report was approved by the Board on 14 May 2019 and signed on its behalf by:

Chris Grigg
Chief Executive

Governance

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1 Triton Square

Excellent environmental stewardship

Large-scale development carries a broad responsibility and we are careful to manage the impact of our projects on the environment. At 1 Triton Square we worked closely with our design team and contractor to retain much of the original building. Smart material reuse and sustainability innovations mean that the building will produce 33% less carbon in construction and operation than best practice new build equivalents – a reduction of 35,600 tonnes of CO_2e. This saving is greater than the building's operational emissions over the next 20 years and it exceeds the ambitious carbon reduction targets required to meet the UK's commitment to the Paris Climate Agreement. High efficiency equipment, low-carbon materials and a circular approach to waste are all part of our BREEAM Outstanding sustainability plans for the building.

Driving success

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

John Gildersleeve, Non-Executive Chairman Ⓝ

Appointed as a Non-Executive Director in September 2008 and as Chairman in January 2013.

Skills and experience

John is deputy chairman of TalkTalk Telecom Group PLC. He was formerly chairman of Carphone Warehouse Group, New Look Retail Group, EMI Group and Gallaher Group; a non-executive director of Dixons Carphone plc, Lloyds TSB Bank PLC, Vodafone Group and Pick n Pay Stores (South Africa); deputy chairman of Spire Healthcare; and an executive director of Tesco plc.

John will be stepping down as Chairman and from the Board at the end of the 2019 AGM.

Chris Grigg, Chief Executive

Appointed to the Board in January 2009.

Skills and experience

Chris has more than 30 years' experience in real estate and financial services industries, in a range of leadership roles. He brings a strong track record of driving growth, delivering strategic plans and a wealth of experience in corporate finance to the Board.

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. He is a board member of the European Public Real Estate Association and a member of the Cancer Research UK Corporate Board.

Lynn Gladden, Non-Executive Director C R

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 Executive Chair of the Engineering and Physical Sciences Research Council. She is also a fellow of the Royal Society and Royal Academy of Engineering.

Alastair Hughes, Non-Executive Director A Ⓒ

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 and Tritax Big Box REIT, 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 chief executive for Europe, Middle East and Africa and then as regional CEO for Asia Pacific.

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, Senior Independent Director N ®

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.

Nicholas Macpherson, Non-Executive Director A

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 the subsequent period of banking reform. He joined the Treasury in 1985 and held a number of roles prior to his appointment as Permanent Secretary. Nicholas trained as an economist and has worked at the CBI and Peat Marwick Consulting.

Preben Prebensen, Non-Executive Director R

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 been chief executive of Close Brothers Group plc since 2009. Preben was formerly chief investment officer at Catlin Group Limited and chief executive of Wellington Underwriting plc. Prior to that he held a number of senior positions at JP Morgan.

Tim Score – Non-Executive Director Ⓐ N

Appointed as a Non-Executive Director in March 2014.

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.

Tim has been appointed to succeed John Gildersleeve as Chairman from the end of the 2019 AGM.

Laura Wade-Gery, Non-Executive Director R

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 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 Trinity Mirror plc.

Rebecca Worthington, Non-Executive Director A

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 was formerly group chief operating officer (having previously been group chief finance officer) of Countryside Properties PLC and spent 15 years at Quintain Estates and Development PLC, first as finance director and latterly as deputy chief executive. Rebecca was also a non-executive director and chair of the audit committee at Hansteen Holdings plc until 20 March 2018, and a non-executive director of Aga Rangemaster Group plc to 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.

Directors' core areas of expertise[1]

Board Committee membership key

[A] Audit Committee member

[C] Corporate Social Responsibility Committee member

[N] Nomination Committee member

[R] Remuneration Committee member

o Chairman of a Board Committee

Board attendance

Director	Scheduled meetings	Ad hoc meetings	Total
John Gildersleeve[1]	**7/7**	2/2	9/9
Alastair Hughes	**7/7**	3/3	10/10
Charles Maudsley[2]	**7/7**	2/2	9/9
Chris Grigg	**7/7**	3/3	10/10
Laura Wade-Gery[4]	**7/7**	2/3	9/10
Lynn Gladden	**7/7**	3/3	10/10
Nicholas Macpherson[4]	**7/7**	2/3	9/10
Preben Prebensen[4]	**7/7**	2/3	9/10
Rebecca Worthington	**7/7**	3/3	10/10
Simon Carter[2,3]	**6/6**	2/2	8/8
Tim Roberts[2]	**7/7**	2/2	9/9
Tim Score[1,4]	**7/7**	1/2	8/9
William Jackson[5]	**6/7**	3/3	9/10

1. Due to their conflicts of interest, Tim Score and John Gildersleeve were not invited to attend one ad hoc Board meeting, the sole business of which was Chairman succession
2. Due to their conflicts of interest, Charles Maudsley, Tim Roberts and Simon Carter were not invited to attend one ad hoc Board meeting, the sole business of which was the reorganisation of Executive Director positions
3. Simon Carter did not start employment until 21 May 2018 and therefore did not attend one meeting that took place before he joined
4. Laura Wade-Gery, Nicholas Macpherson, Preben Prebensen and Tim Score each missed one ad hoc meeting that was 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
5. Pre-existing diary commitments meant William Jackson was unable to attend one meeting in January 2019. This was scheduled some time after the 2019 Board dates had been settled as a response to the Board evaluation feedback that there was a large gap between the November and March meetings

Welcome to the Governance and Remuneration sections

I am pleased to present the Corporate Governance Report for the year ended 31 March 2019.

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 its members. This approach enables the Directors to make effective decisions, at the right time and based on the right information.

As I mention in my statement on pages 2 and 3, our level of thoughtful activity and the resilience of our strategy set British Land apart. We take this thoughtfulness and consideration into our governance structure and this year a review of our governance policies has been carried out. This resulted in revisions to a number of our policies including our matters reserved to the Board, various Committee terms of reference and delegated authorities.

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 2016 UK Corporate Governance Code (the 'Code') available at frc.org.uk. I am pleased to report that the Board has continued to apply good governance and considers that the Company has complied with the provisions of the Code throughout the year.

We have also been making preparations for compliance with the 2018 UK Corporate Governance Code. Our commitment to engaging with our stakeholders means that we already have in place several methods of engaging with various stakeholder groups. To help with reviewing this engagement we have recently constituted a Board level Corporate Social Responsibility Committee to assist the Board in:

- understanding the views of key stakeholders (including our employees) of the Company
- understanding the Company's impact on community and environment
- ensuring that the Board is aware of the processes and mechanisms used by the Company to engage with key stakeholders
- ensuring that those processes and mechanisms are fit for purpose and assist in contributing to the wider society.

The following Corporate Governance Report, including the reports of the Audit, Nomination and Remuneration Committees, outlines how the Company has applied the Code's principles and provisions.

Board changes

The Board has continued to evolve during the year. Simon Carter joined in May 2018 as Chief Financial Officer and Tim Roberts and Charles Maudsley stepped down from the Board on 31 March 2019. Charles Maudsley left British Land on that date but Tim Roberts remains an employee until 31 July 2019.

I would like to thank both Tim and Charles for their commitment to British Land. Tim joined British Land in 1997 and was appointed to the Board in 2006, since when he has been the Head of Offices. Charles joined British Land in 2010 and has been on the Board since that time, most recently as the Head of Retail, Leisure and Residential.

In addition, I will step down as Chairman and as a Director at the end of the 2019 AGM with Tim Score having been appointed to succeed me as Chairman at that time.

With the exception of Tim, Charles and I, all Directors in role at 31 March 2019 will stand for re-election at the 2019 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 page 77. However, I am pleased to report here that the review concluded that your Board, its Committees and its individual members continue to operate effectively and with due diligence. It also confirmed that good progress has been made on the recommendations of last year's externally facilitated evaluation. The focus for the coming year will be:

- continuing development of the Board's understanding of culture and values;
- continuing the development of succession plans; and
- refining agendas and timings to enhance discussion and debate around important issues.

This year's AGM will again provide an opportunity for all shareholders to hear more about our performance during the year and to ask questions of the Board. I look forward to welcoming you on 19 July 2019.

John Gildersleeve
Non-Executive Chairman

Our core focus areas

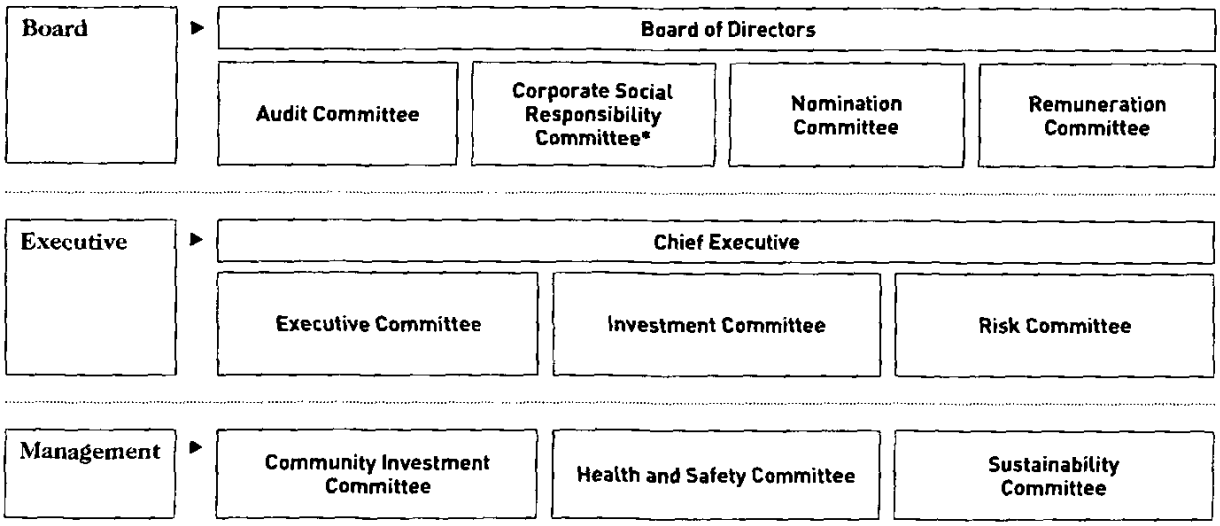
The Board meets regularly with people from across the British Land business and interacts with a range of advisers including corporate brokers and valuers. Board discussions have covered a wide range of topics with a significant amount of time spent on the following strategic topics:

Strategic topic	Areas on which the Board has focused during the year
Customer Orientation	- Decision to focus our business on three core elements: our London campuses, a smaller Retail portfolio and Residential which would see campuses increase to 55-60% of the portfolio, with Retail reducing to 30-35% and Residential increasing to 10% on a five year view - Smart Places team established to focus on delivering technology-enabled places and the personalisation of the working environment - Continued roll out of Storey, now operational across 141,000 sq ft at our campuses
Right Places	- Signed our Master Development Agreement and submitted our planning application at Canada Water - Progressing our vision for Broadgate including obtaining planning permission for the redevelopment of 1-2 Broadgate - Overseeing our Retail disposal strategy
Capital Efficiency	- Sale of 5 Broadgate for £1bn (BL share £500m) - Use of proceeds split between a £200m extension to our share buyback programme and reinvestment in development - Recommendation of 31.00p per share in dividends representing a 3% year-on-year increase - Repayment of £223m of debt in the Broadgate JV releasing buildings for potential development - Maintenance of appropriate leverage at 28%
Expert People	- Combining our Offices and Retail businesses under the leadership of Darren Richards as Head of Real Estate - Appointment to the Executive Committee* of Emma Cariaga, Head of Operations at Canada Water and David Lockyer, Head of Broadgate - Combination of British Land and our property management business within a single office site, enabling collaboration and maximising the efficiency of our operations - Roll out of agile working, enabling our people to work more flexibly
Sustainability	- Establishment of a Board level Corporate Social Responsibility Committee with effect from April 2019 - Consideration of our approach to sustainability for beyond 2020 - Diversity and inclusion across our business

* Details of the members of our Executive Committee can be found on our website at britishland.com/executive-committee

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.



* With effect from 1 April 2019

Board gender split as at 2019 AGM versus 2018 AGM

Average board member age over a three-year period

Governance is an integral part of the way we deliver our strategy

Leadership

The Board

As at 31 March 2019 the Board comprised the Chairman, eight independent Non-Executive Directors and four Executive Directors. Biographies of the Directors as at the date of publication are set out on pages 68 to 70 and include details of the skills and experience each brings to the Board. By the conclusion of the 2019 AGM, the Board will have reduced in size to comprise the Chairman, seven independent Non-Executive Directors and two Executive Directors.

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 composition of the Board is fundamental to its success in providing strong and effective leadership. 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.

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. The Non-Executive Directors scrutinise the performance of management in meeting their agreed goals and objectives, and monitor the reporting of that performance.

The high calibre of debate and the participation of all Directors, Executive and Non-Executive, in its meetings allows the Board to utilise the experience and skills of the individual Directors to their maximum potential and make decisions that are in the best interests of the Company.

Role of the Board

The Board has reserved key decisions and matters for its own approval, including its core responsibilities of setting the Group's strategic direction, overseeing the delivery of the agreed strategy, managing risk and establishing the culture, values and standards of the Group as a whole. Matters below the financial limit set by the Board are delegated either to the Investment Committee (for property and financing issues) comprising the Executive Directors, Head of Strategy & Investment, Head of Real Estate and Head of Development or to an approvals committee of any two of the Executive Directors and General Counsel and Company Secretary with all decisions taken reported to the next Board meeting.
The Board culture is one of openness and constructive debate. The Directors are able to voice their opinions in a relaxed and respectful environment, allowing coherent discussion. When running Board meetings, the Chairman maintains a collaborative atmosphere and ensures that all Directors have the opportunity to contribute to the debate. 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.

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 Board has delegated authority for the day-to-day management of the business to the Chief Executive.

The Executive Directors are involved in, or aware of, all major activities and are therefore extremely well placed to ensure that any decisions align with the Group's agreed strategy.

The Executive Directors make decisions within predefined parameters delegated by the Board, although any proposal may still be taken to the full Board for consideration and approval where this is considered appropriate, even if it falls within those parameters.

Three standing Committees have been operating throughout the year: the Audit, Nomination and Remuneration Committees, 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 three standing Committees are set out on pages 80 to 109. The Corporate Social Responsibility Committee had its first meeting in May 2019.

Management Committees have also been established to make recommendations on matters delegated to them by the Board, its standing Committees or the Executive Directors.

This governance structure (set out on the previous page) 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.

Strategy days

The Board held its annual offsite strategy event during February 2019. 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 Group'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 2019 strategy days included: corporate strategy, Canada Water, technology, the flexible workspace market and the build to rent market.

Board meetings

Regular Board and Committee meetings are scheduled throughout the year and the Directors ensure that they allocate sufficient time to discharge their duties effectively. Occasionally, Board meetings may be held at short notice when Board-level decisions of a time-critical nature need to be made or for exceptional business.

The Board agenda is set by the Chairman, in conjunction with the Chief Executive and General Counsel and Company Secretary. Each scheduled meeting includes a management report delivered by the Chief Executive and regular updates on the activities of various standing and management committees. Discussions also take place on strategic proposals, major acquisitions, disposals, developments and legal and governance matters.

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 enable the Board to discharge its duties. All papers 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. 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.

In March 2019 the Board held its meeting at the recently redeveloped 3 Broadgate in the City of London. The meeting was followed by a site visit to the 100 Liverpool Street development which had recently had its topping out ceremony.

Effectiveness

Board induction

On appointment, all Directors whether Executive or Non-Executive receive a comprehensive induction. 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:

- meetings with the Chairman, Executive Directors, Committee Chairmen, external auditor or remuneration consultants (as appropriate)
- information on the corporate strategy, the investment strategy, the financial position and tax matters (including details of the Company's REIT status)
- an overview of the property portfolio provided by members of the senior management team
- visits to key assets
- details of Board and Committee procedures and Directors' responsibilities
- details on the investor relations programme
- information on the Company's approach to sustainability.

All induction documents are made available on our secure electronic Board portal and are therefore available to Directors both during and after their induction.

Training and development

The Chairman and General Counsel and Company Secretary agree what Board-wide training or development may be appropriate. During the year ended 31 March 2019, the Board considered papers and presentations on legal and regulatory developments including the 2018 UK Corporate Governance Code and The Reporting of Payment Practices and Performance Regulations, SMART technology, the macro-economic environment and specific issues relating to Brexit, sustainability-related developments and briefings on the views of stakeholders and the external environment.

Directors are also entitled to seek independent advice in relation to the performance of their duties at the Company's expense, subject to having first notified the Chairman or the General Counsel and Company Secretary.

Commitment

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 are disclosed on page 106 within the Remuneration Report.

Conflicts of interest

The Directors are required to avoid a situation in which he or she has, or can 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 full Board at least annually.

The Board also reviews the Directors' Interests Policy on an annual basis. Following the last review in November 2018, the Board concluded that the policy continued to operate effectively.

Re-election

The Board has reviewed the Nomination Committee's assessment of whether each Non-Executive Director remains independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, that judgement. As a result, the Board as a whole considers that each of the Non-Executive Directors is independent and is of the stature and has the required experience to perform his or her role as an independent Director. The results of the Board evaluation also confirm the Board's belief that each Non-Executive Director standing for re-election at the 2019 AGM remains committed to their role within British Land and continues to perform effectively.

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 2019, 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 other Executive Directors 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 evaluation of the Board and its Committees concluded that the Board and its Committees continued to operate effectively with a high standard of performance throughout the year.

The focus for the coming year will be:

- continuing development of the Board's understanding of culture and values
- continuing the development of succession plans
- refining agendas and timings to enhance discussion and debate around important issues.

Accountability

Financial and business reporting

The Board is responsible for preparing the Annual Report and confirms in the Directors' responsibility statement set out on page 113 that it believes that the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary to assess British Land's position, performance, business model and strategy. The basis on which the Company creates and preserves value over the long term is described in the Strategic Report.

The Audit 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 undertaken and a detailed report was then presented to the Audit Committee.

Risk management and internal control

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 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.

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.

British Land's approach to risk, including the roles of the Board and the Audit Committee in setting risk appetite and monitoring risk exposure, is detailed in the 'Managing risk in delivering our strategy' section on pages 54 to 57.

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.

The Company is committed to conducting its business in an ethical manner, with integrity and in line with all relevant laws and regulations. The Group has adopted a number of policies and procedures including policies and training on anti-bribery and corruption and fraud awareness, information security and GDPR. All employees are made aware of the Group's policies through the Employee Handbook and regular bulletins and also receive training appropriate to their roles and responsibilities.

The Audit Committee reviews the effectiveness of the Group's system of internal control annually, including the systems of control for material joint ventures and funds. The Group's internal control system is built on the following fundamental principles, and is subject to review by internal audit:

- a defined schedule of matters reserved for approval by the Board
- a detailed authorisation process: no material commitments are entered into without thorough review and approval by an authorised person
- formal documentation of all significant transactions
- a robust system of business and financial planning: including cash flows and profitability forecasting, with scenario analysis performed on major corporate, property and financing proposals
- a robust process for property investment appraisals
- monitoring of key outcomes, particularly expenditure and performance of significant investments, against budget and forecast

- clearly defined policies and review of actual performance against policies
- benchmarking of property performance against external sources such as the Investment Property Databank
- key controls testing
- a comprehensive property and corporate insurance programme
- a formal whistleblowing policy.

During the course of its review for the year ended 31 March 2019, 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.

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 the solvency risk). The assessment covered the 12-month period required by the 'going concern' basis of accounting.

In accordance with the Code, the Board has also assessed the prospects of the Group over a five-year period, which is deemed appropriate for the viability statement. In preparing the viability statement the Board considered the principal risks set out on pages 58 to 61 and the sensitivities of cash flow and debt covenant forecasts, all of which are considered to have a reasonable likelihood of impacting the viability of the Company. Full details of this assessment are set out on page 65.

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

The Board also considers that the Company and the Group will be able to continue in operation and meet its liabilities as they fall due over the period ending 31 March 2024.

Taxation

Our principles of good governance extend to our responsible approach to tax. Our tax strategy ('Our Approach to Tax'), available on our website britishland.com/governance, is approved by the Board and is in line with the Group's long term values, culture and strategy.

Remuneration

The Directors' Remuneration Report is set out on pages 88 to 109.

In accordance with the Code, the Remuneration Committee is recommending a new Remuneration Policy for approval at the 2019 AGM. The recommended Remuneration Policy is set out on pages 92 to 96.

Relations with stakeholders

The Board is committed to maintaining open channels of communication with all of the Company's stakeholders. An important part of this is providing a clear explanation of the Company's strategy and objectives, and ensuring that feedback is acknowledged, considered and, where appropriate, acted upon. Stakeholder feedback is essential to the success of our business, so we ensure the Chairman, Senior Independent Director and Executive Directors are available to address any concerns our stakeholders may wish to raise.

British Land aims to be informative and accessible to all shareholders. Announcements relating to the Group's financial results and key events are provided in a timely manner and are easily accessible via our website and social media. The Group website also provides detailed information on our assets, as well as case studies illustrating our strategy, including our sustainability activities.

British Land has a dedicated Investor Relations team which is available to respond to any questions or concerns investors may have on an ad hoc basis.

All stakeholders are able to contact the Company directly via the contacts page on our website: britishland.com/contacts

To read more on our key stakeholders, the issues that matter to them and how we engage with them, go to page 26.

Annual General Meeting

Directors attend the AGM, which provides retail shareholders in particular with an opportunity to hear directly from the Board on the Company's performance over the past year, its strategy and the objectives for the year ahead. The AGM also provides shareholders with the opportunity to ask questions.

The 2018 AGM was attended by approximately 110 shareholders.

All resolutions were voted on by way of a poll and passed by the required majority. The results of the AGM voting are announced to the London Stock Exchange as soon as practicable following the AGM and also made available on the Company's website.

Retail shareholders

Our 'Shareholders Centre' on our website: britishland.com/shareholders-centre includes information on the AGM, dividends, shareholder communication, how to contact our registrar, Equiniti, and other useful resources for shareholders.

Institutional investors

Institutional investors and analysts receive regular communications from the Company, including details of investor relations events (see the chart to the right), one-to-one and group meetings with Executive Directors, and tours of our major assets. This year, our investor relations activity included analyst and investor events comprising presentations and tours of Broadgate and Canada Water, and a CFO investor dinner. In total, the Chief Executive, Chief Financial Officer and Investor Relations team met with representatives from 215 institutions during the year ended 31 March 2019. We periodically commission an independent investor perception study, which provides feedback on our strategy, highlights material concerns from key investors and is presented to the Board.

The Executive team is committed to ensuring that shareholder views, both positive and negative, are relayed back to the Board. 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.

Key investor relations activities during the year

May

- Full year results presentation
- Full year results roadshow, London
- Investor roadshow, Frankfurt
- Investor property conference, Netherlands

June

- Investor property conference, London
- Private client investor roadshow, London
- Investor roadshow, Paris
- Analyst & investor presentation & tour, Broadgate

July

- AGM
- Private client investor breakfast, London AGM
- US roadshow

Sept

- Analyst & investor presentation & tour, Canada Water
- Investor property conference, New York

Lenders and bondholders

The Board recognises the contribution made by our lenders and bondholders. Through our Treasury team, the Group maintains an open dialogue with our debt providers which helps the Board understand their investment appetite and criteria.

Community

British Land recognises that the people who live in and around our assets are essential to creating Places People Prefer, and therefore to the success of our business. Investing in these communities is an important part of our approach, and our 'Local Charter' details how we build trust by making positive contributions locally. Our 'Community Funding Guidelines' set out how we allocate funding, with a particular focus on initiatives close to our assets that provide opportunities to local people through education, employment and training. Both documents can be found on our website at **britishland.com/policies**

Our approach to social and environmental reporting is set out on pages 28 to 29.

Nov

- Industry dinner
- Half year results
- Half year results roadshow, London
- Investor roadshow, Edinburgh
- Investor property conference, London
- Investor dinner, London

Feb

- Investor roadshow, Frankfurt & Zurich

March

- Investor property conference, Miami
- Investor property conference, London

We monitor 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 2019.

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 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. As at 31 March 2019 65% of the portfolio was under new instruction with a further 17% due to be retendered the following year. The Committee continues to appreciate the professionalism of all its valuers during the tender process.

Committee composition and governance

There have been no changes to the membership of the Committee during the year to 31 March 2019. 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:

Director	Position	Date of joining the Committee	Attendance
Tim Score	Chairman	20 Mar 2014	3/3
Alastair Hughes	Member	1 Jan 2018	3/3
Nicholas Macpherson	Member	1 Apr 2017	3/3
Rebecca Worthington	Member	1 Jan 2018	3/3

The Board is satisfied that the Committee as a whole has competence relevant to the real estate sector. For the purposes of the UK Corporate Governance Code, Rebecca and I are deemed to meet the specific requirement of having significant, recent and relevant financial experience.

With effect from the conclusion of the 2019 AGM, Rebecca will succeed me as Chairman of the Committee as I begin my role as Chairman of the Group.

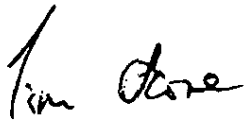
Members of the senior management team, including the Chief Financial Officer, General Counsel and Company Secretary, Group Financial Controller, Head of Financial Reporting and representatives of both external and internal auditors are invited to attend each Committee meeting. In addition, the Chairman 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 Chairman, 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 and these have been updated to reflect the requirements of the 2018 UK Corporate Governance Code. The current terms of reference were effective from 1 April 2019 and are available on our website at britishland.com/committees.

The information below sets out in detail the activity undertaken by the Committee during the year ended 31 March 2019. I hope that you find it useful in understanding our work.



Tim Score
Chairman 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 Chairman 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 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 2019, 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 78.
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 58 to 61; 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 65.
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 share buyback programme, the sale of 5 Broadgate and the treatment of leasing transactions within the London Offices portfolio. The external auditor confirmed that management's judgements in relation to these transactions were appropriate and reasonable and the Committee agreed with this conclusion.
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 Company's compliance with the REIT tests. Management presented details of the methodology and results of their process for REIT testing, with any change in long term trends, and the level of headroom, highlighted. The Committee also considered the external auditor's review of the REIT tests performed by management. The Committee concluded that the Company's REIT status had been maintained in the year.
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 implementation of the second stage of the new valuer appointment policy, the Committee paid specific attention to those assets which were subject to a new valuation instruction during the year. 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.
Revenue recognition	For certain transactions, judgement is applied by management as to whether, and to what extent, they should be treated as revenue for the financial year.	The Committee and the external auditor separately considered the appropriateness of the accounting treatment applied by management in relation to revenue recognition. In particular, the Committee considered the treatment of the sale of third party property management rights to Savills and the timing of contingent consideration and costs. The Committee considered the scope of the accounting standard and agreed with the reasonableness of judgements made.

External Audit

PricewaterhouseCoopers LLP (PwC) was appointed as the Group's external auditor for the 2015 Annual Report following a formal competitive tender. The Committee will consider the need for a competitive tender for the role of external auditor every five years and, in accordance with legislation and its own terms of reference, will ensure that a competitive tender takes place at least every 10 years. The Group's audit engagement partner is John Waters, who has been in role since PwC's appointment, and as required by the applicable legislation this Annual Report and Accounts will be his final year as audit engagement partner. I would like to thank John for his hard work and diligence over the last five years and, following a rigorous selection process, welcome Sandra Dowling as PwC's new appointment as audit engagement partner.

The Committee has also considered the rationale for a competitive tender following PwC's fifth year of appointment as external auditor. In our view, given the knowledge, the robustness of challenge and 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. The Committee will continue to review this annually ahead of the requirement for a competitive tender within 10 years as defined by legislation.

There are no contractual obligations in place which would restrict the Committee's selection of a different auditor.

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 2019 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
- sustainability assurance: PwC currently provides an assurance opinion to the Company over selected sustainability data. This appointment is reviewed annually.

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
- the Audit Committee Chairman 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.

During the year the engagement relating to sustainability assurance was approved by the Audit Committee Chairman on the basis that PwC were best placed to provide the service and that it created no conflict of interest with their role as external auditor.

Total fees for non-audit services amounted to £0.1m, which represents 23% of the total Group audit fees payable for the year ended 31 March 2019. Details of all fees charged by the external auditor during the year are set out on page 132.

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 2019, 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.

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 2019 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 cybersecurity, GDPR programme design effectiveness, health and safety and environmental governance, tax and crisis management. 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. 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 2019.

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 and any emerging risks in the Company's risk register. Both external and internal risks are reviewed and their effect on the Company's strategic aims considered. The Committee considered the Group's risk appetite, concluding that it 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, ensuring that it was set at an appropriate level to achieve strategic goals without taking undue risk.

The Committee also reviewed the status of key risk indicators throughout the year against the risk appetite set, focusing on any which were outside optimal ranges. The Committee gave particular attention to the risks relating to tenant credit risk exposure as well as continuing and increasing political uncertainty around the UK's decision to leave the EU.

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 2019, 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 2019 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 which enable all staff, including temporary and agency staff, suppliers and occupiers to report any suspected wrongdoing remained unchanged during the year. 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. The Committee received a summary of all whistleblowing reports received during the year and concluded that each had been dealt with appropriately.

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 (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 54 to 57.

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 britishland.com/reports.

Focus for the coming year

During the year ending 31 March 2020 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. 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, non-development related supplier risk management and financial IT system upgrades. The Committee will have particular interest in the new reporting requirements arising from the 2018 UK Corporate Governance Code and will describe in the 2020 Annual Report how they have been met.

The Committee leads the process for Board appointments

Welcome to the report of the Nomination Committee for the year ended 31 March 2019.

Role and responsibilities

The Committee's principal responsibilities remain:

- reviewing the structure, size and composition (including the skills, knowledge and experience and diversity) of the Board and its Committees and recommending changes to the Board
- considering succession planning for Directors and other senior executives
- reviewing the independence and time commitment requirements of Non-Executive Directors
- making recommendations as to the Directors standing for election or re-election at the AGM.

Full details of the Committee's role and responsibilities are set out in its terms of reference available on our website at britishland.com/committees.

Committee composition and governance

The Committee has three members: William Jackson and Tim Score, both independent Non-Executive Directors, while I continue to Chair the Committee. I refer you to the page opposite for William Jackson's report on the process for appointing my successor as Chairman, in which I took no part.

Details of the Committee's membership and attendance at meetings is set out in the following table and the table on page 87:

Director	Position	Date of Committee appointment	Attendance
John Gildersleeve	Chairman	1 Jan 2013	1/1
William Jackson	Member	11 Apr 2011	1/1
Tim Score	Member	1 Apr 2017	1/1

Diversity

The Committee, the Board of Directors and British Land as a whole continue to pay full regard to the benefits of diversity, including gender diversity, both when searching for candidates for Board appointments and when the Company is searching for candidates for other appointments.

The Committee's Board Diversity and Inclusion Policy aspires for women to represent 30% of Board membership by 2020, as well as having regard to other aspects of diversity when making recruitment decisions at both Board and senior management level.

British Land currently has three female Board members: Lynn Gladden, Laura Wade-Gery and Rebecca Worthington, all of whom are Non-Executive Directors. Following Tim Roberts and Charles Maudsley stepping down from the Board, this represents 27% female Board membership (2018: 25%). Following my departure after the 2019 AGM, our target of 30% will have been achieved.

The Board Diversity and Inclusion Policy also sets out British Land's commitment to strengthen the gender balance on British Land's leadership and senior management teams. Further information on diversity within British Land is available on our website britishland.com/inclusive-culture.

We recently published our gender pay gap report. The report is available on our website britishland.com/gender-pay-gap and summarised on page 90.

Board membership

The Committee regularly reviews the structure, size and composition of the Board in order to ensure it is made up of the right people with the requisite skills and experience, including diversity of thought and approach, who can provide strong and effective leadership to the business and support delivery of the Company's strategy.

Succession planning

The Committee is responsible for reviewing the succession plans for the Board, including the Chief Executive. The succession plans for the Executive Directors are prepared on immediate, medium and long 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, is responsible for developing succession plans for executives and senior management which are presented to and considered by the Committee.

A number of issues that would normally be dealt with by the Committee were discussed at full Board meetings, so as to give the Board the benefit of hearing the presentations and discussion first hand. The succession plans for Executive Directors and senior managers were presented and discussed with the full Board in May 2018. Similarly, the changes to the numbers of Executive Directors on the Board were discussed in January with the Board (excluding the potentially conflicted Executive Directors).

Appointment of new Chairman

In light of the 2018 UK Corporate Governance Code, I led an expanded Nomination Committee which met three times to consider the succession plan for the role of Chairman. The expanded Committee included all Non-Executive Directors with the exception of John Gildersleeve and Tim Score (who had expressed interest in the role).

This Committee was assisted by Luke Meynell of Russell Reynolds Associates, who produced a list of 10 external potential candidates, of whom five were women and two were from ethnic minorities, who were capable of fulfilling the job description, met the personal characteristics required and were interested in the position of a FTSE 100 Chairman. All were ranked according to the evidence they displayed of having met the criteria required in the categories of Board/ listed company experience, property exposure, style/cultural fit and capacity.

The Committee considered the merits of an internal candidate as opposed to an external candidate taking into account the profile and tenure of experience on the Board. Given the calibre of the internal candidate, the Committee unanimously agreed that the best interests of the Company would be served by appointing Tim Score to succeed John Gildersleeve.

Director	Position	Attendance
William Jackson	Chairman	3/3
Alastair Hughes	Member	3/3
Nick Macpherson	Member	3/3
Laura Wade-Gery[1]	Member	2/3
Lynn Gladden	Member	3/3
Preben Prebensen	Member	3/3
Rebecca Worthington	Member	3/3

1. Laura Wade-Gery was unable to attend one Committee meeting that was called on short notice and which was immediately followed by a Board meeting

William Jackson

Senior Independent Director

Other than the provision of recruitment consultancy services Russell Reynolds Associates has no connection with British Land.

Independence and re-election

Prior to recommending the re-appointment of any Non-Executive Director to the Board, the Committee assesses their continued independence, the time commitment required and whether the re-appointment would be in the best interests of the Company. Detailed consideration is given to each Non-Executive 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 resolutions to re-elect each Non-Executive Director be proposed as appropriate to the AGM alongside the resolutions to re-elect the Executive Directors.

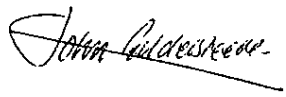
Therefore, in accordance with the Code, each of the Directors in role at the date of this Annual Report, with the exception of myself, will offer themselves for re-election. Biographies for each Director can be found on pages 68 to 70.

Committee effectiveness

The Committee assessed its own effectiveness during the year as part of the internal Board evaluation and reviews its terms of reference on an annual basis. These have been updated to reflect the requirements of the 2018 UK Corporate Governance Code. The current terms of reference were effective from 1 April 2019 and are available on our website at britishland.com/committees.

Focus for the coming year

Having overseen significant changes to membership of the Board and leadership team over the last 12 months, the Committee intends to focus its attention for the coming year on continuing the progress on the gender balance of the leadership team and reviewing the succession plans for the Board and senior management, including improving gender and ethnic diversity.



John Gildersleeve

Non-Executive Chairman

Our Remuneration Policy aligns management incentives with our strategy

Dear Shareholders

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 31 March 2019 which includes our new Remuneration Policy and the Company's Annual Report on Remuneration. Our Directors' Remuneration Policy was last approved by shareholders at the 2016 AGM and as a result is being presented to shareholders for approval again at the 2019 AGM.

The Annual Report on Remuneration which describes how the Committee implements the Remuneration Policy is set out on pages 97 to 109 and is subject to an advisory vote at this year's AGM. The current policy is available in the 2016 Annual Report on our website at britishland.com/committees.

Over the last year the British Land Remuneration Committee has reviewed the current Policy in detail to ensure that it is working effectively, is aligned to both shareholders' and other key stakeholders' interests and continues to operate in line with the long term business strategy, the culture and values. We have also reviewed the Policy in light of the UK Corporate Governance Code's latest requirements including the five additional tests of simplicity, clarity, risk, predictability and proportionality.

The new Remuneration Policy is subject to a binding vote at this year's AGM and I hope to continue to have your support for the Company's remuneration arrangements.

Committee Membership

Lynn Gladden, Laura Wade-Gery, Preben Prebensen and I were members of the Remuneration Committee throughout the year.

Board changes

There have been a number of Board changes this year. Simon Carter joined as Chief Financial Officer on 21 May 2018. Tim Roberts and Charles Maudsley stood down from the Board on 31 March 2019. Charles left British Land on that day and Tim Roberts remains an employee until his scheduled leaving date in July 2019.

Tim and Charles were both eligible for an annual bonus for the 2018/2019 financial year, subject to performance of a combination of quantitative and strategic objectives. Both were considered 'good leavers' and, as such, their outstanding executive share plan awards will be pro-rated and treated in line with the good leaver provisions for the respective plan rules. Full details are provided on page 105.

Remuneration in respect of the year ended 31 March 2019

As noted by the Company Chairman, the business has continued to make good strategic and operational progress over the year against an uncertain economic and political backdrop. Financial performance was robust, the Company's financial position is strong and it took important steps for long term value creation. However, performance in the year to 31 March 2019 measured by Total Property Return for property investments is expected to underperform against the benchmark MSCI Investment Property Databank (IPD) indices which will be published at the end of May 2019. This underperformance against IPD reflects the mix of assets owned by British Land, which have performed well against direct comparators but have underperformed relatively against other parts of the property market included in the IPD benchmarks. The Board recognises this short term relative under performance, but believes that the Company has the right mix of assets to outperform in the longer term. Reflecting this likely under performance against IPD, payouts from the annual incentive plan are expected to fall from last year's level to be circa 36% of the maximum for the Executive Directors.

For the LTIP, we measure performance against targets for Total Property Return, Total Accounting Return and Total Shareholder Return over three years relative to the original benchmarks. We are also forecasting an underperformance against the median of the benchmarks over this period for the reasons stated above and as a result expect the LTIP maturing this June to lapse in full. This is the last year of awards under the Matching Share Plan which measures both Rent Roll Growth and Total Shareholder Return and we expect half of these awards to vest in June this year.

The Remuneration Committee and the Board believe that these outcomes demonstrate the Company's remuneration policy is working well. In recent years Annual Bonus and LTIP vesting have increased during periods of relative outperformance and decreased when our asset base has underperformed.

New Remuneration Policy

During the last year the Committee conducted an extensive review of the current Policy and concluded that it is generally working well as demonstrated above. We are therefore not proposing substantial changes to our policy. However, we are recommending a small number of amendments to both simplify and ensure the Policy continues to be compliant both with best practice and the Company's current objectives. The Committee recognised that the recent incentive pay-out levels have been well below the historical averages. These lower pay-out levels reflect the impact of weaker shareholder returns in the sector which have been the result of market uncertainty since the EU referendum and more challenging retail markets. This important and strong connection between performance and reward is fully understood by the Board and executives.

The amendments to the Policy and how we will apply it, set out in detail below, are intended to strengthen further the link between pay and performance at British Land, alignment to shareholders and simplify its operation. They will also provide greater clarity to executives on the targets the Board wishes them to achieve, and reflect changes recommended under the revised UK Corporate Governance Code.

I would note that in recommending an updated Policy and how we intend to operate it to shareholders we are not proposing to increase remuneration quantum, other than through the annual review of salary levels in the context of increases in line with the workforce.

The key changes to the Policy and how that Policy will be operated are as follows:

- Any salary increases granted will continue to be normally no higher than the average for the wider employee population.
- The maximum pension contribution for new Executive Director appointments will be at the level for the wider employee population under the new Policy.
- Under the new Policy there is no change to the opportunity under the Annual Incentive Plan or the Long-Term Incentive Plan (150% of salary and 300% of salary respectively). The measures we intend to use also remain largely unchanged as these are key performance indicators of how British Land's strategy is delivered.
- We are proposing to simplify the Annual Incentive Plan and introduce more specific targets. 70% of the bonus will continue to be measured on quantitative measures with the remainder based on strategic measures. Currently, we award up to 10% for individual performance in the year and this is therefore being consolidated within these two sets of measures. The increased focus on strategic measures reflects the desire to more directly focus and incentivise management on the actions required to deliver the long term relative outperformance measured by the LTIP.
- In addition, the Committee has noted that the financial performance range over which the Annual Incentive Plan is currently operated is very narrow, which means that under the current Policy small movements across targeted performance integers can result in outsized impacts on bonus awards, both up and down. The Committee is proposing to widen the target range for the Annual Incentive Plan at both the top and bottom end and in common with many other companies set the threshold marginally below the Budget/Index performance for the year. We also intend to reduce the amount earned at the threshold from a quarter to zero. Taken together, these changes are intended to be no more favourable in terms of their financial impact on executives. Target bonus will continue to be set at no higher than half of the maximum.
- Total Property Return (TPR), Total Accounting Return (TAR) and Total Shareholder Return (TSR) will continue to be used as the LTIP performance metrics. We are however increasing the weighting on TSR from 20% to 40% with a corresponding decrease in the weighting on TAR. This reflects the Board's wish to focus the Executive team on narrowing (over the long term) the discount to NAV at which shares in British Land trade, something the Board is focused on and reflects the feedback we have had from many shareholders who view this as a priority.
- We are also significantly simplifying the LTIP to remove the opportunity for executives to exchange Performance Share awards before they are granted, for market-priced Share Options (on a 1 for 4 ratio basis) in future. This follows the change in 2016 of removing Matching Share awards and will leave British Land with only the Performance Share award element in the Long Term Incentive Plan.
- In order to provide a more robust and simple method of assessing performance under each of the LTIP metrics, performance will be measured relative to a more tailored market benchmark. Matching the benchmark will result in threshold vesting of 20% (unchanged) of each part of the award, with the stretch (for full vesting) set at an absolute level of outperformance of the market benchmark. The market benchmark will, where possible, be tailored to British Land's asset base and size in order to provide a more robust yardstick to assess performance.
  - TPR will continue to be assessed against a sector weighted MSCI IPD Index but it will be simplified by removing the additional stretch created when the benchmark grows by more than 10% pa.
  - TAR and TSR will be assessed against market capitalisation weighted indices rather than a median ranked company's performance. This means that the largest REITs, which are more directly comparable to British Land, will have a greater weighting than the smaller ones in the future.

The Committee feels that these targets will be simpler, fairer and more aligned to shareholders and other stakeholders.

In line with the provisions in the new Code, under the new Policy the Remuneration Committee will be able to override formulaic incentive outcomes.

- Recovery provisions have been toughened in the new Policy so that bonus and LTIP payments can be recovered in the event of corporate failure or reputational damage (in addition to gross misconduct, misstatement of financial statements and error in calculating the pay-outs). These will now apply for 3 years from the date that performance is calculated.
- In line with the new Code, shareholding guidelines will apply to Executive Directors following the cessation of employment for 2 years. We have developed these so that they meet investor expectations and have provided the flexibility in the Policy for them to be adapted between Policy reviews by the Committee to continue to meet those expectations over time. The guideline whilst employed will remain at 225% for the CEO and be increased from 150% to 200% of salary for other Executive Directors.

Remuneration in respect of the year commencing 1 April 2019

Salary and Fees

The Committee has discussed and reviewed the Company's annual salary review framework for all employees. It has also reviewed the salaries of the Executive Directors and concluded that Chris Grigg's salary will be increased by 2% and Simon Carter's by 3.1% which is below the average increase for the wider employee population.

In March, the Company announced that the Chairman would step down on 19 July 2019. The Committee set the new Chairman's annual fee at £10,000 less than the current Chairman's at £375,000 as he comes into his new role.

The Executive Directors also reviewed the fees payable to the Non-Executive Directors and concluded the basic fee should be increased from £62,500 to £64,000. The new Corporate Social Responsibility Chair would receive a fee of £14,000 and the member £5,000 and the Nomination Committee member fee would be increased from £4,000 to £5,000.

Annual incentives

For the coming year, 70% of the annual incentive will continue to be measured on quantitative measures with the remaining 30% based on strategic measures. Further information is provided on page 97.

Long Term Incentives

The Committee intends to grant long term incentive awards during this coming year at 250% of salary, the same level as last year. Details of the grants, including performance conditions are set out on page 98. The grants will be delayed until after the AGM so that, if approved, the new Policy will apply to these grants.

CEO Pension

The Committee has accepted the Chief Executive Officer's decision to reduce his pension allowance by 5% of salary annually to bring it in line with the employee contribution rate over the next 4 years. The Committee notes that the CEO's existing scheme is a contractual right agreed on his appointment in 2008 and thanks him for volunteering to respond to broader shareholder concern over executive pension contributions.

Below Board-level incentives

In line with the 2018 UK Corporate Governance Code, the Committee's remit will also include approving the pay arrangements for the employees below the main Board who sit on the Executive Committee. The Remuneration Committee will continue to have oversight of the Group's remuneration policy for the wider employee population.

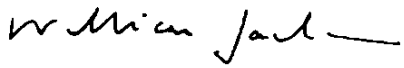
Gender Pay Gap

The latest gender pay gap for the 5 April 2019 snapshot shows a further reduction in the median pay gap of 5.7% to 34.9% from 40.6% for British Land. Broadgate Estates, a subsidiary company shows an increase in the median from 31.3% to 37.7% due to the sale of the third party business and the transfer of a significant number of employees to Savills last year. More information can be found at britishland.com/gender-pay-gap.

Recommendation

British Land continues to strive to apply best practice in its remuneration policies and to listen carefully to shareholder feedback. We therefore hope to see your support for our approach to remuneration by voting for the Remuneration Policy and the Directors' Remuneration Report at the 2019 AGM.

Yours sincerely



William Jackson

Chairman of the Remuneration Committee

Overview of Remuneration Policy

Our Remuneration Policy is aligned with the long term business strategy, the culture and the values of the Company. The Remuneration Policy outlined on pages 92 to 96 will, subject to shareholder approval, take effect from 19 July 2019. The bar charts below illustrate the levels of remuneration receivable by the Executive Directors in the first year of operation of the proposed Remuneration Policy for varying levels of performance.

Illustration of application of Remuneration Policy

Chief Executive

Chief Financial Officer

1. Calculated using (a) salaries for the year ending 31 March 2020; (b) benefit values for the year ending 31 March 2019; and (c) pension policy as applicable for the year ending 31 March 2020 i.e. 30% of salary for the CEO and 15% of salary for the CFO

Executive Directors

Fixed remuneration

The components of fixed remuneration are intended to provide a base package at a level that will attract high-calibre individuals, with the appropriate degree of expertise and experience to carry out their roles to the high standards we require. Executive Directors' salaries are set taking into account the scope and responsibilities of the role and the level of remuneration paid at companies of broadly similar size, and, in addition to salary, the fixed remuneration package includes the provision of benefits, a pension or pension allowance and the opportunity to take part in all-employee share schemes.

Annual Incentive

The Annual Incentive forms part of the variable proportion of an Executive Director's remuneration package. The level of Annual Incentive award received is directly linked to quantitative and strategic measures which are set annually. A proportion of each Executive Director's Annual Incentive award is used to purchase shares that must be held for three years, providing longer term alignment with shareholders.

Magnitude of Annual Incentive award is dependent on performance against Annual Incentive measures over one year

▼

Two thirds is paid as cash on award

▼

One third (net of tax) is used to purchase shares, which must be held for three years (Annual Incentive Shares)

Long-Term Incentive Plan

The LTIP is the second element of variable remuneration. The proportion of an LTIP award that is actually released to an Executive Director is dependent on British Land's performance against specified performance measures over a three-year period.

LTIP award consists of performance shares with performance measures attached

Performance is measured over three years

▼

The number of performance shares vesting is dependent on the degree to which the performance measures have been met

A two-year holding period applies to LTIP awards following vesting

Chairman and Non-Executive Directors

Fees paid to the Company Chairman and Non-Executive Directors are set taking into account fees paid at companies of broadly similar size with the aim of attracting individuals with the appropriate degree of expertise and experience to work with and challenge the Executive Directors.

Executive Directors' Remuneration Policy

Fixed remuneration

Operation	Maximum opportunity	Performance conditions
Basic salary		
To attract, motivate and retain talented Executive Directors.		
The level of basic salary is set taking into account the scope and responsibilities of the role and the level of remuneration paid at companies of broadly similar size. Basic salaries are reviewed annually by the Remuneration Committee, with increases usually taking effect on 1 April for the subsequent year. Employment conditions and salary increases throughout the Group are taken into account when basic salaries are reviewed. Changes in the scope of an Executive Director's role may result in a review of salary.	The maximum level of basic salary will not be greater than the current salary as increased, typically in line with the market and general salary increases throughout the Group. If an individual is appointed at a lower salary, for example, to reflect inexperience as a listed company Director, larger increases may be awarded over future years as they prove their capability.	Not applicable.
Car allowance, benefits and all-employee share schemes		
To provide a car allowance and set of benefits which support the Executive Director and encourages participation in the all-employee share schemes.		
A car allowance is paid to Executive Directors in lieu of the provision of a company car. Executive Directors are eligible to receive other taxable and non-taxable benefits, that may include: - private medical insurance (covering the Director and family) - life assurance cover - permanent health insurance - access to independent actuarial, financial and legal advice when necessary - gym membership, subsidised by the Company - annual medical checks - relevant professional subscription fees - other benefits on substantially the same basis as other employees.	The maximum car allowance is £20,000 per annum. The maximum cost of other taxable and non-taxable benefits permitted under the Policy is the amount required to continue providing benefits at a similar level year-on-year.	Not applicable.
Executive Directors are eligible to participate in British Land's Share Incentive Plan (SIP), Sharesave Scheme and any other future plans on the same basis as other eligible employees. The Company provides Directors' and Officers' Liability Insurance and may provide an indemnity to the fullest extent permitted by the Companies Act.	The maximum opportunities under the SIP, Sharesave Scheme and any subsequent plans are set by the rules of the schemes and may be determined by statutory limits.	
Pension or pension allowance		
To provide an appropriate level of pension in retirement for Executive Directors.		
Executive Directors may receive pension benefits through a defined contribution scheme or cash allowance in lieu of pension contributions or defined benefit scheme (for Directors who joined the scheme before it was closed to new members in 2006). Cash allowances in lieu of pension contributions would typically be paid at the same level of salary as Company contributions under the defined contribution arrangement. Accrual rates for Directors receiving benefits through the defined benefit scheme are determined by the rules of the scheme and are dependent on the age at which the Director joined the Company. Benefits up to the limit permitted by the tax legislation are provided in a registered plan. Benefits over that limit are currently provided in an employer financed retirement benefit scheme (EFRBS). EFRBS participants are currently offered a choice annually as to whether they wish to accrue benefits in the EFRBS or to receive a cash payment in lieu.	Employer pension contributions to Executive Directors under the defined contribution arrangement and cash allowances in lieu of pension are made at a fixed percentage of salary, between 15% and 30%. Under the defined benefit scheme the target benefit is the pension that can be provided by the 31 March 2012 lifetime allowance (£1.8m), uplifted by RPI from 31 March 2011. The maximum accrual rate for a defined benefit scheme member is that which will give the target benefit at age 60, subject to the accrual rate being no greater than one thirtieth and no less than one sixtieth of salary. Future appointments will not receive a contribution greater than the majority of the workforce (currently 15% of salary) and, unless already within the defined benefit scheme, will not be able to participate in it.	Not applicable.

Variable remuneration

Operation	Maximum opportunity	Performance conditions
Annual Incentive		
To reward performance against quantitative and strategic objectives that are set annually.		
Annual Incentive awards may be granted to Executive Directors each year, with the level of award reflecting quantitative and strategic aims of the Company. Objectives are set by the Board and measures set by the Remuneration Committee. Awards are granted following the financial year end, when actual performance over that year is measured. A portion of the Annual Incentive Award is paid in cash and the remaining portion (net of tax) is used to purchase British Land shares on behalf of the Executive Director (Annual Incentive Shares). For the Annual Incentive Award for the year commencing 1 April 2019, one third of any Award will be required to be used to purchase Annual Incentive Shares. Annual Incentive Shares must be held for three years from the date of grant of the Annual Incentive award before they may be transferred or sold, regardless of whether or not the individual remains an employee of British Land throughout this period. Executive Directors are entitled to the dividends paid in respect of the Annual Incentive Shares during the holding period. The Annual Incentive award (cash and shares) may be clawed back during the three-year period following determination of the award in certain circumstances. These are set out on page 96.	The maximum level of Annual Incentive which may be granted is equivalent to 150% of basic salary.	The objectives are set by the main Board and the measures by the Remuneration Committee normally at the beginning of the financial year over which performance will be assessed and following the end of the financial year when performance can be determined. The Committee has the discretion to adjust the outturn to ensure it reflects underlying performance. No more than 25% of any part of the award will be earned for threshold performance. Up to half of the maximum potential award is payable for target performance that is in line with expectations. If the stretch target is met the maximum potential award will be earned. No further performance conditions are attached to the Annual Incentive Shares during the holding period.
Long-Term Incentive Plan (LTIP)		
To link the level of reward to Company performance against specified long term measures, promoting and rewarding activities that support our strategy and create sustainable long term value for shareholders.		
LTIP awards may be granted annually by the Remuneration Committee to Executive Directors. Awards may consist of performance shares (conditional rights to receive shares). LTIP awards typically vest after three years. The number of performance shares vesting is dependent on the degree to which performance conditions attached to the LTIP have been met over this three-year performance period. The Committee has the discretion to adjust the outturn to ensure it reflects underlying performance. A payment equivalent to the dividends accrued on vesting performance shares is paid at the point of vesting in shares or cash. On vesting, sufficient performance shares may be sold to cover any liability to income tax and National Insurance contributions and related costs of sale. The remaining performance shares must be held for two years following vesting before they are permitted to be transferred or sold, regardless of whether or not the individual remains an employee of British Land throughout this period. LTIP awards may be forfeited and/or clawed back from the date of grant until three years after the determination of the vesting level of an award in certain circumstances. These are set out on page 96. If it is discovered that an LTIP award was granted or vested on the basis of materially misstated accounts or other data the Committee may require some or all of the performance shares to be forfeited or clawed back during the five-year period following the grant date.	*The maximum value* (using the share price at the time of award multiplied by the number of shares) of an LTIP award which may be granted is equivalent to 300% of basic salary.	*The LTIP performance conditions have been chosen to reward* performance that is aligned with British Land's strategy: - total property return (TPR) performance is assessed relative to an MSCI benchmark, weighted in sector returns at the property level - total accounting return (TAR) is assessed relative to a market capitalisation weighted index of the companies within the FTSE 350 property companies that use EPRA accounting - total shareholder return (TSR) is assessed against both the FTSE 100 and a comparator group consisting of the companies within the FTSE 350 property companies that use EPRA accounting, both on market capitalisation weighted bases. The relative weighting of the performance conditions may be varied by the Committee to ensure the LTIP best supports British Land's strategy and to meet investor preferences. The Committee currently intends to apply the performance conditions with the following weightings: 40% of the award will be linked to the TPR condition, 20% will be linked to the TAR condition and 40% will be linked to the TSR condition, split equally between the FTSE and real estate benchmarks. TPR performance is currently assessed against the MSCI IPD UK Annual Property Index. The Committee may amend the comparator groups of companies during the performance period if there is a corporate event affecting any member of the group and may amend the MSCI benchmark if a different benchmark is deemed more appropriate. Performance conditions are challenging, requiring significant outperformance for 100% of the LTIP award to vest. 20% of the award will vest if the minimum performance threshold is achieved; performance below the minimum threshold for a performance condition will result in the LTIP award in respect of that condition *lapsing. Pre-defined levels of stretch performance in excess of the* benchmark must be achieved against each performance measure for the entire award to vest. These are 1.00% pa for TPR, 2.00% pa for TAR, 3.00% pa for Real Estate TSR and 5.00% pa for FTSE 100 TSR over the three-year period.

Non-Executive Directors' Remuneration Policy

Operation	Maximum opportunity	Performance conditions
Chairman's fee		
To attract and retain an individual with the appropriate degree of expertise and experience.		
The Chairman's annual fee is set by the Remuneration Committee and reviewed annually. The level of the Chairman's annual fee is set taking into account fees paid at companies of broadly similar size.	Typically increases, if required, will be in line with market.	Not applicable.
Non-Executive Directors' fees		
To attract and retain Non-Executive Directors with the appropriate degree of expertise and experience.		
Remuneration of the Non-Executive Directors is a matter for the Executive Directors and Chairman, and fees are reviewed annually. Non-Executive Directors receive an annual fee plus additional fees if they are members of a Committee, or if they hold the position of Senior Independent Director, Chairman of a Committee, perform additional roles or have a greater time commitment. The Company's Policy is to deliver a total fee at a level in line with similar positions. The Chairman and members' fees for the new CSR Committee will apply for the full year from 1 April 2019.	The maximum aggregate amount of basic fees payable to all Non-Executive Directors shall not exceed the limit set in the Company's Articles of Association, which is currently £900,000.	Not applicable.
Other arrangements for the Chairman and the Non-Executive Directors		
To support the Directors in the fulfilment of their duties.		
The Company may reimburse expenses reasonably incurred by the Chairman and the Non-Executive Directors in fulfilment of the Company's business, together with any taxes thereon. The Company provides the Chairman and the Non-Executive Directors with Directors' and Officers' Liability Insurance and may provide an indemnity to the fullest extent permitted by the Companies Act.	The maximum reimbursement is expenses reasonably incurred, together with any taxes thereon. The maximum value of the Directors' and Officers' Liability Insurance and the Company's indemnity is the cost at the relevant time.	Not applicable.

Notes to the Remuneration Policy table

Remuneration Policy for other employees

Salary reviews across the Group are carried out on the same basis as salary reviews for the Executive Directors; consideration is given to the individual's role, duties, experience and performance, along with consideration of typical salary levels of employees in similar roles in comparable companies, where the data is available. Employees are entitled to taxable and non-taxable benefits, with executives being entitled to substantially the same benefits as the Executive Directors.

Executives may be granted Long-Term Incentive Plan and/or Restricted Share awards.

Employees joining the Company after 2006 are eligible to take part in a defined contribution pension arrangement. The Company's all-employee share schemes (the Share Incentive Plan and the Sharesave Scheme) are also open to eligible employees.

Pre-existing obligations and commitments

It is a provision of this Policy that the Company can honour all pre-existing obligations and commitments that were entered into prior to this 2019 Remuneration Policy taking effect. The terms of those pre-existing obligations and commitments may differ from the terms of the Remuneration Policy and may include (without limitation) obligations and commitments under service contracts, long term incentive schemes (including previous Long-Term Incentive Plans), pension and benefit plans.

Considerations when setting Remuneration Policy

In drawing up the Remuneration Policy, the Committee took into account views expressed by shareholders during meetings and communicated to the Company. The Company engaged with its shareholders via consultation meetings with investor bodies, and by writing to its largest shareholders, offering each a meeting to discuss remuneration proposals.

Each year the Remuneration Committee takes into account the pay and employment conditions of employees in the Group, noting the general increase in salary proposed for all employees and levels of incentive payments and performance, before setting the remuneration of the Executive Directors. The Committee did not consult with the Company's employees when drawing up the Directors' Remuneration Policy.

Approach to recruitment remuneration

Executive Directors

Basic salary is set at a level appropriate to recruit a suitable candidate, taking into account external market competitiveness and internal equity. The level of basic salary may initially be positioned below the mid-market of the chosen comparator group, with the intention of increasing it to around the mid-market of the comparator group after an initial period of satisfactory service.

Individuals will be able to receive a contribution to a pension plan, or cash in lieu thereof, and the Company contribution will not be greater than the majority of the workforce (currently 15% of salary).

Where a recruit is forfeiting incentive awards granted by his or her existing employer, compensation in the form of a restricted share plan (RSP) award or otherwise may be made (in accordance with Listing Rule 9.4.2), the maximum value of which will be that which the Committee, in its reasonable opinion, considers to be equal to the value of remuneration forfeited.

Vesting of the shares granted and the value of any dividends will be subject to the Director completing a minimum period of qualifying service, so the award will not be released until this condition has been satisfied. The vesting of the award may be subject to additional performance measures being met over the same period. The Committee will determine the most relevant measures to use at the time of award, bearing in mind the responsibilities of the individual being appointed and the Company's strategic priorities at the time.

The Company's Policy is to give notice periods of no longer than 12 months.

Chairman and Non-Executive Directors

On recruitment, the Chairman will be offered an annual fee in accordance with the Policy. The level of the annual fee may initially be positioned below the mid-market level, with the intention of increasing it to around the mid-market level of the comparator group after an initial period of satisfactory service. Non-Executive Directors will be offered Non-Executive Directors' fees in accordance with the Policy.

Appointment of internal candidates

If an existing employee of the Group is appointed as an Executive Director, Chairman or Non-Executive Director, any obligation or commitment entered into with that individual prior to his or her appointment can be honoured in accordance with the terms of those obligations or commitments, even where they differ from the terms of the Policy.

Policy on loss of office

Executive Directors

The Executive Directors' service contracts can be lawfully terminated by either party giving 12 months' notice, or by the Company making a lump sum payment in lieu of notice (PILON) equal to the Executive Director's base salary for the notice period. Additionally, when the Company makes a PILON, it may either pay a lump sum equal to the value of any benefits for the notice period or continue to provide benefits until the notice period expires or the Executive Director starts new employment (whichever is the earlier). These lawful termination mechanisms do not prevent the Company, in appropriate circumstances, from terminating an Executive Director's employment in breach of his or her service contract and seeking to apply mitigation in determining the damages payable. Where this is achievable in negotiation with the outgoing Director, settlement arrangements are structured so that the termination payment is paid in instalments and the instalments are reduced by an amount equal to any earnings received from the outgoing Director's new employment, consultancy or other paid work.

For departing Executive Directors and Executive Directors that have left British Land the Committee may agree to cash commutation of pension benefits under the defined benefit scheme (including EFRBS benefits) and other pension arrangements entered into prior to the adoption of the 2019 Remuneration Policy. Any commutation would take into account valuations provided by independent actuarial advisers so as to be undertaken on a basis considered by the Committee to be cost neutral to the Company.

The circumstances of the loss of office dictate whether the individual is treated as a good leaver or otherwise, in accordance with the Company's Policy. The Remuneration Committee uses its discretion to form a view taking into account the circumstances. Good leavers typically receive pro-rata Annual Incentive and long term incentive awards, subject to performance measurement, and other leavers forfeit their entitlements. In the event of a change of control the rules of the share plans generally provide for accelerated vesting of awards, subject (where applicable) to time apportionment and achievement of performance targets. The Chief Executive's contract pre-dates 27 June 2012 but does not contain contractual provisions that could impact on the amount of any payment for loss of office and which fall outside the Policy. Details of the Executive Directors' service contracts and notice periods are given in the table below:

Director:	Length of service contract	Date of service contract	Normal notice period to be given by either party
Chris Grigg	12 months	19.12.08	12 months
Simon Carter	12 months	18.01.18	12 months
Charles Maudsley	12 months	03.11.09	12 months
Tim Roberts	12 months	14.11.06	12 months

Chairman and Non-Executive Directors

The letters of appointment of Non-Executive Directors are subject to renewal on a triennial basis. In accordance with the UK Corporate Governance Code, all Directors stand for election or re-election by the Company's shareholders on an annual basis. The Directors' service contracts and letters of appointment are available for inspection during normal business hours at the Company's registered office and at the Annual General Meeting. The unexpired terms of the Chairman's and Non-Executive Directors' letters of appointment are shown below:

Director:	Date of current appointment	Unexpired term of appointment at 31 March 2019
John Gildersleeve (Chairman)	01/01/2019	33 months
Lynn Gladden	22/03/2018	28 months
Alastair Hughes	01/01/2018	21 months
William Jackson	11/04/2017	12 months
Nick Macpherson	19/12/2016	9 months
Preben Prebensen	01/09/2017	17 months
Tim Score	23/03/2017	12 months[1]
Laura Wade-Gery	13/05/2018	28 months
Rebecca Worthington	01/01/2018	21 months

1. Tim Score's appointment as Chairman does not take effect until the end of the AGM being held on 19 July 2019

Although the Chairman's and Non-Executive Directors' appointments are for fixed terms, their appointments 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, their 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). Despite these terms of appointment, neither the Chairman nor the Non-Executive Directors are entitled to any compensation (other than accrued and unpaid fees and expenses for the period up to the termination) for loss of office save that the Chairman and Non-Executive Directors may be entitled, in certain limited circumstances, such as corporate transactions, to receive payment in lieu of their notice period where the Company has terminated their appointment with immediate effect.

Policy on shareholdings of Executive Directors

The Company has a policy that Executive Directors will be required to build and retain a level of shareholding in the Company. The application of this will be contained from time to time in the Annual Report on Remuneration and is currently 225% of salary for the CEO and 200% of salary for other Executive Directors.

Malus and Clawback

In relation to both Annual Incentive Plan and LTIP awards under this Policy, malus and clawback provisions will apply in the following circumstances:

- discovery of a material misstatement resulting in an adjustment in the audited accounts of the Group
- the assessment of any performance condition was based on error, or inaccurate or misleading information
- the discovery that any information used to determine cash or share awards was based on error, or inaccurate or misleading information
- action or conduct of a participant which amounts to fraud or gross misconduct
- corporate failure
- events or the behaviour of a participant have led to the censure of a Group company by a regulatory authority or have had a significant detrimental impact on the reputation of the Group.

Discretion

The Committee has discretion in several areas of Policy as set out in this Report. The Remuneration Committee may also exercise operational and administrative discretions under relevant plan rules approved by shareholders as set out in those rules. In addition, the Committee has discretion to amend the Policy with regard to minor or administrative matters where it would be, in the opinion of the Committee, disproportionate to seek or await shareholder approval.

In addition, 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 long term experience of shareholders

How we intend to apply our Remuneration Policy during the year commencing 1 April 2019

The following pages set out how the Committee intends to apply the Remuneration Policy during the coming year, subject to the new Policy being approved by shareholders at the 2019 AGM.

Executive Directors' remuneration

Basic salaries

Basic salaries for our current Directors have been set at the following levels for the year commencing 1 April 2019.

Director	Basic salary £
Chris Grigg	**873,396**
Simon Carter	**500,000**

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 2019 his contribution has been reduced to 30% 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, private medical insurance and subsidised gym membership.

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 2019 will be as follows:

Measure		Proportion of Annual Incentive as a percentage of maximum opportunity
Quantitative measures		**70%**
	Total Property Return relative to IPD (sector weighted) 0% payout for 25bp below IPD rising to 100% payout for 125bp outperformance of IPD	30%
	Profit growth relative to budget 0% payout for 1% below budget rising to 100% payout for 4% outperformance of budget	30%
	Development profit relative to budget 0% payout for 1% below budget rising to 100% payout for 4% outperformance of budget	10%
Strategic measures		**30%**
	Customer Orientation	
	Right Places	
	Capital Efficiency	
	Expert People	

The detailed targets that the Committee has agreed 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 2020 Remuneration Report. In assessing how the Executive Directors performed during the year commencing 1 April 2019, 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.

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. However, due to timing of publication of the March Universe benchmark, the Company's actual performance against IPD metrics is unlikely to be known when the 2020 Annual Report is approved by the Board. The 2020 Remuneration Report will therefore include an estimate of the vesting value of Annual Incentive awards for that financial year, with the actual awards, based on the final IPD March Annual Universe Data, set out in the following Annual Report (for the year ending 31 March 2021).

Long term incentive awards

An LTIP award of 250% of salary will be granted to Executive Directors during the year commencing 1 April 2019.

The performance measures that apply to this LTIP award will be as follows:

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 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% pa, TAR 2.00% pa, TSR (Real Estate) 3.00% pa and TSR (FTSE 100) 5.00% p.a. There will be straight-line vesting between index and stretch performance for each measure.

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 shareholders.

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 incorporates a 2.4% increase to the annual fee for the Non-Executive Directors for the year commencing 1 April 2019. Upon appointment as Chairman of the Company at the 2019 AGM, *Tim Score will receive £375,000 p.a.*

Chairman's annual fee	£375,000[1]
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

1. For the new Chairman from 19 July 2019. The current Chairman's fee remains at £385,000

How we applied our Remuneration Policy during the year ended 31 March 2019

The following pages set out how we implemented the Directors' Remuneration Policy during the year ended 31 March 2019 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 2019 and show comparative figures for the year ended 31 March 2018.

Executive Directors	Salary/fees 2019 £000	Taxable benefits 2019 £000	Other items in the nature of remuneration 2019 £000	Pension or pension allowance 2019 £000	Annual incentives[1] 2019 £000	Long term incentives 2019 £000	Total 2019 £000
Chris Grigg	**857**	**21**	**15**	**300**	**460**	**324**	**1,977**
Simon Carter (from May 2018)	**421**	**18**	**599**	**53**	**238**	**–**	**1,329**
Charles Maudsley	**455**	**21**	**12**	**68**	**251**	**158**	**964**
Tim Roberts	**457**	**21**	**12**	**98**	**251**	**154**	**991**

1. 2019 Annual Incentive outcomes are subject to the publication of final IPD results

	2018 £000	2018 £000	2018 £000	2018 £000	2018 £000	2018 £000	2018 £000
Chris Grigg	840	22	15	294	792	316	2,279
Charles Maudsley	446	22	12	67	406	148	1,101
Tim Roberts	448	23	12	89	416	157	1,145

Notes to the single total figure of remuneration table

Fixed pay

Taxable benefits: Taxable benefits include car allowance (between £14,495 and £16,800), private medical insurance and subsidised gym membership. The Company provides the tax gross-up on subsidised gym membership and the figures included above are the grossed up values.

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. As disclosed last year, to replace deferred payments forfeited on joining British Land, Simon Carter was conditionally awarded €675,000 of shares (86,196 shares) which have to be held for at least a year, with a value of £592,684.

Pensions: Chris Grigg and Charles Maudsley do not participate in any British Land pension plan. Instead they receive cash allowances, in lieu of pension. Tim Roberts is a member of the British Land Defined Benefit Pension Scheme. Simon Carter is a member of the Defined Contribution Scheme and utilises his Annual Pension Allowance of £10,000 per annum, 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. The table below details the defined benefit pensions accrued at 31 March 2019.

Executive Director	Defined benefit pension accrued at 31 March 2019[1] £000	Normal retirement age
Tim Roberts	**98**	**60**
Simon Carter	**37**	**60**

1. The accrued pension is based on service to the year end

There are no additional benefits that will become receivable by a Director in the event that a Director retires early.

Annual Incentives FY19

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 2019 the Committee's assessment and outcomes are set out below. This year, part of the individual element has been allocated across some of the strategic objectives and all elements have been scored separately. 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.

Quantitative measure		Weighting	Range of performance between 25% and 100%: 25% payout	50% pay-out (performance in line with expectations)	100% payout (no increased pay-out above this maximum pay-out point)	Final outcome (% of max)	Final outcome (% of salary)	Performance achieved against target range
	Total property returns vs IPD	42%	●			0%	0%	**Target range of matching sector weighted index to outperforming it by 1%.** TPR of -1%, underperforming against the estimated threshold of weighted IPD index by 1.9%.
	Profit	28%		●		11.76%	17.64%	**Target range of matching the budget target to outperforming it by 3.5%.** Profit achievement of £340m.
Weighting		70%			Sub-total	11.76%	17.64%[1]	1. Simon Carter receives 15.23% of salary for this element (pro-rata of 129.5%)

Note: The above chart is a forecast of the 2019 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.

Strategic objective	Measure	Weighting	Performance achieved		Final outcome (% of max)	Final outcome (% of salary)
CHRIS GRIGG						
Individual objective	Deliver Corporate Scorecard	3%	Corporate Scorecard delivered	3%	24%	36.00%
Right Places	Planning approval at Canada Water	5%	Planning approval at Canada Water on track	3%		
Customer orientation	Simplify British Land's brand hierarchy	5%	Brand hierarchy developed and implemented	4%		
Capital Efficiency	Deliver Capital Plan	10%	Overall Capital Plan delivered	8%		
	Sell Broadgate Estates Third Party Business		Broadgate Estates third party business sold successfully			
Expert People	Embed our new Values	7%	New Values: Bring your Whole Self, Be Smarter Together, Listen & Understand, Build for the Future	6%		
	Reduce Gender Pay Gap (April 19 snapshot data)		Gender Pay Gap median reduction of 5.7% as at 5 April 2019 and significant progress on inclusive culture			

Strategic objective	Measure	Weighting	Performance achieved		Final outcome (% of max)	Final outcome (% of salary)
SIMON CARTER						
Individual objective	*Execute Investor Relations Programme*	3%	*Investor Relations programme delivered*	3%	26%	39.00% (before pro-rating for part year)[1]
Right Places	Improved management information to optimise new operational businesses	5%	Management information project successfully delivered	4%		
Customer Orientation	Drive Financial Systems Enhancements Project	5%	Systems project progressing successfully	4%		
Capital Efficiency	Deliver Capital Plan	10%	Overall Capital Plan delivered	9%		
	Refinance Requirements Maintained		Refinance Delivered. £1.4bn.			
Expert People	Embed our new Values	7%	New Values: Bring your Whole Self, Be Smarter Together, Listen & Understand, Build for the Future	6%		
	Reduce Gender Pay Gap (April 19 snapshot data)		Gender Pay Gap median reduction of 5.7% as at 5 April 2019 and significant progress on inclusive culture			
TIM ROBERTS						
Individual objective	Diversify Offices Income	6%	Offices income diversification plan achieved	5%	24%	36.00%
Right Places	Expand Storey	5%	Storey expanding successfully. Storey Clubspace open at 4KS	4%		
Customer Orientation	Broaden Office offer	6%	Office offer broadened successfully	3%		
	Deliver Marketing Advantage from Smart Campus/Buildings		SMART launched at 100 Liverpool St			
Capital Efficiency	Deliver Capital Plan	6%	Outperformance on Office Capital Plan	6%		
Expert People	Embed our new Values	7%	New Values: Bring your Whole Self, Be Smarter Together, Listen & Understand, Build for the Future	6%		
	Reduce Gender Pay Gap (April 19 snapshot data)		Gender Pay Gap median reduction of 5.7% as at 5 April 2019 and significant progress on inclusive culture			
CHARLES MAUDSLEY						
Individual objective	Design and execute Build to Rent strategy	4%	Strategy designed and commenced	2%	23%	34.50%
Right Places	Deliver Retail Insights plan	5%	Programme implemented and rolled out	3%		
Customer Orientation	Deliver Leasing offer	5%	Leasing offer delivered	5%		
Capital Plan	Deliver Capital Plan	9%	Retail Capital plan delivered	7%		
	Proactively manage CVAs		CVAs successfully managed			
Expert People	Embed our new Values	7%	New Values: Bring your Whole Self, Be Smarter Together, Listen & Understand, Build for the Future	6%		
	Reduce Gender Pay Gap (April 19 snapshot data)		Gender Pay Gap median reduction of 5.7% as at 5 April 2019 and significant progress on inclusive culture			
Weighting	30%					

Total bonus payout	Final outcome (% of max)	Final outcome (% of salary)
Chris Grigg	35.76%	53.64%
Simon Carter	37.76%	48.88%[1]
Tim Roberts[2]	36.76%	55.14%
Charles Maudsley[2]	36.76%	55.14%

2018 comparative: In May 2018, the Committee confirmed that the outperformance of TPR compared to the IPD benchmark was 46 bps rather than the estimate of 20 bps made for the purposes of the single total figure of remuneration table in the 2018 Annual Report. Consequently, the actual annual incentive amounts paid increased and are stated in their revised amounts in this year's table at page 99.

1. Simon Carter joined British Land on 21 May 2018 and as such his maximum bonus opportunity of 150% of salary has been pro-rated to reflect time served and is therefore 129.5% of salary for the year ended 31 March 2019

2. Includes an additional 1.5% of salary for Tim Roberts and 3% of salary for Charles Maudsley in line with the remuneration terms agreed

Long term incentives

The information in the long term incentives column in the single total figure of remuneration table (see page 99) relates to vesting of awards granted under the following schemes, including, where applicable, dividend equivalent payments on those awards.

Long-Term Incentive Plan

The awards granted to Executive Directors on 22 June 2016, and which will vest on 22 June 2019, were subject to two equally weighted performance conditions over the three-year period to 31 March 2019. The first measured British Land's TPR relative to the funds in the December IPD UK Annual Property Index (the Index), while the second measured TAR relative to a comparator group of British Land and 16 or so other property companies.

The TPR element is expected to lapse, based on British Land's adjusted TPR of 3% per annum when compared to the funds in the Index. The TAR element is also expected to lapse based on British Land's TAR of 8.2%. 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 2020 Remuneration Report.

Executive Director	Performance shares or options	Number of performance shares/options 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	Performance shares	229,979	0	0	0
Charles Maudsley	Performance shares	122,176	0	0	0
Tim Roberts	Performance shares	61,088	0	0	0
	Market value options	244,353	0	0	0

2018 comparative: As set out in the 2018 Annual Report, the 2015 LTIP awards lapsed in full on 22 June 2018 as expected.

Matching Share Plan

The performance conditions for the MSP Matching awards granted on 29 June 2016 were (i) TSR relative to a comparator group of British Land and 16 other property companies and (ii) British Land's gross income growth (GIG) relative to the IPD Quarterly Universe (the Universe). These performance conditions are equally weighted. The MSP Matching awards will vest on 29 June 2019.

Korn Ferry has confirmed that the TSR element of the award will lapse as British Land's TSR performance over the period was -5.1% compared to a median of 9.5% for the comparator group. The GIG element is expected to vest at 100% as British Land's annualised GIG over the period of 3.4% is expected to exceed the expected growth of the Universe by more than the upper hurdle. As a result, 50% of the MSP Matching awards granted in June 2016 are expected to vest.

Executive Director	Number of Matching Shares awarded	Estimated value of award on vesting £000	Estimated dividend equivalent £000
Chris Grigg	96,718	280	43
Charles Maudsley	47,206	137	21
Tim Roberts	46,056	133	21

2018 comparative: In June 2018, the Committee confirmed that the 2015 MSP Matching awards would vest as to 50% on the vesting date (being 29 June 2018). The long term incentive figures in the 2018 comparatives of the single total figure of remuneration table have therefore been updated to reflect the actual share price on vesting (670.6768 pence) rather than the average for the 90-day period used in the 2018 Annual Report of 653.26 pence.

Share scheme interests awarded during the year (audited)

Long-Term Incentive Plan

The total value of each Executive Director's LTIP award for the year ended 31 March 2019 was equivalent to 250% of basic salary at grant.

At grant each Director was able to indicate a preference as to the proportion of the award that they wish to receive as either performance shares or market value options. The share price used to determine the face value of performance shares and the fair value of options, and thereby the number of performance shares or options awarded, is the average over the three dealing days immediately prior to the day of award. For the award granted in June 2018, no Executive Director elected to receive market value options and the share price for determining the number of performance shares awarded was 682.20 pence. The performance conditions attached to these awards are set out in the Remuneration Policy approved by shareholders in July 2016 and summarised on page 98.

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	26/06/18	313,984	2,142	31/03/21	26/06/21	20
Simon Carter	26/06/18	177,733	1,213	31/03/21	26/06/21	20
Charles Maudsley	26/06/18	166,804	1,138	31/03/21	26/06/21	20
Tim Roberts	26/06/18	166,804	1,138	31/03/21	26/06/21	20

Directors' shareholdings and share interests (audited)

Directors' shareholdings at 31 March 2019

The following table shows the Executive Directors' interests in fully paid ordinary British Land shares, including shares held by connected persons, MSP Bonus Shares, Annual Incentive Shares and shares held in the Share Incentive Plan. All interests are beneficial

Director	Holding at 31 March 2019 (or date of departure from the Board, if earlier)	Holding at 31 March 2018
Chris Grigg	1,320,436	1,297,818
Simon Carter	134,185*	-
Charles Maudsley	262,557	251,194
Tim Roberts	266,583	265,748

* Includes 86,196 shares awarded shortly after joining to replace deferred payments forfeited at his previous employer

Shareholding guidelines

The shareholding guidelines for Executive Directors have been reviewed by the Committee and have been increased for the year commencing 1 April 2019 to 200% for Executive Directors other than the Chief Executive whose guideline remains 225% of salary. 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, deferred annual incentive shares, MSP Bonus Shares, 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 do not count.

The guideline shareholdings for the year ending 31 March 2019 are shown below:

Executive Director	Guideline as percentage of basic salary	Guideline holding[1]	Unfettered holding at 31 March 2019	Unfettered holding as percentage of basic salary at 31 March 2019 (%)	Total shareholding at 31 March 2019[2]	Total holding as a percentage of basic salary at 31 March 2019 (%)
Chris Grigg	225%	327,301	1,258,701	865	1,320,436	908
Simon Carter	150%	123,514	47,779	58	134,185 *expected as at 30 June 2019	163
Charles Maudsley	150%	115,919	229,037	296	262,557	340
Tim Roberts	150%	115,919	231,904	300	266,583	345

1. Calculated on a share price of 589 pence on 29 March 2019
2. See Directors' shareholdings table above which include MSP Bonus Shares and all shares held in the SIP

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	15/04/19	608.40p	25	50	
	03/05/19	600.50p			147
	14/05/19	564.01p	27	54	
Simon Carter	15/04/19	608.40p	24	48	
	03/05/19	600.50p			4
	14/05/19	564.01p	27	54	

Other than as set out above, there have been no further changes since 31 March 2019.

Unvested share awards

Executive Director		Date of grant	Number outstanding at 31 March 2019	Subject to performance measures	End of performance period	Vesting date
Chris Grigg	LTIP performance shares[1]	22/06/16	229,979	Yes	31/03/19	22/06/19
	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
	MSP Matching Shares[1]	29/06/16	96,718	Yes	31/03/19	29/06/19
Simon Carter	LTIP performance shares	26/06/18	177,733	Yes	31/03/21	26/06/21
Charles Maudsley	LTIP performance shares[1]	22/06/16	122,176	Yes	31/03/19	22/06/19
	LTIP performance shares	28/06/17	180,765	Yes	31/03/20	28/06/20
	LTIP performance shares	26/06/18	166,804	Yes	31/03/21	26/06/21
	MSP Matching Shares[1]	29/06/16	47,206	Yes	31/03/19	29/06/19
Tim Roberts	LTIP performance shares[1]	22/06/16	61,088	Yes	31/03/19	22/06/19
	LTIP performance shares	28/06/17	180,765	Yes	31/03/20	28/06/20
	LTIP performance shares	26/06/18	166,804	Yes	31/03/31	26/06/21
	MSP Matching Shares[1]	29/06/16	46,056	Yes	31/03/19	29/06/19

1. The LTIP and MSP awards granted in June 2016 are also included within the '2019 Long term incentives' column of the single total figure of remuneration table on page 99. 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 page 102

Unvested option awards (not available to be exercised)

Executive Director		Date of grant	Number outstanding at 31 March 2019	Option price pence	Subject to performance measures	End of performance period	Date becomes exercisable	Exercisable until
Tim Roberts	Sharesave options	23/06/14	3,135	574.0	No	na	01/09/19	29/02/20
	LTIP options	22/06/16	244,353	730.5	Yes	31/03/19	22/06/19	22/06/26

Vested option awards (available to be exercised)

Executive Director		Date of grant	Number outstanding at 31 March 2019	Option price pence	Exercisable until
Chris Grigg	LTIP options	11/06/10	1,073,825	447	11/06/20
	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 2019

Executive Director		Date of grant	Number exercised	Option price pence	Date became exercisable	Date exercised	Market price on date of exercise pence
Tim Roberts	Sharesave options	19/06/13	2,348	511.00	01/09/18	03/09/18	623.60.20

Payments to past Directors and for loss of office (audited)

As disclosed in the 2018 Directors' Remuneration Report, in October 2017 Lucinda Bell informed the Board of her intention to stand down from the Board, and following the completion of the search for her replacement, stood down from the Board on 19 January 2018 and left the Company on 4 April 2018. The treatment of her remuneration arrangements upon leaving the Company were disclosed in full on page 86 of the 2018 Annual Report. During the year ending 31 March 2019 British Land has therefore made the following payments in line with the treatment disclosed:

- A payment in lieu of notice for the period from when she left the company to the end of her notice period totalling £309,895.
- A payment of £27,494 in lieu of untaken holiday and £100 in respect of accepting the terms on leaving.
- The bonus in respect of the year ending 31 March 2018 which totalled £457,702 of which one-third was used to purchase shares which must be held for 3 years. Following the publication of the final TPR benchmark, the total bonus payout to Lucinda was revised from the estimate disclosed in the 2018 Report to c. 93% of salary.
- The vesting of the 2016 MSP award which vested at 50% of maximum and had a value of £151,723.

On 21 January 2019 we announced that Tim Roberts and Charles Maudsley would be standing down from the Board of the British Land Company PLC (the Company) on 31 March 2019. Charles Maudsley ceased to be a Director of the Company and left the Company on 31 March 2019. Tim Roberts ceased to be a Director of the Company on 31 March 2019 and will remain an employee until 31 July 2019. He will continue to be employed on his existing terms until his planned departure date of 31 July 2019. During this period, he will continue to receive his salary and employment benefits in full. He will also be eligible for a bonus on a pro-rated basis whilst actively employed.

Following ceasing employment each will receive monthly payments in lieu of notice for the remainder of their 12 months' notice periods (to 21 January 2020).

(i) Tim Roberts

The total amount payable for the period following ceasing employment for the remainder of the notice period comprises base salary and car allowance of £224,696, pension contributions/allowance of £43,381 and the value of other benefits of £1,946. These payments may be reduced by the value of any alternative paid employment secured during the period until 21 January 2020.

Tim Roberts was also eligible for an annual bonus for the 2018/19 financial year. This bonus has been estimated to be £250,983 and is included in the table on page 99. In line with the terms of the Directors' Remuneration Policy, two-thirds of any annual bonus will be paid in cash and one-third will be used to purchase British Land shares which must be held for a period of three years.

Tim Roberts will be treated as a "good leaver" under the Company's Long Term Incentive Plan and Matching Share Plan. Consequently, awards (including the value of any dividend equivalents) will continue to vest on the normal vesting dates subject to the extent to which the applicable performance criteria have been met and where relevant any time prorating reduction that the Remuneration Committee may apply:

1. A maximum of 61,088 Performance Shares and 244,353 options (with an exercise price of 730.5p per share) may vest under the 2016 LTIP awards and 46,056 shares under the 2016 MSP awards. The 2016 LTIP awards are expected to lapse as the expectation is that the minimum performance targets will not be met.
2. A maximum of 180,765 Performance Shares may vest under the 2017 LTIP awards.
3. A maximum of 166,804 Performance Shares may vest under the 2018 LTIP awards.

Tim Roberts will not be eligible to receive further LTIP awards and, on ceasing to be employed, will cease to participate in the Company's all-employee share plans.

A contribution towards legal fees has been made of £10,000 plus VAT.

(ii) Charles Maudsley

The total amount payable for the period following ceasing employment for the remainder of the notice period comprises base salary and car allowance of £382,671, pension contributions/allowance of £55,369 and the value of other benefits of £3,310. These payments may be reduced by the value of any alternative paid employment secured during the period until 21 January 2020.

Charles Maudsley was also eligible for an annual bonus for the 2018/19 financial year. This bonus has been estimated to be £250,983 and is included in the table on page 99. In line with the terms of the Directors' Remuneration Policy, two-thirds of any annual bonus will be paid in cash and one-third will be used to purchase British Land shares which must be held for a period of three years.

Charles Maudsley has been treated as a 'good leaver' under the Company's Long-Term Incentive Plan and Matching Share Plan. Consequently, awards (including the value of any dividend equivalents) will continue to vest on the normal vesting dates subject to the extent to which the applicable performance criteria have been met. These awards have been reduced by the relevant time pro-rating reductions that the Remuneration Committee has applied of 8% for the 2016 awards, 42% for the 2017 LTIP awards and 75% for the 2018 LTIP awards:

1. A maximum of 111,994 Performance Shares may vest under the 2016 LTIP awards and 43,272 shares under the 2016 MSP awards. The 2016 LTIP awards are expected to lapse as the expectation is that the minimum performance targets will not be met.
2. A maximum of 105,446 Performance Shares may vest under the 2017 LTIP awards.
3. A maximum of 41,701 Performance Shares may vest under the 2018 LTIP awards.

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	19/12/2008	12 months	12 months
Simon Carter	18/01/2018	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 2019, Chris received a fee of £92,640 (including £12,640 of overseas travel allowances and benefits deemed to be taxable) from BAE Systems plc, which he retained in full (2018: £85,845).

Relative importance of spend on pay

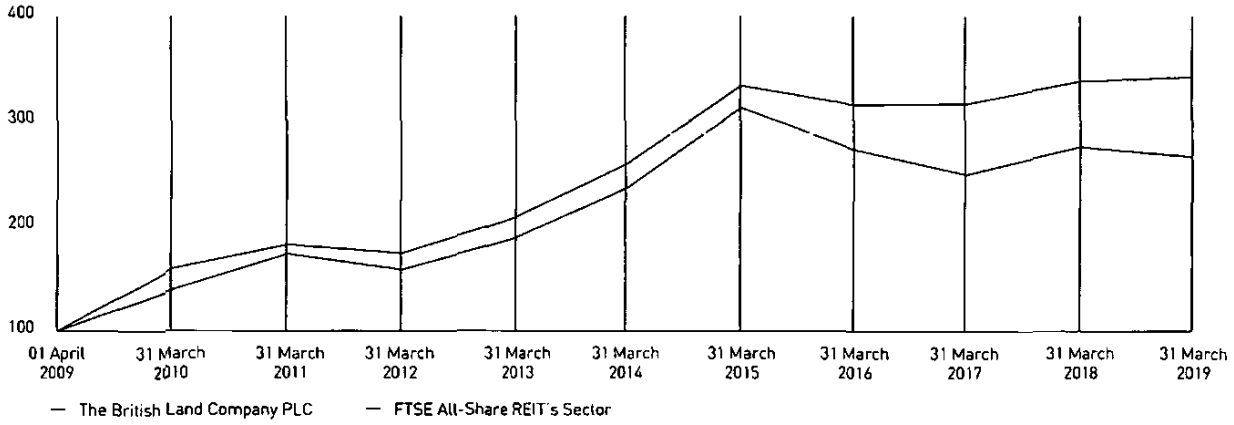
The graph below shows the amount spent on remuneration of all employees (including Executive Directors) relative to the amount spent on distributions to shareholders for the years to 31 March 2019 and 31 March 2018. The remuneration of employees decreased by 5.88% relative to the prior year. As a result of the share buyback, the total cost of distributions to shareholders decreased by 1% despite a 3% increase in dividends per share. Distributions to shareholders include ordinary and, where offered, scrip dividends. No scrip alternative was offered during the year ended 31 March 2019.

Relative importance of spend on pay

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 2009 to 31 March 2019 against that of the FTSE 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 2009 would have changed over the 10-year period, compared with the total return on a £100 investment in the FTSE REIT Total Return Index. The FTSE REIT Total Return Index has been selected as a suitable comparator because it is the index in which British Land's shares are classified.

Total shareholder return



The base point required by the regulations governing Remuneration Report disclosures was close to the bottom of the property cycle at 1 April 2009. Since British Land's share price had not fallen as much as the average share price of the FTSE REITs sector at that time, a higher base point for subsequent growth was set.

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	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Chief Executive's single total figure of remuneration (£000)	2,082	2,329	5,353	4,810	5,398	6,551	3,623	1,938	2,279	1,977
Annual Incentive awards against maximum opportunity (%)	67	83	75	75	90	96	67	33	63	36
Long term incentive awards vesting rate against maximum opportunity (%)	na	na	99	63	98	93	54	15	16	15

CEO pay ratio

Whilst the new CEO pay ratio regulations do not technically apply to the Company until the 2020 Directors' Remuneration Report, we have prepared and voluntarily disclosed the ratio for 2017/18 and 2018/19 in line with the regulations. The ratios are set out in the table below. In calculating this information we have used the gender pay gap data calculated for each employee to provide consistency. The table below shows that the ratio has fallen since 2017/18. This fall is predominantly due to the lower level of the CEO single figure rather than movements in employee pay. The Committee Chairman has provided an explanation of the relationship between reward and performance on page 88.

CEO pay ratio	2017/18	2018/19
Method	B	B
CEO Single figure	2,279	1,976
Upper quartile	23 : 1	16:1
Median	35 : 1	27:1
Lower quartile	50 : 1	40:1

The salary and total pay for the individuals identified at the Lower quartile, Median and Upper quartile positions in 2018/19 are set out below:

2018/19 CEO pay ratio	Salary	Total pay
Upper quartile	£65,000	£126,266
Median	£50,000	£74,225
Lower quartile	£48,000	£49,760

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 2019 £000	Value of Chief Executive remuneration 2018 £000	Change in Chief Executive remuneration %	Average change in remuneration of British Land employees %
Salary	857	840	2.00	5.60
Taxable benefits	21	22	-5.10	-0.32
Annual Incentive	460	792	-41.96	-4.53

Non-Executive Directors' remuneration (audited)

The table below shows the fees paid to our Non-Executive Directors for the years ended 31 March 2019 and 2018:

	Fees		Taxable benefits[1]		Total	
Chairman and Non-Executive Directors	2019 £000	2018 £000	2019 £000	2018 £000	2019 £000	2018 £000
John Gildersleeve (Chairman)	**385**	369	**64**	43	**449**	412
Lynn Gladden	**71**	69	**-**	1	**72**	70
Alastair Hughes (from 1 January 2018)	**73**	17	**-**	-	**73**	17
William Jackson	**105**	100	**-**	-	**105**	100
Nicholas Macpherson	**71**	69	**-**	-	**71**	69
Preben Prebensen (from 1 September 2017)	**71**	40	**-**	-	**71**	40
Tim Score	**95**	93	**-**	-	**95**	93
Laura Wade-Gery	**71**	69	**1**	1	**72**	70
Rebecca Worthington (from 1 January 2018)	**73**	17	**1**	-	**74**	17

1. Taxable benefits include the 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

Shareholding (audited)

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 2019, Lynn Gladden, William Jackson, Tim Score and Laura Wade-Gery have each received shares in full or part satisfaction of their Non-Executive Directors' fees.

The table below shows the Non-Executive Directors' shareholdings, including shares held by connected persons, as at year end or the date of retirement from the Board if earlier:

Director	Holding at 31 March 2019	Holding at 31 March 2018
John Gildersleeve	**5,220**	5,220
Lynn Gladden	**18,339**	13,950
Alastair Hughes	**7,274**	7,274
William Jackson	**135,115**	128,123
Nicholas Macpherson	**5,600**	4,600
Preben Prebensen	**20,000**	-
Tim Score	**43,899**	34,134
Laura Wade-Gery	**9,585**	8,059
Rebecca Worthington	**3,000**	3,000

In addition, on 5 April 2019, the following Non-Executive Directors were allotted shares at a price of 599.20688 pence per share in full or part satisfaction of their fees:

Non-Executive Director	Shares allotted
William Jackson	2,310
Tim Score	2,286

Other than as set out above, there have been no further changes since 31 March 2019.

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
John Gildersleeve (Chairman)	1 September 2008 (Non-Executive Director), 1 January 2019 (Chairman)
Lynn Gladden	22 March 2018
Alastair Hughes	1 January 2018
William Jackson	11 April 2017
Nicholas Macpherson	19 December 2016
Preben Prebensen	1 September 2017
Tim Score	23 March 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

There was no change to the Committee membership during the year to 31 March.

As at 31 March 2019, 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	14 January 2013	**7/7**
Lynn Gladden	Member	20 March 2015	**7/7**
Preben Prebensen	Member	1 September 2017	**7/7**
Laura Wade-Gery	Member	13 May 2015	**7/7**

During the year ended 31 March 2019, Committee meetings were also part attended by John Gildersleeve (Company Chairman), Chris Grigg (Chief Executive), Simon Carter (Chief Financial Officer), Charles Maudsley (Executive Director), 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 Chairman holds regular meetings with the Chairman, Chief Executive and HR Director to discuss all aspects of remuneration within British Land. He 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 and are set out in full in its terms of reference which can be found on the Company's website: 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
- 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 2019, the Committee also considered the following matters:

- reviewing and recommending to the Board the Remuneration Report to be presented for shareholder approval
- appraisal of the Chairman's annual fee; remuneration of the Executive Directors including achievement of corporate and individual performance; and pay and annual incentive awards below Board-level
- considering 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
- considering the impact of the share buyback on incentive plans
- reviewing the Committee's terms of reference
- considering gender pay gap reporting requirements
- departure terms for Charles Maudsley
- departure terms for Tim Roberts
- receiving updates and training on corporate governance and remuneration matters from the independent remuneration consultant.

For the year ahead, the Committee's terms of reference have been updated to reflect changes in the UK Corporate Governance Code. These include ensuring alignment of the remuneration policy with the Company's purpose and culture, setting the remuneration for senior management and considering alignment of pension contributions of the workforce, Executive Directors and senior management.

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 Chairman at least once a year in accordance with the Code of Conduct of the Remuneration Consultants Group. Fees, which are charged on a time and materials basis, were £211,298 (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 (at the AGM in July 2018) and the Remuneration Policy (at the AGM in July 2016).

Resolution	Votes for	% for	Votes against	% against	Total votes cast	Votes withheld
Directors' Remuneration Report (2018)	718,283,375	95.46	34,197,587	4.54	752,480,962	1,400,399
Directors' Remuneration Policy (2016)	722,144,638	97.13	21,494,166	2.87	748,638,804	7,869,489

This Remuneration Report was approved by the Board on 14 May 2019.

William Jackson

Chairman 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 2019. The Directors' Report is also the Management Report for the year ended 31 March 2019 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	4 to 23
Risk factors and principal risks	Strategic Report	54 to 61
Financial instruments – risk management objectives and policies	Strategic Report	51 to 53
Dividends	Strategic Report	49
Sustainability governance	Strategic Report	62
Greenhouse gas emissions	Strategic Report	45
Viability and going concern statements	Strategic Report	65 and 78
Governance arrangements	Governance	72 to 109
Employment policies and employee involvement	Strategic Report	30 to 31
Capitalised interest	Financial statements	133 and 141
Additional unaudited financial information	Other information unaudited	186 to 194

Annual General Meeting (AGM)

The 2019 AGM will be held at 11.00am on 19 July 2019 at The Montcalm London Marble Arch, 2 Wallenberg Place, London W1H 7TN.

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 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: 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 68 to 71 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 72. 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 88 to 109. 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 76. 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' & 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 25 pence 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 2018 AGM to allot relevant securities up to a nominal amount of £81,910,507 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 2019 AGM. At this year's AGM, shareholders will be asked to renew the authority to allot relevant securities.

At the 2018 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 98,292,608 ordinary shares. This authority will also expire at the 2019 AGM and it is proposed that the renewal of the authority will be sought.

In June 2018, the Board decided that following on from the sale of 5 Broadgate, the strength of the investment market and the continuing discount in the Company's share price, the best use of capital would be to extend the share buyback programme. As a result, during the year ended 31 March 2019, the Company repurchased 33,672,430 ordinary shares of 25 pence each for an aggregate consideration of £200m. This represents 3.55% 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 2019 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 159 to 161.

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 2019, 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.	86,740,206	10.00
Invesco Ltd.	48,821,013	5.08
Norges Bank	48,606,089	5.01
GIC Private Limited	41,121,137	3.99
APG Asset Management N.V.	38,039,738	3.99

No notifications have been submitted to the Company since year end

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 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.co.uk/about-us/suppliers

Events after the balance sheet date

Details of subsequent events, if any, can be found in note 26 on page 164.

Political donations

The Company made no political donations during the year (2018: nil).

Our gender split

	2019		2018		2017	
	Male	Female	Male	Female	Male	Female
British Land Group	**266**	**284**	359	338	346	313
of which are Board	**10**	**3**	9	3	10	3
of which are senior managers	**71**	**35**	71	35	71	30

Figures expressed as full time equivalent

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.

Community investment

Our financial donations to good causes during the year totalled £1,424,000 (2018: £1,687,000). 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 2019 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 £750 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.

Health and safety

We have retained formal recognition of our focus on health and safety through a successful audit of our OHSAS 18001 accreditation. We continue to improve our approach to health and safety management to ensure that we consistently achieve best practice across all activities in the business (construction, managed portfolio and head office) to deliver Places People Prefer to our employees and our customers.

	Total RIDDOR incidents		Injury rate		
	2019	2018	2019	2018	
Construction	**4**	3	**0.12**	0.13	per 100,000 hours worked
Retail	**18**	31	**0.01**	0.01	per 100,000 footfall
Offices	**4**	4	**14.17**	12.88	per 100,000 workers
Head Office	**0**	0	**0**	0	per 100,000 full time equivalents

* Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013

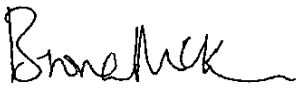
Auditor and disclosure of information

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 2019 AGM.

The Directors' Report was approved by the Board on 14 May 2019 and signed on its behalf by:



Brona McKeown

General Counsel and Company Secretary
The British Land Company PLC
Company Number: 621920

Fishing for plastic in the River Thames on a boat made from recycled plastic; a project run by Hubbub, a behaviour change charity supported by one of our trustee volunteers

DIRECTORS' RESPONSIBILITY 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.

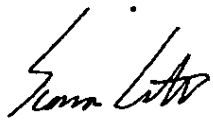
The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 68 to 71, 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 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 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 that it faces.

By order of the Board.



Simon Carter
Chief Financial Officer
14 May 2019

Financial statements

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100 Liverpool Street

Reinvesting in East London

We have carefully managed the redevelopment of 100 Liverpool Street to directly benefit people and businesses in the local community. Rather than purchasing everything nationally, 58% of construction spend so far – £59m – has been invested within the City and neighbouring boroughs, ensuring that this project directly benefits local businesses in financial terms. £43m of the overall construction spend has gone to small and medium sized enterprises, boosting growth.

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 2019 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 2019 (the "Annual Report"), which comprise:

- the Consolidated balance sheet as at 31 March 2019;
- the Company balance sheet as at 31 March 2019;
- the Consolidated income statement for the year ended 31 March 2019;
- the Consolidated statement of comprehensive income for the year ended 31 March 2019;
- the Consolidated statement of cash flows for the year ended 31 March 2019;
- the Consolidated statement of changes in equity for the year ended 31 March 2019;
- the Company statement of changes in equity for the year ended 31 March 2019;
- 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 2018 to 31 March 2019.

Our audit approach

Overview

Materiality

- Overall Group materiality: £122.5 million (2018: £131.8 million), based on 1% of total assets.
- Specific Group materiality: £16.9 million (2018: £19.6 million), which represents 5% of underlying pre-tax profits. This is applied to the underlying profit and loss column.
- Overall Company materiality: £110.4 million (2018: £119.0 million), based on 1% of total assets.

Audit scoping

- 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.

Key audit matters

- Valuation of investment and development properties (Group).
- Revenue recognition (Group).
- Accounting for transactions (Group).
- Taxation (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 UK tax legislation. 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 judgmental areas of the financial statements such as the valuation of investment properties. Audit procedures performed by the Group engagement team auditors 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;

- Inquired of management of any instances of non-compliance with laws and regulations, fraud and matters reported on the Group's whistleblowing helpline;
- Reviewing relevant meeting minutes;
- Review of tax compliance with the involvement of our tax specialists in the audit;
- Designing audit procedures to incorporate unpredictability over the nature, timing or extent of our testing of expenses;
- Procedures relating to the valuation of investment properties 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.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment and development properties – Group Refer to page 82 (Report of the Audit Committee), pages 128 to 130 (Accounting policies) and page 131 to 166 (Notes to the Accounts). The Group's investment property portfolio is split between office and residential properties in Central London, retail and leisure properties across the UK, developments and the assets at the Canada Water site in East London. The valuation in the Consolidated Balance Sheet *is £8,931 million.* The valuation of the Group's investment property portfolio is inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future rentals for that particular property. For developments, factors include projected costs to complete and timing of practical completion. The valuations were carried out by third party valuers, CB Richard Ellis, Jones Lang LaSalle, Cushman and 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. The valuers used by the Group have considerable experience of the markets in which the Group operates. In determining a property's valuation 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 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, warrants specific audit focus in this area. There were also certain specific factors affecting the valuations in the year. Properties under development, completed developments that are now valued as standing investment properties and standing investment properties that have been reclassified to development properties, continue to be an area of focus.	We read the valuation reports for all the properties and confirmed that the valuation approach for each was in accordance with RICS standards and suitable for use in determining the carrying value for the purpose of the financial statements. 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 fee arrangements between the valuers and the Group and other engagements which might exist between the Group and the valuers. We found no evidence to suggest that the objectivity of the valuers in their performance of the valuations was compromised. 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 are not so readily comparable with published benchmarks, such as Estimated Rental Value. We attended meetings with management and the valuers, at which the valuations and the key assumptions therein were discussed. Our work covered the valuation of each property in the Group, but the discussions with management and the valuers focused on the largest properties in the portfolio, properties under development or where the valuation basis has changed in the year, the Canada Water site and those where the yields used and / or year on year capital value movement suggested a possible outlier versus externally published market data for the relevant sector. Where assumptions were outside the expected range or otherwise appeared unusual, and / or valuations showed unexpected movements, we undertook further investigations and, when necessary, 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.

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 – Group continued	We saw evidence 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. 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* (for example construction contracts). It was evident from our interaction with management and the valuers, and from our review of the valuation reports, that close attention had been paid to each property's individual characteristics at a granular, tenant by tenant level, as well as considering the overall quality, geographic location and desirability of the asset as a whole. *No issues were identified in our testing.*
Revenue recognition – Group Refer to page 82 (Report of the Audit Committee), pages 128 to 130 (Accounting policies) and page 132 (Notes to the Accounts). 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 and guaranteed rent increases – 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 IT systems to obtain evidence that postings to these accounts were reliable. For rental income balances, we then used data-enabled audit techniques to identify all standard revenue journals posted using these systems and processes. The remaining journals related to non-standard transactions. These included reclassifications within revenue, accrued income, and bad debt provisions. For each category of non-standard revenue summarised above, we have understood the nature and assessed the reasonableness of journals being generated, and performed substantive testing over a sample of these items. There weren't any exceptions arising from our testing over non-standard revenue transactions. For balances not included within rental income, such as service charge income, we performed substantive testing on a sample basis. No issues were identified in our testing.

Key audit matter	How our audit addressed the key audit matter
Accounting for transactions – Group Refer to page 82 (Report of the Audit Committee), pages 128 to 130 (Accounting policies) and pages 131 to 166 (Notes). There have been a number of transactions during the year. These warranted additional audit focus due to the magnitude of the transactions and the potential for complex contractual terms that introduce judgement into how they were accounted for. Key transactions subject to additional audit focus were: - Investment property acquisitions of £221m including the acquisition of Tunbridge Wells, Royal Victoria Place for £97m. - Investment property disposals of £664m, including the disposal of 5 Broadgate (Group share £500m). - Share buyback of £204m.	For each transaction, we understood the nature of the transaction and assessed the proposed accounting treatment in relation to the Group's accounting policies and relevant IFRSs. For all acquisitions and disposals, we obtained and reviewed the key supporting documentation such as Sale and Purchase Agreements and completion statements. Consideration received or paid was agreed to bank statements. No material issues were found as a result of these procedures. For the share buyback, we read the broker contracts and audited the accounting for the buyback in accordance with IAS 32. For shares repurchased by the Group, we tested the subsequent cancellation of the shares acquired and checked the associated costs of the transactions were correctly recognised within reserves (retained earnings).No exceptions were identified in the accounting for the share buyback programme.
Taxation Refer to page 82 (Report of the Audit Committee), page 130 (Accounting policies) and page 134 and 148 (Notes to the Accounts). 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 re-performed the Group's annual REIT compliance tests, as well as those tests for the Broadgate REIT. Based on our work performed, we agreed with management's assessment that all REIT compliance tests had been met to ensure that the Group and Broadgate maintain their REIT status. We evaluated the tax provisions and potential exposures as at 31 March 2019. 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 are satisfied that the assumptions and judgements used by the Group are reasonable.

Independent auditors' report to the members of The British Land Company PLC continued

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.

Our 2019 audit was planned and execute having regard to the fact that the Group's operations were largely unchanged in nature from the previous year. Additionally, there have been no significant changes to the valuation methodology and accounting standards relevant to the Group. In light of this, our approach to the audit in terms of scoping and areas of focus was largely unchanged.

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	£122.5 million (2018: £131.8 million).	£110.4 million (2018: £119.0 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 direct property investments. Due to this, the key area of focus in the audit is the valuation of investment properties. 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 £16.9m (2018: £19.6m) 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 page 131 where the term is defined in full).

We agreed with the Audit Committee that we would report to them, any other misstatements identified during our audit above £6.2m (2018: £6.7m) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons. In addition we agreed with the Audit Committee that we would report to them misstatement identified during our audit for items within underlying profit above £1m (Group and Company audit) (2018: £1m) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

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. As 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. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Group's trade, customers, suppliers and the wider economy.
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 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 2019 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 (on page 77 in the Governance Review) 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 (on pages 73 to 74 in the Governance Review) 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 56 to 57 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 65 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 77, 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 80 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 113, 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 five years, covering the years ended 31 March 2015 to 31 March 2019.

John Waters (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

14 May 2019

Consolidated income statement

For the year ended 31 March 2019

	Note	2019 Underlying[1] £m	2019 Capital and other £m	2019 Total £m	2018 Underlying[1] £m	2018 Capital and other £m	2018 Total £m
Revenue	3	**554**	**350**	**904**	561	78	639
Costs	3	**(141)**	**(258)**	**(399)**	(136)	(64)	(200)
	3	**413**	**92**	**505**	425	14	439
Joint ventures and funds (see also below)	11	**86**	**(79)**	**7**	115	36	151
Administrative expenses		**(80)**	**–**	**(80)**	(82)	–	(82)
Valuation movement	4	**–**	**(620)**	**(620)**	–	202	202
(Loss) profit on disposal of investment properties and investments		**–**	**(18)**	**(18)**	–	18	18
Net financing costs							
– financing income	6	**–**	**–**	**–**	1	–	1
– financing charges	6	**(67)**	**(46)**	**(113)**	(65)	(163)	(228)
		(67)	**(46)**	**(113)**	(64)	(163)	(227)
(Loss) profit on ordinary activities before taxation		**352**	**(671)**	**(319)**	394	107	501
Taxation	7	**–**	**(1)**	**(1)**	–	6	6
(Loss) profit for the year after taxation				**(320)**			507
Attributable to non-controlling interests		**12**	**(41)**	**(29)**	14	–	14
Attributable to shareholders of the Company		**340**	**(631)**	**(291)**	380	113	493
Earnings per share:							
– basic	2			**(30.0)p**			48.7p
– diluted	2			**(30.0)p**			48.5p

All results derive from continuing operations.

	Note	2019 Underlying[1] £m	2019 Capital and other £m	2019 Total £m	2018 Underlying[1] £m	2018 Capital and other £m	2018 Total £m
Results of joint ventures and funds accounted for using the equity method							
Underlying Profit		**86**	**–**	**86**	115	–	115
Valuation movement	4	**–**	**(63)**	**(63)**	–	52	52
Capital financing costs		**–**	**(21)**	**(21)**	–	(13)	(13)
Profit (loss) on disposal of investment properties, trading properties and investments		**–**	**3**	**3**	–	(3)	(3)
Taxation		**–**	**2**	**2**	–	–	–
	11	**86**	**(79)**	**7**	115	36	151

1. See definition in note 2

Consolidated statement of comprehensive income

For the year ended 31 March 2019

	2019 £m	2018 £m
(Loss) profit for the year after taxation	**(320)**	507
Other comprehensive income (loss):		
Items that will not be reclassified subsequently to profit or loss:		
Net actuarial gain on pension schemes	**–**	9
Valuation movements on owner-occupied properties	**3**	(3)
	3	6
Items that may be reclassified subsequently to profit or loss:		
Gains on cash flow hedges		
– Group	**1**	12
– Joint ventures and funds	**–**	8
	1	20
Transferred to the income statement (cash flow hedges)		
– Interest rate derivatives – group	**–**	120
– Interest rate derivatives – joint ventures[1]	**18**	–
Deferred tax on items of other comprehensive income	**(1)**	(5)
Other comprehensive income for the year	**21**	141
Total comprehensive (loss) income for the year	**(299)**	648
Attributable to non-controlling interests	**(29)**	16
Attributable to shareholders of the Company	**(270)**	632

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 2019

	Note	2019 £m	2018 £m
ASSETS			
Non-current assets			
Investment and development properties	10	**8,931**	9,507
Owner-occupied properties	10	**73**	90
		9,004	9,597
Other non-current assets			
Investments in joint ventures and funds	11	**2,560**	2,822
Other investments	12	**151**	174
Deferred tax assets	16	**1**	4
Interest rate and currency derivative assets	17	**154**	115
		11,870	12,712
Current assets			
Trading properties	10	**87**	328
Debtors	13	**57**	35
Cash and short term deposits	17	**242**	105
		386	468
Total assets		**12,256**	13,180
LIABILITIES			
Current liabilities			
Short term borrowings and overdrafts	17	**(99)**	(27)
Creditors	14	**(289)**	(324)
Corporation tax		**(25)**	(22)
		(413)	(373)
Non-current liabilities			
Debentures and loans	17	**(2,932)**	(3,101)
Other non-current liabilities	15	**(92)**	(62)
Interest rate and currency derivative liabilities	17	**(130)**	(138)
		(3,154)	(3,301)
Total liabilities		**(3,567)**	(3,674)
Net assets		**8,689**	9,506
EQUITY			
Share capital		**240**	248
Share premium		**1,302**	1,300
Merger reserve		**213**	213
Other reserves		**37**	33
Retained earnings		**6,686**	7,458
Equity attributable to shareholders of the Company		**8,478**	9,252
Non-controlling interests		**211**	254
Total equity		**8,689**	9,506

EPRA NAV per share[1]	2	**905p**	967p

1. As defined in note 2

John Gildersleeve
Chairman

Simon Carter
Chief Financial Officer

The financial statements on pages 123 to 166 were approved by the Board of Directors and signed on its behalf on 14 May 2019.
Company number 621920

Consolidated statement of cash flows

For the year ended 31 March 2019

	Note	2019 £m	2018 £m
Rental income received from tenants		**449**	446
Fees and other income received		**62**	78
Operating expenses paid to suppliers and employees		**(162)**	(173)
Sale of trading properties		**268**	77
Payments received in respect of future trading property sales		**–**	8
Cash generated from operations		**617**	436
Interest paid		**(75)**	(73)
Interest received		**7**	4
Corporation taxation repayments (payments)		**5**	(7)
Distributions and other receivables from joint ventures and funds	11	**59**	78
Net cash inflow from operating activities		**613**	438
Cash flows from investing activities			
Development and other capital expenditure		**(218)**	(190)
Purchase of investment properties		**(185)**	(165)
Sale of investment properties		**380**	135
Disposal of joint venture held-for-sale		**–**	568
Disposal of Tesco joint venture		**–**	68
Purchase of investments		**(9)**	(9)
Sale of investments		**13**	–
Indirect taxes paid in respect of investing activities		**(3)**	(7)
Investment in and loans to joint ventures and funds		**(298)**	(175)
Loan repayments from joint ventures and funds		**247**	7
Capital distributions from joint ventures and funds		**260**	29
Net cash inflow from investing activities		**187**	261
Cash flows from financing activities			
Issue of ordinary shares		**2**	2
Unit issues attributable to non-controlling interests		**–**	2
Purchase of own shares		**(204)**	(301)
Dividends paid	19	**(298)**	(304)
Dividends paid to non-controlling interests		**(14)**	(15)
Acquisition of units in Hercules Unit Trust		**–**	(4)
Capital payments in respect of interest rate derivatives		**(19)**	(18)
Receipts on closeout of interest rate derivative assets		**–**	27
Decrease in bank and other borrowings		**(576)**	(626)
Drawdowns on bank and other borrowings		**446**	529
Net cash outflow from financing activities		**(663)**	(708)
Net increase (decrease) in cash and cash equivalents		**137**	(9)
Cash and cash equivalents at 1 April		**105**	114
Cash and cash equivalents at 31 March		**242**	105
Cash and cash equivalents consists of:			
Cash and short term deposits	17	**242**	105

Consolidated statement of changes in equity

For the year ended 31 March 2019

	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 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**
Balance at 1 April 2017	260	1,298	(112)	15	213	7,547	9,221	255	9,476
Profit for the year after taxation	-	-	-	-	-	493	493	14	507
Revaluation of owner-occupied property	-	-	-	(3)	-	-	(3)	-	(3)
Gains on cash flow hedges - group	-	-	10	-	-	-	10	2	12
Gains on cash flow hedges - joint ventures and funds	-	-	-	8	-	-	8	-	8
Transferred to the income statement (cash flow hedges)									
- Interest rate derivatives	-	-	120	-	-	-	120	-	120
Net actuarial gain on pension schemes	-	-	-	-	-	9	9	-	9
Reserves transfer	-	-	(2)	2	-	-	-	-	-
Deferred tax on items of other comprehensive income	-	-	(5)	-	-	-	(5)	-	(5)
Other comprehensive income	-	-	123	7	-	9	139	2	141
Total comprehensive income for the year	-	-	123	7	-	502	632	16	648
Share issues	-	2	-	-	-	-	2	-	2
Unit issues attributable to non-controlling interests	-	-	-	-	-	-	-	2	2
Purchase of own shares	(12)	-	-	-	-	(289)	(301)	-	(301)
Purchase of units from non-controlling interests	-	-	-	-	-	-	-	(4)	(4)
Dividends payable in year (29.64p per share)	-	-	-	-	-	(302)	(302)	-	(302)
Dividends payable by subsidiaries	-	-	-	-	-	-	-	(15)	(15)
Balance at 31 March 2018	248	1,300	11	22	213	7,458	9,252	254	9,506

1. The balance at the beginning of the current year includes £15m in relation to translation and (£4m) in relation to hedging (2017/18: £15m and (£127m)). 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 2019 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 2018.

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 9 – Financial instruments

IFRS 9 Financial instruments, as issued by the IASB in July 2014, has been adopted by the Group for the year ended 31 March 2019. IFRS 9 supersedes the existing accounting guidance in IAS 39 Financial instruments. The standard was applied using the modified retrospective approach. The Group has not restated prior periods or recognised any adjustments in opening retained earnings.

- The new standard addresses the classification and measurement of financial assets and financial liabilities.
- The alignment of the classification and measurement model under IFRS 9 results in changes in the classification of all financial assets excluding derivatives. These changes will not have a quantitative impact on the financial statements.
- IFRS 9 introduces a forward looking expected credit loss model, replacing the IAS 39 incurred loss model. The new model requires an expected credit loss to be recognised on all financial assets held at amortised cost at initial recognition. The quantitative impact for the year ended 31 March 2019 results in the recognition of an expected credit loss of £2m, with a corresponding reduction in financial assets held at amortised cost of £2m. The Group has previously provided for a materially similar balance against trade and other receivables and therefore the resulting reclassification of existing provisions does not have a material impact on the net assets of the Group.
- IFRS 9 introduces changes to the qualifying criteria for hedge accounting and expands the financial and non-financial instruments which may be designated as hedged items and hedging instruments in order to align hedge accounting with business strategy. The changes introduced by IFRS 9 do not have a quantitative impact on the consolidated financial statements of the Group.

IFRS 15 – Revenue from contracts with customers

The Group has adopted IFRS 15 Revenue from contracts with customers for the year ended 31 March 2019. The standard was applied using the modified retrospective approach.

The new standard combines a number of previous standards, setting out a five step-model for the recognition of revenue and establishing principles for reporting useful information to users of financial statements about the nature, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The new standard does not apply to rental income, which is in the scope of IAS 17, but does apply to service charge income, management and performance fees and trading property disposals. The changes introduced by IFRS 15 did not have a quantitative impact on the consolidated financial statements of the Group.

The Group has considered the following amendments to standards endorsed by the EU effective for the current accounting period, and determined that these do not have a material impact on the consolidated financial statements of the Group:

- Amendments to IAS 40: Transfers of Investment Property

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective for the current accounting period. None are expected to have a material impact on the consolidated financial statements of the Group.

Amendments to IFRS 3 (Business Combinations) is effective from the next financial year. The amendments have no impact but will be applied to any future business combinations.

IFRS 16 (Leases) is effective from the next financial year. The Group conducted an impact assessment based on the Group's current activities and have quantified the impact (see below). The results of the assessment confirm that the new standard leads to limited changes to presentation and disclosure.

IFRS 16 – Leases (effective year ending 31 March 2020).

- For lessees, IFRS 16 will result in almost all operating leases being brought on balance sheet, as the distinction between operating and finance leases will be removed. The accounting for lessors will however not significantly change. On adoption of the new standard, these changes will have an immaterial impact on the consolidated financial statements of the Group. In the first year of adoption as at 31 March 2020, based on current lease information, the projected impact will be an increase in right of use assets (within the investment property balance) of £37m and a corresponding increase in current liabilities of £7m and non-current liabilities of £38m. There will also be an immaterial net impact on underlying profit with the reduction in rental expense outweighing the increase in finance costs and depreciation in the first year of adoption.

Going concern

The financial statements are prepared on a going concern basis as explained in the corporate governance section on page 78.

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 on the basis of fair value 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 below.

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. In determining whether leases and related properties represent operating or finance leases, consideration is given to whether the tenant or landlord bears the risks and rewards of ownership. Transfers to or from investment property occur when, and only when, there is evidence of change in use.

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.

Where an investment property is held under a head lease, the head lease is initially recognised as an asset, being the sum of the premium paid on acquisition plus the present value of minimum ground rent payments. The corresponding rent liability to the head leaseholder is included in the balance sheet as a finance lease obligation.

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 IAS 17 Leases.

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.

Notes to the accounts continued

Surrender premia for the early determination of a lease are recognised as revenue immediately upon receipt, 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.

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. In the case of options granted, fair value is measured by a Black-Scholes pricing model. The fair value of shares granted is based on the market value at grant date.

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 properties and investments held for trading: 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 held for trading are inherently subjective, as they are based upon valuer assumptions which may prove to be inaccurate. 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, and taxation provisions.

The key areas of accounting judgement are:

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.

Interest in the Group's joint ventures is commonly driven by the terms of the partnership agreements which ensure that control is shared between the partners. All significant joint venture arrangements of the Group are held in structures in which the Group has 50% of the voting rights. 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.

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 1007.24 pence. 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.

	2019			2018		
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	**340**	**971**	**35.0**	380	1,013	37.5
Underlying diluted	**340**	**974**	**34.9**	380	1,016	37.4
EPRA						
EPRA basic	**340**	**971**	**35.0**	380	1,013	37.5
EPRA diluted	**340**	**974**	**34.9**	380	1,016	37.4
IFRS						
Basic	**(291)**	**971**	**(30.0)**	493	1,013	48.7
Diluted	**(291)**	**971**	**(30.0)**	493	1,016	48.5

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 2019, 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 1007.24 pence. 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.

	2019			2018		
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	**8,649**	**956**	**905**	9,560	989	967
EPRA NNNAV	**8,161**	**956**	**854**	9,044	989	914
IFRS						
Basic	**8,689**	**949**	**916**	9,506	983	967
Diluted	**8,689**	**956**	**909**	9,506	989	961

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.

	2019			2018		
	Decrease in NAV per share pence	**Dividend per share paid pence**	**Total accounting return**	Increase in NAV per share pence	Dividend per share paid pence	Total accounting return
Total accounting return	**(62)**	**30.54**	**(3.3%)**	52	29.64	8.9%

Notes to the accounts continued

3 Revenue and costs

	2019			2018		
	Underlying £m	Capital and other £m	Total £m	Underlying £m	Capital and other £m	Total £m
Rent receivable	**444**	**–**	**444**	441	–	441
Spreading of tenant incentives and guaranteed rent increases	**(6)**	**–**	**(6)**	(6)	–	(6)
Surrender premia	**1**	**–**	**1**	6	–	6
Gross rental income	**439**	**–**	**439**	441	–	441
Trading property sales proceeds	**–**	**350**	**350**	–	78	78
Service charge income	**76**	**–**	**76**	66	–	66
Management and performance fees (from joint ventures and funds)	**7**	**–**	**7**	6	–	6
Other fees and commissions	**32**	**–**	**32**	48	–	48
Revenue	**554**	**350**	**904**	561	78	639
Trading property cost of sales	**–**	**(258)**	**(258)**	–	(64)	(64)
Service charge expenses	**(76)**	**–**	**(76)**	(66)	–	(66)
Property operating expenses	**(35)**	**–**	**(35)**	(29)	–	(29)
Other fees and commissions expenses	**(30)**	**–**	**(30)**	(41)	–	(41)
Costs	**(141)**	**(258)**	**(399)**	(136)	(64)	(200)
	413	**92**	**505**	425	14	439

The cash element of net rental income (gross rental income less property operating expenses) recognised during the year ended 31 March 2019 from properties which were not subject to a security interest was £356m (2017/18: £301m). Property operating expenses relating to investment properties that did not generate any rental income were £1m (2017/18: £2m). Contingent rents of £3m (2017/18: £4m) were recognised in the year.

4 Valuation movements on property

	2019 £m	2018 £m
Consolidated income statement		
Revaluation of properties	**(620)**	202
Revaluation of properties held by joint ventures and funds accounted for using the equity method	**(63)**	52
	(683)	254
Consolidated statement of comprehensive income		
Revaluation of owner-occupied properties	**3**	(3)
	(680)	251

5 Auditors' remuneration – PricewaterhouseCoopers LLP

	2019 £m	2018 £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	**0.1**	0.2
Total	**0.9**	1.0

In addition to the above, PricewaterhouseCoopers LLP were remunerated in the prior year for non-audit fees in PREF, an equity accounted property fund (see note 11). The Group's share of fees totalled £nil (2017/18: £0.1m). PricewaterhouseCoopers LLP are not the external auditors to PREF.

6 Net financing costs

	2019 £m	2018 £m
Underlying		
Financing charges		
Bank loans and overdrafts	**(21)**	(21)
Derivatives	**29**	28
Other loans	**(75)**	(76)
Obligations under head leases	**(3)**	(2)
	(70)	(71)
Development interest capitalised	**3**	6
	(67)	(65)
Financing income		
Deposits, securities and liquid investments	**-**	1
	-	1
Net financing charges - underlying	**(67)**	(64)
Capital and other		
Financing charges		
Valuation movements on translation of foreign currency net assets	**-**	(1)
Hedging reserve recycling[1]	**-**	(106)
Valuation movements on fair value derivatives[3]	**41**	(79)
Valuation movements on fair value debt[3]	**(38)**	80
Recycling of fair value movement on close-out of derivatives	**-**	(14)
Capital financing costs[2]	**(32)**	(27)
Fair value movement on convertible bonds	**(6)**	-
Valuation movement on non-hedge accounted derivatives	**(11)**	(16)
	(46)	(163)
Financing income		
Fair value movement on convertible bonds	**-**	-
	-	-
Net financing charges - capital	**(46)**	(163)
Net financing costs		
Total financing income	**-**	1
Total financing charges	**(113)**	(228)
Net financing costs	**(113)**	(227)

Interest payable on unsecured bank loans and related interest rate derivatives was £8m (2017/18: £9m). Interest on development expenditure is capitalised at the Group's weighted average interest rate of 2.2% (2017/18: 2.0%). The weighted average interest rate on a proportionately consolidated basis at 31 March 2019 was 2.9% (2017/18: 2.8%).

1. Represents a reclassification of cumulative losses within the hedging and translation reserve to capital profit and loss, in relation to hedging instruments which have been closed out or are no longer hedge accounted
2. Primarily bond redemption, tender offer and purchase costs
3. The difference between valuation movements on fair value derivatives and valuation movements on fair value debt represents hedge ineffectiveness for the period

Notes to the accounts continued

7 Taxation

	2019 £m	2018 £m
Taxation (expense) income		
Current taxation:		
UK corporation taxation: 19% (2017/18: 19%)	**(10)**	–
Adjustments in respect of prior years	**13**	1
Total current taxation income	**3**	1
Deferred taxation on revaluations and derivatives	**(4)**	5
Group total taxation	**(1)**	6
Attributable to joint ventures and funds	**2**	–
Total taxation income	**1**	6

Taxation reconciliation		
(Loss) profit on ordinary activities before taxation	**(319)**	501
Less: profit attributable to joint ventures and funds[1]	**(5)**	(151)
Group (loss) profit on ordinary activities before taxation	**(324)**	350
Taxation on profit on ordinary activities at UK corporation taxation rate of 19% (2017/18: 19%)	**62**	(67)
Effects of:		
– REIT exempt income and gains	**(73)**	71
– Taxation losses	**1**	(4)
– Deferred taxation on revaluations and derivatives	**(4)**	5
– Adjustments in respect of prior years	**13**	1
Group total taxation (expense) income	**(1)**	6

1. A current taxation income of £2m (2017/18: £nil) and a deferred taxation credit of £nil (2017/18: £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 2019 was £nil (2017/18: £nil). Corporation taxation payable at 31 March 2019 was £25m (2017/18: £22m) as shown on the balance sheet. During the year to 31 March 2019 various tax provisions in respect of historic taxation matters and current points of uncertainty in the UK have been released and provisions made. The net movement, which is included within the tax credit above, is not material.

8 Staff costs

Staff costs (including Directors)	2019 £m	2018 £m
Wages and salaries	**62**	70
Social security costs	**8**	9
Pension costs	**7**	7
Equity-settled share-based payments	**(3)**	–
	74	86

The average monthly number of employees of the Company during the year was 293 (2017/18: 265). The average monthly number of Group employees, including those employed directly at the Group's properties and their costs recharged to tenants, was 783 (2017/18: 835). The average monthly number of employees of the Company within each category of persons employed was as follows: Retail: 31; Offices: 20; Canada Water: 14; Developments: 32; Storey: 8; Support Functions: 188.

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 88 to 109.

Directors' emoluments	2019 £m	2018 £m
Short term employee benefits	**5.6**	5.5
Service cost in relation to defined benefit pension schemes	**0.1**	0.2
Equity-settled share-based payments	**(2.0)**	1.1
	3.7	6.8

8 Staff costs continued

Staff costs

The Group's equity-settled share-based payments comprise the Long-Term Incentive Plan (LTIP), the Matching Share Plan (MSP), the Restricted Share Plan (RSP) and various savings related share option schemes.

The Company 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.

For all schemes except the Company's Long-Term Incentive Plan share options, the fair value of awards are equal to the market value at grant date. The key inputs used to value share options using a Black-Scholes model granted under the Company's Long-Term Incentive Plan are shown below.

Long-Term Incentive Plan: Awards in the year ended 31 March 2019	25 June 2018	28 June 2017
Share price and exercise price at grant date	**682p**	617p
Expected option life in years	**5**	5
Risk free rate	**0.8%**	0.8%
Expected volatility	**22%**	24%
Expected dividend yield	**5%**	5%
Value per option	**68p**	68p

Movements in shares and options are given in note 20.

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 £7m (2017/18: £7m), of which £5m (2017/18: £5m) relates to defined contribution plans and £2m (2017/18: £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 2015 by consulting actuaries, Aon. The next full actuarial valuation is currently being carried out by First Actuarial and will be completed by 30th June 2019. The valuations and employer's contributions (72.9% per annum of basic salaries) in the current year are based on estimates produced by First Actuarial. The best estimate of employer contributions expected to be paid during the year to 31 March 2020 is £2m. The major assumptions used for the actuarial valuation were:

	2019 % pa	2018 % pa	2017 % pa	2016 % pa	2015 % pa
Discount rate	**2.4**	2.6	2.4	3.2	3.1
Salary inflation	**4.8**	4.9	4.9	4.8	4.8
Pensions increase	**3.3**	3.3	3.3	3.2	3.2
Price inflation	**3.4**	3.4	3.4	3.3	3.3

The assumptions are that a member currently aged 60 will live on average for a further 27.8 years if they are male and for a further 29.4 years if they are female. For a member who retires in 2039 at age 60, the assumptions are that they will live on average for a further 29.2 years after retirement if they are male and for a further 30.8 years after retirement if they are female.

Composition of scheme assets

	2019 £m	2018 £m
Equities	**60**	54
Diversified growth funds	**88**	85
Other assets	**12**	13
Total scheme assets	**160**	152

97.9% of the scheme assets are quoted in an active market. All unquoted scheme assets sit within equities.

Notes to the accounts continued

9 Pensions continued

The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit scheme is as follows:

	2019 £m	2018 £m	2017 £m	2016 £m	2015 £m
Present value of defined scheme obligations	**(147)**	(147)	(167)	(143)	(145)
Fair value of scheme assets	**160**	152	154	137	139
Irrecoverable surplus	**(13)**	(5)	–	–	–
Liability recognised in the balance sheet	**–**	–	(13)	(6)	(6)

The sensitivities of the defined benefit obligation in relation to the major actuarial assumptions used to measure scheme liabilities are as follows:

		Increase/(decrease) in defined scheme obligations	
Assumption	Change in assumption	2019 £m	2018 £m
Discount rate	+0.5%	**(15)**	(14)
Salary inflation	+0.5%	**2**	1
RPI inflation	+0.5%	**12**	12
Assumed life expectancy	+1 year	**5**	4

History of experience gains and losses

	2019 £m	2018 £m	2017 £m	2016 £m	2015 £m
Total actuarial gain (loss) recognised in the consolidated statement of comprehensive income[1, 2]	**–**	9	(12)	(1)	(5)
Percentage of present value on scheme liabilities	**0.1%**	6.1%	7.2%	0.7%	3.6%

1. Movements stated after adjusting for irrecoverability of any surplus
2. Cumulative loss recognised in the statement of comprehensive income is £40m (2017/18: £40m)

Movements in the present value of defined benefit obligations were as follows:

	2019 £m	2018 £m
At 1 April	**(147)**	(167)
Current service cost	**(2)**	(2)
Interest cost	**(3)**	(4)
Actuarial (loss) gain		
(Loss) gain from change in financial assumptions	**(2)**	7
Gain on scheme liabilities arising from experience	**1**	7
Benefits paid	**6**	12
At 31 March	**(147)**	(147)

Movements in the fair value of the scheme assets were as follows:

	2019 £m	2018 £m
At 1 April	**152**	154
Interest income on scheme assets	**4**	3
Contributions by employer	**2**	7
Actuarial gain	**8**	–
Benefits paid	**(6)**	(12)
At 31 March	**160**	152

9 Pensions continued

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 2019

	Investment							
	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	**128**	**93**	**-**	**-**	**221**	**-**	**-**	**221**
- 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**
	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

Notes to the accounts continued

10 Property continued

Property reconciliation for the year ended 31 March 2018

	Investment							
	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 2017	5,021	3,616	286	150	9,073	334	94	9,501
Additions								
- property purchases	237	-	8	-	245	5	-	250
- development expenditure	5	15	22	44	86	46	-	132
- capitalised interest and staff costs	-	1	3	1	5	5	-	10
- capital expenditure on asset management initiatives	29	-	-	1	30	-	-	30
	271	16	33	46	366	56	-	422
Depreciation	-	-	-	-	-	-	(1)	(1)
Disposals	(134)	(2)	-	-	(136)	(62)	-	(198)
Reclassifications	(4)	(137)	-	141	-	-	-	-
Revaluations included in income statement	40	165	(21)	18	202	-	-	202
Revaluations included in OCI	-	-	-	-	-	-	(3)	(3)
Movement in tenant incentives and contracted rent uplift balances	1	1	-	-	2	-	-	2
Carrying value at 31 March 2018	5,195	3,659	298	355	9,507	328	90	9,925
Head lease liabilities (note 15)								(62)
Valuation surplus on trading properties								134
Group property portfolio valuation at 31 March 2018								9,997
Non-controlling interests								(315)
Group property portfolio valuation at 31 March 2018 attributable to shareholders								9,682

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.

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.*

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 80 to 85).

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.

10 Property continued

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 britishland.com/reports

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

	2019			2018		
	Group £m	Joint ventures and funds £m	Total £m	Group £m	Joint ventures and funds £m	Total £m
Knight Frank LLP	**1,434**	**2,256**	**3,690**	1,674	2,680	4,354
CBRE	**2,675**	**231**	**2,906**	4,511	1,403	5,914
Jones Lang LaSalle	**1,889**	**1,099**	**2,988**	561	–	561
Cushman & Wakefield	**3,030**	**19**	**3,049**	3,251	19	3,270
Total property portfolio valuation	**9,028**	**3,605**	**12,633**	9,997	4,102	14,099
Non-controlling interests	**(267)**	**(50)**	**(317)**	(315)	(68)	(383)
Total property portfolio valuation attributable to shareholders	**8,761**	**3,555**	**12,316**	9,682	4,034	13,716

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

Notes to the accounts continued

10 Property continued

Information about fair value measurements using unobservable inputs (Level 3) for the year ended 31 March 2018

Investment	Fair value at 31 March 2018 £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	5,210	Investment methodology	2	84	24	3	9	5	-	51	2
Offices[1]	3,617	Investment methodology	8	117	58	4	5	4	-	323	53
Canada Water	283	Investment methodology	38	38	38	4	4	4	-	2	(34)
Residential	70	Investment methodology	15	29	22	2	6	4	-	1	1
Developments	355	Residual methodology	18	66	61	2	6	5	-	614	541
Total	9,535										
Trading properties at fair value	462										
Group property portfolio valuation	9,997										

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 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	**12,316**	**511**	**(484)**	**704**	**(630)**	**57**	**(60)**

1. Includes trading properties at fair value

Information about the impact of changes in unobservable inputs (Level 3) on the fair value of the Group's property portfolio for the year ended 31 March 2018

	Fair value at 31 March 2018 £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	5,210	210	(199)	269	(278)	na	na
Offices[1]	4,079	167	(161)	244	(219)	na	na
Canada Water	283	4	(5)	1	(1)	21	(20)
Residential	70	1	(1)	2	(2)	-	-
Developments	355	31	(31)	39	(35)	13	(13)
Group property portfolio valuation	9,997	413	(397)	555	(535)	34	(33)

1. Includes trading properties at fair value

10 Property continued

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 2019, the Group property portfolio valuation of £9,028m (2017/18: £9,997m) comprises freeholds of £4,929m (2017/18: £5,711m); virtual freeholds of £940m (2017/18: £895m); and long leaseholds of £3,097m (2017/18 £3,391m); and short leaseholds of £62m (2017/18: £nil). The historical cost of properties was £5,853m (2017/18: £6,294m).

The property valuation does not include any investment properties held under operating leases (2017/18: £nil).

Cumulative interest capitalised against investment, development and trading properties amounts to £99m (2017/18: £101m).

Properties valued at £1,019m (2017/18: £1,202m) were subject to a security interest and other properties of non-recourse companies amounted to £1,115m (2017/18: £1,245m), totalling £2,134m (2017/18: £2,447m).

Included within the property valuation is £28m (2017/18: £60m) 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 2018	2,600	222	**2,822**	2,392	430	**2,822**
Additions	23	38	**61**	41	20	**61**
Disposals	(2)	–	**(2)**	–	(2)	**(2)**
Share of profit on ordinary activities after taxation	24	(17)	**7**	7	–	**7**
Distributions and dividends:						
– Capital	(260)	–	**(260)**	(260)	–	**(260)**
– Revenue	(73)	(13)	**(86)**	(86)	–	**(86)**
Hedging and exchange movements	18	–	**18**	18	–	**18**
At 31 March 2019	2,330	230	**2,560**	2,112	448	**2,560**

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)
(Loss) profit 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[2]	Other joint ventures and funds[3]	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

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 2018

	Broadgate REIT Ltd[1]	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[5]	255	102	39
Costs	(64)	(23)	-
	191	79	39
Administrative expenses	(1)	-	-
Net interest payable	(82)	(33)	(16)
Underlying Profit	108	46	23
Net valuation movement	105	21	(3)
Capital financing costs	-	-	(26)
(Loss) profit on disposal of investment properties and investments	(18)	-	9
Profit (loss) on ordinary activities before taxation	195	67	3
Taxation	-	-	-
Profit (loss) on ordinary activities after taxation	**195**	**67**	**3**
Other comprehensive income (expenditure)	13	3	-
Total comprehensive income	**208**	**70**	**3**
British Land share of total comprehensive income (expense)	**104**	**35**	**2**
British Land share of distributions payable	35	4	31
Summarised balance sheets	£m	£m	£m
Investment and trading properties	4,668	1,895	523
Current assets	6	6	-
Cash and deposits	291	39	90
Gross assets	**4,965**	**1,940**	**613**
Current liabilities	(107)	(41)	(24)
Bank and securitised debt	(1,744)	(641)	(251)
Loans from joint venture partners	(465)	(364)	-
Other non-current liabilities	(41)	(20)	-
Gross liabilities	**(2,357)**	**(1,066)**	**(275)**
Net assets	**2,608**	**874**	**338**
British Land share of net assets less shareholder loans	**1,304**	**437**	**169**

1. Included within the Broadgate REIT revenue is a £29m (£15m British Land share) payment received in June 2017 from the Royal Bank of Scotland in relation to their surrender of a lease at 135 Bishopsgate
2. *USS joint ventures include the Eden Walk Shopping Centre Unit Trust and the Fareham Property Partnership*
3. Hercules Unit Trust joint ventures and sub-funds includes 50% of the results of Deepdale Co-Ownership Trust, Gibraltar 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
4. 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
5. Revenue includes gross rental income at 100% share of £385m (2017/18: £437m)

The SouthGate Limited Partnership	USS joint ventures[2]	Hercules Unit Trust joint ventures and sub-funds[3]	Other joint ventures and funds[4]	Total 2018	Total Group share 2018
Aviva Investors	Universities Superannuation Scheme Group PLC				
Shopping Centres	Shopping Centres	Retail Parks			
50%	50%	Various			
£m	£m	£m	£m	£m	£m
18	13	36	6	**469**	**235**
(4)	(4)	(5)	(2)	**(102)**	**(51)**
14	9	31	4	**367**	**184**
(1)	–	–	–	**(2)**	**(1)**
(1)	–	(4)	–	**(136)**	**(68)**
12	9	27	4	**229**	**115**
10	–	(28)	–	**105**	**52**
–	–	–	–	**(26)**	**(13)**
1	–	–	2	**(6)**	**(3)**
23	9	(1)	6	**302**	**151**
–	–	–	–	–	–
23	**9**	**(1)**	**6**	**302**	**151**
–	–	–	–	**16**	**8**
23	**9**	**(1)**	**6**	**318**	**159**
11	**5**	**(1)**	**3**	**159**	
5	4	14	–	**93**	
£m	£m	£m	£m	**£m**	**£m**
275	250	590	–	**8,201**	**4,100**
1	1	4	42	**60**	**31**
9	7	10	8	**454**	**227**
285	**258**	**604**	**50**	**8,715**	**4,358**
(4)	(5)	(11)	(15)	**(207)**	**(105)**
–	–	(140)	–	**(2,776)**	**(1,388)**
–	(26)	–	(6)	**(861)**	**(430)**
(28)	–	(4)	5	**(88)**	**(43)**
(32)	**(31)**	**(155)**	**(16)**	**(3,932)**	**(1,966)**
253	**227**	**449**	**34**	**4,783**	**2,392**
127	**113**	**226**	**16**	**2,392**	

6. 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
7. Revenue includes gross rental income at 100% share of £385m (2016/17: £437m)

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, the Auchinlea 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)

	2019 £m	2018 £m
Rental income received from tenants	**160**	199
Operating expenses paid to suppliers and employees	**(23)**	(22)
Cash generated from operations	**137**	177
Interest paid	**(70)**	(73)
Interest received	**1**	1
UK corporation tax paid	**(2)**	(1)
Cash inflow from operating activities	**66**	104
Cash inflow from operating activities deployed as:		
Surplus cash retained within joint ventures and funds	**7**	26
Revenue distributions per consolidated statement of cash flows	**59**	78
Revenue distributions split between controlling and non-controlling interests		
Attributable to non-controlling interests	**3**	2
Attributable to shareholders of the Company	**56**	76

12 Other investments

	2019					2018				
	Fair value through profit or loss £m	Amortised cost £m	Property, plant and equipment £m	Intangible assets £m	Total £m	Fair value through profit or loss £m	Amortised cost £m	Property, plant and equipment £m	Intangible assets £m	Total £m
At 1 April	**112**	**28**	**24**	**10**	**174**	107	27	11	9	154
Additions	**-**	**8**	**4**	**4**	**16**	-	-	15	4	19
Transfers / disposals	**-**	**(27)**	**-**	**-**	**(27)**	-	(2)	-	-	(2)
Revaluation	**2**	**(4)**	**-**	**-**	**(2)**	5	3	-	-	8
Depreciation / amortisation	**-**	**-**	**(6)**	**(4)**	**(10)**	-	-	(2)	(3)	(5)
At 31 March	**114**	**5**	**22**	**10**	**151**	112	28	24	10	174

The investment at fair value through profit or loss comprises interests as a trust beneficiary. The trust's assets comprise freehold reversions in a pool of commercial properties, comprising Sainsbury's superstores. The interest is 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.

13 Debtors

	2019 £m	2018 £m
Trade and other debtors	**48**	28
Prepayments and accrued income	**9**	7
	57	35

Trade and other debtors are shown after deducting a provision for tenant incentives of £15m (2017/18: £14m) and a provision for doubtful debts of £5m (2017/18: £5m). 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 the write off of tenant incentives was £1m (2017/18: £1m).

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.

14 Creditors

	2019 £m	2018 £m
Trade creditors	**94**	146
Other taxation and social security	**42**	30
Accruals	**82**	73
Deferred income	**71**	75
	289	324

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.

Notes to the accounts continued

15 Other non-current liabilities

	2019 £m	2018 £m
Head leases	**92**	62
	92	62

16 Deferred tax

The movement on deferred tax is as shown below:

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**

Deferred tax assets year ended 31 March 2018

	1 April 2017 £m	Credited to income £m	Debited to equity £m	31 March 2018 £m
Interest rate and currency derivative revaluations	4	5	(5)	4
Other timing differences	7	–	–	7
	11	5	(5)	11

Deferred tax liabilities year ended 31 March 2018

	£m	£m	£m	£m
Property and investment revaluations	(7)	–	–	(7)
	(7)	–	–	(7)
Net deferred tax assets	4	5	(5)	4

The following corporation tax rates have been substantively enacted: 19% effective from 1 April 2017 reducing to 17% effective from 1 April 2020. 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 17% (2017/18: 17%) of £6m (2017/18: £7m) 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 £123m (2017/18: £123m) exist at 31 March 2019.

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 2019, the Group had an unrecognised deferred tax asset calculated at 17% (2017/18: 17%) of £49m (2017/18: £43m) 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 2019, the value of such properties is £148m (2017/18: £176m) and if these properties were to be sold and no tax exemption was available, the tax arising would be £11m (2017/18: £13m).

17 Net debt

	Footnote	2019 £m	2018 £m
Secured on the assets of the Group			
5.264% First Mortgage Debenture Bonds 2035		**368**	369
5.0055% First Mortgage Amortising Debentures 2035		**94**	95
5.357% First Mortgage Debenture Bonds 2028		**252**	255
Bank loans	1	**512**	512
Loan notes		**2**	2
		1,228	1,233
Unsecured			
5.50% Senior Notes 2027		**99**	100
3.895% Senior US Dollar Notes 2018	2	**–**	27
4.635% Senior US Dollar Notes 2021	2	**168**	156
4.766% Senior US Dollar Notes 2023	2	**106**	97
5.003% Senior US Dollar Notes 2026	2	**69**	63
3.81% Senior Notes 2026		**111**	110
3.97% Senior Notes 2026		**113**	112
0% Convertible Bond 2020		**343**	337
2.375% Sterling Unsecured Bond 2029		**298**	298
4.16% Senior US Dollar Notes 2025	2	**78**	-
2.67% Senior Notes 2025		**37**	-
2.75% Senior Notes 2026		**37**	-
Floating Rate Senior Notes 2028		**80**	-
Bank loans and overdrafts		**264**	595
		1,803	1,895
Gross debt	3	**3,031**	3,128
Interest rate and currency derivative liabilities		**130**	138
Interest rate and currency derivative assets		**(154)**	(115)
Cash and short term deposits	4,5	**(242)**	(105)
Total net debt		**2,765**	3,046
Net debt attributable to non-controlling interests		**(104)**	(109)
Net debt attributable to shareholders of the Company		**2,661**	2,937

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

	2019 £m	2018 £m
Hercules Unit Trust	**512**	512
	512	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 2019 was £2,881m (2017/18: £3,007m). Included in this is the principal amount of secured borrowings and other borrowings of non-recourse companies of £1,158m of which the borrowings of the partly-owned subsidiary, Hercules Unit Trust, not beneficially owned by the Group are £112m
4. Included within cash and short term deposits is the cash and short term deposits of Hercules Unit Trust, of which £9m is the proportion not beneficially owned by the Group
5. Cash and deposits not subject to a security interest amount to £228m (2017/18: £91m)

Notes to the accounts continued

17 Net debt continued

Maturity analysis of net debt

	2019 £m	2018 £m
Repayable: within one year and on demand	**99**	27
Between: one and two years	**710**	163
two and five years	**644**	1,194
five and ten years	**808**	803
ten and fifteen years	**305**	305
fifteen and twenty years	**465**	636
	2,932	3,101
Gross debt	**3,031**	3,128
Interest rate and currency derivatives	**(24)**	23
Cash and short term deposits	**(242)**	(105)
Net debt	**2,765**	3,046

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 7th dealing day before 9 June 2020 (the maturity date), a bondholder may convert at any time.

The initial exchange price was 1103.32 pence per ordinary share. The exchange price is adjusted based on certain events (such as the Company paying dividends in any quarter above 3.418 pence per ordinary share). As at 31 March 2019 the exchange price was 1007.24 pence 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.

Fair value and book value of net debt

	2019			2018		
	Fair value £m	Book value £m	Difference £m	Fair value £m	Book value £m	Difference £m
Debentures and unsecured bonds	**2,036**	**1,910**	**126**	1,783	1,682	101
Convertible bonds	**343**	**343**	**–**	337	337	–
Bank debt and other floating rate debt	**784**	**778**	**6**	1,116	1,109	7
Gross debt	**3,163**	**3,031**	**132**	3,236	3,128	108
Interest rate and currency derivative liabilities	**130**	**130**	**–**	138	138	–
Interest rate and currency derivative assets	**(154)**	**(154)**	**–**	(115)	(115)	–
Cash and short term deposits	**(242)**	**(242)**	**–**	(105)	(105)	–
Net debt	**2,897**	**2,765**	**132**	3,154	3,046	108
Net debt attributable to non-controlling interests	**(105)**	**(104)**	**(1)**	(110)	(109)	(1)
Net debt attributable to shareholders of the Company	**2,792**	**2,661**	**131**	3,044	2,937	107

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)

	2019 £m	2018 £m
Group loan to value (LTV)	**22.2%**	22.1%
Principal amount of gross debt	**2,881**	3,007
Less debt attributable to non-controlling interests	**(112)**	(119)
Less cash and short term deposits (balance sheet)	**(242)**	(105)
Plus cash attributable to non-controlling interests	**9**	10
Total net debt for LTV calculation	**2,536**	2,793
Group property portfolio valuation (note 10)	**9,028**	9,997
Investments in joint ventures and funds (note 11)	**2,560**	2,822
Other investments (note 12)	**151**	174
Less property and investments attributable to non-controlling interests	**(317)**	(366)
Total assets for LTV calculation	**11,422**	12,627

Proportionally consolidated loan to value (LTV)

	2019 £m	2018 £m
Proportionally consolidated loan to value (LTV)	**28.1%**	28.4%
Principal amount of gross debt	**4,007**	4,399
Less debt attributable to non-controlling interests	**(112)**	(135)
Less cash and short term deposits	**(402)**	(331)
Plus cash attributable to non-controlling interests	**9**	10
Total net debt for proportional LTV calculation	**3,502**	3,943
Group property portfolio valuation (note 10)	**9,028**	9,997
Share of property of joint ventures and funds (note 10)	**3,605**	4,102
Other investments (note 12)	**151**	174
Less other investments attributable to joint ventures and funds	**-**	(2)
Less property attributable to non-controlling interests	**(317)**	(383)
Total assets for proportional LTV calculation	**12,467**	13,888

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:

	2019 £m	2018 £m
Net Borrowings not to exceed 175% of Adjusted Capital and Reserves	**29%**	29%
Principal amount of gross debt	**2,881**	3,007
Less the relevant proportion of borrowings of the partly-owned subsidiary/non-controlling interests	**(112)**	(119)
Less cash and deposits (balance sheet)	**(242)**	(105)
Plus the relevant proportion of cash and deposits of the partly-owned subsidiary/non-controlling interests	**9**	10
Net Borrowings	**2,536**	2,793
Share capital and reserves (balance sheet)	**8,689**	9,506
EPRA deferred tax adjustment (EPRA Table A)	**5**	5
Trading property surpluses (EPRA Table A)	**29**	134
Exceptional refinancing charges (see below)	**216**	233
Fair value adjustments of financial instruments (EPRA Table A)	**113**	137
Less reserves attributable to non-controlling interests (balance sheet)	**(211)**	(254)
Adjusted Capital and Reserves	**8,841**	9,761

In calculating Adjusted Capital and Reserves for the purpose of the unsecured debt financial covenants, there is an adjustment of £216m (2017/18: £233m) to reflect the cumulative net amortised exceptional items relating to the refinancings in the years ended 31 March 2005, 2006 and 2007.

	2019 £m	2018 £m
Net Unsecured Borrowings not to exceed 70% of Unencumbered Assets	**21%**	23%
Principal amount of gross debt	**2,881**	3,007
Less cash and deposits not subject to a security interest (being £228m less the relevant proportion of cash and deposits of the partly-owned subsidiary/non-controlling interests of £7m)	**(221)**	(84)
Less principal amount of secured and non-recourse borrowings	**(1,158)**	(1,159)
Net Unsecured Borrowings	**1,502**	1,764
Group property portfolio valuation (note 10)	**9,028**	9,997
Investments in joint ventures and funds (note 11)	**2,560**	2,822
Other investments (note 12)	**151**	174
Less investments in joint ventures	**(2,560)**	(2,822)
Less encumbered assets (note 10)	**(2,134)**	(2,447)
Unencumbered Assets	**7,045**	7,724

17 Net debt continued

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[1]	23	(2)	–	24	(69)	–	(24)
Total liabilities from financing activities[4]	3,151	(132)	–	–	(16)	4	3,007
Cash and cash equivalents	(105)	(137)	–	–	–	–	(242)
Net debt	3,046	(269)	–	–	(16)	4	2,765

Reconciliation of movement in Group net debt for the year ended 31 March 2018

	2017 £m	Cash flows £m	Transfers[3] £m	Foreign exchange £m	Fair value £m	Arrangement costs amortisation £m	2018 £m
Short term borrowings	464	(458)	27	–	(6)	–	27
Long term borrowings	2,817	361	(27)	(40)	(10)	–	3,101
Derivatives[2]	(73)	29	–	40	27	–	23
Total liabilities from financing activities[5]	3,208	(68)	–	–	11	–	3,151
Cash and cash equivalents	(114)	9	–	–	–	–	(105)
Net debt	3,094	(59)	–	–	11	–	3,046

1. Cash flows on derivatives include £17m of net receipts on derivative interest
2. Cash flows on derivatives include £20 of net receipts on derivative interest
3. Transfers comprises debt maturing from long term to short term borrowings
4. Cash flows of £132m shown above represents net cash flows on capital payments in respect of interest rate derivative 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
5. Cash flows of £68m shown above represents net cash flows on interest rate derivative closeouts of £9m, decrease in bank and other borrowings of £626m and drawdowns on bank and other borrowings of £529m shown in the consolidated statement of cash flows, along with £20m 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.

	2019				2018			
	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	–	(154)	–	(154)	–	(115)	–	(115)
Other investments – fair value through profit or loss	(14)	–	(100)	(114)	(14)	–	(98)	(112)
Assets	(14)	(154)	(100)	(268)	(14)	(115)	(98)	(227)
Interest rate and currency derivative liabilities	–	130	–	130	–	138	–	138
Convertible bonds	343	–	–	343	337	–	–	337
Liabilities	343	130	–	473	337	138	–	475
Total	329	(24)	(100)	205	323	23	(98)	248

Notes to the accounts continued

17 Net debt continued

Categories of financial instruments

	2019 £m	2018 £m
Financial assets		
Fair value through income statement		
Other investments – fair value through profit or loss	**114**	98
Derivatives in designated hedge accounting relationships[1,2]	**148**	110
Derivatives not in designated hedge accounting relationships	**6**	5
Amortised cost		
Trade and other debtors	**48**	28
Cash and short term deposits	**242**	105
Other investments – amortised cost	**5**	42
	563	388
Financial liabilities		
Fair value through income statement		
Convertible bond	**(343)**	(337)
Derivatives in designated hedge accounting relationships[1]	**(4)**	(5)
Derivatives not in designated accounting relationships	**(126)**	(133)
Amortised cost		
Gross debt	**(2,688)**	(2,791)
Head leases payable	**(92)**	(62)
Creditors	**(208)**	(237)
	(3,461)	(3,565)
Total	**(2,898)**	(3,177)

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 54 to 57. The Group's objectives, policies and processes for managing debt are set out in the Financial policies and principles on pages 51 to 53.

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.

At 31 March 2019, the fair value of these derivatives is a net liability of £121m. Interest rate swaps with a fair value of £4m 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 2019 was £nil (2017/18: £nil).

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 2019.

17 Net debt continued

Variable rate debt hedged

		2019 £m	2018 £m
Outstanding:	at one year	**1,155**	775
	at two years	**1,005**	600
	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 2019, the fair value of these derivatives is a net asset of £145m. Interest rate swaps with a fair value of £148m have been designated as fair value hedges under IFRS 9 (2017/18: asset of £110m).

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

	2019 £m	2018 £m
Fixed or capped rate	**2,222**	2,107
Variable rate (net of cash)	**543**	939
	2,765	3,046

All the debt is effectively Sterling denominated except for £3m (2017/18: £3m) of Euro debt of which £3m is at a variable rate (2017/18: £3m) and £1m of USD debt of which £1m is at a variable rate (2018/19: £nil).

At 31 March 2019 the weighted average interest rate of the Sterling fixed rate debt is 3.4% (2017/18: 3.2%). The weighted average period for which the rate is fixed is 8.9 years (2017/18: 9.1 years). The floating rate debt is set for periods of the Company's choosing at the relevant LIBOR (or similar) rate.

The proportion of net debt (on a proportionally consolidated basis) at fixed or capped rates of interest was 87% at 31 March 2019 on a spot basis. The proportion of net debt at fixed or capped rates of interest as an average over the next five-year forecast period, on a proportionally consolidated basis, was 63% at 31 March 2019. Based on the Group's interest rate profile, at the balance sheet date, a 98 bps increase in interest rates would decrease annual profits by £9m (2017/18: £59m decrease based on a 576 bps increase). Similarly, a 85 bps reduction would increase profits by £9m (2017/18: £10m increase based on a 72 bps reduction). The change in interest rates used for this sensitivity analysis is based on the largest annual change in three-month Sterling LIBOR over the last ten years. The impact assumes LIBOR does not fall below 0%.

Upward movements in medium and long term interest rates, associated with higher interest rate expectations, increase the value of the Group's interest rate swaps and caps that provide protection against such moves. The converse is true for downward movements in the yield curve. A 173 bps shift represents the largest annual change in the seven-year Sterling swap rate over the last ten years. At 31 March 2019 a 173 bps parallel upward shift in swap rates would increase the value of cash flow hedges and derivatives that are not hedge accounted by £65m (2017/18: £68m based on a 204 bps increase). A 173 bps downward shift in swap rates would reduce the value of these derivatives by £62m (2017/18: £81m based on a 204 bps decrease).

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 and its volatility, and market interest rates.

The fair value of the 0% 2015 Convertible Bond at 31 March 2019 was a £343m liability. At 31 March 2019 a 173 bps parallel upward shift in interest rates would reduce the fair value liability by £7m, and a 173 bps downward shift in interest rates would increase the fair value liability by £7m.

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 2019 position a 26% appreciation (largest annual change over the last ten years) in the Euro relative to Sterling would result in a £nil change (2017/18: £nil) in reported profits. Based on the 31 March 2019 position a 27% appreciation (largest annual change over the last ten years) in the USD relative to Sterling would result in a £nil change (2017/18: £nil) in reported profits.

	Assets		Liabilities	
	2019 £m	2018 £m	2019 £m	2018 £m
Euro denominated	**3**	3	**3**	3
USD denominated	**–**	–	**1**	–

Credit risk management

The Group's approach to credit risk management of counterparties is referred to in the Financial policies and principles on pages 51 to 53 and the risks addressed within Managing risk in delivering our strategy on pages 54 to 57. 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.

Cash and short term deposits at 31 March 2019 amounted to £242m (2017/18: £105m). Deposits and interest rate deposits were placed with financial institutions with BBB+ or better credit ratings.

At 31 March 2019, the fair value of all interest rate derivative assets was £154m (2017/18: £115m).

At 31 March 2019, 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 £68m (2017/18: £49m). This represents 0.6% (2017/18: 0.4%) of gross assets.

The deposit exposures are with UK banks and UK branches of international banks.

Provisions are made for trade receivables taking into account historic credit losses and the creditworthiness of debtors.

Liquidity risk management

The Group's approach to liquidity risk management is discussed in the Financial policies and principles on pages 51 to 53, and the risks addressed within Managing risk in delivering our strategy on pages 54 to 57.

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 Group leases out all its investment properties under operating leases with a weighted average lease length of six years. This secure income profile is generated from upward only rent reviews, long leases and high occupancy rates. The future aggregate minimum rentals receivable under non-cancellable operating leases are also shown in the table below. Income from joint ventures and funds is not included below. 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

	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)**	

	2018				
	Within one year £m	Following year £m	Three to five years £m	Over five years £m	Total £m
Debt[1]	30	166	1,173	1,680	3,049
Interest on debt	92	94	232	475	893
Derivative payments	34	16	182	259	491
Head lease payments	2	2	7	267	278
Total payments	158	278	1,594	2,681	4,711
Derivative receipts	(52)	(20)	(209)	(196)	(477)
Net payment	106	258	1,385	2,485	4,234
Operating leases with tenants	424	399	968	1,490	3,281
Liquidity surplus (deficit)	318	141	(417)	(995)	(953)
Cumulative liquidity surplus (deficit)	318	459	42	(953)	

1. Gross debt of £3,031m (2017/18: £3,128m) represents the total of £2,943m (2017/18: £3,049m), less unamortised issue costs of £12m (2017/18: £13m), plus fair value adjustments to debt of £100m (2017/18: £92m)

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 £242m of which £228m is not subject to a security interest (see footnote 5 to net debt table on page 149. Further liquidity can be achieved through sales of property assets or investments and debt refinancings.

The Group's property portfolio is valued externally at £9,028m and the share of joint ventures and funds' property is valued at £3,605m. 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

		2019 £m	2018 £m
Maturity date:	over five years	**275**	60
	between four and five years	**832**	90
	between three and four years	**86**	1,010
Total facilities available for more than three years		**1,193**	1,160
Between two and three years		**435**	85
Between one and two years		**-**	86
Within one year		**-**	-
Total		**1,628**	1,331

The above facilities are comprised of British Land undrawn facilities of £1,542m plus undrawn facilities of Hercules Unit Trust totalling £86m.

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 (2017/18: eight years). The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	2019 £m	2018 £m
Less than one year	**413**	424
Between one and two years	**387**	399
Between three and five years	**876**	968
Between six and ten years	**792**	906
Between eleven and fifteen years	**314**	393
Between sixteen and twenty years	**111**	145
After twenty years	**90**	46
Total	**2,983**	3,281

Operating lease commitments

The future aggregate minimum rentals payable under non-cancellable operating leases are as follows:

	2019 £m	2018 £m
Less than one year	**8**	3
Between one and two years	**8**	3
Between three and five years	**15**	8
Between six and ten years	**20**	7
Between eleven and fifteen years	**7**	-
Total	**58**	21

The Group's leasehold investment properties are typically under non-renewable leases without significant restrictions. Finance lease liabilities are payable as follows; no contingent rents were payable in either period.

	2019			2018		
	Minimum lease payments £m	Interest £m	Principal £m	Minimum lease payments £m	Interest £m	Principal £m
British Land Group						
Less than one year	**3**	**3**	**-**	2	2	-
Between one and two years	**3**	**3**	**-**	2	2	-
Between two and five years	**9**	**9**	**-**	7	7	-
More than five years	**382**	**290**	**92**	267	205	62
Total	**397**	**305**	**92**	278	216	62
Less future finance charges	**(305)**			(216)		
Present value of lease obligations	**92**			62		
More than five years	**92**			62		
Present value of lease obligations	**92**			62		

19 Dividends

As announced on 15 May 2019, the Board is recommending a final dividend of 7.75 pence per share, totalling £74m (2017/18: 7.52 pence per share, totalling £74m), subject to the approval of shareholders, this is payable on 2 August 2019 to shareholders on the register at the close of business on 28 June 2019.

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

Payment date	Dividend	Pence per share	2019 £m	2018 £m
Current year dividends				
02.08.2019	2019 Final	7.75[1]		
03.05.2019	2019 3rd interim	7.75		
08.02.2019	2019 2nd interim	7.75	**74**	
09.11.2018	2019 1st interim	7.75	**76**	
		31.00		
Prior year dividends				
03.08.2018	2018 4th interim	7.52	**74**	
04.05.2018	2018 3rd interim	7.52	**74**	
09.02.2018	2018 2nd interim	7.52		75
10.11.2017	2018 1st interim	7.52		77
		30.08		
04.08.2017	2017 4th interim	7.30		75
05.05.2017	2017 3rd interim	7.30		75
Dividends in consolidated statement of changes in equity			**298**	302
Dividends settled in shares			**–**	–
Dividends settled in cash			**298**	302
Timing difference relating to payment of withholding tax			**–**	2
Dividends in cash flow statement			**298**	304

1. Dividend split half PID, half non-PID

20 Share capital and reserves

	2019	2018
Number of ordinary shares in issue at 1 April	**993,857,125**	1,041,035,058
Share issues	**404,377**	429,206
Repurchased and cancelled	**(33,672,430)**	(47,607,139)
At 31 March	**960,589,072**	993,857,125

Of the issued 25p ordinary shares, 7,376 shares were held in the ESOP trust (2017/18: 7,376), 11,266,245 shares were held as treasury shares (2017/18: 11,266,245) and 949,315,451 shares were in free issue (2017/18: 982,583,504). No treasury shares were acquired by the ESOP trust during the year. All issued shares are fully paid. In the year ended 31 March 2019 the Company repurchased and cancelled 33,672,430 ordinary shares at a weighted average price of 594 pence.

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 2019, options over 6,308,150 ordinary shares were outstanding under employee share option plans. The options had a weighted average life of 6.4 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 2018	Granted	Vested but not exercised	Exercised/ Vested	Lapsed	At 31 March 2019	Exercise price (pence)	Exercise dates From	Exercise dates To
Share options Sharesave Scheme									
19.06.13	14,850	-	-	(14,263)	(587)	**-**	511.00	01.9.18	01.03.19
23.06.14	82,512	-	-	(2,038)	(2,664)	**77,810**	574.00	01.9.19	01.03.20
22.06.15	27,900	-	-	-	(27,384)	**516**	697.00	01.9.18	01.03.19
22.06.15	15,276	-	-	-	(3,872)	**11,404**	697.00	01.9.20	01.03.21
20.06.16	45,926	-	-	(394)	(13,962)	**31,570**	608.00	01.9.19	01.03.20
20.06.16	22,003	-	-	-	(3,256)	**18,747**	608.00	01.9.21	01.03.22
21.06.17	256,819	-	-	(5,408)	(51,056)	**200,355**	508.00	01.9.20	01.03.21
21.06.17	96,540	-	-	(4,485)	(24,212)	**67,843**	508.00	01.9.22	01.03.23
29.06.18	-	130,903	-	(109)	(18,540)	**112,254**	549.00	01.9.21	01.03.22
29.06.18	-	68,238	-	-	(7,103)	**61,135**	549.00	01.9.23	01.03.24
	561,826	199,141	-	(26,697)	(152,636)	**581,634**			
Long-Term Incentive Plan – options vested, not exercised									
29.06.09	10,333	-	-	(7,751)	-	**2,582**	387.00	29.06.12	26.09.19
21.12.09	58,553	-	-	(1,615)	-	**56,938**	446.00	21.12.12	21.12.19
11.06.10	1,132,269	-	-	(20,261)	-	**1,112,008**	447.00	11.06.13	11.06.20
14.12.10	55,133	-	-	(14,557)	-	**40,576**	510.00	14.12.13	14.12.20
28.06.11	812,819	-	-	(13,517)	-	**799,302**	575.00	28.06.14	28.06.21
19.12.11	70,175	-	-	(16,327)	-	**53,848**	451.00	19.12.14	19.12.21
14.09.12	968,557	-	-	(158,974)	-	**809,583**	538.00	14.09.15	14.09.22
20.12.12	62,197	-	-	(14,546)	(888)	**46,763**	563.00	20.12.15	20.12.22
05.08.13	294,078	-	-	(96,859)	(2,809)	**194,410**	601.00	05.08.16	05.08.23
05.12.13	171,909	-	-	(10,601)	(6,098)	**155,210**	600.00	05.12.16	05.12.23
28.06.17	-	-	26,540	-	-	**26,540**	617.17	28.06.20	28.06.27
	3,636,023	-	26,540	(355,008)	(9,795)	**3,297,760**			
Long-Term Incentive Plan – unvested options									
22.06.15	889,122	-	-	-	(889,122)	**-**	813.17	22.06.18	22.06.25
22.06.16	1,221,620	-	-	-	(6,927)	**1,214,693**	730.50	22.06.19	22.06.26
28.06.17	1,208,942	-	-	(26,540)	(52,281)	**1,130,121**	617.17	28.06.20	28.06.27
26.06.18	-	83,942	-	-	-	**83,942**	681.40	26.06.21	26.06.28
	3,319,684	83,942	-	(26,540)	(948,330)	**2,428,756**			
Total	7,517,533	283,083	26,540	(408,245)	(1,110,761)	**6,308,150**			
Weighted average exercise price of options (pence)	607	588	617	548	768	**582**			

20 Share capital and reserves continued

Date of grant	At 1 April 2018	Granted	Exercised/ Vested	Lapsed	At 31 March 2019	Share price at grant date (pence)	Vesting date
Performance Shares Long-Term Incentive Plan							
22.06.15	1,068,458	–	–	(1,068,458)	–	813.17	22.06.18
22.06.16	1,137,050	–	–	(65,495)	**1,071,555**	730.50	22.06.19
28.06.17	1,897,612	–	–	(180,910)	**1,716,702**	617.17	28.06.20
26.06.18	–	1,053,360	–	–	**1,053,360**	681.40	26.06.21
	4,103,120	1,053,360	–	(1,314,863)	**3,841,617**		
Restricted Share Plan							
26.06.18	–	636,776	–	(8,794)	**627,982**	681.40	26.06.21
	–	636,776	–	(8,794)	**627,982**		
Matching Share Plan							
29.06.15	282,170	–	(141,085)	(141,085)	–	803.00	26.06.18
29.06.16	313,176	–	–	(19,444)	**293,732**	604.00	26.06.19
	595,346	–	(141,085)	(160,529)	**293,732**		
Total	4,698,466	1,690,136	(141,085)	(1,484,186)	**4,763,331**		
Weighted average price of shares (pence)	699	681	803	781	**665**		

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 below. 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	
	2019 £m	2018 £m	2019 £m	2018 £m	2019 £m	2018 £m	2019 £m	2018 £m	2019 £m	2018 £m
Gross rental income										
British Land Group	**150**	139	**260**	273	**9**	8	**4**	4	**423**	424
Share of joint ventures and funds	**70**	102	**83**	87	**–**	–	**–**	–	**153**	189
Total	**220**	241	**343**	360	**9**	8	**4**	4	**576**	613
Net rental income										
British Land Group	**139**	131	**238**	254	**9**	7	**4**	4	**390**	396
Share of joint ventures and funds	**66**	98	**76**	82	**–**	–	**–**	–	**142**	180
Total	**205**	229	**314**	336	**9**	7	**4**	4	**532**	576
Operating result										
British Land Group	**132**	126	**235**	248	**4**	4	**(42)**	(42)	**329**	336
Share of joint ventures and funds	**61**	95	**71**	79	**–**	–	**–**	(2)	**132**	172
Total	**193**	221	**306**	327	**4**	4	**(42)**	(44)	**461**	508

Reconciliation to Underlying Profit	2019 £m	2018 £m
Operating result	**461**	508
Net financing costs	**(121)**	(128)
Underlying Profit	**340**	380

Reconciliation to (loss) profit on ordinary activities before taxation		
Underlying Profit	**340**	380
Capital and other	**(671)**	107
Underlying Profit attributable to non-controlling interests	**12**	14
(Loss) profit on ordinary activities before taxation	**(319)**	501

Reconciliation to Group revenue		
Gross rental income per operating segment result	**576**	613
Less share of gross rental income of joint ventures and funds	**(153)**	(189)
Plus share of gross rental income attributable to non-controlling interests	**16**	17
Gross rental income (note 3)	**439**	441
Trading property sales proceeds	**350**	78
Service charge income	**76**	66
Management and performance fees (from joint ventures and funds)	**7**	6
Other fees and commissions	**32**	48
Revenue (Consolidated Income Statement)	**904**	639

A reconciliation between net financing costs in the consolidated income statement and net financing costs of £121m (2017/18: £128m) in the segmental disclosures above can be found within Table A in the supplementary disclosures. Of the total revenues above, £nil (2017/18: £nil) was derived from outside the UK.

21 Segment information continued

Segment assets

	Offices		Retail		Canada Water		Other/unallocated		Total	
	2019 £m	2018 £m	2019 £m	2018 £m	2019 £m	2018 £m	2019 £m	2018 £m	2019 £m	2018 £m
Property assets										
British Land Group	**4,296**	4,371	**4,053**	4,915	**303**	283	**109**	113	**8,761**	9,682
Share of joint ventures and funds	**2,012**	2,334	**1,524**	1,681	**-**	-	**19**	19	**3,555**	4,034
Total	**6,308**	6,705	**5,577**	6,596	**303**	283	**128**	132	**12,316**	13,716

Reconciliation to net assets

British Land Group	2019 £m	2018 £m
Property assets	**12,316**	13,716
Other non-current assets	**151**	185
Non-current assets	**12,467**	13,901
Other net current liabilities	**(297)**	(368)
Adjusted net debt	**(3,521)**	(3,973)
Other non-current liabilities	**-**	-
EPRA net assets (diluted)	**8,649**	9,560
Non-controlling interests	**211**	254
EPRA adjustments	**(171)**	(308)
Net assets	**8,689**	9,506

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:

	2019 £m	2018 £m
British Land and subsidiaries	**177**	239
Share of joint ventures	**111**	193
Share of funds	**1**	-
	289	432

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 £6m (2017/18: £6m). Details of Directors' remuneration are given in the Remuneration Report on pages 88 to 109. 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 contingent liabilities.

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	
	2019 £m	2018 £m
(Loss) profit on ordinary activities after taxation	**(122)**	53
Attributable to non-controlling interests	**(29)**	14
Attributable to the shareholders of the Company	**(93)**	39

Summarised balance sheet as at 31 March

	Hercules Unit Trust	
	2019 £m	2018 £m
Total assets	**1,415**	1,548
Total liabilities	**(561)**	(565)
Net assets	**854**	983
Non-controlling interests	**(211)**	(254)
Equity attributable to shareholders of the Company	**643**	729

Summarised cash flows

	Hercules Unit Trust	
	2019 £m	2018 £m
Net (decrease) increase in cash and cash equivalents	**(3)**	3
Cash and cash equivalents at 1 April	**43**	40
Cash and cash equivalents at 31 March	**40**	43

The Hercules Unit Trust is a closed-ended property Unit Trust. The unit price at 31 March 2019 is £563 (2017/18: £684). 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

There have been no significant events since year end.

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	7398971
18-20 Craven Hill Gardens Limited	7667839
20 Brock Street Limited	7401697
8-10 Throgmorton Avenue Limited	3669490
Adshilta Limited	1052683
Bayeast Property Co Limited	0635800
BF Propco (No 1) Limited	5270158
BF Propco (No 3) Limited	5270196
BF Propco (No 4) Limited	5270137
BF Propco (No 5) Limited	5270219
BL (Maidenhead) Company Limited	7667834
BL Broadgate Fragment 1 Limited	9400407
BL Broadgate Fragment 2 Limited	9400541
BL Broadgate Fragment 3 Limited	9400411
BL Broadgate Fragment 4 Limited	9400409
BL Broadgate Fragment 5 Limited	9400413
BL Broadgate Fragment 6 Limited	9400414
BL Clifton Moor Limited	7508019
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 Holdings Plot G1 Company Limited	10781471
BL Cwmbran Limited	7780251
BL Eden Walk Limited	10620935
BL European Holdings Limited	3044033
BL Goodman (LP) Limited	5056902
BL HC (DSCLI) Limited	4290601
BL HC Health And Fitness Holdings Limited	4374665
BL HC Invic Leisure Limited	2464159
BL HC Property Holdings Limited	6894046
BL Health Clubs PH No 1 Limited	5643248
BL Health Clubs PH No 2 Limited	5643261
BL High Street and Shopping Centres Holding Limited	6002148
BL Holdings 2010 Limited	7353966
BL Lancaster Investments Ltd	10563072
BL Meadowhall No 4 Limited	2015506
BL Piccadilly Residential Retail Limited	9117243
BL Universal Limited	0324647

Name	Companies House reg number
BL Whiteley Limited	11253224
BL Whiteley Retail Limited	11254281
BLD (Ebury Gate) Limited	3863852
BLD Properties Limited	0732787
BLU Securities Limited	3323061
Boldswitch Limited	2307096
British Land Aqua Partnership (2) Limited	6024921
British Land Aqua Partnership Limited	6024919
British Land City Offices Limited	3946069
British Land In Town Retail Limited	3325066
British Land Leisure Limited	5215386
British Land Offices (Non-City) Limited	2740378
British Land Superstores (Non Securitised) Number 2 Limited	6514283
Canada Water Offices Limited	10182462
Cornish Residential Properties Trading Limited	4106134
Cornish Residential Property Investments Limited	3523833
Dinwell Limited	5035303
Exchange House Holdings Limited	2037407
Hempel Holdings Limited	5341380
Hempel Hotels Limited	2728455
Hereford Old Market Limited	10509794
Insistmetal 2 Limited	4181514
Ivoryhill Limited	2307407
Lonebridge UK Limited	3292034
Mercari Limited	0112671
Minhill Investments Limited	0823019
Moorage (Property Developments) Limited	1185513
Osnaburgh Street Limited	5886735
Pardev (Luton) Limited	2849784
PC Canal Limited	9712919
Piccadilly Residential Limited	10525984
Pillar (Beckton) Limited	2783376
Pillar Broadway Limited	3589116
Pillar Estates Limited	3044028
Pillar Fulham No.2 Limited	0266246
Pillar Gallions Reach Limited	4895997
Pillar Projects Limited	2444288
Priory Park Merton Limited	4888365
Regent's Place Holding Company Limited	10068705

Notes to the accounts continued

27 Audit exemptions taken for subsidiaries continued

Name	Companies House reg number
Regents Place Management Company Limited	7136724
Regents Place Residential Limited	11241644
Rigphone Limited	5591740
Shopping Centres Limited	2230056
St James Retail Park Northampton Limited	5396394
Storey Offices Limited	11417071
Surrey Quays Limited	5294243
Sydale (Unlimited)	3864628
TBL (Brent Park) Limited	3852947
TBL (Ferndown) Limited	3854372

Name	Companies House reg number
TBL (Lisnagelvin) Limited	3853983
TBL (Maidstone) Limited	3854615
TBL Properties Limited	3863190
Teesside Leisure Park Limited	2672136
The Liverpool Exchange Company Limited	0490255
Topside Street Limited	11253428
United Kingdom Property Company Limited	0266486
Vicinitee Limited	4106142
Wates City Point Limited	2973114

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	Name
BL Shoreditch Limited Partnership	Paddington Block A Limited Partnership
BL Chess No. 1 Limited Partnership	Paddington Block B Limited Partnership
BL CW Lower Limited Partnership	Paddington Central I Limited Partnership
BL CW Upper Limited Partnership	Paddington Central II Limited Partnership
BL Lancaster Limited Partnership	Paddington Kiosk Limited Partnership
Hereford Shopping Centre Limited Partnership	Power Court Luton Limited Partnership

Company balance sheet

As at 31 March 2019

	Note	2019 £m	2018 £m
Fixed assets			
Investments and loans to subsidiaries	D	**27,821**	28,148
Investments in joint ventures	D	**397**	376
Other investments	D	**29**	34
Interest rate derivative assets	E	**153**	115
Deferred tax assets		**7**	10
		28,407	28,683
Current assets			
Debtors	G	**5**	6
Cash and short term deposits	E	**182**	32
		187	38
Current liabilities			
Short term borrowings and overdrafts	E	**(99)**	(27)
Creditors	H	**(126)**	(88)
Amounts due to subsidiaries		**(20,786)**	(20,645)
		(21,011)	(20,760)
Net current liabilities		**(20,824)**	(20,722)
Total assets less current liabilities		**7,583**	7,961
Non-current liabilities			
Debentures and loans	E	**(2,075)**	(2,250)
Interest rate derivative liabilities	E	**(127)**	(133)
		(2,202)	(2,383)
Net assets		**5,381**	5,578
Equity			
Called up share capital	I	**240**	248
Share premium		**1,302**	1,300
Other reserves		**(5)**	(5)
Merger reserve		**213**	213
Retained earnings		**3,631**	3,822
Total equity		**5,381**	5,578

The profit after taxation for the year ended 31 March 2019 for the Company was £307m (year ended 31 March 2018: £192m loss).

John Gildersleeve
Chairman

Simon Carter
Chief Financial Officer

Approved by the Board on 14 May 2019

Company number 621920

Company statement of changes in equity

For the year ended 31 March 2019

	Share capital £m	Share premium £m	Other reserves £m	Merger reserve £m	Profit and loss account £m	Total equity £m
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**
Balance at 1 April 2017	260	1,298	(134)	213	4,596	6,233
Share issues	–	2	–	–	–	2
Purchase of own shares	(12)	–	–	–	(289)	(301)
Dividend paid	–	–	–	–	(302)	(302)
Net actuarial gain on pension schemes	–	–	–	–	9	9
Loss for the year after taxation	–	–	–	–	(192)	(192)
Transferred to the income statement (cash flow hedges)	–	–	129	–	–	129
Balance at 31 March 2018	248	1,300	(5)	213	3,822	5,578

The value of distributable reserves within the profit and loss account is £1,846m (2017/18: £2,074m).

Notes to the financial statements

(A) Accounting policies

The financial statements for the year ended 31 March 2019 have been prepared on the historical cost basis, except for the revaluation of derivatives. 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.

IFRS 9 – Financial instruments

IFRS 9 Financial instruments, as issued by the IASB in July 2014, has been adopted by the Company for the year ended 31 March 2019. IFRS 9 supersedes the existing accounting guidance in IAS 39 Financial instruments. The standard was applied using the modified retrospective approach. The Company has not restated prior periods or recognised any adjustments in opening retained earnings.

- The new standard addresses the classification and measurement of financial assets.
- The alignment of the classification and measurement model under IFRS 9 results in changes in the classification of all financial assets excluding derivatives. These changes will not have a quantitative impact on the financial statements.
- IFRS 9 introduces a forward looking expected credit loss model, replacing the IAS 39 incurred loss model. The new model requires an expected credit loss to be recognised on all financial assets held at amortised cost at initial recognition. The quantitative impact for the year ended 31 March 2019 results in the release of an expected credit loss of £nil, with a corresponding reduction in financial assets held at amortised cost of £nil. The Company has previously provided for a materially similar balance against trade and other receivables. A part of this provision has been released in the year ended 31 March 2019 to provide for the expected credit loss recognised in the Company's subsidiaries upon adoption of IFRS 9. The reclassification of existing provisions results in a £2m increase in the net assets of the Company.
- IFRS 9 introduces changes to the qualifying criteria for hedge accounting and expands the financial and non-financial instruments which may be designated as hedged items and hedging instruments in order to align hedge accounting with business strategy. The changes to hedge accounting under IFRS 9 results in qualitative enhancements to the interest rate and foreign currency risk management disclosures. The changes introduced by IFRS 9 do not have a quantitative impact on the financial statements of the Company.

IFRS 15 – Revenue from contracts with customers

The Company has adopted IFRS 15 Revenue from contracts with customers for the year ended 31 March 2019.

- The new standard combines a number of previous standards, setting out a five step model for the recognition of revenue and establishing principles for reporting useful information to users of financial statements about the nature, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The changes introduced by IFRS 15 have no qualitative or quantitatve changes to the revenue disclosure and will not have a quantitative impact on the financial statements of the Company.

Going concern

The financial statements are prepared on the going concern basis as explained in the corporate governance section on page 78.

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 £38m (2017/18: £39m), social security costs of £5m (2017/18: £5m) and pension costs of £4m (2017/18: £5m). Details of the Executive Directors' remuneration are disclosed in the Remuneration Report.

Audit fees in relation to the parent Company only were £0.3m (2017/18: £0.3m).

Notes to the financial statements continued

(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 2018	19,703	8,445	376	34	**28,558**
Additions	-	677	31	5	**713**
Disposals	-	(1,003)	(8)	(4)	**(1,015)**
Depreciation / amortisation	-	-	-	(6)	**(6)**
Provision for impairment	(1)	-	(2)	-	**(3)**
As at 31 March 2019	19,702	8,119	397	29	**28,247**

The historical cost of shares in subsidiaries is £20,025m (2017/18: £20,025m). Investments in joint ventures of £397m (2017/18: £376m) includes £201m (2017/18: £183m) 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 £51m (2017/18: £50m).

(E) Net debt

	2019 £m	2018 £m
Secured on the assets of the Company		
5.264% First Mortgage Debenture Bonds 2035	**368**	369
5.0055% First Mortgage Amortising Debentures 2035	**94**	95
5.357% First Mortgage Debenture Bonds 2028	**252**	255
	714	719
Unsecured		
5.50% Senior Notes 2027	**99**	100
3.895% Senior US Dollar Notes 2018[1]	**-**	27
4.635% Senior US Dollar Notes 2021[1]	**168**	156
4.766% Senior US Dollar Notes 2023[1]	**106**	97
5.003% Senior US Dollar Notes 2026[1]	**69**	63
3.81% Senior Notes 2026	**111**	110
3.97% Senior Notes 2026	**113**	112
2.375% Sterling Unsecured Bond 2029	**298**	298
4.16% Senior US Dollar Notes 2025[1]	**78**	-
2.67% Senior Notes 2025	**37**	-
2.75% Senior Notes 2026	**37**	-
Floating Rate Senior Notes 2028	**80**	-
Bank loans and overdrafts	**264**	595
	1,460	1,558
Gross debt	**2,174**	2,277
Interest rate and currency derivative liabilities	**127**	133
Interest rate and currency derivative assets	**(153)**	(115)
Cash and short term deposits	**(182)**	(32)
Net debt	**1,966**	2,263

1 Principal and interest on these borrowings were fully hedged into Sterling at a floating rate at the time of issue

(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 7th dealing day before 9 June 2020 (the maturity date), a bondholder may convert at any time.

The initial exchange price was 1103.32 pence per ordinary share. The exchange price is adjusted based on certain events (such as the Company paying dividends in any quarter above 3.418 pence per ordinary share). As at 31 March 2019 the exchange price was 1007.24 pence 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

		2019 £m	2018 £m
Repayable within one year and on demand		**99**	27
between:	one and two years	**17**	-
	two and five years	**479**	506
	five and ten years	**808**	804
	ten and fifteen years	**306**	305
	fifteen and twenty years	**465**	635
		2,075	2,250
Gross debt		**2,174**	2,277
Interest rate derivatives		**(26)**	18
Cash and short term deposits		**(182)**	(32)
Net debt		**1,966**	2,263

(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.

Notes to the financial statements continued

(G) Debtors

	2019 £m	2018 £m
Trade and other debtors	**4**	6
Prepayments and accrued income	**1**	–
	5	6

(H) Creditors

	2019 £m	2018 £m
Trade creditors	**46**	12
Corporation tax	**25**	21
Other taxation and social security	**25**	21
Accruals and deferred income	**30**	34
	126	88

(I) Share capital

	£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**

	£m	Ordinary shares of 25p each
Issued, called and fully paid		
At 1 April 2017	260	1,041,035,058
Share issues	–	429,206
Repurchased and cancelled	(12)	(47,607,139)
At 31 March 2018	248	993,857,125

(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.

At 31 March 2019, the Company has £nil of capital commitments (2017/18: £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) Related undertakings

Disclosures relating to subsidiary undertakings

The Company's subsidiaries and other related undertakings at 31 March 2019 are listed on the next page. Companies which have been dissolved since 31 March 2019 are marked with an asterisk (*). Companies which are in the process of being dissolved are marked with a double 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. 8 St George's Street, Douglas IM1 1AH, Isle of Man
2. 47 Esplanade, St Helier, Jersey JE1 0BD
3. Barratt House, Cartwright Way, Forest Business Park, Bardon Hill, Coalville, Leicestershire LE67 1UF
4. 13-14 Esplanade, St Helier, Jersey JE1 1EE
5. 44 Esplanade, St Helier, Jersey JE4 9WG
6. 14 Porte de France, 4360 Esch-sur-Alzette, Luxembourg
7. 300 Meadowhall Way, Sheffield, South Yorkshire, England, S9 1EA
   DE 19801, USA

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
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)[2]	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
British Land Securitisation 1999	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
Priory Park Merton Limited	UK Tax Resident
Regis Property Holdings Limited	UK Tax Resident
The British Land Corporation Limited	UK Tax Resident
Vitalcreate **	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)[2]	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
8-10 Throgmorton Avenue Limited	UK Tax Resident
Adamant Investment Corporation Limited	UK Tax Resident
Adshilta Limited	UK Tax Resident
Aldgate Place (GP) Limited (50% interest)[3]	UK Tax Resident
Apartpower Limited	UK Tax Resident
Ashband Limited	UK Tax Resident
B L Unit Trust (Jersey) (Units)[2]	Overseas Tax Resident
B.L. Holdings Limited	UK Tax Resident
B.L.C.T. (12697) Limited (Jersey)[2]	UK Tax Resident
B.L.C.T. (21500) Limited (Jersey)[2] *	UK Tax Resident
Barnclass Limited	UK Tax Resident
Barndrill Limited	UK Tax Resident
Bayeast Property Co Limited	UK Tax Resident
Bexile Limited **	UK Tax Resident
BF Propco (No 1) Limited	UK Tax Resident
BF Propco (No 13) 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
Birstall Co-Ownership Trust (Member interest) (41.25% interest)	UK Tax Resident
BL (Maidenhead) Company Limited	UK Tax Resident
BL (SP) Cannon Street Limited	UK Tax Resident
BL (SP) Investment (1) Limited **	UK Tax Resident
BL (SP) Investment (2) Limited **	UK Tax Resident
BL (SP) Investment (3) Limited **	UK Tax Resident
BL (SP) Investment (4) 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

Notes to the financial statements continued

Company Name	UK/Overseas Tax Resident Status
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 Chess No. 1 Limited Partnership (Partnership interest)	UK Tax Resident
BL City Offices Holding Company Limited	UK Tax Resident
BL Clifton Moor 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
BL CW Developments Plot G1 Limited	UK Tax Resident
BL CW Developments Plot K1 Company Limited	UK Tax Resident
BL CW Holdings 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 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 Cwmbran Limited	UK Tax Resident
BL Debs Limited (Jersey)[4] **	Overseas 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 J2012 Limited (Jersey)[2]	Overseas 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 Fund Nominee No.1 Limited (Jersey)[2]	Overseas Tax Resident
BL Fixed Uplift Fund Nominee No.2 Limited (Jersey)[2]	Overseas Tax Resident

Company Name	UK/Overseas Tax Resident Status
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 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

Company Name	UK/Overseas Tax Resident Status
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 No.1 Limited **	UK Tax Resident
BL Residential No.2 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 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)[2]	Overseas Tax Resident
BL Unitholder No. 2 (J) Limited (Jersey)[2]	Overseas Tax Resident
BL Universal Limited	UK Tax Resident
BL Wardrobe Court Holdings Limited	UK Tax Resident
BL West (Watling House) 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
Blaxmill (Thirty) 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

Company Name	UK/Overseas Tax Resident Status
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 Investments N V (Netherlands)	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
British Land Regeneration Limited **	UK Tax Resident
British Land Superstores (Non Securitised) Number 2 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 Exchange Square	UK Tax Resident
Broadgate Investment Holdings Limited	UK Tax Resident
Broadgate Properties Limited	UK Tax Resident
Broadgate REIT Limited (50% interest)[4]	UK Tax Resident
Broadgate Square Limited	UK Tax Resident
Broughton Retail Park Limited (Jersey) (Units) (39.07% interest)[2]	Overseas Tax Resident
Broughton Unit Trust (39.07% interest)[2]	Overseas Tax Resident
Brunswick Park Limited	UK Tax Resident
BVP Developments Limited	UK Tax Resident

Notes to the financial statements continued

Company Name	UK/Overseas Tax Resident Status
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
Chantway Limited	UK Tax Resident
Cheshine Properties Limited	UK Tax Resident
Chester Limited[2]	UK Tax Resident
Chrisilu Nominees Limited	UK Tax Resident
City of London Office Unit Trust (Jersey) (Units) (35.94% interest)[2]	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
Dinwell 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[5] (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

Company Name	UK/Overseas Tax Resident Status
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
Glenway 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)[2]	Overseas Tax Resident
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)[2]	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
Ivoryhill Limited	UK Tax Resident
Jetbloom Limited	UK Tax Resident
L&H Developments 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

Company Name	UK/Overseas Tax Resident Status
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
Meadowhall Training 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)[2]	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
Paddington Central I Nominee Limited	UK Tax Resident
Paddington Central I Unit Trust (Jersey) (Units)[2]	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)[2]	Overseas Tax Resident
Paddington Central IV Unit Trust (Jersey) (Units)[2]	Overseas Tax Resident
Paddington Central IV (Trustee 1) Limited[2]	Overseas Tax Resident
Paddington Central IV (Trustee 2) Limited[2]	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
Pardev (Luton) Limited	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 (Beckton) Limited	UK Tax Resident

Company Name	UK/Overseas Tax Resident Status
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 Limited	UK Tax Resident
Pillar Estates No.2 Limited	UK Tax Resident
Pillar Europe Management Limited	UK Tax Resident
Pillar Farnborough Limited	UK Tax Resident
Pillar Fort Limited	UK Tax Resident
Pillar Fulham No.2 Limited	UK Tax Resident
Pillar Gallions Reach Limited	UK Tax Resident
Pillar Glasgow 1 Limited	UK Tax Resident
Pillar Glasgow 2 Limited	UK Tax Resident
Pillar Glasgow 3 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
Pillarman Limited (50% interest)	UK Tax Resident
PillarStore Limited	UK Tax Resident
PillarStore No.3 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
Power Court Nominees No. 2 Limited	UK Tax Resident
PREF Management Company SA (Luxembourg)[6]	Overseas Tax Resident
Project Sunrise Investments Limited	UK Tax Resident
Project Sunrise Limited	UK Tax Resident
Project Sunrise Properties Limited	UK Tax Resident
Prudential Property Investments 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)[2]	Overseas Tax Resident
Speke Unit Trust (67.34% interest) (Jersey) (Units)[2]	Overseas Tax Resident
Sprint 1118 Limited	UK Tax Resident
St James Parade (43) Limited **	UK Tax Resident
St James Retail Park Northampton Limited	UK Tax Resident
St. Stephens Shopping Centre Limited	UK Tax Resident
Stockton Retail Park Limited	UK Tax Resident
Storey Offices Limited	UK Tax Resident
Storey Spaces Limited	UK Tax Resident
Surrey Quays Limited	UK Tax Resident
Sydale	UK Tax Resident
T (Partnership) Limited	UK Tax Resident
Tailress Limited	UK Tax Resident
TBL (Brent Park) Limited **	UK Tax Resident
TBL (Bromley) Limited	UK Tax Resident
TBL (Bursledon) Limited	UK Tax Resident
TBL (Bury) Limited	UK Tax Resident
TBL (Ferndown) 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
Ten Fleet Place	UK Tax Resident
The Aldgate Place Limited Partnership (Partnership interest) (50% 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 interest) (39.07% interest)	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)[7]	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
United Kingdom Property Company Limited	UK Tax Resident
Valentine Co-ownership Trust (Member interest) (39.07% interest)	UK Tax Resident
Valentine Unit Trust (Jersey) (Units) (39.07% interest)[2]	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
Wates City Property Management Limited	UK Tax Resident
Westbourne Terrace Partnership (Partnership interest)	UK Tax Resident
Whiteley Shopping Centre Unit Trust (Jersey) (Units)[2]	Overseas Tax Resident
WK Holdings Limited	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 2019

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 2019				Year ended 31 March 2018			
	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	**439**	**155**	**(18)**	**576**	441	193	(21)	613
Property operating expenses	**(35)**	**(10)**	**1**	**(44)**	(29)	(9)	1	(37)
Net rental income	**404**	**145**	**(17)**	**532**	412	184	(20)	576
Administrative expenses	**(80)**	**(1)**	**–**	**(81)**	(82)	(1)	–	(83)
Net fees and other income	**9**	**–**	**1**	**10**	13	–	2	15
Ungeared income return	**333**	**144**	**(16)**	**461**	343	183	(18)	508
Net financing costs	**(67)**	**(58)**	**4**	**(121)**	(64)	(68)	4	(128)
Underlying Profit	**266**	**86**	**(12)**	**340**	279	115	(14)	380
Underlying taxation	**–**	**–**	**–**	**–**	–	–	–	–
Underlying Profit after taxation	**266**	**86**	**(12)**	**340**	279	115	(14)	380
Valuation movement				**(683)**				254
Other capital and taxation (net)[1]				**52**				(141)
Result attributable to shareholders of the company				**(291)**				493

1. Includes other comprehensive income, movement in dilution of share options and the movement in items excluded for EPRA NAV

Summary balance sheet based on proportional consolidation as at 31 March 2019

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	Head leases £m	Valuation surplus on trading properties £m	EPRA Net assets 31 March 2019 £m	EPRA Net assets 31 March 2018 £m
Retail properties	**4,378**	**1,583**	**(317)**	**–**	**–**	**–**	**(67)**	**–**	**5,577**	6,596
Office properties	**4,299**	**2,012**	**–**	**–**	**–**	**–**	**(19)**	**16**	**6,308**	6,705
Canada Water properties	**318**	**–**	**–**	**–**	**–**	**–**	**(15)**	**–**	**303**	283
Other properties	**96**	**19**	**–**	**–**	**–**	**–**	**–**	**13**	**128**	132
Total properties	**9,091**	**3,614**	**(317)**	**–**	**–**	**–**	**(101)**	**29**	**12,316**	13,716
Investments in joint ventures and funds	**2,560**	**(2,560)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	–
Other investments	**151**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**151**	172
Other net (liabilities) assets	**(348)**	**(82)**	**3**	**24**	**5**	**–**	**101**	**–**	**(297)**	(355)
Net debt	**(2,765)**	**(972)**	**103**	**–**	**–**	**113**	**–**	**–**	**(3,521)**	(3,973)
Net assets	**8,689**	**–**	**(211)**	**24**	**5**	**113**	**–**	**29**	**8,649**	9,560
EPRA NAV per share (note 2)									**905p**	967p

Supplementary disclosures continued

Unaudited

EPRA Net assets movement

	Year ended 31 March 2019		Year ended 31 March 2018	
	£m	Pence per share	£m	Pence per share
Opening EPRA NAV	**9,560**	**967**	9,498	915
Income return	**340**	**35**	380	37
Capital return	**(749)**	**(77)**	285	29
Dividend paid	**(298)**	**(30)**	(302)	(29)
Purchase of own shares	**(204)**	**10**	(301)	15
Closing EPRA NAV	**8,649**	**905**	9,560	967

Table B: EPRA Performance measures

EPRA Performance measures summary table

	2019		2018	
	£m	Pence per share	£m	Pence per share
EPRA Earnings – basic	**340**	**35.0**	380	37.5
– diluted	**340**	**34.9**	380	37.4
EPRA Net Initial Yield		**4.5%**		4.3%
EPRA 'topped-up' Net Initial Yield		**4.7%**		4.6%
EPRA Vacancy Rate		**4.1%**		3.2%

	2019		2018	
	Net assets £m	Net asset value per share (pence)	Net assets £m	Net asset value per share (pence)
EPRA NAV	**8,649**	**905**	9,560	967
EPRA NNNAV	**8,161**	**854**	9,044	914

Calculation and reconciliation of EPRA/IFRS earnings and EPRA/IFRS earnings per share

(Audited)	2019 £m	2018 £m
(Loss) profit attributable to the shareholders of the Company	**(291)**	493
Exclude:		
Group – current taxation	**(3)**	(1)
Group – deferred taxation	**4**	(5)
Joint ventures and funds – taxation	**(2)**	–
Group – valuation movement	**620**	(202)
Group – loss (profit) on disposal of investment properties and investments	**18**	(18)
Group – profit on disposal of trading properties	**(92)**	(14)
Joint ventures and funds – net valuation movement (including result on disposals)	**60**	(49)
Joint ventures and funds – capital financing costs	**21**	13
Changes in fair value of financial instruments and associated close-out costs	**46**	163
Non-controlling interests in respect of the above	**(41)**	–
Underlying Profit	**340**	380
Group – underlying current taxation	**–**	–
EPRA earnings – basic and diluted	**340**	380
(Loss) profit attributable to the shareholders of the Company	**(291)**	493
Dilutive effect of 2015 convertible bond	**–**	–
IFRS earnings – diluted	**(291)**	493

Table B continued

	2019 Number million	2018 Number million
Weighted average number of shares	**982**	1,024
Adjustment for treasury shares	**(11)**	(11)
IFRS/EPRA Weighted average number of shares (basic)	**971**	1,013
Dilutive effect of share options	**1**	1
Dilutive effect of ESOP shares	**2**	2
Dilutive effect of 2015 convertible bond	**–**	–
IFRS / EPRA Weighted average number of shares (diluted)	**974**	1,016

Net assets per share (Audited)

	2019		2018	
	£m	Pence per share	£m	Pence per share
Balance sheet net assets	**8,689**		9,506	
Deferred tax arising on revaluation movements	**5**		5	
Mark-to-market on derivatives and related debt adjustments	**113**		137	
Dilution effect of share options	**24**		32	
Surplus on trading properties	**29**		134	
Less non-controlling interests	**(211)**		(254)	
EPRA NAV	**8,649**	**905**	9,560	967
Deferred tax arising on revaluation movements	**(11)**		(31)	
Mark-to-market on derivatives and related debt adjustments	**(113)**		(137)	
Mark-to-market on debt	**(364)**		(348)	
EPRA NNNAV	**8,161**	**854**	9,044	914

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.

	2019 Number million	2018 Number million
Number of shares at year end	**960**	994
Adjustment for treasury shares	**(11)**	(11)
IFRS/EPRA number of shares (basic)	**949**	983
Dilutive effect of share options	**2**	1
Dilutive effect of ESOP shares	**5**	5
Dilutive effect of 2015 convertible bond	**–**	–
IFRS / EPRA number of shares (diluted)	**956**	989

Supplementary disclosures continued

Unaudited

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

	2019 £m	2018 £m
Investment property – wholly-owned	**8,761**	9,682
Investment property – share of joint ventures and funds	**3,555**	4,034
Less developments, residential and land	**(1,098)**	(1,315)
Completed property portfolio	**11,218**	12,401
Allowance for estimated purchasers' costs	**751**	799
Gross up completed property portfolio valuation (A)	**11,969**	13,200
Annualised cash passing rental income	**548**	584
Property outgoings	**(14)**	(11)
Annualised net rents (B)	**534**	573
Rent expiration of rent-free periods and fixed uplifts[1]	**32**	28
'Topped-up' net annualised rent (C)	**566**	601
EPRA Net Initial Yield (B/A)	**4.5%**	4.3%
EPRA 'topped-up' Net Initial Yield (C/A)	**4.7%**	4.6%
Including fixed/minimum uplifts received in lieu of rental growth	**8**	11
Total 'topped-up' net rents (D)	**574**	612
Overall 'topped-up' Net Initial Yield (D/A)	**4.8%**	4.6%
'Topped-up' net annualised rent	**566**	601
ERV vacant space	**22**	21
Reversions	**30**	32
Total ERV (E)	**618**	654
Net Reversionary Yield (E/A)	**5.2%**	5.0%

1. The weighted average period over which rent-free periods expire is 1 year (2017/18: 1 year)

EPRA Net Initial Yield (NIY) basis of calculation

EPRA NIY is calculated as the annualised net rent (on a cash flow basis), divided by the gross value of the completed property portfolio. The valuation of our completed property portfolio is determined by our external valuers as at 31 March 2019, 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

	2019 £m	2018 £m
Annualised potential rental value of vacant premises	**26**	21
Annualised potential rental value for the completed property portfolio	**629**	664
EPRA Vacancy Rate	**4.1%**	3.2%

The above is stated for the UK portfolio only. A discussion of significant factors affecting vacancy rates is included within the Strategic Report (pages 32 to 33).

Table B continued

EPRA Cost Ratios (Unaudited)

	2019 £m	2018 £m
Property operating expenses	**34**	28
Administrative expenses	**80**	82
Share of joint ventures and funds expenses	**11**	10
Less: Performance and management fees (from joint ventures and funds)	**(8)**	(8)
Net other fees and commissions	**(2)**	(7)
Ground rent costs and operating expenses de facto included in rents	**(9)**	(2)
EPRA Costs (including direct vacancy costs) (A)	**106**	103
Direct vacancy costs	**(13)**	(12)
EPRA Costs (excluding direct vacancy costs) (B)	**93**	91
Gross Rental Income less ground rent costs and operating expenses de facto included in rents	**414**	422
Share of joint ventures and funds (GRI less ground rent costs)	**153**	189
Total Gross Rental Income less ground rent costs (C)	**567**	611
EPRA Cost Ratio (including direct vacancy costs) (A/C)	**18.7%**	16.9%
EPRA Cost Ratio (excluding direct vacancy costs) (B/C)	**16.4%**	14.9%
Overhead and operating expenses capitalised (including share of joint ventures and funds)	**6**	5

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.

Table C: Gross rental income

	2019 £m	2018 £m
Rent receivable	**587**	604
Spreading of tenant incentives and guaranteed rent increases	**(13)**	(12)
Surrender premia	**2**	21
Gross rental income	**576**	613

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

Table D: Property related capital expenditure

	2019			2018		
	Group £m	Joint ventures and funds £m	Total £m	Group £m	Joint ventures and funds £m	Total £m
Acquisitions	**221**	**15**	**236**	250	–	250
Development	**183**	**91**	**274**	132	52	184
Like-for-like portfolio	**35**	**19**	**54**	23	27	50
Other	**12**	**8**	**20**	17	5	22
Total property related capex	**451**	**133**	**584**	422	84	506

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 £7m (2017/18: £5m), letting fees of £5m (2017/18: £5m), capitalised staff costs of £6m (2017/18: £5m) and capitalised interest of £3m (2017/18: £7m).

Other information

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1 Finsbury Avenue

Broadening horizons

Over 3,300 people have benefitted from our Broadgate construction team's community activities over the last two years, including local schoolchildren, jobseekers and people affected by homelessness. Eight students from the University of East London have gained six months' paid work experience at 1 Finsbury Avenue, supported by our construction partners, architects and engineers. Over 60 apprentices and trainees have also developed their skills through our Broadgate construction activity over the last two years, including 20 at 1 Finsbury Avenue.

UNAUDITED
(Data includes Group's share of Joint Ventures and Funds)

Sales

Since 1 April 2018	Sector	Price (100%) £m	Price (BL Share) £m	Annual Passing Rent £m[5]
Completed				
5 Broadgate	Offices	1,000	500	18
Portfolio of Spirit Pubs	Retail	123	123	11
Cheltenham Gallagher Retail Park	Retail	73	28	1
Clapham Junction Debenhams	Retail	48	48	2
Richmond Homebase[1]	Retail	45	45	1
Leeds Westside Retail Park	Retail	39	39	2
Glasgow B&Q	Retail	28	28	2
Bath Homebase	Retail	27	27	1
Bracknell David Lloyd	Retail	25	25	2
Altrincham Sainsburys	Retail	24	12	1
Bath Weston Lock Retail Park	Retail	18	18	1
Southampton David Lloyd	Retail	15	15	1
Harrow Homebase	Retail	14	14	1
Hamilton David Lloyd	Retail	10	10	1
Brentwood Virgin Active	Retail	12	12	1
Northallerton Sainsburys	Retail	7	3	-
Lancaster Castle View	Retail	5	5	-
Clarges, Mayfair[2]	Residential	335	335	-
Aldgate Phase 1	Residential	1	-	-
Exchanged				
Portfolio of Sainsbury's stores[3]	Retail	429	194	12
Clarges[4]	Residential	24	24	-
Total		**2,302**	**1,505**	**58**

1. Exchanged during the year ended 31 March 2018, completed in the period
2. £253m of which exchanged prior to FY19 and completed in the period
3. Exchanged post year end in April 2019
4. £18m of which exchanged post year end
5. BL share of annualised rent topped up for rent frees

Purchases

Since 1 April 2018	Sector	Price (100%) £m	Price (BL Share) £m	Annual Passing Rent £m[1]
Completed				
Royal Victoria Place, Tunbridge Wells	Retail	92	92	3
184 - 192 Drummond Street	Offices	38	38	1
158 - 164 Bishopsgate	Offices	36	36	2
6 - 8 Eldon Street	Offices	27	14	1
Hercules Unit Trust units	Retail	18	18	1
37 Sun Street	Offices	9	9	-
Exchanged				
Orsman Road, Haggerston	Offices	32	32	-
Total		**252**	**239**	**8**

1. BL share of annualised rent topped up for rent frees

Portfolio Valuation

At 31 March 2019	Group £m	JVs & Funds £m	Total £m	Change %[1] H1	H2	FY
West End	4,066	-	4,066	0.3	0.3	0.7
City	230	2,012	2,242	1.4	0.7	1.9
Offices	**4,296**	**2,012**	**6,308**	**0.7**	**0.5**	**1.1**
Regional	997	1,767	2,764	(4.0)	(6.9)	(10.6)
Local	1,613	360	1,973	(6.8)	(8.8)	(14.9)
Multi-let	**2,610**	**2,127**	**4,737**	**(5.2)**	**(7.8)**	**(12.5)**
Department Stores and Leisure	323	-	323	(3.1)	(3.8)	(6.5)
Superstores	88	244	332	(0.7)	(2.9)	(3.6)
Solus and Other	185	-	185	(0.2)	(4.6)	(3.7)
Retail	**3,206**	**2,371**	**5,577**	**(4.5)**	**(7.0)**	**(11.1)**
Residential[2]	**109**	**19**	**128**	**(3.1)**	**(1.5)**	**(4.4)**
Canada Water	**303**	**-**	**303**	**0.3**	**(1.0)**	**(0.8)**
Total	**7,914**	**4,402**	**12,316**	**(1.9)**	**(3.2)**	**(4.8)**
Standing Investments	**7,334**	**3,975**	**11,309**	**(2.5)**	**(3.9)**	**(6.0)**
Developments	**580**	**427**	**1,007**	**7.2**	**4.6**	**10.8**

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

Portfolio Yield & ERV Movements[1]

At 31 March 2019	NEY %	ERV Movement %[2,4] H1	H2	FY	NEY Yield Movement bps[3] H1	H2	FY
West End	4.3	0.2	1.1	1.4	-	2	3
City	4.7	0.1	1.2	1.3	1	-	-
Offices	**4.4**	**0.2**	**1.1**	**1.4**	**1**	**1**	**2**
Regional	5.3	(0.8)	(1.4)	(2.2)	9	27	36
Local	5.9	(2.5)	(3.8)	(6.2)	20	27	48
Multi-let	**5.6**	**(1.6)**	**(2.5)**	**(4.0)**	**14**	**27**	**41**
Department Stores and Leisure	5.6	(2.8)	(1.9)	(4.7)	33	(18)	34
Superstores	5.3	(0.2)	(0.5)	(0.7)	(1)	(6)	(8)
Solus and Other	5.6	(0.1)	(2.1)	(2.2)	(13)	44	31
Retail	**5.6**	**(1.5)**	**(2.3)**	**(3.8)**	**14**	**36**	**37**
Canada Water[4]	**3.9**	**0.4**	**0.1**	**0.4**	**(4)**	**-**	**-**
Total	**5.0**	**(0.8)**	**(0.8)**	**(1.6)**	**7**	**19**	**19**

1. Excluding developments under construction, assets held for development and residential assets
2. As calculated by IPD
3. Including notional purchaser's costs
4. Reflects standing investment only

Retail Portfolio Valuation – Previous Classification Basis

At 31 March 2019	Valuation[1] £m	Change %[2] H1	Change %[2] H2	Change %[2] FY	ERV Movement %[3] H1	ERV Movement %[3] H2	ERV Movement %[3] FY	NEY Yield Movement bps[4] H1	NEY Yield Movement bps[4] H2	NEY Yield Movement bps[4] FY
Shopping Parks	2,593	(5.5)	(8.5)	(13.2)	(2.1)	(2.6)	(4.6)	13	35	47
Shopping Centres	2,115	(3.7)	(6.3)	(9.8)	(0.1)	(2.0)	(2.1)	13	20	34
Superstores	332	(0.7)	(2.9)	(3.6)	(0.2)	(0.5)	(0.7)	(1)	(6)	(8)
Department Stores	70	(24.9)	(20.3)	(40.1)	(18.4)	(8.8)	(25.6)	119	(60)	147
High Street	169	(1.1)	(7.8)	(8.8)	(0.2)	(3.7)	(3.9)	(2)	7	5
Leisure	298	2.0	–	1.9	0.0	0.0	0.0	2	1	13
Retail	**5,577**	**(4.5)**	**(7.0)**	**(11.1)**	**(1.5)**	**(2.3)**	**(3.8)**	**14**	**36**	**37**

1. Group's share of properties in joint ventures and funds including HUT at ownership share
2. 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
3. As calculated by IPD
4. Including notional purchaser's costs

Gross Rental Income[1]

Accounting Basis £m	12 months to 31 March 2019 Group	12 months to 31 March 2019 JVs & Funds	12 months to 31 March 2019 Total	Annualised as at 31 March 2019 Group	Annualised as at 31 March 2019 JVs & Funds	Annualised as at 31 March 2019 Total
West End	141	–	141	140	–	140
City	9	70	79	7	68	75
Offices	**150**	**70**	**220**	**147**	**68**	**215**
Regional	57	90	147	57	86	143
Local	98	24	122	90	23	113
Multi-let	**155**	**114**	**269**	**147**	**109**	**256**
Department Stores and Leisure	38	–	38	24	–	24
Superstores	5	16	21	5	15	20
Solus and Other	14	–	14	12	–	12
Retail	**212**	**130**	**342**	**188**	**124**	**312**
Residential[2]	**5**	**–**	**5**	**4**	**–**	**4**
Canada Water	**9**	**–**	**9**	**8**	**–**	**8**
Total	**376**	**200**	**576**	**347**	**192**	**539**

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

Portfolio Net Yields[1,2]

At 31 March 2019	EPRA net initial yield %	EPRA topped up net initial yield %[3]	Overall topped up net initial yield %[4]	Net equivalent yield %	Net reversionary yield %
West End	3.6	4.0	4.0	4.3	4.8
City	4.0	4.4	4.4	4.7	5.3
Offices	**3.8**	**4.1**	**4.2**	**4.4**	**5.0**
Regional Lifestyle	4.8	5.0	5.1	5.3	5.4
Local Lifestyle	5.4	5.6	5.7	5.9	5.8
Multi-let	**5.1**	**5.2**	**5.3**	**5.6**	**5.6**
Department Stores & Leisure	6.1	6.1	7.2	5.6	5.0
Superstores	5.6	5.6	5.6	5.3	5.2
Solus & Other	6.0	6.2	6.2	5.6	4.6
Retail	**5.2**	**5.3**	**5.5**	**5.6**	**5.5**
Canada Water	**3.2**	**3.2**	**3.2**	**3.9**	**4.0**
Total	**4.5**	**4.7**	**4.8**	**5.0**	**5.2**

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)

Total Property Return (as calculated by IPD)

12 months to 31 March 2019	Offices		Retail		Total	
%	British Land	IPD	British Land	IPD	British Land	IPD
Capital Return	1.4	2.0	(11.4)	(7.3)	(5.0)	0.1
– ERV Growth	1.4	1.2	(3.8)	(3.3)	(1.6)	0.2
– Yield Movement[1]	2 bps	(10 bps)	37 bps	26 bps	19 bps	(1 bps)
Income Return	3.4	3.8	5.3	5.0	4.3	4.4
Total Property Return	**4.9**	**5.8**	**(6.6)**	**(2.6)**	**(0.9)**	**4.6**

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

1. Net equivalent yield movement

Occupiers Representing over 0.5% of Total Contracted Rent

At 31 March 2019	% of total rent		% of total rent
Tesco[1]	4.8	Deutsche Bank	0.8
Sainsbury's[2]	3.7	Homebase	0.8
Debenhams[3]	3.4	Steinhoff	0.8
Government	3.0	Henderson	0.8
Next	2.6	TGI Fridays	0.7
Kingfisher	2.3	Reed Smith	0.7
Facebook[3]	2.0	Lewis Trust (River Island)	0.7
Dentsu Aegis	2.0	H&M	0.7
Alliance Boots[4]	1.9	DFS Furniture Group	0.7
Visa	1.7	NEX Grp Plc	0.6
M&S	1.7	Restaurant Group	0.6
Dixons Carphone	1.5	Mayer Brown	0.6
Arcadia	1.5	Primark	0.6
Herbert Smith Freehills	1.4	Hutchison Whampoa Ltd	0.6
Gazprom	1.1	David Lloyd	0.6
TJX (TK Maxx)	1.1	Credit Agricole	0.6
JD Sports Fashion	1.1	Lendlease	0.6
Vodafone	1.1	Pets at Home	0.6
SportsDirect	1.0	BridgeStreet	0.6
Microsoft	1.0	Mimecast Ltd	0.6
New Look	1.0	Aramco	0.5
Virgin	0.9	Wilko Retail	0.5
Asda	0.9		

1. Includes £3.4m at Surrey Quays Shopping Centre
2. Reduces to 1.8% following post year end sale of 12 stores
3. Debenhams reduces to 1.8% and Facebook increases to 3.6% following post year end letting of 10 Brock Street to Facebook
4. Represents current occupation of 10 Triton Street covering 118,000 sq ft of space. Taking into account their pre-let of 310,000 sq ft at 1 Triton Square, percentage of contracted rent would rise to 5.5%. 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

At 31 March 2019	BL Share %	Sq ft '000	Rent (100%) £m pa[1,4]	Occupancy rate %[2,4]	Lease length yrs[3,4]
Broadgate	50	4,133	138	96.7	5.5
Regent's Place	100	1,740	77	98.7	5.6
Paddington Central	100	958	45	97.2	5.4
Meadowhall, Sheffield	50	1,500	88	98.9	5.9
Glasgow Fort	78	510	22	97.0	6.0
Ealing Broadway	100	540	15	90.8	4.6
Drake's Circus, Plymouth	100	1,082	19	96.3	6.9
Teesside, Stockton	100	569	16	94.3	4.7
Sainsburys Superstores[5]	51	1,457	31	100.0	8.3
Portman Square	100	134	10	100.0	6.5

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
5. Comprises standalone stores. Following post year end sale of 12 Sainsbury's superstores, BL share percentage increases to 55%, sq ft reduces to 325,000, rent reduces to £8m and lease length increases to 9.9 years

Lease Length & Occupancy

At 31 March 2019	Average lease length yrs		Occupancy rate %	
	To expiry	To break	EPRA Occupancy	Occupancy[1,2,3]
West End	6.8	5.7	97.2	98.3
City	6.6	5.7	93.2	96.6
Offices	**6.7**	**5.7**	**95.8**	**97.7**
Regional	7.2	6.0	95.7	97.0
Local	6.9	5.6	94.7	95.3
Multi-let	**7.0**	**5.8**	**95.3**	**96.2**
Department Stores and Leisure	15.3	15.3	100.0	100.0
Superstores	12.2	12.2	100.0	100.0
Solus and Other	11.1	10.5	100.0	100.0
Retail	**8.0**	**7.0**	**95.9**	**96.7**
Canada Water	**5.6**	**5.5**	**98.5**	**98.7**
Total	**7.4**	**6.4**	**95.9**	**97.2**

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 97.2% to 97.5% 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 96.7% to 96.1%, and total occupancy would reduce from 97.2% to 96.9%

Portfolio Weighting

At 31 March	2018 %	2019 %	2019 £m
West End	31.0	33.0	4,066
City	17.9	18.2	2,242
Offices	**48.9**	**51.2**	**6,308**
Regional Lifestyle	22.1	22.4	2,764
Local Lifestyle	16.7	16.1	1,973
Multi-let	**38.8**	**38.5**	**4,737**
Department Stores & Leisure	4.3	2.6	323
Superstores	2.6	2.7	332
Solus & Other	2.3	1.5	185
Retail	**48.0**	**45.3**	**5,577**
Residential[1]	**1.0**	**1.0**	**128**
Canada Water	**2.1**	**2.5**	**303**
Total	**100.0**	**100.0**	**12,316**
London Weighting	**59%**	**61%**	**8,127**

1. Standalone residential

Annualised Rent & Estimated Rental Value (ERV)

At 31 March 2019	Annualised rent (valuation basis) £m[1]			ERV £m	Average rent £psf	
	Group	JVs & Funds	Total	Total	Contracted[2]	ERV
West End[3]	139	-	139	184	58.6	67.2
City[3]	7	67	74	101	48.7	57.6
Offices[3]	**146**	**67**	**213**	**285**	**54.8**	**63.5**
Regional Lifestyle	58	90	148	166	31.0	33.6
Local Lifestyle	96	24	120	130	23.4	24.5
Multi-let	**154**	**114**	**268**	**296**	**27.0**	**28.9**
Department Stores & Leisure	21	-	21	17	15.9	12.9
Superstores	5	15	20	18	22.2	20.6
Solus & Other	12	-	12	9	20.2	15.5
Retail	**192**	**129**	**321**	**340**	**25.3**	**26.1**
Residential[4]	**4**	-	**4**	**4**	**44.8**	**37.9**
Canada Water[5]	**8**	-	**8**	**10**	**17.9**	**21.8**
Total	**351**	**196**	**547**	**639**	**31.3**	**34.7**

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 At 31 March 2019	2020 £m	2021 £m	2022 £m	2023 £m	2024 £m	2020-22 £m	2020-24 £m
West End	4	15	10	9	13	29	51
City	13	4	9	-	-	26	26
Offices	**17**	**19**	**19**	**9**	**13**	**55**	**77**
Regional	9	19	13	11	9	41	61
Local	11	12	5	17	5	28	50
Multi-let	**20**	**31**	**18**	**28**	**14**	**69**	**111**
Department Stores and Leisure	-	-	-	-	7	-	7
Superstores	8	5	-	2	3	13	18
Solus and Other	-	-	-	-	-	-	-
Retail	**28**	**36**	**18**	**30**	**24**	**82**	**136**
Residential	-	-	**1**	-	-	**1**	**1**
Canada Water[1]	-	-	-	-	-	-	-
Total	**45**	**55**	**38**	**39**	**37**	**138**	**214**

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[1]

For period to 31 March At 31 March 2019	2020	2021 £m	2022 £m	2023 £m	2024 £m	2020-22 £m	2020-24 £m
West End	4	19	22	26	15	45	86
City	15	10	2	3	13	27	43
Offices	**19**	**29**	**24**	**29**	**28**	**72**	**129**
Regional Lifestyle	17	10	12	19	20	39	78
Local Lifestyle	15	10	13	12	20	38	70
Multi-let	**32**	**20**	**25**	**31**	**40**	**77**	**148**
Department Stores & Leisure	-	-	-	-	-	-	-
Superstores	-	-	-	2	-	-	2
Solus & Other	1	-	-	-	-	1	1
Retail	**33**	**20**	**25**	**33**	**40**	**78**	**151**
Residential	**-**	**3**	**-**	**-**	**-**	**3**	**3**
Canada Water	**1**	**1**	**1**	**1**	**2**	**2**	**5**
Total	**53**	**53**	**49**	**63**	**70**	**155**	**288**
% of contracted rent	**9.1%**	**9.1%**	**8.3%**	**10.9%**	**12.0%**	**26.5%**	**49.4%**

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

Recently Completed and Committed Developments

At 31 March 2019	Sector	BL Share %	100% sq ft '000	PC Calendar Year	Current Value £m	Cost to come £m[1]	ERV £m[2]	Let & Under Offer £m
1 Finsbury Avenue	Office	50	287	Q1 2019	153	11	8.2	4.7
Total Completed in the Year			**287**		**153**	**11**	**8.2**	**4.7**
100 Liverpool Street	Office	50	521	Q1 2020	240	82	19.1	10.6
135 Bishopsgate	Office	50	335	Q3 2019	156	34	9.7	8.7
1 Triton Square[3]	Office	100	366	Q4 2020	289	122	23.1	21.8
Plymouth (Leisure)	Retail	100	108	Q4 2019	29	14	3.1	2.1
Total Committed			**1,330**		**714**	**252**	**55.0**	**43.2**
Retail Capital Expenditure[4]						53		

1. From 1 April 2019. 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

At 31 March 2019	Sector	BL Share %	100% sq ft '000	Expected Start On Site	Current Value £m	Cost to Come £m[1]	ERV £m[2]	Let & under Offer £m	Planning Status
Norton Folgate	Office	100	335	Q3 2019	62	206	20.6	-	Consented
1-2 Broadgate	Office	50	531	Q2 2020	94	198	18.8	-	Consented
Total near term			**866**		**156**	**404**	**39.4**	**-**	
Retail Capex[3]						78			

1. From 1 April 2019. 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

At 31 March 2019	Sector	BL Share %	100% Sq ft '000	Planning Status
2-3 Finsbury Avenue	Office	50	563	Consented
Gateway Building	Leisure	100	105	Consented
5 Kingdom Street[1]	Office	100	429	Consented
Meadowhall (Leisure)	Retail	50	333	Consented
Ealing - 10-40 The Broadway	Retail	100	292	Pre-submission
Aldgate Place Phase 2	Residential	50	145	Consented
Eden Walk Retail & Residential	Mixed Use	50	533	Consented
Plymouth, George Street	Retail	100	43	Submitted
Total Medium Term excl. Canada Water			**2,443**	
Canada Water - Phase 1[2,3,4]	Mixed Use	100	1,917	Submitted

1. Planning consent for previous 240,000 sq ft scheme
2. Canada Water site covers 5m sq ft in total based on net area (gross area of 7m sq ft)
3. Phase 1 consists of Phase 1a, 1b, 1c. Detailed planning submitted for Phase 1a (576,000 sq ft), outline planning submitted for total Phase 1
4. 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, on-site 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 2019, our managed portfolio comprised 73% 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 for 2019 has been independently assured by PwC in accordance with ISAE 3000 (Revised) and ISAE 3410.

2020 sustainability strategy performance

We report transparently on performance so our stakeholders can fully understand our impacts. Below is an overview of our performance during the reporting period. For detailed information, see our Sustainability Accounts and website britishland.com/sustainability

Indicators[1]	Performance 2019	Performance 2018	2019 scope (assets or units)
Continued inclusion in three out of four sustainability indices: DJSI Europe, DJSI World, FTSE4Good and GRESB[2]	**4/4**	4/4	-
Major developments on track to implement Sustainability Brief	**100%**	100%	16/16

		2020 targets	Performance 2019	Performance 2018	2019 scope (assets or units)
Wellbeing (Customer Orientation)					
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	**In progress**	In progress	-
Sense of wellbeing for visitors at our places		Increase	**84%**	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**	On track	-
Pilot interventions to improve local air quality		3	**In progress**	Target established	-
Injury Incidence Rate (RIDDOR)	Offices		**14.17**	12.88	46/46
	Retail		**0.01**	0.01	58/58
Injury Frequency Rate (RIDDOR)	Developments		**0.12**	0.13	31/34

	2020 targets	Performance 2019	Performance 2018	2019 scope (assets or units)
Community (Right Places)				
Implement our Local Charter at key assets and major developments	100%	**92%**	Charter updated	
British Land employee skills-based volunteering	20%	**17%**	16%	-
British Land employee volunteering	90%	**81%**	79%	-
Community programme beneficiaries		**36,358**	39,798	-

	2020 targets	Performance 2019	Performance 2018	2019 scope (assets or units)
Futureproofing (Capital Efficiency)				
Developments on track to achieve BREEAM Excellent for offices and Excellent or Very Good for retail	100%	**92%**	92%	15/15
Carbon (Scope 1 and 2) intensity reduction versus 2009 (index scored)	55%	**64%**	54%	70/70
Landlord energy intensity reduction versus 2009 (index scored)	55%	**44%**	40%	70/70
Electricity purchased from renewable sources	100%	**96%**	97%	107/108
Average reduction in embodied carbon emissions versus concept design on major developments	15%	**10%**	nr	2/2
Waste diverted from landfill: managed properties and developments	100%	**99.6%**	99%	108/116
Portfolio with green building ratings (% by floor area)	-	**18%**	18%	179/179
Energy Performance Certificates rated F or G (% by floor area)	-	**5%**	5%	2663/2864
Portfolio at high risk of flood (% by value)	-	**3%**	3%	178/179
High flood risk assets with flood management plans (% by value)	-	**100%**	100%	12/12

1. Sustainability Action Plans have been superseded by Local Charter activities, see 'Community'. Our Local Charter covers community, wellbeing, skills and opportunity. Futureproofing initiatives are covered through Asset Plans, which include provisions for identifying climate-related risks and opportunities, such as flood risk assessments and audits to identify energy saving opportunities
2. In this financial year we were listed in DJSI 2018 World and Europe, awarded a green star in GRESB 2018 and ranked in the top 96th percentile of FTSE4Good 2018

			Performance		2019 scope (assets or units)
			2019	2018	
Skills and opportunity (Expert People)		2020 targets			
People supported into employment (cumulative)		1,700	**1,232**	839[1]	–
Strategic suppliers agreed with terms of our Supplier Code of Conduct		100%	**53%**	Code Launched	34/64
Prioritised supplier workforce who are apprentices		3%	**2.4%**	1.2%	178/220
Pilot a Living Wage Zone at a London campus		Deliver	**In progress**	–	–
Workforce paid at least Living Wage Foundation rate	Group employees	100%	**100%**	100%	–
	Supplier workforce at managed properties		**66%**[2]	70%	103/103
Developments supply chain spend within 25 miles			**66%**	71%	5/6

1. Employment figures from 2016-2018 have been restated for accuracy
2. From FY19, these figures exclude the employees of any subsidiary organisations

EPRA best practice recommendations on sustainability reporting

We have received Gold Awards for sustainability reporting from the European Public Real Estate Association (EPRA), seven years running. For our full EPRA sustainability reporting, methodology and the 2019 PwC assurance statement, please see our Sustainability Accounts 2019: britishland.com/data.

		Performance			2019 scope (assets or units)
		2019	2018	2017	
Environmental					
Total electricity consumption (MWh)		**155,608**	162,833	172,127	107/108
Total district heating and cooling consumption (MWh)		**0**	0	0	0/0
Total fuel consumption (MWh)		**49,878**	37,500	39,319	60/61
Building energy intensity (kWh)	Offices (per m²)	**136.40**	145.71	158.70	30/30
	Retail – enclosed (per m²)	**149.02**	156.48	161.89	7/7
	Retail – open air (per car parking space)	**161.06**	168.13	150.01	33/33
Total direct (Scope 1) greenhouse gas emissions (tonnes CO_2e)		**8,956**	6,967	7,609	115/116
Total indirect (Scope 2) greenhouse gas emissions (tonnes CO_2e)	Location based	**20,188**	27,301	34,149	115/116
	Market based	**1,457**	1,875	6,630	115/116
Greenhouse gas intensity from building energy consumption (tonnes CO_2e)	Offices (per m²)	**0.044**	0.055	0.069	30/30
	Retail – enclosed (per m²)	**0.043**	0.056	0.067	7/7
	Retail – open air (per car parking space)	**0.049**	0.062	0.064	33/33
Total water consumption (m³)		**553,282**	616,221	663,541	44/73
Building water intensity (m³)	Offices (per FTE)	**14.09**	15.56	14.59	28/40
	Retail – enclosed (per 10,000 visitors)	**nr**	nr	9.47	–
	Retail – open air (per 10,000 visitors)	**nr**	nr	2.86	–
Total non-hazardous waste by disposal route (tonnes and %)	Re-used and recycled	**10,818 (57%)**	11,207 (56%)	12,166 (57%)	77/82
	Incinerated	**8,182 (43%)**	8,887 (44%)	9,236 (43%)	77/82
	Landfilled	**2 (0%)**	6 (0%)	35 (0%)	77/82
Total hazardous waste by disposal route (tonnes and %)	Re-used and recycled	**5 (44%)**	nr	nr	77/82
	Incinerated	**7 (56%)**	nr	nr	77/82
	Landfilled	**0 (0%)**	nr	nr	77/82
Sustainably certified assets – Energy Performance Certificates (% by floor area)	A to B	**22%**	23%	25%	2663/2864
	C to E	**73%**	72%	71%	2663/2864
	F to G	**5%**	5%	4%	2663/2864

		Performance			2019 scope (assets or units)
		2019	2018	2017	
Social[1]					
Employee diversity – gender	Male	**48%**	51%	53%	-
	Female	**52%**	49%	47%	-
Employee gender pay ratio (median remuneration, female to male)	Executive Directors	**–**	-	nr	-
	Senior management	**87%**	89%	nr	-
	Middle and non-management	**74%**	69%	nr	-
Employee training – average hours		**13.4**	14.2	13.2	-
Employee annual performance review		**100%**	100%	nr	-
Employee new hires rate		**17%**	20%	26%	-
Employee turnover – departures rate		**19%**	15%	15%	-
Employee health and safety	Absentee rate	**1%**	1%	1%	-
	Injury frequency rate	**0**	0	nr	-
	Lost day rate	**3.68**	0	nr	-
	Work-related fatalities	**0**	0	0	-
Asset health and safety	Proportion subject to health and safety review (%)	**100%**	100%	100%	116/116
	Incidents of non-compliance	**0**	0	nr	116/116
Progress implementing our Local Charter at key assets and major developments	Implement our Local Charter at key assets and major developments (% progress)	**92%**	Charter updated	Target established	
	Proportion of portfolio (floor area) where Local Charter or other community activity implemented	**83%**	-	-	104/104

1. 2017 and 2018 employee data restated to reflect the integration of Broadgate Estates into British Land

For information on our inclusive culture see pages 30 and 112 and britishland.com/inclusive-culture and to read more about our gender pay gap on page 6 and at britishland.com/gender-pay-gap.

Governance

	Annual Report and Accounts	
	2019	2018
Composition of the highest governance body	Board's Executive and Non-Executive Directors pages 68-71. Tenures of Non-Executive Directors page 108. Board members with environmental or social competencies page 68-71.	Board's Executive and Non-Executive Directors pages 58-61. Average tenure of Non-Executive Directors page 75.
Nominating and selecting the highest governance body	*Appointment process for new directors pages 86-87.*	*Appointment process for new Directors pages 74-75.*
Process for managing conflicts of interest	Board procedure for managing conflicts of interest page 76.	Board procedure for managing conflicts of interest page 66.

TEN YEAR RECORD

The table below summarises the last ten years' results, cash flows and balance sheets.

	2019 £m	2018 £m	2017 £m	2016 £m	2015 £m	2014 £m	2013 £m	2012 £m	2011 £m	2010 £m
Income[1]										
Gross rental income	**576**	613	643	654	618	597	567	572	541	561
Net rental income	**532**	576	610	620	585	562	541	546	518	545
Net fees and other income	**10**	15	17	17	17	15	15	17	18	15
Interest expense (net)	**(121)**	(128)	(151)	(180)	(201)	(202)	(206)	(218)	(212)	(246)
Administrative expense	**(81)**	(83)	(86)	(94)	(88)	(78)	(76)	(76)	(68)	(65)
Underlying Profit	**340**	380	390	363	313	297	274	269	256	249
Exceptional costs (not included in Underlying Profit)[4]	**-**	-	-	-	-	-	-	-	-	-
Dividends declared	**298**	302	296	287	277	266	234	231	231	225
Summarised balance sheets										
Total properties at valuation[1,3]	**12,316**	13,716	13,940	14,648	13,677	12,040	10,499	10,337	9,572	8,539
Net debt	**(3,521)**	(3,973)	(4,223)	(4,765)	(4,918)	(4,890)	(4,266)	(4,690)	(4,173)	(4,081)
Other assets and liabilities	**(146)**	(183)	(219)	191	276	(123)	(266)	(266)	(298)	(51)
EPRA NAV/Fully diluted adjusted net assets	**8,649**	9,560	9,498	10,074	9,035	7,027	5,967	5,381	5,101	4,407
Cash flow movement – Group only										
Cash generated from operations	**617**	351	379	341	318	243	197	211	182	248
Other cash flows from operations	**(4)**	2	(16)	(47)	(33)	(24)	(7)	(5)	28	(112)
Net cash inflow from operating activities	**613**	353	363	294	285	219	190	206	210	136
Cash inflow (outflow) from capital expenditure, investments, acquisitions and disposals	**187**	346	470	230	(111)	(660)	(202)	(547)	(240)	(39)
Equity dividends paid	**(298)**	(304)	(295)	(235)	(228)	(159)	(203)	(212)	(139)	(154)
Cash (outflow) inflow from management of liquid resources and financing	**(365)**	(404)	(538)	(283)	20	607	213	630	157	(485)
Increase (decrease) in cash[6]	**137**	(9)	-	6	(34)	7	(2)	77	(12)	(542)
Capital returns										
(Reduction) growth in net assets[2]	**(9.5%)**	0.7%	(5.7%)	11.5%	28.6%	17.8%	10.9%	5.5%	15.7%	30.1%
Total return	**(3.3%)**	8.9%	2.7%	14.2%	24.5%	20.0%	4.5%	9.5%	17.7%	33.5%
Total return – pre-exceptional	**(3.3%)**	8.9%	2.7%	14.2%	24.5%	20.0%	4.5%	9.5%	17.7%	33.5%
Per share information[7]										
EPRA net asset value per share	**905p**	967p	915p	919p	829p	688p	596p	595p	567p	504p
Memorandum										
Dividends declared in the year	**31.0p**	30.1p	29.2p	28.4p	27.7p	27.0p	26.4p	26.1p	26.0p	26.0p
Dividends paid in the year	**30.5p**	29.6p	28.8p	28.0p	27.3p	26.7p	26.3p	26.0p	26.0p	27.3p
Diluted earnings										
Underlying EPRA earnings per share	**34.9p**	37.4p	37.8p	34.1p	30.6p	29.4p	30.3p	29.7p	28.5p	28.4p
IFRS earnings (loss) per share[4]	**(30.0p)**	48.5p	14.7p	119.7p	167.3p	110.2p	31.5p	53.8p	95.2p	132.6p

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: £119 million
5. 2008 restated for IFRS. The UK GAAP accounts shows gross rental income of £620 million and Underlying Profit of £175 million
6. Represents movement in cash and cash equivalents under IFRS and movements in cash under UK GAAP
7. Adjusted for the rights issue of 341 million shares in March 2009

Financial calendar

2019/20	
Final dividend ex-dividend date	27 June 2019
Final dividend payment date	2 August 2019
First quarter ex-dividend date	3 October 2019
First quarter dividend payment date	8 November 2019
Half year results	13 November 2019
Second quarter ex-dividend date	January 2020
Second quarter dividend payment date	February 2020
Third quarter ex-dividend date	March 2020
Third quarter dividend payment date	May 2020
Full year results	May 2020
Final dividend ex-dividend date	June 2020
Final dividend payment date	August 2020

If offered, the Board will announce the availability of a Scrip dividend alternative via the Regulatory News Service no later than four business days before each ex-dividend date. Scrip dividend alternatives will not be enhanced. The split between PID and non-PID income for each dividend will be announced at the same time.

Analysis of shareholders – 31 March 2019

2019/20	Number of holdings	%	Balance as at 31 March 2019[1]	%
1–1,000	5,264	54.74	2,262,808	0.24
1,001–5,000	2,835	29.48	6,256,773	0.65
5,001–20,000	646	6.72	6,348,133	0.66
20,001–50,000	251	2.61	8,202,600	0.85
50,001–Highest	621	6.46	937,518,758	97.60
Total	9,617	100.00	960,589,072	100.00

Holder type				
Individuals	5,836	60.68	10,734,011.00	1.12
Nominee and institutional investors	3,781	39.32	949,855,061.00	98.88
Total	9,617	100.00	960,589,072.00	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: 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 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 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: 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: 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 britishland.com/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 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 britishland.com/dividends/scrip-dividends-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 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 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 comfortably 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 can be found in our Tax Strategy – 'Our Approach to Tax' at britishland.com/governance

Forward-looking statements

This Annual Report contains certain 'forward-looking' statements. Such statements reflect current views, expectations and beliefs on, among other things, our markets, activities, projections, objectives, performance, financial condition 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 or the use of 'forward-looking' terminology, including terms such as 'believes', 'considers', 'estimates', 'anticipates', 'expects', 'forecasts', 'intends', 'continues', 'due', 'plans', 'seeks', 'projects', 'goal', '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 depend on circumstances which may or may not occur and may be beyond our ability to control or predict. Forward-looking statements should be regarded with caution as actual outcomes or results, or plans or objectives, may differ materially from those expressed 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 and (q) the availability and cost of finance. The Company's principal risks are described in greater detail in the section of this Annual Report headed Managing risk in delivering our strategy and principal risks. 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 or the basis on which they were prepared.

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, and the EU Market Abuse Regulation), British Land does not intend or undertake any obligation to update or revise publicly forward-looking statements to reflect any changes in British Land's expectations with regard thereto or any changes in information, events, conditions or circumstances on which any such statement is based. This document shall not, under any circumstances, create any implication that there has been no change in the business or affairs of British Land since the date of this document or that the information contained herein is correct as at any time subsequent to this date.

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

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