

Monitoring our progress



Customer Orientation



Right Places

Achievements against last year's priorities

Develop our Smart Places product

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

Strengthened our operational expertise

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

Progress developments, focusing on London campuses

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

Refine and re-focus our Retail business

- £296m sales of non-core assets

Progress at Canada Water

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

Performance

Customer satisfaction

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

Year	Score
2020	8.3 out of 10
2019	8.2 out of 10
2018	8.1 out of 10

Total property returns

LTIP AI

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

Year	Return
2020	(6.4)%
2019	(0.9)%
2018	7.0%

Speculative development commitment

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

% of standing investments

Year	%	Value
2020	0.6%	£0.1bn
2019	2.3%	£0.3bn
2018	4.5%	£0.6bn

Future priorities

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

Risk indicators

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

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

Expert People

Office and Retail businesses fully integrated

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

Median gender pay gap reduced

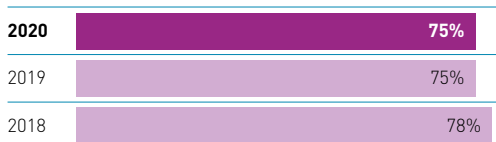
- Reduced to 27.9% from 34.9% across British Land

EnaBLE network formed

- Focused on providing opportunities and excellent customer services to all

Employee engagement score

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



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

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

- Voluntary staff turnover
- Employee engagement

Capital Efficiency

Maintain appropriate leverage

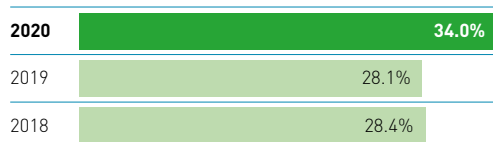
- Debt low with LTV at 34.0%
- Flexible finance: £550m new debt finance arranged; £925m of facilities extended
- £1.3bn of undrawn facilities and cash with no requirement to refinance until 2024

Recycle capital to improve returns

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

Loan to value (LTV) – proportionally consolidated

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



Weighted average interest rate – proportionally consolidated

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



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

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

Group indicators

Total accounting return (TAR) LTI^P

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

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

TAR
(11.0)%

2019: (3.3)%

Delivering long term, sustainable value.

Read more on our Principal risks on page 82