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British Land Co PLC
02 October 2024

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FOR IMMEDIATE RELEASE

2 OCTOBER 2024

RETAIL PARK PORTFOLIO ACQUISITION AND TRADING UPDATE

British Land has acquired a portfolio of seven high quality retail parks for £441m. British Land also announces a proposed equity placing of approximately £300m, by way of an accelerated bookbuild offering, to fund this acquisition, with the remainder of the consideration financed from existing cash and in place facilities. Further details of the proposed equity placing are set out in a separate announcement, which should be read in conjunction with this announcement.

British Land is also publishing a Trading Update for the six month period ending 30 September 2024, ahead of Half Year results on 20 November 2024, which confirms guidance for FY25 EPS of 27.9p given at our FY24 results, before the acquisition and proposed placing announced today. The proposed placing and acquisition will be accretive to EPS in FY25 and beyond.

Simon Carter, Chief Executive of British Land, said:

"The acquisition of this high quality portfolio builds upon our market leading position in retail parks. Parks remain the preferred format for retailers and we have deployed £711m of capital into this subsector since 1 April 2024."

"These assets offer an attractive yield and strong rental growth prospects in line with our guidance of 3-5%. Combined with the proposed placing, they will be immediately earnings accretive and are expected to deliver double digit ungeared IRRs."

"The broader business also continues to trade well with a good level of leasing in the period and cost discipline underpinning our profit performance. We expect portfolio values to be marginally up for the half year, with continued ERV growth across the portfolio."

RETAIL PARK PORTFOLIO ACQUISITION

- Acquired seven retail parks from Brookfield for £441m, reflecting a net initial yield (NIY) of 6.7% and topped up net initial yield (TUNIY) of 7.2%.
- The assets have a passing rent of c.£29.5m, a topped up passing rent of c.£31.9m and an ERV of c.£30.4m. See appendix for details on each asset.
- The parks are of high quality, well maintained, with a strong occupier mix. The assets are 99% occupied and all benefit from a major superstore anchor.
- The attractive yield and strong rental growth prospects in line with our guidance of 3-5%, are expected to deliver double digit ungeared IRRs.
- Proposed equity placing of approximately £300m to fund this acquisition, with the remainder of the consideration financed from existing cash and in place facilities.
- Combined, the proposed placing and portfolio acquisition are expected to be immediately accretive to earnings per share, marginally dilutive to EPRA net tangible assets (NTA) per share, broadly LTV neutral and will lower annualised Net Debt to EBITDA.
- Retail parks are affordable (with low occupancy cost ratios[1]), adaptable (with low capex requirements) and easily accessible by the end consumer. With this acquisition, British Land continues to build scale in this attractive segment, with retail parks comprising 32% of the total portfolio up from 22% 18 months ago, and further consolidates its position as one of the largest owners and operators of retail parks in the UK.

TRADING UPDATE[2]

For the six month period ending 30 September 2024, the Group expects:

Earnings

- Underlying Profit of £142-144m (HY24: £142m) despite a number of properties entering development and the prior year surrender of 1 Triton Square.
- Resulting underlying earnings per share of 15.2-15.4p (HY24: 15.2p).

Portfolio valuation

- Values to improve marginally by c.0.2%: Retail Parks c.5.0%, Campuses c.-1.6%, and London Urban Logistics c.-2.6%.
- Six month ERV growth of c.2.3%: Retail Parks c.3.6%, Campuses c.1.7%, London Urban Logistics c.0.3%.

- NEY of c.6.2%, flat vs March 2024: Retail Parks c.-22bps, Campuses c.12bps, and London Urban Logistics c.7bps.

Balance sheet

- HY25 Loan to Value at c.38% (FY24: 37.3%); reflecting the capital activity below and development spend. We remain disciplined in our management of leverage and will continue to actively recycle capital.
- Combined, the acquisition and proposed placing are expected to be broadly LTV neutral and lower annualised Net Debt to EBITDA.

Further capital recycling

- c.£270m of assets acquired in the period including seven new retail parks and the remaining stake in New Mersey Retail Park, Speke, at a blended NEY of 7.4%, offsetting the EPS impact of the Meadowhall disposal on an annualised basis.
- Exchanged or completed on £407m of disposals as we continue to dispose of non core retail and shopping centres, including Meadowhall, which was sold in July 2024.

Operational update

- For the five months to 31 August: 1.5m sq ft of leasing across the portfolio, 8.5% ahead of ERV, with a further 665k sq ft under offer, 3.9% ahead of ERV.

- Between 31 August and 25 September, 249k sq ft of leasing completed and under offers at 25 September were 858k sq ft.

Retail and London urban logistics

- For the five months to 31 August: 585k sq ft of leasing, 8.9% ahead of ERV, with a further 592k sq ft under offer, 3.6% ahead of ERV.
- Retail parks continue to perform strongly with over 210k sq ft of leasing, 8.2% ahead of ERV.
- Retail Park occupancy remains high at 99%, reflecting strong demand and limited supply.

Campuses

- For the five months to 31 August: 885k sq ft of leasing, 8.4% ahead of ERV, with a further 73k sq ft under offer, 6.5% ahead of ERV.
- Secured first pre-let at 2 Finsbury Avenue with hedge fund Citadel to lease a minimum of 258k sq ft of workspace, with options to lease up to another 122k sq ft; and agreed a further 100k sq ft with A&O Shearman LLP at 1 Broadgate.
- Occupancy[3] at c.92%, or 97% excluding Norton Folgate, which is over 50% let and we are seeing good demand for the remaining floors at rents ahead of business plan.

Outlook

- Confirm guidance for FY25 EPS of 27.9p given at our FY24 results, before the acquisition and proposed placing announced today.
- The proposed placing and acquisition will be accretive to EPS in FY25 and beyond.

The person responsible for making this Announcement on behalf of the Company is Gavin Bergin.

- ENDS -

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Appendix

About the portfolio

The portfolio consists of seven high quality retail parks totalling c.1.9m sq ft. Occupancy is 99% and the weighted average unexpired lease term is 4.5 years to break and 5.9 years to expiry. The parks are let to successful multi-channel and essential retailers with strong covenants and all benefit from a major superstore anchor.

- **Elliott's Field Shopping Park, Rugby** (21% of GAV): Well-connected, modern shopping destination, featuring BREEAM 'Outstanding' extension, adjacent to A426 dual carriageway. NOI of £6.3m (£23.72 psf) and a WAULT to break and expiry of 3.6 and 5.6 years respectively. The scheme is fully occupied (100%), anchored by M&S.

- **Central Retail Park, Falkirk** (18% of GAV): Scheme draws on fast-growing local population, at a rate twice the UK average, and dominates its primary catchment. NOI of £5.7m (£14.08 psf) and a WAULT to break and expiry of 6.3 and 7.9 years respectively. The scheme is fully occupied (100%), anchored by both M&S and Tesco.

- **Wellington Retail Park, Waterlooville** (15% of GAV): At the heart of Waterlooville, the scheme represents the principal retail destination for the town. NOI of £4.1m (£25.55 psf) and a WAULT to break and expiry of 4.7 and 5.4 years respectively. The scheme is virtually fully occupied (99.6%), anchored by M&S.

- **Ravenhead Retail Park, St Helens** (14% of GAV): Constructed in phases since 2000, presence of premium retailers Nike and Flannels attracts affluent spend. NOI of £3.7m (£12.52 psf) and a WAULT to break and expiry of 4.6 and 6.4 years respectively. The scheme is virtually fully occupied (98.7%), anchored by M&S.

- **Cleveland Retail Park, Middlesbrough** (12% of GAV): Situated seven minutes' drive from Middlesbrough city centre, the scheme has a well-established local catchment base. NOI of £4.1m (£13.62 psf) and a WAULT to break and expiry of 3.4 and 4.1 years respectively. The scheme is virtually fully occupied (98.8%), anchored by M&S.

- **Telford Forge Shopping Park, Telford** (12% of GAV): Scheme is prominently located west of Telford town centre, and immediately adjacent to Junction 5 of the M54. NOI of £3.1m (£10.27 psf) and a WAULT to break and expiry of 5.2 and 5.4 years respectively. The scheme is virtually fully occupied (96.2%), anchored by Sainsbury's.
- **Chilwell Retail Park, Nottingham** (8% of GAV): Situated in western suburbs of Nottingham, the scheme draws on affluent catchment populations of Beeston, Long Eaton and Chilwell. NOI of £2.6m (£18.56 psf) and a WAULT to break and expiry of 3.6 and 5.8 years respectively. The scheme is fully occupied (100%), anchored by M&S.

Notes to Editors

About British Land

British Land is a UK commercial property company focused on real estate sectors with the strongest operational fundamentals: London campuses, retail parks, and London urban logistics. We own or manage a portfolio valued at £13.0bn (British Land share: £8.7bn) as at 31 March 2024.

Our purpose is to create and manage Places People Prefer - outstanding places that deliver positive outcomes for all our stakeholders on a long term, sustainable basis. We do this by leveraging our best in class platform and proven expertise in development, repositioning and active asset management.

We have both a responsibility and an opportunity to manage our business in an environmentally and socially responsible manner. Our approach to sustainability is focused on three pillars: Greener Spaces, Thriving Places and Responsible Choices. Read more about us at www.britishland.com.

Forward-looking statements

Nothing in this announcement should be construed as either an offer or invitation to sell or any offering of securities or any invitation or inducement to any person to underwrite, subscribe for or otherwise acquire securities in any company within the Group or an invitation or inducement to engage in investment activity.

Certain information contained in this announcement may constitute "forward-looking statements", which can be identified by the use of terms such as "may", "will", "would", "could", "should", "expect", "anticipate", "project", "estimate", "intend", "continue", "target", "plan", "goal", "aim" or "believe" (or the negatives thereof) or other variations thereon or comparable terminology. These forward-looking statements include all matters that are not historical facts and include statements regarding the Company's intentions, beliefs or current expectations and those of our Directors and employees concerning, amongst other things, the Company's results of operations, financial condition, changes in global or regional trade conditions, changes in tax rates, liquidity, prospects, growth and strategies, acts of war or terrorism worldwide, work stoppages, slowdowns or strikes, public health crises, outbreaks of contagious disease or environmental disaster. By their nature, forward-looking statements involve inherent risks, assumptions and uncertainties that could cause actual events or results or actual performance of the Company to differ materially from those reflected or contemplated in such forward-looking statements. No representation or warranty is made as to the achievement or reasonableness of and no reliance should be placed on such forward-looking statements.

The Company does not undertake any obligation to update or revise any forward-looking statement to reflect any new information or change in circumstances or in the Company's expectations.

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[1] Occupancy cost ratio refers to rent, rates and service charge as a percentage of total sales for tenants.

[2] All numbers in this update have not been subject to review or audit by the Group's external auditors.

[3] Occupancy excludes recently completed major refurbishments and developments (Aldgate Place and The Priestley Centre).

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