



NEWS RELEASE

British Land sells 75% stake in the majority of its Paddington Central assets to GIC for £694m

SINGAPORE/LONDON, 25 April 2022 – GIC has exchanged on the sale of a 75% interest in the majority of our Paddington Central assets from British Land. This transaction establishes a new joint venture (the “Joint Venture”) with ownership split 75:25 for GIC and British Land respectively. Completion is unconditional and will be within three months. The total consideration of £694m, is 1% below September 2021 book value and represents a NIY of 4.5%.

This transaction delivers against one of British Land’s key strategic priorities of proactively recycling capital out of mature assets where they have created considerable value. Proceeds from the transaction will be invested into value accretive development opportunities they own across their portfolio as well as growth areas including development-led urban logistics in London and innovation campuses.

This latest partnership is another example of how British Land identifies opportunities to drive value from their best-in-class operational platform. British Land will continue to act as asset manager for the campus and development manager for future opportunities including 5 Kingdom Street for which they will earn fees.

Simon Carter, CEO British Land said: “We are delighted to be partnering with GIC again and this second joint venture with them demonstrates the success of our relationship at Broadgate as well as the quality of the assets and the opportunity at Paddington Central.

Paddington has been an excellent investment for British Land and this transaction is a great illustration of our strategy in action. Since acquiring Paddington Central in 2013, we have driven significant value through asset management and development across the campus. We are pleased to enter into this innovative JV structure so that we can continue to play a meaningful role in the development of the campus whilst also releasing capital to invest in other value accretive opportunities across our business.”

Lee Kok Sun, Chief Investment Officer of Real Estate, GIC, said, “We are pleased to invest in Paddington Central, a high-quality office-led mixed-use campus with retail and leisure uses. It is very well-located with connectivity to national rail services and key transport links to Heathrow, West London and Oxford. Our earlier investment in Broadgate has demonstrated the high value of acquiring central London campuses and we are confident that this asset will generate resilient long-term returns.”

Tracy Stroh, Region Head of Europe, Real Estate, GIC, added, “We are seeing returning demand in the take-up of new office spaces that are of high quality and in prime locations. We are pleased to partner with British Land again and look forward to leveraging their best-in-class capabilities to drive value across Paddington Central. We believe this investment will be a good addition to our Europe portfolio.”

Background to Paddington Central and the Joint Venture

Paddington Central was acquired in 2013 for £470m, at the time comprising three buildings, a retail and leisure cluster and two development sites. In 2015 we completed the acquisition of 1 Sheldon Square for £210m and in 2017 we completed the development of 4 Kingdom Street which achieved rents 40% ahead of the best rents at the campus on acquisition. Overall, the campus has delivered an average total property return of 9% per annum since acquisition.



The Joint Venture will initially comprise the following assets: 2 and 4 Kingdom Street, 1 and 3 Sheldon Square (including the retail and leisure element), the Gateway development site and surrounding moorings.

The Novotel at 3 Kingdom Street and the development site at 5 Kingdom Street currently remain outside the Joint Venture. On completion, GIC will be granted an unconditional option (via a separate joint venture vehicle established for this purpose) for a period of six months to acquire 50% of 5 Kingdom Street, a 438,000 sq ft development opportunity for c.£68.5m (plus share of capex) which includes some contingent consideration. GIC will also be granted an unconditional option (via the Joint Venture) to acquire 3 Kingdom Street at prevailing market value which expires five years from completion.

Financial effects of the transaction

The gross asset value of the assets acquired by the Joint Venture was £936m as at 30 September 2021 on a 100% basis and the net rental income attributable to those assets was £39m in FY 2021. We expect the transaction to reduce EPS per share by 1.6p on an annualised basis prior to reinvestment. The transaction will marginally decrease NTA per share (post fees and taxes) and will reduce leverage by c.500bps immediately on completion with proceeds to be reinvested in development and growth opportunities in line with strategy.

The gross asset values for 3 and 5 Kingdom Street were £62m and £122m respectively as at 30 September 2021. The net rental income attributable to 3 and 5 Kingdom Street was not material.

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About GIC

GIC is a leading global investment firm established in 1981 to secure Singapore's financial future. As the manager of Singapore's foreign reserves, we take a long-term, disciplined approach to investing, and are uniquely positioned across a wide range of asset classes and active strategies globally. These include equities, fixed income, real estate, private equity, venture capital, and infrastructure. Our long-term approach, multi-asset capabilities, and global connectivity enable us to be an investor of choice. We seek to add meaningful value to our investments. Headquartered in Singapore, we have a global talent force of over 1,800 people in 10 key financial cities and have investments in over 40 countries. For more information on GIC, please visit www.gic.com.sg or [LinkedIn](#).

About British Land

Our portfolio of high quality UK commercial property is focused on London Campuses and Retail & Fulfilment assets throughout the UK. We own or manage a portfolio valued at £13.3bn (British Land share: £9.8bn) as at 30 September 2021 making us one of Europe's largest listed real estate investment companies.

We create Places People Prefer, delivering the best, most sustainable places for our customers and communities. Our strategy is to leverage our best in class platform and proven expertise in development, repositioning and active management, investing behind two key themes: Campuses and Retail & Fulfilment.

Our three Campuses at Broadgate, Paddington Central and Regent's Place are dynamic neighbourhoods, attracting growth customers and sectors, and offering some of the best connected, highest quality and



most sustainable space in London. We are delivering our fourth Campus at Canada Water, where we have planning consent to deliver 5m sq ft of residential, commercial, retail and community space over 53 acres. Our Campuses account for 70% of our portfolio.

Retail & Fulfilment accounts for 30% of the portfolio and is focused on retail parks which are aligned to the growth of convenience, online and last mile fulfilment. We are complementing this with urban logistics primarily in London, focused on development-led opportunities.

Sustainability is embedded throughout our business. In 2020, we set out our sustainability strategy which focuses on two time-critical areas where British Land can create the most benefit: making our whole portfolio net zero carbon by 2030, and partnering to grow social value and wellbeing in the communities where we operate.

Further details can be found on the British Land website at www.britishland.com

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