

The **six Homebase stores** and an adjacent Sainsbury's store in Crawley were bought for £102 million at an overall initial yield of 4.75% with reversions to come. All these out of town Homebase stores share sites with a Sainsbury's food store and five have open A1 planning status.

The **Scottish Retail Property Limited Partnership** (a joint venture with Land Securities) acquired further adjoining malls at the East Kilbride Shopping Centre; these strategic purchases consolidated into the Partnership the ownership of the entire town centre scheme and enable all the interconnecting malls to be managed by the Partnership as an integrated shopping destination. The Partnership also purchased additional ancillary interests at the Bon Accord and St Nicholas Centres, Aberdeen.

£97.1 million was invested in **Songbird Estates plc**, representing a 15.8% interest in the consortium which now owns 61.85% of Canary Wharf Group PLC. At the published 31 December 2004 values (adjusted for the change in Stamp Duty relief in March 2005) British Land's interest is supported by £486 million of underlying investment and development properties in Canary Wharf, financed through this leveraged vehicle.

After 31 March 2005, we acquired our joint venture partners' 50% share in the BL West companies, for £50 million plus repayment of the related £108 million bank loan. We now own the office properties at 1 and 10 Fleet Place, EC4.

Sales £344m – 8% above valuation	Price £m	Gain £m
Group		
Swiss Centre, Leicester Square	47	12
3 Somerfield supermarkets	13	1
33 residential units	8	
7 properties (retail, offices and industrial)	18	1
	86	14
Joint Ventures		
100 New Bridge Street and Watling House	151	
6 office properties	59	9
17 pubs	22	1
13 properties (residential, industrial)	26	2
	258	12
Total	344¹	26^{1,2}

¹ Group and 100% of JVs (including our 50% share of JVs, £215 million sales completed in the year)

² gross gain over latest year end valuation

The BL West joint venture sold the City office properties at 100 New Bridge Street and Watling House, Cannon Street, EC2, for £151 million; the offer was known at the time of the valuation and reflected in it.

The largest gain was on the Swiss Centre, Leicester Square, W1. We had relocated the Swiss Tourism office and put other tenants on break clauses, so creating a premium price for its development potential.

Adding value to our assets

We add value by a range of asset management and development initiatives, building on our quality assets and customer focus. The product of these endeavours typically is increased rents and new lettings.

New lettings – value creation	Number	Sq ft 000	Rent* £m	Increase in rent[†] £m
Retail warehouses	25	330	6.1	3.4
Shopping centres	138	226	9.9	4.5
High street retail	26	71	3.4	2.3
City offices	17	755	34.4	32.9
West End offices	19	113	4.0	3.4
Other	129	1,532	10.1	7.8
Total	354	3,027	67.9	54.3

including 100% of joint ventures

* total annual rent including rent free periods

[†] above previous passing rent

In the year under review, including joint ventures:

- **354 new lettings and lease renewals**, covering 278,700 sq m (3 million sq ft) of property brought new rent of £67.9 million per annum, after expiry of rent free periods. These include letting all the available offices and most of the retail at Plantation Place, EC3 and concluding agreement with Willis to develop their new City headquarters;
- **226 rent reviews** were settled which have increased rent by over £12.7 million per annum, 7% above our external valuers' estimates at the valuation date preceding the rent review, and representing 4.6% per annum year on year growth over the five year review pattern;
- redevelopment of the **ILAC Shopping Centre, Dublin**, owned jointly with Irish Life Assurance, has commenced. This major upgrade will involve relocating certain tenants, remodelling units and extensive works to create new facilities and amenities for tenants and shoppers in what has become Dublin's premier retail destination. A return of 80% is projected on the cost of €60 million;
- three **extensions** were completed at stores occupied by Tesco providing 1,630 sq m (17,500 sq ft) at a cost of £4.1 million. Initial additional rent is £300,000 per annum;
- the **surrender and re-letting** to Next of a unit in Beaumont Leys shopping centre, Leicester has been agreed. In addition to improving the tenant mix, the new rent of £22 per sq ft will significantly increase the rental values for the adjacent units, from the previous low level of £12-14 per sq ft. This is estimated to generate an increase in value after costs of some £2 million;
- we were in active dialogue with **Alders and Courts** and, following their recent failures, we took the opportunity to negotiate the take back, remodelling, reletting and/or assignment of the eight stores in our portfolio, thereby improving tenant mix and increasing rents overall by an estimated £1.6 million per annum;

all examples of the many asset management projects each year which add value but are not widely reported.