



An artist's impression of 201 Bishopgate, EC2

Development programme

The Group's development programme is based on opportunities created from or otherwise complementing the existing portfolio. Development returns can involve substantial, unmanageable market risk and our approach often favours building to customer specifications, by agreeing pre-lets. We commit to projects in controlled stages on the basis of pre-lets or anticipated demand, adding value and quality assets to the portfolio and minimising income deficits, finance and other carrying costs.

Projects of 104,300 sq m (1.1 million sq ft) have completed on time and within budget. In a testing market we have achieved considerable letting success at these high quality office developments. At Plantation Place, EC3, the offices were fully let by November 2004 and the retail space is also now substantially let. Plantation Place South, EC3 is now being marketed.

We have committed to a further 159,400 sq m (1.7 million sq ft) of new projects, 75% of which are already pre-let.

Developments – 73% let			Sq ft	%	Income
Sector	PC ¹	000	Let by	contracted	&m
			rent		
Completed projects					
Plantation Place	City office	Q2 2004	542	99	26.6
Plantation Place South	City office	Q3 2004	161	1	0.1
10 Exchange Square	City office	Q2 2004	164	46	3.2
Thatcham	Distribution	Q3 2004	256		
			1,123	72	29.9
Committed projects					
51 Lime Street	City office	Q4 2006/ Q1 2007	475	99	21.0
The York Building, W1	West End office	Q4 2006	138		
Daventry (Plot E4 & C1)	Distribution	Q2/4 2005	1,050	100	2.5
Blythe Valley (Plot A1)	Business park	Q4 2005	53		
			1,716	75	23.5
Total			2,839	73	53.4

¹practical completion of construction, achieved or anticipated
Based on Group and 50% share of JVs (except areas which are at 100%)

At 51 Lime Street, **Willis Group** have contracted to take all the offices under a 25 year lease without breaks, take backs or put backs. In March 2005, we obtained a revised planning consent and have now started on site with a target to enable Willis to occupy in 2007.

The recent major pre-let of a 69,690 sq m (750,000 sq ft) distribution warehouse at the Daventry International Rail Freight Terminal on a 15 year lease to Tesco is in addition to the letting to Exel/Mothercare of 27,870 sq m (300,000 sq ft), and reinforces Daventry's position as a leading distribution location. Both developments have been contracted for forward sale on completion, at a significant surplus above cost.

Development prospects, as shown below, are those sites and properties where we have identified opportunities and are progressing with design, planning applications and site preparation for development projects. For example, at The Leadenhall Building a detailed planning consent has been obtained for a new 47 storey tower to provide 55,800 sq m (601,000 sq ft) of office accommodation; that is three times the floor space of the existing building.

Development prospects

Project	Sector	Sq ft 000	Cost £m'	Planning
201 Bishopsgate	City office	836	279	Revised submitted
The Leadenhall Building	City office	601	270	Detailed
Ludgate West	City office	123	47	Detailed
Regent's Place	West End office/ Residential	1,036	370	Osnaburgh submitted NEQ pending
Blythe Valley Park	Business Park	751	115	Outline/Detailed
New Century Park	Business Park/ Distribution	657	88	Outline
Meadowhall Casino	Leisure	409	124	Pending
Theale	Residential	254	46	Submitted
Daventry (BLR)	Distribution	335	5	Outline
Redditch (BLG)	Distribution	227	4	Detailed
Total		5,229	1,348	

¹ estimated costs of construction excluding land and interest costs
Based on Group and 50% share of JVs (except areas which are at 100%)

We have planning permission for 58% of the development prospects for commercial properties which, if they were built at a total cost to the Group of £529 million and fully let, would add further rental income of some £60 million per annum at current market rental values. This does not include 201 Bishopsgate where we have an existing permission but are in the process of seeking a revised planning consent for 77,630 sq m (835,600 sq ft).

At current market rents, if all these development prospects were completed and let, they would add a further £151 million per annum to rental income.

Further details of our development projects are shown later in this report.



Plantation Place, EC3

We have committed to a further 1.7 million sq ft of new projects, 75% of which are already pre-let.