

# Principal Investment Portfolios

## Retail



**Teesside Retail Park, Stockton-on-Tees**

### Out of town retail warehouses portfolio

**Total value £1,986m**

**British Land's share £1,678m**

69 retail warehouse properties,  
of which:

40 retail parks with total

355 units; and

29 solus units

Total floor area 541,800 sq m

(5.8m sq ft) 59% with open A1 use

Total site area 212 hectares

(524 acres)

Predominantly freehold

Total rent passing £94.3m pa,

British Land's share £77.5m pa

Average rent £16.17 per sq ft

Weighted average lease term

including breaks 16 years,

to expiry 16.5 years

#### Tenants include:

Argos

Asda

B&Q

Boots

Borders

Carpentryright

Comet

DFS

Dixons Group

Focus Group

Halfords

Homebase

Homestyle Group

JJB Sports

Marks & Spencer

Matalan

Mothercare

Next

Pets At Home

Poundstretcher

PRG Powerhouse

Sainsbury's

Sports World

Tesco

TK Maxx

Toys R Us

British Land's retail warehouse investments represent 13% of the total portfolio.

Included in these investments are:

#### Teesside Retail Park, Stockton-on-Tees

This freehold property is located at the intersection of the A66 and A19 trunk roads between Stockton-on-Tees and Middlesbrough and comprises:

Phase 1: 31,500 sq m (340,000 sq ft) of open A1 retail space arranged in 29 units, on a site of 19 hectares (47 acres).

Phase 2: a 3.3 hectare (8.1 acre) site located on the Park's principal access, comprises two retail units totalling 3,900 sq m (42,000 sq ft) occupied by Comet and Office World and three restaurant units totalling 1,090 sq m (11,700 sq ft).

Phase 3: an 11 hectare (27 acre) site, surrounding an existing leisure development (not in the Company's ownership), which may be considered for future development for commercial uses.

A standalone Pets at Home unit comprising 740 sq m (8,000 sq ft) and the reversionary interest in the adjoining Toys R Us unit also form part of the investment.

Total passing rent from Teesside is £7.3 million per annum.

#### Greyhound Retail Park, Chester

This freehold investment extends to 19,100 sq m (205,000 sq ft) of mainly retail floor space, located to the west of the town centre, close to other areas of retail warehousing. Included on the park are two leisure units (cinema and bowling alley) where the rents are based on retail values. Almost all the retail units have a valuable open A1 non food planning consent. Tenants include Carpentryright, Rosebys, DFS, Pets at Home and Dunelm.

The total passing rent is £3.9 million per annum.

#### Homebase DIY Stores

The portfolio of standalone Homebase stores has been expanded to 22 properties following the acquisition in March 2005 of a further portfolio from J Sainsbury. Located mainly in the South East of England, annual rents total £12.5 million, averaging £153.60 per sq m (£14.27 per sq ft). The majority are let on 20 year leases from December 2000. Total floor area is 81,430 sq m (876,500 sq ft).

#### The Kingston Centre, Kingston, Milton Keynes

(50% owned in joint venture)

The Kingston Centre occupies a freehold 14 hectare (35 acre) site, close to junctions 13 and 14 of the M1 motorway and provides a total of 22,500 sq m (242,000 sq ft) of open A1 retail space.

The Centre includes a 12,670 sq m (136,400 sq ft) Tesco Extra superstore with a petrol filling station and five retail warehouses totalling 7,100 sq m (76,500 sq ft). Tenants of these are Boots, Mothercare, Benson's Bed Centre, Marks & Spencer and Holiday Hypermarket.



#### **Homebase, Ipswich**

A further unit is in the course of construction for Next. There is a covered shopping mall with 12 units totalling a further 850 sq m (9,200 sq ft), a drive-thru McDonalds, a pub and a car showroom. Tesco has an overriding lease covering the superstore and mall units. A former car wash unit has been redeveloped and let to Dominos Pizza and Carphone Warehouse. Planning consent exists for a further retail warehouse unit which is under offer.

The total current rent is £5.0 million per annum.

#### **Orbital Shopping Park, Swindon**

This retail park adjoins a 13,935 sq m (150,000 sq ft) Asda superstore and comprises: 18,650 sq m (200,700 sq ft) in 6 retail warehouse units let to Homebase, Comet, Next, Borders, JJB Sports and Boots; and seven shop units, let to a variety of retailers including Blockbuster, Lunn Poly and Carphone Warehouse, together with a health club.

Rental income is £3.6 million per annum.

#### **The Beehive Centre, Coldhams Lane, Cambridge**

The site extends to 7 hectares (17 acres) in an area where major retailers are represented. Accommodation includes 14 non-food retail units totalling 14,600 sq m (156,900 sq ft) and a supermarket of 6,500 sq m (70,000 sq ft) let to Asda. Other tenants include Carpetright, JJB sports, Pets at Home, Maplin Electronics, TK Maxx and Toys R Us.

Rental income is £4.3 million per annum.

#### **Castle Vale Retail Park, Birmingham**

This scheme, close to junction 5 of the M6 motorway, is anchored by a 7,430 sq m (80,000 sq ft) Sainsbury store, with five non-food units occupied by Comet, TK Maxx, Thomas Cook, Argos and Choices Video, together 17,000 sq m (183,000 sq ft) with open A1 planning consent.

Rental income is £2.8 million per annum.

# Principal Investment Portfolios

## Retail



### Meadowhall

#### Meadowhall Shopping Centre, Sheffield

##### Value £1,430m

132,800 sq m (1,430,000 sq ft) retail

Site area 68 hectares

(167.3 acres, 57.7 acres undeveloped)

199 shop units, 10 anchor stores,

11 screen Warner Village cinema,

26 speciality kiosks, 20 mall kiosks

28 restaurants and cafes

(including Oasis food court)

seating for some 3,300

Up to 800,000 visitors per week at peak time

Direct access to junction 34 of M1 motorway

Free parking for over 12,000 vehicles

On site transport interchange with bus, train and supertram services

[www.meadowhall.co.uk](http://www.meadowhall.co.uk)

Freehold

100% owned

Rent passing £72.2m pa

Average rent (excluding M&S)

£56.16 per sq ft

Weighted average lease term

including breaks 16.1 years,

to expiry 16.7 years

##### Anchor stores:

BHS

Boots

Debenhams

H&M

House of Fraser

Marks & Spencer

Next

Sports Soccer

WH Smith

Meadowhall is one of the largest and most successful shopping centres in the UK.

The two level, fully enclosed mall with excellent transport links continues to be attractive to both retailers and their customers. For multiple retailers at Meadowhall, 80% of the units are in the top 10 performing outlets of their company, and for 26% they are the retailers' best performing outlet in the country.

Initiatives to benefit retailers and consumers include: the centre's interactive customer loyalty scheme, now with 100,000 subscribers; an on-line gift buying service; further development of technology for effective communication, including the introduction of 20 plasma screens.

The accelerated response centre (ARC), provides on-site warehousing and stock replenishment facilities and is being expanded during 2005. In total 70 retailers have now used this facility. The Source, a training and development centre, receives over 60,000 visits per annum.

Meadowhall's management has received more awards this year, including the British Council of Shopping Centres (BCSC) Merits award and the International Council of Shopping Centres (ICSC) productivity award for the ARC.

Rents passing are £72.2 million per annum and are expected to increase to £73.4 million per annum when outstanding rent reviews and lettings have been completed.



**Tesco, Formby**

**Superstores portfolio**

<b>Total value £1,738m</b>
<b>British Land's share £1,549m</b>
71 superstores located across England, Wales and Northern Ireland
Total floor area 441,000 sq m (4.7m sq ft)
Total site area 165 hectares (407 acres)
Total car spaces c.28,000
66 freeholds, 5 long leaseholds
58 stores 100% owned
13 stores owned 50% in joint ventures
Total rent passing £95.7m pa, British Land's share £85.0m pa
Average rent £20.19 per sq ft
Weighted average lease term to break and expiry 21.8 years

<b>Tenants:</b>
Safeway (3 stores)
Sainsbury's (44 stores)
Somerfield (9 stores)
Tesco (14 stores)
Waitrose (1 store)

British Land's investment in superstores now represents 12% of the total portfolio.

We calculate that we are the largest owner of UK superstores properties, other than the occupiers themselves.

In an increasingly restrictive planning environment and with limited new supply, the retailers continue to require more and larger stores and are prepared to commit to full lease lengths of over 20 years.

These investments, acquired over some 15 years, have been enlarged by 45 extensions adding a total of 60,850 sq m (655,000 sq ft), of which 1,625 sq m (17,500 sq ft) has been completed during the year.

In addition to these, British Land also owns, directly or 50% in joint ventures, a further 15 superstores which are included in other sectors of the portfolio (such as retail warehouse parks), and total a further 125,000 sq m (1,350,000 sq ft).

19 rent reviews were concluded during the year, adding some £4.5 million rent per annum. The most significant was the determination on the Sainsbury store at Islington, of 6,200 sq m (67,000 sq ft). The arbitrator's award was £26 per sq ft as a base rent which equated to £29.21 per sq ft after the adjustments for fixtures and fittings and lease terms. This now represents the highest award for a food superstore in the country.

# Principal Investment Portfolios

## Retail



**Queensmere Shopping Centre, Slough**

### In town retail portfolio

**Value £2,813m**

**British Land's share £2,187m**

10 shopping centres	418,060 sq m (4.5m sq ft)
39 department stores	554,150 sq m (5.9m sq ft)
91 high street shops	16 supermarkets
27,760 sq m (298,800 sq ft)	
Predominantly freehold	
Total rent passing £156.8m pa,	
British Land's share £119.5m pa	
Weighted average lease term	
including breaks 19.1 years to	
expiry 20.0 years	

<b>Major tenants:</b>
Debenhams
House of Fraser
Miss Selfridge
New Look
Next
Primark
Somerfield

This portfolio includes shopping centres, department stores and high street shops in selected locations in major towns and cities. Purchases this year have added the Debenhams stores and two shopping centres in Slough.

#### **Queensmere and Observatory Shopping Centres, Slough**

Two adjoining freehold covered shopping malls comprising the major part of the retail centre of the town, acquired in October 2004. Queensmere links with an existing 7,430 sq m (80,000 sq ft) Debenhams department store on the High Street.

The Queensmere centre was built in 1970; extended in 1986 and 1999; and refurbished in 1996. The scheme comprises 83 units in total 32,500 sq m (350,000 sq ft) and benefits from 700 car parking spaces. In addition to Debenhams, tenants include Littlewoods, Woolworths, New Look, HMV, H&M and Virgin. Although not within the ownership, Marks & Spencer also links into the scheme.

The Observatory was built in two phases in 1989 and 1991. It comprises 52 retail units in 17,400 sq m (187,000 sq ft); a health and fitness club; and 840 car parking spaces. Major tenants include TK Maxx, Top Shop and Argos.

#### **Eastgate Shopping Centre, Basildon**

A freehold covered shopping mall that constitutes a major part of the town centre. Eastgate was built in two phases in 1980 and 1985 and refurbished in 1994. In addition to over 65,030 sq m (700,000 sq ft) of retail space there are three blocks of offices totalling 11,800 sq m (127,000 sq ft) and 1,000 car parking spaces.

The centre has benefited from the arrival of ASDA Wal-Mart and, more recently, Debenhams as anchor tenants (the latter taking over from Allders). Other major tenants include Primark, New Look, Next, HMV and TK Maxx. A 360 seat food court is proving very successful.

We are members of the Basildon Renaissance Partnership, one of whose aims is regeneration of the town centre under the auspices of the Government's Thames Gateway project.

#### **The Peacocks Centre, Woking**

A long-leasehold covered shopping mall of 29,730 sq m (320,000 sq ft) on three levels. Completed in 1992, the scheme is the prime retail destination in the town. There is a direct link to the theatre and multi-screen cinema complex, and parking for 2,500 cars.

Debenhams have recently taken over from Allders as the centre's principal anchor and tenants among the 77 other units include Marks & Spencer, Miss Selfridge, Next, Primark, TK Maxx and Woolworths. A newly created 1,300 sq m (14,000 sq ft) unit has recently been let to New Look and all public facilities adjacent to the food court, an important element in the Centre's appeal, have been upgraded.

### **East Kilbride Shopping Centre, Scotland**

We have a 50% ownership of The Scottish Retail Property Limited Partnership, a joint venture with Land Securities. Following further acquisitions this year, the Partnership owns and manages the six principal malls forming the East Kilbride Shopping Centre as an integrated shopping destination, providing virtually all of the retail facilities in the town centre. The principal anchor is Debenhams, with many other major multiple retailers represented in the 240 units. The investment, including adjacent offices, comprises over 130,000 sq m (1.4 million sq ft).

### **Bon Accord and St Nicholas Centre, Aberdeen**

The Scottish Retail Property Limited Partnership also owns these prime shopping malls in the principal retail centre for north-east Scotland, providing more than 80 retail units with leisure and office facilities. A master plan is being developed to explore how to integrate the malls to provide a dominant, modern retail environment.

Through two joint venture companies we have 50% ownership of four shopping centres that are all anchored by Tesco superstores: Serpentine Green Shopping Centre, Hampton, Peterborough; Weston Favell Shopping Centre, Northampton; Beaumont Leys Shopping Centre, Leicester; Lisnagelvin Shopping Centre, Londonderry.

**Serpentine Green Shopping Centre, Hampton, Peterborough** is a freehold covered centre with a 12,080 sq m (130,000 sq ft) Tesco Extra plus 26 retail units totalling 15,610 sq m (168,000 sq ft). Other tenants include Boots, H&M, New Look, Gap, Next and WH Smith. There is a dedicated catering area, petrol station and 2,100 car parking spaces.

### **Department stores**

We are now investors in 39 department stores, 27 owned directly and 12 owned within the BL Fraser joint venture.

In March 2005, we invested in 23 Debenhams stores subject to leasebacks to Debenhams for a minimum of 24 years unexpired. In total these comprise 304,720 sq m (3.28 million sq ft) and locations include the flagship store in London's Oxford Street (34,070 sq m/366,700 sq ft); Market Street, Manchester (43,290 sq m/466,000 sq ft) and St Davids, Cardiff (13,010 sq m/140,000 sq ft). The total annual rent passing is approximately £28 million. The leases provide for minimum 2.5% per annum rental increases as well as the opportunity for five-yearly open market reviews from 2019 onwards.

In a separate transaction, the 12,910 sq m (139,000 sq ft) former Allders store at Arding & Hobbs, Clapham Junction was acquired subject to a 25 year leaseback to Debenhams at £1.25 million per annum initial rent. The lease also provides for 2.5% per annum minimum rental increases and five-yearly open market rent reviews from 2015.



**Debenhams, Oxford Street, W1**

The 12 stores within the BL Fraser joint venture comprise a total of approximately 81,750 sq m/880,000 sq ft in locations including Cardiff, Guildford and Leeds. All are let on leases to House of Fraser with approximately 34 years unexpired. The aggregate rent passing of approximately £14 million per annum is subject to open market review in 2009, when a minimum rent based on 3% per annum increase applies, and five-yearly thereafter.

Separately but on similar lease terms, the company owns 100% of the 46,450 sq m (500,000 sq ft) House of Fraser store in Corporation Street, Birmingham.

### **High street shops**

The majority are owned 100% and are located in prime retail positions throughout the UK. The 17 held within the BL Davidson joint venture are located within London. 68% by value is located within a Top 20 Centre as defined by retail consultants CACI Limited.

### **In town supermarkets**

Sixteen stores mainly located in smaller, market towns and all except one are let to Somerfield.