

## Customer focus

British Land has more than 1,400 occupiers across its portfolio. Whilst our long lease profile provides a solid bedrock, we recognise that the value of our portfolio is derived from customers choosing to lease space from us. Although a major part of this will be due to our commitment to invest in and maintain prime properties, we are also committed to continue to adapt the way we work to support our customers' own changing business needs most effectively. Where property management is being outsourced to managing agents, we are also continuing to improve our support and direction of them.

In 2005 we chose to accelerate improvements in our approach to customer service. This has resulted in a number of new initiatives, and changes to the way we work. The following is a summary of some of our customer initiatives:

- We joined Real Service, the industry customer service group of 20 owners and 15 managing agents. The group has developed an Engagement Index to benchmark customer service processes in each business against a best practice model. We have used this framework to support our efforts to identify areas we can improve.
- We undertook a Perception Study, interviewing senior decision makers from 60 of our largest customers to identify areas where we should improve. The following is a brief summary of their feedback:
  - We provide excellent property – very good buildings in strong locations.
  - The Pillar acquisition has been seen to be a positive move, merging Pillar's out-of-town retail expertise with British Land's market leadership.
  - Our customers want closer relationships with our own property team.
  - There is an opportunity to provide more active direction to our managing agents and to monitor their performance more effectively.

We will extend our customer surveys in 2006, across our portfolio as a whole, to benchmark our performance year on year and to provide greater clarity regarding the performance of our team and our service partners.

- Our property team is undertaking more frequent communication and contact with occupiers to build closer ongoing customer relationships, to understand more clearly how we can support their businesses and to receive feedback on our performance as a supplier.
- We have undertaken a review of our managing agents, resulting in a consolidation from 19 to 8 partners. This will enable us to establish greater service consistency across the portfolio and to support our managing agents more actively.
- We are standardising service charge management processes to enable our customers to benchmark costs across our portfolio and the industry as a whole so that they can have greater transparency that they receive value for money.
- We introduced 'Our Service Commitment' to communicate service expectations to our customers and to enable more effective performance management of our service providers. We have published this for our customers, staff and service providers. It is also available on our website.

## Accelerating development programme

British Land's development programme is based on opportunities created both out of existing investments and from acquisitions. We commit to projects on the basis of pre-lets or anticipated market demand, creating quality assets for the portfolio.

Projects involving a total of 113,500 sq m (1,222,000 sq ft) have been completed during the year, on time and within budget. New commitments to develop 201 Bishopsgate and The Broadgate Tower, Ropemaker Place and Ludgate West have been made in the year, enhancing our important City offices development programme. We expect City rental growth to put rents significantly higher during 2007-2009; our speculative developments should be well timed for delivery into this improving market.

The distribution warehouse units at Daventry International Rail Freight Terminal have been successfully completed and sold during the year.

Another phase of the Blythe Valley Park development has completed and the first letting of some 1,860 sq m (20,000 sq ft) has been achieved.

Construction of the Nugent Shopping Park has been completed and tenants already trading well include Next, Debenhams, Mothercare, Cotswold, Game, Clarks and Carphone Warehouse. Other retailers 'under offer' include HMV, Waterstones, WH Smith, Mamas & Papas, Jessops, and Clintons, representing the majority of the remaining space.

The construction of The York Building, W1, is programmed for completion in late 2006 to provide some 8,640 sq m (93,000 sq ft) offices, 1,770 sq m (19,000 sq ft) retail and ancillary space, and 22 residential apartments. It is intended that approximately 3,700 sq m (40,000 sq ft) of office space will be occupied by us as the new British Land head office.