

## Asset management

Our aim to add value to the portfolio and our attention to customer needs and service across the business are reflected in the range of asset management and development activity. Good results have been generated from new and renewed lettings, rent reviews, lease restructurings, planning improvements and scheme refurbishments. Our market leadership in Retail and in Central London offices offers tenants an unrivalled choice – and this scale benefits both parties.

	Number	Sq ft 000	Rent, £m pa	
			New total	BL share of increase
<b>New lettings and lease renewals</b> (including Funds and Joint Ventures)				
Retail warehouses	75	554	13.3	8.0
Shopping centres	135	485	16.9	6.9
High street	16	87	1.3	0.1
Central London offices	22	197	8.1	4.4
Other	129	543	5.4	2.5
<b>Total</b>	<b>377</b>	<b>1,866</b>	<b>45.0</b>	<b>21.9</b>

	Number	New total	Rent, £m pa	
			Increase	BL share of increase
<b>Rent reviews</b> (including Funds and Joint Ventures)				
Retail warehouses	57	20.4	5.1	3.6
Superstores	27	31.0	2.6	2.1
Shopping centres	115	28.8	2.4	1.8
High street	15	3.4	0.4	0.4
Central London offices	20	39.3	0.1	0.1
Other	23	5.1	0.2	0.2
<b>Total</b>	<b>257</b>	<b>128.0</b>	<b>10.8</b>	<b>8.2</b>

Across the portfolio, we concluded 257 reviews at overall 5.5% above the external valuer's applicable ERV, generating an increase in current rental income to British Land of over £8m pa.

### Retail parks

During the year we have achieved more lettings at our out-of-town locations to retailers who are either moving from in town or introducing new formats for out-of-town trading. We are able to deliver both revised unit sizes and new formats at these properties, responding flexibly and meeting retailers' changing requirements.



Nugent Shopping Park, Orpington

Our completed development at Nugent Shopping Park, Orpington is now fully let or under offer; major retailers represented there include Game, HMV, Vision Express and WH Smith Stationery. The latter two are first lettings to these companies in out-of-town retail park formats. HUT has secured the first out-of-town lettings to Stylo Barratt's new concept store, Shutopia, at Parkgate, Rotherham and Borehamwood Shopping Park. HSBC also took their first out-of-town unit at Borehamwood.

**Marks & Spencer** is one of the retailers active in developing new out-of-town formats, and extending their 'Simply Food' outlets. Across our portfolio this year we have concluded seven new lettings to M&S over a total floor area of 250,000 sq ft at locations including Stockton, Edinburgh, Preston and Hayle – and there are more in negotiation. In several cases we have been able to revise planning and design, and improve configurations, to meet this customer's individual requirements.

**GOOD RESULTS HAVE BEEN GENERATED FROM LETTINGS, RENT REVIEWS, LEASE RESTRUCTURINGS, PLANNING IMPROVEMENTS AND SCHEME REFURBISHMENTS**



Tesco, Bulwell

### Meadowhall shopping centre

Letting activity has included 29 new lettings and renewals covering over 220,000 sq ft. These include the reconfiguration of the area previously occupied by Sainsbury's where **Primark** and **Next** have taken units of 73,000 sq ft and 66,000 sq ft in the new space, recently delivered to these tenants for their fit out. The major refurbishment programme is well advanced and expected to complete on schedule in October 2007. These works have included the balcony bulkheads being cut back to improve the visibility of the shops when viewed between ground and first floor levels. The Arcade columns have been reduced in diameter, lighting and signage have been enhanced, and escalators and lifts are being renewed. All these improvements are designed not only to maintain Meadowhall as a pre-eminent regional shopping centre but also to provide customers with ease of movement around the centre and a more comfortable shopping environment.

### Superstores

In this sector of the portfolio we see operators continuing to prefer long leases to secure their trading positions. During the year we completed a surrender and renewal of the lease to **Sainsbury's** at a store in Surbiton which was due to expire in 2014. The new lease has a term of 30 years from March 2007 (an effective extension of 23 years) at an increased rent.

Our joint ventures with **Tesco** have agreed and funded extensions to provide a total of 72,000 sq ft of new space at four stores – another way to add to our holdings in this selected sub sector where there is restricted supply. The extensions include one complete redevelopment (increasing the store size by over 50,000 sq ft) to provide a new Tesco Extra store with ancillary units. Further extensions of a total 50,000 sq ft have been agreed and are being implemented over the course of this year.

### London offices

New lettings at Plantation Place South, EC3 in the year of a total of 73,000 sq ft have been achieved, including 28,000 sq ft to AIG Global and 19,000 sq ft to Arch Insurance. Plantation Place South is now 76% let. We have also let (after the year end) the last remaining floor of 14,500 sq ft at 10 Exchange Square, Broadgate, to Herbert Smith at £55 per sq ft – a new rental high for the estate.

A number of value enhancing initiatives have been taken at our London offices over the year. Reflecting our confidence in the market, we negotiated the take-back of the lease to Baring Investment Services in respect of 38,000 sq ft at 155 Bishopsgate. We have refurbished this area, as part of our ongoing programme, and it is now available for open market letting. **UBS**, an existing tenant at Broadgate, had a requirement for further office accommodation. To meet their needs we were able to agree with two other tenants the surrenders of leases at 6 Broadgate and re-let 66,000 sq ft to UBS. This established a revised open market rental value for unrefurbished space, and another indication of the improvement in City occupational market conditions.

A planning application has been submitted and preparatory works are in hand at 338 Euston Road, Regent's Place in respect of a major refurbishment and extension of the ground floor and common parts, together with at least 20,000 sq ft on three floors; this project is intended to create a new standard and profile, and to establish new market rental evidence on relettings.

### Customer focus

In our 2005 Annual Report we recorded major changes in our approach to customer service. There have been encouraging results from this activity. To assess our progress, in early 2007 we undertook independent Customer Surveys to understand our occupiers' perception of our management effectiveness:

- 73% rated British Land as excellent or good in fulfilling its role as a landlord
- 84% said they would recommend British Land.