

Joint Venture		Portfolio Valuation	Net Rent	Finance	BL Interest
Portfolio	JV Partner	£m	£m ¹	£m	£m ²
BLT Properties Ltd 1 retail park, 8 Tesco superstores	Tesco PLC	363	15	185	93
Tesco BL Holdings Ltd 2 retail parks, 2 shopping centres each anchored by Tesco, 5 Tesco superstores	Tesco PLC	705	29	315	154
Tesco British Land Property Partnership district shopping centre anchored by Tesco	Tesco PLC	109	5	45	20
Tesco Aqua Limited Partnership 21 Tesco superstores	Tesco PLC	652	29	487	84
The Scottish Retail Property Limited Partnership shopping centres in Aberdeen and East Kilbride	Land Securities PLC	703	37	430	107
BL Fraser Ltd 12 department stores	House of Fraser PLC	296	14	130	70
Eurofund Investments Zaragoza SL³ Puerto Venecia, out-of-town shopping scheme	Private Investors and Copcisa Corp	154	–	16	73

¹ Annualised ² BL share of net assets ³ Development project

Joint Ventures

The Joint Ventures provide British Land with access to desirable properties (often off market), within a separate entity formed for the purpose, and controlled on a 50:50 basis by a board carrying equal representation from each partner. The entities are able to raise finance on the strength of their assets, usually with no support from the partners, thereby significantly lowering the initial equity investments and enhancing returns on capital. The enterprise is shared by the partners, over a specific agreed lifetime for the venture.

Key activity since April 2006 included:

- In March 2007 a fourth joint venture with Tesco PLC was formed, The Tesco Aqua Limited Partnership. The £650m portfolio has an initial rent of £29m per annum from 21 superstores let to Tesco.
- The formation in May 2006 of the new joint venture in respect of Zaragoza, Spain, to develop a 2.2 million sq ft out-of-town shopping scheme.
- The acquisition of the outstanding 50% ownership of BL Davidson for approximately £256m in August 2006.

Although some of the Joint Ventures have different year ends from British Land, the accounting periods recognised have now been aligned to the Group's March year end using management accounts, to assist the requirements of quarterly reporting.

The summary details of the principal Joint Ventures in which we have a 50% share are shown above.

People

Individuals are essential ingredients in our long term success. It is important that we retain and attract motivated and skilled professionals able to deliver our strategy and work effectively in a small and focused team.

The business model is people light and asset heavy – it leverages the work, skill and judgement of a relatively small staff over a large value of efficiently financed assets. The strategy and business changes introduced in 2005 are designed to emphasise the 'human value added' in order to lift performance at the property level, whilst retaining efficient translation to profits and net asset value via financial and fiscal structure. This is all the more important in a

market where outperformance is going to be delivered through superior rental growth and an activist approach to asset selection and management.

To accomplish our performance goals and the shift in business model, the Company is engaged in a process of management renewal and culture change, targeting a high performance, open and meritocratic culture where its people are motivated individually and as a team to outperform competitors, subject to maintenance of quality and security overall.

During the year that process has included:

- reinforcement of the annual appraisal process introduced in 2005 with specific financial and non-financial goals for executives, and alignment of the remuneration structure to support performance against objectives
- succession planning for a number of key retirements during the period
- recruiting further property professionals to assist the execution of our intensive asset review and management process
- expanding our development team in response to the increased programme activity
- reshaping the Finance & Tax teams following the major restructuring of the Group's internal corporate structure on REIT conversion.

At a time of intense business activity, our staff have responded to the challenges presented by major changes in the composition of our teams.

Our move to a new Head Office is aimed at providing our staff with the modern efficient environment we offer to our customers and we are already reaping the benefits of improved communication and effectiveness at York House.

Forward looking statements

In preparing this Business Review we have had regard to the recommendations and guidance issued by the Accounting Standards Board, insofar as we consider they are relevant to our business model and industry. We have provided herein a commentary on our markets, activities and prospects. Readers will understand that where we make forward looking statements they reflect our current views; future results will depend on many factors and interactions which may cause outcomes to differ from those anticipated.