

# Business Review

Our strategy aims to deliver returns through the **high occupancy and rental growth** which results from successfully building our business around customer needs.

## Introduction

This Business Review sets out what British Land has achieved in the year under review and the market context in which we operate. It shows how our actions fit the strategies we have laid out. It shows the business and financial results of those actions. We seek to highlight positioning for the future, risks in our business and how we are managing them as well as giving Key Performance Indicators ('KPIs') to judge progress.

Importantly we show also the way our business is shaped by and responds to the needs of our customers and the wider needs of society in relation to the built environment of which we represent an important part.

## Objectives and strategy

British Land's primary objective is to produce superior, sustained and secure long-term shareholder returns from management of our chosen real estate activities and their financing.

Our strategy aims to deliver returns through the **high occupancy** and **rental growth** which results from successfully building our business around customer needs. We seek to do this in a number of ways. Property sales and purchases adjust the market and sector mix of our property portfolio to best capture trends in **customer demand**. Within our selected markets we also recycle capital, buying and selling buildings to improve the appeal and growth prospects of our holdings. And we look to create more value from new development in areas where demand for the best new space is highest. Our occupancy and rental growth prospects are further enhanced by **active asset management** to hone our buildings' customer appeal.

The importance of the investment markets which interlink with our occupier markets also dictates that financial management, partnerships and deal-doing complement our property-based strategies to capture and translate property returns most efficiently to our shareholders.

In executing these strategies our 'bedrock' disciplines are:

- a focus on areas where we have or can build competitive advantage;
- clarity that our business success will come from serving customers well;
- a bias to high-quality assets, with long lease profiles and favourable demand and supply characteristics;
- strong integrated risk management skills – blending leasing, development, asset and liability risk into a single attractive and secure growth proposition for shareholders;
- a confident, entrepreneurial, performance-driven culture;
- particular regard for long-term income/cash flow growth; and
- an appreciation of the importance of sustainability to our customers and other stakeholders in the built environment on which we operate.

## British Land's activity in 2007/8

This was a year dominated by the global 'credit crunch' and its actual and possible impacts on real estate markets. British Land continued implementation of our activist strategy producing outperformance at property level, in rental growth and underlying profits. We also mitigated market-led damage to our business by reducing gearing ahead of price falls, by exceptional balance sheet and debt structuring and by moving our property portfolio to reduce exposure to assets with weaker occupancy and growth prospects. None of these actions came at the cost of future growth.