



RETAIL OCCUPIER SURVEY 2011

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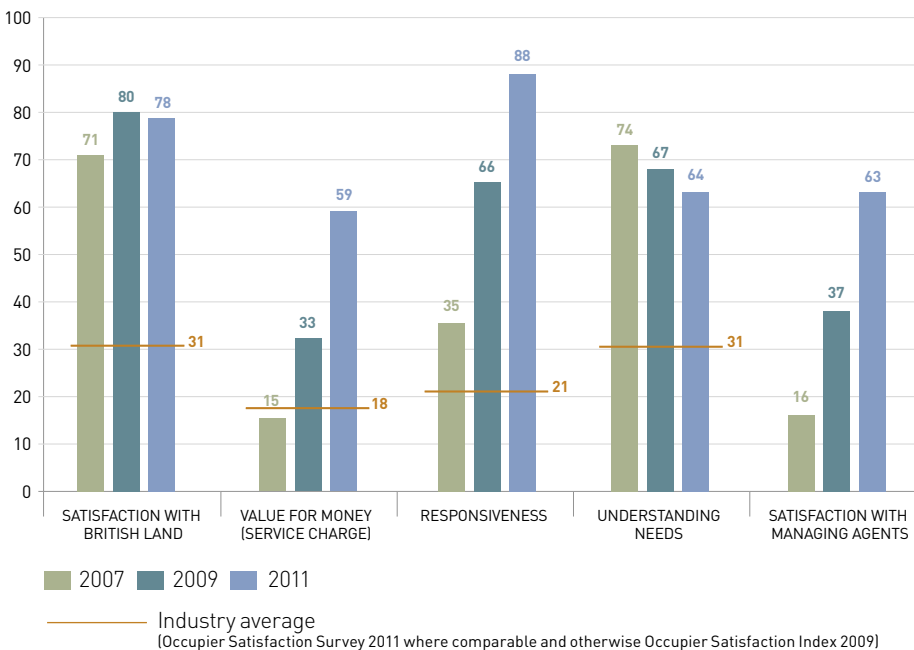
OVERVIEW

85% OF OUR RETAIL OCCUPIERS RATE THEIR OVERALL SATISFACTION AS A RETAILER AS GOOD OR EXCELLENT, AND WE CONSISTENTLY OUTPERFORM INDUSTRY AVERAGES.

In 2011, we carried out our fourth independent UK retailer survey. We aim to be the partner of choice for retailers, understanding and anticipating their needs and helping them to achieve their objectives by providing modern accommodation in prime locations, adaptable to changing formats.

RETAILER FEEDBACK

Retail occupiers rating as good or excellent (%)



85%

RETAIL OCCUPIER OVERALL SATISFACTION AS A RETAILER

“BRITISH LAND IS A VERY FLEXIBLE COMPANY THAT UNDERSTANDS RETAIL. THEY PROVIDE A SERVICE TO HELP US MAXIMISE OUR BUSINESS.”

Home and garden retailer

RealService carried out 236 telephone interviews with property directors, store managers and estate surveyors. The ‘overall satisfaction as a retailer’ question was new in 2011 and so does not feature in the above chart.

“I think that British Land is a model landlord, as you can go and talk to them and they will listen. It seems that other landlords are seeing the benefit of this and are starting to copy them.”

Estates Surveyor, fashion retailer

WHAT WE’LL DO NEXT

Based on retailer feedback, we will:

- Reinvigorate our key account programme to understand and support our retailers in a difficult economic climate.
- Develop a new Retailer Charter to drive service excellence throughout our supply chain.
- Enhance the transparency of our mid-year reviews and forecasts, year-end statements and insurance renewal reports.
- Continue to actively manage costs whilst maintaining high standards, through smart procurement, efficient management and creative thinking.

+ RETAILER CHARTER

WE PLAN TO DEVELOP A RETAILER CHARTER TO DRIVE SERVICE EXCELLENCE WITHIN OUR SUPPLY CHAIN

SERVICE CHARGES

59% OF OUR RETAIL OCCUPIERS RATE OUR VALUE FOR MONEY ON SERVICE CHARGES AS GOOD OR EXCELLENT (INDUSTRY AVERAGE: 18%*).

75% of our retailers rate our service charge management as good or excellent.

Similarly, in an independent audit by the RealService Best Practice Group, we scored 95% for issuing both budgets and year-end statements on time (industry averages: 78% and 69% respectively).

WHAT WE'VE ALREADY DONE

Following our 2009 retailer survey, we worked with our managing agents and a number of retailers to identify opportunities to cut costs. We saved retailers £2.9 million, with average savings of 10%, whilst maintaining high levels of service and footfall. We also used the scale of our portfolio to reduce insurance premiums by 5%. As a result, satisfaction with value for money has increased significantly to 59% (2009: 33%).

We liaise with the Property Managers Association (PMA), British Property Federation (BPF), Investment Property Databank (IPD) and Royal Institution of

Chartered Surveyors (RICS) on service charge initiatives and benchmarking, to raise standards across the sector. At our properties audited against the Service Charge Code by the PMA, we have achieved four Platinum Awards and 12 Gold Awards, over the last two years.

We provide all occupiers with budget packs (containing a three-year forecast and detailed apportionment schedule), mid-year reviews and forecasts, and reconciled year-end statements. We also monitor whether occupiers receive service charge information on a timely basis.

59%

RETAIL OCCUPIER SATISFACTION WITH SERVICE CHARGE VALUE



“BRITISH LAND PROVIDES BETTER VALUE THAN SOME LANDLORDS. THEY SEEM TO UNDERSTAND THAT KEEPING COSTS DOWN HAS A DIRECT BENEFIT TO THEM AS WELL AS US.”

Fashion retailer



At Beaumont Shopping Centre in Leicester, we cut electricity costs in 2010/11 by 39%, saving retailers £22,000. Our on-site team achieved this by negotiating better rates for electricity and introducing a series of energy efficiency initiatives.

*Occupier Satisfaction Index 2011, rating satisfaction with service charge arrangements as seven out of ten or above.

SERVICE CHARGES continued

WHAT WE'LL DO NEXT

Based on retailer feedback, we will:

- Continue to actively reduce costs whilst maintaining high standards, through smart procurement, efficient management and creative thinking.
- Introduce full-day service charge meetings with retailers to discuss the budgets for the next year.
- Develop more detailed planned preventative maintenance (PPM) plans for all major assets and include these in our budget packs.
- Introduce secure, online access to all service charge documents.
- Provide more detailed information on insurance cover, issue insurance invoices in a timely manner and ensure our insurance reports reach the right people.
- Enhance the transparency of our forecasts and year-end statements, in line with our new, more reader-friendly service charge budgets issued in 2011.

+ REDUCE COSTS

USING SMART PROCUREMENT, EFFICIENT MANAGEMENT AND CREATIVE THINKING WE WILL CONTINUE TO REDUCE COSTS

MORE FEEDBACK

“British Land has been influential in the adoption of the RICS Service Charge Code and the Ten-Point Service Charge Plan. They are really trying to push and improve all the time.”

Head of Estates, fashion retailer

COMMUNICATION

58% OF OUR RETAIL OCCUPIERS RATE OUR COMMUNICATION AS GOOD OR EXCELLENT (INDUSTRY AVERAGE: 35%*).

Our Head of Retail Asset Management, Ben Grose, is leading our efforts to improve how we engage with retailers. He has over 16 years of retail asset management experience.

WHAT WE'VE ALREADY DONE

We have already:

- Introduced a key account management programme, following feedback from retailers in our 2005 survey. This contributed to the high satisfaction levels we achieved in 2009, but we recognise that we now need to do more.
- Hosted discussion groups on key issues with retailers, in partnership with the Property Managers Association (PMA).
- Launched quarterly online updates on initiatives to deliver value, save natural resources and make a difference. [Sign up to our updates](#)

→ Ben Grose, Head of Retail Asset Management, has over 16 years of retail asset management experience.



“BRITISH LAND DOES LISTEN TO YOU. THEY ARE ALWAYS PREPARED TO SPEAK TO YOU, WHICH IS VERY DIFFERENT TO OTHER LANDLORDS, AS NORMALLY YOU CAN'T GET PAST THE MANAGING AGENT. BRITISH LAND IS VERY APPROACHABLE.”

Head of Property, electrical retailer

58%

RETAIL OCCUPIER SATISFACTION WITH COMMUNICATION

WHAT WE'LL DO NEXT

Based on retailer feedback, we will:

- Reinvigorate our key account programme and invest in new customer relationship management tools - making sure we liaise with both directors and estate surveyors - as often as they want and as formally or informally as they want.
- Work more closely with retailers to better understand their challenges in the current economic climate and give more time to social activities with retailers.
- Develop a Retailer Charter to drive service excellence throughout our supply chain.

MORE FEEDBACK

“Some landlords don't listen to you and they act like dictators, but British Land is not like that, as they do listen to us. It makes me feel like I'm important to them.”

Sports retailer

+ KEY ACCOUNTS

WE WILL BE INTRODUCING NEW CRM TOOLS TO IMPROVE COMMUNICATION WITH RETAILERS

PROPERTY MANAGEMENT

79% OF OUR RETAIL OCCUPIERS RATE OUR PROPERTY MANAGEMENT AS GOOD OR EXCELLENT (2009: 56%).

72% of our retail occupiers rate our engagement on property management as good or excellent. 80% rate our management of consultants and agents as good or excellent.

63% of our retail occupiers rate our managing agents as good or excellent (2009: 37%).

WHAT WE'VE ALREADY DONE

We work with a small number of managing agents so that we can manage them closely, to deliver consistently high performance.

We have already:

- Introduced fixed fees for standard Licences for Alterations and started monitoring how quickly these are issued.
- Removed any link between management fees and service charge costs (since 2006), meeting RICS Service Charge Code recommendations.
- Subsidised on-site management support at some of our smaller retail properties.

- Invested over £1 million in marketing and promotion across our retail portfolio this year, for instance funding websites at many of our major retail parks.

Following our 2009 occupier survey, our managing agents successfully worked with retailers to improve satisfaction dramatically.

We proactively monitor our managing agents' performance on customer-focused standards, and report this on a quarterly basis. [View latest performance](#)

79%

RETAIL OCCUPIER SATISFACTION WITH PROPERTY MANAGEMENT

"OF ALL THE LANDLORDS, BRITISH LAND IS WALKING THE WALK IN IMPROVING ITS PROPERTY MANAGEMENT SERVICE AND ENGAGING WITH OCCUPIERS TO ACHIEVE THAT."

Fashion retailer



- ← At Meadowhall Shopping Centre in Sheffield, Yorkshire's premier shopping destination, we have begun a £7 million transformation of the Oasis food court, creating a sleek and contemporary 61,000 sq ft dining quarter, due to be completed by October 2011.

PROPERTY MANAGEMENT continued



“BRITISH LAND KNOW THEIR PROPERTIES. THEY ARE CLEARLY NOT JUST SITTING IN AN OFFICE; THEY GET TO THEIR PROPERTIES AND SEE THEM REGULARLY. THEY KNOW WHAT’S GOING ON, SOMETIMES BETTER THAN WE DO! THIS LEADS TO OPPORTUNITIES THAT FAVOUR BOTH SIDES.”

Real Estate Manager,
food and drink retailer

WHAT WE’LL DO NEXT

Based on retailer feedback, we will:

- Review the approvals process to identify opportunities to minimise any delays in the process for retailers and improve responsiveness.
- Carry out an international review of latest retail innovations and consumer trends to identify opportunities to help retailers to improve trading.

Our managing agents will also develop and implement their own plans to address any issues identified by retailers.

⬆ At the Kingston Centre in Milton Keynes, our managing agent GVA is set to cut landscaping costs in 2011/12 by 58%, saving retailers £12,200. They are achieving this by switching supplier to a small local nursery, which has also set up weekend sales in a previously unused courtyard, enhancing the aspect of the area and increasing trade for adjacent craft centre retailers.

+ INNOVATION

WE ARE REVIEWING INTERNATIONAL RETAIL INNOVATIONS TO TRY TO FIND WAYS TO HELP UK RETAILERS

MORE FEEDBACK

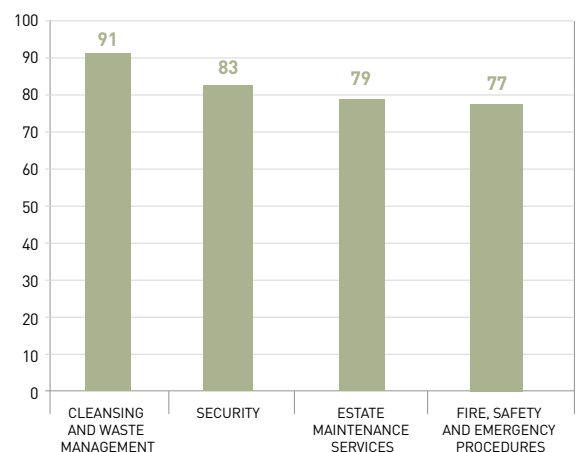
“British Land manage their consultants better than most. The managing agents on the retail parks take a lead from British Land. Many landlords are hands off but British Land give their solicitors and agents instructions on how to behave and what to do.”

Property Manager, home and garden retailer

“The teams British Land employ do a good job. Their agents are pretty much on top of their game, which can’t always be said for other managing agents and landlords.”

Home and garden retailer

Retail occupiers rating as good or excellent (%)



LEASE CODE

83% OF OUR RETAIL OCCUPIERS RATE OUR LEASE CODE COMPLIANCE AS GOOD OR EXCELLENT (INDUSTRY AVERAGE 55%*).

We aim to offer fair leases that meet our occupiers' needs. We are members of the Commercial Landlords Accreditation Scheme and support the voluntary Commercial Lease Code (2007).

WHAT WE'VE ALREADY DONE

We own some of the best retail assets in the UK, providing our occupiers with modern, flexible and affordable environments which allow them to thrive.

We have continued to agree major leasing transactions with retailers in a testing market, maintaining a 99% occupancy rate (as at 31/12/10).



83%

RETAIL OCCUPIER SATISFACTION WITH LEASING

← At Whiteley Village in Fareham, we have obtained planning consent to replace the existing factory outlet with flexible new retail accommodation, cafés and restaurants, office space, more community facilities and improved public spaces. Our plans were informed by feedback from retailers and local residents.

WHAT WE'LL DO NEXT

We are progressing with 1.4 million sq ft of planned retail development in the UK and Spain (as at 31/12/10), including remodelling and extending our existing assets.

Prospective projects include Puerto Venecia in Zaragoza (Spain), Whiteley Village in Fareham, Glasgow Fort Shopping Park, Fort Kinnaird Shopping Park in Edinburgh and Surrey Quays Shopping Centre in London.

➔ At Glasgow Fort Shopping Park, we plan to significantly increase the size and range of the offer, through a two phase, 220,000 sq ft extension. An eight-screen cinema is already pre-let to Vue Entertainment and 80,000 sq ft of retail space is pre-let to Marks & Spencer.



“BRITISH LAND IS THE TRENDSETTER WHEN IT COMES TO LEASE CODE COMPLIANCE.”

Fashion retailer

+ 1.4M SQ FT

WE HAVE 1.4 MILLION SQ FT OF PLANNED RETAIL DEVELOPMENTS IN THE UK AND SPAIN

*Occupier Satisfaction Index 2011, rating satisfaction with the leasing process as seven out of ten or above.

CUTTING ENERGY COSTS

59% OF OUR RETAIL OCCUPIERS RATE OUR ENVIRONMENTAL COMMITMENT AS GOOD OR EXCELLENT (INDUSTRY AVERAGE: 16%*).

A further 42% state our sustainability initiatives add value to their business (2009: 50%).

We focus on sustainability initiatives that improve efficiency, delivering cost savings to our occupiers – at the same time as saving natural resources and reducing carbon emissions. For more information, please visit www.britishland.com/responsibility

WHAT WE'VE ALREADY DONE

Across our like-for-like retail portfolio, we cut energy use by 20% in 2010/11 compared to our baseline two years before, saving retailers an estimated £440,000, at the same time as reducing emissions by 3,300 tonnes.

We also re-used or recycled 61% of all managed retail waste, diverting 16,500 tonnes from landfill. At our UK properties, this saved over £200,000 in landfill taxes.

59%

RETAIL OCCUPIER SATISFACTION WITH ENVIRONMENTAL COMMITMENT



← At Teesside Shopping Park in Stockton-on-Tees, we cut energy use by 26% in 2010/11 compared to the year before, saving occupiers £17,000 – thanks to the on-site team reducing lighting levels out of hours.



→ At Fort Kinnaird Shopping Park in Edinburgh, we cut water use by 65% in 2010/11, saving occupiers £28,000 – thanks to the on-site team identifying underground leaks which they then got the water company to fix.

“SUSTAINABILITY IS VERY HIGH ON OUR AGENDA. BRITISH LAND HAS A CONSISTENT FOCUS ON PUBLICATIONS AND RESEARCH. THEY ARE MORE INVOLVED IN SUSTAINABILITY THAN ANY OF THEIR PEERS.”

Fashion retailer

CUTTING ENERGY COSTS continued



← At Nugent and Prospect Place Shopping Parks in Kent, we diverted 170 tonnes from landfill, equivalent to £8,150 in landfill taxes – thanks to a waste management review which increased recycling across the two sites to 61%, from 22%.

WHAT WE'LL DO NEXT

In 2011/12, we will:

- Introduce our energy metering system and optimisation process at two shopping centres, following a successful pilot at our Head Office. We expect it to reduce base-build energy use (common parts and shared services) by at least 10%, recouping capital costs within five years through energy savings.
- Undertake waste management reviews at properties which are not achieving our 55% recycling target.
- Identify individual retailers who want to engage with us on sustainability.
- Update retailers on sustainability initiatives through quarterly online updates and annual sessions in partnership with the Property Managers Association (PMA).

+ WASTE REDUCTION

WE WILL UNDERTAKE WASTE MANAGEMENT REVIEWS AT PROPERTIES NOT ACHIEVING OUR 55% TARGET

WHO WE SPOKE TO

REALSERVICE CARRIED OUT 236 TELEPHONE INTERVIEWS WITH RETAIL PROPERTY DIRECTORS, STORE MANAGERS AND ESTATE SURVEYORS.

Interviews were conducted during January and February 2011, with each interview lasting between 30 and 40 minutes. Quantitative and qualitative feedback was gathered.

WHO WE SPOKE TO

- Alexon
- Arcadia
- ASDA
- B&Q Kingfisher
- Boots
- Brantano (UK)
- Carpetright
- Claire's Accessories
- Costa
- CSL Sofas
- Disney Store
- Dreams
- Dixons Retail
- Game
- Gap
- Gondola Group
- House of Fraser
- JD Sports
- Matalan
- McDonalds
- Nando's
- New Look
- Next
- Poundworld
- ScS Sofas
- Sports Direct
- Starbucks
- Steinhoff
- Superdry
- The Restaurant Group
- Thorntons
- TK Maxx
- Toys R Us
- Vision Express
- Whole Foods Market

We welcome feedback from our retail occupiers.



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