

KEEPING COSTS DOWN

We are delighted that 82% of our occupiers independently surveyed rated British Land as good or excellent, an increase from 73% in 2007. Along with our managing agents, we are committed to build on this – and delivering value for money remains our key priority. Find out what our occupiers said and how we plan to address the issues you identified.



RETAIL

“Retailer feedback indicates that we are meeting your needs more successfully. We will continue to work with you and our managing agents to improve performance further. Thank you for your feedback.”

—Andrew Jones, Head of Retail

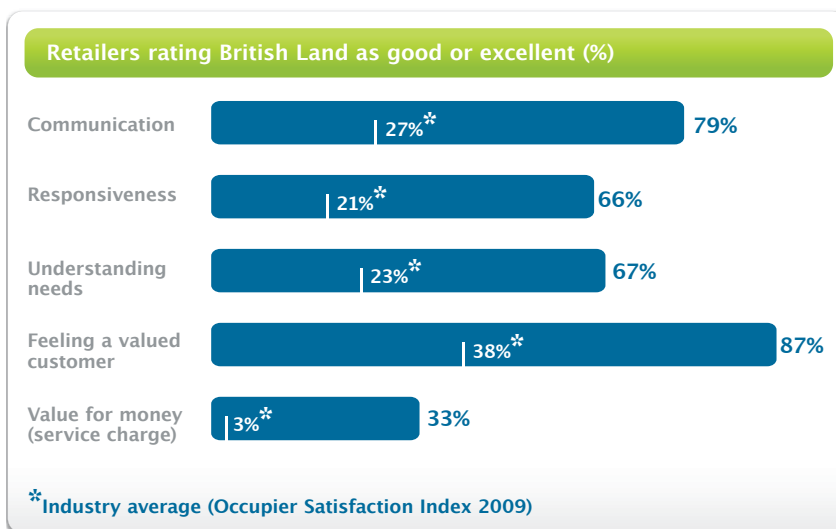
“British Land has been quicker than other landlords to grasp the facts of what is going on in the market and proactively act on that understanding.”

Property Director (Fashion Retailer)



RETAIL

80% of you rated British Land as your landlord as good or excellent, an increase from 71% in 2007.



This year, we will be focusing on:

- Reducing service charges further
- Managing our agents more closely
- Ensuring that we comply with industry codes
- Standardising the approvals process
- Working with you to understand your needs
- Controlling energy costs

Who we spoke to RealService carried out over 30 telephone interviews with Property Directors, senior members of facilities management teams and personnel responsible for service charges and sustainability. Interviews were conducted during January and February 2009, with each interview lasting between 30 and 40 minutes. Quantitative and qualitative feedback was gathered.

“British Land has been seeking ways to reduce the service charge, so I would say that it is good value for money. Compared to other landlords, it is far better.”

Estates Surveyor (Fashion Retailer)



REDUCING SERVICE CHARGES

33% rated satisfaction with value for money on service charges as good or excellent, up from 15% in 2007. Our managing agents are determined to identify and deliver greater savings wherever possible to improve satisfaction in future.

IN 2009 *you said:*

“They need to get the service charge costs down. It is an additional cost burden for retailers. They need to act quickly. Retail is dynamic; it’s a fast-moving situation.”

- Service Charge and Ratings Manager
(Retailer)



SO WE WILL:

Target 15% reductions in service charges across our shopping centres and 5% across our retail parks. This will save retailers almost £3 million.

“British Land should stop introducing extra layers of management costs. The agents are increasing the number of people who have a vested interest in our parks, which means that costs are going up.”

- Assistant Property Manager
(Electrical Retailer)



Fix management fees for the next three years. Continue to fund the cost of new Regional Centre Managers for the next year and cap management fees on our retail parks at £50,000.

“Getting value for money for insurance will be the next big thing. Landlords should be trawling the market for the best value for money.”

- Service Charge Consultant (Grocery Retailer)



Cut insurance rates across our portfolio by 10% and reduce brokerage fees from 20% to 15%.

What we have already achieved →

What we have already achieved **Reducing service charges**



Voted the Property Managers Association's (PMA) Best Service Charge Provider 2008.



Communicated to our agents that service charges are your money and must be spent with your needs in mind.



Worked with you and our agents to reduce service charges, whilst maintaining essential services.



Monitored and managed our agents' ability to deliver within budget.

“I know if British Land acquire a park they will improve it.”

Director of Estates (Retailer)



MANAGING OUR AGENTS

37% rated our managing agents' performance as good or excellent, up from 16% in 2007. Encouraged by this significant improvement, our managing agents are committed to working with retailers to make sure their needs are met.

IN 2009 *you said:*

“It's clear to me when their agents communicate with us that it's British Land who is making the rules.”

- Estates Manager (Sports Retailer)



“I would like to see one point of contact introduced, as I think that this would be a meaningful step in the right direction.”

- Head of Property (Food and Drink Retailer)



“Agents need to be responsive to our store managers' needs on site.”

- Director of Property (Grocery Retailer)



“British Land needs to manage its agents more tightly and give them clear direction on how they should be working.”

- Director of Property
(Home and Garden Retailer)



SO WE WILL:

Maintain these high standards, monitoring our agents' performance against our customer-focused key performance indicators.

Pilot a managing agent key contact programme for retailers.

Carry out mystery inspections of our properties to monitor agents' performance.

Work with each managing agent to develop performance improvement plans to raise standards and improve consistency.

What we have already achieved →

What we have already achieved **Managing Agents**



Fixed management fees from 2006 to 2009, removing any link to service charge costs.



Funded new Regional Centre Managers, also reducing the cost to retailers of those who were already in place.



Introduced customer-focused performance indicators for our agents, publishing results each quarter.



Consolidated agents to five firms, Colliers CRE, Montagu Evans, Munroe K, Savills and Smith Young.

We use agents because they represent the most cost efficient and effective way to manage our portfolio, enabling us to respond quickly to the purchase or sale of properties. This approach also means that we can adapt the level of management provided, as appropriate.

“British Land does comply with the Service Charge Code and the timing is very good. In fact it exceeds it! I wish other landlords would take a leaf out of their book.”

Estates Surveyor (Fashion Retailer)



COMPLYING WITH THE CODES

96% considered that British Land complied with the Service Charge Code, an improvement from 75% in 2007. 96% considered that British Land complied with the Lease Code, an improvement from 71% in 2007.

IN 2009 *you said:*

“They offer a good, clear level of detail so that anyone picking up the document can relate to it.”

- Estates Manager (Sports Retailer)

“The overriding message is ‘be transparent’. Landlords should be as accurate as they can be regarding building insurance valuations.”

- Service Charge Consultant (Grocery Retailer)

“There are inconsistencies. It’s good in some places but less so in others.”

- Property Director (Fashion Retailer)

“It’s our money they are spending and we want an input into how they do this. There should be greater consultation and closer working between us.”

- Estates Manager (Sports Retailer)

“British Land have got nothing to hide and they provide very good information.”

- Service Charge Consultant (Grocery Retailer)

SO WE WILL:

Continue to provide detailed budget packs and monitor our agents’ ability to deliver service charge information on a timely basis.

Provide detailed insurance statements each June, including property valuations, premium rates, brokerage fees and the cost per m², as well as a comparison to the previous year’s figures.






Ensure that all managing agents comply with our Service Charge Procurement Policy and target Property Managers Association (PMA) Service Charge Gold Awards for all properties audited.

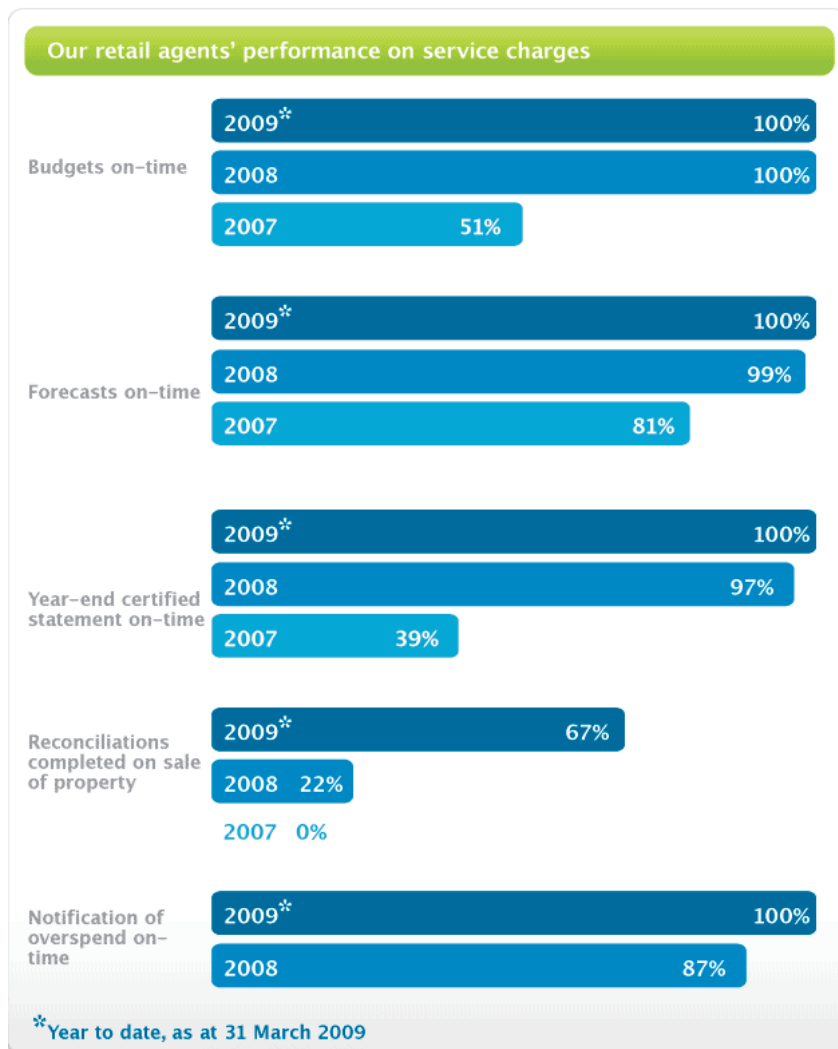
Hold service charge budget forums with retailers and managing agents.

Continue to publish service charge performance data. Measure compliance with the Service Charge Code through the RealService industry benchmark.

What we have already achieved →

What we have already achieved **Complying with the codes**

-  Property Managers Association (PMA) Service Charge Code Audits: eight Gold Awards and three Silver Awards.
-  Provided you with budget packs (containing a three-year forecast), mid-year reviews and forecasts, and annual reconciled statements.
-  Monitored whether our agents provided you with service charge information on a timely basis.
-  Issued Lease Code and Service Charge Code guidelines to all our agents.
-  Joined the Commercial Landlords Accreditation Scheme.



“The speed they turn things around is good. Things don’t get dropped on a pile and sat on for months. Their process is more ‘in and out’.”

Estates Manager (Sports Retailer)



STANDARDISING APPROVALS

62% rated the approvals process as good or excellent.

IN 2009 *you said:*

“British Land does respond to requests quickly. There are never any problems with things like applications for alterations. It always goes smoothly.”

- Property Manager (Grocery Retailer)

“Their process is efficient. Generally, it would be good if it could be more streamlined and less costly.”

- Director of Property (Home and Garden Retailer)



SO WE WILL:

Work with agents to maintain high standards, continuing to monitor whether they respond to requests for alterations within five days, as well as issuing Letter Licences or instructing solicitors within five days.

Fix licence fees for agents to £300 for a Letter Licence and £500 for a Formal Licence (complex licences may incur additional costs).

What we have already achieved **Standardising approvals**



Responded to 98% of requests for Licences for Alterations within five days in 2008, as well as writing Letter Licences or instructing solicitors within five days of receipt of full information.

Our retail agents' performance on Licences for Alterations



*Year to date, as at 31 March 2009

“I feel they are making a genuine attempt to help their tenants out. Over the last 12 months they have shown a clear response to market conditions and through talking to each other we understand one another better.”

Estates Manager (Sports Retailer)



WORKING WITH RETAILERS

79% rated communication as good or excellent, an increase from 67% in 2007. 66% rated responsiveness as good or excellent, an increase from 35% in 2007.

IN 2009 *you said:*

“British Land’s overall performance levels are very high. They are willing to meet up and have frank discussions. They will speak about their overall portfolio rather than just individual stores.”

- Estates Surveyor (Fashion Retailer)

“I find them distant because I have no direct contact with them.”

- Property Director (Fashion Retailer)

“I get the feeling that British Land don’t have much direct communication with tenants and that they are happy to hide behind their agents.”

- Estates Manager (Fashion Retailer)



SO WE WILL:

Continue to work with retailers to build good relationships through our key account programme.

Identify retailers with whom we do not currently have a direct relationship and explore ways to encourage dialogue.

Publish a retail directory providing contact information for the British Land team, as well as for managing agents. Continue to send email updates directly to retailers.

What we have already achieved **Working with retailers**



Increased footfall by 3% in the first quarter, compared to the same period last year, based on car count data.



Developed a key account programme to build relationships with retailers.



Provided email updates to all retailers, as well as publishing information online.



Published a retail contacts directory.

“It helps us to work with an organisation that takes its environmental responsibilities seriously. We are able to benefit from the initiatives that they have in place.”

Estates Manager (Fashion Retailer)



CONTROLLING ENERGY COSTS

50% considered that our sustainability initiatives added value to their business. 46% stated that environmental initiatives were now more important to their company than they were a year ago.

IN 2009 *you said:*

“Cost is the key driver for us in our approach to sustainability.”

- Director of Property (Fashion Retailer)



“Environmental initiatives are more important than ever because our energy costs are going up.”

- Estates Surveyor (Fashion Retailer)



“They may be doing some good work but I am not aware what they are doing. They should let us know.”

- Energy Manager (Retailer)



“Environmental initiatives are becoming more important as awareness grows. This is also due to the growing expectations of our stakeholders.”

- Energy Manager (Retailer)



SO WE WILL:

Focus on environmental initiatives that deliver cost savings.

Prioritise reducing the amount of energy used for lighting across our retail portfolio, as well as for heating and cooling in our shopping centres.

Raise awareness of energy initiatives with retailers and identify target retailers to increase engagement.

Implement sustainability initiatives at our retail properties to support our retailers' initiatives. Divert managed waste from landfill, to minimise exposure to landfill taxes and protect the environment. Reduce water use to cut bills and conserve natural resources.

What we have already achieved →

What we have already achieved **Controlling energy costs**



Saved occupiers £600,000 over the last four years by reducing like-for-like energy use.



Saved retailers over £330,000 last year by diverting 83% of managed retail waste from landfill.



Ran a Sustainability Exhibition which toured 18 properties.



Developed environmental action plans for many of our shopping centres and major retail parks.



Worked with retailers at several properties on environmental initiatives.