Acquisitions

Description	Cost £m	NIY %	Area sq ft	Cost £ per sq ft
12 months to 31 March 2008				
18 Dering Street, W1	6.6	2.7	5,200	1,264
Great Capital Partnership investment*	233.4	4.6	858,000	544
19/25 Argyll Street, W1*	26.6	4.1	63,600	836
65/71 Bermondsey Street, SE1	9.4	2.7	16,600	566
43 Fetter Lane, EC4*	10.7	–	28,000	768
54/56 Jermyn Street, SW1*	10.2	5.3	28,400	725
100 Regent Street, W1*	26.6	5.5	53,000	1,003
266/270 Regent Street, W1*	5.7	9.1	14,800	769
9 Holyrood Street, SE1	5.8	4.6	14,100	411
52/54 Broadwick Street, W1*	9.1	5.2	29,600	615
Great Ropemaker Partnership investment*	10.5	–	–	–
	354.6			599

*Properties held in joint venture.

Sales

Description	Price £m	NIY %	Book value 31 March 2007 adj for capex £m
12 months to 31 March 2008			
Sale of initial properties to GCP	161.6	4.6	161.6
Met Building, 28 Percy Street, W1	107.0	4.1	109.0
45/51 Whitfield Street and 14/22 Tottenham Street, W1	16.1	4.4	13.8
240 Blackfriars Road, SE1	20.5	–	31.2
Sale of properties for The Crown Estate swap	30.8	4.3	27.9
	336.0		343.5

Capital recycling – investment management
This year has seen exceptional levels of investment activity across the Group with the equivalent of 45% of our starting portfolio either bought or sold. We have crystallised attractive returns and improved the Group's liquidity by selling £336.0 million of properties and bought £354.6 million of new assets with multiple opportunities to generate significant rental value growth.

Great Capital Partnership investments
In April 2007, we invested £233.4 million to create GCP, a new joint venture with Liberty International subsidiary Capital & Counties which started with a portfolio of 17 holdings across central London.

In August, GCP acquired a further five properties in four transactions at a cost of £159.6 million (£79.8 million our share) in Jermyn Street, SW1, Fetter Lane, EC4 and Regent Street, W1 all adjacent or near to existing holdings providing enhanced opportunities for asset repositioning. In December, GCP purchased a 29,500 sq ft holding fronting Broadwick Street, W1 for £18.2 million (£9.1 million our share) bringing the Group's total property investment in GCP to £322.3 million for the year.

In February, GCP completed a swap transaction with The Crown Estate involving 580,000 sq ft of property valued at £358 million across the West End. GCP swapped three of its properties worth £61 million in exchange for three new leasehold properties, one freehold and more favourable terms on a number of its other leaseholds generating an immediate value uplift of £81 million. In addition to unlocking value instantly, GCP now has a number of future repositioning opportunities through the improved head lease terms negotiated. There are three elements to the deal:

- the acquisition of a freehold interest in 26/40 Kensington High Street, W8 (previously GCP held a 104 year leasehold interest) and three further 150 year leasehold properties adjoining the Park Crescent Estate, W1;
- the extension and improvement of GCP's existing leasehold interests from The Crown Estate at eight holdings on Argyll Street, Regent Street, Park Crescent and Portland Place, W1. GCP and The Crown Estate have regeared the leasehold interests extending their length, reducing the rent paid to The Crown Estate and loosening various operational, user and development restrictions which will enable GCP to refurbish and redevelop the properties over time; and
- the transfer by GCP to The Crown Estate of 21 Sackville Street, W1, 99/101 Regent Street, W1 and 203 Regent Street, W1. The assets were valued at £61.1 million at 31 December 2007 and produced an annual rent, net of ground rents of £2.6 million per annum.

Other acquisitions
In our wholly owned portfolio, we made three acquisitions at a cost of £21.8 million during the year, all adjacent to existing holdings. 18 Dering Street, W1 was purchased to augment our holding on the western side of Hanover Square; Bramah House, 65/71 Bermondsey Street together with 1 Black Swan Yard, both in Southwark were acquired to extend our holdings in this part of the Southbank; and 9 Holyrood Street, SE1 was acquired in March to enhance the expansion potential of our adjacent buildings in Shand Street opposite our successful Tooley Street, SE1 development.

Sales
We have continued to recycle capital, either selling properties where we have executed our strategy, using properties to seed joint ventures or swapping properties for those which offer the Group better opportunity for value creation. At the beginning of the period, our initial GCP assets were sold into the new joint venture. In September, we sold Met Building, 22 Percy Street, W1, the Group's successful development completed in 2005, for £107.0 million, off a net initial yield of 4.1%, and crystallised a return on total capital employed of 156% since purchase in June 2003.

Asset management activity

	Events	Sq ft	Total rent £m	Premium to March 2007 ERV %
Lettings and renewals				
Completed	85	492,000	19.8	5.9
Rent reviews				
Completed	20	156,500	3.6	5.9
Total including JVs	105	648,500	23.4	5.9

Void rate

	% of rent		Sq ft	
	March 2008	March 2007	**March 2008**	March 2007
Void	**3.2**	5.0	**87,000**	126,400
Refurbishment and Development	**13.9**	15.7	**349,400**	266,600
Total including JVs	**17.1**	20.7	**436,400**	393,000

In December, two buildings located in Whitfield Street, W1 were sold for £16.1 million, generating a profit of £2.1 million or 15% above their March 2007 valuation, net of transaction costs.

Asset management
The asset management team has continued to deliver across the portfolio.

- 85 new leases completed (2007: 47 leases) generating annual rent of £19.8 million (2007: £7.2 million) or 28% of year end rent roll;
- some 5.9% ahead of our valuers' March 2007 rental levels and providing positive momentum across our portfolio;
- rent reviews of £3.6 million (2007: £3.0 million) were settled during the year;
- total space covered by new lettings, reviews and renewals was 648,500 sq ft up 137% from 273,200 sq ft in 2007; and
- voids in the investment portfolio have been kept consistently low with the March 2008 position of 3.2% compared to 5% at March 2007.

The Group (including our share of JVs) took lease surrenders worth £10.4 million per annum associated with 294,000 sq ft in the year to March 2008 (2007: £64,000 sq ft). In many cases these transactions enabled rental levels to be enhanced from the previous passing rent or to allow a refurbishment scheme to be implemented. In addition to the 53,000 sq ft vacated by the tenants at lease expiry or break, of the total, 30,400 sq ft has been re-let with the remainder taken into the rolling refurbishment programme for subsequent re-letting at higher levels.

At 160 Great Portland Street, W1 we regeared the occupational leases to Virgin Media, which were due to expire in June 2008, to new eleven year leases at slightly higher than the valuers' estimate of rental value at March 2007.

Other operational achievements during the half year included lettings at Kent House, Market Place, W1 and Elsley House, Great Titchfield Street, W1 following completion of comprehensive refurbishments at both properties. New retail and office rental evidence has been set in Regent Street, W1 and Oxford Street, W1 following judicious lease surrenders; successful refurbishment projects were also completed at Pollen House, Cork Street, W1, 67/75 Kingsway, WC2, and Carrington House, Regent Street, W1.