

the review

Realising Potential – Delivering Solutions

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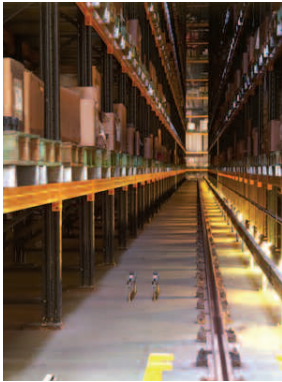
about NAI Fuller Peiser



We are independent industrial and commercial property consultants working with major corporate occupiers and owners of property.

Operating from six offices throughout the UK, our alliance with NAI Global makes us part of the largest independent network of commercial property consultants in the world.

We offer a complete range of transactional and professional property services, ranging from agency, development and investment advice to corporate real estate services, including business rates, landlord and tenant appraisal, property management and corporate asset management. We also offer construction services, planning consultancy and supply chain consultancy.



By being close to our clients and working in focused teams, we seek to realise the potential of our clients' property assets and deliver integrated and comprehensive property solutions to meet their business needs.

chairman's message



I am delighted to report the results of a very good year for NAI Fuller Peiser, achieved by concentrating on those areas where we have recognised strengths and a clear competitive advantage, together with hard work and effective teamwork.

The Board, which was set up last year and whose membership is drawn from across the firm, including both partners and senior executives, has been at the forefront of our success in providing leadership and a focal point for the delivery of our strategy. Our membership of the NAI Global network has provided some exciting business opportunities. With a growing requirement to meet the global needs of our clients, I am sure we will see further benefits in the years to come.

Although we saw some signs of a recovery in the UK occupier market last year, it is still patchy and business confidence is not high. On the other hand, investor appetite remains very strong and the demand for commercial property investments is at fever pitch. Yields continue to tighten – despite the subdued occupier market and a possible increase in long-term interest rates – suggesting that investors are prepared to accept a lower risk premium for commercial property than hitherto. If occupier markets fail to move forward in the next 12 months, this optimism could prove unfounded.

We have a clear strategy and a management structure attuned to the needs of our clients and the business. We have an excellent team, led by Martin Coles, and the confidence derived from a job well done in the year under review. For these reasons, I am convinced that we will make further progress this year and beyond.

A handwritten signature in black ink, appearing to read 'Jimmy'.

James Tuckey
Chairman

managing partner's report



Our firm's year has been one of strong growth and a further improvement in profit, up for the sixth year running. Income has risen by close to 15% and profit by some 39%. This is an excellent result.

General market conditions have been favourable and this has assisted the out-turn. Yet most of the success is the product of considerable hard work by all in the delivery of clear objectives set by the Board to achieve our strategy (launched in January 2004) to further grow and develop the firm. My thanks to all of my colleagues for their invaluable contributions.

Over the year, we have continued to build our core area of industrial and logistics property advice, towards the simple aim of becoming the leading property advisors to this sector. This has included the development of our investment team, the opening of a new office in Bristol and the launch of a major joint research project with the Freight Transport Association into the effects on the logistics sector of the EU Working Time Directive. In addition, we have continued to develop our international work through our membership of NAI Global, the world's leading managed network of commercial real estate firms. This has included being actively involved in the global leadership and delivery of a number of high profile instructions for international clients, as well as assisting our UK clients on overseas property issues.

"NAI Fuller Peiser are best described as being capable of thinking and working as if they were an in-house property department".
Ross McDonald, Company Secretary, McKechnie



Alongside the development of our core areas, we have continued to build three teams to meet specific property needs in the retail and leisure sector, business sector and specialist sector, which encompasses education, life sciences and development. The specialist sector has had a strong year with successful completion of a number of major development assignments. The retail and leisure team has also been particularly active, securing a number of national instructions for property cost reduction services.

All of this is built on putting our clients first and continually striving to improve our service delivery to meet the needs of each client. To this end, we have augmented our support teams, particularly in marketing and completed a strategic review of our IT needs to further improve our delivery.



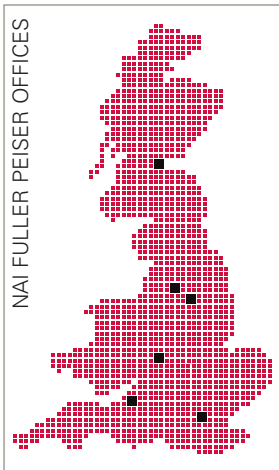
On 01 December 2004, we became one of the first major commercial property consultancies to convert to a Limited Liability Partnership. We believe this provides us with the best platform to continue to grow the firm and attract the best people.

We face the current year well placed to continue to deliver our clear strategy to further develop NAI Fuller Peiser, by providing integrated and comprehensive property solutions to our clients.

A handwritten signature in black ink, appearing to read 'MJC'.

Martin J Coles
Managing Partner

our focus

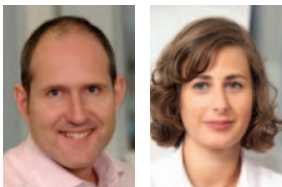
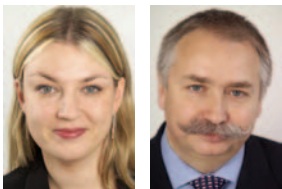


It is impossible to thrive in a highly competitive environment without a clear focus, and merely aiming to win business is not enough. Our strategy is to pursue opportunities where we are strong and from this platform continually improve and develop in all other areas. This allows us to provide the best possible results for our clients.

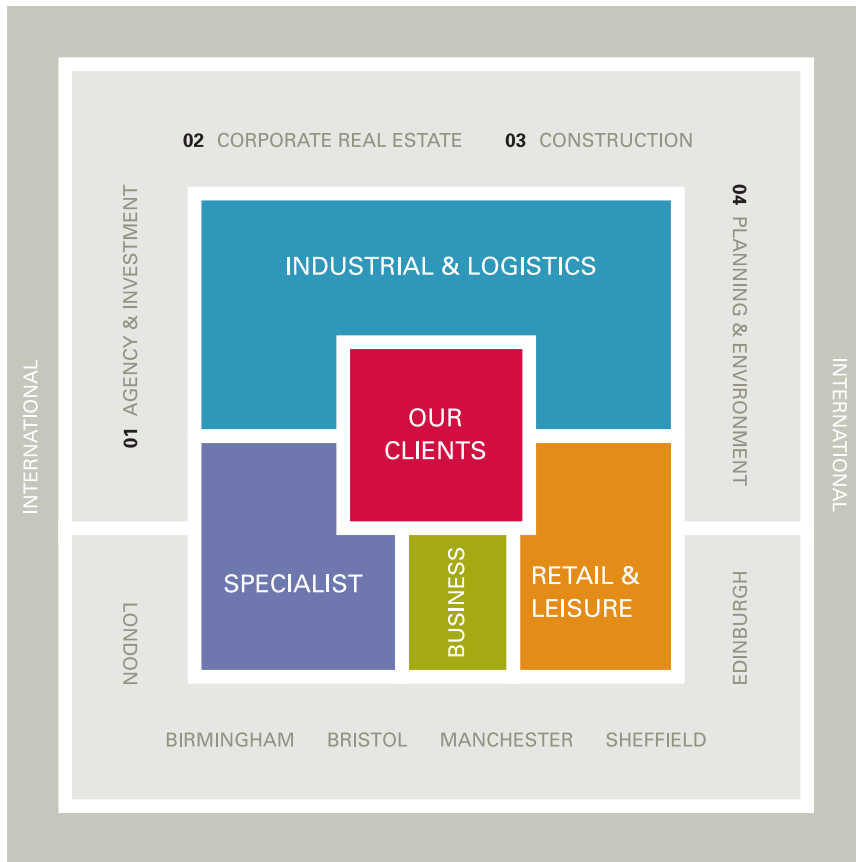
The Industrial and Logistics sector represents over half of our current business. This continues to grow as businesses respond to the pressures and opportunities of globalisation and deregulation through expansion, relocation or rationalisation. Our standing makes us an automatic port of call for businesses in this sector that need to manage the property implications of change. As globalisation drives cross-border activity, our membership of NAI Global is helping our clients follow their markets internationally.

Building on our success over a number of years, we are also focused on other areas where we can add value to our clients' operations. So in Retail and Leisure, Business services and our Specialist sector, which includes Life Sciences, Education, Healthcare and Development Consultancy, we have built up teams that can deliver specific, focused services from designated locations. We foster an entrepreneurial spirit that motivates the people closest to our clients to adapt and respond continually to their changing circumstances. We seek to apply efficient and expert resources via our regional office network. This ensures national coverage of all transactional and professional services.

Working with NAI Fuller Peiser needs to be an experience that leaves the client with a sense of purpose achieved and us with a sense of purpose delivered. Through listening and responding to our clients, we aim to realise the potential of their property assets and deliver integrated and comprehensive property solutions to meet their business needs. Put simply, we are all about Realising Potential – Delivering Solutions.



our structure



01 AGENCY & INVESTMENT

Acquisition
Disposal
Development
Financial advice

02 CORPORATE REAL ESTATE

Business rates
Landlord & tenant
Corporate appraisal and valuation
Corporate asset management
Property management

03 CONSTRUCTION

Project management
Building and architectural services
Supply chain consultancy

04 PLANNING & ENVIRONMENT

Planning and environmental consultancy

global reach



Globalisation, driven by the irresistible pressures of technology and deregulation, has resulted in massive change for many clients.

As businesses move onto a global footing, particularly in terms of markets and production processes, we have formed an alliance with NAI Global, the world's leading managed network of commercial real estate firms. This allows clients who operate globally to receive a seamless international service, while our domestic clients feel the benefits of the strength and depth of experience, training and service afforded to us by the larger network.

NAI Global's managed network, entrepreneurial structure and best-in-class technology helps clients anywhere in the world to tap into 3,500 experts in 300 offices across 40 countries.

What distinguishes NAI Global is its proven ability to create synergies within the network and focus members on working together to maximise global share. It achieves this by actively managing the network through its in-house team and facilitating its members' involvement.

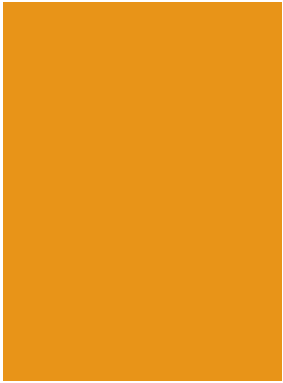
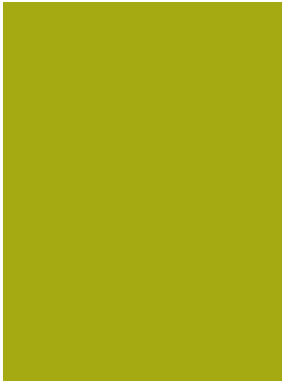
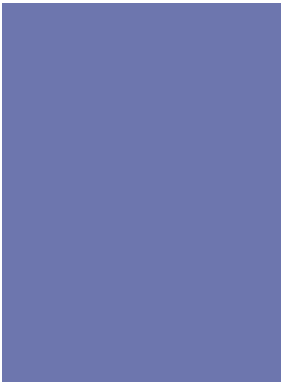
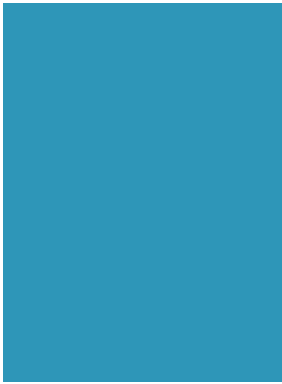
Through NAI Global, we can effectively offer clients not just a comprehensive range of services with international reach, but a matrix that allows them to access some of the most successful, independent property consultants in the world. The end result is global capability added to our established local expertise.

"When we need to get something done halfway around the world, our NAI Account Executive coordinates with the regional Managing Director to ensure that our objectives are met. Wherever our business takes us globally, NAI has us covered".
Bob Burgholzer, Gillette

GLOBAL OFFICES



industrial & logistics





NAI Fuller Peiser is synonymous with industrial and logistics advice across a full range of property services to both occupiers and owners.

Our activities span current agency instructions on over 12 million sq ft of buildings and 800 acres of land on behalf of funds, developers and occupiers, right through to making business rates savings for occupier clients of over £250 million during the last ten years.

We aim to be the leading property consultants for occupiers, owners and developers of property within this sector. We are achieving this by delivering both specific services and total property solutions driven by our clients' needs. We are also providing our clients with thought leading opinion and research on key issues affecting the sector, such as the Working Time Directive, which the UK government estimates will cost the industry over £1 billion.



^ **BOMBARDIER
TRANSPORTATION**

Disposal of three major UK industrial sites and development advice across Europe, plus 12,000 sq ft office acquisition



^ **GILLETTE**

Disposal of a 10 acre manufacturing site in West London



^ **ROLLS-ROYCE**

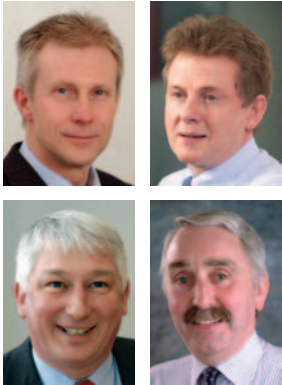
UK wide group property consultants



^ **PROLOGIS**

Agency, investment and development advice, including a 750,000 sq ft speculative development at ProLogis Park, Stafford

"NAI Fuller Peiser are a user-friendly firm with good knowledge of the industry that we are in".
Simon Jenkins, VP of Development, ProLogis



Despite trends to transfer manufacturing overseas, the UK continues to attract inward investment. An environment of low inflation and interest rates, infrastructure improvements and government policy ensures that the UK is the top investment destination in Europe and second only to the US in the world.

With fierce price competition demanding ever higher levels of efficiency, industrial clients are particularly active in the rationalisation or relocation of facilities and processes in the UK and overseas. Redundant properties often need to be considered for alternative, higher value uses, and environmental issues need to be addressed. This requires careful planning and expert advice.

We work with occupier clients to minimise existing property costs, review property efficiency and identify and deliver higher-value uses for existing sites. We can release fresh capital into the business through financial remodelling and also manage the acquisition and construction of new facilities, overseeing relocation within



^ **CADBURY
SCHWEPPES**

Project management, including refurbishment and business rates advice



^ **UK COAL**

The UK's largest coal producer. Agency valuation, business rates and strategic planning advice on a number of property assets



^ **AXA**

Rent review, rating, agency and investment advice on several regional distribution centres



^ **GAZELEY**

Agency and development advice, including a 650,000 sq ft development at G-Park in Sheffield

"In terms of industrial and logistics NAI Fuller Peiser really know their market".

Chris Morton, Group Property Manager, FKI plc



the UK and abroad. This is across the full range of industrial sub-sectors, including food, consumer goods, engineering, transport, natural resources and energy.

Our work with property owners and developers allows us to apply our considerable understanding of this sector. We can bring to bear our full range of property services to fully exploit their industrial property assets.

The logistics sector continues to experience considerable change in the means of distribution and thus property needs. Added to this, difficult economic conditions have seen some retailers, third party contractors and developers cut their spending, merge with other organisations and shed unprofitable operations. Others are looking at their logistics solutions on an ever wider platform, particularly across Europe and into Asia.



^ EXEL

Agency, investment and development advice across the UK



^ HUTCHISON PORTS

Planning consultants for the expansion of the largest container port scheme in the UK at Felixstowe



^ BAE SYSTEMS

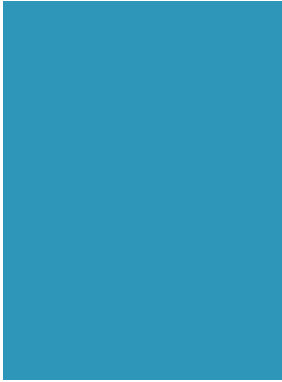
UK wide planning and business rates advice. Savings of over £16 million in the last ten years

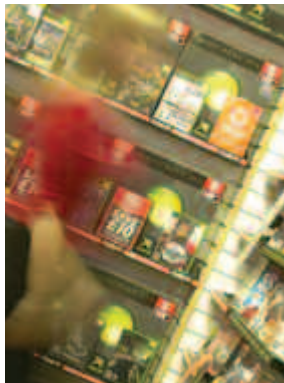


^ LIVERPOOL VICTORIA

Investment advice, including acquisition of a 162,000 sq ft warehouse at Hams Hall

retail & leisure





In recent times, retailers have suffered from faltering sales and rising costs. This has led to numerous profit warnings, and in severe cases high street names being placed in administration.

Strong competition and low inflation has forced retailers to absorb cost increases and seek cost reductions in order to deliver profit. As a result, many retailers have concentrated on improving operational efficiencies and profit margins – rather than seeking increased market share through new store openings. This drive for efficiency, along with strong investment demand for retail property, has meant that sale and leaseback deals are in demand, as big name retailers look to redeploy capital more profitably in their core retailing business.

We do not anticipate the pattern of retail demand for new stores will differ significantly in the forthcoming 12 months, with many retailers moving out of town to allow themselves bigger footprints and improved trading



^ **HBOS**

Business rates advice on 745 UK properties



^ **THE BODY SHOP**

Rent, rates, service charges and all property related payments, and information on 280 shops



^ **MITCHELLS & BUTLERS**

Rent reviews on a number of All Bar One bars



^ **BOOTS**

Appointed to manage rates negotiations on UK portfolio of 1600 properties

"NAI Fuller Peiser has a proactive approach. They lobbied the Valuation Office to change the way we were valued, to ensure we pay the lowest possible rate on our properties".
John Hutson, CEO, JD Wetherspoon



figures. Our cost reduction approach has gained significant interest from our major retail and banking clients, particularly in the face of increased rates bills, as a result of the 2005 Business Rates Revaluation.

As the economy of the late 90s boomed, the leisure sector cashed in and expanded. But as a recent weaker economy has made consumers more discerning and raised levels of competition, operators have tended to reduce expansion with some stopping all activity. While strong brands are holding up, even they are looking closely at each element of their portfolios and turning their attention to consolidation and the bottom line, by renegotiating sites in the pipeline and rationalisation.

With the industry in a period of consolidation and change, our understanding of the wider business context to property services is at a premium. Adopting innovative approaches, we help clients gain crucial competitive advantage by ensuring occupancy costs are kept to a minimum.



^ GAME STORES

Business rates advice across a portfolio of over 350 stores

^ VUE CINEMAS

Business rates advice on over 75 multiplexes across the UK

^ SHOE ZONE

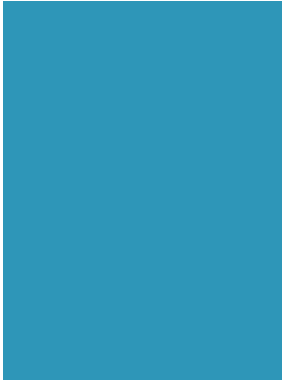
Business rates advice on 300 UK properties



^ JD WETHERSPOON

Business rates, landlord and tenant and asset management advice across an estate of 640 pubs

business space



"I'm 100% confident that NAI Fuller Peiser always have the best interests of Channel 4 Television in mind. They do not let their finger off the pulse".

**Julie Kortens, Head of Facilities Management,
Channel 4 Television**



The UK office market is diverse and ever changing. Supply continues to outstrip demand, but there are signs of a slow recovery across the country. Even with the return of a buoyant market, relationships between landlords and occupiers will remain complex as both aim to satisfy evolving business objectives.

Overall, falling rent levels have stabilised and market conditions will slowly improve over the next 12 months, although we may be some way into the next cycle before demand matches the supply of office space in the Thames Valley and City of London. These dynamics will provide good opportunities for both landlords and tenants to improve their respective situations.



^ TAHITIAN NONI

4,500 sq ft office acquisition and fit-out in London's West End, for an American company moving into the UK



^ CASTLEMORE HOLDINGS

Property and asset management of a mixed commercial portfolio and investment advice



^ UNIVERSITY OF HERTFORDSHIRE

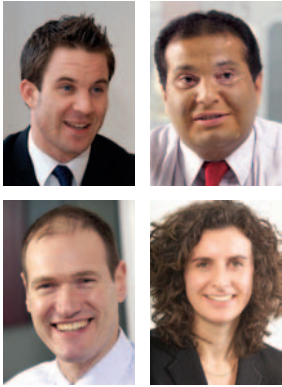
50,000 sq ft pre let office acquisition at Hatfield Business Park



^ CHANNEL 4 TELEVISION

Retained agents on all occupational properties

"Securing a new regional office for Mitsubishi took many months of hard work, but we found a suitable property thanks to the efforts of the NAI Fuller Peiser team".
James Hobson, Facilities Manager, Mitsubishi Electric Europe



Whilst the needs of landlords, investors, developers and occupiers are inevitably different, they all share one aim – to achieve the best possible deal.

We seek to meet this by combining our extensive knowledge of local office markets with an understanding and appreciation of the client's issues.

Our knowledge of both sides' point of view gives us a fresh perspective and helps us deliver realistic and practical solutions. We are not blinkered in our approach, but flexible and creative, often taking the direct route and regularly assembling teams across a range of services to achieve the best result. Once again, our solutions are based on clients' needs and draw on extensive market knowledge, multiple skills and experience.



^ **MULBERRY**
 6,000 sq ft office acquisition and disposal of 2,000 sq ft



^ **MITSUBISHI**
 Ongoing advice on occupational portfolio

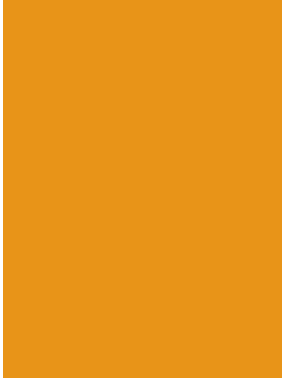
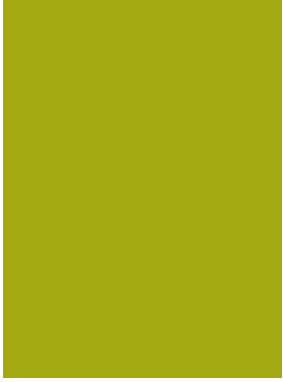
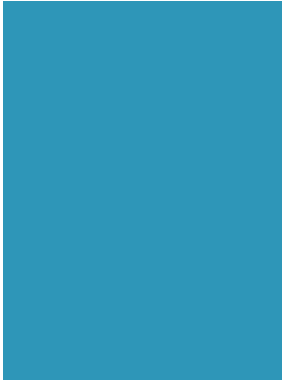


^ **THE LONDON SCHOOL OF HYGIENE & TROPICAL MEDICINE**
 £4 million freehold acquisitions in Bedford Square, London



^ **JD WETHERSPOON**
 Lease regearing on corporate headquarters in Watford

specialist





EDUCATION

Many educational establishments have identified a range of problems that hold them back from realising their full potential. These include high maintenance costs, unsuitable buildings and wasted space. NAI Fuller Peiser's Education team has a strong track record for delivering new opportunities, options and solutions. These can often involve releasing capital to fund new expansion or to redevelop existing facilities. Our experienced and focused team has all the technical skills needed to carry out complex development proposals, through the intricacies of planning and project management.

HEALTHCARE

Our dedicated service is based on our expert knowledge and experience of how property issues affect the sector and we can deliver cost-effective solutions. We currently provide services to almost half of the existing acute hospital market and a substantial proportion of not-for-profit care home beds.



^ UNIVERSITY OF WOLVERHAMPTON

Valuation, master planning and agency advice on its property portfolio



^ ASPEN HEALTHCARE

Fair-value advice, building inspection, project management and business rates consultancy



^ ETON COLLEGE

Advisors on school property and property investment portfolio



^ NHS GRAMPIAN

Business rates advice on 150 properties, including hospitals, clinics, health centres, GP surgeries and pharmacies

"NAI Fuller Peiser have depths of expertise in particular sectors like mine and they use it to help us".

Wendy Surridge, Secretary & Registrar,
London School of Hygiene & Tropical Medicine



COMMERCIAL AND RESIDENTIAL DEVELOPMENT CONSULTANCY

Our property development experts successfully navigate our clients through the complexities of legislation and negotiation, to ensure projects move forward and deliver real value. Our development team specialise in maximising the potential of surplus property assets and sites, in order to generate the highest possible receipts for our clients.



LIFE SCIENCES

Collaboration between academic institutions, start-up companies and even competitors has increased, and it is clear that even the big players will be unable to meet future challenges without building links. Through our understanding of the sector, how it operates, and detailed involvement in the provision of new laboratory buildings, we are well placed to offer turnkey property solutions for clients in this sector. We have a track record in delivering large, landmark multi-function projects of this kind, through development consultancy that



^ BUPA

Business rates, development plan monitoring and planning advice



^ UNIVERSITY OF HERTFORDSHIRE

Strategic property advisors covering planning of new facilities and campus consolidation



^ LONDON SCHOOL OF HYGIENE & TROPICAL MEDICINE

Property advice to drive the school's expansion programme

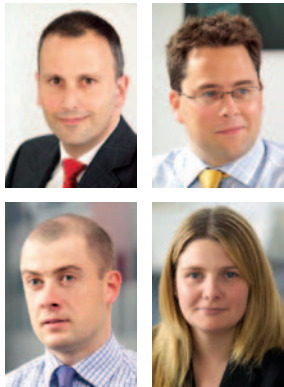


^ WELLCOME TRUST

Project management for the planning and construction of this major £95 million project

financials

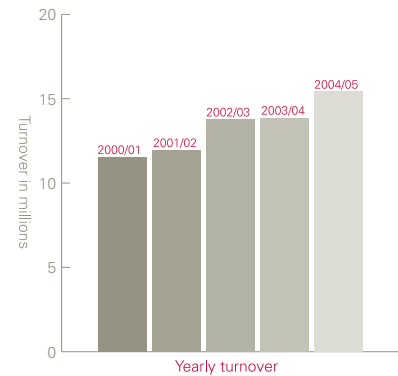
2004/2005 saw a significant growth in the firm's fee income, up 15% year on year.



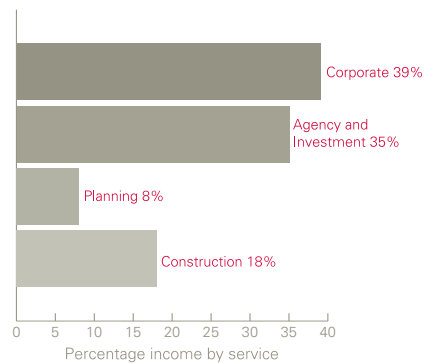
BUSINESS REGIONS



TURNOVER



BUSINESS SERVICES



PROFIT



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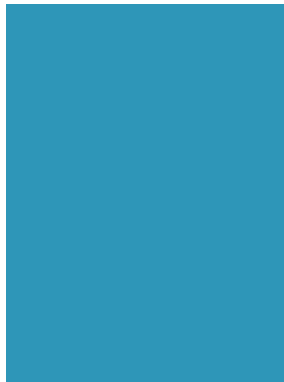
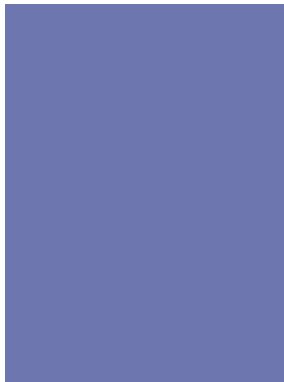
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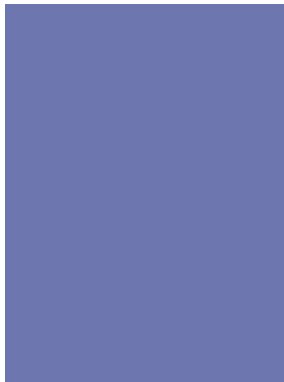
International – Paul Danks
pdanks@nai-fullerpeiser.com



"It's all about the people, NAI Fuller Peiser are a good bunch who always help to overcome any issues. A professional, friendly and approachable firm".

Stuart McCaslin,
Group Company Secretary, Britax International







"NAI Fuller Peiser do what they say they will and deliver".
Nigel Barnikel, Property Manager, Calor Gas Ltd



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Other NAI Fuller Peiser offices around the UK

Birmingham
Bristol
Manchester
Sheffield
Edinburgh

Build on the power of our network.™

We advise clients nationwide through our offices in London, Birmingham, Bristol, Manchester, Sheffield and Edinburgh. We are the UK member of NAI Global, the world's leading managed network of commercial real estate firms. NAI Global's entrepreneurial culture and best-in-class technology helps clients anywhere in the world to tap into 3,500 experts in 300 offices across 40 countries.

www.nai-fullerpeiser.com

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