

# The Bankside Story

Bluefin Building and Bankside 2&3  
London, SE1



## Presentation Team

- Graham Hayman    Leasing Director, London Portfolio
- Tim Makower      Partner, Allies and Morrison Architects
- Digby Flower      Executive Director, CB Richard Ellis
- Edward Thacker    Investor Relations Manager
- Trevor Mitchell    Senior Project Manager





# Agenda

- Introductions

- London Portfolio Overview

Graham Hayman

- The story behind Bankside

Tim Makower

- The disposal strategy

Digby Flower

- Q&A session





London Portfolio overview

Graham Hayman

Leasing Director, London Portfolio



# London Portfolio

- £8.3bn portfolio
- 10 million ft<sup>2</sup> office and 1 million ft<sup>2</sup> retail floor space
- 19.1% net reversionary potential<sup>(1)</sup>
- £31 per ft<sup>2</sup> (£332 per m<sup>2</sup>) average office passing rent
- £2.7bn (3.9 million ft<sup>2</sup>) development pipeline
- Acquired £537.1m and sold £333.3m of property
- 1.1 million ft<sup>2</sup> of developments completed in H1 – now 95% let



(1) on like-for-like portfolio at 30 September 2007

**Large development pipeline - substantial schemes completing in 2007/08**

## London strategy



- Enhance returns through development
- Active asset management
- Focus on geographic areas of activity – clustering
- Enhance value through mixed-use
- Exploit strong relationships with occupiers

A leading supplier of accommodation for major occupiers

# Achievements



- 1.1 million ft<sup>2</sup> of developments completed in H1 and now 95% let
- Record rents for Mid-town in the range of £71psf - £76psf achieved in the tower building at New Street Square
- The entire office element of 378,000 sq ft at Bankside 2 and 3 pre-let to Royal Bank of Scotland
- £0.3bn assets sold in H1, 15.3% above valuation (pre-disposal costs)

# London Offices

Valuation surplus – 6 months to 30 September 2007

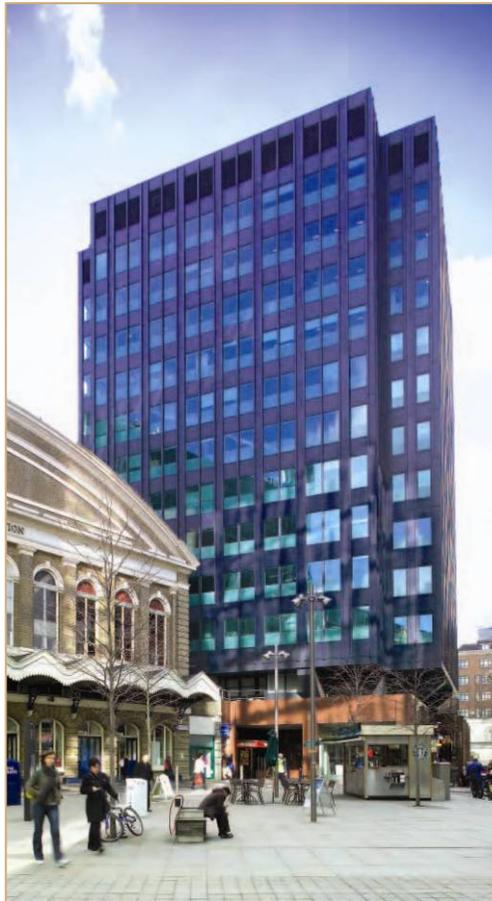


Developments create over half the total valuation surplus on London offices

# London Portfolio sales



Greater London House, NW1



New London House, EC3



Blackfriars Road, SE1

**£0.3bn of sales at 15.3% above valuation\***

\* Pre sale costs

# London Portfolio

## Development office lettings



**One Wood Street –  
100% let**



**New Street Square –  
87% let**



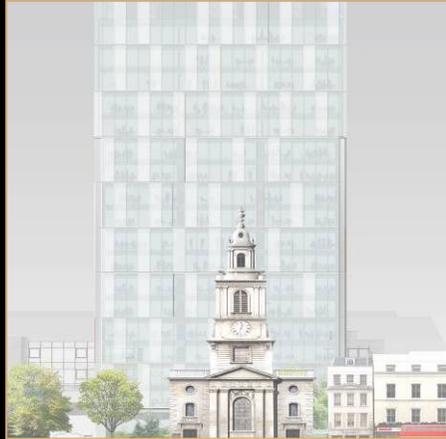
**Cardinal Place –  
100% let**



**Bankside 2&3 –  
100%**

# London Portfolio

The next phase of developments



**Dashwood House, EC2**  
155,000 ft<sup>2</sup> - 2008



**10 Eastbourne Terrace, W2**  
65,000 ft<sup>2</sup> - 2009



**One New Change, EC4**  
555,000 ft<sup>2</sup> - 2010



**Park House, W1**  
385,000 ft<sup>2</sup> - 2010

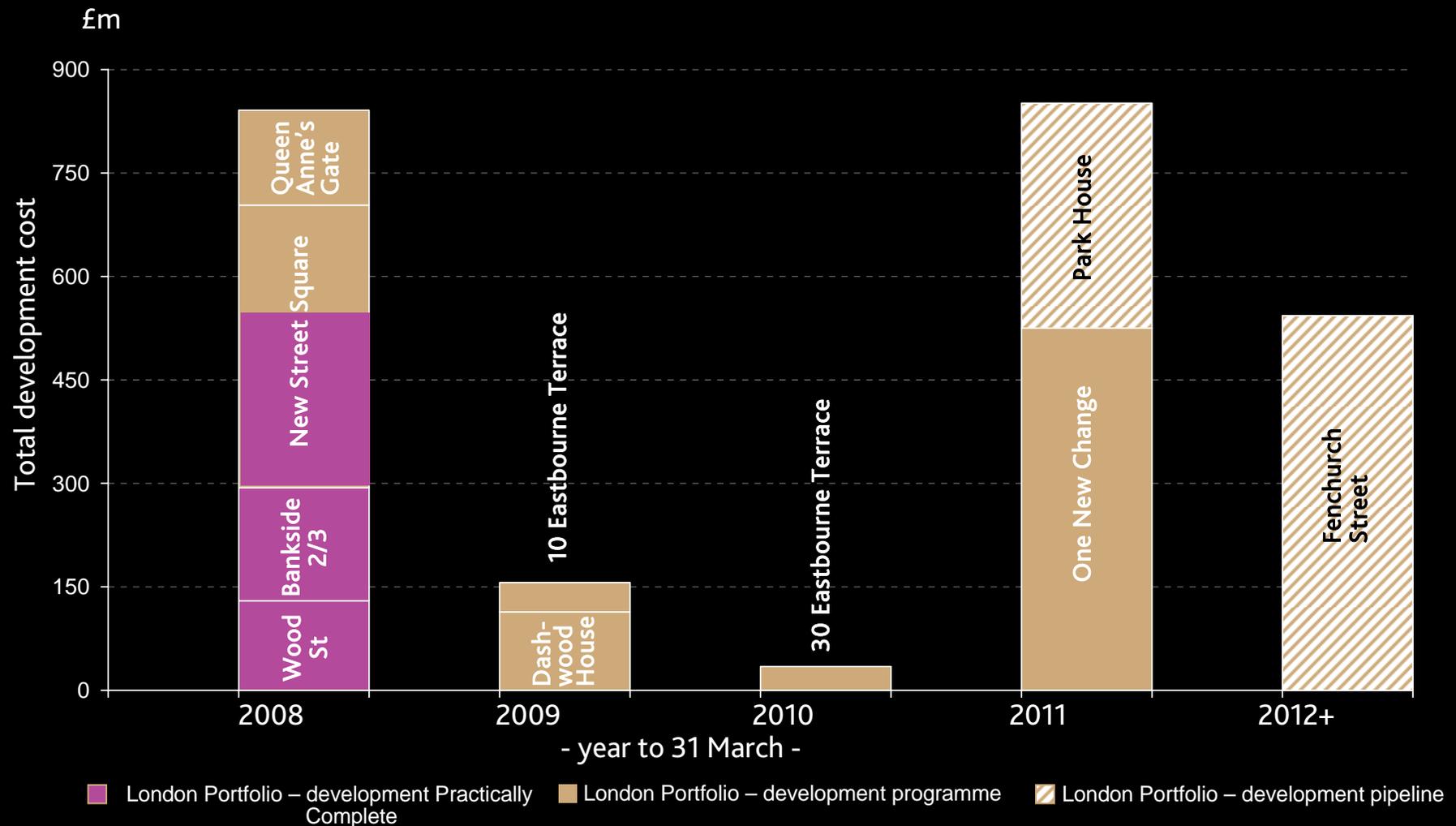


**20 Fenchurch Street, EC3**  
600,000 ft<sup>2</sup> - 2011

**Accelerated delivery for Dashwood House and 10 Eastbourne Terrace**

# Looking ahead – London Portfolio

## Timing of development completions



Managing development timing in a cyclical market

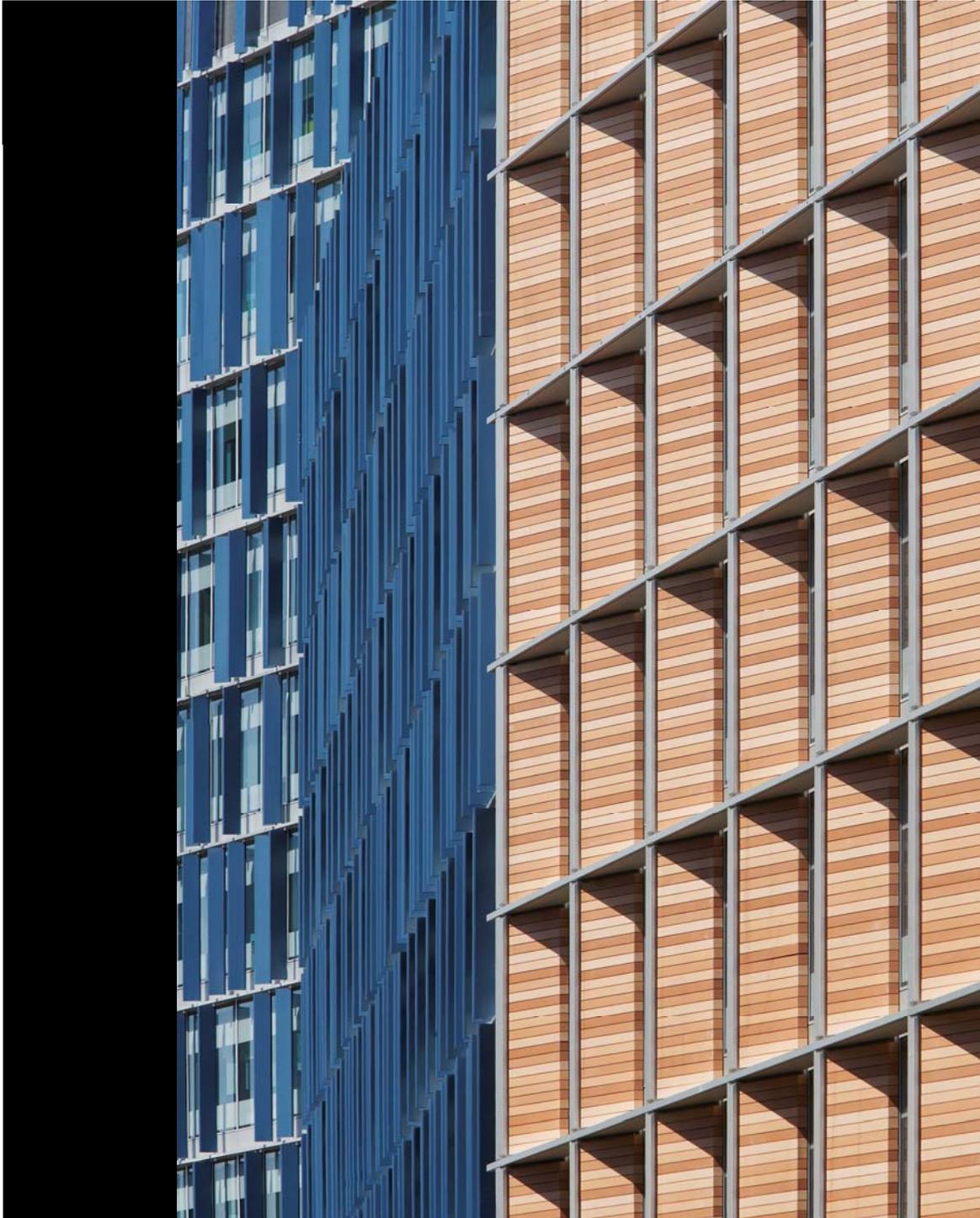


The story behind Bankside

Tim Makower

Partner, Allies & Morrison Architects





**Bankside 123**

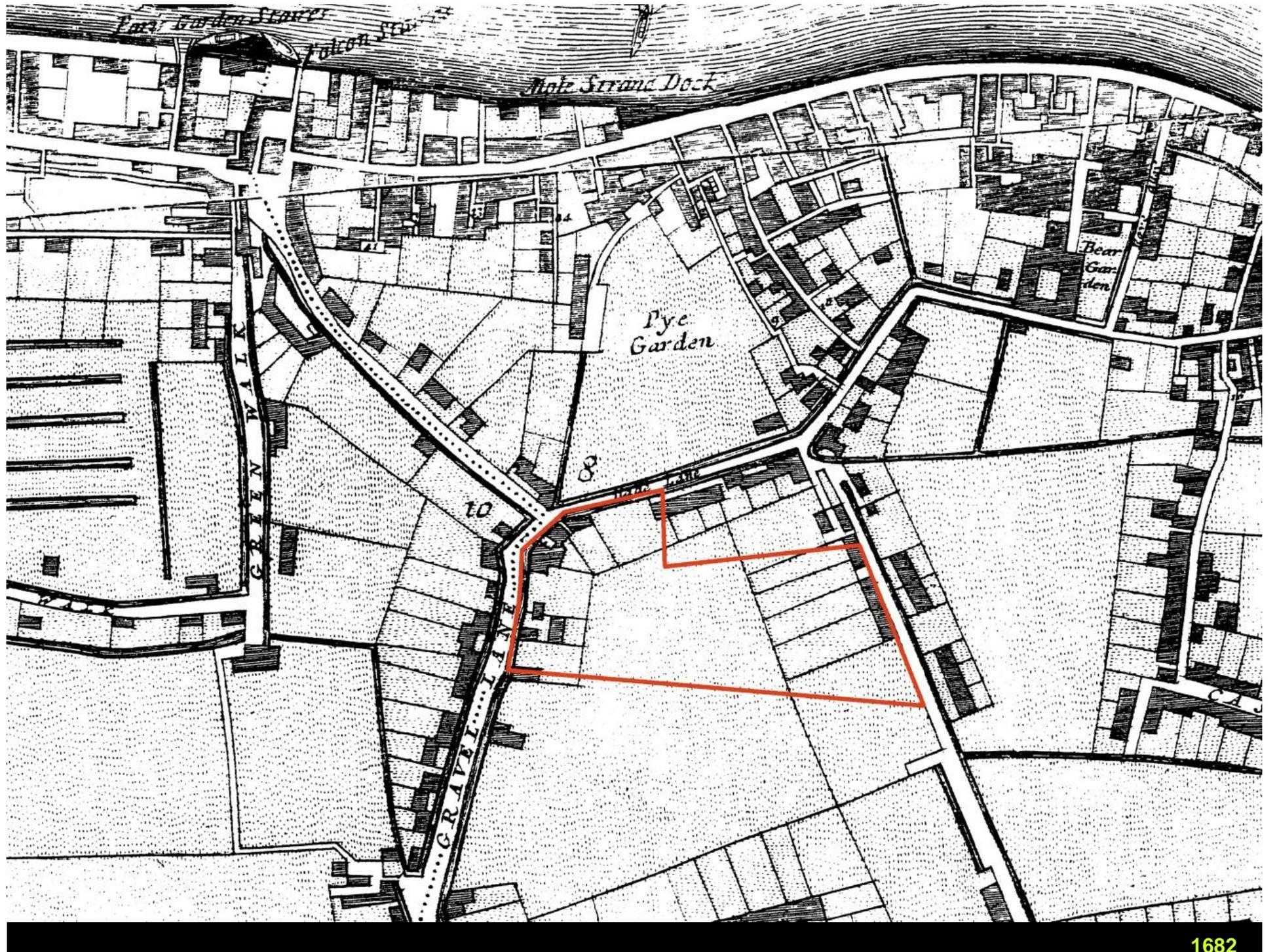
**UBS Investors Tour**

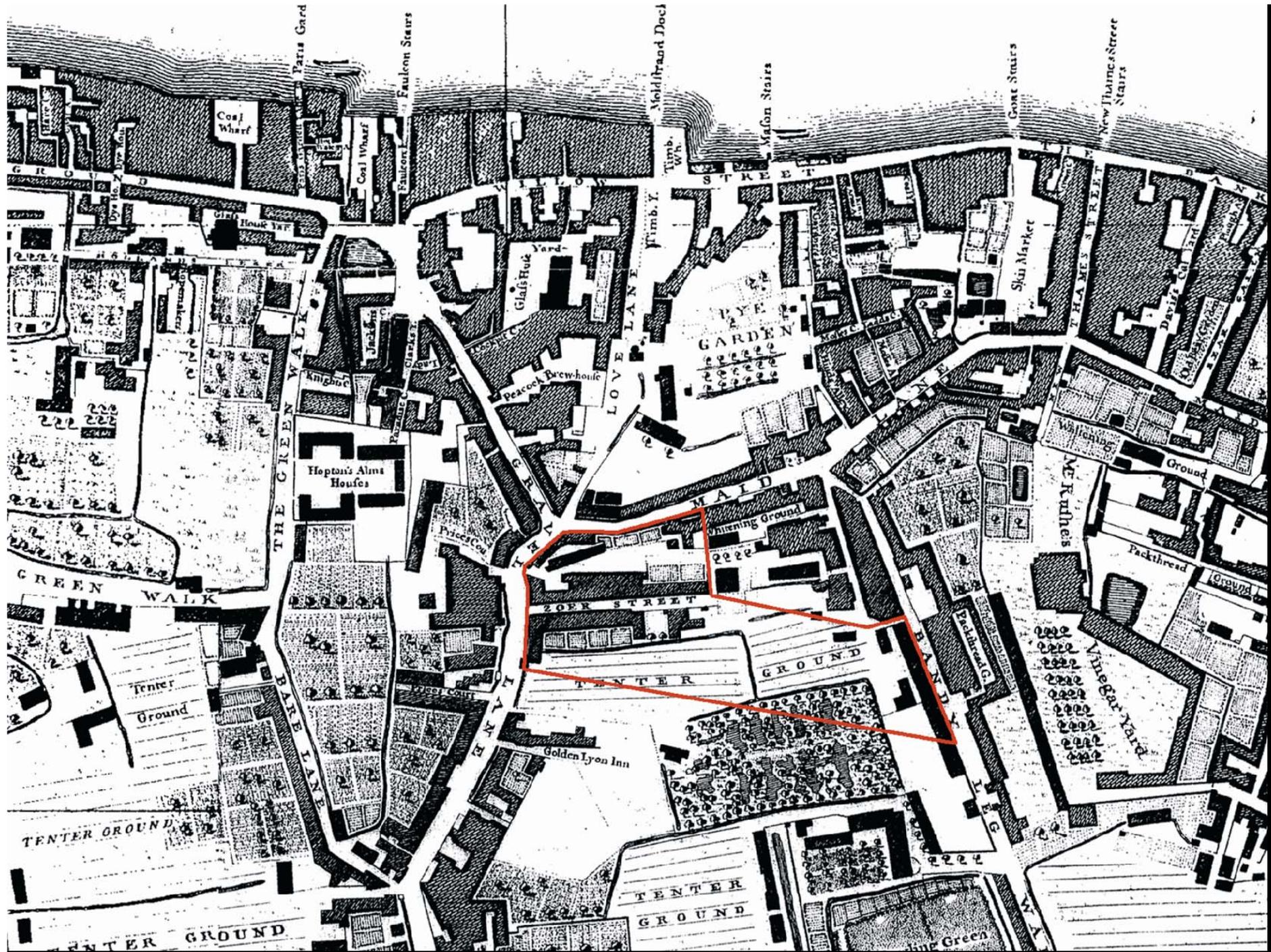
Allies and Morrison Architects – 27 November 2007



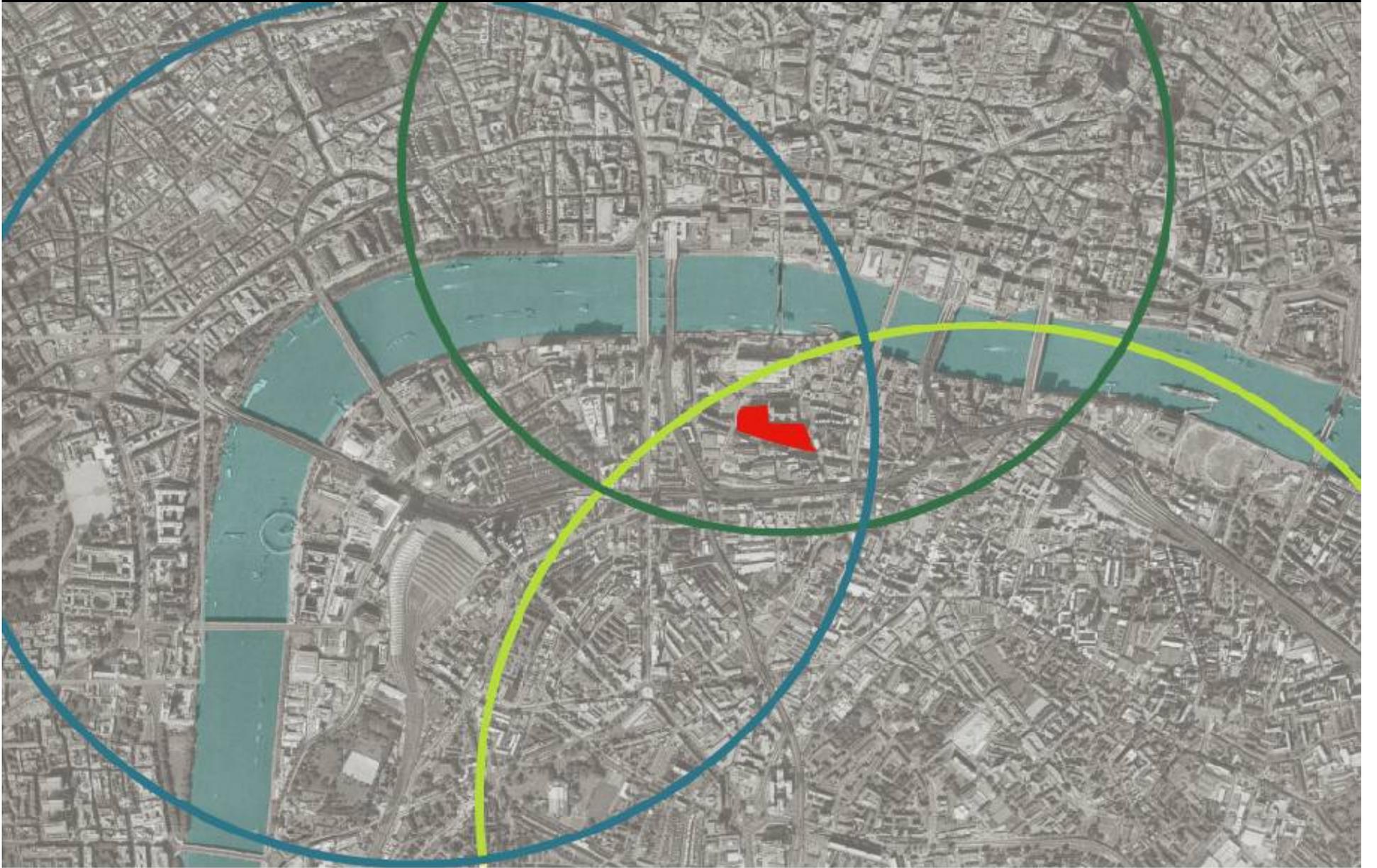


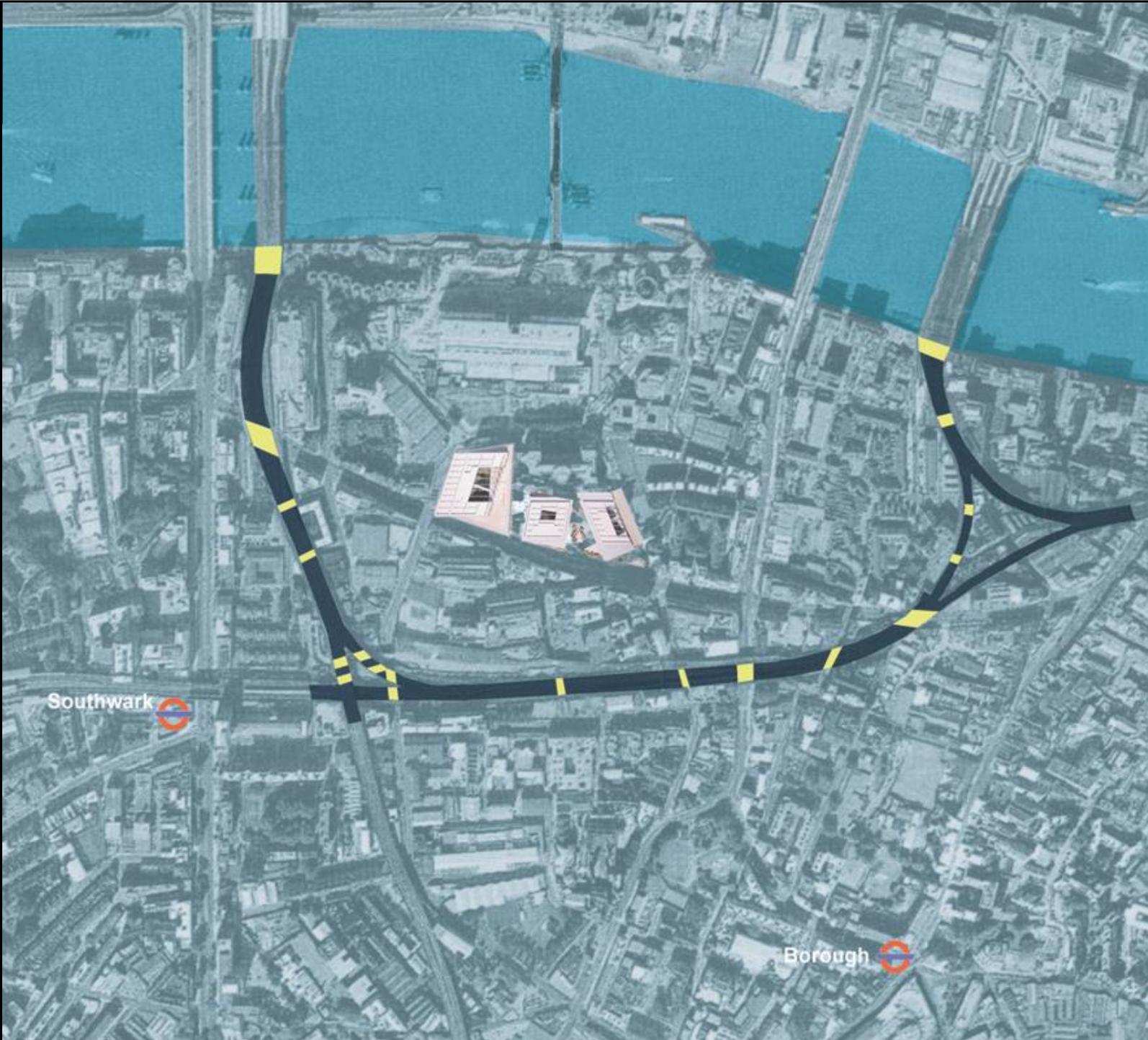


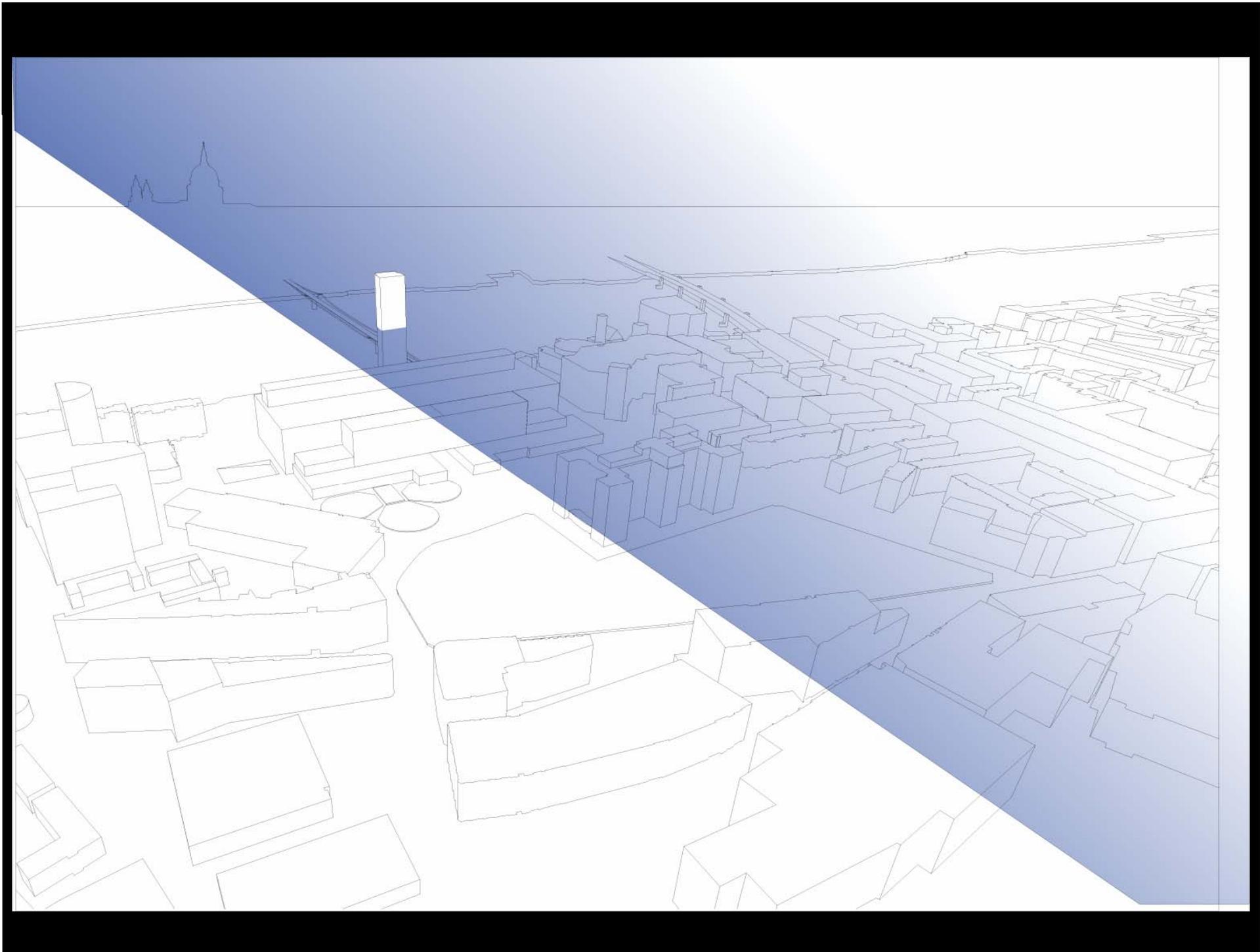




















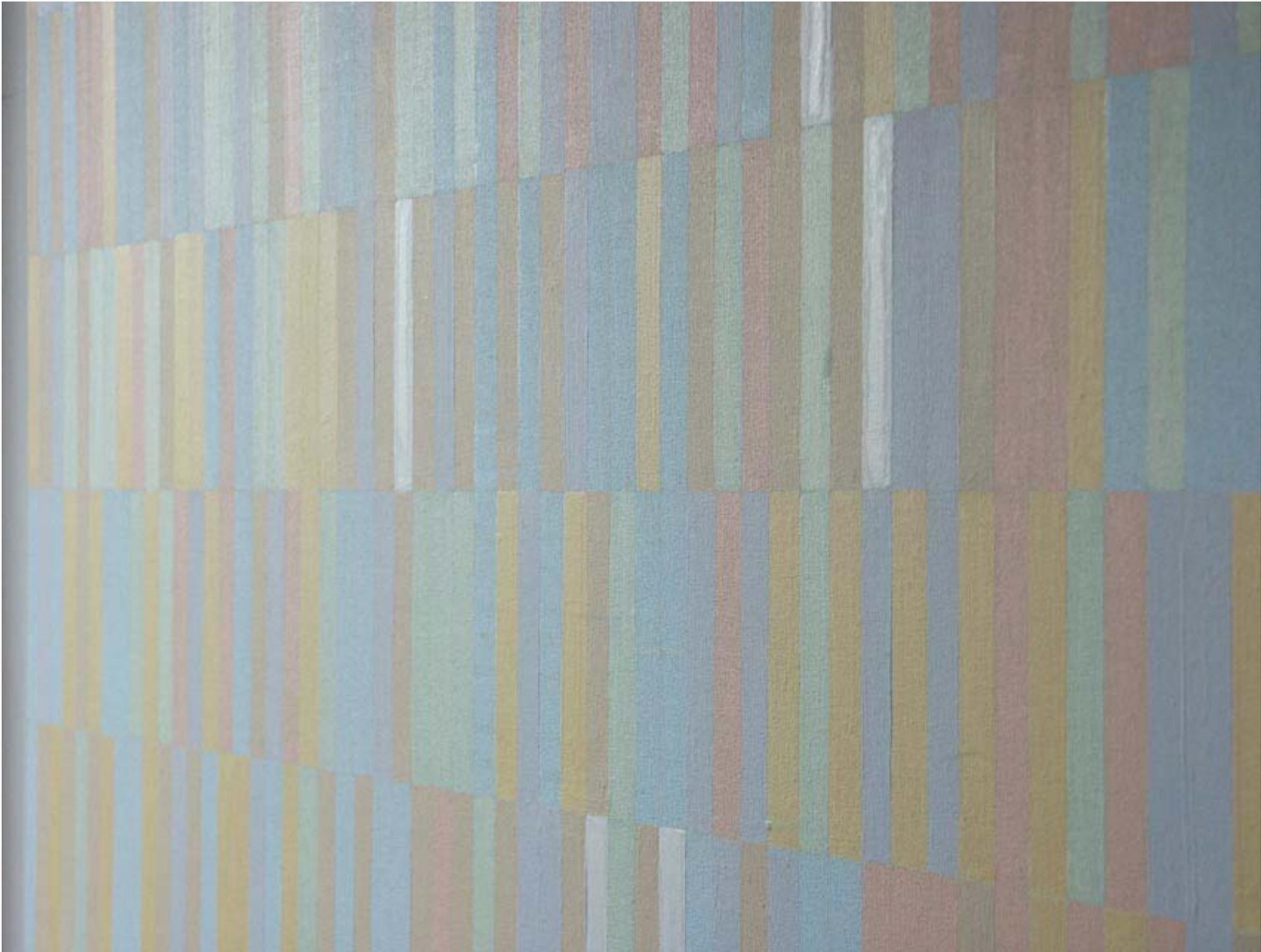




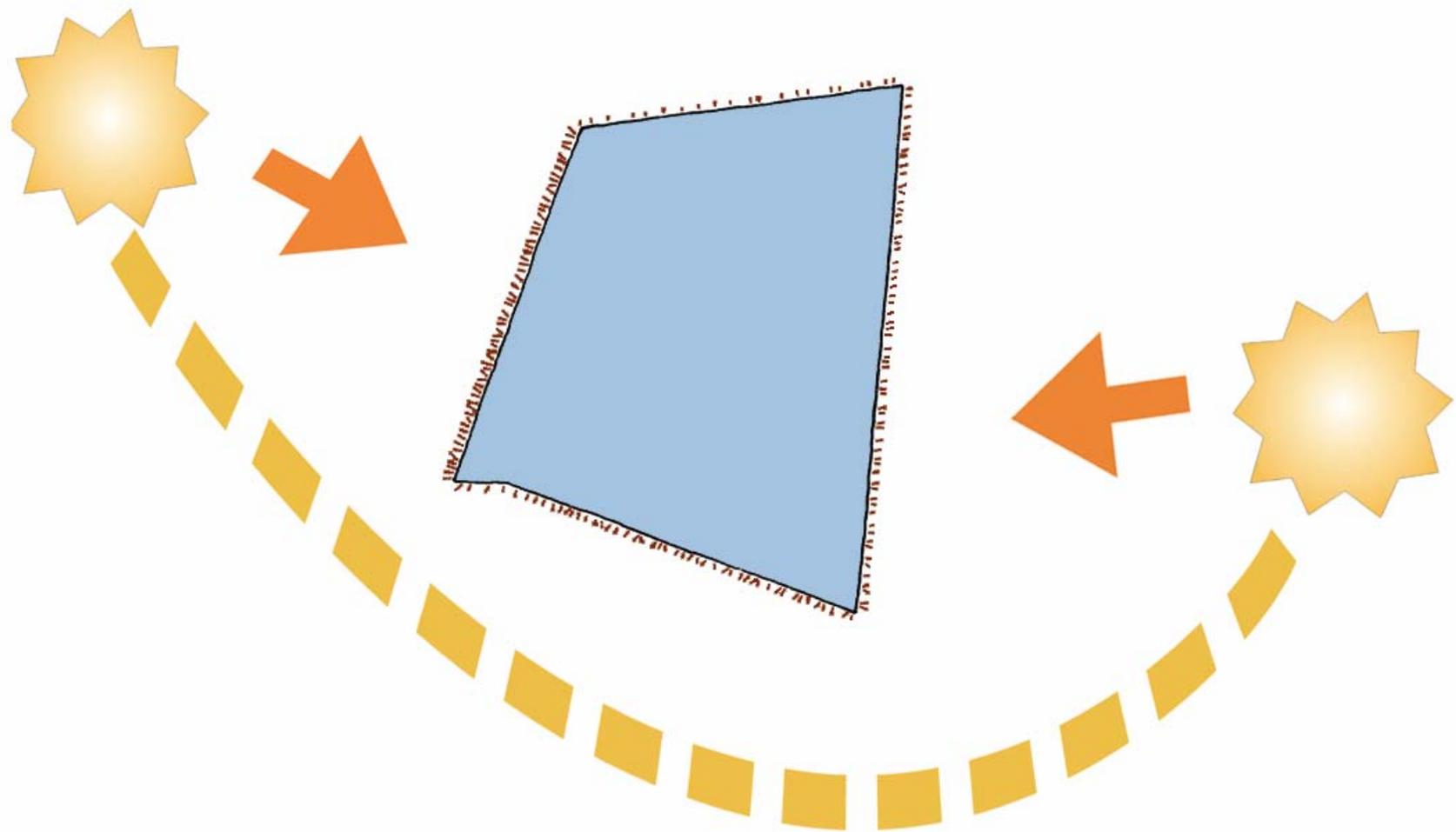


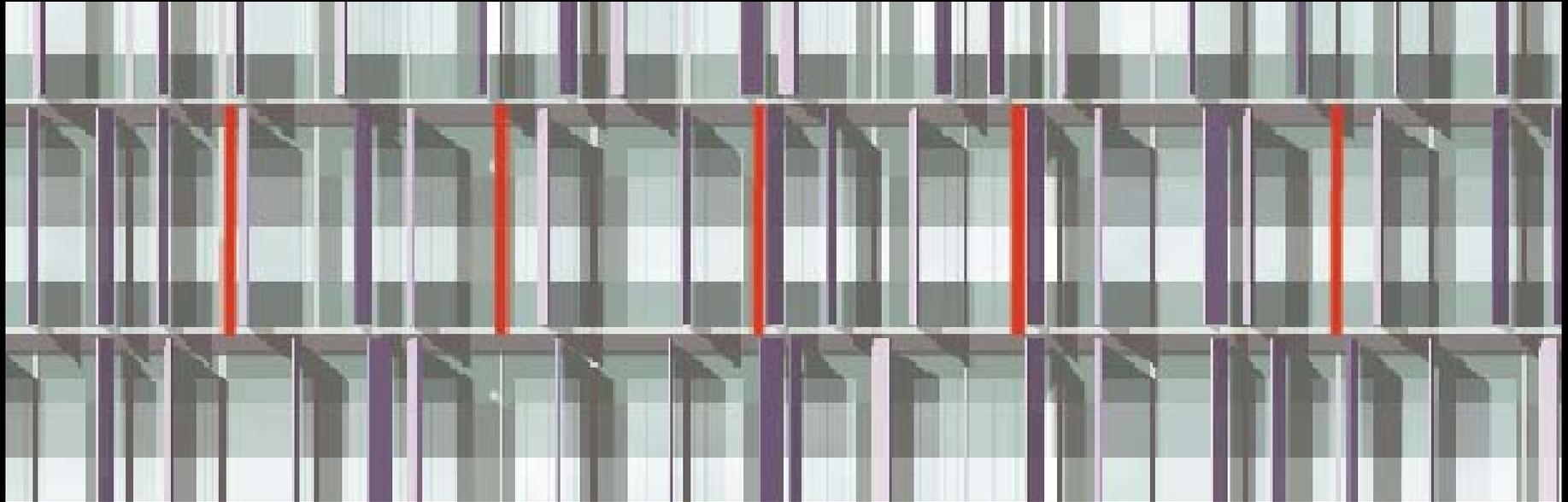
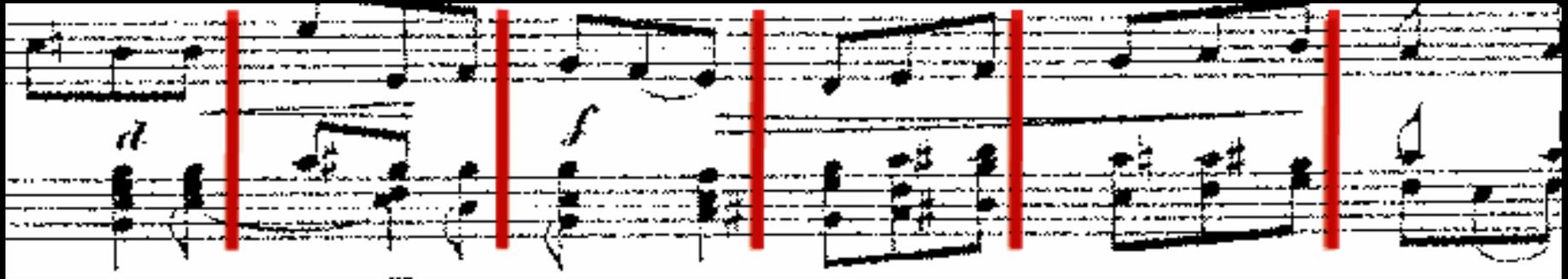


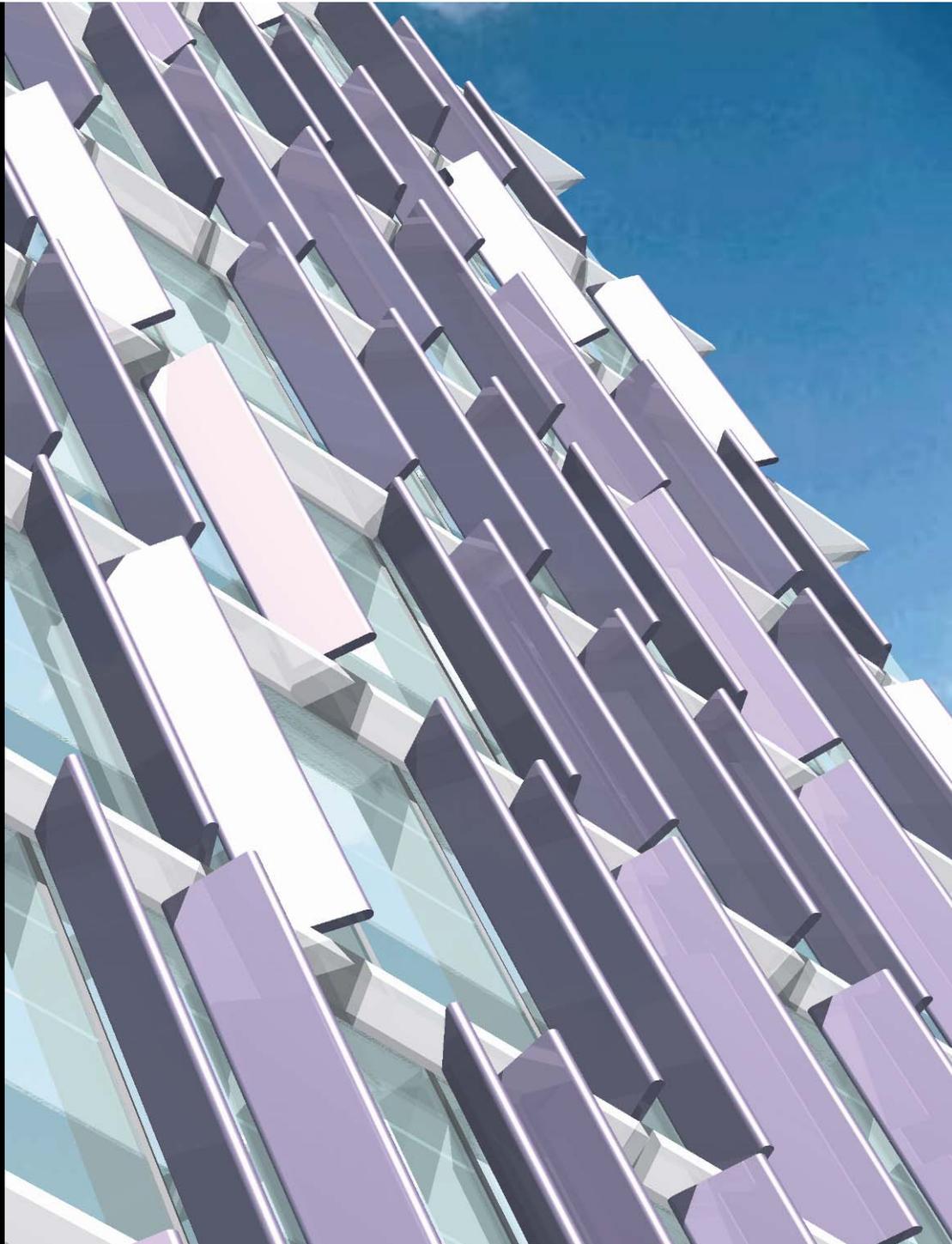












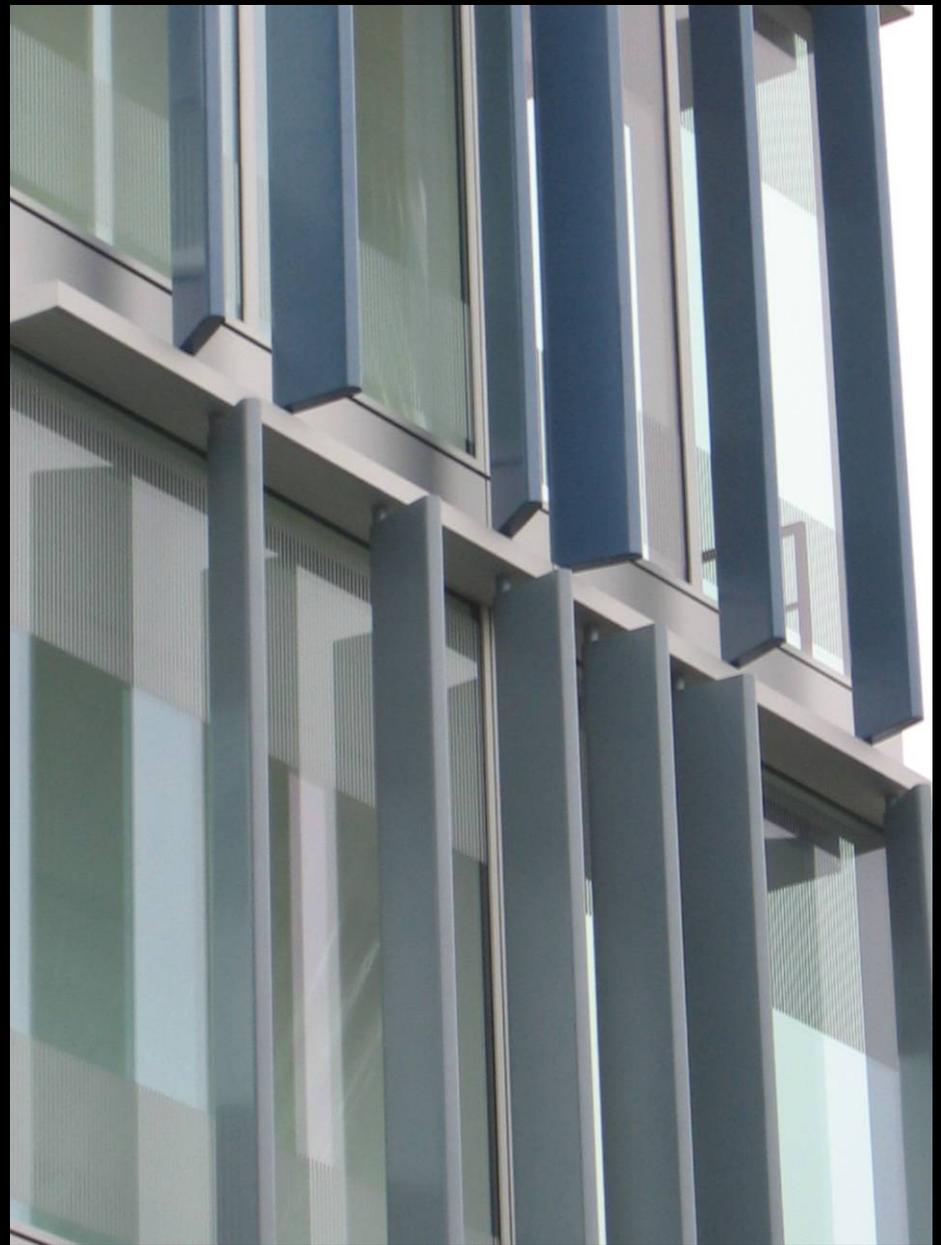
**Bankside Building 2**

**Materials palette**

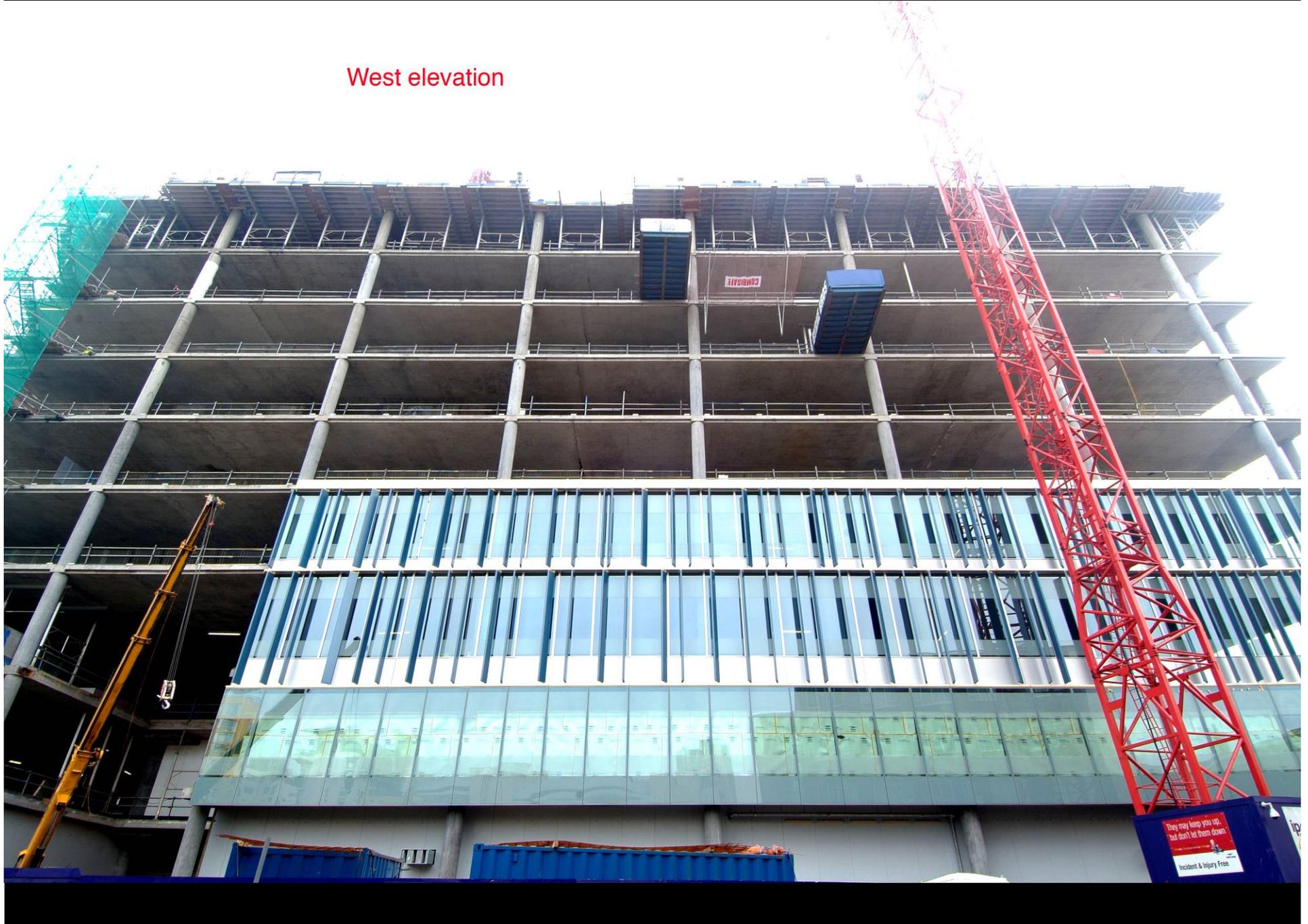


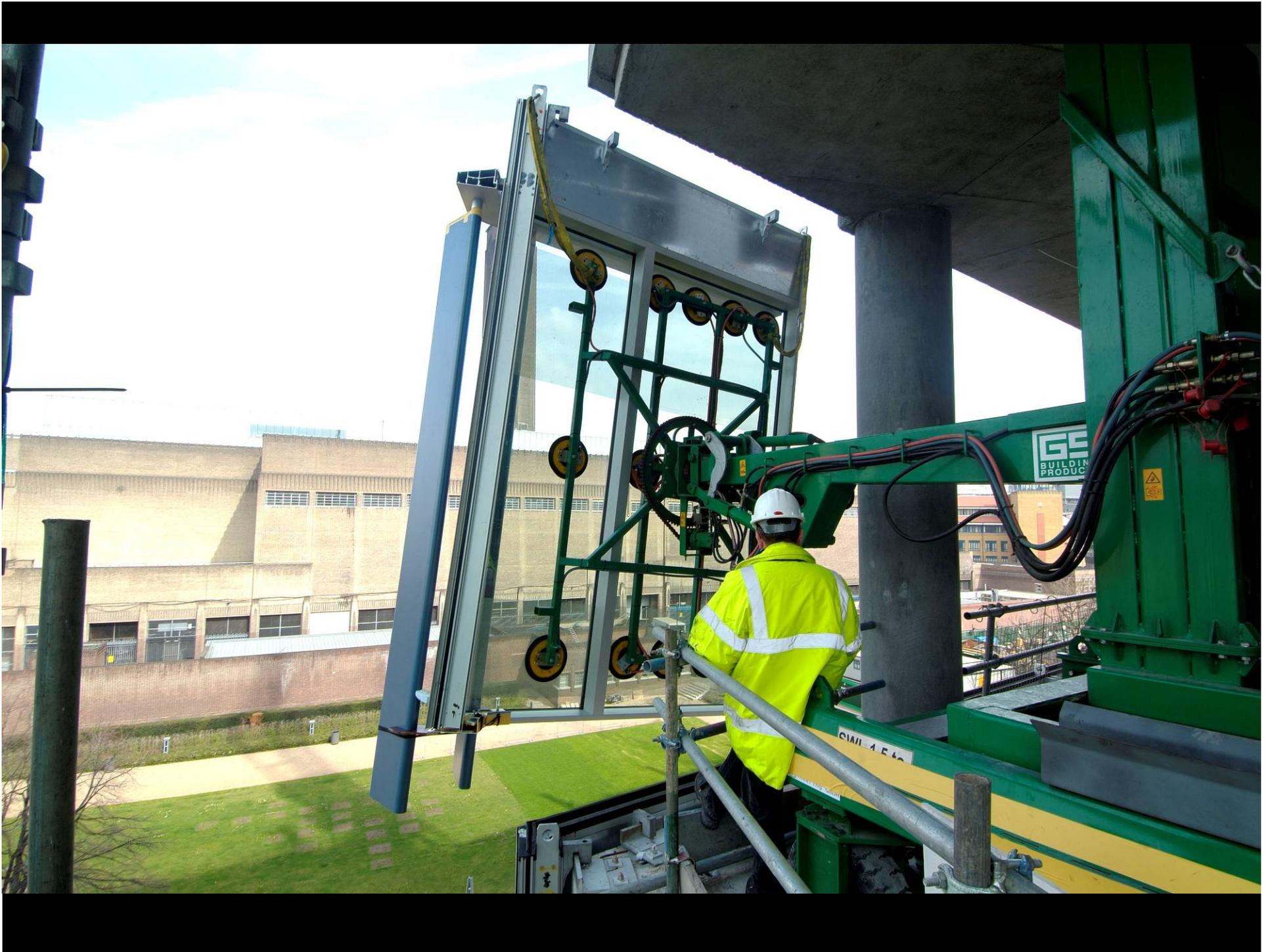


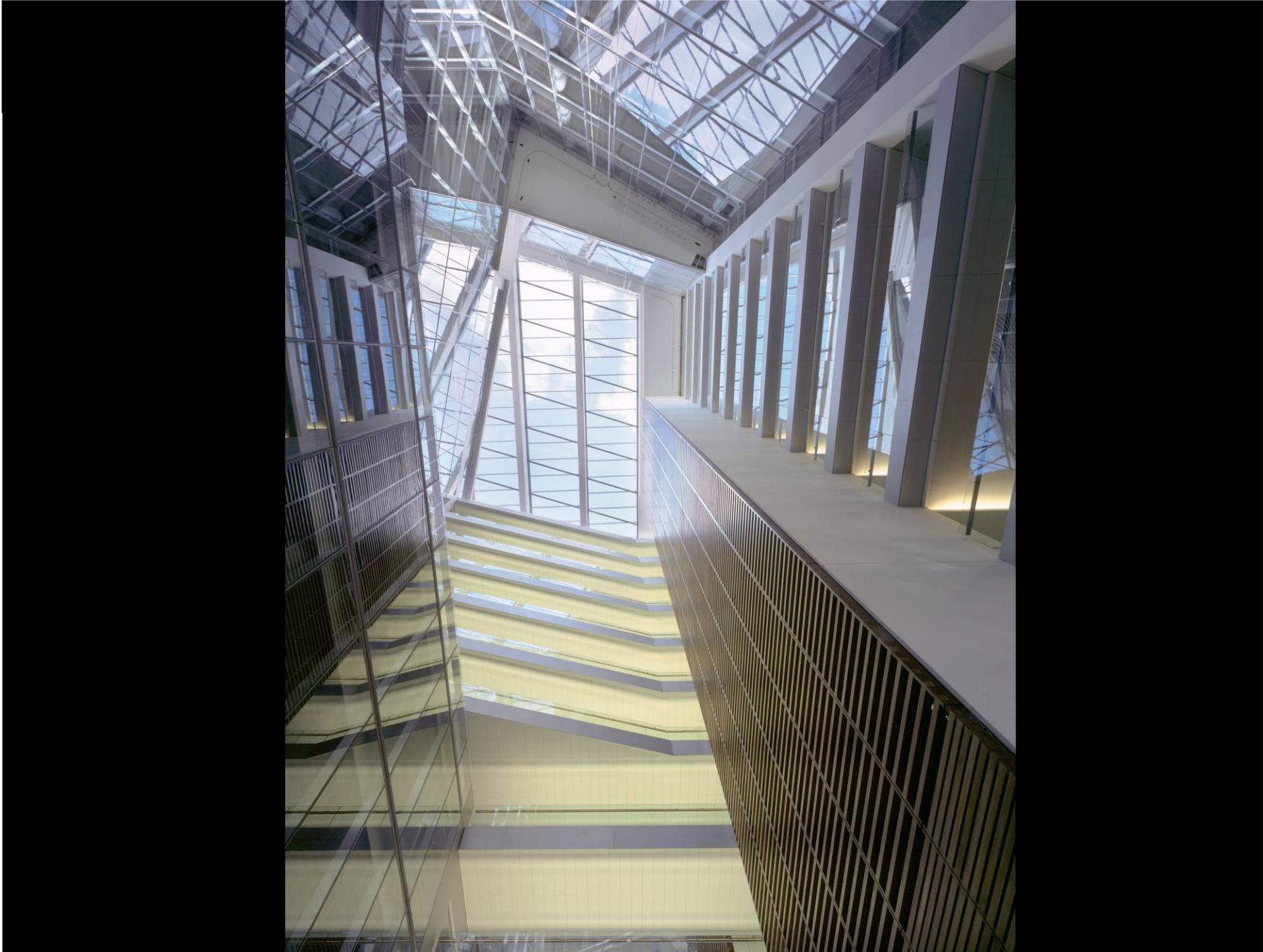




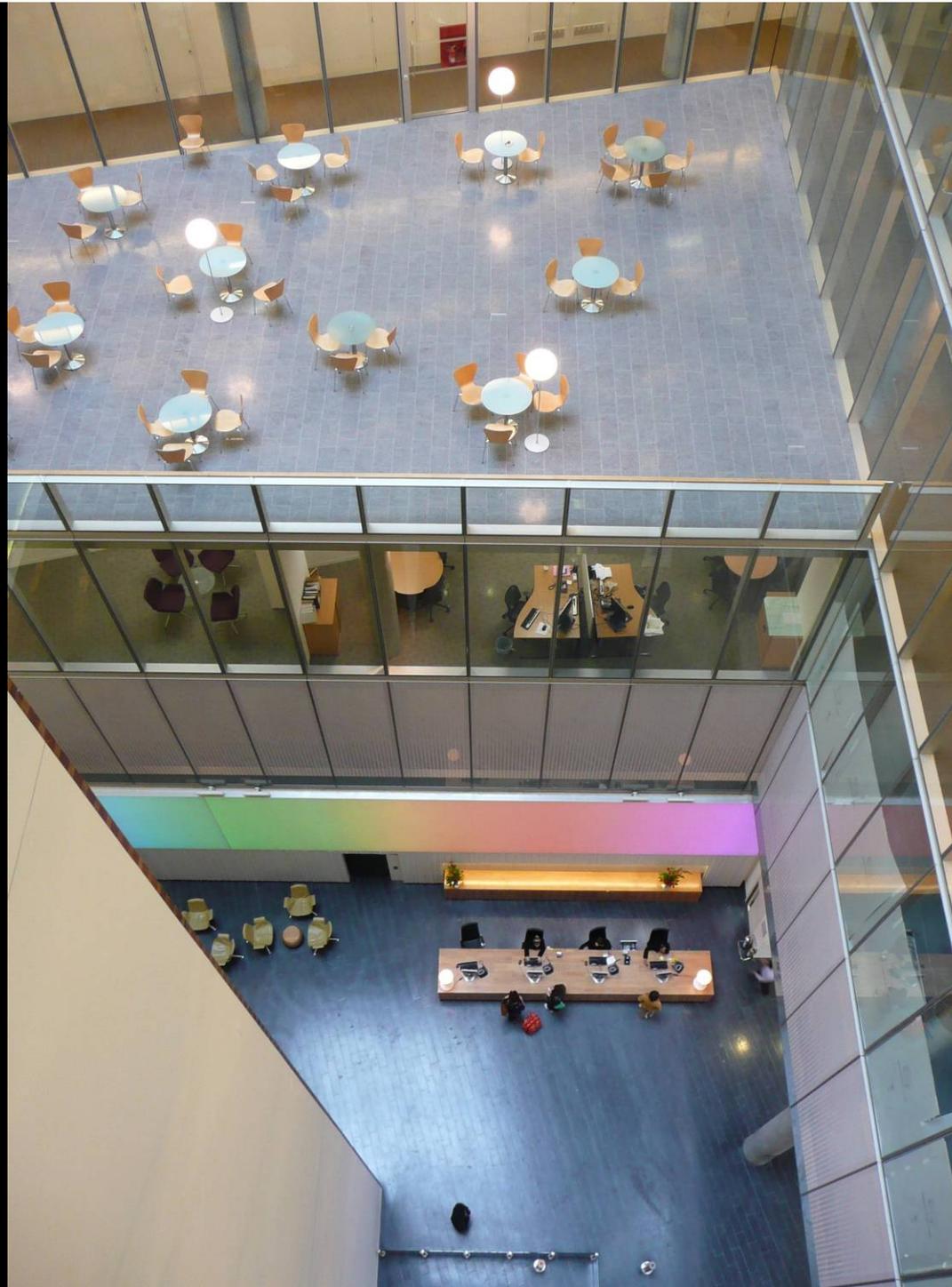
West elevation

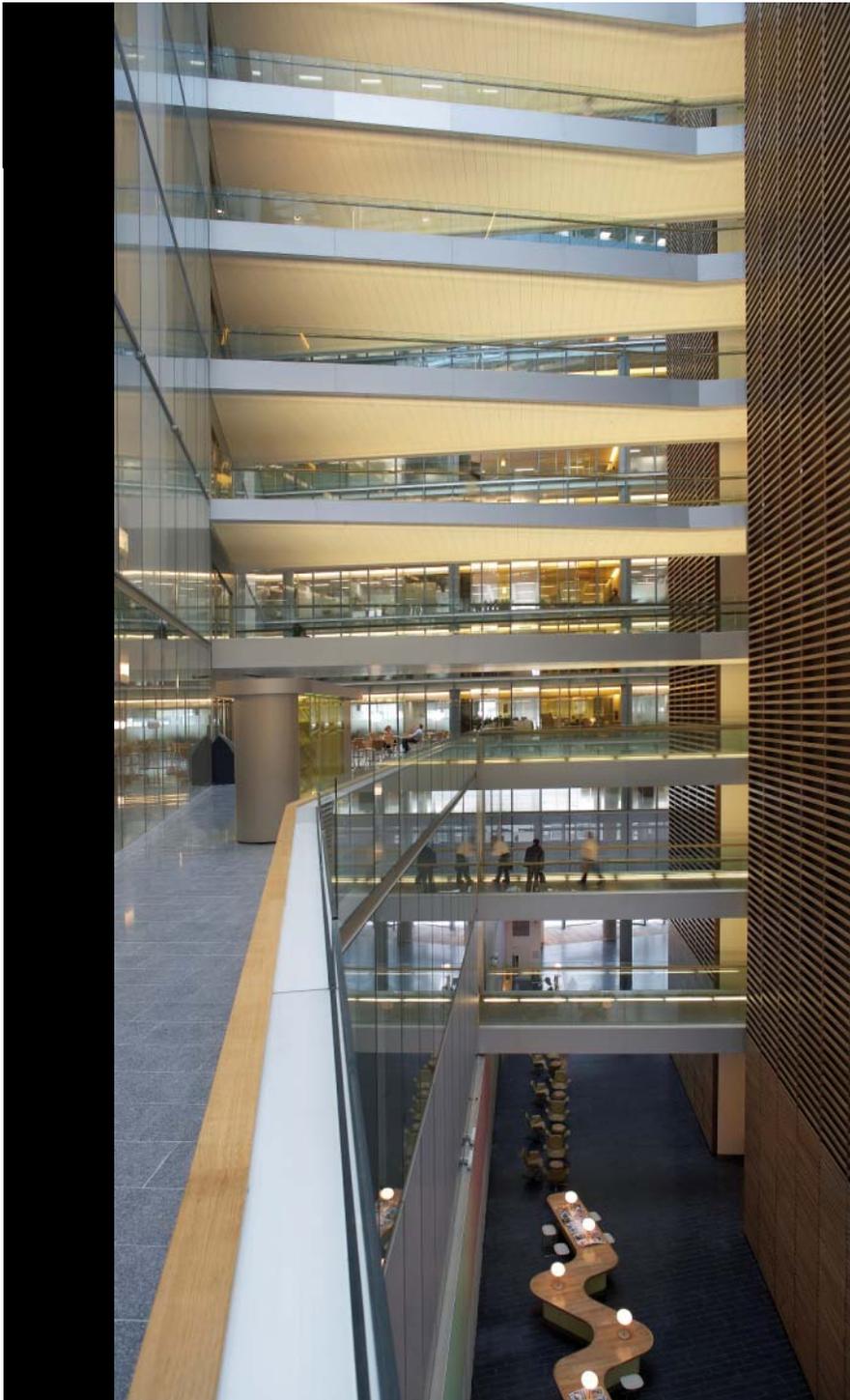






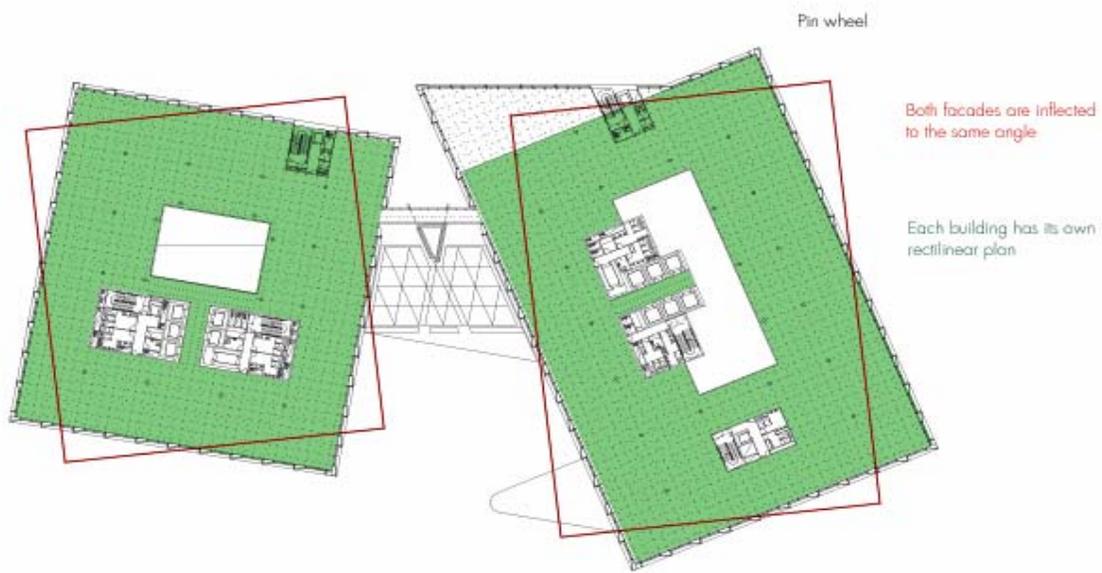






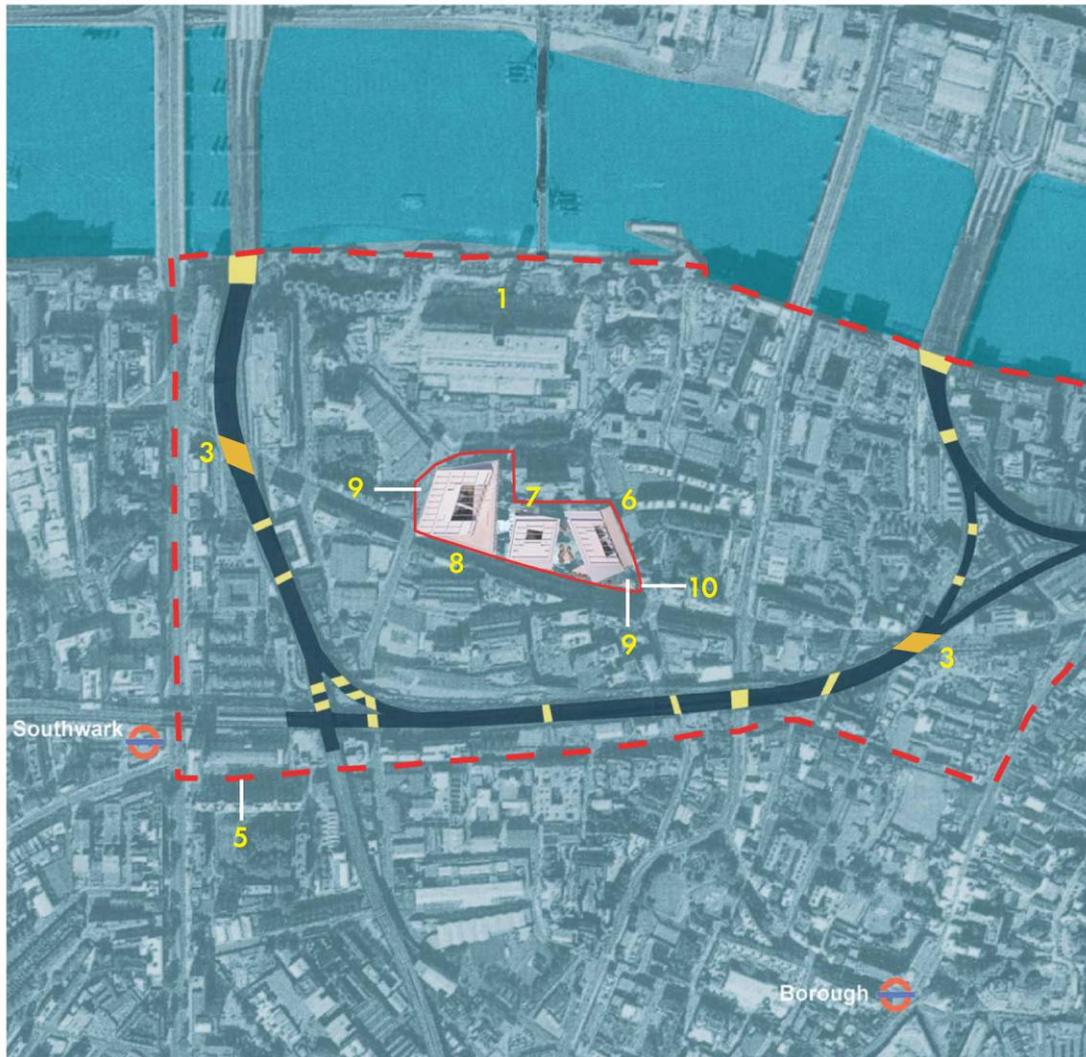








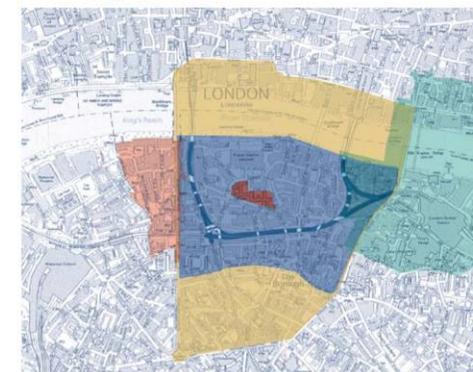




	Cost	Programme
1. Tourist Information Centre	£200k	On Completion of Deed
2. Street Lighting Strategy Document	£18k	On Completion of Deed
3. Gateway Improvements [Art?]	£450k	On Completion of Deed
4. Street Lighting Implementation	£400k	On Demolition
5. Signage	£55k	On Commencement
6. Community Centre	£200k	On Occupation
7. Public WC	-	On Occupation
8. Gallery Space	-	On Occupation
9. Public Art	£200k	On Occupation
10. Open Space	£3.6m	On Occupation

Item 2/4 : Area of Lighting Study

- Area of Street Lighting Study
- Area C: Wider Regeneration
- St Christopher House Site
- Lighting study for Sainsbury's
- Lighting study for More London



**Section 106 : Wider Area Improvements/Built Works**









The disposal strategy

Digby Flower

Executive Director, CB Richard Ellis



# Mission One

- To prelet 3 very large buildings that do not exist





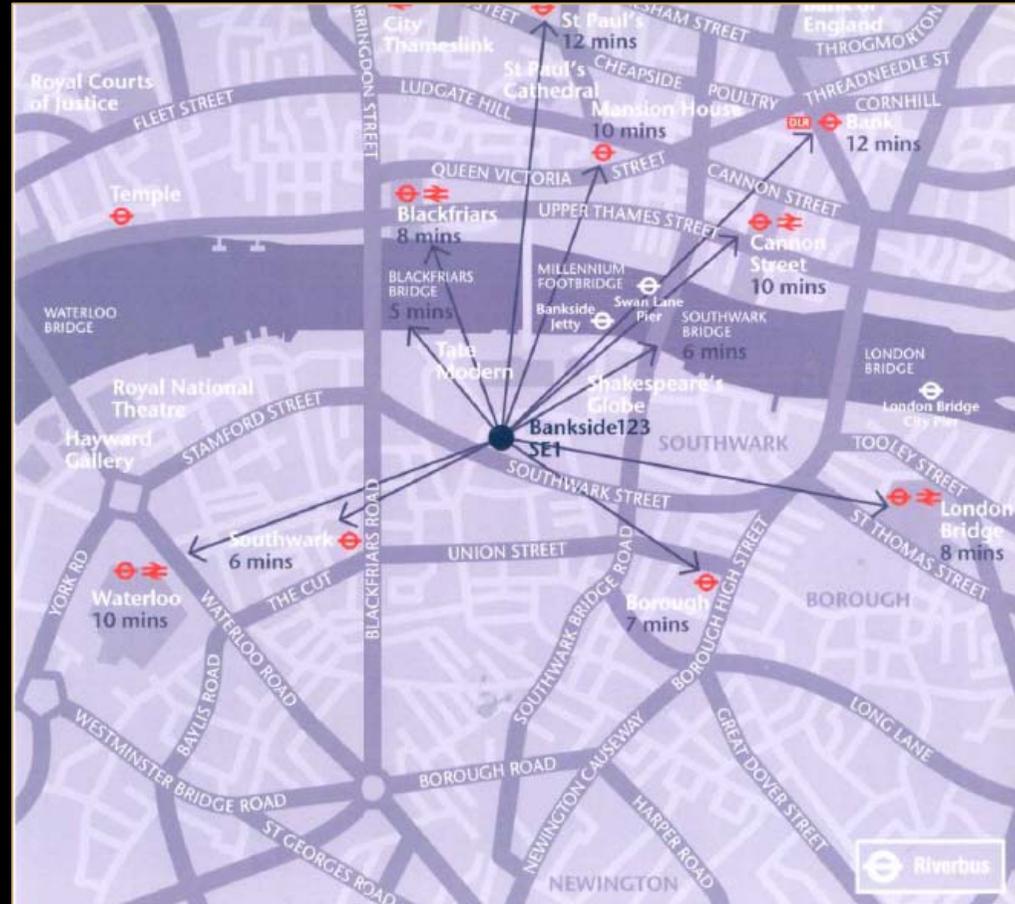
## Challenges

- Location regarded as hostile and inaccessible
- In competition with Canary Wharf, More London and Aldgate Union
- Very specific occupational requirements
- Against a very tight time frame



# Solutions

- Demonstrate accessibility
  - Jubilee Line
  - Millennium Bridge



# Solutions

- Demonstrate new environment
  - Tate Modern – cultural icon of the century
  - North South blockade removed
  - New permeability to site
  - 90,000 sq ft of retail, restaurant and health clubs
  - Covent Garden style restaurant boulevard



- Almost entirely pedestrianised
  - Significant neighbourhood improvements
    - Street lighting
    - Tree planting
    - Signage
    - Calming and narrowing of Southwark Street
    - Public Art



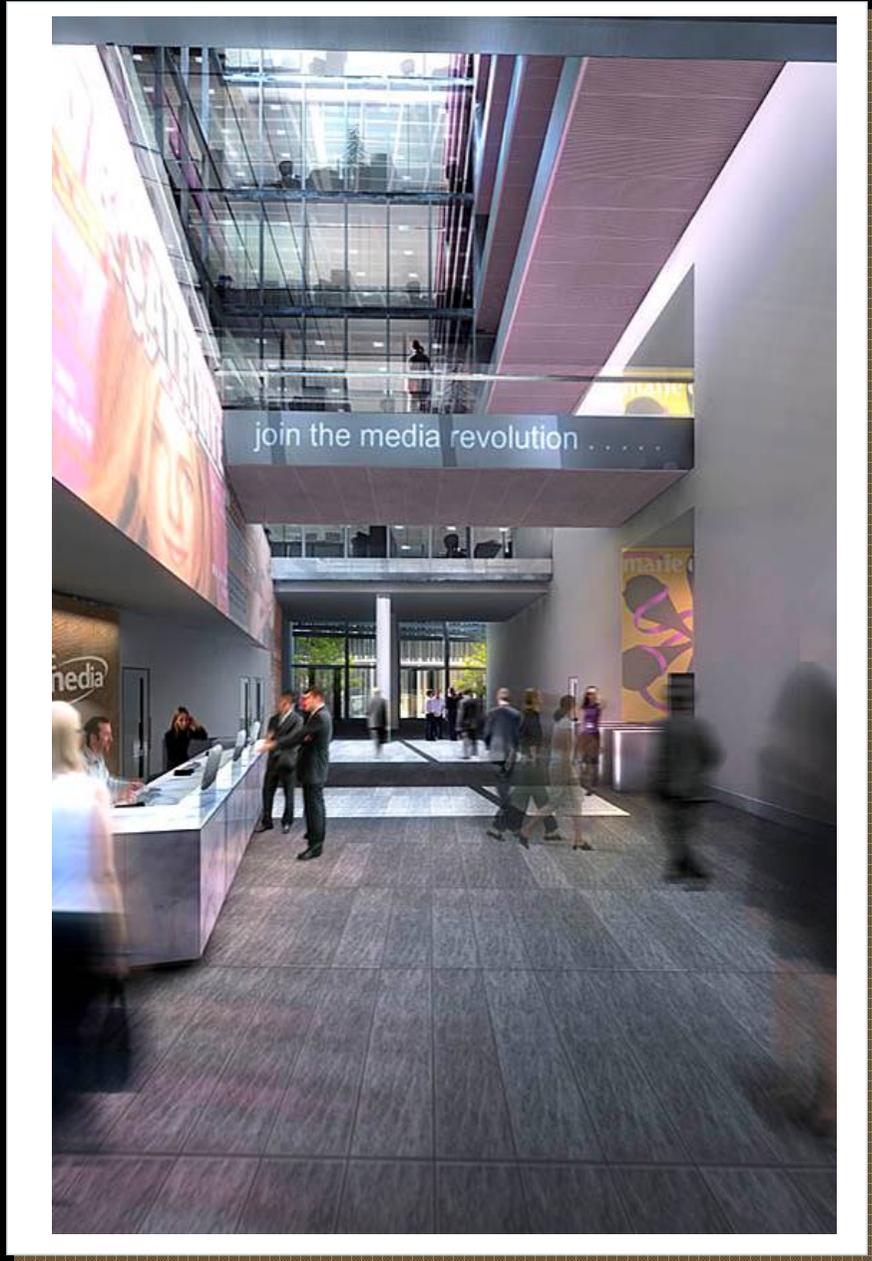


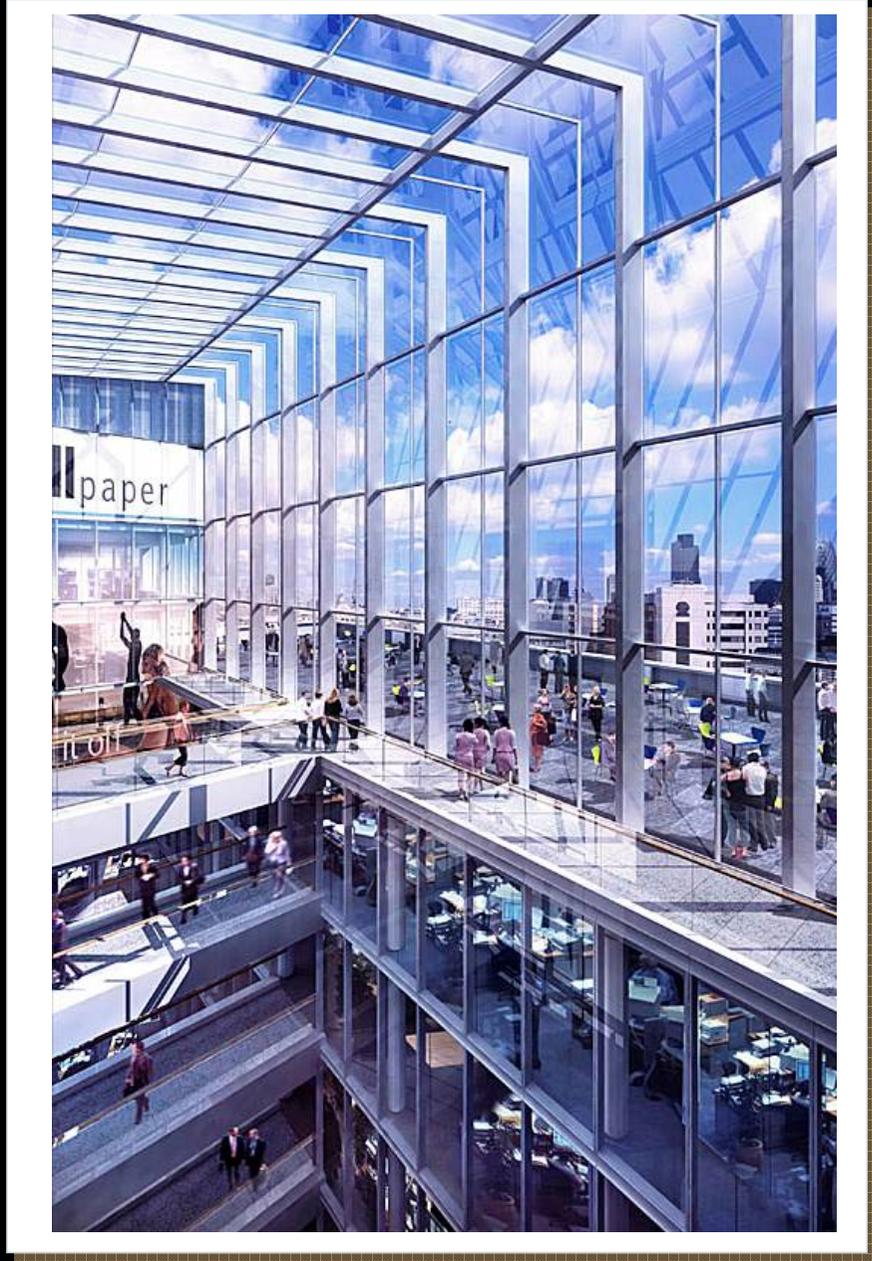
# Solutions

- CREATE A “VISION”
  - of the estate not just the building
  - Models
  - CGI's
    - External
    - Internal
  - Branded CGI's











# Solutions

- Demonstrate Deliverability
  - Ownership of site
  - Vacant possession
  - No contaminated land issues
  - Rights of light issues resolved
  - Planning Consent / Section 106 agreement completed
  - Building contract placed
  - Credible Building Programme
  - Physical demonstration of site activity
  - LAND SECURITIES TRACK RECORD





# Assessment of IPC's requirements

- Very specific requirements
- Clusters of magazine titles
- Each magazine with own production requirements



# Addressing IPC's requirements

- Blocking
- Stacking
- Space Planning
- Technical adaptation
  - Provision for data centre
  - Use of lower ground floor
  - Escalator
- Finishes





## Closing the deal

- Negotiating and agreeing detailed Heads of Terms
- Completing the legal documentation
- True team effort
  - Land Securities Group PLC
  - Freshfields Bruckhaus Deringer
  - Allies & Morrison Architects
  - Bovis Lend Lease
  - Foreman Roberts
  - Whitby Roberts
  - Davis Langdon
- Flip from pre-let to forward sale c.£200 million



## Mission Two

- Exploit the value of the remainder of the site
  - Reduced risk profile following IPC sale
  - Confidence to develop speculatively
  - Early cycle start on site and delivery
  - Full Land Securities “City Specification”
  - Completion of the holistic vision





# Solutions

- Research led marketing during construction
  - Identified and targeted prospective occupiers including:
    - KPMG
    - Thomson Corporation
    - Guardian Newspapers
    - London Borough of Southwark
    - Royal Bank of Scotland (RBS)

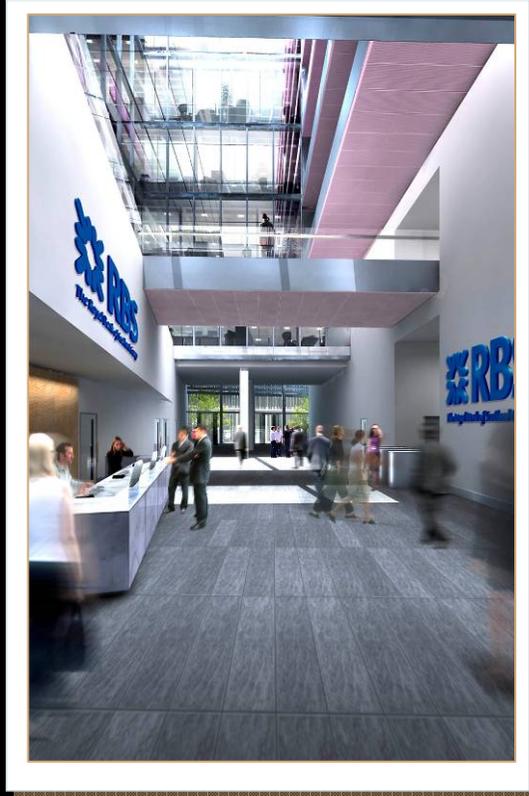




## Solutions

- Detailed presentations and proposals
- Significant negotiations with London Borough of Southwark / RBS
- Leveraged Southwark deal to close RBS







## The RBS deal

Accommodation:	Bankside 2	168,000 sq ft
	<u>Bankside 3</u>	<u>210,000 sq ft</u>
	Total	378,000 sq ft

Lease: 20 years, no breaks

Rent:	Bankside 2	£42.50 psf pax
	Bankside 3	£46.50 psf pax

Rent Free Period: 24 months





# Q&A





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