Retail Portfolio Investor morning

Richard Akers – Managing Director

17 July 2009

Agenda

Introduction	Richard Akers
Shopping centres	Ashley Blake
Retail warehouses	Dominic O’Rourke
Q&A session	All
Development	Lester Hampson
Q&A session	All
Gunwharf Quays overview	Mike Davidson
Tour of Gunwharf Quays	

Retail Portfolio

- £4.3bn portfolio
- 100% UK portfolio
- 26 shopping centres and 21 retail parks
- Hotels, supermarkets and high street shops
- 1.9million sq m of retail accommodation
- 46% of total investment portfolio
- Substantial development capability and pipeline

We receive 300 million shopper visits per year

Strategy

- Investment in dominant assets and occupier partnerships
- Move assets up the retail hierarchy through asset management and development
- Driven by intense focus and understanding of customer needs




Long term investment in dominant retail assets

Team

Retail Warehousing

Shopping Centres

Development

Focus on returns and expertise

Team

Retail Warehousing

Shopping Centres

Development

Commercial

Property Management

Investment

Focus on returns and expertise

Investment market

- Land Securities Retail
  - 14 Retail Parks sold since January 2007
  - No major acquisitions since 2005
  - £163m sold in quarter
- Market
  - Stabilized, more bidders, lack of product
  - Prospects are very asset specific
- Key determinants of value
  - Security of income
  - ERV prospects
  - Availability of debt

Maskew Avenue retail park, Peterborough

We have taken advantage of an improved market

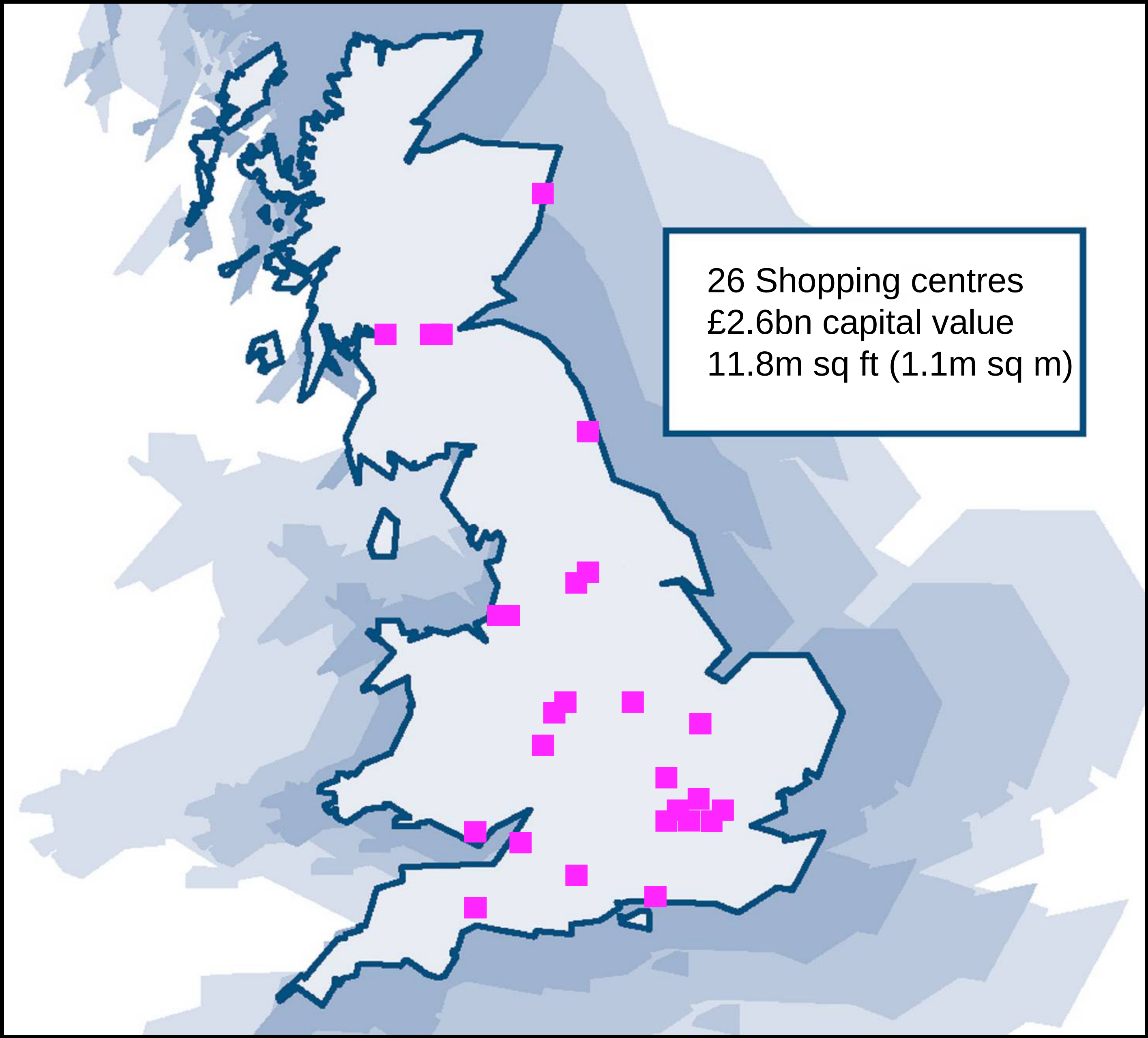
Dynamics of retail sector

- Food stores
- New formats
- Value
- Top line growth
- Competition
- London
- New concepts

Challenging economy balanced by constant activity

Shopping Centres

Ashley Blake



26 Shopping centres
£2.6bn capital value
11.8m sq ft (1.1m sq m)

Land Securities' shopping centres

- 2,170 tenants; spread of income
- Footfall 300 million shopper visits
- Portfolio scale gives leverage with retailers
- Unlocking asset management upside with our experience and our retailer relationships
- Rental values range from £10 to £310 per sq ft zone A
- Voids stand at 6.8% by estimated rental value
- Units in administration have decreased from 4.7% to 4.4% (by rent roll) since year-end
- 42 lettings completed since year-end on portfolio

Bon Accord and St Nicholas, Aberdeen

- 80 units anchored by John Lewis, M&S, Boots and Next; 1,200 car spaces
- Improved environment in both centres
- Enhanced tenant offer:
  - Largest Next in Scotland 5,000 sq m (54,000 sq ft)
  - Enlarged stores for Topshop / Topman and River Island
  - Aurora units open and trading
  - New strong fashion brands introduced

Bon Accord Centre, Aberdeen

New fashion hub

St Nicholas centre, Aberdeen

Newly refurbished mall and entrances

RIVER ISLAND

RIVER ISLAND

KURT GEIGER

RIVER ISLAND

KURT GEIGER

KAREN MILLEN

RIVER ISLAND

KURT GEIGER

KAREN MILLEN

WAREHOUSE

RIVER ISLAND

KURT GEIGER

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TOPSHOP TOPMAN

Bon Accord and St Nicholas, Aberdeen

- Strong trading
  - John Lewis 4th strongest in UK during 2009
  - Oasis, Warehouse and Coast trading 30-50% higher than target since opening in Spring 2009

- Rental Values - £150 to £170 per sq ft zone A (Scottish)

Bon Accord Centre, Aberdeen

New fashion hub

Lewisham Shopping Centre

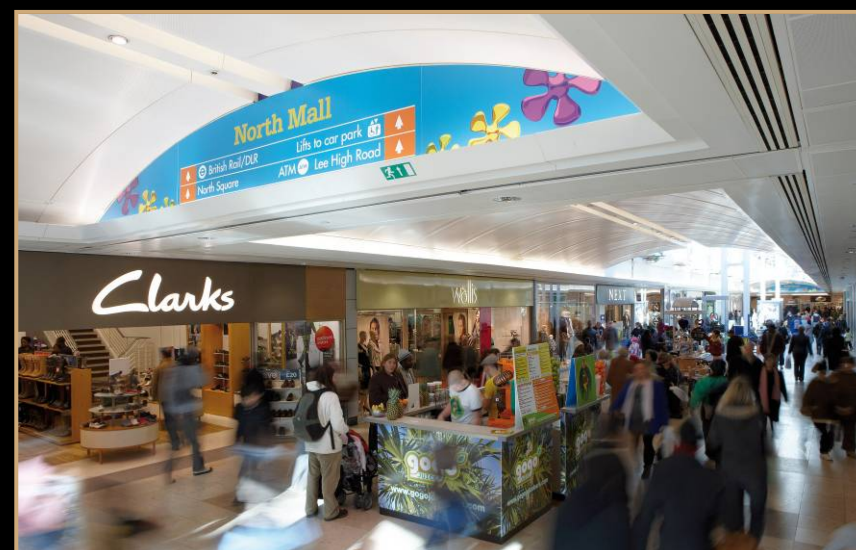
- 65 units & 849 car parking spaces
- Refurbished 2007
- Anchored by Marks & Spencer, Boots, Sainsbury's, Next, New Look and TK Maxx
- Voids reduced from 9.00% to 3.4% by ERV during 2009
- Rental values – 85 to £120 per sq ft zone A

Lewisham


South Mall
Library
Buses
Model Market
Molesworth Street
Argos
£18


Argos
evans.
£7


MUFFIN BREAK
Sainsbury's


North Mall
Lifts to car park
British Rail/DLR
ATM
Lee High Road
North Square
Clarks

Lewisham Shopping Centre

- Woolworths unit let to H&M – 1,310 sq m (14,150 sq ft)
- Ex-Rosebys unit let to Homestyle – 158 sq m (1,700 sq ft)
- Ex-Mark One unit under offer to Costa and Mothercare
- Reconfigured part of WH Smith for Poundland – 1,140 sq m (12,300 sq ft)
- Following a lease expiry Internacionale took a 325 sq m (3,500 sq ft) unit

Corby Town Centre

Corby Town Centre

- 145 shop units and 775 car spaces; 23 acre site
- Anchored by Primark, TK Maxx, Boots, WH Smith, River Island, Wilkinsons and Burtons / Dorothy Perkins
- Willow place extension finished 2007; has improved environment and retailer offer
- Strong trading reported - Anchor Primark trading 22% ahead of plan; Mothercare store in top 10 across UK.
- 2009 Footfall up 5% compared to 2008
- Lettings to HSBC, Select, Café con Leche, Tin Miners Pasty Company, Vodafone & Mothercare/ELC.
- Rental values range from £10 to £75 per sq ft zone A

White Rose, Leeds

White Rose, Leeds

- 109 shop units and 4,800 car spaces
- Ranked as one of the top covered malls in the UK
- Anchored by Sainsburys, Debenhams, M&S, Primark, Zara, River Island, Bhs and Next
- Footfall up by over 3% in 2008/2009
- Mall income up nearly 20% in 2008/2009
- Shopper satisfaction levels over 90%
- Service charge model for the industry
- Rental values of up £310 per sq ft zone A (100% basis)

White Rose, Leeds

- Strong occupancy; voids at 3.2% of ERV
- New retailers include: Nandos, Garage Shoes, Red 5 and Graveleys
- Many tenants under-sized and keen to expand, examples include:
    - New Look
    - Next
    - M&S
    - Primark
    - HMV
    - Topshop
- 187 acres of land owned or optioned; excellent future potential to further extend the centre

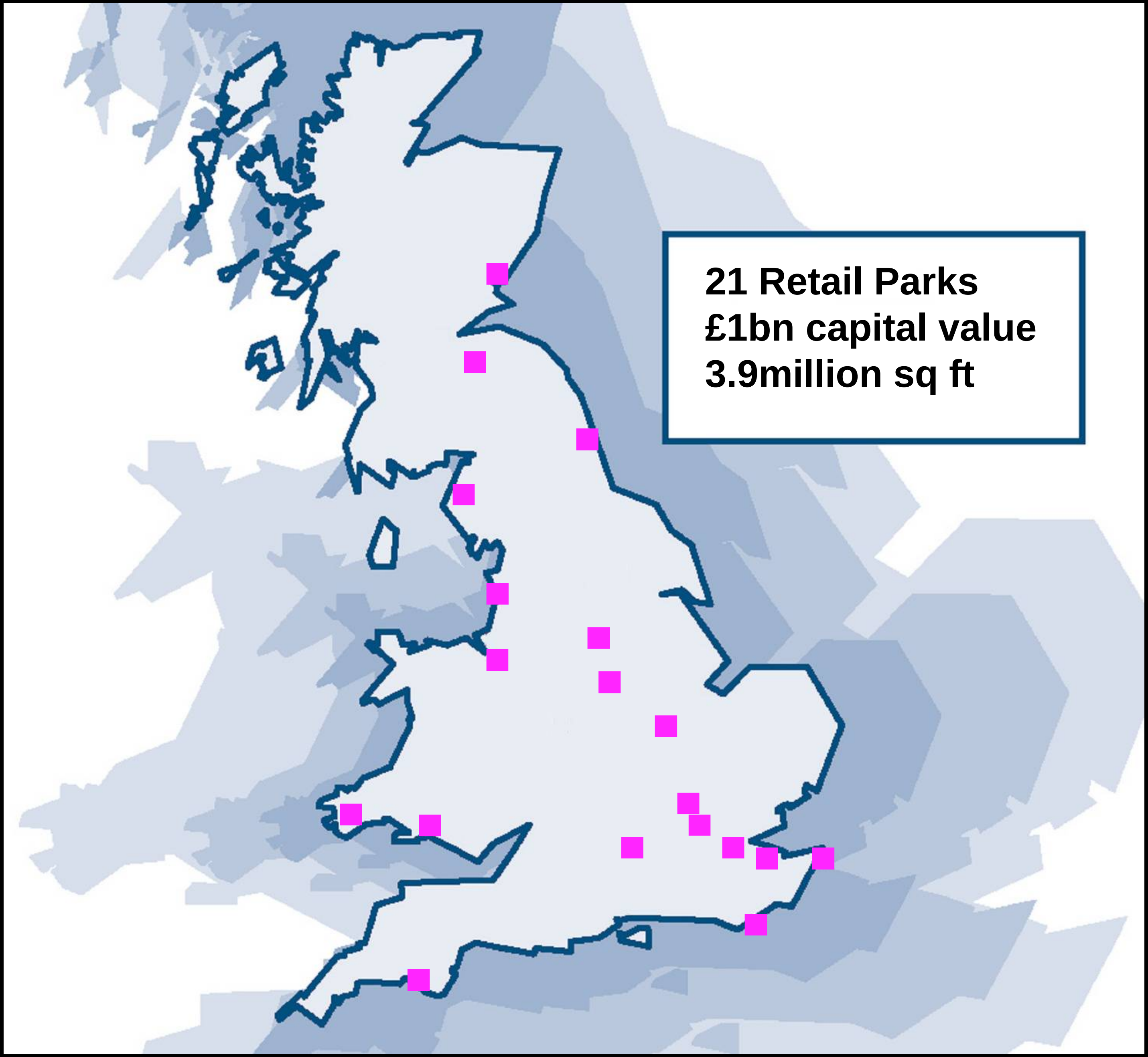
White Rose, Leeds

Retail warehouses

Dominic O’Rourke

Topics

- Administrations
- Leasing & Asset Management – Poole, Livingston & Lakeside
- The Future – Greyhound Retail Park & Bracknell


21 Retail Parks
£1bn capital value
3.9million sq ft

Westwood Cross – Thanet

Gateshead – Retail World

Chesterfield – Ravenside Retail Park

Administrations – UK wide

Retailers	Size (sq ft)	Out of Town Stores	Date
Motor World	951,000	9	September 08
Rosebys	560,000	77	September 08
Woolworths	1,323,000	15	November 08
MFI	4,554,000	192	November 08
Suite Success	38,000	4	November 08
Zavvi	21,000	4	December 08
Land of Leather	1,059,000	109	January 09
Empire Direct	117,000	13	January 09
Apollo	132,000	12	March 09
Birthdays	93,000	20	May 09

Source: Colliers CRE Midsummer Report

Poole – The Commerce Centre

Poole – The Commerce Centre

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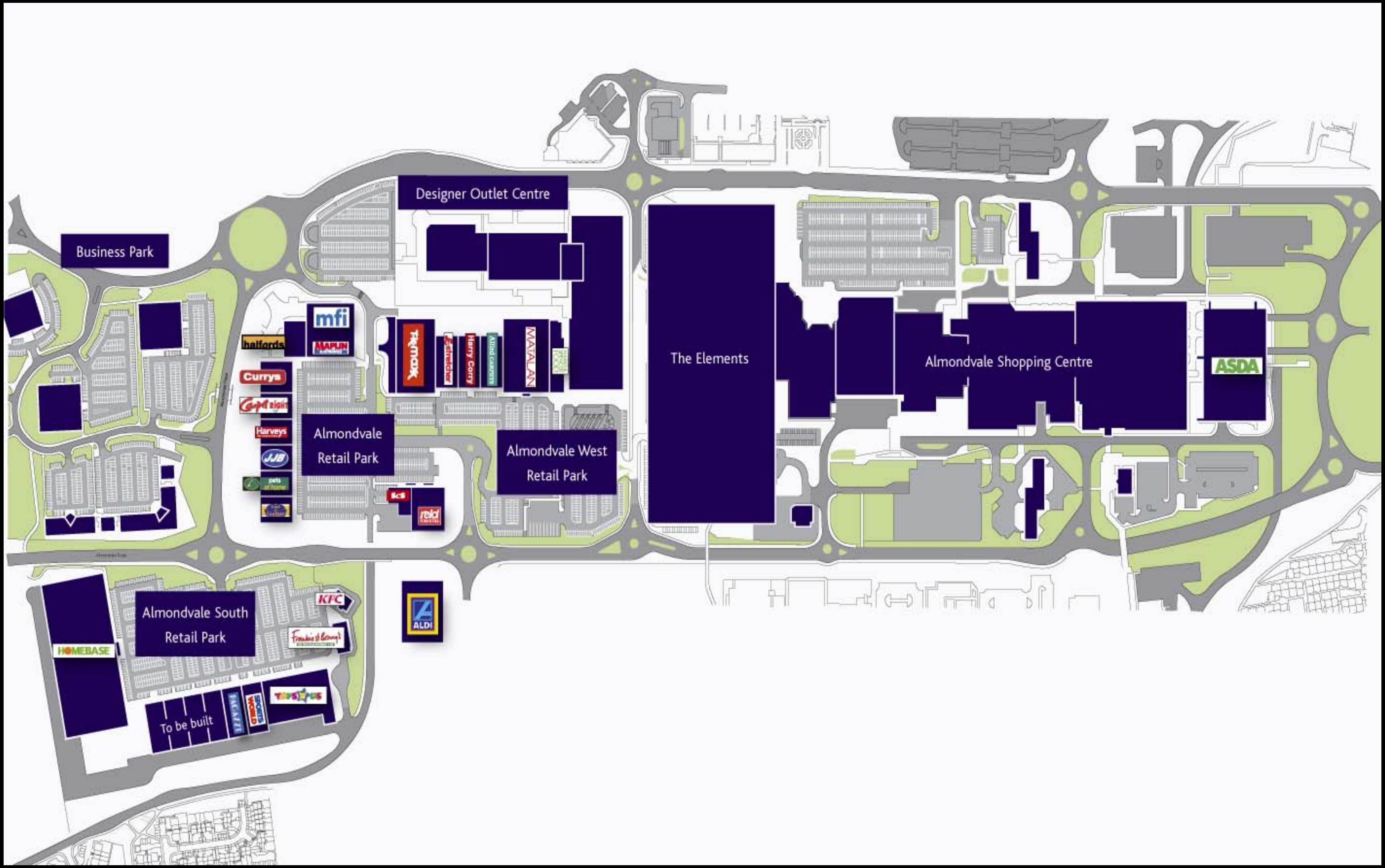
Poole – The Commerce Centre

Livingston



Designer Outlet Centre
Business Park
The Elements
Almondvale Shopping Centre
ASDA
Almondvale Retail Park
Almondvale West Retail Park
mfi
halfords
Currys
Harveys
JJB
TK maxx
Matalan
Harry Corry
Almondvale South Retail Park
KFC
ALDI
HOMEBASE
To be built

Livingston – Almondvale Retail Park

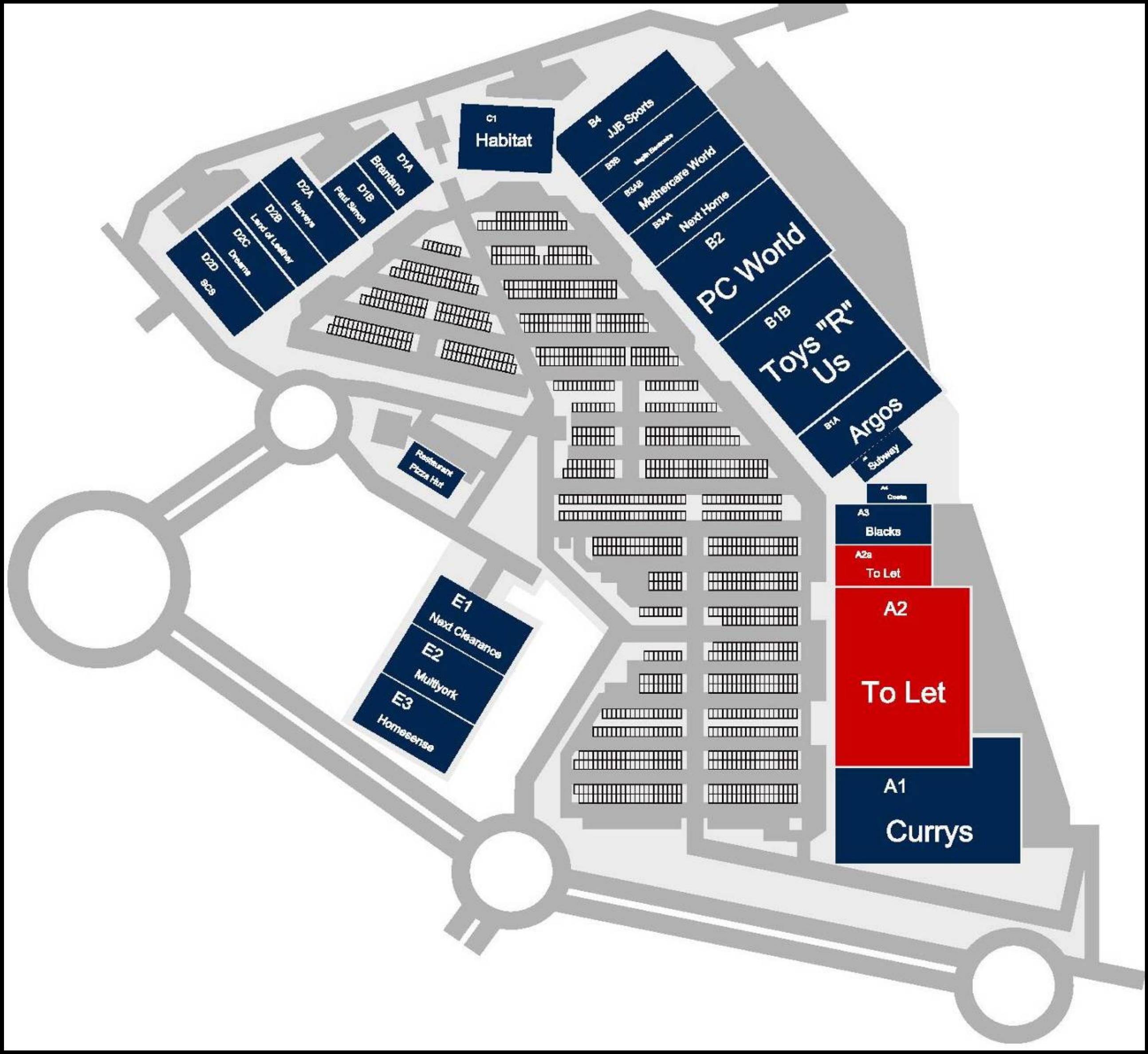
Currys

Washers & Dryers
Fridges & Freezers
Audio
Televisions
Computing
Gaming
Photography
Great value

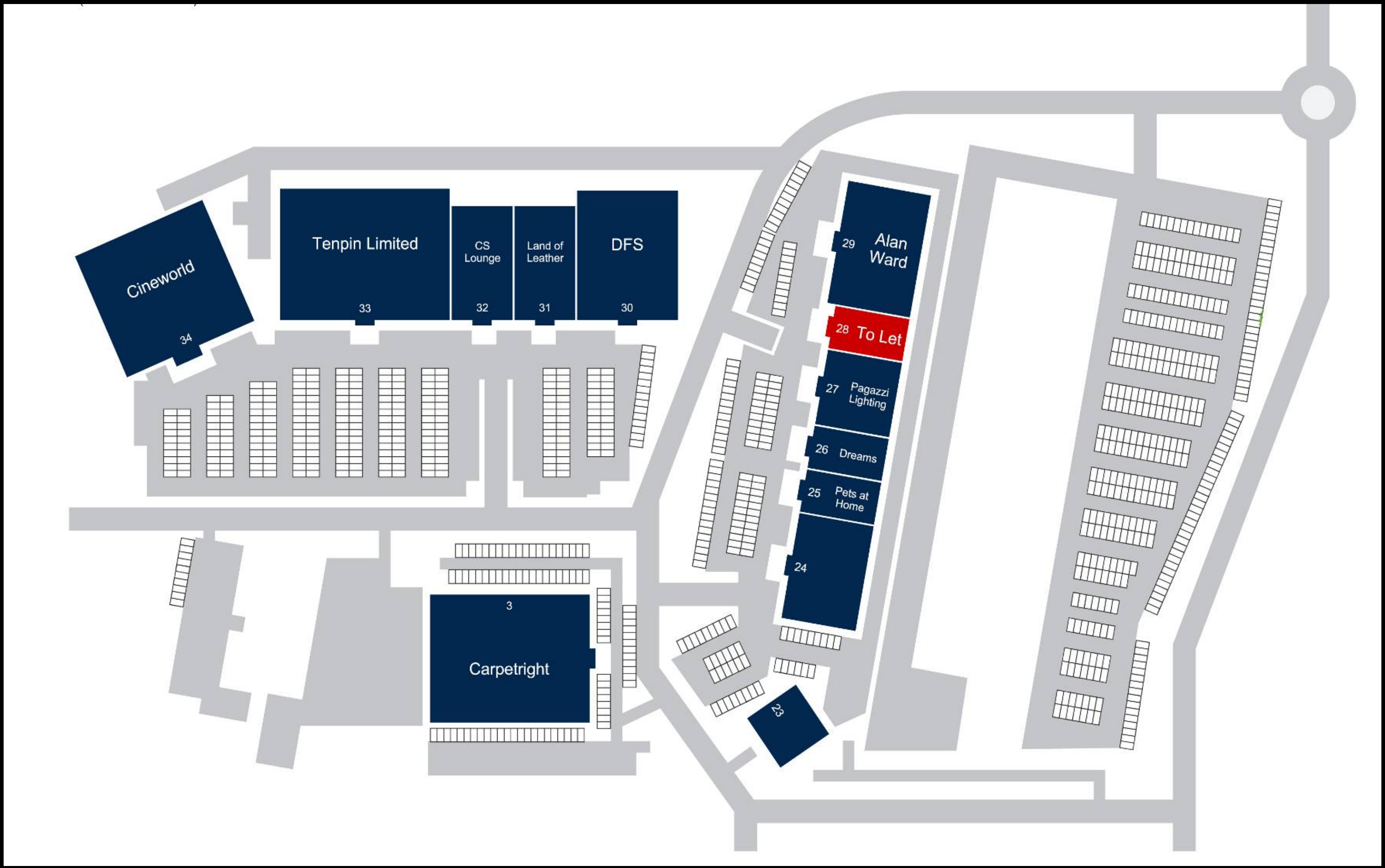
Lakeside Retail Park – Thurrock

Lakeside Retail Park – Thurrock

Lakeside Retail Park – Thurrock



Greyhound Retail Park – Chester



Greyhound Retail Park – Chester

Bracknell – Peel Centre

Bracknell – Peel Centre

Bracknell – Peel Centre

Summary

- Affordable rents
- Good lease lengths
- Open A1 consents
- Asset management potential

Questions and Answers

Development
Lester Hampson

Top locations by National Surveys of Shopping Locations

	NSLSP SHOPPERS only 90% of total	Shopper POP RANK
LONDON CENTRAL	1,596,262	1
GLASGOW CENTRAL	673,746	2
MANCHESTER CENTRAL	656,490	3
BIRMINGHAM CENTRAL	656,372	4
LEEDS CENTRAL	576,768	5
NEWCASTLE UPON TYNE CENTRAL	512,610	6
NOTTINGHAM CENTRAL	509,945	7
CARDIFF CENTRAL	488,368	8
LIVERPOOL CENTRAL	461,627	9
NORWICH CENTRAL	450,489	10
EDINBURGH CENTRAL	423,248	11
BRISTOL CENTRAL	402,536	12

Exeter
Princesshay

LandSecurities

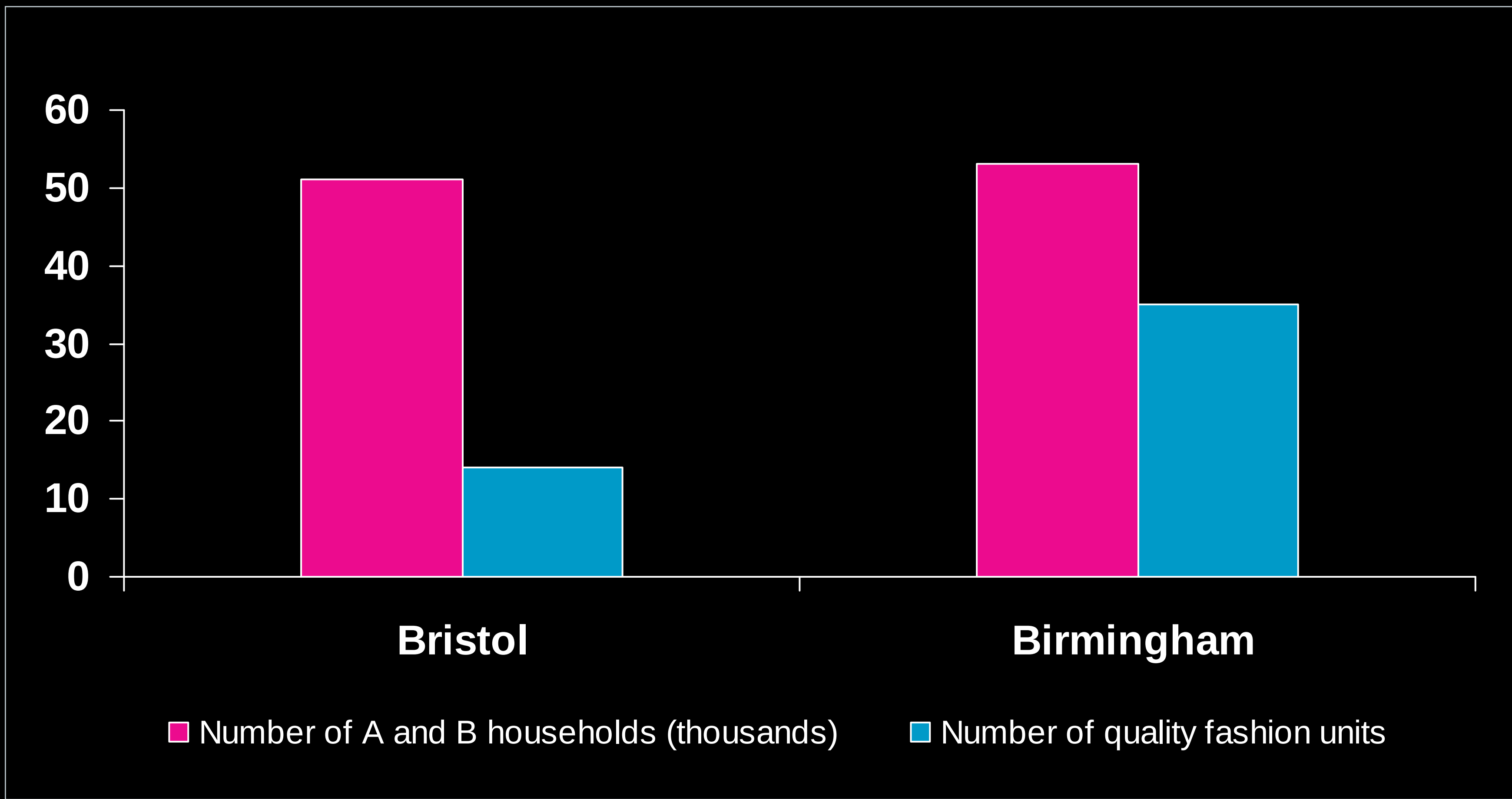
Princesshay – public realm

Princesshay

Princesshay – residential

Bristol
Cabot Circus

Cabot Circus – the opportunity



Cabot Circus

Quakers Friars

Cardiff
St David's 2

View of JLP

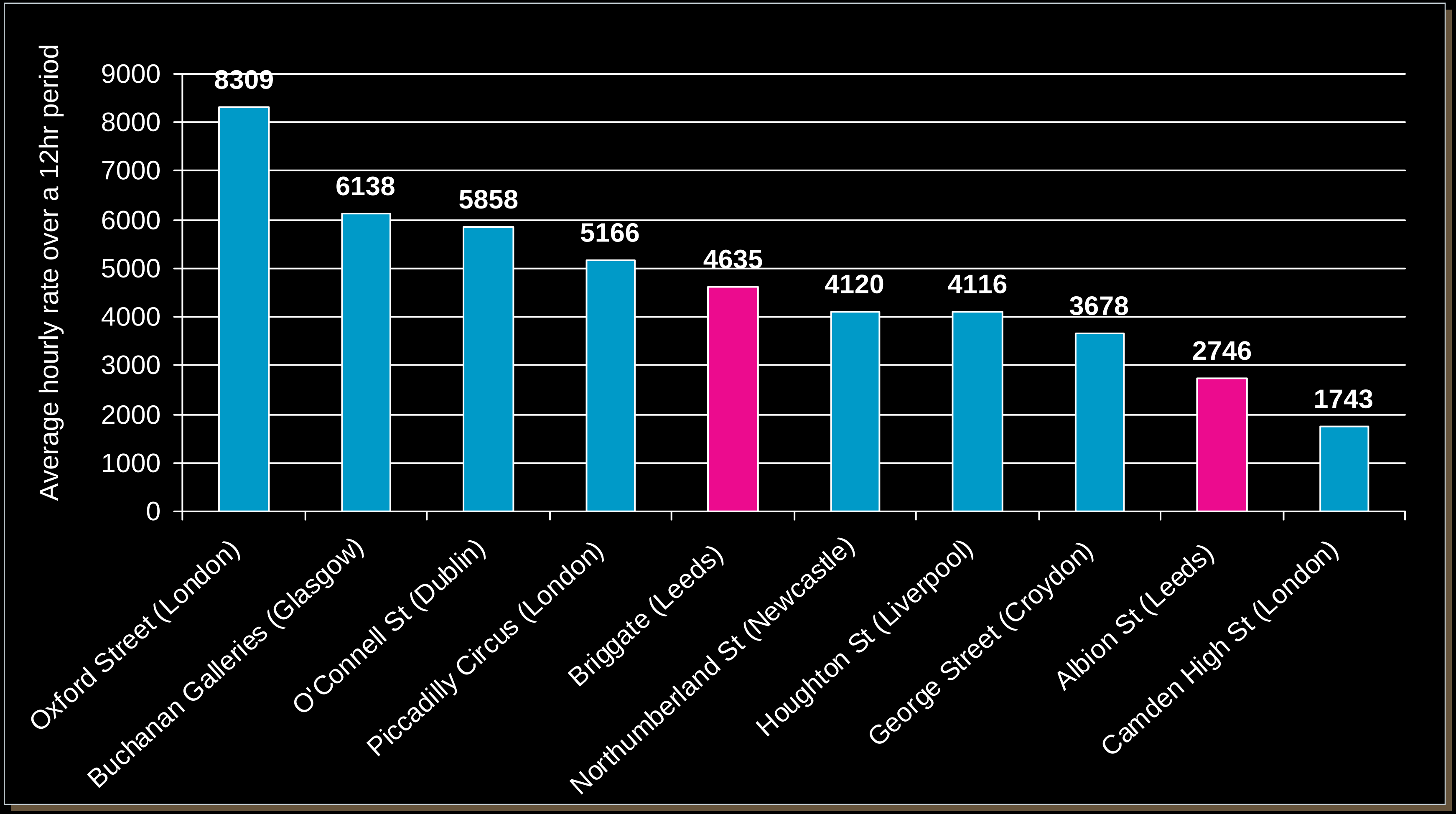
Grand Arcade

The Hayes

Leeds
Trinity

Briggate

Pedestrian Movement – UK benchmark



Cinema

Albion Street – existing

Albion Street – proposed

Albion Street - existing

Albion Street – proposed

Existing – bridge link

Proposed – bridge link

Existing entrance

Proposed entrance

London
One New Change

View of St Paul's

View of St Paul's from One New Change

Aerial view

Harvest JV
Lincoln

LandSecurities

CGI - Lincoln

Chester

Chester

Questions and Answers

Overview of Gunwharf Quays

Mike Davidson

Introduction

- History/development
- Factors affecting performance
- Asset management
- Financial performance
- Destination marketing
- Customer experience

HMS VERNON

Former naval establishment

17th c	Gunwharf – First Ordnance Yard for Navy
1796/ 1814	Construction of Nelson Gate, Vulcan & Vernon Buildings
1919	HMS Vernon – Naval Torpedo School
1986	HMS Vernon closed
1992	Declared conservation area
1996	Planning brief issued by PCC
2001	Gunwharf Quays opens to the public

Gunwharf Quays PORTSMOUTH HARBOUR

LandSecurities

Complex development

- 4 Schedule Ancient Monument Consents
- 2 Transport and Works Acts
- 2 Harbour Revision Orders
- Interface Agreements – Wightlink & Railtrack
- Land remediation
- Unexploded ordinance
- Raised site by one metre

Work in progress:

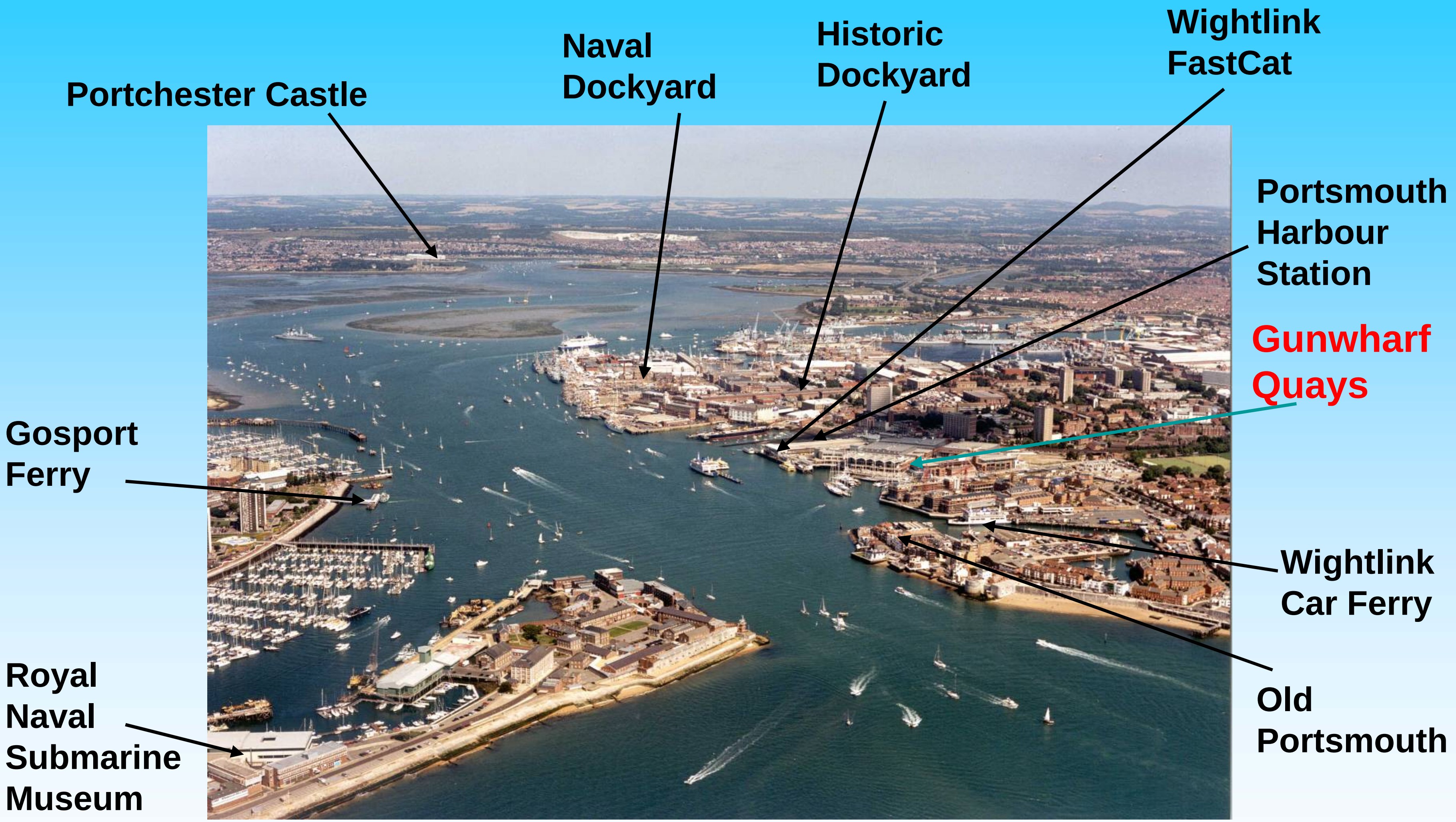
Gunwharf Quays
PORTSMOUTH HARBOUR

LandSecurities

Factors affecting performance

- Location
- Mix of uses
- Lease structure
- Occupier partnership
- Proactive management
- Established brand

Location



Portchester Castle
Naval Dockyard
Historic Dockyard
Wightlink FastCat
Portsmouth Harbour Station
Gunwharf Quays
Gosport Ferry
Wightlink Car Ferry
Royal Naval Submarine Museum
Old Portsmouth

Mix of uses

- **Retail** - 229,000 sq ft
- **Leisure** - 151,000 sq ft
- **Bars & Restaurants** - 107,000 sq ft
- **Offices** - 30,000 sq ft
- **Car Park** – 1,532 spaces
- **Berths** – 550metres
- **Holiday Inn Express** – 130 rooms
- **Grosvenor Casino**
- **24/7 Fitness**

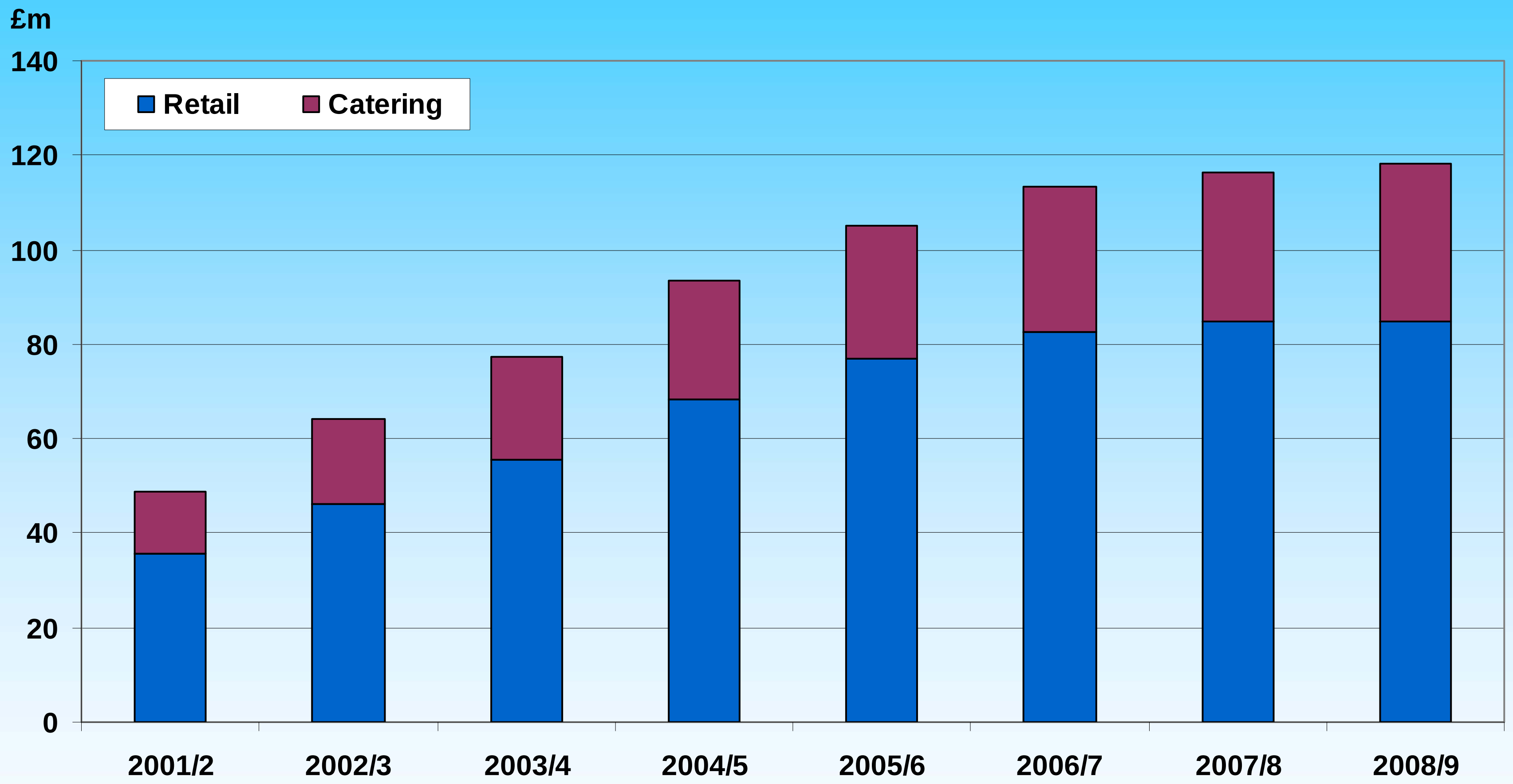
Gunwharf Quays
PORTSMOUTH HARBOUR

LandSecurities

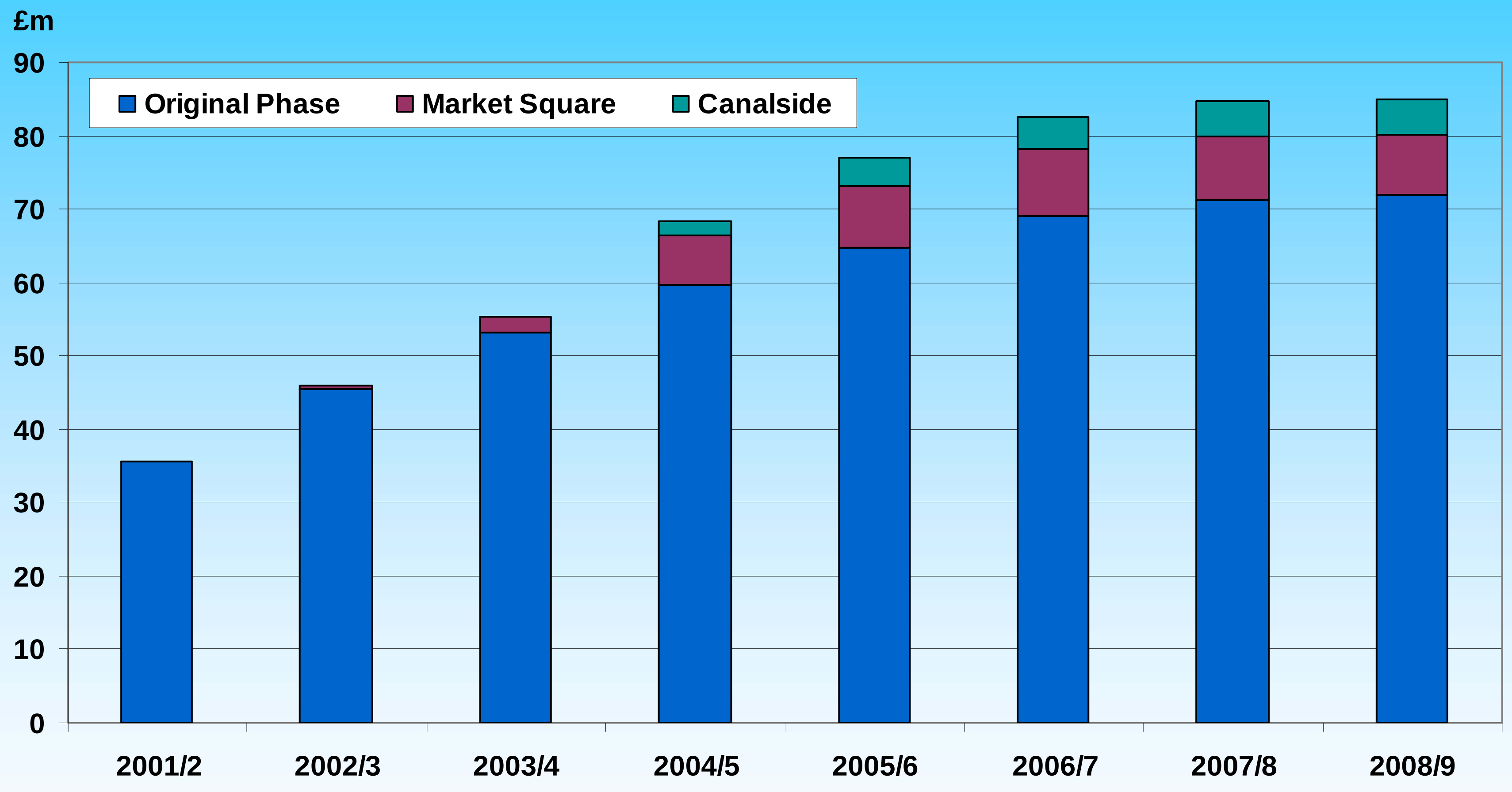
Lease structures

- Turnover lease (base and top up)
- Outside the Tenant & Landlord Act 1954
- Performance breaks
- Occupier Partnership

Retail & catering turnover growth



Retail turnover growth



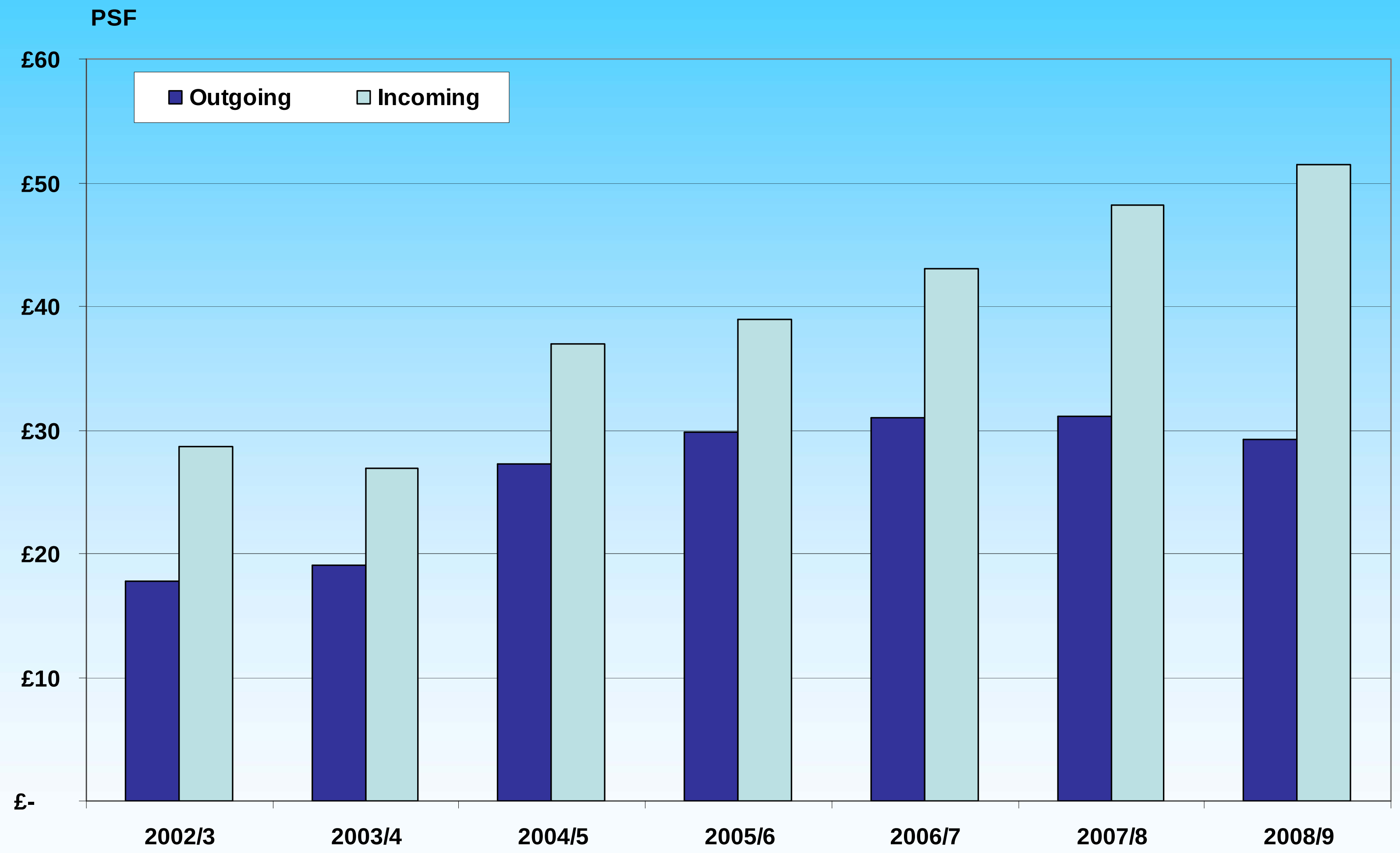
Proactive asset management

- Asset management tools
  - Sales information
  - Hot zones
  - Viability monitoring
- Retail Liaison Manager
- Refreshing the mix

Refreshing the mix

Factory outlet first lettings

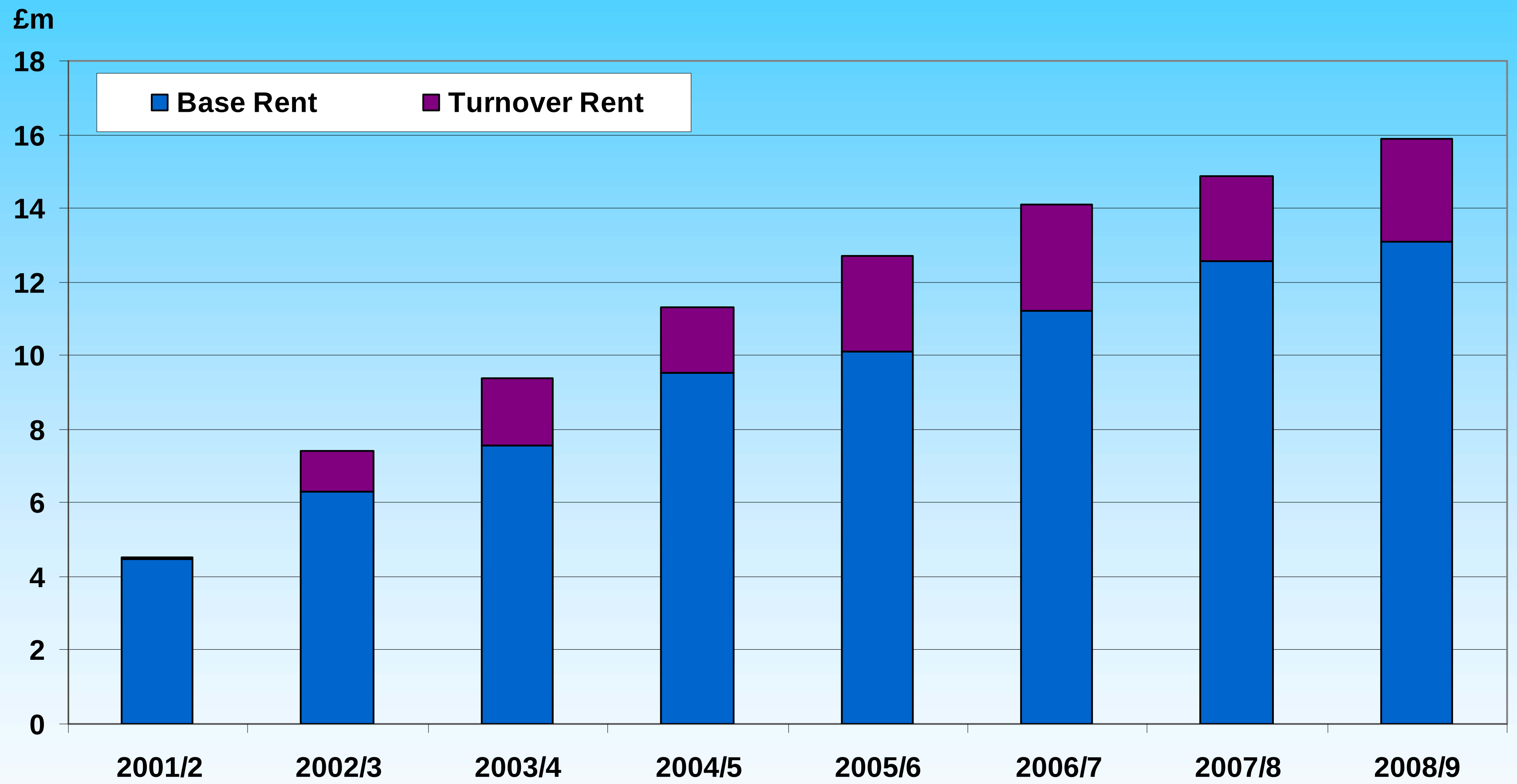
Adding value – impact of churn on base rent



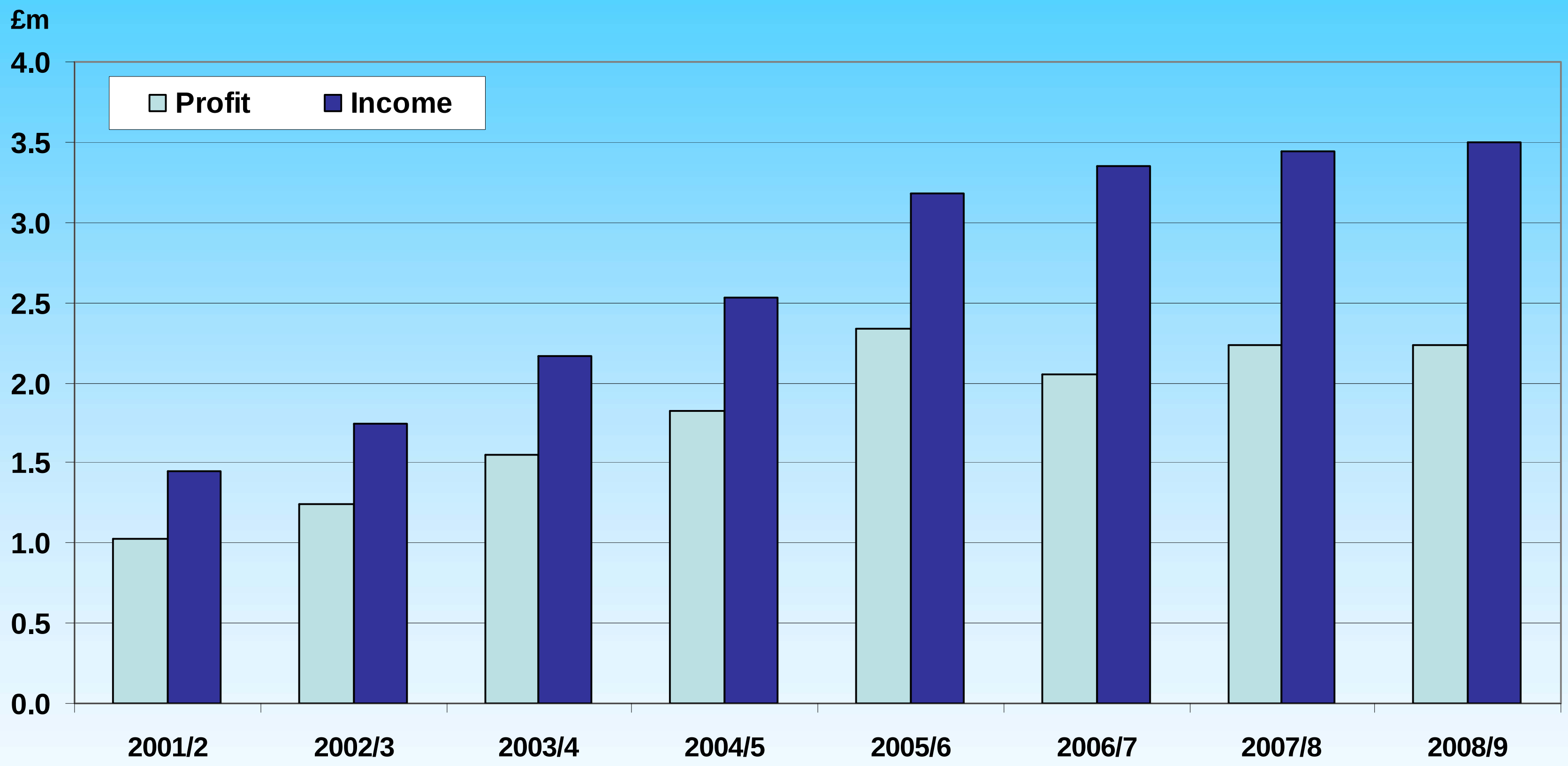
Gunwharf Quays PORTSMOUTH HARBOUR

LandSecurities

Financial performance - rental income split



Car park performance



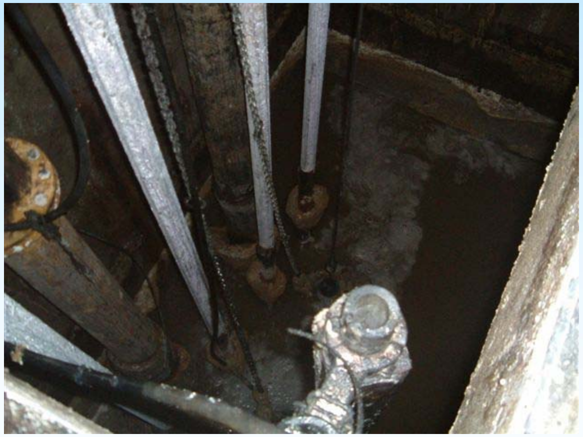
Gunwharf Quays
PORTSMOUTH HARBOUR

LandSecurities

Operational management

- Overcoming challenges
  - Extensive common areas/features
  - Marine environment
  - Complex M&E
  - 24 hour economy
  - Residential restrictions
- Achieving high standards

Cleaning



Security

- Community Safety Accreditation Scheme
- Shopwatch Special Constables
- Security Forums and workshops
- On-Site Police Station

Gunwharf Quays
PORTSMOUTH HARBOUR

LandSecurities

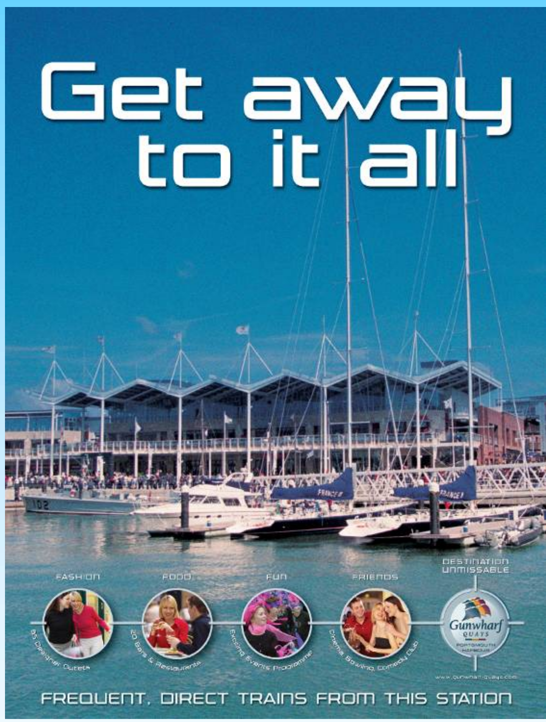
Waste management and recycling

Continual investment

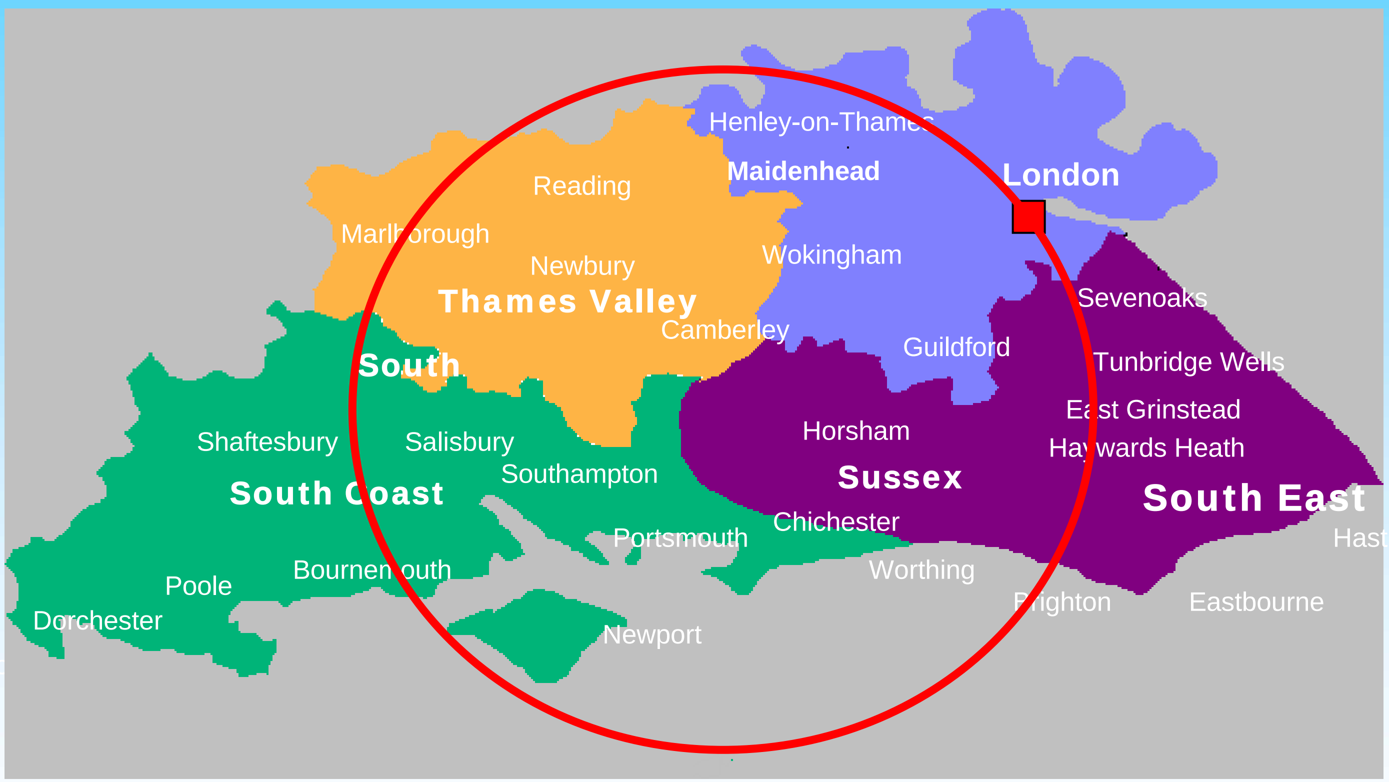
Car
Park
office

Washroom facilities

Building a destination brand



Gunwharf Quays catchment map



Gunwharf Quays PORTSMOUTH HARBOUR

LandSecurities

Who are Gunwharf Quays visitors?

- 63% female
- 68% ABC1 demographic profile
- 49% come by car
- 84% conversion to spend
- Average dwell time 126 minutes
- Average spend £47.65 on retail

Events programme

Gunwharf Quays
PORTSMOUTH HARBOUR

LandSecurities

Major waterfront events

2002: Cutty Sark Tall Ships

2005: Global Challenge

2006: Volvo Ocean Race

Gunwharf Quays
PORTSMOUTH HARBOUR

LandSecurities

The customer experience

Gunwharf Quays
PORTSMOUTH HARBOUR

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