RETAIL
Investor Conference
Oxford 2018

Landsec

RETAIL PORTFOLIO

Scott Parsons

Managing Director

Landsec

Agenda

MARKET AND PORTFOLIO UPDATE

Scott Parsons
Managing Director, Retail Portfolio

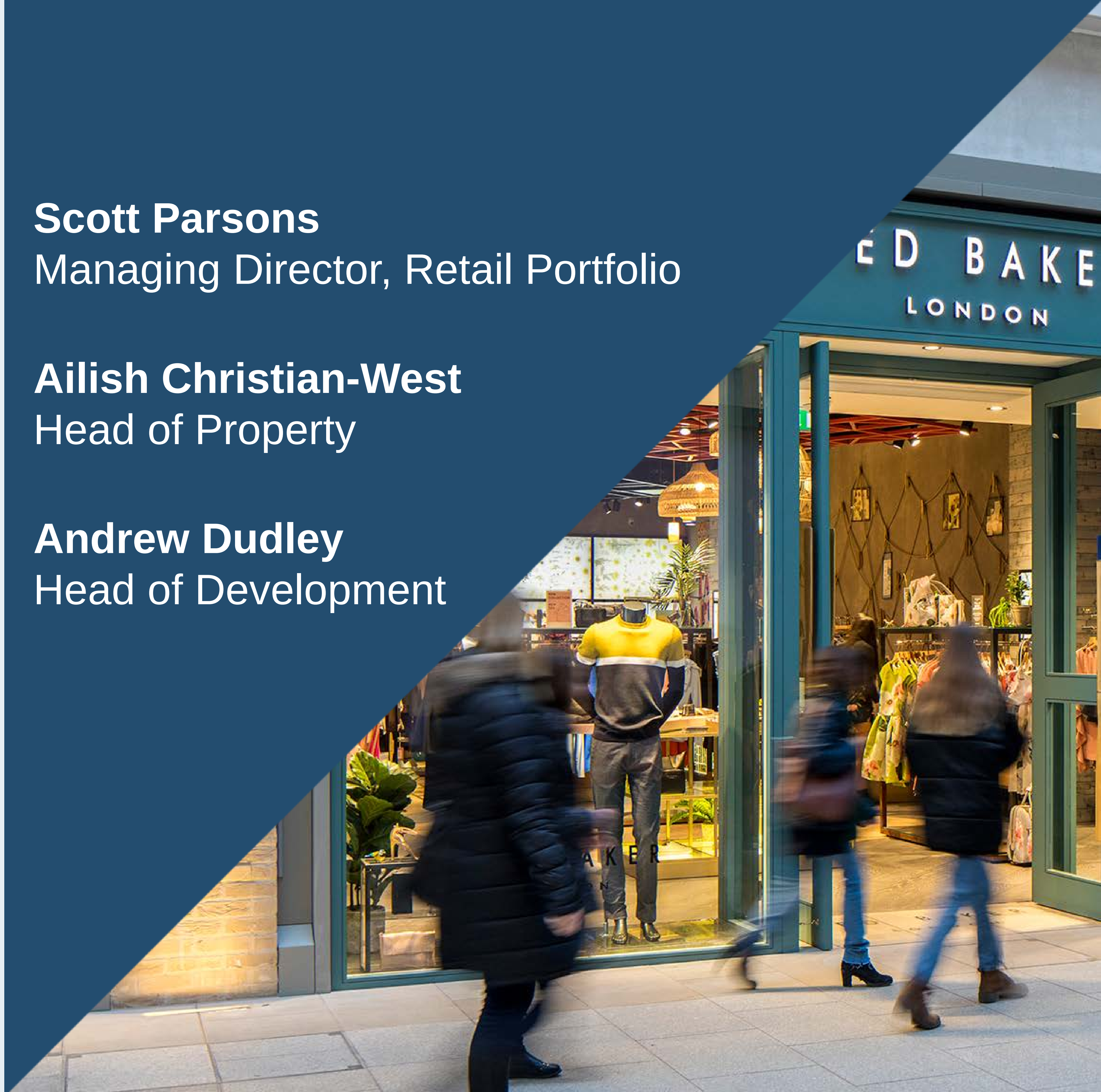
OUTLETS

Ailish Christian-West
Head of Property

WESTGATE OXFORD

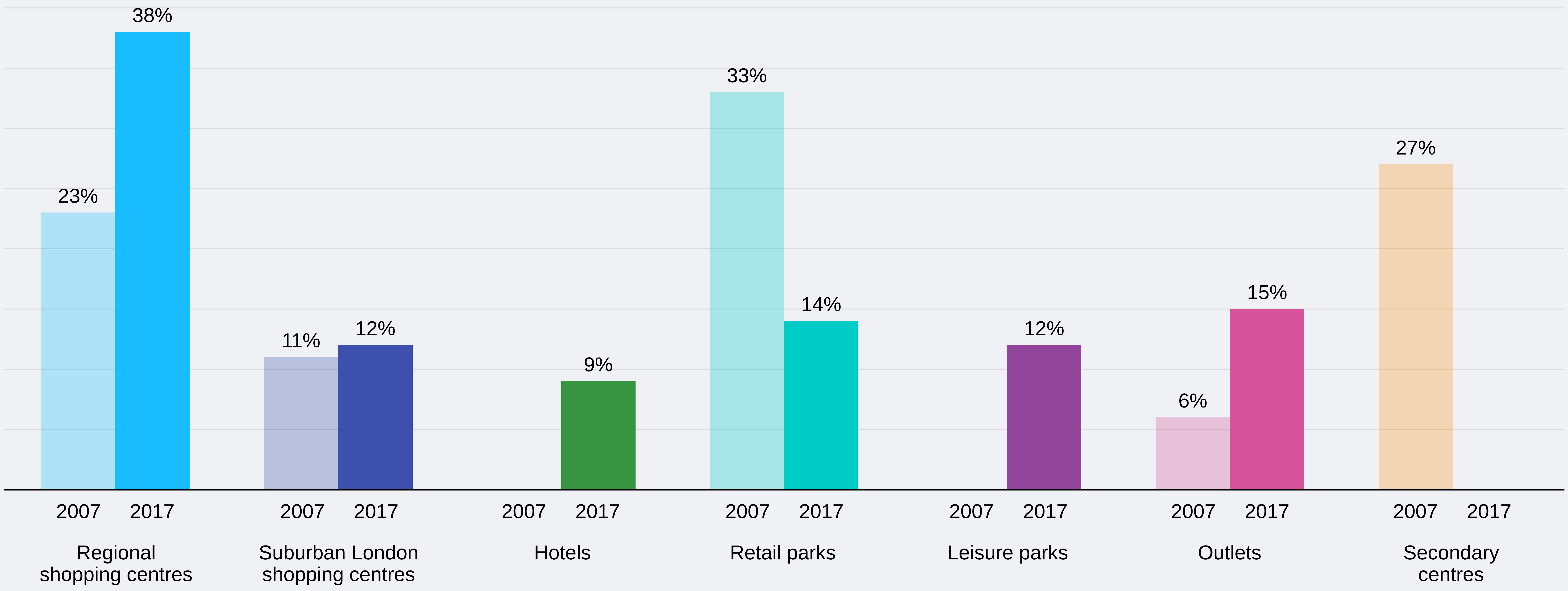
Andrew Dudley
Head of Development

FILM
Q&A
TOUR OF WESTGATE OXFORD
LUNCH

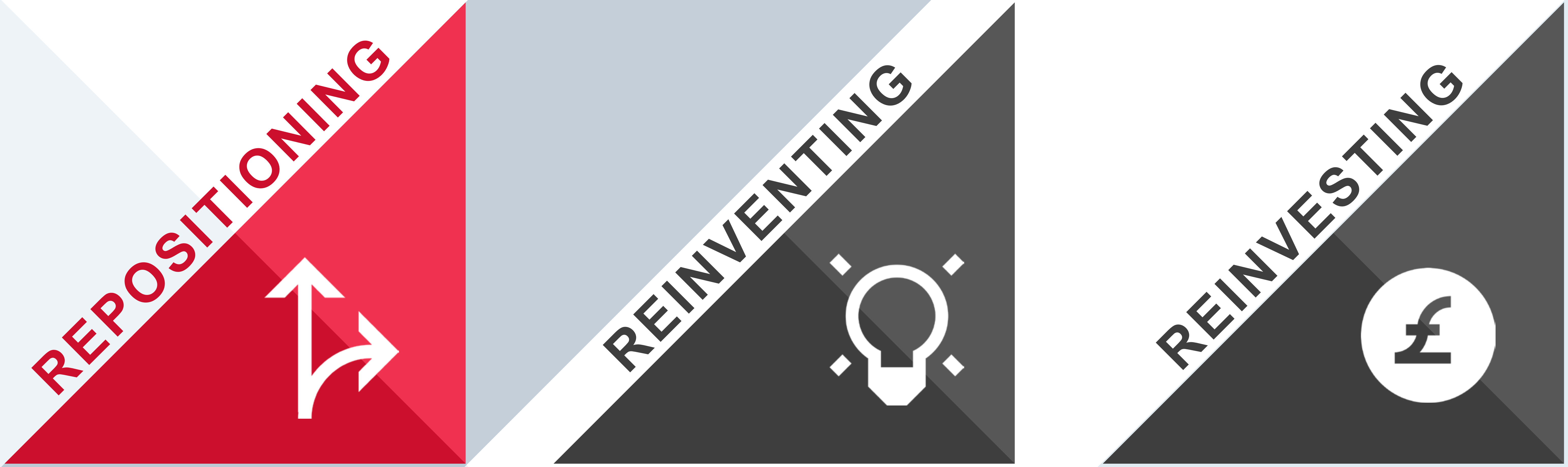


Repositioned Retail Portfolio

Retail Portfolio proportion of capital value – March 2007 vs September 2017

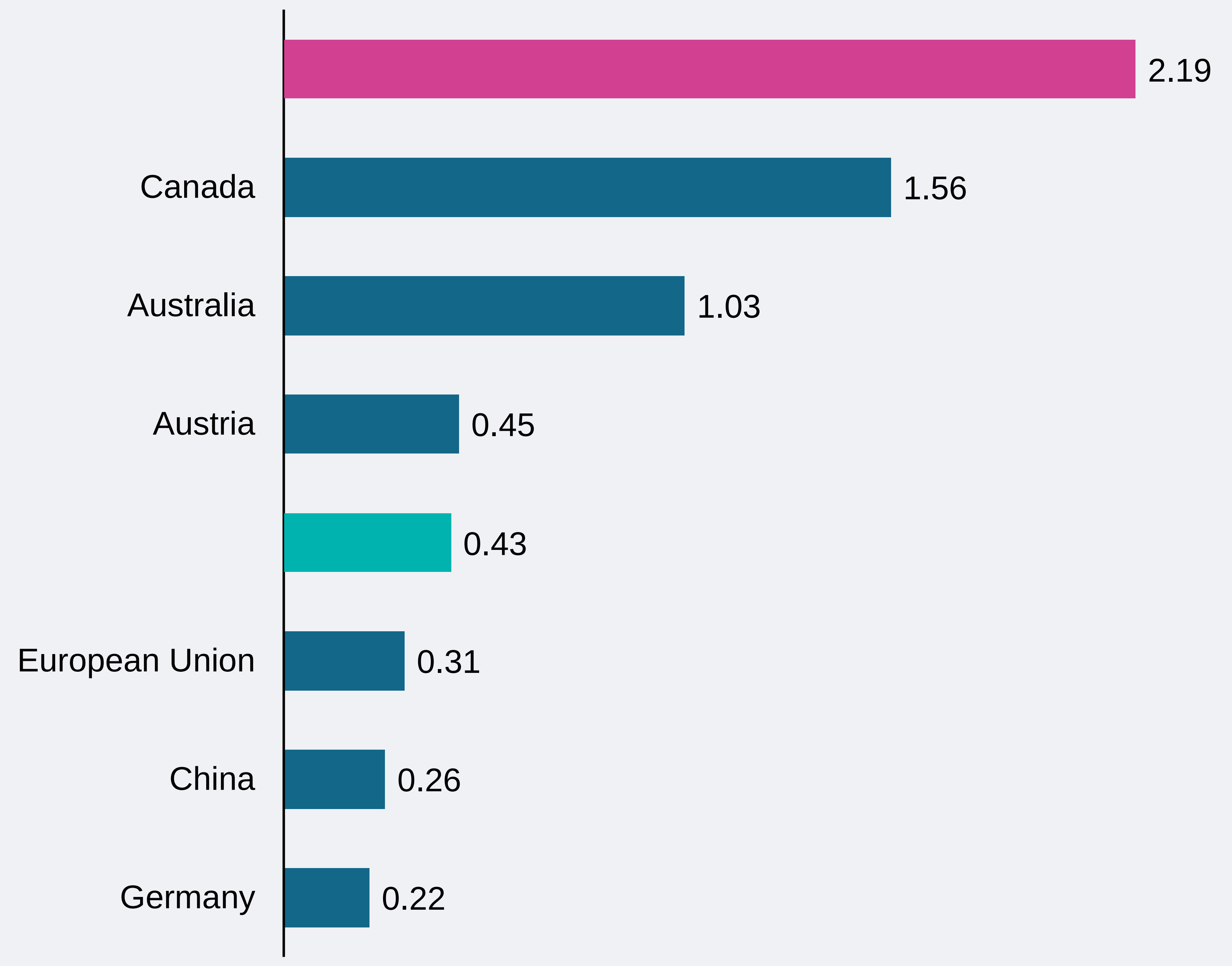


Retail Portfolio strategy



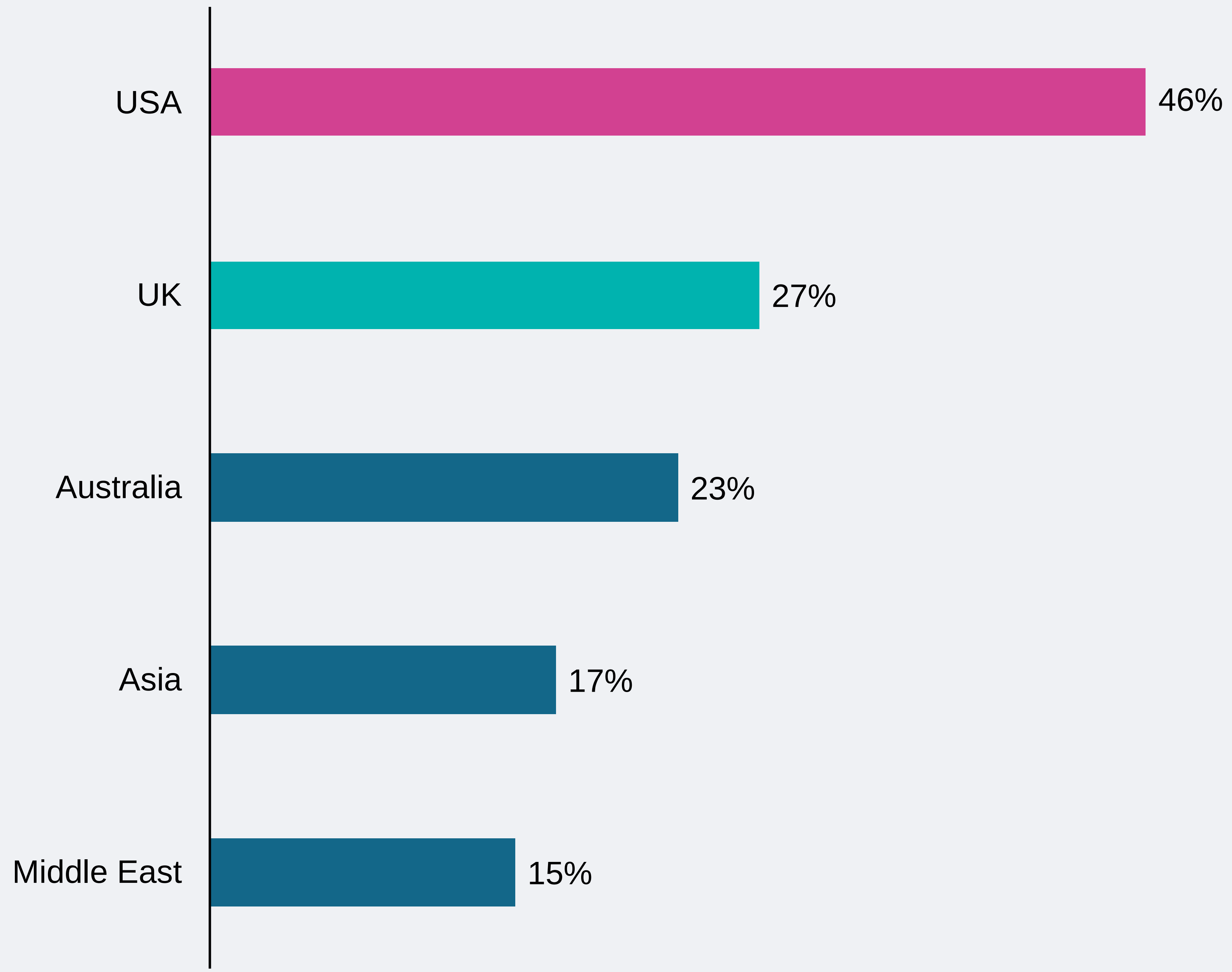
Retail space UK vs US

Shopping centre GLA (sq m) per capita



Source: ICSC

Department store % of total GLA



Source: JLL

Internet penetration

“

Despite fast growth in online retail, physical store is and will continue to be the dominant sales channel.

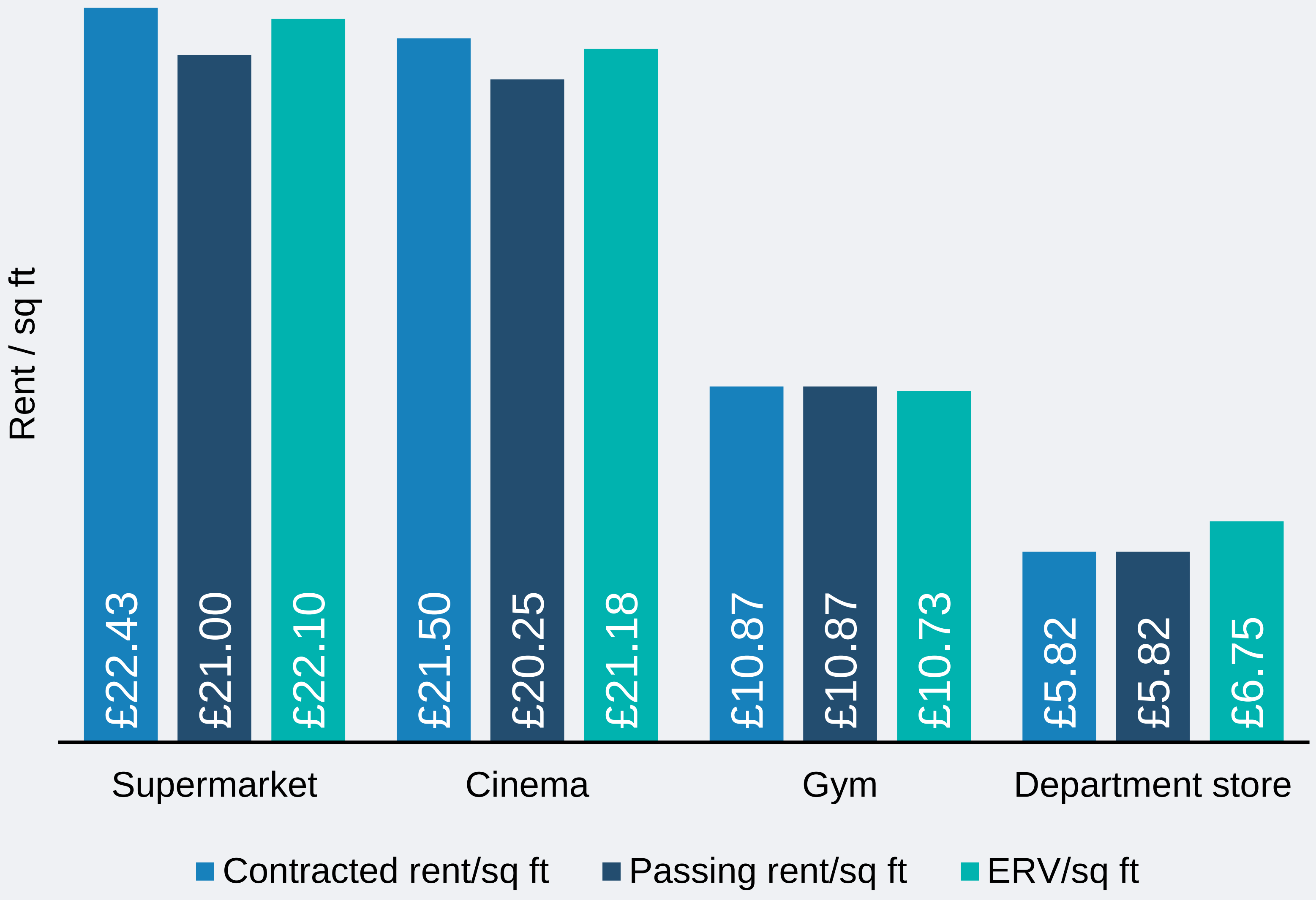
Today, 85.5% of the total £223bn of comparison goods spend in the UK touches a store.

”

Source: CACI

Department store rents are relatively low

Rental comparison between shopping centre "anchors" and other uses



Source: Landsec

Westgate Oxford

Repositioning retail space
MSUs

- Relatively low rents
- Affordable space
- Strong destinations perform well

Repositioning the offer
Retailers taking space

- New brands taking space
- Global retailers UK expansion
- Brands arriving exceeding brands departing… but only in the best locations

Boden

Microsoft

WARBY PARKER
eyewear

amazon.com

BONOBOS

MISSGUIDED
PEACE, LOVE AND FASHION

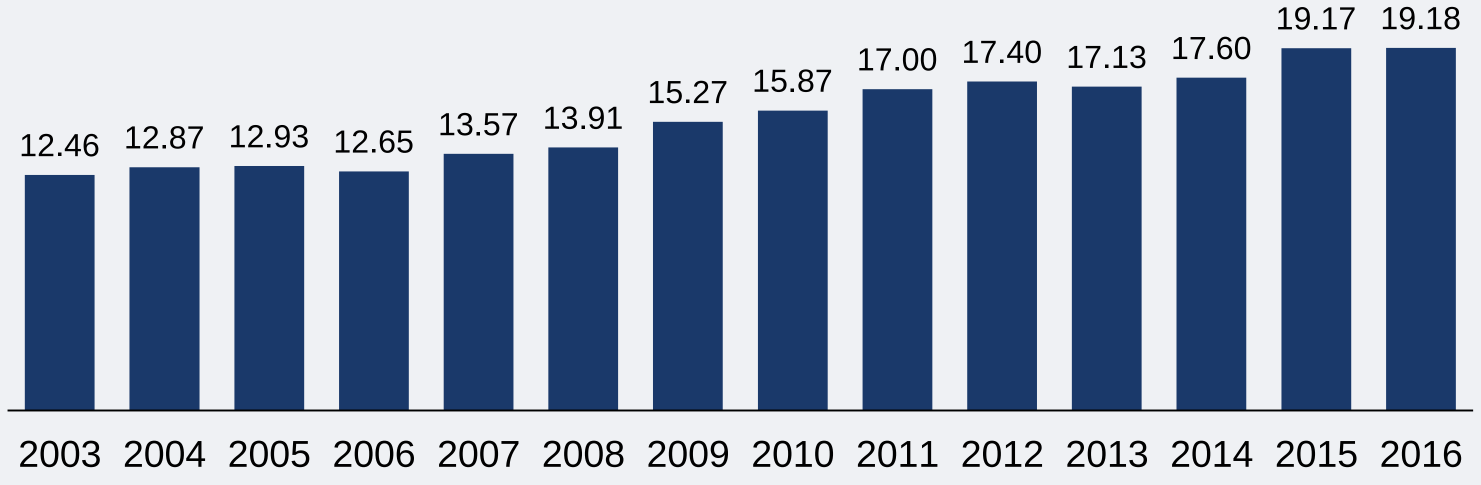
Potential pure-play online retailers taking physical space

Retail Portfolio strategy

Cinemas

Resilient reasons to visit centres

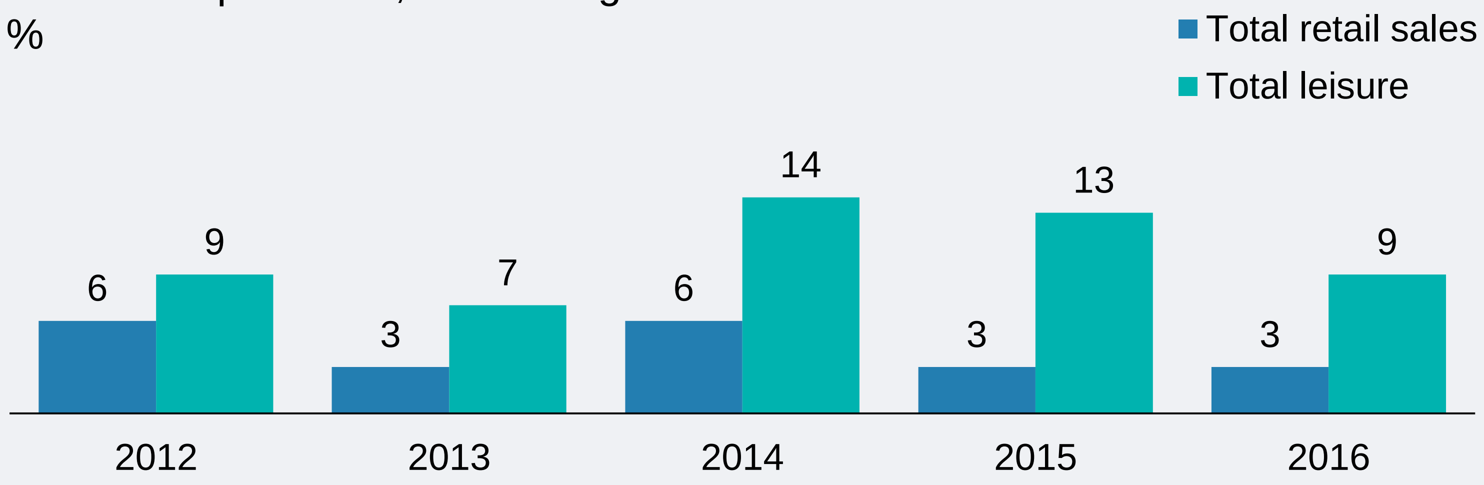
Annual spend per head
£



Source: UK Cinema Association

White Rose, Leeds

UK Retail vs Leisure: historic YoY card expenditure
UK card expenditure, YoY change 2016
%



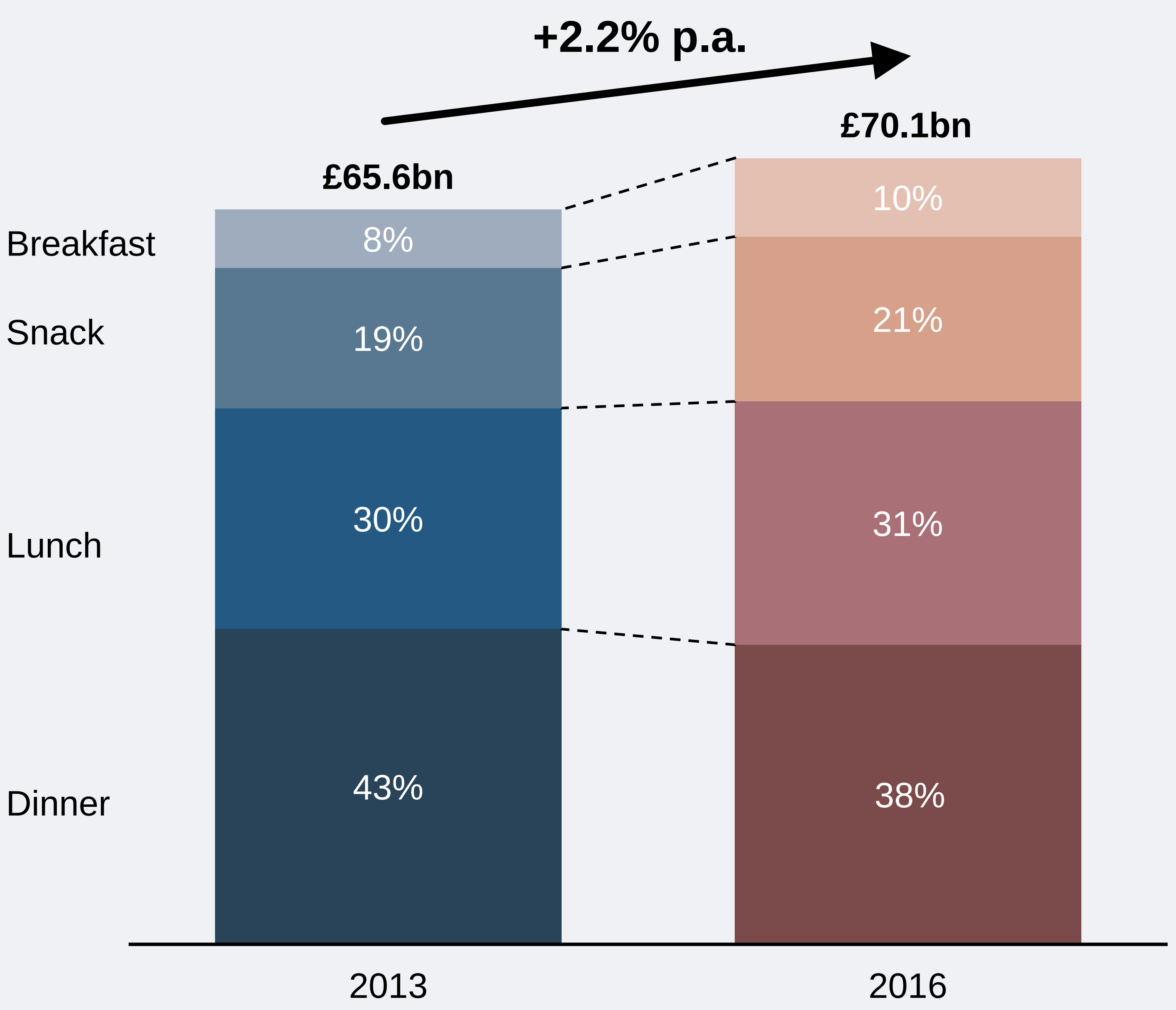
Source: The UK card Association 2017

Westgate Oxford

Food and beverage

Adding to the mix

Eating out market value



Source: JLL

Westgate Oxford roof terrace restaurants

Westgate Social

Bluewater, Kent

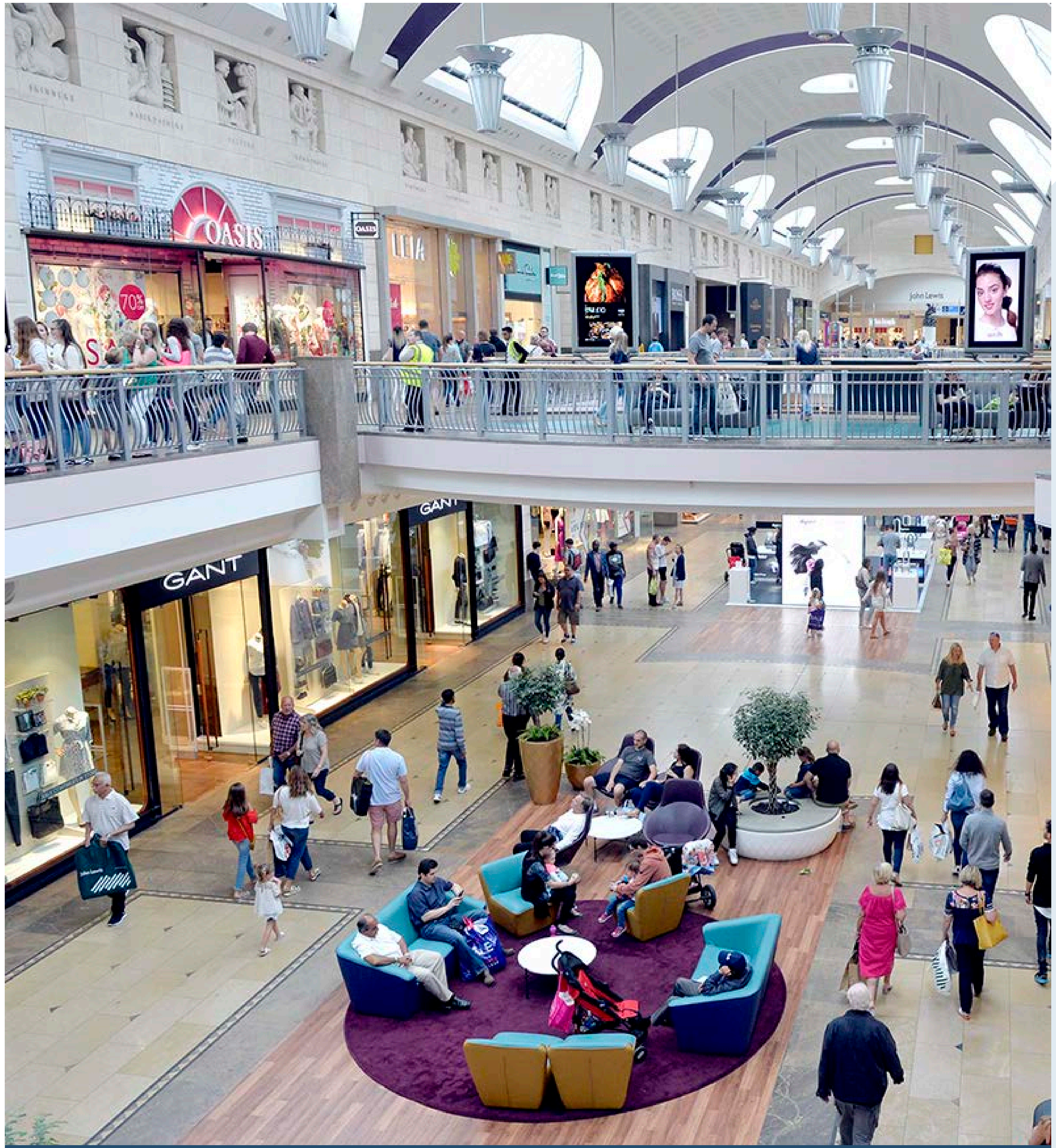
Galleria, Hatfield

Trinity Kitchen, Leeds

White Rose leisure extension, Leeds

Curating the brand mix

- Attracting brands consumers want
- Leases outside the Landlord and Tenant Act
- Greater landlord control
- Curating a relevant mix of brands



Bluewater, Kent

Keeping the offer fresh

Engaging and design-led shop fit-outs

Westgate Oxford

St David's, Cardiff

Evolving leisure offer

Innovation

Smart parking directs you to a free space

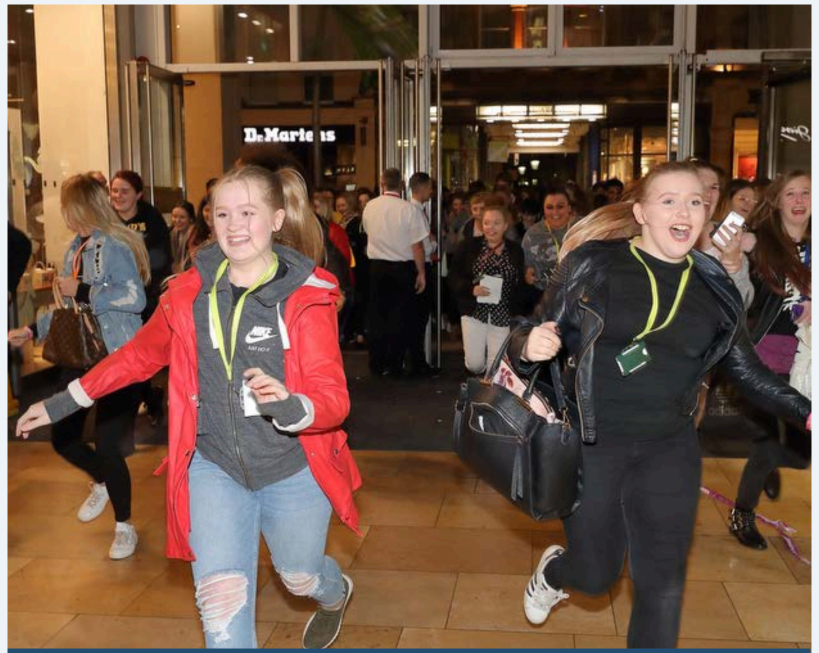
Everything is experience

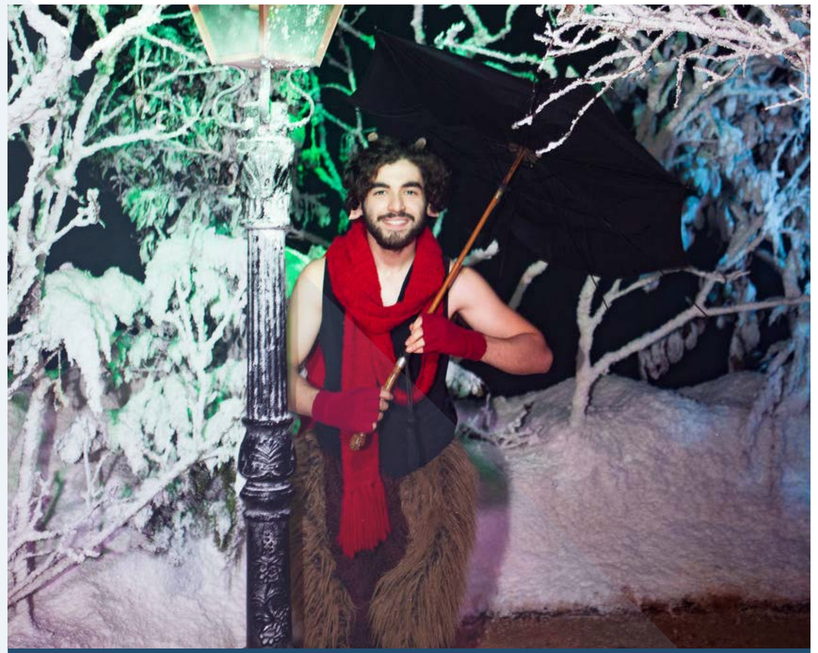
St David's, Cardiff


Follow your Dreams. St David's, Cardiff

Yorkshire Day. Xscape, Yorkshire


Future Sports Stars. Xscape, Yorkshire

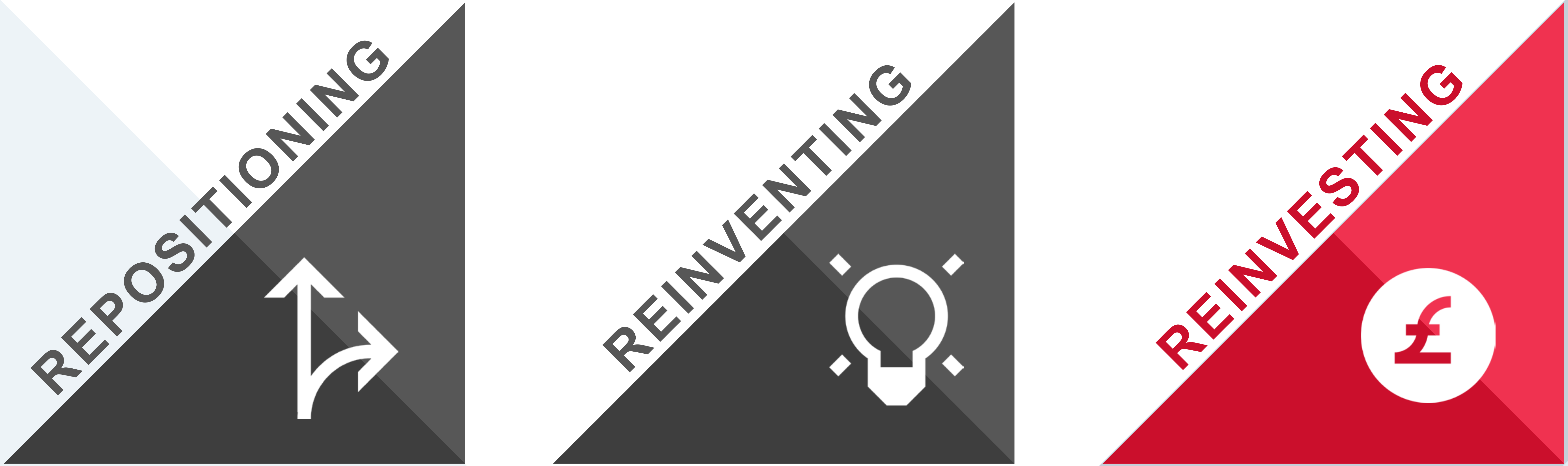

Student Lock-in. St David's, Cardiff


Narnia Experience. Gunwharf Quays, Portsmouth


Titan the Robot. Xscape, Yorkshire

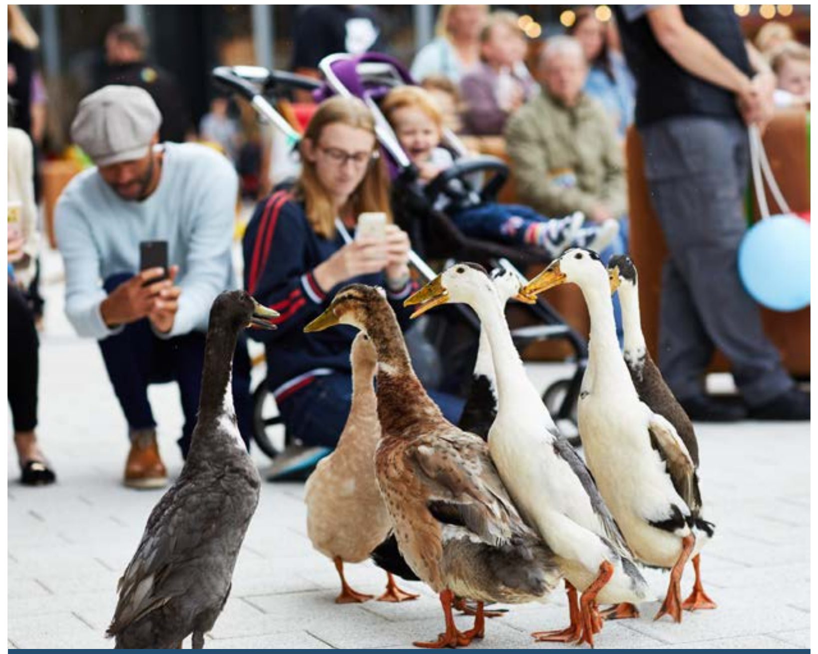

Aardman Early Man Workshop. Bluewater, Kent

Retail Portfolio strategy



Making our great destinations even better

- New Primark unit at Bluewater
- White Rose leisure extension fully let
- UK's largest retail solar PV installation
- Two new mixed-use destination opportunities in London



Yorkshire day. White Rose extension, Leeds

Aardman Early Man workshop. Bluewater, Kent

O2, Finchley Road London

PV installation. White Rose, Leeds

Summary

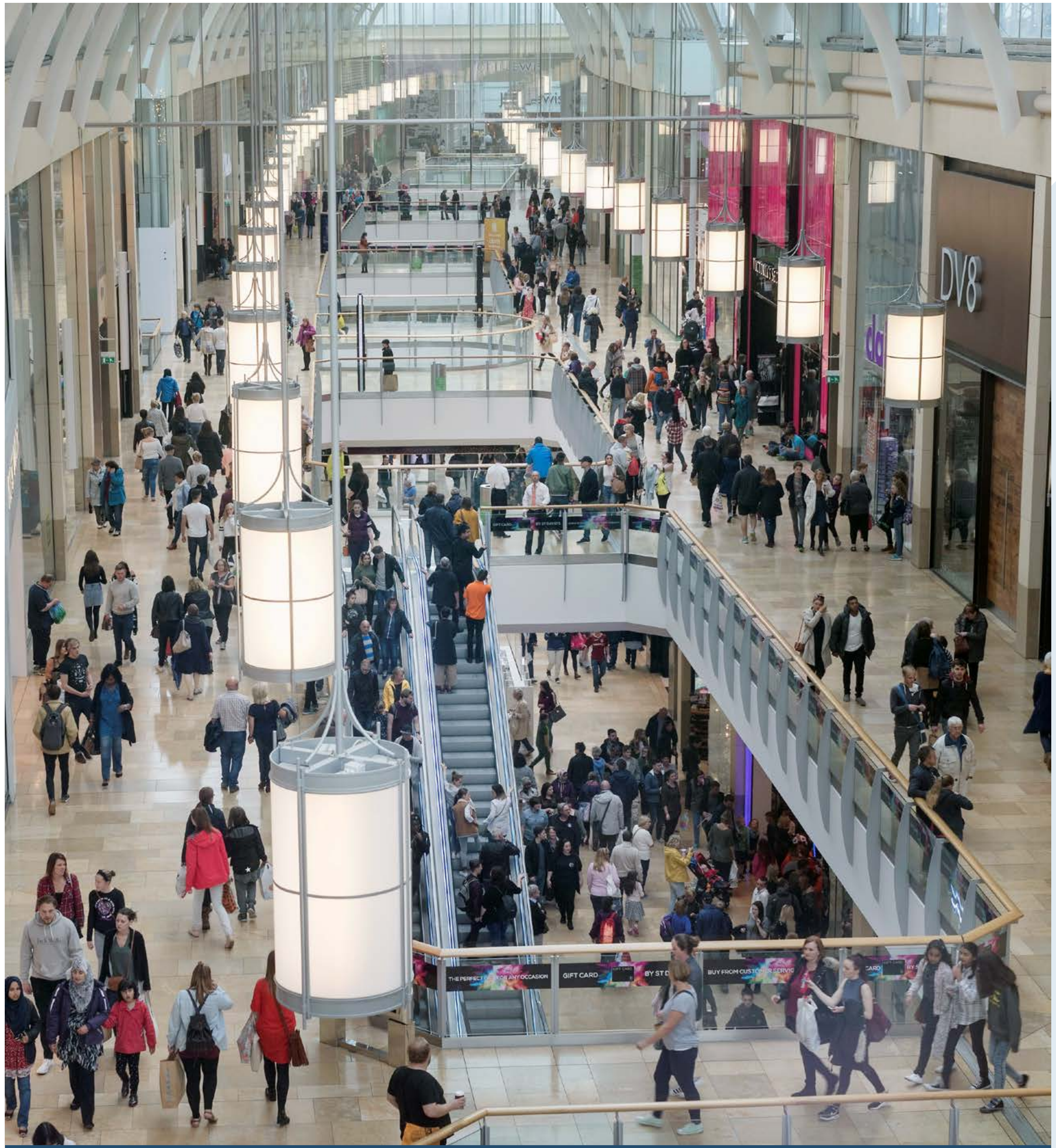
— Outperforming benchmarks

— Greater dwell time

— Low voids

— Resilient income

— Selective investment



St David's, Cardiff

OUTLETS

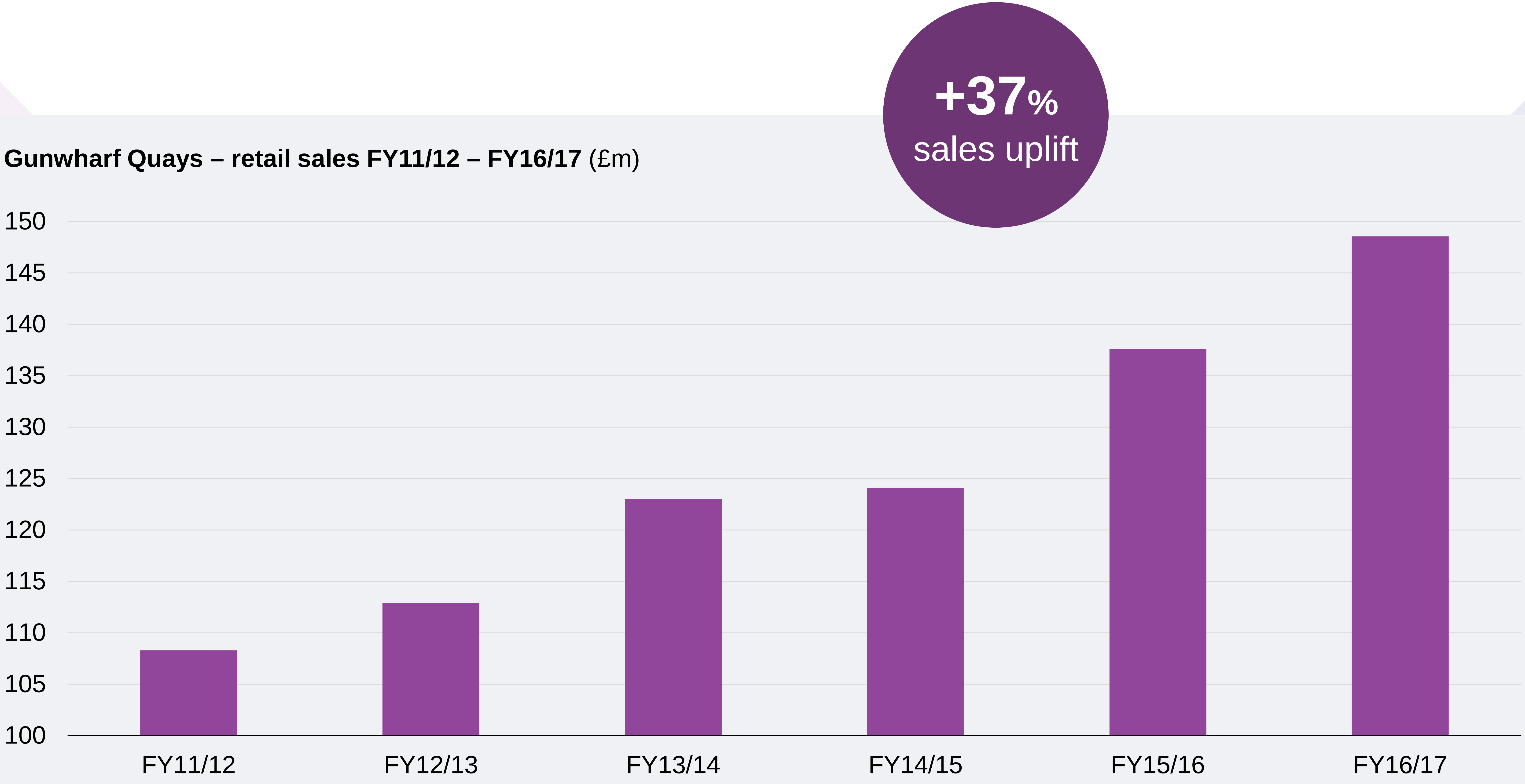
Ailish Christian-West

Head of Property

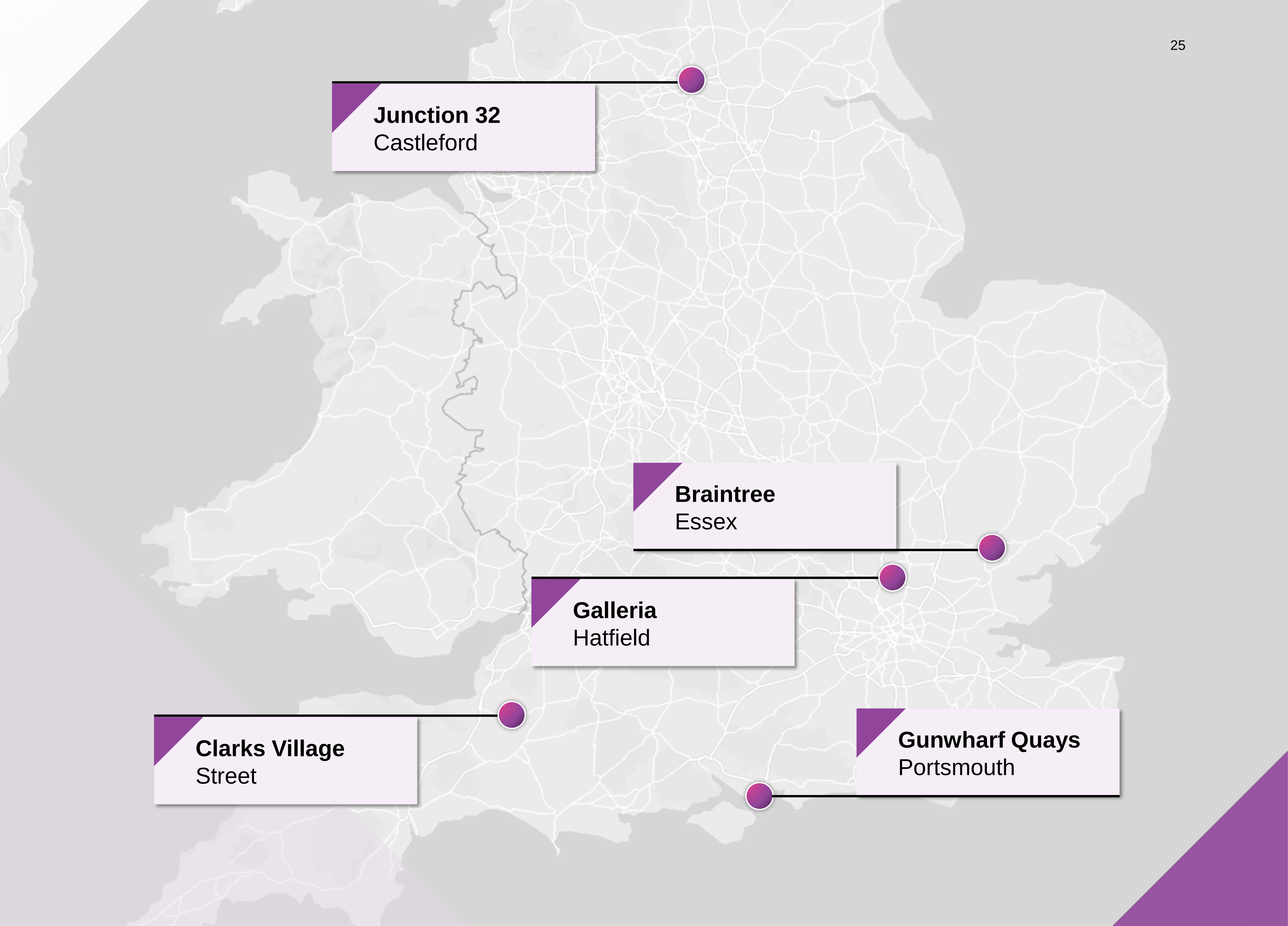
Landsec

Landsec outlet update

Gunwharf Quays – retail sales FY11/12 – FY16/17 (£m)



Our locations



Landsec view of outlet categorisation in the UK

Why retailers like outlets

- To clear end of season stock
- Better margins
- Customer experience
- To test new products
- Limited overlap with premium full-price stores

Gunwharf Quays, Portsmouth

Gunwharf Quays, Portsmouth

Why we like outlets

- Relevant retailer mix
- Stronger demand tension
- Shorter lease lengths
- Leases typically outside Landlord and Tenant Act
- Performance related break clauses

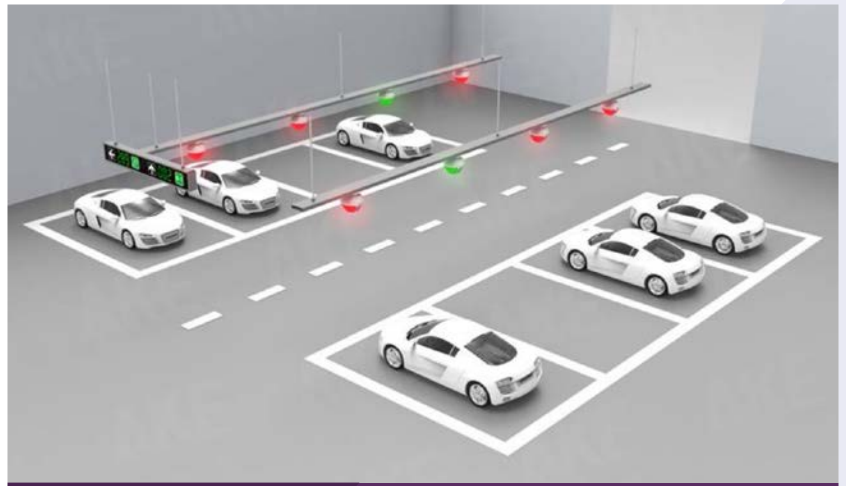
Gunwharf Quays, Portsmouth

How we operate outlets

- Vibrant environment
- Evolving mix of brands
- Close customer relationships
- Insights and intelligence at the heart of everything we do

Insights and intelligence

Feedback from over **1,200** shoppers

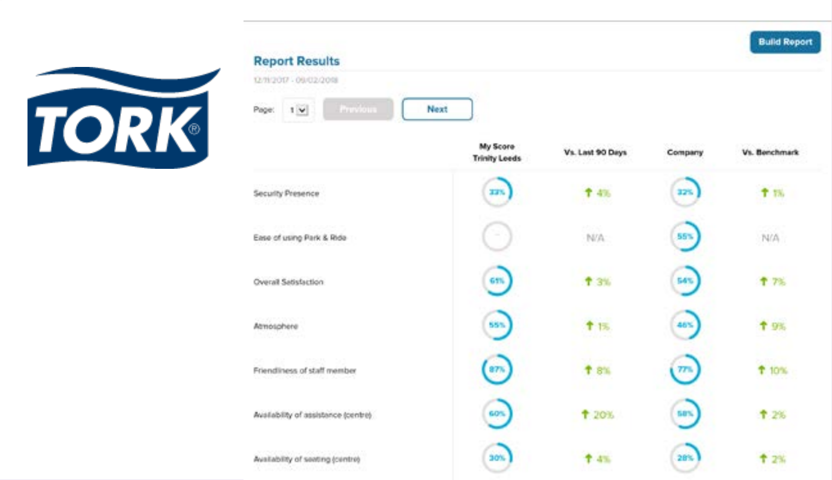


Real-time parking information on website and sensors to aid access

Instant feedback pods

Providing sales analytics helping to assess impact on store performance

TORK system to measure footfall into public conveniences



Computerised surveying of roofs to gather maintenance status

Landsec outlet assets

Gunwharf Quays, Portsmouth

- 570,000 sq ft
- Void rate of 1%
- WAULT of 6.1 years
- Brands include Polo Ralph Lauren, Coach, Michael Kors, Nike, M&S, Armani, Hugo Boss, Ted Baker

Latest brands:

FURLA
Samsonite
KARL LAGERFELD
LULU GUINNESS

Galleria, Hatfield

- 300,000 sq ft
- Void rate of 6.2%
- WAULT of 5.2 years
- Brands include Nike, M&S, TK Maxx, Gap, Clarks, Billabong, Gant, Denby, Antler

Latest brands:

BILLABONG
H.SAMUEL THE JEWELLER

Braintree, Essex

- 200,000 sq ft
- Void rate of 1.6%
- WAULT of 4.1 years
- Brands include Nike, Hugo Boss, Hollister, Ted Baker, Adidas, Clarks, Gap, Lacoste, The North Face, Radley

Latest brands:

REISS
suit DIRECT
Bill's

Clarks Village, Street

- 200,000 sq ft
- Void rate of 3.9%
- WAULT of 4.7 years
- Brands include Superdry, Clarks, Next, Barbour, Ecco, Hobbs, Gap, Hamleys, Joules, Molton Brown, White Stuff

Latest brands:

HOTEL Chocolat.
an original Penguin by Munsingwear
Barbour

Junction 32, Castleford

- 240,000 sq ft
- Void rate of 3.2%
- WAULT of 3.4 years
- Brands include Nike, M&S, Next, Clarks, Sports Direct, Adidas, Antler, Billabong, The Body Shop, Levis

Latest brands:

Ann Summers
hmv
Blacks

Summary

- Leading owner manager of outlets in the UK
- Acquired three assets with NIY of 6.5%
- Sales up by average of 3.2% in first six months of ownership
- Drivers of success
  - Physical environment
  - Curation of brand mix
  - Specialist outlet team

Braintree, Essex

WESTGATE OXFORD

Andrew Dudley

Head of Development

Landsec

Creating Westgate Oxford

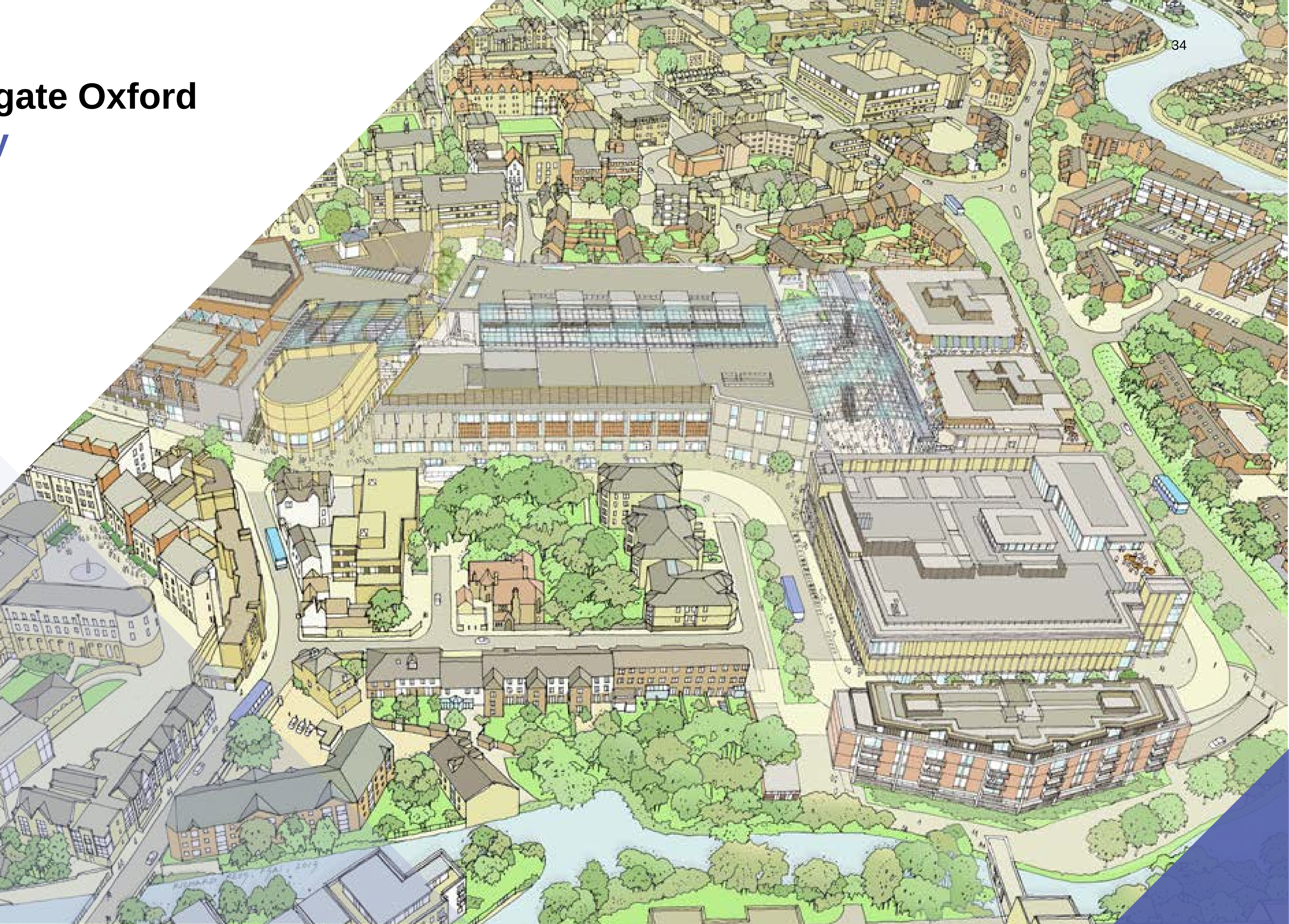
Westgate story

— Why Oxford?

— How we did it

— Delivery

— Performance



Creating Westgate Oxford

Why Oxford?

1 Strong retailer demand

2 Great catchment

3 Constrained supply

Why Oxford
Retailer demand

- Number 1 PROMIS location
- 1m sq ft retail requirement
- Poor existing F&B and leisure offer

Why Oxford
Great catchment

— Young, affluent

— 7 million visitors each year

— Student annual spend £750m

Why Oxford

Constrained supply

Poor existing retail offer

Poorly configured and undersized units

Piecemeal ownership

How we did it
History

1971
Westgate opened

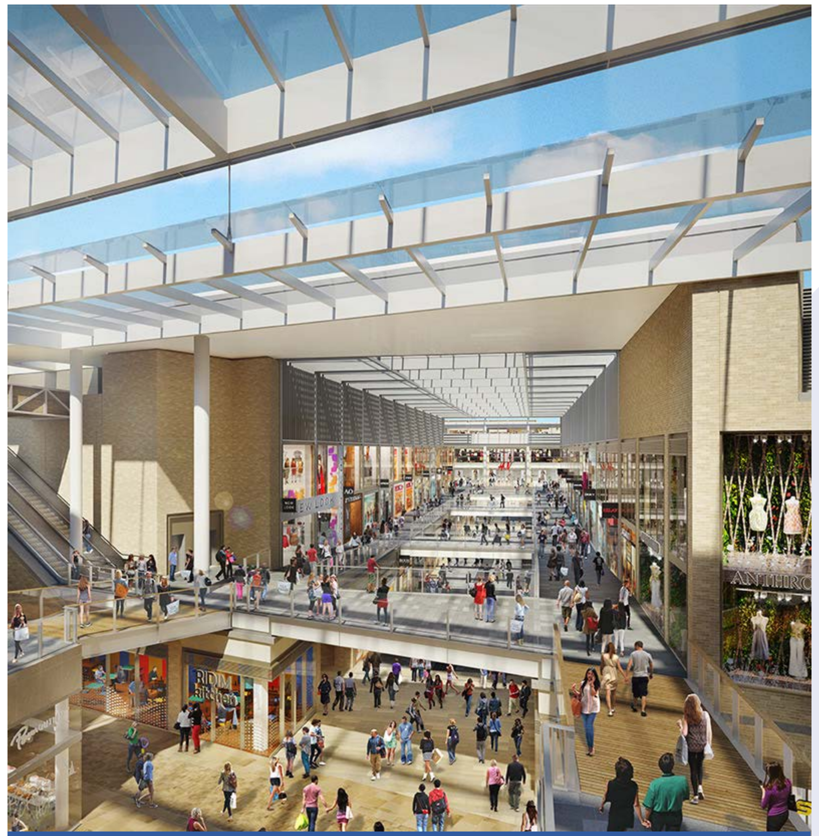
How we did it
History

2010
Bought by Westgate Oxford Alliance

How we did it
Quality of design

- Strong expectations on architecture
- Five distinct city blocks
- Five different architects, one retained as master planner

Glenn Howells Architects – Buildings 1 and 1A


Panter Hudspith Architects – Building 2


Allies and Morrison Architects – Building 3

Dixon Jones Architects – Building 4

How we did it
Approach to design

Height limit
of **18.2m**
to preserve
views of the city

How we did it
Approach to design

— Natural flow on two level retail

— Unique roof terrace

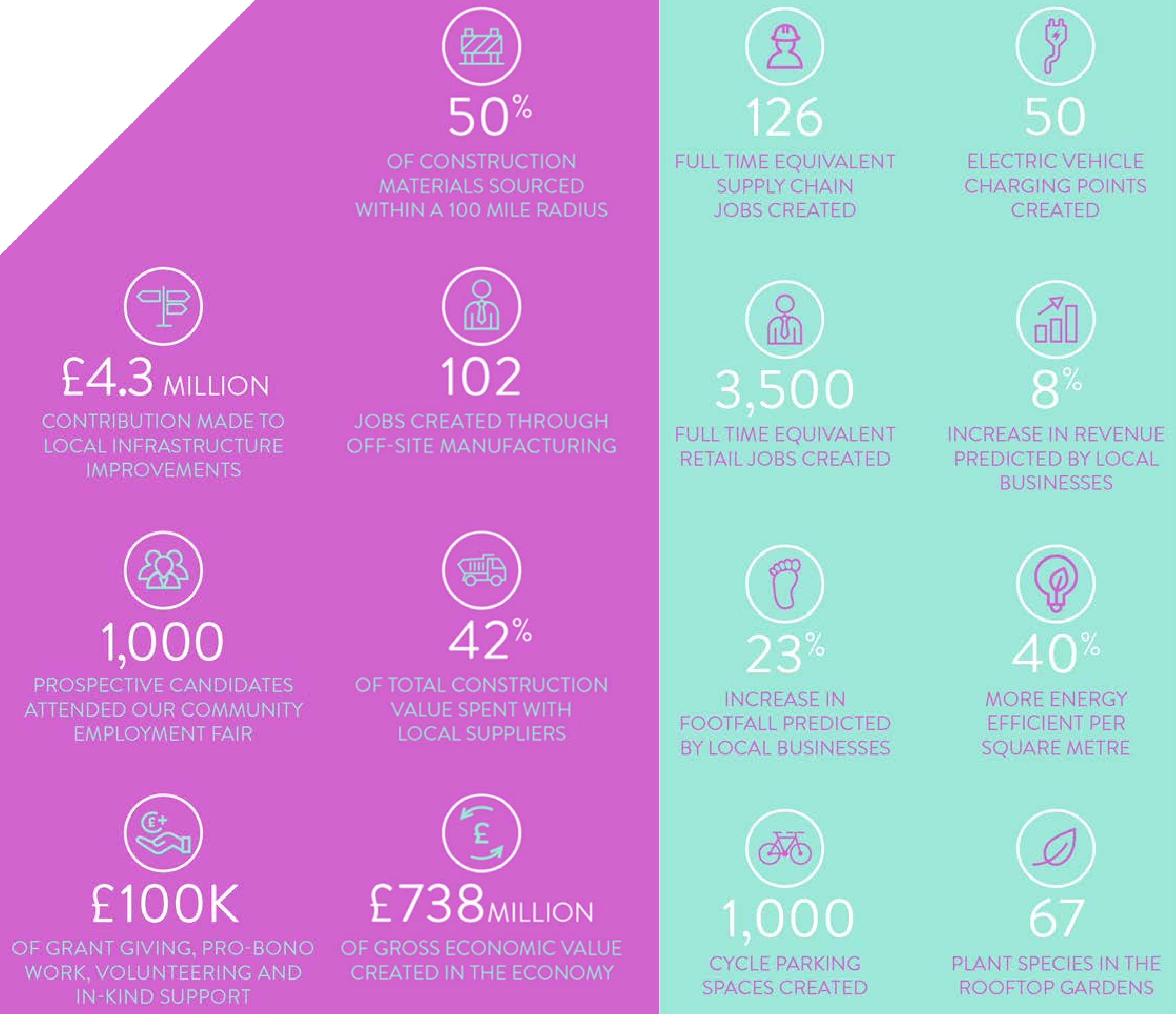
— Bonn Square Arcade

What we delivered
Sustainability

- Lowest carbon retail destination in the country
- Centralised air source heating
- Low-carbon concrete and recycled steel

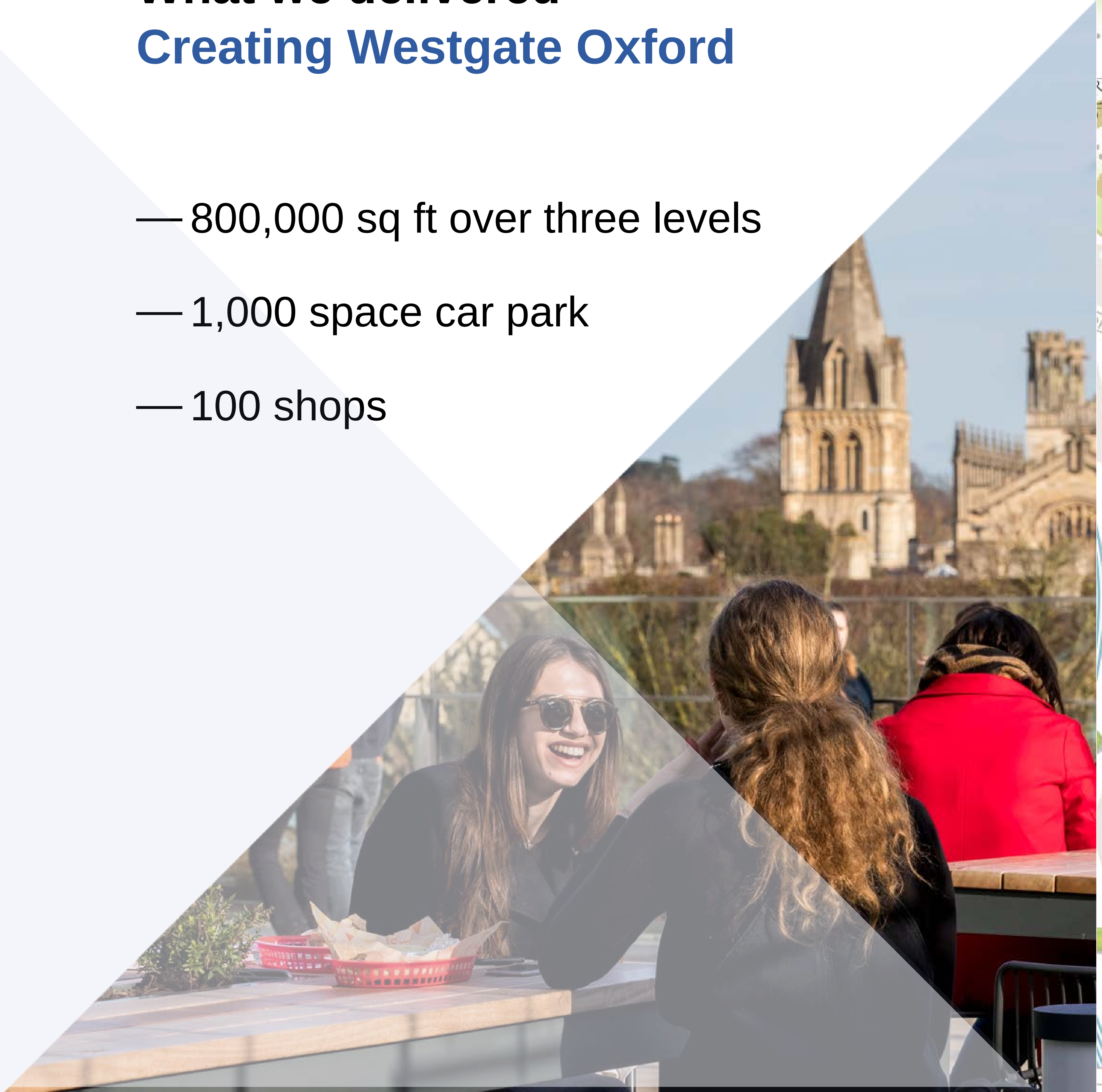
What we delivered
Impact

- £738m of gross economic value
- Created 3,500 fte retail jobs
- 580 construction jobs



What we delivered
Creating Westgate Oxford

- — 800,000 sq ft over three levels
- — 1,000 space car park
- — 100 shops



What we delivered
Best of the high street

Upper ground floor

River Island,
H&M and Uniqlo

What we delivered
Affordable luxury

Lower ground level

Gant,
Hugo Boss,
Ted Baker

140,000 sq ft
John Lewis

What we delivered

Creating Westgate Oxford

Roof terrace

Curzon cinema

25 food and beverage operators

Leisure zone

What we delivered
Creating Westgate Oxford

— Created great public spaces

— Major new square – Leiden Square

— Events ‘quad’ on roof terrace

— New community space for Oxford

Roof terrace

Leiden Square

What we delivered
Residential

- 59 private apartments
- 53 sold or reserved
- Record values

What we delivered
Customer journey

- 60% of visitors arrive by bus or park and ride
- Early engagement
- Single tariff
- New branding
- New services and buses

What we delivered
Milestones

— Hit every milestone of 7-year development programme

— 32-month build programme

— Biggest archaeological dig in Oxford's history

— Opened 24 October 2017

Development May 2017

Oxford Archaeology excavations

Performance

- 94% let or in solicitors' hands
- Footfall
  - 6.3 million to date
  - Well ahead of projected annual 15 million
- ERV £14m (Landsec 50% share)
- TDC £217m (Landsec 50% share)

Summary

- Highest retailer demand in the UK
- Hit every milestone
- 94% let or in solicitors’ hands
- 67 brands new to Oxford
- Stunning design

Westgate Oxford

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