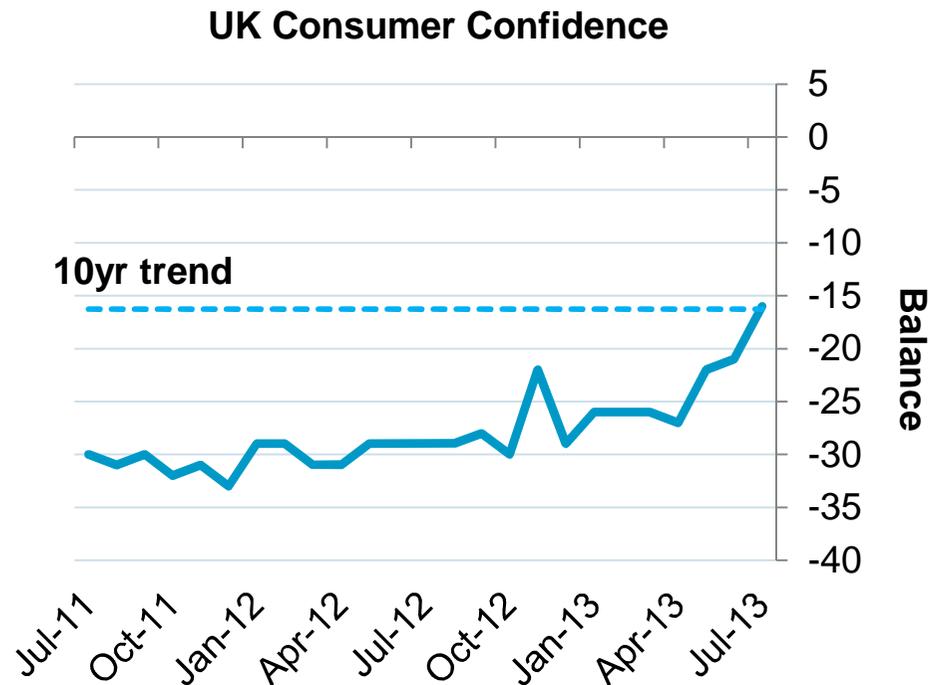


Land Securities' investor day  
Welcome - Richard Akers

## Consumer economy

- Retail sales growth July / August
- PMI
- Household balance sheets
- Confidence

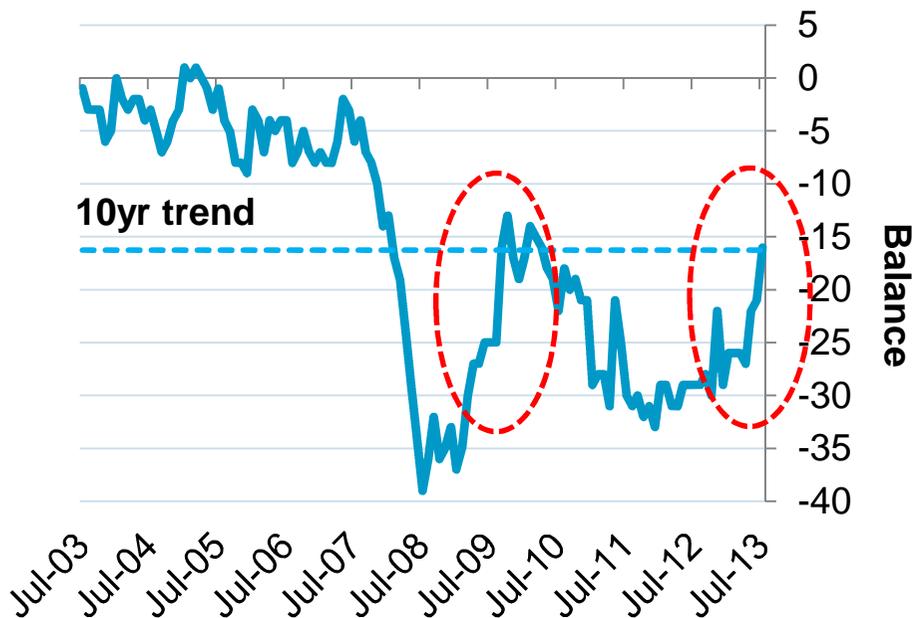


# Consumer economy

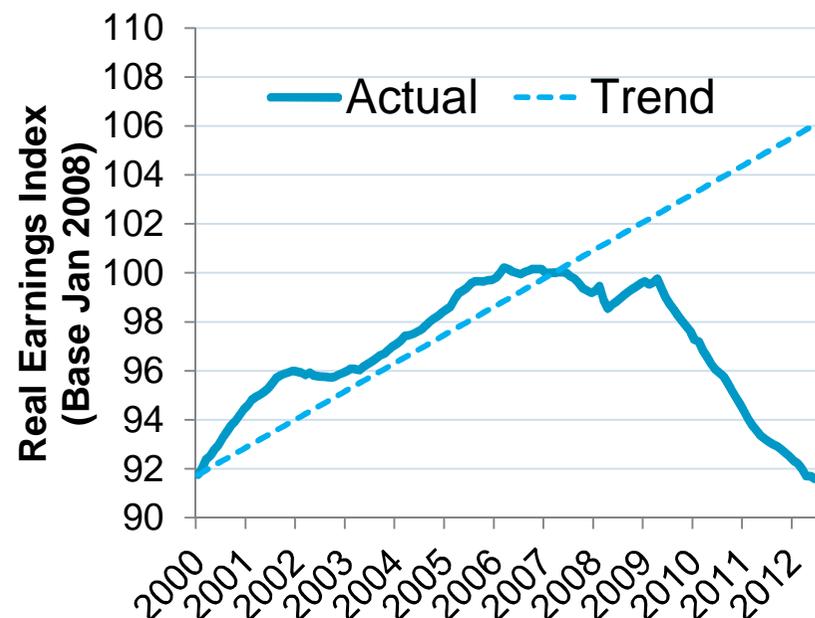
- Energy and other non-discretionary costs
- PPI boom
- Wage growth
- And mortgage costs....



UK Consumer Confidence



UK Real Earnings Index (Jan 08 = 100)





# Structural change - polarisation





# Our strong relative performance

Retail voids and tenants in administration at 30.06.13	Voids	Tenants in Administration	Occupancy
Shopping Centres	3.6%	2.3%	96.8%
Retail Warehouses	0.7%	3.1%	98.3%
<b>Total LFL</b>	<b>2.9%</b>	<b>2.2%</b>	<b>97.2%</b>

IPD – relative performance to 31.03.13 <sup>1</sup>	3yrs	5yrs	10yrs
Shopping Centres	2.6	1.2	1.2
Retail Warehouses	2.0	0.7	0.6
<b>Total</b>	<b>2.6</b>	<b>1.1</b>	<b>1.0</b>

<sup>1</sup> Quarterly Index



## Strong development returns

Asset	TDC £m	Net Income / ERV £m	Gross Yield on Cost %
Trinity Leeds	377	29.9	7.9
Buchanan Street	47	4.7	10.1
Crawley*	38	2.6	6.8
Chadwell Heath*	18	1.3	7.3
Taplow*	39	2.7	7.0

\*Out of town

And....

## Our clear strategy

- Asset level considerations
- Capital recycling
- Development
- Diversification





## Our established capability to deliver

- Development
  - Execution of Trinity
  - Buying sites
  - Proven team
  
- Asset management
  - Outlets
  - Relationships
  - Digital and marketing
  
- Financial discipline
  - No sacrosanct assets
  - Guarding shareholders capital
  
- Acting responsibly
  - Our licence to operate



# Who you'll meet today

## Shopping Centres



**Ashley Blake**  
Head of Retail Portfolio  
Management



**Lester Hampson**  
Head of Retail  
Development

## Retail Warehousing



**Dominic O'Rourke**  
Head of Retail  
Warehousing

## Leisure



**Polly Troughton**  
Property Director

## Gunwharf Quays



**Jack Busby**  
Senior Portfolio  
Manager

# Who you'll meet today



**Mike Davidson**  
Head of Retail  
Operations



**Jack Busby**  
Senior Portfolio  
Manager



**Ian Hart**  
Centre Director



**Sean Curtis**  
Head of Business to  
Business Marketing,  
Retail



**Suzi Arkley**  
Head of Consumer  
Marketing, Retail

# Land Securities' investor day

## Ashley Blake



## Drivers of polarisation

- Shoppers are shopping less often but spending more: we are seeing frequency down but conversion up to 55%
- Leisure: catering and leisure uses are becoming ever more critical to location decisions – 40% of our customers eat or drink in our destinational centres
- The rise of brands: more choice of brands is the number one requirement of our shoppers
- Access and environment becoming more important
- Destination marketing and digital offer



## Our major destinations: Trinity Leeds



- 94% let
- 11m visitors since opening in late March 2013
- Boar Lane car park purchased (635 car spaces)
- 46 new brands to Leeds including Victoria's Secret
- Another exciting phase of openings coming in Autumn
  - Primark
  - Trinity Kitchen

## Trinity Leeds: Showing the way on leisure

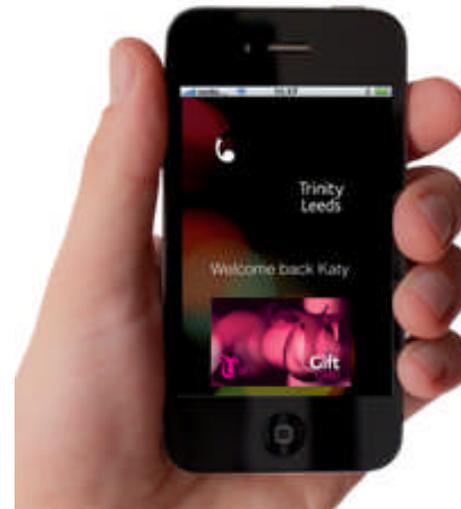


- 34 catering units from grab and go to fine-dining
- 19% by floor area
- An anchor in its own right
- Operators new to Leeds such as Pho, Tortilla, D&D, Pizza Luxe and Notes

- Two bespoke offers from Living Ventures: Alchemist and Botanist
- Trinity Kitchen to open this Autumn



# Trinity Leeds: Pushing digital boundaries



## Our major destinations: White Rose, Leeds



- 12.2 m footfall
- 4,750 free car spaces
- 99% let (2.9% in admin)
- Total sales down 2.4% in unit shops since Trinity opened
- New brands added; Paperchase, Boux Avenue, Quiz
- Frankie & Bennys now open, Prezzo and Handmade Burger under construction
- Planning application submitted: cinema, more restaurants and store extensions

## Leeds: Making a positive impact



### Trinity Leeds

- 622 jobs created and 1,144 in the wider economy during construction
- 1,750 estimated retail jobs
- Over 180 young people benefitted from work-based training
- £20.6m in local wages created and £740m gross economic impact

### White Rose

- Since 1997, our ARISE initiative has awarded 200 grants to 37 local groups

## Our major destinations: St David's, Cardiff



- 38.3m footfall
- 91% let (2% in admin) but 3.2% under offer or temp let
- L-F-L sales up 1.5% p.a. to August 13
- Car park revenue up 12% to June 2013
- Leisure proportion 10% by area
- New 106,000 sq ft Primark on site and opening Easter 2014
- New brands such as White Company, Blott, Fossil and Bose

## St David's, Cardiff: Sales-driven marketing



## St David's, Cardiff: Sales-driven marketing



- Student lock-in event attracted 22,000 shoppers up from 7,500 in 2010
- Social media used proactively to support the event; Facebook reached 689,000 people
- Sales of £540,000 on the night, up 300% since 2010

## Our major destinations: Cabot Circus, Bristol



- 17.8m footfall
- 94% let (4.4% in admin) with 3.6% under offer or temp let
- L-F-L sales up 0.6% to August 2013
- Car park revenues up by 2.3% to July 2013
- Leisure 21% of area; new lettings to TGI Fridays and Wagamama
- 38,000 sq ft of new lettings in 2013
- New brands include Vans, Blue Inc, Lloyds and DW Sports



# Our major destinations: Gunwharf Quays



## Our remaining good secondary: Providing a solid return



### The Bridges, Sunderland

- 17.8 m footfall
- Catchment 403,000
- 99% let (4.5% in admin)
- L-F-L sales down 2.4% to August 2013 but rent affordability at 9.6%
- New Primark and extended TopShop open
- New brands include The Entertainer, Superdry & Footlocker
- Opportunity to extend the centre adding a new anchor and leisure

## Our remaining good secondary: Providing a solid return



### The Centre, Livingston

- 12.2m footfall
- Catchment 423,000
- 95% let (2.1% in admin) with 3.5% under offer or temp let
- L-F-L sales down 2.1% to August 2013 but rent affordability at 11.9%
- New Primark open
- New brands include The Entertainer, Barclays Bank and Burger King
- Disposal of DOC complete

## London Suburbs: O2, Finchley



- 6 m footfall
- 100% let or pre-let
- Retail offer increased
  - Oliver Bonas, Tiger, BoConcept and Paperchase
- Four New catering brands
  - Wagamama, Rossopomodoro, Byron and Frankie & Bennys
- 38% increase in catering area
- 34% of centre is now leisure by area
- Freehold purchased to unlock further development upside

## London Suburbs: Southside, Wandsworth



- 7.4 m footfall
- 95% let (2.6% in admin) with space being kept void for development
- Two new blocks developed
  - New dining introduced
  - Ed's Dinner, Prezzo, Wagamama, Rossopomodoro and Chimichanga
- Leisure now 24% by area
- A 80,000 sq ft Debenhams, 29,000 sq ft of new retail and a gym to open Autumn 2015

## Summary and investment strategy

- Total shareholder return focused
- No asset is a 'hold' regardless of performance
- We have a strong track record of executed sales such as Harrogate, Corby, Stratford, both Liverpool schemes, Worcester and Livingston Designer Outlet Centre





## Summary and investment strategy

- A portfolio focused on major destinations and greater London retail
- The re-shaping of the portfolio is an on-going process
- A high level of value-add activity in all our assets
- We are focused on improving our centres in terms of the key factors of:
  - Leisure
  - Brand offer
  - Access and environment
  - Marketing and digital

# Land Securities' investor day

## Lester Hampson



# Glasgow





## Three key points

- Physical supply constraints
- Great anchors
- Tax increment financing approved





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TO LET



## Highly attractive demographics

- Ranked second in CACI 2013 Retail Footprint Ranking
- 1.5 million residents in catchment within top three most affluent ACORN categories
- Circa 70,000 students enrolled at city's universities
- Glasgow is ranked sixth based on overseas tourist visits to the city
- International city with international retailer appeal



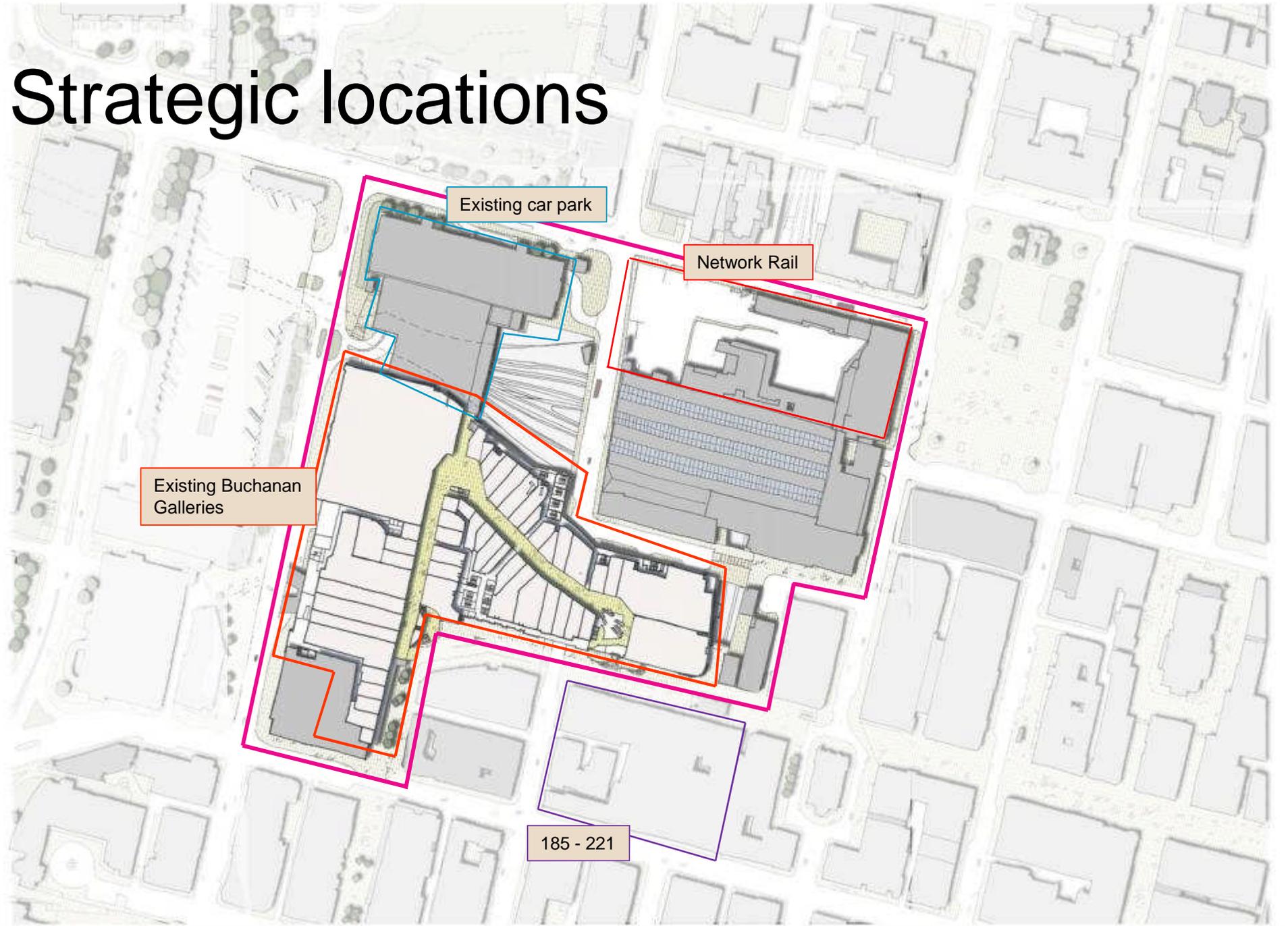
# Refurbishment opportunity



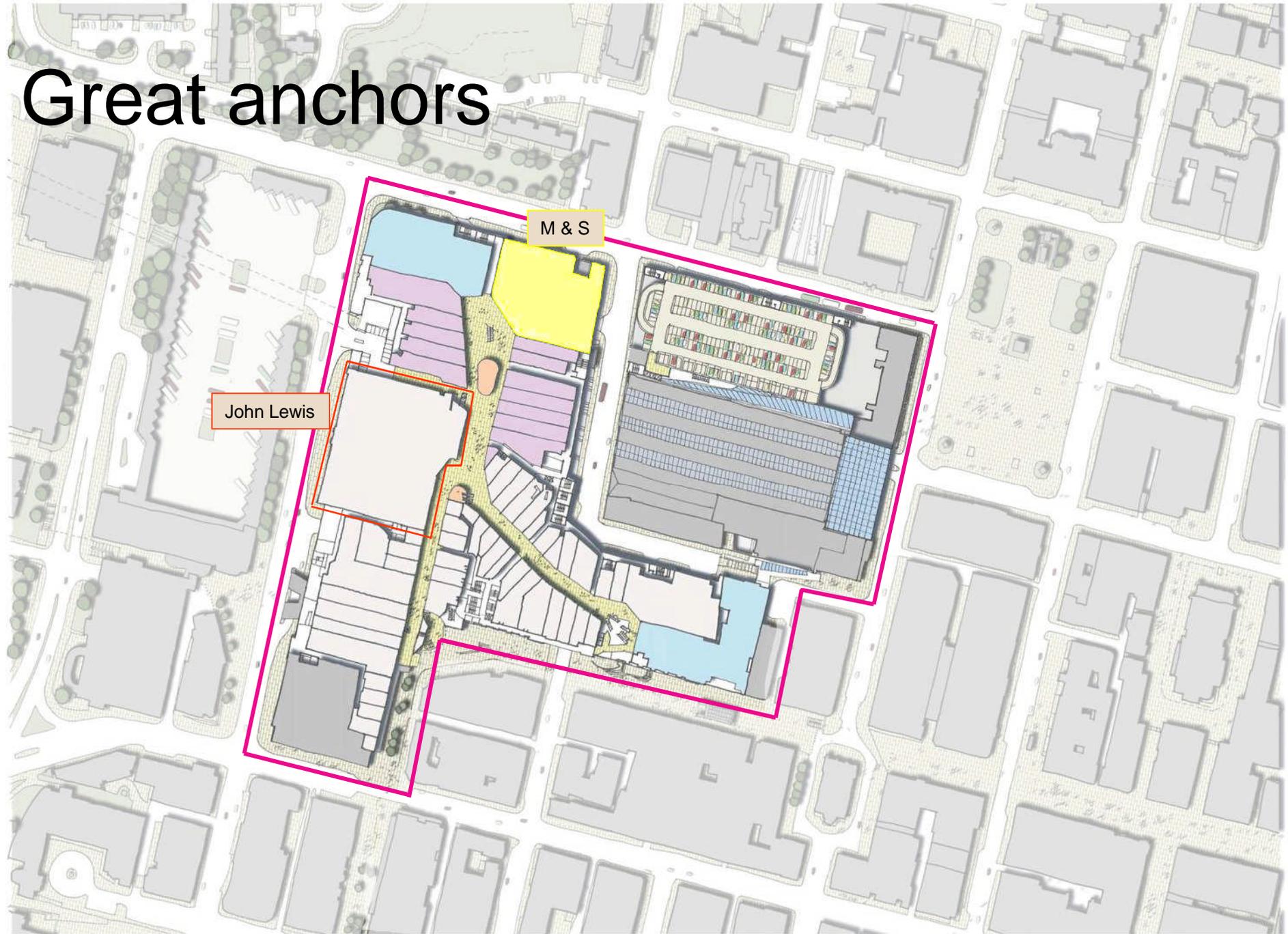
## Family dining – time for change



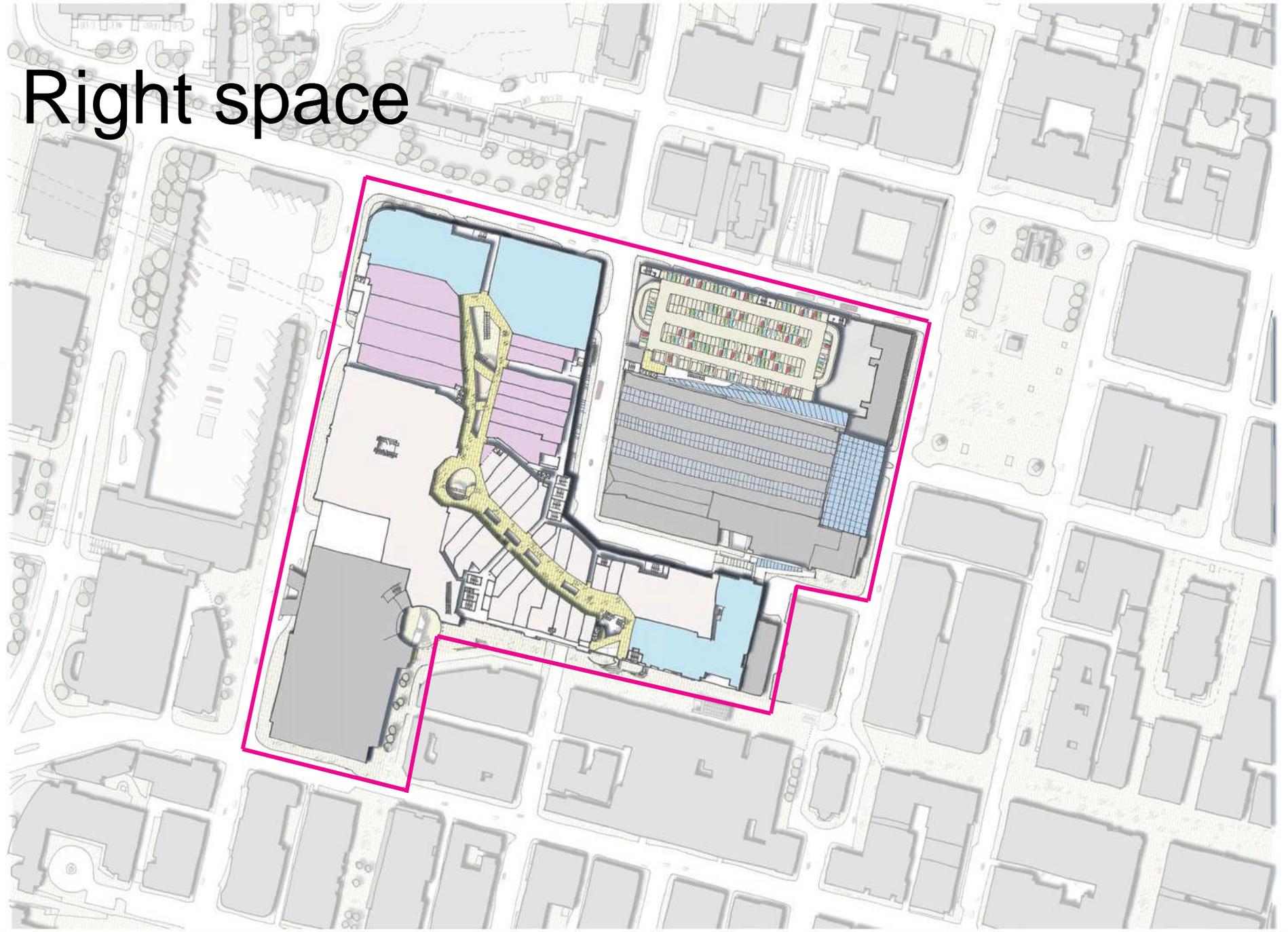
# Strategic locations



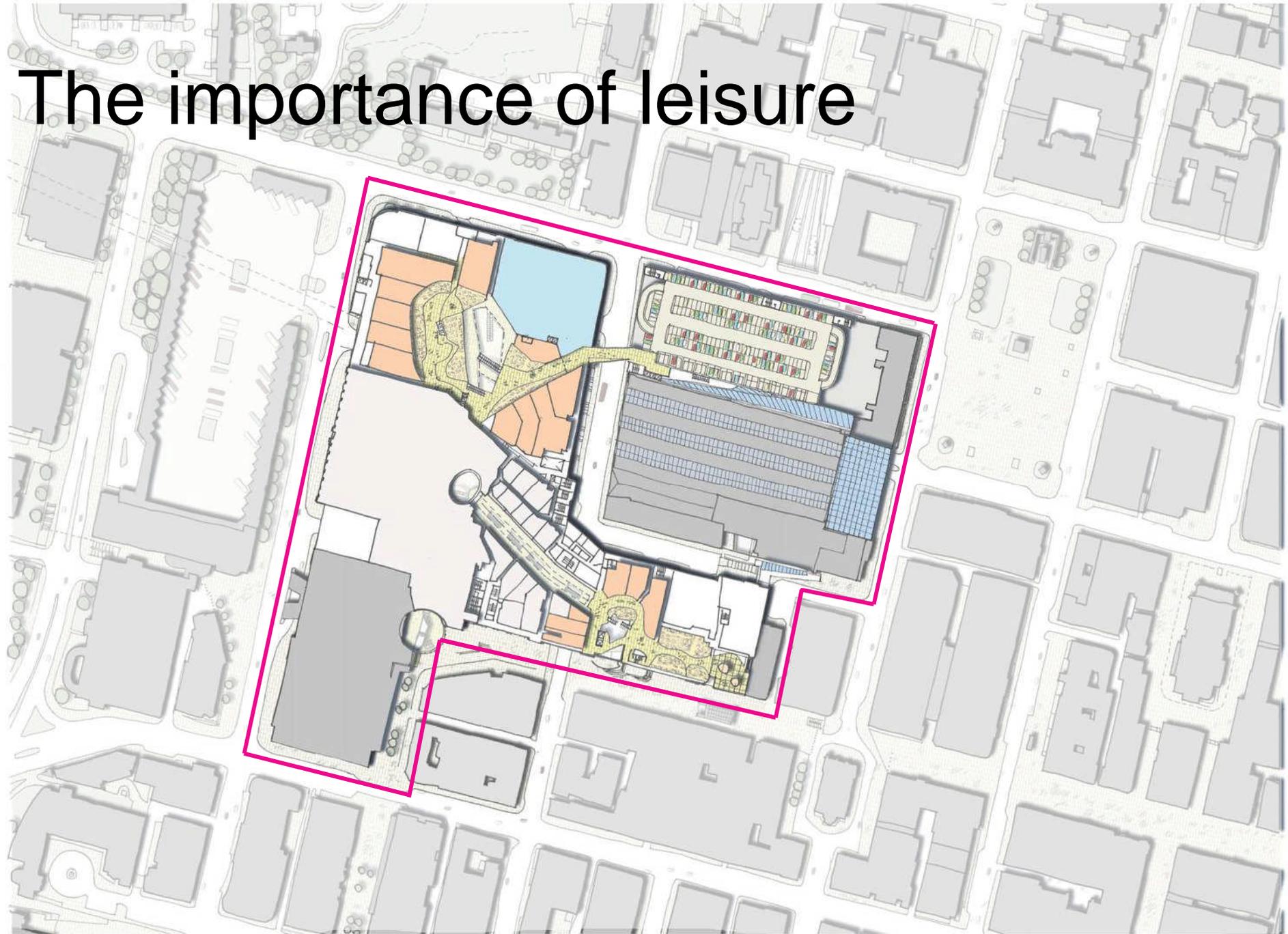
# Great anchors



# Right space



# The importance of leisure



# The importance of leisure



# Great anchors



# Strong retailer requirements



TOPSHOP

MARKS &  
SPENCER

極度乾燥(しなさい)  
Superdry.

MANGO

Bershka

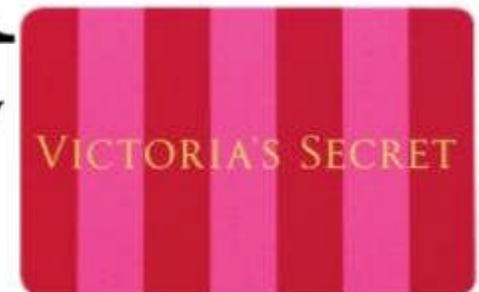
RIVER ISLAND

PULL&BEAR

ZARA



next J.CREW



TOPMAN



## Outline data

Existing Buchanan Galleries	600,000 ft <sup>2</sup>
Proposed new Buchanan Galleries	1,100,000 ft <sup>2</sup>
Start on site	March 2015
Practical completion	Q4 2017
TDC forecast	£350 / £400m (100%)



**Oxford**





## Three key points

- A city with global appeal
- Undersupplied / strong retailer requirement / good growth
- Existing supply physically constrained





## Attractive demographic

- Ranked 43<sup>rd</sup> in CACI 2013 Retail Footprint Ranking
- Top three affluent ACORN categories account for 79% of Oxford's catchment – third highest representation in UK
- Oxford's population grew by 12% in past decade and will grow a further 6% in the next six years
- The city has the youngest median age – 29.9 years – of any place in England and Wales





## Attractive demographic

- Consistently ranked as one of the most desired locations for a retailer outside of London
- 40,000 people commute to work in Oxford every day
- Circa 9 million tourists per annum to the city
- Highest student to resident ratio in the UK (1 in 4)
- 32,000 full time students at university in Oxford



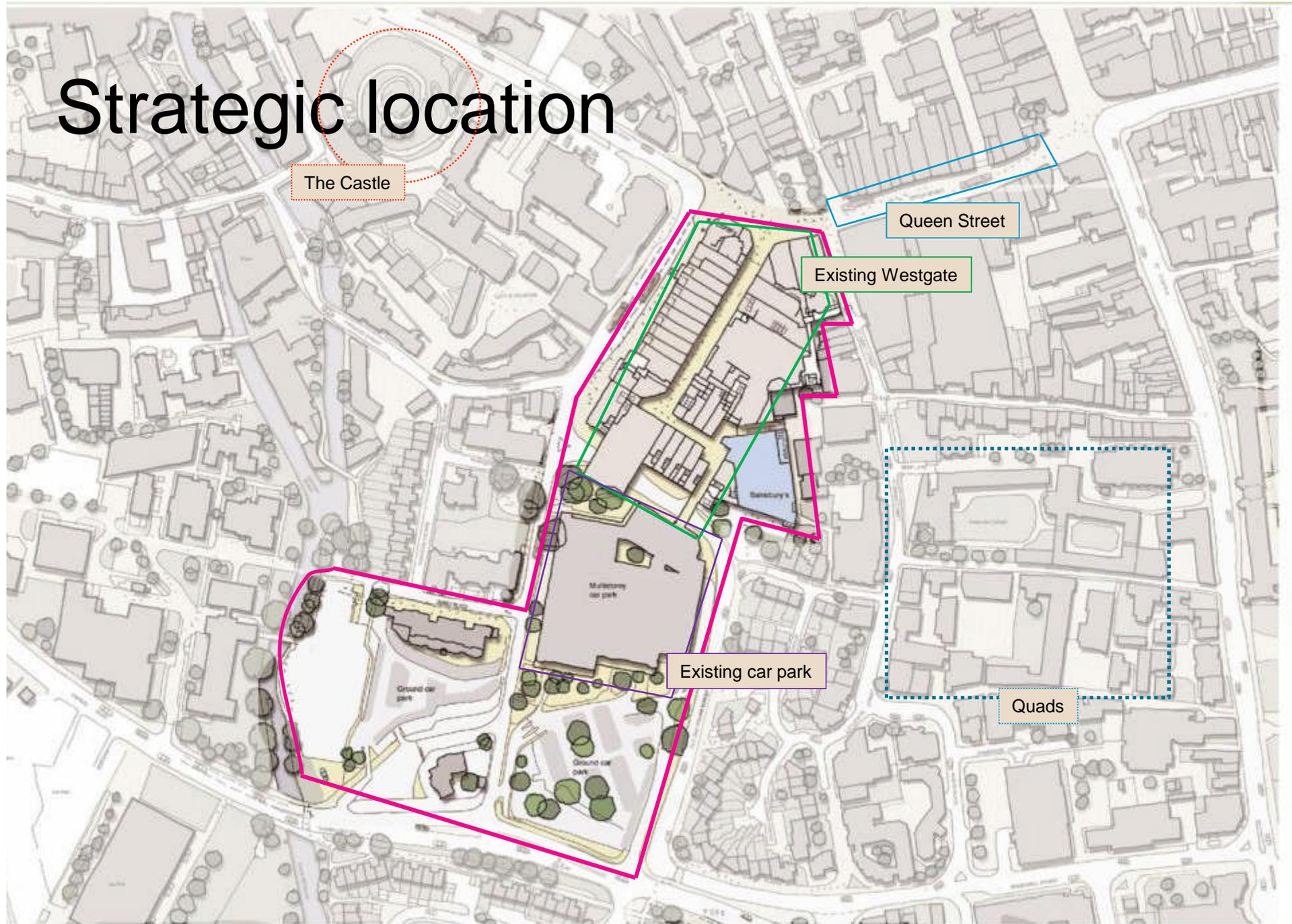
# Place making opportunity



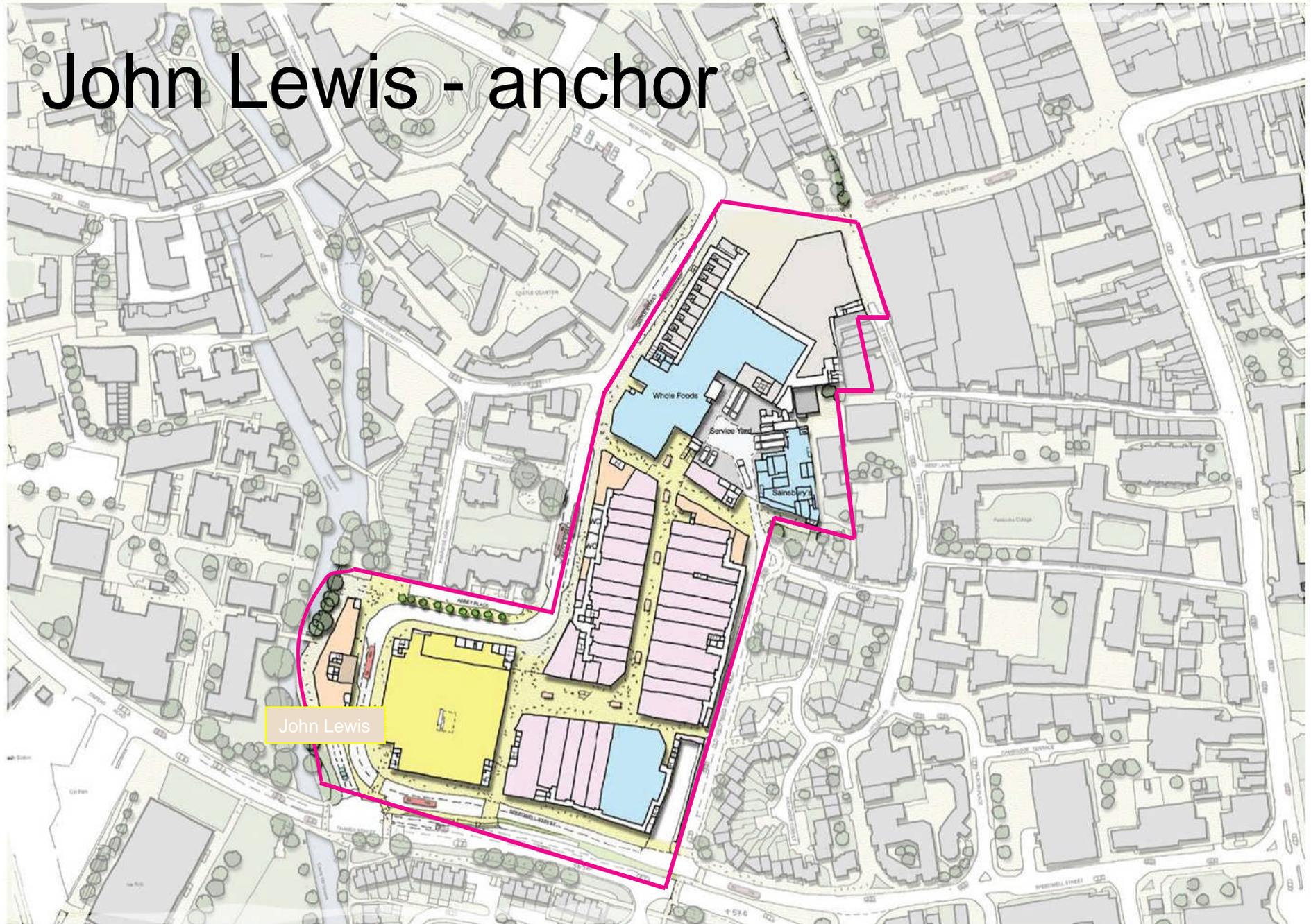
# Repositioning opportunity



# Strategic location



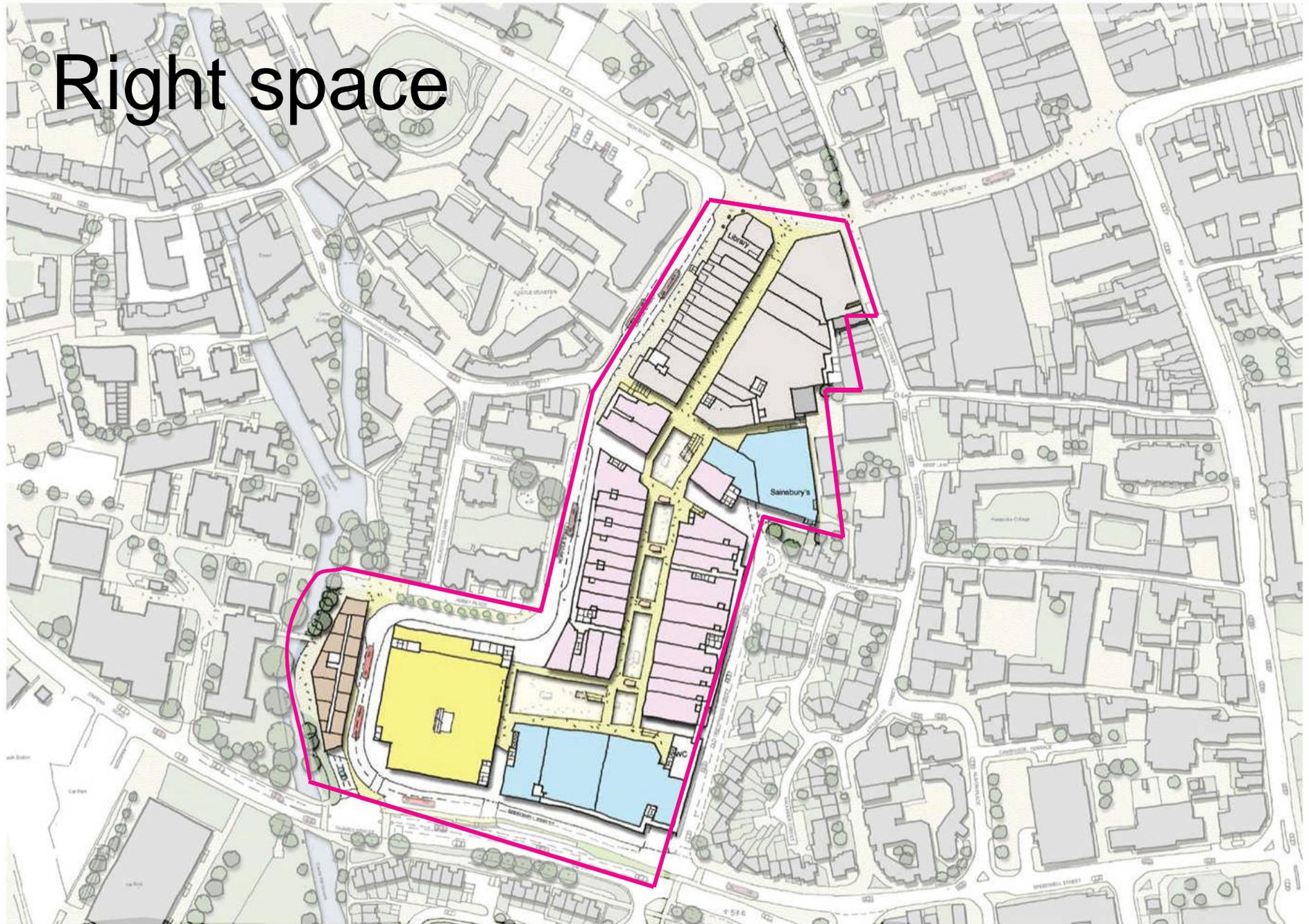
# John Lewis - anchor



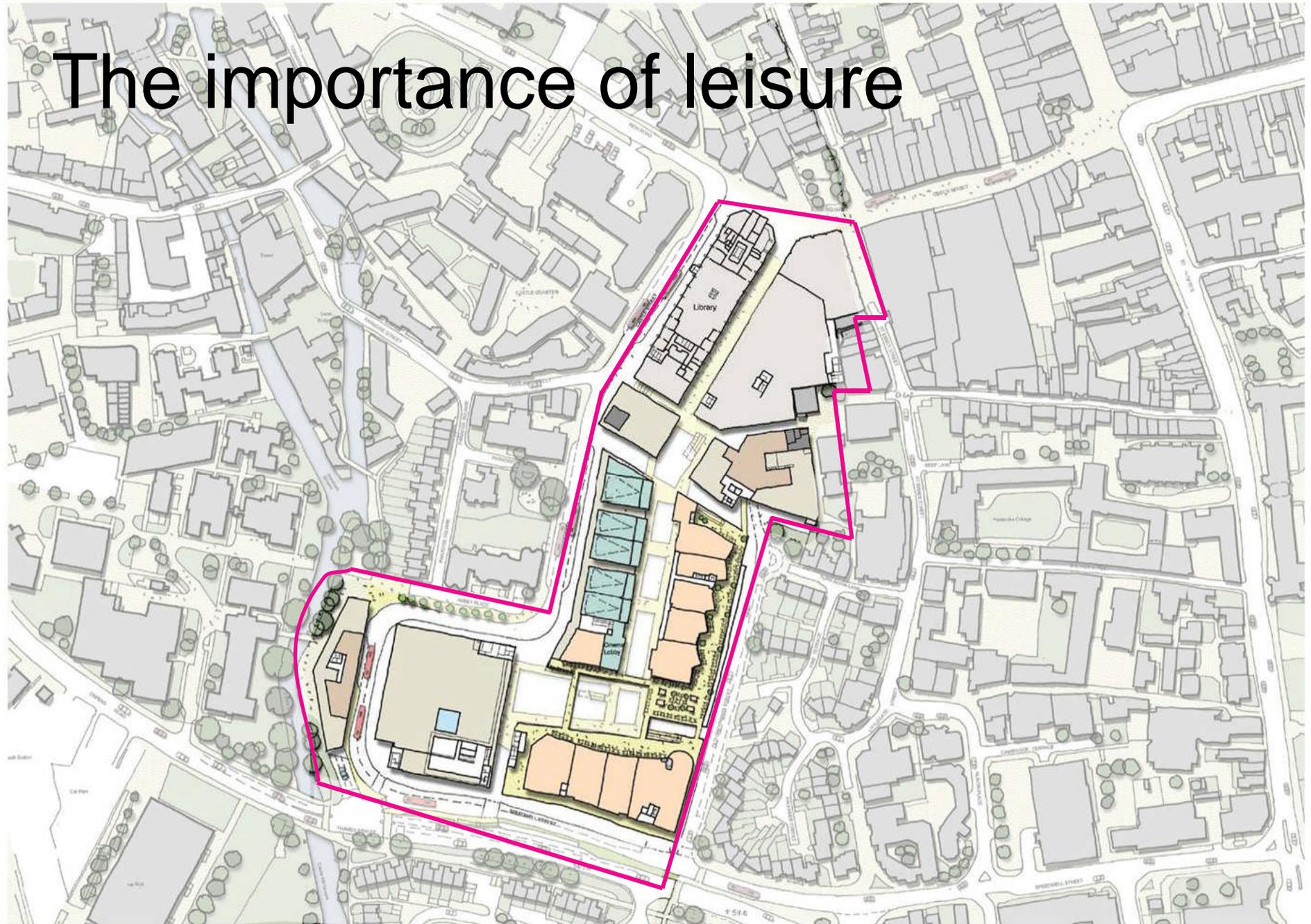
# No existing 1<sup>st</sup> floor trading



# Right space



# The importance of leisure



# The dreaming spires



# Right space





## Strong retailer requirements

- Regular mass market
- Overseas
- Luxury
- Restaurants





## Outline data

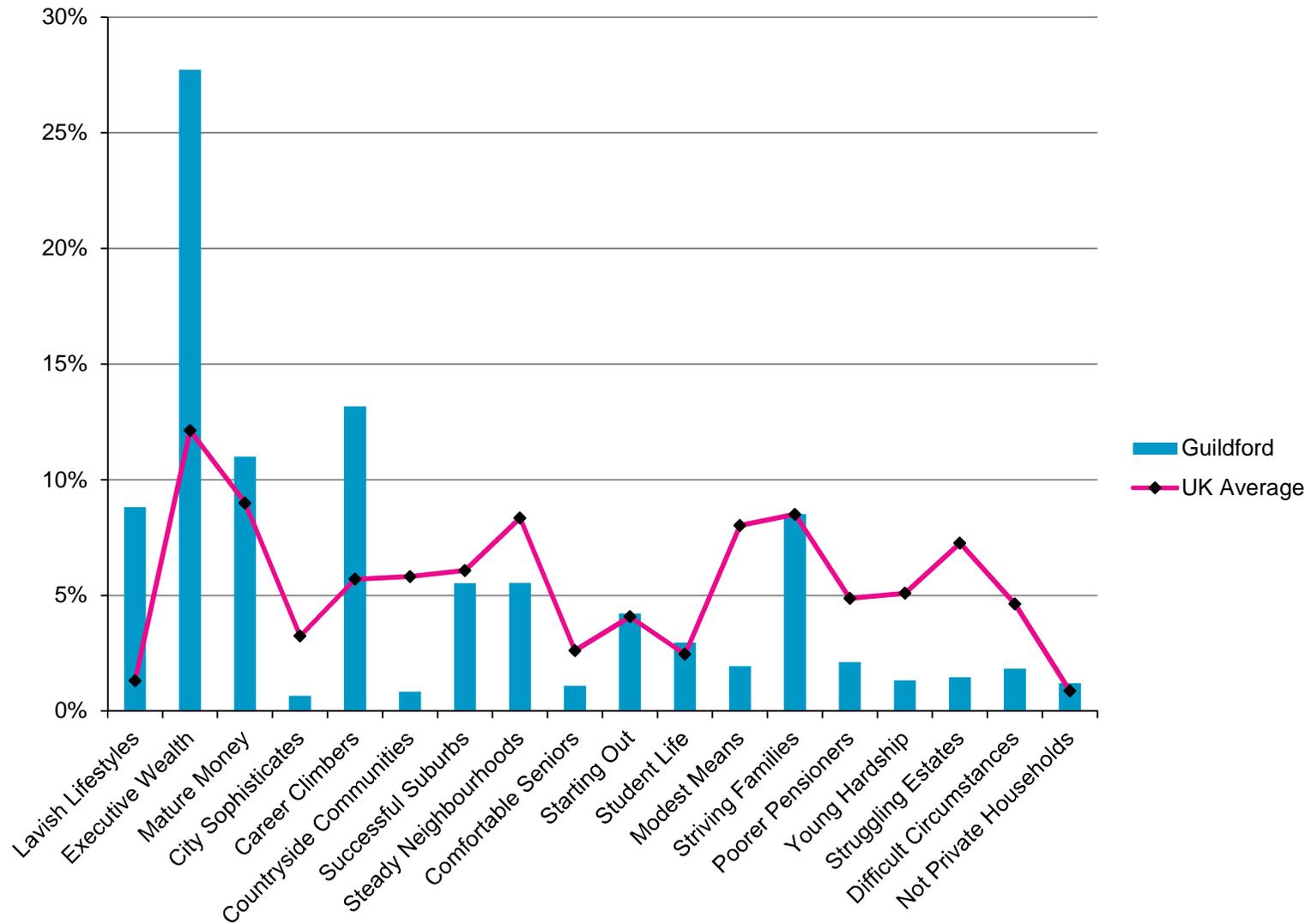
- Existing Westgate 330,000 ft<sup>2</sup>
- Proposed new Westgate 820,000ft<sup>2</sup>
- Start on site Early 2015
- Practical completion Autumn 2017
- TDC forecast £375 / £450m (100%)



# Guildford



# What we like



# Land Securities' investor day

## Dominic O'Rourke

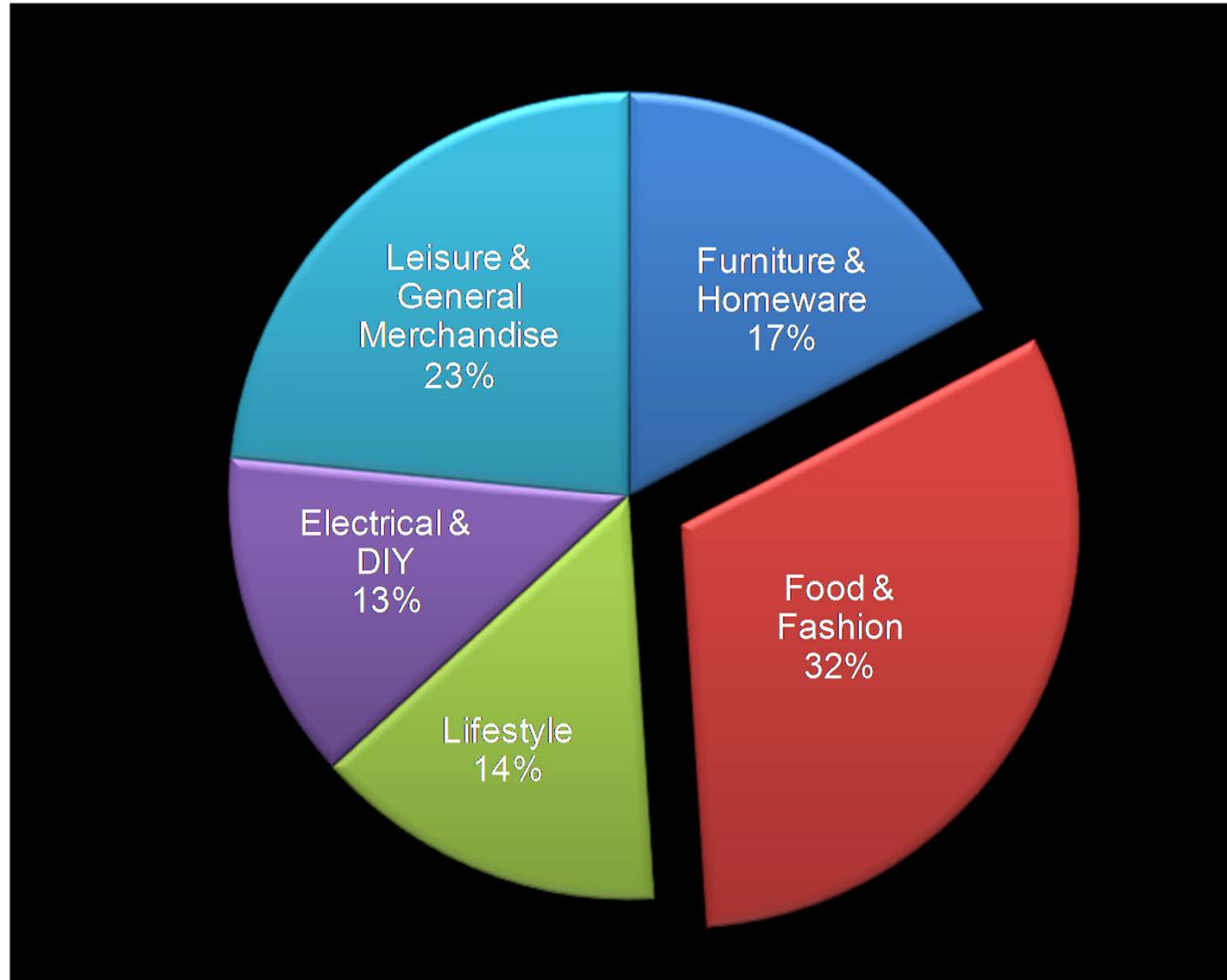


## Points of focus

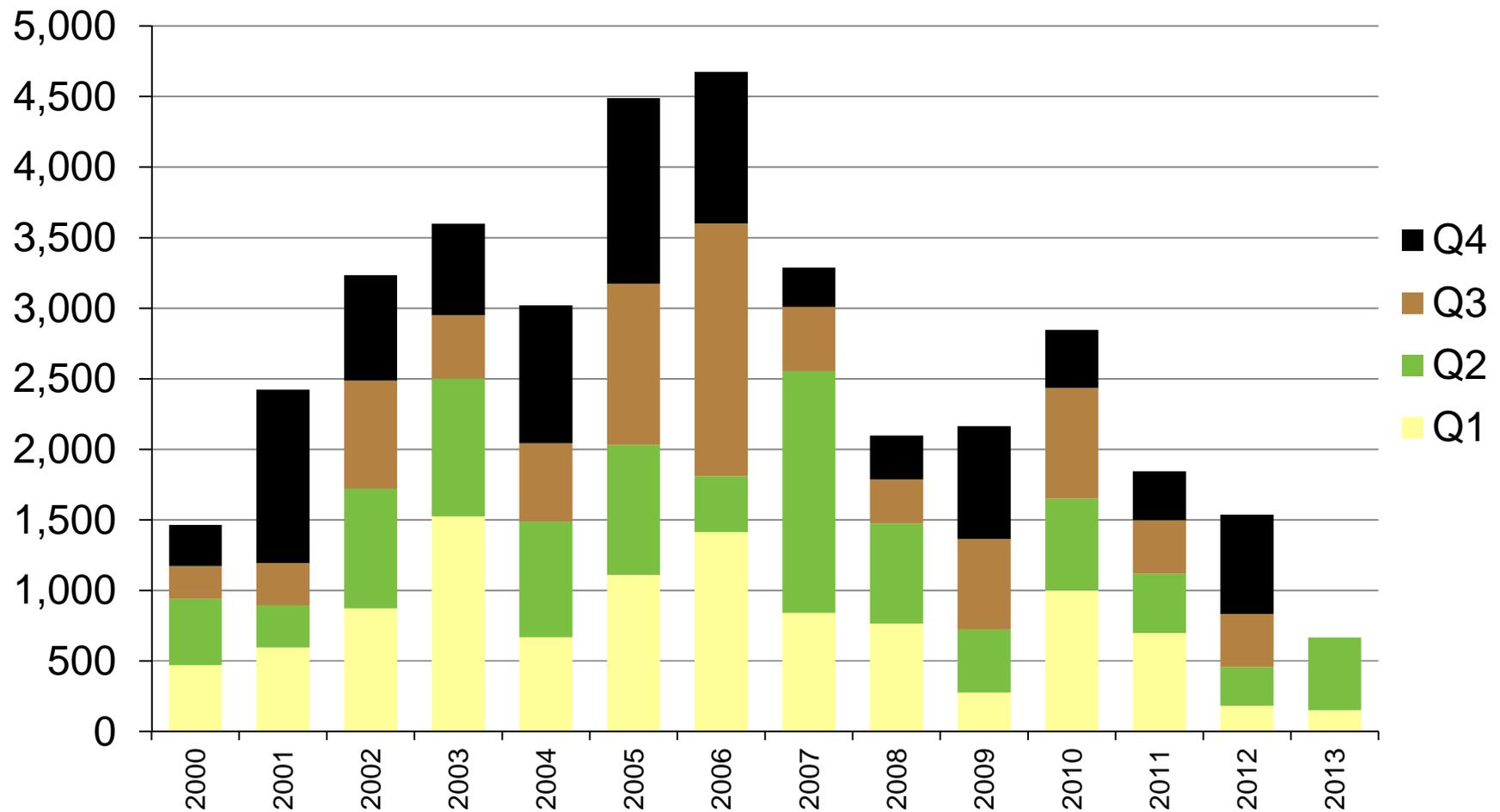
- Retailer relationships
- Active asset management and rigorous recycling
- Strong development pipeline



## Strong occupier base



## Low investment volumes – focus on superior returns generated by development



# Retailer relationships



# Retailer relationships



Bexhill

# Active asset management



Chadwell Heath - before

# Active asset management



# Active asset management



Greyhound Retail Park, Chester

# Active asset management



## NPPF – strong development pipeline



- New sites
- Existing portfolio
- Harvest

## Out of town activity – good pipeline of opportunities

	sq ft	% let
Lakeside	25,000	100
Chesterfield	62,120	100
Thanet	70,000	100
<b>Post construction</b>	<b>157,120</b>	
Garratt Lane, Wandsworth	93,400	Sold
Crawley	118,390	94
Bishop Centre, Taplow	131,000	76
Bexhill Retail Park	53,000	100
Whalebone Lane, Chadwell Heath	61,280	100
Chesterfield	26,479	100
<b>Under construction</b>	<b>483,549</b>	
Peterborough	71,870	0
Bridgewater Park, Banbridge, NI	110,000	Sold
Thanet	150,000	0
<b>With planning</b>	<b>331,870</b>	
Selly Oak	363,000	39
Salisbury	123,500	100
<b>Planning applications submitted</b>	<b>486,500</b>	
Maidstone	230,000	19
8 further sites secured	2,060,000	
<b>Sites secured and under offer</b>	<b>2,290,000</b>	
<b>Total</b>	<b>3,749,039</b>	

Total approximate future capex £750m (Land Securities' share)

## Project Berlin – strong development pipeline

- Ungeared IRR >15%
- TDC c. £60m
- Motorway junction location
- Off market agreement with landowner



# Maidstone - strong development pipeline



# Worcester - strong development pipeline



# Project Prague - strong development pipeline



# Kingswood, Hull - strong development pipeline



# Crawley – imminent completion



# Taplow – development opportunity from existing portfolio







## Points of focus

- Retailer relationships
- Active asset management and rigorous recycling
- Strong development pipeline



# Land Securities' investor day

## Polly Troughton



# The Case for Leisure

The future of leisure .....

*“A shared leisure experience has become an essential part of the DNA of 21<sup>st</sup> century everyday family life”*

*The Case for Leisure-X-Leisure 2010*

# What is leisure in the context of a leisure park?



## Leisure parks

Anchored by:

- Multiplex cinema
- With casual/family dining and fast food offering



May include some or all of the following:

- Bowling
- Health & fitness
- Kids play
- Ski slope
- Nightclub and bars
- Gaming (casino & bingo)
- Niche retail
- Hotel
- Other leisure – crazy golf, indoor surfing, Laser Tag, climbing walls, indoor skydiving



## Why – Strong operating performance; strong property performance

### **Misconceptions**

- **Thin tenant market**
- **Weak covenants**
- **Obsolescence**
- **Unaffordable rents**
- **Risky asset class**
- **Discretionary spend**

### **Reality**

- **Expanding number of operators/broader range of leisure uses**
- **Affordable rents and experienced operators**
- **Not a discretionary spend**
- **Inherent site value**
- **Low voids**
- **Lease profiles – length and fixed minimum uplifts**



# Who – strength and depth

## MULTIPLEX CINEMAS



Net Income

27%

## BOWL



7%

## CASUAL DINING



25%

## Health and Fitness



8%

Our operators – strong and expanding

MULTIPLEX CINEMAS



**Growing revenues and spend**

New Technology – Digital and **3D<sub>a</sub>**

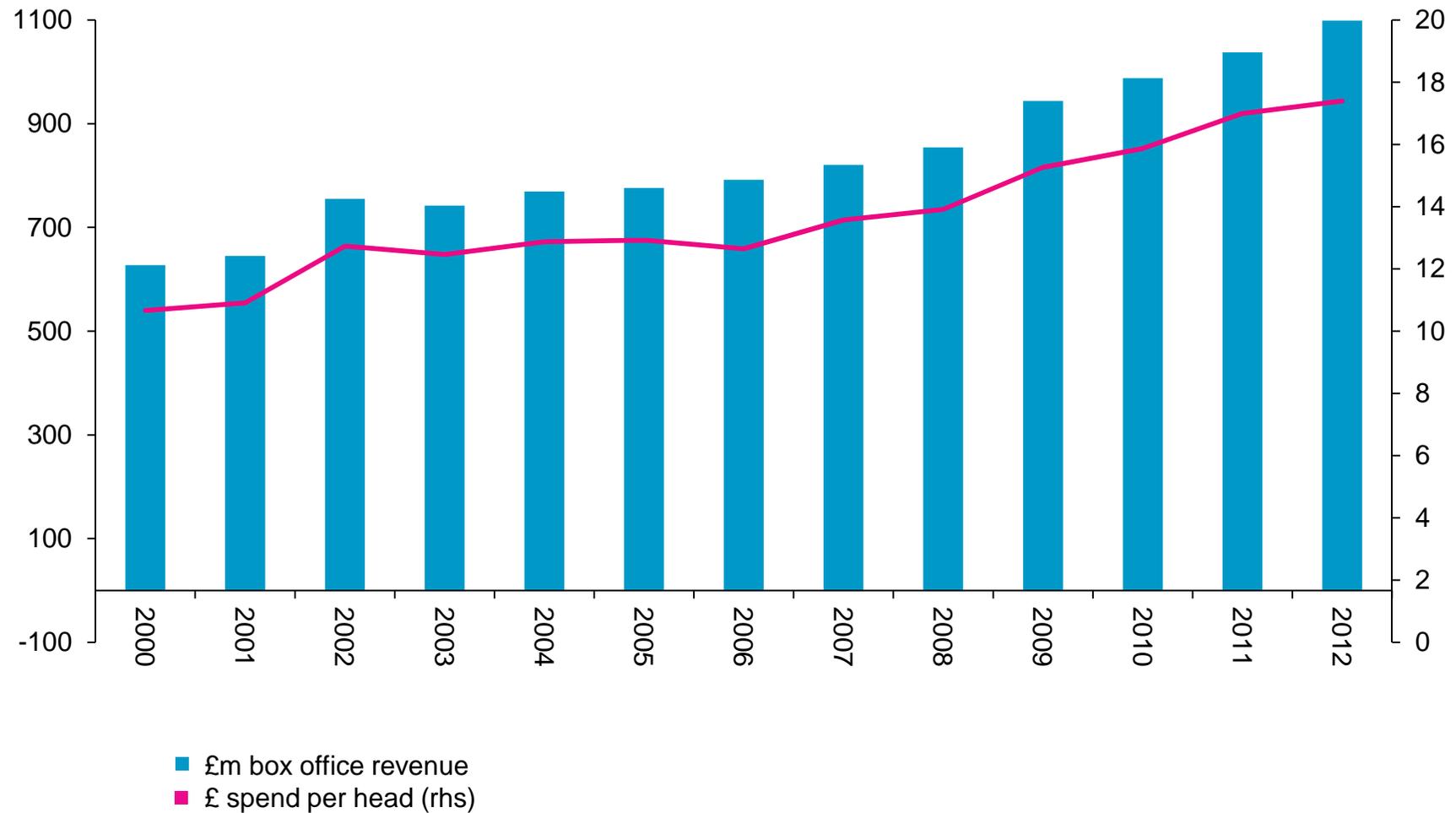
**Strong film product – “Skyfall”**

***expanding sector***

***30% of UK population visit at least monthly***

# Increasing revenues and spend per head

UK cinema – box office and average annual spending 2000 – 2012



Our operators – strong and expanding

### CASUAL DINING



*Eating out is the UK's no 1 leisure activity*

**50% of the UK population eat out monthly or more frequently**

**Expanding sector**

**£32.1bn (2013) - £39.2bn (2018)**

Our operators – strong and expanding

## BOWL

hollywood bowl 



namco



excellent **2<sup>nd</sup>** anchor

Family focused **ACTIVITY**

Maximising **secondary** spend

Operators refreshing the **offer**

## Our operators – strong and expanding

### Health and Fitness



***Growing revenue – up 1.5% - £3.92bn***

***Growing Membership base – up 4.5%***

***Expansion***

***Low cost sector***

***12.6 % of UK population are gym members***

***Polarisation***



## Land Securities wholly owned leisure

- GAV at March 2013 £167m
- Three assets
- Void rate less than 1%
- Average unexpired lease term > 13 years





## The X-Leisure portfolio – top performing portfolio

- GAV at March 2013 was £600m
- £40m of gross rental income
- IY 6.31% EY 7.4%
- 3.9% void
- 30% of leases by income benefit from fixed uplift
- Average unexpired lease length 12.6 years
- Fund ungeared average annual return over past three years 15.9%

## The largest UK leisure landlord

- 19 leisure locations across the country
- Prime dominant schemes anchored by top performing cinemas plus the 2 x Xscape destinations
- 3.67 million sq ft of leisure
- 400 tenants
- 60.0m visitors in 2012



# Xscape Milton Keynes



## **Size:**

500,000 sq ft (42 units)

## **Car parking:**

900 pay to use spaces

## **Anchor tenants:**

- Cineworld
- Snozone (180m)
- Virgin Active
- Ellis Brigham

## **Just opened:**

- Hollywood Bowl
- Aspers Casino
- Wagamama
- Coal

# Snozone



# Flowhouse



# Brighton Marina



**Size:**

442,998 sq ft (70 units)

**Anchor tenants:**

- Cineworld
- LCI Casino
- David Lloyd
- Bowlplex
- Asda
- 12 restaurants



# Brighton Marina



# Great North Leisure Park



**Size:**

100,000 sq ft (8 units)

**Car parking:**

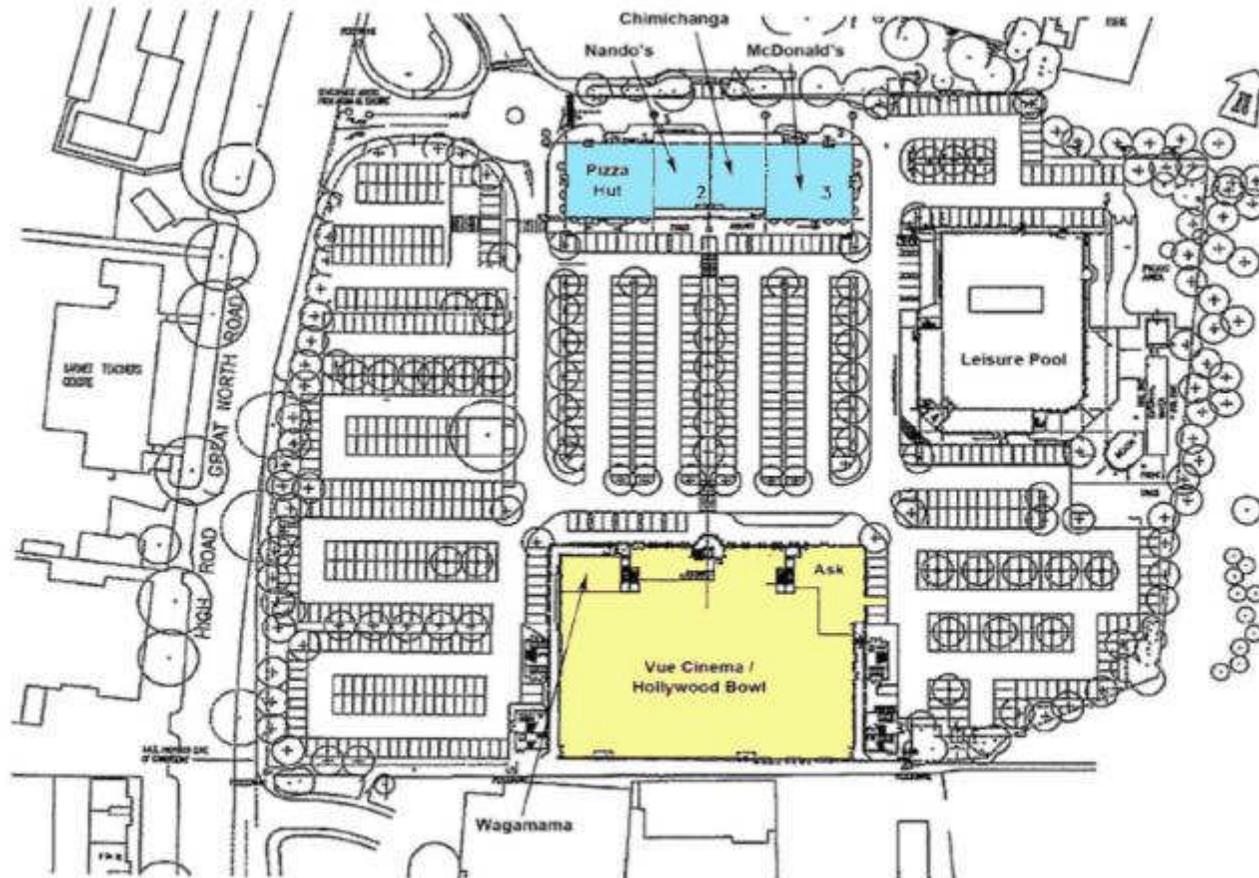
670 free to use spaces

**Anchor tenants:**

- Vue Cinema
- Hollywood Bowl
- Six restaurants



# Great North Leisure Park



Great North Leisure Park, North Finchley



## Asset management activity

– adding rental income and rental value

- Cinema extension
- Restaurant and drive thru development
- Food store development
- Residential development
- Reconfigurations/ divisions/ mergers
- Surrender and re-lettings





# The Case for Leisure

The future of leisure .....

*“A shared leisure experience has become an essential part of the DNA of 21<sup>st</sup> century everyday family life”*

*The Case for Leisure-X-Leisure 2010*



# Land Securities' investor day

## Jack Busby



## Gunwharf Quays - introduction

- Retail outlet
- 552,000 sq ft lettable floorspace
- 91 retail units
- 32 restaurant and bars
- Bowling, Nightclub, Casino, Hotel and Cinema



# Gunwharf Quays – the estate



# Day/night experience



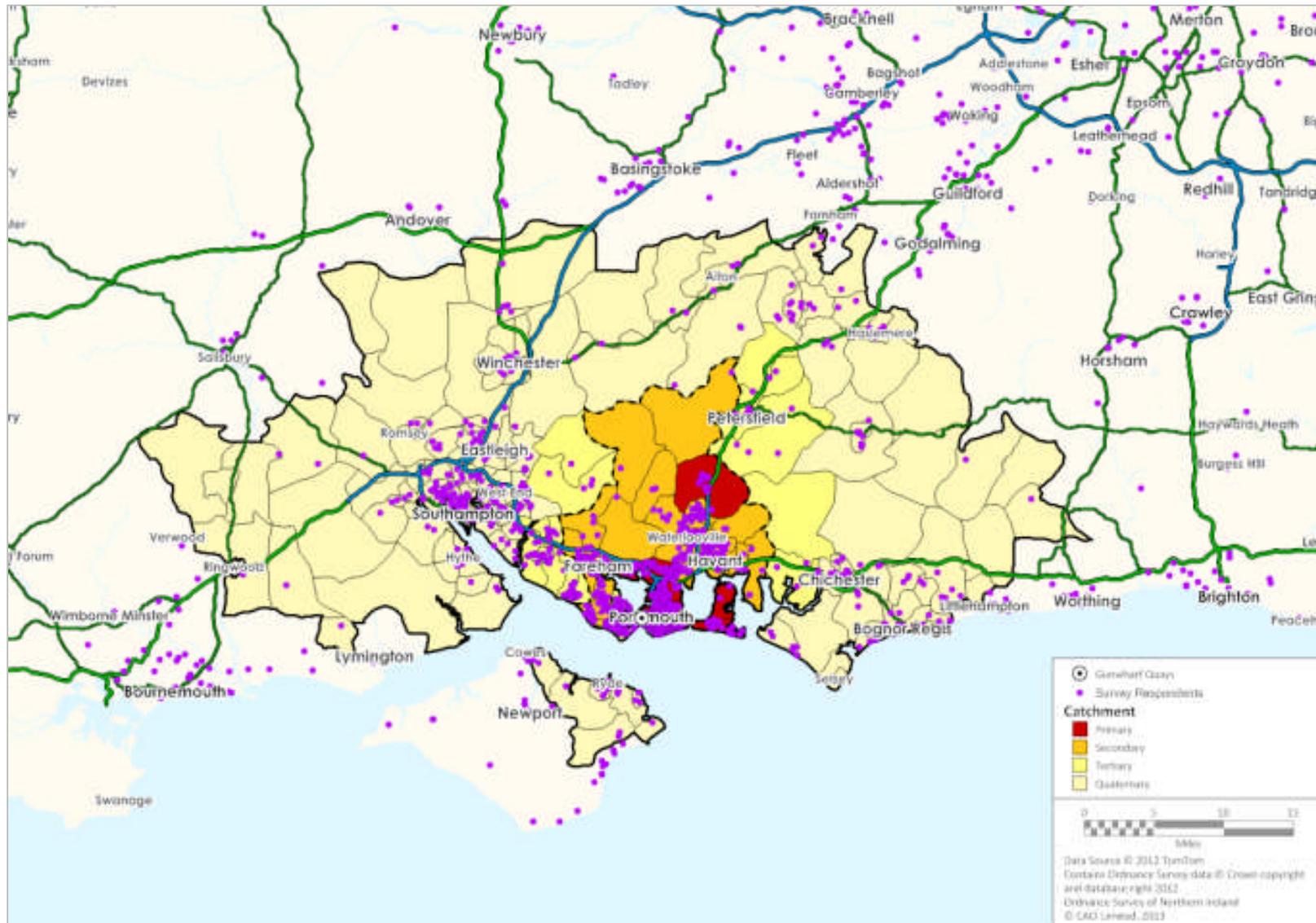


## Longer dwell times; higher average spend

- Average dwell time 136 mins
- Average spend £63 per head
- 7.9m visitors (2012/13)
- 25,000 cars per week



# An extended catchment



## Ease of access

- 1532 space car park
- Adjacent to Portsmouth Harbour Station and Wightlink passenger and car ferry terminals
- 26 berth marina





## Outlet model – attractive features

- Base rent (achieving £85-£115 psf)
- Turnover rents (varying between 10%-14%)
- By area Retail to Leisure ratio is 60:40
- By income Retail to Leisure ratio is 71:29





## Growth of outlet retailing

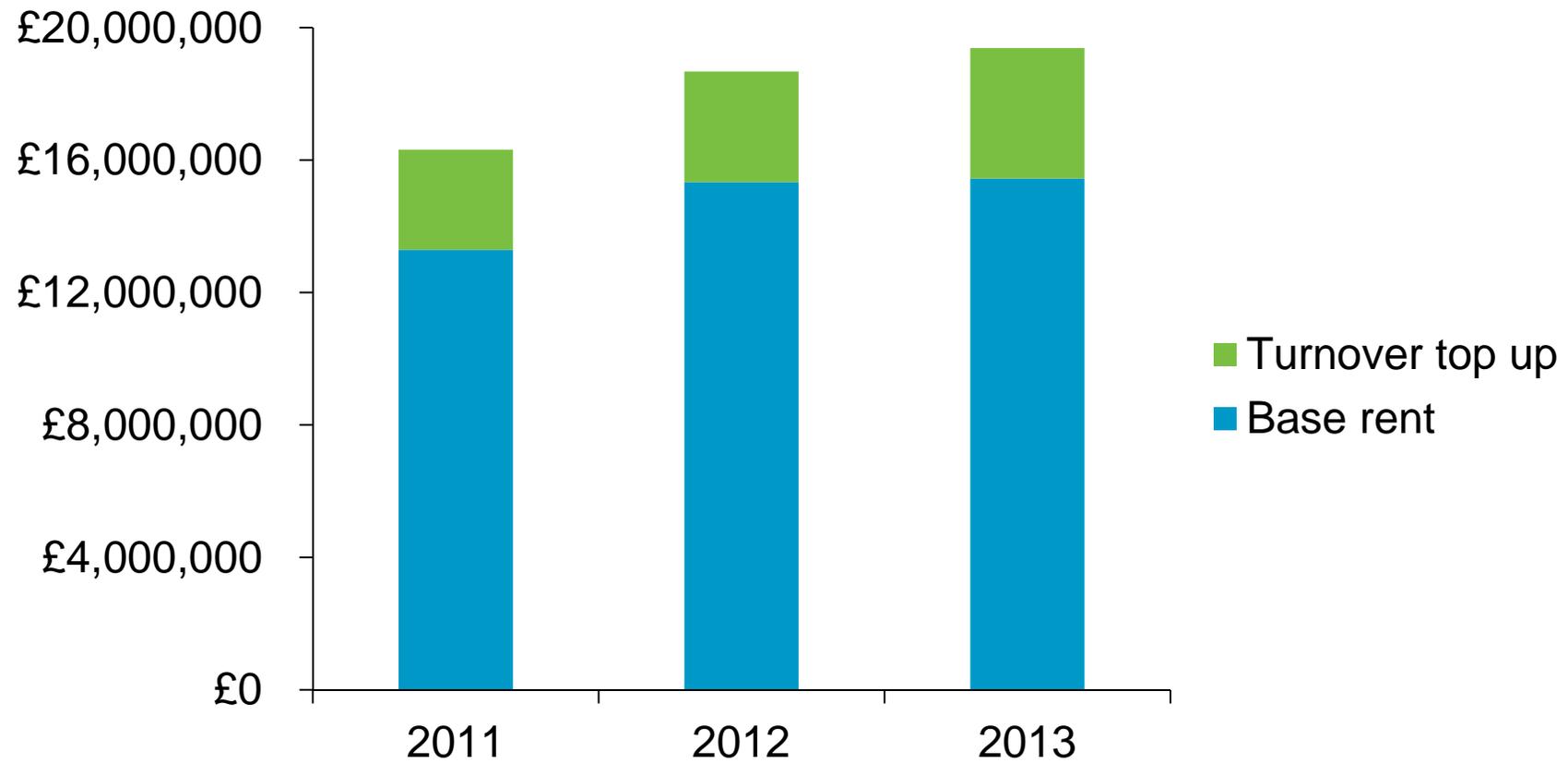
- Growth in outlet retailing across UK and Europe throughout 2010-13
- Since 2010, sales growth at outlet centres has substantially outperformed the European non-food retail industry average (0.3% overall)
- McArthur Glen, Neinver and Value Retail all reporting strong double digit income growth
- Increased recognition by retailers as a key sales channel



## Sales growth at Gunwharf Quays – a rising average spend

- Rental income growth of 18.8% between 2011-13
- Car park income growth 4.2% between 2011-13
- Visitor numbers growing slowly in comparison– rising average spend

# Rental income growth



# Drivers of growth at Gunwharf

2009

**SPORTS**  
**DIRECT.COM**

*Clinton*  
CARDS

  
**RIP CURL**

JULIAN  
GRAVES

PAST ✦ TIMES

2013

JAEGER **BOSS** TOMMY  HILFIGER  
HUGO BOSS

**DIESEL**<sup>®</sup>  
FOR SUCCESSFUL LIVING

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a u s t r a l i a



## Outlet model providing flexibility

- Requirement to stay fresh, exciting and worthy of longer than normal drive-time
- Focus on intense asset management
- Shorter leases (Retail WAULT 4.75 years)
- Absence of 1954 L&T Act at lease expiry
- T/O threshold hurdles
- Annual base rent ratchets
- Short rent frees, minimal incentives



## Significant benefit of churning the retail offer: Sales impact

Old	New	Average weekly sales impact
Clinton Cards	Tommy Hilfiger	+305%
Julian Graves	Links of London	+387%
Dune	All Saints	+345%
Rip Curl	Jaeger	+333%



## Significant benefits of churning the retail offer: Base rents

<b>Outgoing</b>	<b>Incoming</b>
Fat Face (£70 psf)	Original Penguin (£115 psf)
Guess (£45 psf)	Joules (£75 psf)
Dune (£45 psf)	All Saints (£85 psf)
Rip Curl (£55 psf)	Jaeger (£85 psf)



## Shop refits – strong sales growth

- Encouraging retailers to refit stores
- Uplift in sales as a direct result
- Benefits flow through on food and beverage too

Occupier	Sales impact on average weekly sales
Vans	+95%
Oakley	+24%
Crabtree & Evelyn	+33%
Nando's	+22%

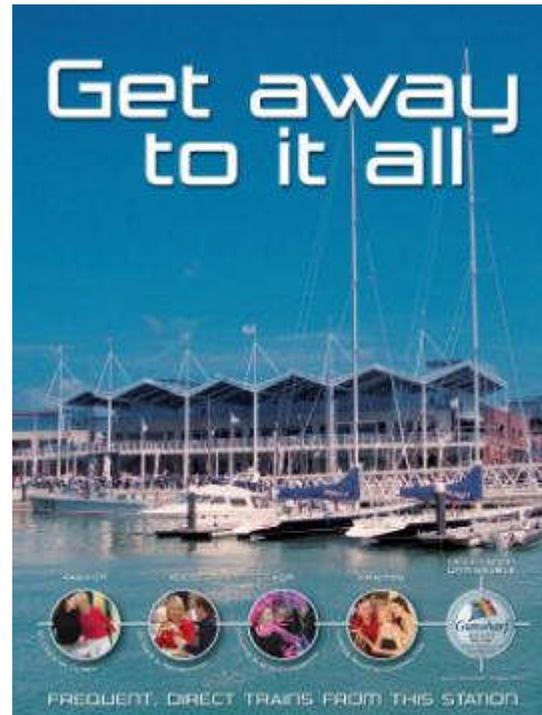


## Continuing the growth story

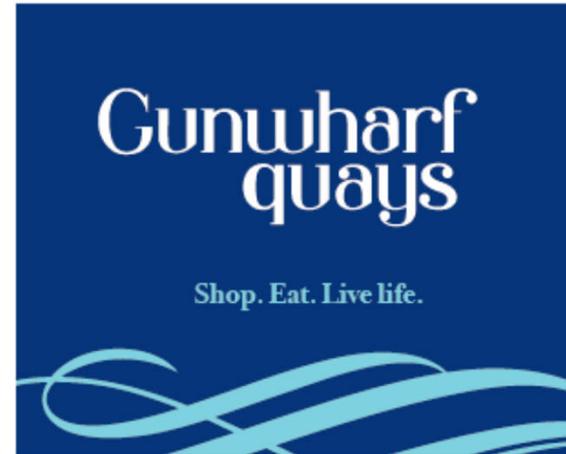
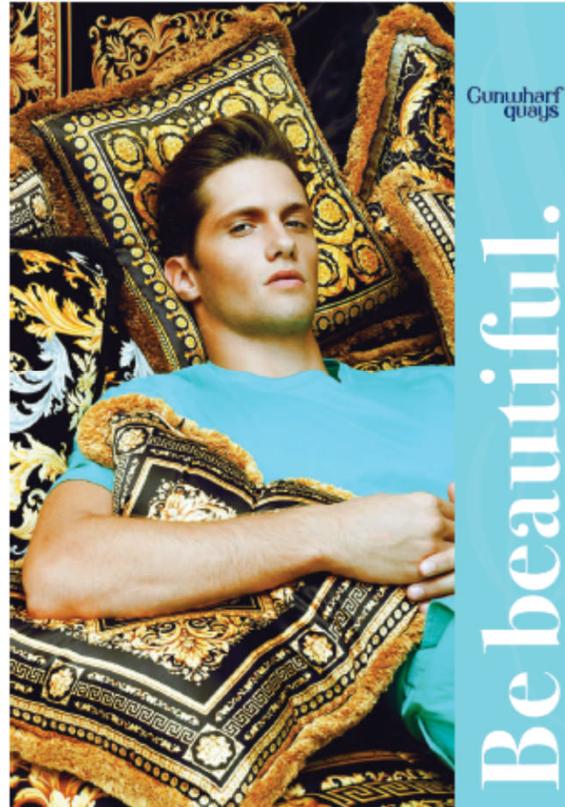
- Strategic plan to capture additional sales growth through greater catchment penetration within and beyond existing area
- Marketing – increased budget, TV advertising, digital presence, print media
- Enhancement of tenant line up – drive for greater presence of premium and aspirational brands
- Centre rebranding – coordinating with marketing and leasing process



# Current centre branding



# Proposed centre branding





## The attraction of Gunwharf Quays

- Income growth at GWQ
- Increased per head spend at GWQ
- An extensive, wealthy catchment
- Outlet model allows for more flexible asset management
- New brands and new shopfits aid sales growth

