Land Securities Retail Portfolio Investor Conference

Leeds, Friday 15 July 2011

Speaker: Richard Akers – Managing Director, Retail Portfolio

Slide 1 – Title slide

Thanks very much Ed, and welcome everybody. Thanks for making this journey up here all this way north. This is a very important city for Land Securities. As you can see we've got a regional office here, and we have some £800 million either invested in or committed to this city. Now, if you were looking around you as you arrived, or if you looked out of the window before you sat down, you will have seen that the majority of that which is the construction of Trinity Leeds; the other investment we have is the White Rose Centre. And, as Ed has said, we'll be touring both of those assets later on.

Now this is a great opportunity for us to talk to you in some detail about our retail strategy, and to give you more information on our current plans for the portfolio. But before talking more broadly about the business I'd like to start by reminding you of our most recently reported results.

Slide 2 – 2010/11 Results – Retail Portfolio

In the retail portfolio the total return over the last year was 15.4%, a relative outperformance of 2.6%. We reduced voids and increased net rental income in our like-for-like portfolio, and this was all based on a very high level of activity, with nearly £700 million of capital turnover, and over £27 million of lettings.

Our strategy of combining active asset management with development and capital recycling has generated strong returns for us in the past. And I've included on this slide our performance against IPD over one, five and ten years for both shopping centres and retail warehouses. And this reinforces our belief that this approach should remain at the core of our strategy for the future.

Now I hope you'll see as the day progresses a number of consistent themes emerging: that we have the right people and the right skills to execute our strategy; skills not just in the property sector but also in retail; that we successfully adapted our retail warehouse portfolio to be more oriented towards food and fashion, which are the higher growth sectors; that within shopping centres we've developed some prime centres with a mix of uses which have become real destinations for their customers; that our retailer relationships, developed over many years, are a core strength of our business and are at the heart of our good leasing performance; and finally, as I promised, you'll see our plans for the assets that I didn't talk about at the results presentation, and you'll hear about our progress to expand our out-of-town development programme.

Slide 3 – Active strategy
Now in the past we've explained our strategy as raising assets in the retail hierarchy, and you'll hear us talking a lot about our assets. So we think it's about selecting the right assets. And the right assets are affordable for retailers and have active plans for growth. And if they don't meet these criteria then we will sell them; we're not afraid to recycle capital aggressively. Amongst retailers there will be clear winners and losers, and our active strategy is about taking advantage of change in the retail sector. And development; development where supply is constrained generally or where there are specific retailer requirements but we don't do development for fun. We expect 15% ungeared IRRs on our developments, which can significantly enhance our overall portfolio performance.

Slide 4 – It will be all about the stock picking…
Now let me expand upon these points just briefly. Asset selection is important because asset level performance dominates in any retail portfolio. Now this graph shows the distribution of ERV growth outcomes in shopping centres and this is the IPD quarterly index it's 270 shopping centres for 2008, 2009 and 2010. And what you can see here is the disparity between the best and the worst is absolutely huge and this range would exist for any subsector of retail property. And that means that asset level performance has to dominate. We do, of course, have a view on subsector performance but asset level performance does dominate.

Slide 5 – Taking advantage of change
Now in property companies we often talk about long-term performance, and I've just mentioned our ten-year performance against IRR, but retailers tend to talk about last week's sales. Our strategy seeks to make a virtue of this differential in pace of change. Retailers are always pursuing new formats, and are currently particularly focused on multi-channel. The John Lewis Partnership is a great example of this, where we've worked with them to work on their at home format, and we continue to work with them on new formats and finding sites for both John Lewis and Waitrose. We're also seeing retailers breaking out of their home territories. And a good example of this would be Forever 21 who are expanding into the UK and giving us opportunities, and we've taken this one at Buchanan Street in Glasgow. And then the third component of our active strategy is development. And there is an acute shortage of new development supply in the retail sector.

Slide 6 – Shopping centre development completions
Now this bar chart is probably quite familiar to you, I think we've used it quite a few times, so I won't explain this to you in detail. But we've positioned ourselves to take advantage in a number of locations, including here in Leeds. And later on you'll hear from Lester Hampson that this supply shortage exists in out-of-town retail as well.

Now if accessing returns through development, making a virtue of change in the retail sector and locking into asset level returns are all the positive reasons for having an active strategy, here are some reasons why the alternative of buying the market or being passive is just not good enough.

Slide 7 – Active strategy

It's clear that consumer weakness is going to hold back rental growth in the short term, and that structural change will restrict growth in the medium term. In our view it's nonsense to suggest that any particular subsector or category, prime or secondary, is totally immune from these impacts. But individual assets can buck the trend.

We also think that it's common to overreact to these issues, as we're seeing in the press at the moment. And I have a couple of slides that I hope will get things a little bit more into perspective.

Slide 8 – Consumer economy

This slide shows our rolling 12-month sales from our shopping centre portfolio to March 2011 and to June 2011 and as you can see that whilst life is clearly very tough for retailers, and getting slightly tougher, this is really not much worse than we expected it to be, or indeed that our retailers expected it to be. Now the fall in sales and the sacrifice of margin to protect sales has created some stress for some of the weaker retailers, and we've seen them go into administration. As you can see though from our rent collection statistics, we didn't observe any general stress across our occupiers at the June quarter day; in fact we collected more money by day five of the June quarter day this year than we had collected after ten days last year.

Slide 9 – Retail space, sales and sales density

Now with regard to internet impact, we believe that far from being a sudden shock we can trace the impact of the internet back to the late 1990s. Now this is a rather complicated graph but what it shows at the top is the growth in floor space, the growth in spend and the growth in sales densities over time. What we're interested in is the bottom two lines, which is the correlation between the rate of growth of sales densities and real ERV growth. And we think that this demonstrates that there was a turning point somewhere towards the end of the 1990s. What we expect to happen here is that floor space will level off, or possibly even decline, and as that happens rental growth and growth in sales densities will re-emerge post recession.

So that's rather complicated, I was almost confusing myself talking about it I dread to think what you got from that but the key message here is that the structural change that is happening is happening over a long period of time, a time period in which we can manage our exposure appropriately.

Slide 10 – Regional rental value growth

Now let me explode another fallacy the idea that prime always outperforms secondary. This slide is quite a bit simpler it shows rental growth achieved over the long-term past in different types of shopping centres. This is a slide from PMA. Their categorisation of shopping centres gives a score depending on the retail strength of that centre. So a score of over 400 would be one of the top centres, a score of less than 300 is probably what we would describe as a secondary centre. And what this slide shows is what we would all expect to be the case in that the prime centres have, on average, shown higher rental growth than more secondary centres over time. And we'd expect that to be the case in the future as well. But what it also shows is that the best performers in the lower order centres outperform the best performers in prime albeit that there is, of course, a greater risk of underperformance.

Slide 11 – Portfolio

Now we believe that our portfolio is extremely well positioned; we have a mix of retail, warehousing, food stores, shopping centres, factory outlet centres, some hotels, and of course we have a Central London shops portfolio in our London business, which is extremely important to us. And our skills across these subsectors enable us to access opportunities across the whole retail market. We believe we've got the right balance of quality assets, giving us an opportunity of a strong performance from our prime assets, whilst balancing the performance opportunity and risk that's inherent in more secondary assets. The quality of our shopping centre portfolio, is illustrated on the bar chart at the bottom right, which shows the relative vacancy levels between all shops, IPD shopping centres and our shopping centre portfolio.

Slide 12 – Summary

So to summarise, and to introduce the next speakers; we have a clear but flexible strategy based on active asset management, retailer relationships and development, and a rigorous approach to ensuring that we select the right assets. We believe we've got a core strength in investment management and transaction management, and that has been evidenced recently by our performance in sales and acquisitions last year, where our sales were just over 6% ahead of value, and our acquisitions outperformed IPD by 4% before deducting costs. Now, our investment team is headed by Gary Sherwin, Gary is not speaking today – that's not because he's shy, it's because we thought we would be short of time – but he is here to answer questions in the Q&A session.

I'm going to jump around a bit on this slide. Moving to the bottom, we're developing into a supply constrained market. And we're doing that with a team which is entrepreneurial and commercial, as well as being as tight as a drum on risk and financial management. Lester Hampson leads our development team, and he's going to speak mainly about our out-of-town development programme.

And we have a well positioned portfolio with a strong and well experienced asset management team, and you'll see evidence of this through the asset specific plans, which

Ashley Blake and Dominic O'Rourke will talk about in their presentations. And we're adapting to and taking advantage of change in the retail sector; and this is evidenced by our strong lettings performance and the innovation that you've seen in our dealings with retailers like John Lewis.

Our leasing and marketing team is led by Ronan Faherty, I'm going to hand over to him now to give you more of an insight into the way that we deal with retailers.

Speaker: Ronan Faherty – Commercial Director

Slide 13 – Title slide

Thank you, Richard. I'm Ronan Faherty, and I'm the Commercial Director. And my core responsibilities are leasing, marketing and our customer relationship management. I'm a bit different as I'm not a property person, I'm a retailer. I've had over 17 years' retail management experience prior to joining Land Securities.

When we look at opportunities from a retailer's perspective it gives us an opportunity of doing better deals and more of them. And this is a huge competitive advantage. My team and I support Lester, Ashley, Dominic and Gary, finding great solutions for retailers. And these solutions deliver long-term sustainable growth for our customers and our business.

Slide 14 – Understanding the retail environment is driving all we do

Today I'm going to talk to you about the winners and losers in retail, and how we benefit from the expansion of the winners and mitigate our risk with the losers. Understanding the retail environment drives everything that we do. The strength in our approach is our retailer relationships in the UK and globally. There is not a retailer we can't access directly, and this drives new lettings. These relationships deliver solution driven deals; these are deals based on a real understanding of their financial and space requirements. That drives our management of risk, as well as our retail experience we look closely at the data we have from our retailers, and this means we can be proactive when managing risk and protecting value. We can't achieve this without the right team.

Slide 15 – The team

When Richard and I were building this team over the last year we had four key skill sets in mind; property, retail, agency and international. We brought together the right people with all the right skill sets, experience and insight to help deliver our plan. This team, supported by the very best agencies and consultants, gives us a real competitive advantage.

Slide 16 – The winners

Here are some of the winning retailers we're working with. We understand that their success is our success. Firstly we understand the strategies of winning retailers, and we're continually looking for opportunities for them. Second, we understand the consumer and the emerging trends that impact the consumer. Third, we understand the customers our retailers are targeting, what kind of retail space they want and what they can afford. Getting all this understanding right will deliver a long-term growth plan. It's not about building space and then seeing who will occupy it; we're solution driven, and that's the best way to be successful in a tough market.

Slide 17 – Primark

We've found great solutions for some of the most exciting retailers in the market today. This is best demonstrated by our relationship with Primark. We make sure that we keep very close to people who are requiring space, and we deliver them the perfect solution for their business.

Slide 18 – Forever 21

Forever 21 is another example. We've been working with Forever 21 for a number of years, and we've delivered the perfect opportunity for them to thrive in the UK's second busiest high street. For us, we got an excellent anchor, and it's a first for Scotland, 7% ahead of ERV, saved 12 months on incentives and this is just the start of our business relationship.

Slide 19 – Gap

We're also working with Gap, and by understanding their requirements in this market and this city we've found them a very cost effective commercial solution. For us, we achieved another anchor, 11% ahead of our ERV, saved four months on incentives, and again this opened up a long-term development opportunity.

Slide 20 – Retailer affinity

So it's the affinity with retailers that is so important to us. Affinity gives us an understanding of the challenges retailers face. We understand the need for affordability, flexibility and an integrated multi-channel approach. We're continually challenging the norms and finding solutions, and here are some examples of this.

Clearlet is our leasing product. It's market leading, and it's brilliant for us and our customers. It's 30 pages long, versus the standard 80; it's written in plain English and produced in collaboration with our retailers; and what this does is it saves both parties money and time. We've done over 240 deals in the last year using Clearlet, and we've reduced the time in solicitors' hands by an average of three weeks.

We also understand multi-channel retailing. We aim to enhance the shopping experience, giving shoppers compelling reasons to come out and shop. Through brand partnerships, pop-up shops and our mall retailing concept we're giving brands alternatives to inline units, which provides us with a new income stream.

On our Brand Empire business we've now opened eight stores across three brands. We've got a selling and marketing approach that is customer led. For example, our retail brochures; don't mistake these for leasing brochures; their growth strategy is built in conjunction with the retailer, utilising their needs and requirements, our unrivalled knowledge of the market, and supported by the best market research and insight. This is solution driven leasing not opportunity driven. It capitalises on our market leading position and scale to deliver maximum benefit to both parties. We've got some of these brochures here if you want to look at them later.

This approach and insight shows not only that we understand retail, but how to apply this understanding commercially. And we're working with a number of winners on this.

Slide 21 – Providing strategic support
These are some of the retailers we're working with both nationally and internationally on their strategic growth solutions. It gives us plenty of opportunities going forward for development and on existing assets. This research and understanding also helps us manage risk.

Slide 22 – Risk management
We manage risk very closely. We utilise the best available market research to understand the macro position and the impact on our retail customers. Our research providers claim they can predict 59% of all administrations prior to them happening. We also work very closely with venture capitalists and banks to understand their position. This combined with the fact that we collect trading performance from over 75% of our retailers, our customer relationship management and insight into their business, our centre performance and consumer insight gives us an unrivalled approach to risk management.

Slide 23 – Jane norman
And this is how it works in practice. Jane norman, we identified the challenge early, which allowed us to work up alternatives, and also meant we were ready to act if the worse case scenario happened. When it did we were able to work with the new owners, and all our stores stayed open because we offered affordable solutions that will deliver long-term growth for both parties.

Slide 24 – JJB Sports
With JJB we offered to take all our stores back prior to the recent CVA. We'd agreed to re-let all the stores to other operators ahead of passing rent, and without any concessions being offered. When the CVA was voted through we set about re-letting the three stores that they were shutting, and we've agreed terms at all three stores.

Slide 25 – In the press
But our approach to managing risks provides us with a number of retailers to monitor closely. But it's not appropriate to publish this. These companies have been talked about in the press as at risk or shedding stores. And just to put this into context not one of these retailers represents 1% of our portfolio rental income; if they all went into administration they only

represent 3% of the retail portfolio rental income; and from a group perspective they only represent 1.6% of the group rental income.

Slide 26 – What our customers say
This is what our customers say about us; our approach has made us easier to deal with. And this kind of accreditation really does make people want to do business with us.

Slide 27 – In summary
So I said at the start that understanding the retail environment drives everything we do. We've got a team of experts with the right skill set, knowledge and experience to help us develop an affinity with retailers. This opens up opportunities to satisfy their demand for affordable space and mitigate our risk of losing them. This puts us in a very strong position to deliver long-term sustainable growth from our assets.
Thank you. And I'll hand over to Ashley Blake.

Speaker: Ashley Blake, Head of Retail Portfolio Management
Slide 28 – Title slide
Good morning. Thank you, Ronan. My name is Ashley Blake, I head the retail portfolio management team, and I'm responsible for the performance of all of our shopping centres, factory outlets and hotels.

Slide 29 – Action on every asset
My team manages 24 shopping centres and factory outlets, valued at some £2.85 billion. And we benefit from an affordable portfolio where rents only average £26 per square foot. Now Richard stressed how you can't just buy the market, but that active asset management is critical to performance. Experience and retailer relationships are key, as Ronan has demonstrated. In order to do that you need a great team. And I've brought in seven high calibre new asset managers to strengthen our asset management team. I believe they're now the best in class in our sector; and we give them the culture to be both proactive and entrepreneurial. This has led to outperformance of 1.6% against the benchmark.
I'll now talk you through the rest of the portfolio and how we're actioning plans on every single asset.

Slide 30 – Cabot Circus, Bristol
Firstly, Cabot Circus in Bristol.

Slide 31 – Cabot Circus, Bristol
In this successful development we are further enhancing the tenant mix. We've brought new tenants and formats into Bristol city centre, including a spa and a gym, adding to an already very successful leisure element. Leisure is critical to boosting the performance of our centres' destinations and dealing with the impact of the internet. And that's a theme you'll see throughout my presentation. We've produced the first Foyle's bookshop and the first

Sanctuary spa outside Central London. And these actions have led to increased footfall, car park usage and valuation.

Slide 32 – Lewisham Shopping Centre, Lewisham
Lewisham is a more established asset in our portfolio, but here again we're carrying out enhancements to the tenant mix.

Slide 33 – Lewisham Shopping Centre, Lewisham
We've tripled JD Sports; we've doubled the Carphone Warehouse unit for a new concept store; we've also added Tiger and Costa to the centre. These deals were done at above ERV and they've added lots of footfall to the scheme and have come through an increased valuation. And for the future we have the ability, with an old ex local authority leisure scheme located on our roof, to create a new cinema and new restaurants to take the scheme to the next level.

Slide 34 – St Johns, Liverpool
In Liverpool we're bringing in new anchor tenants, and two are open already: the new Aldi in the ex Woolworth's space you can see on the left; and also we've redeveloped six units previously let to small local retailers into the new Home Bargains anchor store. Now the team based here in Leeds also have plans for redevelopment of the new food court, and they've already got terms agreed with major new brands to take that space. We did have a small drop in valuation in this centre because in our Williamson Square extension we have a large JJB. But due to our actions that JJB stayed open, which meant we didn't have such a large valuation fall as could have happened, and of course, as Ronan said, we have options in case the worst happens. And our actions to reposition this centre are going to produce outperformance in the future.

Slide 35 – Bon Accord and St Nicolas, Aberdeen
In Aberdeen we're carrying out a £6 million refurbishment of the Bon Accord Centre, following our successful redevelopment of the St Nicolas Centre. Here you can see as it is now, and also a CGI showing how the centre will look after the works have finished later on this year in October.

Slide 36 – Bon Accord and St Nicolas, Aberdeen
Within Aberdeen we've introduced new brands such as Radley, Disney, Lipsy, and H&M in a new 20,000 square foot store within St Nicolas. This is a CGI of the new food court which will open with the refurbished scheme and already key brands have been identified and agreed to go into this space.

Slide 37 – Gunwharf Quays, Portsmouth
Gunwharf Quays goes from strength to strength and during the financial year we've carried out 23 leasing and renewals deals.

Slide 38 – Gunwharf Quays, Portsmouth

Now one of these was taking out Sports Direct and replacing it with Jamie's Italian. Jamie's is a very, very strong brand and it's produced huge increases in footfall and sales in the slightly colder part of the centre known as Canal Side. This shows the power of getting the right brands into our centres.

Slide 39 – Gunwharf Quays, Portsmouth

Other new brands include Kurt Geiger, White Company, Cath Kidston, Hugo Boss and all of these actions have produced increases in sales, driven strong ERV growth and of course strong valuation growth.

Slide 40 – Gunwharf Quays, Portsmouth

Now for the future of Gunwharf Quays the building in the foreground there is Europa House. It's an office tower with a multi-storey car park. We exchanged on this purchase recently and this adds 340 new car spaces to our ownership which is critical for bringing more shoppers into Gunwharf, driving more sales and more rental income. And the office building itself which should become vacant within the short term provides an opportunity for residential or a hotel conversion.

Slide 41 – St David's, Cardiff

Now our centre in Cardiff, St. David's, continues to gain momentum. Footfall and car park usage are up strongly. Sales are running at nearly £1 million per day on average. And our leasing team have brought in new brands such as Mango, Tesco and Cath Kidston. Our actions have already led to strong valuation performance.

Slide 42 – West12 Centre, Shepherds Bush, London

Let's turn now to schemes where we're undertaking, major capital projects to create new accommodation. Here at W12 in Shepherd's Bush we're currently planning a new 128 bed hotel for Accor. We have a strong relationship with Accor; we have a joint venture with 29 hotels, one of the biggest hotel chains in the world. That particular investment, those 29 hotels, saw very strong increases in occupancy, room rates, turnover and rental income last year. We've also had a number of key lettings in the centre and this has produced strong valuation growth in part because the hotel is being built within the frame of a tertiary vacant office building on top of our centre, so an excellent re-use of that space.

Slide 43 – The Bridges, Sunderland

Let's turn now to The Bridges in Sunderland, a scheme with a loyal and strong catchment in a part of the north which still has a very strong and healthy private sector.

Slide 44 – The Bridges, Sunderland

Here we've achieved planning, vacant possession and pre-letting for a new 60,000 square foot Primark. This is at the end of our weakest mall, Woolworth Way and will drive rental growth in this part of the scheme effectively adding to the performance of a very robust and sound centre.

Slide 45 – The Centre, Livingston

Now in Scotland we've embarked on adding three new anchors to our centre in Livingston. Two of these are open already: Iceland which you can see on the right there which has opened in Phase 1; and Wilkinson's which opened in the old Woolworth's space in Phase 2. Again we've maintained footfall and valuation is up.

Slide 46 – The Centre, Livingston

But a third one is our new Primark which you can see here under construction using some of our land and also adjoining land we purchased from the local authority. This will add 70,000 square foot Primark to Phase 1 and be a major boost to this centre.

Slide 47 – Corby Town Centre

Now at Corby we've extended the centre. We brought in new brands, we've created a new Primark anchor store but we're not afraid to recycle our capital. And we're currently exploring a disposal of this particular centre. You saw us dispose of Stratford, of Notting Hill Gate and Islington last year and as Richard said we're not afraid to look at every asset if we don't feel it's performing we look at testing in the market to see if we can achieve a successful recycling of our capital.

Slide 48 – O2 Centre, Finchley

Now let's turn to new acquisitions; the O2 centre in Finchley. Here we've got advanced plans to extend the first floor catering, to bring in new brands and terms are agreed, and these deals equate significant extra income on the first floor. We've also got extremely good discussions on enhancing digital and car parking revenue, like all London sites these particular areas are growing very strongly, and already this has produced strong valuation performance.

Slide 49 – Westgate, Oxford

Now Westgate in Oxford; we made a selective transaction in a city that we believe can combat the structural change that's happening to retail with the advent of the internet. It's very robust with its strong attraction for tourists, day trippers, shoppers, and students of course. We're achieving 99% let while we work up our development feasibility. And this is a town which has huge pent up demand and under-supply so there's excellent potential for the future. In the meantime because we bought well and bought off-market we've achieved valuation growth.

Slide 50 – Overgate, Dundee

Let's look at Overgate. Seven months ago we purchased a scheme at a yield of 6.9% net initial, rack rented thanks to Gary's great work. Within the first seven months we've done four new lettings and brought in strong brands such as Superdry and Apple. We've already re-geared two major leases and extended the lease length and the covenant strength within the building. And we purchased adjoining shops to enable us to have future asset management potential. As you can see we're not afraid to look at adjoining ownerships and jump on opportunities when we can extend our ownership in key locations and improve our options for adding value. Again within seven months our actions have led to strong valuation growth.

Slide 51 – Action on every asset
So to summarise, we generally do have a plan for every asset and that's been actioned by a strengthened team of asset managers. Between Richard's presentation results and my own today we've detailed action on nearly 95% of the portfolio by value. I'll be happy to talk you through the remaining schemes after the presentation. And Gerald Jennings, our Retail Portfolio Director for the North, will of course talk you through White Rose later on and there will be a tour. We've enhanced brands, brought in new leisure and anchor stores to boost the centres as destinations which we think is key with the changes happening in the retail sector at the moment. And of course any asset that doesn't meet our performance criteria is reviewed for an exit.
I'll now hand you to Dominic O'Rourke who'll talk through his actions on his portfolio. Thank you.

Speaker: Dominic O’Rourke, Head of Retail Warehousing
Slide 52 – Title slide
Good morning ladies and gentlemen. As Richard mentioned we're well positioned for growth.

Slide 53 – Retail warehouse portfolio
We have 20 assets and five food stores in our Harvest joint venture, 3.5 million square feet, £1.3 billion in capital value. We have 77% open A1 consent by floor area and an average rent of £19.70. We have a solid income stream, 46% of our income is from food, fashion, department store or lifestyle retailers, and by lifestyle retailers I mean the likes of Halfords and Mamas and Papas. We outperformed IPD last year by 5% which was driven by strong asset management performance.

Slide 54 – Retail is challenging and changing
Retail is challenging and it is changing. But the out-of-town market is very dynamic. My job is to align our portfolio to these retailers’ requirements whether they're upsizing, downsizing or rightsizing. The secret to success is staying close to our retailers and doing deals.

Slide 55 – Every asset has a story
Every asset has a strong story. As Richard mentioned asset level performance will be key.
At our results you will have heard about our successes at Westwood Cross with Primark; our success with Tesco in Banbridge, Northern Ireland - our planning consent there; and our 100,000 square foot food consent in Derby at Meteor Retail Park.

What I'd like to do now is talk you through some of the assets you will not have heard as much about.

Slide 56 – Bourges Boulevard, Peterborough

So Peterborough; we built a B&Q, a Matalan and an Argos which you can just see in the far corner of the screen there which we sold off a while ago. But we retain the eight acre development site adjacent to that which you see outlined in red. It's a bit of an eyesore it's a former Parcelforce depot but it is a cleared site and it's incredibly well located, it's on Bourges Boulevard which is one of the main arterial routes into the city and it's about two kilometres from the city centre. We've agreed Head of Terms with the food store retailer and we go to their Board shortly.

Slide 57 – Bourges Boulevard, Peterborough

And we've also started talking to the local authority. We haven't formerly started pre-application discussions yet but news leaked out and this is the reaction of the local press, so we'll be looking to submit a planning application shortly for 70,000 square foot of food consent provided that our pre-application discussions go well.

Slide 58 – Greyhound Retail Park, Chester

Chester you'll have heard about before; it's a 185,000 square foot open A1 park. John Lewis open in the autumn.

Slide 59 – Greyhound Retail Park, Chester

The next slide is just to show you that the actual building does vaguely look like the CGIs that we also show you. We handed over John Lewis after a very tight six-week programme and they're delighted with the results and they'll be opening soon.

Slide 60 – Greyhound Retail Park, Chester

What I wanted to talk to you about was the further possibilities in Chester. Our site is highlighted in red. We've also bought in a strategic interest highlighted in green at the top of the screen. That's 16 acres of quite frankly pretty worthless flood plain that we bought in from the administrator of Castlemore Developments but what it does is provide a highways access to the site highlighted in blue. Now the site highlighted in blue is 8.6 acres owned by the local authority and the plan is to take a 55,000 square foot food consent that we've secured on our site, transfer it to their site and increase the size and the scale of it. So we're in negotiations with the local authority now for a land deal conditional upon planning and we hope to be making progress with that over the next few months.

Slide 61 – Whalebone Lane, London Borough of Redbridge

I'm actually not quite sure where I start with this one, it's quite a long story. Whalebone Lane is between Ilford and Romford in East London. This is a 65,000 square foot B&Q. B&Q are still paying the rent and there's four years left on the lease. The reason why we own this is we have a retail park down the road which has got a Wickes DIY store on it and the Wickes DIY store has an open A1 consent, so the grand master plan was decamp Wickes from there to here and then we could exploit the open A1 consent down the road. Unfortunately a disgruntled former employee of Wickes burned the building down so the programme moved out slightly and we couldn't achieve that. But what we've done is we've gone to speak to the local authority, who needless to say aren't terribly happy about this building, and through various pre-application discussions they've encouraged us to come forward with a 50,000 square foot food application. We have heads of terms agreed with an operator, we go to that operator's Board next month and we'll be submitting planning shortly.

Slide 62 – Retail World Team Valley, Gateshead
Gateshead you'll have heard about before in previous presentations it's our largest asset; 377,000 square foot of open A1 consent. This is a fantastic example of just how dynamic the out of town market is when it comes to the occupiers. At Gateshead we had MFI, Allied Carpets and Borders Books. Borders Books is now M&S Simply Food, we went and secured a food consent for them, M&S Simply Food are now open and trading.

Slide 63 – Retail World Team Valley, Gateshead
The MFI and Allied that you can see in the middle of the screen there is going to look like that. We're demolishing that section of the scheme and rebuilding it. We've exchanged an agreement for a lease with Asda Living to take 20,000 square foot on the units on the left. And we're under offer with one more retailer for the remaining unit.

Slide 64 – Ravenside Retail Park, Chesterfield
Chesterfield. Chesterfield is 103,000 square foot park with mixed consent, some bulky consents, some open. Chesterfield is a town that's often overlooked in favour of its larger neighbour Sheffield but it's a very good market town with a loyal and strong shopper catchment. Here we've got a Focus unit that you can see at the top of the screen. Over the years we've managed our exposure to Focus. We sold out of standalone Focus DIY units a while ago and where they have units in the parks that we own, we've managed that exposure down so that we've only got two Focus units now one of which is at Chesterfield. So we saw the writing on the wall with Focus. We've been proactive with the local authority and we've gone and secured an open A1 planning consent for redevelopment of this unit. We have engrossments out with two open A1 retailers so hopefully the phone will go today and tell me that they've signed on the dotted line. And we'll be starting that redevelopment shortly.

Now in the bottom of the screen the area highlighted in yellow. We've gone and bought in some adjacent land. We've secured a 30,000 square foot bulky goods consent. The market has got wind of the fact that we've now got open A1 on the Focus and people are interested in that. So off the back of that we're now getting interest from bulky goods operators for that 30,000 square foot extension.

Slide 65 – Nene Valley Retail Park, Northampton
Northampton; Northampton is 147,000 square foot with open A1 consent. Now probably the thing that stands out here is despite the open A1 consent it's full of bulky goods retailers. All these retailers trade well but obviously we wish to move the park forward. We've managed our exposure to Comet, we've downsized their unit there. They had quite a large unit we're downsizing to 18,000 square foot and we've put Pets At Home in 12,000 square foot in that unit that you can see there. We've also been talking to the local authority for a while and we've now secured 75,000 square foot of food consent by three separate lawful development certificates. Now the food consent it's not all in the same block, it's not contiguous it's in three separate areas. So one asset management strategy is we're going back to the local authority now, to consolidate that food consent into the block that you can see with Curry's, Harveys and Topps Tiles and create a large food store. The alternative twin track strategy is we trade some of the food consent with a local authority for some mezzanine consent for some first floor space which will then open up further possibilities on the park for other retailers. But fundamentally all the retailers here trade well.

Slide 66 – Ravenside Retail Park, Bexhill-on-Sea
Bexhill on the south coast is one of our larger assets; 250,000 square foot of open A1 consent and from this slide here you can just see the physical potential for the park. You've got the B&Q there who trade well, still a few years left on the lease but obviously that benefits from open A1 consent. Then moving further down past the B&Q you have a bowling alley and then a local authority swimming pool.

Slide 67 – Ravenside Retail Park, Bexhill-on-Sea
We've targeted the bowling alley, obviously a weak covenant and we've exchanged with Marks and Spencer for a 60,000 square foot full line general merchandise store on a redevelopment of the bowling alley site.

Slide 68 – Ravenside Retail Park, Bexhill-on-Sea
Again we've started our pre-application consultation which has been well received to date, that's just the press comments, we'll be submitting the planning application shortly and it seems that people of Bexhill are welcoming a quality brand like Marks and Spencer to the town.

Slide 69 – Summary
The market is challenging but there are opportunities. We're focused on moving forward our asset management plans and making planning applications. We have excellent retailer relationships and our retailers trust us to deliver and we aim to capitalise on that. Thank you. And I'll just hand over to Lester.

Speaker: Lester Hampson, Head of Retail Development
Slide 70 – Title slide

Good morning. I think last time I saw so many of you it was down in Cardiff, so I'd like to add my welcome to you here in Leeds. We all know that it's a tough environment for the retail sector but against this backdrop we are still required to have initiatives and strategies that will continue to drive revenue profit and create IPD outperformance; this morning I've got two short presentations each highlighting the activities within two different parts of the development business that will contribute to achieving this outperformance.

Slide 71 – Retail Development

Now the essence of the development business and you'll hear this a few times from me today, it's very simple - it's to create the right space in the right locations and at the right time. And the reason for this, it's also very simple - there is retailer demand for modern, well configured and well located space. Now for Land Securities we intend to focus our activity in the development team primarily on the top 50 city centres and as we've said in our Annual Report and Richard mentioned earlier, you'll see us increasing our exposure to the out-of-town market and I'll expand upon that area of activity in a minute.

Slide 72 – Retail Development – top 50 centres

In city centre developments where timescales can be extended we'll be focusing on the larger centres which will provide shoppers a range and depth of offer including a great experience where the risk of adverse change is minimal and spend is increasingly directed to these larger centres. Leeds is certainly one of these centres and as you can see for those who can look out the window we're making great progress on Trinity and I, together with my colleague Neil Reid, who's the Construction Director responsible for the project, will shortly give you an update on it.

Ronan has already mentioned Buchanan Street to you where we intend, later in this year, to commence construction on the main contract. We're already substantially through the demolition stages and are now evaluating the tender returns for the main construction contract. And you can see from the forward look that there is more to come with the potential expansion of Buchanan Galleries and the redevelopment of the Westgate Centre in Oxford.
Glasgow's the second strongest trading location outside of the West End of London and within Oxford we are definitely aware of strong retailer demand to gain representation within the city. In addition we'll continue to look selectively at any opportunity that is considered to be within a top 50 location.

Slide 73 – Out of town

But for the balance of this presentation I'd like to focus upon our edge of town initiative where we will pursue opportunities that will include a tenant mix of fashion and food. So just a little bit of context before I take you through a number of the projects. By focusing on retailer requirements and leveraging upon our city centre place making skills we will create strong retailing trading destinations by creating well configured space in the right locations. In essence it will be a demand driven programme. We believe that rental growth is going to be strongest in those destinations that include an element of fashion as well as food within the tenant line up, and we will build our programme to focus upon these uses.

Now institutional demand for this asset class is very strong. And this demand has driven returns down to a level that makes the purchase of existing investments attractive to us. Accordingly, we're going to use our development skills and retailer relationships to access these opportunities.
These projects on the out-of-town projects are substantially less risky than developing what I call the modern secular cathedrals as you can see outside. But fortunately we've got the right skills to develop those projects but the edge or the out-of-town projects they are simpler, much faster to build and the pre-let characteristics makes them incredibly attractive to us. But as ever there's always a fly in the ointment for any good idea. And for our out-of-town initiative it is that these opportunities are scarce and I think the next slide will indicate that.

Slide 74 – Development pipeline – retail warehouses
I'm rather pleased that my slides or graphs are a little bit less complicated than Richard's. This slide shows us demand for retail warehouse space opened over the last 20 years. And you can see the amount of space here from last year was circa half a million square feet. There are probably a number of reasons for this. Firstly, it's not unusual following a downturn for there to be a lag in development. Secondly, it could indicate that the market is maturing yet we are aware of retailers still wanting to occupy good space. And third, is that the planning regime has been and still is restrictive. But it's against this backdrop that I believe that we have had a strong start to building up our out-of-town programme as this next slide will demonstrate.

Slide 75 – Programme financials
We are already working on real projects with a floor area of 1.2 million square feet which is almost two and a half times the amount that the entire industry delivered last year. And to be fair there are a number of food stores factored into our programme which probably flatters the results. But notwithstanding this we are building an edge of town development programme which one would normally associate with perhaps one of the smaller more entrepreneurial developers. However we have the financing capability, the access to product and the quality of team to become one of the market leaders in the development of out-of-town space. We will add further projects to the programme over time and as appropriate and each opportunity we'll be looking to achieve an IRR ungeared of 15% or greater.

So if you we can just look at a few of the projects now. And the next couple of slides actually relate to those with our joint venture with Sainsbury's, the Harvest Partnership.

Slide 76 – Lincoln – a focus on food and fashion
Lincoln was our first project with Sainsbury's and as you can see it's now open and it's trading. The project was an extension to an existing trading store so we really had to

understand how Sainsbury's operated the store on a daily basis in order to produce a construction methodology and an approach that minimised store interruption. We understand that the store is trading well and Sainsbury's are delighted with the outcome.

Slide 77 – Wandsworth – understanding the customer

Wandsworth; As with Lincoln this is an extension of an existing store on a very restricted London site. But not only are we extending this store we're building a hotel which we pre-let to Premier Inn and one additional retail unit for which we've already got strong interest in. You may have noticed in the press that we've recycled our investment capital by selling the existing store to PRUPIM for in excess of £50 million and upon completion they will also acquire the additional space we are building for just over £29 million. I was particularly pleased by this opportunity because a number of other developers have tried with Sainsbury's to unlock this in the past - where they have failed we have succeeded. And construction on this will start early next year.

We have a really positive relationship with Sainsbury's and we're working on a series of new opportunities some from within the existing portfolio such as Salisbury or new market opportunities that we or they are identifying.

Slide 78 – Crawley – lower risk

I suppose the message on this slide really it is about lower risk and this is our first store that we're doing with Morrison's. So it's a store that we've already leased to them and for a budget hotel and four restaurants and we expect to be building this next year. Now securing planning consents for food stores is not easy but without doubt our place making skills and track record has given the local authority in Crawley a huge amount of confidence that we will deliver a quality building at this gateway location. Now as a result we now have a very positive dialogue and today and yesterday we've been running a series of pre-application public exhibitions.

Now Richard mentioned our approach to risk management and being sort of tight as a drum. I think Crawley's a good example of that. Because for just over £300,000 of speculative cash we have secured 94% of the income, established a very positive discussion with the planners and have secured agreement with all the site owners to give us the ability to secure vacant possession. I think part of this approach that we have to cash management really comes from the makeup of the Edge team many of whom have come from smaller developers, where the cash flow management and the speculative early stage of a project is a key focus. In truth I think it leads to greater creativity.

Slide 79 – Project Berlin – scarcity of opportunity

Project Berlin: This is a good example of how our team have been able to source an off market opportunity in a great motorway junction location. The owner required a partner to develop their existing outland ownership and throughout industry contacts they came directly to Land Securities and liked our approach. Our agreement is now being documented and until it is we do not wish to expose the specifics of this location. But suffice to say there's absolutely no relationship between the code name and the location.

This is a good opportunity to create a major retail destination of just under 200,000 square feet incorporating both food and fashion. The site already has an element of open A1 planning consent which we will seek to intensify and we're already being approached by retailers wishing to gain representation.

Slide 80 – Taplow – better returns through development
Taplow: This is a project from within the portfolio and it's an existing, perhaps underperforming, district centre in a strong location with an element of open A1 use. It's a really good example of illustrating that we can deliver superior returns through redevelopment. Demand is good for the proposal in place and we've already signed Tesco who are planning a timber framed eco store. We're in the pre-planning consultation stage with the intention of submitting a planning application later in the year.

Slide 81 – Thanet – better returns through development
Now by virtue of our activities within Harvest, Land Securities has been able to acquire additional land from Harvest to allow us to do a deal with Primark which is a significant offer to our Westwood Cross ownership just outside Thanet. And this originally was going to be a development of a Sainbury's and a number of units, but we've actually simplified it; we've eliminated the latter risk through the replacing the eight series of units with a standalone Primark store, and we still retain further expansion potential.

Slide 82 – Derby – better returns through development
Derby: I think this is a good example of the portfolio releasing value from an existing asset, especially when you can see who the primary tenant was, sadly no longer with us. Planning consent has now been granted for a complete redevelopment of 140,000 square foot, including 100,000 square foot food store, and we're pleased with the level of interest from a number of supermarket operators that would like to take this space.

Now I could provide you with further examples of the projects that we are working on, but I hope that this canter through a number of the opportunities gives you a flavour as to the scale that this initiative can grow to, and the sector focus that we have.

Slide 83 - Summary
So, summarising, our out-of-town initiative really is a response by us as developers to satisfy retailer requirements. In focusing upon the right assets and right locations we will be able to create investments with stronger rental and growth characteristics for our portfolio. In doing so we will only develop where we have secured significant pre-letting, and to achieve this we have assembled a team that are experienced and hungry for additional success.

Hopefully this presentation has demonstrated that we're building an exciting pipeline of opportunities that are consistent with our focus on food and fashion. However, please do not confuse the fact that we have a number of opportunities that this is easy; these projects are difficult to source. However, I genuinely believe that one of the secrets of our success will prove to be the unison between the development and the portfolio teams, that we're working truly hand in glove. And with that I'd like to hand back to Richard.

Speaker: Richard Akers – Managing Director, Retail Portfolio
Slide 84 – Title slide
Well thanks very much, Lester, well thank you everybody. Now Lester's going to do a talk about Trinity Leeds in a moment, but before we do that we have some time for some Q&A.

Slide 85 - Conclusion
But I'd just like to sum up; hopefully what you've gleaned from that series of presentations is that we have a clear and consistent strategy, we've got the right assets, there's a lot of activity in those assets, and that we have the right team to execute our strategy. The team you've heard from – and Lester said this about our out-of-town development team – but many of the team you've heard from today have also come from smaller company backgrounds, have a real focus on return on capital, and it's slightly awkward for me to talk about them in front of them, I usually do that behind their backs, but I know that they don't compare themselves and their performance in their portfolios with the bigger REITs, they're looking at the excellent smaller specialists in our sector for comparison.

So you can expect us to continue aggressively recycling capital with asset sales, and more capital going into development, where we can see strong returns. You can also expect to see some significant leasing activity with the winning retailers that we've talked about, pre-letting our developments and adding value to our portfolio. And you'll see us using our scale and our reputation, and there have been a few examples of that, to access new opportunities.
So on that note we're going to open up to Q&A now. In the Q&A, it is being audiocast, I think, or at least recorded, so when you get the microphone perhaps you would just say your name and company. And, guys, I think we'd better come up here and just face in this direction. You can bring chairs if you want, if that makes everybody more comfortable!

Slide 86 – Q & A
Question 1
Marc Mozzi, Societe Generale
How do you translate your internal return target of 15% in terms of yield and cost, if it's possible?

Answer – Richard Akers – Managing Director, Retail Portfolio
We have a number of measures when we're investing capital. 15%, IRR is our main metric, clearly it doesn't always apply to situations where there may be very short programmes or

may be specific development risks or competitive risks, where we may want to look at profit on cost and yield on cost. I'm going to ask Lester to make a comment about yield on cost because where it's relevant is on some of the lower yielding stock that we're developing.

Further answer – Lester Hampson, Head of Retail Development
On some of the out-of-town projects we're looking at, the cap rates for the food stores are actually quite low, and I think that's one of the reasons why we recycled our capital on Wandsworth because the development yield wouldn't be sufficiently attractive. But on our town centre schemes we're actually developing quite strong and attractive development yields. So I think we'll see on the out-of-town projects we'll probably recycle capital on the food stores, but probably maintain more ownerships on the retail warehousing elements that will give us a higher development yield.

Question 2
Hemant Kotak, Green Street Advisors
You mentioned this idea of affordable solutions, so can you give us a couple of examples of that. Jane Norman was an example that was used there. What's the solution that's being offered, and I don't mean specifically Jane Norman, but just how much do rents change or fall, is there new tenant incentives, what happens in this type of situation?

Answer – Richard Akers – Managing Director, Retail Portfolio
If I could just start that off. I think the phrase that we use, 'affordable solutions', I think is really making reference to the fact that in a tough market retailers are looking for viable floor space, and a lot of the existing floor space, particular in the weaker or more secondary centres, is not viable for retailers, so we have to change it. An example of that would be where we're combining five units, for instance, in Livingston, in the existing phase, building back to create a Primark store. So we have five units which are difficult to let and we've created one unit which we're able to let, and that's an affordable solution for Primark, clearly, otherwise they wouldn't be doing it. And another example would be the six units in St Johns, which are a relatively low rent and with weak covenants to then be combined and let to H&M store, which is a very strong covenant. That is really what we're talking about when we're talking about affordable solutions.

Further question
I think I misunderstood then, because I thought there's some element of retaining retailers and basically offering them a change of terms because you've managed to keep those stores open, but that's not the case?

Answer – Richard Akers – Managing Director, Retail Portfolio
I think the case of Jane Norman, specific case there, we have reduced the rents on those stores in order to keep them open because we're convinced on the Edinburgh Woollen Mill plan for taking that brand forward. But it was simply, we've bought into their business plan for

that brand and we're supporting them through it, and we think that's the right thing to do in that case.

Further answer – Ashley Blake, Head of Retail Portfolio Management
Just to add to that. In those situations we also always try to give ourselves flexibility, so this is some sort of accommodation, we make sure it doesn't last beyond, say, 12 or 18 months, so we've got the optionality to get a new tenant in and we're not locking in to, say, a lower rent for a long period of time. And that's a key thing for us in those discussions.

Question 3
Marcus Phayre-Mudge, Thames River Capital
Richard, you mentioned 75% of all your retailers provide some trading performance data. Can you expand on that? I mean is this contractual, is this just lunch in the pub with somebody? How much of that and what sort of quality of data are you getting? And then if you can then lead onto a bit more data, a bit more feel for occupancy cost ratios, how that's moving across your portfolio and your team?

Answer – Richard Akers – Managing Director, Retail Portfolio
Well, I'm the one that has lunch in the pub, so I'll ask Ashley to perhaps address that question.

Further answer – Ashley Blake, Head of Retail Portfolio Management
Well, there's a number of different sources. In many cases we get the data directly from their accounts team. Most of our leases now have that as a condition, that they must give us the turnover data. Whenever we have any sort of variation to the lease we again demand that the data's released as part of those agreements. That varies right the way through from collecting at source from the accountants through to actually collecting it from the store managers in each centre. So the centre directors have a target to get the data from all the various store managers, from the tills, from their own returns through to head office. And we also check the data and do data cleansing; we have an analyst who's very experienced in checking this stuff. So if any strange or erroneous data comes up we're able to cleanse it out and re-check the data with the retailer. And, yes, we do analyse affordability, both with sales to rent but also sales to total occupational costs. And I think both of us showed actually our rents are very affordable, given the turnover figures.

Further answer – Richard Akers – Managing Director, Retail Portfolio
Our rent to sales ratio for the year to March – this is on an appendix slide in our results presentation – was 10.4% across our portfolio for the data that we've collected, and then we've included on that slide, if you want to refer back to it, both what the sales on a strict like-for-like by store basis and on a total store basis, and we've provided a breakdown of

affordability for units excluding anchor stores and excluding MSUs, and also occupancy costs including rates and service charges. So it's all in there.

Question 4
Quentin Freeman, UBS
I was a bit lost earlier. Could you explain how you calculate a 15% IRR? How much is capital and how much is income, when you're targeting that sort of 15% return?

Answer – Richard Akers – Managing Director, Retail Portfolio
Well, it depends on the project. Simply looking at a capital expenditure project of any type, whether it be a development project or an investment in an existing portfolio, we simply work out the cash flows and the IRR of that cash flow, and 15% ungeared is our guide hurdle rate for new investment.

Further question
And so crudely on a shopping centre, when you're going for the new ones what sort of cash flow returns would you expect?

Answer – Lester Hampson, Head of Retail Development
Richard, on these the development yield we're targeting is 8% so that's the cash flow return I presume you're aiming at. And probably the same, we won't be far shy of that on 185 to 221 Buchanan Street.

Further question
And when you're looking at Oxford and the Buchanan Galleries?

Answer – Lester Hampson, Head of Retail Development
Again, we'll look at the IRR to give us towards the sort of 15% and on the out-of-town schemes it's easier to achieve because the programmes are shorter. One of the challenges on the city centre schemes is time, it really erodes the IRRs. And on the Oxfords we'll be looking to be in excess of 7%, I would think.

Further question
Great, thank you. Ashley, can I ask you how the hotels are doing post the year-end?

Answer – Ashley Blake, Head of Retail Portfolio Management
Well, we don't actually release the figures in detail because obviously if we did that it would be pretty obvious how accurate we're doing across the whole UK, and we have a confidentiality with them, because all of the hotels are with one particular operator. But it is a bit flatter than it was last year, but we're not seeing any huge change or divergence from what was happening last year. But I think you're seeing that across the economy generally, so there's not a particular issue with our hotel portfolio.

Further question
Thanks. And how much did you pay for the property in Southampton? Did you call it Europe House?

Answer – Ashley Blake, Head of Retail Portfolio Management
Yes, Europa House. That was around £3.25 million. So it was a very small lot size, given the size of Gunwharf Quays, but does add an awful lot of car parking and space to our ownership down there.

Speaker: Richard Akers – Managing Director, Retail Portfolio
If there are no more questions then we'll move on to the rest of the presentation and there will be plenty of opportunity for more questions later. Obviously informally over lunch and you do have the pleasure of the company of not only our Finance Director and our Chairman but also our Chief Executive. So you'll be able to ask lots of questions of everybody. But now we'll hand back to Lester to introduce Trinity Leeds.

Speaker: Lester Hampson – Head of Retail Development
Slide 87 – Title slide
I'm sort of rather relieved that everybody's sort of standing down or sitting down, because we did look, I think, a bit like the line-up from the Usual Suspects.

Slide 88 – Trinity Leeds
Well, hello again. We will shortly invite you to have a walk around the perimeter of the site, but before doing so Neil Read and I, and Neil is responsible for delivering the construction of Trinity Leeds, we'll give you a brief update on progress to date.

Slide 89 – Styling Leeds – consumer insight
Now I think it's an interesting place to start with a Facebook page to start a presentation on a major development. So often we like to talk about how great the building is going to be, or how marvellous the public realm will be. I imagine if you look out the window that's probably what you would think. And these attributes of the buildings and the public realm, they are hugely important to the success of a project. But for Trinity we're putting a huge focus into really understanding our customer, the Leeds shopper. The Styling Leeds Facebook page is just one way we are already communicating with our future shopper.

And I don't know if you can see the Oscar Wilde quote on the left hand side, but in relation to the quote I'll leave you to judge our sartorial elegance. But I can assure you that the Trinity team definitely does have a purpose, which is to open this project on time and on budget.

Slide 90 – The local economy

Leeds is a strong city and a dominant one within its region, and it's likely to become more so and therefore it is absolutely consistent with our city centre development strategy of selectively investing in major centres. We believe that we've designed the right space to attract strong retailer interest, and I imagine that the proof point for this is that we are now approaching 60% let just two years from opening.

Now, Leeds, it's the largest employment centre outside of London, with 411,000 people working within the metropolitan district. Leeds is the largest financial and legal centre outside London. 109,000 people work within the city centre. And this is a great advantage for us, providing an additional £73 million of comparison spend for the scheme. The value of the city's economy is £14.6 billion and this is expected to increase, according to the Leeds Council, by 25% over the next ten years, and in doing so it is expected to provide 25% of the region's additional jobs. It's a strong economy, it's a simple message.

Leeds has a student population of 200,000 people and they produce 10% of all graduates.

Slide 91 – Student economy

And we really shouldn't underestimate the spending power of the students as we can see from the next slide, which is from our St David's project down in Cardiff. And this is where we had a student lock-in. I thought students only had lock-ins in pubs, but this was a lock-in in a shopping centre, and you could see the tills really were ringing in the likes of Superdry. And those of you that have been down to Cardiff, you can actually see the queue of people sort of going way beyond the library and the open A3. It really does show the power of the student economy, or certainly the mum and dad wallets.

Slide 92 – Right time

Now, I said sort of right time, there's a right place and a right location. The right time really is important for us in developing shopping centres. And this is slightly different to the slide that Richard gave us earlier, but it's giving us the same information. And one thing that's clear from this slide is that there are no other major projects to open in 2013, and this gives us some confidence, particularly so because of the strength of the Leeds economy, the absolute prime location of the project, and the surprising fact that Leeds doesn't have a dominant shopping centre within the city centre.

Slide 93 – Right town

Leeds' current retail expenditure is £1.6 billion by weighted spend currently, and this will grow to £1.9 billion as we penetrate a larger area of our catchment and our retail attractiveness increases, therefore the retail spend increases by £300 million, and this moves Leeds up to fourth position in the CACI rankings, a very strong city.

Slide 94 – Right location

Right location: The first thing I should add on this slide, this is not a hierarchy of shopping streets, it is a sample of pedestrian flows from around the country. But what is clear though is how busy the streets are that surround the site. Indeed I should have included Commercial Street, which is in the top 15 most busy streets in the UK, with Briggate being in the top ten. And for a second if you could just close your eyes and just try and visualise Piccadilly Circus, and think that Briggate is only 10% less busy than that. That’s a pretty compelling vision, and it’s why we are confident on Trinity. It’s absolutely in the right location and there is no doubt, absolutely no doubt, that we’re building on a prime pitch.

Slide 95 – Right space
Right space: The problem about applying colour is that it highlights the information that you wish to focus upon, but in this instance please don’t focus on the highlighted colours, focus on the grey colour. Because this is the information that best illustrates the prime location of this project. You can clearly see House of Fraser, Debenhams, Harvey Nichols, Gap, Zara, and of course M&S in pink. On the left hand side you can see the links to the office quarter and the train station which you came from this morning has 18 million passenger movements a year.

Now if you can move away from the grey and move back to the pink you can see the key retailers that are taking large stores such as Apple, Hollister, River Island, Topshop, Cult. We have 16 major space users, which we classify as units over 10,000 square foot. We’ve already let 12 of them and we are in detailed heads of terms discussions with a further one.

Slide 96 – Right space
The story continues as we move up the building, with further lettings to the likes of Next, who are taking 57,000 square feet, Primark at 90,000 square feet, Burton, Dorothy Perkins.

Now, in relation to our letting progress we are just shy of 60%, either let or in solicitors’ hands, and we’ve got an encouraging number of detailed discussions on heads of terms ongoing. In relation to the rents we are very much on budget to achieve our £28.5m ERV, and the top zone A in the city that was achieved at the height of the market was £315. Now, the highest zone A that we’ve achieved to date is £296, but we are forecasting that 75% of our income will be in the zone A bands of £250 to £275, with the rest of the space being in the £130 to £135 bands (per square foot). So you would think that gives a significant potential in the future.

Slide 97 – Right space
Right space: Now, at level four we’re looking to introduce an element of leisure. We’ve signed Everyman, the boutique cinema operator, to take a four-screen cinema and we’re also having some success with the restaurants and catering space, including lettings to Carluccio’s, Giraffe, Yo Sushi, Handmade Bagel Company, and we’re also delighted to have signed Conran for a rooftop bar and restaurant.

We're also going to look to see how we can improve what we've called the grab and go offer, to provide a real benefit for the 100,000 office workers who really are on our doorstep, and this will benefit our retailers who will have a stronger and more frequent footfall.

Slide 98 – Metrics

On the metrics, you are probably familiar with these from previous presentations and results. However I confirm that the attractive development of 8% which we started the development appraisal with is being maintained. And I think this is probably a good point to hand over to Neil to talk it through to where we are on the construction of the project.

Speaker: Neil Read – Project Director

Slide 99 – Business enablers

Thank you, Lester. Just a couple of small things, just to really set the scene. It's not just building a shopping centre out there, we find it really important that we engage with the local authority. There are a number of things that we can undertake that are very cost effective to us, the small things make a big impact. We're spending a lot of time working with the local authority on various social exercises, training initiatives and the like, and also working very hard with them to bring on a number of projects, liaisons with schools and universities and lots of other local bodies.

We're also now undertaking an analysis with Laing O'Rourke, our contractor, in terms of where the workforce come from. We have roughly one third of the workforce come from the Leeds area, a third from Yorkshire and the rest from the UK, and we're also looking at how our supply chain is sourced, again making sure that wherever possible we can use local suppliers.

And we're now starting to report, both internally into the business but also to the local authorities about how we do these things as well, so we think it's really important to keep that data going.

We also have a small community fund project that was set up, where we give an award every month to local initiatives, which again we're engaging with the local authority on.

Slide 100 – Execution

In terms of our build, what we can see outside and what we're going to walk around in a moment, we restarted in August last year. We appointed Laing O'Rourke, who had previously been involved on the project when we stood it down a couple of years ago. We're targeting Easter 2013 for our opening and we're currently 33%, or a third, of the way through our programme. Total development cost is £358 million and our build cost at the moment is about £140 million.

The scheme is split into two, we have the new build that you can see out of the window, but we're also going to take you through and just show you the existing asset that we have here, the Plaza, which is also being refurbished. Both parts of the scheme will be open when we re-launch in 2013.

From a design perspective, just for those that are interested, our main architects are Chapman Taylor, who we use on a number of our major schemes and you will have seen other images of projects they've done. The scheme is trading on three floor levels which link across Albion Street. We've demolished one bridge and we're going to rebuild that bridge later on so it will link the two together.

In terms of our ongoing programme, we currently have about 250 guys working on site. We work 24 hours a day now, because the work in Leeds Plaza is done during the night so we don't cause disruption, or try and limit the disruption I should say, to the occupiers that are there.

We'll have somewhere in the region of 600 to 1,000 operatives on site when we peak, and that will be even higher when the retailers start fitting out towards the end of 2012 and going into 2013.

Slide 101 – Site tour
And what I thought I would just do as a final slide is really just take you through the scheme over the last nine to 12 months. This is the scheme when we picked it up this time last year, and I've just got a little set of photographs that just take you through how quickly the scheme comes together and takes us to where we are today.

The large scaffolding you can see in the middle, which comes on in a second, is where our new glazed roof – it looks very much like the Bristol roof – goes in. And on that I will conclude.

- End -

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