C E N T R E   P O I N T

Retail Vision Report

APRIL 2013

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RETAIL VISION
CENTRE POINT, LONDON W1

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Date: 02 April 2013

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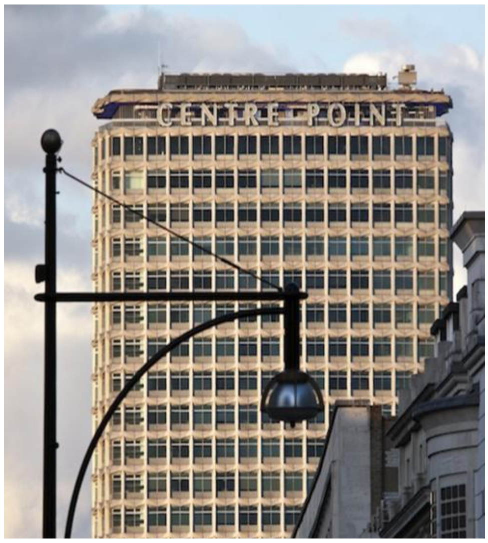
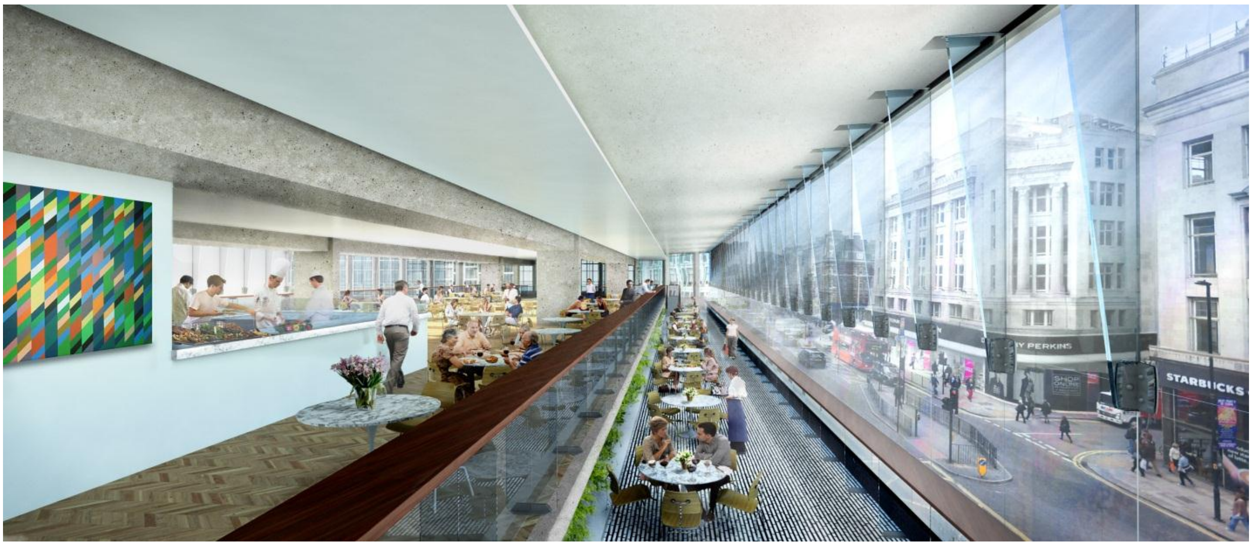
1. Introduction

Centre Point is one of London's most iconic buildings located close to St Giles Circus at the eastern end of Oxford Street in London's West End. The building was designed by architect Richard Seifert and was constructed in 1966. It was one of the most important speculative office developments of its period and one of London's first skyscrapers. The property extends to approximately 244,000 sq.ft comprising the 34-storey Centre Point Tower in addition to Centre Point House and a glazed bridge linking the two buildings.



Since its original inception Centre Point it is now at the heart of one of the largest regeneration areas within Central London centred on the upper part of Charing Cross Road, the lower part of Tottenham Court Road and New Oxford Street joining Bloomsbury Way and High Holborn.



Almacantar plan to transform Centre Point into an internationally renowned mixed use development using a combination of nationally and internationally recognised tenants with the highest quality public realm to create and define a sense of place and location. Centre Point will become the catalyst of regenerating the St Giles Circus area of Central London.

2. London Retail & Leisure Market Overview

Eight out of the top 12 performing GB retail centres are based in Central London. Oxford Street West was the best performing location in terms of rental growth, rising by 23.9% from £565 psf in June 2010 to £700 psf in June 2011. Despite the on going disruption on the street as a result of the Crossrail works, this part of the West End remains a haven for retailers and shoppers alike. Significant deals to the likes of Spanish fashion retailer, Desigual, in August 2010 and Californian fashion chain, Forever 21, in November have set record rental levels and the street is also in line for a boost when Land Securities Park House scheme, the largest development on Oxford Street in 40 years, opens in November 2012 providing 87,660 sq ft of new retail space.

Interest in the area remains high, particularly from international brands and with available space at a premium on Oxford Street, it is unsurprising that other adjoining locations have benefitted from this overspill of demand and thus have also seen a rise in prime rents. In addition to South Molton Street, locations such as Christopher's Place, Regent Street and Carnaby Street have also experienced healthy rental growth over the 12 months to June 2011.

Regent Street, in particular, has improved its retail offer significantly over the past couple of years, with Landlord, The Crown Estate, successfully repositioning the street as an international retail destination by attracting the likes of Supergroup (owner of SuperDry and Cult brands), which has exchanged contracts on the 55,000 sq ft former Austin Reed unit (which is relocating to Aquascutum's 26,600 sq ft shop). The new flagship store will comprise 38,000 sq ft of trading space over four floors and it is hoped that it will be open for the run up to Christmas. Furthermore, Burberry is relocating within the street and is taking over the LK Bennett unit and knocking through to the adjacent 20,000 sq ft former Habitat store. A further boost will also come at the beginning of next year when the 1 million sq ft Regent's Quadrant scheme on the south-eastern end of the street is completed. Being developed by Stanhope, on behalf of The Crown Estate, it will comprise 70,000 sq ft of retail floor space and new five star hotel.

Regent Street

Oxford Street

3. Centre Point Retail & Leisure Overview

Oxford Street East

Oxford Street East has become a much stronger retail location in recent years following the spectacular rental growth in Oxford Street West and the regeneration of Regent Street. The Primark store which is due to open in November 2012 will provide a "flagship" anchor store at the very end of Oxford Street East which will enable a substantial improvement of the retail mix between Oxford Circus and St Giles Circus. This is long overdue and will further help to improve generally the areas around Greek Street, Wardour Street and Soho and the areas to the North of Oxford Street East including the Middlesex Hospital redevelopment site and linking in with the high quality and independent restaurateurs located around Charlotte Street.

Charing Cross Road

Whilst long famous internationally as a centre for book retailing Charing Cross which forms a boundary to Soho to the West and Covent Garden to the East has long been a poor and somewhat "tatty" street within the heart of London's West End. The lower part of Charing Cross Road is already under-going a significant transformation in parallel with the adjacent Upper St Martins Lane and focusing on the regeneration and refurbishment of Leicester Square. The upper part of Charing Cross Road remains very much the "poor relation" of this street in general however with the advent of the redevelopment of Centre Point and the new Tottenham Court Road tube station with Crossrail will provide a significant catalyst for further redevelopment of the upper part of Charing Cross Road and the surrounding environment.

Tottenham Court Road

Again similar to Charing Cross Road the upper part of Tottenham Court Road has undergone something of a retail renaissance in the last 5/6 years with a wide variety of good quality restaurants and retail stores both international, national and independent which in turn is leading to the regeneration on the adjacent environs which themselves are providing significant opportunities for independent and local retailers. A very good example of this is Store Street which provides 7 or 8 new shops including florist, local, convenience store, wine merchant, coffee shops and restaurants all set in a very good quality environment but at relatively affordable and sustainable rents for local and independent retailers.

New Oxford Street / Bloomsbury Way

This location is currently a poor and undeveloped link between St Giles Circus at the Eastern end of Oxford Street running into High Holborn. Whilst developments have taken place North and South (Central St Giles and The Brunswick) the area generally remains home to a collection of poor quality restaurants and retailing of a secondary nature with busy vehicular roads and poor quality pedestrian thoroughfares. It is particularly an unpleasant experience for visitors to the British Museum especially in terms of linking back towards Covent Garden or back towards the West End shopping district around Oxford Street.

Centre Point

Centre Point sits at the heart of the above areas and has the potential to form the focal point of the regeneration of these 4 key Central London shopping and leisure streets.

In our opinion these 4 specific locations together with Centre Point will provide the catalyst combined with the Crossrail station, to provide a new retail and leisure "quarter" for Central London. It is absolutely key in our view that Centre Point provides a range of large restaurant and retail units together with external seating where appropriate to attract the very best national and international retail and restaurant brands. Only by doing this in our view will this enable the surrounding principle thoroughfares to regenerate their own tenant mix in terms of providing a much better quality retail and leisure environment and furthermore provide the impetus for the redevelopment and urban renewal of the numerous "side streets and thoroughfares" which as with any town centre are the natural home for independent and local retailers where affordability levels are sustainable but where footfall generated from the main arterial routes "spreads" in this these locations.

4. Target Tenant Mix

The challenge for Centre Point is to provide an eclectic mix of retailers and restaurateurs providing the best of our national retail and restaurant brands with new and emerging retailers and restaurateurs combined with international brands to establish and cement Centre Point's iconic status within the International and National market place.

The location of Centre Point at the crossroads between the West End and mid town provides it with a unique opportunity to create a variety of large retail and restaurant units located over a number of levels and with high quality external public realm. This is not about creating a "neighbourhood" or suburban shopping centre / locations but destinations with a broad range of aspirational shops and restaurants that form the heart of regeneration of this key location in Central London.

By using Centre Point as a catalyst we believe that as with development in other parts of Central London the numerous surrounding thoroughfares, alley ways and streets will benefit significantly from the increased footfall generated by this scheme and provide significant opportunity for smaller, local, niche and independent retailers and restaurateurs all of whom we believe are absolutely key to the fabric of a successful retail and leisure destination that attracts the widest possible catchment in terms of all sectors of residential occupiers, tourists, office workers and the wider London shopping catchment market. It has to be recognised however that particularly in Central London rental levels have to be sustainable for the more independent and niche operators and that to justify developers carrying out significant public realm development in creating large scale retail and leisure space, requires tenants that have the ability to draw pedestrian flow to these locations and can pay substantial rental levels and also provide shopfits commensurate with an international retail and leisure location.

Retail

This is currently a challenging and untried location for mainstream retailers although we believe in time that with the regeneration of East Oxford Street and particularly the new Primark store currently under going development, will extend the "pitch" into New Oxford Street and beyond. There is a natural gap in regards to the main retail market between Oxford Street, Holborn, The City and Covent Garden to the South and Bloomsbury to the North. There is a considerable office population and growing residential population in this area that a retail and leisure offer can take advantage of. The real challenge for us at Centre Point is to bring in major retail occupiers and brands that act as a catalyst for the regeneration of the entire area listed under 3 above.

Restaurants / Leisure

Clearly this location is already at the heart of a regeneration district that will see a large number of new restaurants and cafes over the next few years, started off by the adjacent Central Saint Giles scheme which we have been responsible for leasing. Central Saint Giles was targeted at slightly quirkier restaurant uses to take advantage of the immediate occupiers in the building above and the surrounding residential. Legal and General deliberately avoided going for the mainstream operators such as Nando's and Wagamama's believing that this area required a more eclectic mix. Our proposal would be to continue to build on that by creating varied and more aspirational restaurant offers that would compliment the residential and take advantage of the superb space available both on the bridge link and Centre Point House itself. However our focus would be to draw in flagship / anchor type operators to strengthen the above mix in what are still regarded as primarily secondary areas.

Linking well known national and international brands with Centre Point will enhance its status as an iconic and internationally recognised development and location. In this regard we would certainly want to attract the likes of Jamie Oliver, Gordon Ramsay but also the international tenants such as Wolfgang Puck whose requirements would be for large scale restaurant units with external seating. Likewise we believe that there is potential scope for bringing high quality international food operators such as Dean & Delucca and Wholefoods Market into this area to create a vibrant, 7 day a week and successful location in the heart of Central London. A good comparison in terms of food would be the Parkway in Camden.

Independent Operators

Clearly Almacantar are seeking to attract a high quality and aspirational tenant mix that reflects their determination to make Centre Point the 'flagship' of the regeneration of St Giles Circus and the surrounding areas. Our target mix set out below includes a wide variety of independent and multi format operators. However it needs to be borne in mind that smaller retailers and restaurants are facing uncertain times currently with virtually no access to bank finance or alternative sources of funding. As we have indicated above – by using Centre Point as the focus of regenerating the surrounding area in combination with Crossrail; we increase footfall dramatically in this entire location which is to the benefit of the numerous independent and niche operators already trading here. It also creates new opportunities for smaller operators in those tertiary existing streets that will inevitably become 'good secondary' as a natural consequence of a successful development.

From a commercial and tenant mix perspective (in terms of creating a world class destination) it is simply unrealistic to lease the retail and leisure space at Centre Point to smaller operators.

Aspirational – Dining

It is important to include a range of concepts and opening hours, to meet the demands of all those using the site throughout the day and evening. Therefore increasing catchment draw from outside of the estate, and offering potential to increase trading performance and rents. Outside seating will ensure a vibrant environment and will help secure 7 day trading, especially if centred on an area providing events and entertainment.

Potential target tenants include**:**

- **Bamboo** www.bam-bou.co.uk
- **Beach Blanket Babylon** www.beachblanket.co.uk
- **Cafe Luc** www.cafeluc.com
- **Dishoom** www.dishoom.com
- **East Street** www.eaststreetrestaurant.com
- **Le Relais de Venaise** www.relaisdevenise.com
- **Pizza East** www.pizzaeast.com
- **Pho** www.phocafe.co.uk
- **Polpetto** www.polpetto.co.uk
- **Salt yard** www.saltyard.com**.uk**
- **Sophie's Steakhouse** www.sophiesteakhouse.co.uk
- **Spicemarket** www.spicemarketlondon.co.uk
- **Tampopo** www.tampopo.co.uk
- **Villandry** www.villandry.com
- **Wahacca** www.wahacca.co.uk
- **Wild and Wood** www.wildandwoodcoffee.co.uk

High End Restaurant Offers

The catchment may demand an element of formal white table cloths, but they will also expect a high end mix of quality and design focused offers. We would look at limiting only one /two higher end offers in the mix dependent on unit size requirement and rents. The operator will need to demonstrate the ability to serve the office market with breakfast menus, private dining rooms etc., whilst acting as a draw at weekend, when the customer demographics change. Some operators may be more destinational and could consider upper levels for the rooftop restaurants which we are looking at creating above on top of the bridge link.

- **Brawn (Bethnal Green**) www.brawn.co.uk
- **Delorny**
- **Giant Robot Group** www.gntrbt.com
- **Hakasan** www.hakkasan.com
- **Hix** www.hixsoho.co.uk
- **Iberica** www.ibericalondon.com
- **Jamie's Italian** www.jamieoliver.com
- **Le Pampa Grill (Clapham)**
- **Polpetto** www.polpetto.co.uk

- **Roka** www.rokarestaurant.com
- **Roast** www.roast-restaureant.com
- **Salt yard** www.saltyard.co.uk
- **Spice market** www.spicemarketlondon.co.uk
- **Wild Honey** www.wildhoneyrestaurant.co.uk
- **Will Ricker** www.nickerrestaurants.com

Bars

Due to the age profile of the catchment, tourist and office market there is opportunity to incorporate 1 or 2 bars, specialising in great cocktails or including some form of dining. Quality bar offers act as a feeder to the restaurant s and ensure customer return to the site regularly

The need to maintain the quality of design and offer can be ensured within the lease structure and strict assignment provisions can protect the quality of offering longer term.

- **Drake and Morgan**

  The Parlour, The Folly, the Drift
  www.thefollybar.co.uk

- **ETM Group** www.etmgroup.co.uk

  Tom and Ed Martin provide pubs and bars throughout London Including:

  The White Swan in the City,
  The Botanist in Sloane Square
  The Chiswell Dining Rooms, at the old Chiswell Brewery

- **Ignite Group** www.ignite-group.com

  Portfolio of premium, quality bars, clubs and Restaurants based in London including Boujis, Wild, Eclipse and Senkai

A1 Food Retailing

A1 catering units will fall into two sectors, smaller units of 500 – 1500 sq ft and larger Supermarket offers from 4,500 sq.ft. upwards.

The smaller units will provide a range of offers serving all catchments , from a gourmet coffee offer, a grab and go lunch option or a meal to take home at the end of the day.

Such operators would typically consider units from 500 - 1000 sq. ft. and typically include independents and growing chains, thus creating a lively buzz. Many of these operators will benefit from external seating areas if provided, allowing for greater turnover without necessarily increasing their overheads greatly.

External seating throughout the estate will be provided on a co terminous licence to ensure the Landlord retains ultimate control.

- **Absolute Taste** www.absolutetaste.com
- **Beas of Bloomsbury** www.beasofbloomsbury.com
- **Birleys** www.birleysandwiches.co.uk
- **Chilango** www.chilango.co.uk
- **Fernandez and Wells** www.fernandezandwells.com
- **Gelato Mia** www.gelatomio.com
- **Joe and the Juice** www.joejuice.com
- **Leon** www.leonrestaurantc.o.uk
- **Made in Italy** www.madeinitalygroup.co.uk
- **Moolis** www.moolis.com
- **Nusa Kitchen** www.nusakitchen.co.uk
- **Ottolenghi** www.ottolenghi.co.uk
- **Pardoe and Wood** www.pardoeandwood.co.uk
- **Paxton & Whitfield** www.paxtonandwhitfield.co.uk
- **Poncho** www.ponchorestaurant.com
- **Urban Pie** www.urbanpie.co.uk
- **Monmouth Coffee** www.monmouthcoffee.co.uk
- **Villandry** www.villandry.com

A1 Non Food Retail and services

The retail offers would include a range of independent brands, gifts and home wear offers. The configuration of units, critical mass, and location mean it's unlikely that we will be able to attract mass market brands. Google New Design concept store and Microsoft New Design concept store, are examples of retail concepts.

However, targets should include the following, which may be attracted to the location and are not typically shopping centre led but are driven by unique opportunities.

- **Apple** www.apple.com
- **Urban Outfitters** www.urbanoutfitters.co.uk
- **Conran.** www.conranshop.co.uk
- **Art/Design Galleries**
- **Spa's - Benefit** www.benefitcosmetic.com
- **Atbara – www. (homewares brand)**

THE
CONRAN
SHOP

Supermarket

We would look at potentially targeting a the higher end food store offer at Wholefood or Waitrose as they provide critical mass and breadth of offer. These operators sit well with the target office and residential catchment and attract as a catalyst to other retailers. Both operators have a variety of size requirements although Waitrose is currently the more flexible with regard to size of units. Other smaller food offers worth consideration include Dean and Delucca who are considering the UK. Limitations on space will preclude a large format and usage bringin more of a small style format.

- **Whole foods** www.wholefoodsmarket.com
- **Waitrose** www.waitrose.com
- **Plant Organic** www.planetorganic.com
- **Recipes - Jamie Oli**ver www.jamieoliver.com
- **Dean and Delucca** www.deanadndeluca.com

5. Existing and Future Benchmark Schemes

Central St Giles

- This has been the start of regenerating the areas and already has become an important and nationally recognised retail and leisure destination.

Royal Festival Hall

- A massively successful redevelopment of a poor quality 50's piece of architecture that incorporates a wide range of restaurants and retail operations that has appealed to a very substantial cross selection of both the local, London wide and national catchment.
- This is now a development that local residents of whatever socioeconomic background are rightly and justifiably proud of.

Kings Cross

- 500,000 sq. ft. retail
- 160,000 sq. ft. of the retail offer is based in conservation areas and historic buildings.
- Specialist retail will be located in the Coal Drops Yard area.
- Mixed use including offices, residential and new public realm.
- Phase 1 opened late 2011
- World class site with growing international reputation. Range of uses but where the landlord has flexibility to create a wider balance of uses within a much larger retail and leisure offer. However Kings Cross will rightly be seen as a massive catalyst for huge redevelopment of the surrounding environs and wider area.

The Brunswick

- Aspirational redevelopment of a failed 1970's shopping centre in the heart of London's fashionable Bloomsbury.
- Anchored by Waitrose, key retail brands include French Connection, Hobbs, LK Bennett, Space NK and high street offers including New Look and River Island.
- Key restaurant tenants include Carlcuccio's , Strada, GBK and Giraffe.
- Massively successful neighbourhood shopping centre with a good balance of mid and upper level retailers but "all" multiple that appeal to **a very wide cross selection of the market.**

Meat Packing District, New York

- Eclectic range of shops and restaurants
- Internationally renowned but not "prime" New York
- Catalyst for a massive regeneration for the surrounding area
- Creation of numerous opportunities for new "start up" business in adjacent and secondary streets

Middlesex Hospital

- A mixed use development of between nine and 11 storeys on the site of the former Middlesex Hospital

- The plans include 291 residential units which will take up just under half the floor space on the site.

- The remainder of the site will consist of offices, retail, financial and professional services, restaurants, community and health uses, car parking, bicycle storage and plant equipment.

- Another key and important mixed use development in the heart of Central London that will generate a run down area that will provide a strong element of international brands combined with national aspirational multiple retailers and restaurateurs as well as high quality cafes and independents.

6. Summary

To create a sustainable development and one that is commensurate with the iconic international status of Centre Point we need the ability to attract the best national and international tenants into this location. This means creating and providing the most flexible retail and leisure space as already indicated but more importantly to provide the extensive specification requirements for these types of operators to achieve long term leases to establish a relatively strong covenants paying commercially affordable rents that justify the development cost.

It is not realistic to expect local or niche independent retailers to be able to afford these sorts of rental levels and longer term lease commitments **but** based on considerable experience in other locations we firmly believe that by using Centre Point as the focus for regeneration of the entirety of this area that there will be significant opportunities for niche and independent retailers in the surrounding environs.

- Centre Point is a major and iconic location within Central London.
- This is an up and coming location within Central London but one that is not necessarily well known to either the restaurant or retail market place and will need to be developed within their consciousness further.
- It would be easy to target this at a mid market tenant mix offer and achieve higher rental levels and strong covenants but we believe this would be wrong in terms of the residential element but more importantly in creating a new "quarter" as a destination location within Central London.
- Whilst we do not believe that there is any directly comparable locations either in Central London or internationally there are certainly elements of other developments which we think can be bought into Centre Point including elements of the Meat Packing District in New York (although this is not integral and integrated to the main retail pitch within New York) and other locations including Borough Market, Bankside, Kings Cross and Middlesex Hospital.