

15th August 2018

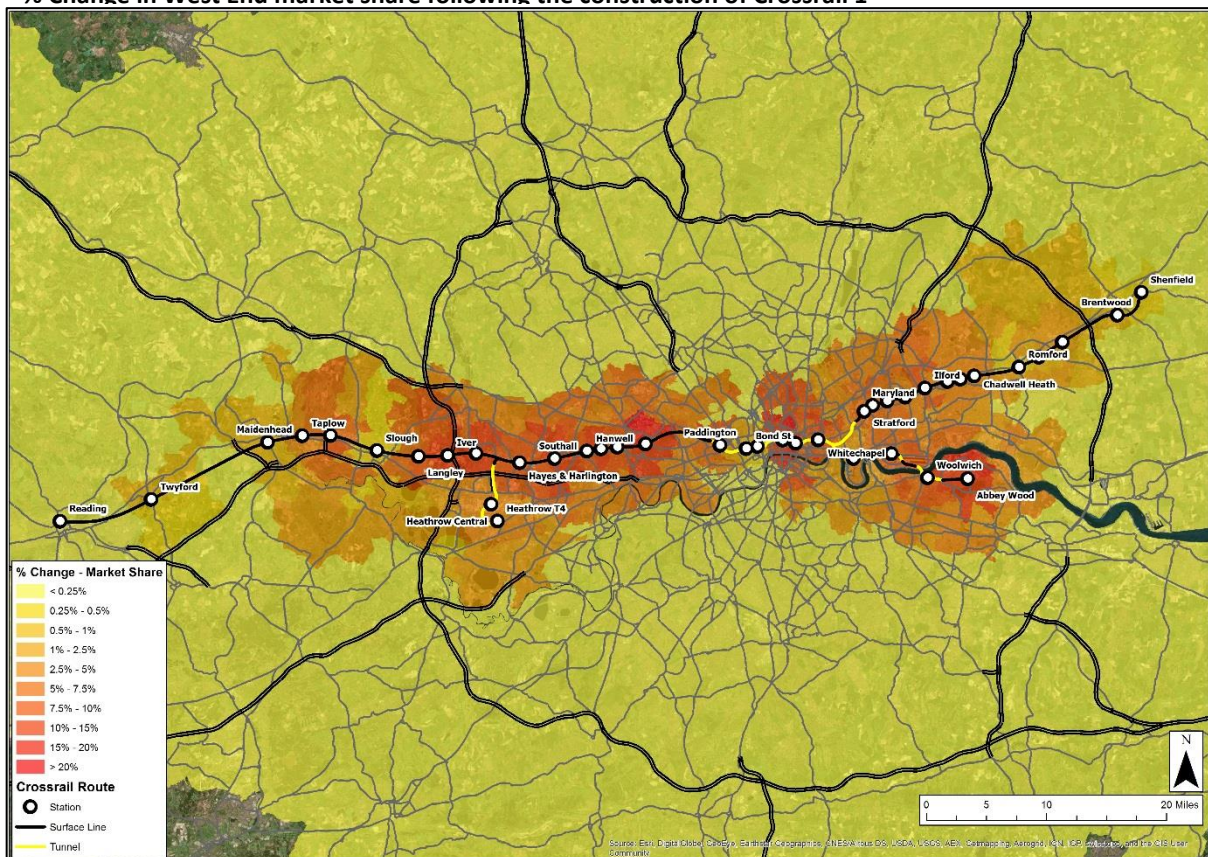
PLANNED RAIL INFRASTRUCTURE TO GIVE £1.4 BILLION BOOST TO LONDON WEST END RETAIL

Retail specialist Harper Dennis Hobbs have investigated the potential benefits that future rail infrastructure development will have on London West End's potential retail spend. The research suggests that Crossrail 1 will increase potential retail spend by 6.3%, and Crossrail 2 will increase spend in the West End by a further 4.5% (not including consumer spend growth). This equates to an additional £1.4 billion of spend to the West End.

Crossrail 1 will reduce journey time to Bond Street and Tottenham Court Road from East and West London. It is predicted that this will increase footfall across the West End and increase both catchment size and penetration. The large increase in market share for the West End can be seen in the map below, resulting in an additional £800 million of potential retail spend.

The research suggests that key retail centres in proximity to the West End, will see the West End's market share increase in their catchments, as journey times will be reduced by over 30%. Most notably Ealing, where the West End's market share is predicted to increase by 7.9% and Woolwich where the West End's catchment is forecast to increase by 8.2%.

% Change in West End market share following the construction of Crossrail 1



N.B Does not include the additional benefit of consumer spend growth.

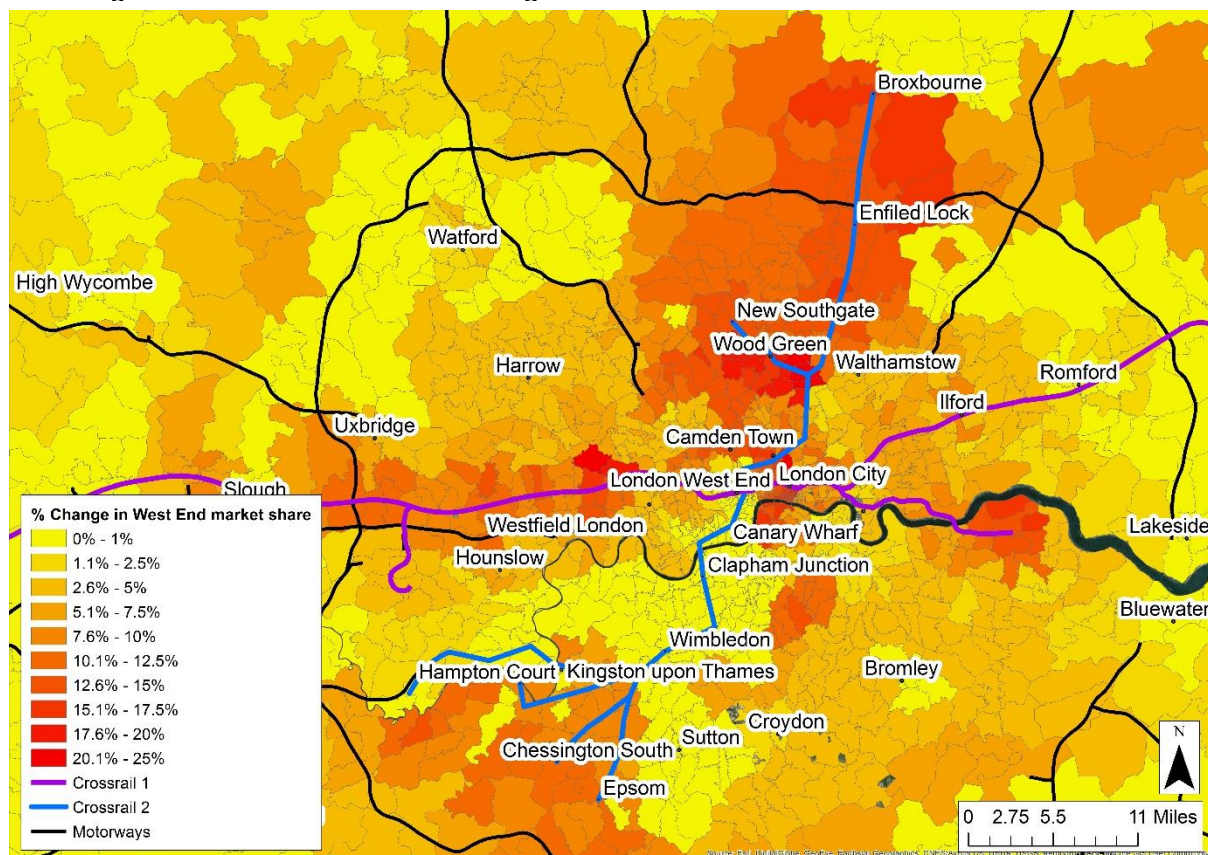
As we near the opening of Crossrail 1, talks have increased over the potential construction of Crossrail 2, which will improve connectivity throughout North London and South West London; decreasing

journey times by an average of 27%. The new rail infrastructure is predicted to be completed by 2033, the same year that construction is meant to finish on the second phase of HS2 – Birmingham to Manchester and Leeds - whilst phase 1 of HS2, Birmingham to London, is set to be completed by 2026. Harper Dennis Hobbs have used gravity modelling to predict future retail spend and provide an accurate definition of retail centres' catchment areas. Gravity modelling takes into account all competing locations as well as total available shopper spend, and is calibrated using numerous variables including travel times, the total quantum of retail space and the presence of key footfall drivers.

HS2 phase 1 which connects Birmingham to London in 49 minutes, will reduce current journey times by 39.5%. The decrease in journey time is predicted to positively impact consumer spend to the West End. HDH predicts that there will be a 0.3% increase in potential retail spend across the West End, creating an additional £33 million of potential spend.

Crossrail 2 is set to have a greater influence on potential spend available to the West End. The map below shows how the West End's catchment changes following the construction of both Crossrail developments. The map suggests that West End's market share will increase the most from North London, whilst the West End will also see market share increases in areas such as Abbyfields Close to the West and Chessington to the South West. The results provided by Harper Dennis Hobbs suggest that there will be an overall increase in potential retail spend from Crossrail 1 to Crossrail 2 by 4.5% for the West End, therefore both Crossrail developments will increase the West End's potential retail spend by 11.1%.

% Change in West End market share following the construction of Crossrail 1 and Crossrail 2



N.B Does not include the additional benefit of consumer spend growth.

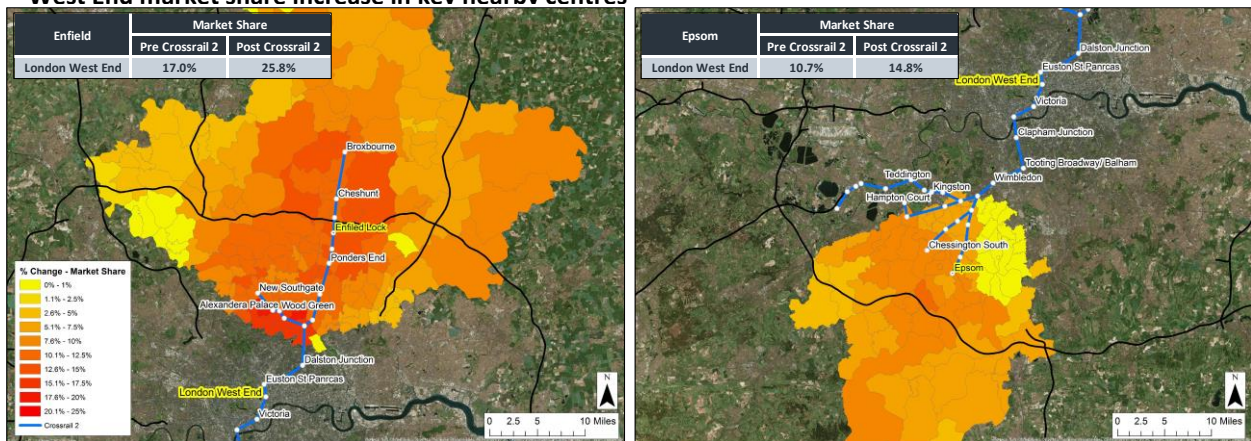
Whilst the West End's market share within secondary retail centres increases, inevitably these centres will see a decrease in market share. Enfield Lock is a prime example of where the West End's market

share will increase. It is predicted that the journey time from Enfield Lock will be reduced by 13 minutes, creating an increase in potential consumer spend to the West End by 8.8%.

Another centre which is likely to be impacted by the construction of Crossrail 2 is Epsom, where the time saved is predicted to be reduced by 15 minutes. The maps overleaf show the percentage change of West End market share in their respective catchment areas.

Analysis by HDH has also considered the second phase of HS2 which interlinks with Crossrail 2; both of which are predicted to be completed at a similar time and both will run through Euston train station. The findings show that there will be an additional 0.2% increase in potential retail spend in the West End from HS2 phase 2 reducing journey times to London from Manchester and Leeds.

West End market share increase in key nearby centres



N.B Does not include the additional benefit of consumer spend growth.

What is clear from the research performed by HDH is both Crossrail 1 and Crossrail 2 would significantly benefit London West End’s retail, from reduced journey times connecting all parts of London. As the UK’s infrastructure - and therefore shopping patterns - change, tenants and investors need to plan ahead in order to effectively maximise future sales performance.