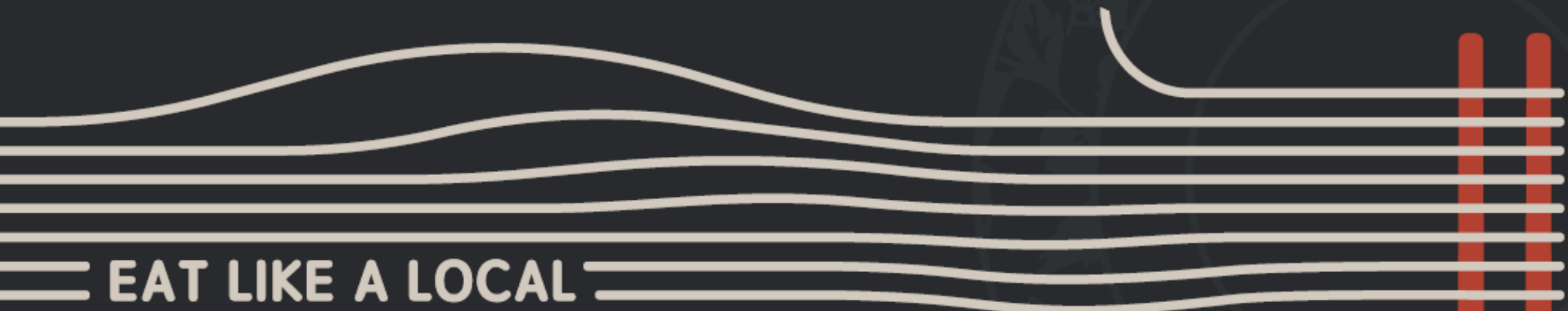


Chinatown Analyst Day



The number one East Asian destination in the West



EAT LIKE A LOCAL



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All data as at 30 September 2016, unless otherwise stated



Introduction

Strategy



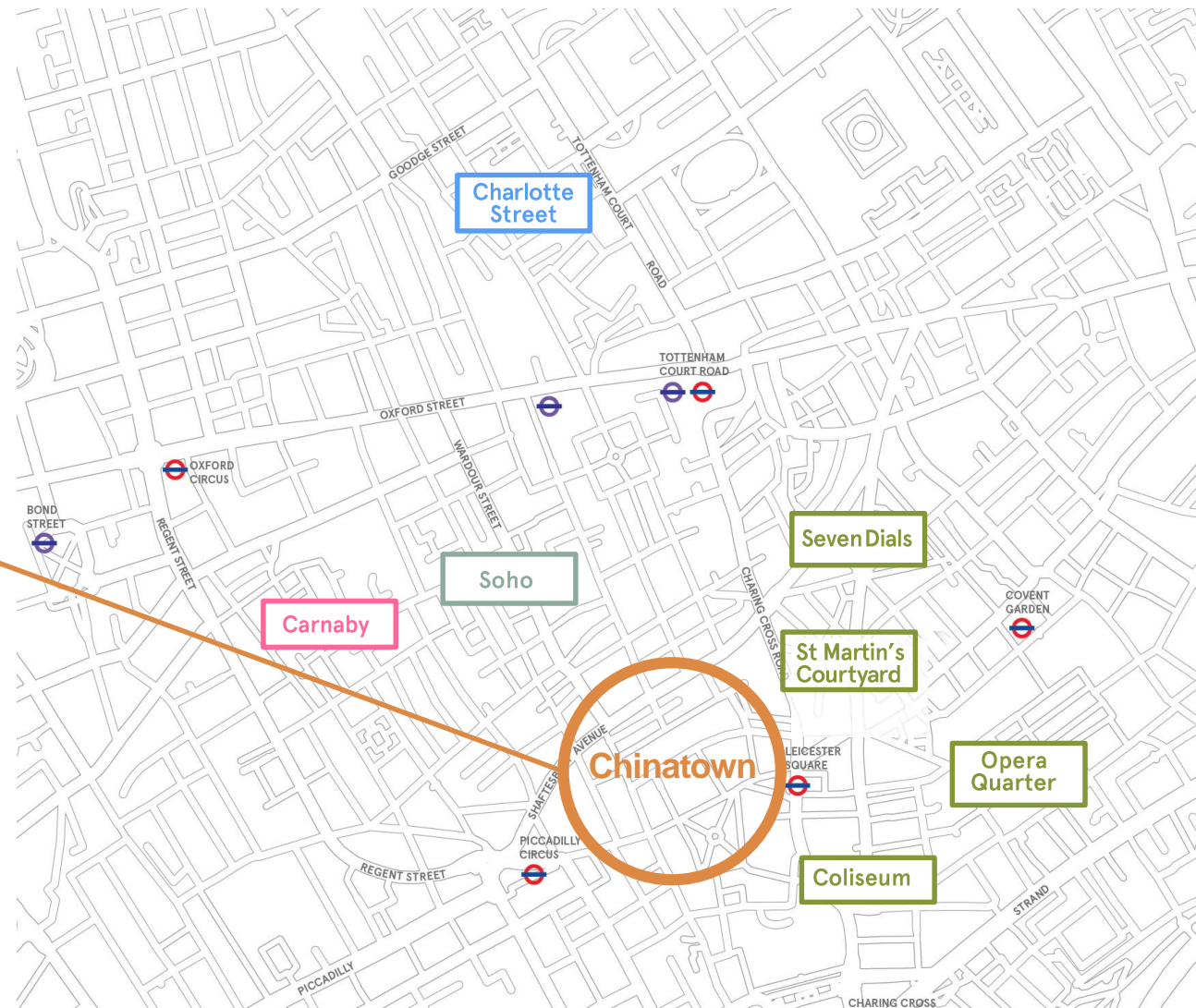
At the heart of the West End's entertainment district

77 **56%***
RESTAURANTS, CAFÉS
AND BARS
206,000 sq. ft.

66 **28%***
RETAIL
95,000 sq. ft.

124 **12%***
APARTMENTS
78,000 sq. ft.

29,000 **4%*** sq. ft.
OFFICES



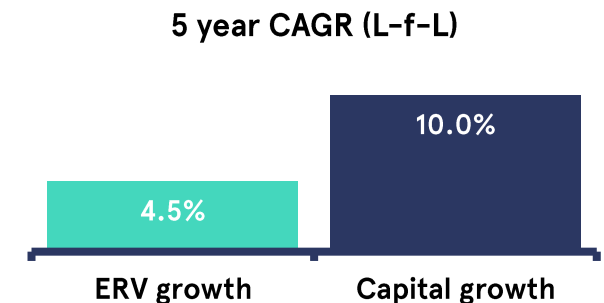
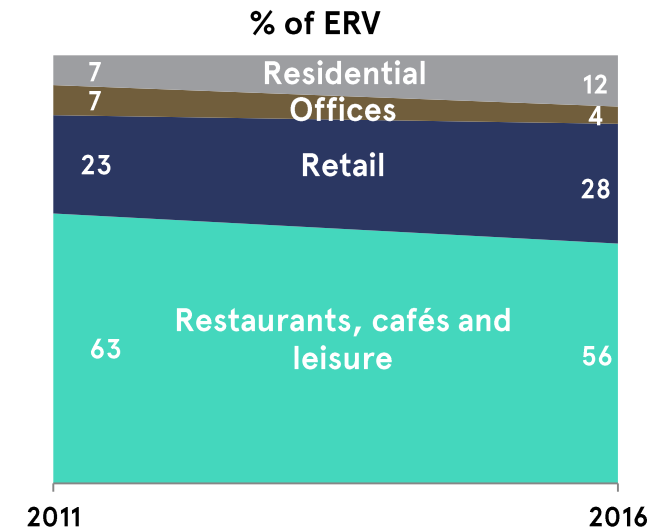
Introduction to Shaftesbury's Chinatown

- Ownership of 3.2 acres, at the heart of the West End's entertainment district
- Substantial and growing income with nominal historic capex requirement
- Prosperity underpinned by large number of visitors throughout the daytime, evenings, and into the night, 7 days a week
- Exceptional concentration of restaurants offering ever-widening range of East Asian cuisine
- Restaurants benefiting from the Night Tube network
- Significant neighbouring developments and public realm improvements
- Increasingly popular place to live



Introduction to Shaftesbury's Chinatown (continued)

- Strategy to secure/negotiate VP to unlock space let on legacy leases and:
 - Reconfigure lower floors
 - Introduce alternative uses to under-utilised upper floors
 - Improve quality of F&B offer
 - Grant shorter, modern leases without security of tenure
- Currently assessing near-term schemes across 28,000 sq. ft. of floor space
- Longer term – schemes depend on securing vacant possession



Asset management in the last 5 years



63%

of restaurant leases by current income on historical terms, down from 90% at 30.9.11



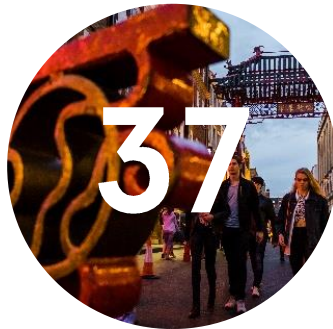
20

new restaurant concepts



£93m

investment in the portfolio



37

new apartments created, a 43% increase since 30.9.11



36

existing apartments reconfigured/ refurbished - 42% of the apartments held at 30.9.11



c. 9%

average day one income return on schemes



Restaurant activity

Restaurant strategy

- Current restaurant mix lacks diversity and generally is low priced:
 - Restricting choice, quality and customer experience
 - Out of step with the current West End food scene which is creative, dynamic, innovative and experiential
 - Introduce more regional Chinese cuisines - become a showcase for the wide range of Chinese cooking techniques, ingredients, culture and interior design
 - Selectively introduce more varied East Asian concepts
- Wardour Street – strategy underway (e.g. Shuang Shuang, Viet Food, Ichibuns)
- Rupert Street – Chinatown fringe/Soho cross-over (e.g. Xu, The Palomar, Hovarda)
- Central Cross – targeting established Chinese and East Asian operators and concepts with international reach
- Gerrard Street/Shaftesbury Avenue/Lisle Street – broad appeal to Chinese and East-Asian operators



Typical restaurant lease terms

	Legacy leases	New leases
Term	25 years	15 years
Rent reviews	5-yearly, upward only	5-yearly, upward only
Security of tenure on expiry	Yes	No
Turnover top-up	No	Yes
Space leases typically granted over	Whole buildings	Operational space only (i.e. not upper floors)
Proportion of leases (by income)	63%	37%
Incentives	N/A	Short rent-free to help cover tenant fit-out time. No contribution to fit-out costs

Recent additions



XU

From the creators of BAO, XU will immerse diners in the world of Taiwanese cuisine, showcasing the island's unique cultural diversity when it opens this spring.



Bubblewrap

Bubblewrap is a unique street snack waffle brand, that serves waffle cones over the counter, inspired by popular Hong Kong street food.



Hot Pot

Hot pot will offer delicious simmering Thai steamboats cooked at the table in the traditional way, when it opens this spring.



Hovarda

Following the successful launch of Turkish concept Yosma, this second restaurant will focus on Greek and Turkish raw seafood and grilled dishes, when it opens in the summer.



Leon

The venue offers the regular Leon menu, whilst the waiting staff sing to customers, with a unique West End theatre inspired interior.

A variety of new high quality operators



The Palomar: restaurant review
The Palomar will treat you not only to great food from the Mediterranean fringes but a percussion solo, too
Source: [The Guardian](#)

Pho & Bun: A fine meal to pop in for - with a cocktail twist - in London's Soho



By James Tennent
April 2, 2016 08:00 BST



Source: [International Business Times](#)



Fay Maschler reviews Shuang Shuang: A top spot for a Chinese hotpot

The broths here are impressive, deep, complex, warming and — reassuringly — faintly remedial, says Fay Maschler

Source: [The Evening Standard](#)

Viet Food

Restaurants, Vietnamese Chinatown

Sophisticated Vietnamese cooking in a Chinatown location

Source: [TimeOut](#)



Bake

"Just like in Asia"

Reviewed 19 December 2016

Extensive selection of freshly baked bread, buns and rolls! Always feel spoiled with choices. Top quality bakery with professional and friendly staff. Highly recommended!

Source: [tripadvisor](#)





Marketing and PR

Marketing and PR strategy

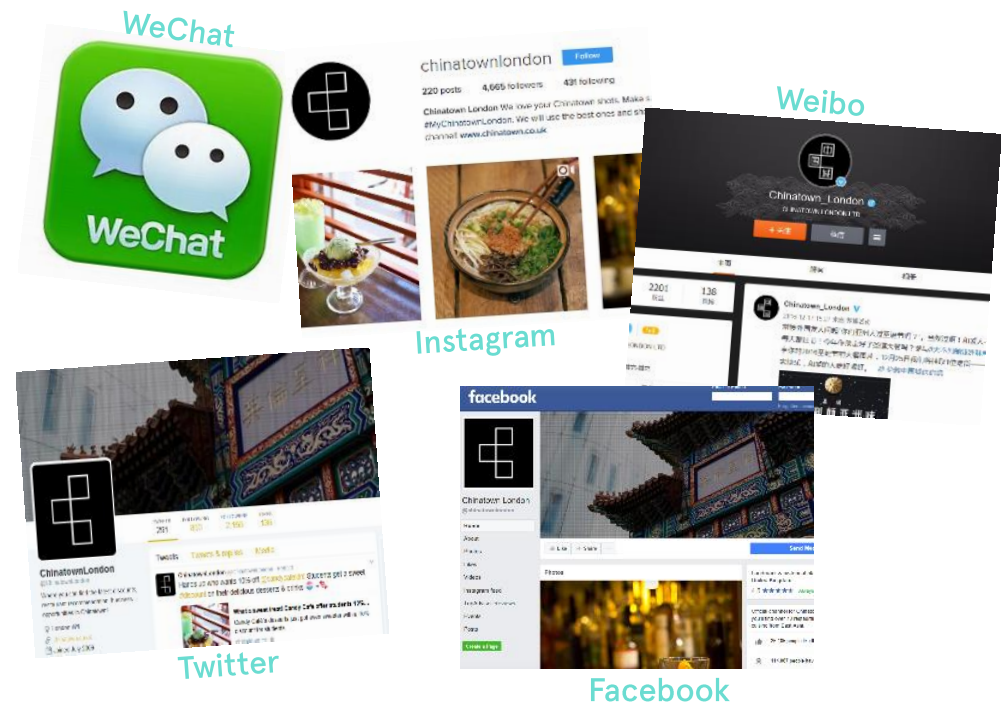
- Reintroducing Chinatown as the destination to get a real taste of East Asian cuisine and culture
 - Reflects the mix of traditions and modernism
 - Where Chinese & East Asians feel at home and where western visitors try new cuisine



- Strategic partners to create engagement, excitement and demand



- Bi-lingual website launched in October 2016



- Digital presence with 5 social media platforms, including two Chinese – WeChat and Weibo

Chinese New Year

- Supported the New Year celebrations
- Produced a short film, shown at the celebrations, showcasing the varying cuisines Chinatown has to offer
 - Film uploaded onto digital platforms: > 250,000 views
- Designed a bespoke “Red Packet” app, specifically to engage with users of WeChat: > 366,000 downloads
- Utilised the 5 social media platforms to promote and extend the reach of the London celebrations





Scheme case studies

28-32 Rupert Street

- Before: Restaurant and pub (leases over whole buildings)
- After:
 - 28 Rupert Street: Pub (basement to 1st)
 - 30/32 Rupert Street: Restaurant (basement to 1st)
 - Both: residential on upper floors (accessed from newly created residential entrance in Rupert Court)
 - Additional apartment created in Rupert Court
- Total costs (including lost income): £3.3m
 - Rental return on total cost: c. 7%
 - New rental tones established
 - More valuable use in previously under-utilised upper floors
- Restaurant pre-let to innovative operator



Other selected schemes



64 Shaftesbury Avenue

- Restaurant lease previously over entire building
- Reconfigured lower floors
- Pre-let to new hotpot operator
- Converted upper floors: 3 new apartments
- Removal of staircase
- Access of upper floors from adjoining building



22/24 Wardour Street

- Previously: poorly configured restaurant and office space
- Reconfiguration of lower floors (pre-let to new Japanese concept)
- Conversion of upper floors: 3 apartments
- Removal of central staircase to create better frontage



10 Gerrard Street

- Restaurant lease previously over entire building
- Reconfiguration of lower floors and extension of restaurant to first floor
- Conversion of upper floors to residential
- Roof extension to create new apartment
- Residential is accessed from 11 Gerrard Street

Other selected schemes



12 Macclesfield Street

- Restaurant lease previously over entire building
- Reconfiguring lower floors
- Improved alcohol licence
- Converted upper floors: 2 new apartments
- Removal of staircase
- Access of upper floors from adjoining building



52 Shaftesbury Avenue

- Upper floors previously poorly configured offices
- Conversion of offices to residential: 5 new apartments
- Linked planning consent with 57 Broadwick Street, which has resulted in a significant capital contribution saving



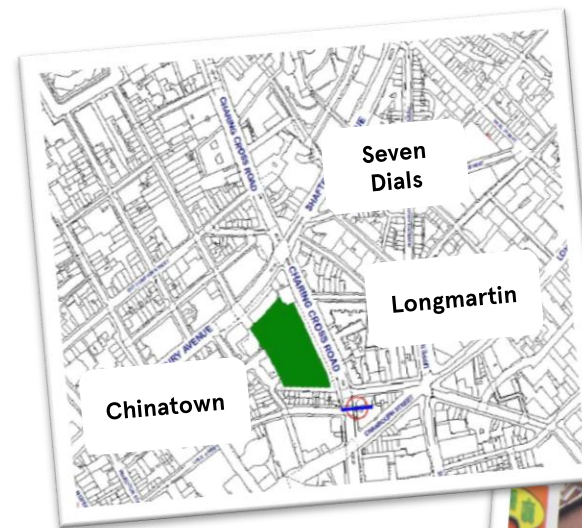
82/88 Shaftesbury Avenue

- Change of use from retail to restaurant
- New restaurant frontage
- Reconfiguration of lower floors
- Pre-let to new Korean restaurant

* CENTRAL
CROSS

Background to Central Cross

- Acquired for £57.1m in March 2014
- Increased our Chinatown restaurant and retail floor space by c. 18%
- Space was poorly configured and under-utilised
- Low quality operators
- Previous tenants had short-term leases or licences
- Significant irrecoverable costs, resulting in low net property income



Central Cross

- The scheme will provide:
 - 35,000 sq. ft. of large, double-height retail space on Charing Cross Road (330 ft. frontage)
 - 13,500 sq. ft. of restaurant space, fronting Newport Place and Newport Court
 - Large volume – potential for mezzanine floors
 - Much-improved gateway into Chinatown
- Estimated completion spring 2017
- Expected cost: £14.5m
 - Mid-single digit day one rental return on cost
 - Further rental growth through the rent review cycles at limited additional cost
 - Significant benefits to Chinatown as a whole
- Marketing has recently started, site inspections have commenced, initial interest is encouraging

Central Cross CGIs



Central Cross – ground floor plan



Newport Place and Newport Court

- Creation of new public square
- Pedestrianised between 12pm and 7am
- New Chinese pavilion to be provided by the local community, in partnership with the Prince's Trust
- Improved lighting
- Will allow Central Cross to benefit from al fresco dining (subject to licensing and planning consents)
- Further phases on Little Newport Street and Gerrard Place, to repave streets, widen pavements and improve lighting
- Benefits to our wider Chinatown holdings





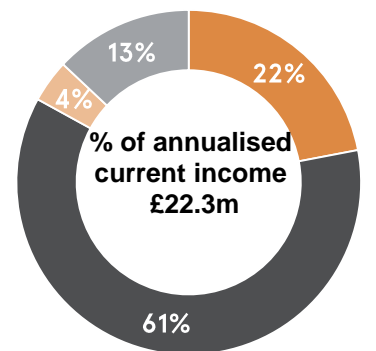
Other information

CHINATOWN

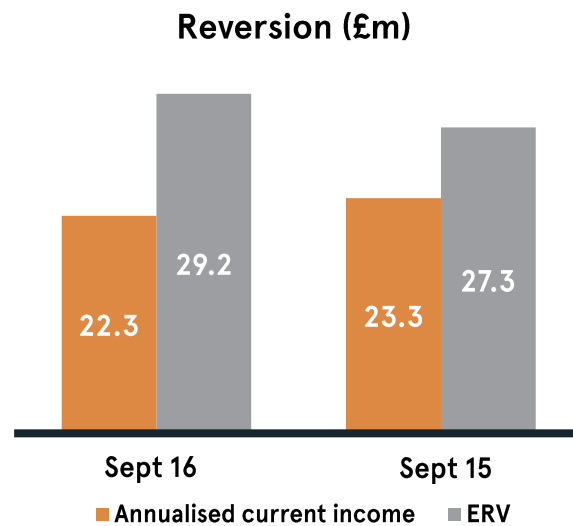
22% OF OUR PORTFOLIO

	Sept 2016	Sept 2015
Valuation	£725.9m	£693.8m
Acquisitions	Nil	Nil
Capital expenditure	£13.3m	£8.0m
Capital value return (L-f-L) ¹	3.6%	17.3%
Equivalent yield	3.40%	3.56%
Reversion	£6.9m	£4.0m

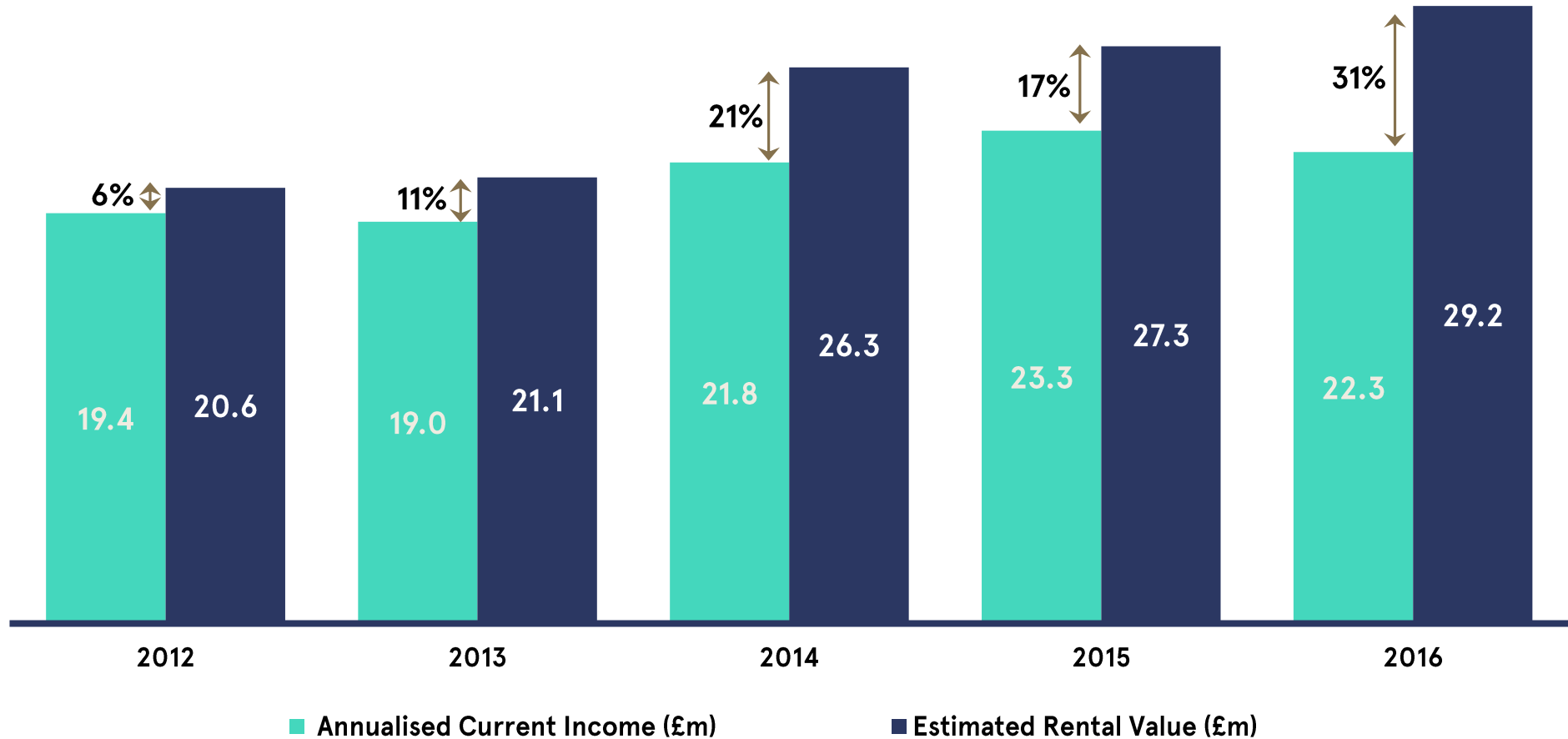
1. Before 0.9% decrease for SDLT increase



- Shops
- Restaurants/cafés/leisure
- Offices
- Apartments

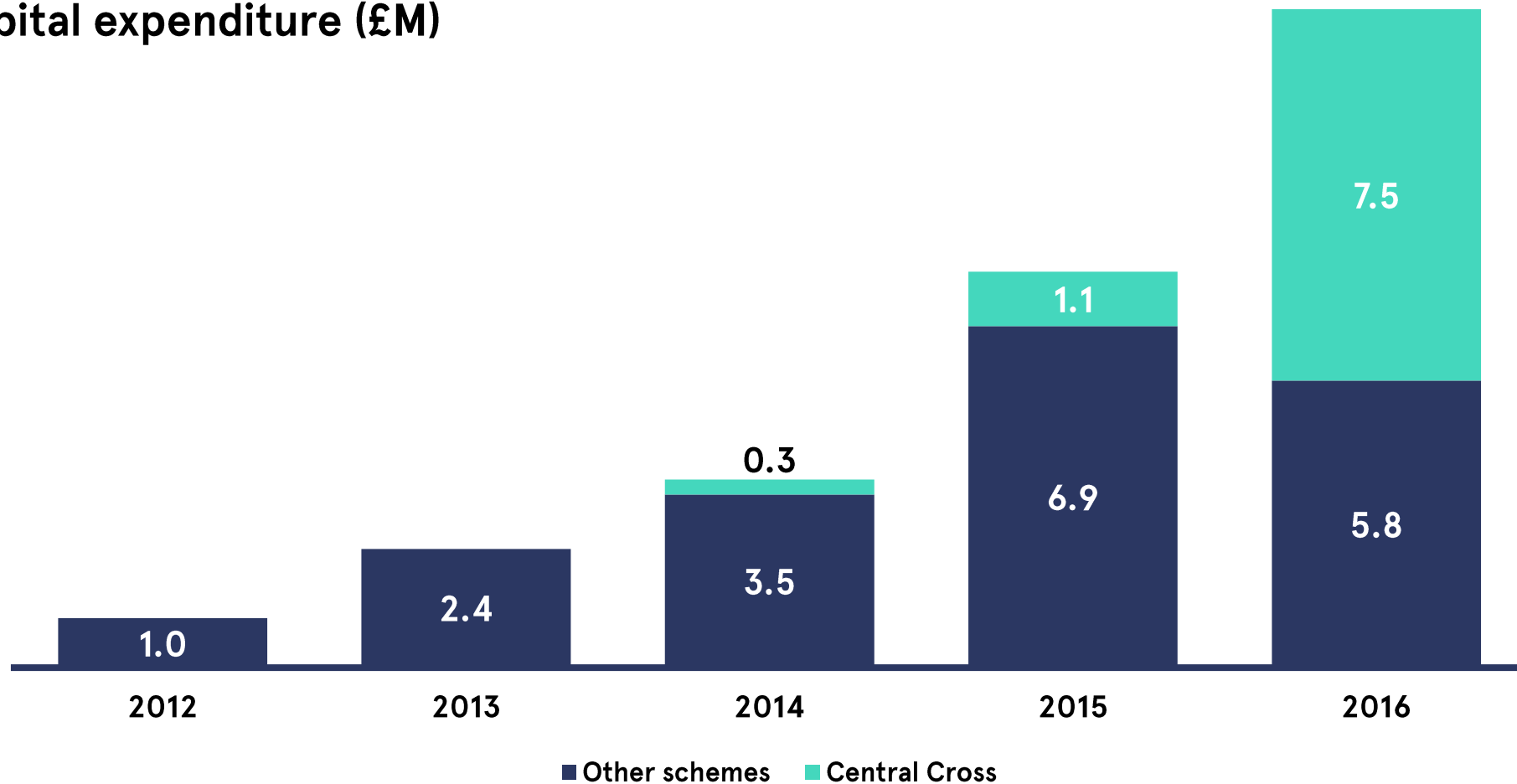


Active management unlocking potential

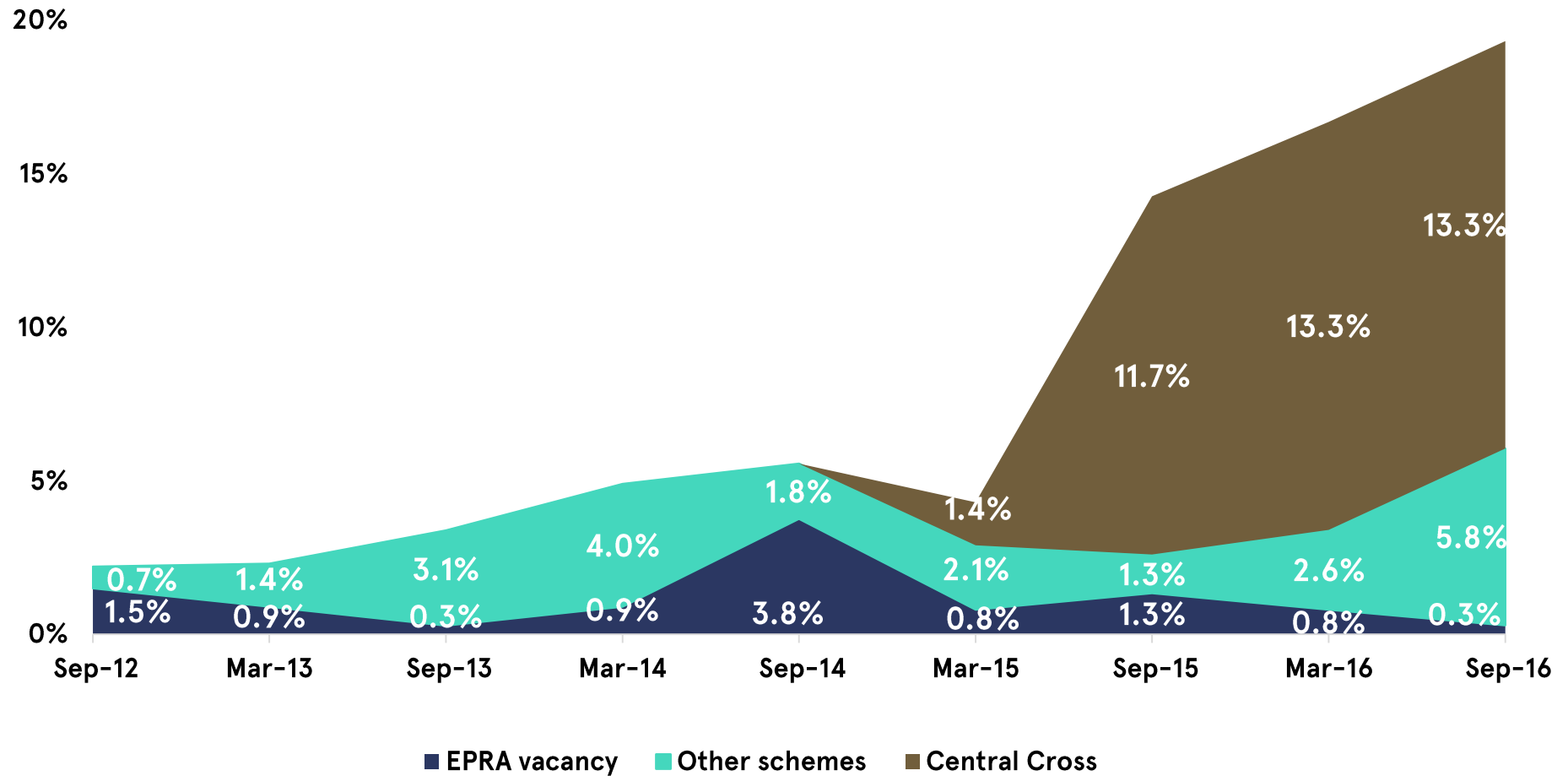


Increased reconfiguration and refurbishment activity

Capital expenditure (£M)



Vacant space as a % of ERV



London tourism statistics



- 18.6m overseas visits and £11.9bn spend in 2015...
- ... plus domestic overnight visits: 12.9m. Spend: £3.1bn
- Overseas inbound visits forecast by 2020: 21.8m (+17.2%)
- Domestic day visits to London in 2015: 280m. Spend: £11.6bn
- China: fastest growing inbound visitor market for London from 2010–2015 achieving +202% growth
- Since 2016, Chinese visitor visas are valid for 2 years, as opposed to 6 months
- Europe largest overseas market for tourism – still room for growth; by 2020 forecast 14.4 million
- Overseas business visitors in 2015 reached 3.7m. Spend: £3.2bn. +36% growth in last 5 years



Shaftesbury Chinatown Team



Tom Welton
Property Director



Andrew Price
Portfolio Executive



Julia Wilkinson
Portfolio and Group Restaurant
Strategy Executive



Karen Baines
Head of Marketing and
Communications



Samantha Bain-Mollison
Group Retail Strategy and Leasing
Executive

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