

DELIVERIN
G
CHANGE
SHAPING
FUTURE
PLACES

“Spare me a quid for a shopping centre, Guv?”

27th March 2019 : Retail Week Live



Scottish shopping centre's £1 auction price sign of retail woes

Sites such as the Postings in Kirkcaldy are being sold as redevelopment opportunities



The Postings centre is owned by a pension fund run by Columbia Threadneedle Investments © Jeff J Mitchell/Getty Images



- What is Revo?
- Who is Ellandi?
- Our Approach
- Polarisation & Purpose
- How Bad Will it Get?
- The Property Markets
- The Problem
- The Solution
- Next Steps



Masterplanning future places



WHAT IS REVO?

*The only body representing
all the stakeholders dedicated
to retail property &
placemaking*



WHO IS
ELLANDI?



Retail is going through a period of structural change driven by shifts in behaviours and by technology in all its applications.

Over the last decade, Ellandi has been at the forefront of the response to these changes.

We have worked on over 35 projects across the UK to create sustainable future places which serve the needs of their local communities.





A workforce as diverse as our projects

The industry leading diversity of the Ellandi team is reflected in the diversity of solutions we bring to each project.

To make our town centres thrive requires understanding and delivery of complimentary uses including residential, civic, leisure, retirement and health care.



WHO IS ELLANDI?

8

30

Assets Under
Management

£1.0b

GAV

7.9m

Square Feet of Retail
Floor Space⁽¹⁾

Team of 25 with

280

Years of Experience

12 JVs

Ranging from Local
Authorities to
Leading
Global Funds

Manage a Wider
Team of Over

140

People

Over

800

Retail Tenants

£96m

of Contracted Rent

143m

Annual Footfall in
2018

266

Lettings in 2018

4.9 yrs

Average New Lease
Length in 2018

95%

Occupancy



OUR
APPROACH
IS...



AGILE &
INNOVATIVE



VALUES-BASED



COMMUNITY
FOCUSED



DATA-DRIVEN





We understand
what drives a
sense of place.

We don't have
a one-size-
fits-all
strategy.

We are
committed to
delivering for
the long term.



POLARISATION & PURPOSE



Flagship | 1 mil sq. ft.+ |  John Lewis | High but sustainable rents

DESTINATION

Secondary towns & locations | 500k – 1mil sq. ft.+ | Downward rental pressures

THE SQUEEZED MIDDLE

Mass market
units

 BURTON
MENSWEAR

HOUSE OF FRASER
SINCE 1847

Arcadia


mothercare

| over-sized

LOCAL

Fundamental | 100 – 250,000 sq. ft. |
affordable rents

 Superdrug 

| stable &



CLEAR OFFER

TED BAKER
LONDON

MOUNTAIN
WAREHOUSE

LUSH
FRESH
HANDMADE
COSMETICS



Smiggle®

JoJo Maman Bébé



QUIZ



PRIMARK®

GREGGS

VALUE FOR MONEY

DESTINATION

TOUCHWOOD



Gunwharf
Quays



REGENT
STREET

CRIBBS CAUSEWAY

Westfield
LONDON

Old Market
HEREFORD

PARKWAY
SHOPPING CENTRE
COULBY NEWHAM

Chelmsley
Wood
shopping centre



HILDREDS

Lewisham
SHOP.EAT

LOCAL



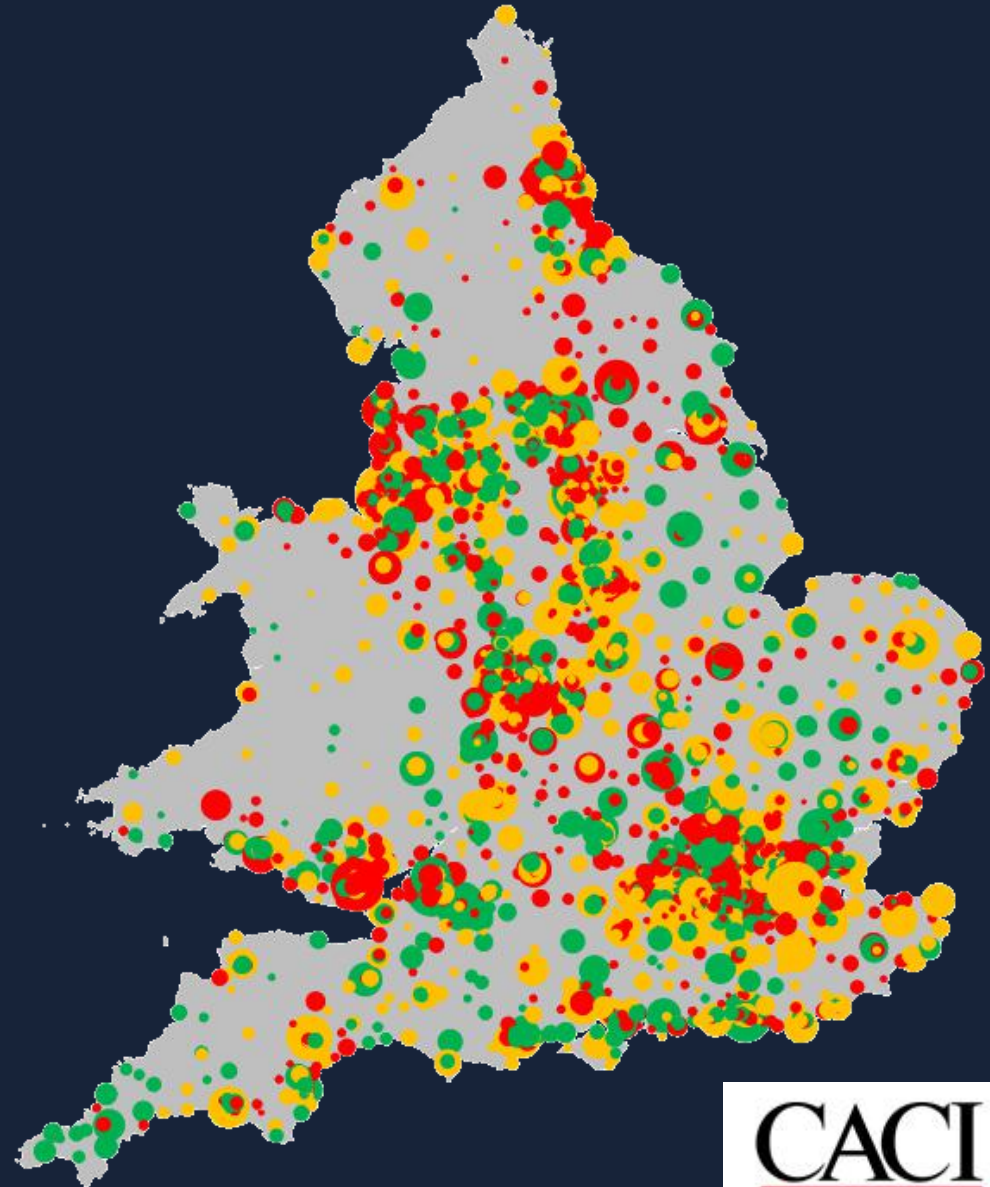
HOW BAD
WILL IT GET?



*19% Oversupply of
Retail Floorspace,
but 49% of our
Retail Centres are
Over Spaced*

They are typically:

- *In the shadow of a dominant centre*
- *Compete with too much in or OOT supply locally*
- *Lack a clear customer purpose*





AND WHAT IS DRIVING THIS?

17

USA



13.6

UK



11.6

EU



1.8



THE PROPERTY MARKETS



Open: 310.30 Close: 304.30 High: 319.90 Low: 289.70





Number of lenders
is falling and
terms harder..

- LTV 60% > 50%
- Plus amortisation
- Margins 250 > 350 bps

Which means...

- Values falling
- Loan impairments
- Receivership
- Distressed selling



Latest on UK retail industry

Debenhams shareholders risk big losses in refinancing

Next: Brexit hasn't changed consumer behaviour

Kingfisher to replace chief after ditching profit target

UK retail industry [+ Add to myFT](#)

UK shopping centre owned by private equity forced into receivership

Facility is one of first collapses among retail assets bought by opportunistic investors



First UK Receivership; This cycle....



Is being nationalised?

- Almost 50% of the market is made up by LA's
- The FHF and Stronger Towns fund is £2.2bn!
- Innovation and interventions being led by LA
- Only new money is the wrong sort of money



Investment at an all time low



THE PROBLEM?

A. No trust in valuations

B. Lack Of Transparency?



THERE A PROBLEM?

*We do not agree in our evaluation
understanding what shops
are worth*
B. Lack Of Transparency?



A shop is not worth...

- The lease the paper is written on
- What some other idiot has paid next door
- The same % of turnover for each tenant
- Less if it handles returns from internet sales

We're not greedy but WE are trouble



THE
SOLUTION?

I don't have the solutions, but I know we have to...

- Remove friction/embrace change
- Align interests
- Share data
- Look to other models; outlets/Europe?
- Put everything on the table; upward only rent review v L & T Act 1954



The Outlet Model?



“Without change, there is no innovation, creativity, or incentive for improvement. Those who initiate change will have a better opportunity to manage the change that is inevitable.”

WILLIAM POLLARD



What do we do now?!

- Join the debate; CEO Forum
- Join Revo
- Joined up thinking on retail taxation

&

- Take some space in Ellandi schemes!

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SOCIAL

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