

# Lendlease Retail LP

## INVESTMENT POLICY AND OBJECTIVES

To invest in prime shopping centre assets in the United Kingdom, including Bluewater (Kent) and Touchwood (Solihull).

To outperform the MSCI Shopping Centre benchmark by 10% on a rolling three-year basis

## INVESTOR CONSTITUENCY

The partnership is open to investment by pension funds, charities, insurance & other companies and other intermediate investors from within the UK or abroad, subject to relevant local regulations.

Fund details	
Type of fund	Limited Partnership
Residence	United Kingdom
Launch date	31 June 1999
Open/closed-ended	Closed-ended
Earliest date of winding up	12 November 2017
Investor committee	Yes
Year-end	December
NAV (GBPm)	520.2

Source: Lendlease Real Estate Investments(Europe) Limited

Management/professional advisors	
Partnership manager and operator	Lendlease Real Estate Investments (Europe) Limited
Property manager	Lendlease Real Estate Investment Services Limited
Property fund Manager	Jenny Harbord
Corporate trustee	Apex Financial Services (Corporate) Limited

Source: Lendlease Real Estate Investments(Europe) Limited

	Lendlease Retail LP	MSCI/AREF UK Quarterly Property Fund Index		
		Other balanced funds	All balanced funds	All funds
3 months	-11.1	-1.3	-1.3	-1.8
Year-to-date	-11.1	-1.3	-1.3	-1.8
12 months	-22.4	0.1	0.0	-1.3
3 years+	-12.3	5.3	4.8	3.9
5 years+	-6.1	6.3	5.8	5.1
10 years+	1.8	7.4	7.1	6.9

Source: MSCI/AREF UK Quarterly Property Fund

Property investment restrictions	
Maximum development exposure	n/a
Maximum speculative development exposure	n/a
Maximum lot-size holding as a standing investment	*
Maximum lot-size holding permitted at purchase	*
Maximum exposure to limited partnerships	n/a
Maximum exposure to joint ventures	n/a
Maximum exposure to closed and open-ended property unit trusts	n/a

Source: Lendlease Real Estate Investments(Europe) Limited

Portfolio distribution %	MSCI/AREF UK Quarterly Property Fund Index
--------------------------	--

	Lendlease Retail LP	Other balanced funds	All balanced funds	All funds
Standard retail – South East	0.0	7.2	6.3	5.4
Standard retail – Rest of UK	0.0	2.7	3.0	3.5
Shopping centres	98.4	1.2	1.8	6.1
Retail warehouses	0.0	11.9	11.3	10.1
<b>All UK retail</b>	<b>98.4</b>	<b>23.0</b>	<b>22.5</b>	<b>25.1</b>
City offices	0.0	4.2	3.7	3.2
West End offices	0.0	7.5	8.4	7.1
Rest of South East offices	0.0	11.7	11.0	7.7
Rest of UK offices	0.0	6.3	5.9	5.5
<b>All UK offices</b>	<b>0.0</b>	<b>29.6</b>	<b>29.0</b>	<b>23.5</b>
South East industrial	0.0	19.9	20.3	16.3
Rest of UK industrial	0.0	10.8	10.5	8.5
<b>All UK industrial</b>	<b>0.0</b>	<b>30.7</b>	<b>30.8</b>	<b>24.9</b>
Other UK properties	0.0	11.5	10.6	21.7
Cash***	1.6	5.2	7.1	4.9
<b>Overall</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Lendlease Real Estate Investments(Europe) Limited

#### Property ownership structure

	Number of assets	Valuation (GBPm)	% of total portfolio
Direct holdings	1	176.0	34.4
Joint and indirect holdings	1	336.1	65.6
Listed investments	0	0	0.0
<b>Total</b>	<b>2</b>	<b>512.1</b>	<b>100.0</b>

Source: Lendlease Real Estate Investments(Europe) Limited

#### Largest direct investments by lot size & percentage of total portfolio

Property	Location	Sector	Valuation (GBPm)	% of total portfolio
TOUCHWOOD	SOLIHULL	Retail Shopping Centre	176.0	34.4
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<b>10 largest investments as % of portfolio</b>			<b>176.0</b>	<b>34.4</b>

Source: Lendlease Real Estate Investments(Europe) Limited

#### Direct portfolio structure by lot-size bands

Value band (GBPm)	Number of assets	Valuation (GBPm)	% of total portfolio
0-2.5	0	0.0	0.0
2.5 - 5	0	0.0	0.0
5-10	0	0.0	0.0
10-25	0	0.0	0.0
25 - 50	0	0.0	0.0
50 - 100	0	0.0	0.0
100-150	0	0.0	0.0
Over 150	1	176.0	34.4
<b>Total</b>	<b>1</b>	<b>176.0</b>	<b>34.4</b>

Average lot size

Source: Lendlease Real Estate Investments(Europe) Limited

Property Yield	
Net initial yield	6.11%
Nominal equivalent yield	0.00%
True equivalent yield	6.35%
Net reversionary yield	6.17%

Source: Lendlease Real Estate Investments(Europe) Limited

Voids as % of ERV	
Investments	8.00%
Developments	-8.00%
Total	0.00%

### Rental income & ERV by type of property

	Rental income %	Estimated rental value %
Standard retail	0.0	0.0
Retail warehousing	0.0	0.0
Shopping centres	100.0	100.0
Central London offices	0.0	0.0
Other offices	0.0	0.0
Industrial	0.0	0.0
Other	0.0	0.0
<b>Overall</b>	<b>100.0</b>	<b>100.0</b>

Source: Lendlease Real Estate Investments(Europe) Limited

### Over Renting and Reversionary Potential, % Rent Passing

Sector	Rent Passing, GBP Millions	Rent Free, % Rent Passing	Development vacancy, % Rent Passing	Investment vacancy, % Rent Passing	Over rented, % Rent Passing	Reversionary potential, % Rent Passing	Reversionary potential Net of Over renting, % Rent Passing	Market Value, % Rent Passing
Standard retail	-	-	-	-	-	-	-	-
Retail warehousing	-	-	-	-	-	-	-	-
Shopping centres	36.8	2.2	0.0	7.1	-11.9	6.2	-5.8	106.2
Central London offices	-	-	-	-	-	-	-	-
Other offices	-	-	-	-	-	-	-	-
Industrial	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Overall</b>	<b>36.8</b>	<b>2.2</b>	<b>0.0</b>	<b>7.1</b>	<b>-11.9</b>	<b>6.2</b>	<b>-5.8</b>	<b>106.2</b>

\*Comprising the ERV of developments in progress or contracted which have not been pre-let

Source: Lendlease Real Estate Investments(Europe) Limited

### Listed Investments

	% of Issue held	Valuation (GBPm)	Est. % of total portfolio
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
	0.0	0.0	0.0

### The unexpired term of leases

Years	% of rent passing
20 years or greater	0.0
15 years or greater, but less than 20	0.0
10 years or greater, but less than 15	0.0
5 years or greater, but less than 10	38.4
Less than 5 years	61.6

Source: Lendlease Real Estate Investments(Europe) Limited

## Joint and Indirect property holdings

Holdings	Sector	Joint/Indirect	Vehicle Type	Ownership %	Valuation	Est. % of total portfolio
BLUEWATER PARK SHOPPING CENTRE	Retail Shopping Centre	DIRECT RE - INDIVIDUAL PROPERTY	-	25.0	336.1	65.6
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-

Source: Lendlease Real Estate Investments(Europe) Limited

## Debt analysis

Fixed rate borrowings			Variable rate borrowings		
Amount drawn (GBPm)	Average rate (%)	Average unexpired term (years)	Amount drawn (GBPm)	Rate above LIBOR (incl expenses) (%)	Off balance sheet debt (GBPm)+
0	0.00%	0	0	0.00%	0
0	0.00%	0	0	0.00%	0
0	0.00%	0	0	0.00%	0
0	0.00%	0	0	0.00%	0
0	0.00%	0	0	0.00%	0

Source: Lendlease Real Estate Investments(Europe) Limited

## Development exposure\*

	Capital value of developments			Cost to complete schemes in progress+
	Not yet started	In progress+	All developments	
GBPm	0	0	0	0
% of all directly held properties*	0.00%	0.00%	0.00%	0.00%

\* Includes joint ventures in which the Fund has an interest of 50% or more

Source: Lendlease Real Estate Investments(Europe) Limited

## Valuations/performance monitors/affiliations

Frequency of valuation	Monthly, on the last day of each calendar month
Valuers	CB Richard Ellis
Portfolio performance monitored by MSCI	Yes
Constituent of MSCI/AREF UK Quarterly Property Fund Index	Yes
Member of the Association of Real Estate Funds	Full member

Source: Lendlease Real Estate Investments(Europe) Limited

## Restrictions on holdings of cash/borrowings

Maximum total gearing permitted	20%
Cash holdings (maximum)	*
Cash holdings (minimum)	*

Source: Lendlease Real Estate Investments(Europe) Limited

## The contribution of major tenants to rental income

Tenant	%
H&M HENNES & MAURITZ UK LIMITED	3.3
PRIMARK	2.9
Next	2.8
Commercialisation	2.6

Showcase Cinema + extension	2.6
Arcadia	2.4
Inditex	1.9
Boots	1.9
JD Sports	1.9
Touchwood Car Park	1.5
Three largest tenants' contribution to rental income	9.0
Five largest tenants' contribution to rental income	14.2
Ten largest tenants' contribution to rental income	23.9

Source: Lendlease Real Estate Investments(Europe) Limited

Balance sheet/gearing					
	Direct holdings	Joint holdings	Indirect investments	Listed investments	Total
Balance sheet (GBPm)					
Properties at valuation	176.0	336.1	0.0	0.0	512.1
Listed investments	0.0	0.0	0.0	0.0	0.0
Debt	0.0	0.0	0.0	0.0	0.0
Cash	8.1	0.0	0.0	0.0	8.1
Other net assets/liabilities	0.0	0.0	0.0	0.0	0.0
Total net assets	184.1	336.1	0.0	0.0	520.2
Gearing (%)					
Net debt (cash)/properties	-4.6	0.0	-	-	-1.6
Net debt (cash)/equity	-4.4	0.0	-	-	-1.6

Source: Lendlease Real Estate Investments(Europe) Limited

Quarterly data per unit						
As at	31-Dec-18	31-Mar-19	30-Jun-19	30-Sep-19	31-Dec-19	31-Mar-20
Bid (GBP)	141,768	135,615	131,522	124,084	114,436	100,381
Offer (GBP)	141,768	135,615	131,522	124,084	114,436	100,381
Bid/offer spread	-	-	-	-	-	-
Net asset value (GBP)	141,768	135,615	131,522	124,084	114,436	100,381
Quarterly distribution (GBP)	-	1,844	1,996	1,302	1,203	1,486
Yield	0.0%	1.4%	1.5%	4.2%	5.6%	6.0%

Source: Lendlease Real Estate Investments(Europe) Limited

## Net asset value

Net assets per unit are recalculated each month following the revaluation of the portfolio. Any performance fees payable are deducted from income. The Partnership has no fixed rate debt

## Distributions

The partnership distributes 100% of its income, the payment dates being the last working day of the first month of each quarter.

## Minimum investment/disinvestment

A minimum of £100,000.

## Creation, transfer and realisation of units

The partnership is a closed fund, whose equity base cannot be enlarged or decreased except by special resolution. The transfer of a partnership interest requires the permission of the general partner.

## Taxation

The partnership is tax transparent, and its income is distributed gross of tax. The admission of a new partner would not give rise to a capital gains tax liability, but the disposal of a partnership interest may give rise to a capital gains tax liability.

## Charges

## General partner

The general partner is entitled to a fee of 0.3% of the average funds under management. The fees paid to the general partner include the total fees payable to the Operator and the Asset manager

## Partnership manager and property investment manager

The Operator (Partnership Manager) and the Asset manager are together entitled to a fee from that payable to the General Partner.

## Performance fee

The Operator is also entitled to a performance-related fee in the event that the performance of the fund exceeds the benchmark return by greater than 10% over a three-year rolling period. This fee is equivalent to 0.15% of the amount by which the performance of the fund exceeds that of the benchmark and is payable from income. (The benchmark is the shopping centre sub-index of the MSCI Annual Index.)

Unit holder analysis		
	Number of unitholders	Total % held
Less than 1% of units in issue	33	1.4
1% or greater but less than 2%	14	3.6
2% or greater but less than 4%	7	2.4
4% or greater but less than 8%	8	19.1
Greater than 8.0%	0	73.5
<b>Total</b>	<b>62</b>	<b>100.0</b>
Major investors		
Largest holder	1	73.5
Three largest holders	3	83.4
Five largest holders	5	92.6
Ten largest holders	10	100.0
Internal/external investors		
Internal	1	4.3
External	61	95.7

Source: Lendlease Real Estate Investments(Europe) Limited

Liquidity						
Period	Year to Dec 2015	Year to Dec 2016	Year to Dec 2017	Year to Dec 2018	Year to Dec 2019	Year to Dec 2020
<b>Issues and redemptions</b>						
Units in issue as at start of period	5,083	5,083	5,083	5,083	5,083	5,083
Units issued during period	-	-	-	0	0	0
Units redeemed during period	-	-	-	0	0	0
Units in issue at end of period	5,083	5,083	5,083	5,083	5,083	5,083
<b>Unit transfers</b>						
Matched bargains	-	-	-	0	0	0
Matched bargains %*	-	-	-	0	0	0

\* as % of units in issue at the end of the period

Source: Lendlease Real Estate Investments(Europe) Limited