



**BNP PARIBAS
REAL ESTATE**

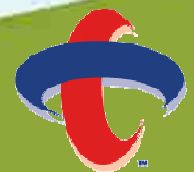
Real Estate for a changing world

The Role of Property in Logistics & Supply Chain

Presentation to the CLT London
Supply Chain Forum

Kevin Mofid & Lisa Fitch

14th September 2009



The Chartered Institute of
Logistics and Transport (UK)

- Why property should be important to operational logistics professionals
- The value of UK Logistics Property
- The effect of property decisions on the supply chain
- Examples of best practice
- The impact of multi-modal and port-centric logistics on the UK distribution map

Who Owns your Shed?

Investors

PRUPIM

SCOTTISH WIDOWS  **INVESTMENT PARTNERSHIP**

ignis
asset management

AXA
INVESTMENT MANAGERS

 **LASALLE**
INVESTMENT MANAGEMENT.


Legal & General
Investment Management

 **Prudential**


INVISTA
REAL ESTATE
INVESTMENT MANAGEMENT

F&C
Investments


STANDARD LIFE


AVIVA
INVESTORS

 **Henderson**
Global Investors


Aberdeen
PROPERTY INVESTORS

 **AEW**

CBRE
INVESTORS
OF RICHARD BILD INVESTORS, LLC


RREEF

 **BNP PARIBAS**
REAL ESTATE

Who Owns your Shed?

Developers

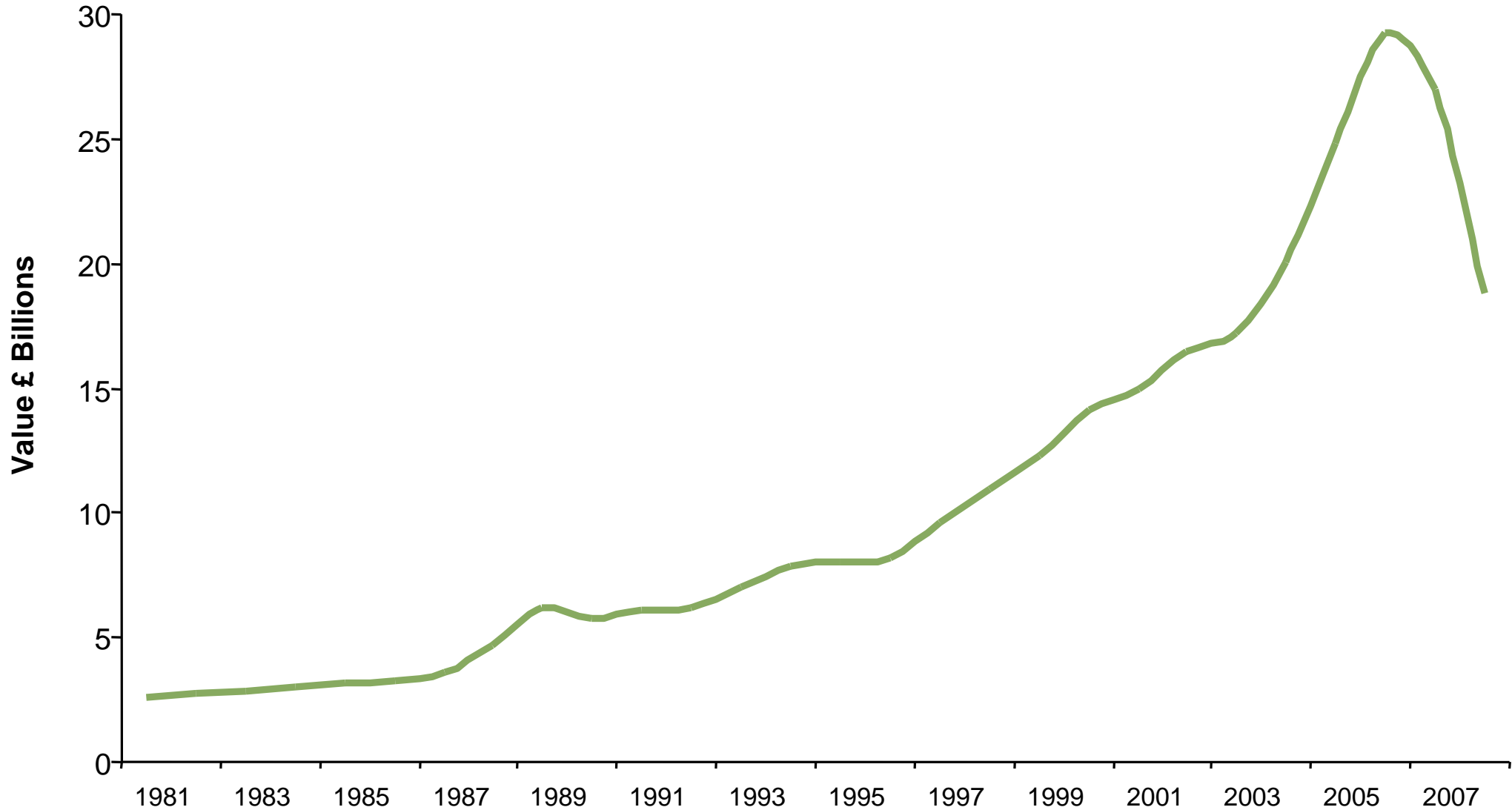


Why is this important?

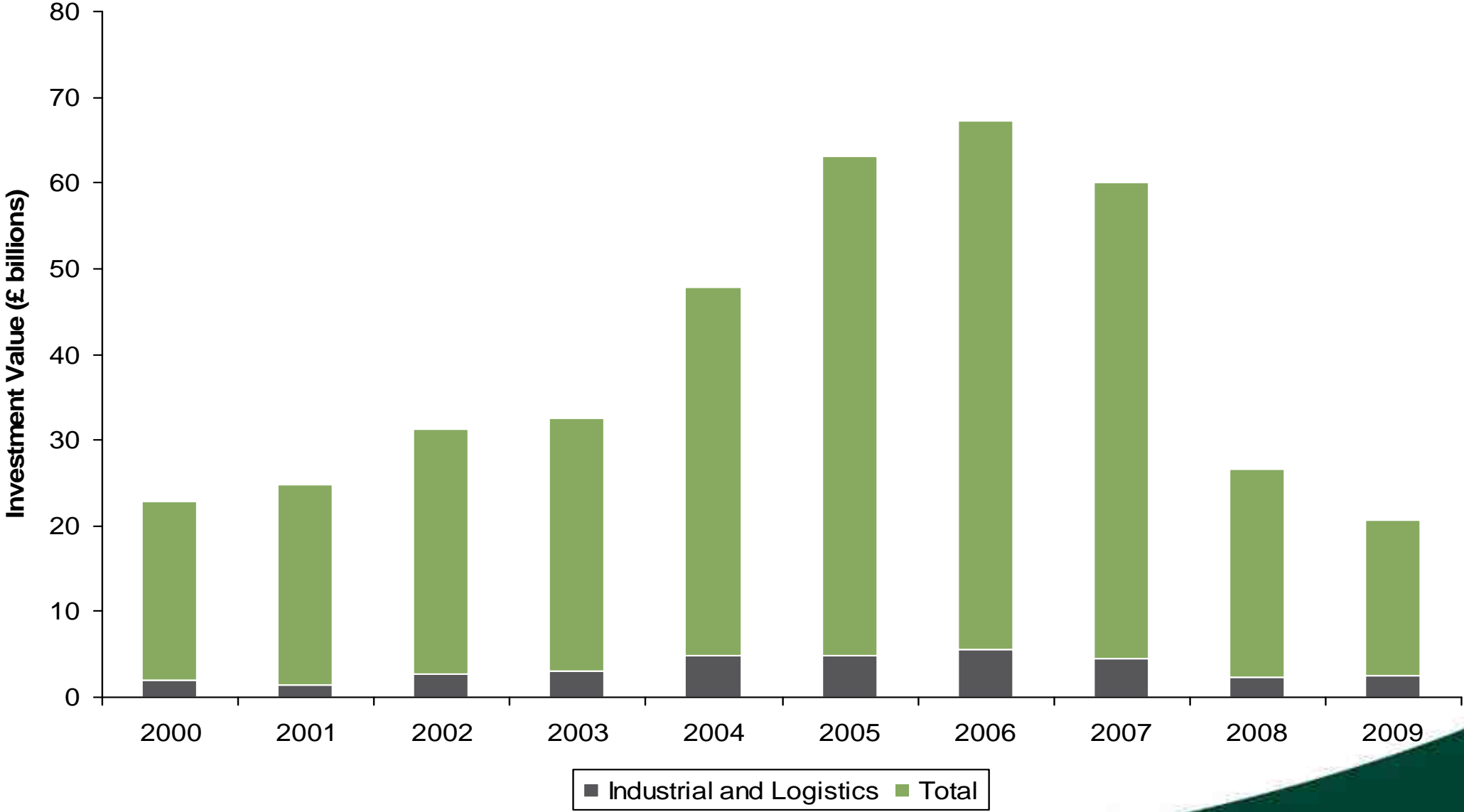
- Value of UK industrial & logistics property is currently £18 billion!
- Over the past 10 years institutions have invested on average £3.5 billion per year in industrial & logistics property
 - Roughly 10% of all property investments
- Why?
 - Occupational Pension Funds
 - Investment Funds
 - Sovereign Wealth Funds
- They all want a return on their investment

Why is this important?

UK Industrial and Logistics Property Capital Values



Why is this important?



Property Activities

- Acquisition & disposal
- Investment
- Landlord and tenant
- Business Rates
- Planning and Development
- Dilapidations
- Valuation
- Corporate Real Estate

Introducing the Logistics Strategy Group



Paul Rixon
Lease Advisory



Sara Jane Preston
Agency (EU)



Ranjit Gill
Agency (UK)



Lisa Fitch
Supply Chain



John Staddon
CRE



Chris Selway
Transportation



Andrew Langley
Building Consultancy



Richard Stevens
Lease Advisory



John Bowles
Development Consulting



Matt Walton
Planning



Ed Cornwall
Investment



Jim Ruthven
Rating



Oliver King
Investment
Valuations



Kevin Mofid
Research



Matt Allen
Marketing

BNP Paribas Real Estate Logistics

- Total of over 100 UK staff specialise in industrial and logistics across all business lines
- European and global capability in 29 offices
- Logistics Strategy Group
- Specialist market knowledge
 - Maximise value/Reduce Costs
 - Shed Doctoring
 - Supply Chain Consultancy
 - Strategic network analysis
 - Trend analysis
 - MHE
 - Construction
 - Sustainability
 - Rail/Port Consultancy
 - Rail connected warehouses/RFTs
 - Port development
 - Research



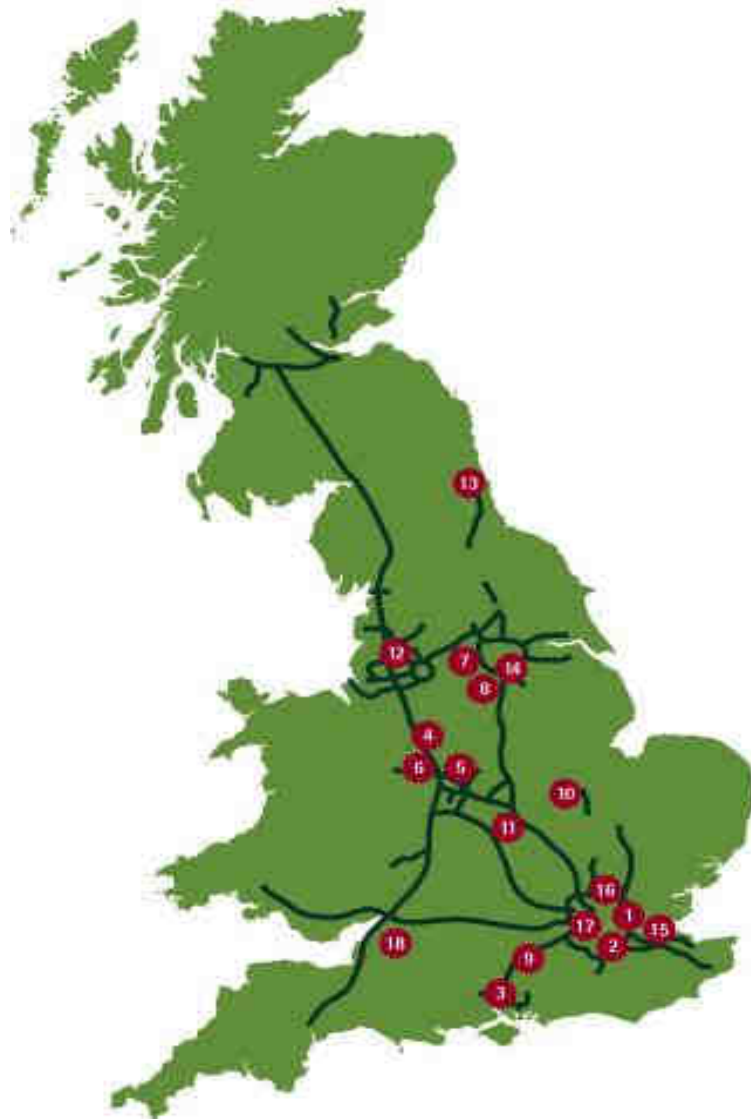
Our Expertise in Action

Making Big Savings for Retailers

Retailer	Instruction	Location	Size (sq ft)	5 Year Savings
Sainsbury's	Rent Review	Waltham Cross	704,000	£7.6m
Ocado	Rent Review	Hatfield	300,000	£3.27m
A F Blakemore (SPAR)	Lease Regear	Willenhall	250,000	£3.15m
Marks & Spencer	Rent Review	West Thurrock	250,000	£1.99m
Entertainment UK	Rent Review	Greenford	232,000	£1.5m
Poundland	Rent Review	Wednesbury	250,000	£821k
Cadbury Schweppes	Rating Appeal	Milton Keynes	350,000	£444k
John Lewis	Rent Review	Weybridge	88,600	£300k
Dixons	Rent Review	Newark	103,000	£100k

Tesco – current rent review instructions for Coventry (310,000 sq ft) and Daventry (600,000 sq ft)
Focus DIY – current rent review instruction for Tamworth (550,000 sq ft)




Our Expertise in Action






	CLIENT	LOCATION	RV BEFORE	RV AFTER	ESTIMATED SAVINGS	% AGE REDUCTION
1	Kuehne & Nagel	Dagenham, Essex	£2,386,000	£1,720,000	£995,000	28%
2	Spicers	London, SE10	£1,129,000	£900,000	£325,000	20%
3	Royal Mail	Southampton, Hants	£815,000	£740,000	£73,000	9%
4	Asda	Stoke, Staffs	£2,150,000	£1,630,000	£1,040,000	24%
5	DHL	Tamworth, Staffs	£330,000	£278,000	£116,000	16%
6	Salton (Pifco)	Wolverhampton, Staffs	£1,050,000	£865,000	£380,000	18%
7	Asda	Wakefield Europort, West Yorks	£1,897,500	£1,630,000	£578,000	14%
8	M&S Toiletries	Wakefield Europort, West Yorks	£515,000	£465,000	£111,000	10%
9	Alliance Boots	Basingstoke, Hants	£770,000	£635,000	£286,000	18%
10	Asda	Magna Park, Lutterworth, Leics	£4,300,000	£4,000,000	£671,000	7%
11	DHL	Prologis Park, Coventry	£1,740,000	£1,480,000	£580,000	15%
12	Asda	Skelmersdale, Lancs	£2,270,000	£1,760,000	£810,000	22%
13	Asda George	Washington, Tyne & Wear	Relief under s44A Local Government Act 1988 secured to reflect phased occupation		£765,000	
14	International Produce	Normanton, West Yorks	£755,000	£675,000	£175,000	11%
15	Asda	Dartford	£2,670,000	£2,080,000	£697,000	22%
16	Heals	Enfield	£715,000	£575,000	£306,000	20%
17	Davies Turner	Colnbrook (nr Slough)	£495,000	£412,500	£155,000	17%
18	Royal Mail	Bristol	£900,000	£820,000	£142,000	9%

Our Expertise in Action

Seizing Upon Opportunities to Maximise Value

SITE	SIZE	PROJECT	ADDED VALUE
 <p>www.argos.co.uk</p>	105,000	<ul style="list-style-type: none"> Fit-for-purpose analysis Re-engineering planning PM of new dock doors and racking 	<ul style="list-style-type: none"> Identified re-gear opportunity to obtain contribution from the landlord for the cost of the works PM of works to enable continuous operation
	114,000	<ul style="list-style-type: none"> Site search Detailed client brief for developer Site monitoring of base build PM fit-out Disposal of existing 	<ul style="list-style-type: none"> Ability to integrate design with material handling equipment providers Single Point of Contact
	365,000	<ul style="list-style-type: none"> Site search Acquisition, Sale & leaseback Disposal 	<ul style="list-style-type: none"> Complex deal negotiated with Developer & Fund resulting in shared profit for client Key interface to achieve institutional standard and satisfy fire/risk challenges

Our Expertise in Action

SITE	SIZE	PROJECT	ADDED VALUE
	330,000	<ul style="list-style-type: none"> ▪ Site search ▪ Planning ▪ Detailed design brief ▪ Site monitoring of base build & PM fit-out 	<ul style="list-style-type: none"> ▪ In-depth understanding of highly mechanised environment enabled successful provision of electrical substation ▪ Expertise in complex fire/insurance risks of multi-tier pick environment
	<p>New: Addl 60,000 adjacent</p> <p>Existing: 200,000</p>	<ul style="list-style-type: none"> ▪ Feasibility ▪ Acquisition ▪ Specification, tender & PM of remedial works & fit-out ▪ Specification, tender & PM of remedial works & re-engineering 	<ul style="list-style-type: none"> ▪ Single point-of-contact of end-to-end process integrating storage & MHE ▪ PM of works to enable continuous operation
	400,000	<ul style="list-style-type: none"> ▪ Site search & leasehold ▪ Detailed client brief for developer ▪ Site monitoring of base build ▪ PM fit-out ▪ Disposal/dilaps on existing 	<ul style="list-style-type: none"> ▪ Turnkey: construction through software, MHE & recruiting ▪ Budgeting to future proof for growth & acquisition

Portcentric and Multimodal

The Asda & Tesco Effect at Teesport



Port centric Logistics

Port centric distribution



“Traditional” distribution





On the Expressions of
DB SCHENKER
Railfreight opportunities

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**Telford & Wrekin DC –
marketing and disposal of
TIRP rail freight terminal
development land**



- Logistics Property is Big Business
- The occupiers of units mean profound business decisions of institutional investors.
- Operational logistics professionals can benefit from property related decisions
- Multi-modal and port-centric logistics will effect the distribution map of the UK

Any questions?

