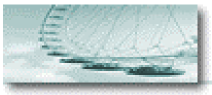
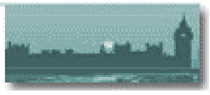
KPMG

LONDON **RETAIL** CONSORTIUM
ACTION FOR RETAIL IN LONDON



LONDON RETAIL SALES MONITOR FEBRUARY 2005



Strictly Embargoed until 9:00 hrs – 14 March 2005

FEBRUARY FALLBACK FOR LONDON STORES

- Retail sales in Central London during February were 0.4% lower, on a like-for-like basis, than in February 2004 when sales were recovering strongly from end-2003 declines. February thus lost all of January's small gain.

- The three-month trend rate of growth in February fell to a 0.9% decline from a 0.1% increase in January for like-for-like sales in Central London.

- The weak dollar continued to discourage US tourists but Russian, Hong Kong and Chinese visitors were more numerous. Footfall was generally flat and some instore restaurants suffered.

- The fallback in London sales in February was similar to that seen in the UK as a whole. However, London had performed worse than the UK in January and December – picking up less in January after falling more in December, compared with the UK.

FEBRUARY Central London Like-for-like	DECEMBER - FEBRUARY Central London Like-for-like
-0.4%	**-0.9%**

Kevin Hawkins, LRC Director, comments:
"Whilst the January sales bought some comfort to London stores, trade fell back once the heavy discounting ended and February proved a challenging month for many retailers in the Capital - along with those in the rest of the UK. Footfall levels failed to pick up throughout the month, not helped by the wet and cold weather, and even Valentine's Day didn't give some retailers the boost they hoped for.

"There is no escaping the fact that Londoners are extremely cautious about spending with concern over the future of the housing market and interest rates bringing confidence to even lower levels than elsewhere in the UK. The weak dollar also continues to take its toll on American tourist numbers and spending, making London retailers even more apprehensive about the coming months."

Helen Dickinson, Head of Retail, KPMG, comments:
"London continues to be a very challenging environment for the retail sector. As it is highly dependent on spend by visitors to the capital the ongoing weakness of the dollar continues to take its toll. Margins remain under pressure as promotions and discounts have been needed to drive what is still a disappointing performance."

CENTRAL LONDON PERFORMANCE - FEBRUARY 2005

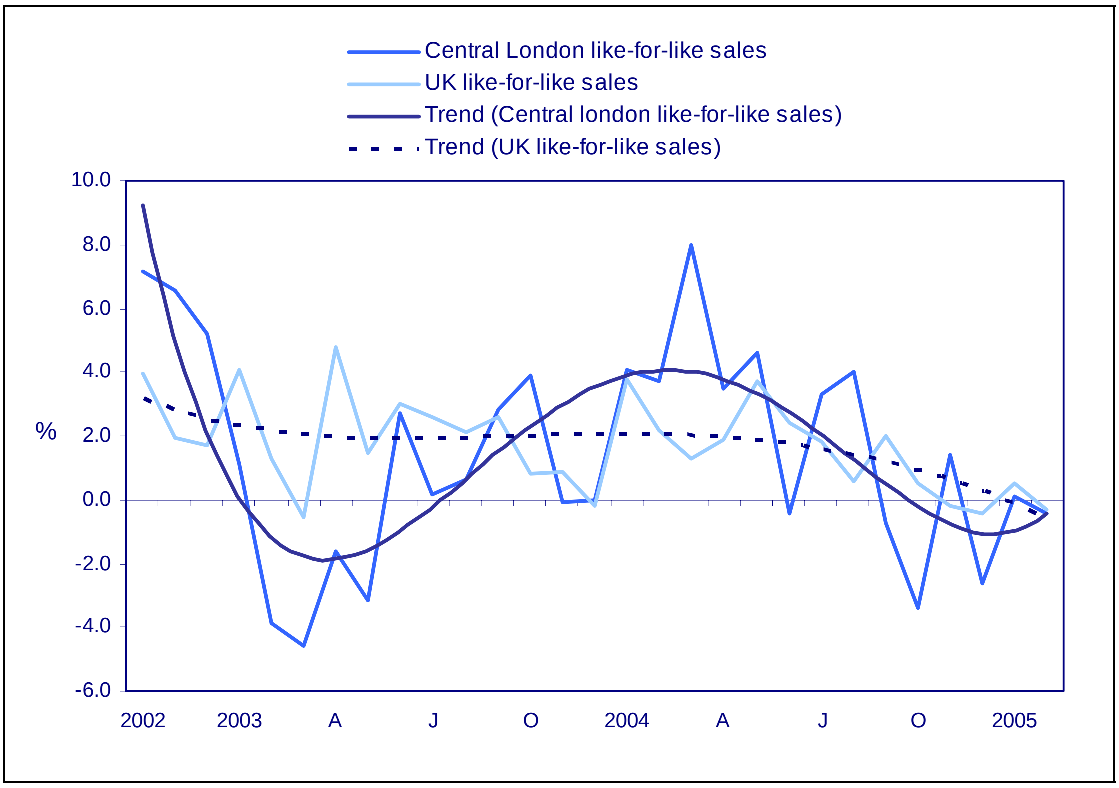
Joscelyne Hynard, Senior Analyst – Business Information Team

Retail sales in Central London during February showed a 0.4% year-on-year decrease after a 0.1% upturn in January from a 2.6% fall in December. It was thus still much weaker than a year ago: sales had risen 3.7% in February 2004, continuing to pick up after a poor end to 2003.

Trade fell back again after the January clearance sales and February was a tough month for many. The weak dollar continued to discourage US tourists but there were good increases in Russian, Hong Kong and Chinese visitors. Footfall was generally flat and signature sales and some instore restaurants suffered.

Sales were difficult and disappointing in many sectors, especially larger items for home and leisure. Clothing and footwear were slow, though demand for women's boots held up. Valentine's sales of stationery and gifts were below expectations for some, but fine fragrances and premium skincare were popular. Accessories continued to sell well.

% INCREASE YEAR-ON-YEAR IN RETAIL SALES VALUE



% INCREASE YEAR-ON-YEAR IN RETAIL SALES VALUE

	2003		2004		2005	
	Central London Like-for-like	UK Like-for-like	Central London Like-for-like	UK Like-for-like	Central London Like-for-like	UK Like-for-like
January	1.1	4.1	4.1	3.8	0.1	0.5
February	-3.9	1.3	3.7	2.2	-0.4	-0.3
March	-4.6	-0.5	8.0	1.3		
April	-1.6	4.8	3.5	1.9		
May	-3.2	1.5	4.6	3.7		
June	2.7	3.0	-0.4	2.4		
July	0.2	2.6	3.3	1.8		
August	0.6	2.1	4.0	0.6		
September	2.8	2.6	-0.7	2.0		
October	3.9	0.8	-3.4	0.5		
November	-0.1	0.9	1.4	-0.2		
December	-0.01	-0.2	-2.6	-0.4		

MEDIA ENQUIRIES

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The February 2005 London RSM covers the four weeks from 30 January – 26 February 2005 and provides the most up-to-date reflection of recent retail performance in London.

The March 2005 London RSM will be published on 18 April 2005. The data is collected and collated for the BRC by KPMG.

NOTES

The London Retail Sales Monitor (LRSM) measures changes in the actual value of retail sales from a sample of retailers. The LRSM measures the value of spending and hence does not adjust for price changes. If prices are rising, sales volumes will increase by less than sales values. In times of price deflation, sales volumes will increase by more than sales values.

Retailers report the value of their sales and sales in the equivalent week a year ago. These figures are reported both in total and on a 'like-for-like' basis. The percentage increase in the value of sales on a 'like-for-like' basis removes the effect of the expansion of retail floorspace by the retailers concerned on their sales total. Due to the sample being biased towards large retailers, the 'like-for-like' increase usually provides a more accurate guide to general spending patterns, though it will be biased downwards as an estimate of the growth rate for retail as a whole.

Seasonal adjustment is not normally needed because the figures compare sales this month with the comparable period last year. However, changes in the timing of Bank Holidays and Easter can create distortions, which should be considered in the interpretation of the data.

In its role as administrator of the London Retail Sales Monitor, KPMG is responsible for the aggregation of the retail sales data provided by the retailers on a monthly basis. This data consists of the relevant current month's sales data and comparative sales figures for the same period in the prior year. The accuracy of the data is entirely the responsibility of the retailers providing it. The administrator role has been performed by KPMG since 2 November 2003. The commentary from KPMG is intended to be of general interest to readers but is not advice or a recommendation and should not be relied upon without first taking professional advice. Anyone choosing to rely on it does so at their own risk. KPMG will accept no responsibility or liability in connection with its administration of the LRSM and its aggregation work to any party other than the LRC and its parent company the BRC.

Central London does include the following areas: Oxford, Street, New Oxford Street, Tottenham Court Road, Soho, Covent Garden, Knightsbridge, Kensington High Street and parts of Chelsea.

Greater London is everything within the M25 including Central London, please note that it **excludes** Bluewater and Lakeside.