



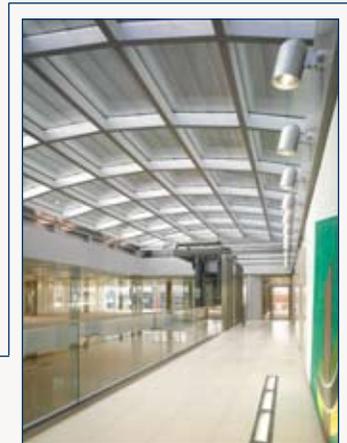
Derwent London plc
Results 2007

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Achievements

- Integration of London Merchant Securities and Derwent Valley Holdings completed to create Derwent London
- Converted to a REIT on 1st July 2007
- Disposals of £344 million producing a £130 million profit
- Acquisitions of £142 million
- Project capex of £61 million
- Planning consents of 0.9 million sq ft, adding 0.4 million sq ft to the portfolio
- Over 50% of the portfolio with significant development potential
- Modest balance sheet gearing of 45% with £332 million of unutilised facilities



A business well positioned for the current market conditions

Financial review

2007 year end results

Highlights

- Adjusted net asset value per share: 1,862p +8.4% on proforma of 1,717p
- Adjusted net asset value per share excluding minorities: 1,801p +8.4% on proforma of 1,662p
- Recurring profit before tax: £38.0 million +132%
- Diluted recurring earnings per share: 34.99p +29%
- Recommended final dividend per share: 15.0p; total for year 22.5p +53%

A transformational year with solid progress across the group

2007 year end results

Balance sheet

- Summarised format

	DL & LMS 2007 £m	Proforma £m	DL only 2006 £m
Investment property	2,654.6	2,519.6	1,274.0
Other non-current assets	33.8	117.4	19.5
	<u>2,688.4</u>	<u>2,637.0</u>	<u>1,293.5</u>
Assets held for resale	12.8	9.4	-
Other current assets	12.5	(31.9)	8.2
Cash	10.3	13.9	-
Bank overdrafts and loans	(120.6)	(6.8)	(2.2)
Corporation tax liability	(75.4)	-	-
	<u>(160.4)</u>	<u>(15.4)</u>	<u>6.0</u>
Financial liabilities	(672.5)	(902.9)	(347.6)
Provisions	(2.8)	(8.1)	(1.3)
Deferred tax liability	(10.8)	(311.6)	(167.2)
	<u>(686.1)</u>	<u>(1,222.6)</u>	<u>(516.1)</u>
Total net assets	1,841.9	1,399.0	783.4
Minority interests	(59.9)	(56.0)	-
Attributable to equity holders	<u>1,782.0</u>	<u>1,343.0</u>	<u>783.4</u>

2007 year end results

Balance sheet

- Net asset value per share

	2007		Proforma		2006	
	£m	p	£m	p	£m	p
Total net assets	1,841.9	1,829	1,399.0	1,391	783.4	1,460
Adjustments	33.5		328.1		166.4	
Adjusted total net assets	1,875.4	1,862	1,727.1	1,717	949.8	1,770
Minority interests	(61.6)		(56.0)		-	
Adjusted total net assets after minority interests	1,813.8	1,801	1,671.1	1,662	949.8	1,770
Number of shares ('000)	100,703		100,567		53,656	

- Minority interest
 - 55% owned JV with Portman Estate
 - South coast retail (sold post year end)
- Investments
 - Primister Kings Cross property
 - LMS Outlets Prague out of town retail centre
 - Swinton Property sold

2007 year end results

Group income statement

- Summarised format

	DL & LMS	DL only
	2007	2006
	£m	£m
Gross property income	111.7	51.3
Property outgoings	(9.9)	(4.9)
	<u>101.8</u>	<u>46.4</u>
Development income	2.0	11.6
Administrative expenses	(17.9)	(10.1)
Goodwill impairment	(353.3)	-
Revaluation surplus	90.3	223.3
Profit on disposal of properties/investments	130.8	2.9
(Loss)/profit from operations	<u>(46.3)</u>	<u>274.1</u>
Net finance costs	(48.1)	(38.1)
Derivatives fair value movement	(5.1)	3.2
Results of JV's	(0.3)	3.6
IFRS (loss)/profit before tax	<u>(99.8)</u>	<u>242.8</u>

2007 year end results

Group income statement

- Recurring profit before tax +132%
- Reconciliation to IFRS (loss)/profit before tax

	2007	2006	
	£m	£m	Comment
(Loss)/profit before tax	(99.8)	242.8	
Revaluation surplus	(90.3)	(223.3)	Rise in yields H2 2007
JV revaluation surplus	-	(3.5)	
Profit on disposal of properties	(129.8)	(2.9)	Portfolio rationalisation post acquisition
Loss on disposal of JV property	0.7	-	Retail JV in Swinton
Profit on disposal of investments	(1.0)	-	Disposal of investment in Brockton Capital
Development income	(2.0)	(11.6)	Telstar; rise in yields
Debenture redemption premia	(1.5)	18.1	
Cost of acquisition facility	3.3	-	Equity costs added to investment
Fair value movement in derivatives	5.1	(3.2)	
Goodwill impairment	353.3	-	Impairment under IAS36 rules
	<hr/>	<hr/>	
Recurring profit before tax	38.0	16.4	

2007 year end results

Group income statement

- Gross property income rose £60.4 million
 - Ex LMS £54.4 million
 - Ex Derwent £ 6.0 million

- Property outgoings rose £ 5.0 million
 - Void costs £ 2.5 million
 - Transaction costs £ 1.5 million

- Development income
 - Telstar project completed
 - Final profit £13.6 million
 - Valuation on completion affected by rising yields

- Administrative expenses rose £9.4 million
 - Employment costs £4.6 million
 - Legal and professional fees £1.1 million
 - Bank charges £1.2 million

 - Cash settled options credit £1.6 million

- Post merger savings in administrative expenses
 - 2007 (allowing for inflation) between £1.0 - £1.5 million
 - 2008 budget shows further savings

2007 year end results

Group income statement

- Taxation credit
 - Impact of REIT status
 - Credit in 2007 of £200.7 million (2006 charge £60.6 million)
 - Write back of deferred tax £287.4 million
 - REIT conversion charge £53.6 million
 - Corporation tax £33.5 million
- Deferred tax balance
 - Remaining balance £10.8 million
 - Relates to: Savile Row
: properties outside ring fence
- Dividend
 - Total payment in respect of 2007 22.5p per share
 - Increase on 2006 53%
 - Final dividend of 15p includes a PID of 10p

2007 year end results

Cash flow

- 2007 cash inflow due to disposals, post acquisition, post REIT

	2007	2006
Operating activities	28.4	(5.6)
Investing activities	69.2	(46.3)
Dividend	(13.2)	(7.5)
	<u>84.4</u>	<u>(59.4)</u>

- Net investment in property

	£m
Acquisitions	140.7
Capex	68.3
Disposals - property	(343.3)
- investments	<u>(9.1)</u>
	<u>(143.4)</u>

2007 year end results

Debt and debt ratios

- Year end net debt
 - Balance sheet £782.8 million
 - Drawn facilities £753.9 million
- Current drawn facilities £797.1 million
- Balance sheet gearing (balance sheet debt/net assets)
 - 05.03.08 44.8%
 - 31.12.07 42.5%
 - 31.12.06 44.7%
- Interest cover (net rental income less administrative expenses/net interest payable)
 - 31.12.07 1.81
 - 30.06.07 1.50
 - 31.12.06 1.85
- Property (mortgage) gearing (drawn facilities/fair value of investment property)
 - 05.03.08 29.8%
 - 31.12.07 28.2%
 - 31.12.06 26.8%

2007 year end results

Liability risk management

- Drawn facilities either fixed or hedged
 - 05.03.08 62%

- Fixed rate debt and derivatives

	£m
Fixed rate debt	175
Swaps	310
Cap	<u>10</u>
	<u>495</u>

- Fair value adjustment for £175 million secured bond at 31.12.07
 - £15.0 million (not included in accounts)
- Spot weighted average cost of drawn facilities
 - 05.03.08 6.05%

2007 year end results

Current debt facilities

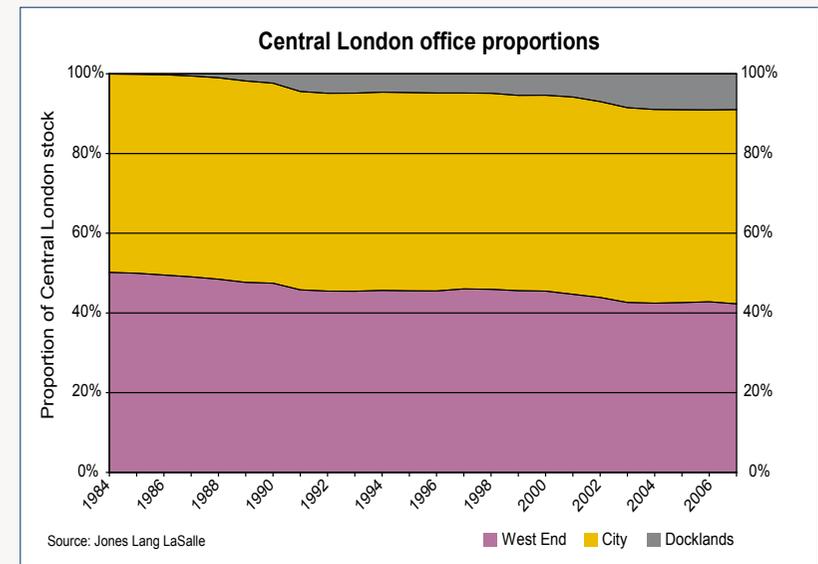
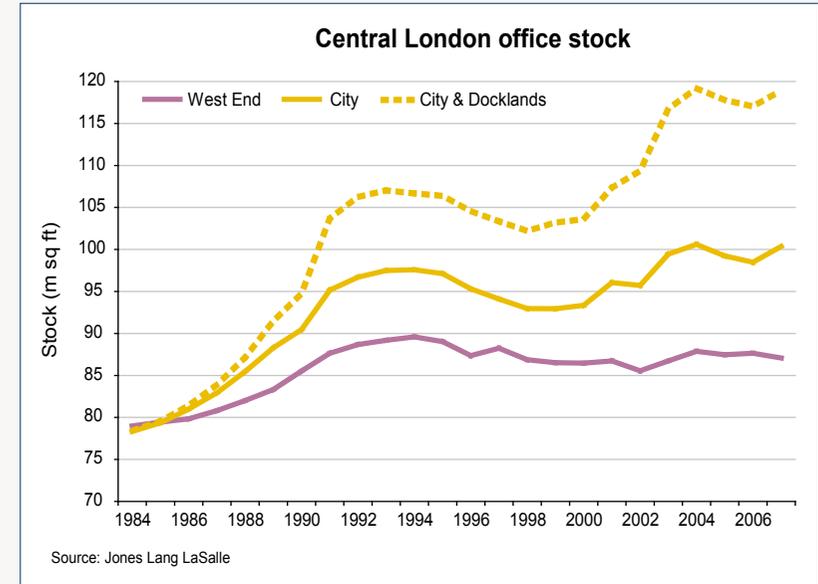
	£m	Nominal £m	Maturity
6.5% secured bond		175.0	March 2026
Floating guaranteed unsecured loan note		32.0	February 2012
Committed bank facilities			
Revolving credit	100.0		April 2013
Term/revolving credit	359.0		March 2013
Revolving credit	200.0		December 2011
Revolving credit	125.0		November 2009
Revolving credit	100.0		November 2008
Miscellaneous	28.4		Various
		<u>912.4</u>	
Overdraft		10.0	On demand
		<u>1,129.4</u>	
Unutilised facilities		<u>332.0</u>	
Weighted average life		6.1 years	

Market summary

Our market

The West End

- A location that is:
 - 75% covered by conservation area status (City - 33%)
 - 3,900 listed buildings (City - 600)
 - Controlled through tight planning regulations
 - Protected viewing corridors - height restrictions
 - Stringent affordable housing requirements
 - Constantly improving - diversity of office space with a wide range of retail, restaurants and residential
- The consequence:
 - The West End is becoming a smaller proportion of the total office market
 - West End's office stock has remained largely unchanged since the early 1990s
 - Absorbed new areas - Paddington
 - Loss of office space to residential
 - Delivered long-term rental growth out-performance compared to the City



Our market

The West End

- A changing business map of the West End
- Occupiers desire to stay in the West End - at affordable rents
- The acceptance of new and improving locations
- Vibrant villages with a lot to offer
 - Retail/leisure/residential provision
- This plays to our skills of:
 - Identifying and investing in areas early
 - Creating well-designed spaces
 - Appealing to tenants in the middle market rental levels of £40-£65 psf
 - Value creation through critical mass

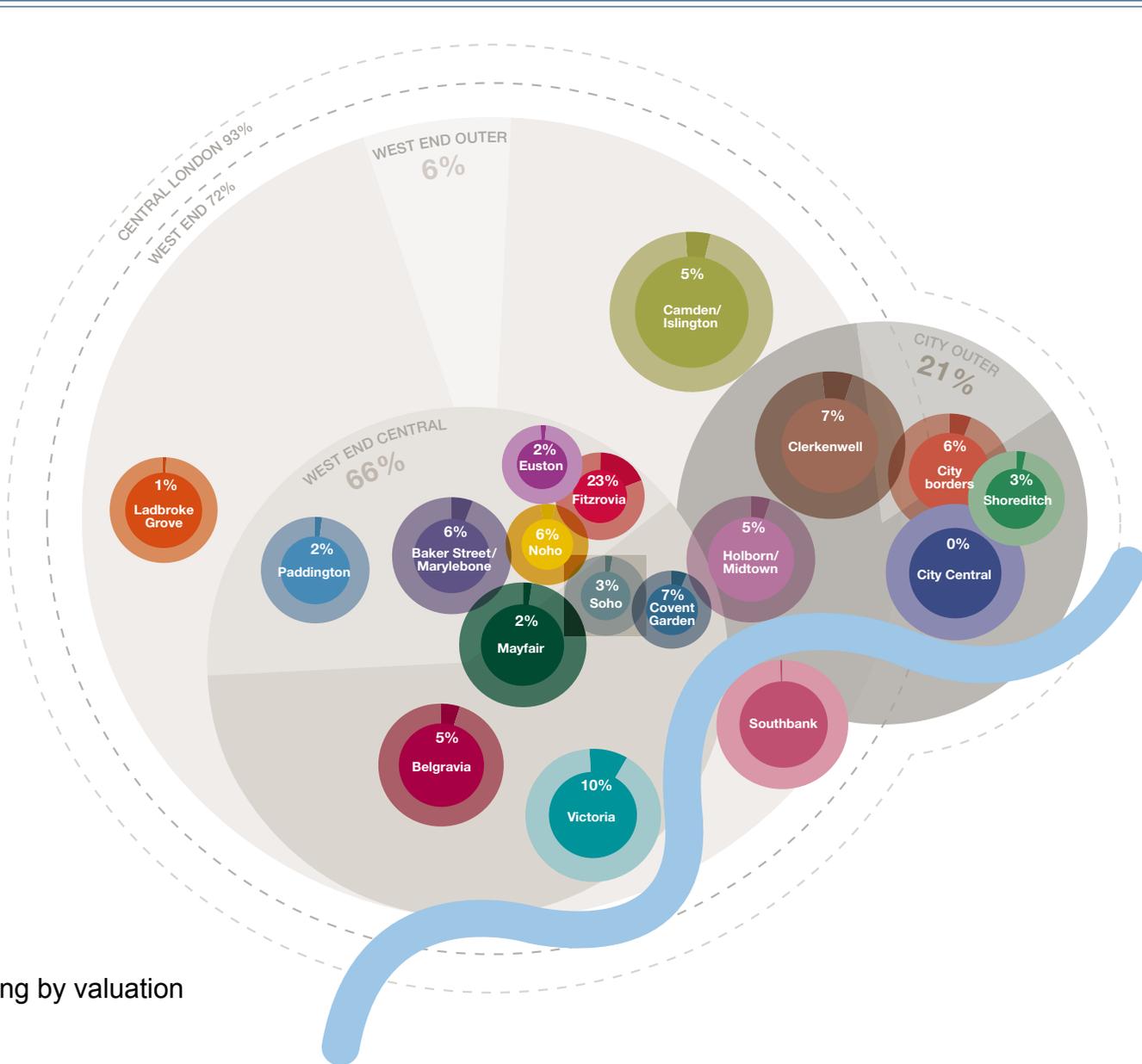
Major lettings

Tenant	Previous location		New location	Rent £psf
Rio Tinto	St James's	→	Paddington	50.00
Burberry	St James's	→	Victoria	38.00
Guardian	Clerkenwell	→	King's Cross	35.00
MISYS	Kensington	→	Paddington	55.00
Grey Advertising	Noho	→	Hatton Garden	38.00
Google	Soho	→	Victoria	80.00
Sainsbury's	Holborn	→	King's Cross	35.00
Marks & Spencer	Baker Street	→	Paddington	39.50
Knight Frank	Mayfair	→	Baker Street	57.50

Derwent London lettings

Our market

The London villages



% portfolio weighting by valuation

Our market

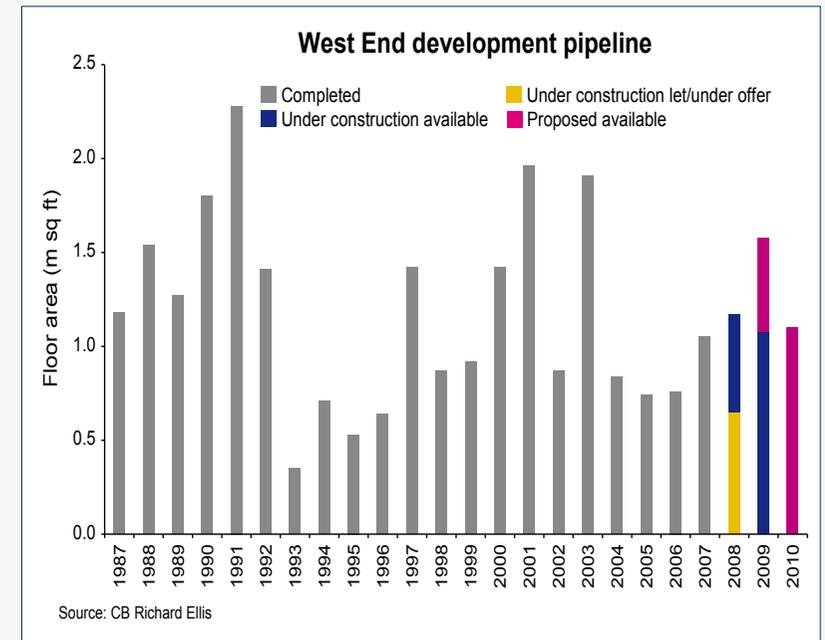
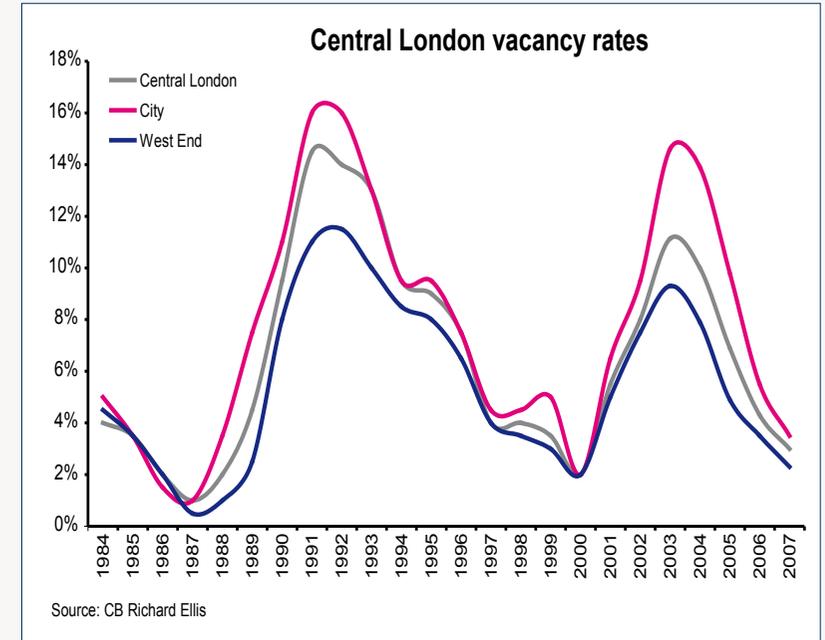
Occupational market

West End

- Take-up of 4.7m sq ft in 2007 - the highest annual total since 2000
- Vacancy rate of 2.3%, down from 2.5% in June 2007 and 3.5% in December 2006
- Quality office space remains in short supply and there is a limited development pipeline (delivering 1.2m sq ft in 2008 and 1.6m sq ft in 2009)
- Rental outlook - modest growth in the West End

City

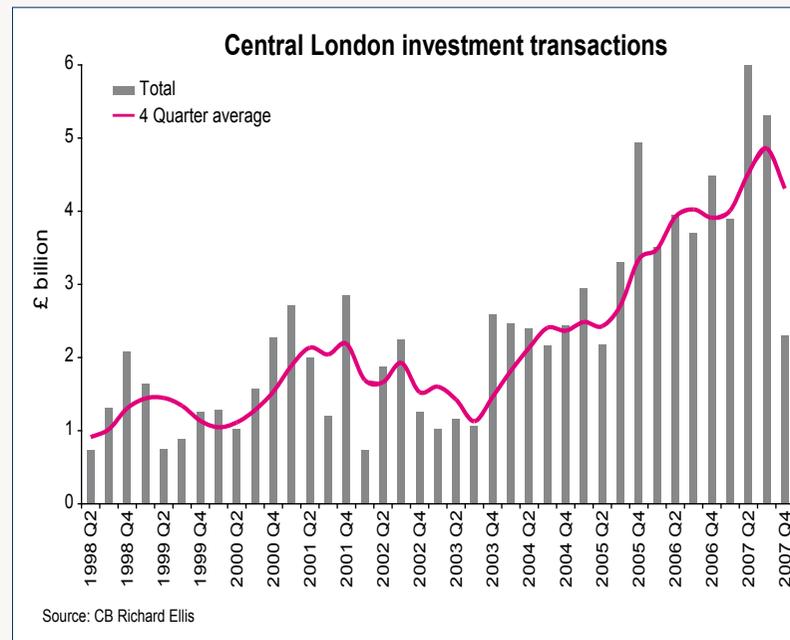
- Take-up of 5.0m sq ft in 2007, just above the ten-year average
- Vacancy rate of 3.5%, down from 3.8% in June 2007 and 5.5% in December 2006
- Significant development pipeline in the short-term, delivering 4.1m sq ft in 2008 and 2.8m sq ft in 2009
- Rental outlook - weakening rents as new supply comes through and tenant activity slows



Our market

Investment summary

- £17.5bn of transactions in 2007, 10% more than in 2006 and the highest ever recorded total
- Overseas investors accounted for 57% of transactions with the US being the most active group (19%)
- Investment activity slowed considerably in Q4 following the turbulence in the global financial markets
- Valuation re-pricing has been swift. However, investment turnover is likely to remain low in 2008
- A momentum in the lending market is required
 - Equity is available
 - Strong balance sheets in the quoted property company sector



Valuation

Valuation performance

Key points

- Investment portfolio valuation

	Portfolio valuation £m	Valuation surplus £m ¹
Investment properties	2,195.6	54.0
Development properties ²	344.5	50.3
Underlying	2,540.1	104.3
Acquisitions	131.6	-9.9
Investment portfolio	2,671.7	94.4

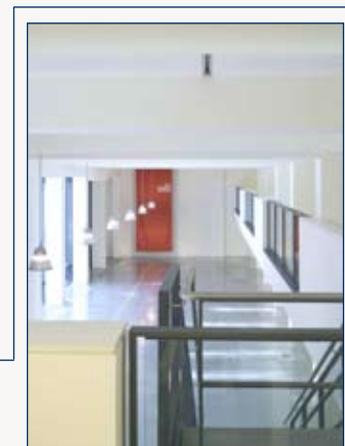
- Performance from:
 - Rental growth and active management compensated for the outward yield shift
 - A 17% valuation uplift of the development properties

	<u>H1 %³</u>	<u>H2 %</u>	<u>2007 %</u>
Underlying valuation change	8.2	-3.5	4.3
• West End	8.9	-2.7	5.9
• City	9.7	-4.0	5.3
• Provincial	-1.3	-10.0	-11.2
	<u>H1 %</u>	<u>H2 %</u>	<u>2007 %</u>
Underlying rental value growth	8.1	4.6	13.0
• West End	9.1	5.1	14.6
• City	7.5	4.8	12.6
• Provincial	1.0	-0.4	0.6

¹ Prior to the adjustment for lease incentives of £4.1m

² Qube, Arup II & III, Horseferry House, Portobello Dock, Grasse Street/Rathbone Place, Leonard Street

³ Adjusted for H2 disposals



Strong rental growth and development surpluses

Valuation performance

By location

	Portfolio valuation £m	Weighting %	Valuation movement 2007 ¹ %	Valuation surplus 2007 ² £m	Comment
West End					
Belgravia	141.7	5	13.9	17.3	Development potential/rental growth.
Victoria	265.3	10	12.5	29.5	Horseferry House project surplus.
Mayfair	64.0	2	8.2	4.8	Strong rental growth.
Fitzrovia/Euston	654.0	25	5.1	24.9	Qube project surplus.
Noho	170.2	6	3.8	4.4	
Soho/Covent Garden	273.2	10	3.7	9.9	Letting activity/rental growth.
Camden/Islington	122.3	5	2.5	3.0	
Baker Street/Marylebone	151.9	6	0.9	1.4	
Paddington	41.0	2	-1.7	-0.7	Lease surrender for a reverse premium.
Other ³	38.3	1	9.7	3.4	
	1,921.9	72	5.9	97.9	
City					
Holborn/Midtown	133.6	5	9.8	11.9	Letting activity at The Johnson Building.
Southbank	12.5	-	5.5	0.6	
Shoreditch	68.5	3	5.0	3.3	Rental growth at Tea Building.
City borders	170.1	6	4.8	7.7	
Clerkenwell	174.6	7	2.0	-3.1	Acquisition.
Other	0.3	-	20.0	0.1	
	559.6	21	5.3	20.5	
Central London	2,481.5	93	5.8	118.4	
Provincial	190.2	7	-11.2	-24.0	Outward yield movement at Strathkelvin.
Investment portfolio	2,671.7	100	4.3	94.4	

¹ Underlying - properties held throughout the period

² Including acquisitions

³ Ladbroke Grove and Swiss Cottage

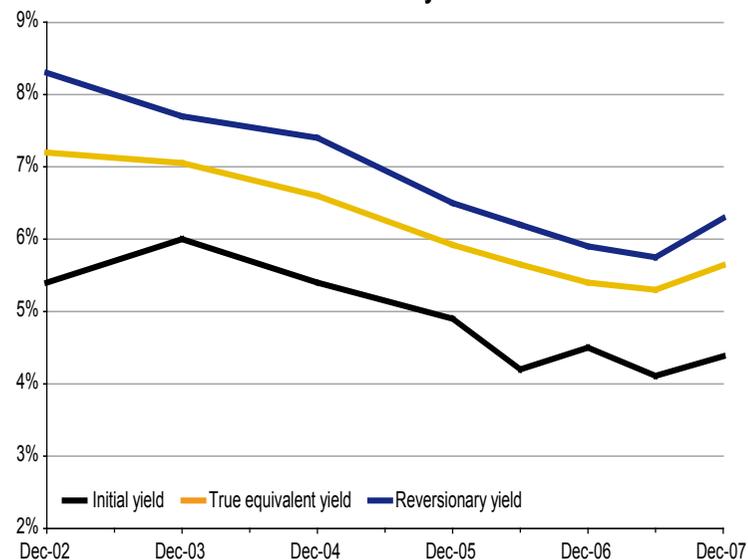
Valuation performance

Yields

True equivalent yields

	Proforma 2006/7 %	H1 movement basis points	June 2007 %	H2 movement basis points	Dec 2007 %	2007 movement basis points
West End	5.24	(1)	5.23	33	5.56	32
City	5.78	(29)	5.49	47	5.96	18
Central London	5.37	(7)	5.30	37	5.67	30
Provincial	5.80	(5)	5.75	70	6.45	65
	5.41	(6)	5.35	37	5.72	31

Portfolio yields



- A 6 basis points inward yield movement in the first half of the year followed by a 37 basis points outward movement in the second half
- An outward movement of 31 basis points for 2007
- True equivalent yield of 5.72%
- Supported by:
 - Secure rental income
 - Low average passing rents
 - Significant development potential

Valuation performance

Yields

Yield profile¹

	Initial yield %	Reversionary yield %	Yield spread %
West End	4.0	6.2	2.2
City	5.2	6.6	1.4
Central London	4.3	6.3	2.0
Provincial	5.7	6.4	0.7
	4.4	6.3	1.9

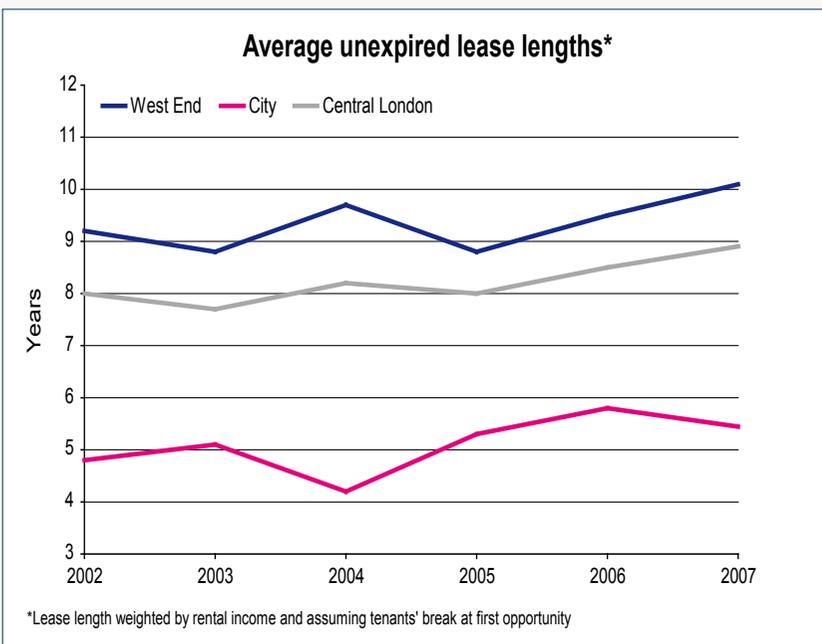
- Strong reversionary potential - 1.9% yield spread

- Low average rents at year end:

- West End £24.36 psf
- City £22.80 psf
- Central London £23.91 psf

- An increased unexpired lease length at year end:

- Portfolio 9.1 years
- Central London 8.8 years
 - West End 10.1 years
 - City 5.4 years



¹ Yield to Derwent London at 31st December 2007 based upon an annualised contracted net rental income of £117.6m pa (includes Horseferry House pre-let rent of £5.3m pa) and an estimated rental value of £172.6m pa. Adjusted for costs to complete commenced projects.

Portfolio statistics

Portfolio summary

Rental income profile

Income profile	Rental uplift £m	Rental per annum £m	Yield ¹ %
Contracted rental income, net of ground rents ²		117.6	4.4
Letting vacant accommodation - available	7.7		4.7
Completion and letting of current schemes	10.7		5.0
Anticipated rent review and lease renewal reversions	36.6		6.3
Portfolio reversion		55.0	
Potential portfolio rental value		172.6	6.3

¹ Yield based upon the valuation and adjusted for cost to complete commenced projects
² Includes pre-lets

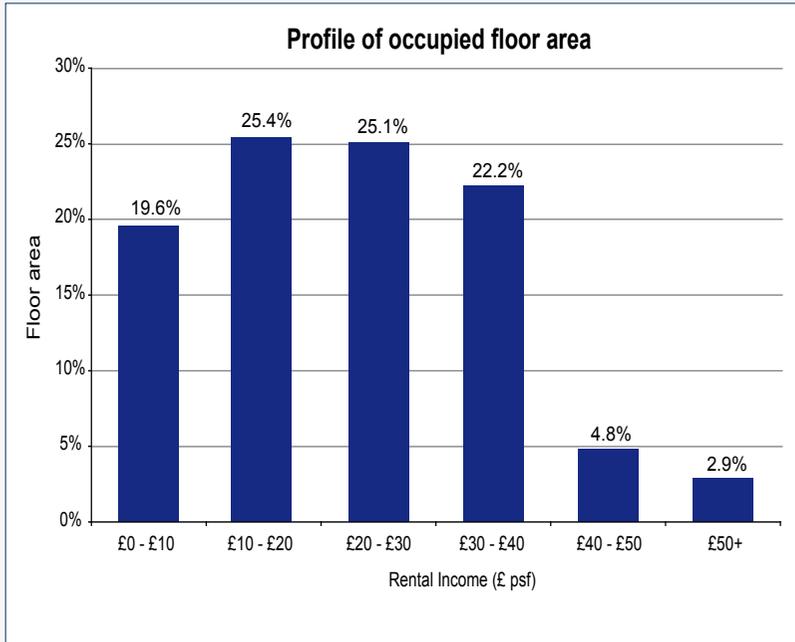
- Portfolio area (m sq ft)

West End	3.57
City	1.39
Central London	4.96
Provincial	0.78
Portfolio	5.74

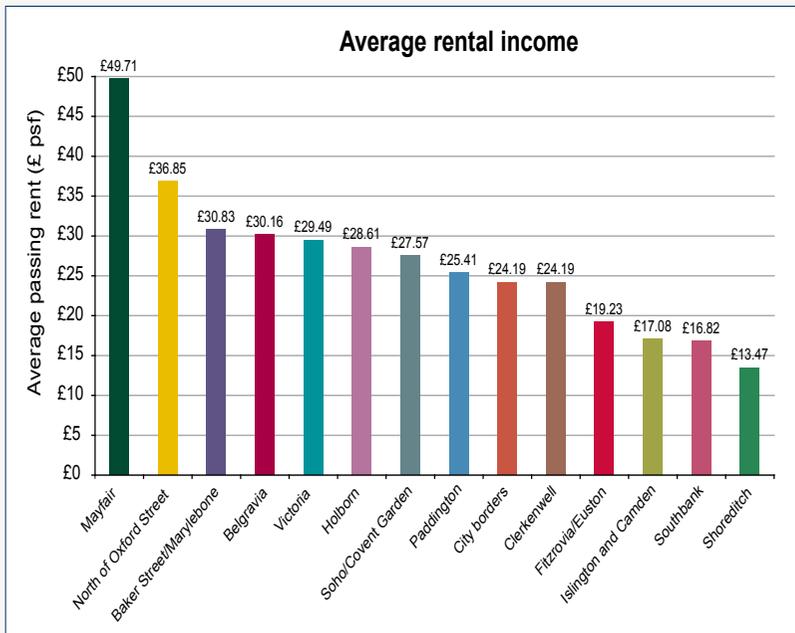
- Strong portfolio reversionary potential

Portfolio summary

Contracted rental income analysis



- 70% of portfolio let at under £30 psf
- A strategy to recycle assets - thereby maintaining low rents and reversionary potential
- A close relationship with our tenants - maximising income until projects are implemented
- Expensive for tenants to relocate



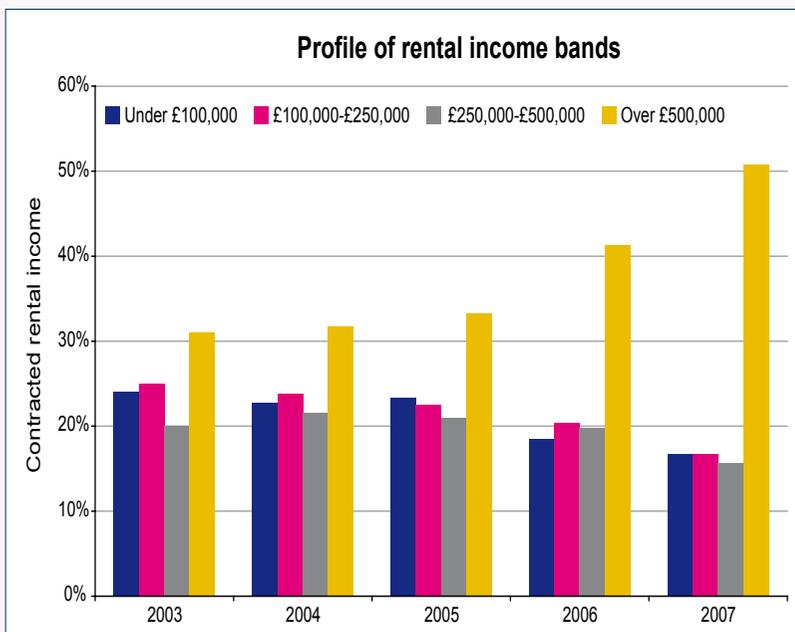
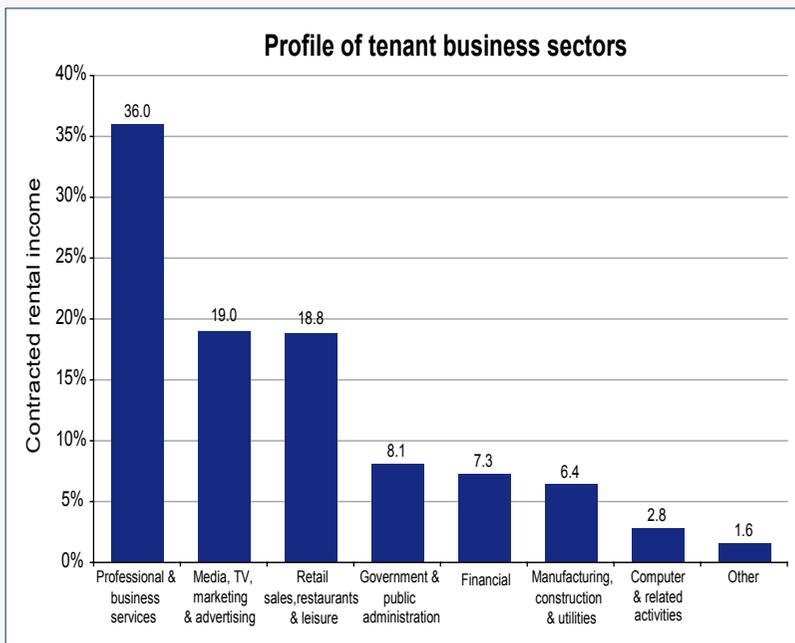
Average passing rents¹

	West End	City	Central London
Dec 05	£26.13	£16.86	£23.21
Dec 06	£24.49	£21.53	£23.65
Dec 07	£24.36	£22.80	£23.91
Dec 07 ERV	£34.95	£26.73	£32.65

¹ Occupied floor area including pre-lets

Portfolio summary

Contracted rental income analysis



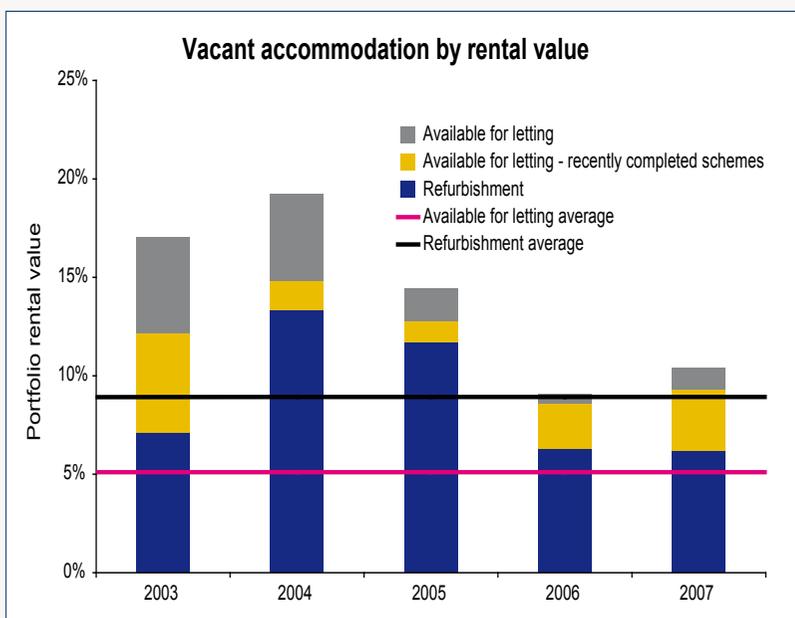
- A diverse range of tenants
- 50% of rental income is from tenants paying over £0.5m pa
 - Floor area 2.27m sq ft
 - Weighted lease length 12 years
 - Average rent £26 psf
 - Average ERV £35 psf
 - Key tenants:
 - Arup
 - BBC
 - BT
 - Burberry
 - Government
 - House of Fraser
 - Pinsent Masons
 - Saatchi and Saatchi
 - Thomson Group
- The portfolio's significant development potential is underpinned by rental income from strong covenants

Portfolio summary

Vacant accommodation

Vacant accommodation	Floor area 000 sq ft	Rental per annum £m	Comment
Available			
Qube	85	5.2	Offices/retail.
Strathkelvin	65	1.1	Retail warehouse park. Planning obtained to open use - £0.2m u/o.
Other	80 230	1.4 7.7	£0.4m u/o.
Schemes			
16-19 Gresse Street ¹	47	2.8	Offices. Completion Q2 09.
Portobello Dock	69	1.3	Mixed use. Completion Q2 08. Residential recently sold.
163 Tottenham Court Road	35	1.2	Offices. Light touch scheme. Short term lettings.
151 Rosebery Avenue	24	0.8	Offices. Completion Q3 08.
Greencoat/Gordon House	16	0.8	Offices. Includes new top floor of 7,400 sq ft. Completion Q3 08.
100 George Street	8	0.4	Offices/retail. Completion Q2 08. Offices pre-let at £85 psf.
Other	151 350	3.4 10.7	
	580	18.4	

¹ Excluding residential

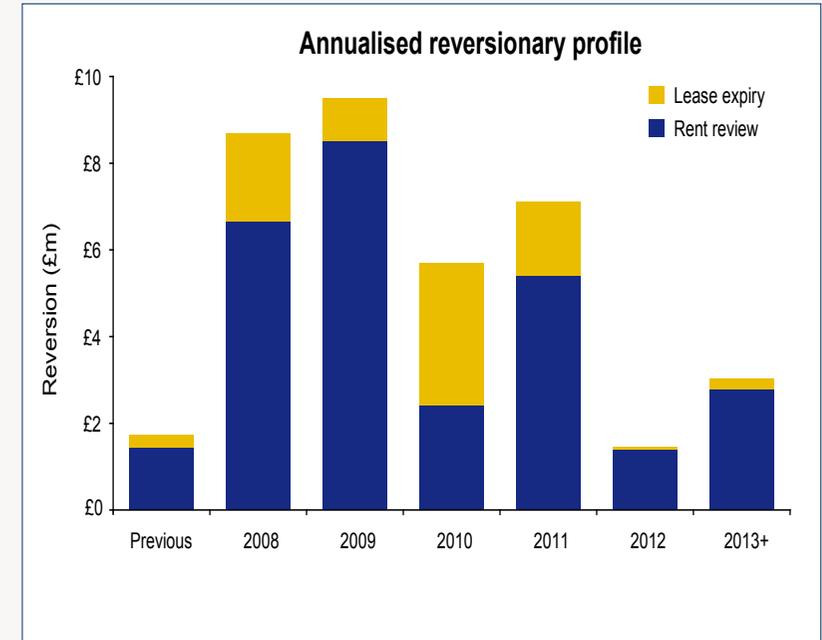


- A track record of managing vacant space
- Low vacancy rates. Available space:
 - 4.5% of portfolio rental value
 - 4.0% of portfolio floor area
- Available space is concentrated at our recently completed schemes

Portfolio summary

Reversionary profile

- Reversionary potential of occupied floor area of £36.6m
- Rent reviews/lease expiries spread throughout the year
- Assuming all rent reviews are concluded and all tenants renew on the reversion date:
 - 2008 - 44% of the reversion
 - 2009 - 45% of the reversion
- In practice, we are likely to target space for refurbishment

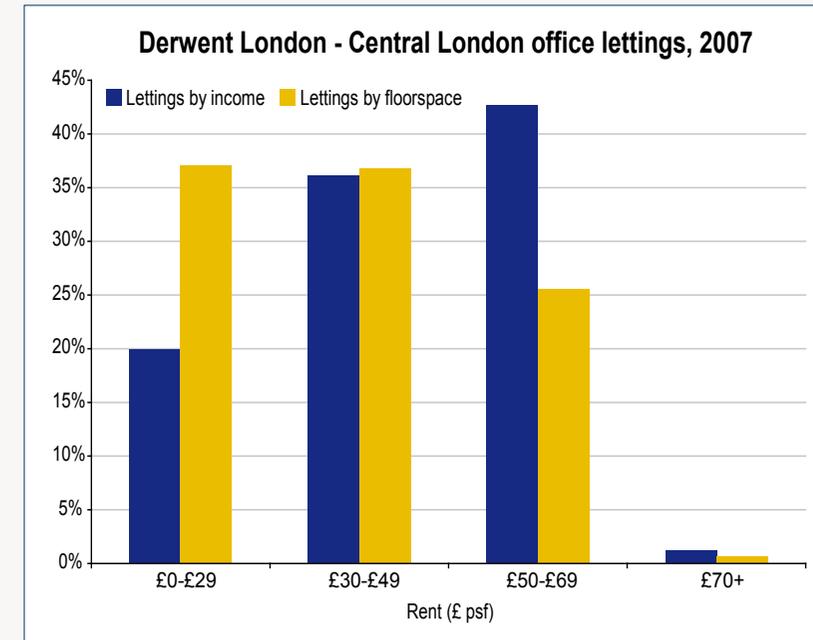


Portfolio management

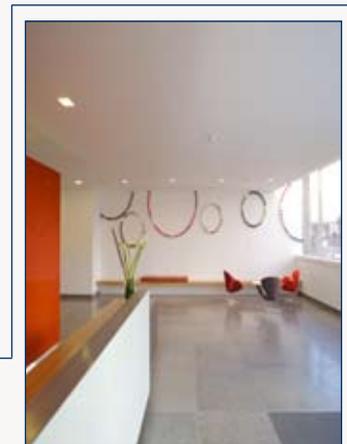
Lettings and activity

Key points

- Our market - mid range rents £40-£65 psf
- £8.3m pa of lettings in 2007 - 235,200 sq ft (Appendix 4)
 - Qube £1.25m pa - 20,100 sq ft (£60 psf)
 - 186 City Road - 38,300 sq ft - £1.1m pa (£25+ psf)
 - Tower House - 15,400 sq ft - £1.0m pa (£65+ psf)
 - The Johnson Building - 11,100 sq ft - £0.4m pa (£42.50+ psf)
- Overall, lettings achieved 18% above valuer's estimated rental value



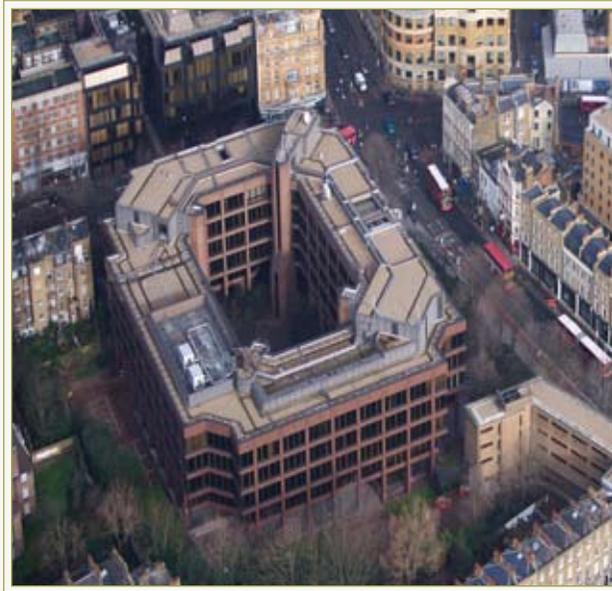
- Asset management initiatives:
 - Angel Building - BT lease restructure
 - 19-35 Baker Street - M&S surrender
- A continual upgrading of the core portfolio to drive rents forward



Demand for well designed space

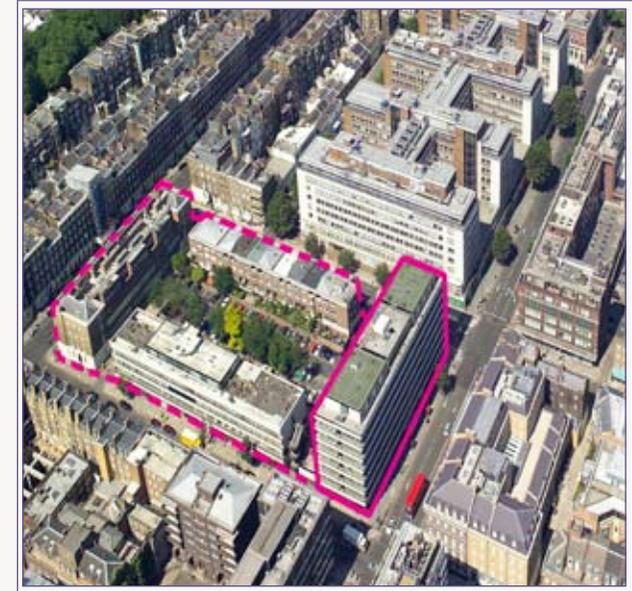
Lettings and activity

Asset management initiatives



Angel Building, EC1

- BT lease restructured - giving us control of the building
- Rent £4.2m pa to continue until lease expiry in March 2010
- Planning consent obtained for a 255,000 sq ft scheme



19-35 Baker Street, W1

- M&S lease surrendered
- The first step in unlocking this 2 acre development opportunity
- Offices underlet to House of Fraser - expiry 2018
- Income maintained at £2.0m pa - £40 psf
- Rent reviews now 5 yearly - previously 10 yearly
- Benefit of an improved specification at rent review
- Control of retail - improve tenant profile
- Owned in Portman joint venture

Lettings and activity

Smaller refurbishments underway

Creating value

- Floor area
- Rental value
- Available
- Comment



151 Rosebery Avenue, EC1

- 24,000 sq ft
- £0.8m pa (£35 psf)
- Q3 2008



Gordon House, SW1

- 16,000 sq ft
- £0.8m pa (£47.50 psf)
- Q3 2008
- Includes new penthouse floor



100 George Street, W1

- 3,200 sq ft penthouse offices, 4,800 sq ft retail
- £0.4m pa
- Q2 2008
- Offices recently pre-let at £85 psf

Acquisitions and disposals

Acquisitions

Key points

- Our acquisition requirements:
 - Low passing rents and a reversionary income profile
 - Improving locations
 - Supplement existing ownerships - critical mass
 - Planning/refurbishment potential
- 2007 acquisitions - £141.5m, including costs
 - Income £6.0m pa
 - Net initial yield 4.2%
 - Castle House, 75 Wells Street, W1
 - Woodbridge House, 30 Aylesbury Street, EC1
 - 132-142 Hampstead Road, NW1
 - 43 and 45-51 Whitfield Street, W1
- Post year end:
 - 53-63 Whitfield Street, W1



Acquiring stock with potential to be unlocked

Acquisitions



Castle House, 75 Wells Street, W1

- £21.0m, including costs - virtual freehold
- Net initial yield of 3.9%
- 34,600 sq ft multi-let offices
- Rental income of £0.8m pa
- Low rent of £23 psf
- Improving Noho location
- Opportunity to upgrade the building
- £60-£65 psf achieved in the locality



Woodbridge House, 30 Aylesbury Street, EC1

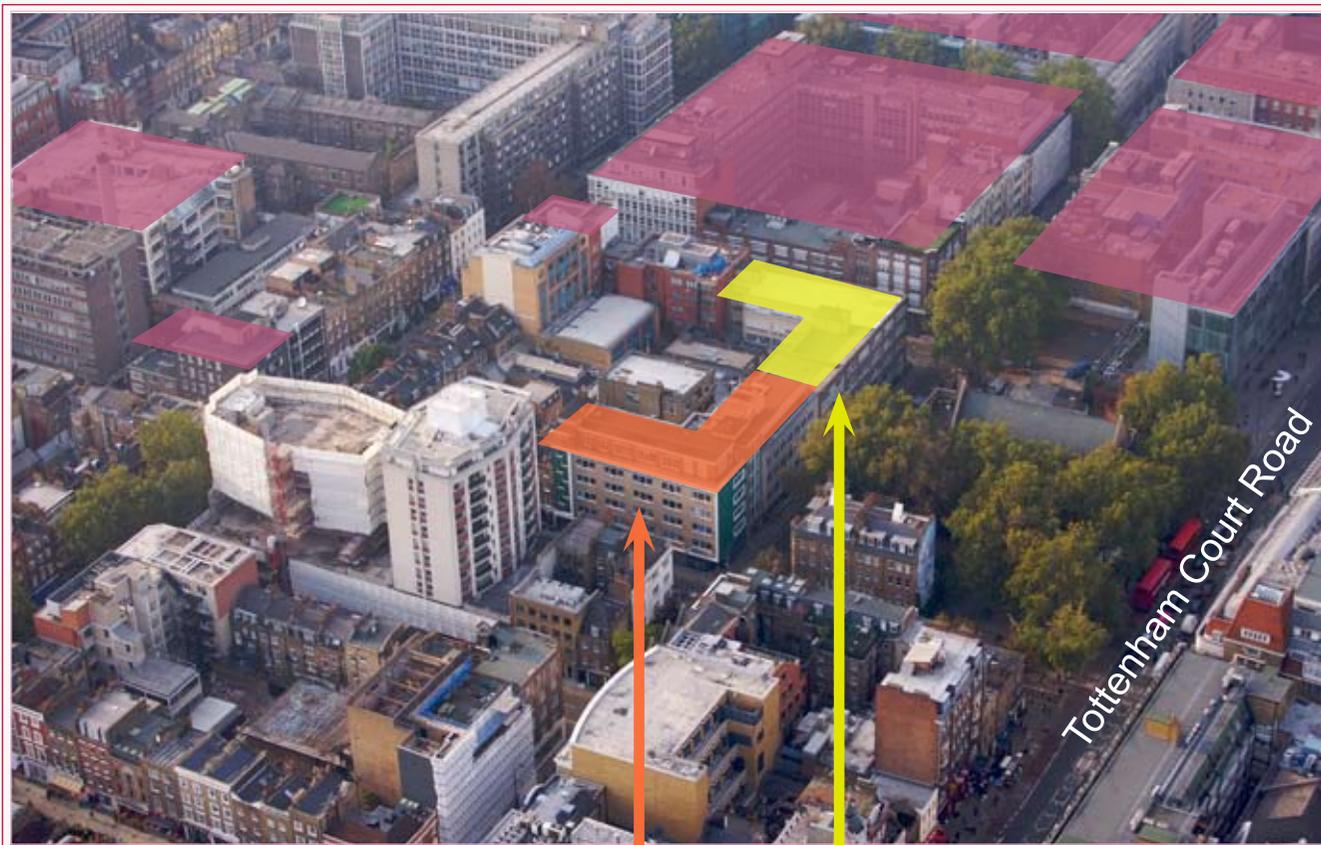
- £48.7m, including costs - freehold
- Net initial yield of 5.0%
- 75,400 sq ft offices
- Rental income of £2.45m pa
- Low rent of £32 psf
- Tenant: Pinsent Masons
- Rent review 2010
- Lease expiry 2015
- Potential to win extra floor area



132-142 Hampstead Road, NW1

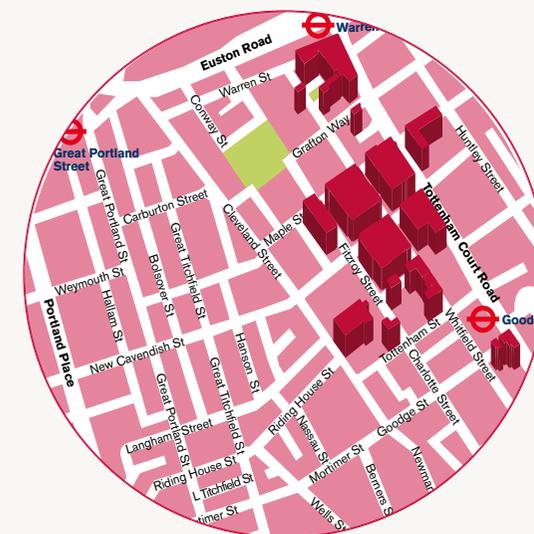
- £54.9m, including costs - freehold
- Net initial yield of 3.7%
- Warehouse/office buildings of 231,000 sq ft (GIA) plus a petrol filling station
- Tenants: BHS, NHS, BP
- Low capital value - circa £230 psf
- Rental income of £2.0m pa - £8 psf
- Lease expiries 2011/12
- Significant redevelopment opportunity

Acquisitions



Fitzrovia Estate

- Valuation - £600m
- Portfolio weighting - 23%
- Floor area - 1.1m sq ft
- Rental income - £20.5m pa
- Rental value - £37.7m pa



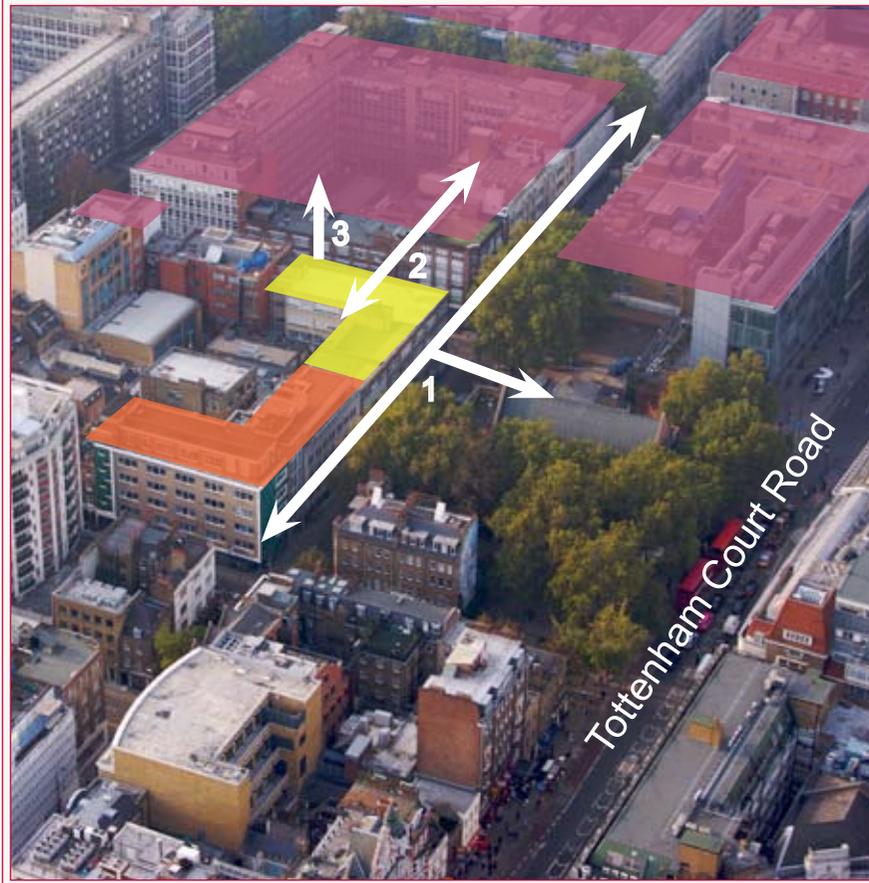
43 and 45-51 Whitfield Street

- Acquired Dec 07
- £16.9m - 4.4% yield
- 26,700 sq ft - two buildings
- Income £0.74m pa (£28 psf)
- Lease expiries in June 08

53-63 Whitfield Street

- Acquired February 08
- £13.5m - 5.3% yield
- 29,400 sq ft
- Income £0.75m pa (£25 psf)
- Let to Arup - with rolling breaks

Acquisitions

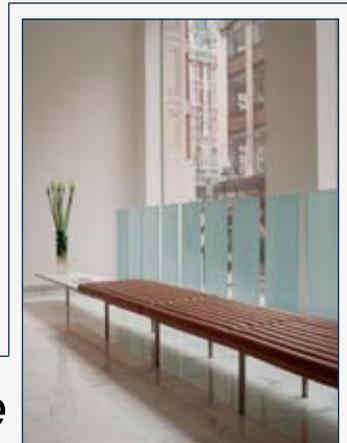


- A number of key objectives:
 - To revitalise the area (1)
 - Strategy for retail improvement
 - Enhancement of public realm
 - Opportunity to optimise land use efficiently (2)
 - Flexibility for residential/affordable requirements on any development
 - Increased height potential (3)
 - In control of rights of light
- A Fitzrovia masterplan commissioned
 - Make architects

A long-term vision for this important West End office location

Disposals

- A clear strategy set out at the time of the merger
- To realign the portfolio through disposals of:
 - Vacant residential sites
 - Provincial assets
 - Non-core smaller properties
- 2007 sales of £343.5m - net proceeds
 - £129.8m surplus
 - Exit yield of 1.7%
 - Substantial benefit from REIT conversion
- Breakdown of disposals:
 - London £262.0m - £118.1m surplus
 - Provincial £81.5m - £11.7m surplus
- Further provincial disposals since year end:
 - Southampton properties - £18.95m



A successful disposal programme

Disposals

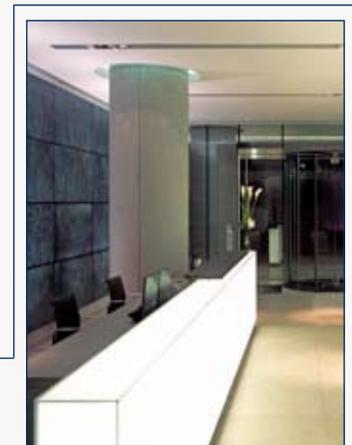
Property	Floor area sq ft	Rental income £m pa	Net proceeds £m	Capital value psf	Exit yield %	Comment
London						
1. Greenwich Reach, SE10	-	-	109.9	-	-	8 acre residential site.
2. 160 Brompton Road, SW3	25,000	0.8	44.3	1,800	1.8	Residential development potential.
3. Argosy House, W1	30,700	-	22.4	750	-	Office refurbishment opportunity.
4. 3-4 South Place, EC2	37,400	-	18.0	490	-	Office refurbishment opportunity.
5. 2 Winchester Road, NW3	-	-	17.9	-	-	Residential site.
6. Broadmead & Westcombe, SW1	16,000	0.3	17.5	1,090	1.7	Sale to adjacent owner.
7. 70-74 Wigmore Street, W1	10,400	0.2	9.4	900	2.7	Sale to freeholder.
8. 7-15 Rosebery Avenue, EC1	10,400	0.1	3.7	360	2.6	Office refurbishment opportunity.
9. 37-42 Compton Street, EC1	29,500	0.2	9.1	310	2.0	Office refurbishment opportunity.
10. 5-7 Ireland Yard, EC4	9,500	0.2	3.7	390	4.1	Sale to tenant.
11. Other	8,100	-	6.1	-	-	
	177,000	1.8	262.0		0.7	
Provincial						
1. Lion & Lamb Yard, Farnham	70,000	1.6	31.8	-	5.0	Portman Estate joint venture - retail.
2. Dukes Lane & Middle Street, Brighton	64,000	0.9	19.5	-	4.5	Lease regeared prior to sale - retail.
3. Quadrant Arcade & South Street, Romford	61,800	1.0	15.8	-	6.4	Multi-let retail with vacant units.
4. 32 High Street, Dorking	27,000	0.3	6.4	-	4.1	Sale to tenant - Sainsbury's.
5. Other	8,200	0.1	8.0	-	-	
	231,000	3.9	81.5	-	4.8	

Projects update

Project pipeline

Key points

- Valuation surplus of £50.3m on the development properties - a 17% increase.
 - Qube, W1
 - Arup II & III, W1
 - Portobello Dock, W10
 - Gresse Street/Rathbone Place, W1
 - Horseferry House, SW1
 - Leonard Street, EC2
- Further surpluses to come through despite the outward yield movement
- Underpinned by realistic rental values
- A number of important value adding planning permissions obtained
 - Angel Building, EC1
 - North Wharf Road, W2
 - 40 Chancery Lane, WC2
- Planning permissions total 0.9m sq ft - seven projects
 - 114% floor area increase - 0.5m sq ft of additional space
 - Flexibility for implementation
 - Supported by £8.5m pa of rental income
- Feasibility studies progressed on a number of key buildings



Over 50% of the portfolio identified with development potential

Project pipeline

Current projects

Property	Floor area 000's sq ft	Est capital expenditure to complete ¹ £m	Total cost ² £m	Headline ERV £ psf	Est rental value £m pa	Est yield %	Est end value £m	Est surplus to come £m	Anticipated completion date
Completed									
1. Telstar, W2	107	-	-	-	-	-	-	-	
2. Qube, W1	108	1.1	123.0	60	6.7	5.00	127.0	4.0	
	215	1.1	123.0		6.7		127.0	4.0	
Current									
1. Portobello Dock, W10	69	2.6	32.0	35	1.4	5.70	36.0	4.0	Q2 08
2. Horseferry House, SW1 - pre-let	163	11.7	108.0	45	6.8	5.25	122.0	14.0	Q2 08
3. Gresse Street/Rathbone Place, W1	59	21.3	53.0	60	3.2	5.00	60.0	7.0	Q2 09
4. Arup II & III, W1 - pre-let	142	32.6	124.0	57	8.2	5.25	147.0	23.0	Q4 09
	433	68.2	317.0		19.6		365.0	48.0	

Horseferry House



- Pre-let to Burberry - £5.3m pa (£38 psf)
- Reversionary

Arup II & III



- Phased completion
- Pre-let to Arup - £2.7m pa rising to £6.0m pa - £42 psf
- Reversionary, rent review 2011

16-19 Gresse Street

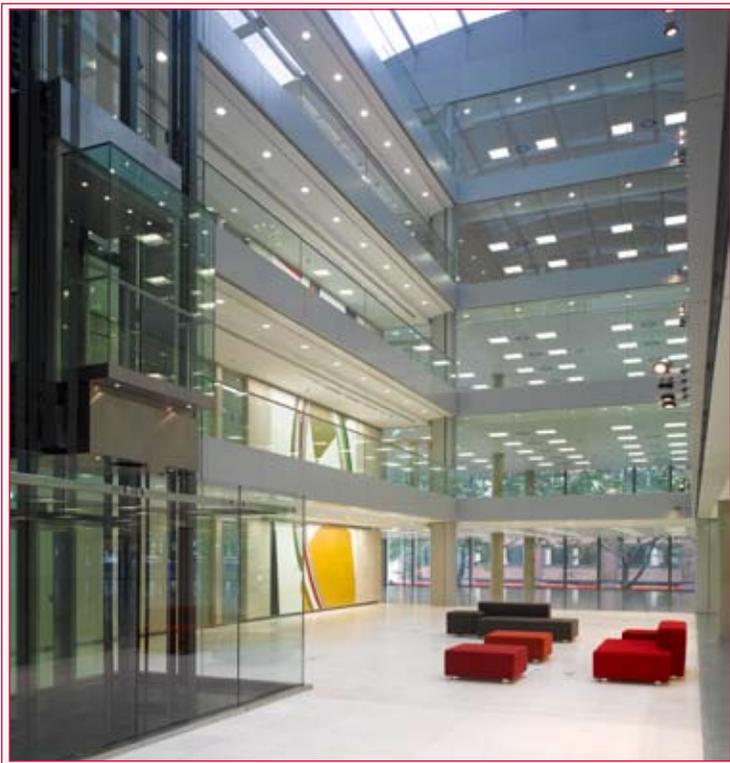


- Demolition complete
- Building contract placed

¹ Post December 31st 2007

² Comprising latest book value (which includes realised surplus to date), capex to complete, fees and notional interest until income producing

Qube, 90 Whitfield Street, W1 Completed



- Completed in October 2007
- 100,000 sq ft offices, 8,000 sq ft retail (6 units)
- Letting update:
 - Offices - 18,840 sq ft to Aegis Media
 - £1.15m pa (£60 psf) - 15 year term
 - Retail - 1,220 sq ft to Itsu
 - £0.1m pa - 15 year term
- 22.8% valuation uplift in 2007



Investing in Fitzrovia - delivering Grade A spaces

Portobello Dock, W10

Current projects

- Transformation of the area nearing completion
- 69,000 sq ft mixed-use scheme:
 - New offices - 24,000 sq ft - ERV £35 psf
 - Refurbished offices - 26,000 sq ft - ERV £25 psf
 - Residential - 19,000 sq ft - 19 units
- Residential pre-sold in February 08
 - £12.6m and 19% above appraisal
- 17.8% valuation uplift in 2007



Project pipeline

Planning consents

Property	Current rental income pa £m	Existing floor area 000's sq ft	Consented floor area 000's sq ft	Uplift %	Earliest completion	Comments
1. 20-26 Rosebery Avenue, EC1 (F)	0.2	25	37	48	2009	Office refurbishment.
2. Leonard Street, EC2 (F)	n/a	n/a	55	n/a	2010	Office/residential development.
3. Angel Building, EC1 (F)	4.2	162	255	58	2010	Office refurbishment.
4. Wedge House, SE1 (F)	0.7	39	81	108	2010	Office development.
5. The Turnmill, EC1 (F)	0.6	45	65	44	2010	Office refurbishment.
6. 40 Chancery Lane, WC2 (F/L)	1.1	71	102	44	>2010	Office development.
7. North Wharf Road, W2 (L)	1.7	84	316	276	>2010	Office/residential development.
	8.5	426	911	114		

() Tenure

- Images of planning consented projects

Rosebery Avenue



- Multi-let - rolling breaks

Leonard Street



- Cleared site

Wedge House



- Lease expiry June 2008

The Turnmill



- Multi-let - rolling breaks

Angel Building, St John Street, EC1

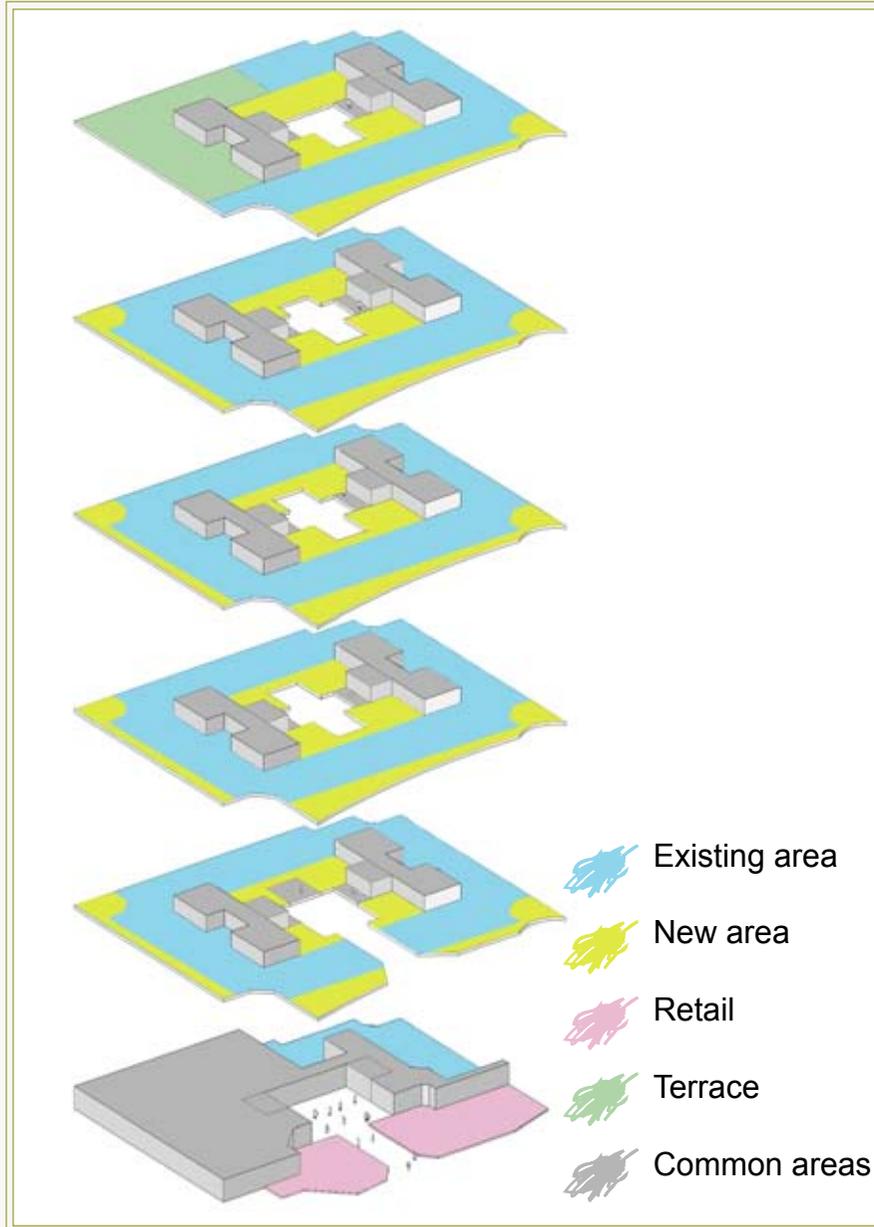
Planning consents



Investing in Islington - a new landmark building

Angel Building, St John Street, EC1

Planning consents



2007:

- February
 - Architectural studies initiated
 - Existing building 162,000 sq ft
- March
 - BT lease restructured giving us control and £4.2m pa of income until March 2010
- October
 - Planning application submitted for a 255,000 sq ft scheme

2008:

- February
 - Planning consent granted

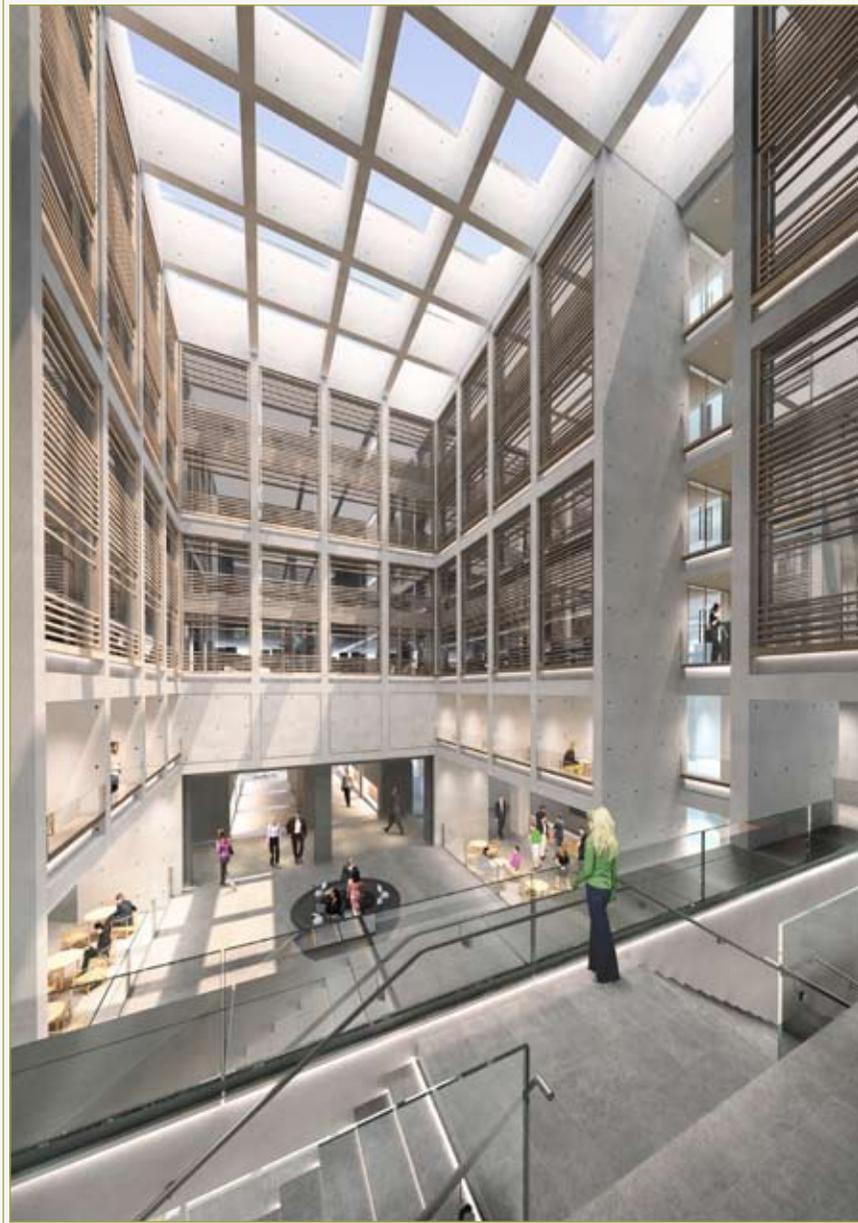
2010:

- Delivery



Angel Building, St John Street, EC1

Planning consents



- Floor area increase of 58%
- Floor plates - circa 50,000 sq ft - units from 10,000 sq ft
- Rental aspirations of £42 to £45 psf
- Rental income helping to fund the development process
- Detailed design underway

Profit on cost sensitivity matrix (£m/%)

Rental value psf	£40.00	£42.50	£45.00	£47.50
£m pa	10.0	10.6	11.2	11.8
Valuation yield %	5.25	17.1 10.5%	27.8 17.1%	38.6 23.7%
	5.50	8.9 5.5%	19.2 11.8%	29.4 18.1%
	5.75	1.4 0.9%	11.2 6.9%	21.1 12.9%
	6.00	(5.4) -3.3%	4.0 2.5%	13.4 8.2%
Project development yield	6.1%	6.5%	6.9%	7.2%

55-65 North Wharf Road, W2

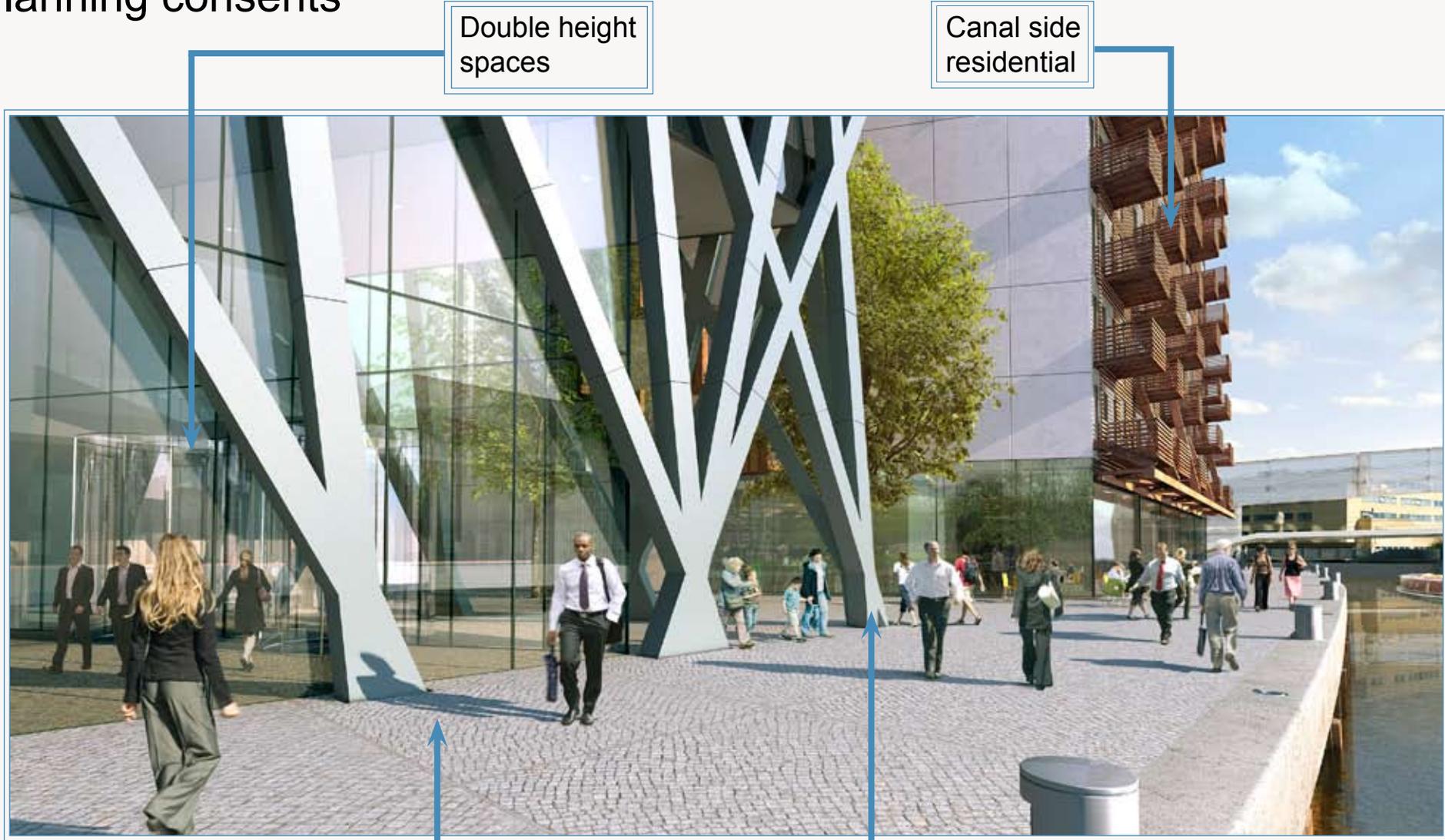
Planning consents



- Acquired in 2001 for £23 million
- Long leasehold - expires 2096
- Existing buildings totalling 84,000 sq ft
 - Multi-let - lease expiries from 2010
 - Current income £1.7m pa
- Valuable planning consent obtained in January 2008
- Consented areas:
 - 240,000 sq ft - offices
 - 73,000 sq ft - residential - 84 private, 16 affordable
 - 2,900 sq ft - retail
- Floor area increase of 276%

55-65 North Wharf Road, W2

Planning consents



Double height spaces

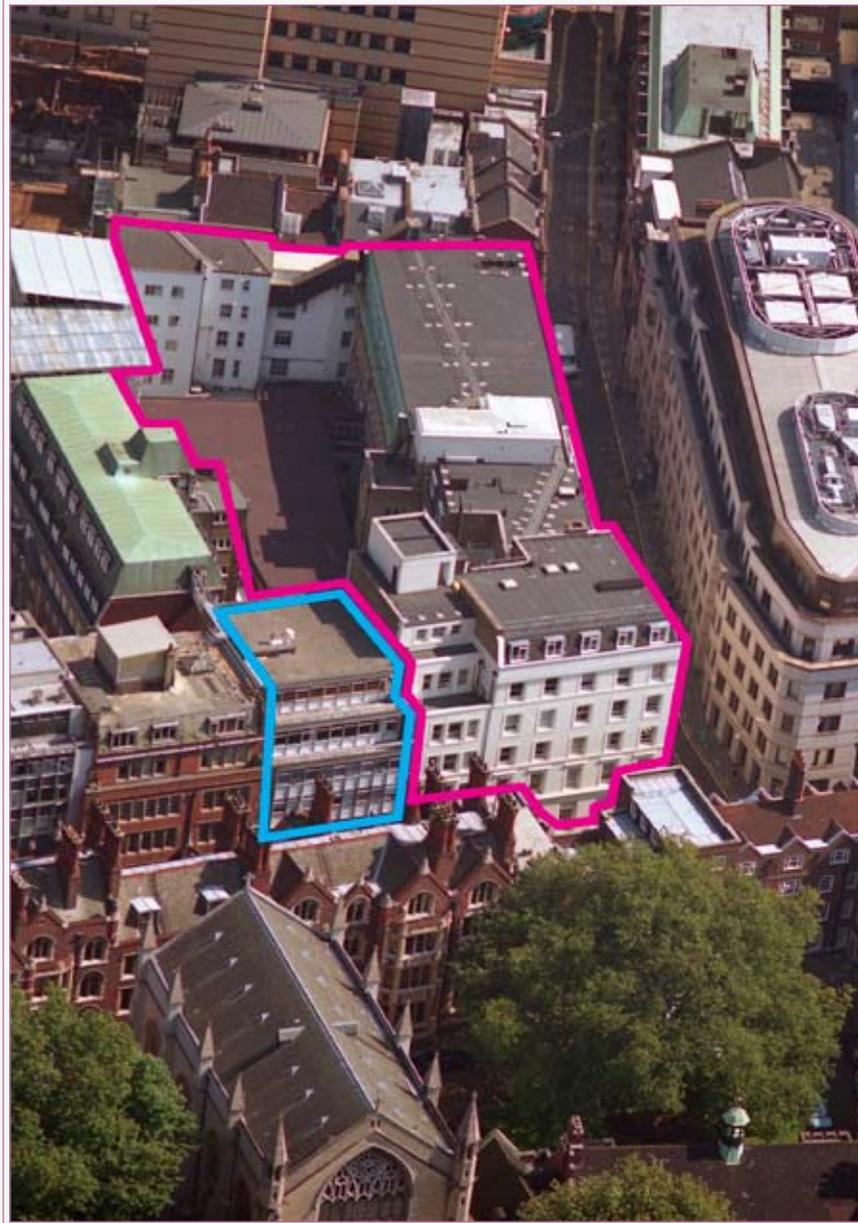
Canal side residential

New public walkway

A slender diagrid framework

40 Chancery Lane, WC2

Planning consents



- A prime Holborn location

- Our ownership (—):
 - 40 Chancery Lane and 20 Took's Court
 - 61,500 sq ft
 - Multi-let - £1.1m pa (£18 psf)
 - Part freehold/part leasehold

- Our freeholder's ownership (—):
 - 45 Chancery Lane - 9,600 sq ft

- Combined
 - Valuable redevelopment opportunity
 - Lease expiries 2008/12
 - Terms agreed to regear the head lease



40 Chancery Lane, WC2

Planning consents



- Planning consent for 102,000 sq ft
- A 44% floor area increase
- A rare opportunity to deliver a new office building in this renowned location
- 16,000 sq ft floor plates
- Introduce retail/restaurant space

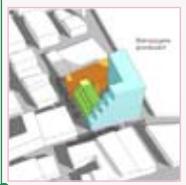
Project pipeline

Feasibility studies

		Current income £m pa	Existing area 000's sq ft	Potential area 000's sq ft	Outline studies	Planning evaluation	Planning application	Comment
City Road Estate		1.0	100	200				Following a planning refusal in 2007 we are working on a revised application.
Grosvenor Place		5.2	162	270				Two substantial office buildings occupying a landmark location. Studies are in partnership with our freeholder the Grosvenor Estate.
Riverwalk House		2.3	75	200				A prime riverside location overlooking the Thames. Potential to substantially increase the site density through redevelopment.
Charlotte Street		3.2	200	300				An island block in the heart of our Fitzrovia Estate with significant redevelopment potential.
Charing Cross Road		3.6	107	300				The location for a proposed major Crossrail interchange and its implementation would unlock a major development opportunity.

Project pipeline

Feasibility studies

		Current income £m pa	Existing area 000's sq ft	Potential area 000's sq ft	Outline studies	Planning evaluation	Planning application	Comment
Hampstead Road		2.0	231	280				Located near Euston Station. There is the potential for an office/residential development in 2012.
Tea Building		1.7	140	300				Long-term redevelopment potential as the City moves north.
Balmoral Grove		0.4	50	190				Potential to replace low rise industrial buildings with a mixed use development.
		19.4	1,065	2,040				
Others								
Baker Street								
Bush House								

Significant planning potential to unlock

Project pipeline

Summary

- Over 200,000 sq ft of schemes completed in 2007 - Telstar and Qube
- Current projects totalling 0.4m sq ft
 - 70% pre-let
- Delivering valuable planning consents
- Seven planning consents banked totalling 0.9m sq ft of space
 - A 114% floor area increase
- Angel Building - rental income helping to fund the development process
- Feasibility studies indicate a significant amount of space to be unlocked through the planning process
 - From an existing area of 1.1m sq ft there is the potential to turn this into over 2m sq ft
- Total project pipeline - 3.3m sq ft
 - End value circa £3bn



An important pipeline that is underpinned with income

Conclusion

Conclusion

- A strong operational performance in a testing market
- Achieved our post merger goals of:
 - Integration
 - Disposals
- A portfolio that is characterised by:
 - Low average rents - £23.91 psf in Central London
 - Solid unexpired average lease length of 9.1 years
 - A flexible development pipeline that is underpinned with income
- Looking forward - performance to be achieved through our dynamic approach:
 - Asset management
 - Driving rents
 - Planning and the development process
- In an excellent financial position - ability to act quickly if suitable acquisitions become available
- An experienced management team that has worked through the property cycles

Appendices

Appendices

1. Capital expenditure
2. Portfolio summary
3. Portfolio statistics by village
4. Principal lettings - 2007
5. Project pipeline map
6. Management structure - executive team

Appendix 1

Capital expenditure

Summary by property	2007 actual	2008 budget	2009 budget	2010 & beyond ¹ budget
	£m	£m	£m	£m
Horseferry House	13.5	11.0	0.7	-
Qube	12.4	0.1	1.0	-
Portobello Dock	8.6	2.4	0.2	-
Howland House, Arup II & III	7.4	20.2	12.4	-
16-19 Gresse Street	3.4	11.7	9.4	0.2
Angel Building	2.3	13.8	60.5	6.4
18-30 Leonard Street	1.3	2.9	10.4	0.2
55-65 North Wharf Road	1.1	1.0	3.6	133.4
Wedge House	1.1	0.9	-	-
The Johnson Building	1.1	-	-	-
City Road Estate	0.6	1.0	0.8	84.6
The Turnmill	0.6	0.8	3.1	14.9
1-5 Grosvenor Place	0.5	14.1	30.0	104.3
40 Chancery Lane	0.5	0.7	1.3	42.4
151 Rosebery Avenue	0.2	3.6	0.1	-
Goodge Street	0.2	0.2	1.1	7.9
Other	6.2	15.5	6.1	2.3
Totals	61.0	99.9	140.7	396.6

¹ Does not include schemes commencing in 2010

Appendix 2

Portfolio summary

	Valuation £m	Net contracted rental income per annum £m	Average rental income £ psf	Vacant floor area rental value per annum £m	Rent review and lease reversions per annum £m	Total reversion per annum £m	Estimated rental value per annum £m
West End							
Central	1,761.3	69.5	25.51	12.9	29.0	41.9	111.4
Outer	160.6	8.0	17.46	1.8	2.4	4.2	12.2
	1,921.9	77.5	24.36	14.7	31.4	46.1	123.6
City							
Outer	559.6	29.2	22.80	2.1	5.5	7.6	36.8
Central London	2,481.5	106.7	23.91	16.8	36.9	53.7	160.4
Provincial							
Scotland	110.4	5.2	15.97	1.1	0.1	1.2	6.4
Other	79.8	5.7	17.06	0.5	(0.4)	0.1	5.8
	190.2	10.9	16.53	1.6	(0.3)	1.3	12.2
Investment portfolio	2,671.7	117.6	22.97	18.4	36.6	55.0	172.6

West End

Central: Belgravia, Mayfair, Soho, Covent Garden, Victoria, Fitzrovia, Noho, Paddington, Baker Street, Marylebone

Outer: Camden, Islington, Ladbroke Grove, Swiss Cottage

City

Outer: Clerkenwell, Holborn, Shoreditch, Southbank and borders

Appendix 3

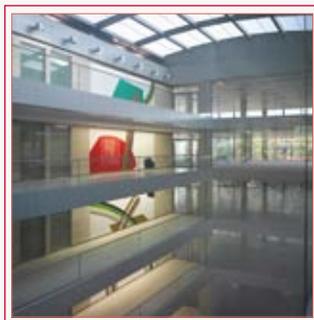
Portfolio statistics by village

	Valuation £m pa	Weighting %	Floor area sq ft 000's	Vacant floor area 000's	Net contracted rental income £m pa	Average rental income £psf	Vacant accommodation rental value £m pa	Rent review/ lease renewal reversion £m pa	Total reversion £m pa	Estimated rental value £m pa
West End: Central										
Fitzrovia/Euston	654.0	25	1,312	139	22.6	19.23	6.8	11.8	18.6	41.2
Soho/Covent Garden	273.2	10	423	9	11.2	27.57	0.6	3.1	3.7	14.9
Victoria	265.3	10	461	16	13.1	29.49	0.8	4.3	5.1	18.2
Noho	170.2	6	264	64	7.3	36.85	3.4	1.1	4.5	11.8
Marylebone/Baker Street	151.9	6	234	15	6.7	30.83	0.6	2.6	3.2	9.9
Belgravia	141.7	5	183	-	5.3	30.16	-	4.2	4.2	9.5
Mayfair	64.0	2	42	-	1.5	49.71	-	1.8	1.8	3.3
Paddington	41.0	2	92	17	1.8	25.41	0.7	0.1	0.8	2.6
West End: Outer										
Islington/Camden	122.3	5	451	30	7.2	17.08	0.4	1.8	2.2	9.4
Other ¹	38.3	1	106	69	0.8	21.78	1.4	0.6	2.0	2.8
West End	1,921.9	72	3,568	359	77.5	24.36	14.7	31.4	46.1	123.6
City: Outer										
Clerkenwell	174.6	7	426	36	9.3	24.19	1.1	2.0	3.1	12.4
City borders	170.1	6	390	38	8.5	24.19	0.6	0.7	1.3	9.8
Holborn	133.6	5	266	6	7.4	28.61	0.1	1.1	1.2	8.6
Shoreditch	68.5	3	264	17	3.3	13.47	0.3	1.5	1.8	5.1
Southbank	12.5	-	39	-	0.7	16.82	-	0.2	0.2	0.9
Other	0.3	-	2	2	-	-	-	-	-	-
City	559.6	21	1,387	99	29.2	22.80	2.1	5.5	7.6	36.8
Central London	2,481.5	93	4,955	458	106.7	23.91	16.8	36.9	53.7	160.4
Provincial										
Scotland	110.4	4	389	65	5.2	15.97	1.1	0.1	1.2	6.4
Other	79.8	3	394	57	5.7	17.06	0.5	(0.4)	0.1	5.8
Provincial	190.2	7	783	122	10.9	16.53	1.6	(0.3)	1.3	12.2
Investment portfolio	2,671.7	100	5,738	580	117.6	22.97	18.4	36.6	55.0	172.6

¹Ladbroke Grove and Swiss Cottage

Appendix 4

Principal lettings - 2007



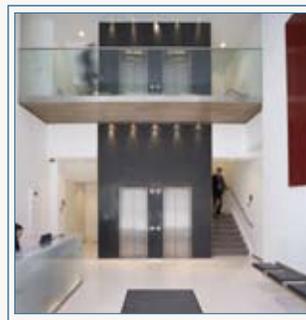
Qube, 90 Whitfield Street, W1

- Office floor and retail unit
- Aegis and Itsu
- 20,100 sq ft
- £1.25m pa
- £60 psf (office)



186 City Road, EC1

- 38,300 sq ft
- £1.1m pa
- £25-£31 psf



Tower House, WC2

- 3 lettings - Xstrata, LG and Canamens
- 15,400 sq ft
- £1.0m pa
- £65 psf - £67.50 psf



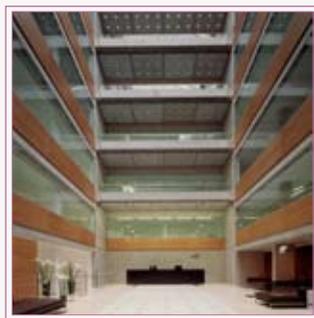
100 George Street, W1

- Pre-let: London & Newcastle
- 9,900 sq ft
- £0.56m pa
- £60 psf



6-7 St Cross Street, EC1

- 3 refurbished floors let
- 18,900 sq ft
- £0.51m pa
- £35 psf



The Johnson Building, EC1

- Lettings of last floor - Syzygy Ltd
- 11,100 sq ft
- £0.47m pa
- £42.50 psf rising to £45 psf



Holden House, W1

- Pre-let: H&M Hennes
- 6,800 sq ft
- £0.32m pa
- £47.50 psf

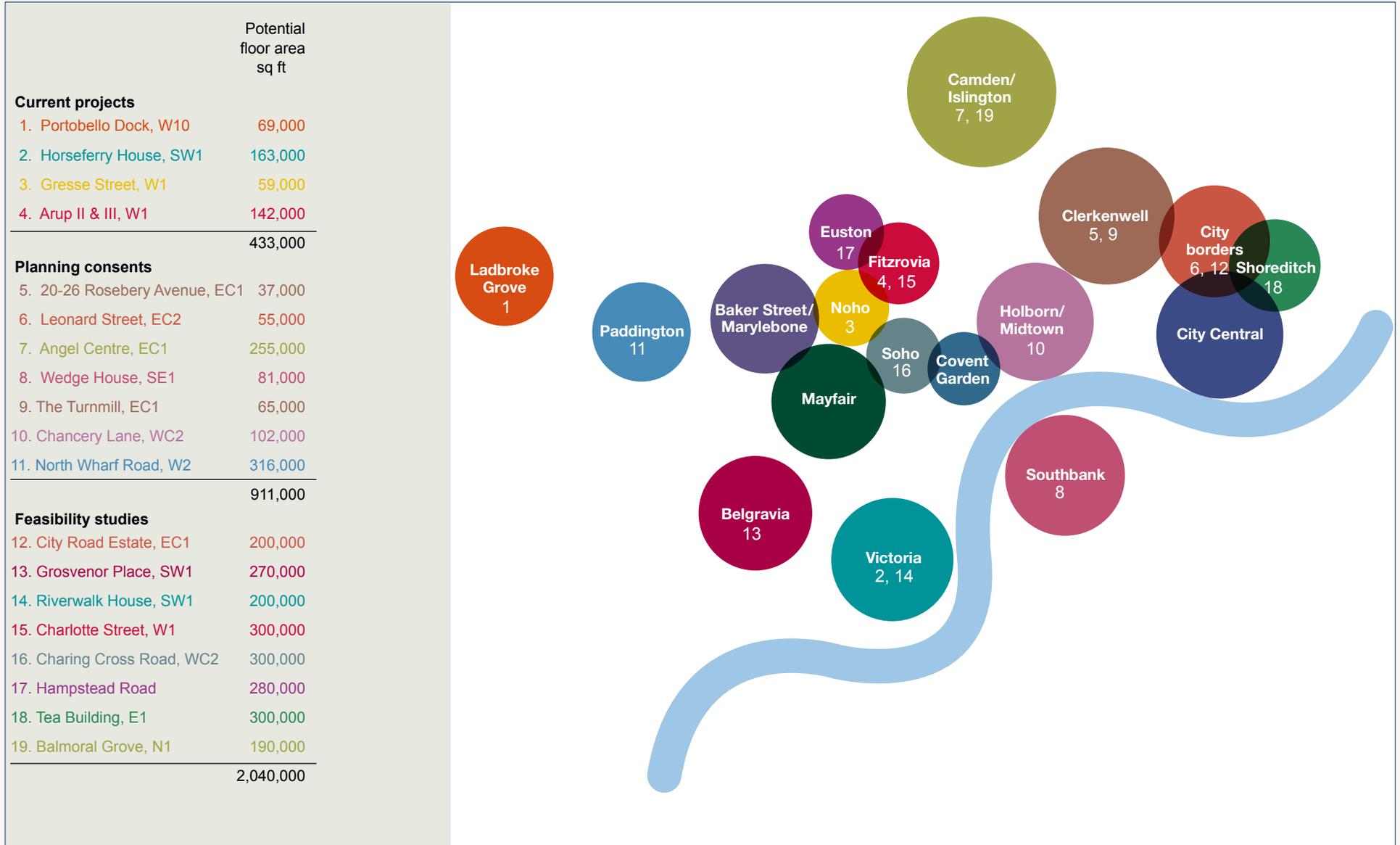


Tea Building, E1

- Various suites let
- 14,200 sq ft
- £0.23m pa
- £17-£20 psf

Appendix 5

Project pipeline map



Appendix 6

Management structure - executive team

- John Burns Chief Executive
- Simon Silver Head of Development
- Chris Odom Finance Director
- Nigel George Director
- Paul Williams Director
- David Silverman Director
- Tim Kite Company Secretary
- Nick Groves Senior Investment Manager
- Russell Durling Group Surveyor
- Gary Preston Financial Controller

Disclaimer

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