



Derwent London plc
2008 interim results

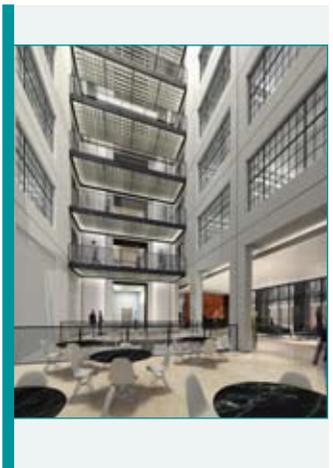
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Achievements

- £11.0 million per annum of new lettings to date - surpassing entire 2007 activity
- Three major planning permissions obtained - totalling 680,000 sq ft (115% uplift) - all income producing
- Important asset management initiatives concluded
- Disposal of non-core assets of £56.1 million
- Acquisitions of £15.5 million - adjacent to existing ownerships
- Project capex of £44.9 million



An active half year with important lettings signed

Financial review

2008 interim results

Headline numbers

- Adjusted net asset value per share fell 9.1%
to 1,637p (31st December 2007: 1,801p)
- Recurring profit before tax includes the reverse surrender premium
paid at 1-3 Grosvenor Place
 - Pre-surrender premium £17.3m
 - Post-surrender premium £ 9.0mwhich compared with £12.3m reported for the 2007 first half
- Diluted recurring earnings per share rose 12.3%
to 9.68p from 8.62p at 30th June 2007
- Interim dividend increased 8.7% to 8.15p per share

A solid performance in a tough market

2008 interim results

Balance sheet

- Summarised format

	30.6.08	30.6.07	31.12.07
	£m	£m	£m
Investment property	2,496.8	2,804.6	2,654.6
Other non-current assets	46.5	156.3	33.8
	<u>2,543.3</u>	<u>2,960.9</u>	<u>2,688.4</u>
Assets held for resale	8.4	9.4	12.8
Other current assets	0.4	2.9	12.5
Cash	5.8	20.9	10.3
Bank overdrafts and loans	(100.0)	(38.6)	(120.6)
Corporation tax liability	(11.4)	(62.2)	(75.4)
	<u>(96.8)</u>	<u>(67.6)</u>	<u>(160.4)</u>
Financial liabilities	(751.7)	(929.9)	(672.5)
Other liabilities	(12.1)	(30.3)	(13.6)
	<u>(763.8)</u>	<u>(960.2)</u>	<u>(686.1)</u>
Total net assets	1,682.7	1,933.1	1841.9
Minority interests	(55.4)	(57.5)	(59.9)
Attributable to equity holders	<u>1,627.3</u>	<u>1,875.6</u>	<u>1,782.0</u>

2008 interim results

Net asset value per share

- Reconciliation

	30.6.08		30.6.07		31.12.07	
	£m	p	£m	p	£m	p
Total net assets	1,682.7	1,669	1,933.1	1,922	1,841.9	1,829
Adjustments	23.5		9.4		33.5	
Adjusted total net assets	<u>1,706.2</u>	1,693	<u>1,942.5</u>	1,931	<u>1,875.4</u>	1,862
Minority interests*	<u>(56.4)</u>		<u>(57.5)</u>		<u>(61.6)</u>	
Adjusted total net assets after minority interests	<u>1,649.8</u>	1,637	<u>1,885.0</u>	1,874	<u>1,813.8</u>	1,801
Number of shares ('000)	<u>100,807</u>		<u>100,574</u>		<u>100,703</u>	

*Minority interest at 30th June 2008
55% owned JV with Portman Estate

2008 interim results

Group income statement

- Summarised format

	6 months to		Year to
	30.6.08	30.6.07	31.12.07
	£m	£m	£m
Gross property income	57.5	50.5	111.7
Property outgoings	(7.1)	(4.4)	(9.9)
	<u>50.4</u>	<u>46.1</u>	<u>101.8</u>
Development income	0.5	6.8	2.0
Reverse surrender premium	(8.3)	-	-
Trading stock	(1.0)	-	-
	<u>41.6</u>	<u>52.9</u>	<u>103.8</u>
Administrative expenses	(8.4)	(10.4)	(17.9)
Goodwill impairment	-	(353.3)	(353.3)
Revaluation (deficit)/surplus	(163.8)	243.2	90.3
Profit on disposal of properties/ investments	<u>2.1</u>	<u>10.0</u>	<u>130.8</u>
(Loss) from operations	(128.5)	(57.6)	(46.3)
Net finance costs	(23.7)	(25.2)	(48.1)
Derivatives fair value movement	7.8	6.7	(5.1)
JVs results	(0.3)	(0.2)	(0.3)
IFRS (loss) before tax	<u>(144.7)</u>	<u>(76.3)</u>	<u>(99.8)</u>

2008 interim results

Group income statement

- 2008 results include a full six months from LMS
- Gross property income rose £7.0m, of which approximately £4.1m resulted from the additional month. Lettings and reviews added £6.1m while voids reduced rents by £2.8m
- Within property expenditure, void costs rose £1.4m and transaction costs increased by £1.3m
- Reverse surrender premium paid of £8.0m plus costs is only exceptional due to its size
- Despite the extra month, administrative expenses, excluding share option valuation credits, were £1.2m (11%) lower than the first half of 2007 due to lower employment costs
- Finance costs - lower borrowings compensated for higher rates and the additional month's interest

2008 interim results

Recurring profit before tax

- Recurring profit before tax is £9.0m (30th June 2007: £12.3m) but.....
this is reported after charging:
 - £8.3m in respect of the reverse surrender premium paid to the tenant at 1-3 Grosvenor Place
 - £1.0m in respect of a write down of housing land at Summerston
- Reconciliation to IFRS (loss) before tax

	Half year to		Year to
	30.6.08	30.6.07	31.12.07
	£m	£m	£m
(Loss) before tax	(144.7)	(76.3)	(99.8)
Revaluation deficit/(surplus)	163.8	(243.2)	(90.3)
JV revaluation deficit	0.3	-	-
Profit on disposal of properties	(2.1)	(9.0)	(129.8)
Loss on disposal of JV property	-	0.2	0.7
Profit on disposal of investments	-	(1.0)	(1.0)
Development income	(0.5)	(6.8)	(2.0)
Debenture redemption premia	-	(1.5)	(1.5)
Cost of acquisition facility	-	3.3	3.3
Fair value movement in derivatives	(7.8)	(6.7)	5.1
Goodwill impairment	-	353.3	353.3
Recurring profit before tax	<u>9.0</u>	<u>12.3</u>	<u>38.0</u>

2008 interim results

Cash flow

- Cash outflow in half year of £65.8m, mainly due to payment of REIT conversion charge of £53.6m

	Half year to		Year to
	30.6.08	30.6.07	31.12.07
	£m	£m	£m
Operating activities	19.7	14.8	28.4
Investing activities	(72.0)	(88.6)	69.2
Dividend	(13.5)	(5.6)	(13.2)
	<u>(65.8)</u>	<u>(79.4)</u>	<u>84.4</u>

- In the first half, acquisitions and capital expenditure have been financed by disposals with net investment in the property portfolio only £6.0m

	£m
Acquisitions	16.9
Capital expenditure	44.4
Disposal proceeds	<u>(55.3)</u>
	<u>6.0</u>

Debt and debt ratios

- New facilities of £128m signed this year, extending average life of debt to 6.3 years (31st December 2007: 6.1 years)
- Next debt maturity is November 2009, then December 2011. Full list of facilities in Appendix 1.
- Unutilised facilities at 30th June 2008 amounted to £310m

• Net debt	30.6.08	31.12.07
	£m	£m
Bank overdraft and loans	100.0	120.6
Financial liabilities	751.7	672.5
Cash and cash equivalents	(5.8)	(10.3)
Net debt	845.9	782.8
Acquired fair value of bond	(19.6)	(19.9)
Leasehold liabilities	(6.6)	(9.0)
Drawn facilities	819.7	753.9
• Gearing (definition in 2007 annual report)		
Balance sheet	50.3%	42.5%
Interest - pre-Hanson premium	1.77	1.81
- post-Hanson premium	1.43	n/a
LTV	32.6%	28.2%

Liability risk management

- 60% of net debt (nominal value) was either fixed or hedged at the half year
- Interest rate is fixed by:

	£m
Fixed rate debt	175.0
Swaps	310.0
Cap	<u>10.0</u>
	<u>495.0</u>

- Total value of derivative instruments is £9.1m. Income statement credit of £7.8m.
- The fair value adjustment of the secured bond is not included in the results. At 30th June 2008 this was a gain of £2.2m (31st December 2007 - loss £15.0m).
- The spot weighted average cost of the drawn facilities was 6.1%

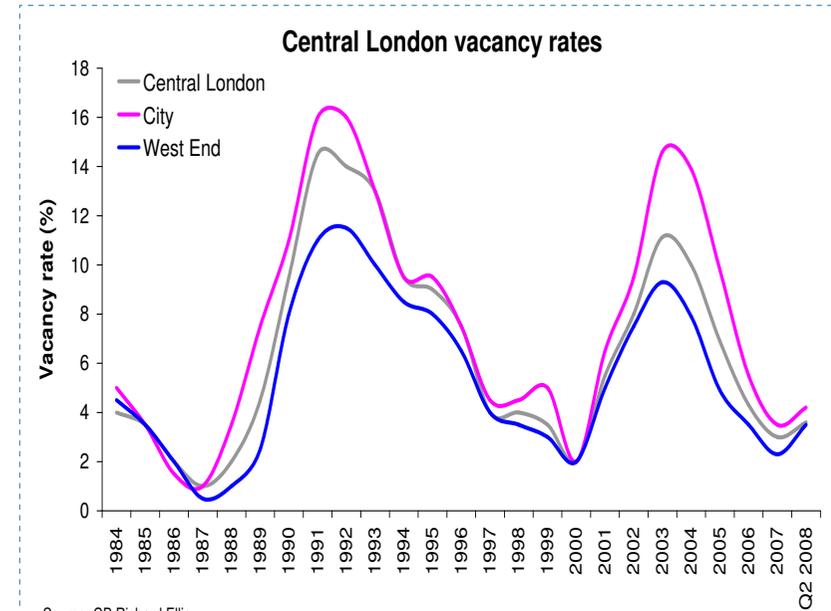
Market summary

Our market

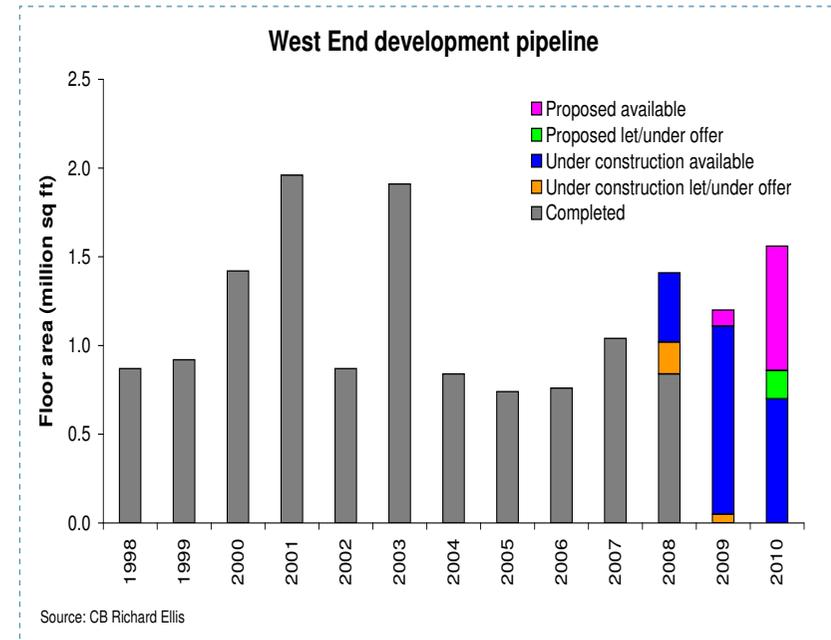
Occupational market

West End

- Since 1990, West End annual take-up has averaged 4.1m sq ft, ranging from 1.9m sq ft (1991) to 5.4m sq ft (2000)
- In the first half of 2008, despite the weakening economy, take-up was 2.0m sq ft, in line with the long term average
- At the end of Q2 2008, the vacancy rate was 3.5% (4.3m sq ft) - up from 2.3% at the beginning of the year
- In 2008 1.4m sq ft of new supply is due to be delivered – 0.8m sq ft in H1 and 0.6m sq ft due in H2, of which 32% is let/under offer
- Delivery in 2009 and 2010 is expected to be 1.2m sq ft and 1.6m sq ft respectively
- As a result of the economic slowdown, West End rents are expected to weaken in the short term - especially at the top end of the market



Source: CB Richard Ellis

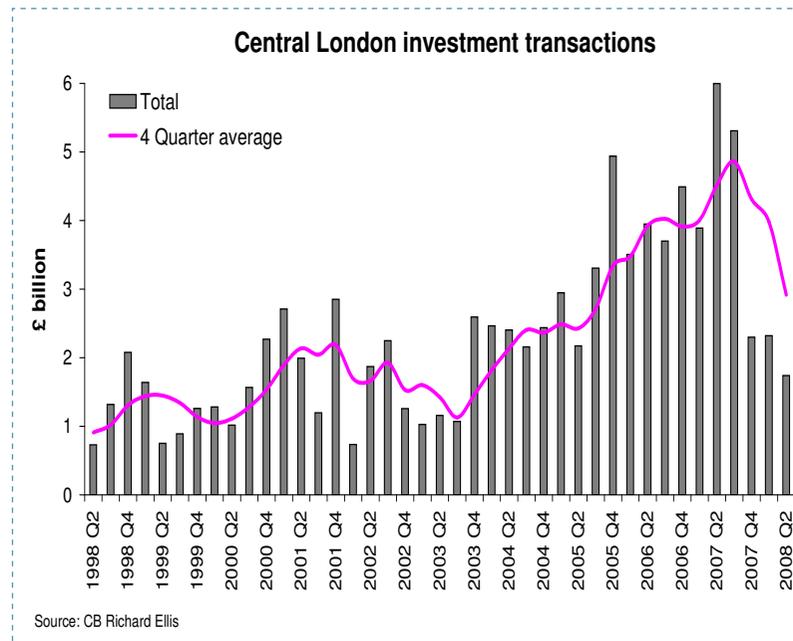


Source: CB Richard Ellis

Our market

Investment summary

- Central London investment transactions in H1 2008 totalled £4.1bn - 59% lower than H1 2007
- Overseas investors dominated activity accounting for 63% of purchases
 - Middle Eastern investors represented 22% of the overall total - targeting prime assets
 - German funds - primarily focused on the City but now considering the West End - yields 5.5% to 6.0%
- Liquidity in the financial market required before a pick-up in activity
 - Unlikely for the next 12 months
- Potential sources of stock - still limited
 - Non-performing loans
 - Institutional redemptions
- Further outward yield movement anticipated before yields stabilise



Valuation

Valuation performance

Key points

- Investment portfolio valuation June 2008

	Portfolio valuation £m	H1 Valuation movement £m ¹	H1 Valuation movement %
Investment properties	2,365.0	-159.5	-6.3
Development properties ²	137.7	-1.7	-1.3
Underlying	2,502.7	-161.2	-6.1
Acquisitions	15.5	-0.7	-4.1
Investment portfolio	2,518.2	-161.9	-6.0

- Underlying H1 valuation change -6.1%
 - Central London -5.8%
 - West End -5.3%
 - City Borders -7.8%
 - Provincial -9.3%
- Underlying H1 rental value growth 1.3%
 - West End 1.0%
 - City Borders 2.0%
- These compare favourably to the IPD³ H1 office capital value growth figures
 - Central London -8.2%
 - West End -6.7%
 - City -9.8%

¹ Prior to the adjustment for lease incentives of £1.9m

² Angel Building, Arup III, Gresse Street/Rathbone Place, Leonard Street

³ Quarterly Index



Relative valuation outperformance

Valuation performance

By location

	Portfolio valuation £m	Weighting %	Valuation movement H1 2008 ¹ %	Valuation surplus H1 2008 ² £m	Comment
West End					
Paddington	42.0	2	0.9	0.4	Planning permission at North Wharf Road
Belgravia	139.1	6	-0.2	-0.3	Long term development potential
Camden/Islington	120.0	5	-1.8	-2.2	Angel planning permission
Victoria	263.8	10	-4.7	-13.0	
Noho	165.0	7	-4.8	-8.2	
Soho/Covent Garden	256.6	10	-6.0	-16.4	
Fitzrovia/Euston	639.5	25	-6.5	-44.1	
Baker Street/Marylebone	141.4	6	-7.6	-11.7	
Mayfair	56.5	2	-11.7	-7.5	
Other ³	26.6	1	1.3	0.3	
	1,850.5	74	-5.3	-102.7	
City Borders					
Shoreditch	68.4	3	-1.9	-1.3	Strong rental growth at Tea Building
Clerkenwell	152.4	6	-7.3	-12.0	
Holborn/Midtown	122.7	5	-8.8	-11.8	
Old Street	155.8	6	-9.0	-15.5	
Southbank	11.0	-	-18.4	-2.5	Vacant possession at Wedge House
Other	0.3	-	-	-	
	510.6	20	-7.8	-43.1	
Central London	2,361.1	94	-5.8	-145.8	
Provincial	157.1	6	-9.3	-16.1	
Investment portfolio	2,518.2	100	-6.1	-161.9	

¹ Underlying - properties held throughout the period ² Including acquisitions ³ Principally Ladbroke Grove

Valuation performance

Yields

True equivalent yields

	Dec 2007 %	H1 movement basis points	June 2008 %
West End	5.56	38	5.94
City Borders	5.96	67	6.63
Central London	5.67	41	6.08
Provincial	6.45	103	7.48
	5.72	43	6.15

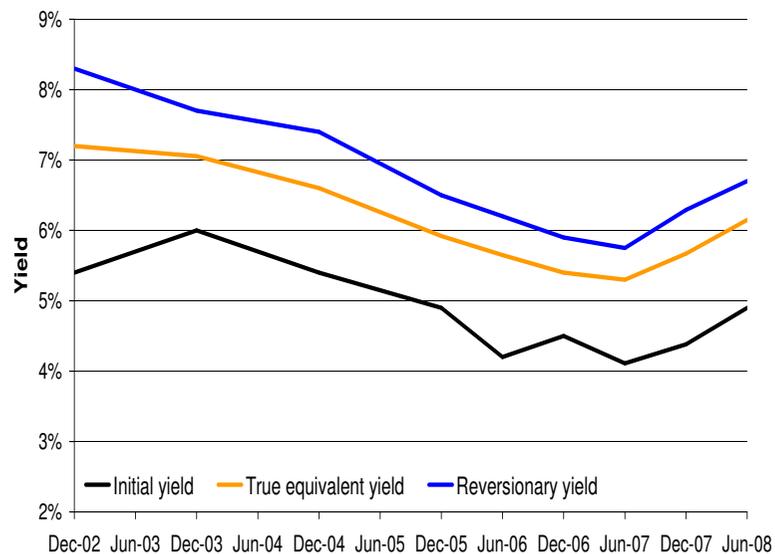
- 43bp outward movement in the equivalent yield

- West End outperforming

- Reflects a 80bp outward movement since the peak in the yield curve last summer

- Equivalent yield now at 2005 levels

Portfolio yields



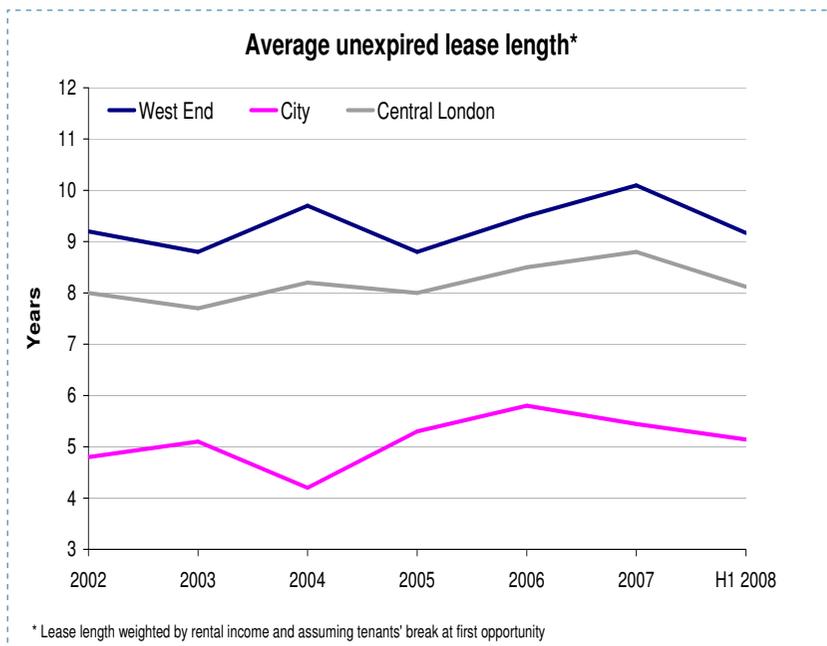
Valuation performance Yields

Yield profile¹

	Initial yield %	Reversionary yield %	Yield spread %
West End	4.5	6.5	2.0
City borders	5.7	7.2	1.5
Central London	4.8	6.7	1.9
Provincial	5.9	6.9	1.0
	4.9	6.7	1.8

- 50bp increase in the initial yield

- Strong reversionary potential



- Weighted unexpired lease length 8.4 years

- Central London 8.1 years
- Provincial 11.8 years

¹ Yield to Derwent London at 30th June 2008 based upon an annualised contracted net rental income, including pre-lets, of £122.2m pa and an estimated rental value of £176.7m pa. Adjusted for costs to complete commenced projects.

Portfolio statistics

Portfolio summary

Rental income profile

Income profile	Core properties		Developments		Total		
	Rental uplift £m	Rental per annum £m	Rental uplift £m	Rental per annum £m	Rental uplift £m	Rental per annum £m	Yield ² %
Contracted rental income, net of ground rents		116.8		5.4 ¹		122.2	4.9
Letting vacant accommodation - available	9.3		-		9.3		5.2
Completion and letting of current schemes	6.8		3.2		10.0		5.5
Arup III development (rent increase at PC)	-		2.4		2.4		5.6
Angel development (balance to ERV)	-		6.3		6.3		5.7
Anticipated rent review and lease renewal reversions	25.4		1.1		26.5		6.7
Portfolio reversion		41.5		13.0		54.5	
		158.3		18.4		176.7	

- Core portfolio £2,380.5m, including acquisitions
- Development properties £137.7m - Arup III, Angel, Gresse Street/Rathbone Place and Leonard Street
 - £5.4m pa of income during these developments
 - £2.4m pa uplift from pre-let on completion of Arup III in 2009

¹ Existing income from Angel (£4.2m) and Arup III (£1.2m)

² Yield based upon the valuation and adjusted for cost to complete for commenced schemes and developments

Portfolio summary

Vacant accommodation

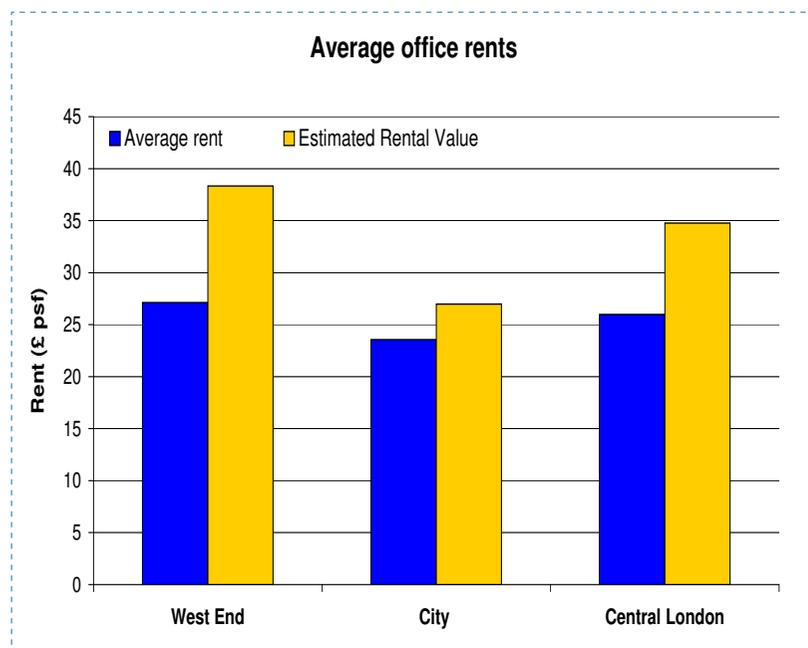
Vacant accommodation at 30th June 2008	Floor area 000 sq ft	Rental per annum £m	Comment
Available			
Qube	83	4.9	12,200 sq ft let at £0.71m pa post H1
Strathkelvin	75	1.2	Retail warehouse. A further planning decision awaited. Space under offer
Portobello Dock	35	1.0	Recently completed project
Other	85 278	2.2 9.3	
Schemes			
1-3 Grosvenor Place	18	1.2	Following Hanson surrender
Greencoat & Gordon House	20	1.0	15,900 sq ft let at £0.86m pa post H1
Wedge House	35	0.8	Scheme on hold - considering short term lettings
43 Whitfield Street	17	0.7	Part of the Saatchi Building proposals
55-65 North Wharf Road	15	0.5	Short term lettings pending development. Space under offer
Victory House	13	0.4	
Other	108 226	2.2 6.8	
Development			
Grasse Street/Rathbone Place	59	3.2	Construction underway
	563	19.3	

- Strong letting activity since half year
- Vacancy level of available space low
 - 4.2% of portfolio rental value
 - 3.9% of portfolio floor area

Portfolio summary

Portfolio office rents

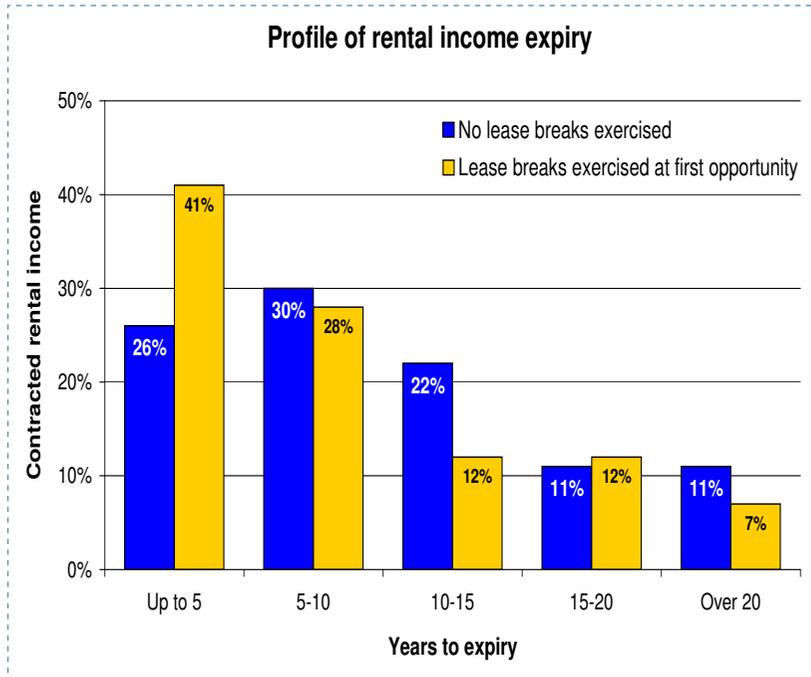
Rent banding	West End %	City Borders %	Total %
£0 - £20 psf	8	7	15
£20 - £30 psf	16	9	25
£30 - £40 psf	27	13	40
£40 - £50 psf	13	-	13
£50 - £60 psf	4	-	4
£60+ psf	3	-	3
Total	71	29	100



- A portfolio let off low office rents
- 65% of our office rents are between £20 - £40 psf
- Only 7% over £50 psf
- A concentration of the reversion potential in the West End
- West End
 - Average passing rent £27.13 psf
 - Average rental value £38.34 psf
- City Borders
 - Average passing rent £23.56 psf
 - Average rental value £26.98 psf

Portfolio summary

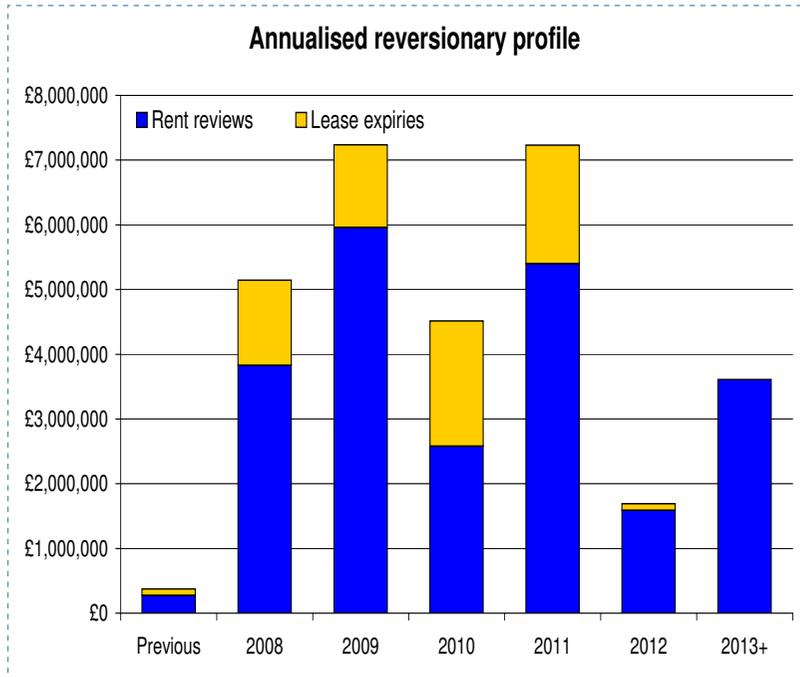
Lease expiries



- Lease expiries over the next five years - assuming no renewals
 - No lease breaks exercised 26%
 - Lease breaks exercised 41%
- 50% of breaks/expiries are in buildings that are ultimately earmarked for development such as
 - Grosvenor Place, SW1
 - Riverwalk House, SW1
 - North Wharf Road, W2
- Costly for tenants to relocate
- Focused asset management - ability to manage the income

Portfolio summary

Reversionary income profile

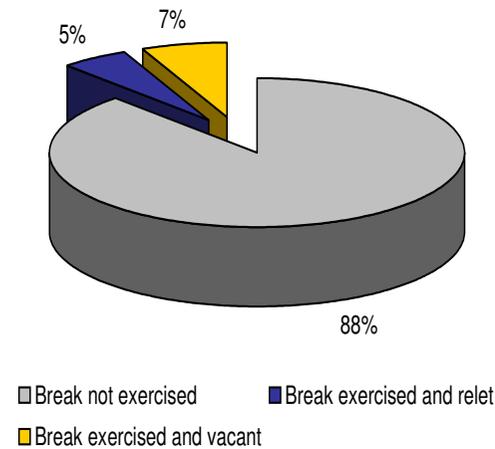


- A strong reversion in the portfolio
- A solid start to 2008 with £2.9m pa of reversions completed
 - Saatchi, Arup, Sage, Compass
- Figures illustrated are annualised figures - rent reviews and lease expiries are spread throughout the year
- Majority of the reversion is focused on rent reviews

Portfolio summary

2008 H1 lease breaks and expiries

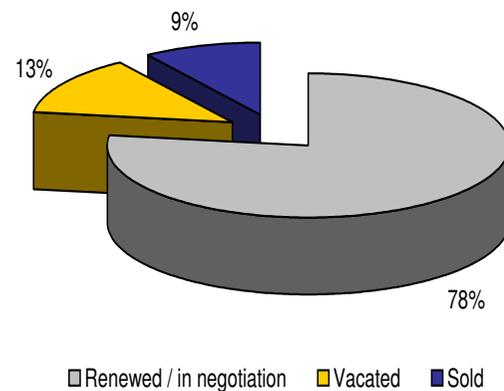
Break analysis



Lease breaks

- 76 possible tenant breaks during the first half of 2008
 - Represents less than 3% of net annualised income
 - Low average passing rent of £18 psf - affordable
 - 74% are in buildings earmarked for future projects - Chancery Lane, City Road Estate
- Nine tenants exercised their break - 12%
 - Four were re-let during H1
 - Vacated units are only 0.2% of net income

Expiry analysis



Lease expiries

- 53 expiries during the first half of 2008
 - Representing 3% of net annualised income
- 78% have been renewed or are in negotiation
- 9% sold - Southampton
- 13% vacated - principally Wedge House and Gordon House

Close tenant relationships to maintain income

Portfolio management

Lettings and activity

Key points

- Our market - mid range rents of £40-£65 psf
- £11.0m pa of new lettings in 2008 totalling 287,000 sq ft
 - Angel Building - £5.6m pa (139,500 sq ft)
 - Gordon House - £0.86m pa (15,900 sq ft)
 - 151 Rosebery Avenue - £0.73m pa (19,700 sq ft)
 - Qube - £0.71m pa (12,200 sq ft)
 - Victory House - £0.70m pa (22,300 sq ft)
 - Davidson Building - £0.43m pa (6,400 sq ft)
- Lettings achieved 1.8% above valuer's December estimated rental values
- Asset management initiatives:
 - 1-3 Grosvenor Place - Lease surrender concluded
 - Saatchi & Saatchi Building - March 2008 rent review settled
- A continual upgrading of the core portfolio to drive rents forward



An active first half across the portfolio

Lettings and activity

Asset management initiatives



Angel Building, EC1

- 139,500 sq ft pre-let to Cancer Research UK
- £5.6m pa (£41 psf)
- 20 year lease with a break at year 15
- Rent free 24 months
- Completion 2010



Gordon House, SW1

- 15,900 sq ft pre-let to The Benefit Express
- £0.86m pa (£57.50 psf)
- Tenant taking two refurbished floors and new penthouse floor
- Rent free 14 months
- Completion October 2008



151 Rosebery Avenue, EC1

- 19,700 sq ft pre-let to Momentum Activating Demand
- £0.73m pa (£40 psf)
- 15 year lease, with tenant break at year 10
- Rent free 15 months
- Completion September 2008



Qube, 90 Whitfield Street, W1

- 12,200 sq ft let to Geronimo Communications
- £0.71m pa (£58 psf)
- 10 year lease with a break at year 5
- Rent free 6 months

Lettings and activity

Asset management initiatives



1-3 Grosvenor Place, SW1

- Hanson's lease surrender negotiated - 75,000 sq ft
- Tenant paying £19 psf on a lease to 2024 - single review 2009
- £8m surrender premium paid to tenant
- Income enhanced by £1.2m pa from inheriting under-tenants
- 18,000 sq ft to re-let
- Long term redevelopment potential with adjacent 4-5 Grosvenor Place



80 Charlotte Street, W1

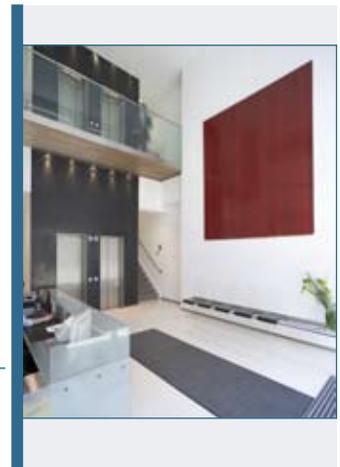
- Conclusion of a highly reversionary March 2008 rent review with Saatchi & Saatchi achieving a 45% increase
- Total floor area of 162,400 sq ft over several buildings
- Reviewed rent of £4.6m pa - a £1.4m uplift
- Settled at £30 psf - original specification - non-air conditioned

Acquisitions and disposals

Acquisitions and disposals

Key points

- Our acquisition requirements:
 - Low passing rents and a reversionary income profile
 - Improving locations
 - Supplement existing ownerships - critical mass
 - Planning/refurbishment potential
- H1 2008 acquisitions - £15.5m, excluding costs
 - Adjacent to existing holdings
 - 53-65 Whitfield Street and 4 Charlotte Mews - furthers the potential for the Saatchi Building, Fitzrovia
 - Land at Back Church Lane, E1
 - Income £0.8m pa
 - Net initial yield 4.6%
- H1 2008 disposals - proceeds £56.1m
 - Provincial and other non-core assets
 - Profit on sales £2.1m, after costs
 - Disposal yield 4.1%



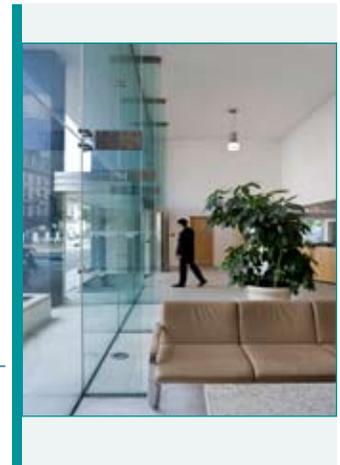
Selective acquisitions and non-core disposals

Projects update

Project pipeline

Key points

- Development surpluses to come through - 55% pre-let
 - Angel Building, EC1
 - Arup III, W1
 - 16-19 Gresse Street/Rathbone Place, W1
 - Leonard Street, EC2
- Planning consents total 619,000 sq ft - five future projects
 - 159% increase in floor area - 380,000 sq ft of additional space
 - Current income of £3.4m pa
- Progressing long term projects to deliver planning consents
 - Crossrail Bill received Royal Assent - July 2008
 - Important for Charing Cross Road holdings



Pre-letting and scheme implementation flexibility

Project pipeline

Completed projects



Arup II, Fitzroy Street, W1

- Completed March 2008
- 57,000 sq ft offices
- Pre-let to Arup -
£2.4m pa (£42 psf)
- Early rent review in 2011
- Profit on cost 71%



Horseferry House, SW1

- Completed May 2008
- 163,000 sq ft offices
- Pre-let to Burberry -
£5.3m pa (£38 psf)
- Profit on cost 63%



Portobello Dock, W10

- Completed May 2008
- 69,000 sq ft mixed use -
New and refurbished offices
Residential units - sold
- Profit on cost 18%

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
Current developments									
1. Gresse Street/Rathbone Place, W1	59	13.5	50.0	60	3.2	5.25	58.0	8.0	Q2 2009
2. Arup III, W1 - 100% pre-let	85	17.4	63.0	55	4.7	5.50	80.0	17.0	Q4 2009
3. Angel Building, EC1 - 53% pre-let	263	83.0	152.0	41/42.50	10.5	5.75	173.0	21.0	Q2 2010
	407	113.9	265.0		18.4		311.0	46.0	



16-19 Gresse Street, W1



Arup III, Fitzroy Street, W1



Angel Building, St John Street, EC1

¹ Post 30th June 2008

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

Angel Building, St John Street, EC1

Current projects



- A £90m development project
- 263,000 sq ft with 139,500 sq ft pre-let to Cancer Research UK - £5.6m pa (£41 psf)
- Potential income circa £10.5m pa

A transformation taking place

Angel Building, St John Street, EC1

Current projects



- Take a 'tired' 1980s building with
 - An unutilised open courtyard
 - Inflexible floor plates



- Creating high quality Grade A offices
- A dynamic atrium area
- Achieve additional floor area - 62% uplift

Angel Building, St John Street, EC1

Current projects



- Existing structure offers some key features
 - Good daylight
 - Excellent floor to ceiling heights



- Creating a striking remodelled facade and entrance
- Flexible floor plates - 15,000 to 50,000 sq ft
- Introduce ground floor life - retail/restaurant

16-19 Gresse Street and Rathbone Place, W1

Current projects



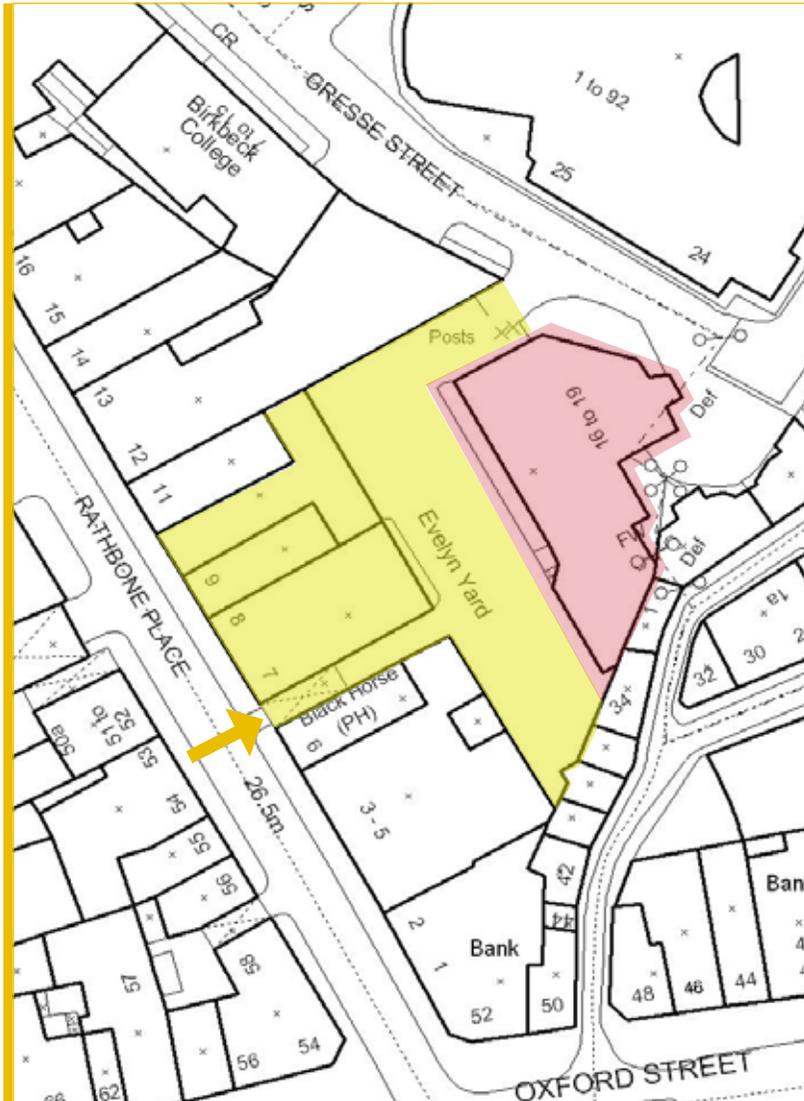
- Demolition complete, superstructure under construction
- To create
 - New offices - 47,000 sq ft
 - Residential/retail - 12,000 sq ft at Rathbone Place
- To achieve an impressive mixed-use scheme
- Project completion spring 2009



Delivering quality new space

16-19 Gresse Street and Rathbone Place, W1

Current projects



- Since half year, property swap completed with the Evelyn Estate
 - Freehold of Gresse Street swapped for a leasehold interest and additional properties on Rathbone Place
 - New 120 year headleases
 - Ground rent @ 10% on Gresse Street, 15% on Rathbone Place
- Rationale
 - Improves the office environment
 - Creation of a courtyard setting and better access
 - Additional 17,000 sq ft of space for refurbishment

- 7/10 Rathbone Place
- 16/19 Gresse Street



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. Leonard Street, EC2 ¹	n/a	n/a	55	n/a	2010	Offices/residential
2. Wedge House, SE1 ¹	-	39	81	108	-	Scheme on hold
3. The Turnmill, EC1 ¹	0.7	45	65	44	-	Improving planning consent
4. 40 Chancery Lane, WC2 ^{1,2}	1.1	71	102	44	>2010	Lease breaks between 2010 and 2012
5. North Wharf Road, W2 ²	1.6	84	316	276	>2012	Lease breaks from 2010
	3.4	239	619	159		

¹Freehold ²Leasehold

- Images of proposed schemes



Leonard Street, EC2



Wedge House, SE1



The Turnmill, EC1



Chancery Lane, WC2



North Wharf Road, W2

Leonard Street, EC2

Planning consents



- Former car park - adjacent to Oliver's Yard
- Planning consent for a 55,000 sq ft development
 - New offices - 20,000 sq ft
 - Residential - 35,000 sq ft - 47 units
- Earliest completion 2010

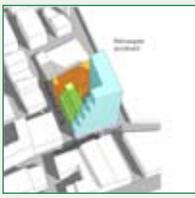
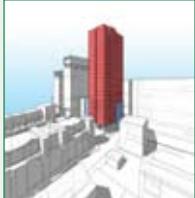
Project pipeline

Appraisal studies

	Current income £m pa	Existing area 000's sq ft	Potential area 000's sq ft	Outline studies	Planning evaluation	Planning application	Comment
 <p>City Road Estate</p>	0.9	100	200				Planning refused in 2007, now subject to a planning appeal that will be determined in autumn 2008. Alternative options under examination.
 <p>Grosvenor Place</p>	6.4	162	270				Various options under consideration for this landmark location. In conjunction with our freeholder, the Grosvenor Estate.
 <p>Riverwalk House</p>	2.3	75	200				A prime riverside location overlooking the Thames. Potential to substantially increase the site density through redevelopment.
 <p>Charlotte Street</p>	4.6	200	300				A major redevelopment opportunity on our Fitzrovia Estate, which is part of a masterplan to revitalise this West End location.
 <p>Charing Cross Road</p>	3.7	107	240				Crossrail Bill received Royal Assent in July 2008, which is a major step forward in unlocking this important West End holding. Location to become a strategic Crossrail transport interchange.

Project pipeline

Appraisal 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	230	300				Adjacent to Euston Station. There is potential for a substantial mixed use scheme.
Tea Building 	1.7	140	300				A long term development opportunity on the northern edge of the City. Adjacent to the East London Line and the new Shoreditch High Street Station, currently under construction.
Balmoral Grove 	0.4	50	190				A potential mixed use development to replace old warehouses.
Commercial Road 	0.6	36	100				Recent extension of our ownership in Back Church Lane has opened up the opportunity for a sizeable development.
	22.6	1,100	2,100				

Continued evaluation to unlock planning potential

Project pipeline

Summary

- 289,000 sq ft of schemes completed in first half 2008 - 76% pre-let
 - Arup II, W1 (pre-let)
 - Portobello Dock, W10
 - Horseferry House, SW1 (pre-let)

- Current developments of 407,000 sq ft
 - 55% of the floor area pre-let

- Challenging market conditions - focus on creative planning solutions and asset management initiatives to unlock potential
 - Acquisition of adjoining ownerships
 - Alternative uses
 - Property swaps



Well positioned with our development properties

Conclusion

Conclusion

- Success achieved through:
 - A focus on the middle rental market - £40 to £65 psf
 - Our well designed spaces attracting tenants
 - De-risking developments by pre-letting
 - Disposal of non-core assets
 - A strong balance sheet and financial position
- In these tough market conditions:
 - Focus on income and asset management
 - Adopt a cautious approach to future schemes
 - Selective acquisitions
- The group is well positioned with a portfolio characterised by:
 - Low average rents - £24.98 psf in central London
 - Low vacancy rate of 4.2%
 - Weighted average lease length of 8.4 years

Appendices

Appendices

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

Appendix 1

Debt facilities

	£m	Nominal £m	Maturity
6.5% secured bond		175.0	March 2026
Floating rate guaranteed unsecured loan note		3.6	February 2012
Committed bank facilities			
Term*	28.0		June 2018
Revolving credit	100.0		November 2013
Revolving credit	100.0		April 2013
Term/revolving credit	375.0		March 2013
Term unsecured	28.8		June 2012
Revolving credit	200.0		December 2011
Revolving credit	<u>125.0</u>		November 2009
		956.8	
Overdraft		<u>10.0</u>	On demand
		<u>1,145.4</u>	

* subject to credit review in 2013

All facilities are secured unless noted otherwise

Appendix 2

Capital expenditure

Summary by property	2007 actual	2008 budget	2009 budget	2010 & beyond ¹ budget
	£m	£m	£m	£m
Arup II & III	7.4	17.7	15.5	-
Angel Building	2.3	14.8	53.4	19.7
Horseferry House	13.5	11.2	0.5	-
16-19 Gresse Street	3.4	10.0	11.5	1.1
Portobello Dock	8.6	4.0	0.4	-
Gordon House	0.3	3.9	0.1	-
151 Rosebery Avenue	0.2	3.6	0.1	-
Qube	12.4	2.6	-	-
100 George Street	1.4	1.8	0.1	-
Wedge House	1.1	1.6	-	-
1-5 Grosvenor Place	0.5	0.8	-	-
City Road Estate	0.6	1.3	0.2	-
18-30 Leonard Street	1.3	1.2	5.6	2.9
3/4 Hardwick Street	-	1.0	1.4	0.1
Castle House, 75 Wells Street	-	0.9	1.0	-
55-65 North Wharf Road	1.1	0.7	3.8	134.3
The Turnmill	0.6	0.6	0.4	-
40 Chancery Lane	0.5	0.6	1.3	42.5
Other	5.8	8.5	10.5	8.8
Totals	61.0	86.8	105.8	209.4

¹ Does not include schemes commencing in 2010

Appendix 3

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	1,703.9	75.7	27.78	13.7	23.0	36.7	112.4
Outer	146.6	8.0	14.44	1.9	6.8	8.7	16.7
	1,850.5	83.7	25.54	15.6	29.8	45.4	129.1
City Borders							
Outer	510.6	29.2	23.51	2.0	5.6	7.6	36.8
	2,361.1	112.9	24.98	17.6	35.4	53.0	165.9
Provincial							
Scotland	105.3	5.1	16.04	1.3	0.1	1.4	6.5
Other	51.8	4.2	17.78	0.4	(0.3)	0.1	4.3
	157.1	9.3	16.79	1.7	(0.2)	1.5	10.8
Investment portfolio	2,518.2	122.2	24.10	19.3	35.2	54.5	176.7

West End

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

Outer: Camden, Islington, Ladbroke Grove

City Borders

Outer: Clerkenwell, Holborn, Shoreditch, Southbank, Old Street

Appendix 4

Portfolio statistics by village

	Valuation £m	Weighting %	Floor area sq ft 000's	Vacant floor area sq ft 000's	Net contracted rental income £m pa	Average rental income £psf	Vacant accommodation rental value £m pa	Rent review/ lease renewal reversion ² £m pa	Total reversion £m pa	Estimated rental value £m pa
West End: Central										
Fitzrovia/Euston	639.5	25	1,344	133	26.9	22.24	6.5	8.2	14.7	41.6
Soho/Covent Garden	256.6	10	423	1	11.8	28.52	-	3.1	3.1	14.9
Victoria	263.8	10	460	20	13.0	29.41	1.0	4.2	5.2	18.2
Noho	165.0	7	264	67	7.3	36.98	3.4	1.2	4.6	11.9
Marylebone/Baker Street	141.4	6	230	9	7.1	32.37	0.4	2.5	2.9	10.0
Belgravia	139.1	6	164	21	6.4	46.29	1.5	2.0	3.5	9.9
Mayfair	56.5	2	42	-	1.5	36.36	-	1.8	1.8	3.3
Paddington	42.0	2	92	23	1.7	25.54	0.9	-	0.9	2.6
West End: Outer										
Islington/Camden	120.0	5	549	28	7.2	13.97	0.5	6.8	7.3	14.5
Other ¹	26.6	1	85	51	0.8	21.45	1.4	-	1.4	2.2
West End	1,850.5	74	3,653	353	83.7	25.54	15.6	29.8	45.4	129.1
City: Outer										
Clerkenwell	152.4	6	389	9	9.7	25.76	0.3	1.8	2.1	11.8
Old Street	155.8	6	390	33	8.7	24.35	0.5	0.4	0.9	9.6
Holborn	122.7	5	266	3	7.4	28.60	0.1	1.4	1.5	8.9
Shoreditch	68.4	3	264	18	3.4	13.66	0.3	2.0	2.3	5.7
Southbank	11.0	-	39	35	-	6.43	0.8	-	0.8	0.8
Other	0.3	-	2	2	-	-	-	-	-	-
City Borders	510.6	20	1,350	100	29.2	23.51	2.0	5.6	7.6	36.8
Central London	2,361.1	94	5,003	453	112.9	24.98	17.6	35.4	53.0	165.9
Provincial										
Scotland	105.3	4	389	75	5.1	16.04	1.3	0.1	1.4	6.5
Other	51.8	2	272	35	4.2	17.78	0.4	(0.3)	0.1	4.3
Provincial	157.1	6	661	110	9.3	16.79	1.7	(0.2)	1.5	10.8
Investment portfolio	2,518.2	100	5,664	563	122.2	24.10	19.3	35.2	54.5	176.7

¹ Principally Ladbroke Grove

² Includes reversion on Angel (£6.3m) and Arup (£2.4m)

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
- Celine Tracey Head of Leasing

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