

The background features a complex geometric composition. On the left, a large, light blue triangular shape points towards the center. In the middle, two vertical white bars are separated by a thin black line. To the right, a dark blue triangular shape points downwards, and a black triangular shape points upwards, meeting at a vertex. The overall effect is a modern, abstract architectural or graphic design.

Derwent London plc  
Interim results 2013

## Presenters:

John Burns

Simon Silver

Damian Wisniewski

Nigel George

Paul Williams

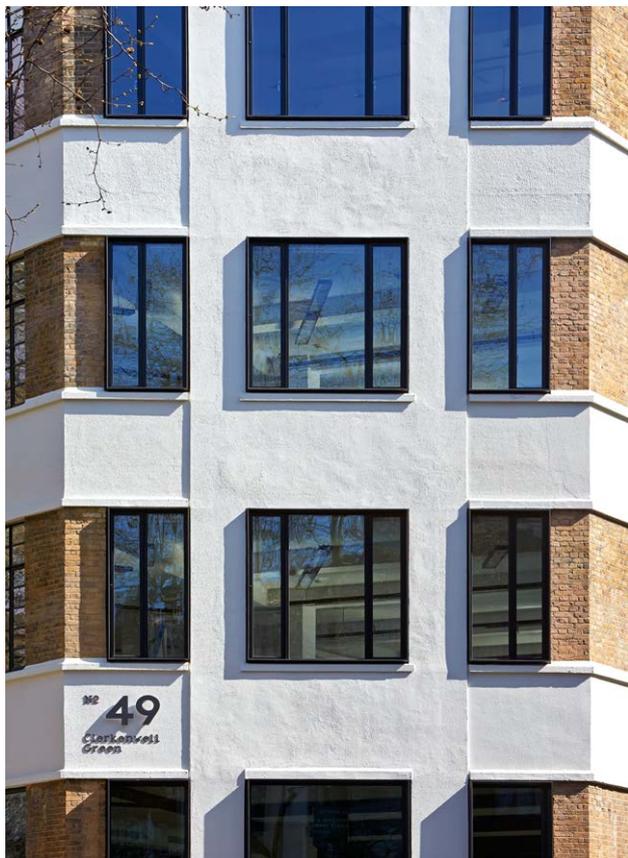
David Silverman

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# Introduction

John Burns



- **Strong results**
    - 8.9% NAV growth and 6.3% revaluation surplus since Dec 2012
    - EPRA PBT +5.7% on June 2012
    - DPS +8.0% on June 2012
  - **Three exceptional deals taking advantage of market conditions**
    - Pre-let 156,000 sq ft office space to Publicis Groupe
    - Sold 1-5 Grosvenor Place SW1 for £132.5m
    - Issued £150m convertible bond 2019 at 1.125%
  - **Underlying business is good**
    - Below trend vacancy of 2.4%
    - Completed 230,000 sq ft of projects - 93% let
    - Current projects - 62% pre-let
    - Accelerated White Collar Factory development
  - **Finance**
    - Target >50% unencumbered assets within 12 months
    - LTV 30%
- **Outlook**
    - Market view remains positive
    - Advancing development pipeline

- **Good demand for our space**

- Let 500,000 sq ft space in H1 securing £15.5m of rent (7.3% above ERV)

**Update:** The Buckley Building EC1 - 16,100 sq ft let to Tipp24 at £52.50 psf

- **Good progress on developments**

- Completed 1 Page Street, The Buckley Building and Morelands Buildings extension
- Pre-let office elements of Turnmill and 40 Chancery Lane
- Started Queens, Bishop's Bridge Road
- Currently four projects on site (279,000 sq ft)
- A further 346,000 sq ft to start in next twelve months

- **Adding to holdings in Tech Belt**

**Update:** Acquisition of Mark Square House EC2 (61,700 sq ft) for £29.6m

- Tech Belt weighting now 29% by value

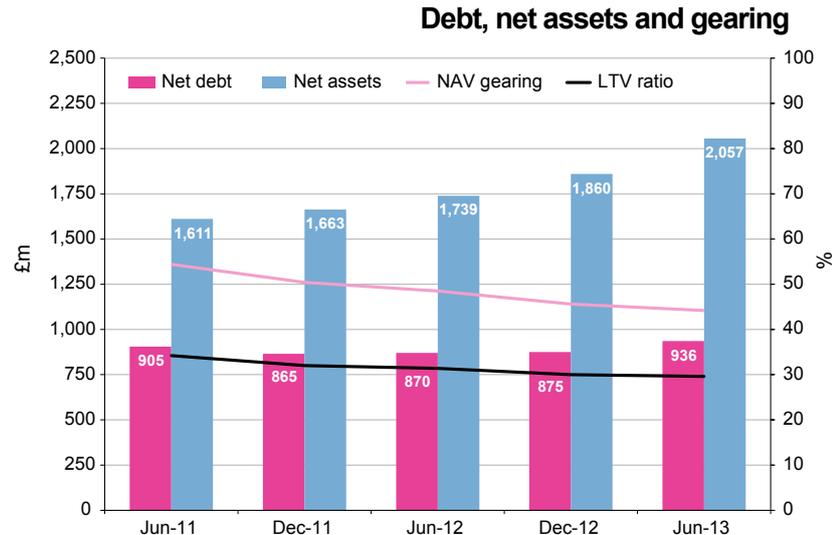
# Results and financial review

Damian Wisniewski

	Jun 2013	Dec 2012	Jun 2012
Total portfolio at fair value	£3,103.7m	£2,859.6m	£2,728.4m
EPRA net asset value per share <sup>1</sup>	2,054p	1,886p	1,770p
Gross property income	£64.0m	£124.8m	£62.3m
EPRA profit before tax <sup>2</sup>	£28.0m	£52.5m	£26.5m
EPRA earnings per share	25.95p	50.36p	25.06p
Profit for the period	£218.6m	£232.7m	£102.8m
Interim dividend per share	10.75p	9.95p	9.95p
Net debt	£935.7m	£874.8m	£870.2m
Loan-to-value (LTV) ratio	29.6%	30.0%	31.4%
NAV gearing	44.2%	45.6%	48.5%
Interest cover ratio	352%	351%	356%

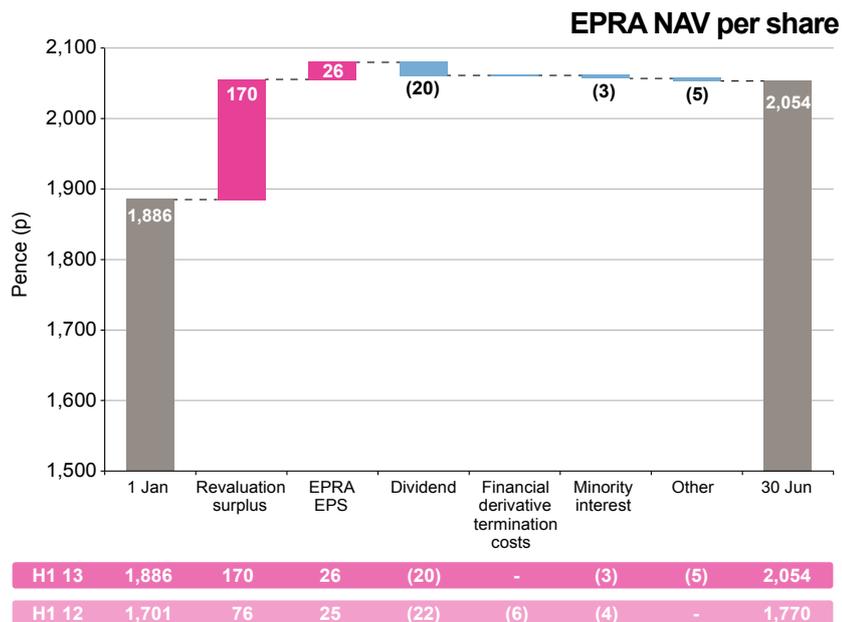
<sup>1</sup> On a diluted basis    <sup>2</sup> See Appendix 4 for reconciliation to IFRS profit before tax

- EPRA NAV per share up 8.9%
  - 2,054p from 1,886p
- Equity shareholders' funds increased to £2,057m
- Net debt increased
  - £936m in June from £875m
  - Receipt of £132.5m from sale of 1-5 Grosvenor Place in July
- LTV and NAV gearing ratios reduced again



- At £175.5m or 170p per share, the H1 revaluation surplus was higher than for the full year 2012
  - 1-5 Grosvenor Place 50p per share
- Revaluation surplus
  - Income statement £175.3m
  - Comprehensive income<sup>1</sup> £0.2m

£175.5m
- EPRA earnings and EPS analysis in Appendix 4



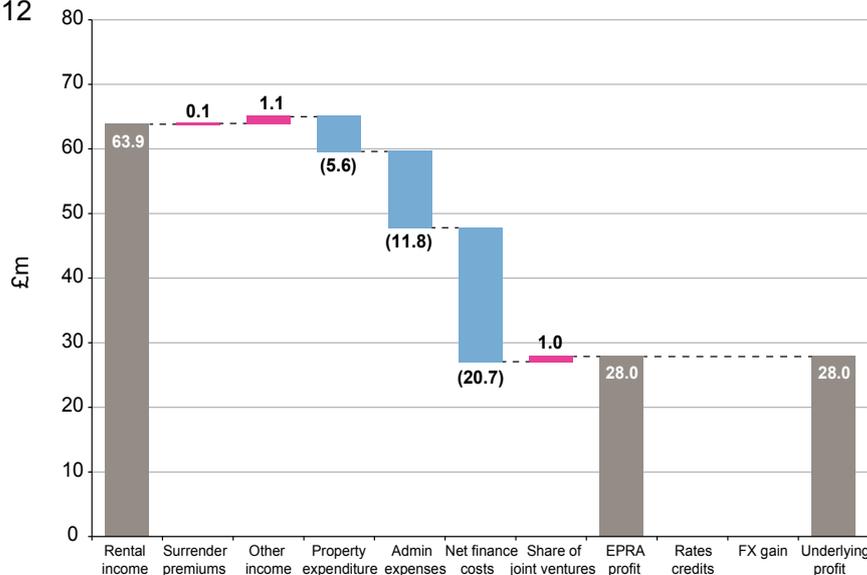
<sup>1</sup> Surplus from owner-occupied part of 25 Savile Row W1

- Rental income increased to £63.9m
  - Another rise in like-for-like income
- Underlying profit up 7.3% compared to H1 2012

## Breakdown of net finance costs

	H1 2013 £m	H1 2012 £m
Interest	21.2	19.5
Capitalised interest	(3.4)	(2.2)
	<b>17.8</b>	<b>17.3</b>
Fees and costs	2.8	3.5
Other	0.1	(0.4)
<b>Net finance costs</b>	<b>20.7</b>	<b>20.4</b>

## EPRA profit before tax

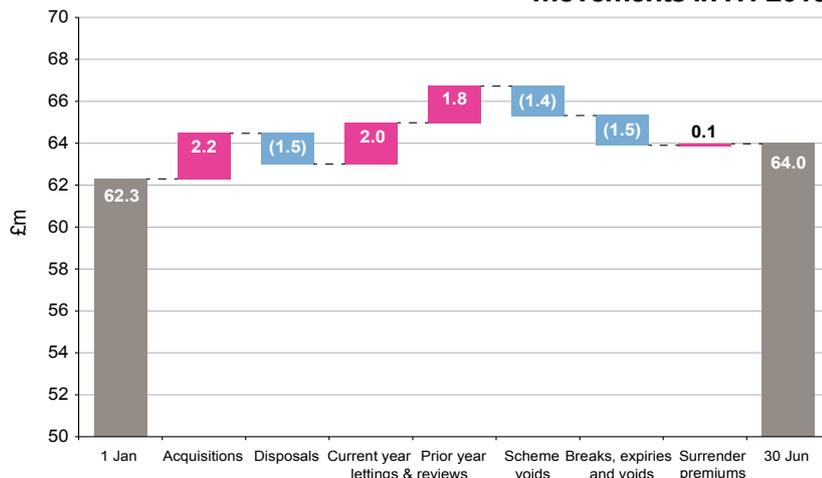


H1 13	63.9	0.1	1.1	(5.6)	(11.8)	(20.7)	1.0	28.0	-	-	28.0
H1 12	62.3	-	0.9	(5.1)	(11.6)	(20.4)	0.4	26.5	(0.1)	(0.3)	26.1
Variance	1.6	0.1	0.2	(0.5)	(0.2)	(0.3)	0.6	1.5	0.1	0.3	1.9

	H1 2013 £m	H1 2012 £m	Increase £m
Rent received	61.9	57.4	4.5
SIC15 lease incentives	2.0	4.9	(2.9)
Rental income	63.9	62.3	1.6
Surrender premiums received <sup>1</sup>	0.1	-	0.1
<b>Gross property income</b>	<b>64.0</b>	<b>62.3</b>	<b>1.7</b>

- Acquisitions include: 11 Francis Street £0.8m  
25 & 29 Berners Street £0.7m  
9 & 16 Prescot Street £0.6m
- Disposals include: Triangle Centre, Scotland £0.7m  
1-5 Grosvenor Place £0.6m
- Lettings and reviews: 4 & 10 Pentonville Road £0.8m  
1 Oliver's Yard £0.5m  
Charlotte Building £0.3m
- Breaks, expiries and voids:  
1-2 Stephen Street £1.0m  
40 Chancery Lane £0.3m

## Gross property income movements in H1 2013



H1 13	62.3	2.2	(1.5)	2.0	1.8	(1.4)	(1.5)	0.1	64.0
H1 12	62.5	0.8	(3.0)	3.3	2.9	(1.9)	(2.0)	(0.3)	62.3

<sup>1</sup> Net of write-off of lease incentive balances

# Property outgoings, EPRA rental income and cost ratio

- Property outgoings increased by £0.5m mainly due to marketing costs at White Collar Factory and a £0.2m surrender premium paid at Balmoral Grove

	H1 2013 £m	H1 2012 £m
Irrecoverable property costs	5.1	5.2
Ground rents	0.2	0.1
Surrender premiums paid	0.3	-
Dilapidation receipts	-	(0.1)
Rates credits	-	(0.1)
<b>Property outgoings</b>	<b>5.6</b>	<b>5.1</b>

## EPRA like-for-like rental income<sup>1</sup>

	Rental income		Net property income %
	Gross %	Net %	
Compared to H1 2012	2.2	2.1	1.7
Compared to H2 2012	1.1	1.5	0.6

- No significant rent reviews in H1 2013
- 2012 rental income benefitted from Arup lease regear

## EPRA cost ratio

	H1 2013 %	FY 2012 %	H1 2012 %
Incl. direct vacancy costs	24.4	25.2	25.0
Excl. direct vacancy costs	20.9	21.1	20.4

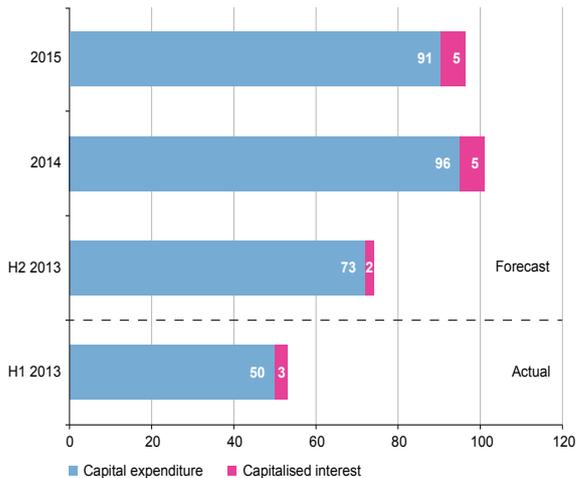
<sup>1</sup> See Appendix 5 for detailed reconciliation of like-for-like income

- Increase in net debt by £60.9m to £935.7m
- Capex increased by 79% over H1 2012
- Disposals include Commercial Road
- Acquisitions include Mark Square House

## Net cashflow movements

	H1 2013 £m	H1 2012 £m
Cash from operations	26.0	23.2
Acquisitions	(29.7)	(37.1)
Capex	(64.1) } (51.8)	0.7 } (29.0)
Disposal proceeds	17.4	66.8
Dividends paid	(19.5)	(19.7)
Other cashflow movements	(1.3)	(10.4)
Movement in net borrowing	(58.9)	(6.2)
Non-cashflow items	(2.0)	0.5
<b>(Increase)/decrease in net debt</b>	<b>(60.9)</b>	<b>(5.7)</b>

## Forecast capital expenditure<sup>1</sup>



- Forecast capital expenditure on identified schemes to 2015 of £272m
- Additional projects may increase expenditure in 2014 and 2015
- Further details of forecast capital expenditure can be found in Appendix 27

<sup>1</sup> Based on identified schemes

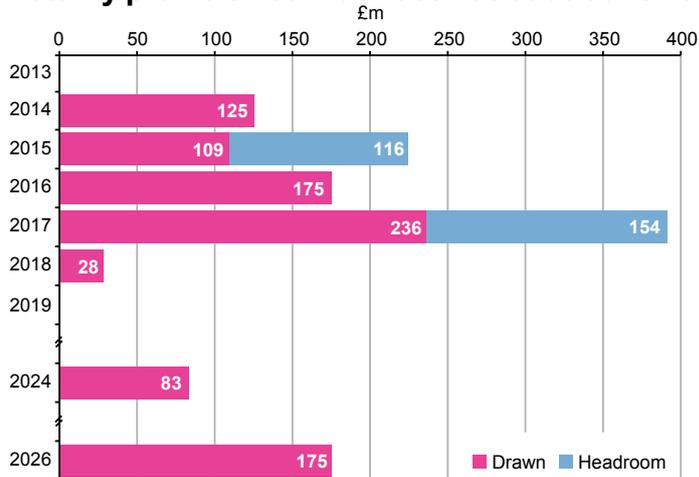
- Move towards predominantly unsecured debt
  - Improves operational flexibility
  - Greater access to capital markets
  - Takes advantage of current market conditions
- Reduce cost of debt
  - £150m six-year convertible bond issued July 2013
    - Coupon 1.125%
    - Conversion price: £33.35; 62% above June 2013 EPRA NAV
  - £13m paid in July 2013 to break, defer and recoupon swaps
- New £550m unsecured revolving bank facility replacing £650m of secured bank facilities
  - Credit approved by banks
  - To be signed Q3 2013

	Proforma 2	Proforma 1	Jun 2013	Dec 2012
Total facilities	£1,251m	£1,251m	£1,204m	£1,204m
Net debt	£809m	£940m	£936m	£875m
Percentage of unsecured debt	57%	63%	19%	20%
Unutilised facilities drawable	£428m	£297m	£273m	£333m
Uncharged properties	£1,840m	£1,970m	£727m	£624m
As a percentage of portfolio	63%	64%	23%	22%
Spot weighted average interest rate <sup>1</sup>	3.88%	3.66%	4.50%	4.63%
Spot weighted average interest rate <sup>2</sup>	4.42%	4.13%	4.74%	4.88%
Weighted average maturity of borrowings	7.0 years	6.8 years	5.4 years	6.1 years
Gearing				
LTV ratio	27.3%	30.4%	29.6%	30.0%
NAV	38.4%	44.6%	44.2%	45.6%
Interest cover ratio	n/a	n/a	352%	351%

- Proforma 1: Following issue of £150m convertible bond, removal of overdraft facility, July swap transactions and refinancing £650m of secured facilities
- Proforma 2: Proforma 1 + receipt from sale of 1-5 Grosvenor Place SW1

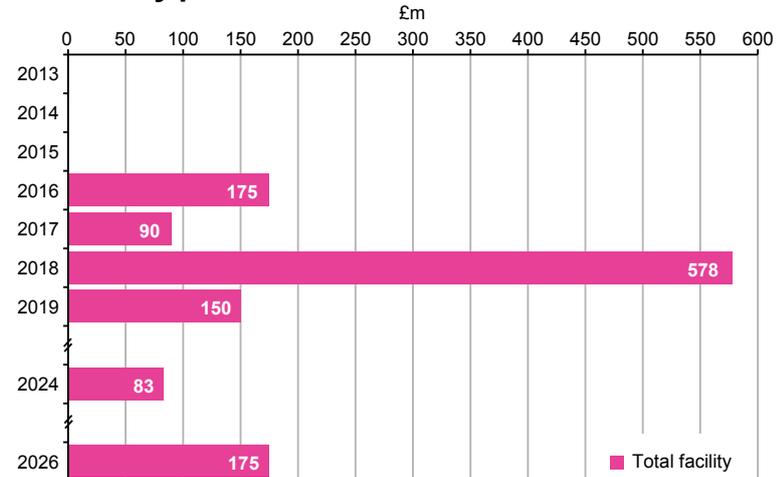
<sup>1</sup> Convertible bonds at 2.75% and 1.125%    <sup>2</sup> Convertible bonds on IFRS basis

## Maturity profile of loan facilities - as at 30 June 2013



- Weighted average maturity
  - Facilities – 4.9 years
  - Drawn amounts – 5.4 years
- Total facilities excluding overdraft: £1,201m

## Maturity profile of loan facilities - Proforma<sup>1</sup>



- Weighted average maturity
  - Facilities – 6.4 years
  - Drawn amounts – 6.8 years
  - rising to 7.0 years<sup>2</sup>
- Total facilities: £1,251m

<sup>1</sup> Following issue of £150m convertible bond, removal of overdraft facility and refinancing of secured facilities <sup>2</sup> Allowing for receipt of 1-5 Grosvenor Place proceeds

	Proforma 2	Proforma 1	Jun 2013	Dec 2012
Proportion of drawn facilities at fixed rates or hedged	97%	84%	86%	92%
Weighted average length of swaps	5.4 years	5.4 years	5.3 years	5.8 years
Mark-to-market cost of swaps	n/a	n/a	£37.3m	£54.3m

## Hedging profile



## Maturity profile of fixed and hedged debt



- Excludes forward start swaps £65m from September 2013 to April 2019 and £70m from June 2014 to March 2020
- Proforma 1: Following issue of £150m convertible bond, July swap transaction and refinancing of secured facilities
- Proforma 2: Proforma 1 + receipt from sale of 1-5 Grosvenor Place

# Valuation and portfolio analysis

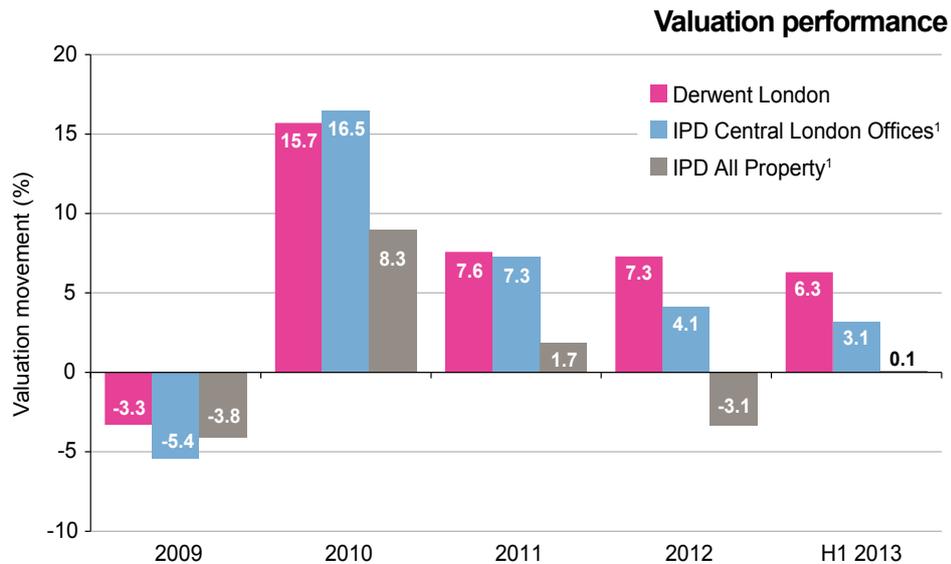
Nigel George

- Very strong capital growth in the first half
  - Underlying 6.3% (H2 2012: 4.1%)
  - Excluding Grosvenor Place - underlying 4.7%
  
- On-site projects valued at £452.7m (14.3% growth)
  - Five developments £234.9m - increased 24.7% like-for-like
    - 1 Page Street SW1<sup>1</sup>
    - The Buckley Building EC1<sup>1</sup>
    - Turnmill EC1
    - 40 Chancery Lane WC2
    - Queens, Bishop's Bridge Road W2
  - Two phased refurbishments £217.8m - increased 4.9% like-for-like
    - Morelands Buildings EC1<sup>1</sup> extension
    - 1-2 Stephen Street W1

	Portfolio valuation £m	H1 2013 valuation movement %
West End	2,315.7	5.6
City borders	666.9	9.8
<b>Central London</b>	<b>2,982.6</b>	<b>6.6</b>
Provincial	93.0	0.1
<b>Underlying</b>	<b>3,075.6</b>	<b>6.3</b>
Acquisitions	28.1	(5.0)
<b>Investment portfolio</b>	<b>3,103.7</b>	<b>6.2</b>

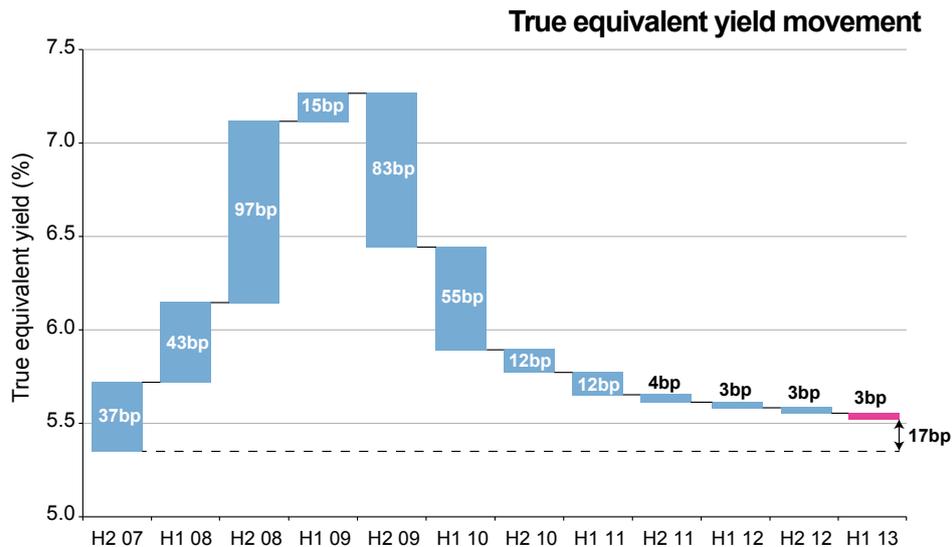
<sup>1</sup> Completed

- Central London continues to excel
- Our portfolio outperformed against valuation and total return benchmarks in H1 2013<sup>1</sup>
  - Derwent London's total property return 8.3%
  - IPD Central London Offices 5.2%<sup>1</sup>
  - IPD All UK Property 3.0%<sup>1</sup>

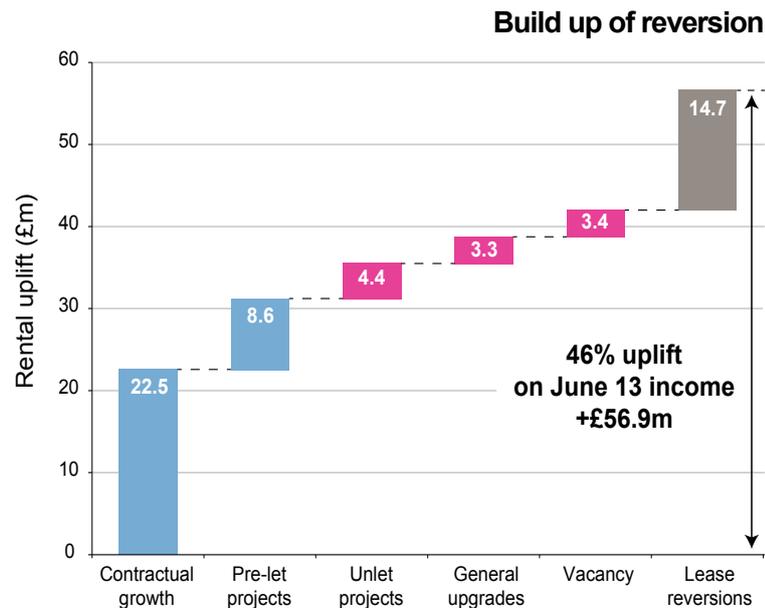


<sup>1</sup> Quarterly Index

- EPRA yields
  - Net initial 4.2% (Dec 2012: 4.3%)
  - 'Topped-up' net initial 5.0% (Dec 2012: 4.8%)
  
- True equivalent yield 5.52%
  - Tightened by 3bp in H1 2013
  - No let up in investor appetite
  
- Reversionary yield 5.6% (Dec 2012: 5.7%)

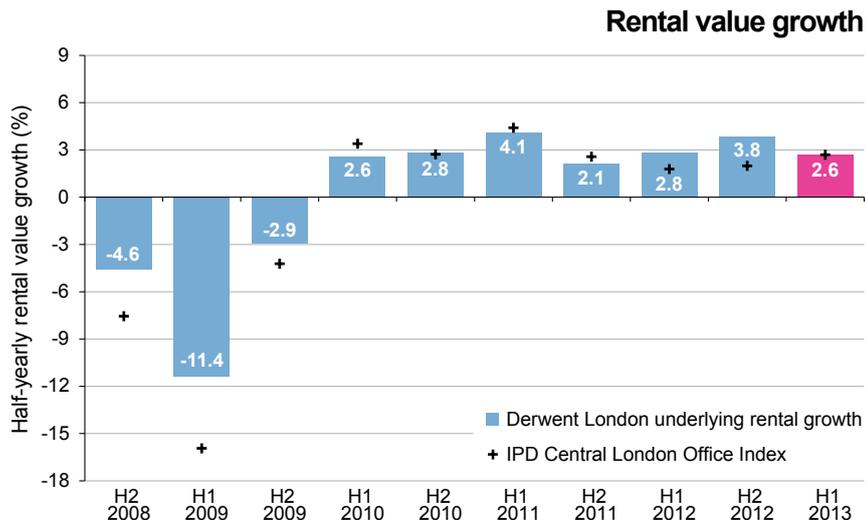


- Strong income reversion at £56.9m<sup>1</sup>
  - 46% reversion on June contracted income of £123.3m
  
- 55% of reversion locked-in
  - Contractual growth
    - 1 Page Street SW1 £5.3m
    - The Buckley Building EC1 £2.4m
    - 4 & 10 Pentonville Road N1 £2.1m
  - Pre-let growth
    - 40 Chancery Lane WC2 £4.7m net
    - Turnmill EC1 £3.1m

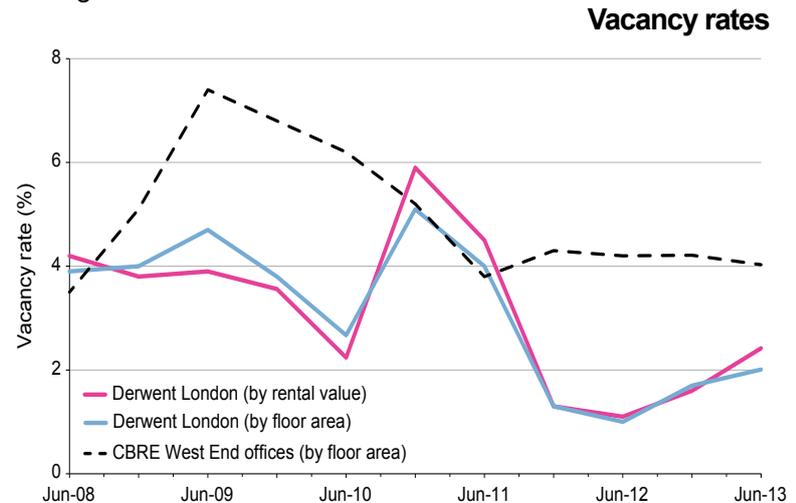


<sup>1</sup>Requires additional capex of £72m as set out in Appendix 27

- H1 2013 rental value growth
  - In line with our expectations (4-6% for full year)
  - Underlying 2.6% (H2 2012: 3.8%)
    - City borders 4.7%
    - West End 2.0%
  
- Steady growth since the beginning of 2010
  
- Undemanding central London office rents
  - 'Topped-up' £32.60 psf
  - ERV £36.55 psf



- EPRA vacancy rate<sup>1</sup> by rental value 2.4% at June 2013
  - Increase from 1.6% at Dec 2012
  
- Available space 86,000 sq ft
  - ERV £3.4m pa
  - 50% attributable to the completion of The Buckley Building
    - One floor now let, one floor remaining
  
- Current on-site projects total 279,000 sq ft
  - Net rental value £13.0m pa of which £8.6m pre-let
  - Assuming no other letting activity, project completion would increase the vacancy rate by 3%



<sup>1</sup> Immediately available space

# **Asset management and portfolio activity**

**Paul Williams**

# Lettings and asset management

- Strong tenant relationships
- Attractive product
- Migrating quality covenants to new areas

80 Charlotte Street W1



Covenant	Publicis Groupe
Rent	£4.3m pa
Longevity	9 months
Space	200,000 sq ft

40 Chancery Lane WC2



Turnmill EC1



£7.8m pa <sup>1</sup>
18-20 years
155,600 sq ft

<sup>1</sup>Derwent London share after ground rent

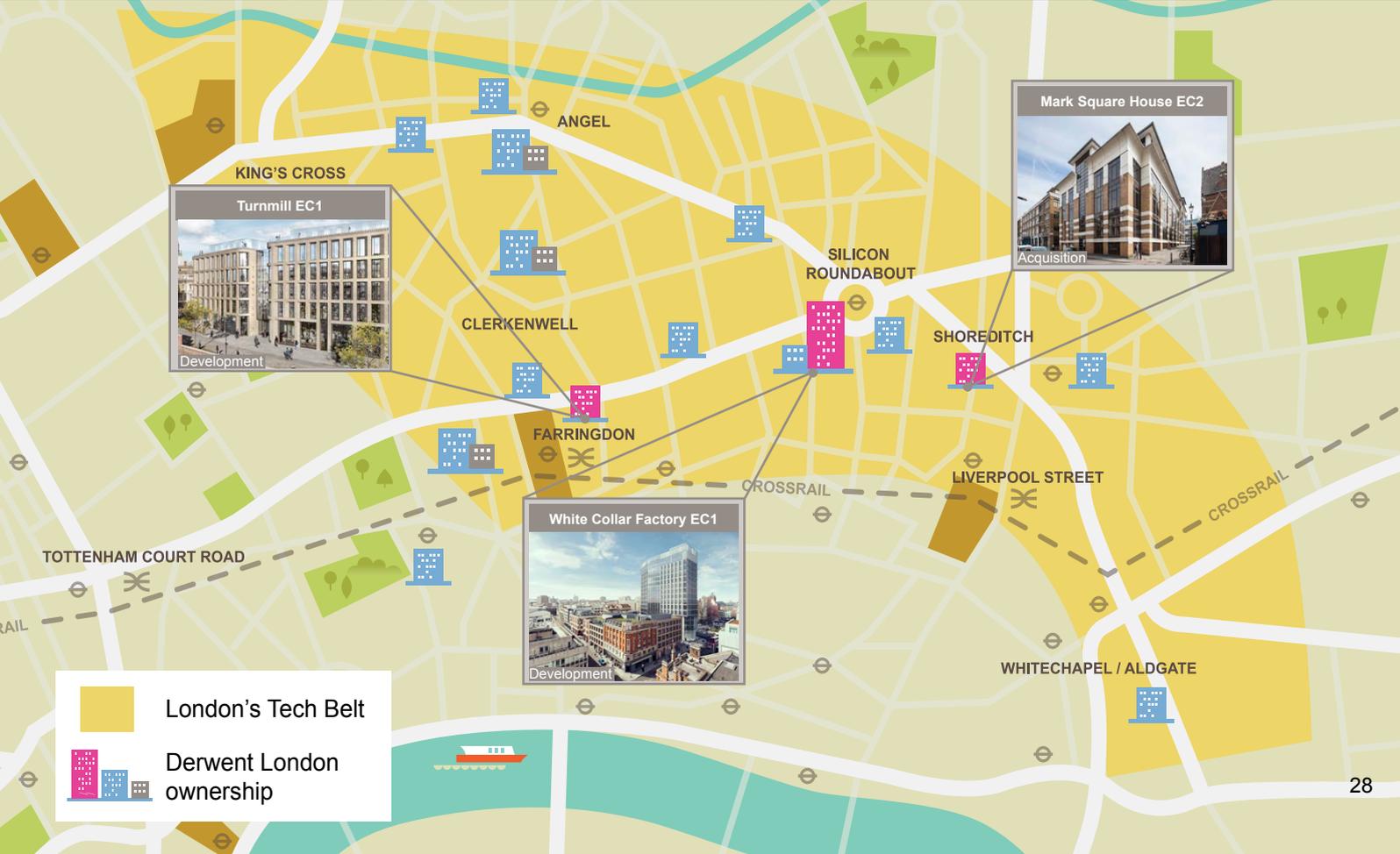
# The Buckley Building EC1 (85,000 sq ft)

DERWENT  
LONDON

81% let

- 21,100 sq ft on ground and lower ground pre-let to Unilever for £0.9m pa
- 26,400 sq ft let to WPP for £1.3m pa. Headline £52.50 psf
- 5,200 sq ft restaurant let to Granger & Co. for £0.1m pa
- 16,100 sq ft let to Tipp24 for £0.8m pa (18% above December 2012 ERV)
- 16,200 sq ft available - good interest

# Investing in London's Tech Belt



 London's Tech Belt

 Derwent London ownership

# Mark Square House EC2 (61,700 sq ft offices)

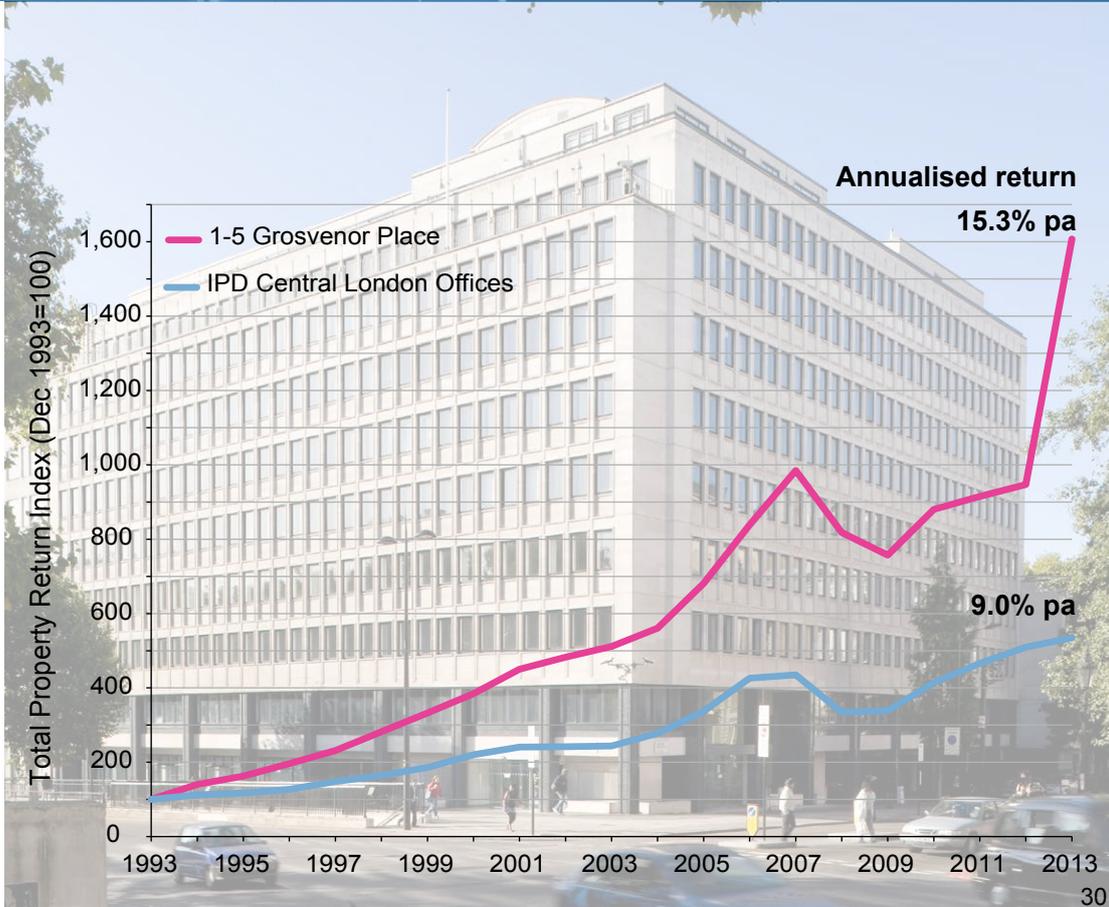
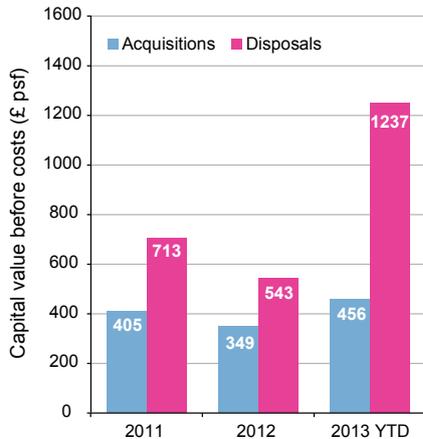
DERWENT  
LONDON

- Acquisition of five-storey office building for £29.6m
- Island site in Tech Belt
- Let to Thomson Financial until 2017
- Current rent £1.5m pa (£24.25 psf)
- Net initial yield 5.0%
- Potential to add 8,000 sq ft
- Tenant group occupies other Derwent buildings



# 1-5 Grosvenor Place SW1 (168,000 sq ft - 50% interest)

- Proposed luxury hotel/residential development
- Sale of our interest for £132.5m (profit of £54.2m before costs)
- 70% uplift to Dec 2012 valuation (£78m)
- Disposal yield 2.1%
- No CGT, planning, construction or letting/sales risk



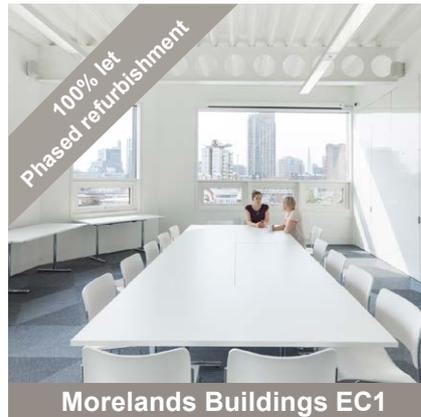
# Projects

Simon Silver

# Projects summary

DERWENT  
LONDON

- 230,000 sq ft of major projects completed in 2013 of which 93% let
  - Capex balance £3m
- 279,000 sq ft on-site of which 62% pre-let
  - Capex to complete £72m
- 966,000 sq ft to start by 2016
  - Capex to complete additional projects £364m



- Appendices 19-21 & 25-29

# 1-2 Stephen Street 2013-2014 - Rolling refurbishment

Phases 1 & 2 - offices



- Creating new streetscape and office identity on Stephen Street
- Phase 1 - 23,000 sq ft (80% pre-let) due for completion Q4 2013
- Phase 2 - 63,000 sq ft due for completion Q2 2014

Phase 3 - retail



- Creating new frontage and larger units on Tottenham Court Road
- Current area 24,000 sq ft producing £0.7m pa
- Phase 3 - 41,000 sq ft with an ERV of c.£3m (Zone A £270 psf). On-site Q2 2014

# White Collar Factory 2014

DERWENT  
LONDON

- Finalising configuration to provide most appropriate space
  - Main building           230,000 sq ft
  - Associated buildings
    - Offices               42,000 sq ft
    - Retail                10,000 sq ft
    - Residential         7,000 sq ft
- 289,000 sq ft**



# White Collar Factory 2014

DERWENT  
LONDON

- Live suite completed
- Refining the concept
- Q1 2014 demolition
- Delivery Q3 2016



# Development returns 2013-2014



	Turnmill	40 Chancery Lane	Queens Bridge Road	73 Charlotte Street	White Collar Factory	Total
Completion	Q3 2014	Q3 2014	Q4 2014	Q2 2015	Q3 2016	
Commercial area (sq ft)	70,500	101,800	2,700	1,900	282,000	458,900
Residential area (sq ft)	-	-	18,700	13,600	7,000	39,300
Est. future capex (£m)	16	29	11	8	100	164
Total cost (£m) <sup>1</sup>	38	61	24	17	173	313
ERV (c.£ psf)	£55.00	£65.00	-	-	£47.50	
ERV (c.£m pa)	£3.5	£4.8 <sup>2</sup>	£0.1	£0.1	£12.0	£20.5

Summary	£m
End value	404
Total cost	(313)
<b>Project surplus</b>	<b>91</b>
Booked to June 2013	(35)
<b>Surplus to come</b>	<b>56</b>
<b>Profit on cost</b>	<b>29%</b>

Sensitivity <sup>3</sup> - project surplus (£m) and profit on cost (%)				
		Yield		
		+0.25%	Base	-0.25%
Rent	-£2.50 psf	£62m	£77m	£93m
		20%	25%	30%
	Base	£76m	<b>£91m</b>	£108m
		24%	<b>29%</b>	34%
	+£2.50 psf	£89m	£105m	£122m
		28%	33%	39%

<sup>1</sup> Comprising book value at commitment, capex, fees and notional interest <sup>2</sup> As a long leasehold interest, ERV is net of the 18% ground rent

<sup>3</sup> Sensitivity applies to non pre-let commercial floor area

80 Charlotte Street W1



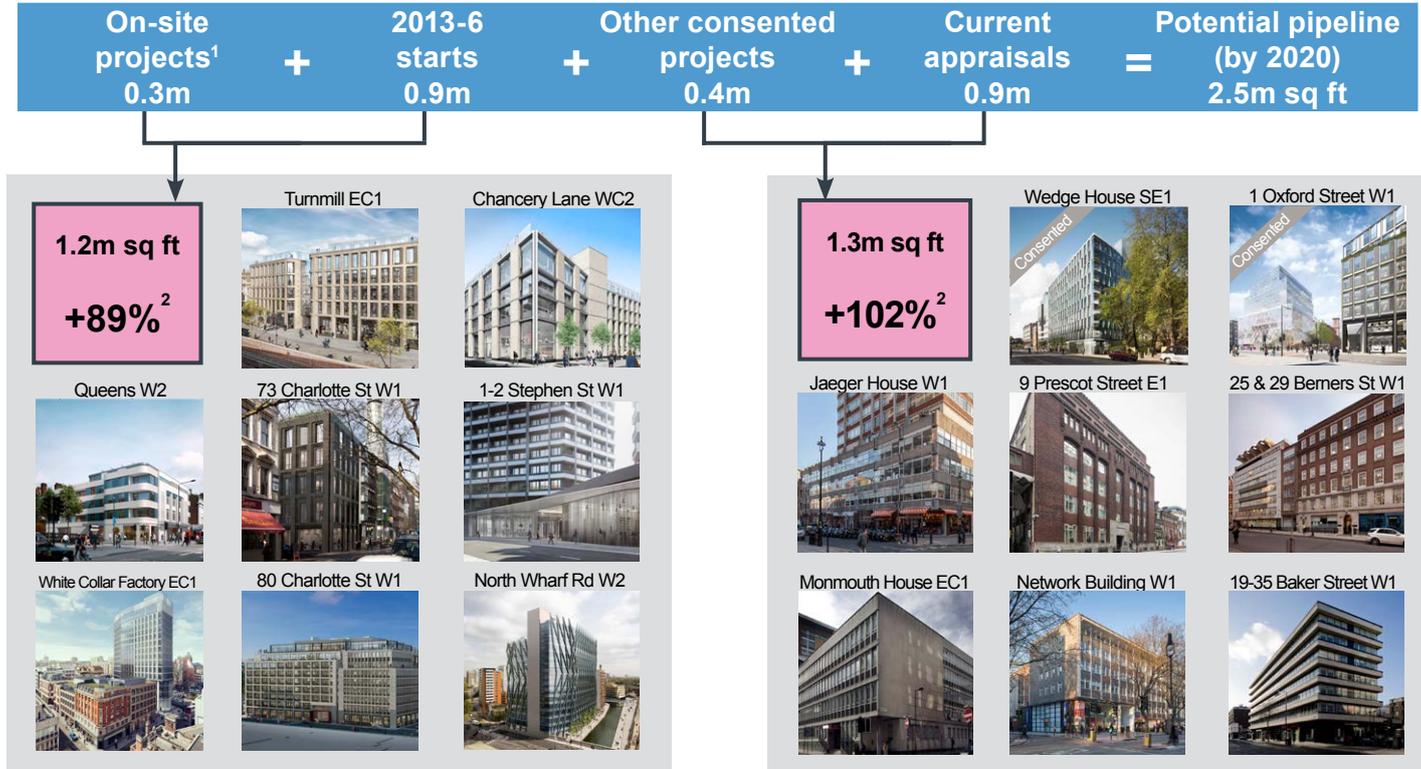
- Start 2015
- 380,000 sq ft
- Capex c.£142m
- Completion H2 2017

55-65 North Wharf Road W2



- Start 2015/16
- 240,000 sq ft
- Capex c.£103m
- Completion c.2018

# Project pipeline 2013-2020



<sup>1</sup> Includes developments and major phased refurbishments    <sup>2</sup> Uplift on existing floorspace

• See Appendices 27, 28 & 29 for full list and delivery dates

# Outlook for central London property

John Burns



● **The vacancy rate still falling**

- Vacancy rate 4.0% (4.2% in Dec)
- 10-year average 5.1%
- Only 29% of current vacancy is new space (26%)<sup>1</sup>

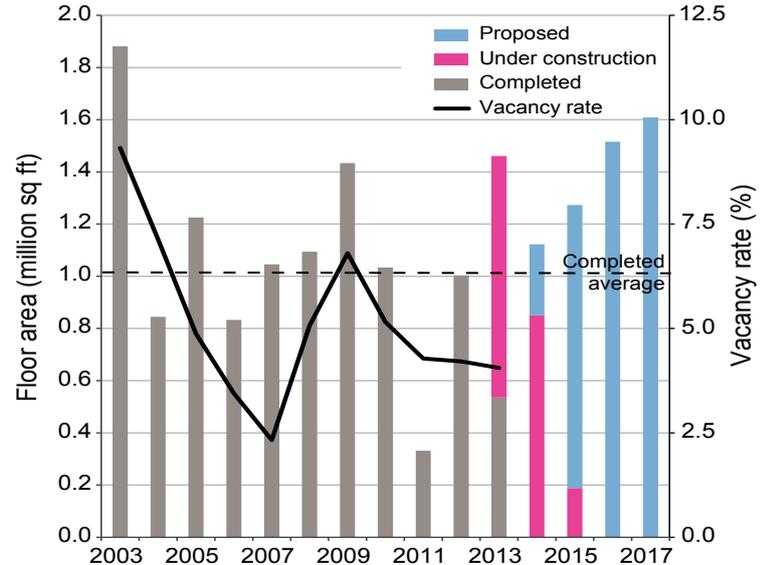
● **Supply on upward trend**

- 2013 1.5m sq ft - c.48% available (1.6m sq ft - 70%)<sup>1</sup>
  - Strong pre-letting market
- 2014 1.1m sq ft (0.9m sq ft)<sup>1</sup>
- 2015 1.3m sq ft (1.1m sq ft)<sup>1</sup>

● **Key notes for Derwent**

- Still positive for rental growth
- 64% of portfolio in central West End<sup>2</sup>
- 80 Charlotte Street expected to complete 2017

**West End office development pipeline**



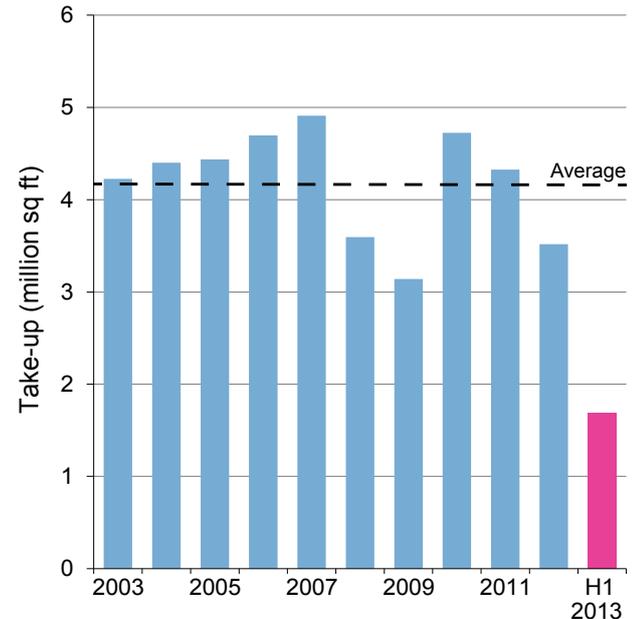
Source: CBRE

<sup>1</sup> Dec 2012 comparables    <sup>2</sup> Adjusted for sale of 1-5 Grosvenor Place



- Take-up of 1.7m sq ft in H1
- 19% below 10-year average
- No deals >50,000 sq ft
- TMT represents 22% of take-up
- Business services (28%) and Bank & Finance (20%) also strong
- Prime rents rose 5.4% in H1 to £97.50 psf (first growth since Q1 2011)
  - NOHO (East) +4.2% to £62.50 psf
  - Victoria +4.0% to £65.00 psf
- **Key notes for Derwent**
  - Rents rising in both prime and mid-market
  - Half the portfolio located in NOHO (East) and Victoria

West End take-up



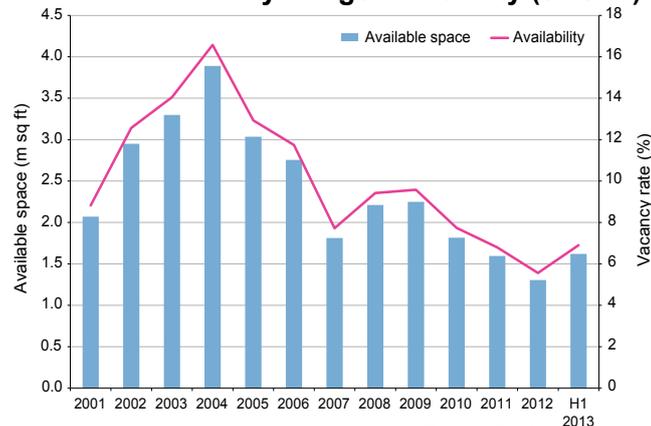
Source: CBRE

- No longer a secret
- Old Street (EC1V postcode) leads UK start up activity<sup>1</sup>
- Major commitment by Google at King's Cross
- Significant third party investment likely to lead to substantial regeneration and lasting improvement
- City Fringe (North) rents achieving £47.50 psf (+12% from autumn 2012)<sup>2</sup>

## • Key notes for Derwent

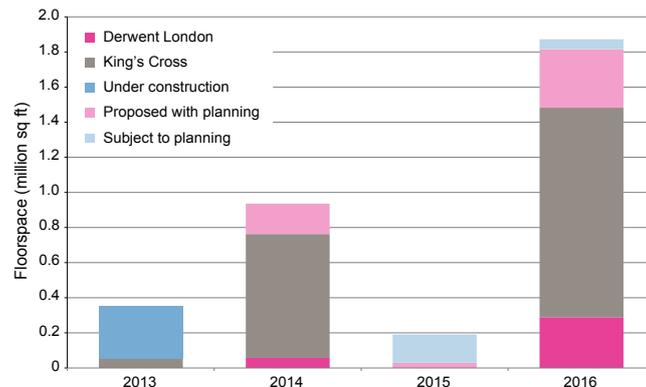
- Portfolio comprises c.1.8m sq ft
  - c.33% of our portfolio by area
  - c.7% of estimated total Tech Belt stock<sup>3</sup>
- Increasing competition and potential development activity
- White Collar Factory deliberately different
- Still looking to increase exposure

## City Fringe availability (ex SE1)



Source: Knight Frank

## Tech Belt supply



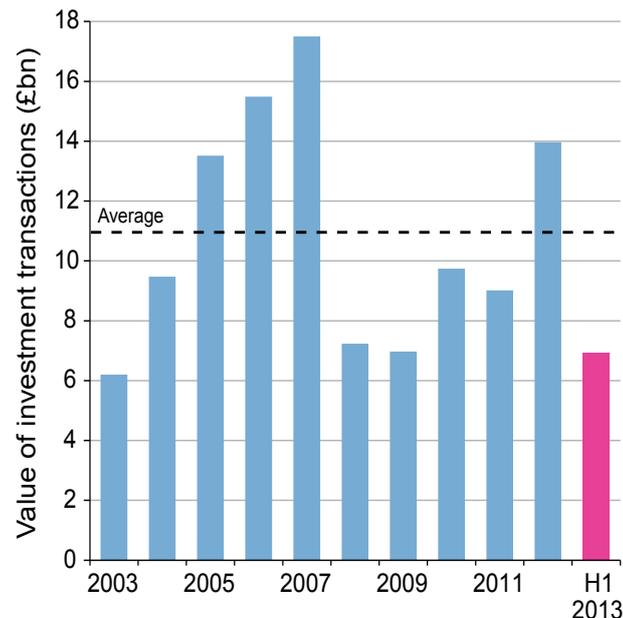
Source: CBRE, Deloitte, Hatton Real Estate, Companies

<sup>1</sup> UHY Hacker Young <sup>2</sup> Cushman & Wakefield <sup>3</sup> CoStar



- **Last year's strong pace maintained despite concerns over diminishing supply**
  - £6.9bn transactions in H1
  - Overseas investors continue to dominate (70%)
    - Slightly less in West End (65%)
  - Demand to be firm in H2
  - Increasing interest in Tech Belt
  - Residential prices still rising
  
- **Risks**
  - Significant rise in interest rates/bond yields
  - Relative appeal diminishes
  
- **Key notes for Derwent**
  - More competition for stock
  - Not afraid to recycle assets

**Central London office investment**

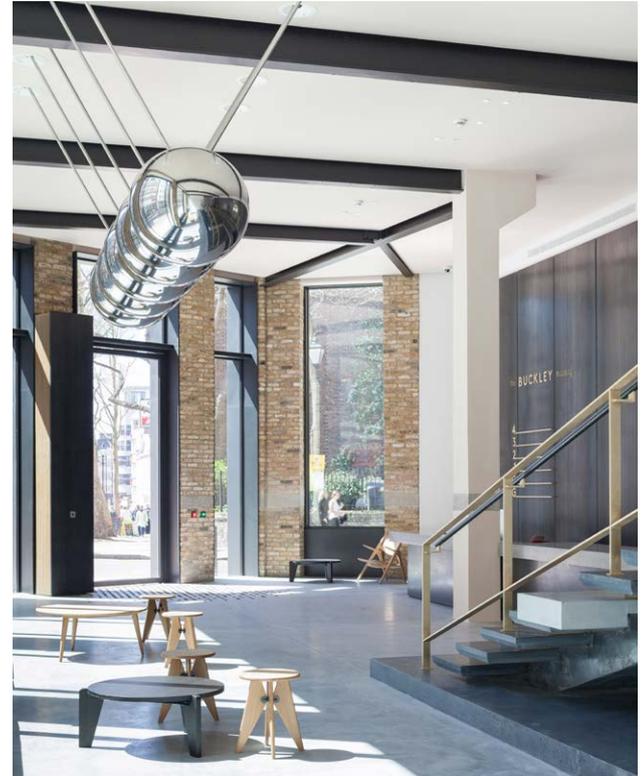


Source: CBRE

# Outlook for Derwent London

John Burns

- Favourable market conditions
  - Well-placed portfolio
  - Strengthened finances
  - Plenty of potential
- Next steps<sup>1</sup>
    - Capture the reversion
    - Progress the development pipeline
      - White Collar Factory
      - 80 Charlotte Street
      - 55-65 North Wharf Road
    - Source acquisitions



<sup>1</sup>Appendix 26

# Appendices

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# Appendix 1 - Group balance sheet

	Jun 2013 £m	Dec 2012 £m	Jun 2012 £m
Investment property*	2,888.5	2,772.6	2,565.9
Owner-occupied property*	18.1	17.9	17.3
Other non-current assets	77.2	74.2	71.2
	<b>2,983.8</b>	<b>2,864.7</b>	<b>2,654.4</b>
Non-current assets held for sale*	130.2	16.5	92.6
Other current assets and liabilities	(31.8)	(31.4)	(24.5)
Trading property*	11.2	-	-
Cash and cash equivalents	5.5	4.4	2.9
Financial liabilities - current	(124.9)	-	(95.0)
Corporation tax liability	(1.9)	(1.9)	(1.7)
	<b>(141.9)</b>	<b>(28.9)</b>	<b>(118.3)</b>
Financial liabilities - non-current	(816.3)	(879.2)	(778.1)
Other non-current liabilities	(37.6)	(55.1)	(57.7)
	<b>(853.9)</b>	<b>(934.3)</b>	<b>(835.8)</b>
Total net assets	<b>2,118.2</b>	<b>1,918.0</b>	<b>1,792.9</b>
Minority interests	(61.5)	(57.6)	(53.8)
<b>Attributable to equity holders</b>	<b>2,056.7</b>	<b>1,860.4</b>	<b>1,739.1</b>
<b>Property portfolio (*)</b>	<b>3,048.0</b>	<b>2,807.0</b>	<b>2,675.8</b>

## Appendix 2 - Net asset value per share

	Jun 2013			Dec 2012		
	£m	Basic p	Diluted p	£m	Basic p	Diluted p
Net assets attributable to equity shareholders	2,056.7	2,008	1,999	1,860.4	1,824	1,814
Fair value of secured bonds	(10.3)			(21.2)		
Fair value of unsecured bonds	(30.2)			(20.0)		
Fair value of fixed rate secured loan	5.6			1.0		
<b>EPRA NNNAV</b>	<b>2,021.8</b>	<b>1,974</b>	<b>1,965</b>	<b>1,820.2</b>	<b>1,784</b>	<b>1,775</b>
Fair value of bonds	34.9			40.2		
Deferred tax on revaluation surplus	4.6			4.1		
Fair value of derivatives	37.3			54.3		
Fair value adjustment to secured bonds on acquisition less amortisation	17.4			17.8		
Minority interest in respect of the above	(2.4)			(2.7)		
<b>EPRA NAV</b>	<b>2,113.6</b>	<b>2,064</b>	<b>2,054</b>	<b>1,933.9</b>	<b>1,896</b>	<b>1,886</b>

# Appendix 3 - Group income statement

	Half year ended June 2013 £m	Year ended Dec 2012 £m	Half year ended June 2012 £m												
Gross property income	64.0	124.8	62.3												
Other income	1.1	2.5	0.9												
Property outgoings	<table border="1"> <tr> <td>Property outgoings</td> <td>(5.6)</td> </tr> <tr> <td>Rates credits</td> <td>-</td> </tr> </table>	Property outgoings	(5.6)	Rates credits	-	<table border="1"> <tr> <td>(10.6)</td> <td>(10.3)</td> </tr> <tr> <td>0.3</td> <td></td> </tr> </table>	(10.6)	(10.3)	0.3		<table border="1"> <tr> <td>5.2</td> <td>(5.1)</td> </tr> <tr> <td>0.1</td> <td></td> </tr> </table>	5.2	(5.1)	0.1	
Property outgoings	(5.6)														
Rates credits	-														
(10.6)	(10.3)														
0.3															
5.2	(5.1)														
0.1															
<b>Net property income</b>	<b>59.5</b>	<b>117.0</b>	<b>58.1</b>												
Total administrative expenses	<table border="1"> <tr> <td>Admin expenses</td> <td>(11.8)</td> </tr> <tr> <td>Cash-settled options</td> <td>(0.2)</td> </tr> </table>	Admin expenses	(11.8)	Cash-settled options	(0.2)	<table border="1"> <tr> <td>(24.5)</td> <td>(25.1)</td> </tr> <tr> <td>0.6</td> <td></td> </tr> </table>	(24.5)	(25.1)	0.6		<table border="1"> <tr> <td>11.6</td> <td>(12.0)</td> </tr> <tr> <td>0.4</td> <td></td> </tr> </table>	11.6	(12.0)	0.4	
Admin expenses	(11.8)														
Cash-settled options	(0.2)														
(24.5)	(25.1)														
0.6															
11.6	(12.0)														
0.4															
Revaluation surplus	175.3	<table border="1"> <tr> <td>H1 71.3</td> <td>174.4</td> </tr> <tr> <td>H2 103.1</td> <td></td> </tr> </table>	H1 71.3	174.4	H2 103.1		77.3								
H1 71.3	174.4														
H2 103.1															
Profit on disposals <sup>1</sup>	<table border="1"> <tr> <td>Property</td> <td>0.3</td> </tr> <tr> <td>Investment</td> <td>-</td> </tr> </table>	Property	0.3	Investment	-	<table border="1"> <tr> <td>6.9</td> <td>10.8</td> </tr> <tr> <td>3.9</td> <td></td> </tr> </table>	6.9	10.8	3.9		<table border="1"> <tr> <td>0.2</td> <td>4.1</td> </tr> <tr> <td>3.9</td> <td></td> </tr> </table>	0.2	4.1	3.9	
Property	0.3														
Investment	-														
6.9	10.8														
3.9															
0.2	4.1														
3.9															
Net finance costs	(20.7)	(41.1)	(20.7)												
Foreign exchange gain	-	0.3	0.3												
Joint venture (JV) results	<table border="1"> <tr> <td>JV valuation</td> <td>(0.3)</td> </tr> <tr> <td>Other JV profit</td> <td>1.0</td> </tr> </table>	JV valuation	(0.3)	Other JV profit	1.0	<table border="1"> <tr> <td>0.3</td> <td>1.1</td> </tr> <tr> <td>0.8</td> <td></td> </tr> </table>	0.3	1.1	0.8		<table border="1"> <tr> <td>-</td> <td>0.4</td> </tr> <tr> <td>0.4</td> <td></td> </tr> </table>	-	0.4	0.4	
JV valuation	(0.3)														
Other JV profit	1.0														
0.3	1.1														
0.8															
-	0.4														
0.4															
Derivatives fair value adjustment	17.0	(2.4)	1.2												
Financial derivative termination costs	(0.3)	(6.9)	(6.3)												
<b>IFRS profit before tax<sup>2</sup></b>	<b>219.8</b>	<b>228.1</b>	<b>102.4</b>												
Tax charge credit	(1.2)	4.6	0.4												
<b>IFRS profit for the period</b>	<b>218.6</b>	<b>232.7</b>	<b>102.8</b>												

<sup>1</sup> Realisation of exchange gain on disposal of foreign subsidiary and an equal and opposite amount passes through comprehensive income in 2012

<sup>2</sup> A reconciliation of the EPRA and underlying profit before tax to the IFRS profit before tax is shown in Appendix 4

# Appendix 4 - Reconciliation of IFRS and EPRA profits

## Reconciliation of IFRS profit before tax to EPRA and underlying profit before tax

	Half year ended June 2013		Year ended Dec 2012	Half year ended June 2012
	EPS p	£m	£m	£m
IFRS profit before tax	210.22	219.8	228.1	102.4
Revaluation surplus		(175.3)	(174.4)	(77.3)
Joint venture revaluation deficit/(surplus)		0.3	(0.3)	-
Profit on disposal of properties and investments		(0.3)	(10.8)	(4.1)
Fair value movement in derivatives		(17.0)	2.4	(1.2)
Financial derivative termination costs		0.3	6.9	6.3
Movement in cash-settled share options		0.2	0.6	0.4
<b>EPRA profit before tax</b>	<b>25.95</b>	<b>28.0</b>	<b>52.5</b>	<b>26.5</b>
Foreign exchange movement on intercompany loan		-	(0.3)	(0.3)
Rates credits		-	(0.3)	(0.1)
<b>Underlying profit before tax</b>	<b>25.95</b>	<b>28.0</b>	<b>51.9</b>	<b>26.1</b>

# Appendix 5 - EPRA like-for-like rental income

	Like-for-like increase on		Properties owned throughout the period £m	Acquisitions £m	Disposals £m	Development property £m	Total £m
	H1 2012 %	H2 2012 %					
H1 2013							
<b>Rental income</b>	<b>2.2</b>	<b>1.1</b>	<b>56.6</b>	<b>2.1</b>	<b>-</b>	<b>5.2</b>	<b>63.9</b>
Property expenditure			(2.7)	-	(0.1)	(2.7)	(5.5)
<b>Net rental income</b>	<b>2.1</b>	<b>1.5</b>	<b>53.9</b>	<b>2.1</b>	<b>(0.1)</b>	<b>2.5</b>	<b>58.4</b>
Other <sup>1</sup>			0.9	-	-	0.2	1.1
<b>Net property income</b>	<b>1.7</b>	<b>0.6</b>	<b>54.8</b>	<b>2.1</b>	<b>(0.1)</b>	<b>2.7</b>	<b>59.5</b>

H1 2012							
<b>Rental income</b>			<b>55.4</b>	<b>-</b>	<b>1.5</b>	<b>5.4</b>	<b>62.3</b>
Property expenditure			(2.6)	-	(0.9)	(1.8)	(5.3)
<b>Net rental income</b>			<b>52.8</b>	<b>-</b>	<b>0.6</b>	<b>3.6</b>	<b>57.0</b>
Other <sup>1</sup>			1.1	-	0.1	(0.1)	1.1
<b>Net property income</b>			<b>53.9</b>	<b>-</b>	<b>0.7</b>	<b>3.5</b>	<b>58.1</b>

H2 2012							
<b>Rental income</b>			<b>56.0</b>	<b>1.1</b>	<b>0.3</b>	<b>5.0</b>	<b>62.4</b>
Property expenditure			(2.9)	-	(0.1)	(2.3)	(5.3)
<b>Net rental income</b>			<b>53.1</b>	<b>1.1</b>	<b>0.2</b>	<b>2.7</b>	<b>57.1</b>
Other <sup>1</sup>			1.4	-	-	0.4	1.8
<b>Net property income</b>			<b>54.5</b>	<b>1.1</b>	<b>0.2</b>	<b>3.1</b>	<b>58.9</b>

<sup>1</sup> Includes surrender premiums paid or received, dilapidation receipts and other income

# Appendix 6 - Debt facilities

	June 2013		Proforma <sup>1</sup>	
	£m	Maturity	£m	Maturity
6.50% secured bonds	175	March 2026	175	March 2026
3.99% secured loan	83	October 2024	83	October 2024
2.75% unsecured convertible bonds	175	July 2016	175	July 2016
Overdraft	2.5	On demand	-	
1.125% unsecured convertible bonds	-	-	150	July 2019
<b>Secured bank facilities</b>				
Term	28	June 2018	28	June 2018
Term/revolving credit	90	December 2017	90	December 2017
Revolving credit	150	January 2017	-	
Revolving credit	150	January 2017	-	
Revolving credit	125	November 2015	-	
Revolving credit	100	April 2015	-	
Term/revolving credit	125	April 2014	-	
	<b>768</b>		<b>118</b>	
Unsecured revolving credit	-		550	Q3 2018
<b>Total debt facilities</b>	<b>1,203.5</b>		<b>1,251</b>	

<sup>1</sup> Following issue of convertible bond and refinancing of secured facilities

# Appendix 7 - Net debt

	Jun 2013 £m	Dec 2012 £m
Financial liabilities - due after more than 1 year	816.3	879.2
- within 1 year	124.9	-
Acquired fair value of secured bonds less amortisation	(16.0)	(16.4)
Unamortised loan arrangement costs	5.7	6.7
Leasehold liabilities	(8.9)	(8.9)
Unamortised issue costs on unsecured bonds	2.7	3.1
Equity component of unsecured bonds	9.6	9.6
Unwinding of discount of unsecured bonds	(3.8)	(2.8)
Facilities - drawn	930.5	870.5
Facilities - undrawn	273.0	333.0
<b>Total debt facilities</b>	<b>1,203.5</b>	<b>1,203.5</b>

	Jun 2013 £m	Dec 2012 £m
Financial liabilities - due after more than 1 year	816.3	879.2
- within 1 year	124.9	-
Overdraft	-	-
Cash and cash equivalents	(5.5)	(4.4)
<b>Net debt</b>	<b>935.7</b>	<b>874.8</b>

## Appendix 8 - Convertible bonds 2019

- £150m 1.125% unsecured convertible bonds repayable July 2019
  - Launched and issued July 2013
- Initial conversion price £33.35; 35% premium to reference share price of £24.70
- IFRS interest rate: 2.67%

### Income statement presentation

	2013 £m	2014 £m
Interest	0.7	1.7
Discount amortisation	0.9	2.0
Issue costs amortisation	0.2	0.6
<b>IFRS finance costs</b>	<b>1.8</b>	<b>4.3</b>

### Balance sheet presentation

	Gross £m	Issue costs £m	Net at issue £m	Amortisation £m	31 Dec 2013 £m
Borrowings	137.4	(3.5)	133.9	1.1	135.0
Equity	12.6	(0.3)	12.3	-	12.3
	<b>150.0</b>	<b>(3.8)</b>	<b>146.2</b>	<b>1.1</b>	<b>147.3</b>

# Appendix 9 - Valuation performance by village

	Valuation Jun 2013 £m	Weighting Jun 2013 %	Valuation movement H1 2013 <sup>1</sup> %
<b>West End Central</b>			
Fitzrovia <sup>2</sup>	1,125.2	36	3.5
Victoria	394.8	13	2.8
Baker Street/Marylebone	146.8	5	4.5
Soho/Covent Garden	125.7	4	1.9
Belgravia	130.0	4	66.4
Mayfair	60.5	2	0.8
Paddington	51.6	2	7.8
	<b>2,034.6</b>	<b>66</b>	<b>5.9</b>
<b>West End Borders</b>			
Islington/Camden	256.6	8	3.7
Other	24.5	1	4.5
	<b>281.1</b>	<b>9</b>	<b>3.8</b>
<b>West End</b>	<b>2,315.7</b>	<b>75</b>	<b>5.6</b>
<b>City Borders</b>			
Clerkenwell	214.2	7	18.0
Old Street	159.8	5	3.7
Shoreditch/Whitechapel	155.5	5	2.7
Holborn	155.3	5	13.0
Southbank	9.8	-	1.5
Other	0.4	-	-
<b>City Borders</b>	<b>695.0</b>	<b>22</b>	<b>9.8</b>
<b>Central London</b>	<b>3,010.7</b>	<b>97</b>	<b>6.6</b>
Provincial	93.0	3	0.1
<b>Investment portfolio</b>	<b>3,103.7</b>	<b>100</b>	<b>6.3</b>

<sup>1</sup> Underlying - properties held throughout the period    <sup>2</sup> Includes Fitzrovia, Euston and North of Oxford Street

# Appendix 10 - Portfolio statistics by village

	Valuation £m	Weighting %	Floor area sq ft '000	Vacant floor area sq ft '000	Net contracted rental income £m pa	Average rental income £ psf	Vacant space rental value £m pa	Rent review / lease reversion £m pa	Total reversion £m pa	Estimated rental value £m pa
<b>West End: Central</b>										
Fitzrovia <sup>1</sup>	1,125.2	36	1,789	111	46.6	27.96	5.0	12.1	17.1	63.7
Victoria	394.8	13	571	5	13.9	24.49	0.2	8.4	8.6	22.5
Baker Street/Marylebone	146.8	5	213	11	6.5	32.47	0.4	1.3	1.7	8.2
Soho/Covent Garden	125.7	4	227	11	5.0	22.92	0.6	0.2	0.8	5.8
Belgravia	130.0	4	84	-	2.7	33.92	-	1.0	1.0	3.7
Mayfair	60.5	2	42	5	1.5	40.08 <sup>2</sup>	0.4	1.3	1.7	3.2
Paddington	51.6	2	99	22	1.4	20.14	0.1	-	0.1	1.5
	<b>2,034.6</b>	<b>66</b>	<b>3,025</b>	<b>165</b>	<b>77.6</b>	<b>27.34</b>	<b>6.7</b>	<b>24.3</b>	<b>31.0</b>	<b>108.6</b>
<b>West End: Borders</b>										
Islington/Camden	256.6	8	487	10	10.4	21.86	0.2	4.9	5.1	15.5
Other	24.5	1	83	1	1.3	16.09	-	0.6	0.6	1.9
	<b>281.1</b>	<b>9</b>	<b>570</b>	<b>11</b>	<b>11.7</b>	<b>21.02</b>	<b>0.2</b>	<b>5.5</b>	<b>5.7</b>	<b>17.4</b>
<b>West End</b>	<b>2,315.7</b>	<b>75</b>	<b>3,595</b>	<b>176</b>	<b>89.3</b>	<b>26.31</b>	<b>6.9</b>	<b>29.8</b>	<b>36.7</b>	<b>126.0</b>
<b>City: Borders</b>										
Clerkenwell	214.2	7	420	72	8.0	23.54	3.0	4.0	7.0	15.0
Old Street	159.8	5	391	32	8.1	22.62	0.8	1.9	2.7	10.8
Shoreditch/Whitechapel	155.5	5	432	1	8.0	18.58	-	3.1	3.1	11.1
Holborn	155.3	5	292	8	5.4	19.31	0.2	6.3	6.5	11.9
Southbank	9.8	-	39	-	0.2	5.30	-	0.2	0.2	0.4
Other	0.4	-	1	1	-	-	-	-	-	-
	<b>695.0</b>	<b>22</b>	<b>1,575</b>	<b>114</b>	<b>29.7</b>	<b>20.54</b>	<b>4.0</b>	<b>15.5</b>	<b>19.5</b>	<b>49.2</b>
<b>Central London</b>	<b>3010.7</b>	<b>97</b>	<b>5,170</b>	<b>290</b>	<b>119.0</b>	<b>24.58</b>	<b>10.9</b>	<b>45.3</b>	<b>56.2</b>	<b>175.2</b>
Provincial	93.0	3	325	10	4.3	13.62	0.2	0.5	0.7	5.0
<b>Investment portfolio</b>	<b>3,103.7</b>	<b>100</b>	<b>5,495</b>	<b>300</b>	<b>123.3</b>	<b>23.92</b>	<b>11.1</b>	<b>45.8</b>	<b>56.9</b>	<b>180.2</b>

<sup>1</sup> Includes Fitzrovia, Euston and North of Oxford Street <sup>2</sup> If owner-occupied area (part Savile Row W1) is excluded the average rental income is £60.88 psf

# Appendix 11 - Portfolio reversion

	Rental uplift pa £m		Rent pa £m
Contracted rental income, net of ground rents			123.3
<b>Contractual uplifts</b>			
1 Page Street SW1 (completed)	5.3		
The Buckley Building EC1 (completed)	2.4		
4 & 10 Pentonville Road N1 (completed)	2.1		
Other	12.7	22.5	
<b>Pre-let projects</b>			
40 Chancery Lane WC2	4.7 <sup>1</sup>		
Turnmill EC1	3.1		
1-2 Stephen Street W1	0.8	8.6	
Total contracted uplift		31.1	
<b>Vacant space<sup>2</sup></b>			
Four on-site projects <sup>3</sup>	4.4		
General upgrades	3.3		
Available to occupy	3.4	11.1	
<b>Lease reversions</b>			
Anticipated rent reviews and lease renewals		14.7	56.9
<b>Estimated rental value of investment portfolio</b>			<b>180.2</b>

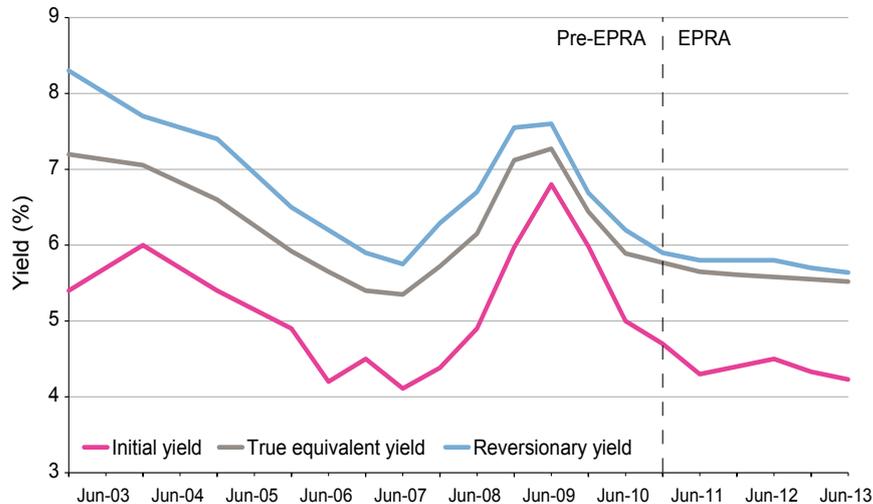
<sup>1</sup> Net income after deduction of £1m ground rent <sup>2</sup> Detailed in Appendix 12 <sup>3</sup> Capex to complete £72m - see Appendix 27

# Appendix 12 - Vacant space - available and projects

	Vacant area '000 sq ft	Pre-let area '000 sq ft	Total area '000 sq ft	Vacant ERV £m pa	Pre-let ERV £m pa	Total gross ERV £m pa	Ground rent £m pa	Total net ERV £m pa	Comment
<b>Available to occupy</b>									
The Buckley Building EC1	33	-	33	1.7	-	1.7	-	1.7	Post half year 16,100 sq ft let to Tipp24 @ £0.8m pa
19 Fitzroy Street W1	4	-	4	0.2	-	0.2	-	0.2	
Greencoat House SW1	5	-	5	0.2	-	0.2	-	0.2	
186 City Road EC1	6	-	6	0.2	-	0.2	-	0.2	
Strathkelvin Retail Park, Scotland	10	-	10	0.2	-	0.2	-	0.2	Under offer to Nike @ £0.16m pa
Other	28	-	28	0.9	-	0.9	-	0.9	
	<b>86</b>	<b>-</b>	<b>86</b>	<b>3.4</b>	<b>-</b>	<b>3.4</b>	<b>-</b>	<b>3.4</b>	
<b>General upgrades</b>									
Tower House WC2	11	-	11	0.6	-	0.6	-	0.6	
3-4 Hardwick Street EC1	12	-	12	0.4	-	0.4	-	0.4	
Other	86	-	86	2.3	-	2.3	-	2.3	Includes 26,300 sq ft held for WCF development
	<b>109</b>	<b>-</b>	<b>109</b>	<b>3.3</b>	<b>-</b>	<b>3.3</b>	<b>-</b>	<b>3.3</b>	
<b>On-site developments</b>									
Turnmill EC1	12	58	70	0.4	3.1	3.5	-	3.5	58,200 sq ft pre-let to Publicis Groupe @ £3.1m pa
40 Chancery Lane WC2	4	98	102	0.1	5.7	5.8	(1.0)	4.8	97,400 sq ft pre-let to Publicis Groupe @ £5.7m pa
Queens, Bishop's Bridge Road W2	21	-	21	0.1	-	0.1	-	0.1	18,700 sq ft residential and 2,700 sq ft retail
<b>On-site phased refurbishments</b>									
1-2 Stephen Street W1	68	18	86	3.8	0.8	4.6	-	4.6	18,300 sq ft pre-let to BrandOpus @ £0.8m pa
	<b>105</b>	<b>174</b>	<b>279</b>	<b>4.4</b>	<b>9.6</b>	<b>14.0</b>	<b>(1.0)</b>	<b>13.0</b>	
<b>Total</b>	<b>300</b>	<b>174</b>	<b>474</b>	<b>11.1</b>	<b>9.6</b>	<b>20.7</b>	<b>(1.0)</b>	<b>19.7</b>	

# Appendix 13 - EPRA valuation yields

## Yields' profile



## EPRA initial yields

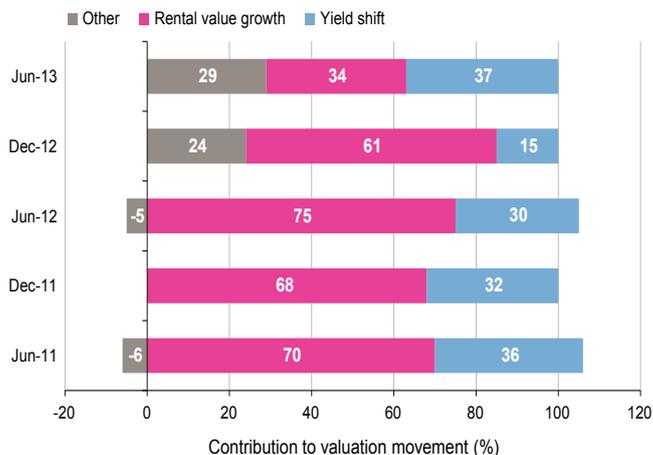
	Net initial yield %	'Topped-up' initial yield %
West End	4.0	4.8
City Borders	4.6	5.6
<b>Central London</b>	<b>4.1</b>	<b>5.0</b>
Provincial	6.4	6.9
<b>EPRA portfolio</b>	<b>4.2</b>	<b>5.0</b>

## EPRA true equivalent yields

	Dec 2012 %	H1 2013 movement basis points	Jun 2013 %
West End	5.29	(4)	5.25
City Borders	6.32	(16)	6.16
<b>Central London</b>	<b>5.52</b>	<b>(4)</b>	<b>5.48</b>
Provincial	6.79	9	6.88
<b>Underlying</b>	<b>5.55</b>	<b>(3)</b>	<b>5.52</b>

# Appendix 14 - Valuation drivers and rental value growth

## Drivers of valuation movement<sup>1</sup>



## EPRA rental value growth

	H1 2012 %	H2 2012 %	2012 %	H1 2013 %
West End	2.5	3.1	5.7	2.0
City Borders	4.3	6.8	11.4	4.7
<b>Central London</b>	<b>2.9</b>	<b>3.9</b>	<b>6.9</b>	<b>2.7</b>
Provincial	0.3	0.2	0.5	1.0
<b>Underlying</b>	<b>2.8</b>	<b>3.8</b>	<b>6.7</b>	<b>2.6</b>

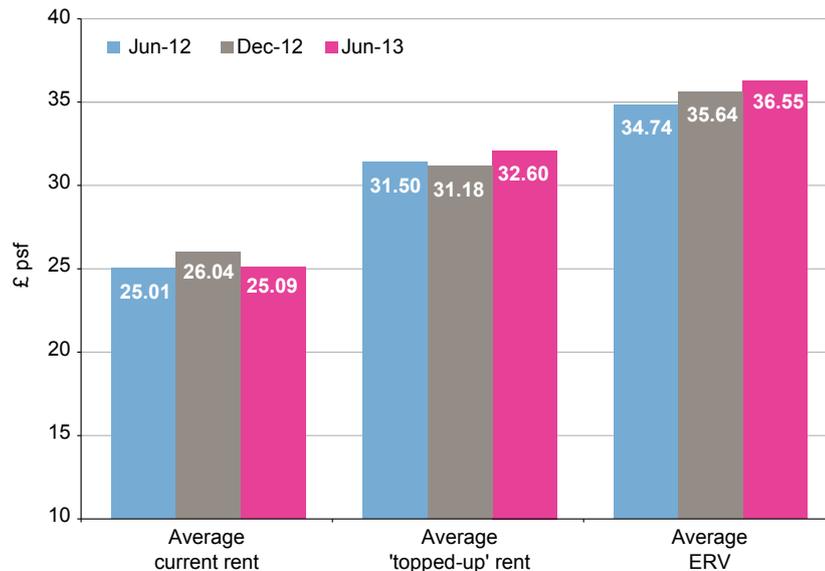
<sup>1</sup> Six-month periods

- Central London offices represents 85% of income

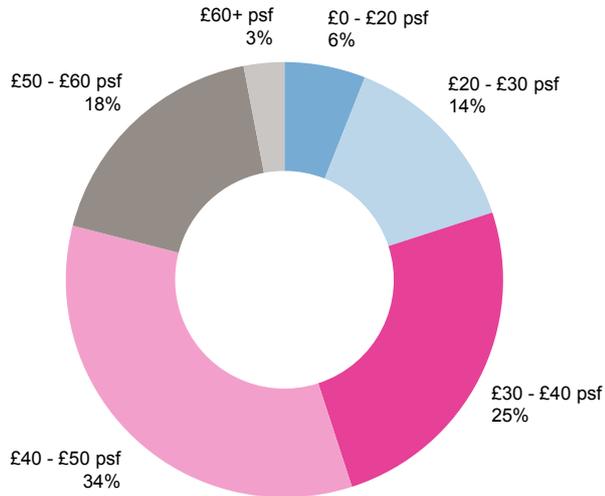
	Income %
Central London offices	85
Retail/restaurant	7
Leisure/hotel	2
Other	3
<b>Central London</b>	<b>97</b>
Scotland	3
<b>Total</b>	<b>100</b>

- Office rents passing on a 'topped-up' basis
  - <£30 psf 20%
  - £30-£40 psf 25%
  - £40-£50 psf 34%
  - >£50 psf 21%

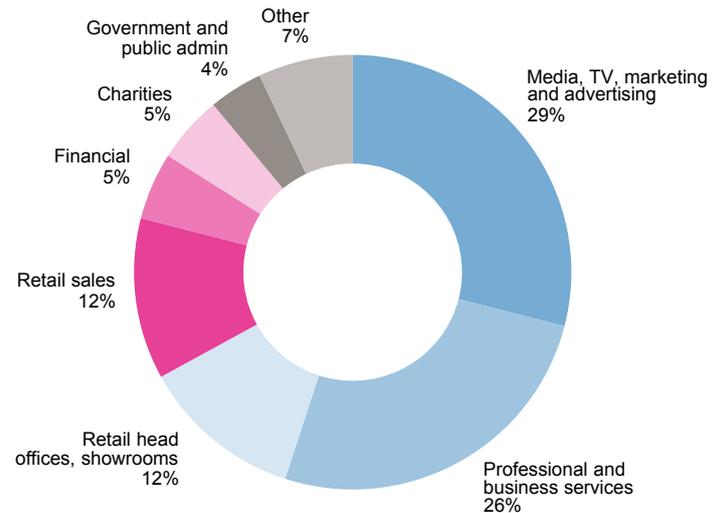
### Central London office rent profile



**Central London 'topped-up' office rent banding<sup>1</sup>**



**Profile of tenants' business sector<sup>2</sup>**



<sup>1</sup> Expressed as a percentage of annualised rental income after expiry of rent free periods and stepped rents

<sup>2</sup> Expressed as a percentage of annualised rental income

# Appendix 17 - Lease expiries and breaks

- Excluding schemes, Derwent London's tenant retention was 81%
  - 80 Charlotte Street W1 project now to commence 2015 thereby retaining income
- Only 6% of expiries remain vacant (lowest level for 5 years)
- H2 2013 exposure of 8.1% by rental income
  - of which c.30% for schemes
- Portfolio average lease length of 7.1 years



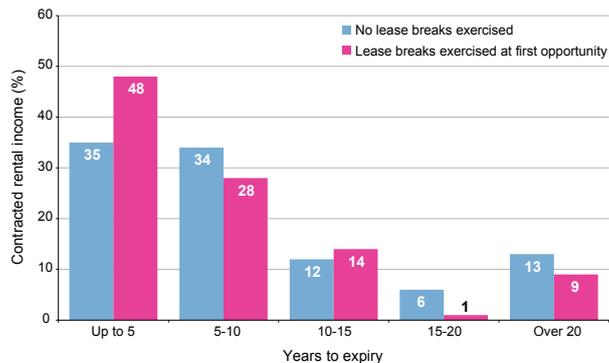
<sup>1</sup>As at reporting date

# Appendix 18 - Lease expiry profile and lease length

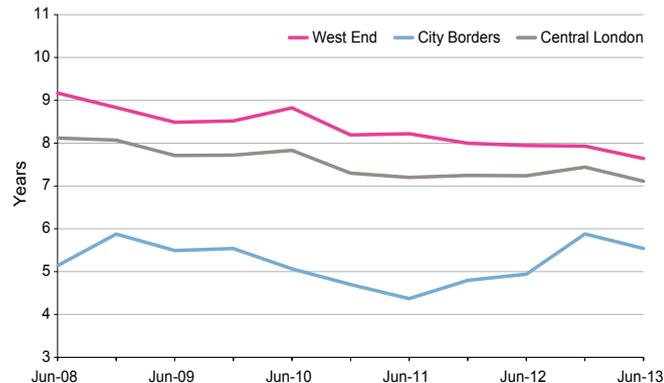
## Expiries and breaks as percentage of portfolio income<sup>1</sup>

	West End	City Borders	H2 2013	2014	2015	2016	2017	Total
Expiries	2	2	4	5	9	4	4	26
Holding over	1	-	1	-	-	-	-	1
Rolling breaks	2	1	3	3	-	-	-	6
Single breaks	-	-	-	6	3	4	2	15
<b>Total</b>	<b>5</b>	<b>3</b>	<b>8</b>	<b>14</b>	<b>12</b>	<b>8</b>	<b>6</b>	<b>48</b>

## Profile of rental income expiry<sup>1</sup>



## Average unexpired lease length<sup>2</sup>



<sup>1</sup> Based upon annualised contracted rental income of £123.3m

<sup>2</sup> Lease length weighted by rental income and assuming tenants break at first opportunity

# Appendix 19 - Turnmill EC1 (70,500 sq ft )

DERWENT  
LONDON

- 58,200 sq ft offices let for £3.1m pa to Publicis Groupe for 20 years (break at 18) - 32 months rent free
- Office rent £55.00 psf
- 16% above December 2012 ERV
- To be handed over July 2014
- 12,300 sq ft retail remaining to let with an ERV of £0.4m pa

83% pre-let



# Appendix 20 - 40 Chancery Lane WC2 (101,800 sq ft)

DERWENT  
LONDON

96% pre-let

- 97,400 sq ft offices let for £5.7m pa to Publicis Groupe for 20 years (break at 18) - 32 months rent free
- Subject to a ground rent of 18%
- Typical floor £65.00 psf
- 7% above December 2012 ERV
- To be handed over July 2014
- 4,400 sq ft retail remaining to let with an ERV of £0.1m pa



Queens, Bishop's Bridge Road W2



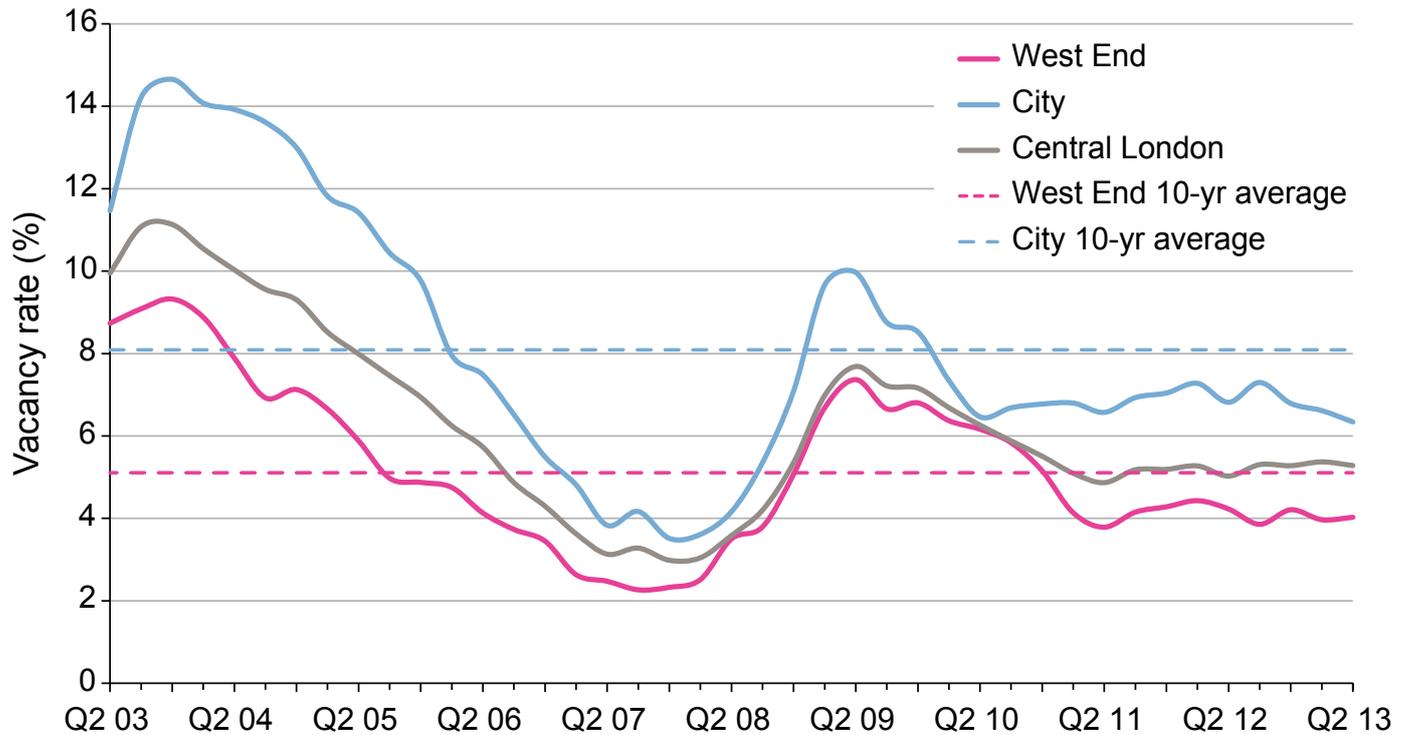
- Demolition completed
- 16 private flats (18,700 sq ft) for sale
- 2,700 sq ft retail (ERV c.£0.1m pa)
- Completion Q4 2014

73 Charlotte Street W1



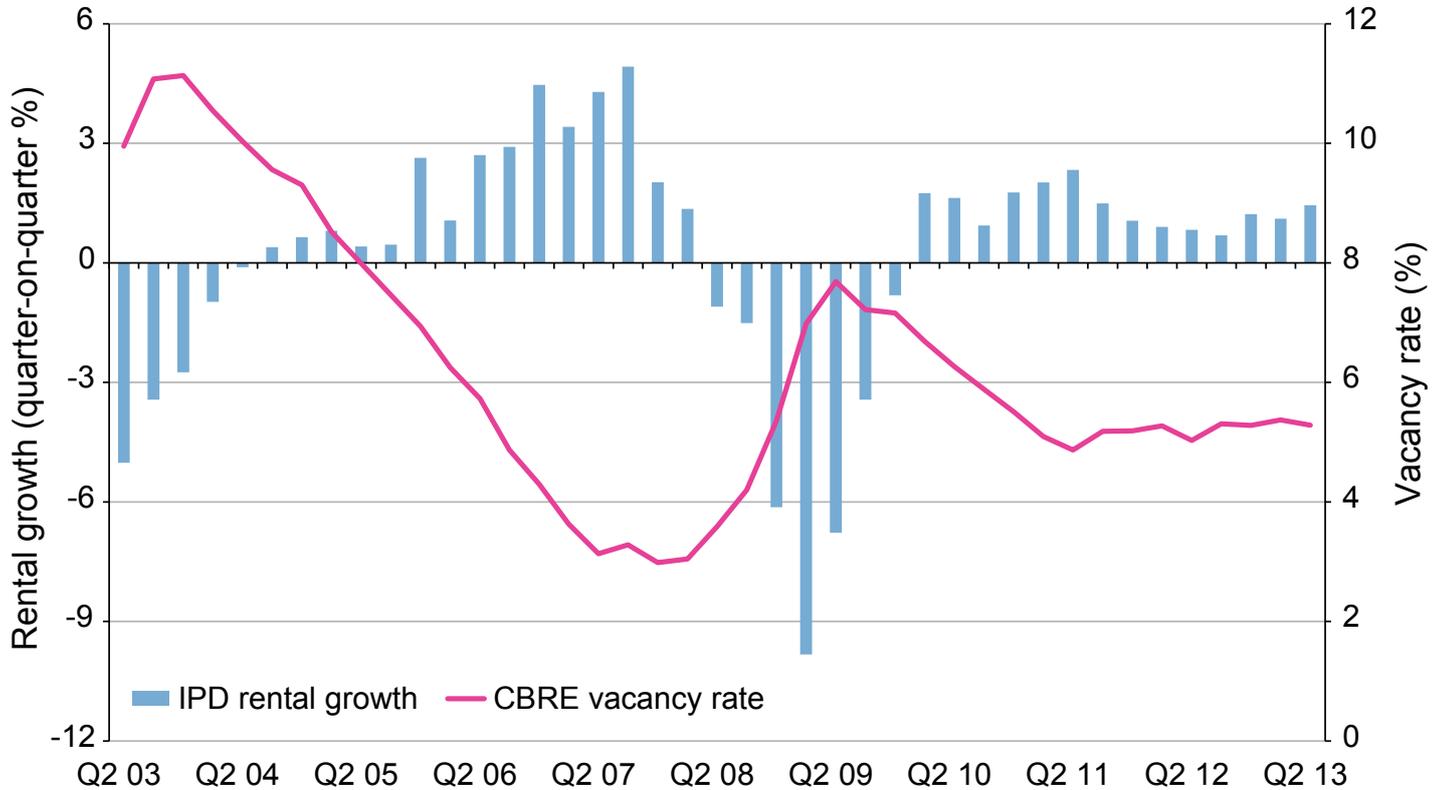
- Work to start in H2
- 9 private flats (11,700 sq ft) for sale
- 2 affordable flats (1,900 sq ft) for sale
- 1,900 sq ft offices (ERV c.£0.1m pa)
- Completion Q2 2015

# Appendix 22 - Central London office vacancy



Source: CBRE

# Appendix 23 - Central London office vacancy v rental growth



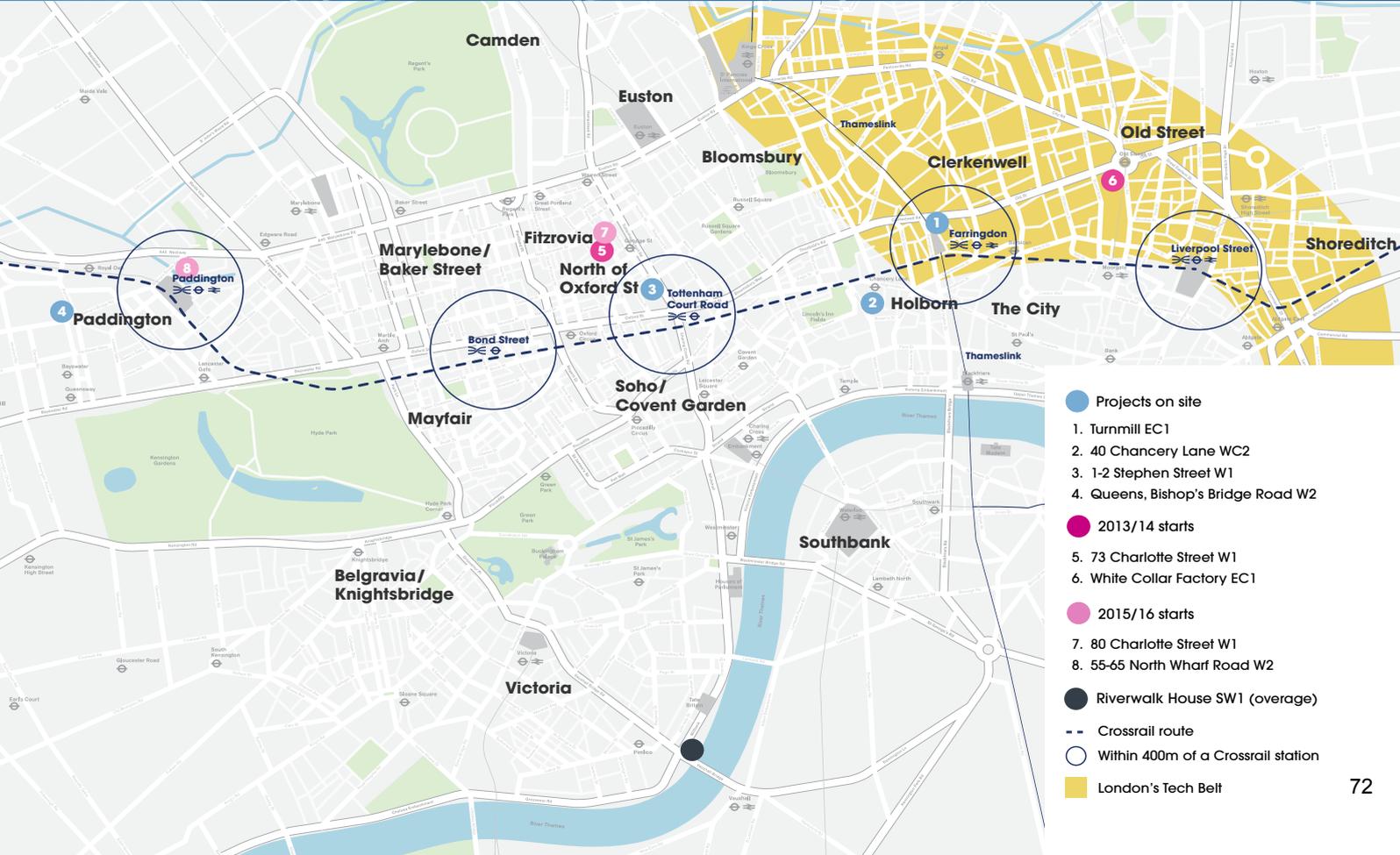
Source: CBRE, IPD

# Appendix 24 - Central London office rental growth



Source: CBRE

# Appendix 25 - Current project map



- Projects on site
- 1. Turnmill EC1
- 2. 40 Chancery Lane WC2
- 3. 1-2 Stephen Street W1
- 4. Queens, Bishop's Bridge Road W2
- 2013/14 starts
- 5. 73 Charlotte Street W1
- 6. White Collar Factory EC1
- 2015/16 starts
- 7. 80 Charlotte Street W1
- 8. 55-65 North Wharf Road W2
- Riverwalk House SW1 (overage)
- - - Crossrail route
- Within 400m of a Crossrail station
- London's Tech Belt

# Appendix 26 - Next steps: current and future potential

- Proforma ERV (£m)

Estimated ERV	180.2 <sup>1</sup>
Grosvenor Place	<u>(3.7)</u>
Adjusted ERV	176.5
Add 2013-16 starts	<u>33.5<sup>2</sup></u>
Proforma	210.0

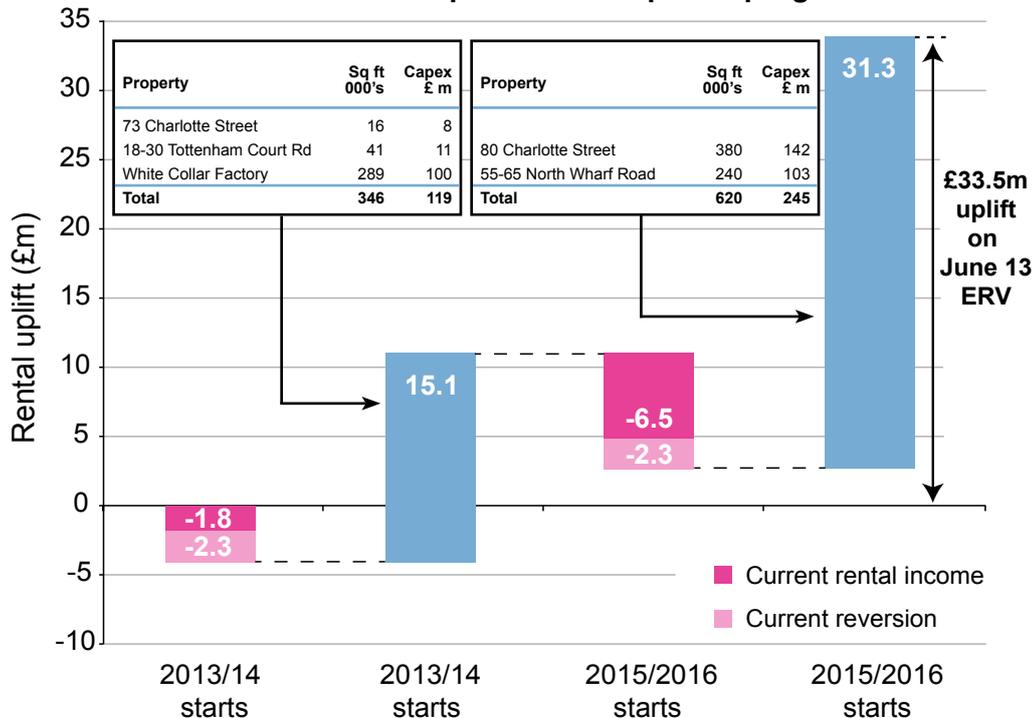
- Estimated capex £436m<sup>3</sup>

- Additional potential 1.3m sq ft delivery by 2020<sup>4</sup>

- Assumptions

- No change in values from June 2013
- All expected schemes delivered on time and budget
- No additions or disposals
- No other activity
- No change in strategy

## Impact of development programme on ERV



<sup>1</sup> June 2013 values, assumes £72m of capex to complete <sup>2</sup> Requires £364m capex, see chart <sup>3</sup> Excluding capitalised interest <sup>4</sup> See Appendices 27, 28 & 29

# Appendix 27 - Projects summary 2013-16

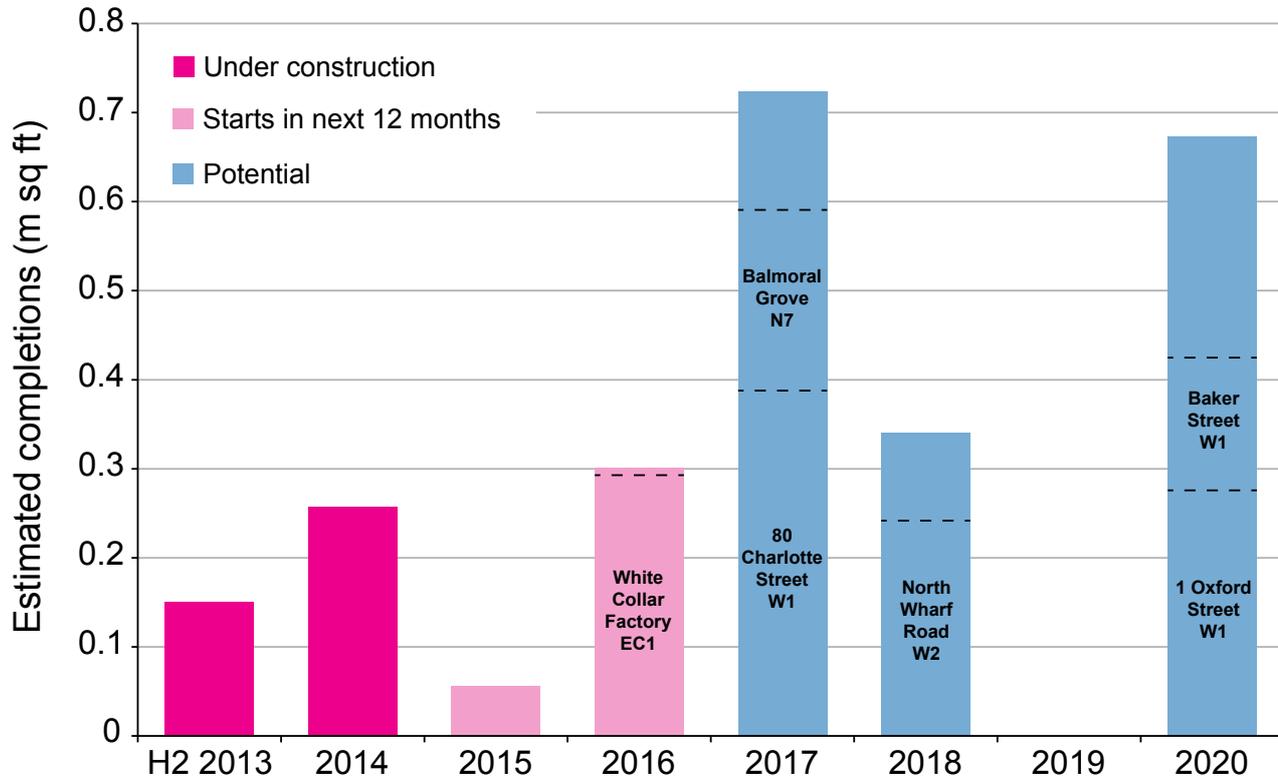
Property	Current net income £m pa	Pre scheme area '000 sq ft	Proposed area '000 sq ft	H2 2013 capex £m	2014 capex £m	2015 capex £m	2016 + Capex £m	Total capex £m	Delivery date	Current office ERV £psf
<b>On site projects</b>										
Turnmill EC1	-	41	70	7	9	-	-	16	Q3 2014	55
40 Chancery Lane WC2	-	61	102	14	15	-	-	29	Q3 2014	65
Queens W2	-	-	21	3	8	-	-	11	Q4 2014	Residential
1-2 Stephen Street W1	-	83	86	12	4	-	-	16	2013/2014	c.57.5
	-	<b>185</b>	<b>279</b>	<b>36</b>	<b>36</b>	-	-	<b>72</b>		
<b>2013/2014</b>										
73 Charlotte Street W1	0.3	13	16	2	5	1	-	8	Q2 2015	Residential
18-30 Tottenham Court Road W1	0.7	24	41	-	9	2	-	11	Q2 2015	Retail
White Collar Factory EC1	0.8	124	289	3	11	42	44	100	Q3 2016	c.47.5
	<b>1.8</b>	<b>161</b>	<b>346</b>	<b>5</b>	<b>25</b>	<b>45</b>	<b>44</b>	<b>119</b>		
<b>2015/2016</b>										
80 Charlotte Street W1	5.1	234	380	9	2	27	104	142	H2 2017	c.60
55-65 North Wharf Road W2	1.4	78	240	4	7	12	80	103	c.2018	c.55
	<b>6.5</b>	<b>312</b>	<b>620</b>	<b>13</b>	<b>9</b>	<b>39</b>	<b>184</b>	<b>245</b>		
Planning and design	-	-	-	4	5	-	-	9		
Other	-	-	-	15	21	7	10	53		
<b>Total</b>	<b>8.3</b>	<b>658</b>	<b>1,245</b>	<b>73</b>	<b>96</b>	<b>91</b>	<b>238</b>	<b>498</b>		
<b>Capitalised interest</b>				<b>2</b>	<b>5</b>	<b>5</b>	<b>23</b>	<b>35</b>		
<b>Total including interest</b>				<b>75</b>	<b>101</b>	<b>96</b>	<b>261</b>	<b>533</b>		

# Appendix 28 - Projects summary 2015+

Property	June net income £m pa	Pre scheme area '000 sq ft	Proposed area '000 sq ft	Earliest possession year	Comment
<b>Other planning consents</b>					
Wedge House SE1	0.2	39	80	2013	Consented - offices
1 Oxford Street W1 <sup>1</sup>	-	-	275	c.2017	Consented - offices, retail & theatre
	<b>0.2</b>	<b>39</b>	<b>355</b>		
<b>Appraisal studies</b>					
Jaeger House W1	0.9	25	c.30	2014	
Balmoral Grove N7	0.6	67	c.200	2014	
9 Prescott Street E1	1.2	103	c.113	2015	
25 & 29 Berners Street W1	1.4	79	c.100	2016	
Monmouth House EC1	1.4	42	c.75	2016	
Network Building W1	2.3	64	c.100	2017	
Mark Square House EC2	1.5	62	c.70	2018	
19-35 Baker Street W1	5.0	146	c.250	2018	Portman JV
Premier House SW1	1.9	62	c.80	2018	
	<b>16.2</b>	<b>650</b>	<b>1,018</b>		
Adjustments for JVs	(2.3)	(66)	(113)		19-35 Baker Street
	<b>13.9</b>	<b>584</b>	<b>905</b>		
Current programme <sup>2</sup>	8.3	658	1,245		
<b>Total pipeline<sup>3</sup></b>	<b>22.4</b>	<b>1,281</b>	<b>2,505</b>		

<sup>1</sup> Crossrail option site <sup>2</sup> Appendix 27 <sup>3</sup> Includes other planning consents (above)

# Appendix 29 - Potential project delivery H2 2013 - 2020



# Appendix 30 - Management structure - executive team

John Burns	Chief Executive Officer
Damian Wisniewski	Finance Director
Simon Silver	Property Director
Nigel George	Property Director
Paul Williams	Property Director
David Silverman	Property Director
Tim Kite	Company Secretary
Richard Baldwin	Head of Development
Louise Rich	Head of Investor Relations
Asim Rizwani	Head of Property Management
Simon Taylor	Head of Asset Management
Celine Thompson	Head of Leasing
David Westgate	Head of Tax
Gary Preston	Group Financial Controller
Quentin Freeman	Investment Analyst

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