Derwent London plc
Results 2006

DERWENT LONDON

Contents

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Highlights

- Adjusted net asset value 1,770p per share - 33% increase.
- Adjusted profit before tax £16.4m - 2% decrease.
- 2006 dividend 14.75p per share - 8% increase.
- Total return for the year 33.6%.
- DVH and LMS merger completed 1st February to create Derwent London - the leading focused Central London investment group.

A year of excellent progress and ideally positioned for continued growth

DERWENT LONDON

Financial review
Results 2006

Group income statement.

	2006 £m	2005 £m
• IFRS profit before tax	242.8	150.4
• Exceptional items		
• Development income	11.6	-
• Finance costs	18.1	-
• Adjusted profit before tax	16.4	16.7

- Adjustments include all valuation items, property disposal profits and exceptional items.
- Reflects underlying operating profit and cash flow.
- Profit trend reflects continued implementation of development pipeline.

Financial review
Results 2006

Group income statement.

- Factors impacting on profit.
  - Gross property income: up £1.8m.
    - New lettings ↑ £3.6m.
      - Tea Building (£0.7m), The Johnson Building (£0.7m), Holden House (£0.6m).
    - Rent reviews ↑ £1.2m.
      - Henry Wood House (£0.9m).
    - Surrender premium ↑ £0.8m.
      - North Wharf Road (£1.0m).
    - Voids ↓ £3.4m.
      - Horseferry House (£0.9m), Kensal House/Portobello Dock (£0.7m), North Wharf Road (£0.5m).
    - Acquisitions ↑ £2.0m.
      - Horseferry House (£1.0m), The Astoria (£0.5m).
    - Disposals ↓ £2.4m.
      - Woburn Place (£0.7m), Morley House (£0.5m), Berkshire House (£0.4m), Roger Street (£0.4m).

↑ ↓ effect on profit

Financial review
Results 2006

Group income statement.

- Factors impacting on profit.
  - Property outgoings: up £2.0m.
    - Void costs ↓ £1.0m.
      - The Johnson Building (£0.6m).
    - Transaction costs ↓ £0.5m.
      - Letting and legal fees (£0.4m).
    - Property overheads ↓ £0.4m.
    - Ground rent ↓ £0.1m.
  - Net property income: down £0.2m.
    - Excludes exceptional development income.

Financial review
Results 2006

Group income statement.

- Factors impacting on profit.
  - Administration costs: up £1.3m.
    - Employment costs ↓ £0.9m.
  - Finance costs: down £1.1m.
    - Debenture stock ↑ £0.5m, bank debt ↑ £0.2m, finance leases ↑ £0.4m.
  - Valuation items.
    - Portfolio ↑ £223.3m, joint ventures ↑ £3.5m.
    - Derivatives ↑ £3.2m.
  - Disposal profits: down £6.7m.
    - Proceeds ↓ £66.6m.

Financial review
Post merger proforma

Profit and loss account.

- Property income.

	Gross property income £m	Net property income £m
• Derwent Group[1]	51.3	46.4
• LMS Group[2]	54.2	48.4
	105.5	94.8

[1] Year ended 31st December 2006.

[2] Annualised based on 10 months to 31st January 2007.

- Administrative costs:
  - Pre-merger combined overheads excluding exceptional items approximately £20 million.
  - Full year savings on overheads estimated at £4.5 million.
    - This is net of ongoing additional costs.
  - Savings in 2007 estimated at 50% of full year.
  - Acquisition costs expensed in 2007 approximately £3.3 million.

Financial review
Post merger proforma

Balance sheet.

- Post merger proforma fair value balance sheet (Appendix 1).
  - LMS portfolio valued 31st January 2007.
- Key figures.
  - Investment properties £2.5b.
  - Net debt £897.6m.
  - Net assets £1.4b.
  - Adjusted net asset value per share 1,723p.
  - Gearing 64%.
- Cost of acquisition.
  - Equity £912.9m, loan notes £32.5m, cash £12.2m.
  - Goodwill written off £291.2m.

Financial review

Post merger proforma

Debt.	Commitment £m	Drawn £m	Maturity
Debentures			
6.5% secure bond	175.0	175.0	March 2026
9.7% mortgage	20.0	20.0	March 2018
Loan notes	32.5	32.5	February 2012
Bank facilities			
Revolving credit facility	100.0	62.0	April 2013
Term/revolving credit facility	375.0	284.0	March 2013
Revolving credit facility	200.0	100.0	December 2011
Revolving credit facility	125.0	94.0	November 2009
Revolving credit facility	100.0	85.0	November 2008
Acquisition facility	22.5	12.2	February 2010
Miscellaneous	9.6	9.6	
Overdraft	10.0	2.2	On demand
	1,169.6	876.5	

- Available facilities £293m.
- Interest rate protection.

	£m
Fixed	195
Derivatives	350
	545

Cover	62%

Valuation performance

Key points

- Valuation

	Portfolio valuation £m[1]	Valuation surplus £m[1]
Investment properties	1,143.4	198.0
Development properties[2]	91.8	21.1
Acquisitions	47.5	5.2
	1,282.7	224.3

- Performance from:
  - Yield compression £103.6m.
  - Rental growth and management activity £94.4m.
- 29.8% valuation uplift of the development properties.
- Underlying valuation increase 21.6%.
  - West End 20.9%
  - City 23.6%
- Rental growth 10% (5% in 2005).
  - West End 11%
  - City 6%

[1] Prior to the adjustment for lease incentives of £1.0m.
[2] Horseferry House, Gresse Street, Rathbone Place, Portobello Dock, Leonard Street.

Strong valuation returns

Valuation performance
By location

	Weighting %	Valuation movement 2006[1] %	Valuation surplus 2006 £m
West End			
Mayfair	5	46.6	18.7
Victoria	17	25.7	45.4
Noho	15	20.4	33.3
Belgravia	10	18.1	18.9
Soho/Covent Garden	20	18.0	37.5
Camden/Islington	3	10.7	3.1
Paddington	4	5.6	2.6
	74	20.9	159.5
City			
Holborn/Midtown	9	37.5	31.0
City borders	17	17.2	33.8
	26	23.6	64.8
	100	**21.6**	**224.3**

[1] Underlying - properties held throughout the period.

Portfolio yields

- Attractive reversionary yield profile.
- A 52 basis point hardening of the equivalent yield.
- Future yield enhancement principally through:
  - Active lease management.
  - Projects.
- Average lease length 8.5 years.

Yield profile[1]

	Initial yield %	Reversionary yield %	Yield spread %
West End	4.4	5.7	1.3
City	4.9	6.4	1.5
Dec 2006	**4.5**	**5.9**	**1.4**
Dec 2005	4.9	6.5	1.6

True equivalent yields[2]

	Dec 2005 %	June 2006 %	Dec 2006 %	Movement basis points
West End	5.71	5.34	5.11	(60)
City	6.66	6.40	6.15	(51)
	5.92	**5.65**	**5.40**	**(52)**

[1] Yield to Derwent London at 31st December 2006 based upon an annualised contracted net rental income of £59.4m (includes Horseferry House pre-let rent £5.3m) and an estimated rental value of £78.8m. Adjusted for costs to complete commenced projects.
[2] Including purchasers' costs.

Lettings and activity
Key points

- £12.6m of lettings - 432,000 sq ft.
- The Johnson Building; £4.7m pa.
  - Faber Maunsell.
  - Grey Advertising.
  - Thomson Scientific.
  - Rents range from £35-£40 psf.
- Horseferry House; £5.3m pa.
  - Burberry.
  - Prime rent - £38 psf.
- In addition, Telstar pre-letting to Rio Tinto - £4.95m pa.
  - 107,000 sq ft project on behalf of Prudential.
- Available space - vacancy rate at year end 3%.
- Tenure improvement:
  - Riverwalk House, Argosy House and Kentish Town Road.
  - Unlocking development potential and adding to the pipeline.
- Planning permissions granted:
  - Leonard Street 56,000 sq ft - residential/offices.
  - Wedge House 88,000 sq ft - offices.

A year of record lettings

Lettings and activity

- Additional properties acquired at Charing Cross Road - Astoria and 17 Oxford Street.
  - A crucial element in the Mayor led regeneration of this vital West End location.
  - An Oversite Development Agreement recently signed with Crossrail.

- Strong reversionary profile.

	Rental uplift per annum £m	**Rental per annum £m**
Contracted rental income, net of ground rent		54.1
Horseferry House pre-let income	5.3	59.4
Letting 110,000 sq ft vacant accommodation available at year end	2.4	61.8
Completion and letting 187,000 sq ft of projects	5.0	66.8
Anticipated rent reviews and lease renewals	12.0	78.8

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LONDON

Noho
Islington
Victoria
Marylebone
Fitzrovia
Covent Garden
Midtown
Portobello
City Borders
Paddington
Clerkenwell
Southbank
Shoreditch
Belgravia
Soho

Going forward

Going forward
Key points

- The creation of the leading Central London REIT.
- 89% of the portfolio in Central London.
- Investment portfolio £2.5b.
  - LMS portfolio revalued at 31st January 2007 - £1.2b.
    - A valuation increase of 5.1% since September 2006.
    - Central London 6.6%.
    - Provincial 0.6%.
- Annualised contracted net rental £113.4m pa[1] - with considerable reversionary potential.
- Low average rents - Central London £23.65 psf.
  - West End £24.49 psf.
  - City £21.53 psf.
- Average weighted lease length 10.3 years.
  - West End 11.8 years.
- A current and future development programme of 3.4m sq ft.

[1] Including Horseferry House pre-let - £5.3m pa.

Greater market presence

Portfolio summary
By location

	Valuation £m	Weighting %	Floor area sq ft 000's	Vacant accommodation sq ft 000's
West End				
Central	1,586.0	63	2,782	228
Outer	154.7	6	571	106
City				
Central	13.3	1	47	37
Outer	494.2	19	1,348	147
Central London	**2,248.2**	**89**	**4,748**	**518**
Provincial				
Scotland	126.2	5	389	66
Other	157.8	6	557	31
Investment portfolio	**2,532.2**	**100**	**5,694**	**615**
Trading[1]	62.5	-	-	-
Joint ventures and other[2]	29.5	-	120	5
	2,624.2	**-**	**5,814**	**620**

West End
Central: Belgravia, Mayfair, Soho, Covent Garden, Victoria, Fitzrovia, Noho, Paddington, Baker Street, Marylebone.
Outer: Camden, Islington, Portobello, Swiss Cottage.
City
Central: Core.
Outer: Clerkenwell, Holborn, Shoreditch, Southbank and borders.

[1] Principally Greenwich site.
[2] Derwent London's interest.

Portfolio summary
By income

	Net contracted rental income per annum £m	Average rental income £ per sq ft	Vacant accommodation rental value per annum £m	Rent review and lease reversions per annum £m	Portfolio estimated rental value per annum £m	Average unexpired lease length[1] Years
West End						
Central	65.2	26	11.1	18.4	94.7	12.4
Outer	8.1	17	1.6	1.3	11.0	6.1
City						
Central	0.2	16	-	-	0.2	3.0
Outer	25.7	22	2.9	2.5	31.1	6.0
Central London	99.2	24	15.6	22.2	137.0	10.2
Provincial						
Scotland	5.0	16	1.3	0.4	6.7	10.5
Other	9.2	18	0.3	0.2	9.7	10.6
Investment portfolio	**113.4**	**22**	**17.2**	**22.8**	**153.4**	**10.3**
Trading	-	-	-	-	-	-
Joint ventures and other	1.4	12	0.2	0.3	1.9	9.7
	114.8	**22**	**17.4**	**23.1**	**155.3**	**10.3**

[1] Lease length weighted by rental income and assuming tenants break at first opportunity.

Portfolio summary
Yield and income profile

- True equivalent yield 5.41%.
  - West End 5.24%.
  - City 5.78%.
  - Provincial 6.00%.

Yield profile

	Rental uplift £m	Rental per annum £m	Yield[1] %
Contracted rental income, net of ground rents		113.4	4.5
Vacant accommodation available/current schemes	17.2		5.0
Anticipated rent review and lease renewal reversions	22.8		5.9
Portfolio reversion		40.0	
Potential portfolio rental value		153.4	5.9

[1] Yield to Derwent London based on valuation and adjusted for costs to complete commenced projects.

- Vacant accommodation £17.2m.
  - Qube[2] -108,000 sq ft £5.8m.
  - Gresse Street[2] - 47,000 sq ft £2.6m.
  - Strathkelvin[2] - 64,000 sq ft £1.3m.
  - Portobello Dock[2] - 69,000 sq ft £1.2m.
  - 186 City Road[3] - 39,000 sq ft £0.9m.
  - 88 George Street[2] - 16,000 sq ft £0.9m.
  - The Johnson Building[3] - 11,000 sq ft £0.5m.

- Reversions £22.8m.
  - Arup Phase 2 & 3[4] £4.8m.
  - Grosvenor Place - 2009 £1.9m.
  - Tea Building - various £1.2m.
  - 80 Tottenham Court Road - 2009 £0.6m.

[2] Schemes [3] Available space.

[4] Tenant currently paying £2.7m pa rising to £6.0m pa by 2009 and then rent review 2011.

Project pipeline
Key points

- Over 40% of the portfolio identified for the active development pipeline.
- A 3.4m sq ft development programme.
- Gross development value £2.7b.
- Potential capex circa £1.0b.
- Substantial development surpluses to come through.
- The importance of the Derwent design-led approach.
- A number of active management opportunities, which could release additional schemes.
  - Marriage value opportunities.
  - Lease regears.

Major West End developments within the portfolio

Project pipeline
Summary

Property	Proposed floor area 000's sq ft	Est capital expenditure to complete £m	Total cost[1] £m	Headline ERV £ per sq ft	Est rental value £m pa	Est yield %	Est end value £m	Est surplus to come £m	Anticipated completion
Current projects									
Telstar, W2[2]	107	n/a	n/a	50.0	n/a	4.50	n/a	6.4	2007
Horseferry House, SW1	163	18.9	83.1	38.0	5.3	4.50	110	26.9	2008
Arup 2 & 3, W1	142	37.9	120.4	55.0	7.5	4.50	158	37.6	2009
Qube, W1	108	12.3	100.4	55.0	5.8	4.50	122	21.6	2007
Portobello Dock, W10	69	10.3	26.8	30.0	1.2	5.25	34	7.2	2007
Gresse Street, W1	47	16.3	36.0	55.0	2.6	4.75	54	18.0	2009
	636	95.7	366.7		22.4		478	117.7	
Projects with planning consent									
Leonard Street, EC2	56	13.0	21.7	32.5	0.5	5.50	28	6.3	2008
Wedge House, SE1	88	26.7	46.7	40.0	3.3	5.25	59	12.3	2009
Rosebery Avenue, EC1	37	7.0	16.1	40.0	1.2	5.50	21	4.9	2009
	181	46.7	84.5		5.0		108	23.5	
	817	**142.4**	**451.2**		**27.4**		**586**	**141.2**	

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

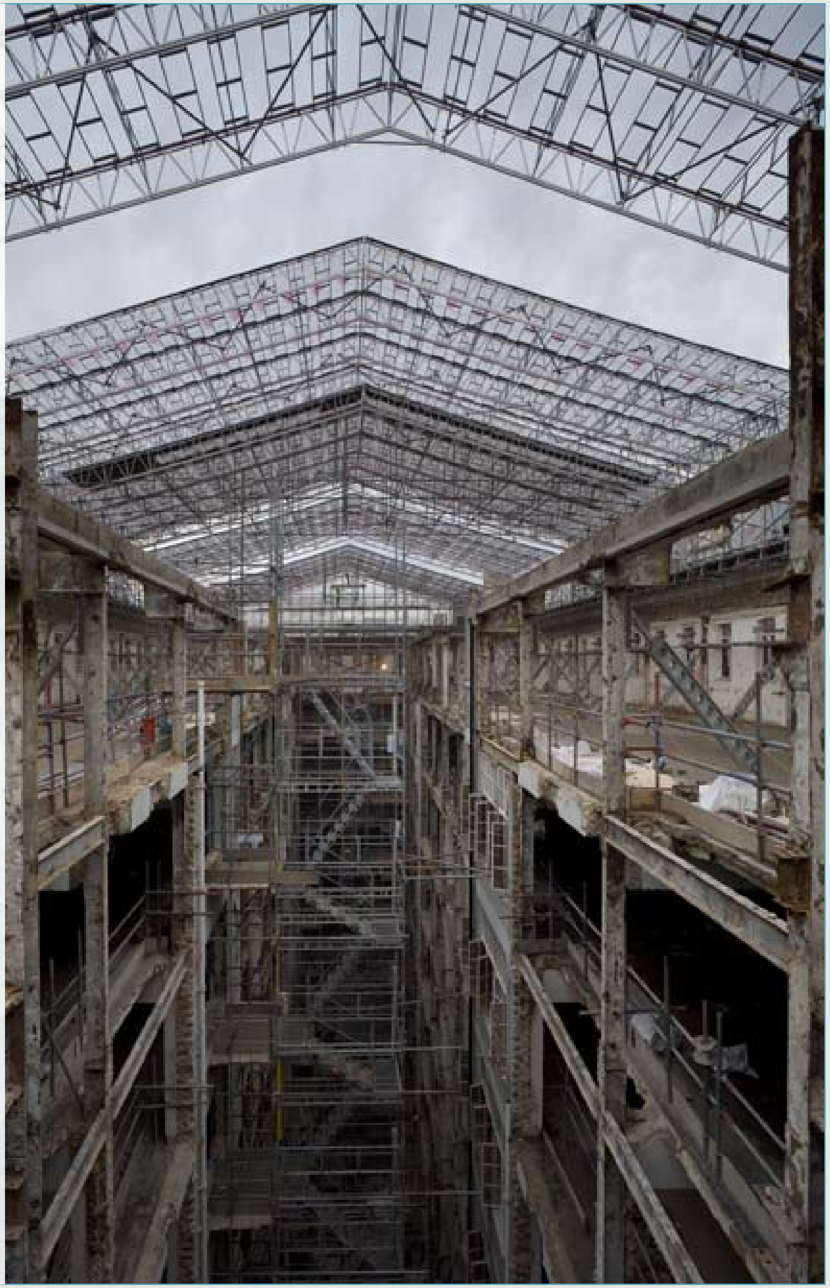
[2] Derwent London are development managers on behalf of Prudential.

Project pipeline
Summary

Property	Current rental income per annum £m	Existing floor area 000's sq ft	Proposed floor area 000's sq ft	Anticipated completion	Comments
Projects subject to planning consent					
Argosy House, W1 (F)[1]	0.9	31	33	2008	Feasibility.
Chancery Lane, WC2 (L)	1.2	62	107	2009	Planning application submitted.
Angel Centre, EC1 (F)	4.2	162	220	2009	Feasibility.
The Turnmill, EC1 (F)	0.6	44	58	2009	Proposed planning submission in 2007.
City Road Estate, EC1 (F)	1.3	100	247	2010	Planning application submitted.
North Wharf Road, W2 (L)	1.4	84	320	+2010	Planning application imminent.
Grosvenor Place, SW1 (L)	4.9	162	300	+2010	Proposed planning submission in 2007.
Charlotte Street, W1 (F)	3.2	200	300	+2012	Feasibility.
Charing Cross Road, WC2 (F)	3.6	107	300	+2012	Proposed planning application in 2007.
Tea Building, E1 (F)	1.5	144	300	+2012	Feasibility.
Riverwalk House, SW1 (F)	2.3	75	200	+2012	Feasibility.
Balmoral Grove, N1 (F)	0.4	53	189	+2012	Feasibility.
	25.5	**1,224**	**2,574**		

[1] Tenure.

Horseferry House, Horseferry Road, SW1



- 163,000 sq ft refurbishment - completion 2008.
- Pre-let to Burberry - 25 years with break at year 15.
  - Rent £5.3m pa - £38 psf on best space.
- December valuation £57.5m.
  - Valuation surplus in 2006 £18.6m.
  - 48% increase.
- Capex to complete £19m, excluding finance.
- End value @ 4.5% - £110m.
- Substantial valuation surplus to come and good rental growth prospects.

Creative spaces - attracting lettings

Investing in Victoria

Arup Phase 2 & 3, Fitzroy Street & Howland Street, W1

Investing in Fitzrovia

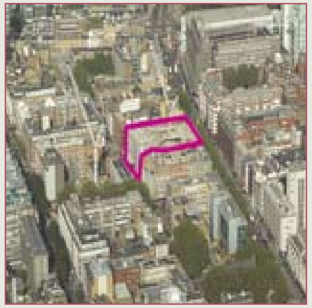
- 142,000 sq ft development - pre-let to Arup - 25 years.
- Completion in two phases 2007 and 2009.
- Income £6.0m pa on completion - £42 psf.
- Rent review 2011 - ERV circa £55 psf - £7.5m pa.
- January 2007 valuation - £74.5m.
- Capex to complete £38m, excluding finance.
- End value @ 4.5% - £158m.
- Opportunity for sustained valuation increases.

Improving office locations through investment

Qube, 90 Whitfield Street, W1

Investing in Fitzrovia

- Delivering new space to a tight West End market.
- Completion summer 2007.
- 100,000 sq ft offices/8,000 sq ft retail.
- January 2007 valuation £81.2m.
- Capex to complete £12m, excluding finance.
- ERV circa £55 psf - £5.8m pa.
- End value @ 4.5% - £122m.
- Development return to come through.



A shortage of new West End buildings

16-19 Gresse Street, W1

- 47,000 sq ft new development.
- 11 residential units in Rathbone Place.
- Planning issues being resolved.
- Completion 2008.
- Rental value - £55 per sq ft - £2.6m pa.
- Potential project surplus £18.0m - 4.75% yield.

Making a location

Investing in Noho

The Angel Centre, St John Street, EC1

Investing in Islington

- 162,000 sq ft existing.
- Let to BT, expiring 2010 - £4.2m pa.
- Tenant not in occupation - opportunity for early possession.
- Low capital value £303 per sq ft - running yield 8.5%.
- Potential for additional space identified:
  - ground floor enlargement.
  - courtyard infill.
  - top floor extension.
- Architects, AHMM instructed. Initial studies indicate potential for a 220,000 sq ft refurbishment.
- Similarities with The Johnson Building.

Achieving appropriate design solutions

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City Road Estate, EC1

- Existing buildings 100,000 sq ft.
- Low capital value £238 psf.
- Multi-let £1.3m pa (£13 psf) - rolling lease breaks.
- Three options under consideration:
  - Obtain planning on existing application.
    - 235 apartments, 100,000 sq ft of commercial.
  - Consider a design with a greater office emphasis.
    - Leonard Street an option for affordable housing.
  - Work with existing buildings - rolling refurbishment.
    - £30 per sq ft ERV circa £3m pa.
- Attractive performance potential.

An experienced approach

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80 Charlotte Street and 23 Howland Street, W1

Investing in Fitzrovia

- Existing buildings 200,000 sq ft - an island site.
- Let to Saatchi & Saatchi - £20 per sq ft.
- Lease expiry 2013.
- Architectural studies initiated.
- Potential for a mixed use development of 300,000 sq ft.

Adding to the pipeline

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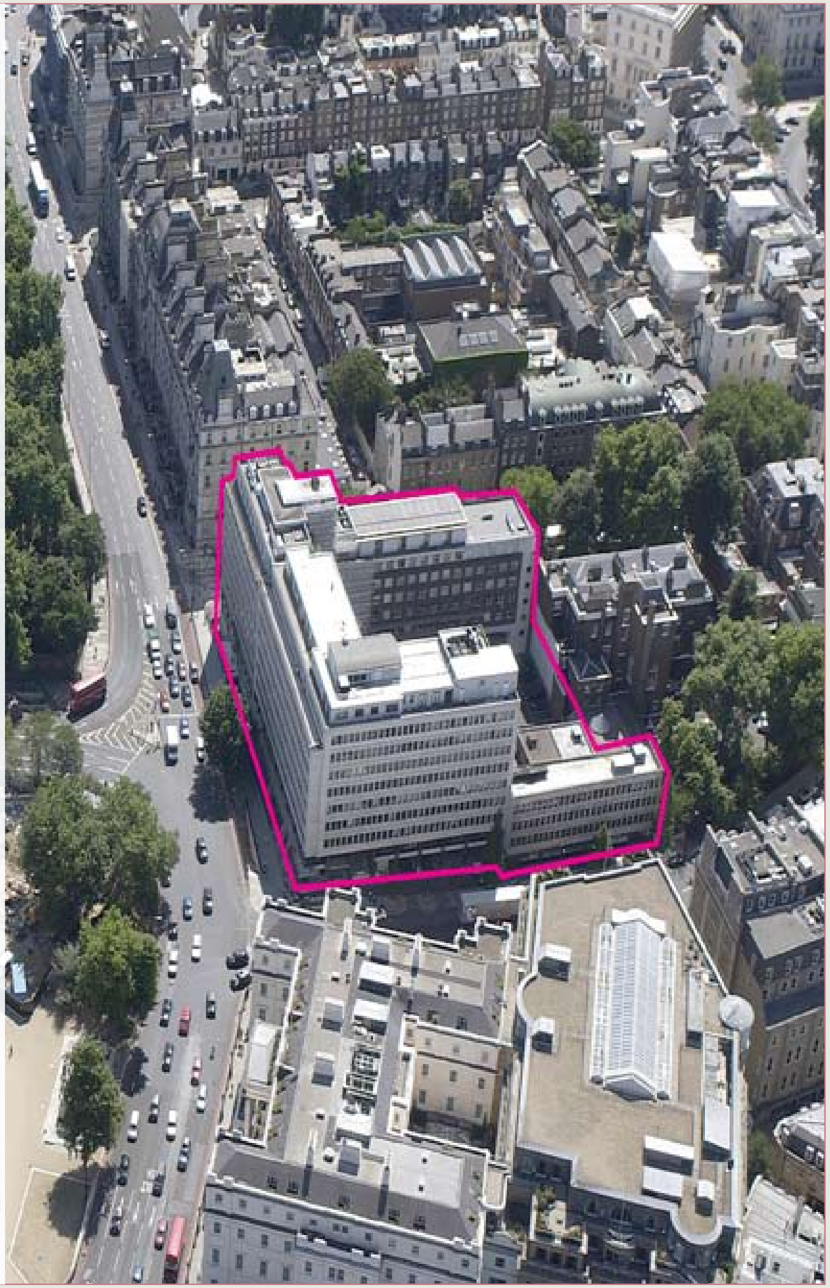
1-5 Grosvenor Place, SW1

Investing in Belgravia



- A landmark West End location.
- In partnership with Grosvenor the potential for this exceptional site is being explored.
- Opportunity for a high architectural quality building.
- Existing floor area 162,000 sq ft.
- Initial massing studies indicate potential for 300,000 sq ft - comprising offices/residential.
- Planning submission scheduled for 2007.

A unique development opportunity

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North Wharf Road, W2

Investing in Paddington

- The heart of Paddington - adjacent to the station and canal.
- A Fletcher Priest innovative office design offering:
  - 250,000 sq ft offices.
  - 100 apartments.
- Planning submission imminent.
- Long leasehold interest.
- Break clauses inserted in all leases to allow possession from 2008.

Regenerating Paddington as a core office location

Project pipeline
Conclusion

- 0.8m sq ft of projects, current and with planning consent.
  - To deliver circa £140m of development surpluses.
- Projects subject to planning consent could deliver 2.6m sq ft.
  - A doubling of the existing floor area.
- Total project pipeline 3.4m sq ft.
  - End development value £2.7b.
- Other important holdings could add to the pipeline:
  - Bush House, 108,000 sq ft.
  - Henry Wood House, 80,000 sq ft.
  - 19-35 Baker Street, 77,000 sq ft.

Marriage value opportunities

Bush House, WC2

- 108,000 sq ft offices.
- Let until 2028.
- Fixed low income - £25,000 pa.
- A significant refurbishment project.
- Architects - instructed to evaluate.

88 Tottenham Court Road, W1

- 52,000 sq ft.
- Retail/offices.
- Let until 2054.
- Fixed low income - £4,000 pa.

95 Tottenham Court Road, W1

- 69,000 sq ft offices.
- Retail/offices.
- Let until 2054.
- Fixed low income - £6,000 pa.

Potential to release marriage value and create future schemes

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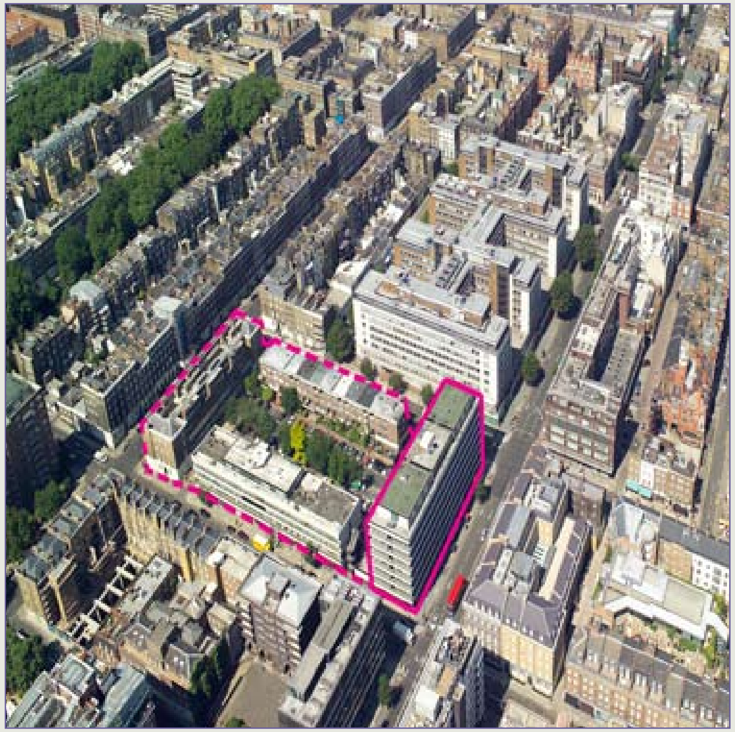
19-35 Baker Street, W1

Active management opportunity



- A 2 acre West End holding.
- A Portman joint venture.
- Main building let to Marks & Spencer - expiry 2066.
  - not in occupation.
- 77,000 sq ft - let at £40 psf.
- Potential for lease restructure.
- Long-term significant redevelopment potential.

A future opportunity

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Disposals

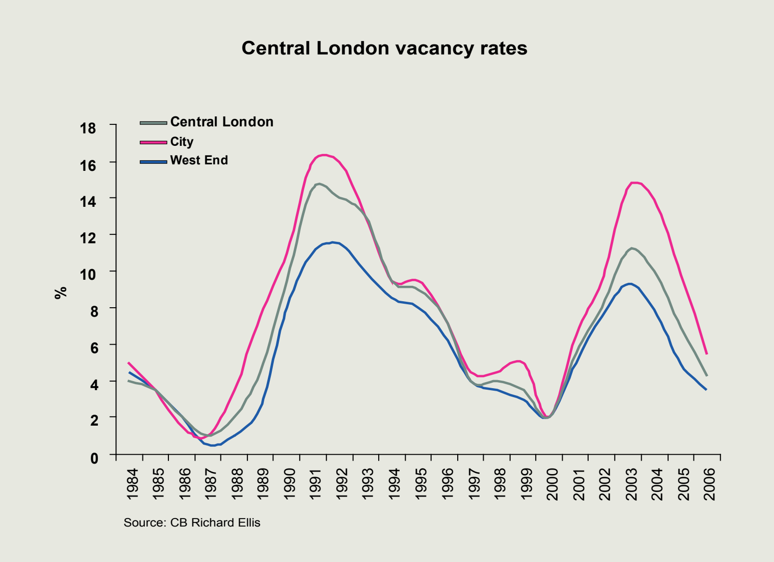
- An orderly disposal programme.
- Provincial properties - circa £300m.
  - Current rental income £14m pa.
- Non-core vacant development sites - circa £100m.
  - Greenwich, SE10.
  - Winchester Road, NW3.
  - Brompton Road, SW3.
  - South Place, EC2.
- Smaller properties within the portfolio.

Recycling capital into the core portfolio

Occupational market

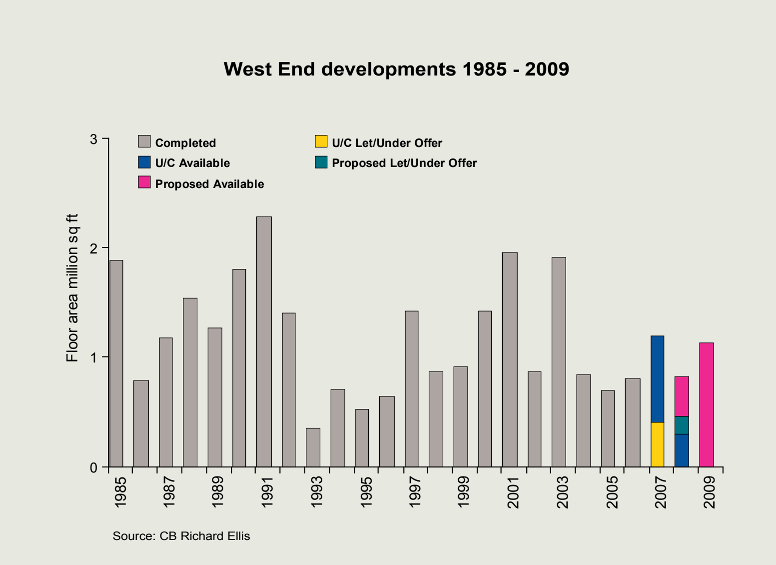
West End

- December 2006 vacancy rate 3.5% (2005 - 4.1%).
- A 5 year low.
- The dearth of supply is driving rents.
- 2006 take up at 4.2m sq ft (2005 - 4.3m sq ft).
- Set for another year of solid take up.
- Active pre-letting market.
- Rental growth prospects circa 10% for 2007.
- The “value” areas look attractive.



City

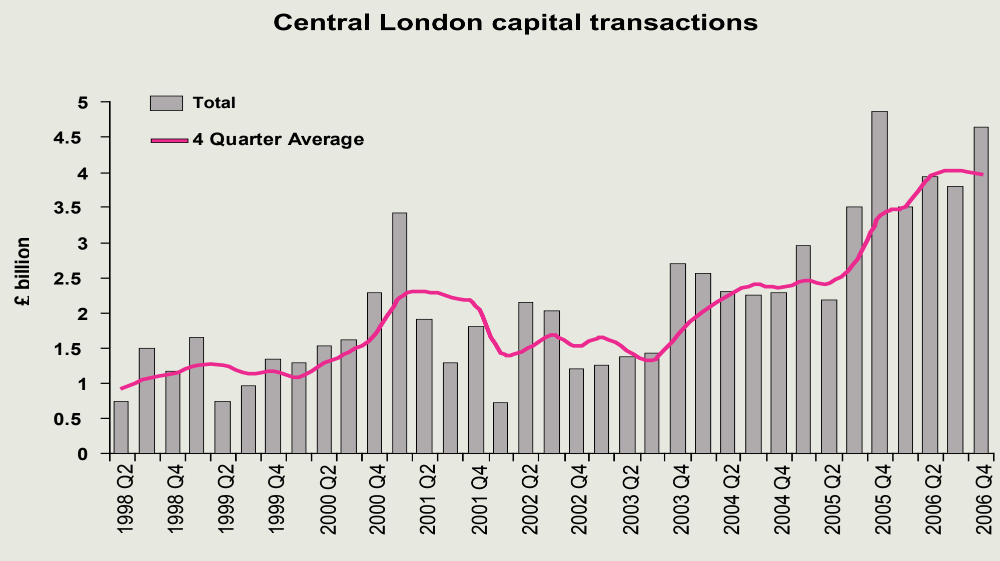
- December 2006 vacancy rate 5.5% - (2005 - 9.8%).
- 2006 take up 6.1m sq ft (2005 - 5.2m sq ft).
- Highest level of take up since 2000.
- Active financial and professional services sectors.
- Delivery of space set to increase 2008/2009.



Investment market

Central London

- 2006 turnover at £15.7b (2006 - £13.4b).
- Activity at record levels.
- Rental growth performance is meeting expectations.
- Vacancy levels continue to decrease - positive outlook for next few years.
- A worldwide investor market - recent strong interest from North American investors.
- Yields showing signs of levelling.



Source: CB Richard Ellis

REIT
Benefits of conversion

- A globally recognised structure for investors to gain exposure to the Group’s portfolio.
- No tax on property rental income and chargeable gains on disposals.
- Elimination of latent CGT liability on the property portfolio (proforma post merger £293m).
- Group will benefit from immediate cash tax savings on a number of the non-core disposals.
- The Derwent London business model works in a REIT environment.

REIT
Conversion process

- Entry requirements will be satisfied:
  - Balance of business test.
  - Gearing limits.
  - Shareholding limits.
  - Minimum distribution requirements.
- Target conversion date 1st July 2007 but could be earlier if technical issues are resolved.
- 2007 will be part REIT; part non-REIT.
- REIT conversion charge will be based on REIT conversion date valuation. Estimate based on proforma £46m.
- Prior to conversion EGM needed to approve changes to Articles.

Going forward

- The leading Central London REIT.
- 3.4m sq ft of identified projects - 40% of the portfolio by value.
  - Gross development value £2.7b.
  - Potential capex circa £1b.
- Strong income stream with substantial reversionary potential.
  - Supporting the development programme.
- Rental growth to continue.
  - Tenant demand strong.
  - A portfolio with low average rents - £24.49 psf in the West End.
  - Mid market rental levels raised £35/£60 psf.
- Acquisitions remaining scarce.
  - Target larger lot sizes.
  - Better value opportunities £100m+.
- Sales - provincial disposals circa £300m over 18 months.
  - Additional sales from non-core London development sites and smaller assets.

Conclusion

A sustainable business model

Committed to be a dedicated Central London REIT driven by a combination of core reversionary income and an ongoing development programme through the proven Derwent design-led product.

Appendices

1. Post merger proforma.
2. Capital expenditure.
3. Principal lettings 2006.
4. Portfolio statistics by villages - post merger.
5. Project pipeline map.
6. Management structure.

Appendix 1
Post merger proforma

Balance sheet	Derwent Group 31.12.06 £m	LMS Group 31.1.07 £m	Other adjustments £m	Derwent London Group £m
Non-current assets				
Intangibles and goodwill	-	-	-	-
Investment property	1,274.0	1,245.6	-	2,519.6
Property, plant and equipment	0.3	1.6	-	1.9
Investments in joint ventures	5.4	10.7	-	16.1
Investments	-	8.6	-	8.6
Pension scheme surplus	-	1.4	-	1.4
Deferred tax asset	-	15.2	-	15.2
Derivative financial instruments	0.1	6.1	-	6.2
Other receivables	13.7	-	-	13.7
	1,293.5	1,289.2	-	2,582.7
Current assets				
Trading property	-	62.5	-	62.5
Corporation tax asset	1.4	-	-	1.4
Trade and other receivables	39.4	17.3	(8.0)	48.7
Cash and cash equivalents	-	13.9	-	13.9
	40.8	93.7	(8.0)	126.5
Current liabilities				
Bank loans and overdraft	(2.2)	(4.6)	-	(6.8)
Trade and other payables	(32.5)	(39.3)	-	(71.8)
Provisions	(0.1)	-	-	(0.1)
	(34.8)	(43.9)	-	(78.7)
Non-current liabilities				
Financial liabilities	(341.0)	(512.4)	(44.7)	(898.1)
Deferred tax liability	(167.2)	(145.4)	-	(312.6)
Leasehold liabilities	(6.6)	-	-	(6.6)
Provisions	(1.3)	-	-	(1.3)
Other	-	(6.8)	-	(6.8)
	(516.1)	(664.6)	(44.7)	(1,225.4)
Net assets	**783.4**	**674.4**	**(52.7)**	**1,405.1**
Equity				
Share capital	2.6	82.6	(80.2)	5.0
Share premium	156.1	22.2	888.3	1,066.6
Other reserves	3.8	11.1	(11.1)	3.8
Retained earnings	620.9	502.5	(793.7)	329.7
Equity minority interests	-	56.0	(56.0)	-
Total equity	**783.4**	**674.4**	**(52.7)**	**1,405.1**

Appendix 2
Capital expenditure

Summary by property	2006 Actual	2007 Budget	2008 Budget	2009 & beyond[1] Budget
Horseferry House	3.9	15.2	3.7	-
Gresse Street	0.8	13.2	2.8	0.3
Leonard Street	0.8	12.1	0.9	-
Kensal House	1.3	10.3	-	-
Rosebery Avenue	-	4.1	3.0	-
Argosy House	-	3.1	3.9	-
Chancery Lane	-	2.4	15.5	24.5
Rathbone Place	-	2.0	-	-
Compton Street	-	1.4	0.6	-
Wedge House	-	0.6	3.6	22.5
The Turnmill	-	0.2	4.0	10.0
Kentish Town Road	-	0.3	3.0	5.2
The Johnson Building	7.2	1.3	-	-
City Road	1.7	0.8	-	-
Middlesex House	0.7	-	-	-
North Wharf Road	0.6	-	-	-
Other	1.7	5.5	1.4	-
	18.7	72.5	42.4	62.5
LMS	42.3[2]	44.9	33.2	99.9
	61.0	117.4	75.6	162.4

[1] Does not include schemes commencing in 2009.

[2] For the 10 month period to 31st January 2007.

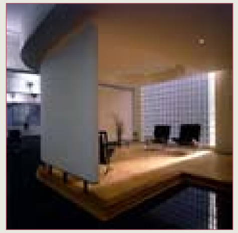
Appendix 3
Principal lettings 2006

The Johnson Building, EC1
- Four lettings: Faber Maunsell, Grey Advertising, Thomson Scientific, Eat.
- 135,000 sq ft.
- £4.7m pa.
- £36 psf.

Horseferry House, SW1
- Pre-let: Burberry.
- 163,000 sq ft.
- £5.3m pa.
- £38 psf.

Telstar, W2
- Pre-let: Rio Tinto.
- 107,000 sq ft.
- £4.95m pa.
- £50 psf.

Middlesex House, W1
- Pre-let: Fletcher Priest, Walker Media.
- 17,000 sq ft.
- £0.6m pa.
- £37.50 - £40 psf.



55-65 North Wharf Road, W2
- Short-term lettings pending future development.
- 28,800 sq ft.
- £0.5m pa.
- £20 psf.

26 King Street, WC2
- Restaurant letting: Carluccio's.
- 10,200 sq ft.
- £0.3m pa.
- £30 psf.

Tea Building, E1
- Various suites let.
- 18,400 sq ft.
- £0.2m pa.
- £15-£17 psf .

6-7 St Cross Street, EC1
- 3 refurbished units let.
- 5,500 sq ft.
- £0.2m pa.
- £30 psf.

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Appendix 4
Portfolio statistics by villages - post merger

	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	Estimated rental value £m pa
West End: Central								
Fitzrovia	21	1,033	125	19.0	21	6.6	7.6	33.2
Soho/Covent Garden	11	440	-	11.3	26	-	2.2	13.5
Victoria	9	455	-	13.3	29	-	1.5	14.8
Noho	6	260	59	6.2	31	2.6	1.8	10.6
Marylebone/Baker Street	6	253	20	6.4	28	1.1	1.7	9.2
Belgravia	6	207	10	5.6	29	0.4	2.3	8.3
Mayfair	2	42	-	1.6	39	-	1.1	2.7
Paddington	2	92	14	1.8	25	0.4	0.2	2.4
West End: Outer								
Islington/Camden	5	460	33	7.2	17	0.4	1.2	8.8
Other[1]	1	111	73	0.9	22	1.2	0.1	2.2
West End	**69**	**3,353**	**334**	**73.3**	**24**	**12.7**	**19.7**	**105.7**
City: Central								
City Core	1	47	37	0.2	16	-	-	0.2
City: Outer								
City borders	6	389	56	7.8	23	1.2	0.2	9.2
Clerkenwell	6	394	40	7.5	22	0.7	0.8	9.0
Holborn	5	266	42	6.6	30	0.9	0.1	7.6
Shoreditch	2	260	9	3.2	13	0.1	1.2	4.5
Southbank	-	39	-	0.6	17	-	0.2	0.8
City	**20**	**1,395**	**184**	**25.9**	**22**	**2.9**	**2.5**	**31.3**
Central London	**89**	**4,748**	**518**	**99.2**	**24**	**15.6**	**22.2**	**137.0**
Provincial								
Scotland	5	389	66	5.0	16	1.3	0.4	6.7
Other	6	557	31	9.2	18	0.3	0.2	9.7
Investment portfolio	**100**	**5,694**	**615**	**113.4**	**22**	**17.2**	**22.8**	**153.4**

[1] Portobello and Swiss Cottage.

Appendix 5
Project pipeline map[1]

Current projects

1. Telstar, W2 - 107,000 sq ft
2. Horseferry House, SW1 - 163,000 sq ft
3. Arup 2 & 3, W1 - 142,000 sq ft
4. Qube, W1 - 108,000 sq ft
5. Portobello Dock, W10 - 69,000 sq ft
6. Gresse Street, W1 - 47,000 sq ft

Projects with planning consent

7. Leonard Street, EC2 - 56,000 sq ft
8. Wedge House, SE1 - 88,000 sq ft
9. Rosebery Avenue, EC1 - 37,000 sq ft

Projects subject to planning consent

10. Argosy House, W1 - 33,000 sq ft
11. Chancery Lane, WC2 - 107,000 sq ft
12. Angel Centre, EC1 - 220,000 sq ft
13. The Turnmill, EC1 - 58,000 sq ft
14. City Road Estate, EC1 - 247,000 sq ft
15. North Wharf Road, W2 - 320,000 sq ft
16. Grosvenor Place, SW1 - 300,000 sq ft
17. Charlotte Street, W1 - 300,000 sq ft
18. Charing Cross Road, WC2 - 300,000 sq ft
19. Tea Building, E1 - 300,000 sq ft
20. Riverwalk House, SW1 - 200,000 sq ft
21. Balmoral Grove, N1 - 189,000 sq ft

[1] Proposed scheme areas.

Appendix 6

Management structure - executive team

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

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