


Derwent London plc  
Results 2009

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The background consists of a gray gradient with numerous white, 3D-style circular discs of varying sizes and orientations scattered across the frame. The central disc is the largest and contains the text.

**Highlights  
John Burns**

- Strong recurring profits
- Excellent letting progress
- Successful disposals
- Sound financing - no rights issue undertaken
- Improving investment market and rental trend
- Regeneration programme accelerating

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**Results review**  
**Damian Wisniewski**

# Headline numbers

DERWENT  
LONDON

	Dec 2009	Dec 2008	% change
Total portfolio at fair value	£1,918.4m	£2,108.0m	(9.0%)
Adjusted net asset value per share	1,168p	1,226p	(4.7%)
Gross property income	£123.8m	£119.0m	4.0%
Recurring profit before tax (unadjusted) <sup>1</sup>	£60.2m	£23.3m	158.4%
Recurring profit before tax (adjusted) <sup>1</sup>	£55.4m	£38.3m	44.6%
Diluted recurring earnings per share (unadjusted) <sup>1</sup>	55.23p	22.73p	143.0%
Diluted recurring earnings per share (adjusted) <sup>1</sup>	50.10p	37.95p	32.0%
Total interim/final dividend per share	27.00p	24.50p	10.2%
Recommended final dividend	18.85p	16.35p	15.3%
Net debt	£723.4m	£865.4m	(16.4%)
Property gearing/LTV ratio	36.4%	39.7%	(8.3%)
Balance sheet gearing	62.2%	71.2%	(12.6%)

<sup>1</sup> See Appendix 2 for reconciliation to IFRS before tax

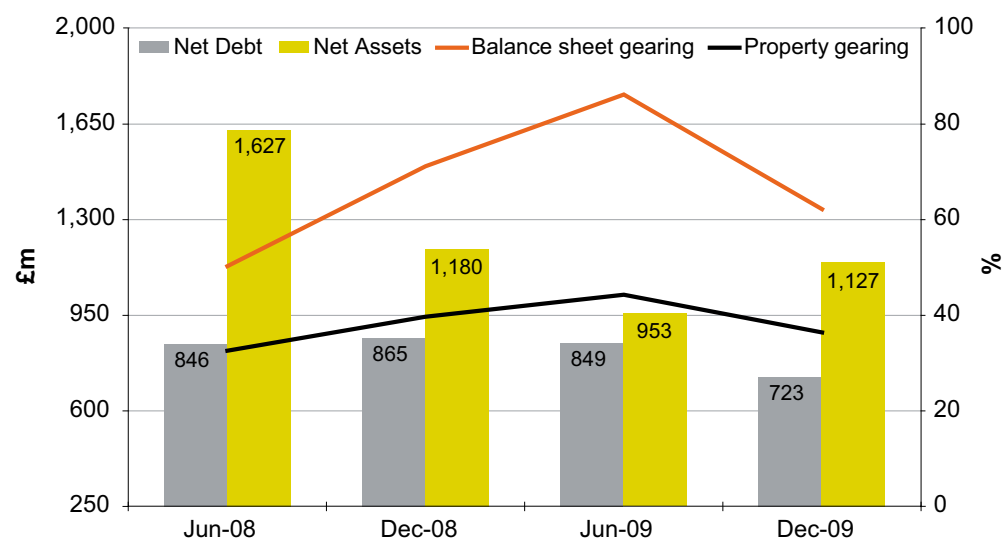
# Group balance sheet

DERWENT  
LONDON

	Dec 2009 £m	June 2009 £m	Dec 2008 £m
Investment property	1,888.6	1,718.9	2,068.1
Other non-current assets	47.5	39.5	38.8
	<b>1,936.1</b>	<b>1,758.4</b>	<b>2,106.9</b>
Non-current assets held for re-sale	-	<b>110.2</b>	<b>17.5</b>
Trading properties	1.0	7.5	7.5
Other current assets and liabilities	(14.2)	(11.9)	(9.1)
Cash and cash equivalents	19.0	9.0	10.5
Bank overdrafts and loans	(5.9)	(4.3)	(106.6)
Corporation tax liability	(5.4)	(2.6)	(7.1)
	<b>(5.5)</b>	<b>(2.3)</b>	<b>(104.8)</b>
Financial liabilities	(736.5)	(854.0)	(769.3)
Other non-current liabilities	(30.2)	(27.6)	(35.3)
	<b>(766.7)</b>	<b>(881.6)</b>	<b>(804.6)</b>
Total net assets	<b>1,163.9</b>	<b>984.7</b>	<b>1,215.0</b>
Minority interests	<b>(36.7)</b>	<b>(32.0)</b>	<b>(35.4)</b>
<b>Attributable to equity holders</b>	<b>1,127.2</b>	<b>952.7</b>	<b>1,179.6</b>

- Summarised format

Debt, net assets and gearing



- Adjusted net asset value per share of 1,168p down 4.7% from December 2008 but up 17.6% from 993p at 30 June 2009
- Reconciliation of net asset value per share is shown in Appendix 1
- Investment in property acquisitions and capital expenditure totalling £101.3m in the year
- Disposal of properties of £202.0m (of which £195.5m was investment properties and £6.5m was trading) during the year allowed net debt and gearing to be reduced
- Net debt reduced to £723.4m and balance sheet gearing to 62.2% (2008: 71.2%)
- Derivatives fair value decreased from £26.9m to £23.0m, of which £1.6m is a current liability



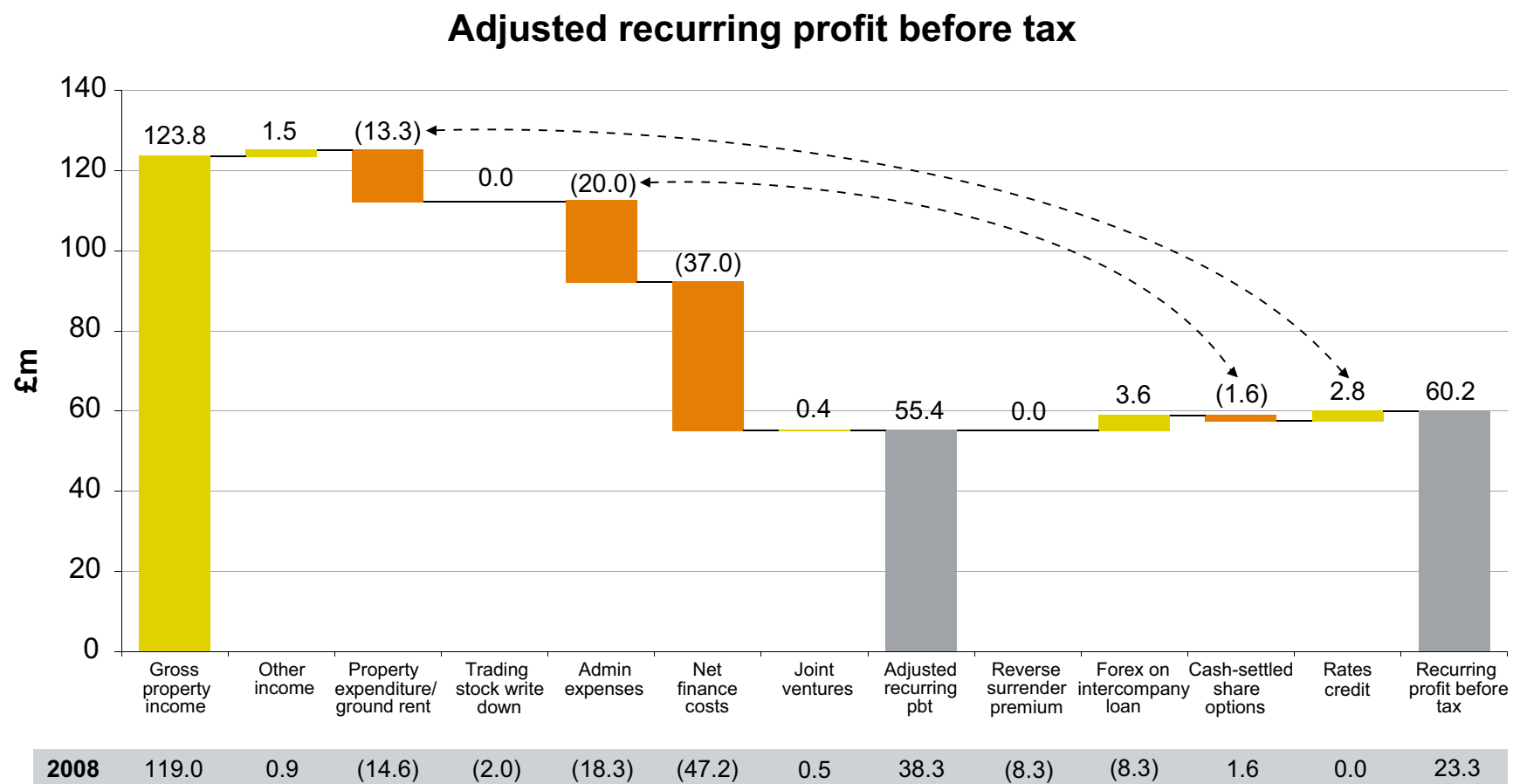
# Group income statement

DERWENT  
LONDON

	Year ended Dec 2009 £m	Year ended Dec 2008 £m
Gross property income	123.8	119.0
Other income	1.5	0.9
Property outgoings	(10.5)	(14.6)
	<b>114.8</b>	<b>105.3</b>
Development income	-	0.5
Reverse surrender premium	-	(8.3)
Trading stock write-down	-	(2.0)
Net property income	<b>114.8</b>	<b>95.5</b>
Administrative expenses	(21.6)	(16.7)
Revaluation deficit	(81.1)	(602.1)
(Loss)/profit on disposals	(16.6)	1.2
Net finance costs	(37.0)	(47.2)
Foreign exchange profit/(loss)	3.6	(8.3)
Joint venture results	(0.9)	(0.8)
Derivatives fair value adjustment	3.9	(28.1)
<b>IFRS loss before tax</b>	<b>(34.9)</b>	<b>(606.5)</b>

- Summarised format

# Adjusted recurring profit before tax



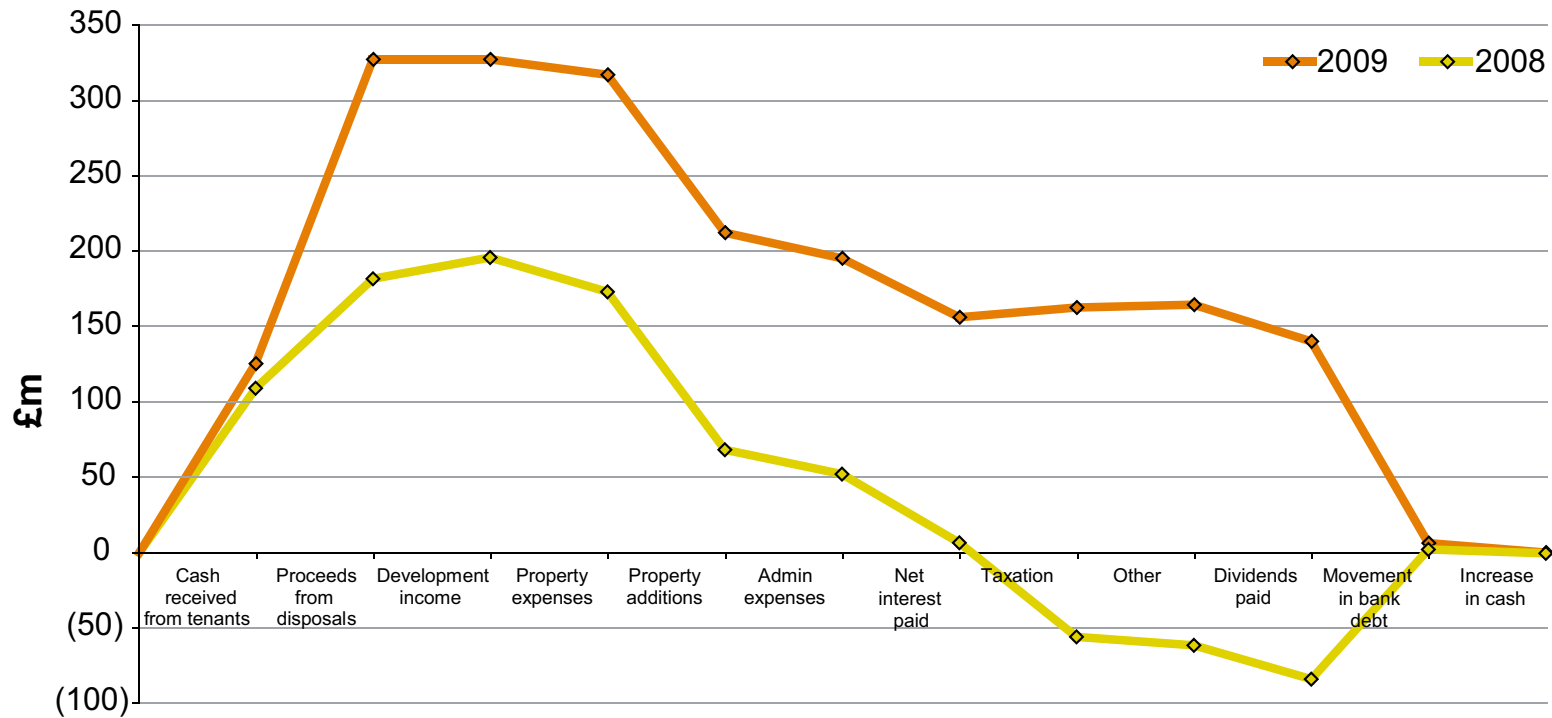
- A reconciliation of the recurring profit before tax to the IFRS loss before tax is shown in Appendix 2

- 2009 was a very strong year for group recurring profit due mainly to robust net property income and low floating rate finance costs
- Main reasons:
  - New lettings and rent reviews (+£13.7m)
  - Net impact of acquisitions/disposals (-£4.4m)
  - Voids (-£4.5m)
  - Property outgoings significantly higher in 2008
  - 2009 property outgoings include a one-off credit for rates of £2.8m
- Rental income:
  - Horseferry House (+£1.7m)
  - Qube (+£2.8m)
  - Greencoat and Gordon House (+£1.1m)
- Net finance costs benefited from repayment of debt and low floating interest rates
- Loss on disposal of investment properties of £16.6m in 2009 on gross proceeds of £201.8m against small gain of £1.2m in 2008

“Strong upward trend  
in recurring income  
in 2009”

- Share of results of joint ventures includes £1.3m (2008: £1.3m) of revaluation deficit
- Fair value movement of derivatives in 2009 was a gain of £3.9m against a loss of £28.1m in 2008
- Tax credit in 2009 of £9.4m (2008: £9.3m credit) due largely to utilisation of prior year losses
- Dividend of 27.0p per share up 10.2%
  - A progressive dividend balanced with prudent cash conservation
  - Final dividend up 15.3%

## Cashflow summary



2009	125.4	202.0	0.0	(10.2)	(104.8)	(17.1)	(39.1)	6.5	1.8	(24.3)	(134.0)	(6.2)
2008	109.6	72.6	14.1	(22.8)	(104.8)	(16.2)	(45.6)	(62.5)	(5.6)	(22.5)	86.2	(2.5)

- Strong property income and disposals programme in 2009 enabled £104.8m of funds to be invested into the portfolio at the same time as a reduction in bank loans of £134.0m
- 2008 cashflow showed an increase in bank debt of £86.2m due mainly to lower sales proceeds of £72.6m and the payment of a REIT conversion charge of £53.6m
- Net movement in investment property portfolio

	2009 £m	2008 £m
Acquisitions	10.2	31.9
Capex	94.6	72.9
Disposal proceeds	(195.5)	(72.6)
	<b>(90.7)</b>	<b>32.2</b>

- Forecast capital expenditure for 2010 and 2011 can be found in Appendix 16

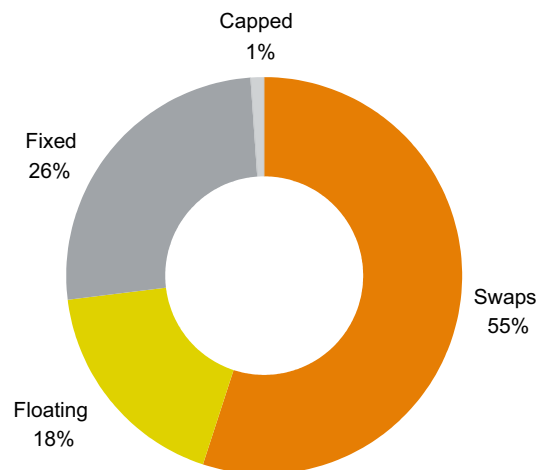
# Debt facilities, utilisation, covenants and gearings

	Dec 2009	Dec 2008
Gearing		
LTV	36.4%	39.7%
Balance sheet	62.2%	71.2%
Interest cover	330.0%	247.1%
Total facilities	£1,145m	£1,145m
Unutilised committed facilities	£425m	£291m
Unutilised facilities drawable	£353m	£289m
Uncharged properties	£338m	>£400m

- New £125m five year facility replacing that one expiring in November 2009 was signed in April 2009
- Next debt maturity is December 2011
- Strong support from existing and potential lenders
- Substantial headroom under financial covenants
- Flexibility due to revolving facilities

“Both the firepower and pipeline to add value to the portfolio”

Hedging profile at 31 December 2009

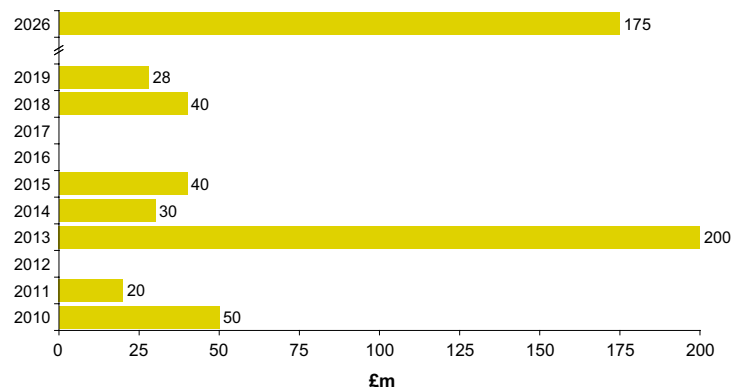


- 82% of drawn facilities were either at fixed rates or hedged at 31 December 2009 (2008: 66%)

- Maturity profile of fixed and hedged debt is shown in the bar chart

- Spot weighted average cost of drawn facilities at
  - 31 December 2009 5.00%
  - 16 March 2010 5.02%

Maturity profile of fixed and hedged debt at 31 December 2009



- Fair value adjustment to the secured bonds is not included in the results. At 31 December 2009, this would have been a loss of £2.3m (31 December 2008: gain £18.7m)



The background consists of a gray gradient with numerous white, 3D-rendered circles of varying sizes scattered across the frame. The circles have a slight shadow, giving them a floating appearance.

**Valuation and statistics**  
**Nigel George**

	Portfolio valuation <sup>1</sup> £m	H1 valuation movement <sup>2</sup> %	H2 valuation movement <sup>2</sup> %	Full year valuation movement <sup>2</sup> %
Core portfolio	1,750.6	-11.8	9.4	-3.4
Development properties <sup>3</sup>	167.8	-17.8	14.0	-2.3
<b>Investment portfolio</b>	<b>1,918.4</b>	<b>-12.3</b>	<b>9.8</b>	<b>-3.3</b>

- Development properties - strong H2 performance
  - Completion of Charlotte Building and Arup Phase III
- Low average capital values - portfolio £375 psf
  - West End central £464 psf
- Appendix 5 - valuation performance by village

“Strong valuation growth in the second half”

<sup>1</sup> As at 31 December 2009

<sup>2</sup> Underlying - properties held throughout the period

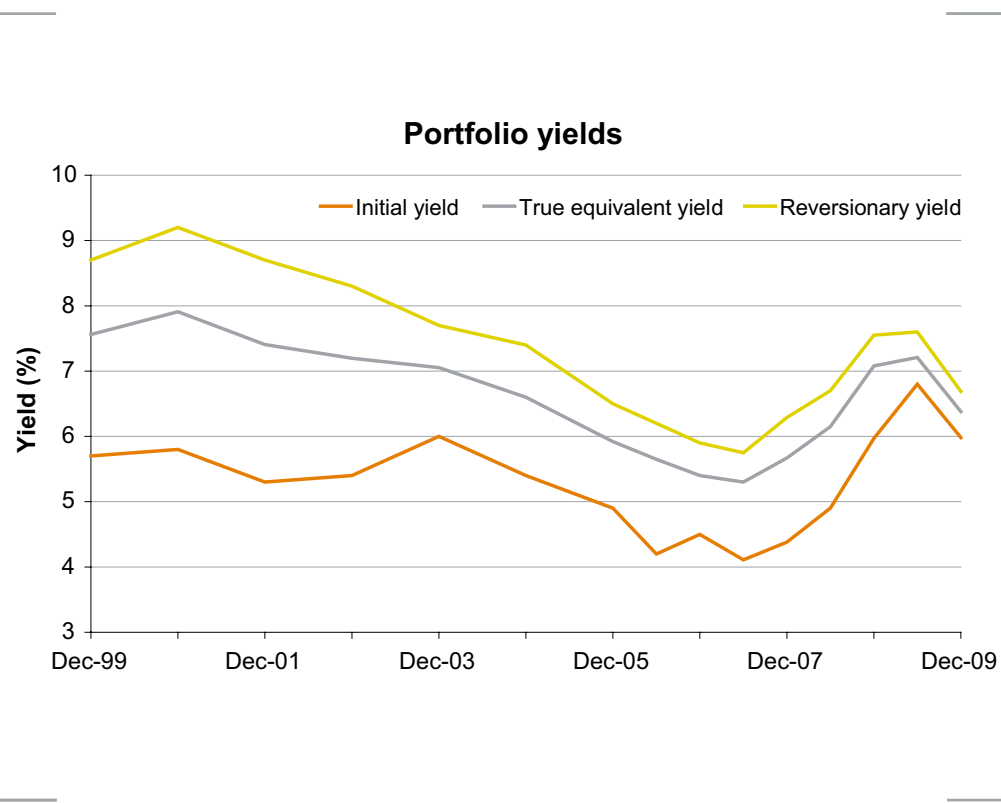
<sup>3</sup> Angel Building, Arup Phase III, Charlotte Building, 7-8 Rathbone Place, Leonard Street

	Valuation movement			Rental growth		
	H1 %	H2 %	2009 %	H1 %	H2 %	2009 %
West End	-12.7	10.9	-2.8	-13.2	-1.8	-14.8
City Borders	-11.8	7.3	-5.3	-7.2	-6.3	-13.0
<b>Central London</b>	<b>-12.5</b>	<b>10.1</b>	<b>-3.3</b>	<b>-11.8</b>	<b>-2.9</b>	<b>-14.3</b>
Provincial	-7.3	5.1	-2.5	-3.5	-2.5	-5.9
<b>Underlying</b>	<b>-12.3</b>	<b>9.8</b>	<b>-3.3</b>	<b>-11.4</b>	<b>-2.9</b>	<b>-14.0</b>

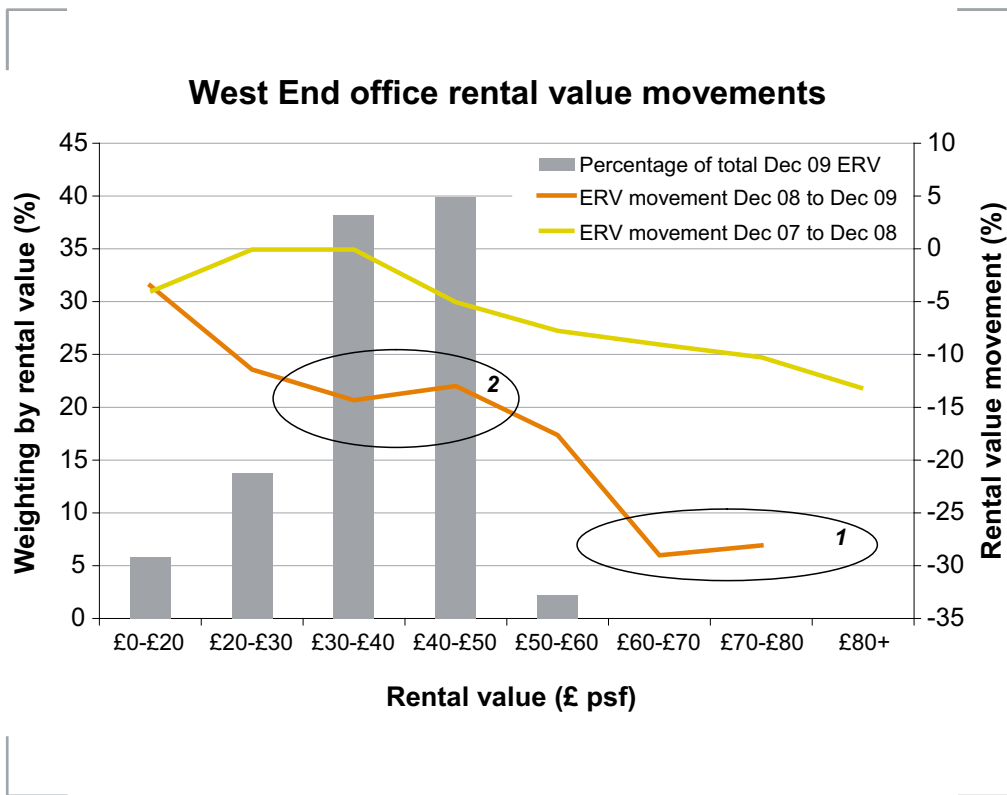
- Sentiment change in H2:
  - Yield compression drove capital value growth
  - Rental value decline slowed
- West End properties showed strongest H2 performance

- An outperformance against the IPD<sup>1</sup> Central London Index of:
  - Capital growth -5.4%
  - Rental growth -19.4%

- 2009 total property return of 1.7%
  - Outperformance compared to IPD<sup>1</sup> Central London Index of 0.9%



- Initial yield of 6.0%
  - 80 bp decrease in H2
- Reversionary yield of 6.7%
  - 70 bp yield spread
  - Reversion concentrated in the West End
- Portfolio true equivalent yield of 6.44%
  - Tightened by 83 bp in H2
  - First favourable yield movement since June 2007
- Appendix 6 - yield analysis



- Mid-market rental focus
  - 78% of West End portfolio in £30-£50 psf rental value band
- No office rental values above £60 psf (1)
- Mid-market rents continued to be more resilient (2)
- Rental values stabilising

“Mid-market rents show resilience”

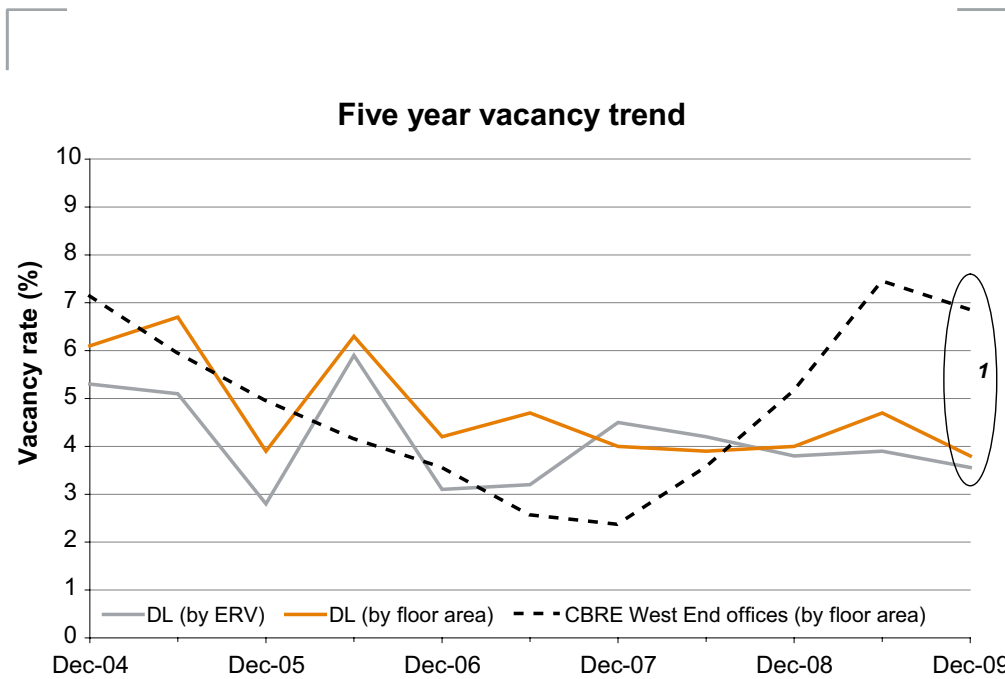
	Core properties <sup>1</sup>		Angel Building		Total		
	Rental uplift £m	Rental per annum £m	Rental uplift £m	Rental per annum £m	Rental uplift £m	Rental per annum £m	Yield <sup>2</sup> %
Contracted rental income, net of ground rents		110.7		4.2		114.9	6.0
Letting vacant accommodation - available <sup>3</sup>	4.7		-		4.7		6.2
Completion and letting of project floor area <sup>3</sup>	3.2		-		3.2		6.4
Angel additional rental income upon letting the development	-		5.7		5.7		6.6
Anticipated rent review and lease renewal reversions	2.7		-		2.7		6.7
Portfolio reversion		10.6		5.7		16.3	
		<b>121.3</b>		<b>9.9</b>		<b>131.2</b>	

- Low average rents - central London portfolio £24.80 psf, West End offices £27.18 psf
- Portfolio 14% reversionary at £16.3m – down from 33% in 2008 (£41.4m)
- £2.7m of reversion is from reviews/renewals
- Appendices 7 to 9 - rental income statistics

<sup>1</sup> Core portfolio including acquisitions

<sup>2</sup> Yield to Derwent London based upon the valuation of £1,918.4m and adjusted for cost to complete for commenced schemes and developments

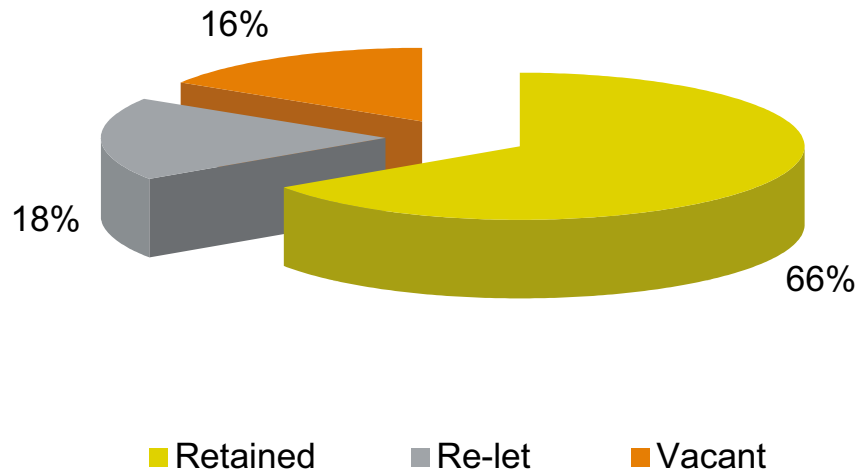
<sup>3</sup> Detailed in Appendix 10 - vacant accommodation



“Low vacancy rate maintained”

- Vacant space available for letting
  - 3.6% of portfolio rental value
  - 3.8% of portfolio floor area
- Fall in vacancy rate, even after completion of Charlotte Building project
  - 47,000 sq ft, £1.9m rental value
  - Strong letting progress
- Vacancy rate significantly lower than CBRE West End London offices (1)
- Angel Building is likely to increase the vacancy rate to 6.8% by rental value
- Appendix 10 - vacant accommodation

## Expiry and break analysis

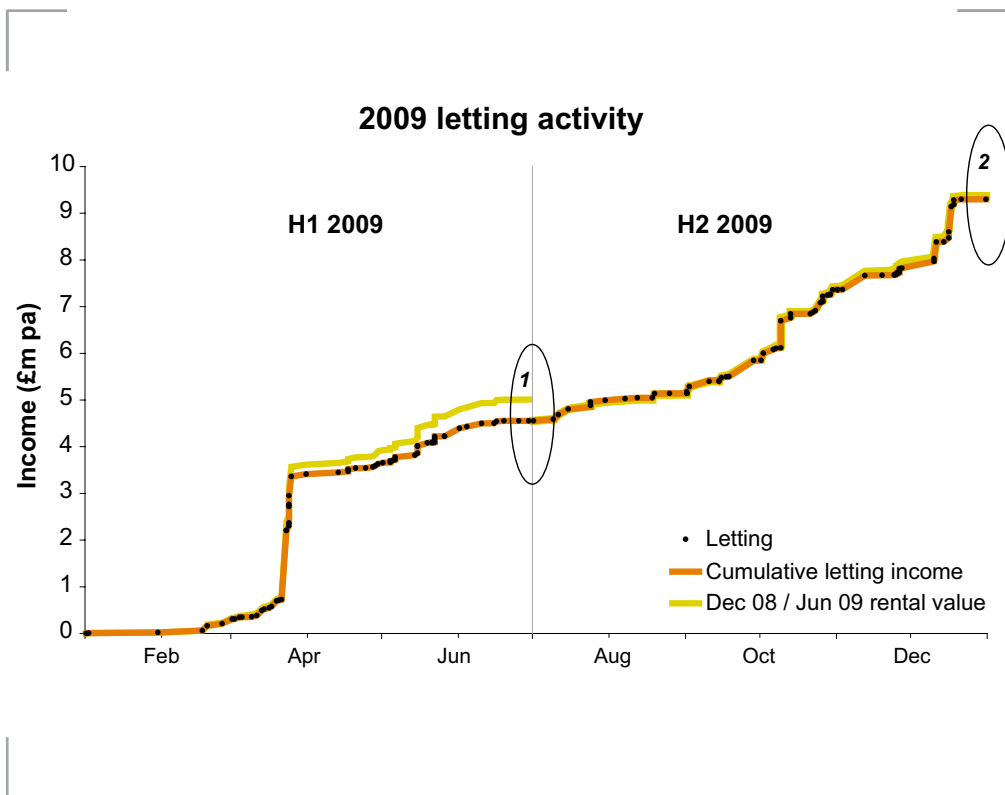


- 2009 breaks/expiries
  - Exposure of £12.1m
    - 9.5% of rental income
  - 66% retained, 18% re-let, 16% vacant
    - Average time to re-let - 3 months
    - A quarter of the balance let or under offer post year end
- 2010 breaks/expiries
  - Exposure of £18.2m
    - 16% of rental income
    - 4% (£4.2m) relates to March BT expiry at Angel Building - £5.6m pre-let to CRUK
    - 5% rolling breaks - schemes
- Portfolio average lease length of 7.7 years
- Appendices 11 to 13 - tenants and lease expiries



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**Portfolio management  
John Burns**



**“An excellent letting performance in a difficult market”**

- Our well-designed, affordable product aimed at the mid rental market £30-£50 psf
- 101 lettings at £9.3m pa - 339,000 sq ft
  - £6.6m of ‘new income’
  - 67 ‘standard’ lettings at £7.3m pa (£30 psf)
  - 34 short-term lettings at our future development properties at £2.0m pa (£21 psf)
- Overall, lettings 14.7% below Dec 2008 rental values
  - 10.1% below excluding short-term lettings
  - H1 lettings 9.1% below Dec 2008 rental values (1)
  - H2 lettings in line with June 2009 rental values (2)
- 79 rent reviews/lease renewals concluded
  - Achieved £1.5m rental uplift - 15.1% above passing rent



- 8,800 sq ft  
£46 psf  
(£0.4m pa)

1 Grosvenor Place SW1



Charlotte Building W1



- 13,100 sq ft  
£45/£43.50 psf  
(£0.6m pa)



- 24,300 sq ft  
£17.50 psf  
(£0.4m pa)



Portobello Dock W10



Qube W1



- 31,100 sq ft  
£47 psf  
(£1.5m pa)

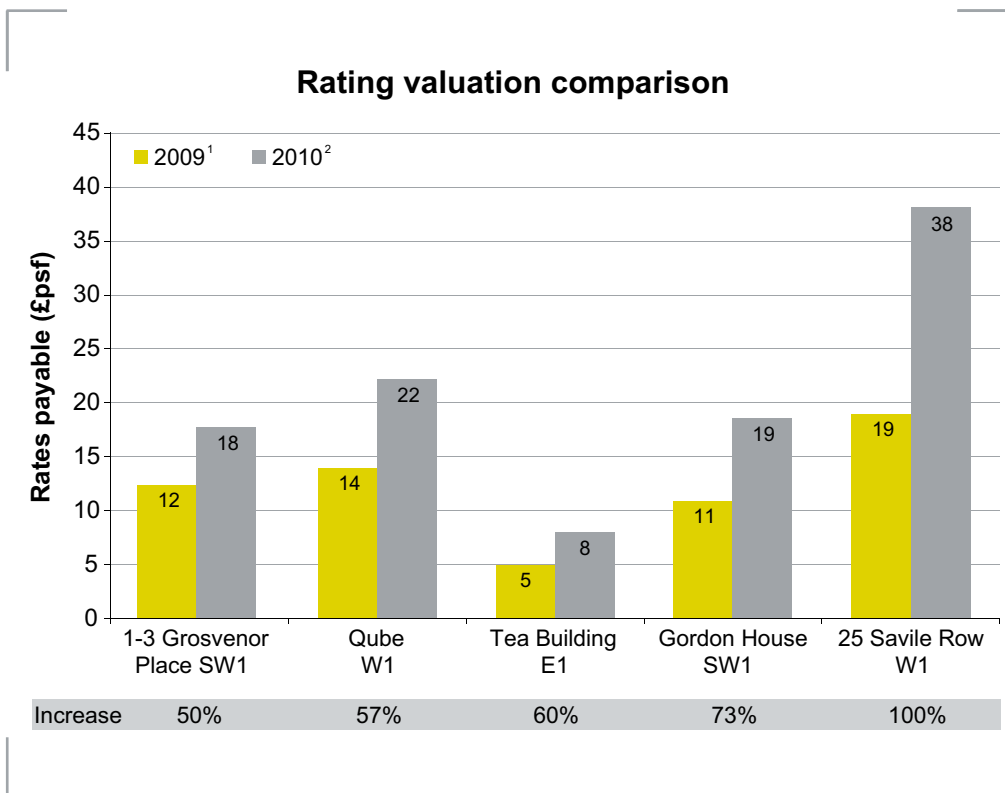
“Derwent London provided an excellent product in a very convenient location. They were fast, commercial and flexible”

EDF Energy

# Post year end lettings

- Tenant demand remains active
- 46,800 sq ft of lettings since year end
  - 13 transactions - £1.4m pa
  - Charlotte Building W1
    - Converse (Nike)
      - 14,900 sq ft
      - £0.7m pa - £44 psf
    - Brandopus
      - 5,000 sq ft
      - £0.2m pa - £43.75 psf
- 46,500 sq ft under offer at £1.1m pa





- New rating valuation will take effect 1 April 2010
  - Impact will be phased in over next 2-3 years
- Hardest hit locations - high rental areas
  - Mayfair/St James's 82%
  - Belgravia/Knightsbridge 72%
- Below average increases in the Derwent London locations
- Greater potential for our space to attract occupiers

<sup>1</sup>Rates payable in 2009

<sup>2</sup>Rates payable in 2010 excluding phasing

**Arup Phase I W1**



**The Rotunda**



**157-165 Charing Cross Road W1**




**28 Dorset Square NW1**

- 2009 disposals
  - Net proceeds £208.3m<sup>1</sup>
    - H1 £39.1m, H2 £169.2m
    - Took advantage of improving market in H2
  - Income £14.2m pa – disposal yield 6.8%
  - 4.4%<sup>2</sup> below December 2008 book value
  - 50 properties sold
    - Mature assets
      - Arup Phase I, 13 Fitzroy Street W1
      - The Rotunda, Kingston-upon-Thames
    - Small non-core assets
      - 42 less than £3m
- No significant acquisitions in 2009
  - Well positioned to acquire

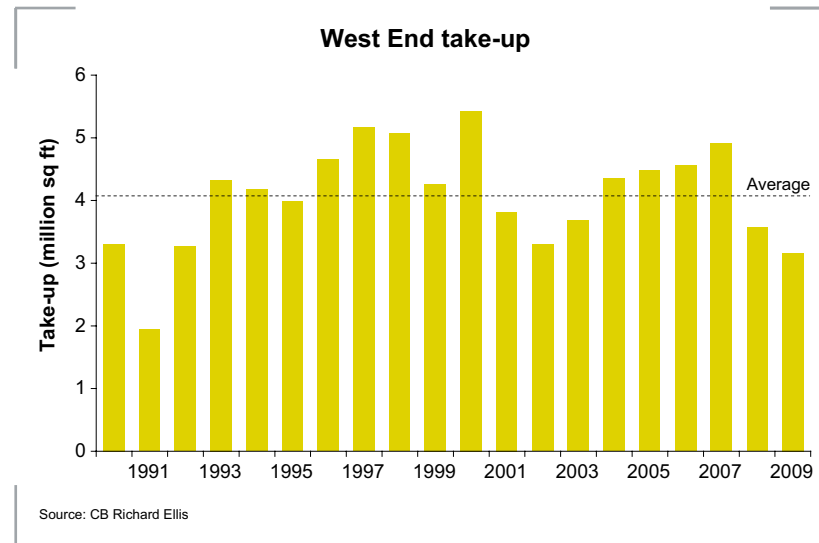
<sup>1</sup>Proceeds from sale of investment properties (£201.8m) and trading properties (£6.5m)

<sup>2</sup>Excludes disposals subject to Crossrail Compulsory Purchase which remain subject to final valuation

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**Market summary**  
**John Burns**

# Our market - West End office occupational market - take-up



## Market

Take-up in 2009 of 3.1m sq ft

- Lowest level since 1991
- 65% of transactions in H2

## Derwent London

A productive twelve months

- 101 leasing transactions
- 339,000 sq ft

## Market outlook

Improving economic outlook

- Active occupier demand

Vacancy rate by floor area

- 5.1% to 7.4% in H1
- 7.4% to 6.8% in H2

Low vacancy rate maintained

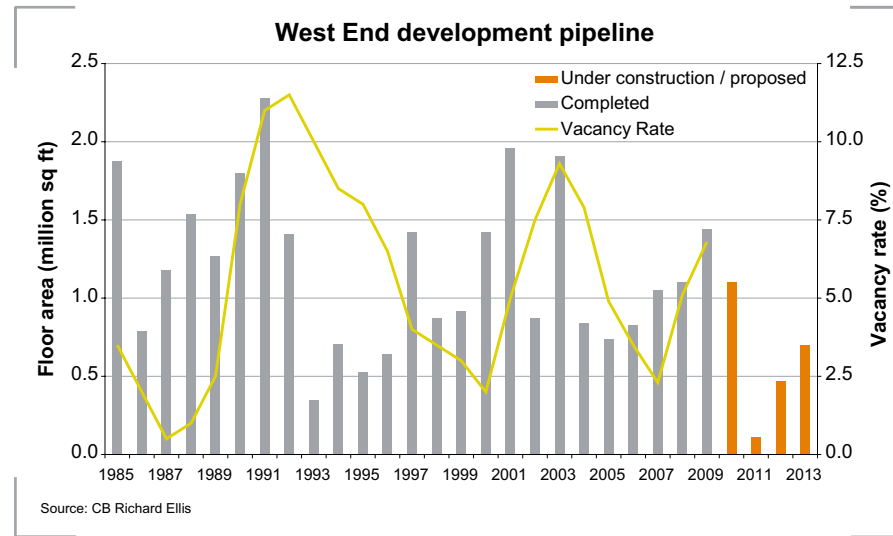
- 3.6% by rental value
- 3.8% by floor area

Pressure on vacancy rate

- Long-term average of 5.5%



# Our market - West End office occupational market - supply



## Market

2009 - above average completions  
 • 1.4m sq ft delivered

Prime West End rents – £80 psf  
 • Signs of stabilisation in Q4  
 • 23% year on year decline

## Derwent London

Two major project completions  
 • 132,000 sq ft  
 • 94% let

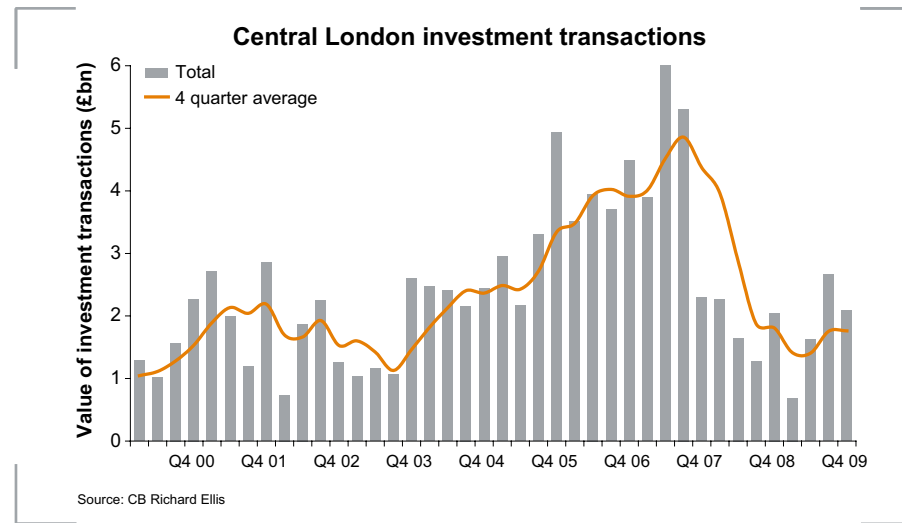
Mid-market rental focus  
 • Rents more resilient

## Market outlook

Limited development pipeline  
 • Below long-term average of 1.2m sq ft

Improving rental market  
 • Tenant incentives reducing  
 • Selective rental growth

# Our market - central London investment summary



## Market

- £7.0bn of transactions
- 2% lower than 2008
- 67% in H2

## Derwent London

- Continue to recycle capital
- 50 disposals for £208m
- Well positioned for acquisitions

## Market outlook

- Strong investor demand
- Further yield compression

- Overseas investors dominant
- 73% of activity in the year
- Middle Eastern/North American

- Derwent purchases
- Private investors/funds
- Owner occupier

- Demand UK and international
- Sterling remains weak

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Projects  
Simon Silver

- Completions and on site 2009
  - 132,000 sq ft of developments completed
- Schemes 2010-2011
  - Continually upgrading of the portfolio
- The White Collar Factory
  - The next chapter for Derwent London space
- Major pipeline



Angel Building EC1 - proposed atrium

**Charlotte Building W1**



- Completed October 2009
- 47,000 sq ft
- 84% let

**Arup Phase III W1**



- Completed December 2009
- 85,000 sq ft
- 100% let - Arup

# On site - Angel Building, 407 St John Street EC1

DERWENT  
LONDON

- Elegant 263,000 sq ft office scheme
- Completion summer 2010. On budget and programme
- 53% pre-let to Cancer Research UK - £5.6m pa
- 123,500 sq ft remaining
  - Upper floors with expansive terraces



[www.angelbuilding.com](http://www.angelbuilding.com)

- Continual upgrading of the portfolio
- Refurbishments
  - 194,000 sq ft
  - Year end annualised income £3.5m
  - Capex £37m
  - Rental value c.£6.5m pa
- New development
  - 76,000 sq ft - 63 Clerkenwell Road EC1

	Area '000 sq ft
<b>Refurbishments</b>	
<b>West End central</b>	
Victory House, 163-170 Tottenham Court Road W1	42
Asta House, 53-65 Whitfield Street W1	30
Maple Place/Fitzroy Street W1	20
33 George Street W1	14
9-10 Rathbone Place W1	12
Other	21
<b>West End borders</b>	
2-14 Pentonville Road N1 <sup>1</sup>	55
	<b>194</b>
<b>New development</b>	
63 Clerkenwell Road EC1 <sup>1</sup>	76
	<b>270</b>

# Schemes 2010-2011 - Victory House, Tottenham Court Road W1

DERWENT  
LONDON

- 42,000 sq ft comprehensive office and residential refurbishment
- Ten new apartments on fifth and sixth floors
- Office rental values - £40 psf



## Key facts

Start on site	H1 2010
Completion	H1 2011
Proposed area	42,000 sq ft
Capex	£10m



**Asta House W1**



- 30,000 sq ft
- On site - completion H2 2010
- 42% pre-let to Make Architects
- Rental value £32/£35 psf

**Maple Place/Fitzroy Street W1**



- 20,000 sq ft
- On site - completion H2 2010
- Opportunity for enhancing mews
- Rental value £37.50 psf

33 George Street W1



- 14,000 sq ft
- Works commence H2 2010
- Single floor with private entrance
- Rental value £45 psf

9-10 Rathbone Place W1



- 12,000 sq ft
- On site - completion H2 2010
- Adjacent to Charlotte Building
- Rental value £30 psf

# Schemes 2010-2011 - 2/14 Pentonville Road N1

- Refurbishment of two adjoining office buildings
- Potential to infill and gain floor area - a 25% increase
- Planning application summer 2010
- Opposite Angel Building
- Rental value £35/£37.50 psf

## Key facts

Start on site	H1 2011
Completion	H1 2012
Proposed area	55,000 sq ft
Capex	£13m

Before....



After....



- Striking new development - 76,000 sq ft office and retail
  - 69% floor area increase
- November 2009 - planning refused
- May 2010 - planning appeal decision

## Key facts

Start on site	H1 2011
Completion	H1 2013
Proposed area	76,000 sq ft
Capex	£28m

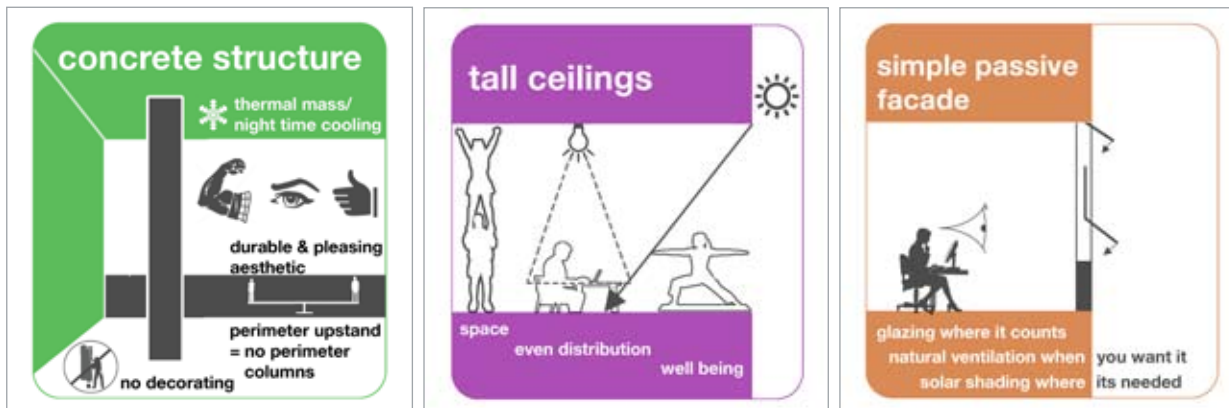


# The White Collar Factory

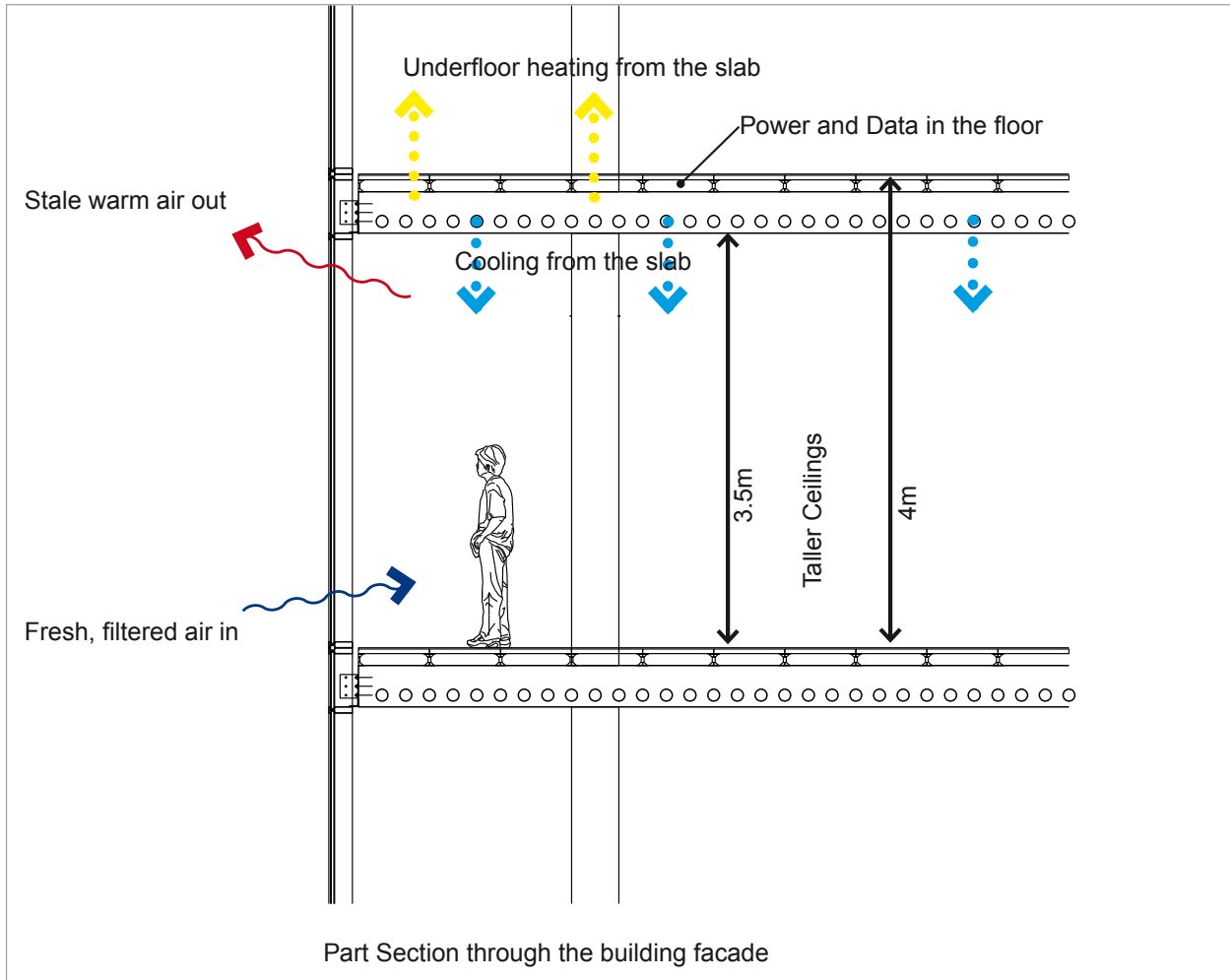
- A further evolution to the Derwent London model
- A new intelligent, low energy, user friendly office design for the future
- New sustainable approach to office development - simplifying servicing parameters
- More cost effective solution
- Location driven suited to Derwent London portfolio



Johnson Wax HQ (1936)



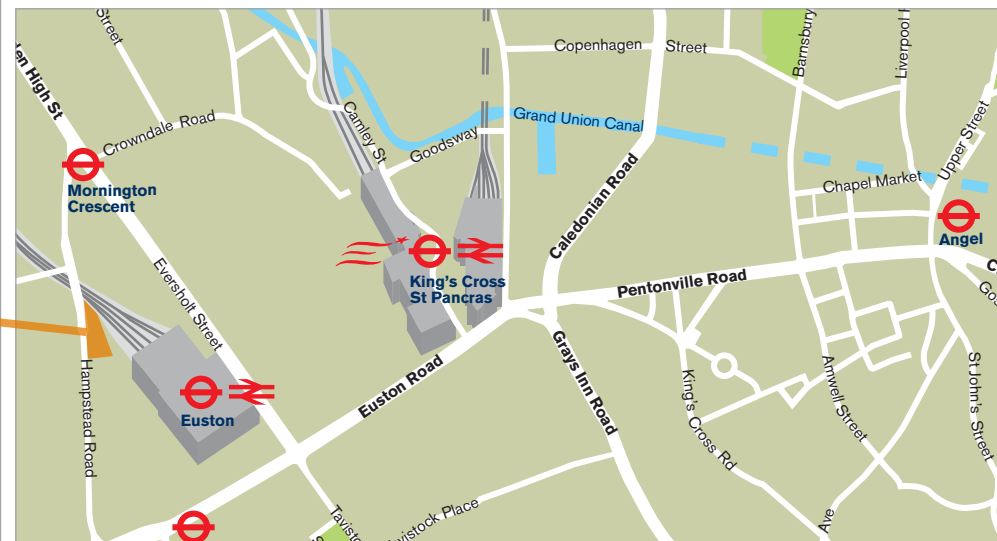
- The office environment - a fresh approach



Boiler House, University of Notre Dame (1985)

# Major pipeline - 132/142 Hampstead Road NW1

- An opportunity for the White Collar Factory approach
- Proposal for the regeneration and extension of existing buildings
- Planning application summer 2010
- Architects - AHMM



# Major pipeline - 132/142 Hampstead Road NW1

- Create an office hub adjacent to Euston station
- Exciting office spaces with volume
- New top floor with views over the West End



## Key facts

Start on site	H2 2011
Completion	2013
Proposed area	280,000 sq ft
Capex	£63m





# Major pipeline - City Road Estate EC1

- Currently arranged as six multi-let office buildings
- A prominent location - gateway to City
- Planning application autumn 2010
- Architects - AHMM



# Major pipeline - City Road Estate EC1

- White Collar Factory approach an option
- Mixture of office, residential and retail
  - 15-storey new offices (210,000 sq ft)
  - Low rise - blend of refurbished and new (85,000 sq ft)
- Creating a new public square

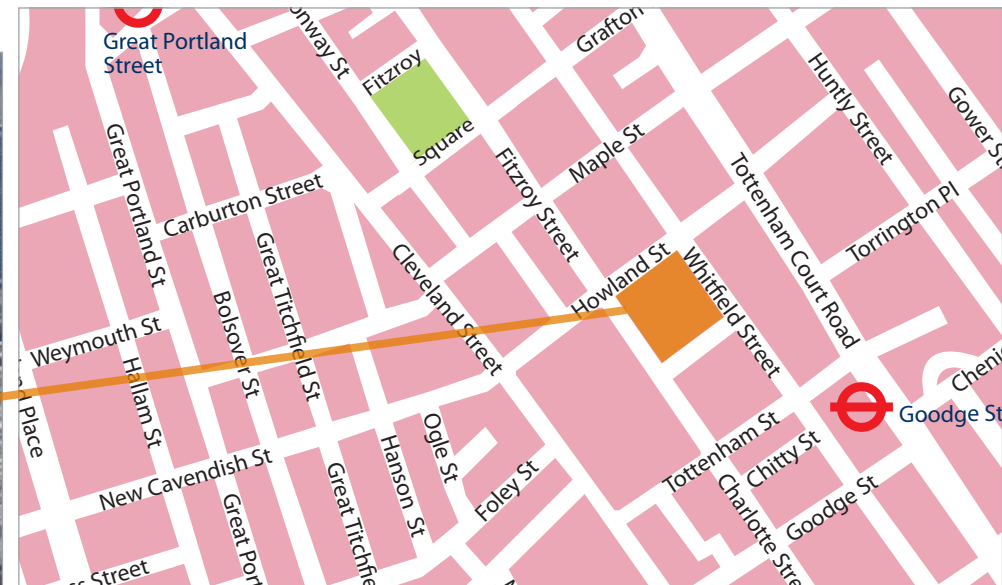


## Key facts

Start on site	2012
Completion	2014
Proposed area	295,000 sq ft
Capex	£89m

# Major pipeline - 80 Charlotte Street W1

- Adopt a more conventional office approach
- Island site in heart of Fitzrovia
  - 1.4 acres
  - Collection of 1930s-1960s buildings around a central courtyard
- Office led scheme with opportunity to enhance ground floor frontage and identity
- Planning application autumn 2010
- Architects - Make



# Major pipeline - 80 Charlotte Street W1

- A major West End regeneration project
- Create new core in the central courtyard
- Similar to Johnson Building/Angel Building projects

## Key facts

Start on site	2013
Completion	2015
Proposed area	300,000 sq ft



# Major pipeline - other projects

- New developments on the horizon.....

- 98,000 sq ft
- Possession 2012



- 316,000 sq ft
- Possession 2012/14

- 270,000 sq ft
- Possession 2014/16



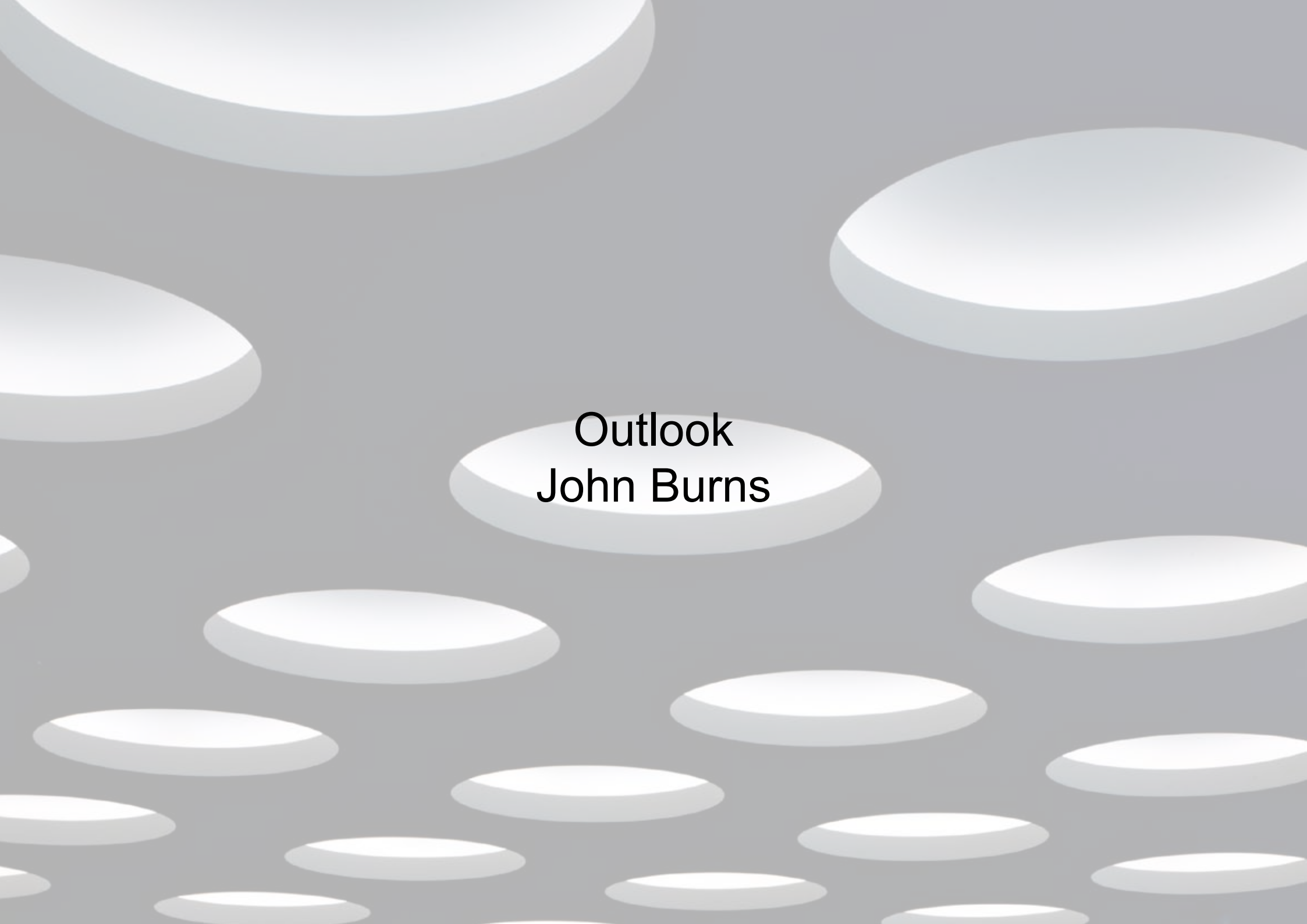
- 200,000 sq ft
- Crossrail over site development

- Appendices 17 and 18 - planning consents and appraisal studies

- A track record of delivering the next generation of office space for central London
- Strong flexible pipeline over next ten years
- Not dependant on acquisitions
- 50% of portfolio remains unworked



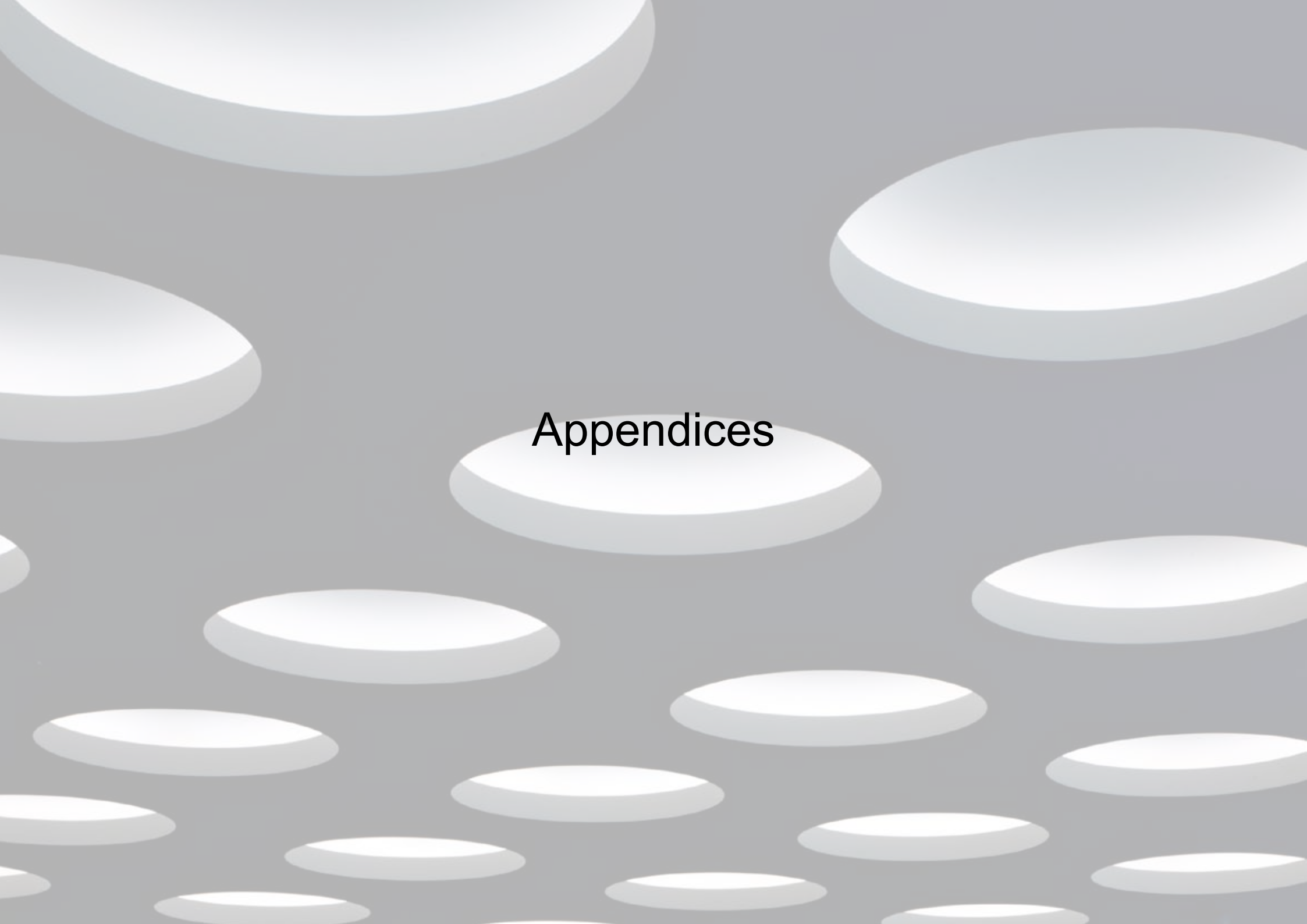
**Angel Building EC1 - spectacular roof terraces**



**Outlook**  
**John Burns**

- Build on the success of 2009
- London economy improving
- Our product in demand
- Stepping up refurbishment/development programme
- Ready to acquire



The background features a light gray to dark gray gradient. Scattered across this gradient are numerous 3D white circles of varying sizes. Each circle is rendered with a soft shadow on its bottom edge, giving it a floating, three-dimensional appearance. The circles are distributed across the entire frame, with some being significantly larger than others.

# Appendices

	Page		Page
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# Appendix 1 - net asset value per share

	Dec 2009		June 2009		Dec 2008	
	£m	p	£m	p	£m	p
Net assets attributable to equity shareholders	1,127.2	1,117	952.7	945	1,179.6	1,170
Deferred tax on revaluation surplus	7.8		7.3		8.4	
Fair value of derivatives	23.4		20.4		26.9	
Fair value adjustment to bond on acquisition less amortisation	20.2		20.5		20.9	
	<b>1,178.6</b>	<b>1,168</b>	<b>1,000.9</b>	<b>993</b>	<b>1,235.8</b>	<b>1,226</b>

# Appendix 2 - group income statement

- Reconciliation of IFRS loss before tax to recurring profit before tax

	Year ended Dec 2009 £m	Year ended Dec 2008 £m
Loss before tax (IFRS)	(34.9)	(606.5)
Revaluation deficit	81.1	602.1
Joint venture revaluation deficit	1.3	1.3
Loss/(profit) on disposal of properties	16.6	(1.2)
Development income	-	(0.5)
Fair value movement in derivatives	(3.9)	28.1
<b>Recurring profit before tax</b>	<b>60.2</b>	<b>23.3</b>
Add back: surrender premium in 2008	-	8.3
Foreign exchange movement on intercompany loan	(3.6)	8.3
One-off rates credit	(2.8)	-
Movement in cash-settled share options	1.6	(1.6)
<b>Adjusted recurring profit before tax</b>	<b>55.4</b>	<b>38.3</b>

# Appendix 3 - debt facilities

	Nominal		Maturity
	£m	£m	
6.5% secured bond		175.0	March 2026
Floating rate guaranteed unsecured loan note		1.4	February 2012
Committed bank facilities			
Term <sup>1</sup>	28.0		June 2018
Term/revolving credit	125.0		April 2014
Revolving credit	100.0		November 2013
Revolving credit	100.0		April 2013
Term/revolving credit	375.0		March 2013
Term unsecured	31.1		June 2012
Revolving credit	200.0		December 2011
		959.1	
Total bank loan facilities		1,135.5	
Overdraft		10.0	On demand
<b>Total bank facilities</b>		<b>1,145.5</b>	

- All facilities are secured unless noted otherwise

<sup>1</sup> Subject to credit review in 2013

# Appendix 4 - net debt

DERWENT  
LONDON

	Dec 2009		June 2009		Dec 2008	
	£m	£m	£m	£m	£m	£m
Current liability bank loans		-		-		103.0
Financial liabilities	736.5		854.0		769.3	
Acquired fair value of bond less amortisation	(18.6)		(19.0)		(19.3)	
Leasehold liabilities	(7.4)		(8.6)		(8.6)	
Drawn loan facilities >1 year		710.5		826.4		741.4
Total drawn bank loans		710.5		826.4		844.4
Undrawn facilities		425.0		309.1		291.1
<b>Total bank loan facilities</b>		<b>1,135.5</b>		<b>1,135.5</b>		<b>1,135.5</b>

	Dec 2009		June 2009		Dec 2008	
	£m	£m	£m	£m	£m	£m
Financial liabilities	736.5		854.0		769.3	
Current liabilities	-		-		103.0	
Overdraft	5.9		4.3		3.6	
Cash and cash equivalents	(19.0)		(9.0)		(10.5)	
<b>Net debt</b>	<b>723.4</b>		<b>849.3</b>		<b>865.4</b>	

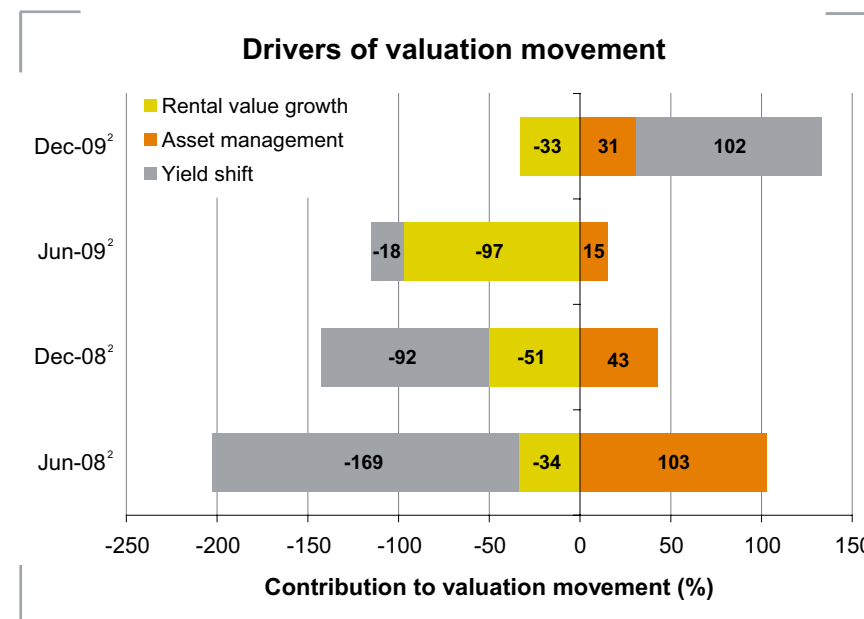
# Appendix 5 - valuation performance by village

	Valuation £m	Weighting %	Valuation movement 2009 <sup>1</sup> %	Valuation movement 2009 <sup>2,3</sup> £m	Comment
<b>West End</b>					
Noho	158.8	8	7.0	10.4	Charlotte Building completion
Victoria	250.1	13	5.8	13.7	Yield movement at Horseferry, Greencoat
Fitzrovia/Euston	469.7	25	-0.2	-1.1	Arup Phase III completion
Baker Street/Marylebone	94.1	5	-2.5	-2.5	
Soho/Covent Garden	141.8	7	-5.0	-7.5	Outward yield movement
Belgravia	115.8	6	-5.5	-13.7	Lease breaks at Grosvenor Place properties
Mayfair	39.3	2	-12.4	-5.6	Rental value declines
Islington/Camden	104.1	5	-21.8	-29.0	Impact of void risks at Angel development
Paddington	29.5	2	-24.0	-9.3	Short-term income pending redevelopment
Other <sup>4</sup>	17.6	1	-14.8	-3.0	
	<b>1,420.8</b>	<b>74</b>	<b>-2.8</b>	<b>-47.6</b>	
<b>City Borders</b>					
Shoreditch	71.5	4	4.5	3.1	Letting activity at Tea Building
Holborn	103.6	5	2.5	2.5	Yield movement at Johnson Building
Old Street	114.1	6	-10.0	-12.6	Short-term income pending redevelopment
Clerkenwell	109.8	6	-11.7	-14.5	
Southbank	6.0	-	-16.2	-1.2	
Other	0.5	-	66.7	0.2	
	<b>405.5</b>	<b>21</b>	<b>-5.3</b>	<b>-22.5</b>	
<b>Central London</b>	<b>1,826.3</b>	<b>95</b>	<b>-3.3</b>	<b>-70.1</b>	
Provincial	92.1	5	-2.5	-2.4	
<b>Investment portfolio</b>	<b>1,918.4</b>	<b>100</b>	<b>-3.3</b>	<b>-72.5</b>	

<sup>1</sup> Underlying - properties held throughout the period <sup>2</sup> Including acquisitions <sup>3</sup> Before lease incentive adjustments of £8.6m <sup>4</sup> Principally Portobello Dock

# Appendix 6 - valuation yields and drivers

	Initial yield <sup>1</sup> %	Reversionary yield <sup>1</sup> %	Yield spread %
West End	5.7	6.5	0.8
City Borders	7.2	7.4	0.2
<b>Central London</b>	<b>6.0</b>	<b>6.7</b>	<b>0.7</b>
Provincial	5.7	6.4	0.7
	<b>6.0</b>	<b>6.7</b>	<b>0.7</b>



	True equivalent yield Dec 2008 %	H1 movement basis points	True equivalent yield June 2009 %	H2 movement basis points	True equivalent yield Dec 2009 %
West End	6.87	12	6.99	-82	6.17
City Borders	7.94	12	8.06	-90	7.16
<b>Central London</b>	<b>7.08</b>	<b>13</b>	<b>7.21</b>	<b>-83</b>	<b>6.38</b>
Provincial	7.81	44	8.25	-19	8.06
	<b>7.12</b>	<b>15</b>	<b>7.27</b>	<b>-83</b>	<b>6.44</b>

<sup>1</sup> Yield to Derwent London at 31 December 2009 based upon an annualised contracted net rental income, including pre-lets and rent frees of £114.9m pa and an estimated rental value of £131.2m pa. Adjusted for costs to complete commenced projects.

<sup>2</sup> Six month period



# Appendix 7 - 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
<b>West End</b>							
Central	1,299.1	73.0	27.75	5.1	3.6	8.7	81.7
Borders	121.7	7.5	13.89	0.6	5.4	6.0	13.5
	<b>1,420.8</b>	<b>80.5</b>	<b>25.39</b>	<b>5.7</b>	<b>9.0</b>	<b>14.7</b>	<b>95.2</b>
<b>City</b>							
Borders	405.5	29.2	23.30	1.5	(0.6)	0.9	30.1
	<b>1,826.3</b>	<b>109.7</b>	<b>24.80</b>	<b>7.2</b>	<b>8.4</b>	<b>15.6</b>	<b>125.3</b>
<b>Central London</b>							
Provincial	92.1	5.2	15.18	0.7	-	0.7	5.9
<b>Investment portfolio</b>	<b>1,918.4</b>	<b>114.9</b>	<b>24.11</b>	<b>7.9</b>	<b>8.4</b>	<b>16.3</b>	<b>131.2</b>

## West End

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

Borders: Camden, Islington, Ladbroke Grove

## City

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

## Provincial

Scotland

# Appendix 8 - portfolio statistics by village

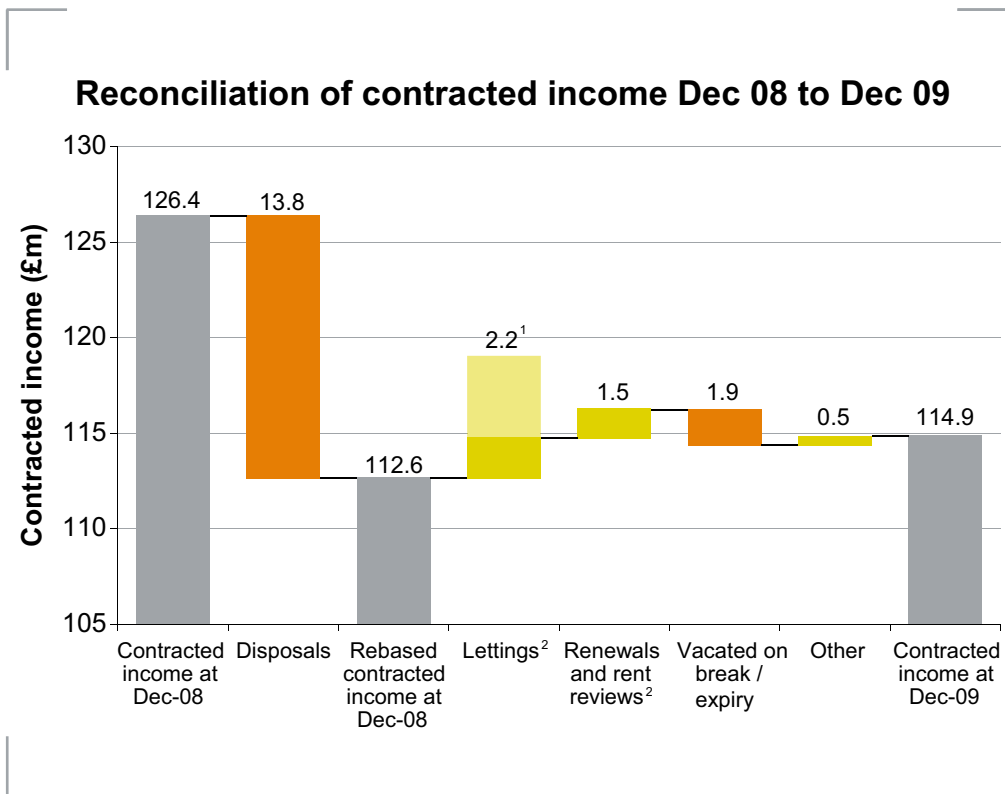
	Valuation £m	Weighting %	Floor area sq ft 000's	Vacant floor area sq ft 000's	Net contracted rental income £m pa	Average rental income £psf	Vacant accommodation rental value £m pa	Rent review/ lease renewal reversion £m pa	Total reversion £m pa	Estimated rental value £m pa
<b><u>West End: Central</u></b>										
Fitzrovia/Euston	469.7	25	1,232	50	26.7	22.59	1.4	2.9	4.3	31.0
Victoria	250.1	13	484	4	15.2	31.65	0.2	0.9	1.1	16.3
Noho	158.8	8	276	53	7.8	35.99	1.9	0.2	2.1	9.9
Soho/Covent Garden	141.8	7	299	-	8.1	27.04	-	(0.3)	(0.3)	7.8
Belgravia	115.8	6	169	21	5.2	36.67	0.9	0.5	1.4	6.6
Baker Street/Marylebone	94.1	5	212	5	6.4	30.84	0.1	(0.2)	(0.1)	6.3
Mayfair	39.3	2	42	2	2.0	49.17 <sup>2</sup>	0.1	0.1	0.2	2.2
Paddington	29.5	2	86	15	1.6	24.60	0.5	(0.5)	-	1.6
<b><u>West End: Borders</u></b>										
Islington/Camden	104.1	5	495	24	6.7	14.26	0.4	5.0	5.4	12.1
Other <sup>1</sup>	17.6	1	83	11	0.8	11.46	0.2	0.4	0.6	1.4
<b>West End</b>	<b>1,420.8</b>	<b>74</b>	<b>3,378</b>	<b>185</b>	<b>80.5</b>	<b>25.39</b>	<b>5.7</b>	<b>9.0</b>	<b>14.7</b>	<b>95.2</b>
<b><u>City: Borders</u></b>										
Old Street	114.1	6	390	27	8.9	24.53	0.5	(1.1)	(0.6)	8.3
Clerkenwell	109.8	6	366	31	8.1	24.43	0.5	(0.7)	(0.2)	7.9
Holborn	103.6	5	265	8	7.7	29.99	0.1	(0.3)	(0.2)	7.5
Shoreditch	71.5	4	284	19	4.2	15.84	0.4	1.4	1.8	6.0
Southbank	6.0	-	39	-	0.3	8.51	-	0.1	0.1	0.4
Other	0.5	-	2	2	-	-	-	-	-	-
<b>City Borders</b>	<b>405.5</b>	<b>21</b>	<b>1,346</b>	<b>87</b>	<b>29.2</b>	<b>23.30</b>	<b>1.5</b>	<b>(0.6)</b>	<b>0.9</b>	<b>30.1</b>
<b>Central London</b>	<b>1,826.3</b>	<b>95</b>	<b>4,724</b>	<b>272</b>	<b>109.7</b>	<b>24.80</b>	<b>7.2</b>	<b>8.4</b>	<b>15.6</b>	<b>125.3</b>
Provincial	92.1	5	395	51	5.2	15.18	0.7	-	0.7	5.9
<b>Investment portfolio</b>	<b>1,918.4</b>	<b>100</b>	<b>5,119</b>	<b>323</b>	<b>114.9</b>	<b>24.11</b>	<b>7.9</b>	<b>8.4<sup>3</sup></b>	<b>16.3</b>	<b>131.2</b>

<sup>1</sup> Principally Portobello Dock

<sup>2</sup> Rental income on owner occupied area of 10,980 sq ft has been included at nil. If this area is excluded the average rental income is £64.06

<sup>3</sup> Equates to £2.7m review/renewal reversion and £5.7m Angel Building reversion

# Appendix 9 - annualised contracted rental income



## Annualised contracted rental income at 31 December 2009

- Includes
  - Annualised rents under committed leases
  - Pre-letting income
  - Rent frees
  
- Excludes
  - Future contracted stepped rent increases
  - Future rent review increases where there is a contracted minimum level
  - Rental movements on outstanding rent review and lease renewals

<sup>1</sup> Total uplift on lettings (over previous income of £2.8m) is £6.5m. However, as some tenants are paying fixed increases, only the initial contracted income of £5.0m is recognised at 31 December 2009, which represents an initial uplift of £2.2m

<sup>2</sup> Uplift on previous rents

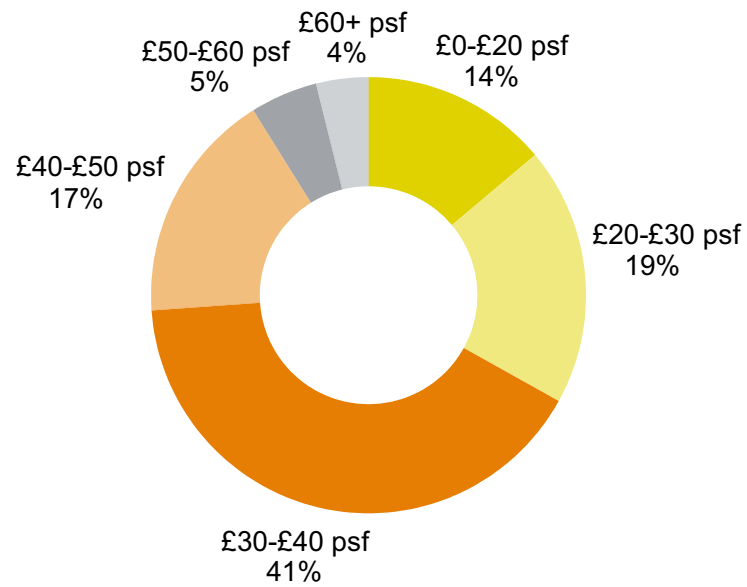
# Appendix 10 - vacant accommodation at year end

	Floor area '000 sq ft		Rental per annum £m		Comment
<b>Available</b>					
Charlotte Building W1	27		1.2		20,000 sq ft let since year end
Strathkelvin Scotland	50		0.7		20,000 sq ft under offer
4 Grosvenor Place SW1	13		0.6		7,500 sq ft under offer
City Road Estate EC1	22		0.4		Short leases pending long term development
Tea Building E1	19		0.4		7,500 sq ft under offer
1-3 Grosvenor Place SW1	8		0.4		4,500 sq ft under offer
Portobello Dock W10	10		0.2		
Greencoat & Gordon House SW1	4		0.2		
Other	41	194	0.6	4.7	
<b>Refurbishments</b>					
Victory House, 163-170 Tottenham Court Road W1	19		0.6		Further space to be vacated in H1 2010 - 42,000 sq ft scheme
Asta House, 53-65 Whitfield Street W1	18		0.5		30,000 sq ft scheme part pre-let
Bishops Bridge Road W2	8		0.4		Planning studies underway
3-4 Hardwick Street EC1	9		0.2		
Other	63	117	1.2	2.9	
<b>Development<sup>1</sup></b>					
7-8 Rathbone Place W1		12		0.3	Completion March 2010
		<b>323</b>		<b>7.9</b>	

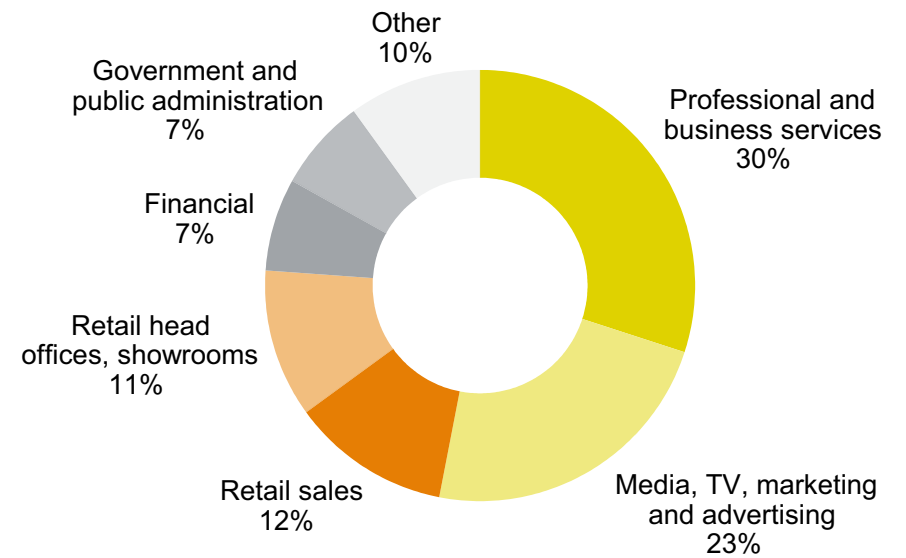
<sup>1</sup> The Angel development is currently let to BT under their existing lease. On expiry of this lease in March 2010, 139,500 sq ft will be taken by Cancer Research UK at £5.6m pa, leaving 123,500 sq ft available.

# Appendix 11 - rent banding and tenant profile

### Office rent banding



### Profile of tenants' business sectors



# Appendix 12 - top tenants

	Net income <sup>1</sup> %	Net income £m	Average rental income £psf	Key expiry dates
Government	7.5	8.7	19.65	2011 (£3.3m), 2017 (0.7m), 2021 (£1.5m), 2022 (£0.9m)
Arup	6.4	7.3	38.61	2033 (£6.2m)
Burberry	4.6	5.2	32.26	All 2033 with break in 2023
Saatchi & Saatchi	3.7	4.3	25.76	All 2013
BT	3.6	4.2	15.91	All 2010 (2010 onwards – income from CRUK of £5.6m secured on part)
MWB Business Exchange	2.7	3.1	34.21	2018 (£1.9m), 2026 with break in 2021 (£1.2m)
Thomson Reuters	2.3	2.7	30.82	2016 with break in 2011 (£1.2m), 2022 with break in 2017 (£1.5m)
Pinsent Masons	2.1	2.5	32.50	All 2015
British Broadcasting Corporation	2.0	2.4	31.33	2017 (£0.2m), 2059 (£2.2m)
House of Fraser	1.7	2.0	26.28	All 2018
	<b>36.6</b>	<b>42.4</b>	<b>26.00</b>	

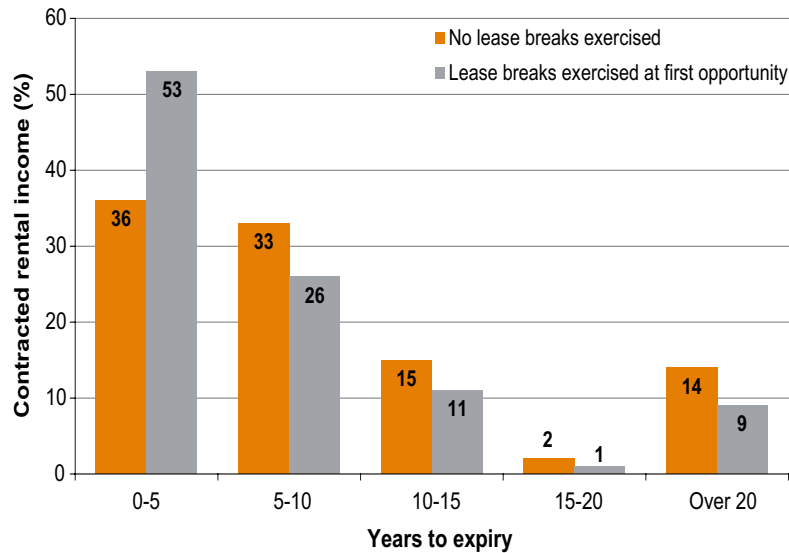
- Ten principal tenants pay £42.4m pa – 37% of income
- Tenant income profile
  - 21 tenants pay over £1m – 50% of income
  - 25 tenants pay £0.5m-£1m – 15% of income

<sup>1</sup> Based upon the annualised contracted net rental income of the portfolio

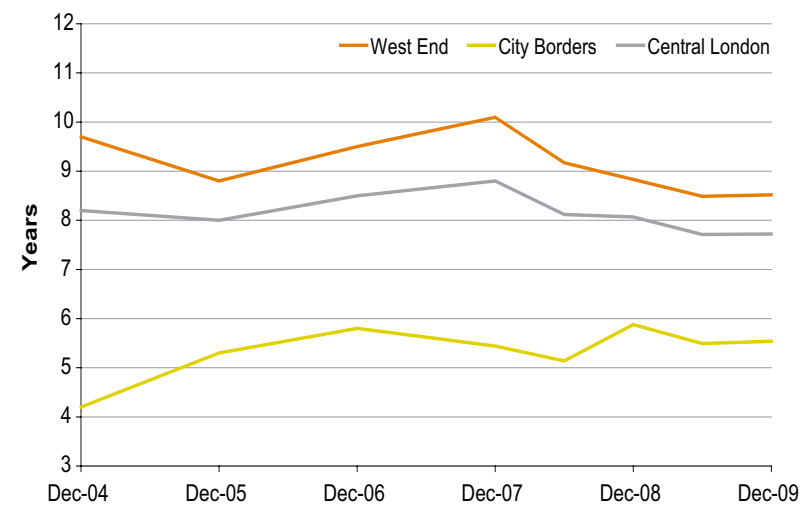
# Appendix 13 - lease expiry profile and lease length

	Percentage of portfolio income <sup>1</sup>									
	West End	City Borders	2010	West End	City Borders	2011	2012	2013	2014	Total
Expiries <sup>2</sup>	3	1	4	5	1	6	2	9	4	25
Angel expiry <sup>3</sup>	4	-	4	-	-	-	-	-	-	4
Single breaks	1	1	2	2	2	4	3	4	4	17
Rolling breaks	3	2	5	1	-	1	-	-	-	6
Holding over	1	-	1	-	-	-	-	-	-	1
	<b>12</b>	<b>4</b>	<b>16</b>	<b>8</b>	<b>3</b>	<b>11</b>	<b>5</b>	<b>13</b>	<b>8</b>	<b>53</b>

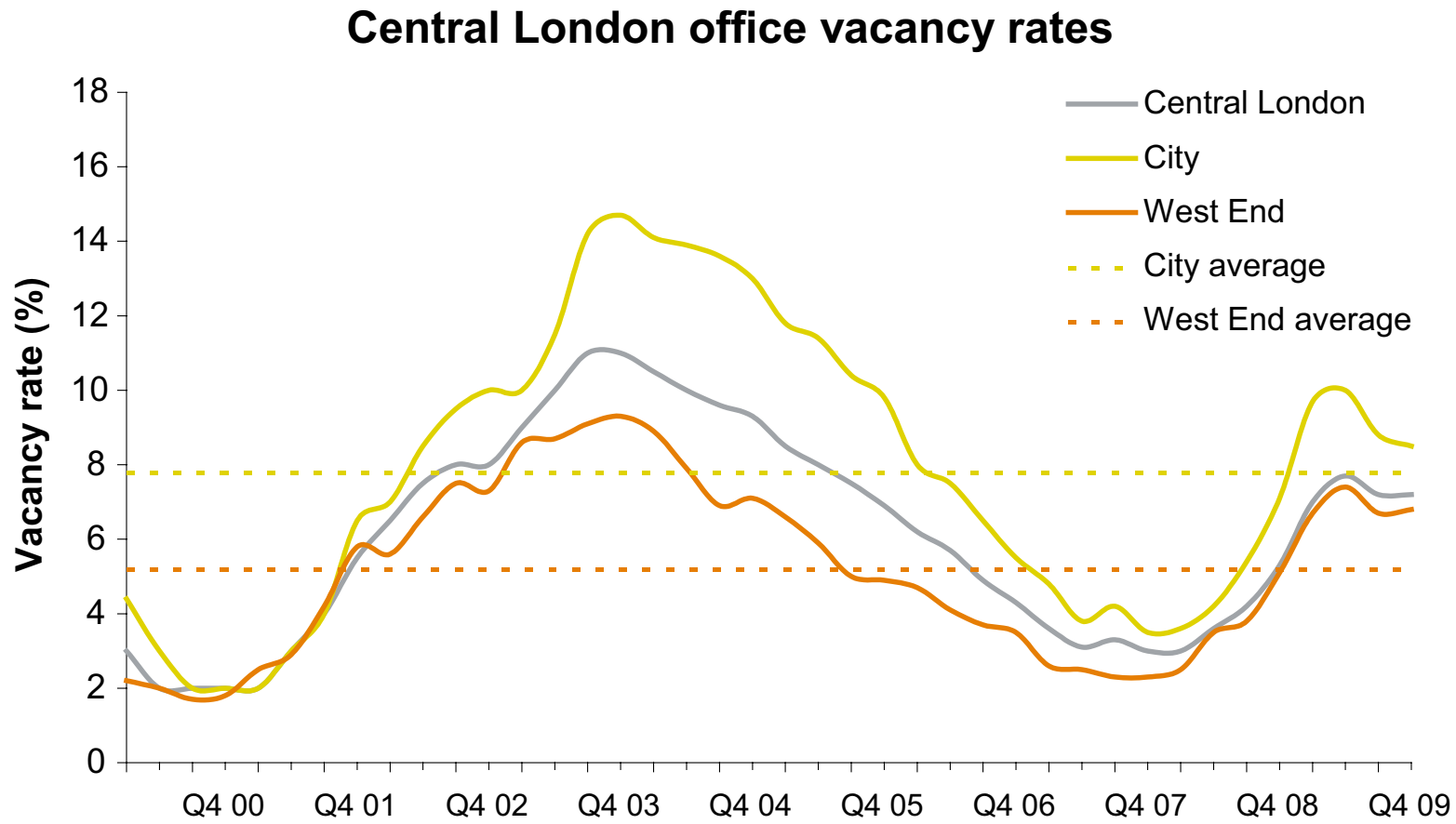
Profile of rental income expiry



Average unexpired lease length<sup>4</sup>

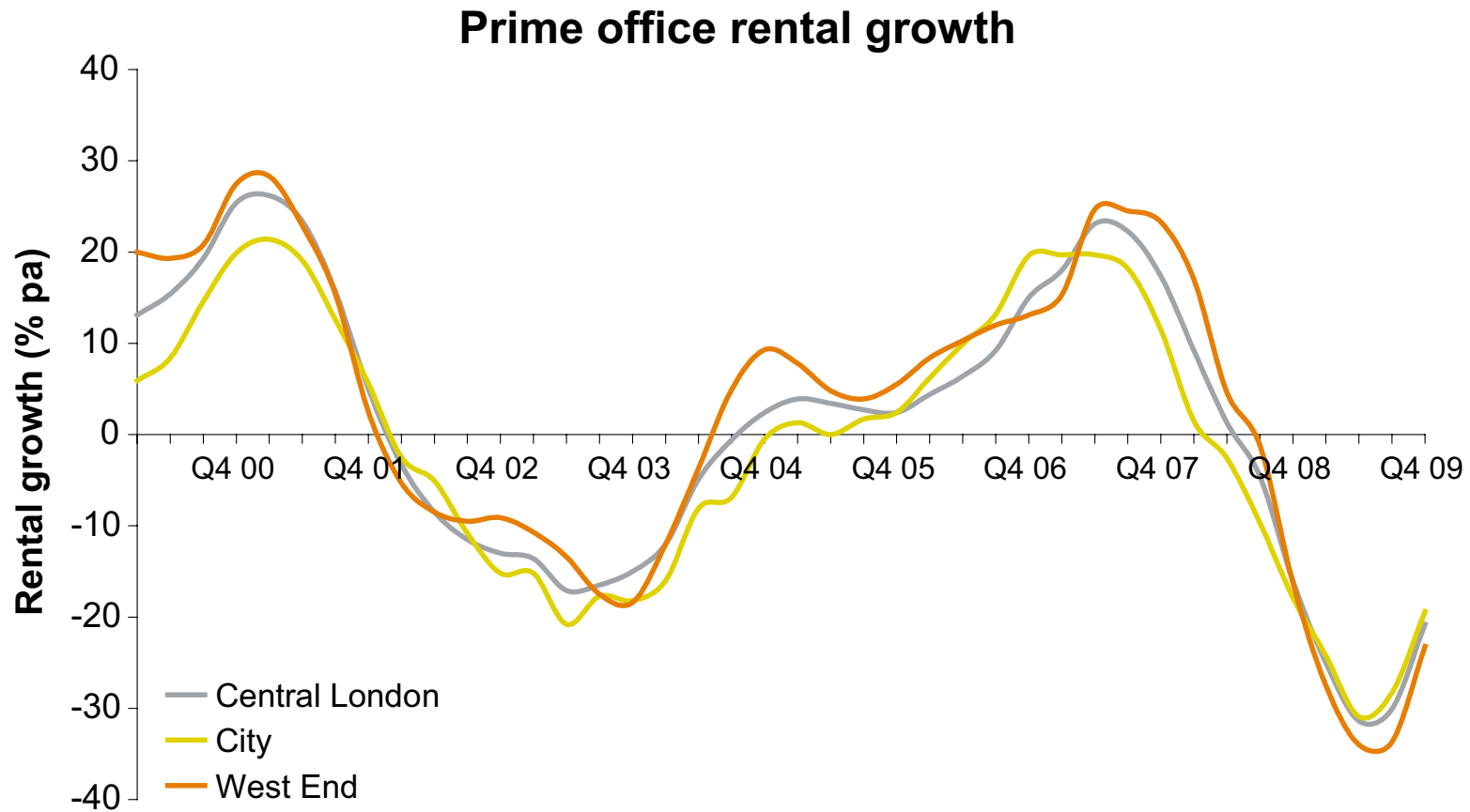


<sup>1</sup> Based upon the annualised contracted rental income of £114.9m at 31 December 2009 <sup>2</sup> Excluding Angel Building expiry  
<sup>3</sup> Following Angel Building expiry of £4.2m in March 2010, £5.6m pre-let to Cancer Research UK <sup>4</sup> Lease length weighted by rental income and assuming tenants' break at first opportunity



Source: CB Richard Ellis










Source: CB Richard Ellis

# Appendix 16 - capital expenditure

	Actual 2009 £m	Budget 2010 £m	Budget 2011 £m	Budget 2012+ <sup>1</sup> £m
<b>Current developments</b>				
Angel Building EC1	42.4	31.1	1.2	-
7-8 Rathbone Place W1	1.4	1.5	-	-
Charlotte Building W1	7.5	1.0	-	-
Arup Phase III W1	13.4	0.3	-	-
	<b>64.7</b>	<b>33.9</b>	<b>1.2</b>	<b>-</b>
<b>Current refurbishments</b>				
Tea Building E1	2.9	1.1	-	-
75 Wells Street W1	0.8	0.7	-	-
Other	1.5	0.4	-	-
	<b>5.2</b>	<b>2.2</b>	<b>-</b>	<b>-</b>
<b>2010 refurbishments</b>				
Victory House, 163-170 Tottenham Court Road W1	-	6.5	2.8	0.3
1-5 Maple Place/12-16 Fitzroy Street W1	-	2.5	-	-
Asta House, 53-65 Whitfield Street W1	0.1	1.5	-	-
9-10 Rathbone Place W1	0.1	1.3	0.1	-
2-14 Pentonville Road N1	-	1.1	11.0	1.2
Other	1.2	3.1	4.1	1.2
	<b>1.4</b>	<b>16.0</b>	<b>18.0</b>	<b>2.7</b>
<b>Future developments</b>				
63 Clerkenwell Road EC1	0.3	1.3	12.1	13.9
80 Charlotte Street W1	0.2	1.0	1.0	-
55-65 North Wharf Road W2	0.1	0.7	4.5	3.8
132-142 Hampstead Road NW1	0.2	0.7	4.6	57.4
City Road Estate EC1	0.4	0.7	7.1	80.5
	<b>1.2</b>	<b>4.4</b>	<b>29.3</b>	<b>155.6</b>
Other	19.0	7.0	2.9	1.5
	<b>91.5</b>	<b>63.5</b>	<b>51.4</b>	<b>159.8</b>













<sup>1</sup> Does not include schemes that commence in 2012 and beyond

# Appendix 17 - planning consents

Property <sup>1</sup>	Current income £m pa	Current income £psf	Existing area 000's sq ft	Area uplift %	Consented area 000's sq ft	Comment
Leonard Street 	n/a	n/a	n/a	n/a	55	Planning consent for 35,000 sq ft of residential (47 units) and 20,000 sq ft of offices
Wedge House 	0.3	8	39	108 ↑	81	Planning consent granted in January 2008 for a new ten-storey office development. Lease break 2012.
Chancery Lane 	1.0	14	71	38 ↑	98	Planning consent obtained in February 2008 for a new office building. Lease breaks in 2012.
North Wharf Road 	1.6	19	84	276 ↑	316	Planning consent granted in January 2008 for a 240,000 sq ft office building, 73,000 sq ft of residential and 3,000 sq ft of retail space. Lease breaks from 2012/2014.
City Road Estate 	0.8	8	102	146 ↑	251	Planning permission obtained on appeal in October 2008 to provide 141,000 sq ft of residential and 110,000 sq ft of commercial space. Predominately office scheme now under consideration as outlined on pages 47-48.
	<b>3.7</b>	<b>12</b>	<b>296</b>	<b>171</b>	<b>801</b>	

<sup>1</sup>Images of consented schemes

# Appendix 18 - appraisal studies

Existing	Proposed	Current income £m pa	Current income £psf	Existing area 000's sq ft	Potential area uplift %	Potential area 000's sq ft	Comment
Charlotte Street 		4.3	21	200	50 ↑	300	A key ownership in the heart of our Fitzrovia estate, with the potential for major regeneration project.  Tenants: Saatchi & Saatchi. Leases expire in 2013.
Hampstead Road 		2.0	9	230	22 ↑	280	Planning application to be submitted in summer 2010. See pages 45-46.  Tenants: NHS, BHS and BP. Leases expire in 2011 and 2012.
Clerkenwell Road 		0.3	7	45	69 ↑	76	Planning permission for a new build office scheme was refused in November 2009. Appeal decision expected May 2010.  Tenants: short-term lets with rolling breaks
Grosvenor Place 		5.2	31	169	60 ↑	270	Working in conjunction with our freeholder, The Grosvenor Estate, various options are being studied.  Tenants: multi-let. Leases expiring from 2014.
Riverwalk House 		2.3	31	75	167 ↑	200	This prime riverside location in Victoria offers the potential for a significant redevelopment.  Tenant: Government. Lease expires in 2011.
Commercial Road 		0.5	17	30	290 ↑	117	Planning permission for a mixed use scheme was refused in November 2009. Re-evaluating development options.  Tenants: Government. Leases expire in 2012.
		<b>14.6</b>	<b>20</b>	<b>749</b>	<b>66</b> ↑	<b>1,243</b>	

# Appendix 19 - management structure - executive team

- John Burns Chief Executive
- Simon Silver Head of Development
- Damian Wisniewski Finance Director
- Nigel George Director
- Paul Williams Director
- David Silverman Director
- Tim Kite Company Secretary
- Russell Durling Group Surveyor
- Gary Preston Financial Controller
- Celine Thompson Head of Leasing
- Simon Taylor Head of Asset Management
- Asim Rizwani Head of Property Management

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