

The image is a collage of vertical panels, each showing a different view of a modern building's glass facade. The panels are arranged in a grid, with some panels showing reflections of other buildings and some showing the building's structure. The overall effect is a dynamic and abstract representation of a modern architectural style.

**Derwent London plc
Results 2010**

	Page
Highlights	3
Results and financial review	5
Valuation and portfolio analysis	17
Portfolio activity	26
Market summary	34
Projects	38
Outlook	58
Appendices	60
Disclaimer	83

Presentation: John Burns, Damian Wisniewski, Simon Silver, Paul Williams, Nigel George, David Silverman



John Burns



» **Strong NAV growth and shareholder return**

» **Rental growth**

» **Substantial reversion**



» **100 lettings**

» **Further significant dividend growth**



» **New acquisitions**

» **Strong project pipeline**





Damian Wisniewski

Headline numbers

DERWENT
LONDON

	Dec 2010	Dec 2009	% change
Total portfolio at fair value	£2,426.1m	£1,918.4m	26.5
EPRA net asset value per share ¹	1,474p	1,161p	27.0
Gross property income	£119.4m	£123.8m	(3.6)
EPRA profit before tax ²	£55.3m	£61.8m	(10.5)
Underlying profit before tax ^{2,3}	£53.8m	£55.4m	(2.9)
EPRA earnings per share	52.99p	57.14p	(7.3)
Total interim/final dividend per share	29.00p	27.00p	7.4
Recommended final dividend per share	20.25p	18.85p	7.4
Net debt ⁴	£887.8m	£720.8m	23.2
Loan to value (LTV) ratio	35.7%	36.4%	n/a
Balance sheet gearing	59.4%	61.9%	n/a
Interest cover ratio	328%	330%	n/a

¹ On a diluted basis

² See Appendix 2 for reconciliation to IFRS profit/(loss) before tax

³ Previously 'adjusted recurring profit before tax'

⁴ Net of unamortised loan arrangement costs. See Appendix 3 and 6

» Appendices 1, 2, 3 and 6

Group balance sheet

DERWENT
LONDON

	Dec 2010 £m	Dec 2009 £m
Investment property	2,388.5	1,888.6
Other non-current assets	56.4	47.5
	2,444.9	1,936.1
Trading properties	-	1.0
Other current assets and liabilities	(26.0)	(16.8) ¹
Cash and cash equivalents	7.2	19.0
Bank overdraft	(5.6)	(5.9)
Corporation tax liability	(3.3)	(5.4)
	(27.7)	(8.1)
Financial liabilities	(889.4)	(733.9) ¹
Other non-current liabilities	(33.1)	(30.2)
	(922.5)	(764.1)
Total net assets	1,494.7	1,163.9
Minority interests	(45.9)	(36.7)
Attributable to equity holders	1,448.8	1,127.2

¹ Includes reclassification of loan arrangement costs. See Appendix 3

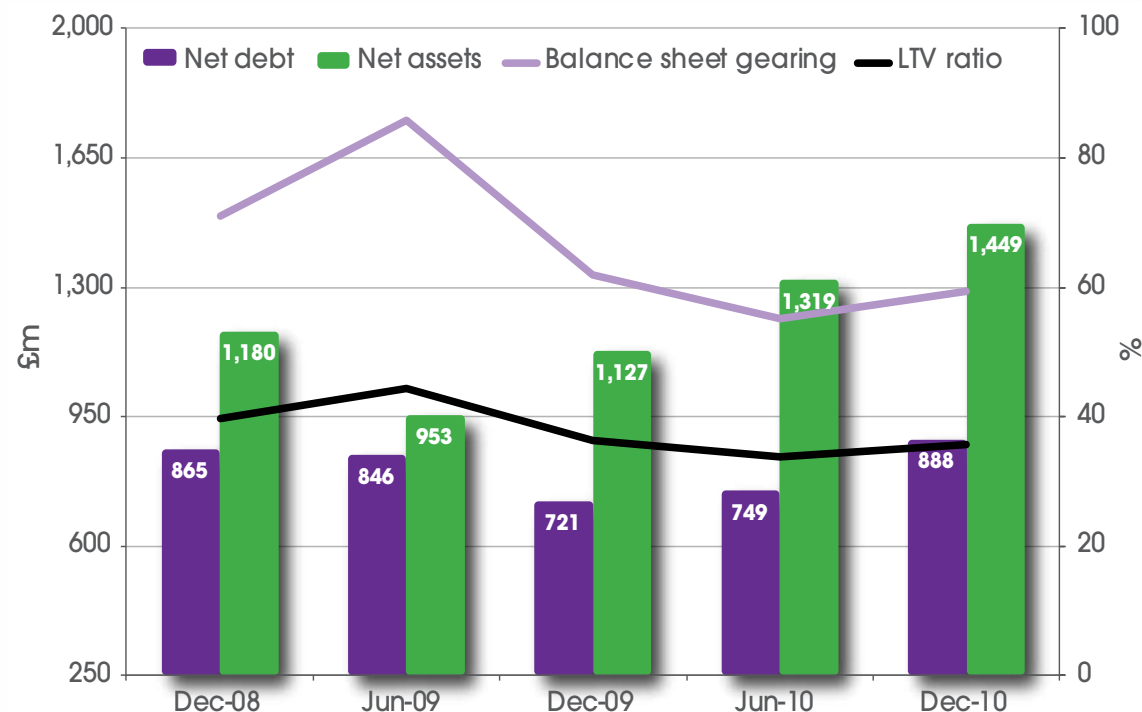
» Appendix 3

Group balance sheet

DERWENT
LONDON

- » **Net assets up by 28.5%**
 - > to £1.45bn from £1.13bn
- » **Net debt increased**
 - > to £888m from £721m
 - > £197.5m invested in the portfolio
- » **LTV and balance sheet gearing ratios**
 - > reduced from 31 December 2009 as a result of property valuation surplus
 - > increased from 30 June 2010 following purchase of Central Cross

Debt, net assets and gearing



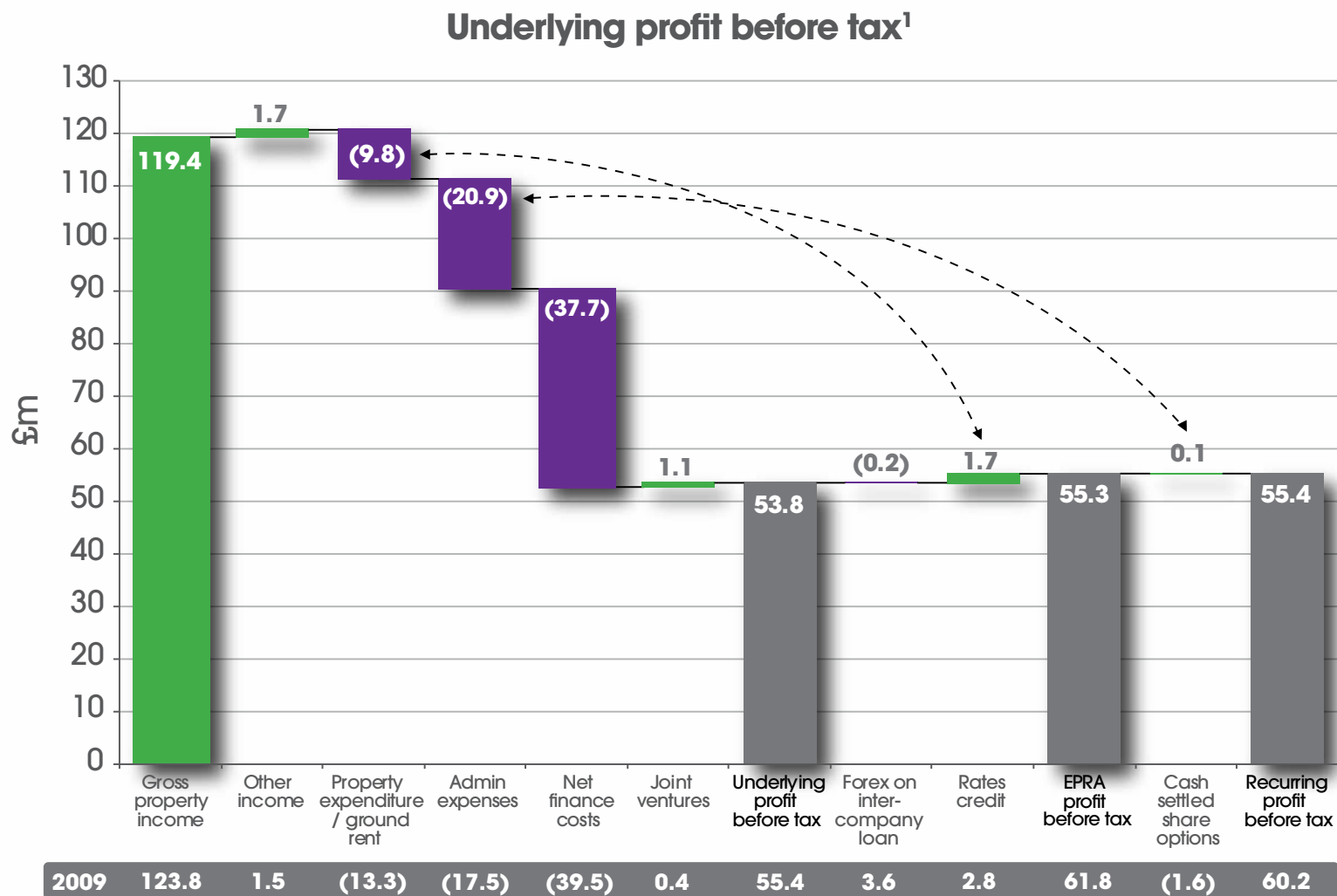
Group income statement

DERWENT
LONDON

	Year ended Dec 2010 £m	Year ended Dec 2009 £m
Gross property income	119.4	123.8
Other income	1.7	1.5
Property outgoings	(8.1)	(10.5)
Net property income	113.0	114.8
Total administrative expenses	(20.8)	(19.1)
Revaluation surplus/(deficit)	301.6	(81.1)
Profit/(loss) on disposals	0.9	(16.6)
Net finance costs	(37.7)	(39.5)
Foreign exchange (loss)/gain	(0.2)	3.6
Joint venture results	2.0	(0.9)
Derivatives fair value adjustment	(2.4)	3.9
IFRS profit/(loss) before tax	356.4	(34.9)

Underlying profit before tax

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¹ Previously 'adjusted recurring profit before tax'. A reconciliation of the recurring, EPRA and underlying profit before tax to the IFRS profit/(loss) before tax is shown in Appendix 2

Group income statement

DERWENT
LONDON

» **Gross property income in 2010 reduced by £4.4m compared to 2009**

- > Property disposals of £201.8m in 2009
- > Voids included Angel Building (£1.0m) and Victory House (£0.9m)
- > Lettings and reviews included Arup III uplift (£2.1m) and lettings at Charlotte Building (£1.4m)

Property acquisitions	3.4
Property disposals	(10.8)
Voids	(5.1)
Lettings, reviews and other	8.1
Total	(4.4)

2010
£m

» **SIC15 reduction**

- > Due mainly to Burberry's rent free period ending at Horseferry House (£3.7m)

» **Like-for-like rental income¹**

- > Gross increased by 2.4%
- > Net increased by 5.2%

Rental income	113.4	116.6
Surrender premium	0.7	0.1
SIC15 lease incentives	5.3	7.1
Total	119.4	123.8

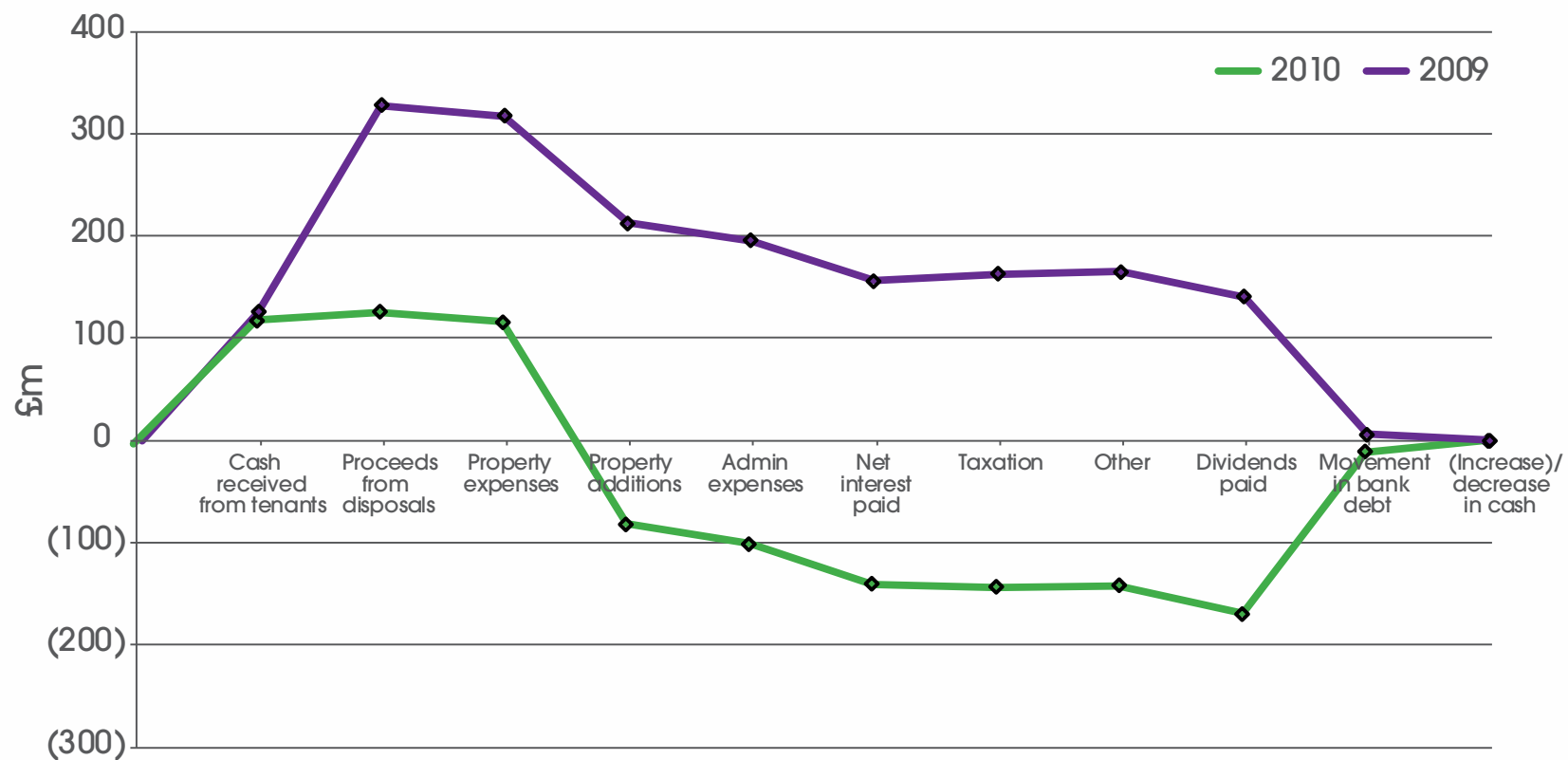
2010
£m

2009
£m

¹ See Appendix 4 for detailed reconciliation of like-for-like income

- » **Share of results of joint ventures**
 - > Includes £0.9m revaluation surplus (2009: £1.3m deficit)
- » **Fair value movement of derivatives**
 - > A loss of £2.4m in 2010 against a gain of £3.9m in 2009
- » **Changed treatment of loan arrangement costs and amortisation**
 - > Refer to Appendix 3
- » **Net finance costs**
 - > Excluding foreign exchange movements, reduced to £37.7m (2009: £39.5m)
- » **Administrative expenses**
 - > Increased to £20.9m (2009: £17.5m) due to higher staff costs and office overheads
- » **Final dividend**
 - > 20.25p per share up 7.4%

Cashflow summary



2010	117.1	8.5	(9.8)	(197.5)	(19.4)	(40.5)	(3.0)	2.9	(27.8)	158.0	11.5
2009	125.4	202.0	(10.2)	(104.8)	(17.1)	(39.1)	6.5	1.8	(24.3)	(134.0)	(6.2)

» **Increase in net debt**

> To £887.8m from £720.8m

» **Net cashflow movement in investment property portfolio**

	2010 £m	2009 £m
Acquisitions	(148.0)	(10.2)
Capex	(49.5)	(94.6)
	(197.5)	(104.8)
Disposal proceeds	8.5	195.5
	(189.0)	90.7

» **Forecast capital expenditure**

> c.£60m in 2011 and c.£125m in 2012

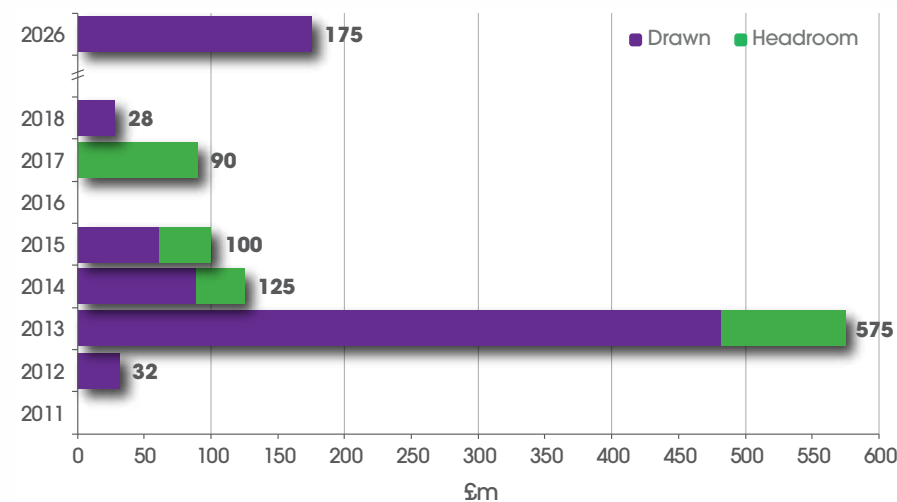
> Further details can be found on page 40

Debt facilities, covenants and gearing

DERWENT
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	Dec 2010	Dec 2009
Gearing		
LTV ratio	35.7%	36.4%
Balance sheet	59.4%	61.9%
Interest cover ratio	328%	330%
Total facilities	£1,135m	£1,145m
Unutilised committed facilities	£261m	£429m
Unutilised facilities drawable	£245m	£357m
Uncharged properties	£484m	£338m

Maturity profile of loan facilities¹



- » Refinancing commenced for debt maturities in 2013
- » Substantial headroom under financial covenants

¹ Excludes £10m overdraft facility

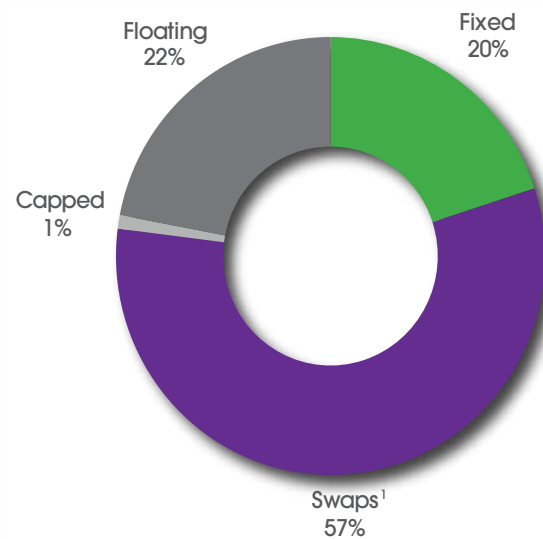
» Appendices 5 and 6

Liability risk management

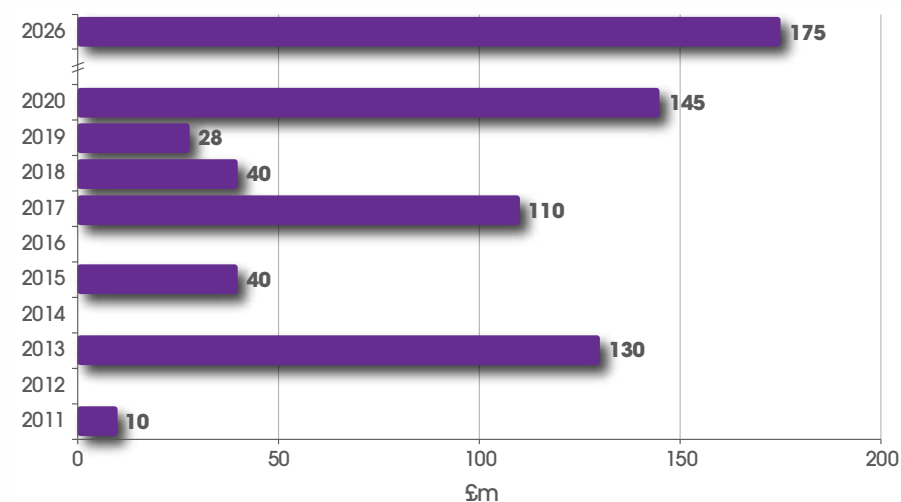
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	Dec 2010	Proforma to include new £70m swap
Proportion of drawn facilities at fixed rates or hedged	70%	78%
Weighted average length of swaps	6.1 years	6.2 years
Spot weighted average cost of drawn facilities		
- total debt	4.34%	4.54%
- bank loans	3.90%	4.05%

Hedging profile¹



Maturity profile of fixed and hedged debt¹



¹ Including additional £70m swap entered into in January 2011



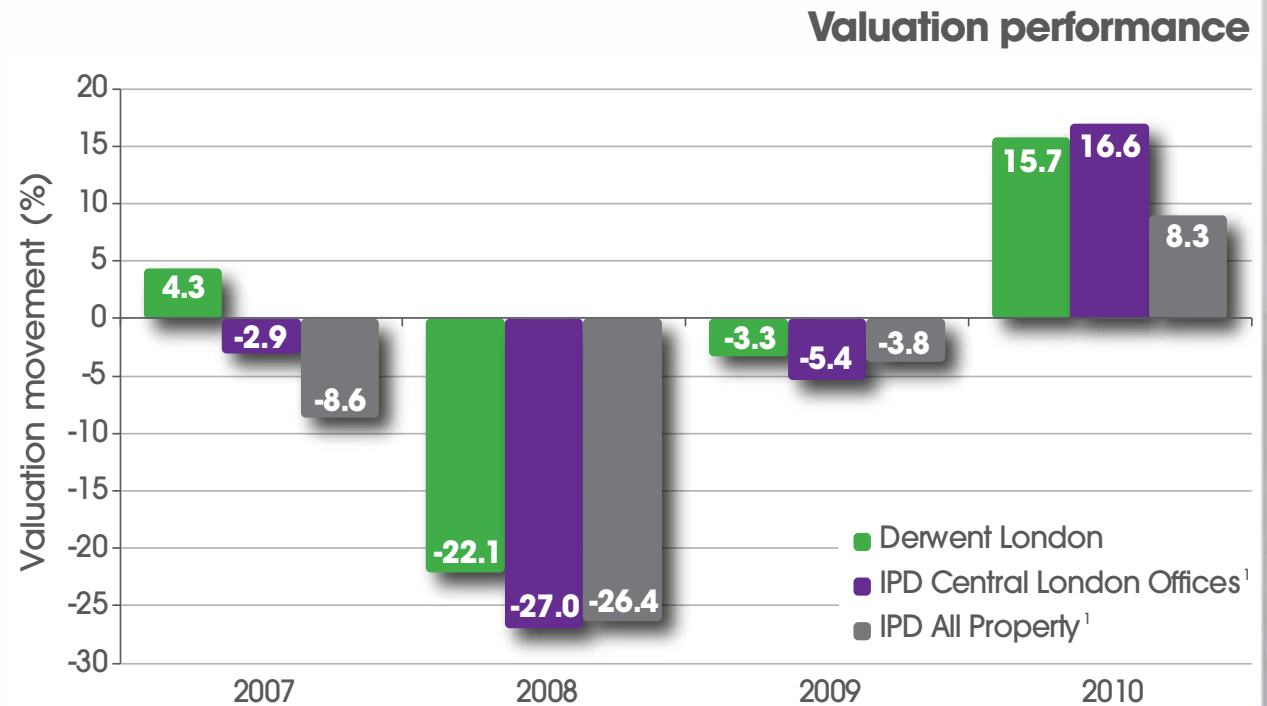
Nigel George

- » **Strong recovery in capital values**
 - > 15.7% in 2010
 - > 27% over last 18 months
- » **Development properties valued at £124.9m**
 - > 22.8% in 2010
- » **Average capital values low**
 - > Portfolio £450 psf
 - > West End central £545 psf

	Portfolio valuation £m	H1 valuation movement %	H2 valuation movement %	Full year valuation movement %
West End	1,709.5	11.6	4.7	16.7
City Borders	456.1	5.9	5.1	11.3
Central London	2,165.6	10.4	4.8	15.5
Provincial	111.1	9.9	9.3	20.2
Underlying	2,276.7	10.3	5.0	15.7
Acquisitions	148.4	-4.3	0.2	0.2
Transfer	1.0	-	-	-
Investment portfolio	2,426.1	10.3	4.7	14.6

» Appendix 7

- » **Central London outperforms the wider property market in 2010**
- » **Valuation growth attributable to:**
 - > Yield movement 60%
 - > Improvement in rental values 29%
 - > Asset management 11%
- » **Total property return**
 - > 21.3% in 2010



¹ Quarterly Property Index

- » **EPRA yields¹**
 - > Net initial 4.7%
 - > 'Topped-up' net initial 5.3%
- » **Portfolio true equivalent yield 5.77%**
 - > Tightened by 67 bp in 2010
- » **Strong reversionary element at £31.1m**
 - > £15.4m via contracted uplifts

	Rental uplift £m	Rental per annum £m
Contracted rental income, net of ground rents		116.2
Contractual rental uplifts across the portfolio	15.4	
Vacant accommodation - available ²	8.6	
Vacant accommodation - schemes ²	4.9	
Anticipated rent review and lease renewal reversion	2.2	31.1
Portfolio estimated rental value		147.3

¹ Calculated in accordance with EPRA guidelines
² Detailed in Appendix 13 - vacant accommodation

» Return to rental growth in 2010

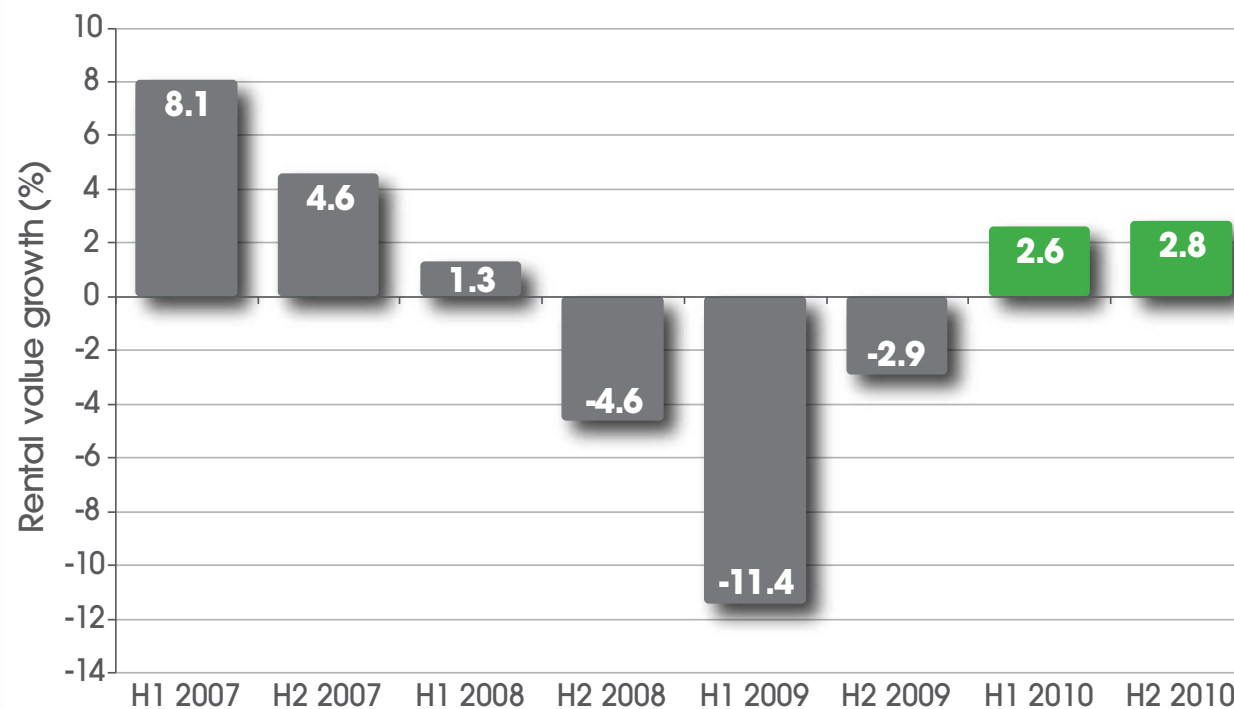
- > Underlying 5.4% (2009: -14.0%)
- > Central London 5.8% (2009: -14.3%)
- > West End 6.0% (2009: -14.8%)

» IPD Central London Offices¹ 6.0%

» Low average office rents

- > West End £26.98 psf
- > Central London £25.76 psf
- > Rents moving forward

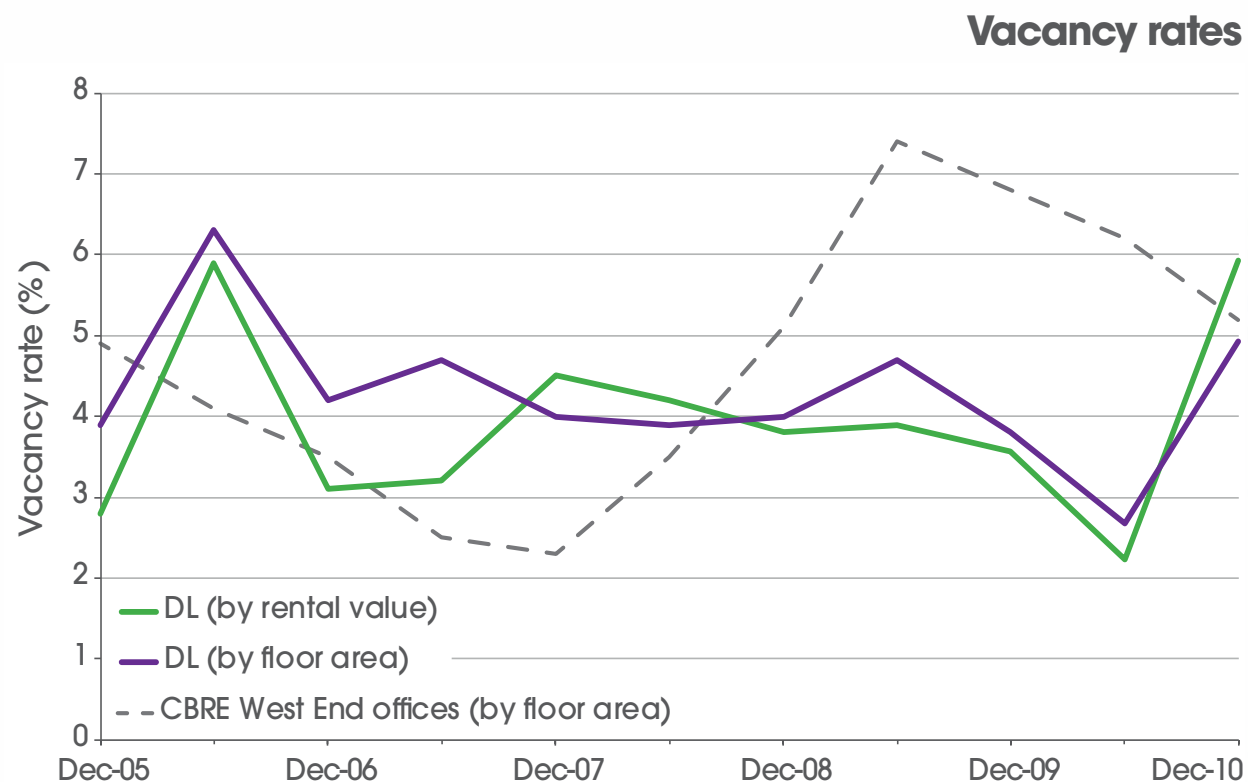
Rental value growth



¹ Quarterly Property Index

Vacancy rates

- » **Vacancy rate¹ by rental value 5.9%**
 - > Increased from 3.6% at December 2009
 - > Majority of increase was due to Angel completion
- » **Vacancy rate¹ by floor area 4.9%**
 - > Lower than CBRE rate
 - > Central London 5.5%
 - > West End 5.2%

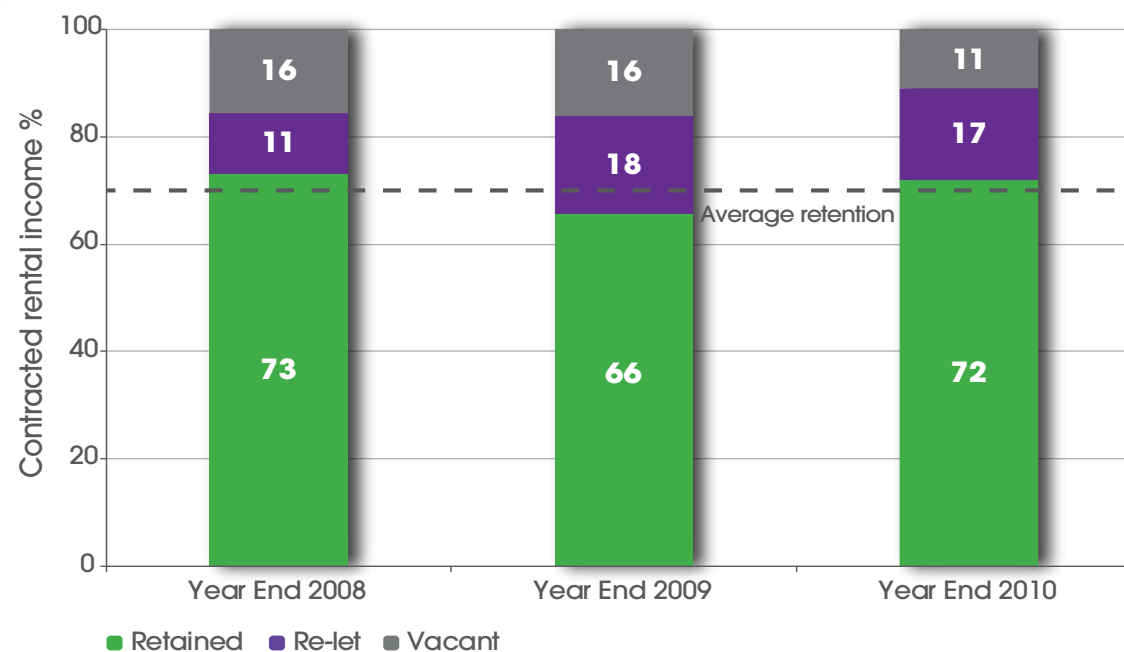


¹ Space available for letting. See Appendix 13 for detail

Lease expiries and breaks

- » **High tenant retention**
 - > 3 year average of 70%
- » **2010 expiries/breaks**
 - > Exposure of £13.9¹m pa equating to 12% of rental income
 - > £2.4m pa related to identified projects
 - > Of £11.5m pa remaining:
 - > 72% retained, 17% re-let, 11% vacant
- » **Portfolio average lease length**
 - > 7.3 years

Lease expiry and break analysis

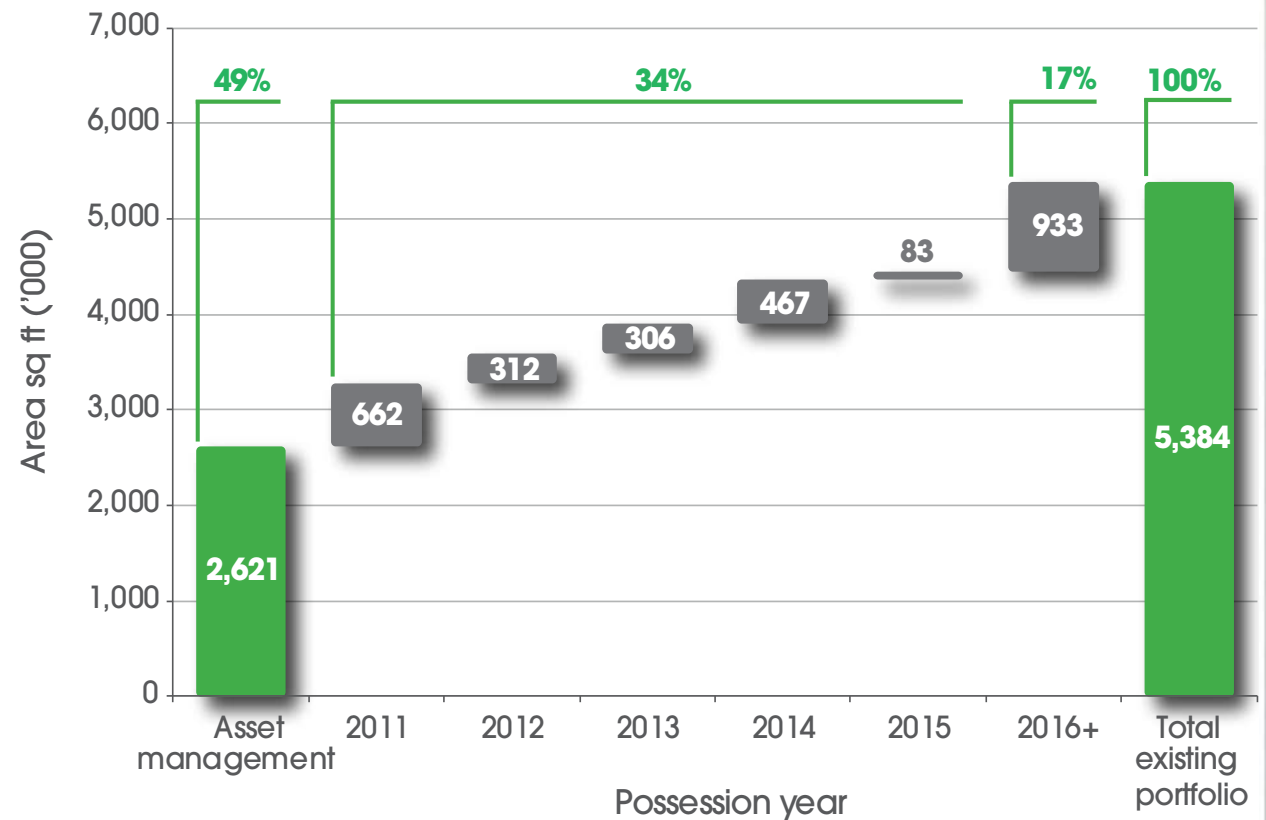


¹ Excludes expiry of £4.2m pa BT lease at Angel Building

Possession timeline of project floor area

- » Existing portfolio 5.4m sq ft
- » 51% of floor area identified for projects
 - > 2.8m sq ft
- » 34% becomes available within five years
 - > 1.8m sq ft

Possession timeline of project floor area



Income £m	64.2	12.3	3.3	5.2	10.9	1.9	18.4	116.2
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Planning potential

» **What can the 2.8m sq ft be turned into?**

- > Potential for 4.3m sq ft
- > c.30% increase on existing portfolio of 5.4m sq ft

» **1.8m sq ft available over next five years**

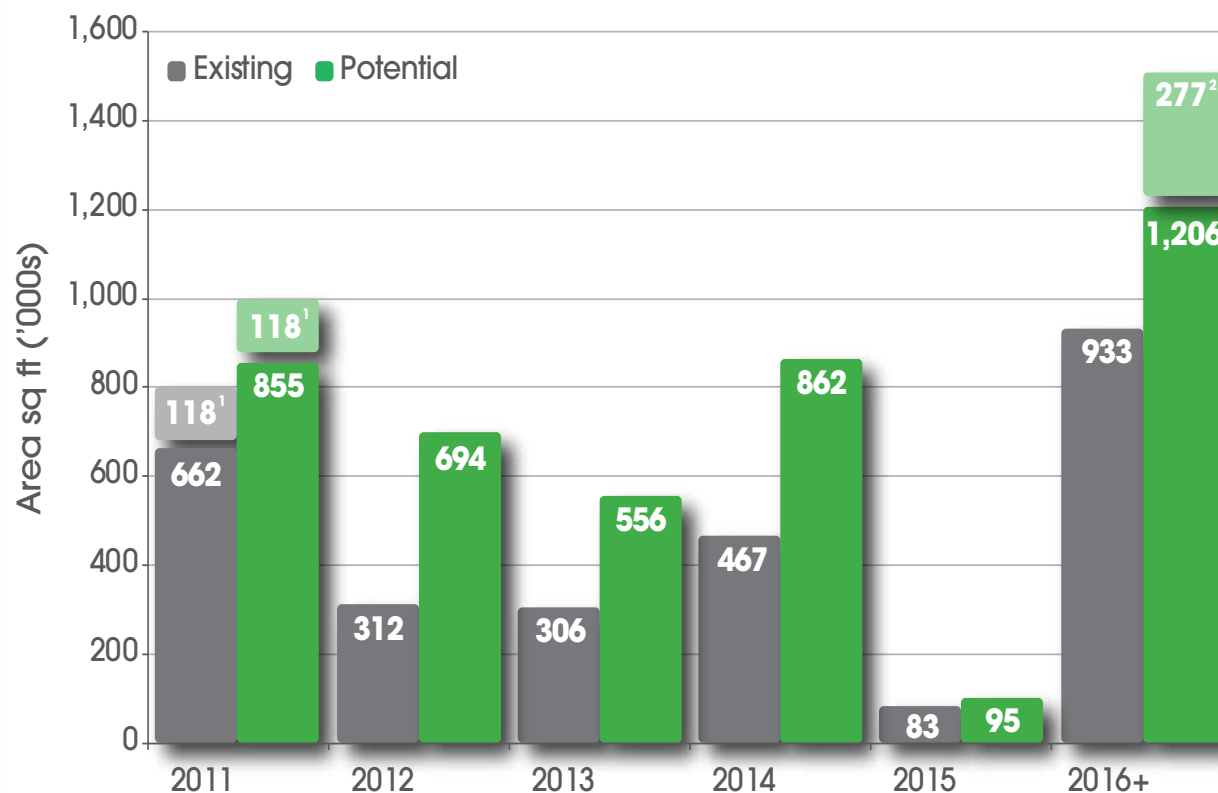
- > Potential for 3.1m sq ft
- > 23% increase on existing portfolio
- > Consents obtained for 1.0m sq ft

» **Additional schemes**

- > 1 Page Street SW1 - 118,000 sq ft
- > 1 Oxford Street W1 - 277,000 sq ft

» **Detailed breakdown in Appendix 20**

Planning potential



¹ 1 Page Street
² 1 Oxford Street

» Appendix 20



John Burns

- » **100 lettings, totalling 347,000 sq ft at £8.0m pa**
 - > Previous income of £3.6m pa at December 2009
 - > £6.1m pa of open-market lettings
 - > £1.9m pa of short-term lettings at our future development properties
- » **Consistent activity throughout the year**
 - > 47 (£3.5m) in first half, 53 (£4.5m) in second half
- » **Open-market lettings**
 - > 4.5% above Dec 2009 ERV
- » **Significant activity since the year end**
 - > 109,000 sq ft let at £3.2m pa
 - > 44,000 sq ft under offer at £1.5m pa
- » **82 rent reviews/lease renewals at £9.3m pa**
 - > 7% above previous rents

Charlotte Building W1

3 lettings at £1.2m pa
Rents from £44 to £47.50 psf
Area 27,300 sq ft



1-5 Grosvenor Place SW1

9 lettings at £1.2m pa
Average rent £42 psf
Area 29,000 sq ft



Tea Building E1

7 lettings at £0.6m pa
Average rent £23 psf
New tone set at £26.50 psf
Area 26,000 sq ft



Greencoat House SW1

3 lettings at £0.4m pa
Average rent £38 psf
Area 9,900 sq ft



Pre-let
33 George Street W1
Tenant - Pandora Jewellery
Rent £0.7m pa - £58 psf
Area 13,000 sq ft



Headlease regear
Morelands Buildings EC1
New 125 year lease
Premium paid £5.8m
Part refurbishment in 2011
Existing area 80,000 sq ft



Asset management
Woodbridge House EC1
Vacant possession obtained
Income of £2.45m pa maintained
Scheme for 2011
Existing area 75,000 sq ft



Pre-let
88 Rosebery Avenue EC1
Tenant - City University
Rent £1.2m pa - £25 psf
Area 49,000 sq ft



» Acquisition March 2011

- > Opportunity for major refurbishment
- > Located opposite Horseferry House
- > 118,000 sq ft - vacant building
- > £45m before costs
- > Capital value £380 psf

» Scheme

- > Remodelling office entrance
- > Generous office space
- > Over 2.8m floor to ceiling height
- > Interconnect ground and basement levels

» Capex

- > c.£16m¹

Horseferry House



¹ Excluding finance

» **Timing**

- > Immediate commencement
- > Delivery Q2 2012

» **Rental value**

- > c.£47.50 psf
- > c.£4.9m pa

» **Valuation**

- > Yield 5.0% - 5.25%

» **Surplus £11m - £15m**

- > 15% - 20% profit on cost
- > Ungearred IRR range 10% - 12%



- » **A core acquisition for our Fitzrovia Estate**
- » **£31m before costs for headlease**
- » **64,000 sq ft corner building fronting Tottenham Court Road**
 - > 56,000 sq ft offices - TBWA, UCL
 - > 8,000 sq ft retail - Pret a Manger, Natwest, Prezzo
- » **Freehold ownership**
 - Before...**
 - > Subject to headlease expiring 2054
 - > Fixed ground rent £6k pa
 - After...**
 - > Multi-let building producing income of £2.1m pa
 - > Plus 15,200 sq ft vacant offices
- » **Attractive yield on merged interests**
 - > Net initial 6.0%
 - > Upon letting vacant space 7.3%
 - > Capital value £532 psf



1. Victory House

2. Qube

3. Arup Phase II & III

4. 80 Charlotte Street

¹ 95 Tottenham Court Road

» **Major future regeneration opportunity**

- > Low site coverage
- > Drive floor area and rents

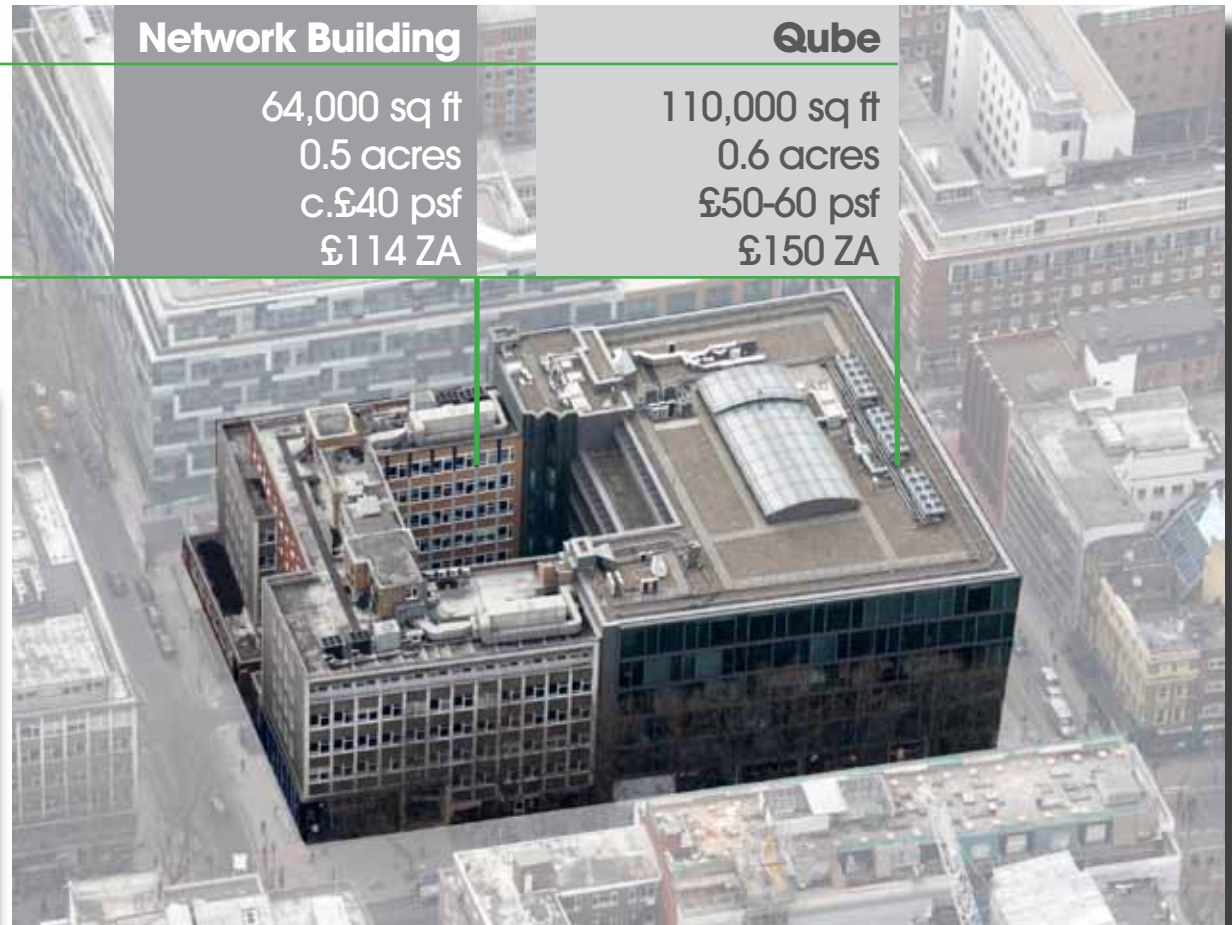
Floor area
Site area
Office rents
Retail rents

Network Building

64,000 sq ft
0.5 acres
c.£40 psf
£114 ZA

Qube

110,000 sq ft
0.6 acres
£50-60 psf
£150 ZA

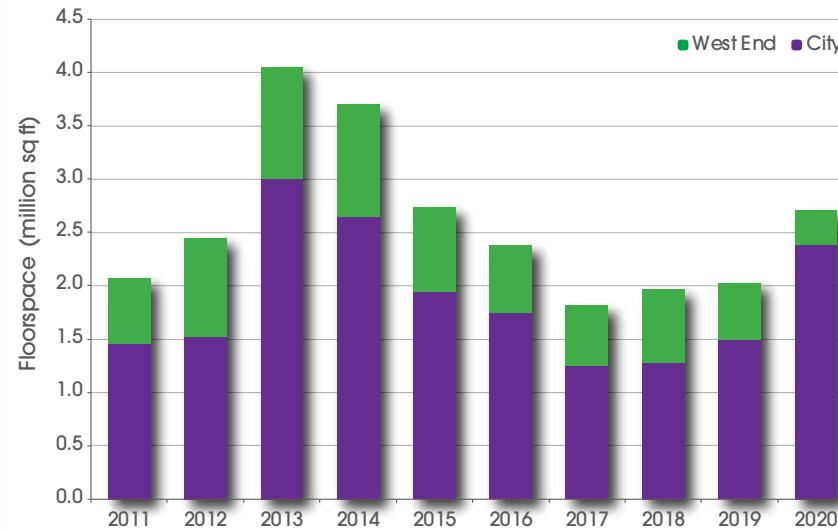


¹ 95 Tottenham Court Road



John Burns

Central London - office lease expiries



Source: Drivers Jonas Deloitte

Market 2010

Annual take-up of 4.7m sq ft
50% higher than 2009
15% above long-term average

Strong prime rental growth
9.6% increase
Prime rent £87.50 psf

Derwent London

Good letting performance
100 transactions (347,000 sq ft)
£8.0m pa rental income

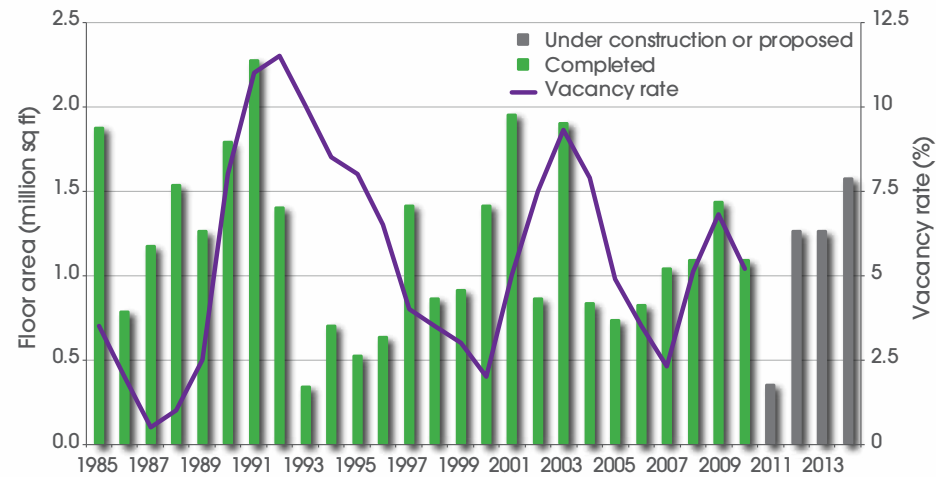
Mid-market focus of £30-£50 psf
Good demand for our space
Rental growth across portfolio

Market outlook

Good economic prospects for London
Diverse occupier base

Strengthening market
Further rental growth
Incentives to decrease

West End development pipeline



Source: CB Richard Ellis

Market 2010

Vacancy rate

Declined from 6.8% to 5.2%
See Appendix 16

Below average completions

1.1m sq ft delivered
1.2m sq ft long-term average

Derwent London

Vacancy rate increased from

3.6% to 5.9% by rental value
3.8% to 4.9% by floor area

Steady development completions

263,000 sq ft Angel Building
148,000 sq ft refurbishments

Market outlook

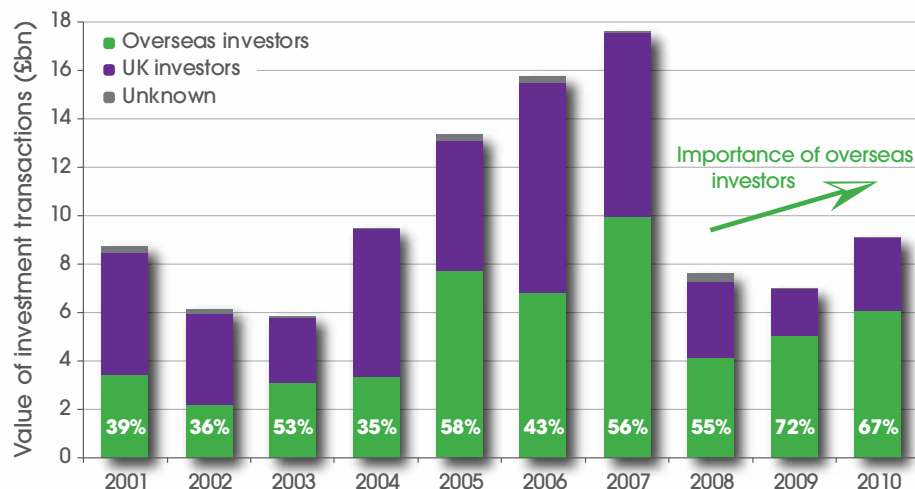
Supply expected to fall further

Low for this point in the cycle
Further pressure on rents

Varying levels of delivery

Just 0.4m sq ft in 2011
1.3m sq ft in 2012

Central London investment transactions



Source: CB Richard Ellis

Market 2010

Strong investor demand

Yields continued to fall
Lack of quality stock

£9.1bn of investment transactions

30% higher than 2009
9% lower than 10-yr average

Derwent London

Selective acquisitions

Central Cross - £146m

Further investment in 2011

1 Page Street - £45m
Network Building - £31m

Market outlook

London investments in demand

Stable yields
Strong overseas interest

Increased opportunities

Bank disposals



Simon Silver

- » **Angel Building completed**
 - > 263,000 sq ft development
- » **Current programme**
 - > 79,000 sq ft on site
 - > 412,000 sq ft projects planned to commence 2011
- » **Planning consents obtained in 2010**
 - > Hampstead Road NW1 - 265,000 sq ft
 - > Commercial Road E1 - 122,000 sq ft
- » **Important planning decisions awaited in 2011**
 - > 80 Charlotte Street W1 - 320,000 sq ft
 - > City Road Estate EC1 - 285,000 sq ft
- » **Planning applications for 2011**
 - > Riverwalk House SW1 - 135,000 sq ft
 - > 1 Oxford Street W1 - 277,000 sq ft

Project summary 2011 - 2012

DERWENT
LONDON

	Existing area '000 sq ft	Proposed area '000 sq ft	2011 capex ¹ £m	2012 capex ¹ £m	2013+ capex ^{1,2} £m	Total capex ¹ £m
On-site						
Victory House W1	48	48	7.8	-	-	7.8
33 George Street W1	13	13	0.6	0.1	-	0.7
Tea Building E1	11	11	0.5	-	-	0.5
Holden House W1	7	7	0.2	-	-	0.2
	79	79	9.1	0.1	-	9.2
2011						
1 Page Street SW1	118	118	6.1	9.0	0.9	16.0
Woodbridge House EC1	75	85	5.1	9.7	0.4	15.2
Central Cross W1 - phases 1 and 2	54	64	0.9	10.9	0.4	12.2
2-14 Pentonville Road N1	45	55	3.9	6.4	0.4	10.7
88 Rosebery Avenue EC1	49	49	2.1	1.1	-	3.2
Morelands Buildings EC1	32	41	7.3	2.9	0.3	10.5
	373	412	25.4	40.0	2.4	67.8
2012						
132-142 Hampstead Road NW1	230	265	5.4	38.6	42.0	86.0
40 Chancery Lane WC2	61	100	3.0	12.5	25.5	41.0
Turnmill EC1	41	70	1.3	11.6	13.1	26.0
	332	435	9.7	62.7	80.6	153.0
Other			16.4	21.6	10.0	48.0
Total	784	926	60.6	124.4	93.0	278.0

¹ Excluding finance

² Excluding projects that commence in 2013 and beyond

Project summary 2013+

DERWENT
LONDON

	Existing area '000 sq ft	Proposed area '000 sq ft	Vacant possession year	Comment
2013 onwards				
City Road Estate EC1	124	285	2012	Planning application submitted
80 Charlotte Street W1	200	336	2013	Planning application submitted
Balmoral Grove Buildings N1	49	163	2013	Appraisal studies
Grosvenor Place SW1	168	260	2014	Appraisal studies
55-65 North Wharf Road W2	78	313	2014	Consented scheme
Central Cross W1 - phase 3	24	35	2014	Appraisal studies
1 Oxford Street W1	-	277	c.2017	Appraisal studies
Other	106	131		Inc. Covent Garden, 65 Whitfield St
	749	1,800		
Other				
Riverwalk House SW1	75	135	2011	Appraisal studies for residential
Commercial Road E1	30	122	2012	Consented scheme
Wedge House SE1	39	80	2012	Renewing planning permission
Leonard Street EC2	-	55	Site	Consented scheme
Smaller schemes	40	63		Inc. Vauxhall Bridge Rd, Bishops Bridge Rd
	184	455		

Victory House W1

30,000 sq ft offices
12,000 sq ft residential
6,000 sq ft retail
Delivery Q3 2011
Rental value £40+ psf
Capex c.£8m^{1,2}



2-14 Pentonville Road N1

55,000 sq ft offices
Delivery Q4 2012
Rental value c.£35 psf
Capex c.£11m¹



¹ Excluding finance

² Costs to complete

- » **Vacant possession obtained**
 - > Income of £2.45m pa continues until March 2015
- » **Opportunity to remodel this Clerkenwell building**
 - > 85,000 sq ft - 13% area increase
 - > Infill atrium
 - > Relocate office entrance
- » **Timing**
 - > Delivery Q3 2012
- » **Rental value**
 - > c.£40 psf
- » **Capex**
 - > c.£15m¹



¹ Excluding finance

Woodbridge House EC1

DERWENT
LONDON

Generous floor to ceiling heights

Additional office space through atrium infill



New office entrance

Remodelled ground floor fascia

- » **£146m acquisition in August 2010**
 - > Our vision taking shape
- » **Phase 1 - create new 'streetscape' for Stephen Street and Gresse Street**
 - > 140m new frontage
 - > 23,000 sq ft of ground floor offices
 - > Double height spaces
- » **Phase 2 - office refurbishment**
 - > Up to 41,000 sq ft of upper floor offices
- » **Timing**
 - > Delivery Q4 2012
- » **Rental value**
 - > c. £50 psf
- » **Capex phases 1 and 2**
 - > c.£12m¹



¹ Excluding finance

Central Cross W1

DERWENT
LONDON

- » **Phase 3 - retail extension proposals**
 - > Existing 24,000 sq ft
 - > Proposed 35,000 - 40,000 sq ft
- » **Vacant possession 2014**
 - > Possibly earlier



- » **Planning consent obtained for 233,000 sq ft offices and 32,000 sq ft residential**
- » **Adjacent to Euston Station - regeneration area**
 - > Clarity required on the impact of the recent HS2 rail proposals before scheme finalised
- » **Potential timing**
 - > Delivery Q4 2013
- » **Capex**
 - > c.£86m¹
- » **Occupational leases expire by September 2011**
 - > Current income £2.0m pa
- » **Alternative option for existing 230,000 sq ft building**
 - > 'Tea West' approach



¹ Excluding finance

Projects 2012 - 2013

DERWENT
LONDON

» Turnmill and Chancery Lane planned for 2012

> 170,000 sq ft

» Capex

> c.£67m¹

Turnmill EC1

70,000 sq ft

Planning application submitted

Delivery 2014



40 Chancery Lane WC2

100,000 sq ft

Planning permission granted

Delivery 2014



¹ Excluding finance

- » **Major holding on our Fitzrovia Estate**
 - > Core West End location
 - > 1.4 acre island site
- » **Planning application submitted**
 - > 320,000 sq ft offices
 - > 16,000 sq ft residential
- » **Existing leases expire 2013 - Saatchi & Saatchi**
 - > Current income £4.3m pa
 - > Existing buildings 200,000 sq ft
- » **Timing**
 - > Delivery end 2015
- » **Rental value**
 - > c.£55 psf
- » **Capex**
 - > c.£125m¹



¹ Excluding finance

- » **Government promoting the area as a technology hub for companies**
 - > 'Silicon roundabout'
- » **Existing buildings**
 - > 124,000 sq ft
 - > Current income £1.4m pa
- » **Planning decision awaited**
 - > New tall building - 220,000 sq ft
 - > Low rise buildings - 65,000 sq ft
- » **Adopts our White Collar Factory concept**
- » **Timing**
 - > Vacant possession from 2012
- » **Rental value**
 - > c.£45 psf
- » **Capex**
 - > c.£100m¹

¹ Excluding finance



- » **Existing building 75,000 sq ft**
 - > Vacant possession April 2011 - income £2.3m pa
- » **Plans for a landmark residential scheme**
 - > Prime riverside location
- » **Potential for 135,000 sq ft**
 - > c.130 units
 - > 7,000 sq ft retail/gallery
- » **Planning anticipated end 2011**
 - > Upon planning, sale or possible JV



1-5 Grosvenor Place SW1

1.5 acre site

Existing buildings 168,000 sq ft

Current income £5.0m pa

Leasehold - 2063/2084

Potential for c.260,000 sq ft

Mixed use - office, hotel and residential



North Wharf Road W2

Existing buildings c.80,000 sq ft

Current income £0.8m pa

Leasehold - 2096

Planning permission granted for 240,000 sq ft offices,
70,000 sq ft residential, 3,000 sq ft retail

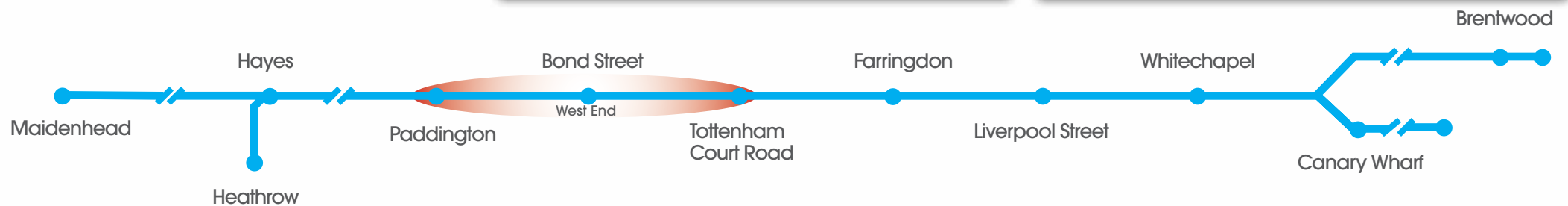


- » **Two acre core West End holding**
- » **Portman joint venture**
 - > A 55% interest
 - > Headlease expires 2090
- » **Opportunity to extend and infill**
 - > Existing buildings 146,000 sq ft
 - > Potential c.300,000 sq ft
- » **Timing**
 - > Vacant possession 2018



Connecting London ...

- » **10% increase in London's rail network**
 - > 74 miles of new track
- » **Additional 1.5m people within a 45 minute commute of central London**
- » **Regeneration of key locations**
- » **Completion c.2017**



Connecting Derwent London...

» 1.1m sq ft of schemes



Central Cross
251,000 sq ft



Turnmill
70,000 sq ft



North Wharf Road
313,000 sq ft



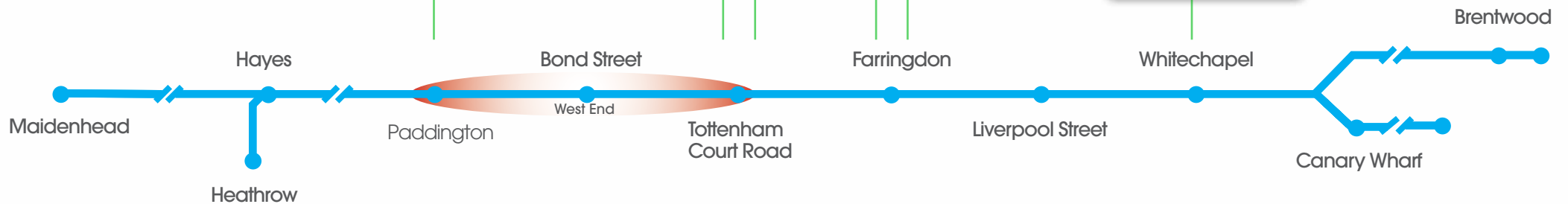
1 Oxford Street
277,000 sq ft



Woodbridge House
85,000 sq ft



Commercial Road
122,000 sq ft



1 Oxford Street W1

- » **Derwent has the option to acquire the site upon completion of Crossrail works - c.2017**
- » **In the interim we are masterplanning the design and content**
 - > Planning submission anticipated mid 2011
- » **Proposed new development**
 - > c.277,000 sq ft
 - > Office, retail and theatre
- » **Transformation of the area**
 - > Crossrail interchange
 - > New public spaces



- » **Over 50% of our portfolio earmarked for schemes**
- » **Delivering to an improving market**
- » **Plans to undertake 0.9m sq ft of projects over the next two years**
- » **Progressing a number of important planning applications and appraisal studies**



John Burns



» **Strong investment and letting market in central London**

» **Exciting stock to deliver for decade**



» **New acquisitions for early activity**

» **London resilience**



» **West End upward cycle to continue**

» **Robust financial base**





	Page		Page
1. Net asset value per share	62	12. Annualised contracted rental income	73
2. Group income statement	63	13. Vacant accommodation	74
3. Reclassification of loan arrangement costs	64	14. Rent banding and tenant profile	75
4. Like-for-like rental income	65	15. Lease expiry profile and lease length	76
5. Debt facilities	66	16. Central London vacancy	77
6. Net debt	67	17. Central London take-up	78
7. Valuation performance by village	68	18. Central London investment transactions	79
8. Valuation drivers and rental value growth	69	19. Central London rental growth	80
9. Valuation yields	70	20. Planning potential	81
10. Portfolio summary	71	21. Management structure – executive team	82
11. Portfolio statistics by village	72		

Appendix 1 - net asset value per share

DERWENT
LONDON

	Dec 2010			Dec 2009		
	£m	Basic p	Diluted p	£m	Basic p	Diluted p
Net assets attributable to equity shareholders	1,448.8	1,432	1,422	1,127.2	1,117	1,110
Fair value of bond	2.7			16.3		
EPRA NNAV	1,451.5	1,434	1,425	1,143.5	1,133	1,126
Fair value of bond	(2.7)			(16.3)		
Deferred tax on revaluation surplus	8.6			7.8		
Fair value of derivatives	25.0			23.4		
Fair value adjustment to bond on acquisition less amortisation	19.4			20.2		
EPRA adjusted	1,501.8	1,484	1,474	1,178.6	1,168	1,161

Appendix 2 - group income statement

DERWENT
LONDON

	Year ended Dec 2010 £m	Year ended Dec 2009 £m
Profit/(loss) before tax (IFRS)	356.4	(34.9)
Revaluation (surplus)/deficit	(301.6)	81.1
Joint venture revaluation (surplus)/deficit	(0.9)	1.3
(Profit)/loss on disposal of properties	(0.9)	16.6
Fair value movement in derivatives	2.4	(3.9)
Recurring profit before tax	55.4	60.2
Movement in cash-settled share options	(0.1)	1.6
EPRA profit before tax	55.3	61.8
Foreign exchange movement on intercompany loan	0.2	(3.6)
Rates credit	(1.7)	(2.8)
Underlying profit before tax¹	53.8	55.4

¹ Previously 'adjusted recurring profit before tax'

Appendix 3 - reclassification of loan arrangement costs

DERWENT
LONDON

- » Loan arrangement costs offset against loan balances within 'borrowings' in accordance with IAS 39
- » Loan arrangement costs amortised through finance costs rather than administrative expenses
- » Non-utilisation fees and other finance costs expensed through finance costs
- » No change to 2010 LTV but a minor adjustment to balance sheet gearing to 59.4% from 59.5%

	2010 £m	Previous £m	2009 £m	New
Income statement				
Administrative expenses	-1.6	20.0	-2.5	17.5
Finance cost	+1.6	39.0	+2.5	41.5
Balance sheet				
Current assets - trade and other receivables	-1.6	46.6	-2.6	44.0
Non-current liabilities - borrowings	+1.6	(736.5)	+2.6	(733.9)
Balance sheet gearing	-0.1%	62.2%	-0.3%	61.9%

Appendix 4 - like-for-like rental income

DERWENT
LONDON

	Properties owned throughout the two years £m	Acquisitions £m	Disposals £m	Development property £m	Total £m
2010					
Rental income	109.7	3.4	0.1	5.5	118.7
Property expenditure	(6.2)	(0.4)	(0.1)	(1.4)	(8.1)
Net rental income	103.5	3.0	-	4.1	110.6
Surrender premiums	0.7	-	-	-	0.7
Other income	1.7	-	-	-	1.7
Net property income	105.9	3.0	-	4.1	113.0
2009					
Rental income	107.1	-	10.9	5.7	123.7
Property expenditure	(8.7)	-	(1.0)	(0.8)	(10.5)
Net rental income	98.4	-	9.9	4.9	113.2
Surrender premiums	0.1	-	-	-	0.1
Other income	1.5	-	-	-	1.5
Net property income	100.0	-	9.9	4.9	114.8
Increase based on gross rental income	2.4%				
Increase based on net rental income	5.2%				
Increase based on net property income	5.9%				

Appendix 5 - 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 ¹	28.0		June 2018
Term/revolving credit	90.0		December 2017
Revolving credit	100.0		November 2015
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
		949.1	
Total bank loan facilities		1,125.5	
Overdraft		10.0	On demand
Total bank facilities		1,135.5	

» All facilities are secured unless noted otherwise

¹ Subject to credit review in 2013

Appendix 6 - net debt

DERWENT
LONDON

	£m	Dec 2010 £m	£m	Dec 2009 £m
Financial liabilities	889.4		733.9	
Acquired fair value of bond less amortisation	(17.9)		(18.6)	
Unamortised loan arrangement costs	4.4		2.6	
Leasehold liabilities	(7.4)		(7.4)	
Total drawn bank loans		868.5		710.5
Overdraft		5.6		5.9
Undrawn facilities		261.4		429.1
Total bank facilities		1,135.5		1,145.5

	£m	Dec 2010 £m	£m	Dec 2009 £m
Financial liabilities	889.4		733.9	
Overdraft	5.6		5.9	
Cash and cash equivalents	(7.2)		(19.0)	
Net debt		887.8		720.8

Appendix 7 - valuation performance by village

DERWENT
LONDON

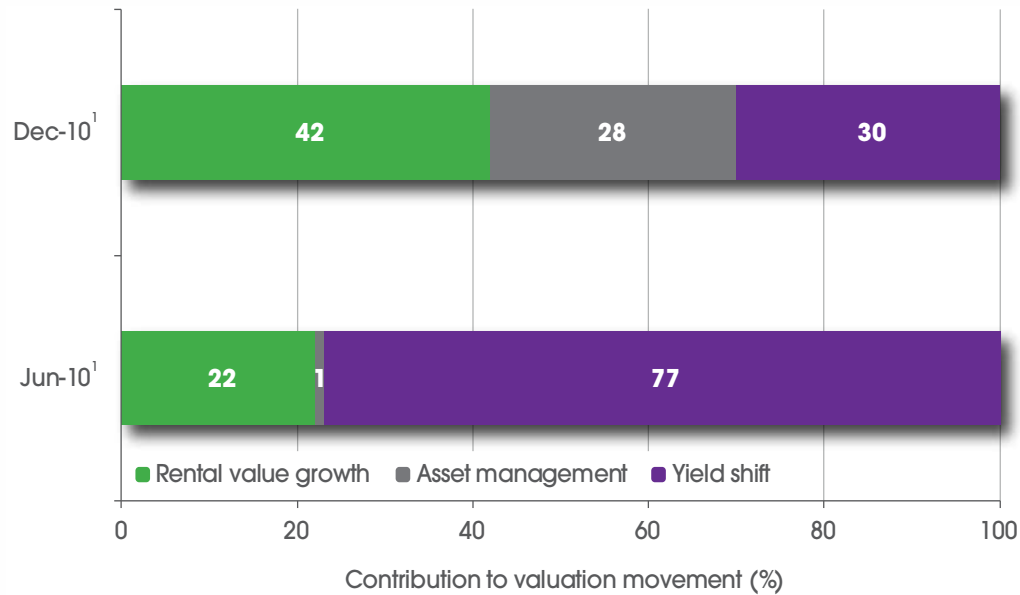
	Valuation 2010 £m	Weighting 2010 %	Valuation movement 2010 ¹ %	Valuation movement 2010 ^{2,3} £m
West End				
Fitzrovia ⁴	887.2	37	15.2	97.9
Victoria	302.0	12	20.4	51.1
Soho/Covent Garden	162.1	7	14.3	20.3
Belgravia	131.7	5	12.2	14.4
Baker Street/Marylebone	114.3	5	20.0	19.0
Mayfair	50.7	2	28.5	11.2
Paddington	31.7	1	6.4	1.9
West End: Central	1,679.7	69	16.4	215.8
Islington/Camden	158.4	6	19.9	26.3
Other	19.8	1	12.8	2.2
West End: Borders	178.2	7	19.1	28.5
West End	1,857.9	76	16.7	244.3
City Borders				
Old Street	130.4	5	13.2	15.2
Holborn	115.6	5	11.5	12.0
Clerkenwell	114.5	5	3.1	3.4
Shoreditch	88.4	4	20.8	15.2
Southbank	6.9	-	14.9	0.9
Other	0.3	-	-40.0	-0.2
City Borders	456.1	19	11.3	46.5
Central London	2,314.0	95	15.5	290.8
Provincial	112.1	5	20.2	18.6
Investment portfolio	2,426.1	100	15.7	309.4

¹ Underlying - properties held throughout the period ² Including acquisitions ³ Before lease incentive adjustments of £7.8m ⁴ Includes Fitzrovia, Euston and areas North of Oxford Street

Appendix 8 - valuation drivers and rental value growth

DERWENT
LONDON

Drivers of valuation movement



Rental value growth

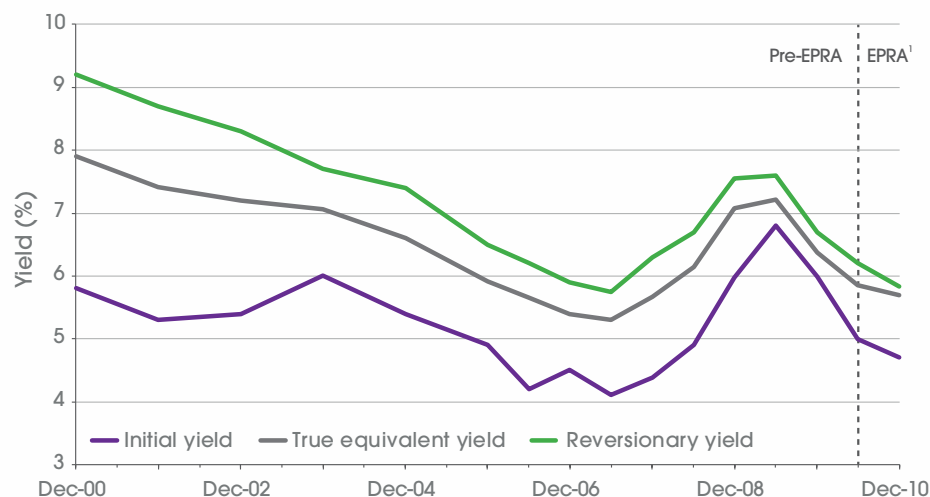
	H1 2010 %	H2 2010 %	2010 %	2009 %
West End	3.0	3.0	6.0	-14.8
City Borders	2.4	2.7	5.1	-13.0
Central London	2.9	2.9	5.8	-14.3
Provincial	-2.4	-0.2	-2.7	-5.9
Underlying	2.6	2.8	5.4	-14.0

¹ Six month period

Appendix 9 - valuation yields

DERWENT
LONDON

Yields



EPRA yields

	Net initial yield ² %	'Topped-up' net initial yield ² %
West End	4.3	5.0
City Borders	5.9	6.3
Central London	4.6	5.2
Provincial	5.8	6.6
Portfolio	4.7	5.3

	True equivalent yield Dec 2009 %	H1 movement basis points	True equivalent yield June 2010 %	H2 movement basis points	True equivalent yield Dec 2010 %
West End	6.17	(56)	5.61	(4)	5.57
City Borders	7.16	(34)	6.82	(36)	6.46
Central London	6.38	(52)	5.86	(11)	5.75
Provincial	8.06	(123)	6.83	(32)	6.51
Underlying	6.44	(55)	5.89	(12)	5.77

¹ EPRA yields adopted at 31 December 2010

² Calculated in accordance with EPRA guidelines

Appendix 10 - portfolio summary

DERWENT
LONDON

	Valuation £m	Net contracted rental income £m pa	Average rental income £psf	Vacant space rental value £m pa	Rent review/ lease renewal reversions £m pa	Total reversion £m pa	Estimated rental value £m pa
West End							
Central	1,679.7	79.3	27.77	6.2	10.2	16.4	95.7
Borders	178.2	3.2	7.87	5.6	5.3	10.9	14.1
	1,857.9	82.5	25.30	11.8	15.5	27.3	109.8
City							
Borders	456.1	28.5	22.65	1.6	1.6	3.2	31.7
Central London	2,314.0	111.0	24.56	13.4	17.1	30.5	141.5
Provincial	112.1	5.2	13.48	0.1	0.5	0.6	5.8
Investment portfolio	2,426.1	116.2	23.70	13.5	17.6	31.1	147.3

West End

Central: Belgravia, Mayfair, Soho, Covent Garden, Victoria, Fitzrovia, Euston, North of Oxford Street, Paddington, Baker Street, Marylebone

Borders: Camden, Islington, Ladbroke Grove

City

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

Provincial

Scotland

Appendix 11 - portfolio statistics by village

DERWENT
LONDON

	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 space rental value £m pa	Rent review/ lease renewal reversion £m pa	Total reversion £m pa	Estimated rental value £m pa
West End: Central										
Fitzrovia ¹	887.2	37	1,771	128	42.8	26.20	3.9	6.0	9.9	52.7
Victoria	302.0	12	484	7	15.1	31.72	0.1	1.7	1.8	16.9
Soho/Covent Garden	162.1	7	300	6	7.9	26.97	0.3	(0.1)	0.2	8.1
Belgravia	131.7	5	168	12	5.0	33.18	0.5	1.6	2.1	7.1
Baker Street/Marylebone	114.3	5	213	18	5.7	29.14	0.8	0.3	1.1	6.8
Mayfair	50.7	2	42	-	2.0	47.99 ²	-	0.5	0.5	2.5
Paddington	31.7	1	85	17	0.8	12.93	0.6	0.2	0.8	1.6
	1,679.7	69	3,063	188	79.3	27.77	6.2	10.2	16.4	95.7
West End: Borders										
Islington/Camden	158.4	6	496	170	2.0	6.27	5.6	5.0	10.6	12.6
Other	19.8	1	82	-	1.2	14.17	-	0.3	0.3	1.5
	178.2	7	578	170	3.2	7.87	5.6	5.3	10.9	14.1
West End	1,857.9	76	3,641	358	82.5	25.30	11.8	15.5	27.3	109.8
City: Borders										
Old Street	130.4	5	389	24	8.3	22.63	0.5	-	0.5	8.8
Holborn	115.6	5	265	9	7.5	29.47	0.2	-	0.2	7.7
Clerkenwell	114.5	5	368	38	7.9	24.18	0.7	-	0.7	8.6
Shoreditch	88.4	4	285	10	4.5	16.46	0.2	1.5	1.7	6.2
Southbank	6.9	-	39	-	0.3	8.43	-	0.1	0.1	0.4
Other	0.3	-	2	2	-	-	-	-	-	-
City Borders	456.1	19	1,348	83	28.5	22.65	1.6	1.6	3.2	31.7
Central London	2,314.0	95	4,989	441	111.0	24.56	13.4	17.1	30.5	141.5
Provincial	112.1	5	395	12	5.2	13.48	0.1	0.5	0.6	5.8
Investment portfolio	2,426.1	100	5,384	453	116.2	23.70	13.5	17.6	31.1	147.3

¹ Includes Fitzrovia, Euston and areas North of Oxford Street

² If owner occupied area is excluded the average rental income is £68.44 psf.

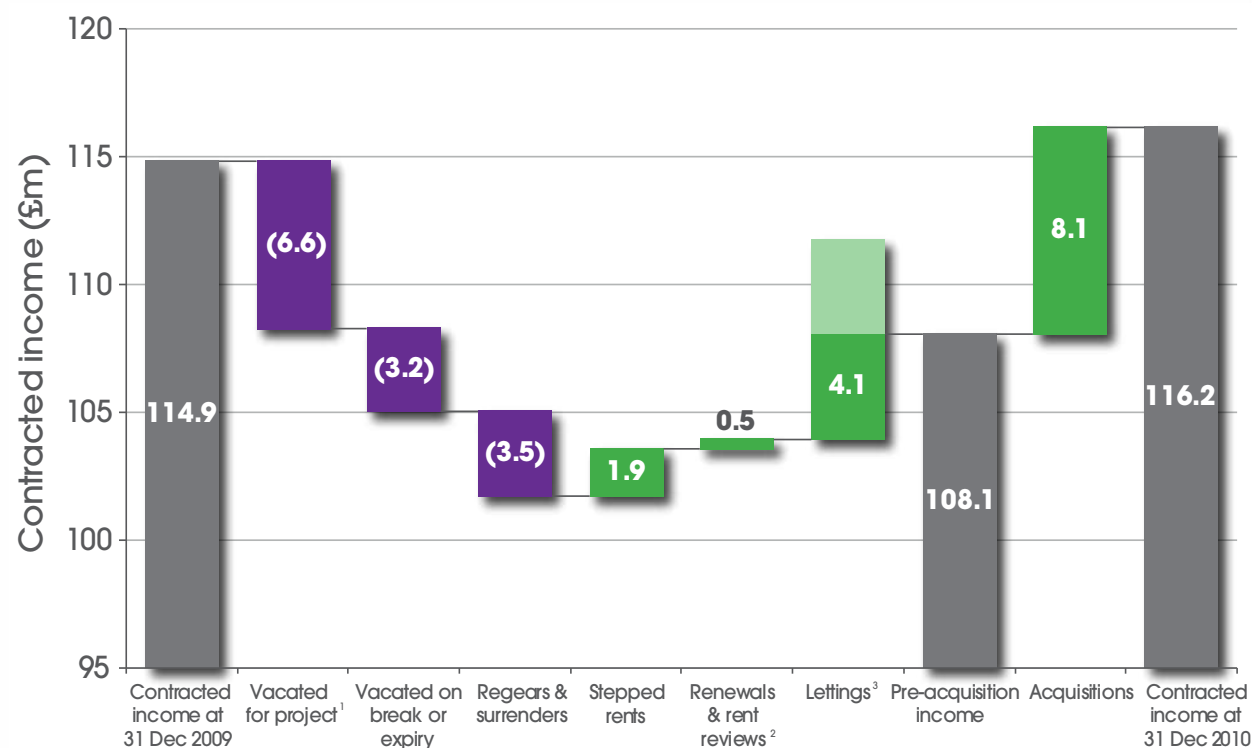
Appendix 12 - annualised contracted rental income

» Annualised contracted rental income at 31 December 2010

- > Includes:
 - > Annualised rents under leases

- > Excludes:
 - > Rental movements on outstanding rent reviews and lease renewals
 - > Future contracted rental uplifts
 - > Future rent review increases where there is a contracted minimum level

Reconciliation of contracted income Dec 09 to Dec 10



¹ Includes expiry of £4.2m pa BT lease at Angel Building

² Uplift on previous rents

³ Total lettings were £8.0m. However, as certain tenants are paying stepped rents, only the initial contracted income of £4.1m is recognised at 31 December 2010

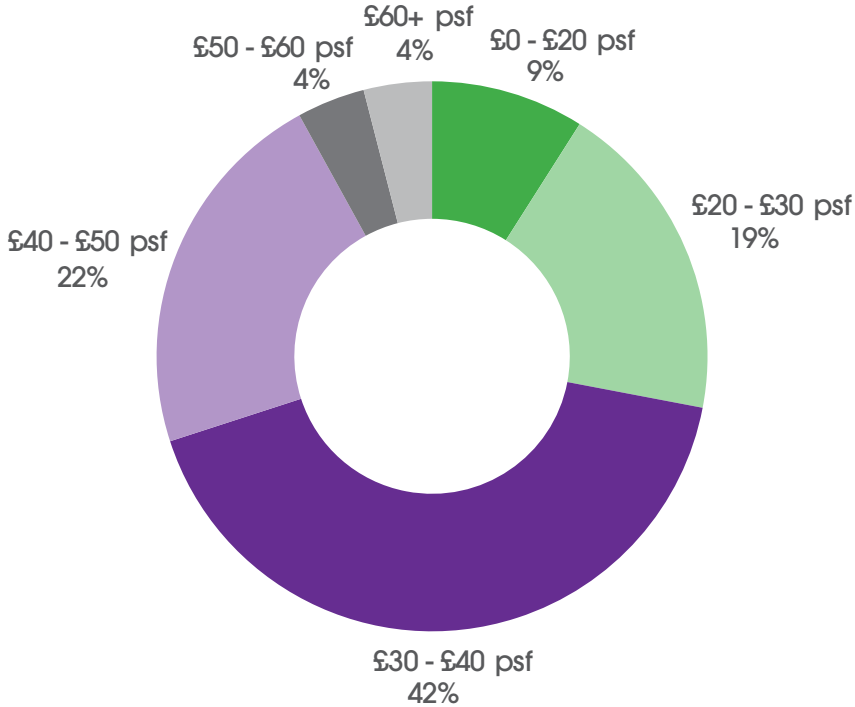
Appendix 13 - vacant accommodation

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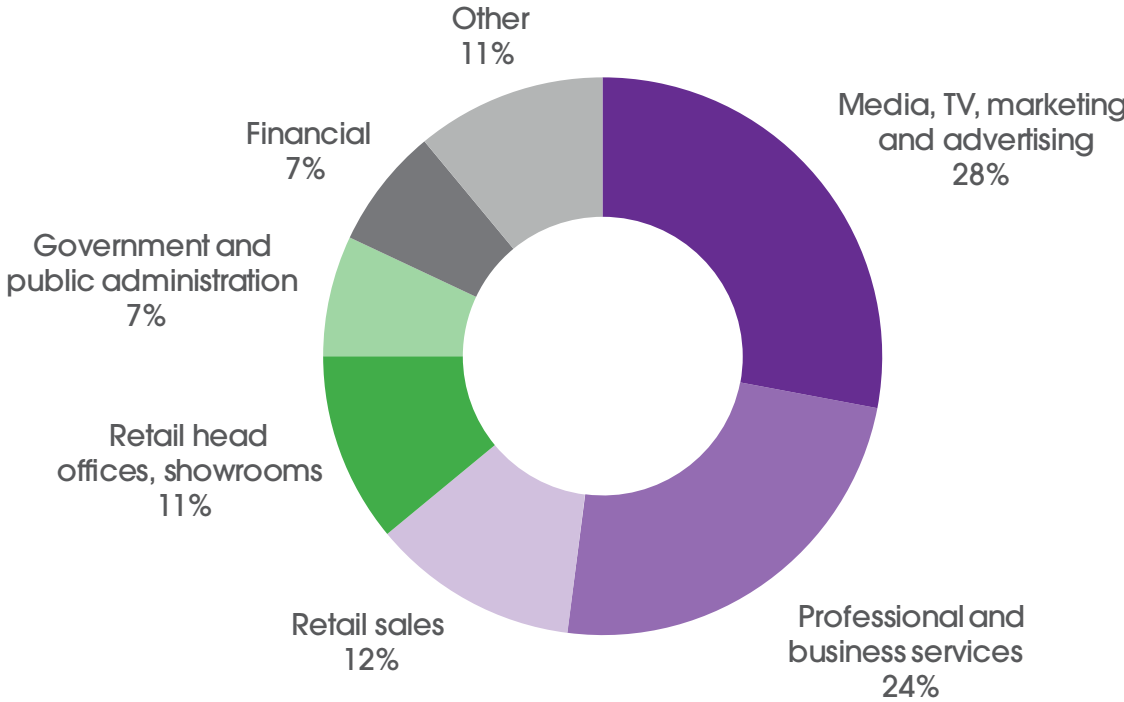
	Floor area '000 sq ft	Rental per annum £m	Comment
Available at year end			
Angel Building EC1	137	5.0	22,900 sq ft under offer
1 Maple Place/12 Fitzroy Street W1	20	0.7	
65 Whitfield Street W1	12	0.4	3,100 sq ft under offer
4 Grosvenor Place SW1	11	0.4	6,800 sq ft under offer
Other	84	2.1	
	264	8.6	
Schemes at year end			
Victory House W1	42	1.6	Delivery Q3 2011
33 George Street W1	13	0.7	Pre-let to Pandora
14 Pentonville Road N1	19	0.4	Part of 55,000 sq ft scheme
Morelands Buildings EC1	16	0.3	Part of 41,000 sq ft scheme
Holden House W1	7	0.3	Delivery Q1 2011
55-65 North Wharf Road W2	10	0.2	
Other	82	1.4	
	189	4.9	
Total	453	13.5	

Appendix 14 - rent banding and tenant profile

Central London office rent banding¹



Profile of tenants' business sector¹



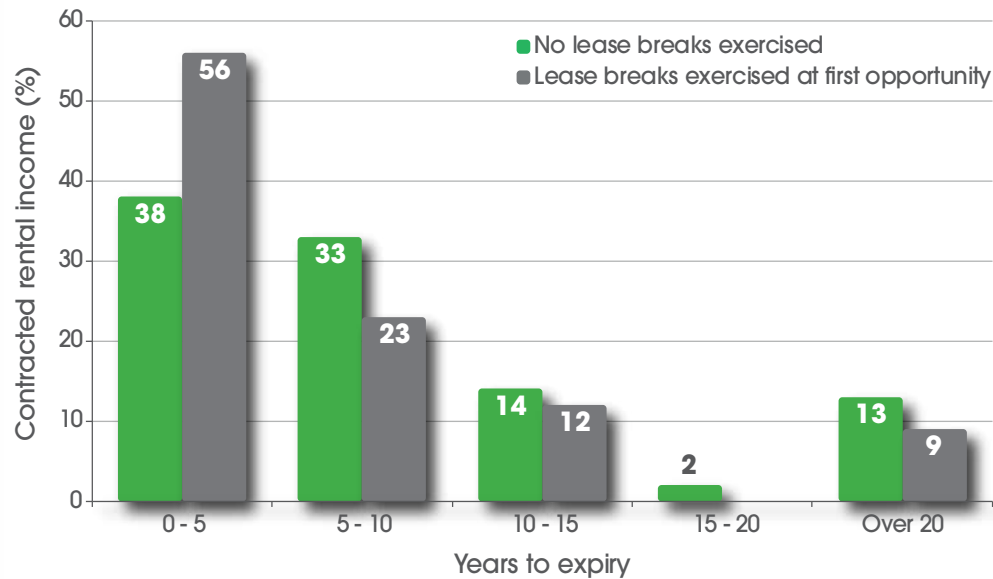
¹ Expressed as a percentage of annualised rental income

Appendix 15 - lease expiry profile and lease length

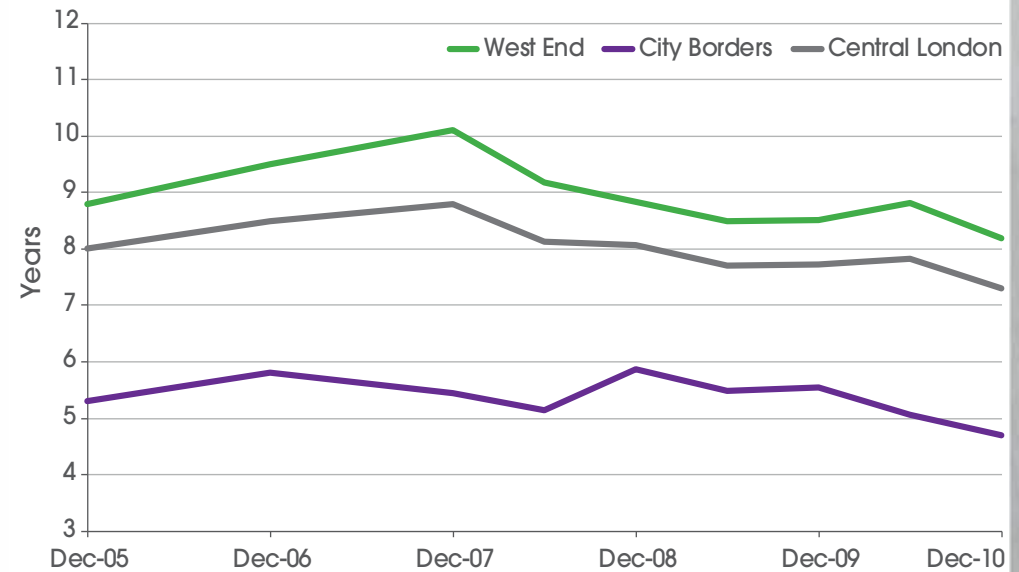
Expiries and breaks as percentage of portfolio income¹

	West End	City Borders	2011	2012	2013	2014	2015	Total
Expiries	8	1	9	2	9	4	5	29
Single breaks	2	3	5	5	5	6	1	22
Rolling breaks	3	2	5	-	-	-	-	5
	13	6	19	7	14	10	6	56

Profile of rental income expiry



Average unexpired lease length²

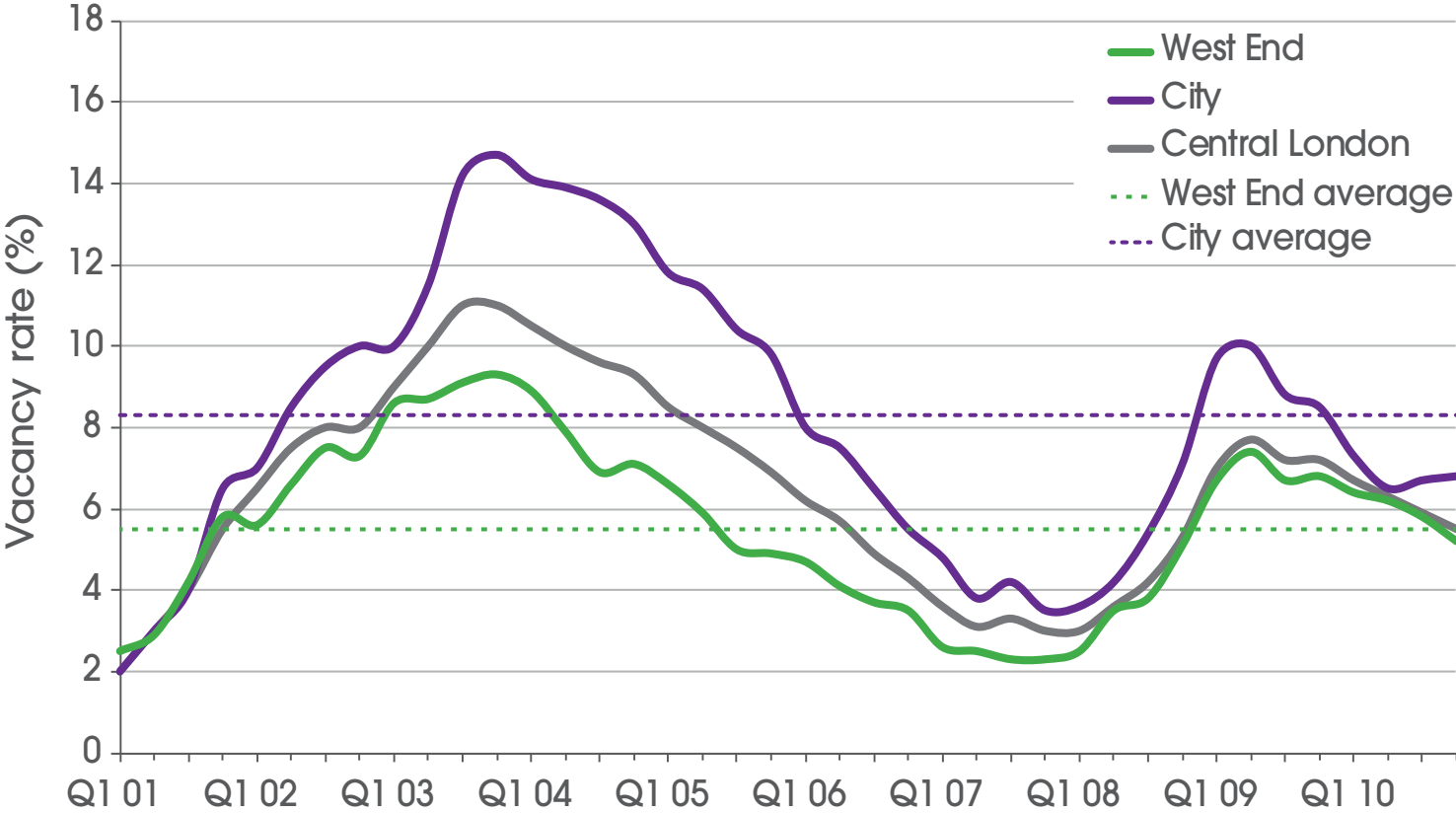


¹ Based upon the annualised contracted rental income of £116.2m at 31 December 2010

² Lease length weighted by rental income and assuming tenants' break at first opportunity

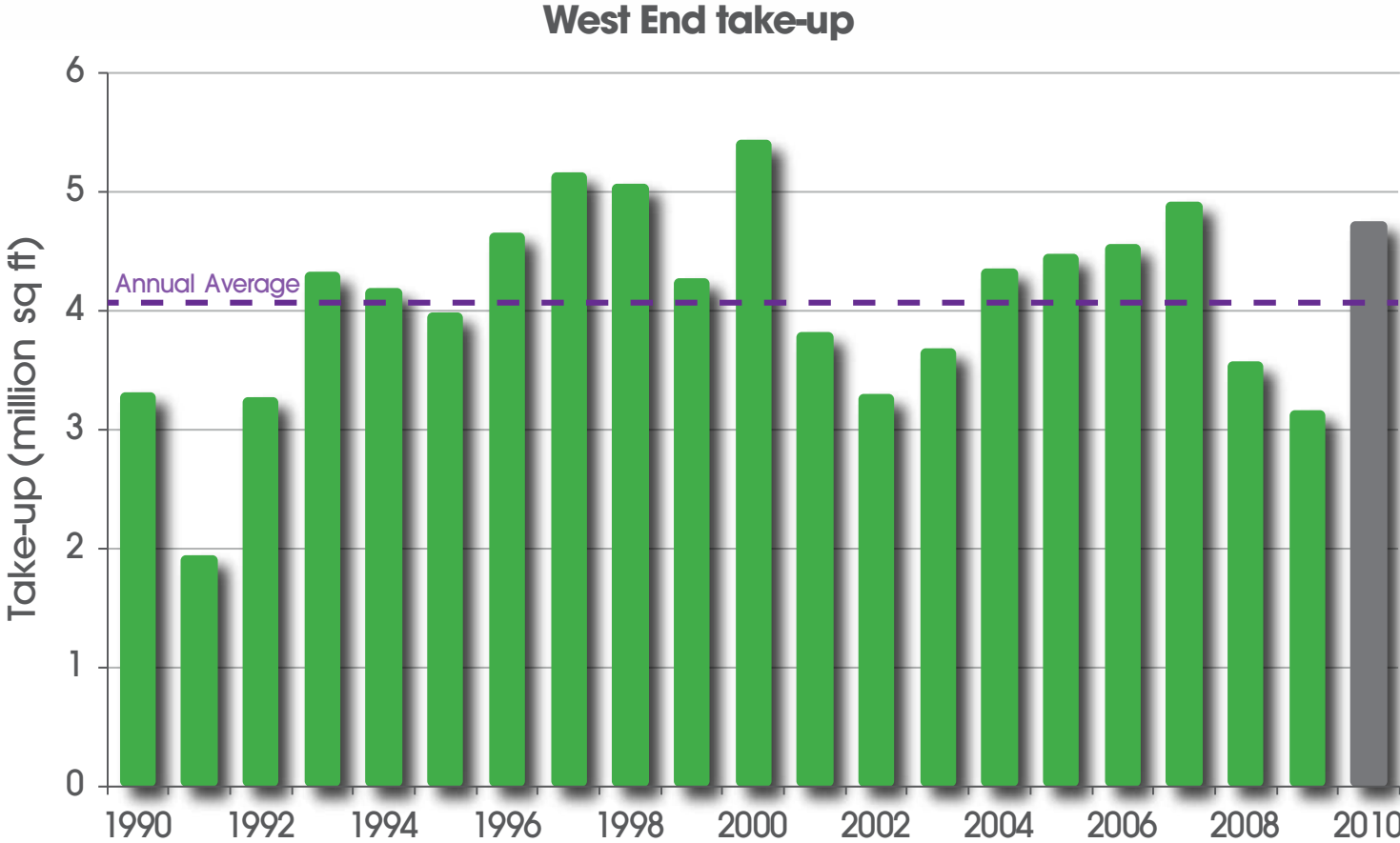
Appendix 16 - central London vacancy

Central London office vacancy rates



Source: CB Richard Ellis

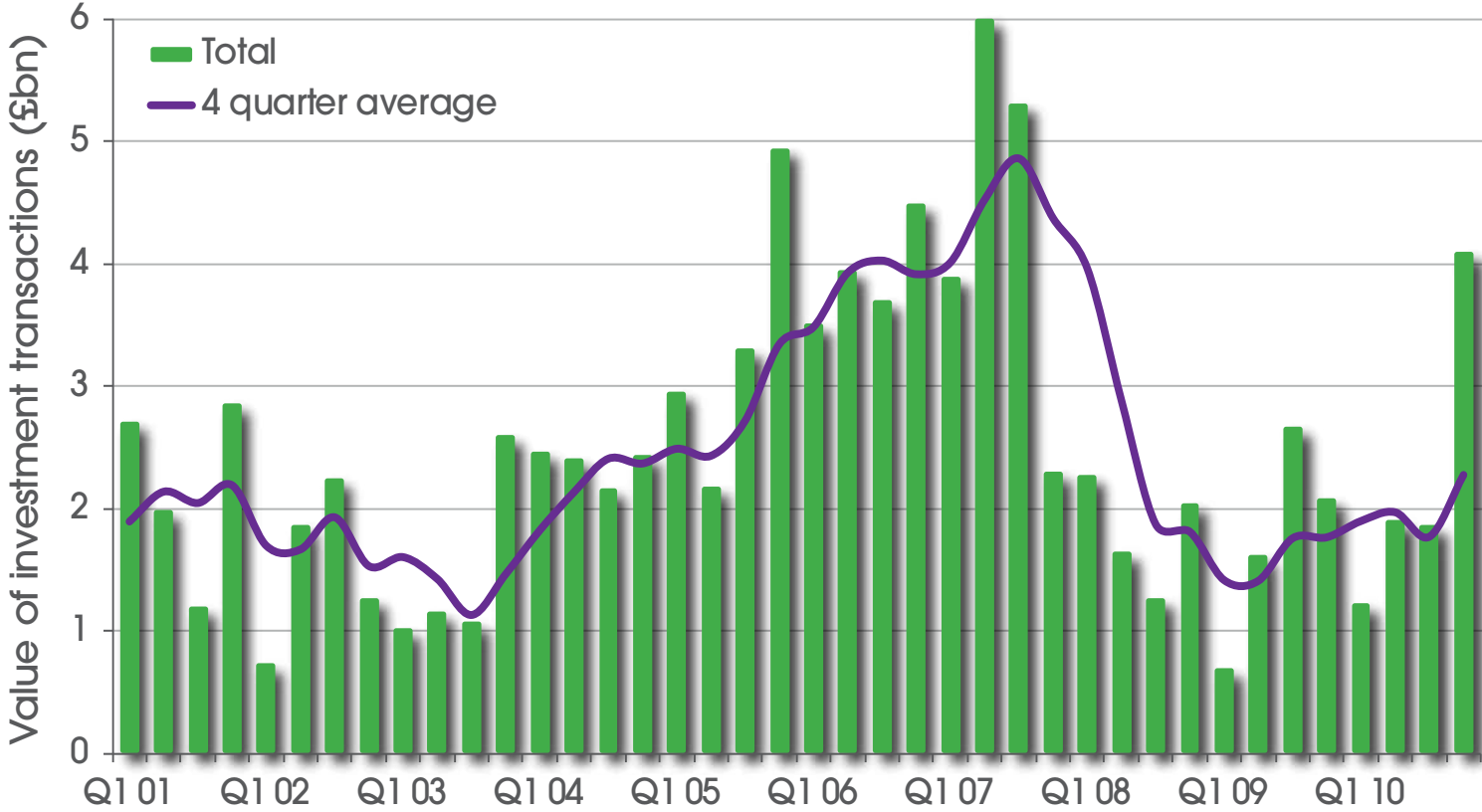
Appendix 17 - central London take-up



Source: CB Richard Ellis

Appendix 18 - central London investment transactions

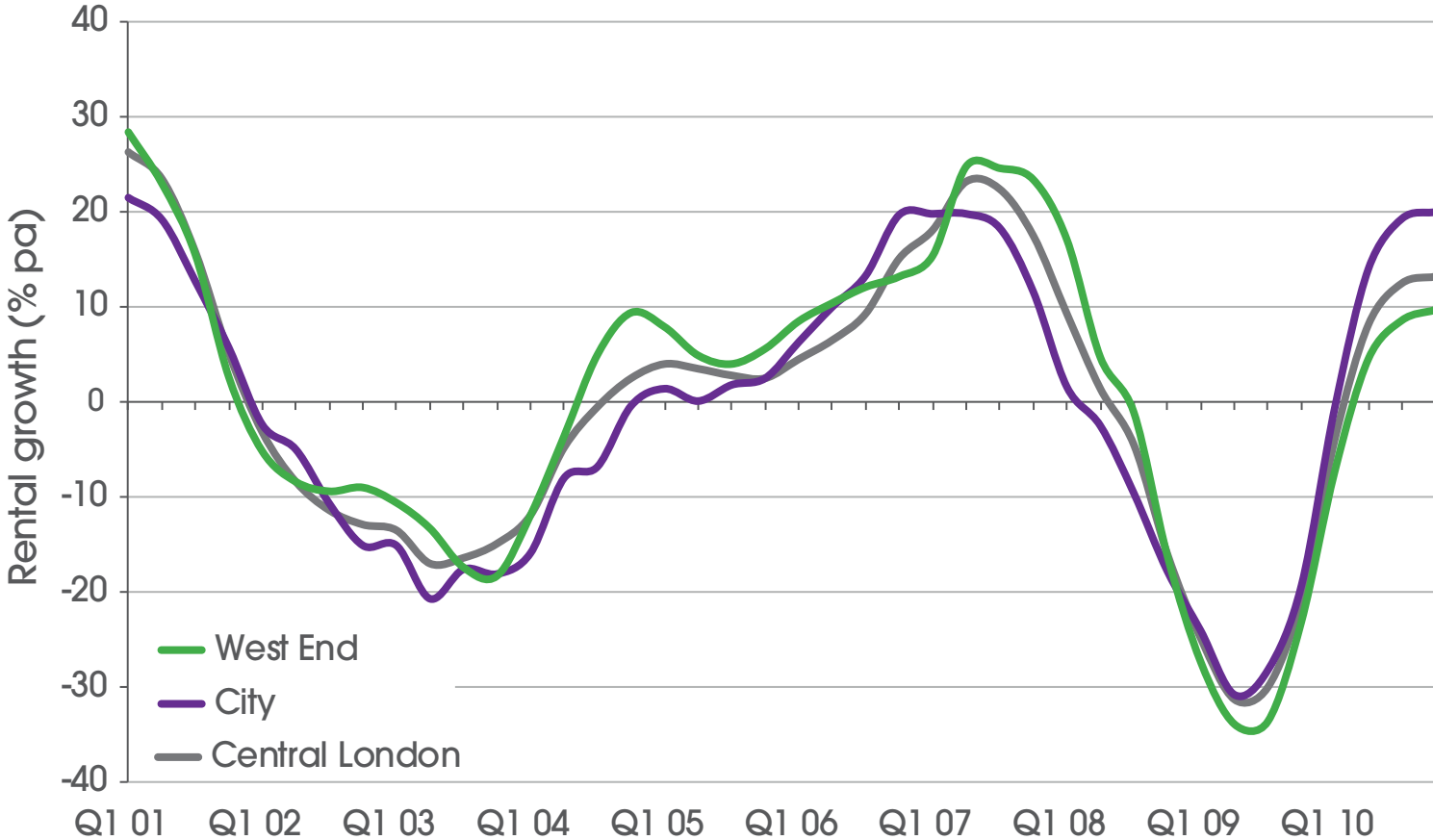
Central London investment transactions



Source: CB Richard Ellis

Appendix 19 - central London rental growth

Central London prime office rental growth



Appendix 20 - planning potential

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LONDON

Possession year - potential project areas

	Potential delivery	Existing area '000 sq ft	2011 '000 sq ft		2012 '000 sq ft		2013 '000 sq ft	2014 '000 sq ft	2015 '000 sq ft
On-site ¹	2011	79	79						
1 Page Street SW1	2012	118	118		-		-	-	-
Woodbridge House EC1	2012	75	85		-		-	-	-
Central Cross W1 - phases 1 and 2	2012	54	64		-		-	-	-
2-14 Pentonville Road N1	2012	45	55		-		-	-	-
88 Rosebery Avenue EC1	2012	49	49		-		-	-	-
Morelands Buildings EC1	2013	32	41	412	-	-	-	-	-
132-142 Hampstead Road NW1	2013	230	265		-		-	-	-
Riverwalk House SW1	-	75	135		-		-	-	-
Leonard Street EC2	-	-	55	455	-	-	-	-	-
40 Chancery Lane WC2	2014	61	-		100				
Turnmill EC1	2014	41	-	-	70	170			
City Road Estate EC1	2015	124	-		285				
Commercial Road E1	-	30	-		122				
Wedge House SE1	-	39	-		80				
80 Charlotte Street W1	2015	200	-		-	336			
Balmoral Grove Buildings N1	2015	49	-		-	163			
55-65 North Wharf Road W2	2017	78	-		-	-	313		
Grosvenor Place SW1	2017	168	-		-	-	260		
Covent Garden Estate W1	2016	62	-		-	-	86		
Central Cross W1 - phase 3	2015	24	-		-	-	35		
Jaeger House W1	2016	23	-		-	-	-		29
Other	Various	292	27	27	37	524	57	168	66
		1,948	973		694		556	862	95

¹ See page 40 for breakdown

Appendix 21 - management structure - executive team

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

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