

**Derwent London plc
Interim results 2012**



Presenters:

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Contents:

	Page
Overview	2
Market summary	4
Portfolio activity	8
Results and financial review	17
Valuation and portfolio analysis	29
Projects	37
Outlook	59
Appendices	61
Disclaimer	83

Overview

John Burns

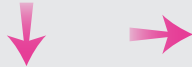


- **Central London market remains firm**
- **Strong letting activity year to date**
 - Tenants, especially TMT, like our brand of mid-market space
- **Major asset management initiatives**
- **Pushing forward development projects**
- **Financial position remains robust**

Market summary

H1 2012 Outlook

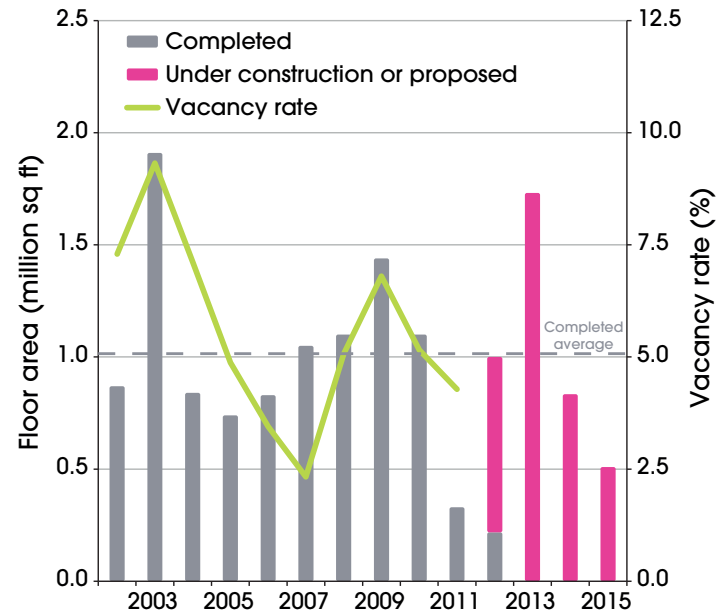
Vacancy rate



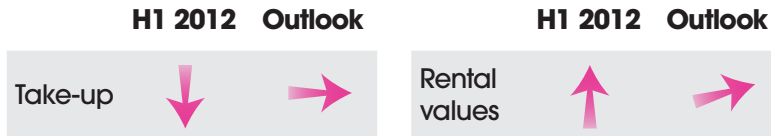
- **Low supply of West End offices**
 - Vacancy rate of 4.2%
 - 10-year average of 5.5%
 - 2012 completions forecast at just below 10-year average

- **Key note for Derwent.....**
 - Supply-demand imbalance driving rents
 - Delivering schemes into a favourable market

West End development pipeline



Source: CBRE



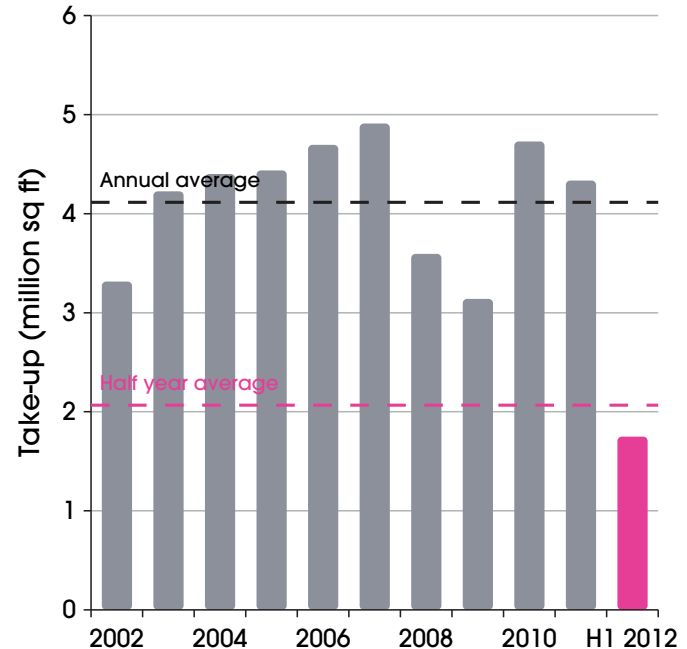
- **Take-up of 1.7m sq ft in H1 2012**

- 16% below 10-year average
- Few large deals with the exception of our 1 Page Street pre-let
- Business services and TMT sectors dominant

- **Key note for Derwent.....**

- Strong demand for our space
- On-site schemes attracting good interest
 - 1 Page Street – 100% pre-let
 - 1 & 2 Stephen Street (phase 1) – 67% pre-let
 - 4 & 10 Pentonville Road – 58% under offer
- Crossrail will bring major benefits across portfolio

West End take-up



Source: CBRE

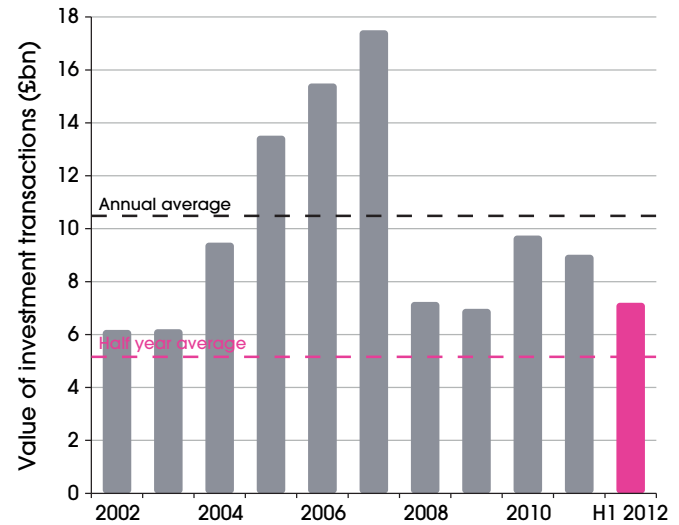
H1 2012 Outlook

Yields



- **£7.2bn of investment transactions in H1 2012**
 - 37% above 10-year average and 38% above H1 2011
 - Greater than annual total in 2009 and same as 2008
- **London perceived as a 'safe haven' from Eurozone problems**
 - 72% of investors from overseas
 - European investors prominent
 - North American also very active
- **Key note for Derwent.....**
 - Strong balance sheet to fund acquisitions
 - Continue to recycle capital through selective disposals

Central London office investment



Source: CBRE

Portfolio activity

- **28 lettings totalling 229,100 sq ft at £8.9m pa in H1 2012**
 - Previous income of £0.8m pa at Dec 2011
 - £8.1m pa (91%) were open market lettings
 - £5.3m pa pre-let to Burberry at 1 Page Street
 - £0.8m pa (9%) of short-term lettings
- **Letting performance**
 - Open market lettings 3.0% above Dec 2011 ERV
 - Excluding 1 Page Street open market lettings 9.4% above ERV
 - Overall, transactions 2.1% above Dec 2011 ERV
- **26 lease renewals and rent reviews concluded totalling 113,000 sq ft at £4.1m pa**
 - 3.0% above Dec 2011 income
- **Activity in H2 2012**
 - 49,000 sq ft let/under offer at £2.0m pa (7.2% above ERV)

- Strong occupier demand at mid-market rents

Holborn

£36*psf →

£38.00psf +6%

St Cross Street EC1



Tenant: Comscore
Rent: £0.2m pa
Area: 4,560 sq ft

Fitzrovia

£39*psf →

£47.50psf +22%

Middlesex House W1



Tenant: The Blair Partnership
Rent: £0.3m pa
Area: 6,340 sq ft

Fitzrovia

£50*psf →

£52.50psf +5%

1 & 2 Stephen Street W1



Tenant: BrandOpus
Rent: £0.7m pa
Area: 15,400 sq ft

Fitzrovia

£50*psf →

£57.50psf +15%

Charlotte Building W1



Tenant: The BIO Agency
Rent: £0.4m pa
Area: 6,830 sq ft

Islington / Camden

£25*psf →
£30.00_{psf} +20%

35 Kentish Town Road NW1



Tenant: Viacom
Rent: £0.4m pa
Area: 13,700 sq ft

Clerkenwell

£32.50*psf →
£37.50_{psf} +15%

Morelands Buildings EC1



Tenant: Krow Communications
Rent: £0.3m pa
Area: 7,300 sq ft

- Outlook – continued activity ahead of ERVs
- Active demand in our villages
 - c.4.0m sq ft of requirements¹
 - 60% relates to TMT sector
 - TMT target rents £40 - £60 psf

* Dec 2011 ERV ¹ For units of over 10,000 sq ft

Securing rental growth - adding value

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1 Oliver's Yard EC2

- 185,000 sq ft of multi-let offices
- ERV Dec 2011 - £28 to £30psf
- Lease regears on 59% of the building
 - H1 - Sage Publications - 40,300 sq ft
 - Term extended from 2 to 7 years
 - Fixed annual increases - £1.0m pa (£25 psf) rising to £1.4m pa (£36 psf) by 2016
 - Incentive - equivalent to 4 months rent free
 - H2 - Telecity - 68,700 sq ft
 - Leases extended from 5 to 25 years
 - No breaks
 - Rent increases from £1.8m pa to £2.3m pa (£45 psf best) in 2017
 - Thereafter 5 yearly reviews to 2.5% pa compound
 - 12 months rent free
- Proforma valuation uplift @ 15.6% (12p per share)
 - 5.9% uplift recognised in H1 2012

Securing rental growth - adding value



8 Fitzroy Street W1

- 148,000 sq ft
 - Let to Arup until 2033
 - Rent £6.2m pa (£45 psf on typical floor)
 - **Before**
 - Five-yearly upward only rent reviews
 - **After**
 - Annual stepped increases to £8.4m pa (£60 psf) by 2021
 - Upward only rent review in 2021
 - Thereafter rent increases annually by 2.5%
 - Rental by expiry at least £11.0m pa (£80 psf)
- **Proforma valuation uplift @ 5% (6p per share)**
 - To be recognised in H2 2012

H1 2012 completions

- **Francis House SW1 – acquisition**
 - Freehold offices – £29.1m¹
 - Adjacent to existing ownerships
- **1-5 Grosvenor Place SW1 – headlease regear and joint venture agreement**
 - Disposal of 50%
 - New 150-year headlease
 - Raised £60m¹

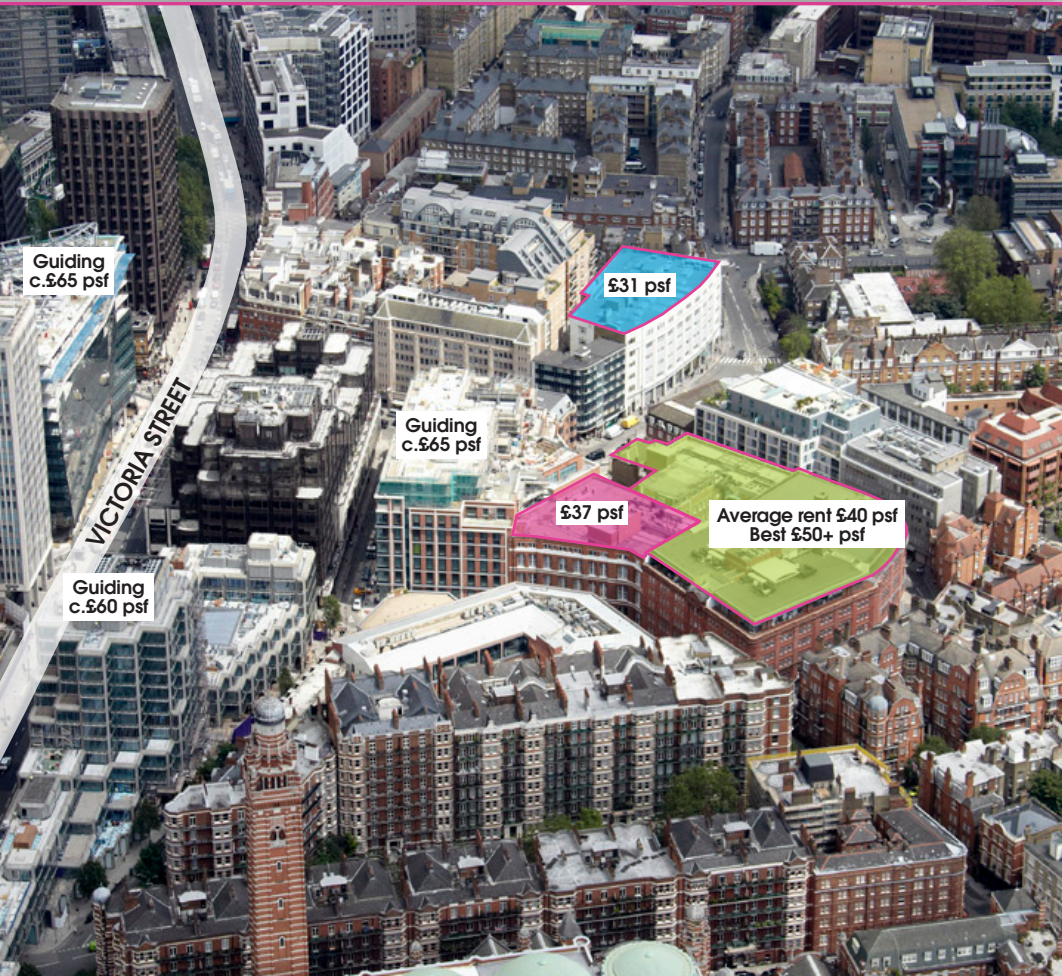
H2 2012 completions

- **Riverwalk House SW1 – disposal**
 - £77.3m¹ including Vauxhall Bridge Road SW1
 - Income – Riverwalk vacant, Vauxhall Bridge Road £0.2m pa
 - Valuable planning consent obtained in H1 2012
 - Profit overage arrangement
- **Triangle Centre, Scotland – disposal**
 - Non core asset – £16.8m¹
 - Income £1.3m pa
 - 6.8% above Dec 11 book value
- **40 Chancery Lane WC2 – headlease regear**
 - Ownership extended – new 128-year lease
 - Ground rent gearing 18% of rental income
 - Opportunity to buy down to 10%
 - 100,000 sq ft development now on site

¹ Before costs

Francis House SW1 - acquisition

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- £29.1m before costs
- 5.1% net initial yield
- 57,000 sq ft freehold
- Let to Channel Four Television expiring 2020 - £1.56m pa rising to £1.66m pa in 2015
- Low office rent – £37 psf
- 1.2 acre holding

Francis House

Greencoat & Gordon House
and 6/8 Greencoat Place

Premier House

Riverwalk House SW1 - disposal

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- **Purchased in 2004 as part of a portfolio**
 - Leasehold, expiry 2063
 - 75,000 sq ft of tired government offices
 - 7.5% net initial yield
 - **Freehold acquired in 2006 in a property swap**
 - **Island site**
 - Residential always an alternative use
 - Prime residential riverside location
 - **Planning consent obtained in H1 2012**
 - 148,000 sq ft to provide 121 residential units
 - 232 Vauxhall Bridge Road to provide the affordable housing requirement
 - **Capital now recycled**
 - Sale of both properties for £77.3m
 - Profit overage arrangement
 - Gain further residential experience
- **Valuation uplift over last 3 years 75%**
 - Surplus £32m (31p per share)
 - This excludes any overage

Results and financial review

Damian Wisniewski

	Jun 2012	Dec 2011	Jun 2011
Total portfolio at fair value	£2,728.4m	£2,646.5m	£2,600.2m
EPRA net asset value per share ¹	1,770p	1,701p	1,621p
Gross property income	£62.3m	£125.5m	£62.5m
EPRA profit before tax ²	£26.5m	£52.3m	£26.6m
EPRA earnings per share	25.06p	51.59p	25.79p
Profit for the period	£102.8m	£234.3m	£173.8m
Interim dividend per share	9.95p	9.45p	9.45p
Net debt	£870.2m	£864.5m	£904.5m
Loan to value (LTV) ratio	31.4%	32.0%	34.2%
Balance sheet gearing	48.5%	50.4%	54.4%
Interest cover ratio	356%	307%	312%

¹ On a diluted basis ² See Appendix 6 for reconciliation to IFRS profit before tax

- Property portfolio

	Jun 2012 £m	Dec 2011 £m	Jun 2011 £m
Portfolio carrying value			
Investment property	2,565.9	2,444.9	2,496.5
Owner occupied property	17.3	17.1	16.4
Non-current assets held for sale	92.6	137.5	45.4
Accrued income / leasehold liabilities	52.6	47.0	41.9
Total portfolio at fair value	2,728.4	2,646.5	2,600.2

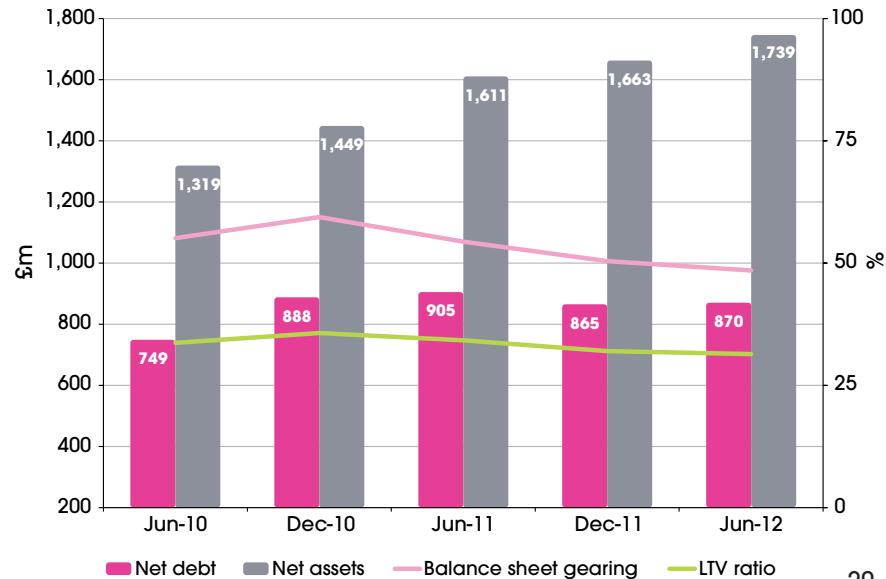
- Grosvenor Place accounted for within investment property

- Borrowings

	Jun 2012 £m	Dec 2011 £m	Jun 2011 £m
Borrowings			
Current	95.0	32.5	40.0
Non-current	778.1	835.5	871.8
	873.1	868.0	911.8
Cash and cash equivalents	(2.9)	(3.5)	(7.3)
Net debt	870.2	864.5	904.5

- **Shareholders' funds up by 4.6%**
 - To £1,739m from £1,663m
- **Net debt marginally increased**
 - To £870.2m from £864.5m
- **LTV and balance sheet gearing ratios**
 - Reduced again in the period due mainly to property valuation surplus
- **Property disposals of £94m in July**
 - Reduces both net debt and gearing ratios

Debt, net assets and gearing



Group income statement

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	Half year ended Jun 2012 £m		Half year ended Jun 2011 £m	
Gross property income		62.3		62.5
Other income		0.9		1.0
Property outgoings	Property outgoings	(5.2)	(7.1)	(5.7)
	Rates credits	0.1	1.4	
Net property income		58.1		57.8
Total administrative expenses	Admin expenses	(11.6)	(11.0)	(11.2)
	Cash-settled options	(0.4)	(0.2)	
Revaluation surplus		77.3		117.3
Profit on disposals	Property Investment ¹	0.2	21.5	21.5
		3.9	-	
Net finance costs		(20.7)		(21.0)
Foreign exchange gain		0.3		0.2
Joint venture (JV) results	JV revaluation	-	0.3	0.9
	Other JV profit	0.4	0.6	
Derivatives fair value adjustment		1.2		7.8
Financial derivative termination costs		(6.3)		-
IFRS profit before tax²		102.4		173.3
Tax credit		0.4		0.5
IFRS profit for the period		102.8		173.8

¹ Realisation of exchange gain on disposal of foreign subsidiary and an equal and opposite amount passes through comprehensive income

² A reconciliation of the EPRA and underlying profit before tax to the IFRS profit before tax is shown in Appendix 6

Group income statement - property income

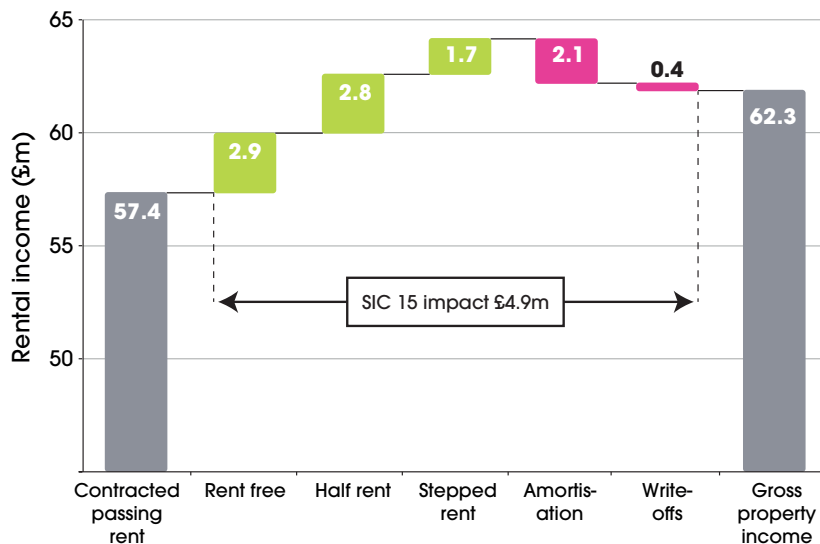
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	H1 2012 £m	H1 2011 £m	Movement £m
Rental income	57.4	58.9	(1.5)
Surrender premiums received ¹	-	0.4	(0.4)
SIC15 lease incentives	4.9	3.2	1.7
Gross property income	62.3	62.5	(0.2)

	H1 2012 £m
Includes Network Building £0.6m	0.8
Includes Covent Garden Estate £1.3m	(2.9)
Includes Angel Building £2.0m and 8 Fitzroy Street £2.2m	6.1
Includes Hampstead Road £1.0m, Johnson Building £0.7m and Riverwalk House £0.6m	(3.9)
	(0.3)
	(0.2)

¹ Net of write-off of lease incentive balances

SIC 15 adjustments for H1 2012



EPRA like-for-like rental income¹

Compared to H1 2011
Compared to H2 2011

	Rental income Gross	Net
Compared to H1 2011	8.2%	9.4%
Compared to H2 2011	3.2%	4.3%

¹ See Appendix 7 for detailed reconciliation of like-for-like income

Underlying and EPRA profit before tax

	Gross property income	Other income	Property expenditure / ground rent	Admin expenses	Finance income	Finance costs	Share of joint ventures' results	Underlying profit before tax ¹	Rates credits	Forex on intercompany loan	EPRA profit before tax
	(0.2)	(0.1)	1.9	(0.6)	(0.2)	0.5	(0.2)	1.1	(1.3)	0.1	(0.1)
H1 2012	62.3	0.9	(5.2)	(11.6)	0.3	(21.0)	0.4	26.1	0.1	0.3	26.5
H1 2011	62.5	1.0	(7.1)	(11.0)	0.5	(21.5)	0.6	25.0	1.4	0.2	26.6

- All numbers are £m

¹ A reconciliation of the EPRA and underlying profit before tax to the IFRS profit before tax is shown in Appendix 6

- Net cashflow movement in investment property portfolio

	Grosvenor Place ¹ £m	Other £m	H1 2012 £m	H1 2011 £m
Acquisitions	(8.0)	(29.1)	(37.1)	(91.3)
Capital expenditure ²	-	(29.0)	(29.0)	(16.5)
	(8.0)	(58.1)	(66.1)	(107.8)
Disposals	67.0	(0.2)	66.8	79.0
	59.0	(58.3)	0.7	(28.8)

- Forecast capital expenditure

- c.£85m in 2012 and c.£115m in 2013
- Further details can be found in Appendix 19

¹Includes costs of £1.0m

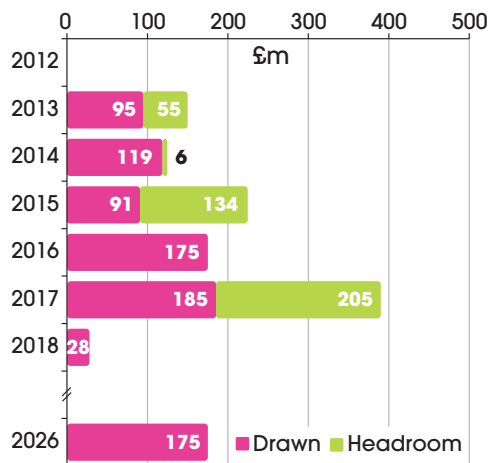
²Includes capitalised interest of £2.2m (H1 2011: £0.8m)

	Aug 2012 ¹	Jun 2012	Dec 2011
Net debt		£870.2m	£864.5m
Gearing			
LTV ratio		31.4%	32.0%
Balance sheet		48.5%	50.4%
Interest cover ratio		356%	307%
Interest cover ratio – excluding capitalised interest		316%	291%
Total facilities	£1,203m	£1,278m	£1,335m
Unutilised committed facilities	£414m	£410m	£476m
Unutilised facilities drawable	£414m	£410m	£469m
Uncharged properties	£544m	£595m	£589m

- **Two bank facilities totalling £300m signed in December 2011 – effective in January 2012**
- **£83m 12¼-year facility signed in August 2012 fixed at 3.99% – diversifying sources of debt and extending weighted average debt maturities**
- **Substantial headroom under financial covenants**
- **Next loan maturity is in April 2014**

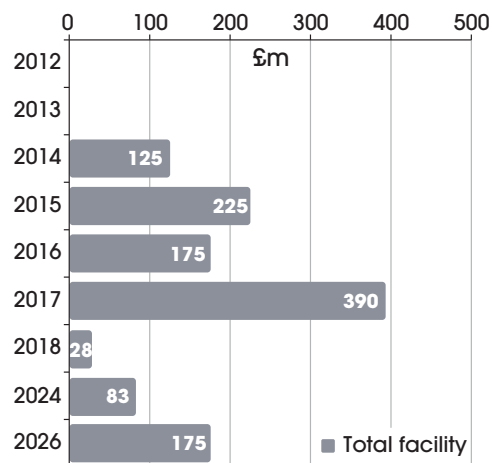
¹ Following August refinancing, including reduction in overdraft facility and post half year disposals

Maturity profile of loan facilities¹ - as at 30 Jun 2012



- **Weighted average maturity**
 - Facilities – 4.9 years
 - Drawn amounts – 5.5 years
- **Total facilities: £1,268m¹**

Proforma after Aug 2012 refinancing¹



- **Weighted average maturity**
 - Facilities – 5.8 years
 - Drawn amounts – 6.8 years
- **Total facilities: £1,201m¹**

¹ Excludes overdraft facility

Proportion of drawn facilities at fixed rates or hedged

Weighted average length of swaps

Spot weighted average cost of drawn facilities¹

Spot weighted average cost of drawn facilities²

Jun 2012

Dec 2011

90%

98%

6.0 years

5.0 years

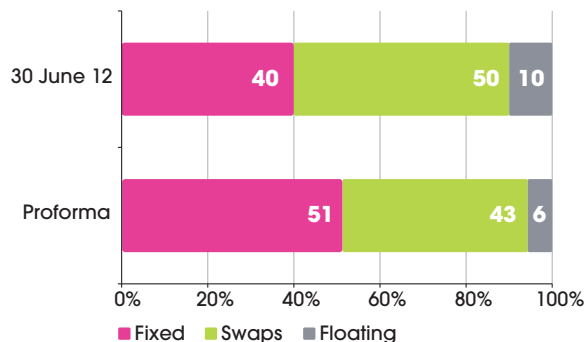
4.46%

4.65%

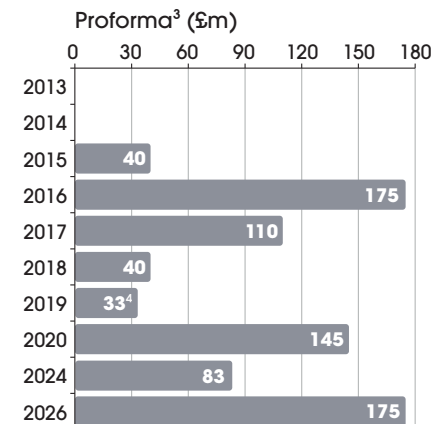
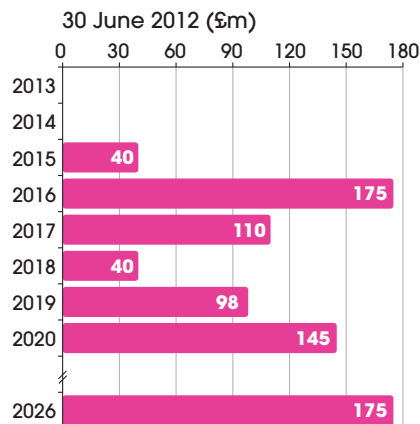
4.72%

4.91%

Hedging profile



Maturity profile of fixed and hedged debt



¹ Convertible bonds at 2.75% ² Convertible bonds on IFRS basis ³ After new facilities entered into in August 2012

⁴ In addition, following the August 2012 refinancing, there is a £65m 'forward start' swap covering March 2013 to April 2019

Valuation and portfolio analysis

Nigel George

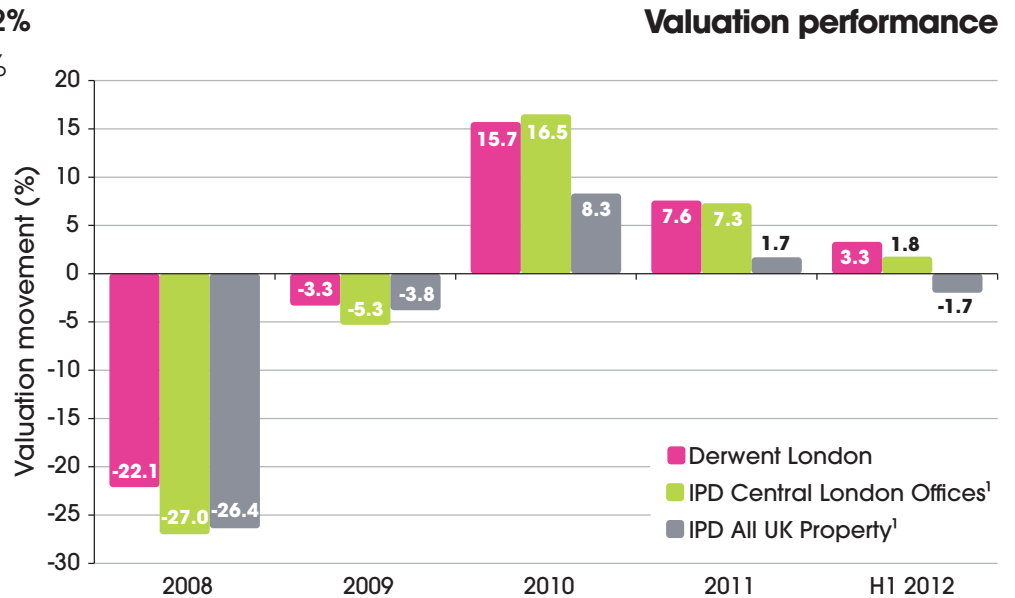
- **Good capital growth in the first half**
 - Underlying 3.3% (H2 2011: 2.9%)
- **On-site projects valued at £325m**
 - 5 developments¹ £137m - increased 9.7%
 - 2 phased refurbishments² £188m - increased 3.6%
 - Substantial surpluses to come

	Portfolio valuation £m	H1 2012 valuation movement %
West End	2,059.6	3.2
City Borders	526.7	4.6
Central London	2,586.3	3.5
Provincial	113.0	(1.5)
Underlying	2,699.3	3.3
Acquisitions	29.1	(4.9)
Investment portfolio	2,728.4	3.2

¹ 1 Page Street SW1, 4 & 10 Pentonville Road N1, Buckley Building EC1, Turnmill EC1 and 40 Chancery Lane WC2

² 1 & 2 Stephen Street W1 and Morelands Buildings EC1

- London's continued strength
- Our portfolio outperformed against benchmarks
- Total H1 2012 property return 5.2%
 - IPD Central London Offices¹ 4.1%
 - IPD All UK Property¹ 1.2%



¹ Quarterly Index

- **EPRA yields**

- Net initial 4.5% (Dec 2011: 4.4%)
- 'Topped-up' net initial 5.1% (Dec 2011: 5.2%)

- **True equivalent yield 5.6%**

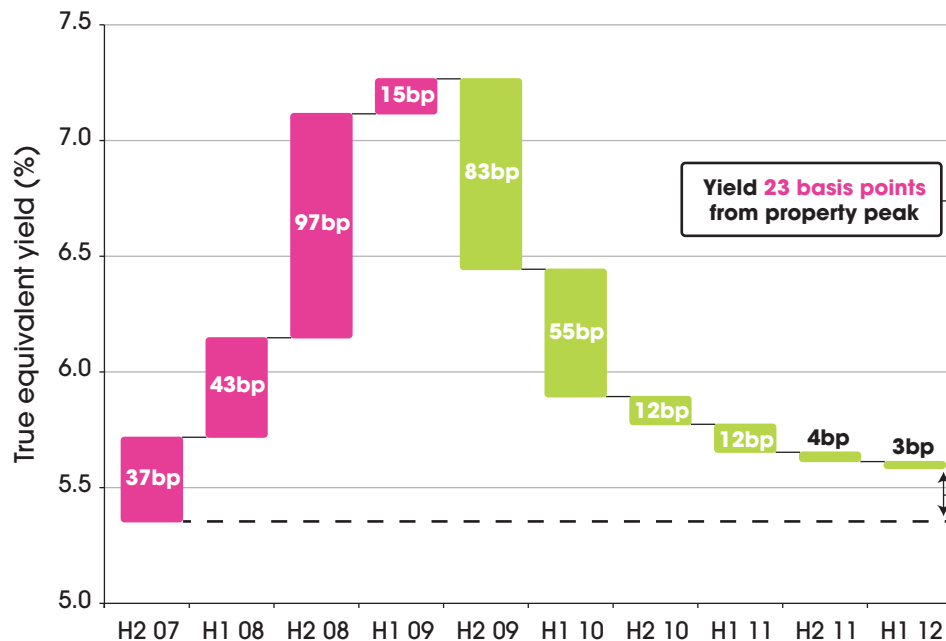
- Tightened by 3bp in H1 2012
- Comfortable levels

- **Strong income reversion at £51.6m**

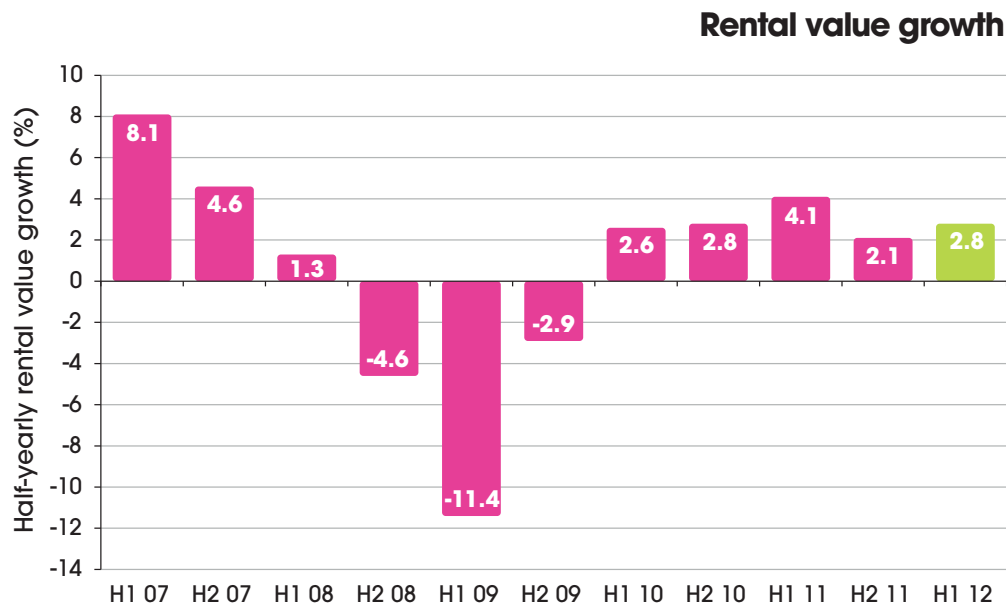
- £24.2m via contracted uplifts
- Detailed in Appendix 13

- **Reversionary yield 5.8%**

True equivalent yield movement



- **H1 2012 rental value growth**
 - Underlying 2.8% (H2 2011: 2.1%)
 - In line with our expectations
- **Steady growth since 2010**



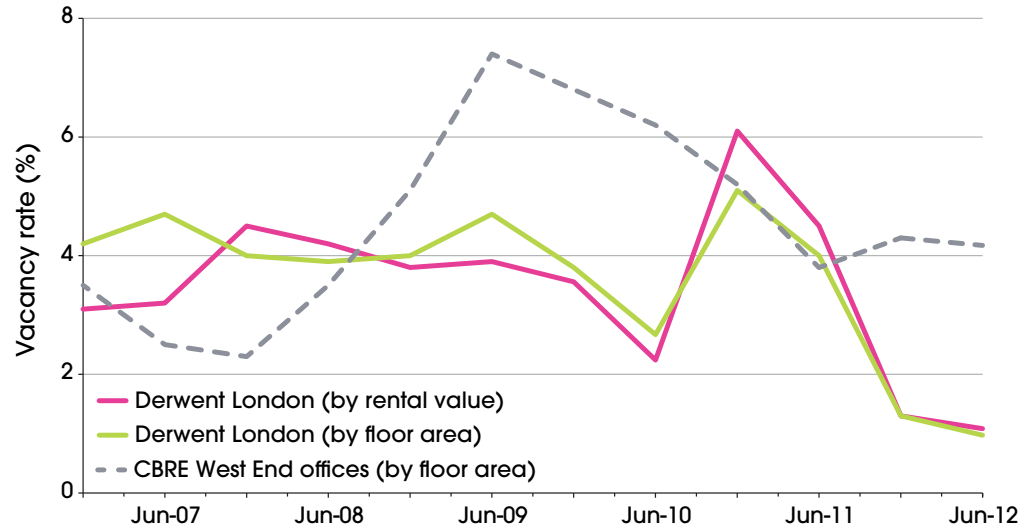
- **EPRA vacancy rate¹ by rental value 1.1% at June 2012**

- Decreased from 1.3% at Dec 2011
- Available space only 47,000 sq ft
 - 37% let since year end

- **Current on-site projects of 550,000 sq ft**

- Rental value £23.9m pa net
- 2012 completions would take vacancy rate to c.4.6%
 - Pentonville Road
 - Buckley Building

Vacancy rates



¹ Immediately available space

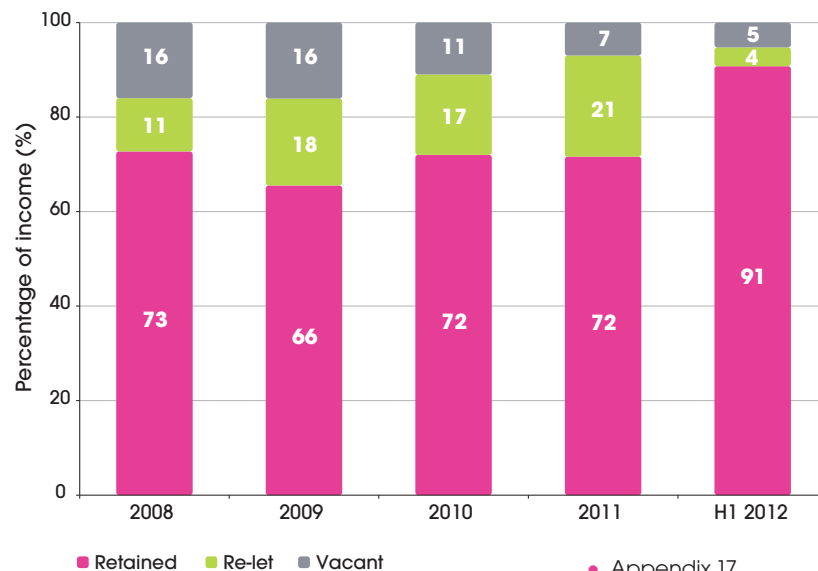
- **Excellent tenant retention in the first half**

- **H1 2012 expiries/breaks**
 - Exposure of £7.7m pa equating to 6.7% of rental income
 - £1.2m pa related to identified projects
 - Mainly Chancery Lane and Turnmill
 - Of £6.5m pa remaining:
 - 91% retained, 4% re-let, 5% vacant

- **H2 2012 exposure of 8% of rental income**
 - About one third rolling breaks for schemes

- **Portfolio average lease length**
 - 7.2 years (Dec 2011: 7.2 years)

Lease expiry and break analysis¹



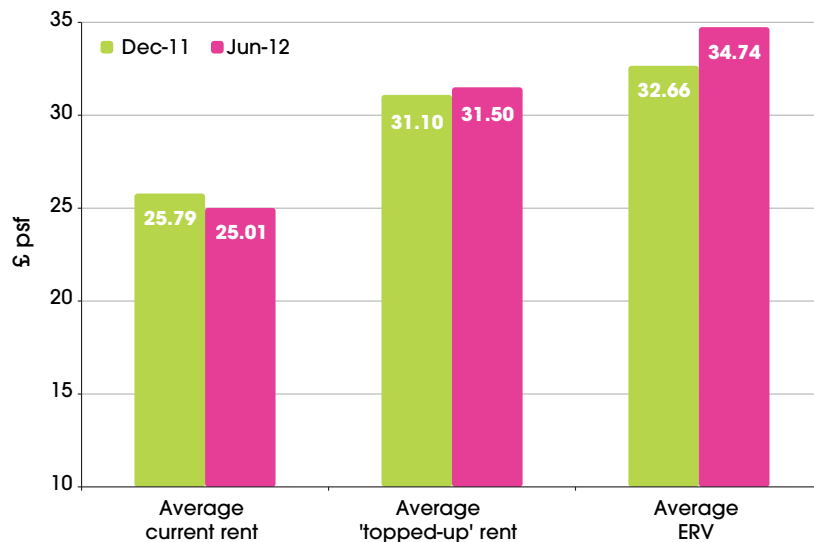
¹ As at reporting date

- Central London offices represents 84% of income

- Rents passing on a 'topped-up' basis

- < £30 psf 20%
- £30-£40 psf 31%
- £40-£50 psf 40%
- >£50 psf 9%

Central London office rent profile



Projects
Simon Silver
Paul Williams
David Silverman

- **Planning wins and acceleration of our development programme**

- 4 planning consents granted 600,000 sq ft
- 2 planning applications submitted 56,000 sq ft
- 7 projects on-site (5 at Dec 11)
 - 5 developments 437,000 sq ft
 - 2 phased refurbishments 113,000 sq ft

- **Final stages of design at 80 Charlotte Street**

- Ready for 2013 start

- **Doubling of capital expenditure to over £300m¹**

- **Extensive opportunities in the portfolio**

- Total project pipeline 2.8m sq ft

¹See Appendix 19 for timing

- **Planning consents** **0.6m sq ft**

1 Oxford Street W1



Area: 275,000 sq ft
Scheme: Offices/ retail
Commencement: c.2017

1 Page Street SW1



Area: 127,000 sq ft
Scheme: Offices
Commenced: 2011

Riverwalk House SW1



Area: 148,000 sq ft
Scheme: Residential
Commencement: 2012

Bishop's Bridge Road W2



Area: 21,400 sq ft
Scheme: Residential
Commencement: 2013

• Current planning submissions **56,000 sq ft**

Tottenham Court Rd retail W1



- **Premier Crossrail hub**
- **Scheme**
 - Retail extension
 - 70% area increase
- **Current rents low**
 - c.£100 Zone A
 - £0.7m pa
- **Potential for**
 - c.£250+ Zone A
 - c.£3.0m pa

Proposed area: 41,000 sq ft
Scheme: Retail
Earliest possession: H1 2014

73 Charlotte Street W1



- **Fitzrovia investment**
- **Scheme**
 - 11 residential units
 - 1,900 sq ft offices

Proposed area: 15,500 sq ft
Scheme: Residential/offices
Earliest possession: H2 2013

Area	437,000 sq ft	Pre-let	29%	ERV (net)³	c.£18.4m pa
Valuation¹	£137m	Capex²	£108m	End value	c.£325m

Page Street SW1



Area: 127,000 sq ft
Completion: Q2 2013
ERV: c.£50 psf

Pentonville Rd N1



Area: 55,000 sq ft
Completion: Q3 2012
ERV: c.£37.50 psf

Buckley Building EC1



Area: 85,000 sq ft
Completion: Q4 2012
ERV: c.£45 psf

Turnmill EC1



Area: 70,000 sq ft
Completion: Q3 2014
ERV: c.£47.50 psf

Chancery Lane WC2



Area: 100,000 sq ft
Completion: Q4 2014
ERV: c.£55 psf

¹ June 2012 valuation ² Cost to complete from July 2012 (H1 expended c.£12m). Excludes finance ³ ERV (gross) c.£19.4m pa

4 & 10 Pentonville Road N1

DERWENT
LONDON

- New external facade
- 55,000 sq ft - over 20% increase
- Completion Q3 2012



- 58% under offer

Buckley Building EC1

DERWENT
LONDON

- Creating spaces
- 85,000 sq ft
- Completion Q4 2012
- £2.5m pa rent until March 2015



Turnmill EC1

- 70,000 sq ft
- Stage - demolition
- Completion Q3 2014
- Capex c.£26m
- ERV c.£47.50 psf



Chancery Lane WC2

DERWENT
LONDON

- 100,000 sq ft
- Stage - demolition
- Completion Q4 2014
- Capex c.£44m
- ERV c.£55 psf



- **Farringdon, set to become the capital's best connected hub**
 - Arrival of Crossrail in 2018
- **Totally connected**
 - Access to London's three transportation networks - Underground, Thameslink and Crossrail
 - North - South, East - West links
- **Significant benefits for our nearby schemes**
 - Buckley Building
 - Turnmill
 - 40 Chancery Lane
 - Morelands Buildings
- **And other ownerships...**
 - Johnson Building
 - Rosebery Avenue
- **Our holdings will ultimately provide over 700,000 sq ft in the immediate vicinity**

Area	113,000 sq ft	Pre-let	29%	ERV (net) ¹	c.£5.5m pa
Valuation ²	£49m	Capex ³	c.£25m	End value ²	c.£100m

1 & 2 Stephen Street W1



- Formerly Central Cross
- 86,000 sq ft
 - Phase 1: 23,000 sq ft
 - Phase 2: 63,000 sq ft
- 18% pre-let
 - 15,400 sq ft
 - BrandOpus
 - £0.65m pa
 - £52.50 psf on best

Building area: 255,000 sq ft
Rental value: c.£55 psf

Morelands Buildings EC1



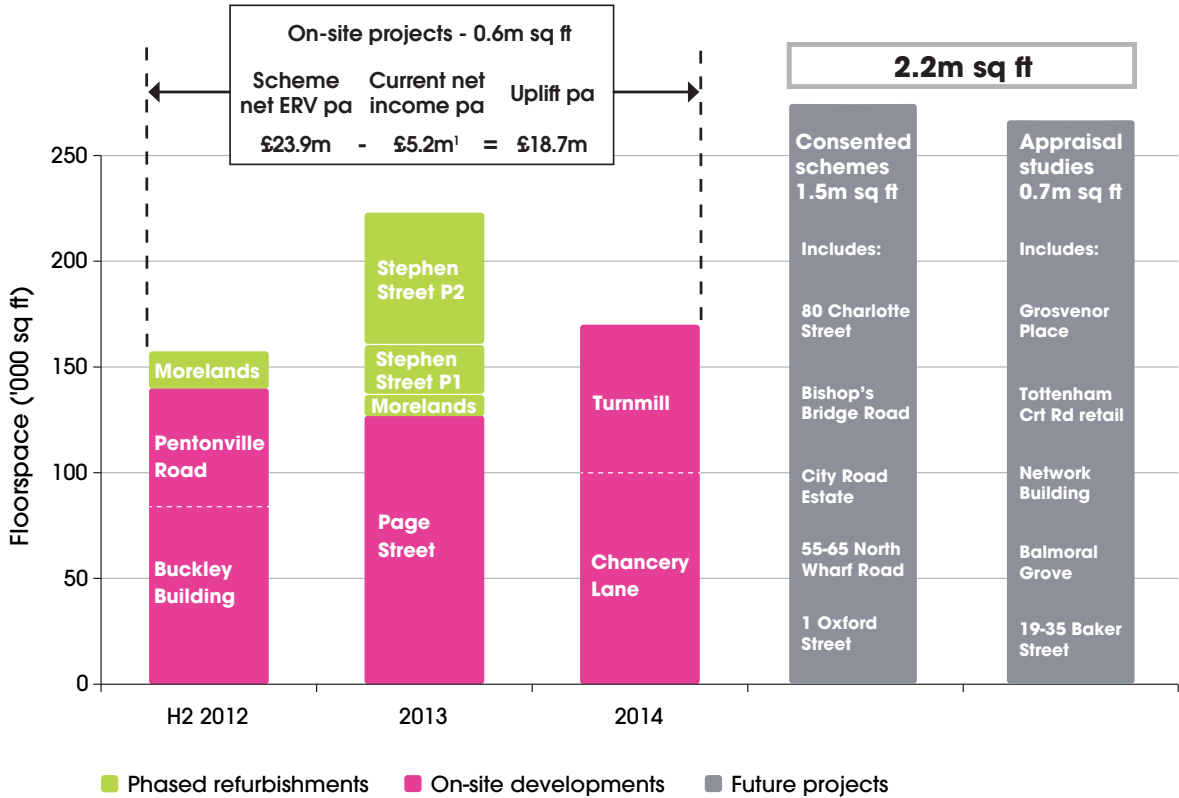
- 27,000 sq ft
 - Includes new penthouse floor
- 66% pre-let to AHMM
 - 17,800 sq ft
 - £0.64m pa
 - £37.50 psf on best

Building area: 90,000 sq ft
Rental value: c.£37.50 psf

¹ ERV (gross) c.£5.6m pa ² Apportioned value. Total June 2012 valuation of both buildings £188m

³ Cost to complete from July 2012 (H1 expended c.£2m). Excludes finance

Project delivery dates










¹ £2.7m Stephen Street and Morelands, expires H2 2012. £2.5m Buckley Building, expires March 2015









Project pipeline summary

On-site projects	Consented projects	Appraisal studies ¹	Total pipeline ²
0.6m	1.5m	0.7m	2.8m sq ft

Consented projects
1.5m sq ft

80 Charlotte St W1 	Bishop's Bridge Rd W2 
City Rd Estate EC1 	1 Oxford St W1 
Wedge House SE1 	Commercial Rd E1 
North Wharf Rd W2 	

Appraisal studies
0.7m sq ft

Tottenham Ct Rd W1 Planning submitted 	73 Charlotte St W1 Planning submitted 
Grosvenor PI SW1 	Baker Street W1 
Balmoral Grove N7 	Premier House SW1 
Network Building W1 	Jaeger House W1 

¹ Derwent London share ² See Appendices 19 and 20 for floor area details

80 Charlotte Street W1

DERWENT
LONDON

● In the core of our Fitzrovia estate

80 Charlotte Street	sq ft
Offices	323,000
Residential (private)	14,000
337,000	

65 Whitfield Street	sq ft
Offices	12,000
Residential (private)	21,000
Residential (affordable)	10,000
43,000	

1 Whitfield Place	sq ft
Residential (affordable)	5,000

8 Fitzroy St
(Arup)

90
Whitfield St
(Qube)

95-100
Tottenham
Court Rd
(Network)

88-94
Tottenham
Court Rd

80
Tottenham
Court Rd

43, 45-51
Whitfield St

80 Charlotte Street W1

DERWENT
LONDON

- 385,000 sq ft office and residential
- Final stages of design
- Expected start H2 2013



1-5 Grosvenor Place SW1

DERWENT
LONDON

- Joint venture with Grosvenor Estate
- Unique 1.5 acre prime development opportunity
- 2013 planning submission



White Collar Factory – update

DERWENT
LONDON

- City Road Estate EC1
- 'Tech City'
- Planning permission for 289,000 sq ft



White Collar Factory - update

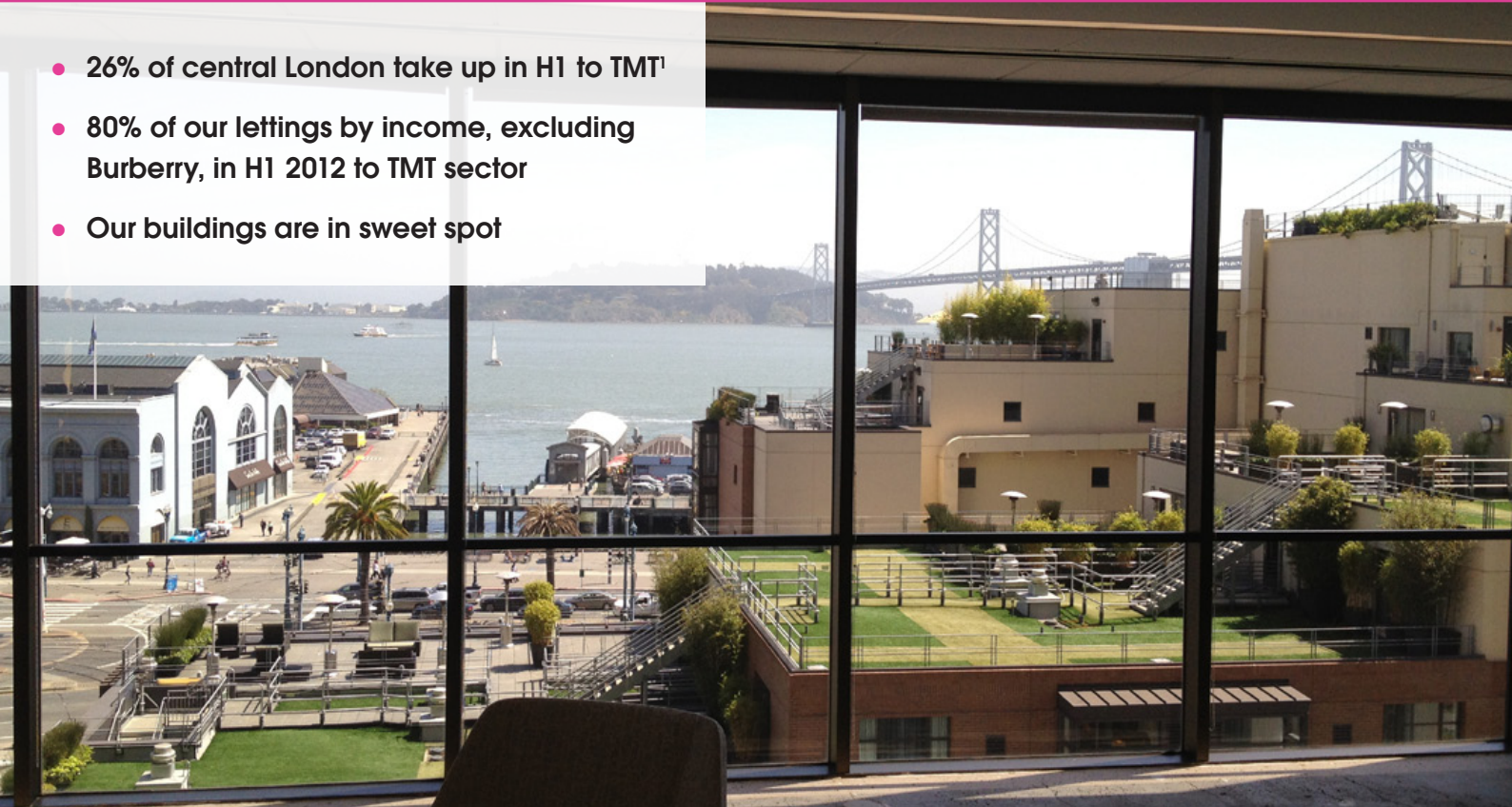
DERWENT
LONDON

- Impressive volumes
- 3.5m floor to ceiling heights
- A passive slab incorporates cooling and heating
- Cost effective construction and operation



San Francisco site visit – ‘home of tech’

- 26% of central London take up in H1 to TMT¹
- 80% of our lettings by income, excluding Burberry, in H1 2012 to TMT sector
- Our buildings are in sweet spot

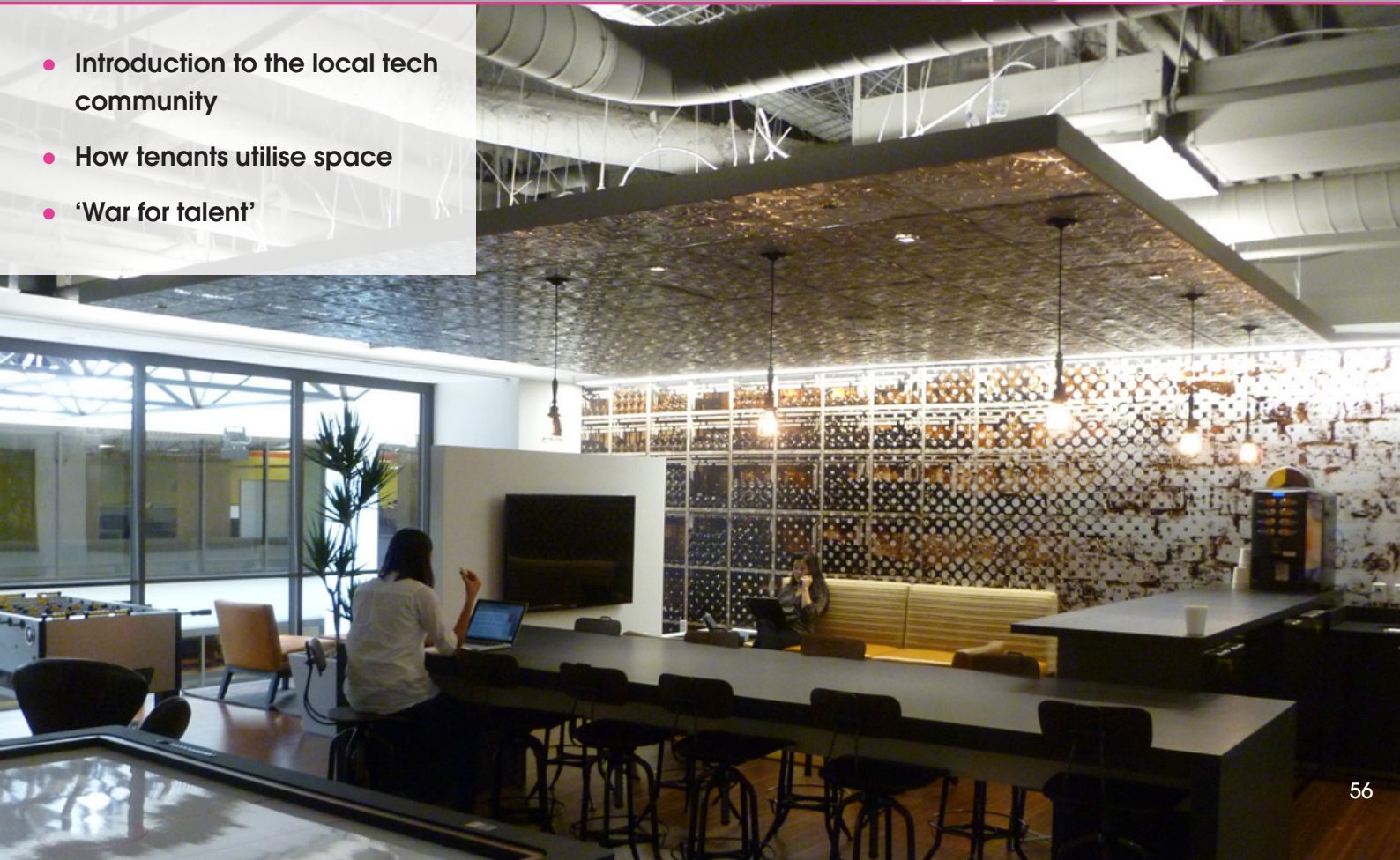


¹Source: Jones Lang LaSalle

San Francisco site visit

DERWENT
LONDON

- Introduction to the local tech community
- How tenants utilise space
- 'War for talent'



San Francisco site visit

DERWENT
LONDON

- **Creation of communities in hubs**
- **Little conventional office space, more room for 'break out'**
- **Want both:**
 - Flexibility to accommodate growth
 - Certainty of outgoings
- **Reinforces our White Collar Factory initiative**



White Collar Factory – putting it into practice

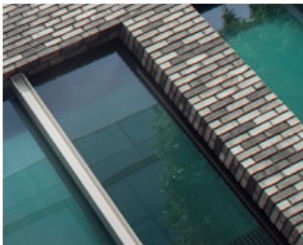
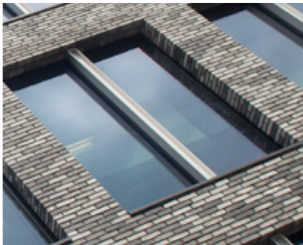
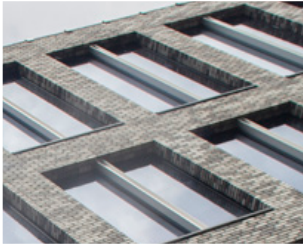
DERWENT
LONDON

- **Refinement of the product**
 - Finishes
 - Services
- **3,000 sq ft 'live suite' under construction at City Road**
 - Ready early 2013
- **Opportunity to showcase the concept**



Outlook

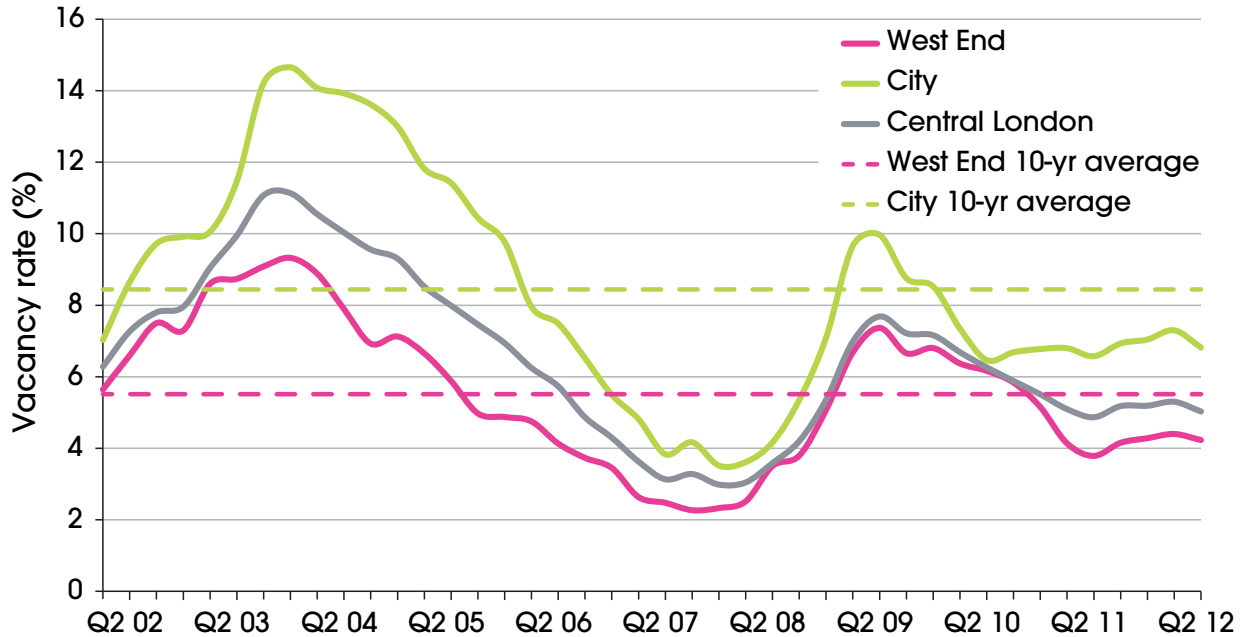
John Burns



- **Central London rents expected to continue to rise in H2 2012**
- **Central London yields should remain firm**
- **Strong demand for our space continues**
- **Increasing development exposure**
 - New starts 2012: Chancery Lane, Turnmill
 - Expected starts 2013: Charlotte Street and Bishop's Bridge Road
- **Portfolio retains significant additional opportunities**
 - Further added value through asset management
- **Financial position enhances our development and acquisition potential**

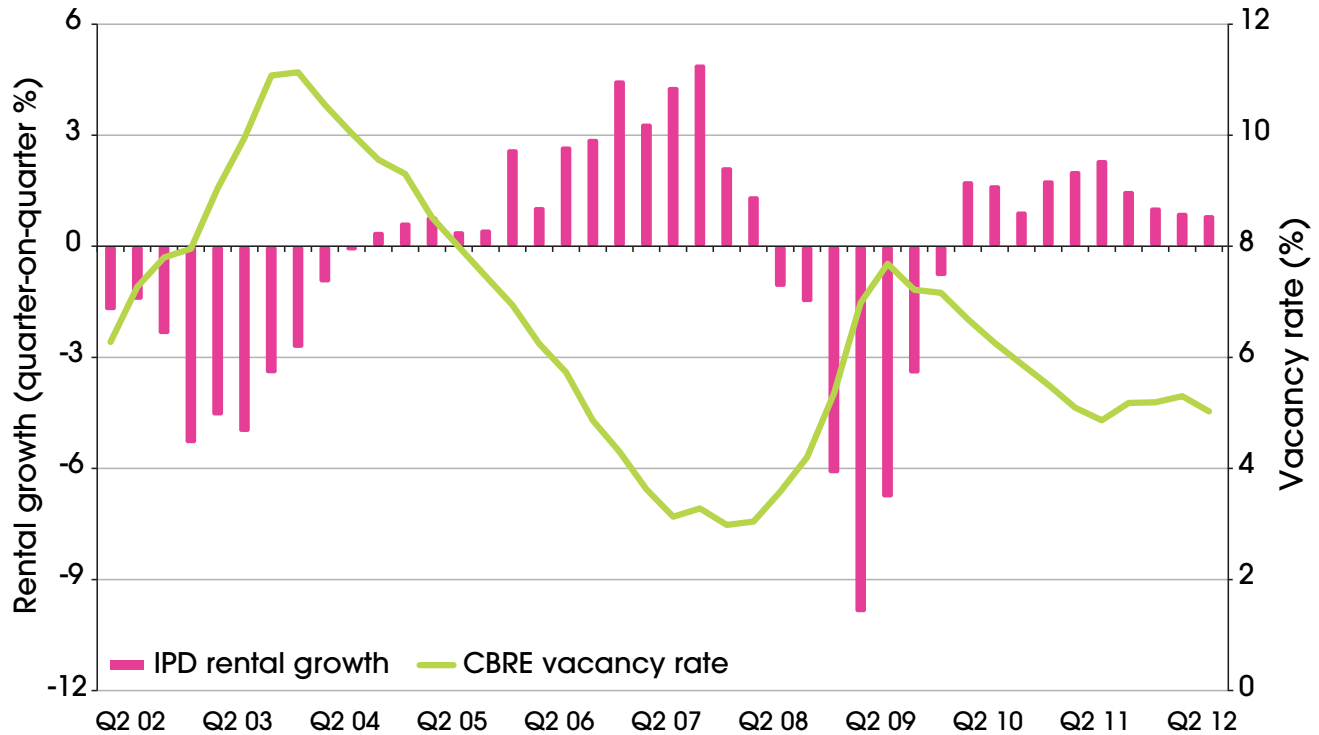
1. Central London office vacancy	62	12. Valuation yields	73
2. Central London office supply and demand	63	13. Portfolio reversion	74
3. Central London office rental growth	64	14. Available and project space	75
4. Net asset value per share	65	15. Portfolio statistics by village	76
5. Group balance sheet - summarised	66	16. Annualised net contracted rental income	77
6. Group income statement	67	17. Lease expiry profile and lease length	78
7. EPRA like-for-like rental income	68	18. Rent banding and tenant profile	79
8. Debt facilities	69	19. Projects summary 2012 to 2013	80
9. Net debt	70	20. Projects summary 2014+	81
10. Valuation performance by village	71	21. Management structure - executive team	82
11. Valuations drivers and rental value growth	72		

Appendix 1 - Central London office vacancy



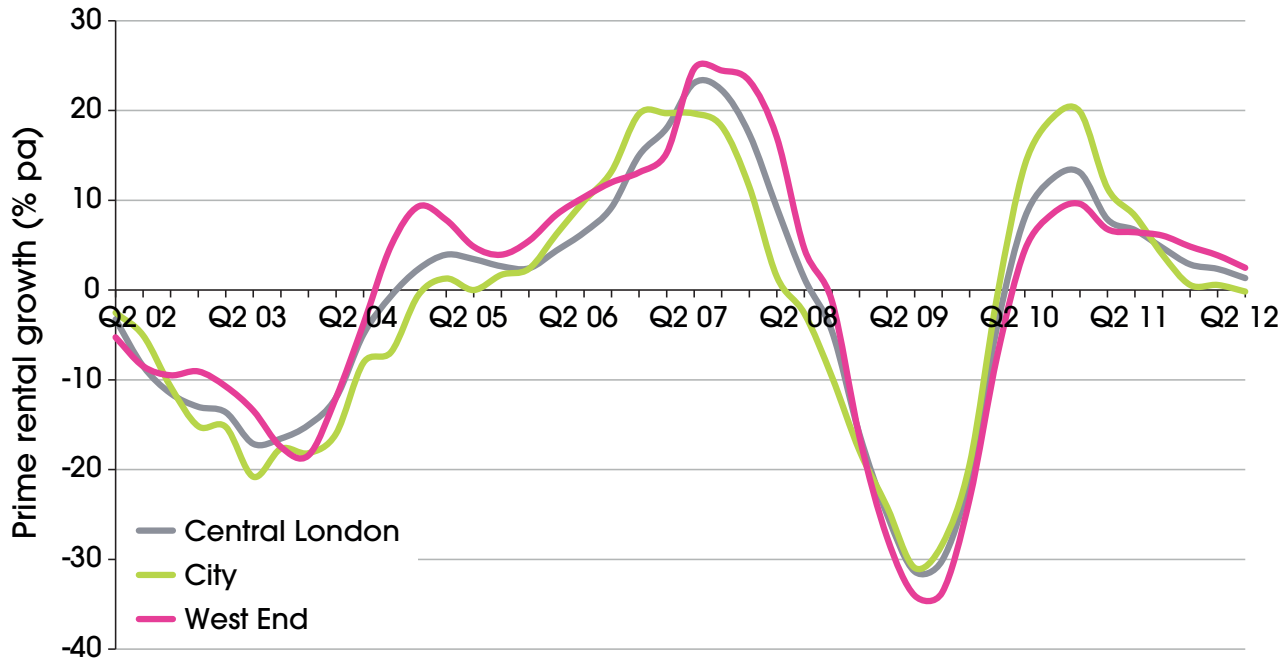
Source: CBRE

Appendix 2 - Central London office supply and demand



Source: IPD/CBRE

Appendix 3 - Central London office rental growth



Source: CBRE

Appendix 4 - Net asset value per share

	Jun 2012			Dec 2011		
	£m	Basic p	Diluted p	£m	Basic p	Diluted p
Net assets attributable to equity shareholders	1,739.1	1,706	1,697	1,662.7	1,636	1,625
Fair value of secured bonds	(24.7)			(20.8)		
Fair value of unsecured bonds	(11.7)			2.4		
EPRA NNNAV	1,702.7	1,670	1,662	1,644.3	1,618	1,607
Fair value of bonds	36.4			18.4		
Deferred tax on revaluation surplus	7.8			8.8		
Fair value of derivatives	50.8			51.9		
Fair value adjustment to secured bonds on acquisition less amortisation	18.2			18.6		
Minority interest in respect of the above	(2.4)			(2.2)		
EPRA adjusted net asset value	1,813.5	1,779	1,770	1,739.8	1,712	1,701

Appendix 5 - Group balance sheet - summarised

	Jun 2012 £m	Dec 2011 £m	Jun 2011 £m
Investment property	2,565.9	2,444.9	2,496.5
Owner-occupied property	17.3	17.1	16.4
Other non-current assets	71.2	67.4	61.1
	2,654.4	2,529.4	2,574.0
Non-current assets held for sale	92.6	137.5	45.4
Other current assets and liabilities	(24.5)	(27.5)	(27.1)
Cash and cash equivalents	2.9	3.5	7.3
Bank overdraft	-	-	(7.5)
Financial liabilities - current	(95.0)	(32.5)	(32.5)
Corporation tax liability	(1.7)	(1.3)	(2.7)
	(118.3)	(57.8)	(62.5)
Financial liabilities - non-current	(778.1)	(835.5)	(871.8)
Other non-current liabilities	(57.7)	(59.1)	(23.7)
	(835.8)	(894.6)	(895.5)
Total net assets	1,792.9	1,714.5	1,661.4
Minority interests	(53.8)	(51.8)	(50.3)
Attributable to equity holders	1,739.1	1,662.7	1,611.1

Appendix 6 - Group income statement

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	Half year ended Jun 2012 £m	Year ended Dec 2011 £m	Half year ended Jun 2011 £m
Profit before tax (IFRS)	102.4	233.0	173.3
Revaluation surplus	(77.3)	(170.1)	(117.3)
Joint venture revaluation surplus	-	(0.9)	(0.3)
Profit on disposal of properties	(0.2)	(36.1)	(21.5)
Profit on disposal of investment	(3.9)	-	-
Fair value movement in derivatives	(1.2)	26.5	(7.8)
Financial derivative termination costs	6.3	-	-
Movement in cash-settled share options	0.4	(0.1)	0.2
EPRA profit before tax	26.5	52.3	26.6
Foreign exchange movement on intercompany loan	(0.3)	-	(0.2)
Rates credits	(0.1)	(1.6)	(1.4)
Underlying profit before tax	26.1	50.7	25.0

Appendix 7 - EPRA like-for-like rental income

	Like-for-like increase		Properties owned throughout the period £m	Acquisitions £m	Disposals £m	Development property £m	Total £m
	Against H1 2011 %	Against H2 2011 %					
H1 2012							
Rental income	8.2	3.2	54.2	4.9	0.8	2.4	62.3
Property expenditure			(3.2)	(0.5)	(0.1)	(1.5)	(5.3)
Net rental income	9.4	4.3	51.0	4.4	0.7	0.9	57.0
Other ¹			1.0	-	0.1	-	1.1
Net property income	10.9	0.2	52.0	4.4	0.8	0.9	58.1
H1 2011							
Rental income			50.1	4.3	3.3	4.4	62.1
Property expenditure			(3.5)	(0.2)	(0.3)	(1.1)	(5.1)
Net rental income			46.6	4.1	3.0	3.3	57.0
Other ¹			0.3	-	-	0.5	0.8
Net property income			46.9	4.1	3.0	3.8	57.8
H2 2011							
Rental income			52.5	5.1	1.9	2.5	62.0
Property expenditure			(3.6)	(0.5)	(0.2)	(1.5)	(5.8)
Net rental income			48.9	4.6	1.7	1.0	56.2
Other ¹			3.0	-	-	0.7	3.7
Net property income			51.9	4.6	1.7	1.7	59.9

¹ 'Other' includes surrender premiums paid or received, dilapidation receipts and other income

Appendix 8 - Debt facilities¹

	£m	£m	Maturity
6.5% secured bonds		175.0	March 2026
2.75% unsecured convertible bonds		175.0	July 2016
Overdraft		10.0	On demand
Committed bank facilities			
Term	28.0		June 2018 ²
Term/revolving credit	90.0		December 2017
Revolving credit	125.0		November 2015
Revolving credit	100.0		April 2015
Term/revolving credit	125.0		April 2014
Revolving credit	150.0		January 2017
Revolving credit	150.0		March 2013
Revolving credit	150.0		January 2017
		918.0	
Total debt facilities at 30 June 2012		1,278.0	
Cancellation of facility in August 2012		(150.0)	
Term facility signed August 2012		83.0	October 2024
Reduction in overdraft facility		(7.5)	
Total debt facilities at 22 August 2012		1,203.5	

¹ All facilities are secured unless noted otherwise

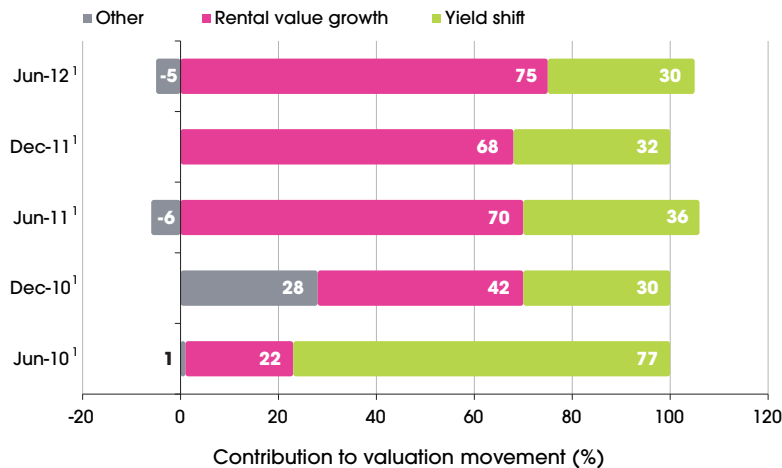
² Subject to credit review in 2013

Appendix 10 - Valuation performance by village

	Valuation Jun 2012 £m	Weighting Jun 2012 %	Valuation movement H1 2012 ¹ %
West End			
Fitzrovia ²	995.1	36	3.1
Victoria	425.2	16	4.1
Baker Street/Marylebone	132.5	5	2.4
Soho/Covent Garden	117.9	5	0.7
Belgravia	76.0	3	0.8
Mayfair	58.0	2	1.6
Paddington	36.5	1	6.9
West End: Central	1,841.2	68	3.0
Islington/Camden	224.5	8	5.1
Other	23.0	1	3.4
West End: Borders	247.5	9	4.9
	2,088.7	77	3.2
City Borders			
Clerkenwell	147.5	5	6.6
Old Street	136.8	5	4.3
Holborn	123.2	5	2.6
Shoreditch	109.2	4	4.7
Southbank	9.6	-	0.6
Other	0.4	-	29.8
	526.7	19	4.6
Central London	2,615.4	96	3.5
Provincial	113.0	4	(1.5)
Investment portfolio	2,728.4	100	3.3

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

Drivers of valuation movement



Rental value growth

	H1 2011 %	H2 2011 %	2011 %	H1 2012 %
West End	4.2	1.8	6.1	2.5
City Borders	3.4	3.3	6.8	4.3
Central London	4.0	2.2	6.3	2.9
Provincial	6.5	0.4	7.0	0.3
Underlying	4.1	2.1	6.3	2.8

¹Six month period

Appendix 12 - Valuation yields



EPRA initial yields

	Net initial yield %	'Topped-up' net initial yield %
West End	4.2	4.9
City Borders	5.0	5.7
Central London	4.4	5.1
Provincial	6.5	7.1
EPRA portfolio	4.5	5.1

True equivalent yields

	Dec 2011 %	H1 2012 movement basis points	Jun 2012 %
West End	5.41	(5)	5.36
City Borders	6.19	(1)	6.18
Central London	5.57	(4)	5.53
Provincial	6.63	12	6.75
Portfolio	5.61	(3)	5.58

Income profile	7 on-site projects rental £m pa	Stephen Street and Morelands non-project rental ² £m pa	Core properties rental £m pa	Total portfolio rental £m pa
Net contracted rental income	5.2	6.0	102.8	114.0
Contractual pre-lets / uplifts	6.6	1.6	16.0	24.2
Net ERV of current schemes (excl pre-lets)	17.3	-	-	17.3
Less scheme current income	(5.2)	-	-	(5.2)
	23.9	7.6	118.8	150.3
Vacant space ¹ - available to occupy	-	-	1.6	1.6
Vacant space ¹ - general upgrades	-	-	3.0	3.0
Anticipated rent review and lease renewal reversion	-	0.4	10.3	10.7
Net estimated rental value Jun 2012	23.9	8.0	133.7	165.6

¹Detailed in Appendix 14 ²Occupied space at 1 & 2 Stephen Street and Morelands Buildings at June 2012

Appendix 14 - Available and project space

	Vacant at H1 2012	To be vacated in H2 2012 for next scheme phase		Pre-let	Project and vacant				
	ERV £m pa	Current rent £m pa	Reversion £m pa	ERV £m pa	Gross ERV £m pa	Ground rent £m pa	Net ERV £m pa	Area sq ft	Comment
On-site developments									
1 Page Street SW1	14.1	-	-	5.3	19.4	(1.0)	18.4	127	Pre-let to Burberry @ £5.3m pa 32,100 sq ft under offer
4 & 10 Pentonville Road N1								55	
Buckley Building EC1								85	
Turnmill EC1								70	
40 Chancery Lane WC2								100	
On-site phased schemes									
1 & 2 Stephen Street W1	0.4	2.7	1.2	1.3	5.6	(0.1)	5.5	86	15,400 sq ft pre-let to BrandOpus @ £0.65m pa 17,800 pre-let to AHMM @ £0.64m pa
Morelands Buildings EC1								27	
	14.5	2.7	1.2	6.6	25.0	(1.1)	23.9	550	
Available to occupy									
Johnson Building EC1	0.5	-	-	-	0.5	-	0.5	11	11,100 sq ft let to Grey @ £0.50m pa
Network Building W1	0.2	-	-	-	0.2	-	0.2	6	
6-7 St Cross Street EC1	0.2	-	-	-	0.2	-	0.2	6	3,800 sq ft let to SMRS @ £0.16m pa
Other	0.7	-	-	-	0.7	-	0.7	24	
	1.6	-	-	-	1.6	-	1.6	47	
General upgrade									
132-142 Hampstead Road NW1	1.3	-	-	-	1.3	-	1.3	147	Light touch refurbishment underway
Other	1.7	-	-	-	1.7	-	1.7	81	
	3.0	-	-	-	3.0	-	3.0	228	
Total	19.1	2.7	1.2	6.6	29.6	(1.1)	28.5	825	
Less ground rent	(1.1)								
Net vacant ERV	18.0								

Appendix 15 - Portfolio statistics by village

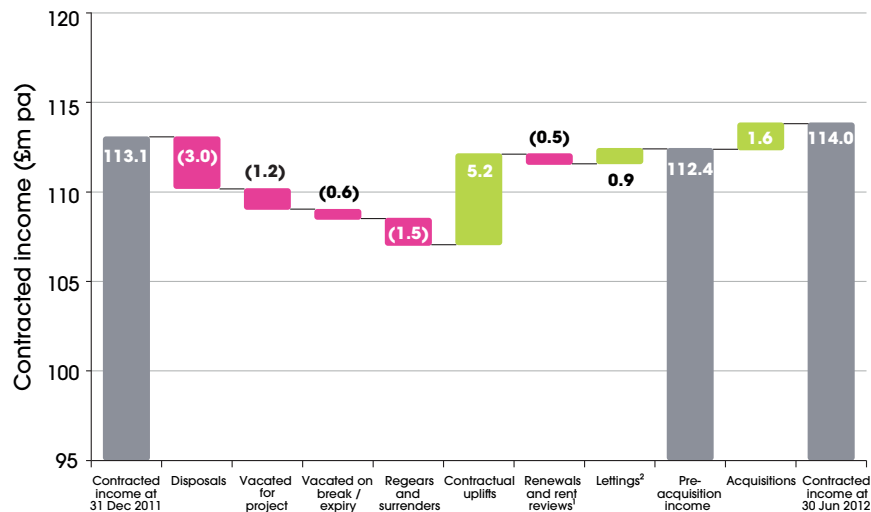
	Valuation £m	Weighting %	Floor area sq ft '000	Vacant floor area sq ft '000	Net contracted rental income £m pa	Average rental income £ psf	Vacant space net ERV £m pa	Rent review/ lease renewal reversion £m pa	Total reversion £m pa	Estimated rental value £m pa
West End: Central										
Fitzrovia ¹	995.1	36	1,635	188	44.7	31.11	2.4	10.0	12.4	57.1
Victoria	425.2	16	594	7	14.2	24.25	0.2	7.9	8.1	22.3
Baker Street/Marylebone	132.5	5	214	13	6.0	30.01	0.4	1.1	1.5	7.5
Soho/Covent Garden	117.9	5	228	2	5.5	24.45	0.1	(0.1)	-	5.5
Belgravia	76.0	3	84	1	3.3	39.15	0.1	0.4	0.5	3.8
Mayfair	58.0	2	42	-	2.1	49.50 ²	-	1.0	1.0	3.1
Paddington	36.5	1	77	-	1.1	16.23	-	0.3	0.3	1.4
	1,841.2	68	2,874	211	76.9	29.06	3.2	20.6	23.8	100.7
West End: Borders										
Islington/Camden	224.5	8	488	60	4.7	11.03	2.0	8.2	10.2	14.9
Other	23.0	1	82	-	1.2	14.36	-	0.6	0.6	1.8
	247.5	9	570	60	5.9	11.57	2.0	8.8	10.8	16.7
West End	2,088.7	77	3,444	271	82.8	26.25	5.2	29.4	34.6	117.4
City: Borders										
Clerkenwell	147.5	5	416	167	6.7	27.55	6.8	(0.2)	6.6	13.3
Old Street	136.8	5	390	22	8.0	21.63	0.5	1.4	1.9	9.9
Holborn	123.2	5	292	124	5.0	29.84	5.4	0.9	6.3	11.3
Shoreditch	109.2	4	288	8	5.5	19.56	0.1	1.5	1.6	7.1
Southbank	9.6	-	39	-	0.3	8.43	-	0.1	0.1	0.4
Other	0.4	-	2	2	-	-	-	-	-	-
City Borders	526.7	19	1,427	323	25.5	23.23	12.8	3.7	16.5	42.0
Central London	2,615.4	96	4,871	594	108.3	25.47	18.0	33.1	51.1	159.4
Provincial	113.0	4	401	-	5.7	14.27	-	0.5	0.5	6.2
Investment portfolio	2,728.4	100	5,272	594	114.0	24.51	18.0	33.6	51.6	165.6

¹ Includes Fitzrovia, Euston and North of Oxford Street ² If owner occupied area (part Savile Row) is excluded the average rental income is £70.98 psf

- Annualised net contracted rental income at 30 June 2012

- Includes:
 - Annualised rents under leases
- Excludes:
 - Rental movements on outstanding rent reviews and lease renewals
 - Future contracted rental uplifts

Reconciliation of net contracted income Dec 11 to Jun 12



¹ Contracted income on renewals & reviews decreased by £0.5m as some tenants were offered rent free / half rent periods. There is an additional £0.7m rental increase when these expire

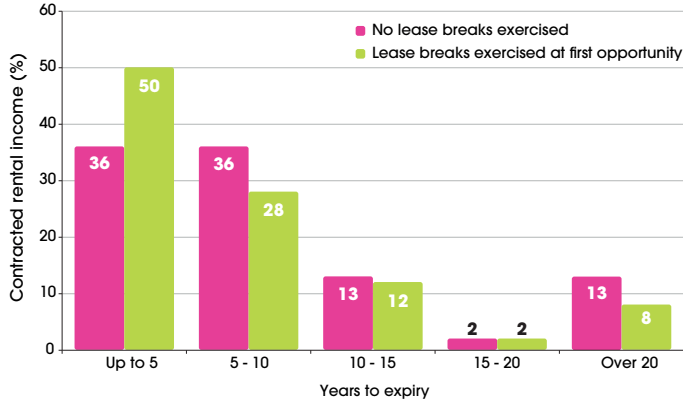
² Total lettings were £8.9m pa, however as some lettings are pre-lets and some tenants are in rent free periods or are paying stepped rents, only the initial contracted income of £0.9m pa is recognised at 30 June 2012

Appendix 17 - Lease expiry profile and lease length

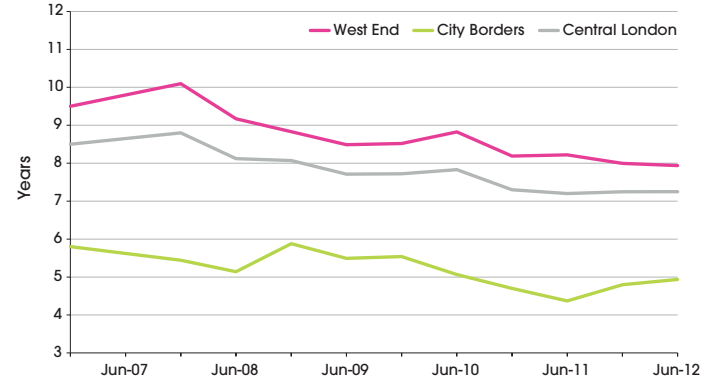
Expiries and breaks as a percentage of portfolio income¹

	West End	City Borders	H2 2012	2013	2014	2015	2016	Total
Expiries	2	1	3	10	4	5	5	27
Single breaks	2	-	2	3	8	2	3	18
Rolling breaks	2	1	3	1	1	-	-	5
	6	2	8	14	13	7	8	50

Profile of rental income expiry¹

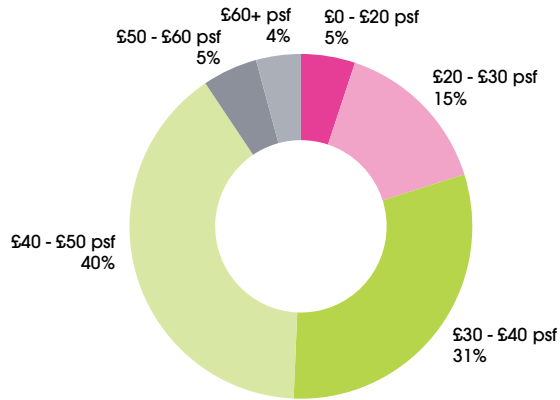


Average unexpired lease length²

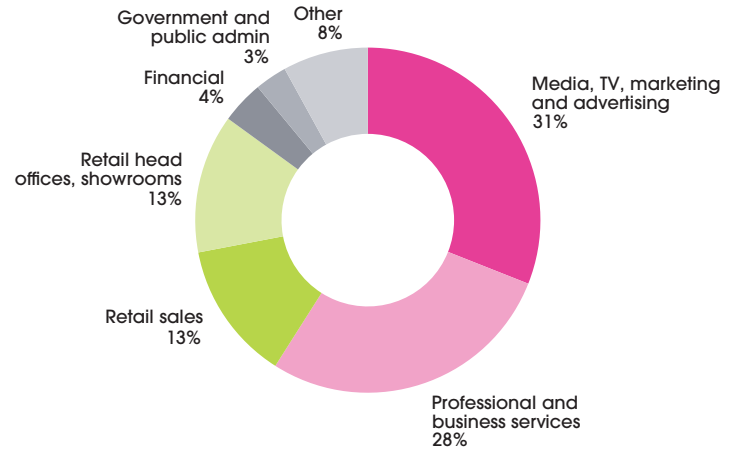


¹Based upon annualised contracted rental income ²Lease length weighted by rental income and assuming tenants break at first opportunity

Central London 'topped-up' office rent banding ¹



Profile of tenants' business sector ²



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

² Expressed as a percentage of annualised rental income

Appendix 19 - Projects summary 2012 to 2013

	Current net income £m pa	Pre scheme area '000 sq ft	Proposed area '000 sq ft	2012 capex ¹ £m	2013 capex ¹ £m	2014+ capex ^{1,2} £m	Total capex ¹ £m	Delivery date	ERV £ psf
On-site developments									
1 Page Street SW1	-	118	127	15.6	14.7	0.6	30.9	Q2 2013	45-50
4 & 10 Pentonville Road N1	-	45	55	6.2	0.4	-	6.6	Q3 2012	c.37.50
Buckley Building EC1	2.5	75	85	11.7	1.1	-	12.8	Q4 2012	c.45
Turnmill EC1	-	41	70	3.9	12.2	9.7	25.8	Q3 2014	c.47.50
40 Chancery Lane WC2	-	61	100	6.4	20.8	16.4	43.6	Q4 2014	c.55
	2.5	340	437	43.8	49.2	26.7	119.7		
On-site phased schemes									
1 & 2 Stephen Street W1	2.5	83 ³	86	2.6	17.8	0.6	21.0	2013	c.55
Morelands Buildings EC1	0.2	17	27	4.3	1.5	0.1	5.9	2012 & 13	c.37.50
	2.7	100	113	6.9	19.3	0.7	26.9		
	5.2	440	550	50.7	68.5	27.4	146.6		
2013									
80 Charlotte Street W1 ⁴	5.1	242	385	5.2	24.6	120.2	150.0	2016	57.50-60
96-98 Bishop's Bridge Road W2	-	-	21	0.9	6.5	5.6	13.0	2014	Residential
73 Charlotte Street W1 ⁵	0.2	13	15	0.6	2.0	6.6	9.2	2015	Residential
	5.3	255	421	6.7	33.1	132.4	172.2		
Planning and design				8.8	7.4	-	16.2		
Other				19.1	6.2	8.5	33.8		
Total	10.5	695	971	85.3	115.2	168.3	368.8		

¹ Excluding finance ² Excluding projects that commence in 2014 and beyond ³ Part redundant storage space

⁴ Consists of 200,000 sq ft of existing buildings on the main island site plus 42,000 sq ft of associated buildings. The associated buildings form part of the residential requirement and include the office and residential components of 65 Whitfield Street, and part of 1 Whitfield Place

⁵ Subject to planning

Appendix 20 - Projects summary 2014+

	Current net income £m pa	Pre scheme area '000 sq ft	Proposed area '000 sq ft	Earliest possession year	Comment
Wedge House SE1	0.3	39	80	2012	Consent - offices
60 Commercial Road E1	0.4	30	122	2012	Consent - student residential
City Road Estate EC1	0.8	124	289	2012	Consent - offices
Balmoral Grove N7	0.6	67	c.200	2013	Appraisal studies
1-5 Grosvenor Place SW1	6.2	168	c.260	2014/2016	Appraisal studies - Grosvenor JV
55-65 North Wharf Road W2	1.1	78	313	2014	Consent - offices and residential
18 Tottenham Court Road W1	0.7	24	41	2014	Retail planning application submitted
Network Building W1	2.3	64	c.100	2015	Appraisal studies
Jaeger House W1	0.8	25	30	2015	Appraisal studies
1 Oxford Street W1 ¹	-	-	275	c.2017	Consent - offices, retail and theatre
Premier House SW1	1.9	62	80	2018	Appraisal studies
19-35 Baker Street W1	4.5	146	c.250	c.2018	Appraisal studies - Portman JV
	19.6	827	2,040		
Adjustments for JVs	(5.1)	(150)	(242)		Grosvenor Place and Baker Street
Current programme	10.5	695	971		See Appendix 19
Total pipeline	25.0	1,372	2,769		

¹ Crossrail option site

Appendix 21 - Management structure - executive team

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

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