

DERWENT
LONDON
& THE
TECH BELT

CAPITAL MARKETS DAY
1ST OCTOBER 2013

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INTRODUCTION

JOHN BURNS

11:00	Introduction Letting Markets Property Initiatives Questions & Answers	John Burns Celine Thompson Simon Taylor	CEO Head of Leasing Head of Asset Management
11:40	BREAK		
11:50	Development Delivery Financial Update Tech City White Collar Factory Conclusions Questions & Answers	Richard Baldwin Damian Wisniewski Juliette Morgan Steve Taylor John Burns	Head of Development Finance Director Tech City Investment Organisation AHMM CEO
12:50	LUNCH		
13:50	Property Tours		
16:00	Tea Building		
16:30	Reception		

- Favourable market conditions
- Well-placed portfolio
- Strengthened finances
- Plenty of potential

Next steps

- Capture the reversions
 - White Collar Factory
 - 80 Charlotte Street
 - 55-65 North Wharf Road
- Source acquisitions



WHAT IS THE TECH BELT?



IDEA

CENTRAL LONDON

- Value
- Mid-Market
- Opportunities
- Emerging Locations

OPPORTUNITIES

OUR VILLAGES

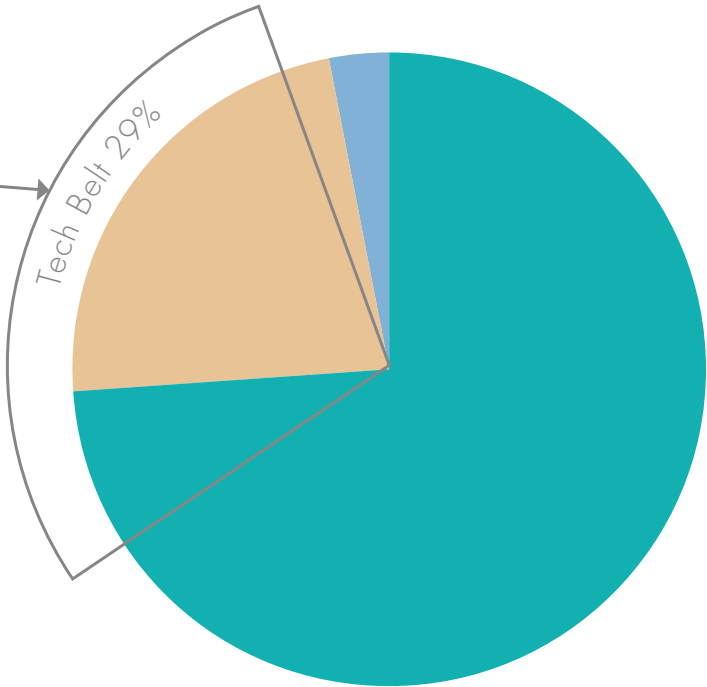
Fitzrovia*	38%
Victoria	13%
Baker Street/Marylebone	5%
Soho/Covent Garden	4%
Mayfair	2%
Paddington	2%
Islington (non Tech Belt)	1%
<hr/>	
Islington/Camden	8%
Clerkenwell	7%
Old Street	5%
Shoreditch/Whitechapel	5%
Holborn	4%
<hr/>	
Holborn (non Tech Belt)	1%
Southbank	1%
Other City Borders	1%
Provincial	3%

* includes North of Oxford Street and Euston

RESULTS

PORTFOLIO WEIGHTING

- West End 74%
- Provincial 3%
- City Borders 23%



ACQUISITION TIMELINE

1994



1 Oliver's Yard
186,000 sq ft

2000



The Johnson Building
191,000 sq ft

2004



Turnmill
70,500 sq ft

2007



Angel Building
262,000 sq ft

Morelands Buildings
90,000 sq ft



1996

Tea Building
259,000 sq ft



2001

New River Yard
71,000 sq ft



2007

ACQUISITION TIMELINE

TOTAL:
1.8M SQ FT

2007



4 & 10 Pentonville Road
55,000 sq ft

2007



White Collar Factory
289,000 sq ft

2012



9 & 16 Prescot Street
111,000

Monmouth House
42,000 sq ft



2007

The Buckley Building
85,000 sq ft



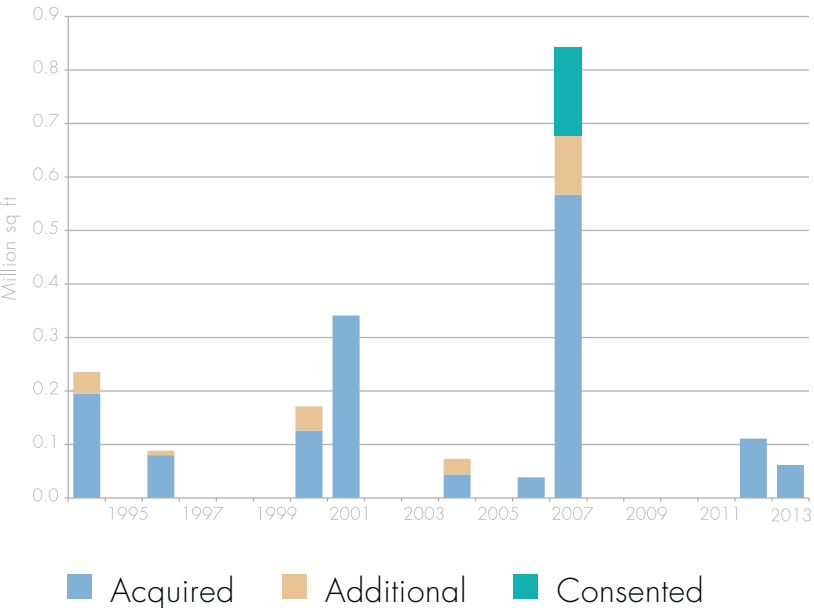
2007

Mark Square House
61,700 sq ft

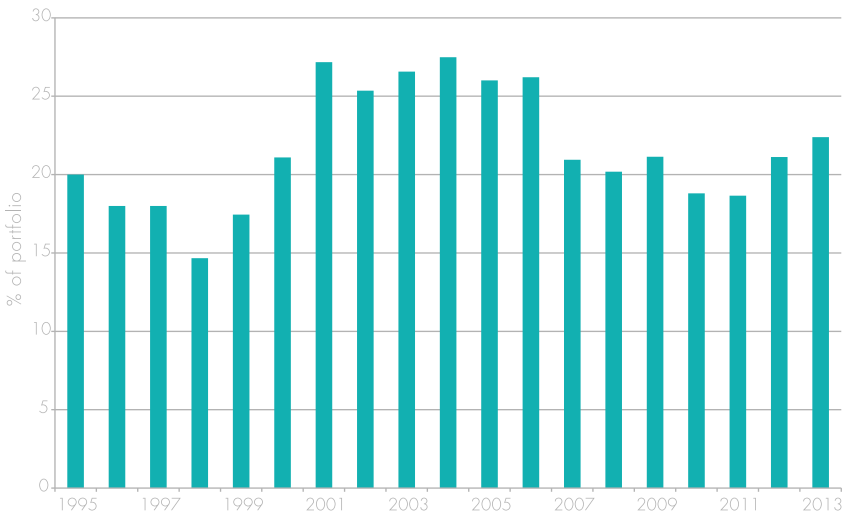


2013

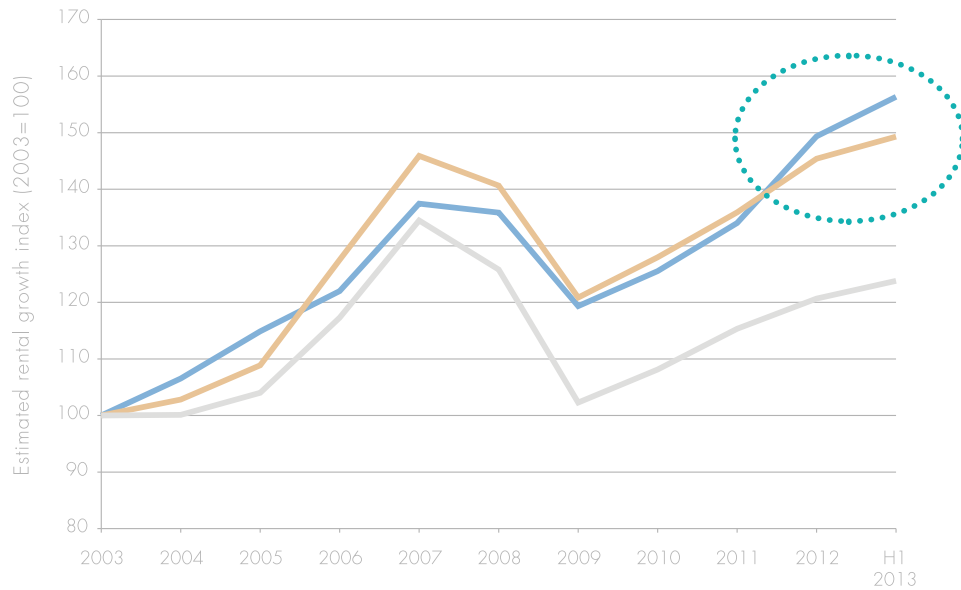
TECH BELT ACQUISITION HISTORY



CITY BORDERS WEIGHTING

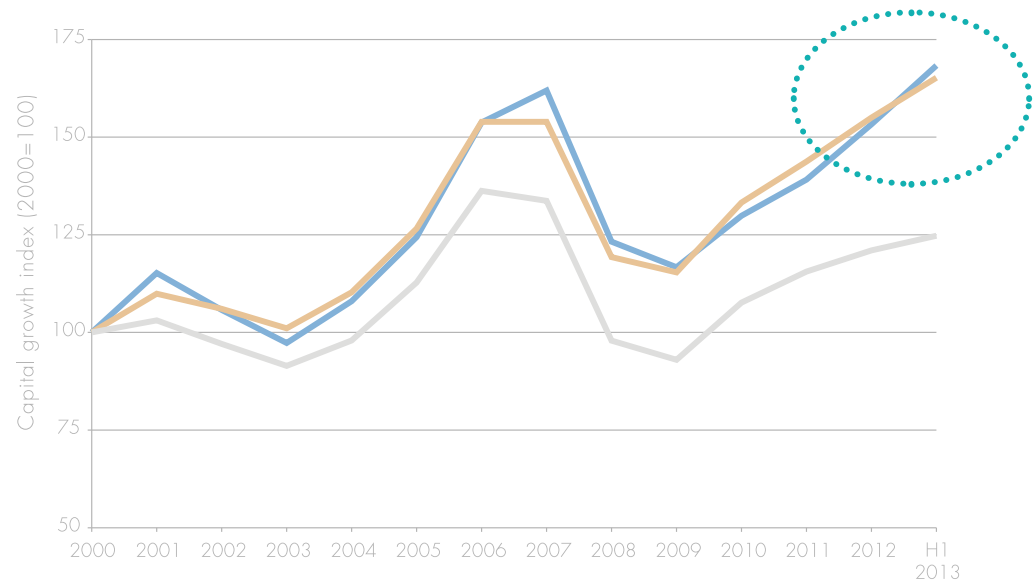


ERV GROWTH



- Derwent London – City Borders
- Derwent London – Central London
- IPD Central & Inner London Offices

CAPITAL GROWTH



- Derwent London – City Borders
- Derwent London – Central London
- IPD Central & Inner London Offices

—29% of the portfolio

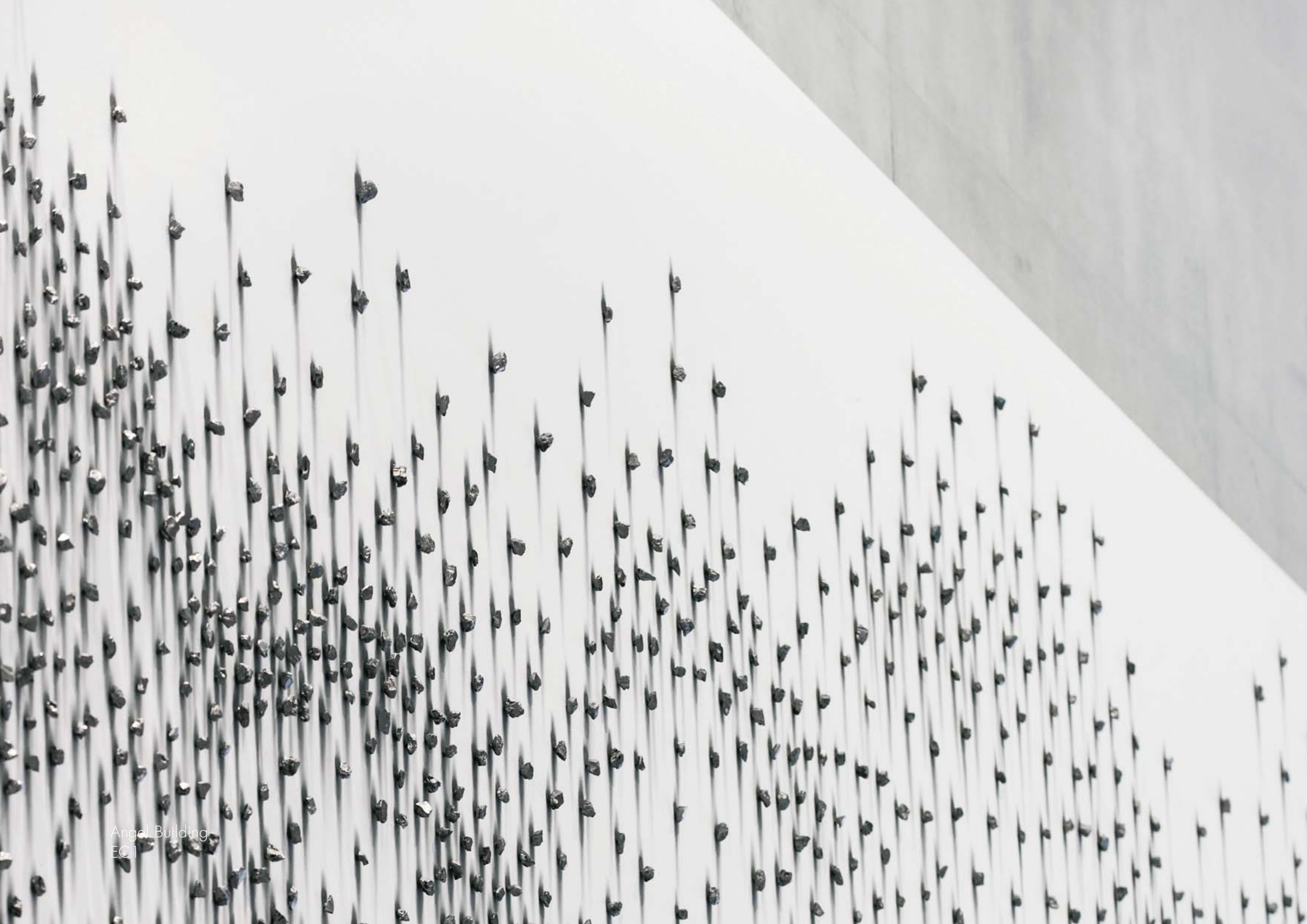
—Demonstration of strategy

—Location of some of our most significant past developments

—Location of our next major development - the White Collar Factory

—Area of strong current demand





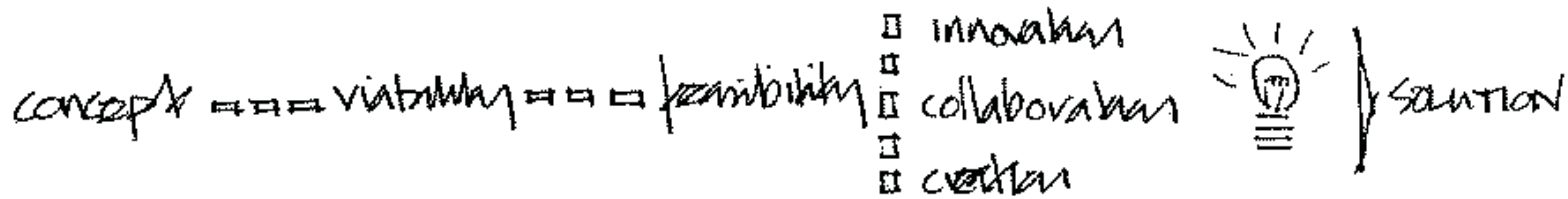
Angel Building
EC1

LETTING MARKETS

CELINE THOMPSON

"The faster we move
forward the more critical it
becomes to look back"

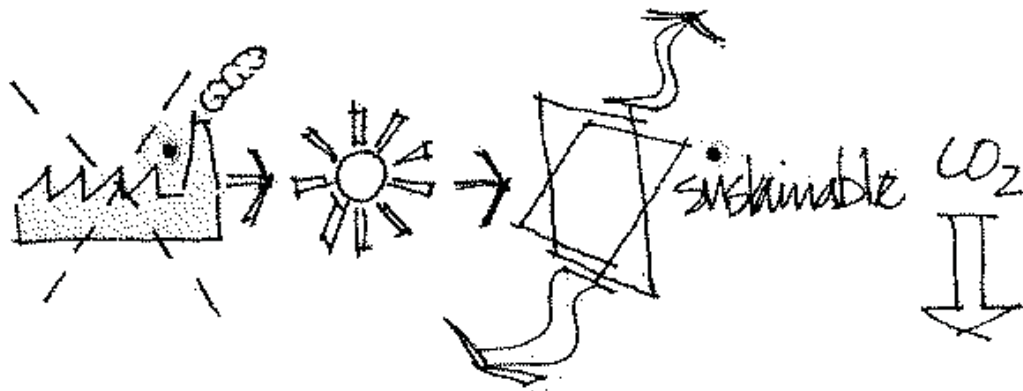
Angela Ahrendts
CEO Burberry



CREATING BETTER WORKSPACES



ARCHITECTURE, DESIGN & REGENERATION



OLD WORLD



NEW WORLD



—West End & City Borders/Tech Belt focus

—Focus on mid market rents



TEA



The **BUCKLEY** Building



morelands



TURNMILL



The BUCKLEY Building

NO 49
Clarkhall
Green



85,000 SQ FT

2007

Acquisition of Woodbridge House (75,400 sq ft) for £49.1m (£651 psf)

2010

Lease surrender agreed, with outgoing tenant agreeing to pay rent of £2.45m pa until March 2015

2011

Planning consent obtained to refurbish and extend the existing building to 85,000 sq ft including repositioning the entrance to Clerkenwell Green

13% gain in floor space

2012

Unilever pre-let (21,100 sq ft)—ground floor (£45 psf) and lower ground floor (£40 psf)—12 year lease (break at year 6)

2013

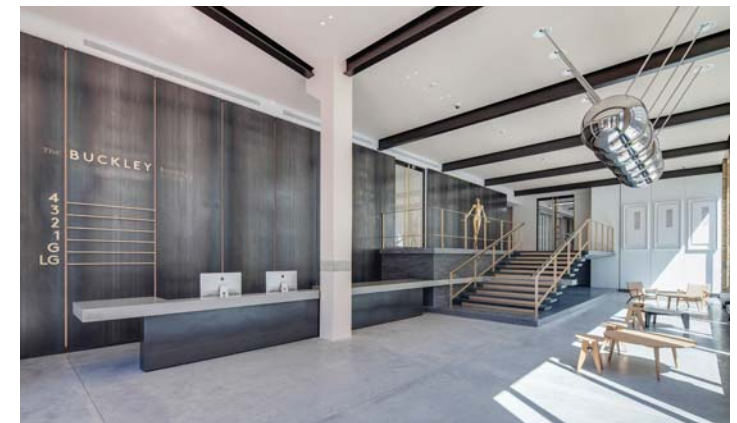
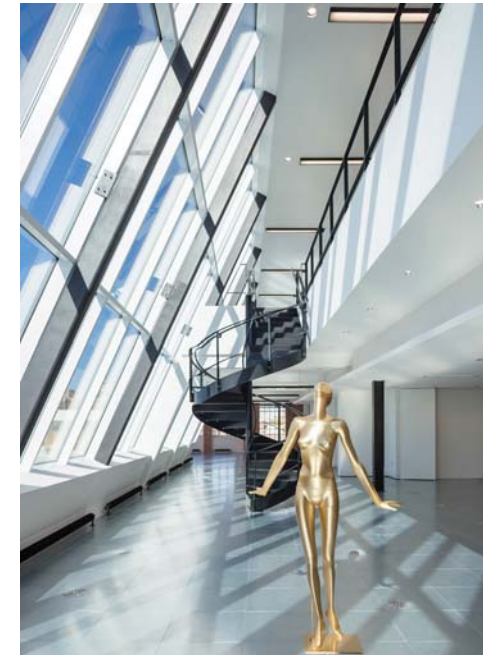
Hill+Knowlton took 26,400 sq ft at headline rent of £52.50 psf (£1.3m pa – 15 year break at year 12)

Tipp24 took 16,100 sq ft at headline rent of £52.50 psf (£0.8m pa – 15 year break at year 12)

Granger & Co took 5,200 sq ft restaurant for £0.1m pa

Now 81% let with final floor (16,200 sq ft) under offer

Winner of Architect's Journal Retrofit Award 2013





ANGEL BUILDING



The Johnson Building



CHARLOTTE BUILDING



Qube



HORSEFERRY HOUSE



GREY



CHI & PARTNERS

A E G I S

BURBERRY



The Johnson Building

ST CROSS
STREET 121



THE JOHNSON BUILDING, 77 HATTON GARDEN EC1

191,000 SQ FT*

2000

Acquisition of New Garden House (126,000 sq ft) for £29 million (£230 psf)

2003

Planning received for 148,000 sq ft offices, 4,000 sq ft workshop, and 18,000 sq ft residential

35% gain in floor space

2004

Redevelopment started on a speculative basis

2006-7

Offices let to: Grey Advertising, Thomson Reuters, Syzygy

2013

Tenant roster: Grey Advertising, Thomson Reuters, Syzygy and Lastminute.com
ERV c.£50 psf

*includes 6-7 St Cross Street EC1



2000



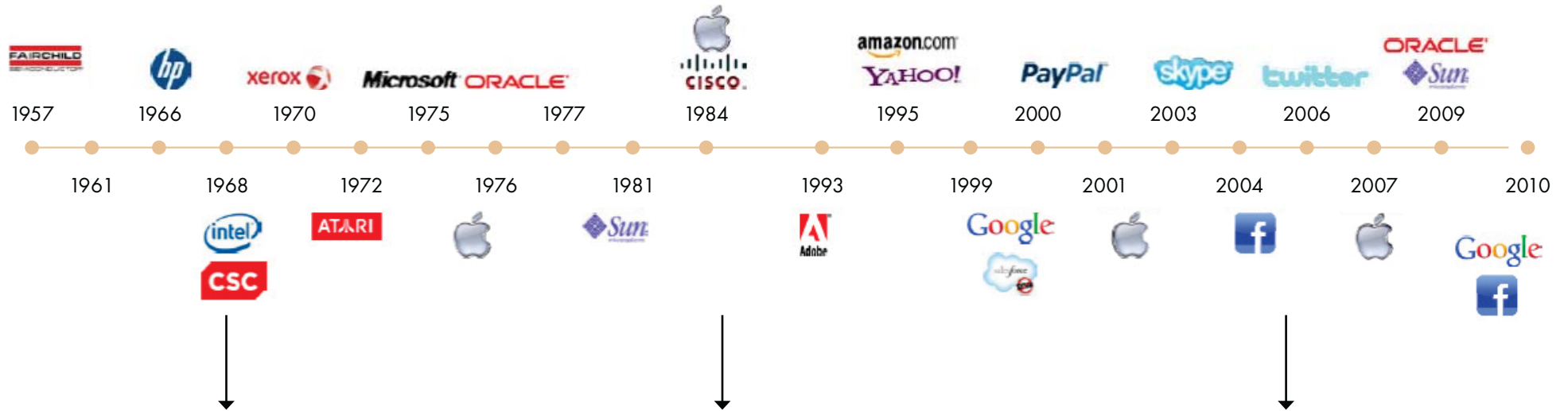
2013



HARDWARE ERA

SOFTWARE ERA

CLOUD/SOCIAL MEDIA ERA



- Heavy loading capacity
- High ceilings, warehouse style
- Low technology
- Cellular offices & typing pools

- Air conditioning
- Big floor plates
- Introduction of personal computers
- Glass and steel
- Business parks – drive to work

- Buildings with character and soul
- Volume & natural light
- In town locations
- Close to public transport
- Cycle racks
- Collaborative communal areas



TMT & Creative Industries

Computer hardware

Computer software

Media, TV & advertising

Public relations

Film production

Web internet services

Design, fashion and architects



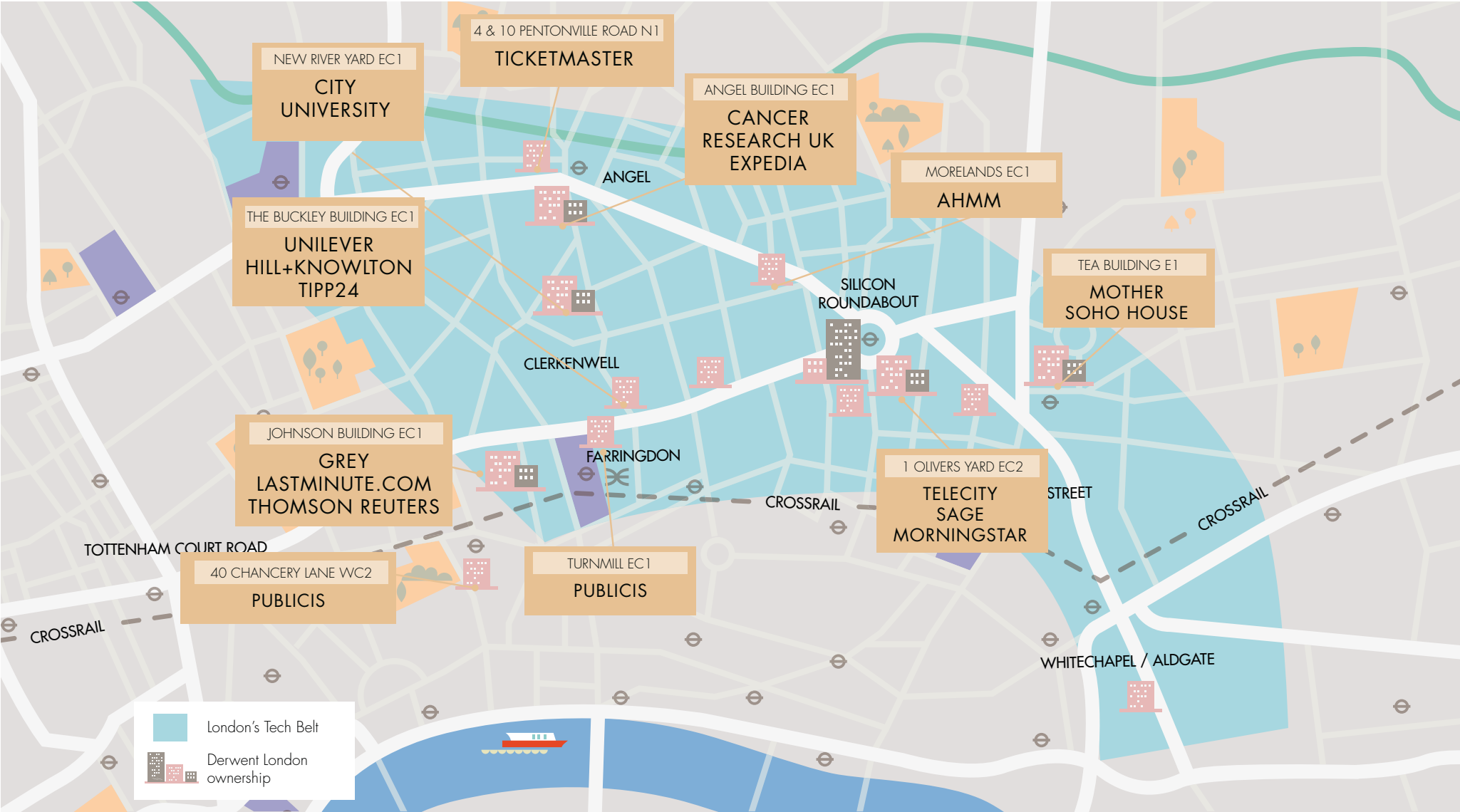
Universal requirements

- Staff retention
- Staff attraction
- Lower overheads
- Inspiring creative space
- Impressing clients
- Access to power/bandwidth
- Future expansion opportunities



TECHNOLOGY EXPANSION IN SAN FRANCISCO

COMPANY	ADDRESS	THEN	GROWTH	NOW	COMPANY	ADDRESS	THEN	GROWTH	NOW	COMPANY	ADDRESS	THEN	GROWTH	NOW
Adobe	410 Townsend	35,000	1.4x	47,416	LinkedIn	One Montgomery	57,120	1.7x	95,280	SAMSUNG	735 Battery	5,020	5.0x	25,014
Airbnb	888 Brannan	25,000	6.6x	166,000	Lithium	255 Bush	12,637	4.1x	52,000	splunk	250 Brannan	57,529	1.7x	95,008
Amazon.com	188 Spear	21,000	5.7x	120,000	Macy's	680 Folsom	95,000	2.5x	238,000	Square	1455 Market	50,000	4.9x	246,078
Ancestry.com	153 Townsend	12,000	5.0x	60,000	Medium		5,000	5.0x	25,000	SQUARETRAD	360 Third	12,000	4.3x	52,000
AppDynamics		12,313	1.8x	31,667	meraki	500 Terry Francois	38,110	2.9x	109,508	StumbleUpon Discover your web	301 Brannan	36,000	1.7x	62,852
APPIRIO	760 Market St	N/A	N/A	25,000	mixpanel	140 Second	2,500	2.8x	7,000	SWITCHFLY	601 Montgomery	13,100	2.0x	26,421
Cloudera	433 California	N/A	N/A	10,366	New Relic	188 Spear	14,625	3.8x	55,006	Tapjoy	111 Sutter	12,717	2.0x	25,697
Coverity	185 Berry	30,000	1.8x	53,025	ngmoco	185 Berry	14,818	2.7x	40,000	tealeaf	55 Second	17,902	1.6x	27,950
creativeLIVE	444 De Haro	N/A	N/A	14,605	Obvious	760 Market	5,435	13.8x	75,000	TinyCo	225 Bush	17,044	1.5x	26,000
DocuSign	221 Main	18,340	2.2x	39,972	OpenTable	355 Market	15,000	3.3x	50,000	twilio GLOB. COMMUNICATIONS	645 Harrison	15,750	2.5x	40,000
Dropbox	185 Berry	13,950	6.2x	85,851	Optimizely	One Montgomery	17,120	2.8x	48,162	twitter	1355 Market	60,000	6.7x	400,000
eVault	201 Third St	30,266	1.9x	56,472	Pinterest	370 Third	N/A	N/A	114,000	UBER		25,647	4.7x	120,000
Eventbrite	651 Brannan	27,423	1.3x	35,891	Pocket Gems	808 Brannan	3,000	19.3x	58,000	velti	One Market	30,000	2.0x	60,000
github	275 Brannan	14,000	3.9x	54,763	riverbed	220 Montgomery	15,000	2.7x	40,000	voxer	760 Market	5,000	9.8x	48,832
GoodData	11 Sutter	5798	2.3x	13,175	REX The way you work	680 Folsom	100,000	2.0x	201,788	weebly		2,000	5.5x	11,000
GREE	185 Berry	3,300	20.6x	67,944	salesforce	50 Fremont	N/A	N/A	401,786	Yammer The Enterprise Social Network	1355 Market	25,000	3.2x	78,792
Hotwire	655 Montgomery	59,000	1.3x	78,011	salesforce	One Market	31,887	2.1x	67,059	yelp	140 New Montgomery	50,000	2.0x	100,000
Idle Games	875 Howard	5,331	6.2x	33,252	salesforce	Rincon Center	N/A	N/A	235,733	zynga	989 Market	21,391	2.4x	51,810
InMobi	465 Brannan	12,750	3.1x	39,807	salesforce	50 Fremont	N/A	N/A	501,786					
KIXEYE	795 Folsom	20,000	3.1x	62,000	salesforce	350 Mission	N/A	N/A	444,000					
	333 Bush	11,000	4.7x	52,000								Average:	4.0x	



JOHNSON WAX, CHICAGO



WHITE COLLAR FACTORY, LONDON



FIVE PRINCIPLES

HIGH CEILINGS

High ceilings look and feel great; they allow for greater flexibility of fit-out, and improve comfort levels by enabling better ventilation and more daylight.

- 3.5m floor to ceiling height
- Excellent daylight penetration
- Exposed services – easy to maintain and adapt for a variety of uses

CONCRETE CORE COOLING

The innovative approach to environmental control exploits natural daylight and ventilation, while Concrete Core Cooling uses simple chilled water to transform the structure itself into a radiant cooling source.

- Radiant slab cooling
- Mechanical fresh air ventilation and extract to central core

WINDOWS THAT OPEN

Openable windows put people in charge of their environment. The common-sense façades minimise solar gain by ensuring that south facing walls have a lower percentage of glazing than north-facing walls.

- Façades adapt to suit solar conditions i.e. small openings to the south, larger openings to the north
- A connection to the outside world

FLEXIBLE OCCUPATION

The well-designed floorplates futureproof the building for occupiers' changing needs, allowing easy and quick sub-division of space and high density occupation.

- Generous scale provides maximum flexibility to suit a wide range of users
- Large floorplates
- Designed for high density (1 person per 8 sq m occupation)
- Raised floor for power and data

STAYS COOL AND WARM

Using exposed, fair-faced, concrete minimises our carbon footprint. Concrete thermal mass efficiently absorbs and releases heat to regulate the building's temperature naturally.

- Exposed concrete soffit
- Perimeter blade columns integrated in the façade to de-clutter space and provide additional exposed thermal mass
- Concrete thermal mass is utilised

OUR RECENT KEY LETTINGS

Publicis Groupe	156,000 sq ft	Pre-let 40 Chancery Lane and Turnmill
Burberry	127,000 sq ft	Pre-let 1 Page Street
Unilever/Hill+Knowlton/Tipp24	63,000 sq ft	The Buckley Building
UCL	217,000 sq ft	Pre-let Hampstead Road



BURBERRY



HILL & KNOWLTON

Tipp24de



- Growth in new industries is changing work practices
- Demand for fresh product in new locations with focus on architecture and attractive and sustainable environments
- Relative shortage of the right product in the improving areas
- Benefit from Crossrail connectivity
- Demand has become increasingly mainstream – higher rents, longer leases and stronger covenants
- Derwent London sees this trend continuing



PROPERTY INITIATIVES

SIMON TAYLOR

- Maximise income

- Manage leases

- Customer relationships

- Gain timely possession prior to development

- Tenant quality

- Extend/restructure headleases

- Green initiatives



Charlotte Building W1

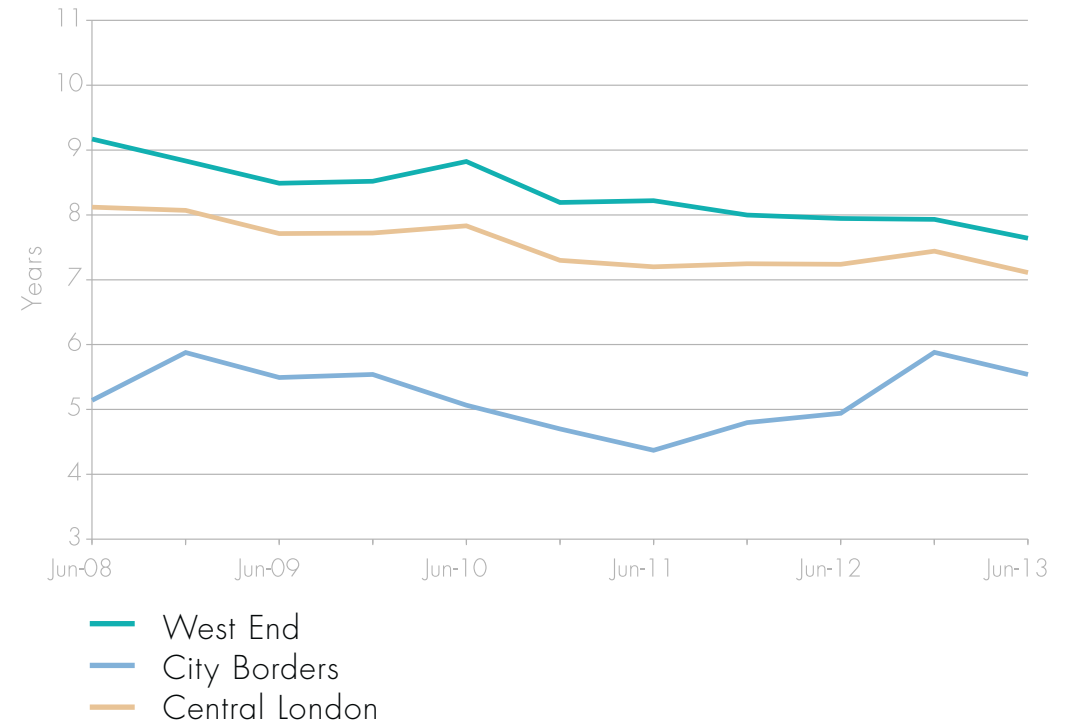


132-142 Hampstead Road NW1

AVERAGE UNEXPIRED LEASE LENGTH - SHORTER IN CITY BORDERS



Greencoat & Gordon House SW1





TEA

TEA →

TEA ENTRANCE →

Bethnal Green

111

TEA BUILDING, SHOREDITCH HIGH STREET E1

259,000 SQ FT

2001

Centric House (341,000 sq ft warehouse) acquired for £22.8m (£67 psf)
Change of use to offices

2002

Industrial lease expires
Low cost refurbishment of 218,500 sq ft starts

2003

Mother takes 44,000 sq ft pre-let
Rolling refurbishment continues

2008

Planning received for 25-bed boutique hotel, pre-let to Soho House trading as Shoreditch House (private members club)

2010

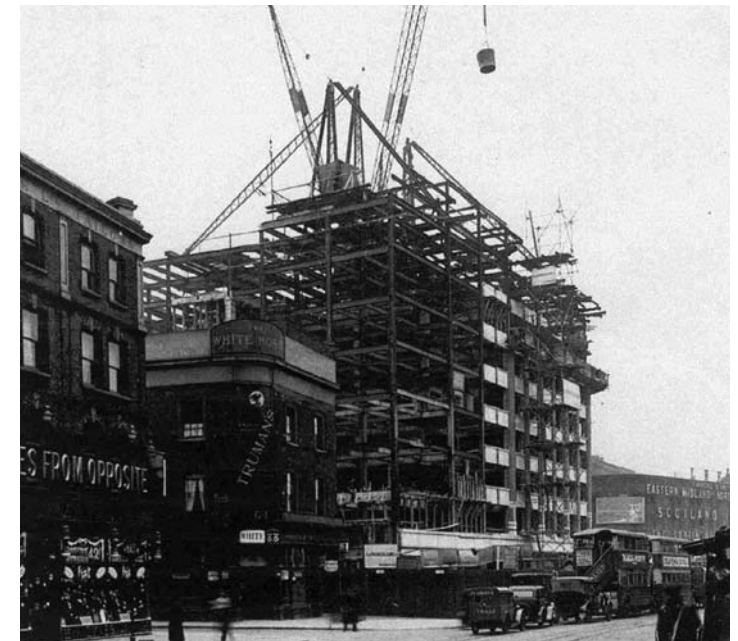
Achieving c.£26.50 psf

2011

Green Tea upgrade rolled out. Achieving c.£32.50 psf

2013

37 Tenants
Achieving £37.50 psf



STAGE 1:

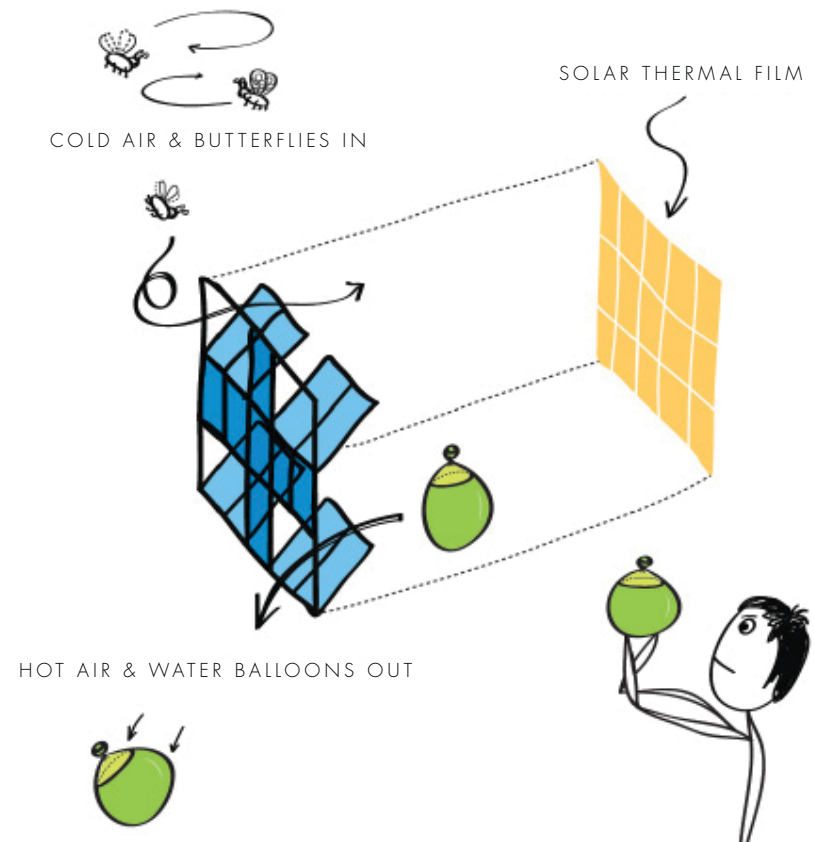
Better Windows & Insulation

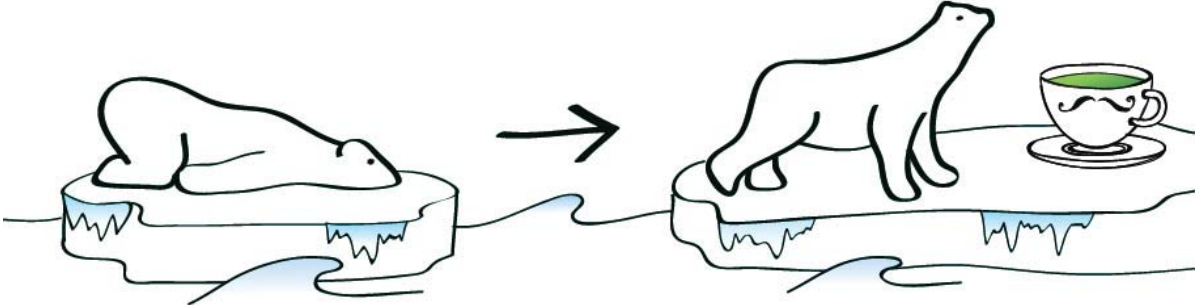
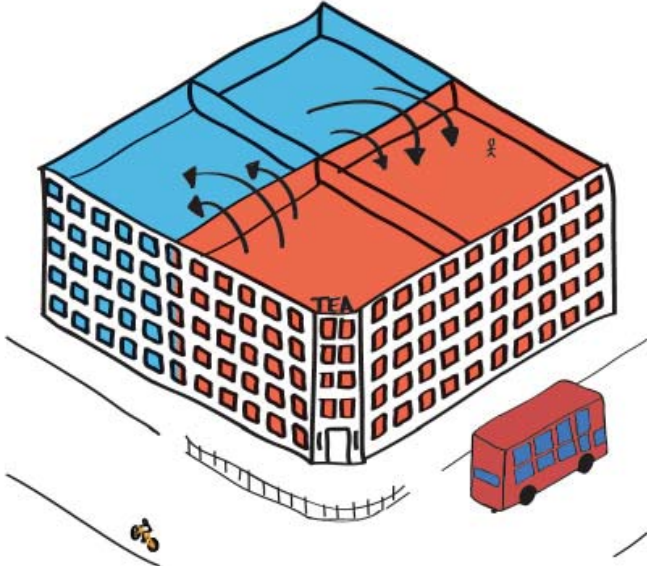
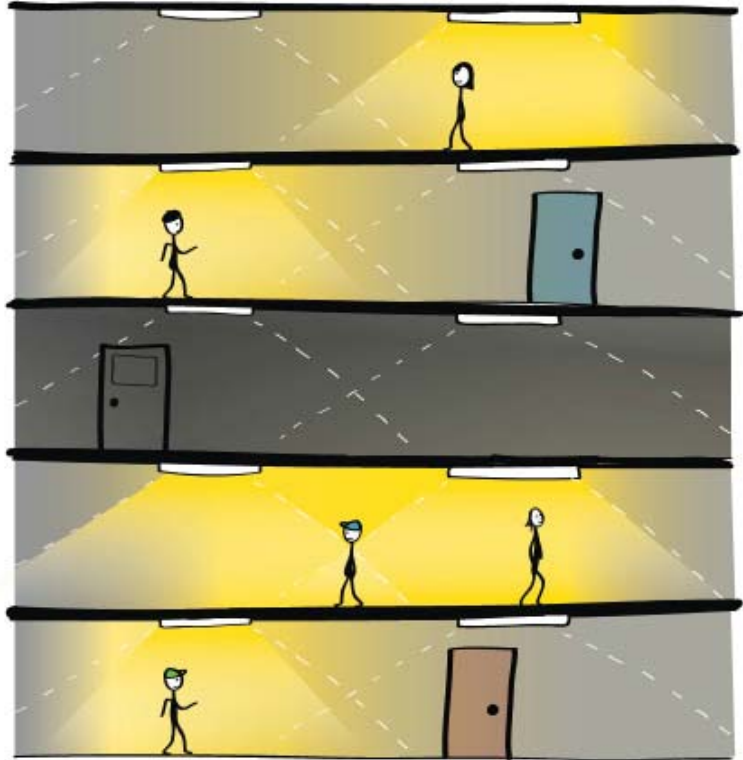
STAGE 2:

Clever Lighting

STAGE 3:

Smart Thermal Loop





*DESIRED OUTCOME BUT NOT GUARANTEED

OLIVER'S YARD



1 OLIVER'S YARD EC2

186,000 SQ FT

1994

Companies House and Leonard Street site (195,000 sq ft) acquired for £7.4m (£38 psf)

1995

Lease extended from break in 1997 to 1999. Rent increased from £3.50 psf to £5.00 psf

1999

Planning received for 179,000 sq ft refurbishment

2000

Pre-let to Globix International (179,000 sq ft)
Leonard Street planning achieved for 48,000 sq ft offices

2002

Restructured Globix lease (Derwent London receives £11.3m)

2003

Let 72,000 sq ft to various tenants at c.£24 per sq ft

2006

Leonard Street planning achieved for 35,000 sq ft residential and 20,000 sq ft offices

2011

Leonard Street site sold for £11.0m

2012

Telecity (69,000 sq ft) leases extended from 5 to 25 years with rent increasing from £1.8m to £2.3m pa in 2017 (£45 psf on best). Thereafter rent increases at 2.5% pa. Sage Publications (40,000 sq ft) leases extend from 2 to 7 years with annual stepped rents from £1.0m pa to £1.4m pa (£25 psf to £36 psf)

2013

9 tenants. ERV c.£45 psf



A photograph of a brick building with a large window and a metal staircase structure. The word "morelands" is overlaid in white text. The image shows a red brick wall on the left and a large window with a blue frame. A metal staircase structure is visible on the right, with a white circular light fixture on the brick wall below the window.

morelands

MORELANDS BUILDINGS, 5-27 OLD STREET EC1

90,000 SQ FT

1996

Acquisition of Morelands (80,000 sq ft - 31% vacant)
60 year leasehold for £1.6m (£20 psf)

1997

Planning received for loft-like offices

1998-2000

Rolling refurbishment let at c.£25 psf

2010

Regeared headlease from 45 years to 125 years for a consideration of £5.8m, 10% ground rent remains. Planning obtained for new penthouse office floor of 8,500 sq ft

2011

Rolling refurbishment (27,000 sq ft) of which 66% pre-let at £37.50 psf (5th floor), and £34.50 psf (fourth floor) to AHMM

2013

Pre-let refurbishment completed Q1. Ongoing work.
24 tenants. ERV range £37.50 – £42.50 psf





TURNMILL

TURNMILL, 63 CLERKENWELL ROAD EC1

70,500 SQ FT

2004

Acquired "gateway to Clerkenwell" (44,000 sq ft) for £9.1m (£207 psf)

2006-12

Short term lettings prior to redevelopment

2007

Planning consent received for refurbishment, and two new floors

2011

Planning permission for new office development 70,500 sq ft
60% increase in floor space

2012

Work starts for completion in Q3 2014

2013

Office space (58,200 sq ft) pre-let to Publicis Groupe at £55 psf
Retail space (12,300 sq ft) available



Active Customer Relationships

Raise tenant satisfaction and leads to good retention rates

Source of opportunities to add value

Management Initiatives

Enable informed management decisions

Early warning of tenant difficulties

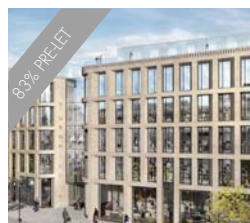
Good relationships with freeholders/
investment partners





DEVELOPMENT DELIVERY

RICHARD BALDWIN



TURNMILL


 40 CHANCERY
LANE

 QUEENS, BISHOP'S
BRIDGE ROAD

 73 CHARLOTTE
STREET

 WHITE COLLAR
FACTORY

TOTAL

	TURNMILL	40 CHANCERY LANE	QUEENS, BISHOP'S BRIDGE ROAD	73 CHARLOTTE STREET	WHITE COLLAR FACTORY	TOTAL
COMPLETION	Q3 2014	Q3 2014	Q4 2014	Q2 2015	Q3 2016	
COMMERCIAL AREA (SQ FT)	70,500	101,800	2,700	1,900	282,000	458,900
RESIDENTIAL AREA (SQ FT)	-	-	18,700	13,600	7,000	39,300
EST FUTURE CAPEX (£M)	16	29	11	8	100	164
TOTAL COST (£M) ¹	38	61	24	17	173	313
ERV (C.£ PSF)	£55.00	£65.00	-	-	£47.50	-
ERV (C.£M PA)	£3.5	£4.8 ²	£0.1	£0.1	£12.0	£20.5

SUMMARY	
	£M
END VALUE	404
TOTAL COST	(313)
PROJECT SURPLUS	91
BOOKED TO JUNE 2013	(35)
SURPLUS TO COME	56
PROFIT ON COST	29%

SENSITIVITY ³ – PROJECT SURPLUS (£M) AND PROFIT ON COST (%)				
YIELD				
	0.25%	BASE	-0.25%	
RENT	-£2.50 psf	£62m	£77m	£93m
		20%	25%	30%
	BASE	£76m	£91m	£108m
		24%	29%	34%
	+£2.50 psf	£89m	£105m	£122m
		28%	33%	39%

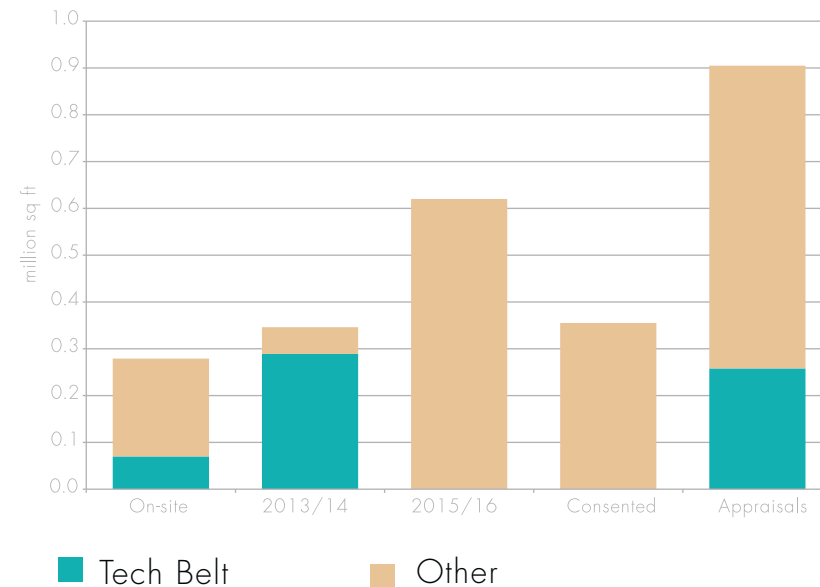
¹ Comprising book value at commitment, capex, fees and notional interest

³ Sensitivity applies to non pre-let commercial floor area

² As a long leasehold interest, ERV is net of the 18% ground rent

COMPLETED SCHEMES	ROLLING REFURBISHMENT PROJECTS	CURRENT PROJECTS	POTENTIAL
Angel Building EC1 262,000 sq ft	Tea Building E1 259,000 sq ft	Turnmill EC1 70,500 sq ft	9 Prescott Street E1 c.113,000 sq ft
1 Oliver's Yard EC2 186,000 sq ft	Morelands Buildings EC1 90,000 sq ft	White Collar Factory EC1 * 289,000 sq ft	Monmouth House EC1 c.75,000 sq ft
The Johnson Building EC1 157,000 sq ft			Mark Square House EC2 c.70,000 sq ft

DERWENT LONDON'S DEVELOPMENT EXPOSURE (JUNE 2013)



* Starts Q1 2014

GROSS DEVELOPMENT VALUE Based on today's rents and yields or selling prices if residential	—	TOTAL COSTS	=	PROFIT Target > 20% return on total cost
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TOTAL COSTS BREAKDOWN*

- **SITE COSTS**

Book value at development commitment
- **CONSTRUCTION COSTS**

Appraised on GIA** (c.80% net to gross ratio)
 Ranging from:

Simple refurbishment	c.£50-£100 psf
Comprehensive refurbishment	c.£130-£150 psf
New build	c.£180-£220 psf
- **FEES**

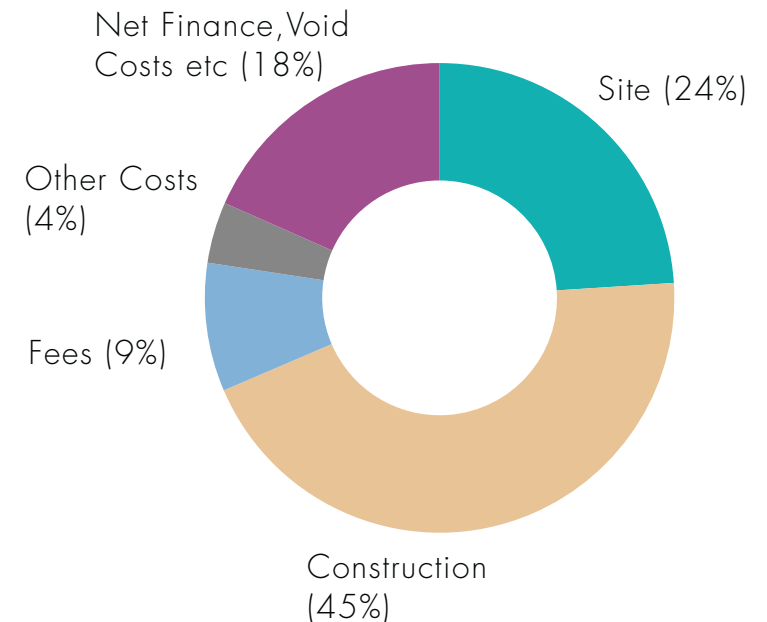
All professional fees (including marketing, letting, legals) c.15-20% of construction costs
- **OTHER**

Principally s106, rights of light etc
- **FINANCE / VOID COSTS**

On all costs including voids and rent free periods

* Based on current sample
 ** Gross internal area

ANALYSIS OF TOTAL COSTS



- Construction costs and related fees represent c.55% of total costs, which means a c.2% rise in construction costs leads to a c.1% fall in profit margin
- Current prices still significantly below 2008 peak
- Expected to rise, as demand increases and capacity is less. Some see risk of a spike in pricing
- Not inevitable, as has been predicted in the past (eg 2011)
- Significant potential impact on larger/longer time scale projects
- Aim to mitigate through long-term relationship with contractors, and knowledge of supply chain. Also looking to fix contracts early

TENDER PRICE INDEX 1999-2017



ON-SITE
PROJECTS¹
0.3M

+

2013-16
STARTS
0.9M

OTHER CONSENTED
PROJECTS
0.4M

+

CURRENT
APPRAISALS
0.9M

POTENTIAL PIPELINE
= (BY 2020)
2.5M SQ FT



TURNMILL EC1

CHANCERY LANE WC2

1.2M SQ FT
+89%²



WEDGE HOUSE SE1

1 OXFORD STREET W1

1.3M SQ FT
+102%²



QUEENS W2

73 CHARLOTTE ST W1

1-2 STEPHEN ST W1

JAEGER HOUSE W1

9 PRESCOT STREET E1

25 & 29 BERNERS ST W1



WHITE COLLAR FACTORY EC1

80 CHARLOTTE ST W1

NORTH WHARF RD W2

MONMOUTH HOUSE EC1

NETWORK BUILDING W1

19-35 BAKER STREET W1



¹Includes developments and major phased refurbishments

²Uplift on existing floorspace

9 & 16 PRESCOT STREET E1



- 111,000 sq ft
- 9 Prescott Street (103,080 sq ft) let to Co-operative Bank until 2015 at £11.50 psf
- 16 Prescott Street (8,000 sq ft) let to a restaurant at £9 psf
- Acquired for £23.2m in September 2012
- £207 psf capital value

MARK SQUARE HOUSE EC2



- 61,700 sq ft
- Let to Thomson Financial until 2017
- Current rent £1.5m pa (£24.25 psf)
- Acquired for £29.6m in June 2013
- £480 psf capital value



ANGEL BUILDING

ANGEL



ANGEL BUILDING, 407 ST JOHN STREET EC1

60

262,000 SQ FT

2007

Vacant office property (162,500 sq ft) let on a long lease

2008

Planning consent granted for remodelling and extension (262,000 sq ft)

As part of the lease surrender terms tenant agrees to pay rent (£4.2m pa) until March 2010

Over half space pre-let to Cancer Research UK at £5.0m pa for 20 years (break at 15)

62% gain in floor space

2010

Property completed, including introduction/regeneration of ground floor retail

2011

Fully let

2013

Office tenants include: Cancer Research, Expedia, Sage Pay, NG Bailey

Retail tenants include: Jamie's Italian, Naamyaa Cafe and Hummingbird Bakery

ERV £45–£50 psf



- Community involvement goes above and beyond s106 contributions

- Recent initiatives include Hackney House corporate membership involvement in Shoreditch Triangle and staff volunteering initiative

- Undertook 'Understanding Fitzrovia' research in 2012, working with Camden to understand issues of most relevance to residents

- Developed robust community investment strategy investing £250,000 over next five years

- Initial large scale awards totalling £60,000 recently awarded to:
 - Create a community garden and street planting
 - Resurface multi-use games area and set up a community football league

- Brings us closer to both the local residents and the local authority

—Significant programme with substantial current Tech Belt exposure

—Current programme well placed to deliver attractive surpluses

—Based on current proposals our spotlight shifts west after 2014

—Construction costs may rise, but we hope to mitigate the impact and still deliver our target returns

—We have added to our potential:

—Buying at attractive prices

—Securing additional space

—We look to improve buildings and their surroundings

—We take our commitment to local communities seriously



FINANCIAL UPDATE
DAMIAN WISNIEWSKI

- As previously announced we have been moving towards predominantly unsecured debt
 - To improve operational flexibility and give greater access to capital markets
 - To reduce average cost and extend average maturity of debt
- £150m six-year 1.125% convertible bond issued in July 2013
(conversion price: £33.35; 62% above June 2013 EPRA NAV)
- £13m paid in July 2013 to break, defer and recoupon certain interest rate swaps
- New £550m unsecured revolving bank facility signed on 23rd September 2013 and drawn on 25th September
- Five revolving secured bank facilities totalling £650m repaid and cancelled

	FACILITY £M	DRAWN £M	MATURITY
6.50% secured bonds	175	175	March 2026
3.99% secured loan	83	83	October 2024
2.75% unsecured convertible bonds	175	175	July 2016
1.125% unsecured convertible bonds	150	150	July 2019
Secured bank loan	28	28	June 2018
Secured part-revolving bank loan	90	70	December 2017
Unsecured revolving bank loan	550	181	September 2018
TOTAL DEBT FACILITIES	1,251	862	

DEBT SUMMARY AFTER REFINANCING

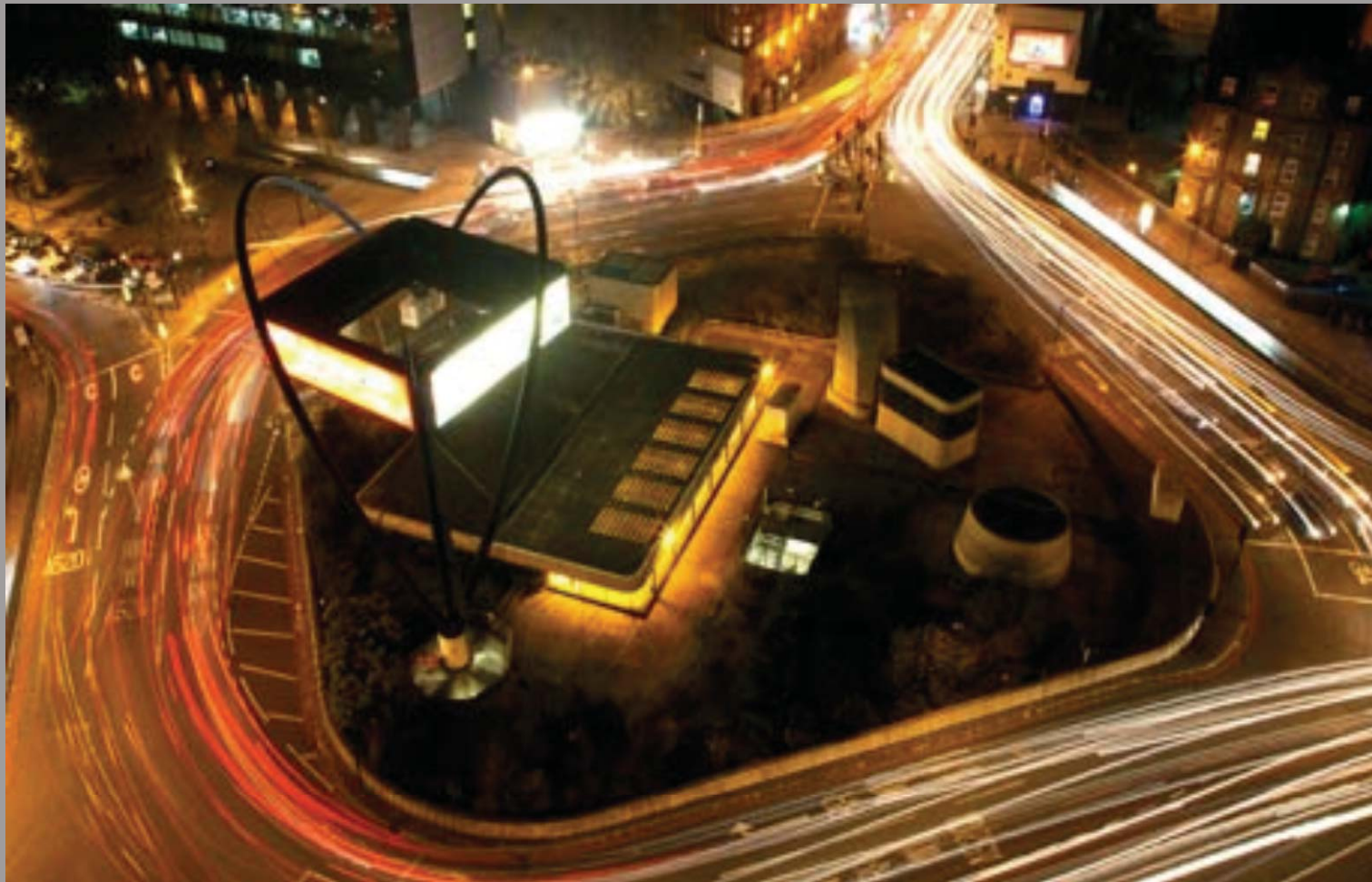
	CURRENT	JUNE 2013	DECEMBER 2012
Total facilities	£1,251m	£1,204m	£1,204m
Net debt	£855m	£936m	£875m
Percentage of unsecured debt	59%	19%	20%
Unutilised facilities drawable	£389m	£273m	£333m
Uncharged properties	£1,840m	£727m	£624m
Uncharged properties as a percentage of portfolio	63%	23%	22%
Spot weighted average interest rate ¹	3.76%	4.50%	4.63%
Spot weighted average interest rate ²	4.29%	4.74%	4.88%
Weighted average maturity of borrowings	6.7 years	5.4 years	6.1 years
Gearing			
LTV ratio	27.8% ³	29.6%	30.0%
NAV	40.4% ³	44.2%	45.6%
Interest cover ratio	N/A	352%	351%

Current: following issue of £150m convertible bond, removal of overdraft facility, July swap transactions, refinancing £650m of secured facilities, receipt from sale of 1-5 Grosvenor Place SW1 and current levels of debt

¹ Convertible bonds at 2.75% and 1.125%

² Convertible bonds on IFRS basis

³ Based on June 2013 valuations



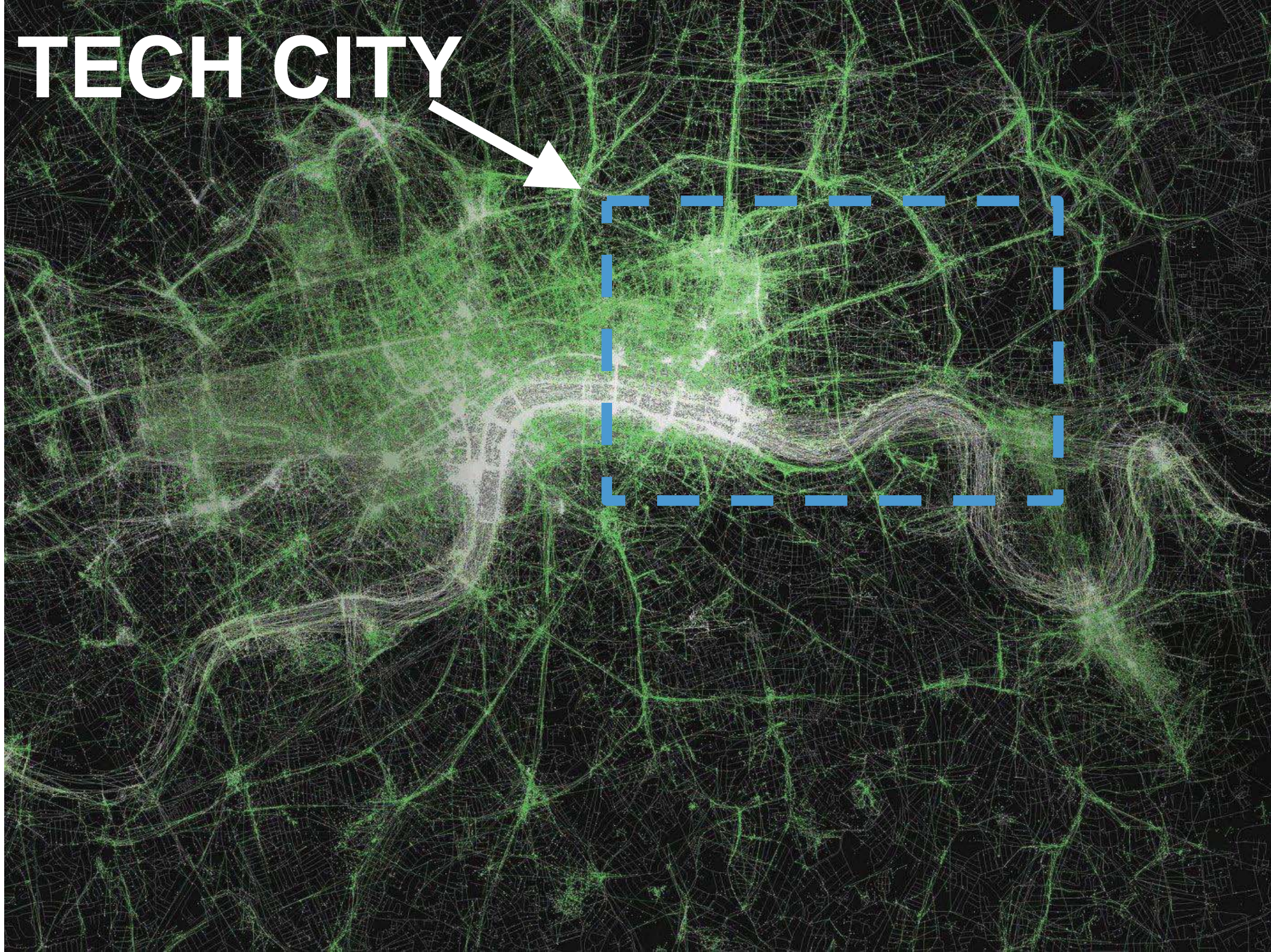
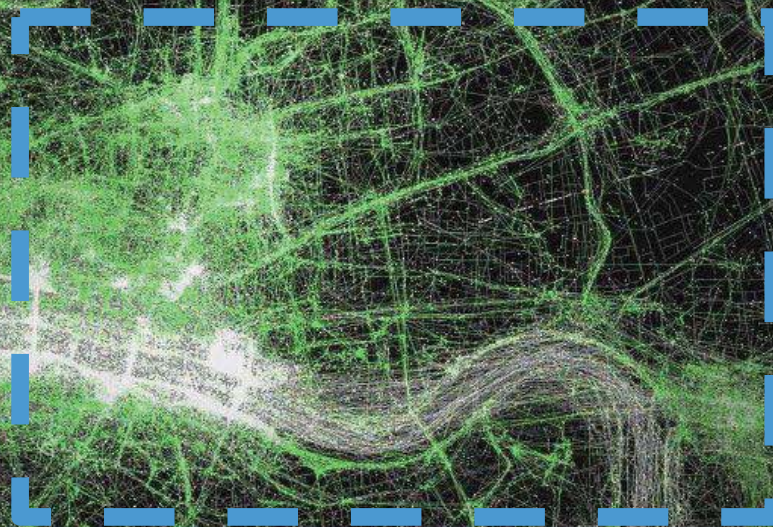
WHAT TECH'S SEEK FROM THE CITY

Juliette Morgan – Head of Property, Tech City UK



October 2010

TECH CITY



One

Number of incubators in London in 2007

>30

Number of incubators/accelerators in London in 2013

15

Number of tech companies based in east London in early 2007

>1300

Number of tech companies based in east London in January 2013

AND
YET...

500

Number of Seedcamp applications in London throughout 2007

2000

Number of European startups applying to Seedcamp London

100

Number of tech companies based in east London in late 2010

39

Percentage increase in 2012 of office space rented to tech, comm. and media startups

lastminute.com

\$1.1B IN 2005 (SABRE)

last.fm

\$280M IN 2007 (CBS)

bebo

\$850M IN 2008 (AOL)

betfair

\$2.4B IN 2010 (IPO)

LOVEFiLM.COM[®]

\$317M IN 2011 (AMAZON)

MENDELEY

\$100M IN 2013 (REED ELSEVIER)

Summly

\$30M IN 2013 (YAHOO)

10%

Entrepreneurs Capital Gains tax rate for the first £10m.

Up to 225%

In R&D Tax Credit.

Entrepreneurs Visa

Enter the UK to build a business with as little as £50,000 of capital raised.

0%

Amount of stamp duty investors pay when trading in emerging companies.

HOW

DID IT HAPPEN?

EIS (enterprise investment scheme)

Offering a range of tax reliefs to investors who purchase new shares in high-risk companies.

SEIS (seed investment scheme)

offers great tax efficient benefits to individuals investing in small and early stage start-up businesses in the UK.

50

of companies accepted each year into the exclusive Future Fifty program for the world's fastest growing businesses.

100%

Increase in government procurement budgets allocated to small and medium-sized firms

NOW

WHAT?

THE TECH CITY INVESTMENT ORGANISATION WAS ESTABLISHED BY UKTI TO SUPPORT THE GROWTH OF THE TECH CLUSTER IN EAST LONDON.

Now home to >1300 tech companies, including Google, Microsoft, Cisco, and Siemens (amongst many others) our aim is to help Tech City become Europe's centre of innovation and the location of choice for tech and digital companies and investors.



Argent - Kings Cross.

Home to Central St Martins, Google and the Crick Institute, Argents' scheme is a centre for tech, creative and medical convergence, at the travel gateway to Europe.
www.kingscross.co.uk/argent

Old Street/ 'Silicon Roundabout'

Derwent London will open the White Collar Factory at 100 City Road, and Crosstree/Helical Bar will re-develop 201/211 Old Street. The government has also pledged £50m to upgrade the roundabout and open a civic institute at Old Street.

Google Campus - Bonhill St

Google's gift to London's start-up community. Seven floors of coworking and events space in East London dedicated to start, grow and build business.
www.campuslondon.com

Aldgate Tower

Located perfectly at the mid point of the tech corridor between Shoreditch and London Bridge/Southbank, Aldgate tower provides a potential campus for a big tech occupier
www.aldgatetower.net

Canary Wharf - Level 39

Europe's largest accelerator space for finance and retail technology start-ups situated on the 39th floor of the Citi Tower at Canary Wharf.
www.level39.co/

Greenwich Peninsula

Home to the O2 Arena, Ravensbourne College and Digital Greenwich. Over 190 acres next to The O2, a new London community boasting 1.6 miles of Thames riverfront and magnificent views of Canary Wharf is being created by Quintain Estates.

Silvertown Quays

50 acre mixed use development with potential for 4.5m sq ft at the Royal Docks.
www.silvertown-quays.com/

London City Airport

Serving New York and European Capitals, London's City Airport intends to grow to serve 8m passengers per annum.
www.londoncityairport.com/

Excel Center

Over 1m sq. ft of flexible event space.
www.excel-london.co.uk/

Westfield - Stratford.

Part of stratford city regeneration, it is 1.8m sq ft of retail and one of Europe's largest shopping centres. Sited on Stratford transport terminus, it has created 10,000 jobs and will set standards in retail tech
www.uk.westfield.com/stratfordcity/

The International Quarter - Olympic Park

One of the UK's largest mixed-use schemes, it will deliver four million sq ft Grade 'A' office accommodation, 275,000 sq ft hotel space, 350 new residential units and associated community facilities within a 22 acre (c.9 hectare) site of which 1.2ha will be civic and open space.
www.iqstratfordcity.com/

I-City - Olympic Park

Formerly the broadcast centre on the Olympic Park, I-City will be home to a world leading centre of innovation, education and enterprise.
www.icitylondon.com/

12 MILES

FOR FURTHER INFORMATION CONTACT; INFO@TEHCITYUK.COM OR WWW.TEHCITYUK.COM



SO

**What do these
companies
want?**

A young man with dark hair, wearing a blue and white plaid shirt and red pants, stands in a library. He is surrounded by tall bookshelves filled with books. The lighting is dramatic, with the shelves glowing from behind. In the top right corner, there is a white circle containing the word "imagine".

imagine

Nick D'Aloisio

Summly

FORM



Co-working

Flexibility

Eco-system

Vibe-Culture

Scale

Legitimacy



Makie Lab



Start

GROW



Runway



Plug & Play

Talent

Brand



Fit-out & out



Value

A photograph of Michael Acton Smith, a man with dark, wavy hair, laughing heartily. He is wearing a dark blue denim shirt over a white t-shirt and a necklace. The background is a wall covered in a dense, colorful pattern of hand-drawn doodles, including various cartoonish faces, figures, and symbols in shades of red, blue, yellow, green, and purple.

Michael Acton Smith

Mind Candy

Grow

A man with dark hair, wearing a dark denim shirt, is laughing heartily. He is positioned in front of a wall that is completely covered in a dense, colorful pattern of hand-drawn doodles, including various faces, shapes, and abstract designs. The overall atmosphere is vibrant and creative.

SCALE

Open plan

Exit strategy

Access

Corporate

Competitive

A large rock formation at night, illuminated from below. The rock face features a sign that reads "GREAT BRITAIN" in a red box with white text, and "You're invited" in red cursive below it. The background is a dark blue night sky over a body of water.

THANK

YOU

GREAT
BRITAIN

You're invited

Juliette Morgan

Head of Property – Tech City UK

jmorgan@techcityuk.com

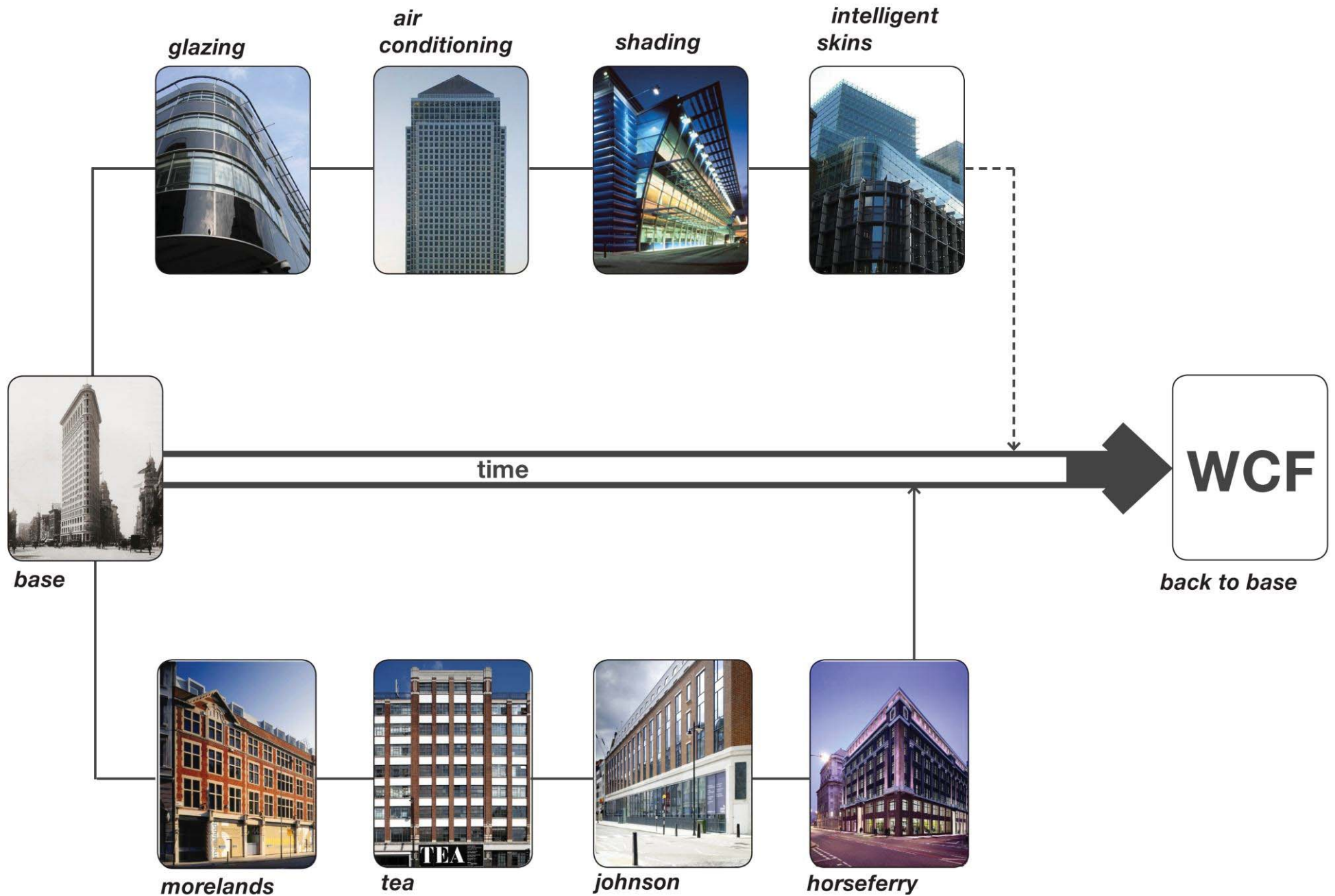


White Collar Factory....

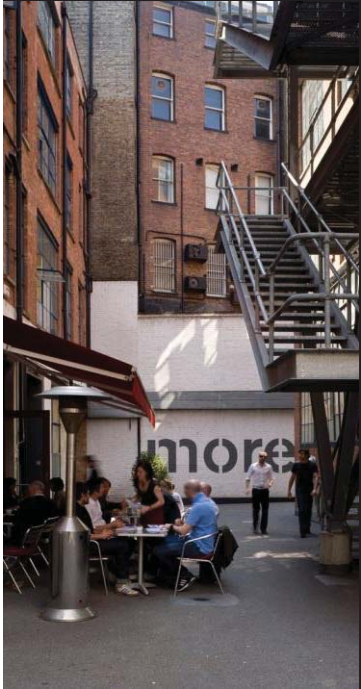
.....the journey of an idea

2000-2013

How WCF came about



How WCF came about





6.08 6.10 6.12



NYK

TEA TIME
EE

TS

STAIRS





← LIFTS STAIRS →

← 5.01-5.02

EXIT
EXIT →

5







Frijis
PRESENTS
THE INCREDIBLE PET
TRANSLATOR IPHONE APP
Download at frijis.com/iphone-app

BUT IS IT
FAMOUS?

OPENATURE. LONG IDEAS

THE
JCQ

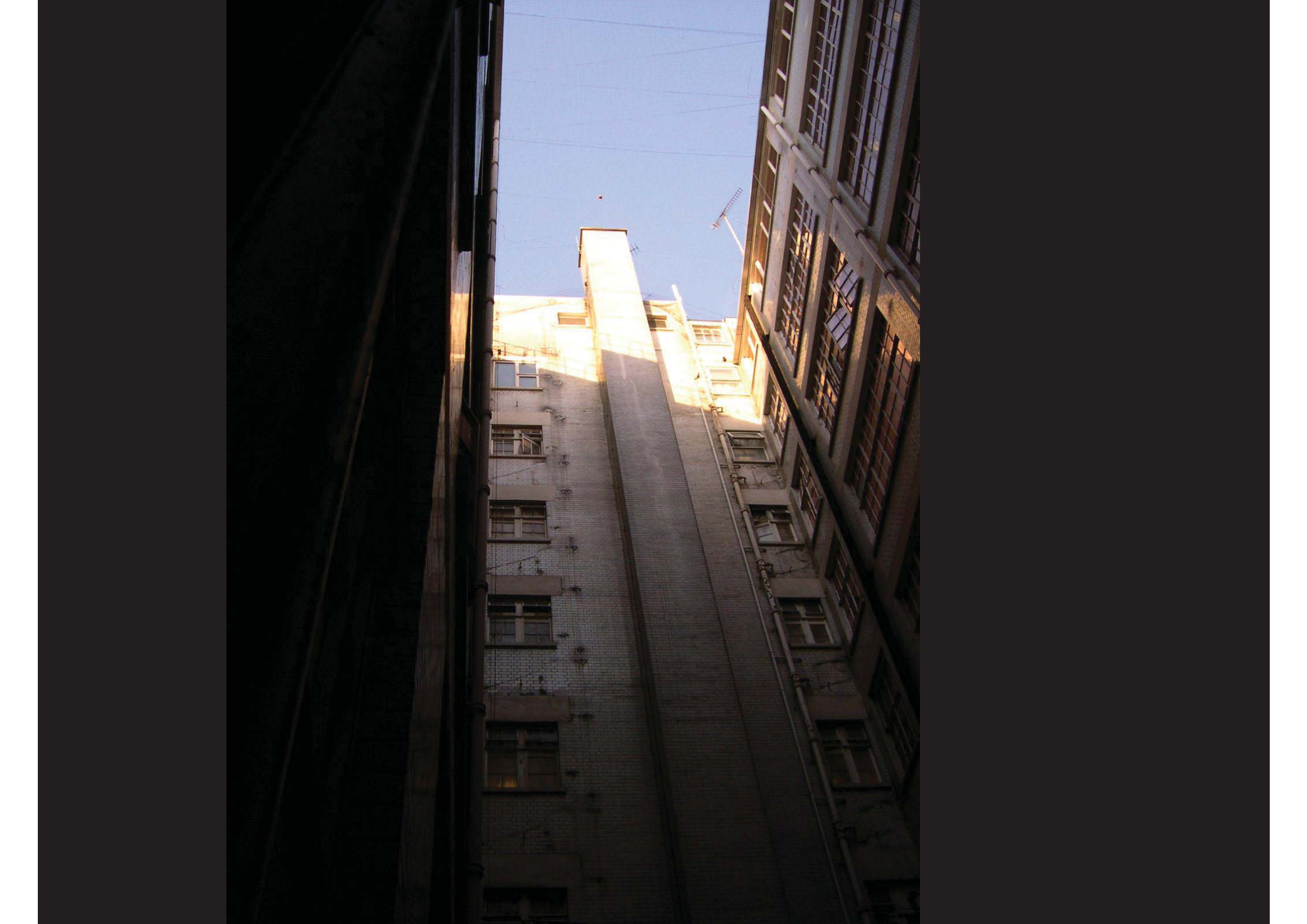


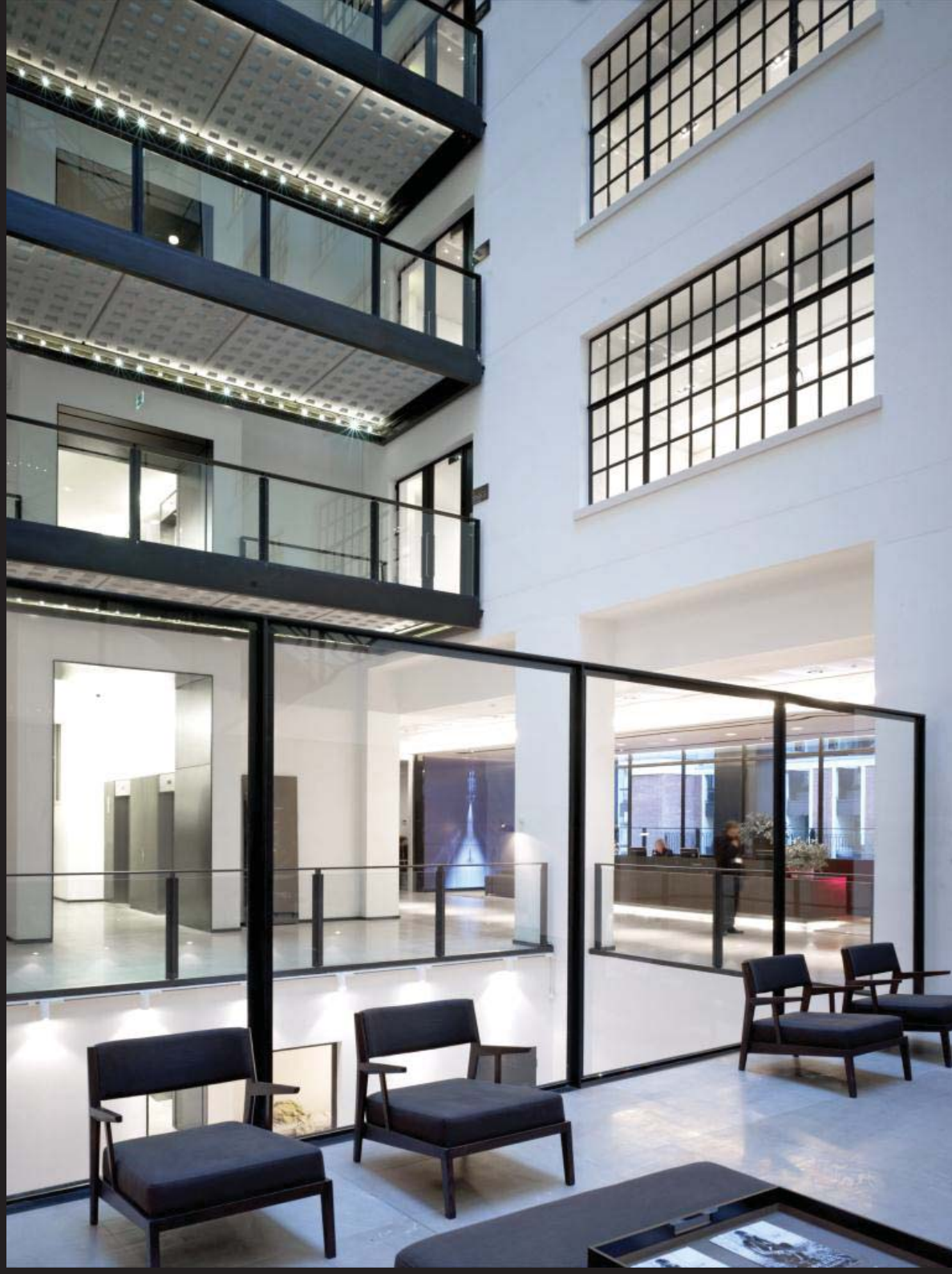
















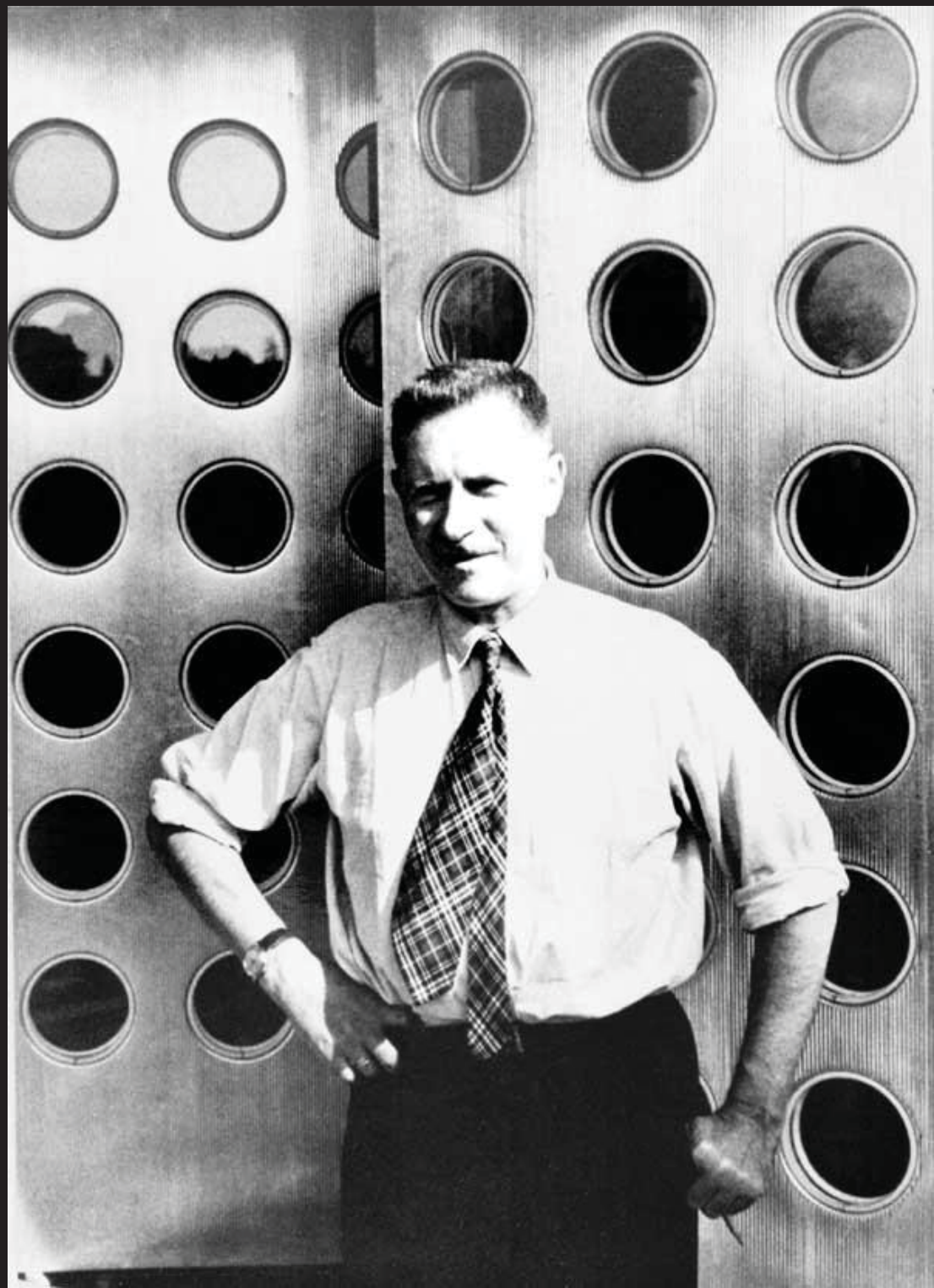






















The White Collar Factory is built according to five key principles. Since much of the running cost of a typical office building is mechanical climate control, the WCF is optimised to reduce artificial heating, cooling and lighting. This is how it does it:

1

**TALL
CEILINGS**

2

**SMART
SERVICING**

3

**SIMPLE
PASSIVE
FACADE**

4

**FLEXIBLE
FLOOR-
PLATES**

5

**THERMAL-
MASS
STRUCTURE**

1 TALL CEILINGS

- 1a 3500mm floor to ceiling heights
- 1b Exposed services – easy to maintain and adapt for particular uses

2 SMART SERVICING

- 2a Minimum fresh air mechanical vent with extract from bulkhead
- 2b Option for on floor plant
- 2c Light fittings included as basic product
- 2d Power and data in shallow raised access floor
- 2e Radiant slab for cooling & heating

3 PASSIVE LOW TECH FACADE

- 3a Opening windows
- 3b Windows adapt to suit solar conditions i.e small openings to south, larger to the north

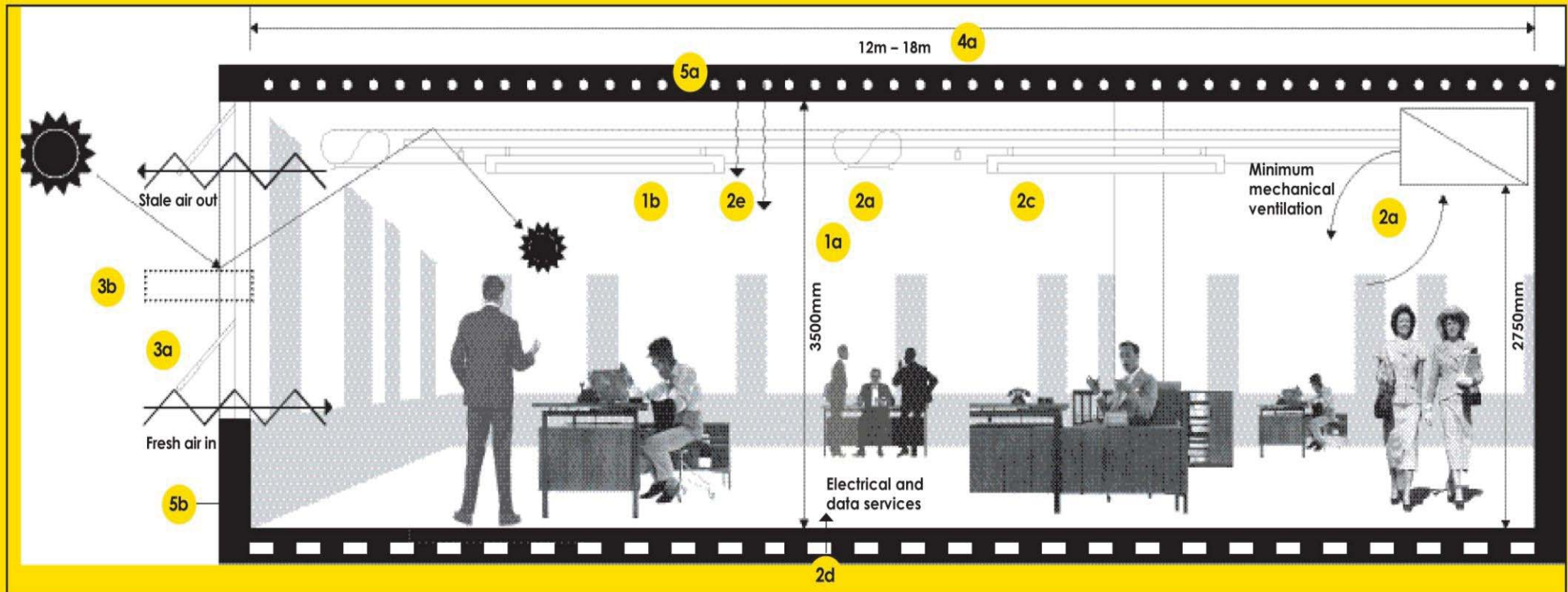
4 FLEXIBLE FLOORPLATES

- 4a Generous scale provides maximum flexibility to suit a wide range of users

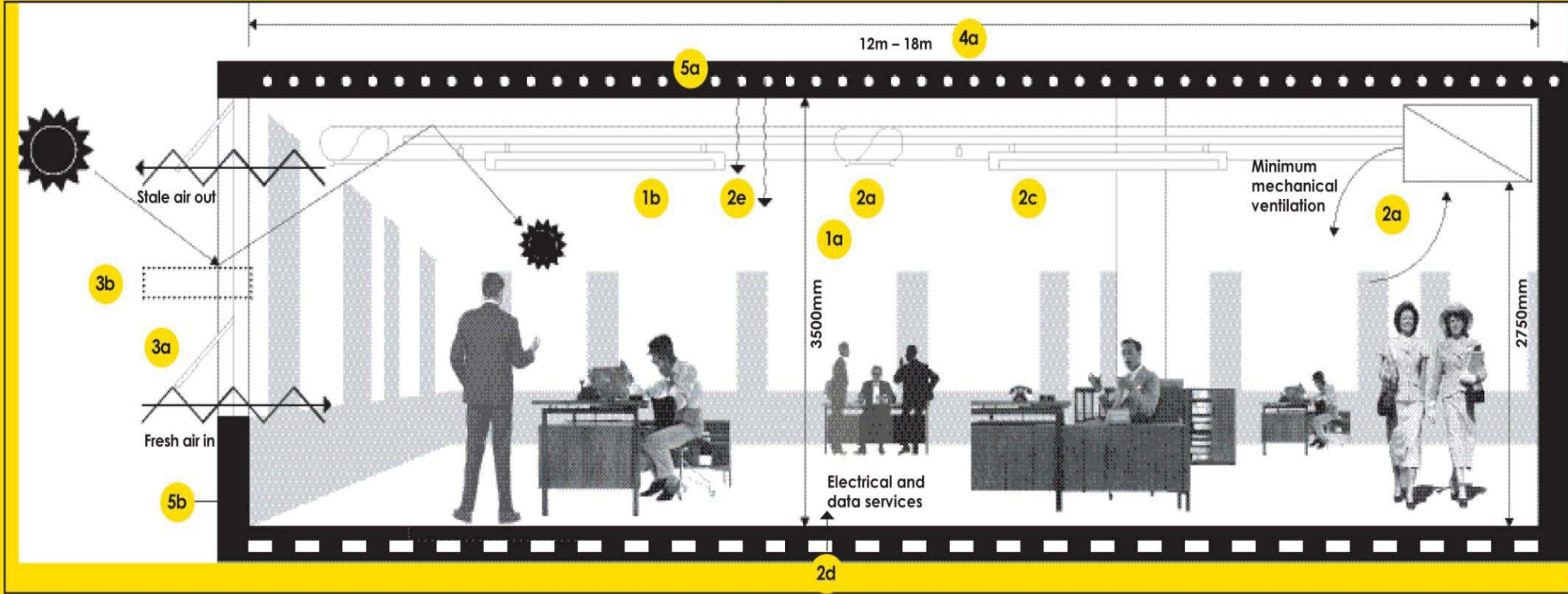
5 CONCRETE STRUCTURE

- 5a Exposed concrete soffit
- 5b Concrete perimeter upstand increases structural spans and eliminates perimeter columns
- 5c Robust self finished, activated for heating & cooling

Principle: one size does not fit all, but a generous shell provides best opportunity for greatest market share



& upgradeable



Ventilation strategy



1. open the window...



A vintage advertisement for Knox Gelatine. The background is a solid orange color. On the left, a woman in a dark, button-down blouse and skirt walks towards the right, carrying a small black handbag. On the right, a man in a dark suit, white shirt, and tie walks towards the left, carrying a briefcase. In the center, the text "How to Reduce and STAY REDUCED" is written in white on a black background. Below this, "50%" is written in red, followed by a large red downward-pointing arrow. To the right of the arrow is a black electric fan. At the bottom, the text "CHAS. B. KNOX GELATINE COMPANY" is printed in small white letters.

and therefore

2. reduce mechanical ventilation by 50%

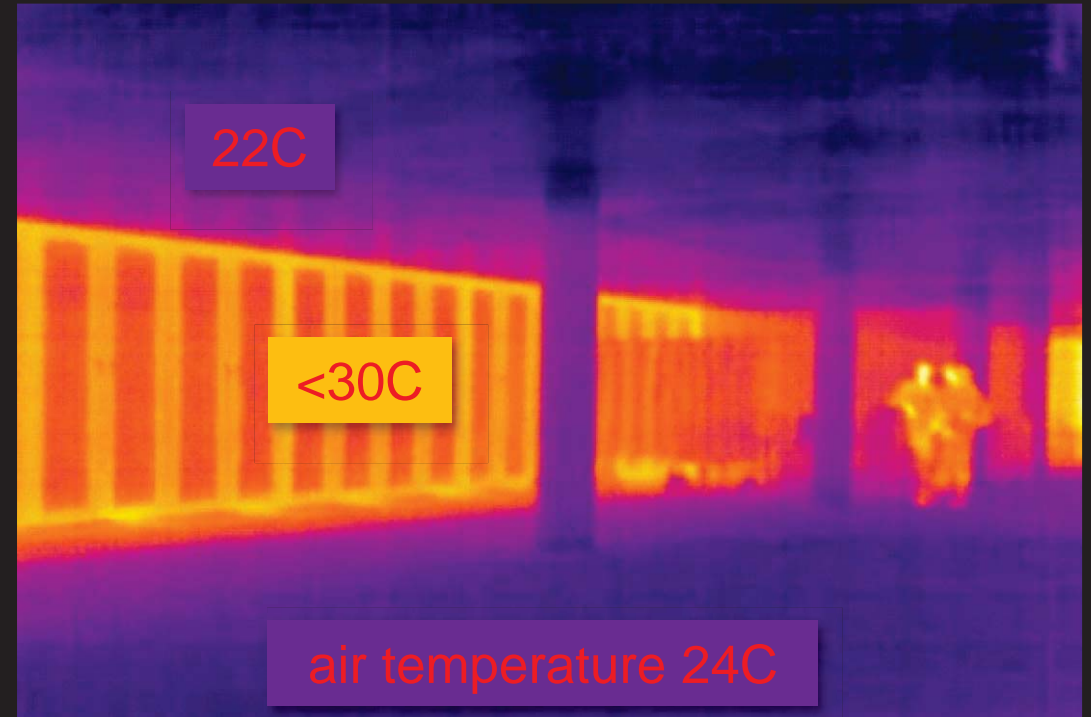
Cooling strategy



1. lower surface temperatures



1. lower surface temperatures



...with radiant concrete slabs



1. lower surface temperatures

this is not a new concept



and 2. challenge the BCO notion of comfort...



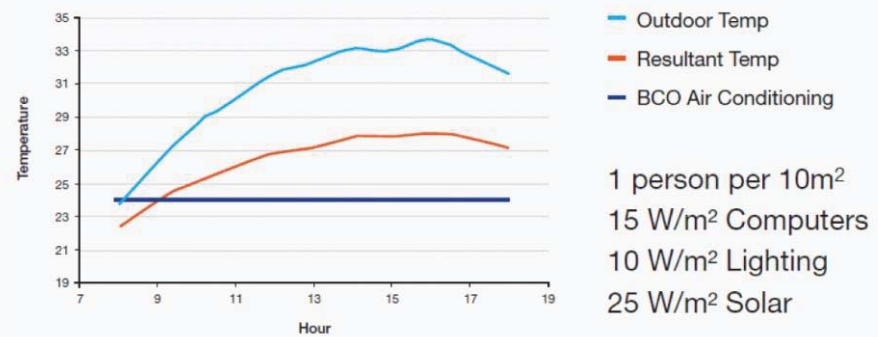
BCO a/c: 24C
WCF air temp: 22-28C



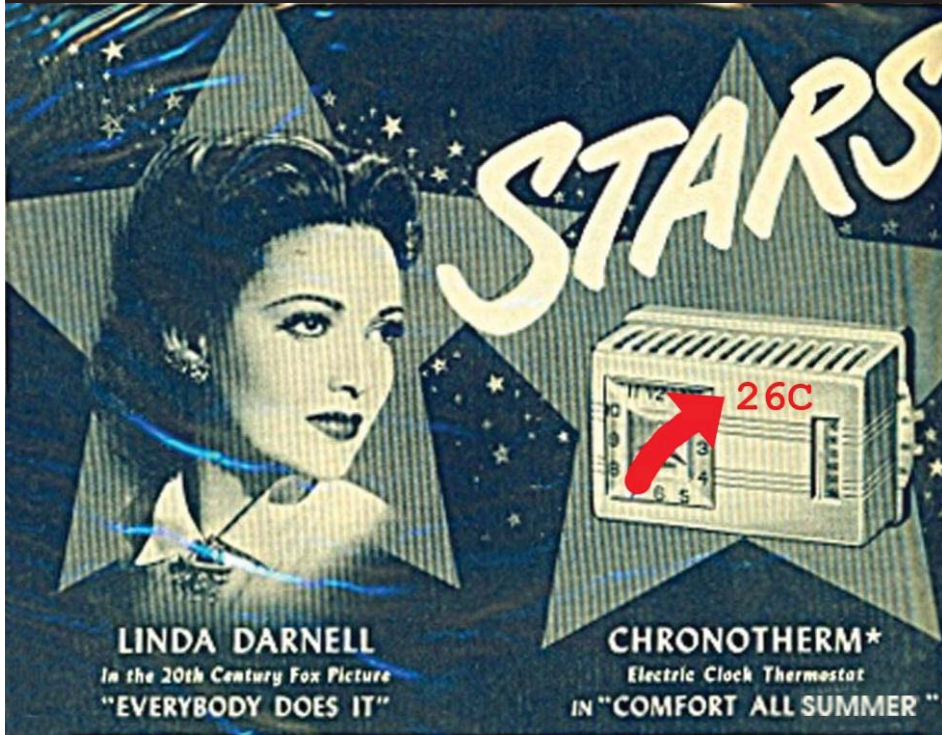
BCO a/c: 24C
 WCF air temp: 22-28C

- 37 hours exceed 25C or <1% of annual working hours
- 0 hours exceed 28C

Natural Ventilation + Radiant Slab - Design Day



How to 'operate' this concept?



1. monitor energy useage...

STARS

LINDA DARNELL
In the 20th Century Fox Picture
"EVERYBODY DOES IT"

CHRONOTHERM*
Electric Clock Thermostat
IN "COMFORT ALL SUMMER"

26C

A vintage advertisement featuring a black and white portrait of Linda Darnell on the left. To her right is a large, stylized white star with the word "STARS" written across it in a bold, white, sans-serif font. Below the star is a white rectangular thermostat with a circular dial and a red arrow pointing to the number "26C". The background is dark with white stars and a blue starburst pattern.

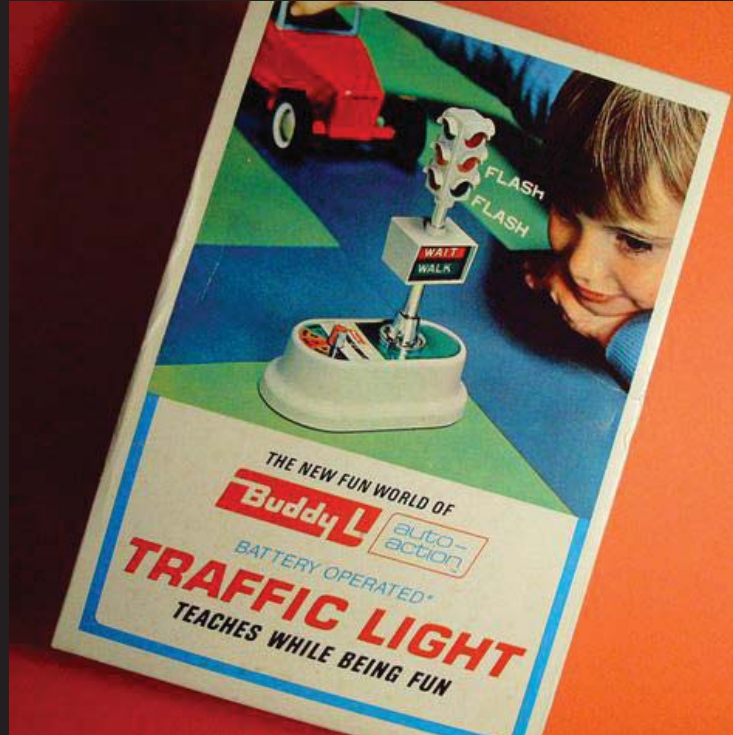
FLASH
FLASH

WAIT
WALK

THE NEW FUN WORLD OF
Buddy L auto-action
BATTERY OPERATED
TRAFFIC LIGHT
TEACHES WHILE BEING FUN

A vintage advertisement for a toy traffic light. The top half shows a white toy traffic light with three lenses and a sign that says "WAIT WALK". A child's face is visible on the right, looking at the toy. The background is a colorful, stylized scene with a red car and a green field. The bottom half of the advertisement has a white background with blue and red text.

with 2. attractive incentives...



to 3. achieve savings

1

**TALL
CEILINGS**

2

**SMART
SERVICING**

3

**SIMPLE
PASSIVE
FACADE**

4

**FLEXIBLE
FLOOR-
PLATES**

5

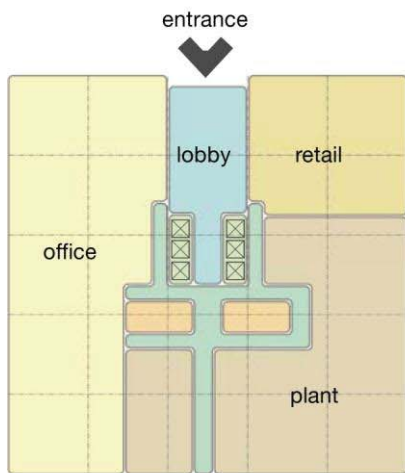
**THERMAL-
MASS
STRUCTURE**

White Collar Factories:

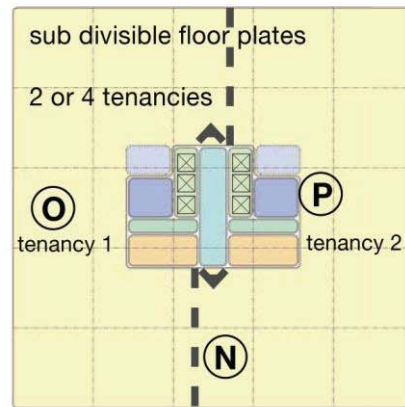
generic design

- (A) building height G(5m) + 5 storeys
- (B) 45 x 45 m floor plate
- (C) 4m floor to floor = tall ceilings
- (D) 9m x 9m insitu concrete frame
- (E) central core
- (F) GIA = 130,000 sqft
- (G) NIA = 105,300 sqft
- (H) overall NIA:GIA = 81%
- (I) typical floor NIA:GIA = 85-87%
- (J) Wall to floor ratio = 0.35
- (K) No basement, car park or transfer structure
- (L) Min. fresh air and radiant slabs
- (M) section 20 does not apply
- (N) limited sub divisible floors
- (O) 1 or 2 tenancies
- (P) 8 WC's per floor

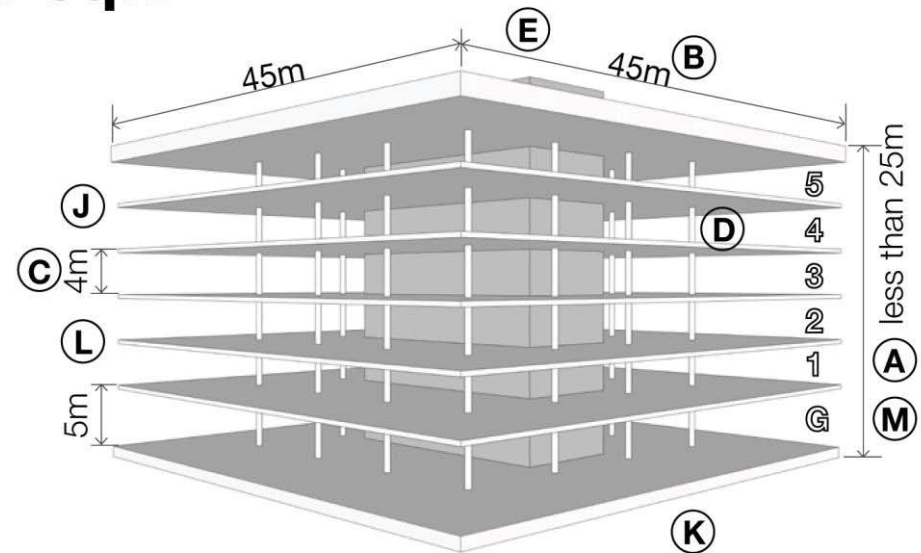
= £165 per sqft



ground floor plan



typical floor plan (I)

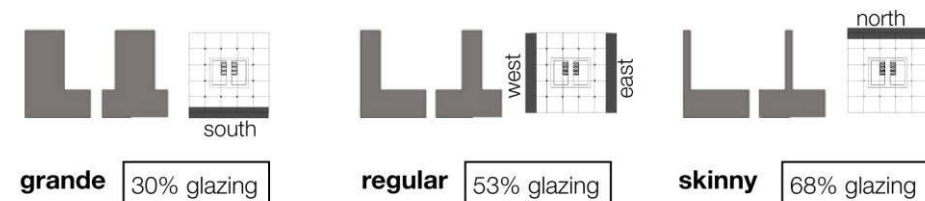


massing perspective (F) (G) (H)

key

- Office
- retail
- lobby / reception
- lifts
- plant / servicing
- circulation
- stairs
- WC's
- optional extra WC's

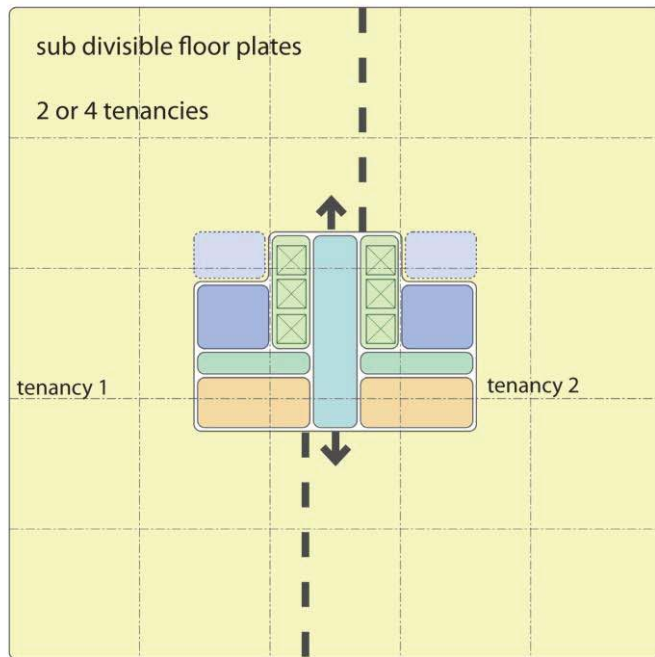
facade modules







WCF: prototype plan

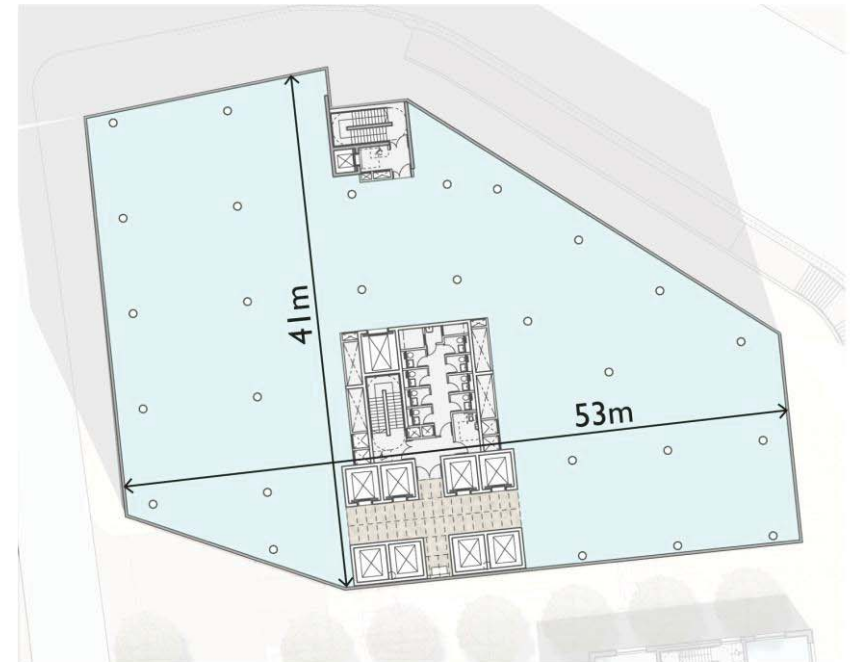


typical floor plan

- building height G(5m) + 5 storeys
- 45 x 45 m floor plate
- 4m floor to floor = tall ceilings

= **£165 per sqft**

City Road: developed plan

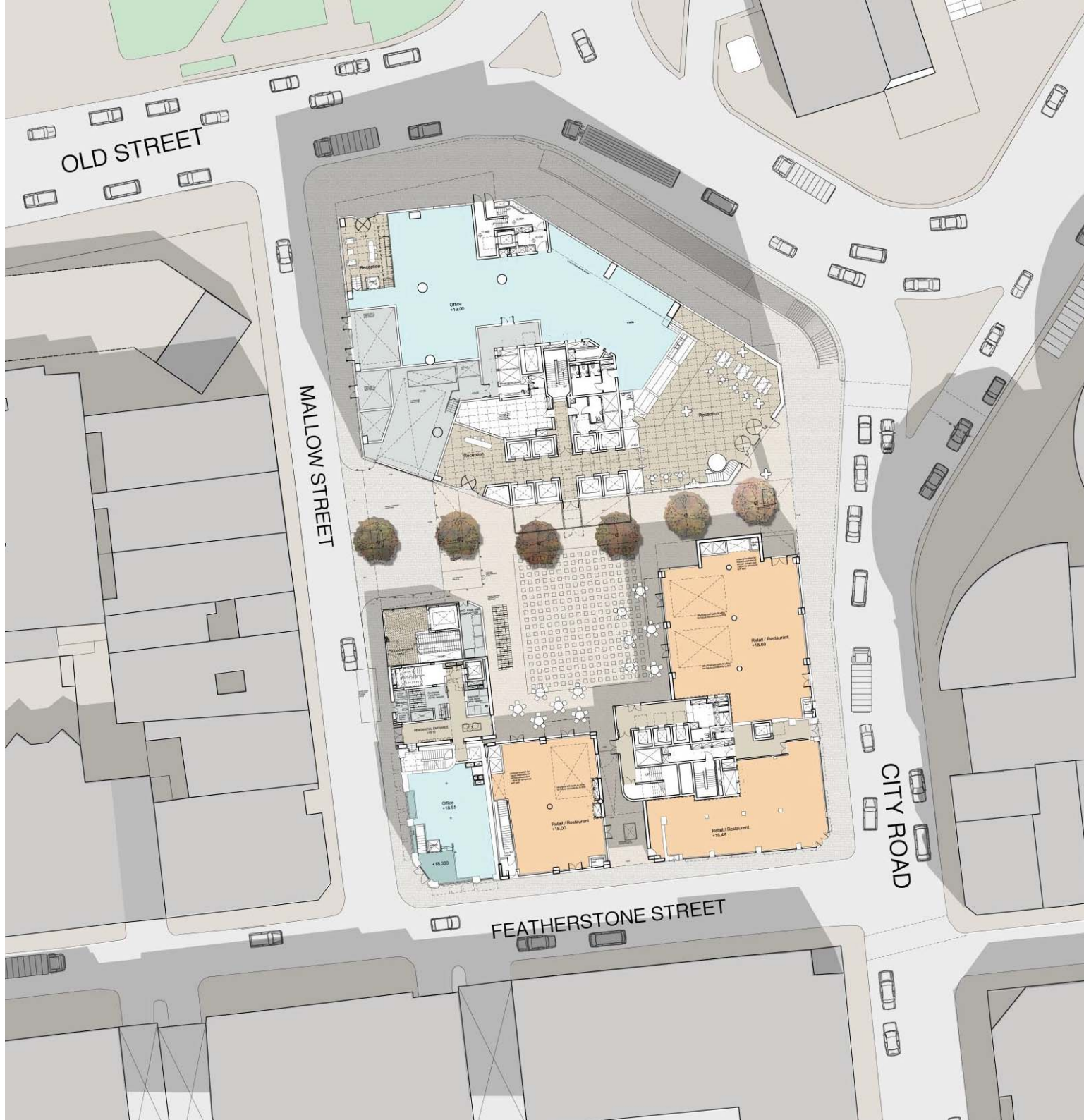


typical floor plan

- includes basement + **£10 per sqft**
- increased building height G(6.5m) + 15 + **£8 per sqft**
storeys & structure
- increased services distribution + **£5 per sqft**
- includes sprinklers (Section 20) + **£5 per sqft**

= **£193 per sqft**

A city block



City Road Jacket:



bespoke but affordable

elevations respond to site factors: orientation

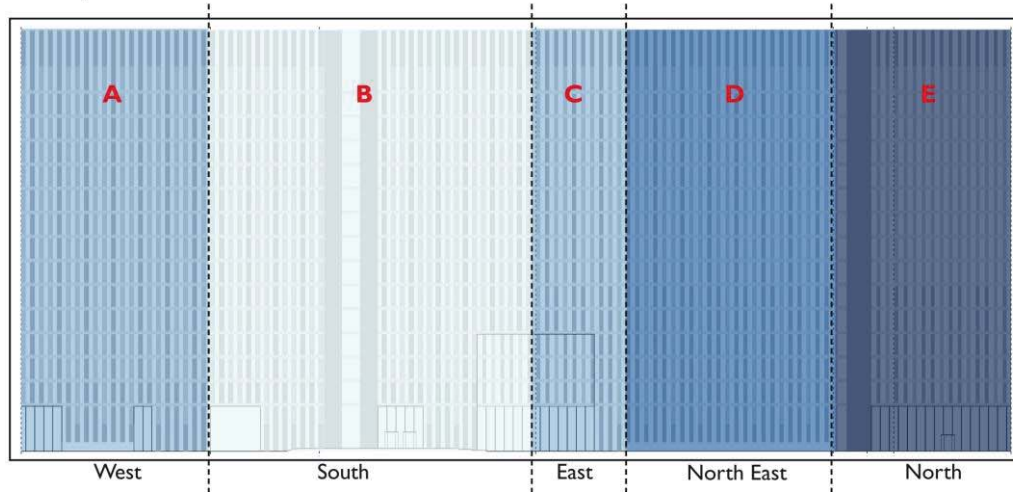
Building A: Facade Analysis & Treatment

The following pages are an explanation for the emerging strategy regarding the treatment for the facade.

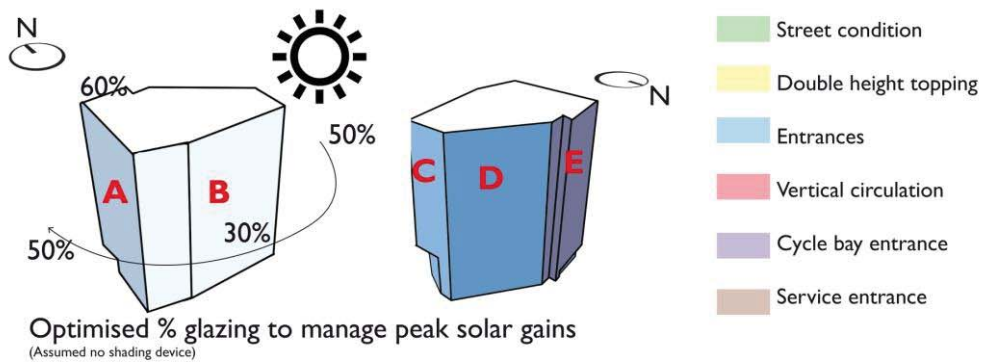
Identifying specific environmental and functional influences which have led us to respond to three separate conditions:

- 1/. Orientation of the site
- 2/. Air Quality
- 3/. Function

I. Response to Orientation



A graded system emerges as a response to the varying requirements each elevation has, regarding the reduction of peak solar gains.



Diagrams highlighting the impact of the orientation of the site within initial facade studies

air & acoustic quality

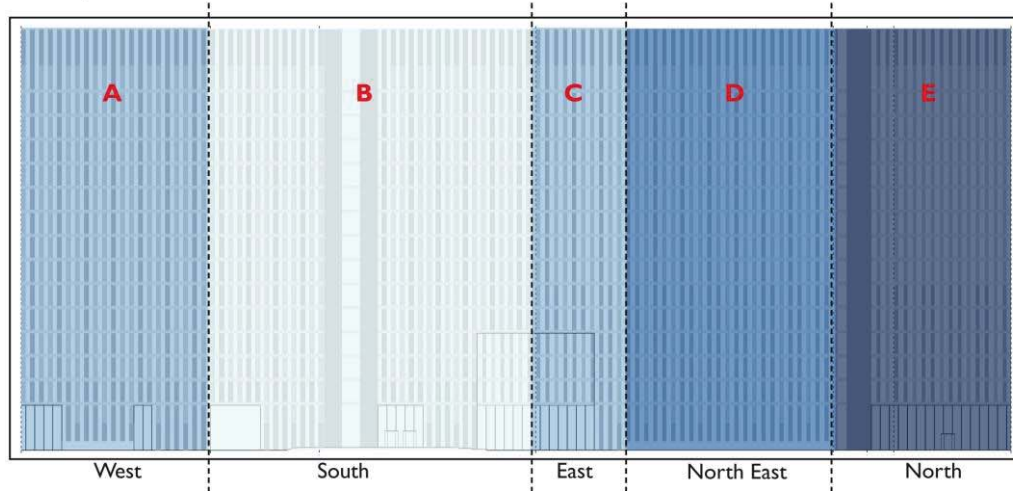
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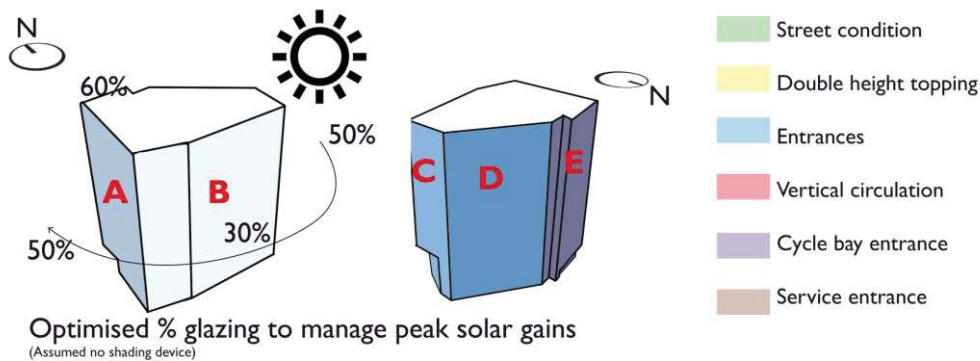
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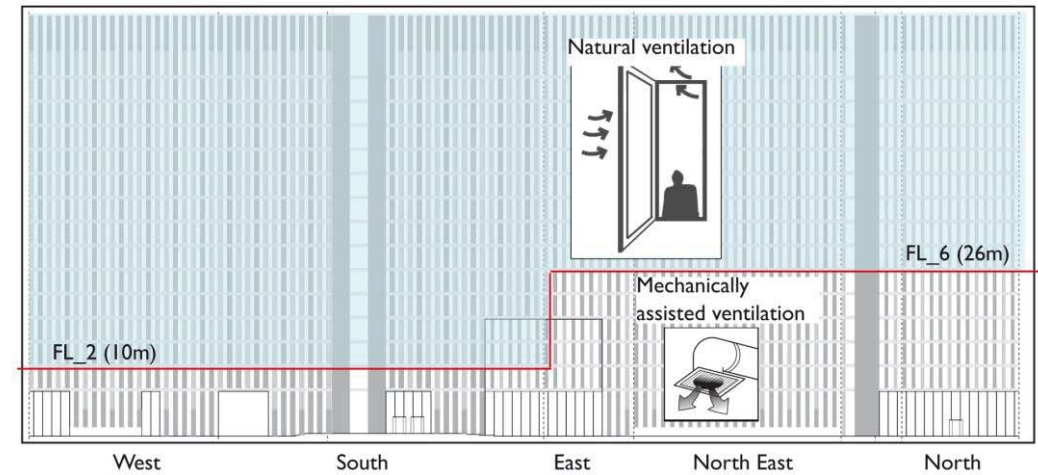
I. Response to Orientation



A graded system emerges as a response to the varying requirements each elevation has, regarding the reduction of peak solar gains.



2. Response to Air/Acoustic Quality



The amount of traffic and street pollution can have an enormous impact on the level of air quality. By identifying areas of high pollution (such as the North and East elevations as a result of Old Street and City Road junction), a threshold can be determined to establish exactly where full natural ventilation is beneficial and where it is not.

Diagrams highlighting the impact of the orientation of the site within initial facade studies

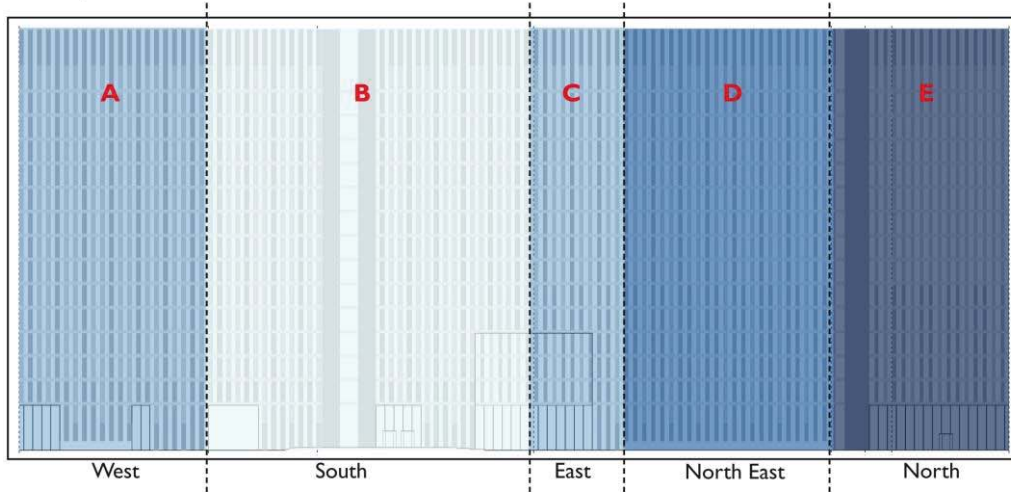
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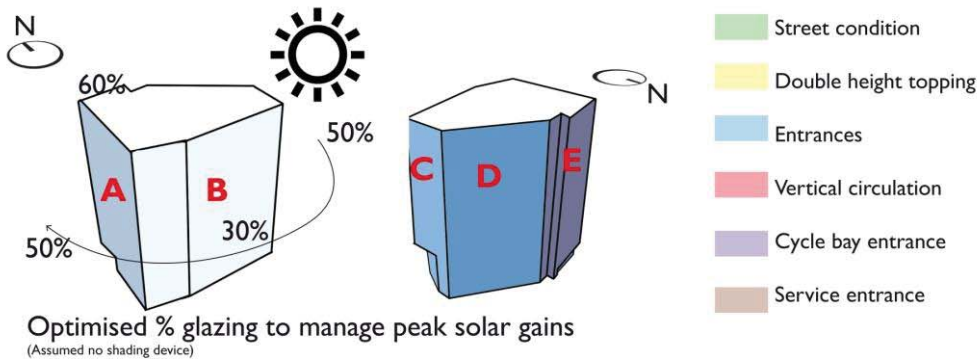
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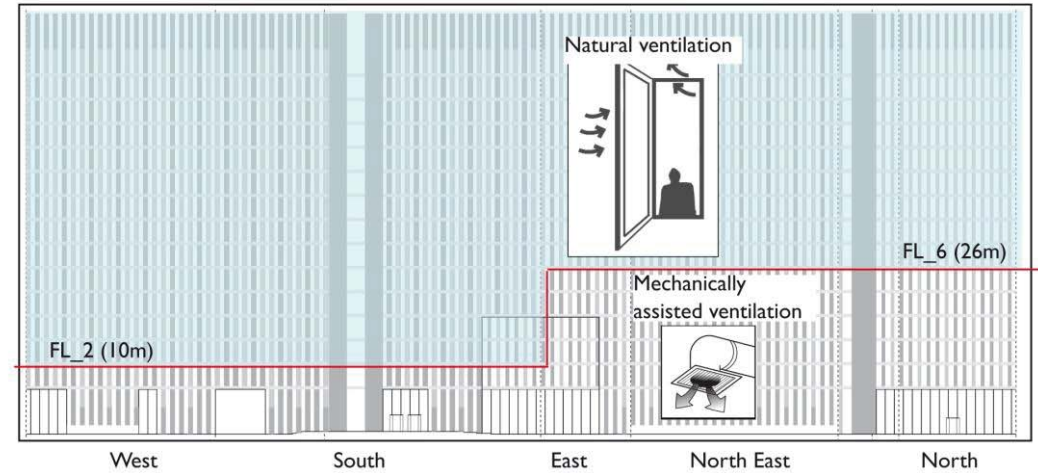
A graded system emerges as a response to the varying requirements each elevation has, regarding the reduction of peak solar gains.



Optimised % glazing to manage peak solar gains
(Assumed no shading device)

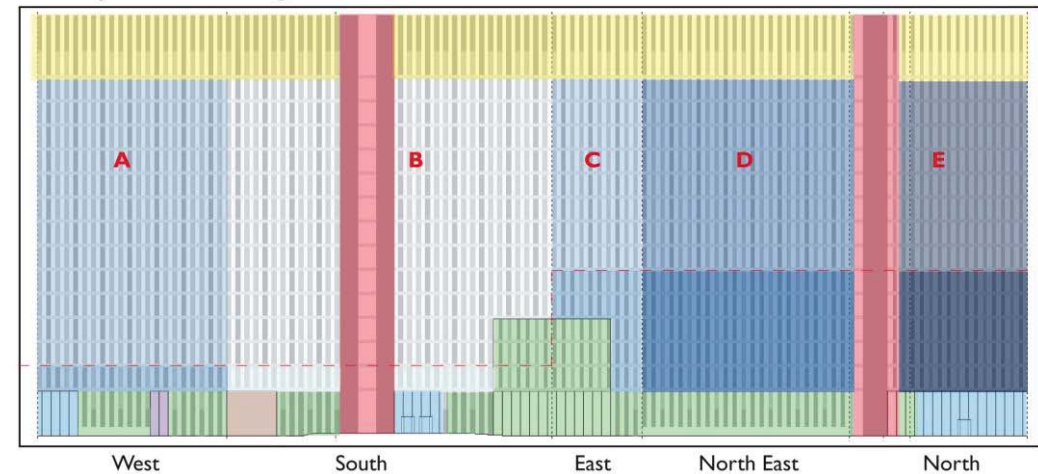
Diagrams highlighting the impact of the orientation of the site within initial facade studies

2. Response to Air/Acoustic Quality



The amount of traffic and street pollution can have an enormous impact on the level of air quality. By identifying areas of high pollution (such as the North and East elevations as a result of Old Street and City Road junction), a threshold can be determined to establish exactly where full natural ventilation is beneficial and where it is not.

3. Response to Programme



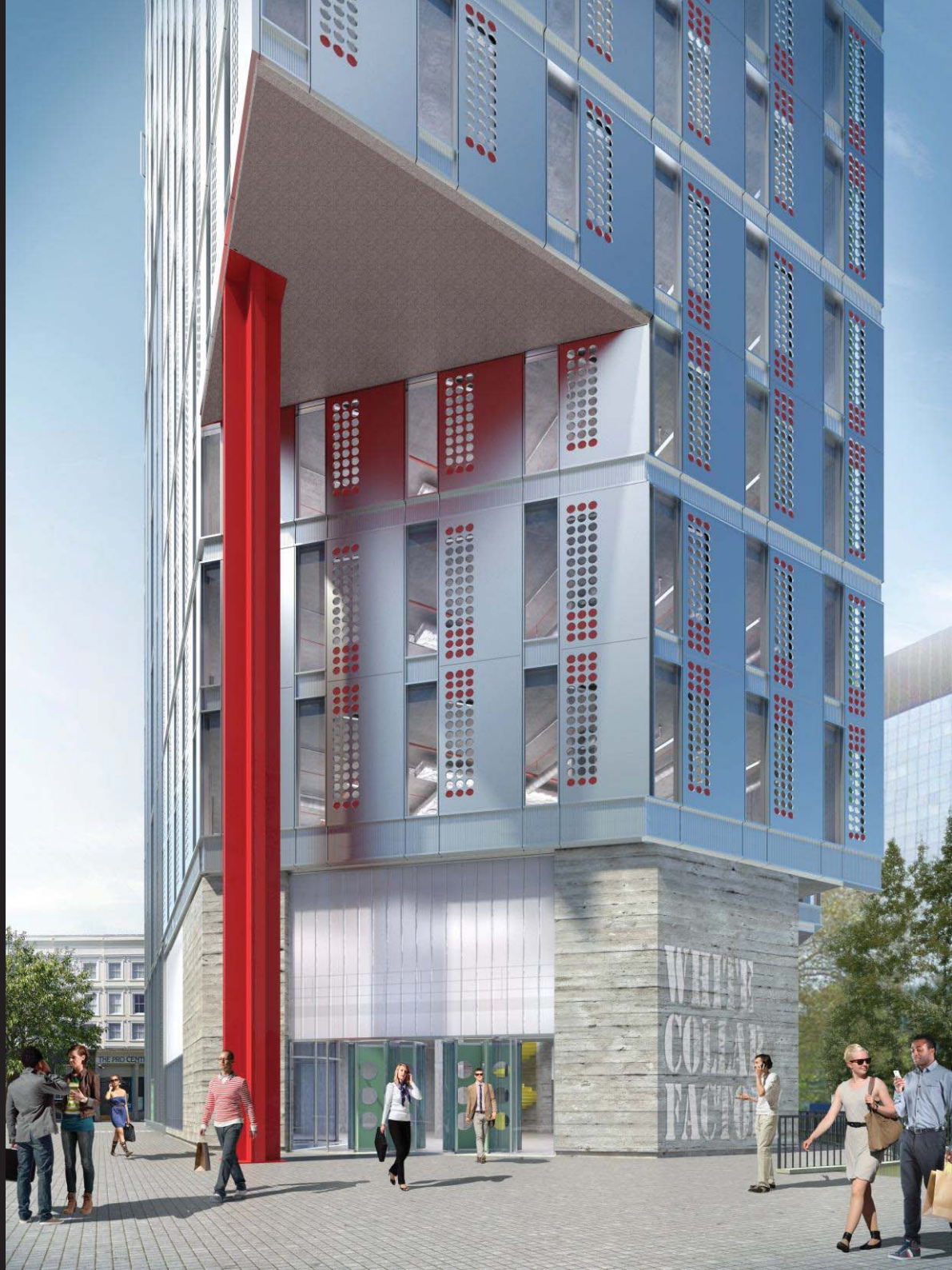
By identifying the different and specific functions within the building, it has generated possible areas of the facade that can be articulated in alternative ways.









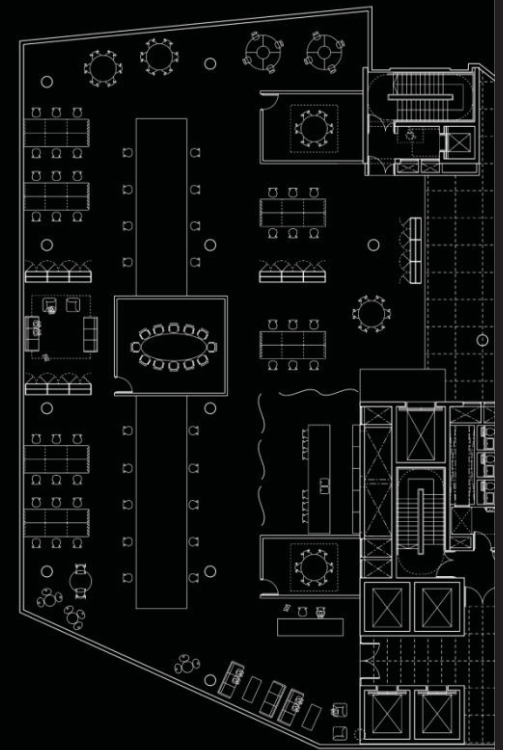




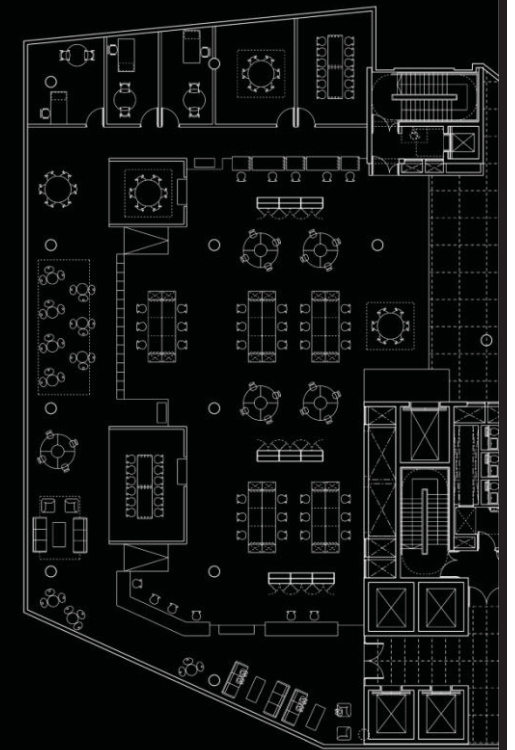
City Road Lining:



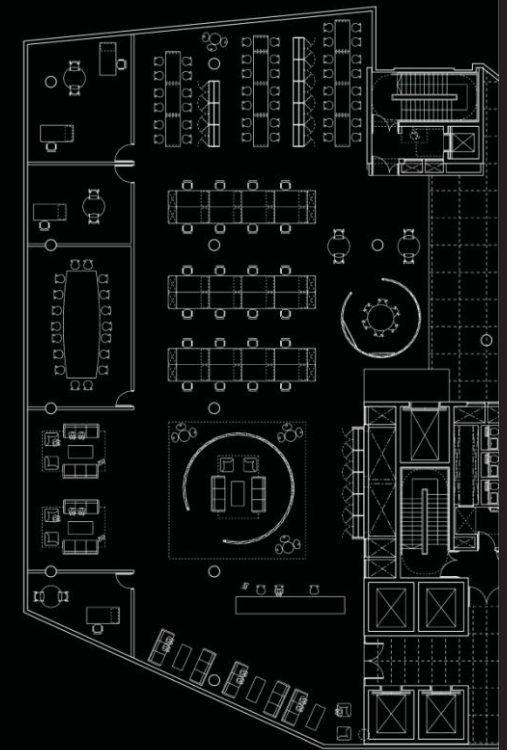
functional but flexible



10% cellular:
"funky" media



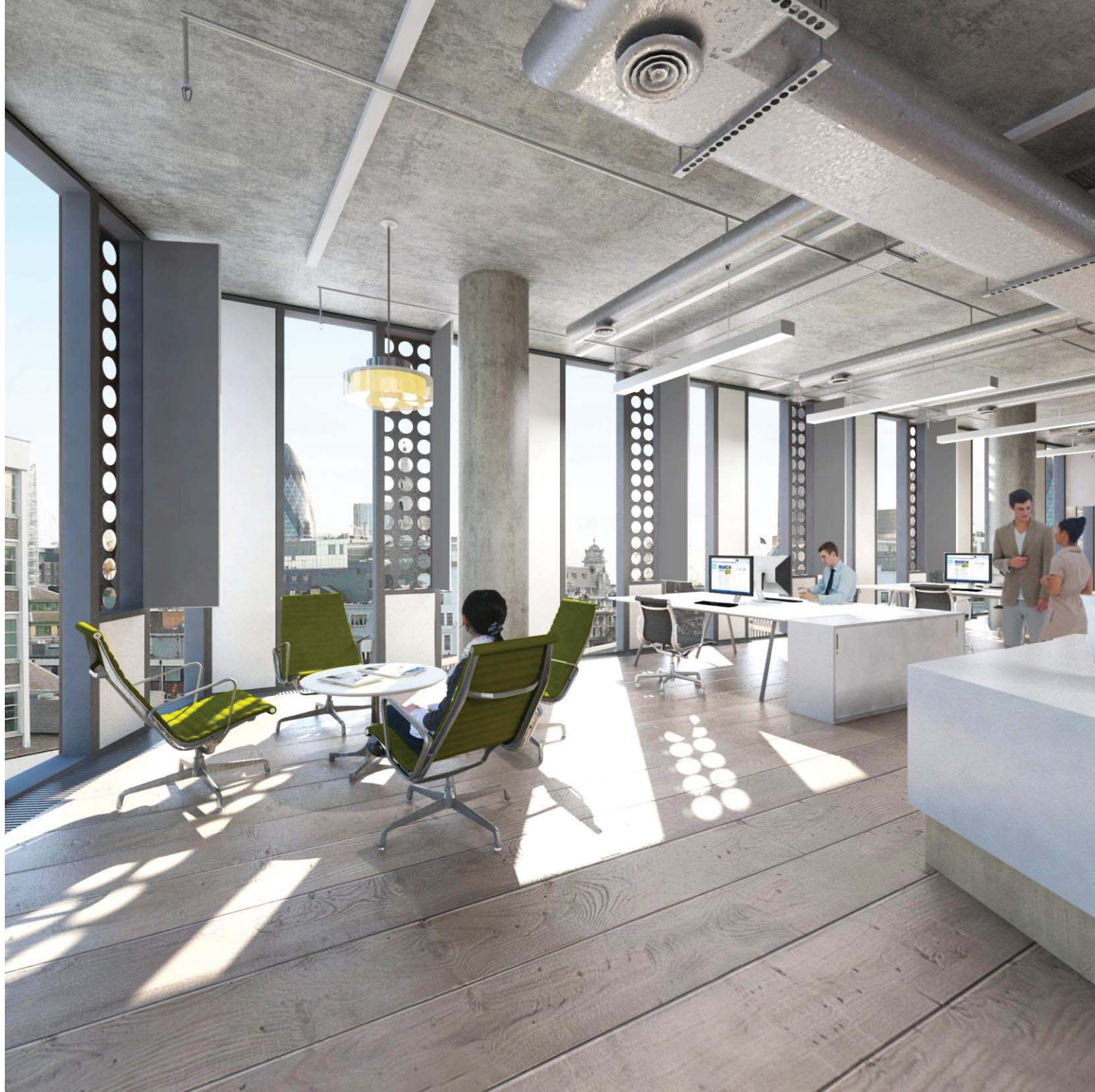
20% cellular:
"typical" media



30% cellular:
“corporate” media



Special top floor
'penthouse'













Thank you

CONCLUSIONS

JOHN BURNS

- The Tech Belt is a vibrant and growing part of London

- Our product is well suited for the changing demand profile

- Our strong occupier relationships presents us with new opportunities

- We expect to continue to deliver attractive development returns

- Sustainability and supporting local communities is good business

- Our financial base remains strong, and increasingly flexible



TOURS

GREY / WHITE



MONMOUTH HOUSE EC1
PAGE 57



1 OLIVER'S YARD EC2
PAGE 43



MORELANDS BUILDINGS EC1
PAGE 45



THE BUCKLEY BUILDING EC1
PAGE 19



TURNMILL EC1
PAGE 47



9 & 16 PRESCOT STREET E1
PAGE 58



MARK SQUARE HOUSE EC2
PAGE 58



TEA BUILDING E1
PAGE 39

TOUR ROUTE (WHITE TEAM)



MONMOUTH HOUSE EC1
PAGE 57



1 OLIVER'S YARD EC2
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TURNMILL EC1
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THE BUCKLEY BUILDING EC1
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MORELANDS BUILDINGS EC1
PAGE 45



MARK SQUARE HOUSE EC2
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9 & 16 PRESCOT STREET E1
PAGE 58



TEA BUILDING E1
PAGE 39

DERWENT LONDON
ATTENDEES

JOHN BURNS*	Chief Executive Officer	SIMON SILVER*	Property Director
DAMIAN WISNIEWSKI*	Finance Director	NIGEL GEORGE*	Property Director
PAUL WILLIAMS*	Property Director	DAVID SILVERMAN*	Property Director
RICHARD BALDWIN*	Head of Development	SIMON TAYLOR*	Head of Asset Management
CELINE THOMPSON*	Head of Leasing	TIM KITE*	Company Secretary
CHARMAINE BROWN	Asset Manager	QUENTIN FREEMAN	Investment Analyst
TOM FRENCH	Development Manager	BENJAMIN LESSER	Development Manager
GARY PRESTON	Financial Controller	EMILY PRIDEAUX	Leasing Surveyor
LOUISE RICH	Head of Investor Relations	GILES SHEEHAN	Investment Surveyor
JOSH TOBIN	Asset Manager	JENNIFER WHYBROW	Group Financial Planning & Analysis Manager

*Members of Executive Committee

	BUILDING	SQ FT
01	4 & 10 Pentonville Road, N1	55,000
02	Angel Building, EC1	262,000
03	186 City Road, EC1	38,000
04	Olivers Yard, EC2	186,000
05	New River Yard, EC1	71,000
06	Morelands Buildings, EC1	90,000
07	Tea Building, E1	259,000
08	Johnson Building, EC1	157,000
09	White Collar Factory, EC1	289,000
10	Mark Square House, EC2	62,000
11	40 Chancery Lane, WC2	102,000
12	Turnmill, EC1	70,500
13	The Buckley Building, EC1	85,000
14	Monmouth House, EC1	42,000
15	9 & 10 Prescott Street, E1	111,000





01

ANGEL



02



03



04

KING'S CROSS



06



SILICON ROUNDABOUT



05

CLERKENWELL



SHOREDITCH



07



08

FARRINGDON



09



14

LIVERPOOL STREET



10

CROSSRAIL



12



13



11



15

WHITECHAPEL / ALDGATE



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LONDON