

WHAT WE DO

Our ethos has always been distinctive and design-led. Our speciality is to acquire well-located central London properties with potential and regenerate them to provide good value, high-quality offices.

Our principal objective

To deliver above average long-term returns to shareholders by providing well-designed and affordable offices in central London.

Business model

The Group acquires properties with potential, creates well-designed office space and helps to revitalise neighbourhoods.

We invest in central London excluding the City core.

The majority of the portfolio is income-producing with a reversionary rental profile. The Group applies detailed knowledge of occupiers' needs to attract a wide range of strong tenants. Properties with limited future growth are earmarked for disposal, thereby recycling capital.

Our business is supported by robust and flexible financing with modest leverage and comfortable interest cover.

We do this by:

Acquiring properties and unlocking their potential

Purchasing buildings in London with the scope for improvement or regeneration. Unlocking potential through restructuring leases.

Achievements in 2012

- Acquired Francis House SW1, 9 and 16 Prescott Street E1 and 25 and 29 Berners Street W1 for £90m
- Restructured ownership interests at 40 Chancery Lane WC2
- Established joint venture with Grosvenor at 1-5 Grosvenor Place SW1: 150-year lease unlocks redevelopment opportunity

Focus for 2013

- Add selectively to the portfolio
- Restructure leases to enable redevelopment

7.3%

increase in underlying valuation

Creating well-designed office space

Transforming commercial properties through high-quality design creating flexible, contemporary spaces for our tenants and the local community.

Achievements in 2012

- Completed refurbishment of 4 & 10 Pentonville Road N1
- Commenced redevelopment of Tummill EC1 and 40 Chancery Lane WC2
- Received planning permission on 655,000 sq ft (60,850m²)
- 495,000 sq ft (46,000m²) under development or refurbishment at year end

Focus for 2013

- Complete the regeneration of:
 - Buckley Building EC1
 - Morelands Buildings EC1
 - 1 Page Street SW1
 - Phase 1, 1-2 Stephen Street W1
- Commence projects at:
 - Queens, Bishop's Bridge Road W2
 - 73 Charlotte Street W1
 - 80 Charlotte Street W1
- Planned capital expenditure of £127m
- Advance existing and future projects

495,000 SQ FT

under development or refurbishment at year end

Optimising income

Employing our detailed knowledge of occupiers' needs to let to strong tenants from a wide range of businesses.

Achievements in 2012

- Concluded £13.3m lettings on 340,300 sq ft (31,610m²), including 127,000 sq ft (11,800m²) pre-let to Burberry
- Maintained low vacancy rate throughout year
- Regearled leases with Telecity and Sage Publications at 1 Oliver's Yard EC2
- Regearled lease with Arup at 8 Fitzroy Street W1

Focus for 2013

- Letting campaign at the Buckley Building EC1
- Pre-letting campaign on White Collar Factory, City Road EC1
- Continue to manage vacancy rate
- Monitor portfolio for further asset management initiatives

1.6%

year end EPRA vacancy rate

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Recycling capital

Identifying properties for disposal where value has been optimised and disposing of those which do not fit into the Group's long term plans.

Achievements in 2012

- Raised £161m from the sale of:
 - Riverwalk House and 232-242 Vauxhall Bridge Road SW1
 - Triangle Centre, Bishopbriggs, Scotland
 - 50% interest in 1-5 Grosvenor Place SW1

Focus for 2013

- Monitor portfolio for further opportunities to recycle capital

£161m

property sales

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Maintaining robust financing

Maintaining flexible financing with a comfortable level of interest cover and gearing, enabling us to deliver our development ambitions and to take advantage of suitable acquisitions.

Achievements in 2012

- Achieved refinancing targets
- £83m 3.99% 12-year loan arranged with Cornerstone
- Broadened sources of funding: around 50% of loans are from non-bank sources
- Loan-to-value ratio reduced to 30.0%

Focus for 2013

- Continue to monitor gearing levels with reference to interest cover
- Refinance £125m facility expiring in 2014
- Maintain facility headroom of at least £200m

30%

loan-to-value ratio

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