



WARNER ESTATE

Interim Results Presentation
for six months to September 2003

December 2003



the performance

Financial Highlights

WARNER ESTATE
Property Investment Company

TNAV	439p	+6%
NAV*	459p	+5%
Valuation uplift (of which stamp £2.2m)	£6.4m	+2.5%
Recurring revenue profits **	£6.4m	-1.1%
Dividend	8.25p	+6.5%

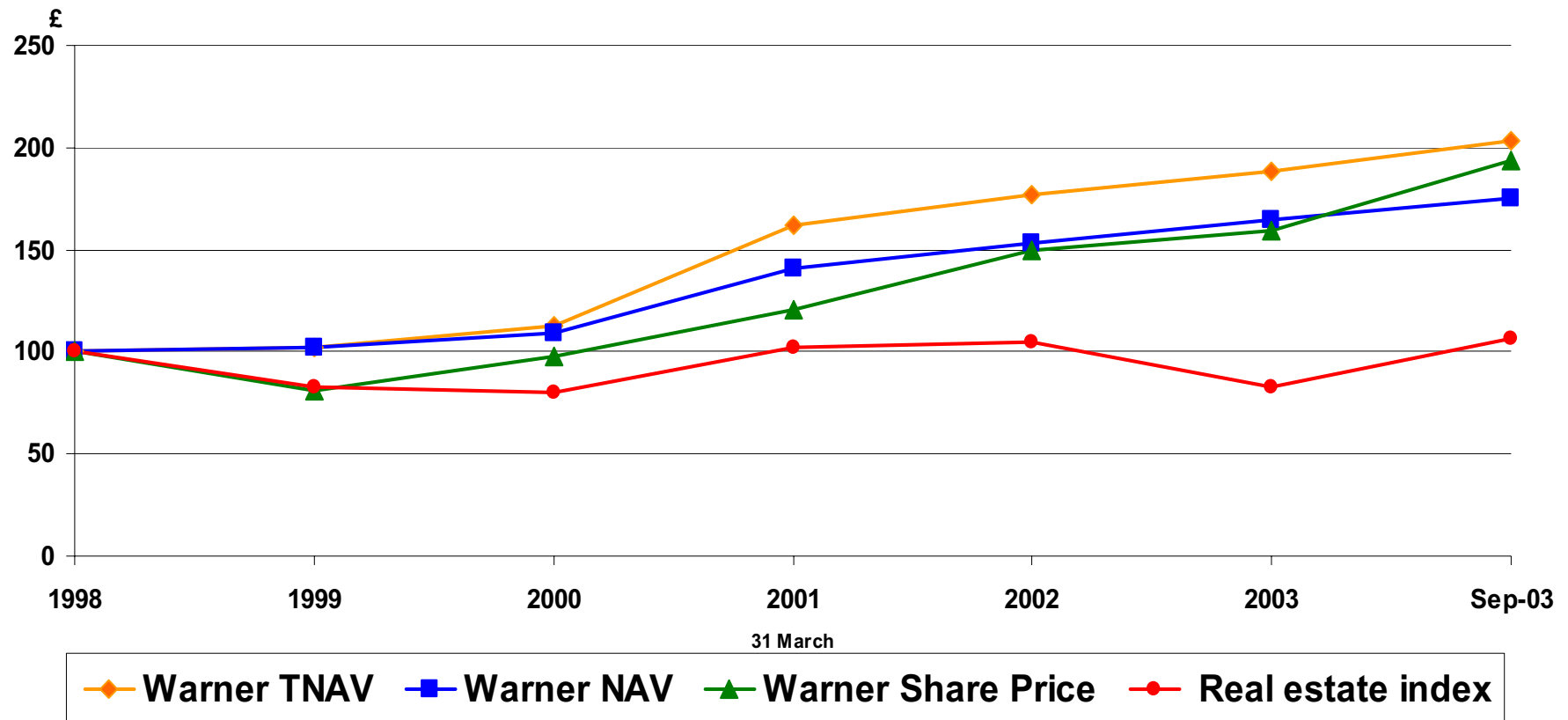
32 Years of Dividend Growth

* pre FRS 19 ** excluding Associates

Shareholder Return

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Total Return



Key Events & Achievements



Shopping Centre fund increased by £50m to £273m *

Establishment of £110m Regional Office fund with RBS

Establishment of £113m Distribution fund with Bank of Scotland

Disposal of associate for £8.9m

Valuation uplift across all main sectors of investment

£842m of Property Assets under Management

* A Joint Venture with Bank of Scotland

Properties under management



Total Portfolio £842m

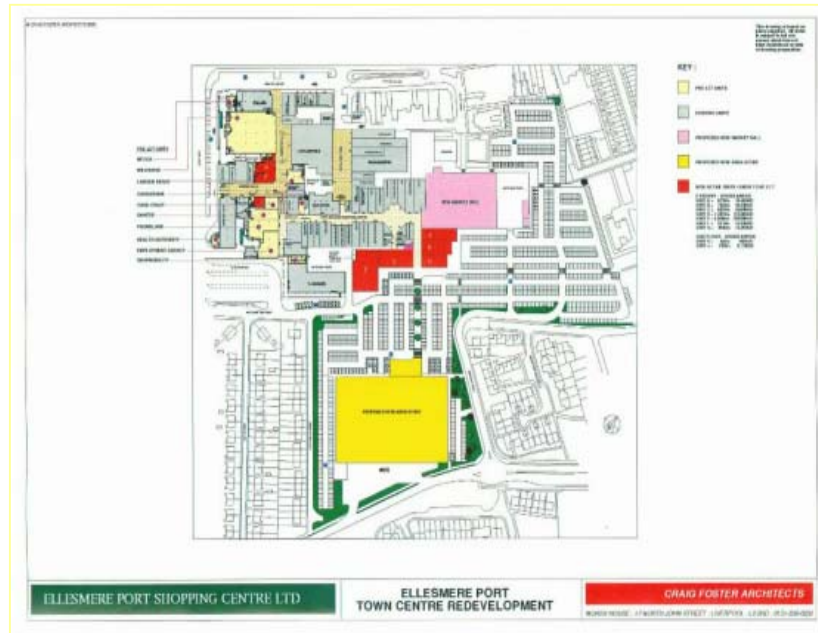


Agora

Northwest Shopping Centre Fund

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Ellesmere Port – Port Arcades



Project cost = £7m
Rental increase = £790,000
Total rent = £3.0m

JJB Sports Fitting out. Unit opening 5th December.
Mecca Ready for Handover
Poundland Ready for Handover
Job Centre Ready for Handover
Wilkinsons Ready for Handover
Kennedys Cards Ready for Handover
One further unit vacant.

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Northwest Shopping Centre Fund

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Sale - The Square Shopping Centre



Phase 1

Project cost £6m
Rent increase = £510,000
Total rent =£2.13m

Wilkinsons
 Peacocks
 Quality Save } Opened for trading
 August 03



Sale – On Completion of Phase 1

Phase 2

LSU 2 (16,000 sq ft)

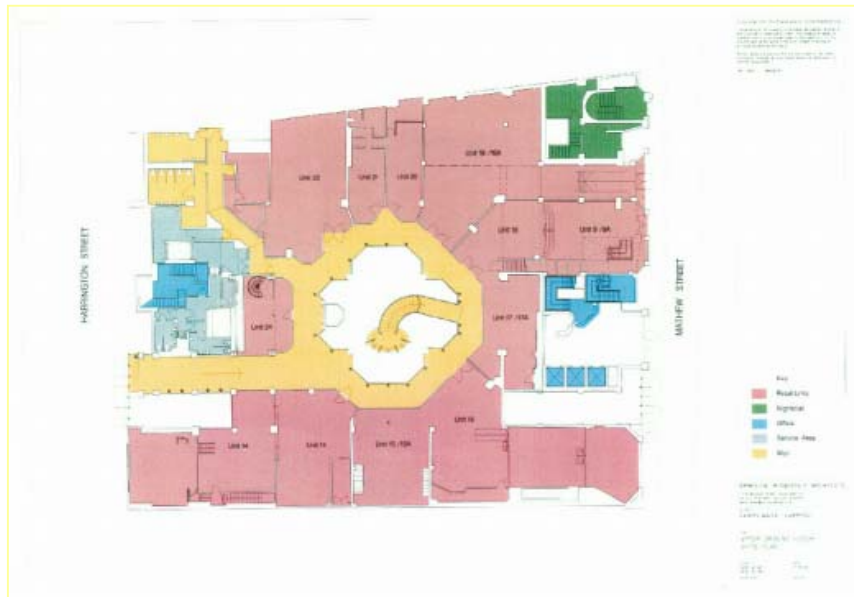
On target for completion April 04.

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Northwest Shopping Centre Fund

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Liverpool – Cavern Walks



Project cost = £2m
Rent increase = £196,000
Total rent = £696,000

Additional floor area 7,500 sq. ft.
Completion January 04

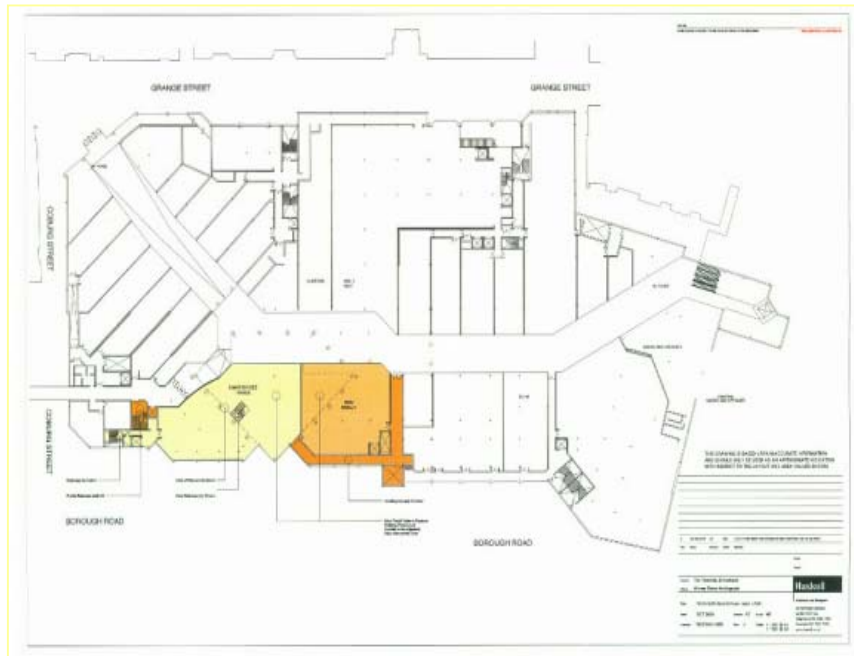
Major Lettings to Vivienne
 Westwood, Cricket, Drome

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Birkenhead – The Pyramids



Project cost	£6.2m
(including purchase of car park)	
<i>Additional floor area</i>	24,000 sq. ft.
<i>Additional rent</i>	£450,000 p.a.
(including car park)	
<i>Total rent</i>	£3.34m

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Northwest Shopping Centre Fund

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Future Projects – cost circa £50m

- Preston – 3 storey retail application to be submitted.
- Bolton – Architectural competition for market hall conversion completed.
- Middleton – Adjacent bus station redevelopment and planning application for extension ready for submission.
- The projects will only proceed where 70% pre lets are agreed.
- Target IRR of 15%+

Regional Office Portfolio – £159m

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Regional Office Fund, a joint venture with RBS ●

Bournemouth	(80,187 sq. ft.)
Solihull	(86,541 sq. ft.)
Edinburgh	(94,683 sq. ft.)
Glasgow	(88,084 sq. ft.)
Kingston	(153,396 sq. ft.)
Leeds	(78,738 sq. ft.)

On Balance Sheet ●

Redhill	(49,025 sq. ft.)
Bristol	(90,924 sq. ft.)
Manchester	(54,358 sq. ft.)

Fairway Distribution Fund

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Sevenside



Weybridge



Bardon

Fairway Distribution Fund

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Property	Size (sqft)	Rent roll (£m pa)	Value £m
Bardon, Leicester	227,763	0.944	13.30
Sevenside, Bristol	244,113	1.35	19.00
Collins & Aikman, Coleshill	140,646	0.781	10.92
Greenwoods, Coleshill	120,238	0.687	9.47
Weybridge, Surrey	313,135	2.43	33.51
Yate, Avon	248,410	1.125	15.50
Stakehill, Manchester	102,526	0.46	5.66
Tamworth, West Midlands	85,903	0.412	5.69
Totals	1,482,734	8.19	113.05

Covenant rating profile by value

55% of properties have tenants with a Standard & Poor Rating of A.

31% of properties have tenants with a Standard & Poor Rating of B

14% of properties have tenants who are not rated

National Distribution hub joint venture with BOS

Business Plan being refined post acquisition

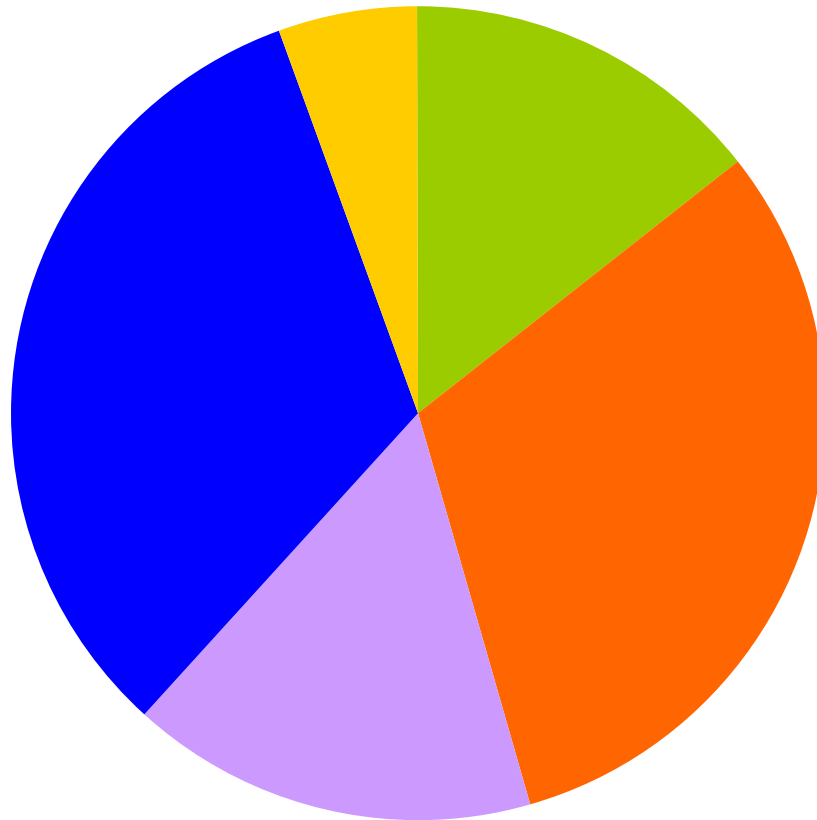
There are approximately £3m additional costs still to be incurred

Core Portfolio

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Total Portfolio £346m



■ Retail

■ Regional Offices

■ M25 & Greater London
Offices

■ Industrial

■ Trading

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Core Property Portfolio £346m

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Current Situation

	Value (£m)	Income (£m)	Yield (%)
Offices (Incl. Bristol, Redhill & Manchester)	162.094	13.385	7.90
Industrial (Incl. Bareway)	108.890	8.661	7.58
Retail Warehousing	25.637	2.020	7.50
High Street Retail	30.415	1.991	6.21
Trading	18.916	1.062	5.60
Totals	345.952	27.119	7.50

Voids 6% on the investment portfolio as at 30th September reducing to 4.7% end November



Luton



St Albans



Worthing

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Retail Investment Portfolio £56m

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Current Situation

Valuation	= £56m
Year end valuation uplift	= £2.006m
Rental income	= £4.01m
Voids at less than 1%	



Romford



Islington

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Office Investment Portfolio £162m

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Current Situation

Valuation (on balance sheet)	= £162.1m	Inside M25	8.3% of total portfolio
Rental income	= £13.39m	Regional Offices	41.2% of total portfolio
Year end valuation uplift	= £886,000	Voids	4.4%



Bradford



Horsham

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Industrial Investment Portfolio £109m

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Current Situation

Portfolio Purchase £21.7m of distribution units.
£11m of Industrial units. Combined yield 6.9%

Valuation	= £108.9m
Rental income	= £8.661m
Year end valuation uplift	= £3.529m
Voids	= 5.5%



Rugby



Swindon



Milton Keynes



the score

Financial Performance

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	30.9.03 £m	30.9.02 £m
Revenue Profit		
recurring (pre associate dividends)	6.3	6.5
dividends from associate	-	0.2
non recurring	<u>0.1</u>	<u>0.5</u>
	<u>6.4</u>	<u>7.2</u>
Capital Profit	0.3	0.6
Interest covered by recurring profit	1.7x	1.9x
Revenue EPS*	10.07p	11.74p
Dividends	8.25p	7.75p
Dividend covered by recurring profit	1.2x	1.4x

* pre FRS 19

Balance Sheet - Analysis

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<i>As at</i>	<i>30.09.03</i>	<i>31.03.03</i>
	<i>£m</i>	<i>£m</i>
Property Assets	346	380
Joint Venture investments	71	25
Net Debt	(174)	(193)
Other Net (Liabilities) / Assets	<u>(9)</u>	<u>11</u>
Net Assets	234	223
FRS 19 Adjustment	<u>(4)</u>	<u>(4)</u>
Net Assets per accounts	<u>230</u>	<u>219</u>
Net Gearing*	75%	86%
NAV*	459p	439p
Triple net NAV	439p	414p
Property revaluation uplift in six months (inc. share of JV's)	£7.4m	£2.0m

* pre FRS 19

Debt Profile

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£'000's	On Balance Sheet	Share of Joint Venture	Total
Net short term debt	2,691	(3,438)	(747)
Long term debt with recourse	114,716	-	114,716
Total net recourse debt	117,407	(3,438)	113,969
Long term non recourse debt	56,848	236,763	293,611
Total debt at 30th September	174,255	233,325	407,580
Gearing (pre FRS 19)	75%		174%
Non recourse gearing	50%		49%
Total debt at 31st March 03	192,774	106,525	299,299
<i>Gearing (pre FRS 19)</i>	<i>86%</i>		<i>134%</i>
<i>Non recourse gearing</i>	<i>61%</i>		<i>60%</i>

As at 30th September the Group had undrawn borrowing facilities of £43m.

Debt Derivatives

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£'000's	On Balance Sheet	Share of Joint Venture	Total
Total debt at 30th September	174,255	233,325	407,580
Amount of which that is fixed	63,137	-	63,137
Amount Capped/Swapped	134,000	139,900	273,900
Total covered	197,137	139,900	337,037
Over/(Under) covered	22,882	(93,425)	70,543
Swapped at 4.1% to 4.3%		139,900	
Swapped at 5.9% - 6.0%	25,000		
Capped at 7.25%	100,000		
Swapped at 7.5%	9,000		

Key Elements of Valuation

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Investment Property £m	Valuation Uplift			Share of JV	Total
	Valuation	Stamp	Total		
Retail	1.7	0.4	2.1	1.0	3.1
Regional Offices	(0.2)	1.0	0.8	-	0.8
Greater London Offices	(0.2)	0.2	-	-	-
Industrial	2.9	0.6	3.5	-	3.5
Total	<u>4.2</u>	<u>2.2</u>	<u>6.4</u>	<u>1.0</u>	<u>7.4</u>

Property Strategy

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- Research led targeted sub sectors
- Active medium to long term players
- Good income and covenants with added value potential
- Develop alliances keeping an equity stake
- Retain a core portfolio
- Measured exposure to development

Market Overview



- Moderate capital growth in all our markets
- Reliance on yield shift will not be enough
- Interest rate rises may improve purchasing opportunities
- REITs under discussion

Summary - The Future



- Further funds and organic growth
- Working the assets – development opportunities
- Integrated property and finance team
- Use of REITs and other vehicles

32 Years of Dividend Growth