

Interim results

WARNER ESTATE
Property Investment Company

5 years of change

5 funds

£2.3bn under management

A Platform for Growth

WARNER ESTATE
Property Investment Company

Expansion of funds under management

Performance through active management

Recurring fee income

Development pipeline



key events & achievements

| | | |
|----------------|---|--------|
| April 2005 | 5% placing of shares to part finance the acquisition of Ashtenne | |
| May 2005 | Offer for Ashtenne announced unconditional | |
| June 2005 | APIA Regional Office Fund established with Morley | £254m |
| July 2005 | Completion of acquisition of Ashtenne by Industrial Funds Ltd (IFL) | |
| August 2005 | Purchase of a 2.69% stake in Ashtenne Industrial Funds (AIF) to add to 5.168% owned via IFL | £12m |
| August 2005 | Purchase of "Immanis" at Brackmills, Northampton by Radial Distribution joint venture | £8m |
| September 2005 | Sale of Great Western Business Park, Yate by Radial Distribution joint venture | £18.5m |

key events post period end

| | | |
|---------------|---|-------|
| October 2005 | Establishment of Agora Max Shopping Centre Fund and the purchase of The Pallasades Shopping Centre via a JPUT | £152m |
| November 2005 | East Surrey Holdings shares sold | £14m |
| November 2005 | Sale by Group of industrial portfolio to AIF | £51m |
| November 2005 | Purchase of The Royals Shopping Centre in Southend | £46m |
| November 2005 | Sale of all properties owned by t3, in which IFL had a 17% stake | £96m |
| November 2005 | Sale of The Square Shopping Centre, Sale by Agora joint venture | £40m |
| November 2005 | Sale of all properties owned by Bareway joint venture to AIF | £29m |
| November 2005 | Purchase of a portfolio of seven regional office buildings by APIA | £120m |
| December 2005 | Purchase of remaining 50% stake in IFL from Anglo Irish Bank | |
| December 2005 | Disposal of majority of Ashtenne surplus assets | |

Property Assets under Management

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| | 30 September | Post Interim | | Note | Dec 2005 |
|---------------------|----------------|---------------|--------------|------|----------------|
| | | Disposals | Acquisitions | | |
| Wholly owned | £331m | -£51m | £52m | 1 | £332m |
| Agora | £400m | -£39m | - | 2 | £361m |
| Agora Max | - | - | £152m | 3 | £152m |
| Apia | £261m | - | £120m | 4 | £381m |
| A.I.F | £783m | -£12m | £80m | 5 | £851m |
| Ashtenne – t3 | £95m | -£95m | - | 6 | - |
| Radial | £171m | - | - | - | £171m |
| Bareway | £29m | -£29m | - | 7 | - |
| Ashtenne – Non Core | £39m | -£23m | £4m | 8 | £20m |
| Total | £2,109m | -£249m | £408m | | £2,268m |

Property Assets under Management

Notes

- 1 Core – Disposal of 12 industrial assets to A.I.F and the purchase of The Royals, Southend shopping centre and 7 Office properties from CIS.
- 2 Agora – Disposal of Sale Shopping Centre
- 3 Agora Max – Purchase of The Pallasades, Birmingham
- 4 Apia – Purchase of 7 office properties from CIS
- 5 A.I.F – Disposal of a portfolio of North West properties. Purchase of 12 industrial properties from the Warner Core and the 4 from the Bareway Industrial Fund
- 6 Ashtenne t3 – Disposal
- 7 Bareway – Disposal to A.I.F
- 8 Ashtenne Non Core – Purchase of Dutch distribution warehouse. Disposal of 9 UK, 1 JV and 3 European properties

financial highlights

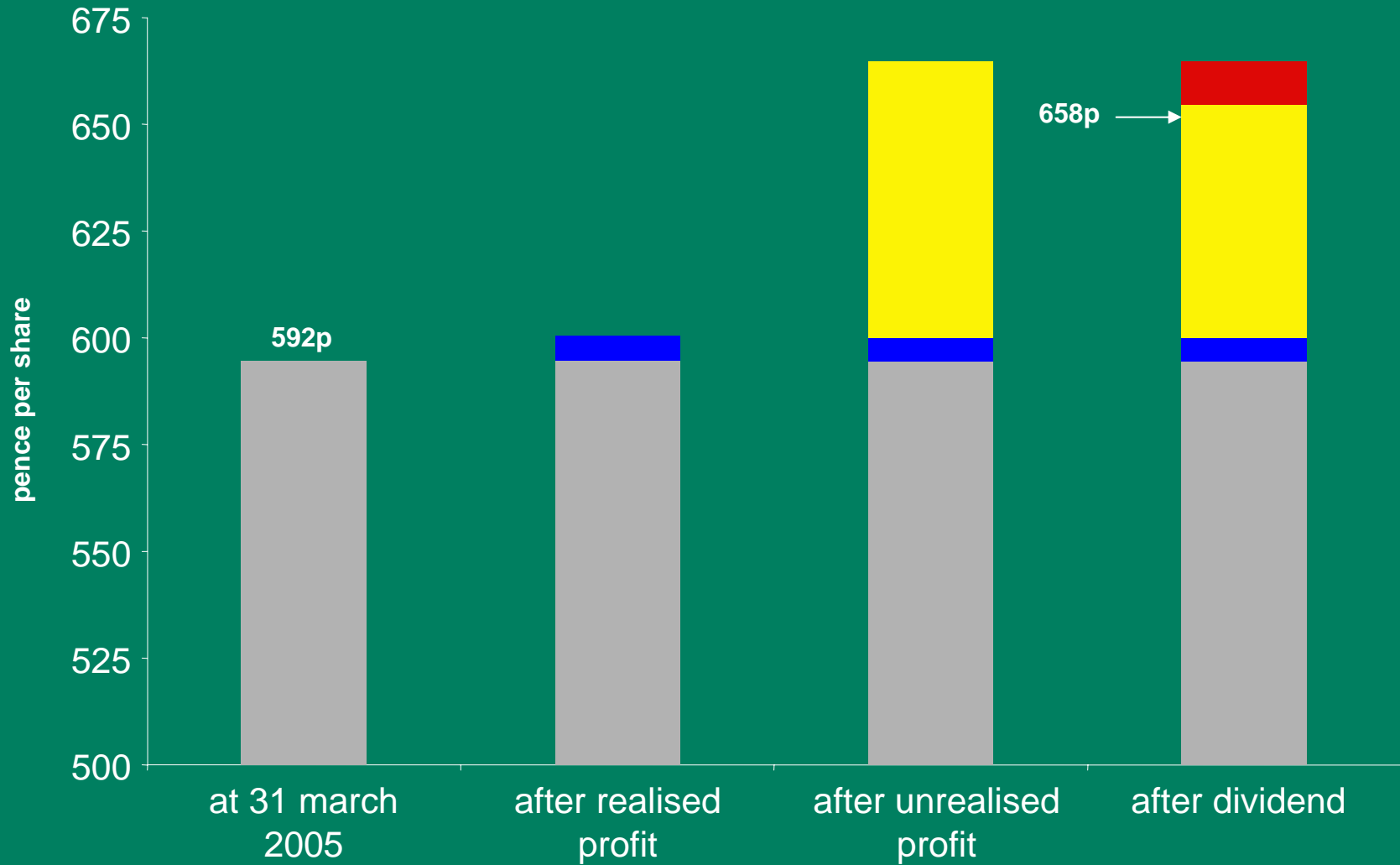
| | | |
|--|--------|------|
| Return on capital | 22% | -9% |
| NAV* | 658p | +11% |
| Triple NAV | 597p | +8% |
| Property valuation uplift (including share of JVs) | £31.5m | +5% |
| Equity shareholders' funds* | £348m | +17% |
| Gearing | 55% | +9% |
| Recurring profit before tax | £6.4m | -5% |
| Profit before tax** | £35.8m | +18% |

34 Years of Dividend Growth

*adjusted to add back deferred tax, fair value adjustments on derivative financial instruments, reinstate investment properties treated as finance lease assets under IFRS, and to deduct the proposed interim dividend.

**includes share of JVs post tax profits

growth in nav per share



portfolio overview

30 september 2005

movement

Total managed

| | | | |
|---------------|---------|----------|------|
| Capital value | £2,109m | +£1,032m | +95% |
| Rent roll | £135m | +£63m | +88% |

Wholly owned*

| | | | |
|---------------|--------|--------|-------|
| Capital value | £331m | -£2m | -0.5% |
| Rent roll | £21.8m | -£2.5m | -10% |

*investment properties only

Financial review

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six months ended 30 September 2005

financial performance

| | 30 september 2005 | movement* | |
|---|-------------------|-----------|------|
| Recurring profit | £6.4m | -£0.4m | -5% |
| Capital profit (including share of JVs) | £0.3m | -£0.6m | -67% |
| Interest covered by recurring profit | 2.6x | -0.4x | -13% |
| Recurring EPS** | 9.51p | -0.84p | -8% |
| EPS | 52.34p | +3.61p | +7% |
| Dividends | 9.5p | +0.75p | +9% |

*since september 2004 as restated under IFRS

**excluding effect of deferred tax on revaluation gains

recurring profits

| | 30 september 2005 | movement* |
|---------------------------|-------------------|-----------|
| Group (excl. JVs) | | |
| • Wholly owned property | £2.8m | -£0.2m |
| • Investment income | | |
| Listed | - | -£0.3m |
| APIA | £0.3m | +£0.3m |
| AIF | £0.1m | +£0.1m |
| | £3.2m | -£0.1m |
| Funds & JVs | | |
| • Net management fees** | £0.7m | +£0.2m |
| • Interest from JVs | £2.4m | -£0.6m |
| • Share of profits of JVs | £0.1m | +£0.1m |
| Total Funds & JVs | £3.2m | -£0.3m |
| Total | £6.4m | -£0.4m |

*since september 2004 as restated for IFRS

**this included fees from APIA

proforma management fees before costs

| | Warner management fees in year to 31/3/05 £m | 100% share of Ashtenne management fees based on year to 31/12/04 £m | Total management fees £m |
|------------------|---|--|-----------------------------|
| Performance fees | 1.6 | 2.2 | 3.8 |
| Management fees | 2.3 | 4.4 | 6.7 |
| | <u>3.9</u> | <u>6.6</u> | <u>10.5</u> |

- Performance fees - Warner fees on Agora are based on exceeding an IRR of 20% over the life of the funds or on disposal
- Ashtenne fees are based on achieving a return better than the IPD industrial index on a three year rolling basis
 - Apia fees are based on achieving a return better than the IPD regional office index (excluding business parks) on a three year rolling basis
 - The year end of the Funds is 31 December for AIF and APIA. The rest have a 31 March year end.

- Management fees - Joint venture fees are 5% of rent collected
- Ashtenne fees are 0.5% of the capital value of the fund plus fees for new lettings, rent reviews, disposals, additions etc
 - Apia fees are 0.4% of the capital value of the fund

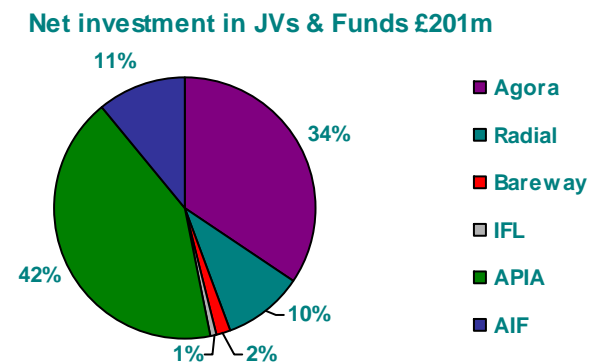
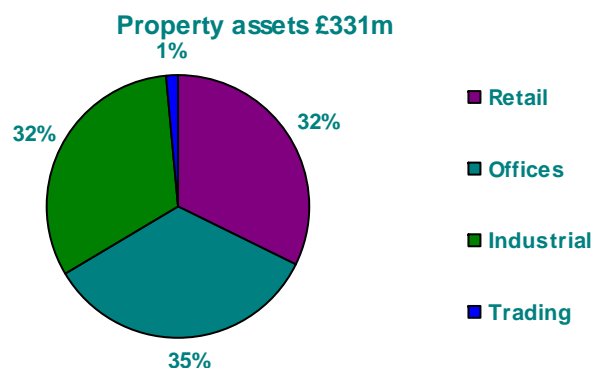
total return

| | 30 september 2005 | 30 september 2004 |
|----------------------|-------------------|-------------------|
| Total return | 21.6% | 24.3% |
| Being from | | |
| - Group | 20.2% | 24.5% |
| - Joint Ventures | 16.8% | 23.9% |
| - Funds [APIA & AIF] | -0.9% | N/A |
| Agora | 32.8% | 29.0% |
| Radial | 32.1% | 13.0% |
| Bareway | 24.2% | 14.2% |

*as APIA and AIF have only been in business for part of the period, separate returns have not been calculated, but will be included in the full year end

balance sheet

| | 30 september 2005 | movement* | |
|---------------------------------------|-------------------|--------------|-------------|
| Property assets | £331m | -£4m | -1% |
| Net investment in JVs & Funds | £201m | +£90m | +81% |
| Net debt | -£193m | -£40m | -26% |
| Other net assets | £9m | +£4m | |
| Adjusted shareholders' funds** | £348m | +£50m | +17% |



*since march 2005 as restated for IFRS

**adjusted to add back deferred tax, reinstate investment properties treated as finance lease assets under IFRS, deduct the proposed interim dividend, and for fair value adjustments on derivative financial instruments

balance sheet – analysis

| | 30 September 2005 | movement* | |
|---|-------------------|--------------|------|
| Net gearing** | 55% | +4% | |
| Recourse gearing** | 40% | +7% | |
| NAV** | 658p | +66p | +11% |
| Triple NAV** | 597p | +46p | +8% |
| Property revaluation uplift in six months | £31.5m | | |
| Core Portfolio | £15.4m | +5.2% uplift | |
| Share of JVs | | | |
| - Agora | £11.5m | +6.2% uplift | |
| - Radial | £3.9m | +5.1% uplift | |
| - Bareway | £0.7m | +6.5% uplift | |

*since march 2005

**on adjusted shareholders' funds

debt profile

| £m | on balance sheet | share of JVs | total |
|--|------------------|--------------|--------------|
| Net short term debt | 13.9 | 53.8 | 67.7 |
| Long term debt | 179.3 | 227.9 | 407.2 |
| Total debt at 30 september 2005 | 193.2 | 281.7 | 474.9 |
| of which: | | | |
| Total net recourse debt | 138.5 | 9.1 | 147.6 |
| Long term non recourse debt | 54.7 | 272.6 | 327.3 |
| Gearing* | 55% | | 136% |
| Recourse gearing | 40% | | 43% |
| Total debt at 31 march 2005 | 153.0 | 323.1 | 476.1 |
| Gearing* | 51% | | 160% |
| Recourse gearing | 33% | | 35% |

• At 30 september 2005 the Group had undrawn facilities of £50m

* on adjusted shareholders' funds

Property review

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half year ended 30 September 2005



the ashtenne industrial fund

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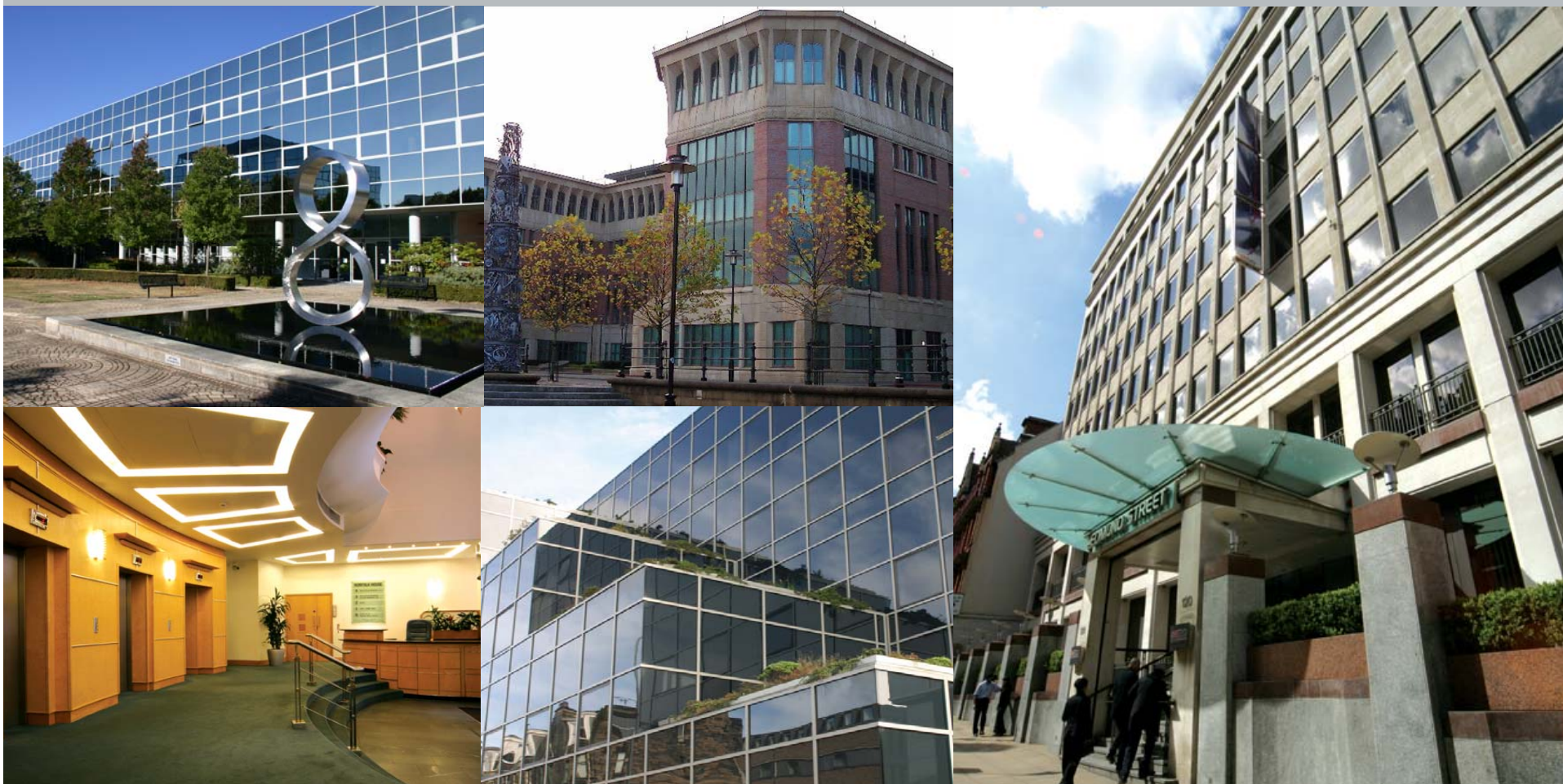
the ashtenne industrial fund

| A.I.F | 30 September 2005 | movement since 31 March 2005 | |
|-----------------|-------------------|------------------------------|----------------|
| Income | £52.52m | +£1.84m | +3.64% |
| ERV | £64.66m | +£3.99m | +6.57% |
| Yield (initial) | 6.34% | 56 basis point improvement | |
| Voids | 11% | down from 13.5% | |
| Value | £782.81m | +£91.2m | +13.19% |

| Post half-year | Value | income |
|-------------------|----------------|---------------|
| Warner transfer | +£80.0m | +£5.72m |
| NW portfolio sale | -£12.0m | -£0.90m |
| Value | £850.8m | £57.3m |

the apia regional office fund

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the apia regional office fund

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30 September 2005

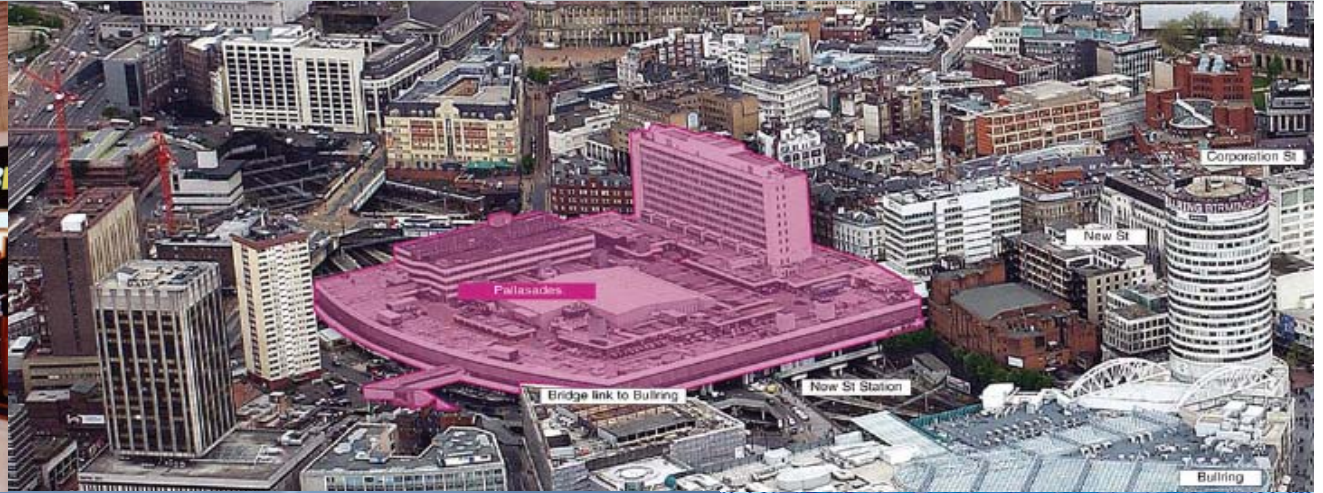
movement since 7 June 2005

| | | | |
|------------------------|----------------|----------------------------|---------------|
| Income | £17.26m | -£0.09m | -0.49% |
| ERV | £19.86m | +£0.09m | +0.43% |
| Yield (initial) | 6.21% | 22 basis point improvement | |
| Voids | 8% | up from 6% | |
| Value | £261.4m | +£7.6m | +3.01% |

| Post half-year | Value | income |
|----------------------------|----------------|----------------|
| Principal Portfolio | +£121.4m | +£8.57m |
| Apia | £382.8m | £25.83m |

the agora shopping centre funds

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the agora shopping centre funds

| | 30 September 2005 | movement since 31 March 2005 | |
|-----------------|-------------------|------------------------------|---------------|
| Income | £23.51m | +£0.52m | +2.26% |
| ERV | £28.81m | +£0.53m | +1.89% |
| Yield (initial) | 5.53% | 34 basis point improvement | |
| Voids | 5% | unchanged | |
| Value | £400.2m | +£26.5m | +7.09% |

| Post half-year | Value | income |
|--------------------|----------------|----------------|
| Disposal of Sale | -£40.0m | -£2.10m |
| Agora | £360.2m | £21.41m |
| Agora Max | +£152.0m | +£8.21m |
| Agora Funds | £512.2m | £29.62m |

the radial distribution fund

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the radial distribution fund

| | 30 September 2005 | movement since 31 March 2005 | |
|------------------------|-------------------|------------------------------|--------|
| Income | £11.28m | -£0.61m | -5.12% |
| ERV | £11.58m | -£0.58m | -4.73% |
| Yield (initial) | 6.26% | 28 basis point improvement | |
| Voids | 0% | unchanged | |
| Value | £170.7m | -£1.6m | -0.87% |

core portfolio

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core portfolio

| | 30 September 2005 | movement since 31 March 2005 | |
|--------------------|-------------------|------------------------------|---------------|
| Income | £21.79m | -£2.49m | -10.25% |
| ERV | £23.82m | -£2.55m | -9.67% |
| Yield (initial) | 6.22% | 69 basis point improvement | |
| Acquisitions | £11.02m | | |
| Disposals | £29.35m | | |
| Total Value | £330.5m | -£1.5m | -0.46% |

| Post half-year | Value | income |
|---------------------|----------------|----------------|
| Principal Portfolio | +£52.0m | +£3.07m |
| A.I.F transfer | -£51.1m | -£3.69m |
| Core | £331.4m | £20.89m |

core portfolio

| | | 30 September 2005 | | | movement since 31 March 2005 |
|--------------|-----|-------------------|----------------|--------------------------------|------------------------------|
| | | income | ERV | yield <small>(initial)</small> | income |
| Retail | 31% | £5.50m | £5.81m | 5.27% | -£0.42m |
| Offices | 36% | £8.48m | £9.59m | 6.41% | -£1.91m |
| Industrial | 32% | £7.81m | £8.42m | 6.86% | -£0.16m |
| Total | | £21.79m | £23.82m | 6.22% | -£2.49m |

| | | Post year End | | |
|--------------|-----|----------------|----------------|--------------------------------|
| | | income | ERV | yield <small>(initial)</small> |
| Retail | 45% | £8.31m | £8.79m | 5.43% |
| Offices | 38% | £8.82m | £10.07m | 6.37% |
| Industrial | 17% | £4.13m | £4.36m | 6.93% |
| Total | | £21.26m | £23.22m | 6.06% |

development programme

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core development programme

| Project | size (sq. ft.) | consent / planning status |
|--------------|----------------|--|
| Folkestone* | 200,000 | retail scheme incorporating 85,000 superstore – Now pre-let to ASDA, Next and BHS. Construction Work commenced October 2005. P.C Spring 2007 |
| Basingstoke | 70,000 | office redevelopment and – application to be submitted Summer 2006 |
| Long Eaton | 32,000 | retail development – application to be submitted Summer 2006 |
| Total | 302,000 | of which 200,000 sq.ft has consent |

* A Bride Hall development

agora development programme

| Shopping centre | size (sq. ft.) | consent / planning status |
|-----------------------|-------------------|--|
| Preston | 189,000 | granted September 2004 |
| Bolton | 100,000 | granted March 2005 |
| Middleton | 45,000 (phase 1) | granted March 2004 - work commenced October 2005 |
| | 17,450 (phase 2) | granted April 2005 |
| Birkenhead - Pyramids | 7,500 (Phase 1) | granted November 2005 |
| - The Grange | 25,000 (Phase 2) | application to be submitted Feb 2006 |
| | 120,000 (Phase 3) | application to be submitted Autumn 2006 |
| Total | 503,950 | of which 358,950 has consent |

- Continuing downward pressure on yields in all sectors
- Consolidation of quoted real estate sector continues
- Discerning tenant demand across the board
- Growth on some rentals, dependant on location
- Tough competition continuing for product
- Derivatives?
- REITs – the market awaits
- Development – market conditions are here

- Continue to expand the fund management business
- Track corporate opportunities for growth
- Add value through asset management
- Maintain and build the development pipeline
- Grow fee income
- Deliver performance

34 Years of Dividend Growth

Appendix

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half year ended 30 September 2005

portfolio overview - total managed

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| Property | 30 september 2005 | movement | |
|------------------------------|-------------------|------------|------|
| Capital value | £2,109m | +£1,032m | +96% |
| Annualised rent roll | £135m | +£63m | +88% |
| Average unexpired lease term | 6.0yrs | -3.4yrs | -36% |
| Voids | 9% | up from 3% | |
| Number of properties | 534 | +430 | |
| Average lot size | £3.9m | -£6.5m | -62% |

portfolio overview - wholly owned

| Property | 30 September 2005 | movement | |
|------------------------------|-------------------|-----------|------|
| Capital value | £331m | -3.6m | -1% |
| Annualised rent roll | £21.8m | -£2.5m | -10% |
| Average unexpired lease term | 10.3yrs | -0.3yrs | -3% |
| Voids | 4% | unchanged | |
| Number of properties | 73 | -3 | |
| Average lot size | £4.5m | +£0.1m | +2% |

key elements of valuation

| £m | retail | offices (M25 & Greater London) | offices (rest of UK) | industrial | total |
|-----------------------|-------------|--------------------------------------|-------------------------|------------|-------------|
| Core Portfolio | | | | | |
| Valuation uplift | 5.7 | 0.9 | 3.5 | 5.3 | 15.4 |
| Share of JVs | | | | | |
| Valuation uplift | 11.5 | - | - | 4.6 | 16.1 |
| Total | 17.2 | 0.9 | 3.5 | 9.9 | 31.5 |

adjusted nav per share

| | 30 september 2005 | movement | | |
|-------------------------|-------------------|-------------|---------------------------------|--|
| Net assets* | 642p | -32p | | |
| JVs & Funds | 380p | +158p | | |
| Net debt | -364p | -60p | | |
| | <u>658p</u> | <u>+66p</u> | | |
| Analysis of JVs & Funds | | | of which: share of uplift | of which: other equity movements |
| Agora | 120p | 15p | 22p | -7p |
| Skipper | - | -65p | - | -65p |
| Radial | 45p | 6p | 7p | -1p |
| Bareway | 17p | 4p | 1p | 3p |
| IFL | 87p | 87p | 1p | 86p |
| APIA | 88p | 88p | 5p | 83p |
| AIF | 23p | 23p | - | 23p |
| Total | 380p | 158p | 36p | 122p |

*excluding JVs & Funds, and net debt

tax profile

| Tax losses and capital allowances available | gross £m | tax @ 30% £m |
|---|------------|--------------|
| As at 30 september 2005 | | |
| Revenue losses | - | - |
| Net capital losses | 3.8 | 1.1 |
| Capital and industrial building allowances | 7.5 | 2.3 |
| Pre FRS 19 | 11.3 | 3.4 |
| Deferred tax for FRS 19 | -7.3 | -2.2 |
| Total | <u>4.0</u> | <u>1.2</u> |
| At 31 march 2005 pre FRS 19 | 5.9 | 1.8 |

Tax charge excluding deferred tax 21% (2005: 21%)