

INTERIM RESULTS PRESENTATION

7 September 2004

AGENDA

Financial and valuation review

- Operating review
- overview
 - lettings
 - vacancies
 - developments
 - Manchester
-

Outlook

FINANCIAL AND VALUATION REVIEW

FINANCIAL SUMMARY

Net rental income £46.2m **+6.7%**

Investment profit £22.3m **+5.2%**

Profit before tax £33.1m **+51.8%**

Adjusted eps 7.6p **+2.7%**

Interim dividend 4.05p **+2.5%**

Adjusted NAV per share 352p **+7.0%** (FY 2003 : 329p)

Portfolio valuation surplus £59.9m **+3.4%** in 6 months

GROUP PROFIT AND LOSS ACCOUNT

	H1 2004 £m	H1 2003 £m	
Net rental income	46.2	43.3	+6.7%
Administration expenses	(2.3)	(2.2)	+4.5%
Share of joint ventures' operating profits	1.6	2.2	-27.3%
Net interest payable	(23.2)	(22.1)	+5.0%
Investment profit	22.3	21.2	+5.2%
Exceptional items	10.8	0.6	n/a
Profit before taxation	33.1	21.8	+51.8%
Taxation (excluding deferred tax)	(2.7)	(3.4)	-20.6%
Profit after taxation	30.4	18.4	+65.2%

TENANT STRENGTH

Diversity **650 tenants wholly owned portfolio; 820 including JVs**

Rent roll analysis (including jvs)

Distribution	43%	Top 10 tenants	19%
Industrial	23%	10-100 tenants	46%
Technology	19%	Remainder	35%
Other	15%		
	100%		100%

Security*
(inc JVs) **Average unexpired lease term:
industrial 7.8 years, whole portfolio 8 years**

67% and 33% of income secured for next 5 and 10 years

*“worst case scenario” ie, assuming tenants leave at earliest opportunity

Resilience

		Inc JVs H1 04	H1 04	2003	2002
Insolvencies	No.	10	6	14	17
Annualised loss of rent	£m	0.4	0.4	(0.2)	1.0
Bad debt provision	£m	0.6	0.6	0.7	0.7

SUMMARISED GROUP BALANCE SHEET

	H1 2004 £m	2003 £m
Properties	1,601.3	1,469.2
Investments in joint ventures	43.7	46.7
Other fixed assets	1.2	1.4
Net current liabilities	(50.7)	(48.8)
Net borrowings	(647.7)	(666.3)
Adjusted net assets	947.8	802.2
Adjusted net assets per share	352p	329p
Gearing (debt/equity)	68%	83%

TRIPLE NET NAV (NNNAV)

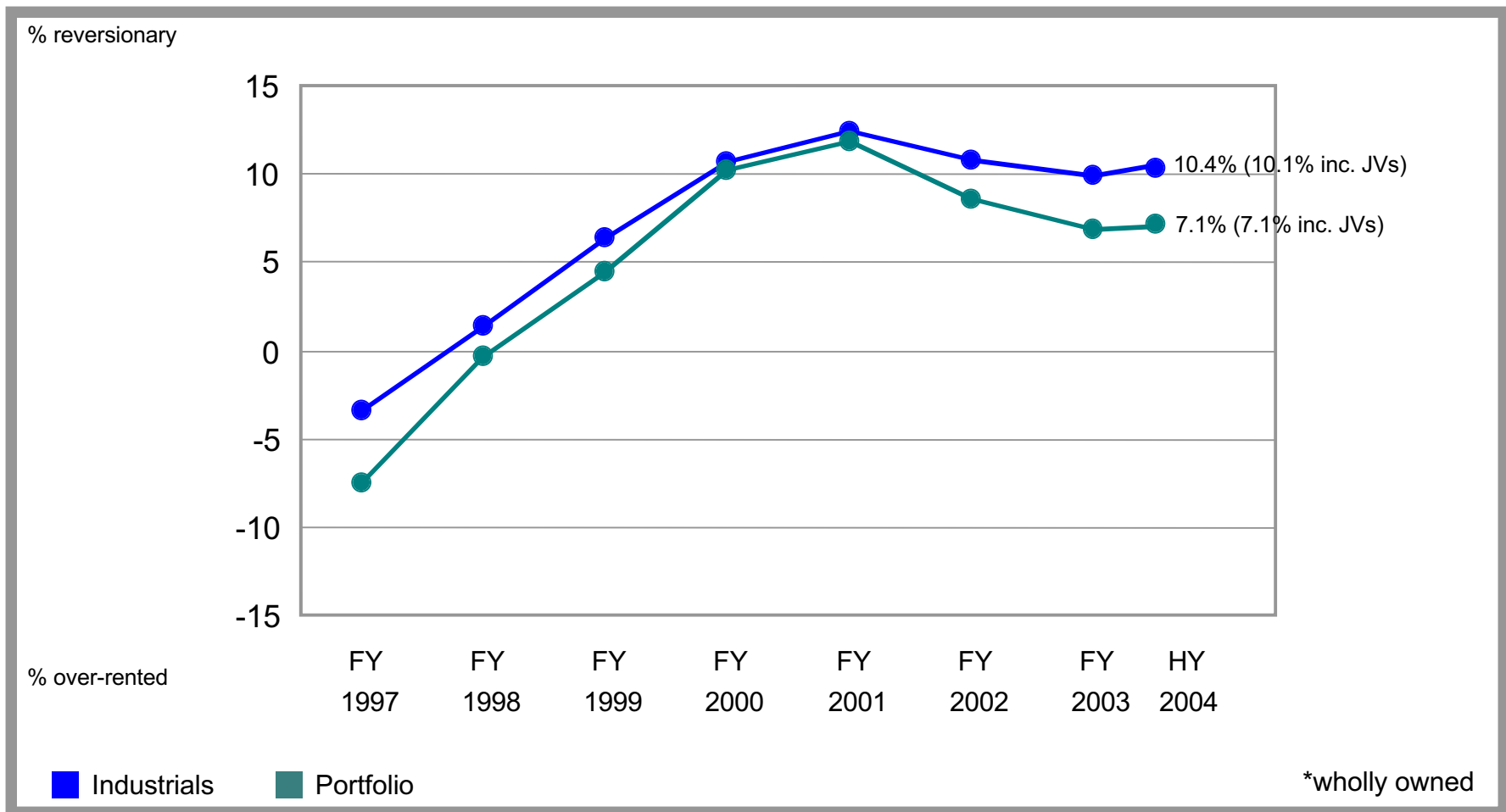
	H1 2004		2003	
	£m	p	£m	p
Adjusted NAV	947.8	352	802.2	329
Contingent CGT	(50.0)	(19)	(34.7)	(14)
Market Value of net financial liabilities	(57.8)	(21)	(65.4)	(27)
Adjusted NNNAV	840.0	312	702.1	288

VALUATION *

	Industrial	Office	Total
Valuation	£1,552m	£171m	£1,723m
Valuation surplus (in 6 months)	£56.2m	£3.7m	£59.9m
	3.6%	2.2%	3.4%
Running yield * (excluding voids)	6.6%	8.3%	6.7%

* including JVs

RENTAL GROWTH* – reversionary potential



RENTAL GROWTH – Brixton's industrial outperformance

	IPD All Fund UK Industrial Benchmark – rental growth	IPD All Fund South East* Industrial Benchmark – rental growth	Brixton's Valuers' Industrial Portfolio ERV growth		Brixton's Industrial Portfolio ERV growth (lettings, rent reviews and renewals)	
			Wholly owned	Inc JVs	Wholly owned	Inc JVs
HY 2004 **	0.5%	0.3%	0.3%	0.6%	0.6%	0.6%
2003	0.3%	0.4%	1.6%	N/A	2.4%	N/A
2002	1.1%	1.1%	0.0%	N/A	3.7%	N/A
2001	3.0%	3.4%	4.7%	N/A	8.6%	N/A
Average annualised rate of rental growth 2001 – HY 2004	1.4%	1.5%	1.9%	N/A	4.4%	N/A

* South-East includes London

** IPD Monthly Index

DEBT ANALYSIS

	H1 2004		2003	
	£m		£m	
Fixed/Floating				
Fixed	404.2	61.7%	404.1	56.6%
Floating	251.0	38.3%	310.0	43.4%
Total	655.2	100.0%	714.1	100.0%
Security Analysis				
Secured	181.2	27.7%	181.2	25.4%
Unsecured	474.0	72.3%	532.9	74.6%
Total	655.2	100.0%	714.1	100.0%

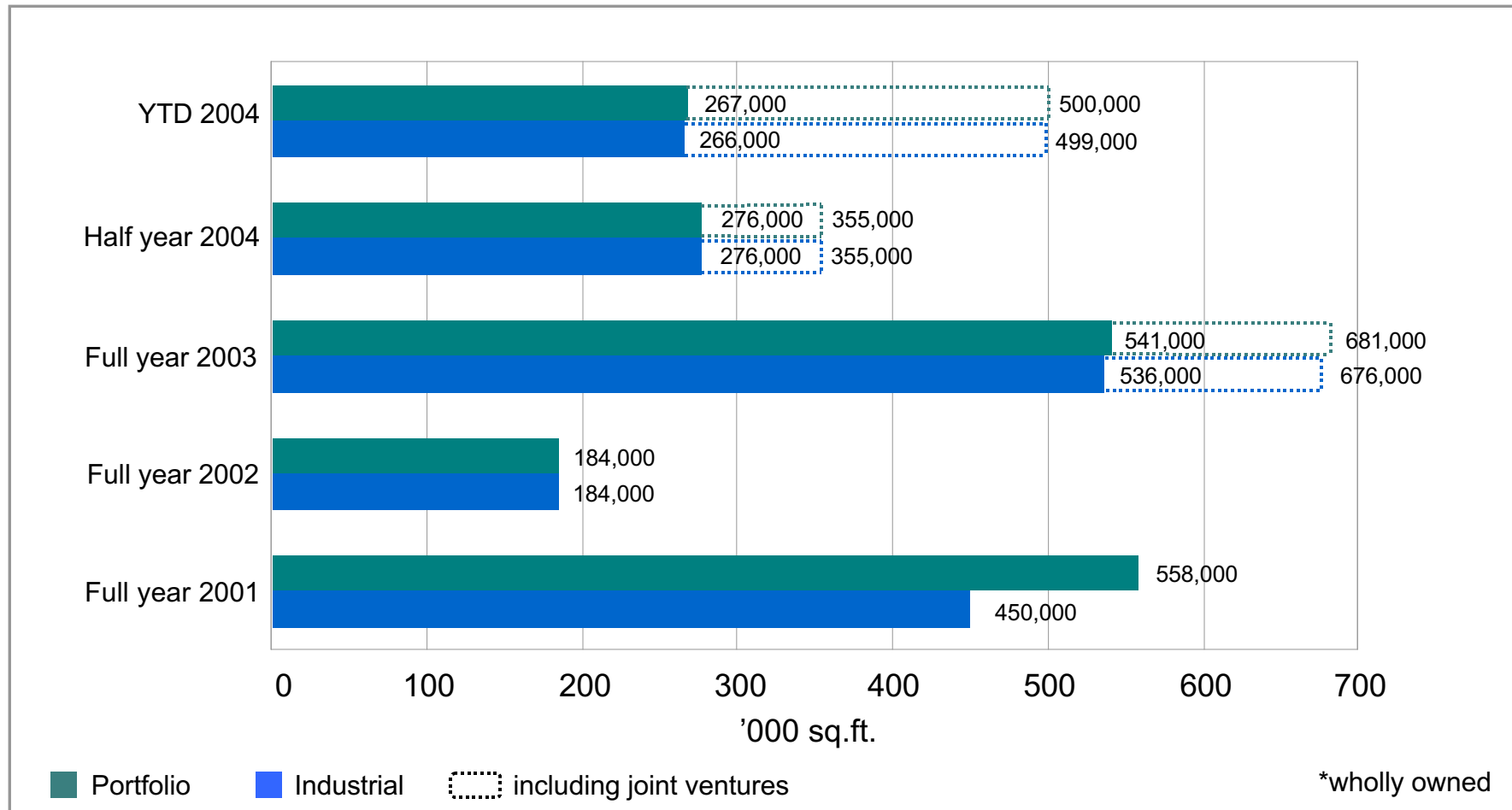
Value of unencumbered portfolio at June 2004 was £1.3bn

OPERATING REVIEW

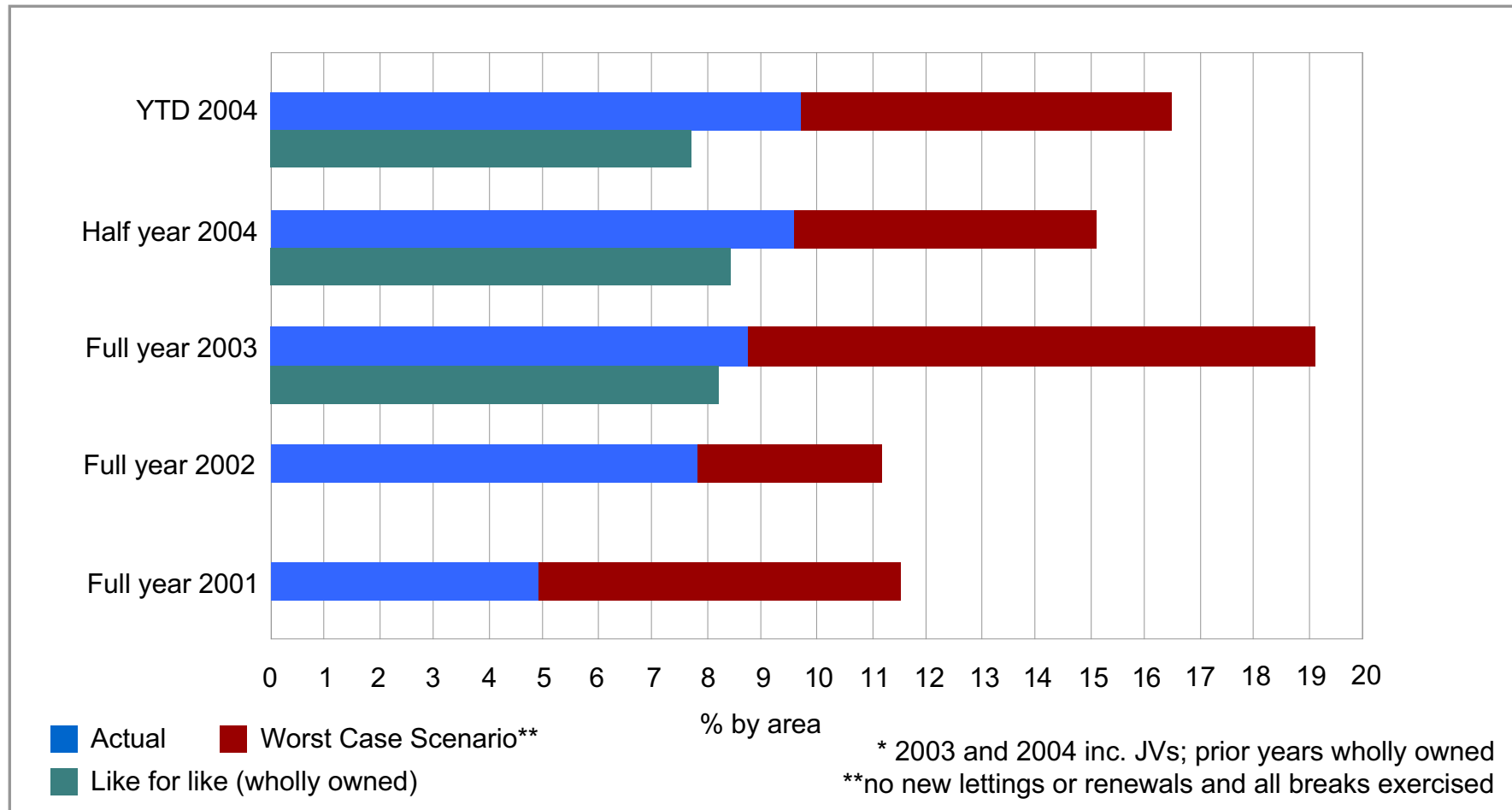
OVERVIEW – strong activity

- **£230m acquisitions in Park Royal, Greenford and Manchester**
- **£119m sale to and re-structure of Equiton**
- **Creation of Heathrow Big Box fund**
- **0.5m sq ft let – on target to meet void forecasts**
- **Vacancies under control at 9.7% (7.7% like for like)**
- **Developments of 0.1m sq ft started with further 0.5m sq ft in next 6 months**
- **Heathrow market re-activated: good lettings at Polar Park and Axis Park**

LETTINGS* – good progress



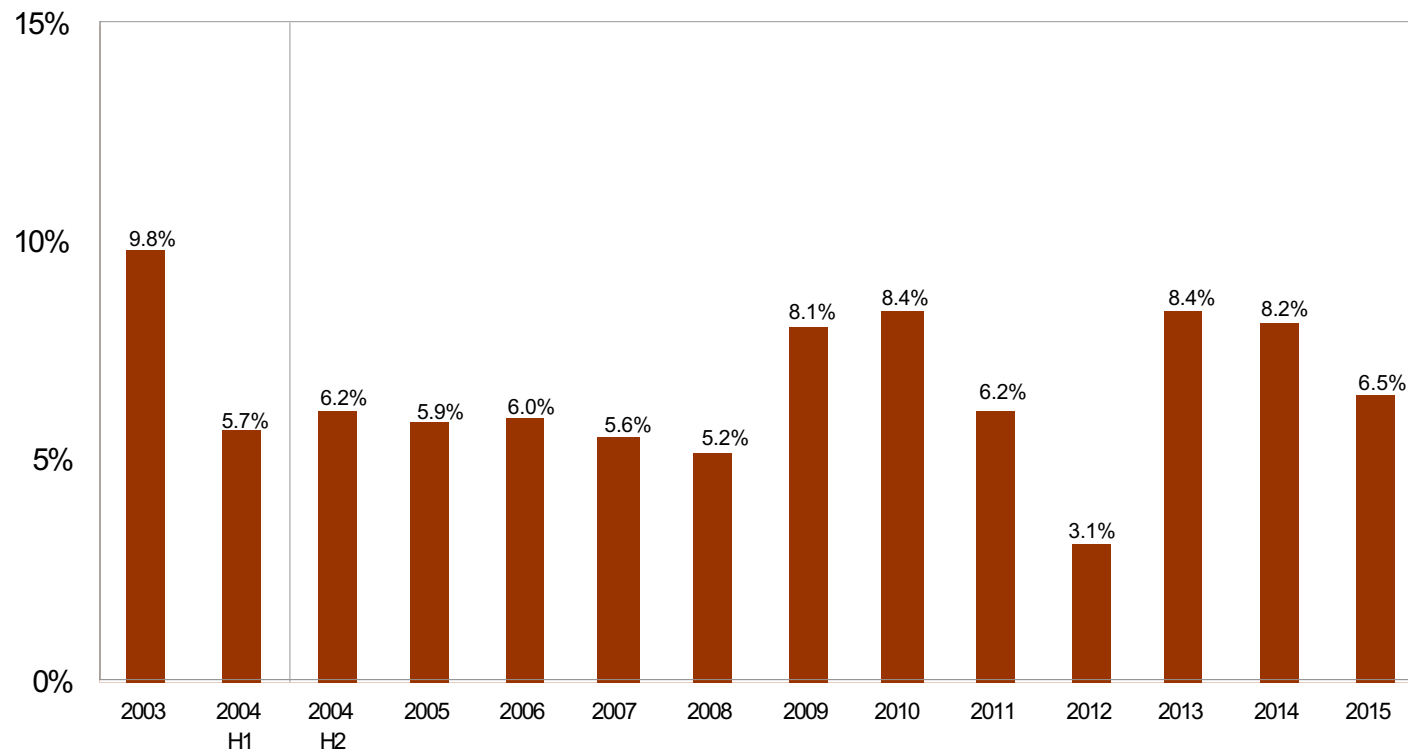
VACANCIES* – under control



VACANCIES – expiry and break profile*: worst case scenario **

– low exposure 2005 – 2008

Expiry/break per year – by rent



Note: Data for 2004 to 2015 is for portfolio at June 2004.
 Prior years' data relates to historic portfolio.

* including JV's
 ** assuming tenants leave at earliest opportunity

Developments – Enfield under way

– 537,000 sq ft planned to start by March 05

Development Programme			
	Sq ft 000	Cost £m	Start
Brixton			
Enfield, Great Cambridge	92	6	Jun '04
Park Royal, Premier Park – Phase 1	143	9	Nov '04
Greenford, Greenford Park, Green Zone	67	4	Jan '05
Feltham, Spaceway	87	5	Mar '05
Heathrow, Polar Park	182	10	Mar '05
Southall, Great Western, Windmill Lane	58	4	Mar '05
Basingstoke, Kingsland	117	7	Jun '05
Greenford, Greenford Park, Blue Zone – Phase 1	152	11	Jun '05
Southall, Great Western, Western Point	98	6	Jun '05
Staines, Zen X*	36 (29 net)	6	Oct '05
Addlestone, Aviator Park – Phase 2*	183 (156 net)	26	Dec '05
Heathrow, Hatton Cross	211	15	Jan '06
Park Royal, Premier Park – Phase 2	230	13	Jan '06
Greenford, Greenford Park, Blue Zone – Phase 2	198	8	Jun '06
Total programme	1,854	130	

*offices

MANCHESTER: TRAFFORD PARK

Since the 2.7m sq ft acquisition in March:

- **local B-Serv team appointed**
- **service providers and contractors selected**
- **developed business plan to improve, consolidate and selectively expand holding**
- **completed 11 lettings totalling 35,000 sq ft at 13.4% above ERV**

OUTLOOK

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- **Strong relative property performance to continue**
- **Real estate equities favoured:**
 - **REITS**
 - **performance of underlying asset**
- **Good letting prospects:**
 - **quantum improving**
 - **steady rental growth**
- **Caution on further fall in property yields:**
 - **debt buyers less competitive**
 - **are the institutions really that keen?**
 - **slowing of global economic recovery**
 - **domestic worries; consumer spending; house prices**

OUTLOOK (continued)

- **Brixton well placed:**
 - **continue to outperform**
 - **focus and customer relationships and retentions (B-Serv)**
 - **good letting levels**
 - **reducing voids**
 - **low future lease expiries and breaks**
 - **expanding development programme**
 - **key markets strengthening: Heathrow and West London**
 - **grow Equiton**
 - **lower gearing to exploit new opportunities**