



WARNER ESTATE

*Full Year results for the year
ended 31 March 2003*

June 2003



the performance

> Financial Highlights



Recurring revenue profits	£14.1m	+28%
Recurring revenue eps*	22.31p	+21%
Dividend	16p	+7%
NAV*	439p	+ 4%
Valuation uplift (£2.5m at half year)	£3.7m	+1.2%

32 Years of Dividend Growth

* pre FRS 19

> Key Events & Achievements

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Property Investment Company

Establishment of £223m Agora Shopping Centre Fund in March 2003*

Disposal of £30m of non-core assets – profit £1.2m

Valuation uplift across all main sectors of investment

Voids down from 5% to 3% of the portfolio

£600m of Property Assets under Management

* A Joint Venture with Bank of Scotland

> Portfolio Overview

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Investment	Value £m	Yield	Weighting
Retail	47.2	7.52%	8%
Regional Offices	199.3	8.57%	33%
M25 & Greater London Offices	55.0	8.62%	9%
Industrial	58.7	8.99%	10%
Trading	19.5	6.30%	3%
Total – wholly owned	379.7	8.52%	63%
Shopping Centre Joint Venture	222.6	7.05%	37%
Total under management	602.5	7.79%	100%

> Portfolio Overview

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<i>As at</i>	<u>31.03.03</u>		31.03.02
Property	Total	Proportion Owned	
Capital Value	£602m	£380m	£403m
Annualised rent roll	£47.0m	£29.0m	£32.5m
Initial yield	7.79%	8.68%	8.06%
Average unexpired lease term	10.4yrs	12.4yrs	11.5yrs
Voids	3%	3%	5%
Number of properties	101	81	93
Average lot size	£5.96m	£4.12m	£4.3m
IPD performance		Top quartile	Top quartile



the score

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Peter Collins

Financial Director



> Financial Performance

	31.03.03 £m	31.03.02 £m
Revenue Profit		
- recurring	14.1	11.0
- non recurring	<u>1.0</u>	<u>2.1</u>
	<u>15.1</u>	<u>13.1</u>
Capital Profit	1.55	2.08
Interest covered by recurring profit	1.9x	1.9x
	<i>pence</i>	<i>pence</i>
Recurring revenue EPS*	22.31	18.38
Revenue EPS*	23.32	21.42
Dividends	16.00	15.00

* pre FRS 19

> Balance Sheet - Analysis

<i>As at</i>	<i>31.03.03</i>	<i>31.03.02</i>
	<i>£m</i>	<i>£m</i>
Property Assets	380	457
Net Debt	(193)	(251)
Other Net Assets	<u>36</u>	<u>10</u>
Net Assets	223	216
FRS 19 Adjustment	<u>(4)</u>	<u>(5)</u>
Net Assets per accounts	<u>219</u>	<u>211</u>
Net Gearing*	86%	116%
NAV*	439p	423p
Triple net NAV*	414p	403p
Property revaluation uplift in year	£3.7m	£4.0m

* Before taking account of pre FRS 19

> Debt Profile

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Group Profile				> Undrawn Facilities	
On Balance Sheet	£m	£m	£m		£m
	Recourse	Non Recourse	Total		
Up to one year	74	-	74	Up to one year	18
One to five years	8		8	One to five years	60
Five years or more	<u>71</u>	<u>57</u>	<u>128</u>	Five years or more	-
	153	57	210		<u>78</u>
Less cash of	<u>(17)</u>		<u>(17)</u>		
<u>Net Debt</u>	<u>136</u>		<u>193</u>		
<u>Gearing %</u>	<u>61%</u>		<u>86%</u>		

Joint Venture Profile (50% Group Share)

These are all **non recourse** loans _ £110m

Of which the five year Agora loan represents £107m

The Group and the Agora Joint Venture are both fully covered by interest hedging products

> Key Elements of Valuation

Investment Property £m	Valuation Uplift			Sales(1)	Total
	1 st Half	2 nd Half	Sub Total		
Retail	1.2	0.7	1.9	(0.4)	1.5
Regional Offices	0.7	1.4	2.1	-	2.1
M25 & Greater London Offices	(0.1)	0.3	0.2	-	0.2
Industrial	0.7	(0.4)	0.3	(0.4)	(0.1)
Total	<u>2.5</u>	<u>2.0</u>	<u>4.5</u>	<u>(0.8)</u>	<u>3.7</u>

Note 1: The sales column represents 1st half revaluations that have been reversed through property sales during the 2nd half of the year.

Note 2: In addition there were capital profits on property disposals of £1.2m and an uplift on the Agora Shopping Centre Joint Venture of £1.2m taken directly to reserves.

> IPD Benchmarking

- All fund index 160 funds
- IPD average 8.7%
- **Warner return 12.0%**
- Percentile 20th

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Richard Moore

Property Director

> 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

> Agora Shopping Centre Fund - £223m Joint Venture with BoS

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1. **Ellesmere Port**
(264,000 sq. ft)
2. **Cavern Walks Liverpool**
(109,000 sq. ft)
3. **Sale - The Shopping Centre**
(208,000 sq. ft)
4. **Bolton - Market Place**
(253,000 sq. ft)
5. **Middleton Shopping Centre**
(272,000 sq. ft)
6. **Preston Shopping Centre**
(360,000 sq.ft)

Net income £15.7m

Net initial yield 7%

Covenant

National multiple 62%

Regional multiple 12%

Lease expiry 19% within
5 yrs.

> Middleton Now



Before

- > Built in 1970
- > Loyal customer base
- > Importance of Bus Terminal
- > In need of TLC



> Middleton - Proposals

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- > Acquisition of Colmar House & Suffield House
- > Redevelopment of new bus station
- > Acquisition of additional land
- > Planning application of reconfiguration of ground floor and first floor submitted by November.

Extension and Bus Station Re-development

> Bolton Now

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- > Grosvenor developed scheme in 1988
- > Acquired by Warner/ BoS JV in August '02
- > Grade A Scheme
- > Listed Market Hall

Before

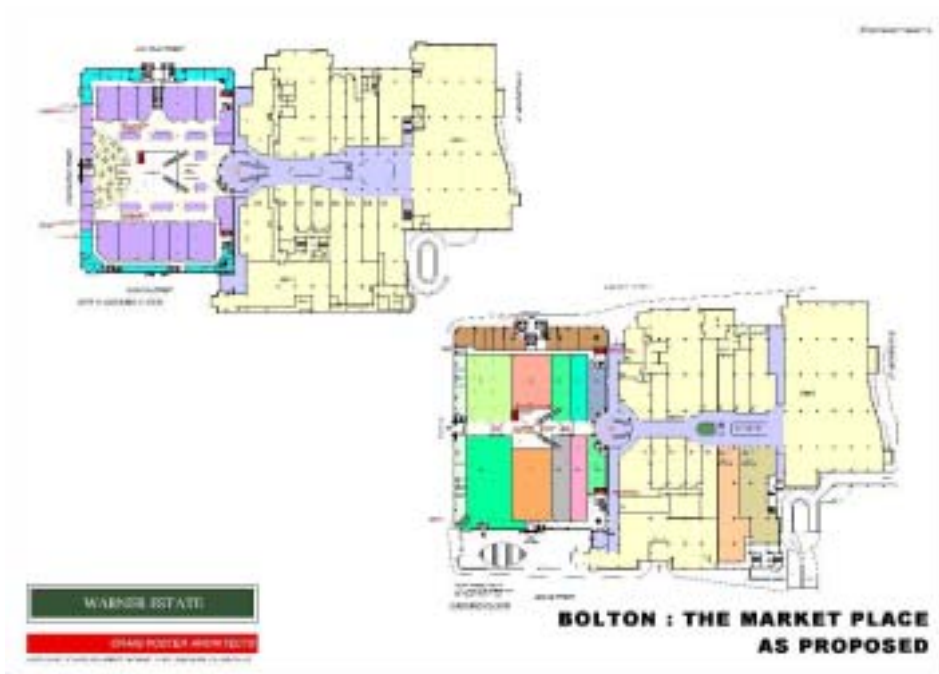


> Bolton - Market Place Proposals

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- > Creation of 60,000sq ft of space
- > Architectural competition by Autumn 2003
- > Retain character of Market Hall
- > Support from planners/local authority

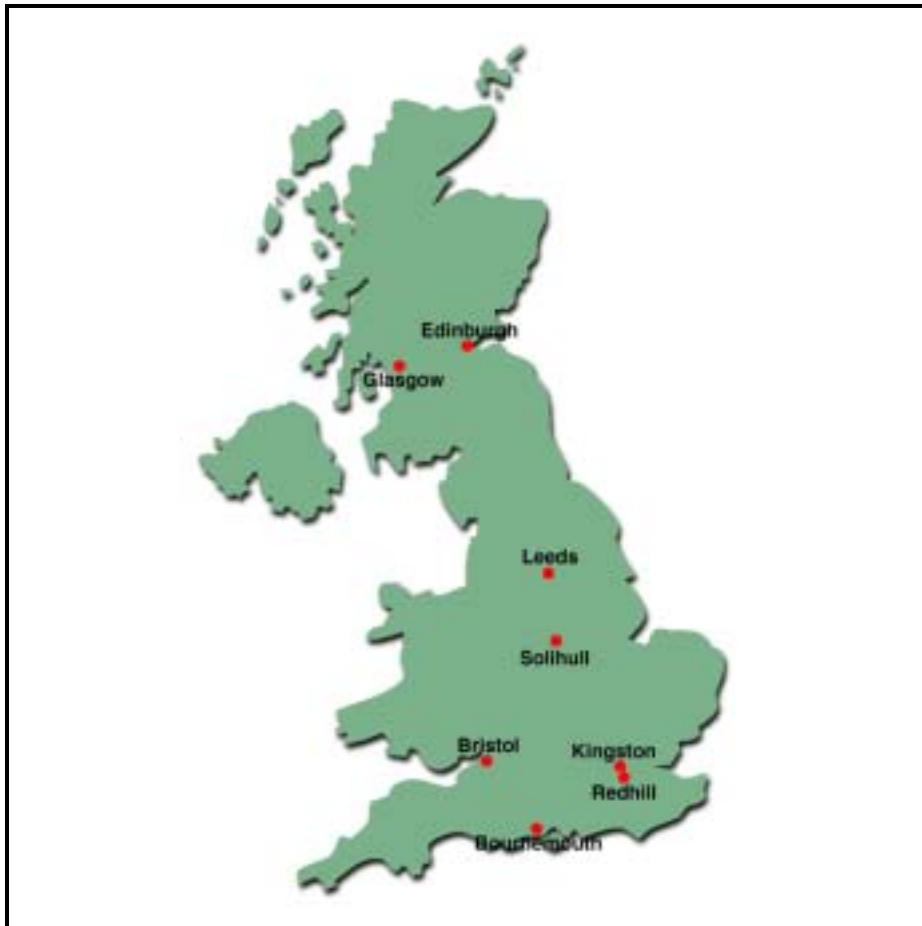


After

> Regional Office Portfolio -£142m

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- 1) **Bournemouth** (80,187 sq ft)
- 2) **Bristol** (90,924sq ft)
- 3) **Edinburgh** (94,683 sq ft)
- 4) **Glasgow** (88,084 sq ft)
- 5) **Kingston** (153,396 sq ft)
- 6) **Leeds** (78,738 sq ft)
- 7) **Redhill** (49,025 sq ft)
- 8) **Solihull** (86,541 sq ft)

Net income £11.4m

Net initial yield 8.0%

Covenant

Government 22%

FTSE 100 28%

FTSE 250 3%

Other quoted 9%

Multinationals/large unquoted 33%

Lease expiry 23% within 5 yrs.

16 smaller regional offices

- Value: £57m

- Rent role £5.1m

> Bournemouth Lease Restructuring

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Pre restructuring

- Nine leases to Secretary of State,
- Average lease term of 4.8 years - net yield of 8.4%

Post restructuring

- One lease to Secretary of State for 25 years
- Break after 18 years
- New net yield of 6.9%

REVALUATION UPLIFT OF £1M



> South East Industrial Portfolio -

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1. Harlow, Crammond Park
(62,000 sq ft)
2. Hertford, Foxholes Business Park
(25,000 sq ft)
3. Stevenage, Babbage Road
(78,000 sq ft)
4. Luton, Scott Road
(82,000 sq ft)
5. Abingdon, Eyston Way
(81,000 sq ft)
6. Walthamstow
(29,000 sq ft)
7. Erith, Europa Trading Estate
(183,000 sq ft)
8. Park Royal, NW10
(182,000 sq ft)
9. Dukes Road, NW3
(60,000 sq ft)
10. Perram Works, Guildford
(18,000 sq ft)

SE Portfolio

Value £41.0m

Net income £3.54m

Net initial yield 8.7%

The total industrial portfolio contains a further eight properties mainly located in the Midlands with a value of £17.7m and a rent roll of £1.74m

> Market Overview

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-
- All markets will continue to see slow down in tenant demand
-
- Reliance on yield shift will not be enough
-
- Fewer players this year but competition is strong
-
- City and West End problems will continue
-

> Future Opportunities

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> Growing alliances in all sectors

> Reposition the core portfolio

> Development

> The use of PUTS, offshore investment trusts and REITS

> Summary - The Future

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- Expansion and Market Opportunities
- Working the Assets
- Total Management Team
- Strong Dividend Yield

32 Years of Dividend Growth



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**Property Investment
Company**

