



# TREVERIA PLC

Half Year Results to 30 June 2010



# Presentation Team

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# 2010 Half Year Results presentation agenda

Update on Treveria: Michael Neubuerger

Financials: Bernhard Fuhrmann

Asset Management: Michael Neubuerger

# Update on Treveria

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- Assets
  - Market environment: More retail real estate transactions in H1 2010 than the whole of 2009
  - Treveria portfolio value has stabilised
  - Asset Management performance: 164 leases / €6,84m p.a.
  
- Increased asset management team (+13 staff)
  - Implementation of back office functions (sales, developments)
  - Asset management business plan created for each property
  
- RETT
  - Tax is currently not enforceable in Luxembourg
  - Based on legal advice and current plans, RETT provision of €40.2m is likely to be replaced in the next financial statements by a contingent liability
  
- Silo C
  - DB filed for insolvency on the German property companies of the Silo (€329 m)
  - Deconsolidating Silo C would increase NAV by €29m, since the LTV is above 100%



## 2010 Half Year Results presentation agenda

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# Financials as at 30 June 2010

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## Financial highlights

- Property values stabilized: Revaluation deficit of €4m after capex of € 2.5m mainly from silos C and D. Property portfolio valued at €1,837 million
- Net rent decreased to €69.8m in the period, down €3.3m vs. H2 2009, primarily due to the shortfall in rental income resulting from the interim letting of units previously occupied by C & A and Karstadt.
- Property cost similar to H1 2009, but down €7m vs H2 2009 (H2 2009 included Cushman and Wakefield termination fee).
- Admin cost increased to €7.7m (H1 2009: €5.1m; H2 2009: €7.4m) due to legal fees, restructuring costs and additional staff.
- Adjusted earnings of €5.7m vs. €9.4m in 1st half 2009 and a loss of €1.0m in H2 2009.
- NAV at 30 June 2010 was €152m compared to €177m at 31 December 2009 mainly due to the €24.2m paid in dividends to shareholders.
- The adjusted NAV without Silo C amounts to €216m or 35.5c per share.

# Income statement

	6 months ended 30 June 2010	6 months ended 30 June 2009	Year ended 31 December 2009
	€ 000	€ 000	€ 000
Gross rental Income	69,797	71,884	145,073
Direct costs	(12,928)	(11,915)	(32,157)
<b>Gross profit</b>	<b>56,869</b>	<b>59,969</b>	<b>112,916</b>
Administrative expenses	(7,700)	(5,091)	(12,530)
<b>Adjusted <sup>1</sup> operating profit</b>	<b>49,169</b>	<b>54,878</b>	<b>100,386</b>
Net finance costs	(42,649)	(43,486)	(87,119)
<b>Adjusted <sup>1</sup> profit before tax</b>	<b>6,520</b>	<b>11,392</b>	<b>13,267</b>
Current tax	(835)	(1,865)	(4,769)
<b>Adjusted earnings<sup>2</sup></b>	<b>5,685</b>	<b>9,415</b>	<b>8,465</b>
<b>Adjusted<sup>2</sup> EPS (€ cent)</b>	<b>0.94c</b>	<b>1.56c</b>	<b>1.40c</b>

## Rent:

- Rent down by €3.3m vs H2 2009. The volatile rent over the last three half year periods (€71.9 m; €73.1m; € 69.8m) has been driven by IFRS adjustments.
- The respective HGB-values are: €72.2m; €71.2m; €69.2m. Of the €2m reduction the vacant/interim-let C&A and Karstadt (Dortmund) assets account for €1.0m. The further decrease of € 1m is attributable to Silo C.
- Provisions for bad debt stand at € 2.1m for the period, slightly reduced compared to €5.0m for 12 months 2009

## Direct cost (properties):

- Service charge expenditure stable vs. H1 2009 and down €3.6m vs H2 2009, as a result of reducing insurance cost by €1.1m.
- Service charge income increased vs. H2 2009 by €1.1m.

## Net finance cost:

- Down by €0.8m because of repayments and lower variable interest rates

<sup>1</sup> Excludes profit on sale of properties and deficit on revaluation.

<sup>2</sup> Adjusted earnings excludes deficit on revaluation, profit after tax on sales of investment properties, deferred tax and movement of derivative financial instruments. The weighted average number of shares used for adjusted EPS calculations is 606m.

# Admin expenses

	6 months ended 30 June 2010 € 000	6 months ended 30 June 2009 € 000	6 months ended 31 Dec 2009 € 000
Staff costs	1,821	1,589	1,468
Audit fee	212	153	286
Directors' fee and expenses	257	211	213
Bank fees	146	89	121
Net foreign exchange loss	325	140	-162
Legal and professional fees, Other admin costs	4,939	2,909	5,513
	<b>7,700</b>	<b>5,091</b>	<b>7,439</b>

## Staff costs

- Rise due to additional staff and redundancy payments/accruals

## Bank fees

- DB Düsseldorf increased fees (incl. for 2011 onwards). Fees are currently being negotiated with DB.

## Legal/professional fees

- Although significant, fees were spent on various projects (RETT, loan negotiations) the cost of the period is €0.6m less compared to the 2nd HY 2009

# Balance Sheet

	30 June 2010	30 June 2009	31 December 2009
	€'m	€'m	€'m
<b>Investment properties (DTZ)</b>	<b>1,837</b>	<b>1,837</b>	<b>1,840</b>
Current assets			
Cash and short term deposits	100	134	128
Other	25	30	25
	<b>125</b>	<b>164</b>	<b>153</b>
Current liabilities			
Bank loan	(1,636)	(1,080)	(1,443)
Derivative financial instruments	(27)	(28)	(24)
Other	(92)	(87)	(91)
	<b>(1,175)</b>	<b>(1,195)</b>	<b>(1,558)</b>
Non current liabilities			
Bank loans	(46)	(629)	(248)
Deferred tax	(7)	(6)	(7)
Other	(3)	(3)	(3)
Net Assets	152	169	177
<b>Adjusted NAV per share (€ cent)</b>	<b>30.8</b>	<b>34.2</b>	<b>34.6</b>

<b>NAV-Analysis as at 30 June 2010</b>		<b>in € m</b>
		cent per share
NAV	152	25.0 (of which 8.7c cash in parent company)
minority interest	-3	
Derivatives	31	
Def. Tax	7	
Adj. NAV	<u>187</u>	30.8
Silo C	29	
Adj. NAV w/o Silo C	<u>216</u>	35.5

As at 30 June 2010 the Group cash balance was €100m of which €53m was held by the parent Company.

Adjusted NAV per share excludes derivative financial instruments and deferred tax on revaluation surpluses (attributable to ordinary shareholders).

# Real Estate Transfer Tax (RETT)

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- Resulted from a transaction which took place as part of the separation of Treveria from the former Dawnay Day group
- Treveria Holdings S.à.r.l. booked a provision of €40.2m (restated 2008). Transaction did not trigger any RETT liability for parent company
- RETT currently not enforceable in Luxembourg as it has not implemented European Council Recovery Directive 2008/55/EC
- Treveria decided to relocate Treveria Holdings S.à.r.l. and Treveria Properties S.à.r.l. from Luxembourg to the Isle of Man to streamline group structure and simplify legal environment
- Based on legal advice and current plans, RETT provision of €40.2 m is likely to be replaced in the next financial statement by a contingent liability.

# Debt Overview

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## General

- Current average blended interest rate under facilities inclusive of margin is 4.9% (2009: 4.8%)
- At 30 June 2010, about 5.3% of the Group's loans were at floating rates protected by interest rate caps (2009: 5.5%)
- Total bank loans in the Group's five non-recourse debt silos €1.68bn (2009: €1.69bn)
- Banking covenants
  - Gross LTV ratio was 92.5% (2009: 92.3%), against 'cash trap' LTV ratios of between 76% and 85% and 'hard breach' LTV ratios of between 76% and 95%
  - Each facility benefits from sufficient interest cover or, in one case, debt service cover of between 111% and 158% against 'hard breach' covenants of between 105% and 120%

# Debt Overview

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## Silo C (Deutsche Bank/Citigroup, loan € 552.7m; securitised)

- During waiver negotiations, DB asked for repayment and filed for the insolvency of those property owning subsidiaries in Silo C incorporated in Germany (€ 329 m)
- Silo C has an LTV of 106%. It seems unlikely that Silo C will stay in the Group. Adjusted NAV will increase to € 216 m or 35.5c per share after the deconsolidation of Silo C (as at 30 June 2010)

## Silo D (Deutsche Bank/Citigroup, loan € 220.1m; securitised)

- DB agreed waiver until 28 February 2011 which will be extended to 20 July 2011 if LTV as at 31 December 2010 is not higher than 30 June 2010
- Treveria has injected €2m cash to fund the silo and will inject a further €1.5m in March 2011 subject to waiver extension
- DB allows cash trapped funds up to a maximum of € 5.5m to be used for capex.

# Debt Overview

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## Silo E (ABN Amro loan €432.2m, securitised)

- Silo not cash trapped
- Servicer will arrange additional valuation according to requirements of the securitisation

## Silo F/K (Eurohypo, loan €436.8m; sole lender)

- Eurohypo is the only lender with any cross-silo default right, which allows lender to accelerate loan in the event of an acceleration of another loan, but Eurohypo waived this right in return for an increased interest margin.

## Silo G (JP Morgan; loan €47.0 m; syndicated loan)

- Performing loan

## Silo J (properties free of any mortgage or charge)

- Silo contains eight properties with a value of €11.6m as at 30 June 2010



# 2009 Year End Results presentation agenda

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# Professional approach to asset management

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- Offices in Düsseldorf and London to be closed by 31st October 2010
- 28 new staff hired in Frankfurt, 15 replacing existing staff in Düsseldorf and London, 13 new staff in asset management
- Restructuring costs kept to a minimum
- Sales activities started, could generate between €8 million and €15 million of free cash flow in the coming months
- Business plans being prepared for each property to include capex and major refurbishments.

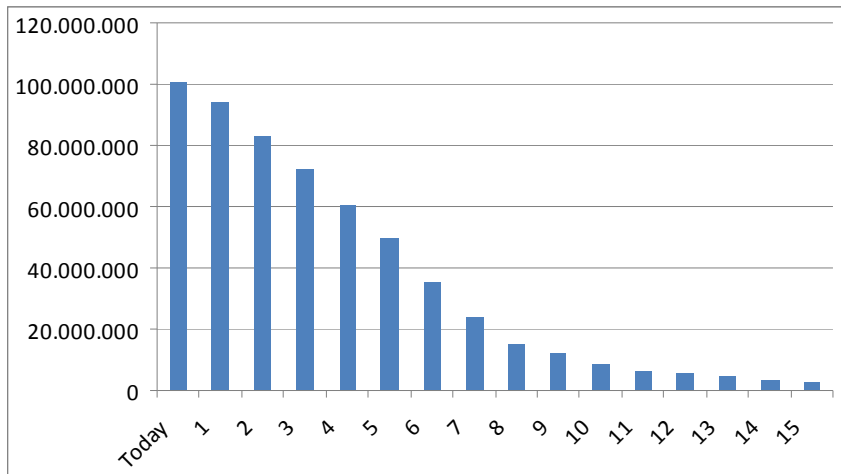
# Letting activities

- ERV of vacant space as at 30 June 2010 represents 10.83% of current rent roll (31 December 2009: 7.86%)

Activity YTD 30 <sup>th</sup> June 2010	Leases signed	Annual rent
New leases signed – previously let space	34	€3.02m
New leases signed – previously vacant space	130	€3.82m
<b>Total new leases</b>	<b>164</b>	<b>€6.84m</b>
<b>Indexation uplift YTD 30<sup>th</sup> June 2010</b>	<b>76</b>	<b>€0.21m</b>

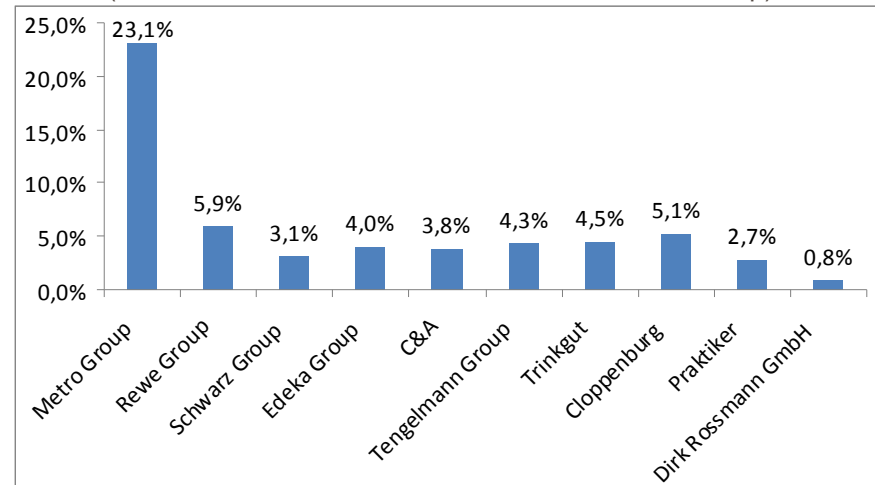
## Weighted Average Lease Length

30-June-10 = 4,90 years (31-Dec-09 = 5.14 Years)



## Top 10 Tenant Groups

(Since 2008 Hertie and Sinn Leffers have left this Group)



# Strategy and Outlook

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- Main objectives of the Group for 2010 continue to be:
  - improve the performance of asset management to increase the value of the portfolios
  - de-leverage through targeted sales programme
  - ongoing stabilisation and restructuring of debt facilities
- The debt waivers which have been negotiated, especially with regard to the use of trapped cash for capex and refurbishment, should be value enhancing to our real estate portfolio
- Asset management team is creating a detailed business plan for each property to deliver maximum value
- While the environment for refinancing of commercial properties in Germany remains challenging, the waiver agreements and Treveria's asset management activities are positive steps.

**The Board believes that the continued implementation of value enhancing measures through asset management, sales and streamlining of administration will help to achieve its goal of maximising shareholder value**