



# TREVERIA PLC

Half Year Results to 30 June 2009

# Presentation Team

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# 2009 Half Year presentation agenda

Highlights: Chris Kingham

Market Update & Operations: Chris Kingham

Financials: Damian Wisniewski

Appendix

# Financial Highlights

- Property assets of €1,837m after revaluation as at 30 June 2009 (31 December 2008: €2,017m), reflecting a decline in valuation of 8.9%
- Gross rental income for the period of €71.9m (30 June 2008: €79.8m). Adjusting for sales over the period, lower income and bad debts reduced rental revenue by €5.8m or 7.5%
- Adjusted profit after tax\* for the period of €9.4m (30 June 2008: €17.4m)
- Adjusted EPS\*\* for the period of 1.56c (30 June 2008: 2.85c; 31 December 2009: 3.40c)
- Adjusted\*\*\* NAV per share of 40.5c down 40.8% from 68.4c in 2008 (30 June 2008: 91.2c)
- Total cash position of €134.2m; €85.7m held at the parent Company level
- Cash of €60.3m (10c per share) surplus to current requirements to be distributed to shareholders

\* Adjusted profit after tax excludes revaluation movement, strategic review and management restructuring costs, profits on sales of properties, fair value movements on interest rate hedging and accelerated finance costs as a result of repayment of loans on the sale of properties and deferred tax.

\*\* Adjusted EPS excludes revaluation movement, strategic review and management restructuring costs, profits on sales of properties, fair value movements on interest rate hedging and accelerated finance costs as a result of repayment of loans on the sale of properties and deferred tax.

\*\*\* Adjusted NAV per share excludes derivative financial instruments and deferred tax on revaluation surpluses.



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# Portfolio analysis

| Category               | Properties | Area (m <sup>2</sup> ) | Valuation 30-Jun-09 | % of portfolio | Valuation Change 31-Dec-08 | Gross Yield  | Net Yield    | Fully Let Net Yield |
|------------------------|------------|------------------------|---------------------|----------------|----------------------------|--------------|--------------|---------------------|
| High Street            | 251        | 579,000                | €769m               | 41.87%         | (7.48)%                    | 7.72%        | 6.83%        | 7.58%               |
| Shopping Centre        | 28         | 310,000                | €432m               | 23.52%         | (12.18)%                   | 8.20%        | 7.32%        | 8.25%               |
| Retail Warehouse       | 155        | 597,000                | €543m               | 29.54%         | (6.17)%                    | 8.89%        | 8.18%        | 8.49%               |
| <b>Total Retail</b>    | <b>434</b> | <b>1,486,000</b>       | <b>€1,744m</b>      | <b>94.93%</b>  | <b>(8.30)%</b>             | <b>8.20%</b> | <b>7.37%</b> | <b>8.86%</b>        |
| Mixed commercial       | 9          | 156,000                | €93m                | 5.07%          | (18.28)%                   | 9.08%        | 8.68%        | 9.25%               |
| <b>Total Portfolio</b> | <b>443</b> | <b>1,642,000</b>       | <b>€1,837m</b>      | <b>100.00%</b> | <b>(8.86)%</b>             | <b>8.25%</b> | <b>7.44%</b> | <b>8.09%</b>        |

Note: Net yields calculated post deduction of non-recoverable costs, ground rents, purchaser costs and capital expenditure

# Occupational market

- Some small format retail and discount tenants implementing expansion plans
- Significant insolvency in large format retail sector
- Treveria affected by insolvency of Hertie, Sinn Leffers, Karstadt, Deutsche Woolworth
- Impact felt through lost rent / increased non-recoverable costs and falling rental values

| Tenant       | Stores    | Vacant   | Rent (Jun-08) | Rent (Jun-09) | Rent (Sep-09) |
|--------------|-----------|----------|---------------|---------------|---------------|
| Hertie       | 5         | 4        | €3.6m         | €0.8m         | €0.0m         |
| Sinn Leffers | 3         | 2        | €3.1m         | €1.3m         | €1.3m         |
| Karstadt     | 2         | 0        | €1.1m         | €1.1m         | €1.1m         |
| Woolworths   | 6         | 0        | €1.4m         | €1.4m         | €1.4m         |
|              | <b>16</b> | <b>6</b> | <b>€9.2m</b>  | <b>€4.6m</b>  | <b>€3.8m</b>  |

- C & A vacating 6 stores; total rent lost of €3.1m per annum

# Asset management – leasing activities

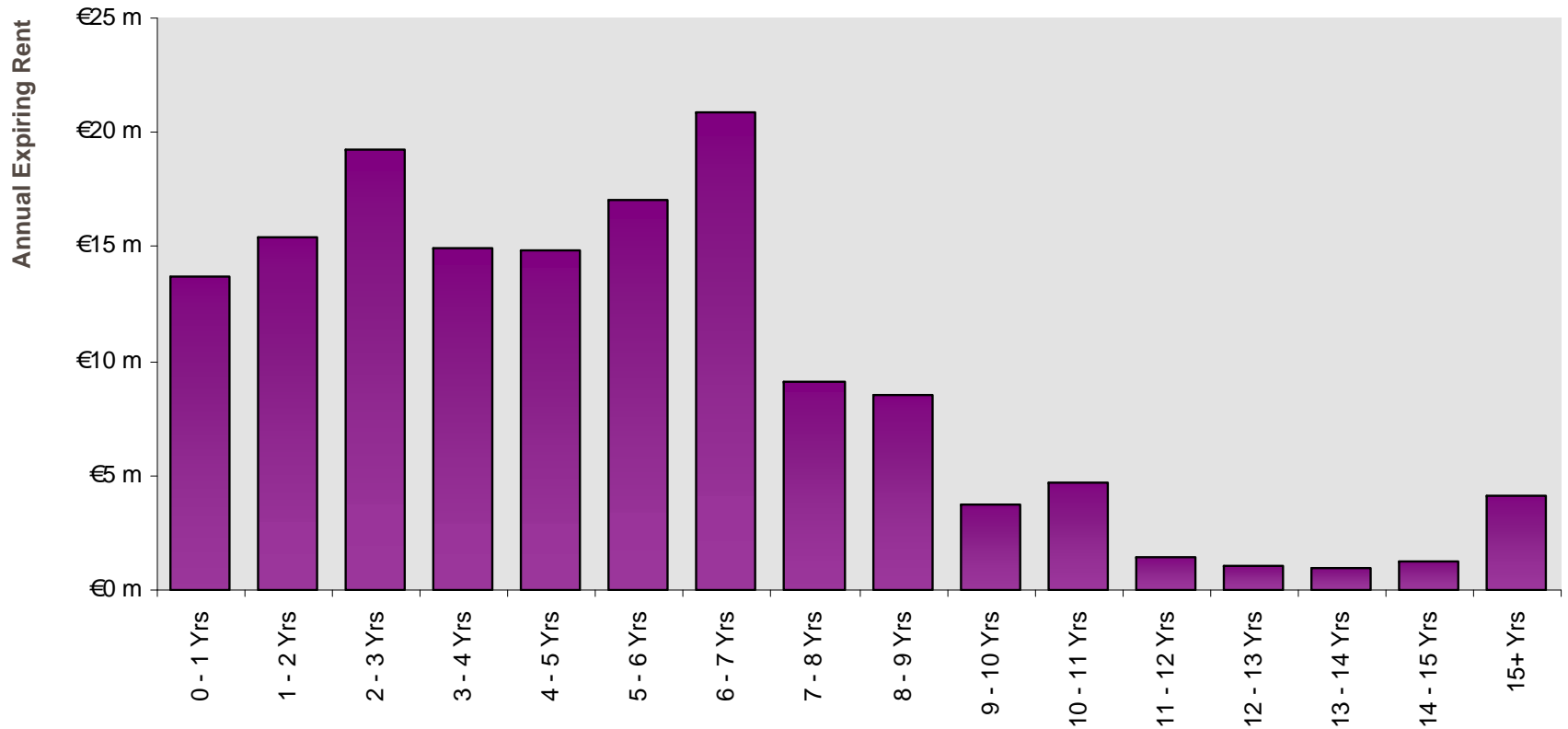
- ERV of vacant space as of 30 June 2009 of 7.92% of current rent roll (31 December 2008: 9.33%)
- Vacant space by portfolio area as at 30 June 2009 of 12.72% (31 December 2008: 12.71%)

| Activity in six months to 30 June 2009      | Leases signed | Annual rent   |
|---|---------------|---------------|
| New leases signed – previously let space    | 120           | €6.24m        |
| New leases signed – previously vacant space | 18            | €0.16m        |
| <b>Total new leases</b>                     | <b>138</b>    | <b>€6.40m</b> |
| <b>Indexation uplift in H1 2009</b>         | <b>82</b>     | <b>€0.20m</b> |

- Restructuring of the asset management function to save external fees and give Treveria Asset Management first-hand responsibility for the letting of the Group's investment properties
- Recruitment of eight Senior Asset Managers from 1 July 2009
- Treveria Asset Management offices opened in Hamburg & Munich

# Portfolio analysis (cont'd)

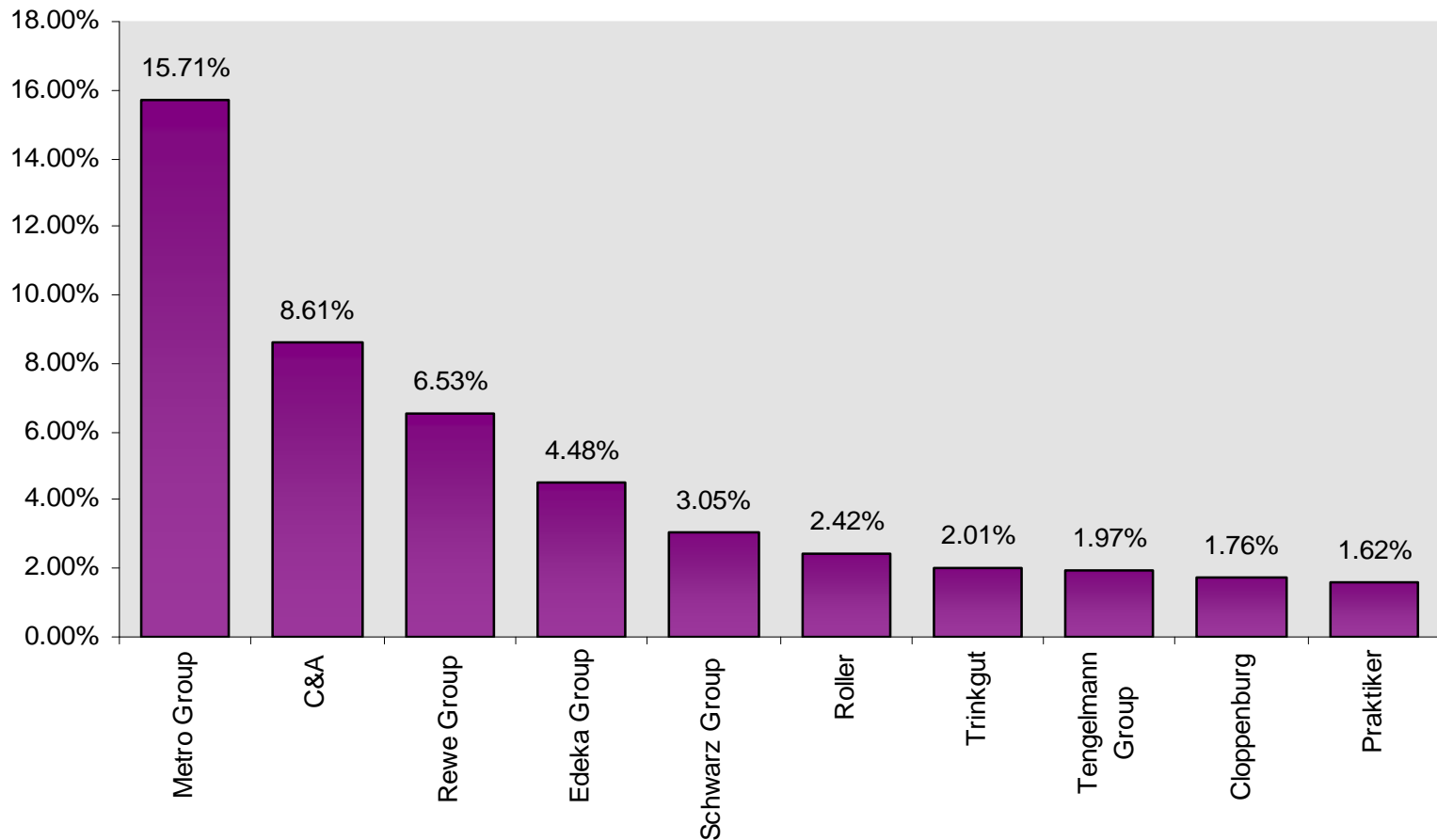
## Portfolio Weighted Average Lease Length



Weighted average lease length of 4.94 years (assuming tenants leave at first expiry/do not exercise extension options)

# Portfolio analysis (cont'd)

## Top 10 Tenant Groups



Top 10 tenants make up 48.18 % of total rent roll

# Property portfolio



% Rent Roll



## Regional breakdown by rent

| German Federal State   | % Rent Roll | 2008 GDP |
|------------------------|-------------|----------|
| North Rhine Westphalia | 30.41%      | 3.06%    |
| Lower Saxony           | 13.67%      | 3.15%    |
| Bavaria                | 10.13%      | 2.76%    |
| Schleswig Holstein     | 7.87%       | 2.28%    |
| Berlin                 | 6.53%       | 3.12%    |
| Saxony                 | 6.12%       | 2.11%    |
| Baden Wurttemberg      | 5.97%       | 1.96%    |
| Hesse                  | 4.89%       | 2.33%    |
| Rhineland Palatinate   | 4.31%       | 2.60%    |
| Brandenburg            | 2.50%       | 3.06%    |
| Saarland               | 2.18%       | 2.98%    |
| Thuringia              | 1.87%       | 2.56%    |
| Hamburg                | 1.14%       | 3.76%    |
| Mecklenburg-Vorpommern | 1.03%       | 2.93%    |
| Bremen                 | 0.86%       | 3.49%    |
| Saxony-Anhalt          | 0.52%       | 3.84%    |

## Breakdown by market value

|                     |        |
|---------------------|--------|
| Former West Germany | 80.16% |
| Former East Germany | 11.76% |
| Berlin              | 8.08%  |



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# Financial overview

- 'Disconnect' between share price and Group net asset value
- Share price has been much more closely aligned with parent company cash
- Parent company cash of €85.7m as at 30 June 2009 (31 December 2008: €81.4m)
- Total Group cash €134.2m as at 30 June 2009 (31 December 2008: €145.9m)
- Progress made with banking negotiations but there is a possibility that some of the silos may not survive within the overall ownership of Treveria plc
- Cash outflow from Treveria plc in relation to cash trapped silos was €16m; now reduced to €3m

# Financials – adjusted income statement

|   | 6 months ended<br>30 June 2009<br>€000s | 6 months ended<br>30 June 2008<br>€000s | Year ended<br>31 December 2008<br>€000s |
|---|---|---|---|
| Gross rental income                           | 71,884                                  | 79,788                                  | 155,079                                 |
| Direct costs                                  | (11,915)                                | (14,797)                                | (32,264)                                |
| <b>Gross profit</b>                           | <b>59,969</b>                           | <b>64,991</b>                           | <b>122,815</b>                          |
| Administrative expenses                       | (5,091)                                 | (3,123)                                 | (6,571)                                 |
| <b>Adjusted<sup>1</sup> operating profit</b>  | <b>54,878</b>                           | <b>61,868</b>                           | <b>116,244</b>                          |
| Net finance costs                             | (43,486)                                | (44,099)                                | (92,879)                                |
| <b>Adjusted<sup>1</sup> profit before tax</b> | <b>11,392</b>                           | <b>17,769</b>                           | <b>23,365</b>                           |
| Current tax                                   | (1,865)                                 | (1,601)                                 | (2,526)                                 |
| Adjusted profit after tax                     | 9,527                                   | 16,168                                  | 20,839                                  |
| Adjusted minority interests                   | (112)                                   | 1,221                                   | (244)                                   |
| <b>Adjusted earnings</b>                      | <b>9,415</b>                            | <b>17,389</b>                           | <b>20,595</b>                           |
| <b>Adjusted<sup>1</sup> EPS (€cent)</b>       | <b>1.56c</b>                            | <b>2.85c</b>                            | <b>3.40c</b>                            |

<sup>1</sup> Adjusted earnings excludes revaluation deficit, profit after tax on sales of investment properties, deferred tax and derivative financial instruments. The weighted average number of shares used for adjusted EPS calculations is 604.3 m (H1 2008: 609.6 and FY 2008: 606.5m)

# Analysis of rental income and service charge

|  | 6 months ended<br>30 June 2009<br>€000s | 6 months ended<br>30 June 2008<br>€000s | Year ended<br>31 December 2008<br>€000s |
|--|---|---|---|
| Gross rental income  | 74,716                                  | 81,134                                  | 159,679                                 |
| Less: bad debts  | (2,832)                                 | (1,346)                                 | (4,600)                                 |
|  | <b>71,884</b>                           | <b>79,788</b>                           | <b>155,079</b>                          |
| Service charge income  | 11,435                                  | 11,696                                  | 23,387                                  |
| Adjustment in relation to 2007 service charge recovery                 | -                                       | -                                       | (2,700)                                 |
| Service charge expenditure   | (15,302)                                | (15,146)                                | (30,802)                                |
| Ground rent/lease charges  | (2,557)                                 | (3,243)                                 | (5,617)                                 |
| Repairs and maintenance  | (2,117)                                 | (1,239)                                 | (3,305)                                 |
| Asset management fee   | -                                       | (4,596)                                 | (8,348)                                 |
| Property management fee  | (2,406)                                 | (2,004)                                 | (3,921)                                 |
| Other  | (968)                                   | (265)                                   | (958)                                   |
|  | <b>(11,915)</b>                         | <b>(14,797)</b>                         | <b>(32,264)</b>                         |
| <b>Net rental income</b>   | <b>59,969</b>                           | <b>64,991</b>                           | <b>122,815</b>                          |
| <b>Net rental income excluding asset management fee</b>                | <b>59,969</b>                           | <b>69,587</b>                           | <b>131,163</b>                          |
| Irrecoverable service charge based on gross rental income              | 16.6%                                   | 18.5%                                   | 20.8%                                   |
| Irrecoverable service charge percentage excluding asset management fee | 16.6%                                   | 12.8%                                   | 15.4%                                   |
| <b>Asset management cost</b>   | <b>2,348</b>                            | <b>4,596</b>                            | <b>8,348</b>                            |

# Financials – balance sheet

|  | 30 June 2009<br>€m | 30 June 2008<br>€m | 31 December 2008<br>€m |
|--|--------------------|--------------------|------------------------|
| <b>Investment properties</b>                 | <b>1,837</b>       | <b>2,221</b>       | <b>2,017</b>           |
| Current assets                               |                    |                    |                        |
| Cash and short-term deposits                 | 134                | 152                | 146                    |
| Derivative financial instruments             | -                  | 12                 | -                      |
| Other  | 30                 | 30                 | 25                     |
|  | <b>164</b>         | <b>194</b>         | <b>171</b>             |
| Current liabilities                          |                    |                    |                        |
| Bank loan                                    | (1,080)            | (3)                | (100)                  |
| Derivative financial instruments             | (31)               | -                  | (22)                   |
| Other  | (46)               | (41)               | (47)                   |
|  | <b>(1,157)</b>     | <b>(44)</b>        | <b>(169)</b>           |
| <b>Total assets less current liabilities</b> | <b>844</b>         | <b>2,371</b>       | <b>2,019</b>           |
| Bank loans                                   | (629)              | (1,803)            | (1,625)                |
| Deferred tax                                 | (6)                | (20)               | (11)                   |
| <b>Net assets</b>                            | <b>209</b>         | <b>548</b>         | <b>383</b>             |
| <b>Adjusted NAV per share (€cent)</b>        | <b>40.5c</b>       | <b>91.2c</b>       | <b>68.4c</b>           |

Unencumbered properties or properties with no outstanding loan at 30 June 2009 totalled €10.9m

# Banking

- Total bank loans in the Company's five non-recourse debt silos were €1.72 billion
  - 2008 year end: €1.74 billion
  - 30 June 2008: €1.81 billion
  
- Banking covenants
  - gross LTV ratio was 93.6% (2008: 86.2%) and the net LTV ratio was 86.3% (2008: 78.9%) against 'cash trap' LTV ratios of between 77% and 85% and 'hard breach' LTV ratios of between 77% and 95%
  - each facility benefits from sufficient interest cover or, in one case, debt service cover of between 121% and 155% against 'hard breach' covenants of between 110% and 125%
  - 2 facilities remain in cash trap
  - Eurohypo have extended their hard breach LTV waiver until 30 April 2011
  - 2 facilities where cash outflow from Treveria plc was €16m per annum now reduced to €3m per annum
  - Additional security adopted by the JPMorgan Chase facility

# Banking continued

- Current average blended interest rate under facilities inclusive of margin is 4.8% (2008: 4.9%)
  - Reduction in average rate due to recent reductions in floating rates
  - At 30 June 2009, about 6.0% of the Group's loans were at floating rates protected by interest rate caps (2008: 6.5%)
- Loans fall due for final repayment between January 2011 and November 2012
- Reclassified €1,076m of loans reclassified to current liabilities under IAS 1 but it is not anticipated that they will be repaid within 12 months
- Results include a mark-to-market loss of €8.4m on interest rate swaps and caps - taken through income statement
- Fair value of the Group's fixed rate loans moved from a mark-to-market deficit of €22.7m at 31 December 2008 to a deficit of €45.9m as at 30 June 2009

# Distribution of surplus cash

- Clarification of board strategy set out in chairman's statement
- Further selective property sales will be pursued on a case by case basis
- Continued emphasis on ensuring that cash is not drawn from Treveria plc down into the silos unless doing so significantly enhances shareholder value
- Continued dialogue with our lenders
- Level of cash within Treveria plc is surplus to current needs
- Proposal to make a distribution or return of surplus cash to shareholders amounting to 10c per share or €60.3m
- The board considers the remaining cash of €25m is sufficient to pursue its current strategy



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# Treveria plc (AIM:TRV)

## Shares in issue

603,468,809 as at 30 June 2009 and 31 December 2008

## Admission to AIM

14 December 2005

## Board of Directors

**Nicholas Cournoyer (Chairman)**

**Rolf Elgeti**

**Michael Neubürger**

**Christopher Lovell**

**David Parnell**