



Pinewood Shepperton Plc
Analyst Site Visit and Strategy Day
4 July 2007

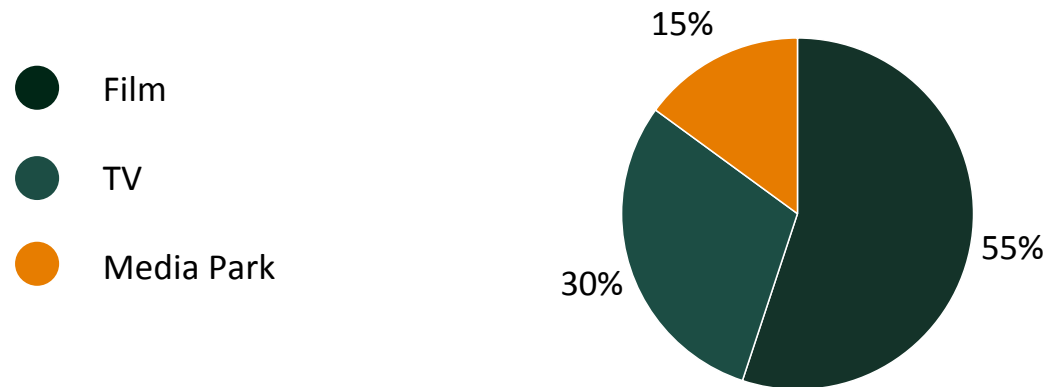


Agenda

1. Pinewood Shepperton Today
2. The Television Business
3. The Media Park Development Plans



Pinewood Shepperton Today



- Three revenue streams but still exposed to volatile timing of film revenues
- Strategy to grow TV and media park components to reduce this volatility

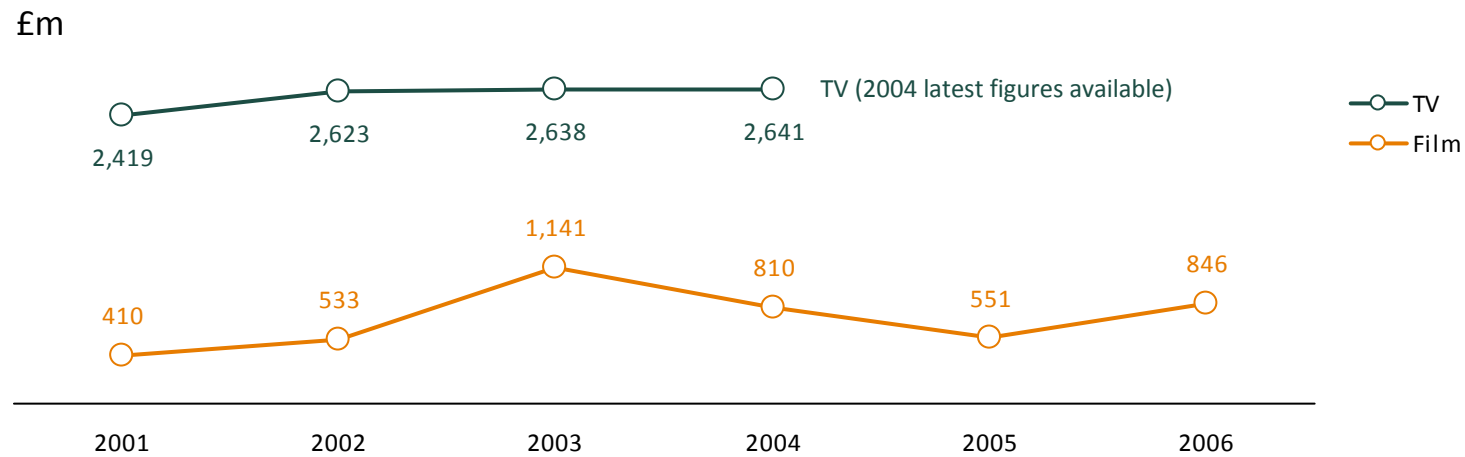


SECTION ONE

Our Television Business



The Opportunity – TV Relative to Film



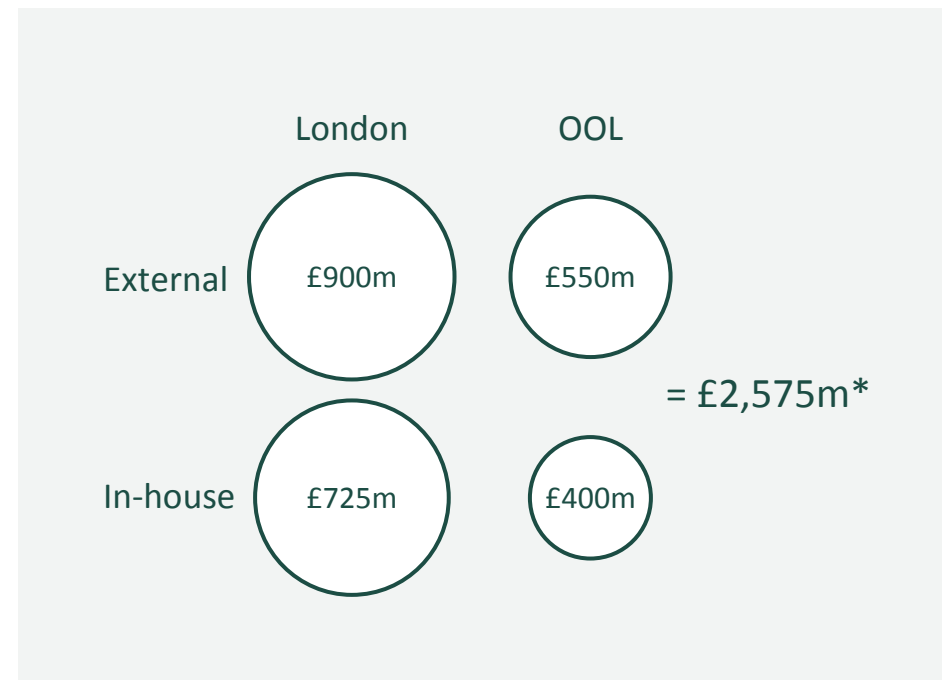
- UK TV (5 main terrestrial channels) Production market worth £2,600 million in 2004*
- UK Film Production market worth £840 million in 2006 (Source: UKFC Jan 2007)

* Source: OfCom Research, "Television Production Sector Review – A survey of TV programme production in the UK", 20 September 2005



Summary – Estimate of Originated TV Production in the UK

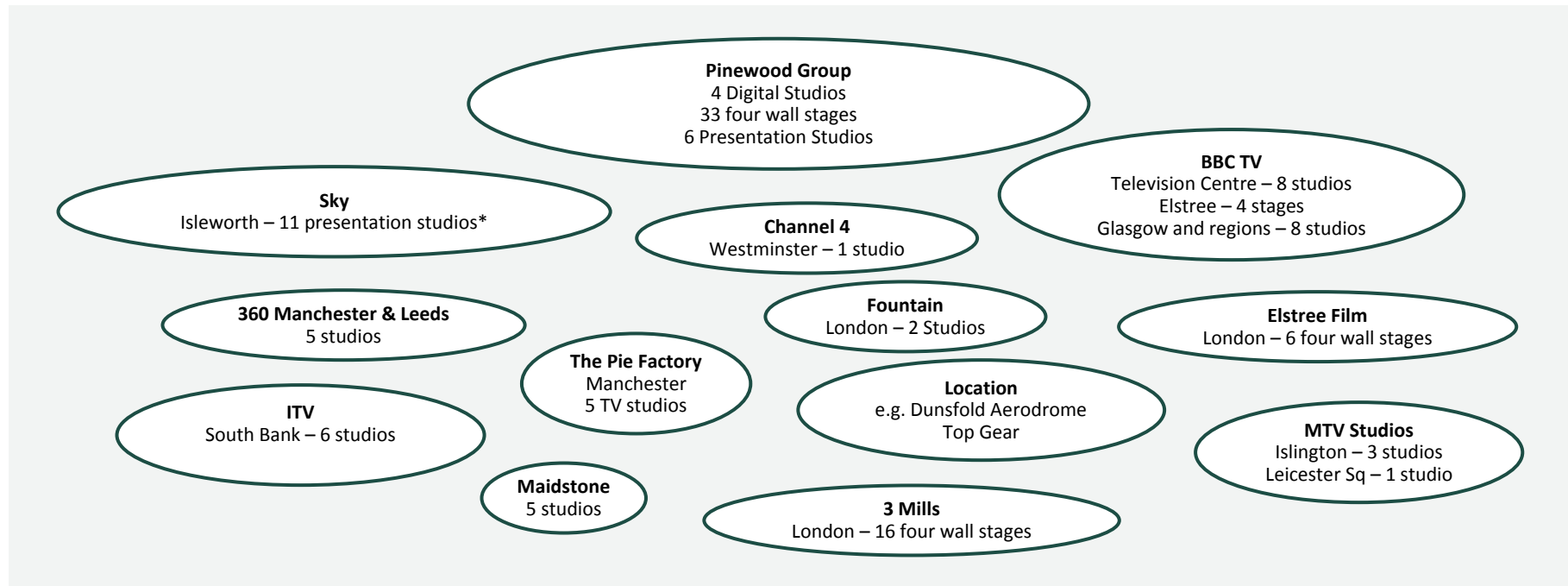
- OfCom requires at least 25% of TV production to be originated outside of London (OOL)
- Pinewood site qualifies as regional production for the purpose of this measurement
- Currently the majority of production is London based with the lion's share still in-house
- This dynamic is changing



* Source: OfCom Research, "Television Production Sector Review – A survey of TV programme production in the UK", 20 September 2005



UK Television Studio League Table



* NB also building 2 large TV studios to be ready in 2 years



Our TV Strategy – where we are now

- Television is an attractive market
- TV currently accounts for 30% of total revenues
- Complementary for film activities:
 - UK based – less exposure to dollar movements
 - Large customer base making more TV programming
 - Flexible in their use of our assets
- Over our 3 sites we offer the widest range of facilities available to producers
 - Mixture of tailor made TV studios and film sets
- Consistent tariff



Our TV Strategy – where we want to get to

- Potentially a broader mix of customers
- Target is to match TV revenues with Film revenues
- Smaller but more consistent revenue streams relative to film



Our TV Strategy – how we are going to get there

- Add HD and other technological capabilities across sites
- Aggressively target output deals: preferred supplier to production companies
- Outsourcing deals
- Should it be required, potential to add new studios to existing sites



A snapshot of the TV business

- 30% of revenues 2006 from a standing start in 2002
- Mainly standing set and four wall television
- Growing reputation and expanding customer base
 - Currently have over 40 customers including BBC, Avalon, Talkback Thames



Pinewood Shepperton TV Revenue 2002 - 06

Television Revenues, £m





Our offer to clients

- Market context: continued downwards pressure on production budgets

But...

- Pinewood Shepperton has maintained acceptable pricing in spite of this – how?
 - Quality of assets
 - Brand
 - Customer experience
 - Efficient capital model
 - Creative Cluster of industries
- Like film, TV production is being developed as a premium brand at Pinewood Shepperton



Our offer to TV clients

Pinewood Shepperton provides a full range of studio production facilities:

- **TV Filmed Drama –**
usually shot single camera on location or in a “four wall” stage: e.g. Last of the Summer Wine, BBC
- **Electronic TV –**
usually multi camera studio based production: e.g. My Family, Weakest Link, BBC
- **Channel Hosting –**
a dedicated studio providing a daily production facility for an individual channel for recording: e.g. The Jewellery Channel
- **Playout Channels –**
a channel using a transmission suite to “play out” previously recorded material: e.g. Turner Classic Movies or The Chinese Channel
sometimes with presenter links between programmes
- **Currently filmed in SD –**
Standard Definition 625 “lines” on each picture, the current UK norm...but...in the future HD – High Definition 1025 “lines” on the picture
compared to SD (or equivalent uplift in pixels)
- **Centralised management of customer relationships allows Pinewood Shepperton to optimise utilisation across all three sites and dovetail with film customers**



TV at Teddington

- Acquired in April 2005
- Site consisted of two large studios with five small studios for channel hosting
- Have subsequently added one more channel hosting suite
- Channel hosting
 - At acquisition three out of five studios fully occupied
 - Now have five out of six fully occupied
- Stopped losses for two large studios



TV at Shepperton

- No dedicated TV studios at Shepperton
- 16 film stages used extensively for TV customers
 - TV drama (eg Vicar of Dibley, Last of the Summer Wine, Poirot, Miss Marple, Cranford Chronicles)
 - Advertisements: (eg BT, Guinness, Lacoste, Skoda Cake advert)





TV at Pinewood

- A full complement of offers to clients
 - 2 TV studios
 - 17 Film Stages
 - Back Lot
 - Regional Location but 20 minutes from White City
 - Paddock and underwater tanks
 - Convenience with security
 - Media Park
- Examples: Extras, Dead Ringers, Prime Evil, Jonathan Creek, Hornblower, Weakest Link, Brainiac





In summary: Our TV Strategy

Television - Where we are now:

- Television is an attractive market
- TV currently accounts for 30% of total revenues
- Complementary for film activities:
 - UK based – less exposure to dollar movements
 - Large customer base making more TV programming
 - Flexible in their use of our assets
- Over our 3 sites we offer the widest range of facilities available to producers
 - Mixture of tailor made TV studios and film sets
- Consistent tariff



In summary: Our TV Strategy

Where we want to get to:

- Potentially a broader mix of customers
- Target is to match TV revenues with Film revenues
- Smaller but more consistent revenue streams

How are we going to get there:

- Add HD and other technological capabilities across sites
- Aggressively target output deals: preferred supplier to production companies
- Outsourcing deals
- Should it be required, potential to add new studios to existing sites



SECTION TWO

Our Media Park Development Plans



Strategic Overview

- Pinewood Shepperton provider of one-stop-shop specialist services “clustered” around core film and television studios
- Over 270 businesses located to Pinewood Shepperton over many years – predominantly in an unstructured way
- We identified that the “media cluster” was a growth opportunity – but sites needed re-planning and capacity increased to fulfil growth aspirations
- Masterplanning initiative commissioned 2003



Masterplan Objectives

- Maintain a core film and television studio
- Create additional facilities
- Increase capacity for media cluster growth
- Improve the efficiency of film and television production

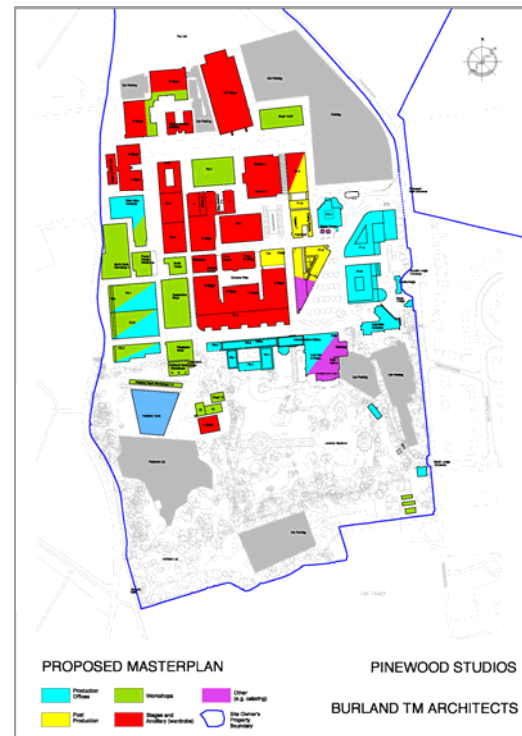
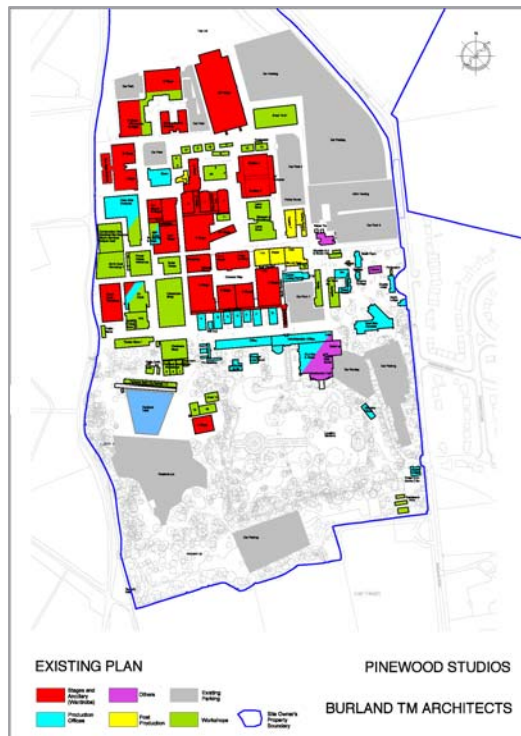


Where Are We Now?

- Land, consents, and access to finance are in place
 - Outline planning consent for 1.85m sq ft of new development achieved
 - Planning gain and road works agreements completed
- Shepperton JV with Morley in place - first phase of development expected in H1 2008
- New development pre-let marketing to commence September 2007
 - Extent and pace of development dependent on response to this
- Managing the process to minimise disruption

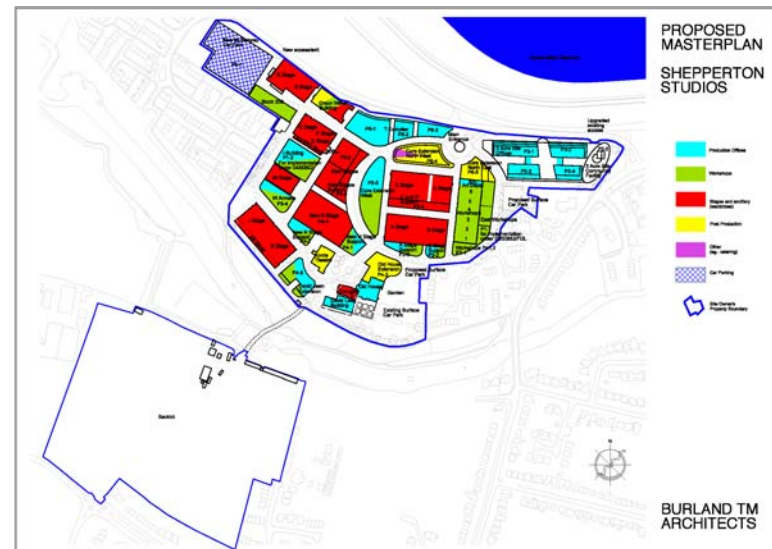
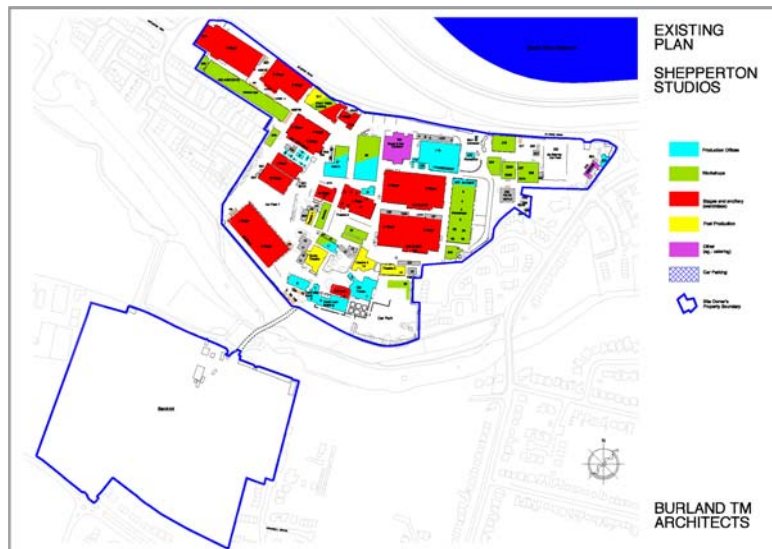


Pinewood Site Map and Current Version of Masterplan – Existing and Proposed





Shepperton Site Map and Current Version of Masterplan – Existing and Proposed





Update on property by square foot

000's sq.ft	Pinewood	Shepperton	Total
Existing Areas	1,096 °	642	1,738
Demolition	(295)•	(332)•	(627)
New Build	1,019	836*	1,855
Potential Area	1,820	1,146	2,966

° Includes the 007 Stage rebuild (59,000 sq ft) – an extra 14,000 sq ft

• Already demolished – Timber Rack (7,000 sq ft), I Stage (8,000 sq ft)

* Under construction – Gainsborough Building (60,000 sq ft)



Indicative Analysis of New Build Consent

	Studio	
	Pinewood	Shepperton
Media, Production & Post Production Offices	c 50%	c 50%
Studios, Stages & Ancillary Facilities	c 40%	c 30%
Workshops & Related Facilities	c 10%	c 20%
Total 000's sq ft	1,019	836



Current Projects

	Projects	Sq ft (gross)	Capital Cost	Status
Bond Stage	007 Stage	59,000	£8m	Completed (26 weeks)
Master plan	Eastern Workshops	10,000	£0.8m	Completed
	Gainsborough Building	60,000	£8m	In construction (Completion expected H1 08)
	John Mills Building	42,000	Subject to spec.	Pre Marketing



Other Site Improvements

Improvement	Annualised cost commencing 2008
Catering enhancements	£150,000
Shuttle service	£150,000
Eco Initiatives	£40,000
Site amenities e.g. Cash points / Wellbeing / Greenspace	£50,000

“A campus feel with campus facilities”



Capital Expenditure: Infrastructure Requirements

Infrastructure requirements at both sites over the next four to five years:

- Entrance and Road Ways, Pinewood (Nov 2007)
- Utility Infrastructure (Electricity / Gas / Broadband)
- Section 106 and Section 278 planning requirements
- Car Parking
- Demolition/Site Clearance



Marketing Campaign

Targeted campaign aimed at seeking key pre let tenants prior to final development decision being taken

- Trade Press Campaign and Selected Mailings September 2007
- DTZ / Pinewood Shepperton Team Ongoing
- On Site Marketing Suite Winter 2007



Comparison of Passing Rents

Grade A Office *

West End

- Mayfair Up to £130.00 p.s.f
- Soho Up to £85.00 p.s.f

- Staines Circa £28.50 p.s.f
- Slough Circa £26.00 p.s.f
- Uxbridge Circa £30.00 p.s.f

* Excluding rates and services (which range from £15.00 to £30.00 p.s.f)



Summing up the Media Park Development Plans

- Planning consents have a strong emphasis on external media tenants
- External media tenant development will be occupier led – pre lets will be secured on major developments
- At Shepperton our joint venture with Morley provides 75% development funding and reduces development risk – profits shared 50 / 50



Key Themes from today

- An attractive but volatile film business
- Robust and growing TV business that is less volatile and complementary to the business
- Consents and capability for significant additional space for media park – subject to demand and capability



www.pinewoodgroup.com