



**Pinewood Shepperton plc
("PSP")
Presentation of Shepperton
Studios Property Partnership
("SSPP")**

13th September 2006

AGENDA

- Review of current status:
 - Introduction
 - Studio Enhancement Plans
- Transaction in Summary
- Joint Venture Explained
- Structure Diagram
- Morley Fund Management
- Development Strategy
- Pinewood Shepperton Investment Case
- Advisors

INTRODUCTION

Ivan Dunleavy - CEO

Patrick Garner - FD

- Growth strategy (long term targets set out at I.P.O):
 - Optimising the use of existing facilities.
 - Enhancement of the studios.
 - Pursuit of other opportunities

- Recent milestones consistent with long term strategy:
 - Outline planning consents – enhancing.
 - Teddington Studios acquisition – diversifying.
 - Certainty of film tax policy – stabilising.
 - Rebuilding of 007 Stage underway.

- Outlook 2006:
 - The Board’s outlook for revenues for the full year remain in line with market expectations and growth prospects for the Group are viewed with confidence by the Board.

TRANSACTION IN SUMMARY

- A 50:50 JV between PSP and Morley Fund Management (“Morley”).
- £41 million (gross) paid to PSP for the 999 year lease of Shepperton Studios.
- Joint Venture funds transaction

| | £m |
|---------------|----------------------|
| Morley equity | 10.5 |
| PSP equity | 10.5 |
| Morley loan | 20.0 |
| | <hr/> |
| | £41.0 (gross) |
| | <hr/> |

Aerial shot of Shepperton Studios



GROUP STUDIO ENHANCEMENT PLANS

Outline planning consents granted for further 1.85m sq. ft of studio & related facilities at Pinewood and Shepperton Studios.

| 000's sq.ft | Pinewood | Shepperton | Total |
|-------------------------|--------------------|--------------------|--------------------|
| | 000's sq ft | 000's sq ft | 000's sq ft |
| Existing areas | 1,096 | 642 | 1,738 |
| To be demolished | (295) | (332) | (627) |
| New build | 1,019 | 836 | 1,855 |
| Potential area | 1,820 | 1,146 | 2,966 |

TRANSACTION EXPLAINED

WHERE WE ARE TODAY

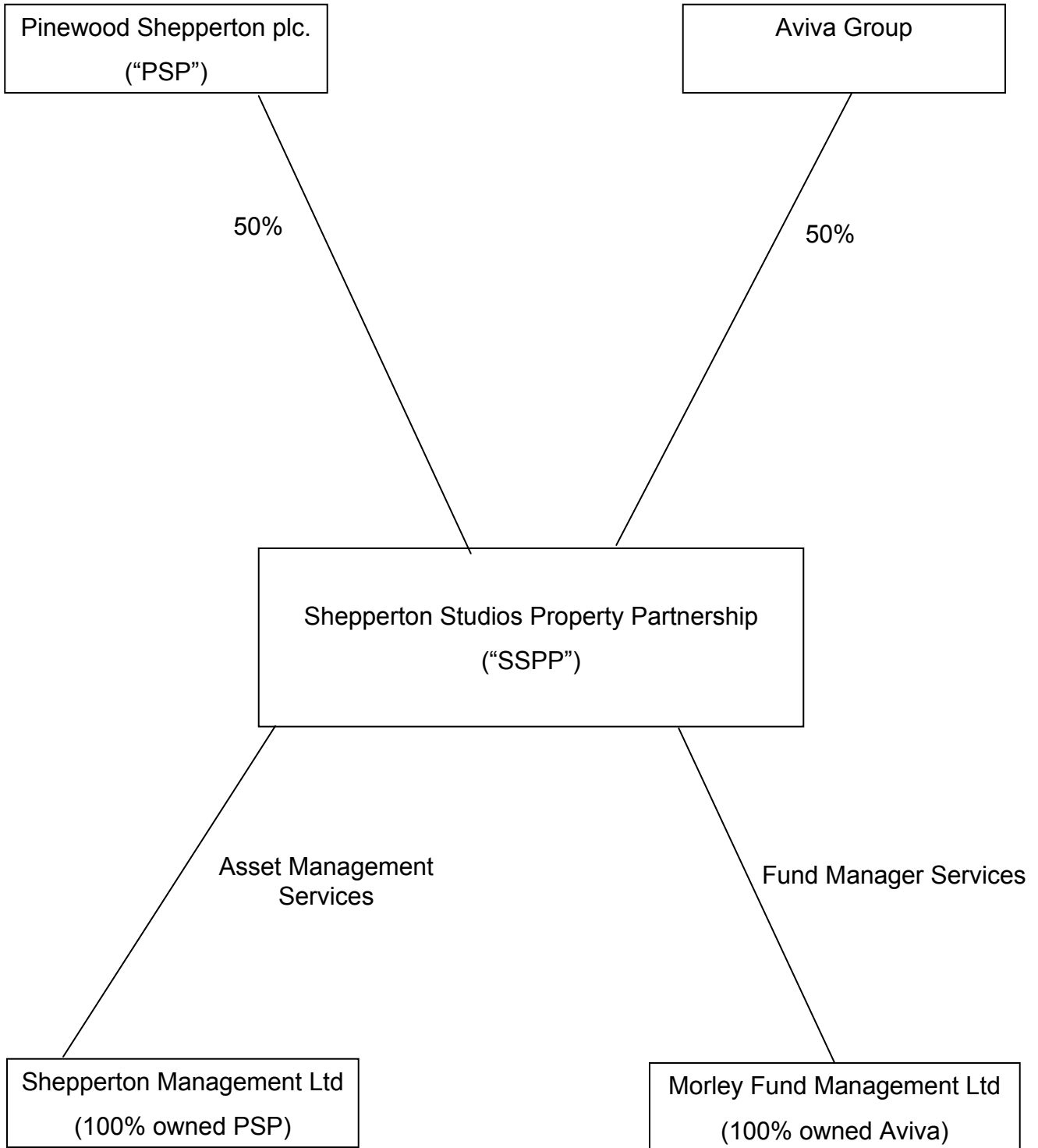
- Morley will invest initially a lump sum and subsequently further amounts to develop Shepperton Studios jointly with PSP.
- The lease of Shepperton Studios was acquired by Shepperton Studio Property Partnership ("SSPP"). Morley and PSP jointly own this entity.
- Shepperton Studios is notionally divided into "Production" properties and "Tenanted" properties.
- £41 million (gross) paid by SSPP to PSP for the 999 year lease.
- Morley subscribes £10.5 million for 50% of the equity in SSPP and funds a loan of £20 million to SSPP at 6.5% plus per annum.
- PSP subscribes £10.5 million for 50% of the equity in SSPP.
- PSP leases 'Production' space for a 20 year term at £1.3 million + RPI plus 10% EBITDA of Shepperton Studios. Schedule of Condition has been agreed.
- SSPP receives the income from Tenanted properties.
- PSP will proportionately consolidate SSPP notwithstanding Morley loan is non-recourse to PSP.

JOINT VENTURE EXPLAINED

THE SITUATION GOING FORWARD

- PSP and MFM co-operate on strategic management and redevelopment.
- PSP undertakes day to day management for annual fee.
- All development funding is split:
 - MFM – 50% loan plus 25% equity
 - PSP – 25% equity
- All profits are split 50/50.
- Future roles:
 - MFM – Investing institution.
 - PSP – Investing and operating partner at Shepperton.
 - SSPP – Own and manage Shepperton site and developments.

STRUCTURE DIAGRAM



MORLEY FUND MANAGEMENT

- Following an extensive evaluation, Pinewood Shepperton entered into negotiations with Morley, a subsidiary of Aviva plc.
- Morley is a proven financial partner with expert property knowledge.
- £153.6 billion of funds managed by firms within the Morley group of companies.
- Clients include UK's largest financial institutions, pension funds and public sector organisations.
- Aviva plc is one of the world's biggest financial organisations.

DEVELOPMENT STRATEGY

1. Subject to a viability test on a project by project basis. SSPP will undertake the full development of consented space of Shepperton Studios. PSP anticipates these future investments will meet its returns criteria.
2. Under the terms of the agreement, Morley intends to commit funding totalling 75% of the total project cost for the 61,000 sq ft (gross) redevelopment of I Block and the 42,000 sq ft (gross) John Mills Building as well as funding of the further stages of the development plan, considered on a case by case basis. The I Block and John Mills Building are set to commence in late 2006 and 2007 respectively.
3. Front of site projects to be extensively marketed to create next phase of development.

PSP INVESTMENT CASE

PSP considers the SSPP structure attractive as it:

1. Provides 75% development funding and reduces development risk.
2. PSP retains 50% of profits and ownership of asset.
3. Degears PSP.
4. Frees PSP resources to further enhance shareholder value.
5. Accelerates development process.
6. Efficient use of capital.
7. PSP retains control of “build out” to minimise disruption.
8. Morley a proven financial partner with property knowledge.
9. Potential remains for similar structure at Pinewood Studios.

PSP ADVISORS

- Pinewood Shepperton plc Board has been advised by:
 - JPMorgan Cazenove
 - Travers Smith
 - DTZ
 - Ernst & Young
- Pinewood Shepperton plc is also fortunate to have two experienced directors from the property sector:
 - Patrick Garner, FD
 - James Donald, Non-Executive Director



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