DERWENT LONDON

EMBARGOED UNTIL 7AM, FRIDAY 13 JULY 2007

13 July 2007

Derwent London plc ("Derwent") announces £175 million of sales

Derwent is pleased to announce the disposal of three non-core assets which were acquired through the merger with London Merchant Securities plc in February this year. The sales total £175.0 million, before disposal costs, and achieved £91.8 million above the 31 January 2007 book value of £83.2 million. The transactions are:

- Disposal of Greenwich Reach, SE10. Completion has taken place to Roamquest Limited, part of Galliard Homes, for £111.8 million. This eight acre cleared site is on the South bank of the Thames, overlooking Canary Wharf. The site currently has planning consent for 980 residential apartments and 71,155 sq ft of commercial/retail space.

- Contracts have been exchanged on the disposal of 158-166 Brompton Road, Knightsbridge, SW3 to a private purchaser for £45.0 million. This property comprises retail, office and residential space, totalling 27,000 sq ft and produces a short term income of £0.8 million per annum.

- Contracts have been exchanged on the disposal of 3 & 4 South Place, EC2 to the Frogmore Group for £18.2 million. Situated close to Broadgate in the City of London, the properties comprise two adjacent vacant office buildings totalling approximately 36,000 sq ft.

These sales are the first since Derwent converted to REIT status on 1 July 2007. Both South Place and Brompton Road are within the tax exempt REIT ringfence and will therefore not attract tax on their disposal. However, since the Greenwich property falls outside the REIT ringfence any capital gains arriving from its sale will be chargeable to tax.

John Burns, Chief Executive of Derwent London commented:

"We are delighted with the substantial premiums achieved which were accomplished so soon after our REIT conversion, at a level of 110% above book value. The sale of Knightsbridge and South Place enable the Group to achieve significant benefits from the REIT status by disposing of

two properties, which were not in our current development programme, in a tax efficient manner. The Greenwich sale is a non-core disposal as the Group continues to concentrate its efforts on commercial development, where it considers its expertise are better applied than residential schemes of this magnitude.

"Proceeds from the sales will be channelled into our substantial pipeline of refurbishment and redevelopment schemes as well as future acquisitions. Further disposals of non-core and provincial properties will follow. These sales endorse the strength of the London property market and Derwent London's commitment to concentrate on major office and refurbishment schemes within our chosen Central London villages."

-ENDS-

For further information please contact:

Derwent London **Tel: 020 7659 3000**
John Burns

Financial Dynamics **Tel: 020 7831 3113**
Dido Laurimore / Nicole Marino

Derwent London

The merger of Derwent Valley Holdings and London Merchant Securities took place on 1st February 2007, creating Derwent London plc, a leading central London office specialist with a combined portfolio valued at £2.4 billion, of which 84% is located in central London. The combined portfolio offers a wealth of potential and Derwent London will continue to build on the core strengths of the combined business, drawing upon the existing strengths of both Derwent Valley and London Merchant Securities.

Derwent London has an extensive pipeline of development and refurbishment assets. Continued focus will remain on the central London market where its established design led philosophy and creative management approach to development will continue to generate rental and capital growth. However the synergy created by the merger will also provide the necessary leverage and scale to allow the new business to undertake significantly larger development projects. In total, 5.2 million sqft of development or refurbishment projects are in the pipeline, of which 2.2 million sqft is currently on site and 3 million sqft is scheduled for the future.