

DERWENT LONDON

Annual Results 2021



CONTENTS

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A photograph of a modern building with a courtyard. The building has a grey brick facade and large windows. The courtyard is in the foreground, with green hedges and trees. People are walking in the courtyard. The sky is blue.

INTRODUCTION AND OVERVIEW

PAUL WILLIAMS

INTRODUCTION AND GUIDANCE

Confidence building

- London office market recovered as year progressed
 - Strong second half; momentum maintained in 2022
- Positive employment and economic outlook
- Occupiers want more from their space
- Markets continue to polarise

ESG embedded through business

- Clear EPC strategy
- 'Long-life, loose-fit, low carbon' approach
- Inaugural Stakeholder Day

Derwent London well positioned

- Total return 5.8% with NTA +3.9% to 3,959p
- EPRA EPS 108.79p (+9.7%)
- DPS 76.50p (+2.8%)
- LTV 20.8%

Portfolio repositioning

- A busy year of pipeline restocking and portfolio reshaping

PORTFOLIO GUIDANCE

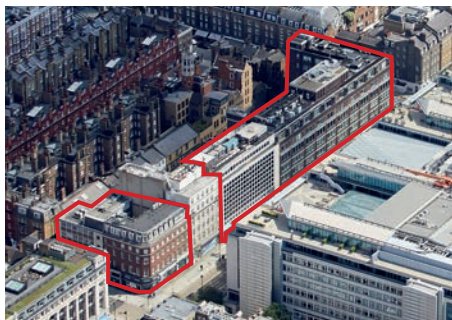
ERV guidance
0% to +3%

Investment yields
Remain firm



RESTOCKING THE PIPELINE

- Most active year for acquisitions for many years
- Expanding longer-term pipeline
- Extending development returns
- Adding future 'super-sites'
 - Potential to deliver 1.1m+ sq ft (DL share)



Baker Street W1 JV

- Further investment in exciting area
- Block date coincides with PC at 19-35 Baker Street
- Proposed c.240,000 sq ft (at 100%)
- 50:50 joint venture



230 Blackfriars Road SE1¹

- Creation of new village in Southbank
- Strong rental growth potential
- Proposed 200,000+ sq ft



The Moorfields Estate EC1²

- Increasing Tech Belt exposure
- Substantial site in area with broad occupier appeal
- Proposed 750,000+ sq ft

¹ Exchanged in 2021 and completed in 2022 ² Derwent London selected as preferred bidder in Dec 2021

RESHAPING THE PORTFOLIO

- Delivering our strategy
 - Retain tier one properties for longer
 - Dispose of assets with lower forward return prospects
 - Quality of core income has risen
- Maintain balance of 'Core income' to 'Opportunities'
- We expect stronger rental growth for these buildings over the short and medium-term

Examples of tier one properties



Brunel Building W2



80 Charlotte Street W1



Tea Building E1

CHANGING WORKPLACE – KEY MARKET DRIVERS

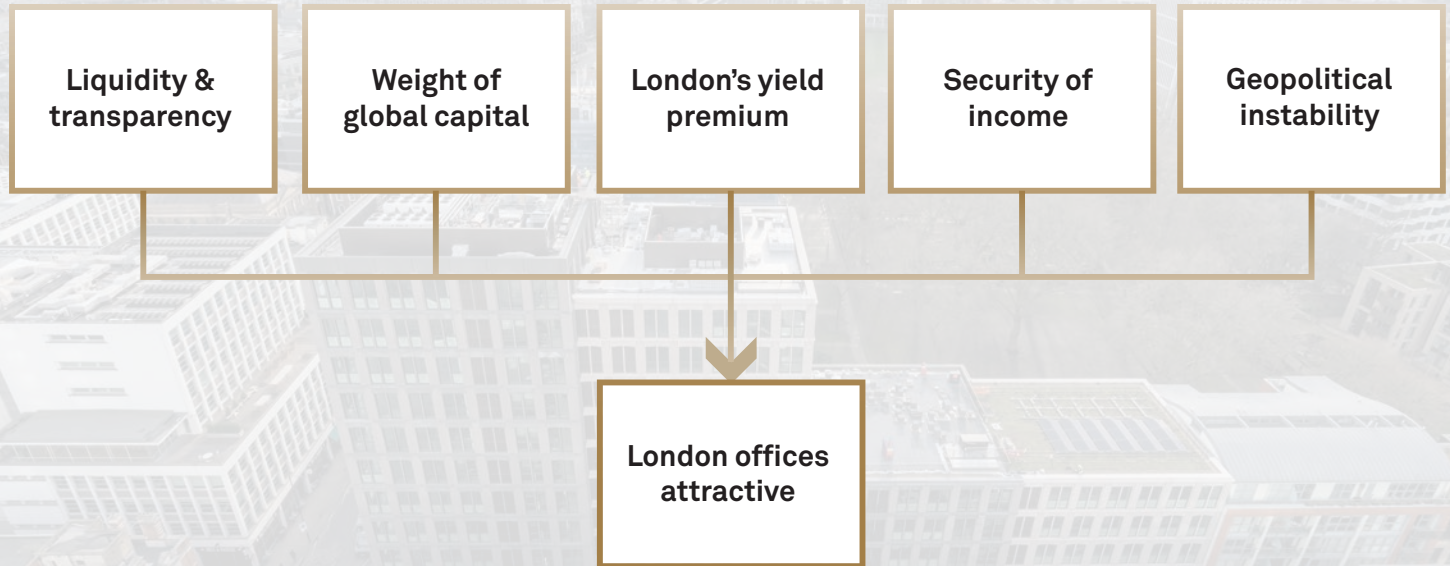


HYBRID
WORKING

FLIGHT TO
QUALITY

FLEXIBILITY

INVESTMENT - LONDON'S GLOBAL APPEAL



RESPONSIBLE BUSINESS

Environmental

- £650m ‘green’ debt facilities
- External consultant report on EPC upgrade capex
 - Expected capex c.£97m, prior to service charge recovery
- Active with stakeholders and industry in journey to COP26
- Net zero carbon occupier survey
 - 45% of our occupiers happy to explore green lease clauses

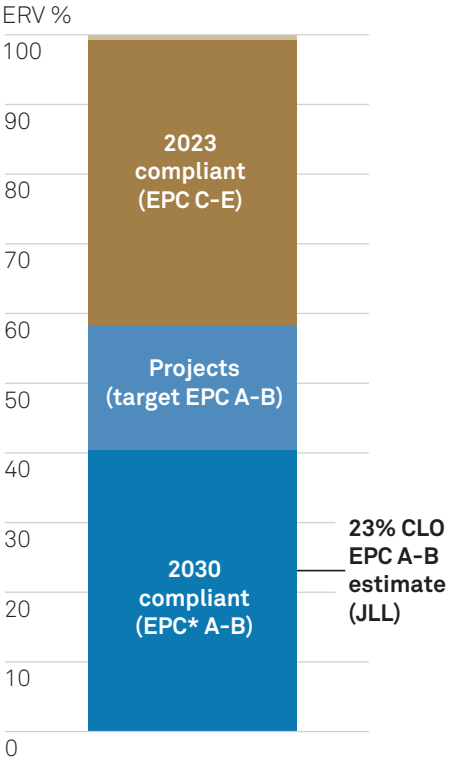
Social

- National Equality Standard (NES) accreditation – top 5%
- £725k community and sponsorship donations for 2021
- 90.5% employee satisfaction

Governance

- Deloitte provide independent assurance, including:
 - Green Finance Framework
 - Health & Safety reporting
 - All Scope 1, 2 and 3 GHG emissions data

PORTFOLIO EPC COMPLIANCE



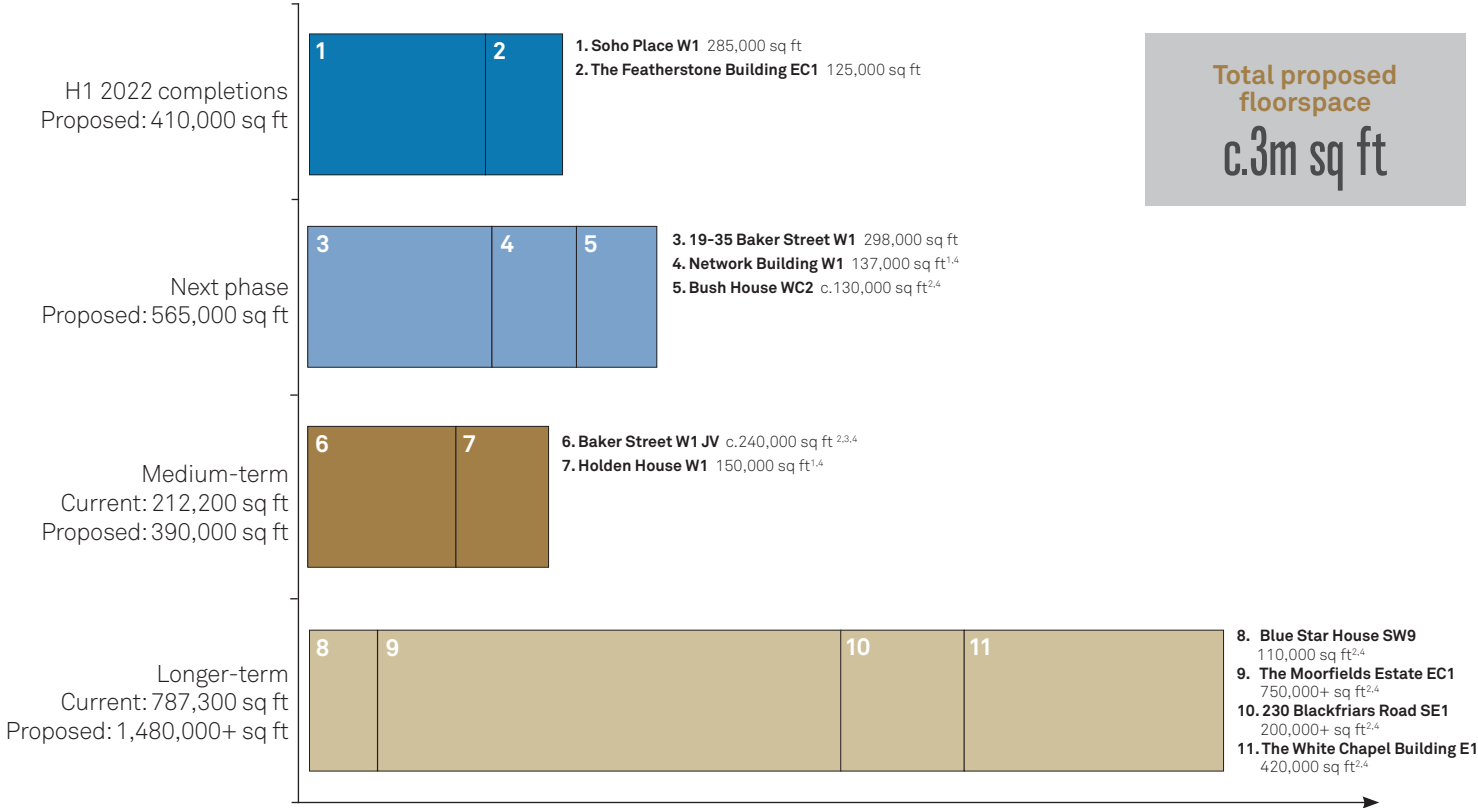
* Includes Scottish and Exempt properties



DEVELOPMENTS

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DEVELOPMENT PIPELINE



¹ Planning permission granted ² Subject to planning ³ 100% share ⁴ Proposed floorspace

H1 2022 COMPLETIONS



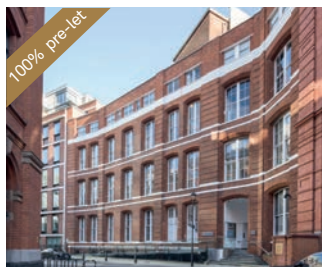
Soho Place W1

- 285,000 sq ft mixed-use scheme
- 100% of offices pre-let or pre-sold
- 36,000 sq ft retail available with ERV of £3.1m
 - Space to be launched Q2 2022



The Featherstone Building EC1

- 125,000 sq ft office scheme
- Speculative development – ERV £8.6m/£72.50 psf
- Multi-let strategy with interest from a number of occupiers for space across the building



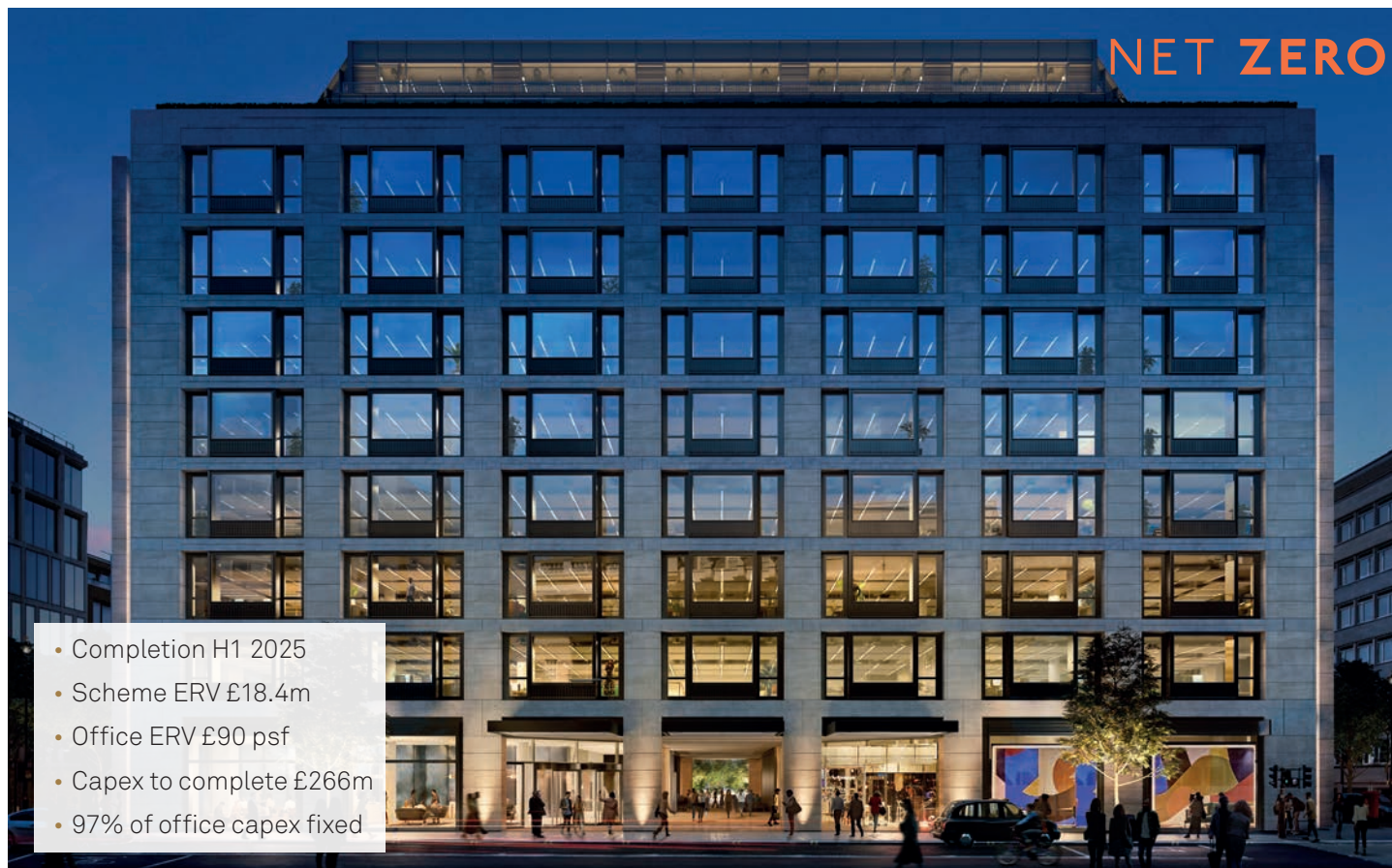
Francis House SW1

- 38,200 sq ft office refurbishment
- EPC expected to improve from 'C' to 'B'
- 100% pre-let to Edelman in Q4 2021
 - Substantial premium to ERV

THE FEATHERSTONE BUILDING EC1 - HIGH QUALITY TECH BELT SPACE



19-35 BAKER STREET W1 – OUR NEWEST MAJOR DEVELOPMENT



- Completion H1 2025
- Scheme ERV £18.4m
- Office ERV £90 psf
- Capex to complete £266m
- 97% of office capex fixed

NETWORK BUILDING W1 – PLANNING SUCCESS IN H2 2021

- Dual planning consent secured¹
 - Offices (137,000 sq ft)
 - Life Sciences (112,000 sq ft)
- Up to 96% uplift in existing floorspace
- Planned commencement in H2 2022 with completion in 2025
- Early occupier interest in both options



¹ Resolution to grant planning consent

BUSH HOUSE WC2

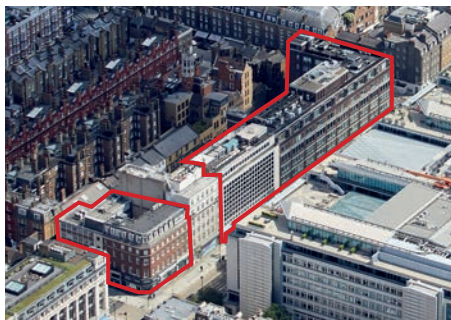


- Existing area 103,700 sq ft
- Refurbishment and potential extension subject to planning
- Proposed floorspace of c.130,000 sq ft
- Potential start in 2022

FUTURE PROJECTS

SUPER-SITES

Baker Street W1 JV



- Existing 122,200 sq ft
- Proposed c.240,000 sq ft
- Timing: medium-term

230 Blackfriars Road SE1



- Existing 60,300 sq ft
- Proposed 200,000+ sq ft
- Timing: longer-term

The Moorfields Estate EC1



- Preferred bidder status
- Existing c.400,000 sq ft
- Proposed 750,000+ sq ft
- Timing: longer-term

OTHER PROJECTS



Blue Star House SW9

- Existing 54,000 sq ft
- Proposed 110,000 sq ft
- Timing: longer-term
- Under appraisal



Holden House W1

- Existing 90,000 sq ft
- Proposed 150,000 sq ft
- Timing: medium-term
- Consented



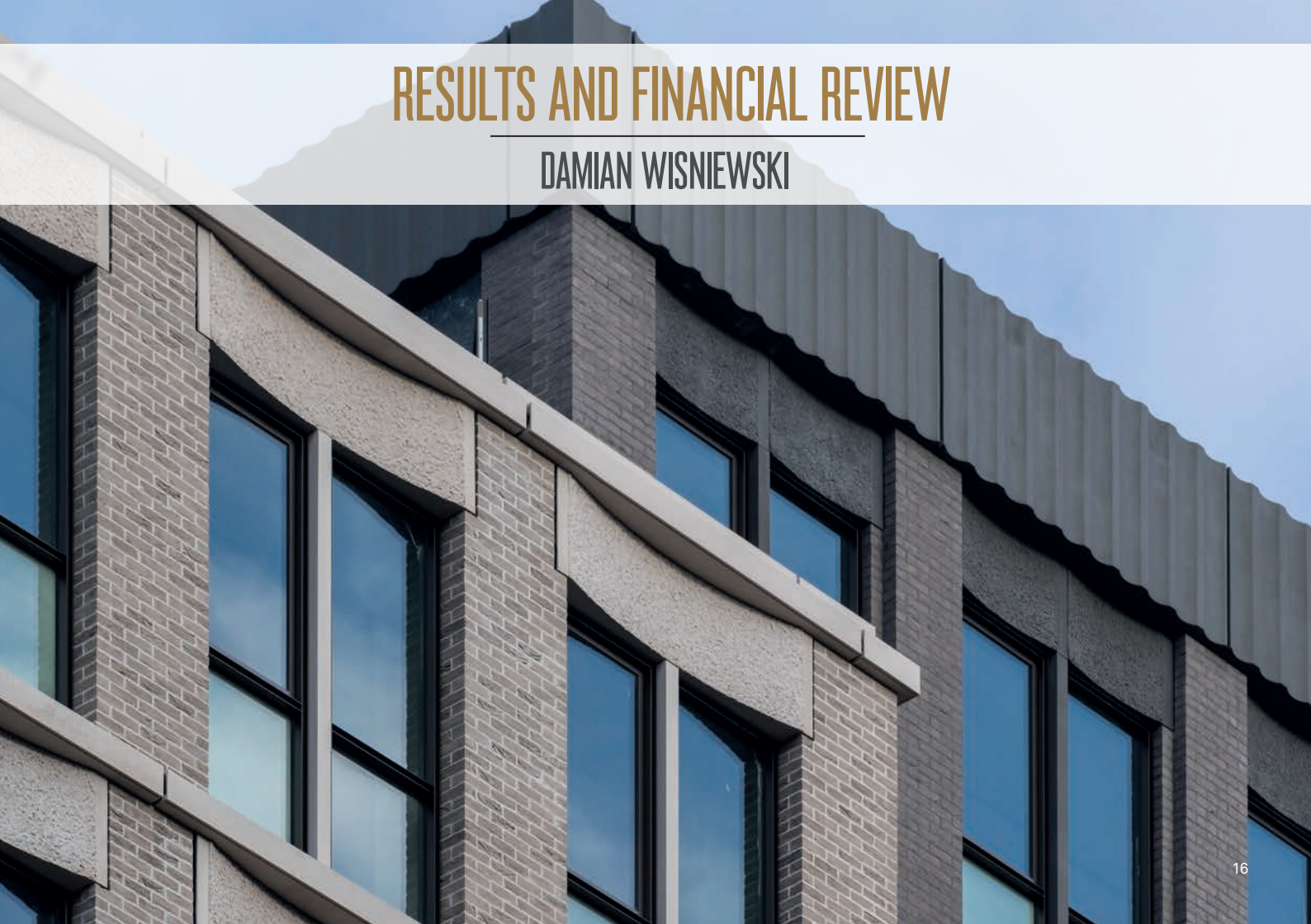
The White Chapel Building E1

- Existing 273,000 sq ft
- Proposed c.420,000 sq ft
- Timing: longer-term
- Future appraisal

- Smaller scale refurbishments and EPC upgrade capex

RESULTS AND FINANCIAL REVIEW

DAMIAN WISNIEWSKI



FINANCIAL HIGHLIGHTS

EPRA NTA per share^{1,2}

3,959p

2020: 3,812p

+3.9%

EPRA earnings per share²

108.79p

2020: 99.19p

+9.7%

Cash and undrawn facilities

£608m

Jun 2021: £527m

Dec 2020: £476m

Gross rental income

£194.2m

2020: £202.9m

-4.3%

Net rental income

£178.2m

2020: £174.3m

+2.2%

Interest cover ratio (ICR)³

464%

Jun 2021: 477%

Dec 2020: 446%

Total return

5.8%

Jun 2021: 2.7%

Dec 2020: -1.8%

Final dividend per share⁴

53.50p

2020: 52.45p

+2.0%

Loan-to-value (LTV) ratio³

20.8%

Jun 2021: 17.3%

Dec 2020: 18.4%

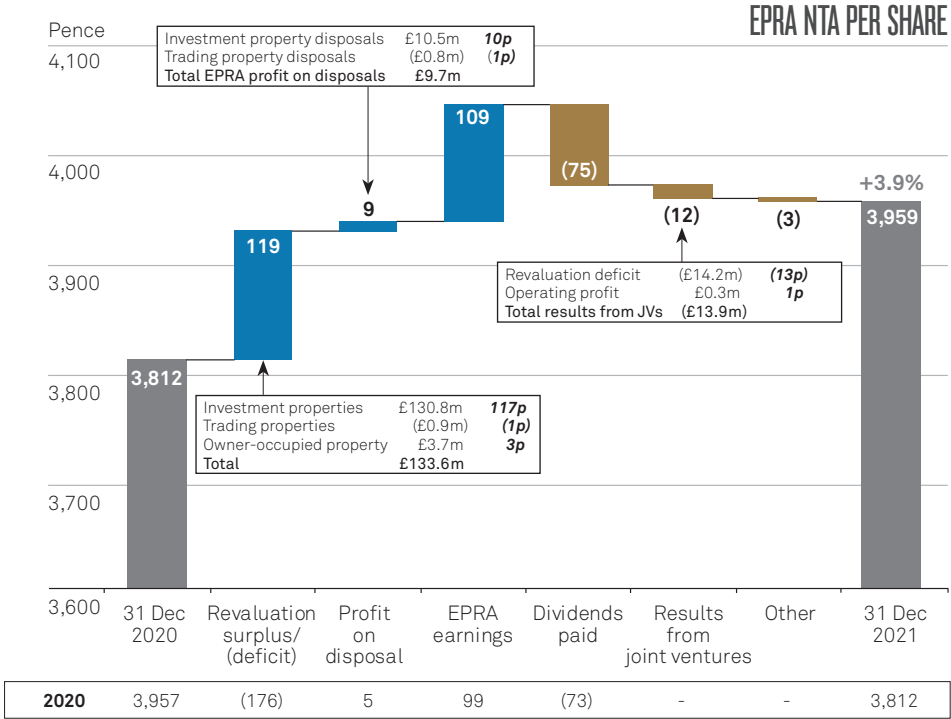
¹ EPRA Net Tangible Assets per share on a diluted basis

² Reconciliation to IFRS figures in Appendices 3 and 6

³ Includes share of joint ventures

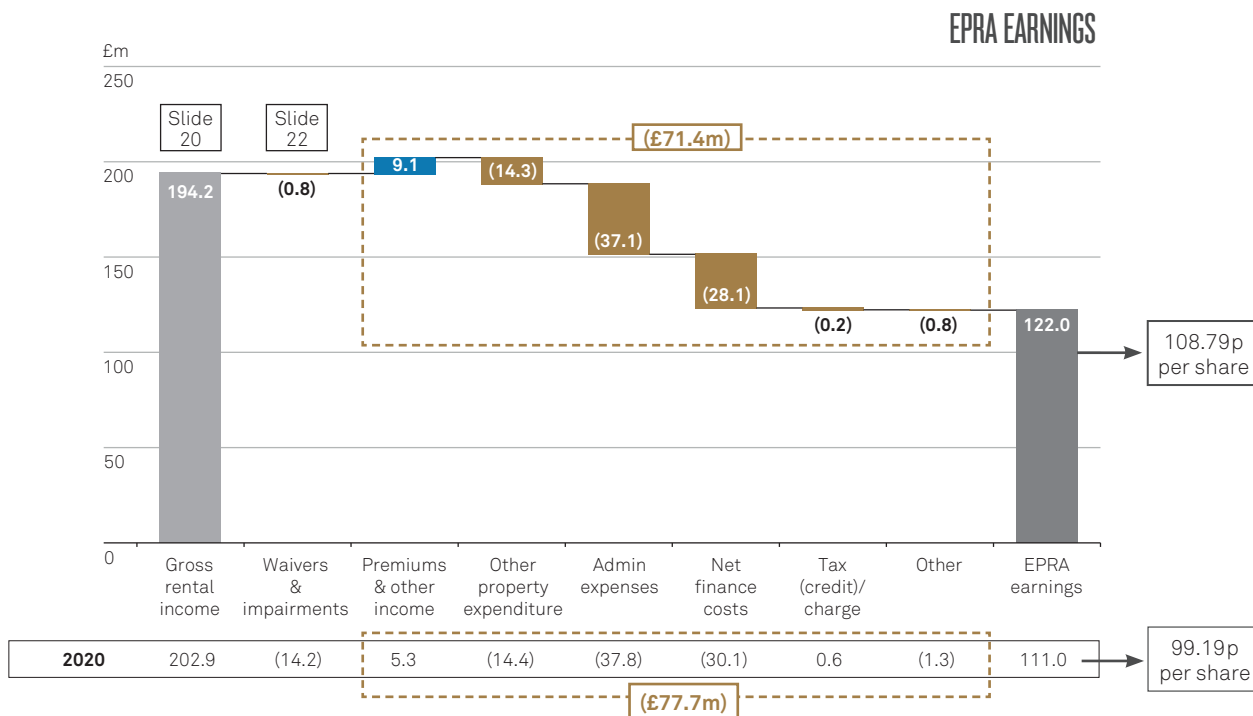
⁴ 2021 dividend subject to approval

EPRA NTA MOVEMENT



- Revaluation surplus - recent developments Brunel Building W2, 80 Charlotte Street W1, The Featherstone Building EC1 and Soho Place W1, contributed 95p per share, remaining portfolio up 24p per share
- Revaluation surplus including share of joint ventures is £119.4m

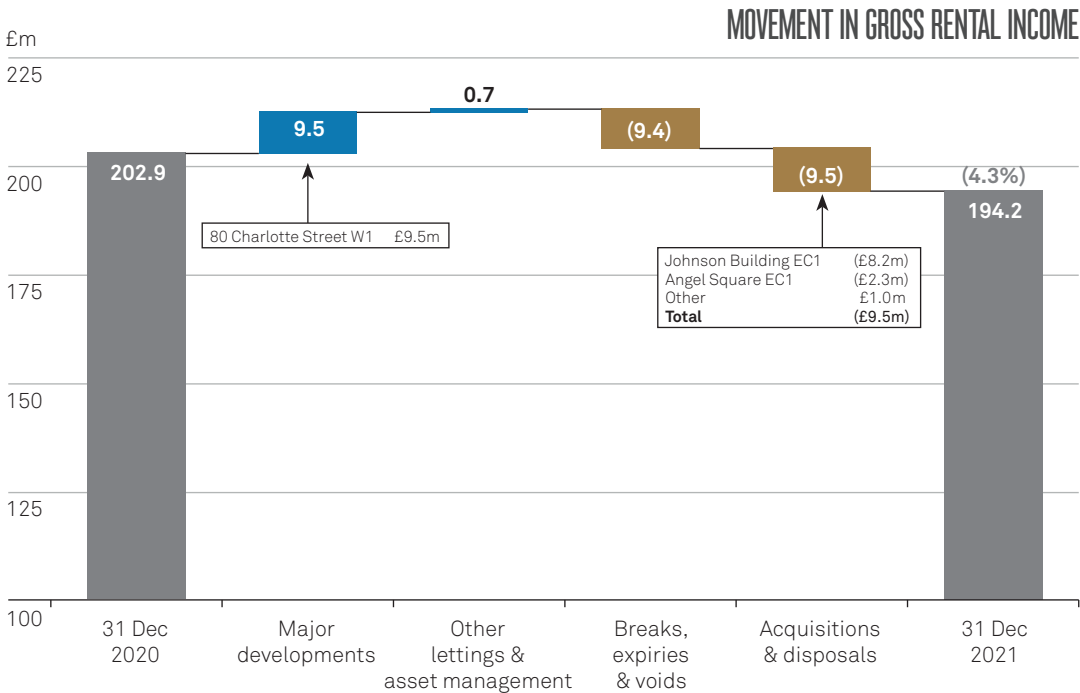
EPRA EARNINGS¹



- Premiums and other income of £9.1m includes £3.6m (2020: £0.9m) of net surrender premiums, and £2.0m (2020: £0.9m) rights of light income

¹ An explanation of EPRA adjustments is provided in Appendix 6

RENTAL INCOME



LIKE-FOR-LIKE ¹

Gross rental income

2021: -3.9%
2020: -0.9%

Net rental income

2021: 2.7%
2020: -9.8%

Net property and other income

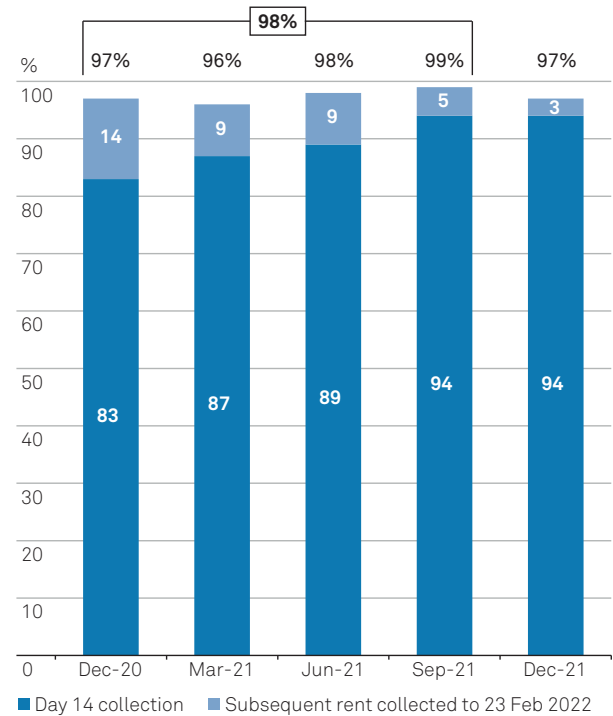
2021: 5.9%
2020: -8.9%

- Net rental income up 2.2% from £174.3m to £178.2m, or 2.7% on a like-for-like basis

¹ See Appendix 9

RENT COLLECTION

- 98% of the Group's 2021 rental income (i.e. Dec 2020 to Sep 2021 quarter days) collected to date
- 97% of Dec 2021 quarter day rents collected (i.e. quarter ending Mar 2022) for the Group, plus 1% due later in the quarter
- 98% of office rents for Dec 2021 quarter day rents collected and 83% for retail/hospitality
- £0.6m of rent deposits drawn with £17.6m remaining
- Including share of joint venture, overall rent collected was also 97% for Dec 2021 quarter day



IMPACT OF WAIVERS AND IMPAIRMENTS

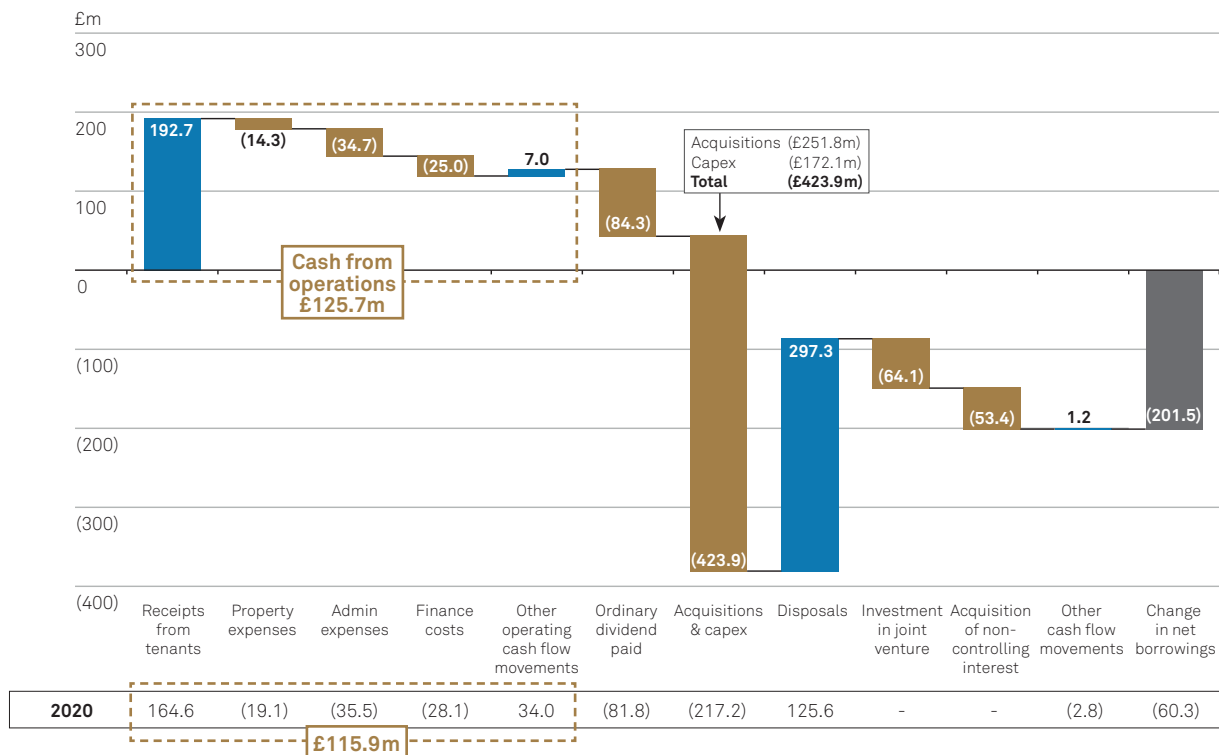
- Trade receivables down to £6.9m from £27.5m in 2020 as deferred rents received during 2021
- Waivers and impairments were £0.8m against £14.2m in 2020
- £2.4m of amounts provided for in 2020 have been reversed

	2021 £m	2020 £m	Variance £m
Gross rental income	194.2	202.9	(8.7)
Property costs	(15.2)	(14.4)	(0.8)
Net rental income before waivers and impairments	179.0	188.5	(9.5)
Service charge waiver	-	(4.1)	4.1
Service charge provision	(0.1)	(0.3)	0.2
Write-off of receivables	(0.6)	(1.2)	0.6
Impairment of trade receivables	(0.5)	(2.9)	2.4
Impairment of lease incentive receivables	0.4	(5.7)	6.1
Waivers and impairments	(0.8)	(14.2)	13.4
Net rental income	178.2	174.3	3.9

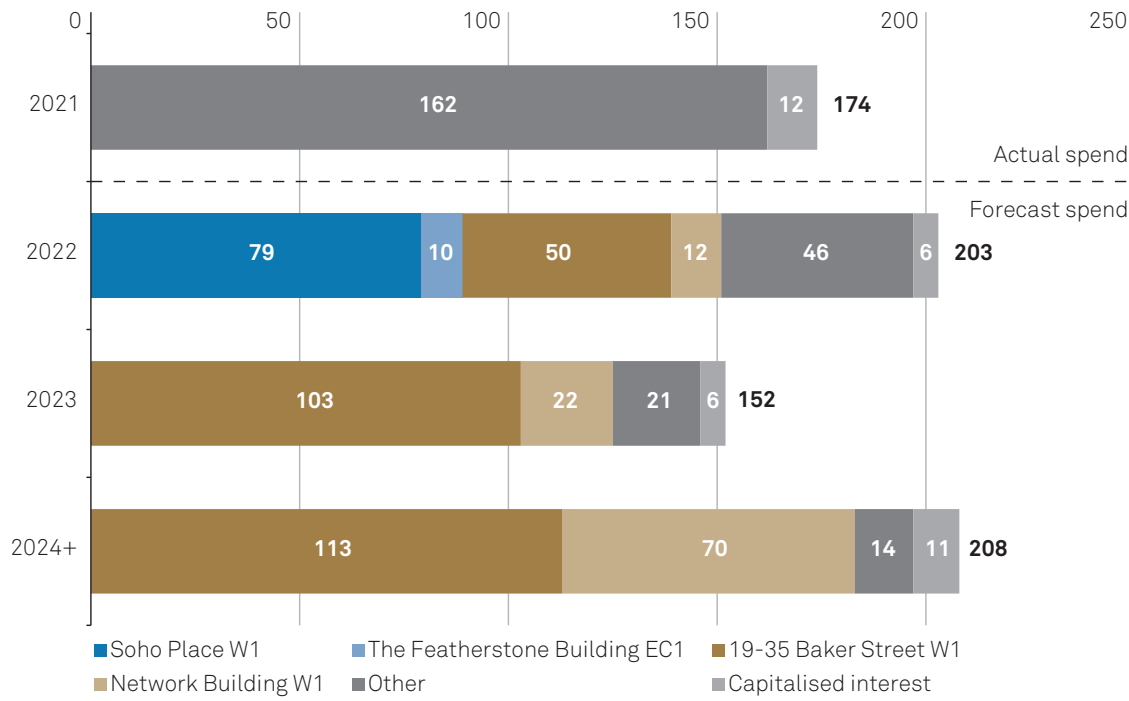
EPRA COST RATIOS

	2021	2020	2019	2018	2017
Including direct vacancy cost (%)	24.3	30.5	23.9	23.3	20.8
Excluding direct vacancy cost (%)	21.1	26.0	22.5	20.8	19.3

CASH FLOW MOVEMENT



COMMITTED CAPITAL EXPENDITURE



- 19-35 Baker Street W1 commenced on site with capital expenditure to complete of £266m
- Network Building W1 due to commence on site H2 2022 with capital expenditure of £104m

EPC 2030 COSTED PLANS

Report's coverage

- Detailed cost report commissioned with consultants in 2021
- Almost 60% of our portfolio already EPC 'B' compliant including projects on site
- Report focused on remaining 38 properties over 2.2m sq ft
- Cost analysis is inclusive of fees



6-8 Greencoat Place SW1 - upgraded from EPC E to EPC B in 2020

Key findings

- In line with previous guidance of £5-10m pa
- No 'stranded assets'
- Large variation in costs between buildings, average of c.£50 psf

	£m	Comments
Cost to upgrade to EPC 'B'	91.6	
Acquisitions	5.8	250 Euston Road NW1 171-174 Tottenham Court Road W1 Baker Street W1 JV
Total	97.4	

- Some short-term costs already in valuation and existing plans
- Some costs may be recovered through service charges
- Net impact to be refined during 2022

IMPACT OF MAJOR PROJECTS, ACQUISITIONS AND DISPOSALS

- Assumes no further lettings other than those already contracted
- Shows impact of estimated remaining capital expenditure on both on-site and committed projects

		IMPACT OF ACQUISITIONS, DISPOSALS, ON-SITE PROJECTS AND NETWORK BUILDING						Proforma
Dec 2021		Acquisition of 230 Blackfriars Road	Disposal of New River Yard	Capex and site acquisition cost ¹	Other disposals ²	Contracted income	Void costs ³	
Gross rental income	£194m	£2m	(£3m)	-	-	£18m	-	£211m
Net property income (adjusted)	£179m	£2m	(£2m)	-	-	£17m	(£12m)	£184m
Interest cost	£39m	£1m ⁴	(£1m) ⁴	£8m ⁴	(£1m) ⁴	-	-	£46m
Net interest cover ratio	464%							400%
Portfolio fair value	£5,696m	£55m	(£66m)	£469m	(£57m)	-	-	£6,097m
Drawn debt net of cash	£1,186m	£58m	(£66m)	£469m	(£57m)	-	-	£1,590m
Loan-to-value ratio	20.8%							26.1%

¹ See Appendix 42 for capex. Includes remaining Soho Place W1 site acquisition cost and profit share payments in relation to Soho Place W1 and 19-35 Baker Street W1

² After disposal costs. Includes 2 & 4 Soho Place W1 and 19-35 Baker Street W1 retail ³ Void costs upon completion of project ⁴ Assuming a marginal interest rate of 1.75%

ACTIVE YEAR OF REFINANCING

Green bond issuance

- £350m green bond issued, on a 10-year term maturing in 2031
- Fixed coupon of 1.875%
- Proceeds to be used to fund qualifying 'green' expenditure in accordance with the Green Finance Framework
- Total green facilities now £650m, including £300m 'green' tranche within £450m revolving credit facility
- Green Finance Framework updated and externally assured

Revolving Credit Facilities (RCF)

- Both £450m RCF and £100m RCF extended by one year to 2026



Total facilities

£1,800m ↑£334m

2020: £1,466m

Unutilised facilities and cash

£608m ↑£132m

2020: £476m

Maturity of borrowings

7.2 years ↑0.4 years

2020: 6.8 years

GREEN EXPENDITURE

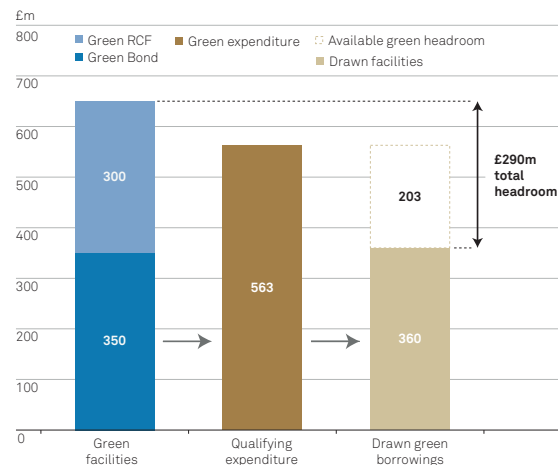
Eligible green projects (EGP)

1. 80 Charlotte Street W1 (completed Jun 2020)
2. Soho Place W1
3. The Featherstone Building EC1
4. 19-35 Baker Street W1

At 31 December 2021

- 2021 qualifying green expenditure £116.6m
- Cumulative qualifying green expenditure £562.8m
- Drawn green borrowings £360.0m

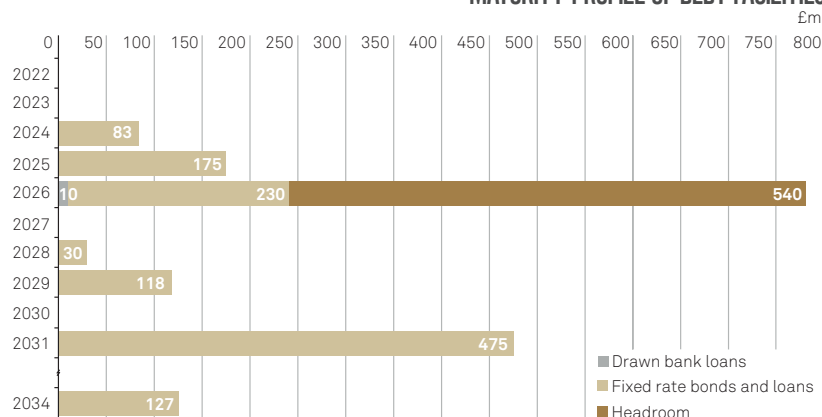
GREEN BORROWINGS AND QUALIFYING EXPENDITURE



DEBT SUMMARY

	Dec 2021	Dec 2020
Drawn facilities	£1,248m	£1,041m
Unutilised facilities	£540m	£425m
Total facilities	£1,788m	£1,466m
Unutilised facilities and cash	£608m	£476m
Uncharged properties	£4,769m	£4,329m
Average spot interest rate (cash basis)	3.14%	3.34%
Average spot interest rate (IFRS basis)	3.27%	3.48%
Marginal interest rate	0.73%	0.73%
Average maturity of facilities	6.5 years	6.2 years
Average maturity of borrowings	7.2 years	6.8 years

MATURITY PROFILE OF DEBT FACILITIES



Loan-to-value (LTV) ratio¹

20.8%

2020: 18.4%

NAV gearing

28.2%

2020: 24.3%

Net interest cover ratio¹

464%

2020: 446%

Percentage fixed rate

99%

2020: 85%

¹ Includes share of joint ventures

A photograph of a modern interior space, likely a restaurant or cafe, featuring large windows with dark frames and industrial-style ductwork and lighting fixtures. The scene is brightly lit with natural light coming through the windows. A semi-transparent white banner is overlaid at the bottom of the image, containing the title and author's name.

VALUATION AND PORTFOLIO ANALYSIS

NIGEL GEORGE

VALUATION

Investment portfolio valued at £5.7bn

- Underlying valuation 3.5% (2020: -3.0%)
 - West End 3.9% (2020: -3.3%)
 - City Borders 2.5% (2020: -2.1%)
- MSCI Central London Offices¹ 2.5%

Three on-site developments

- Valued at £0.6bn, uplift of 9.2%
 - Soho Place W1 (87% pre-let) 8.8%
 - The Featherstone Building EC1 19.9%
 - 19-35 Baker Street W1 0.1%
- Excluding on-site developments, portfolio up 2.9%

	Portfolio valuation £m	Joint venture valuation £m	Total £m	H1 2021 valuation movement %	H2 2021 valuation movement %	Full year valuation movement %
West End	3,642.8	-	3,642.8	1.4	2.5	3.9
City Borders ⁴	1,698.7	-	1,698.7	0.7	1.8	2.5
Central London	5,341.5	-	5,341.5	1.2	2.3	3.4
Provincial	83.0	-	83.0	7.5	2.3	9.9
Underlying	5,424.5	-	5,424.5	1.2	2.3	3.5
Acquisitions	222.2	50.0	272.2	2.8	(10.2)	(10.0)
Investment portfolio	5,646.7	50.0	5,696.7	1.3	1.6	2.8

Valuation themes

- Impact of inputs

	ERV	Yields	Values
Offices - high quality	↔	↓	↑
Offices - other	↓	↑	↓
Retail and hospitality ²	↓	↑	↓

- Quality driving performance
 - On-site and recent developments
 - Tenant covenants and lease lengths
- Retail and hospitality sectors – now levelling out
- Greater attention on obsolescence, including EPC ratings³

¹ Quarterly index ² 8% of portfolio by income ³ Appendices 24 and 25 ⁴ Principally properties in the Tech Belt - Appendix 45

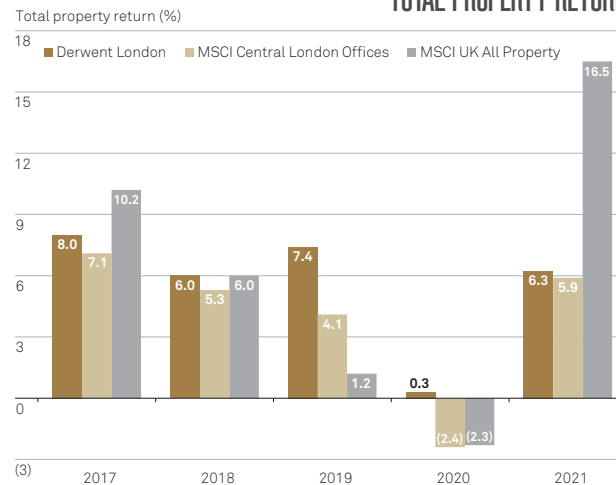
PROPERTY RETURN

2021 total property returns

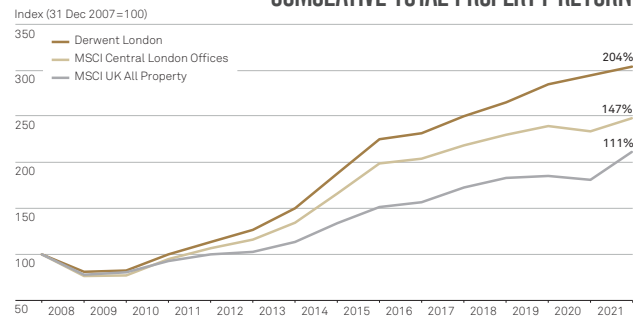
- Derwent London 6.3%
- MSCI Central London Offices¹ 5.9%
- MSCI UK All Property¹ 16.5%
- Outperformance due to:
 - Development surpluses
 - Yield shift – high quality properties
 - Rent-frees reducing from recent developments
 - 80 Charlotte Street W1
 - Brunel Building W2
 - New lettings
 - 6-8 Greencoat Place SW1
 - Francis House SW1
 - Limited retail exposure

¹ Quarterly Index

TOTAL PROPERTY RETURN



CUMULATIVE TOTAL PROPERTY RETURN



RENTAL VALUE AND YIELDS

Rental values

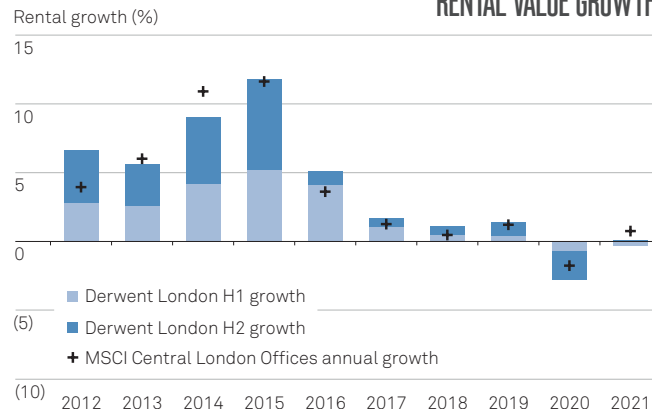
- Rental values declined 0.2% in 2021
 - Offices: 92% of portfolio¹ 0.2%
 - Retail: 8% of portfolio¹ -5.8%
- Average office passing rent low at £44.18 psf² (Dec 2020: £42.30 psf)
 - Average 'topped-up' office rent £59.69 psf² (Dec 2020: £57.71 psf)

EPRA yields

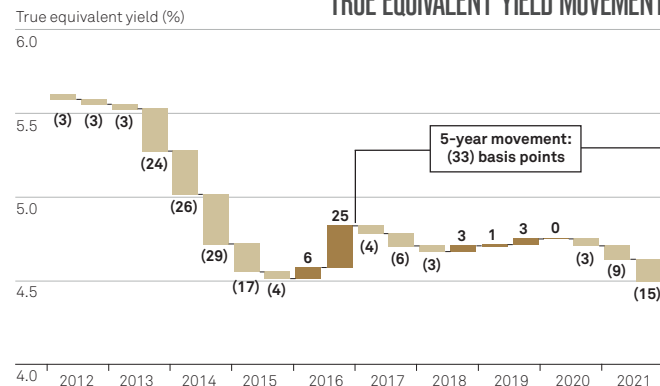
	Dec 2020 %	Dec 2021 %	Change bps
Net initial yield	3.7	3.3	(40)
'Topped-up' net initial yield	4.8	4.4	(40)
True equivalent yield	4.74	4.50	(24)
Net reversionary yield	5.0	4.9	(10)

¹ By income ² Occupied office area

RENTAL VALUE GROWTH



TRUE EQUIVALENT YIELD MOVEMENT

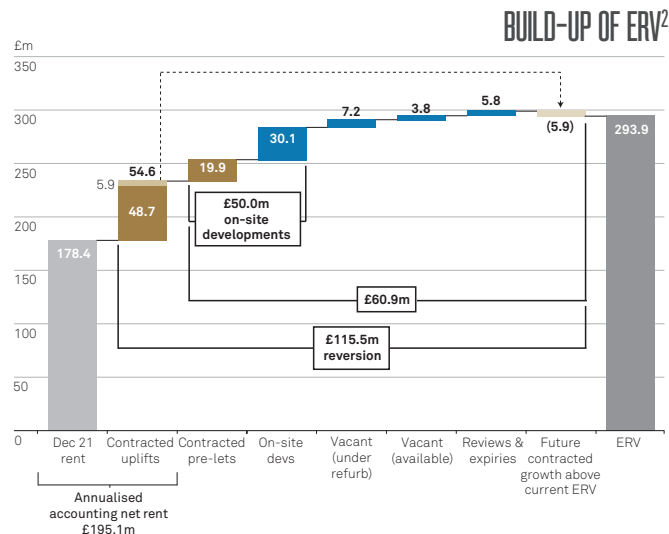


BUILD-UP OF PORTFOLIO ERV

- Portfolio reversion of £115.5m¹
 - £54.6m or 47% contracted, including
 - 80 Charlotte Street W1 £12.8m
 - Brunel Building W2 £6.5m
- £60.9m of further reversion
 - £19.9m of pre-lets on schemes

Developments	Let £m	Vacant £m	ERV £m
Soho Place W1	17.0	3.1	20.1
The Featherstone Building EC1	-	8.6	8.6
19-35 Baker Street W1	-	18.4	18.4
	17.0	30.1	47.1
Refurbishments			
Francis House SW1	2.9	-	2.9
Total	19.9	30.1	50.0

- £41.1m from vacant and projects
 - Under development/refurbishment £37.3m
 - Available £3.8m
- £0.1m from lease reversions
 - Anticipated rent reviews and expiries £5.8m
 - Future contracted growth above ERV -£5.9m³



Dec 2020	189.2	58.0	17.0	16.2	2.7	5.0	8.4	(5.3)	291.2
Change	(10.8)	(3.4)	2.9	13.9	4.5	(1.2)	(2.6)	(0.6)	2.7

¹ Requires additional capex as set out in Appendix 42 ² Before lease incentives ³ Rental indexation and minimum uplifts on review

OCCUPIER MARKET, LEASING AND ASSET MANAGEMENT

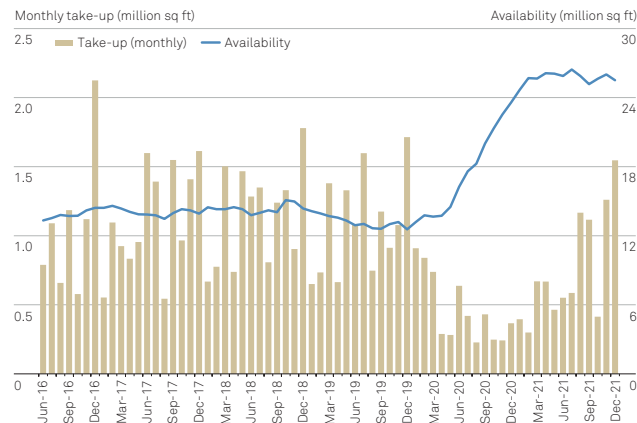
EMILY PRIDEAUX



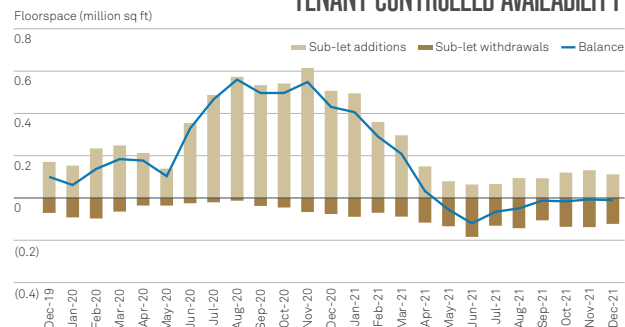
OCCUPATIONAL MARKET OVERVIEW

- Monthly take-up strengthened as year progressed
 - Occupier sentiment improved significantly
 - Businesses now planning beyond pandemic
- Central London vacancy rate 9.3%
 - West End at 5.2%
 - City at 13.2%
- Secondhand space comprises 74% of supply
- Tenant controlled availability declining (29% of total)
- Under offers at 3.8m sq ft (+28% vs long-term average)
- Leasing potential influenced by environmental credentials
- Prime central London office rental growth +7.4% in 2021
 - West End +14.1% (-9.7% in 2020)
 - City +0.0% (-4.4% in 2020)

CENTRAL LONDON OFFICE TAKE-UP AND AVAILABILITY



TENANT CONTROLLED AVAILABILITY



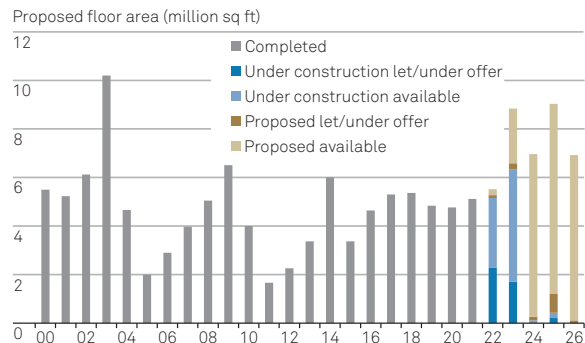
Source: CBRE

CONSTRAINED DEVELOPMENT PIPELINE AND RISING DEMAND

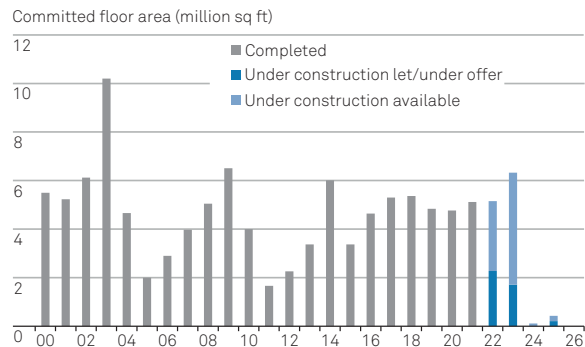
- 11.6m sq ft under construction for completion by 2024
 - 34% or 4.0m sq ft pre-let, 7.6m sq ft of speculative
 - Ongoing deferral of potential schemes
- Significant supply gap vs polarised occupier demand
- Active demand 8.3m sq ft (2020: 7.4m sq ft) – JLL
 - Range of requirements by industry
 - Occupiers prioritising quality over location



CENTRAL LONDON DEVELOPMENT PIPELINE - POTENTIAL



CENTRAL LONDON DEVELOPMENT PIPELINE - COMMITTED



Source: CBRE

OCCUPIER MARKET THEMES – A FLIGHT TO QUALITY

Hybrid working, dynamic lease structures, flexibility and a bespoke and personal approach



DIGITAL STRATEGY AND CUSTOMER ENGAGEMENT

Informed digital strategy

- 3 core areas of focus
 - Reducing energy consumption
 - Improving operational efficiencies
 - Providing best in class

DL/



Community and enhanced amenity

- 'Furnished & Flexible' space
- Events
- Offers
- Meeting rooms
- Communal workspace
- Pocket parks and terraces

DL/78.W1



Hospitality and service

- Linking occupiers into the Derwent Community
- Strong relationships with our customers and a personal and solution-based approach
- Hospitality-led
 - HQ, front of house & building teams
- Dedicated portfolio-wide Customer Experience teams

*"Derwent London **Property Management** has been instrumental in helping us navigate our way through the difficulties of the pandemic, our continuous dialogue has proved a vital conduit in discussing elements of concern and identifying mutually satisfactory solutions, whilst keeping both parties fully up to speed with the ever changing and unpredictable requirements of COVID"*

make

NET ZERO CARBON

- Closing the gap between ambition and action on sustainability and the NZC agenda
- Collective responsibility: A partnership approach between us, our customers and wider stakeholders

NZC occupier survey

*"Looking forward to **collaborating on a more strategic approach**. It is good to know that this is important to Derwent London too"*



BREEAM®



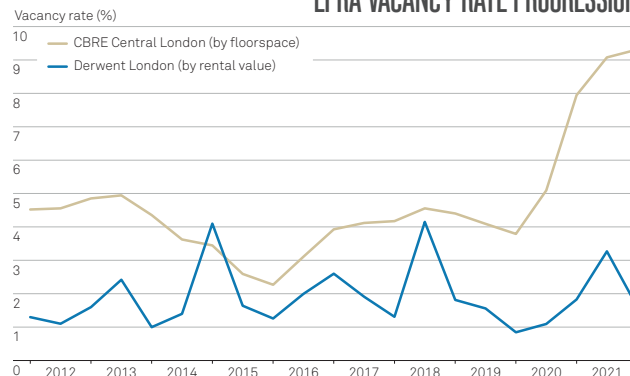
The Featherstone Building EC1



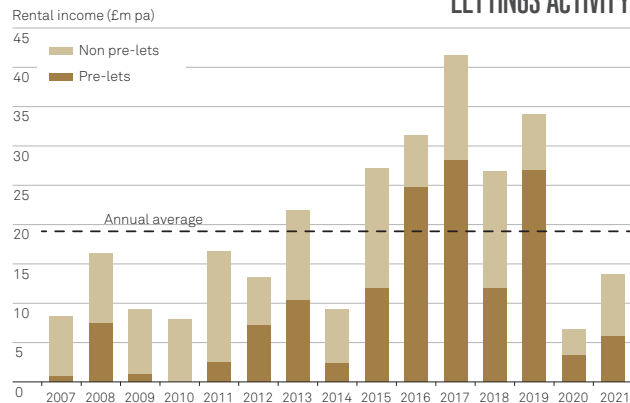
DERWENT LONDON'S LEASING ACTIVITY & VACANCY

- EPRA vacancy rate of 1.6% (Dec 2020: 1.8%)
 - H1 2022 scheme completions will impact vacancy rate
- £13.7m of new lettings
 - +3.6% against Dec 2020 ERV with offices +4.8%
 - H1: £3.9m; H2: £9.8m
 - 43% of transactions were pre-lets
- Average office deal size 7k sq ft with three deals above 30k sq ft
 - Depop at 20 Farringdon Road EC1 (Q2)
 - Fora at 6-8 Greencoat Place SW1 (Q3)
 - Edelman at Francis House SW1 (Q4)

EPRA VACANCY RATE PROGRESSION



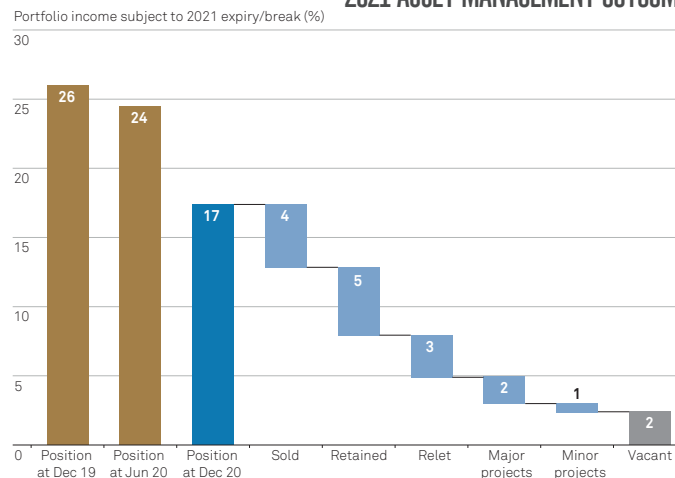
LETTINGS ACTIVITY



ASSET MANAGEMENT ACTIVITY

- Key focus was dealing with 2021 lease breaks/expiries
- At Dec 2020 17% of income had a 2021 break/expiry
- Pre-emptively dealing with 2022 breaks/expiries
 - Activity to date already reduced income at risk from 13% to 9%
- Shift in occupier sentiment from short-term regears to longer-term solutions
- Portfolio 'topped-up' WAULT 7.8 years (Dec 2020: 7.9 years)

2021 ASSET MANAGEMENT OUTCOME





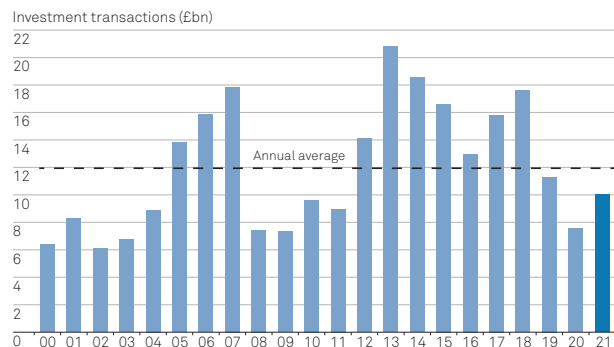
INVESTMENT
DAVID SILVERMAN

INVESTMENT MARKET OVERVIEW

- £10.0bn of central London office investment transactions in 2021
 - 33% higher than 2020 but 16% below average
 - 61% by value in H2 with 36% in Q4
 - 65% of activity from overseas investors
- £4.7bn under offer at year end
- CBRE expect c.£14bn investment in 2022

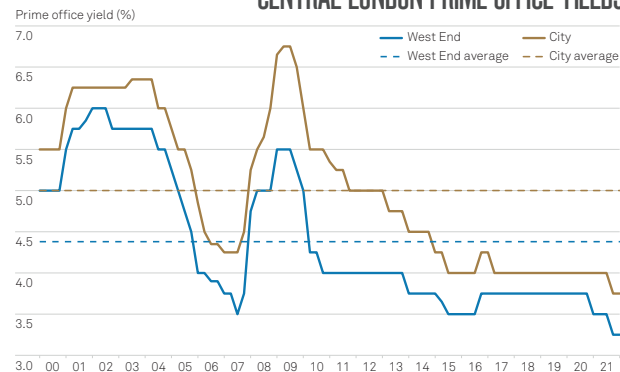
- Prime yields contracted 25bps in 2021
 - West End: 3.25%
 - City: 3.75%
- Prime yields tightened in many key European cities
- London offices remain good value with £40bn looking to invest against supply of £3.7bn at year end

CENTRAL LONDON OFFICE INVESTMENT



Source: CBRE

CENTRAL LONDON PRIME OFFICE YIELDS



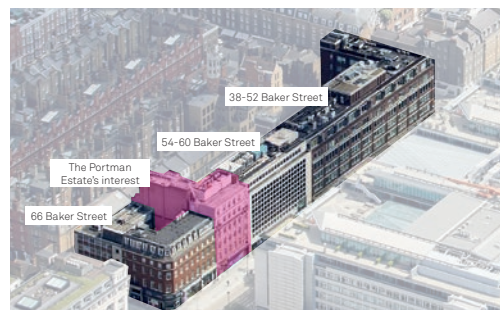
Source: CBRE

ACQUISITION ACTIVITY

Property	Date	Area sq ft	Total after costs £m	Net yield %	Net rental income £m pa	Net rental income £ psf
H1 2021						
Holford Works WC1 ¹	Q2	41,600	23.7	6.9	1.6	40.00
H2 2021						
Bush House WC2 ²	Q3	103,700	14.5	-	-	-
250 Euston Road NW1	Q3	165,900	190.3	2.5	4.7	28.30
171-174 Tottenham Court Road W1	Q3	16,200	24.3	2.6	0.6	57.50
Baker Street W1 JV (50% share)	Q4	61,100	64.0 ³	4.0	2.6	42.50
		388,500	316.8	-	9.5	-
19-35 Baker Street W1 (headlease regear)	Q4	-	100.7	-	-	-
		388,500	417.5	-	9.5	-
2022 to date						
230 Blackfriars Road SE1	Q1	60,300	58.3	3.5	2.1	41.00



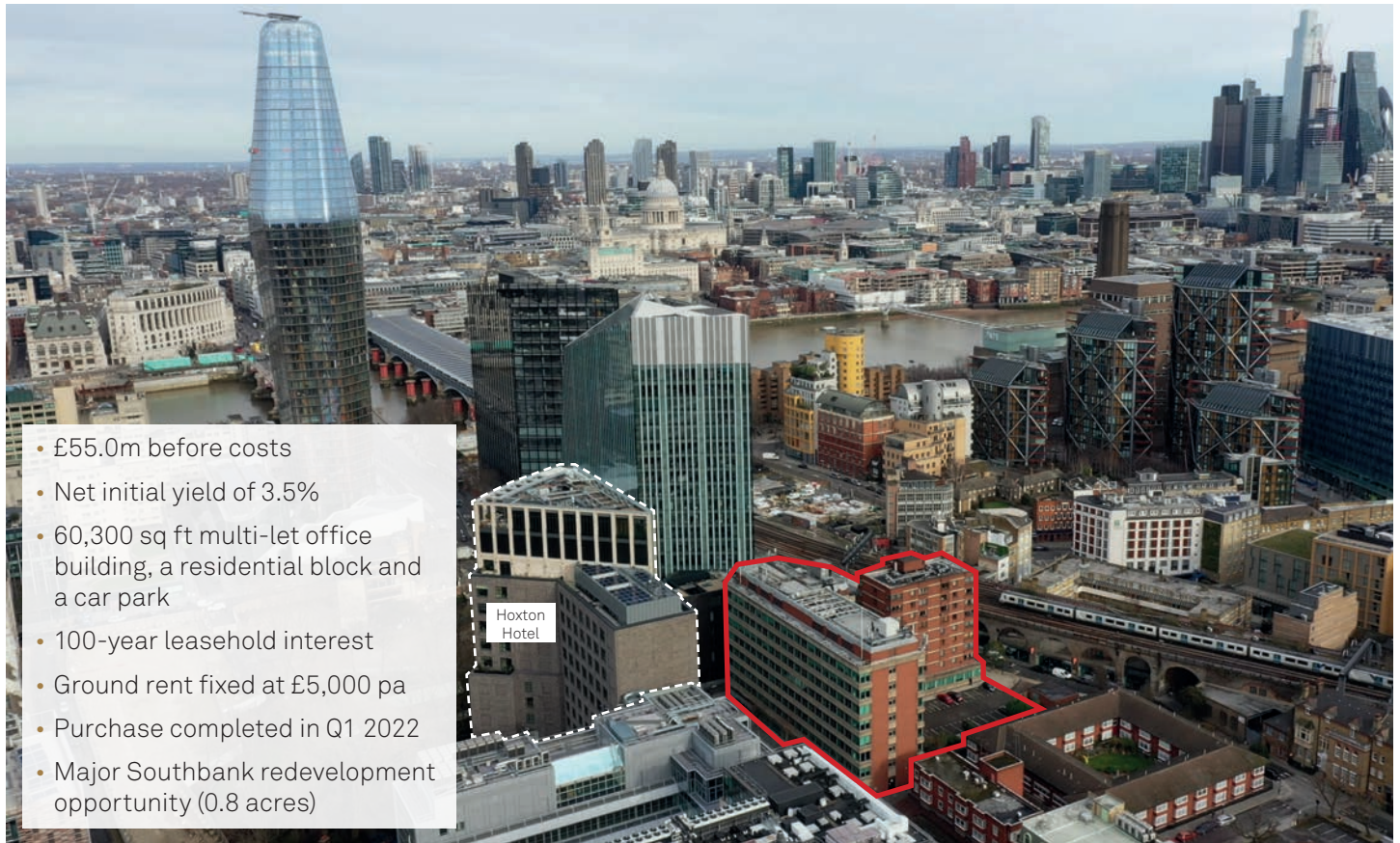
250 Euston Road NW1



Baker Street W1 JV

¹ Long leasehold ² Leasehold ³ Subject to receiving planning and regear of the headlease an additional £7.25m is payable

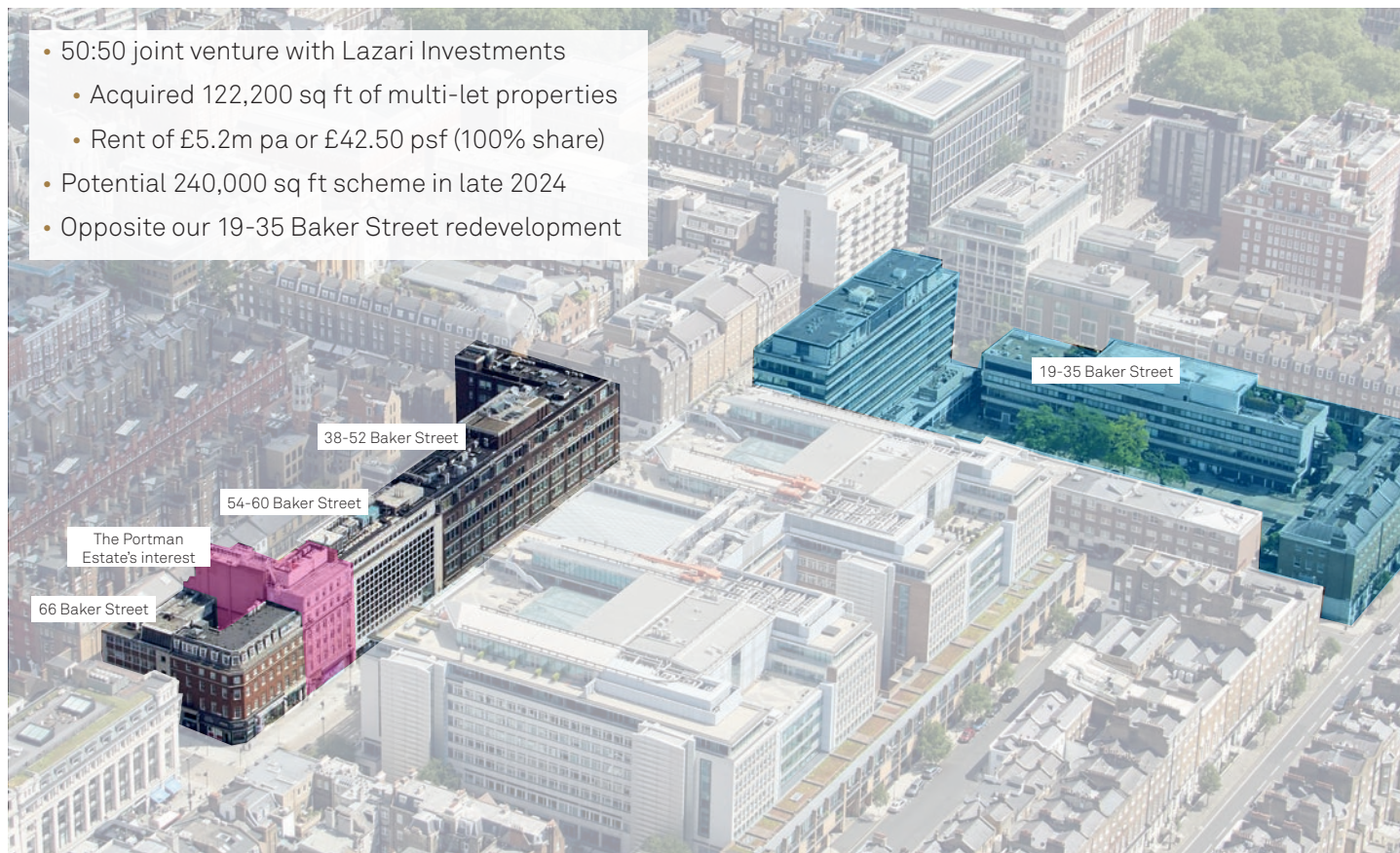
SUPER-SITE: 230 BLACKFRIARS ROAD SE1



- £55.0m before costs
- Net initial yield of 3.5%
- 60,300 sq ft multi-let office building, a residential block and a car park
- 100-year leasehold interest
- Ground rent fixed at £5,000 pa
- Purchase completed in Q1 2022
- Major Southbank redevelopment opportunity (0.8 acres)

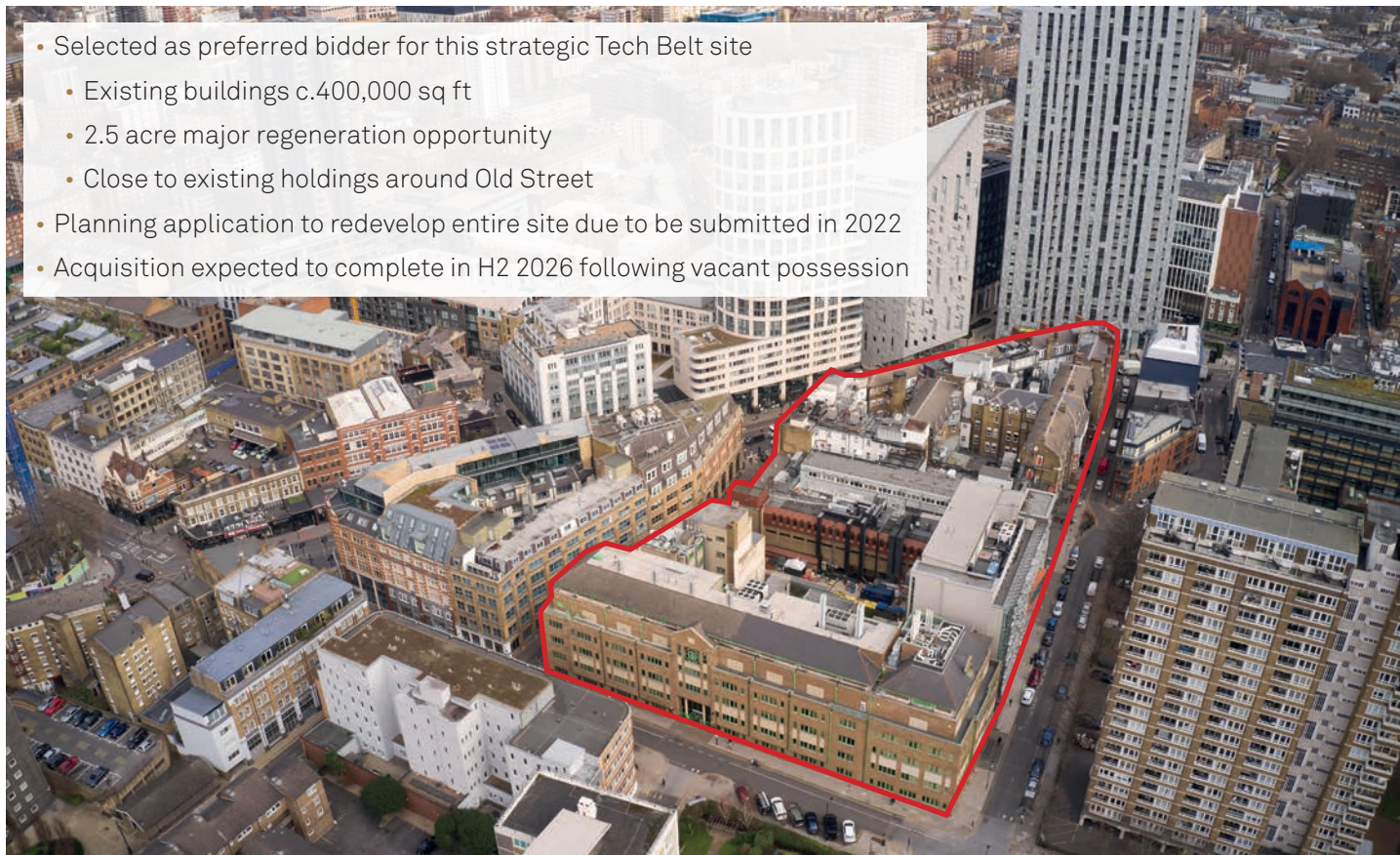
SUPER-SITE: BAKER STREET W1 JV

- 50:50 joint venture with Lazari Investments
 - Acquired 122,200 sq ft of multi-let properties
 - Rent of £5.2m pa or £42.50 psf (100% share)
- Potential 240,000 sq ft scheme in late 2024
- Opposite our 19-35 Baker Street redevelopment



SUPER-SITE: THE MOORFIELDS ESTATE EC1

- Selected as preferred bidder for this strategic Tech Belt site
 - Existing buildings c.400,000 sq ft
 - 2.5 acre major regeneration opportunity
 - Close to existing holdings around Old Street
- Planning application to redevelop entire site due to be submitted in 2022
- Acquisition expected to complete in H2 2026 following vacant possession



MAJOR DISPOSALS

	Date	Area sq ft	Net proceeds £m	Net yield to purchaser %	Rent £m	EPC
2021						
Johnson Building EC1	Q1	192,700	165.6	4.1	7.3	D
Angel Square EC1 ¹	Q3	126,200	85.0	-	-	C-E
The Portman Estate properties ²	Q4	50,600	45.1	-	-	B-E
		369,500	295.7		7.3	
19-35 Baker Street W1 (headlease surrender)	Q4	-	100.7	-	-	-
		369,500	396.4		7.3	
2022 exchanged						
New River Yard EC1	Q1	70,700	66.0	4.5	3.3	B-D



Johnson Building EC1



Angel Square EC1



New River Yard EC1

¹ Sold with vacant possession ² Includes 16-20 Baker Street, 27-33 Robert Adam Street, 17-39 George Street and 26-27 Castlereagh Street W1



SUMMARY

PAUL WILLIAMS

SUMMARY

THE MARKET

- London in demand
- Improved confidence
- Flight to quality

DERWENT LONDON

- Restocking the pipeline
- Net Zero Carbon Pathway
- Upgraded guidance:
ERVs 0% to +3%



APPENDICES

APPENDICES

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APPENDIX 1 – HEADLINE NUMBERS

	Dec 2021	Dec 2020	% change
Net asset value (NAV)	£4,441.8m	£4,315.1m	2.9
EPRA net tangible assets per share ^{1,2}	3,959p	3,812p	3.9
EPRA net disposal value per share ^{1,2}	3,884p	3,682p	5.5
EPRA total return	5.8%	(1.8%)	n/a
Gross rental income	£194.2m	£202.9m	(4.3)
Net rental income	£178.2m	£174.3m	2.2
EPRA earnings per share ²	108.79p	99.19p	9.7
Profit/(loss) for the period	£253.8m	(£81.4m)	n/a
Final dividend per share ³	53.50p	52.45p	2.0
Interim and final dividend per share	76.50p	74.45p	2.8
Net debt	£1,251.5m	£1,049.1m	19.3
Loan-to-value (LTV) ratio ⁴	20.8%	18.4%	n/a
NAV gearing ⁴	28.2%	24.3%	n/a
Net interest cover ratio ⁴	464%	446%	n/a

¹ On a diluted basis ² Reconciliations to IFRS figures in Appendices 3 and 6 ³ 2021 final dividend subject to approval ⁴ Including share of joint ventures

APPENDIX 2 – GROUP BALANCE SHEET

	Dec 2021 £m	Dec 2020 £m
Investment property	5,359.9	5,029.1
Owner-occupied property	49.3	45.6
Investment in joint ventures	51.1	0.9
Other non-current assets	166.1	151.0
	5,626.4	5,226.6
Non-current assets held for sale	102.8	165.0
Other current assets and liabilities	(67.8)	(31.6)
Trading property and stock	32.6	12.9
Cash and cash equivalents	68.5	50.7
Leasehold liability - current	(51.2)	-
Borrowings - current	(12.3)	-
	(30.2)	32.0
Borrowings - non-current	(1,237.1)	(1,033.2)
Leasehold liability - non-current	(19.4)	(66.6)
Other non-current liabilities	(0.7)	(8.7)
	(1,257.2)	(1,108.5)
Total net assets	4,441.8	4,315.1
Non-controlling interest	-	(51.9)
Attributable to equity shareholders	4,441.8	4,263.2

APPENDIX 3 – EPRA NET ASSET VALUE METRICS

	Dec 2021			Dec 2020		
	EPRA NTA ¹ £m	EPRA NDV ² £m	EPRA NRV ³ £m	EPRA NTA ¹ £m	EPRA NDV ² £m	EPRA NRV ³ £m
Net assets attributable to equity shareholders	4,441.8	4,441.8	4,441.8	4,263.2	4,263.2	4,263.2
Revaluation of trading property	1.9	1.9	1.9	1.4	1.4	1.4
Deferred tax on revaluation surplus	1.7	-	3.3	1.8	-	3.5
Fair value of derivative financial instruments	0.8	-	0.8	5.6	-	5.6
Less share of non-controlling interest	-	-	-	(0.4)	-	(0.7)
Fair value adjustment to secured bonds	8.0	8.0	8.0	9.3	9.3	9.3
Mark-to-market of fixed rate debt	-	(69.5)	-	-	(127.8)	-
Unamortised issue and arrangement costs	-	(12.6)	-	-	(11.3)	-
Purchasers' costs ⁴	-	-	383.9	-	-	364.2
Adjusted net assets	4,454.2	4,369.6	4,839.7	4,280.9	4,134.8	4,646.5
Number of shares (m) – diluted	112.5	112.5	112.5	112.3	112.3	112.3
Per share measure (p) – diluted	3,959	3,884	4,301	3,812	3,682	4,138

¹ Net tangible assets ² Net disposal value ³ Net reinstatement value ⁴ Includes Stamp Duty Land Tax. Total costs assumed to be 6.8% of the portfolio's fair value

APPENDIX 4 – GROUP INCOME STATEMENT

	Year ended Dec 2021 £m	Year ended Dec 2020 £m
Gross property income	199.8	204.7
Profit on disposal of trading properties	0.7	5.2
Write-down of trading property	(1.4)	(1.8)
Other income	3.5	3.5
Waivers and impairment of receivables	(0.8)	(14.2)
Other property outgoings	(14.3)	(14.4)
Net property and other income	187.5	183.0
Administrative expenses	(37.1)	(37.8)
Revaluation surplus/(deficit)	130.8	(196.1)
Profit on disposal	10.4	1.7
Net finance costs	(28.1)	(30.1)
Loan arrangement costs written off	-	(0.1)
Share of results of joint venture	(13.9)	-
Derivatives fair value movement	4.8	(1.9)
Financial derivative termination costs	(1.9)	(1.7)
IFRS profit/(loss) before tax	252.5	(83.0)
Tax credit	1.3	1.6
IFRS profit/(loss) for the year	253.8	(81.4)
Attributable to:		
Equity shareholders ¹	252.3	(77.6)
Non-controlling interest	1.5	(3.8)
	253.8	(81.4)

¹ A reconciliation of the IFRS profit attributable to shareholders to the EPRA earnings is shown in Appendix 5

APPENDIX 5 – IFRS PROFIT AND EPRA EARNINGS

	Year ended Dec 2021 £m	Year ended Dec 2020 £m
IFRS profit/(loss) for the year attributable to shareholders	252.3	(77.6)
Revaluation (surplus)/deficit	(130.8)	196.1
Joint venture revaluation deficit	14.2	-
Profit on disposal	(10.4)	(1.7)
Profit on disposal of trading properties	(0.7)	(5.2)
Write-down of trading property	1.4	1.8
Derivatives fair value adjustment	(4.8)	1.9
Financial derivative termination costs	1.9	1.7
Loan arrangement costs written off	-	0.1
Tax adjustment	(1.5)	(1.0)
Non-controlling interest in respect of the above	0.4	(5.1)
EPRA earnings	122.0	111.0

APPENDIX 6 – EXPLANATION OF EPRA ADJUSTMENTS

	2021 IFRS £m	Adjustments			2021 EPRA basis £m	2020 EPRA basis £m
		A £m	B £m	C £m		
Net property and other income	187.5	(0.7)	1.4	-	188.2	179.6
Administrative expenses	(37.1)	-	-	-	(37.1)	(37.8)
Revaluation surplus	130.8	-	(130.8)	-	-	-
Profit on disposal	10.4	(10.4)	-	-	-	-
Net finance costs	(28.1)	-	-	-	(28.1)	(30.1)
Derivatives fair value movement	4.8	-	-	(4.8)	-	-
Financial derivative termination costs	(1.9)	-	-	1.9	-	-
Share of results of joint ventures	(13.9)	-	14.2	-	0.3	-
Profit before tax	252.5	(11.1)	(115.2)	(2.9)	123.3	111.7
Tax	1.3	-	(1.5)	-	(0.2)	0.6
Profit for the year	253.8	(11.1)	(116.7)	(2.9)	123.1	112.3
Non-controlling interest	(1.5)	-	0.4	-	(1.1)	(1.3)
Earnings attributable to equity shareholders	252.3	(11.1)	(116.3)	(2.9)	122.0	111.0
Earnings per share	224.99p				108.79p	99.19p

A – Disposal of investment properties and investments and associated tax and non-controlling interest

B – Write-down of trading properties and revaluation on investment property and in joint ventures, and associated deferred tax and non-controlling interest

C – Fair value movement and termination costs relating to derivative financial instruments and associated non-controlling interest

APPENDIX 7 – CASH FLOW

	Year ended Dec 2021 £m	Year ended Dec 2020 £m
Property income	192.7	164.6
Property expenses	(14.3)	(19.1)
Other income	4.1	3.5
Administrative expenses	(34.7)	(35.5)
Finance costs	(25.0)	(28.1)
Trading property disposals	5.0	31.7
Trading property expenditure	(1.6)	(1.2)
Tax paid in respect of operating activities	(0.5)	-
Net cash from operating activities	125.7	115.9
Acquisitions and capex	(423.9)	(217.2)
Disposals	297.3	125.6
Payments from joint ventures	-	0.4
Investment in joint venture	(64.1)	-
Other cash from/(used) in investing activities	8.1	(1.3)
Net cash used in investing activities	(182.6)	(92.5)
Movement in debt	212.5	55.7
Acquisition of non-controlling interest	(53.4)	-
Ordinary dividends paid	(84.3)	(81.8)
Other cash used in financing activities	(0.1)	(1.1)
Net cash from/(used) in financing activities	74.7	(27.2)
Increase/(decrease) in cash and cash equivalents during the year	17.8	(3.8)
Cash and cash equivalents at the beginning of the year	50.7	54.5
Cash and cash equivalents at the end of the year	68.5	50.7

APPENDIX 8 – RENT COLLECTION¹

	Dec 2021 quarter		
Current position	Office %	Retail/hospitality %	Total %
Rent received to date	98	83	97
Due later in the quarter ²	1	4	1
Outstanding	1	13	2
Rent-free granted	-	-	-
Total	100	100	100
	£40.3m	£2.3m	£42.6m

	Dec 2020 quarter			Mar 2021 quarter			Jun 2021 quarter			Sep 2021 quarter		
	Office %	Retail/hospitality %	Total %	Office %	Retail/hospitality %	Total %	Office %	Retail/hospitality %	Total %	Office %	Retail/hospitality %	Total %
Rent received to date	99	73	97	98	68	96	99	81	98	100	88	99
Outstanding	1	9	1	1	13	2	1	10	1	-	11	1
Rent-free	-	18	2	1	19	2	-	7	1	-	1	-
Total	100	100	100	100	100	100	100	100	100	100	100	100
	£41.4m	£2.9m	£44.3m	£40.0m	£3.0m	£43.0m	£38.8m	£2.6m	£41.4m	£38.5m	£2.5m	£41.0m

- Dec 2020 to Sep 2021 quarters represent income recognised in 2021 of which 98% has so far been collected

¹ Rent received to date for English quarter days ² Principally monthly receipts

APPENDIX 9 – RECONCILIATION OF LIKE-FOR-LIKE INCOME TO IFRS INCOME

	Like-for-like portfolio £m	Development property £m	Acquisitions & disposals £m	Total £m
2021				
Gross rental income	163.4	24.6	6.2	194.2
Other property expenditure	(11.6)	(2.5)	(1.1)	(15.2)
Write-off/impairment of receivables	(0.8)	-	-	(0.8)
Impact of service charge waiver	-	-	-	-
Net rental income	151.0	22.1	5.1	178.2
Other	10.0	(1.4)	0.7	9.3
Net property and other income	161.0	20.7	5.8	187.5
2020				
Gross rental income	170.1	16.2	16.6	202.9
Other property expenditure	(10.8)	(2.2)	(1.4)	(14.4)
Write-off/impairment of receivables	(8.8)	(1.0)	(0.3)	(10.1)
Impact of service charge waiver	(3.5)	(0.2)	(0.4)	(4.1)
Net rental income	147.0	12.8	14.5	174.3
Other	5.1	(1.6)	5.2	8.7
Net property and other income	152.1	11.2	19.7	183.0
Gross rental income	(3.9%)	-	-	(4.3%)
Net rental income	2.7%	-	-	2.2%
Net property income	5.9%	-	-	2.5%

APPENDIX 10 – DEBT FACILITIES

	Drawn £m	Undrawn £m	Total £m	Maturity
1.5% unsecured convertible bonds	175.0	-	175.0	June 2025
6.5% secured bonds	175.0	-	175.0	March 2026
1.875% unsecured green bonds	350.0	-	350.0	November 2031
2.68% unsecured private placement notes	55.0	-	55.0	January 2026
3.46% unsecured private placement notes	30.0	-	30.0	May 2028
4.41% unsecured private placement notes	25.0	-	25.0	January 2029
2.87% unsecured private placement notes	93.0	-	93.0	January 2029
2.97% unsecured private placement notes	50.0	-	50.0	January 2031
3.57% unsecured private placement notes	75.0	-	75.0	May 2031
3.09% unsecured private placement notes	52.0	-	52.0	January 2034
4.68% unsecured private placement notes	75.0	-	75.0	January 2034
3.99% secured loan	83.0	-	83.0	October 2024
Other loans ¹	12.3	-	12.3	n/a
Non-bank loans	1,250.3	-	1,250.3	
Bilateral revolving credit – unsecured	-	100.0	100.0	November 2026
Club revolving credit – unsecured	10.0	440.0	450.0	October 2026
Committed bank facilities	10.0	540.0	550.0	
At 31 Dec 2021	1,260.3	540.0	1,800.3	

¹ No fixed repayment date

APPENDIX 11 – NET DEBT

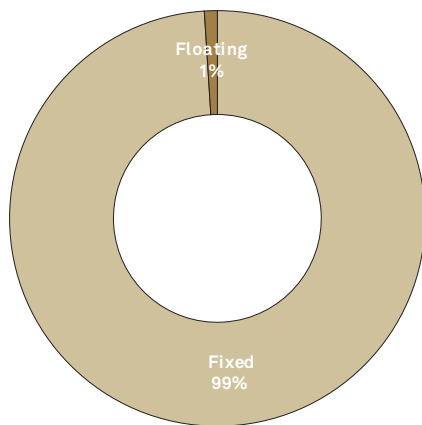
	Dec 2021 £m	Dec 2020 £m
Borrowings - non-current	1,249.4	1,033.2
Acquired fair value of secured bonds less amortisation	(8.0)	(9.3)
Unamortised discount on unsecured green bonds	1.8	-
Equity component of convertible bonds	7.7	7.7
Unwinding of discount of convertible bonds	(3.2)	(1.9)
Unamortised issue and arrangement costs	12.6	11.3
Facilities – drawn	1,260.3	1,041.0
Facilities – undrawn	540.0	425.0
Total debt facilities	1,800.3	1,466.0

	Dec 2021 £m	Dec 2020 £m
Borrowings	1,249.4	1,033.2
Leasehold liabilities	70.6	66.6
Cash and cash equivalents	(68.5)	(50.7)
Net debt	1,251.5	1,049.1

APPENDIX 12 – FIXED RATES AND HEDGING

	Dec 2021	Dec 2020
Proportion of drawn facilities at fixed rates or hedged	99%	85%
Mark-to-market cost of swaps and forward-start swaps	£0.8m	£5.6m
Weighted average duration of fixed rate instruments	7.2 years	7.2 years

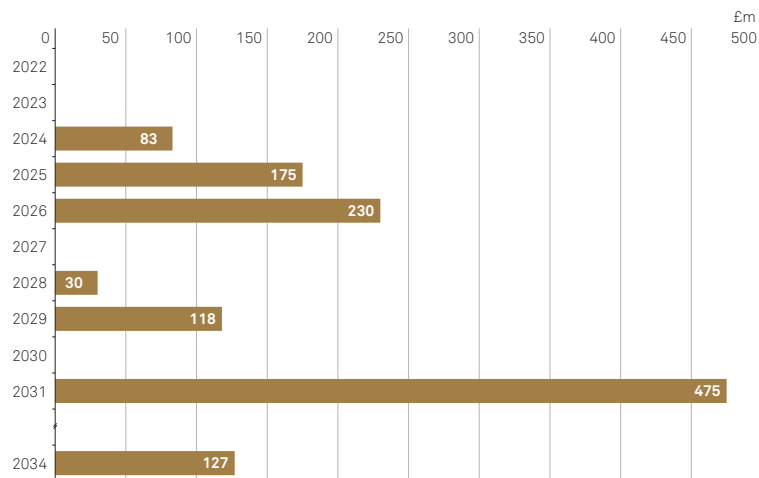
HEDGING PROFILE¹



¹ Excludes the following forward-start swaps

Principal £m	Rate %	Forward start date	Expiry date
40.0	2.45	January 2022	July 2022
75.0	1.36	January 2022	April 2025

MATURITY PROFILE OF FIXED RATES



APPENDIX 13 – VALUATION PERFORMANCE BY VILLAGE

	Valuation Dec 2021 £m	Weighting Dec 2021 %	Valuation movement 2021 ¹ %
West End Central			
Fitzrovia ²	1,909.8	33	1.0
Victoria	521.1	9	8.7
Paddington	393.9	7	9.3
Soho/Covent Garden	383.1	7	8.1
Baker Street/Marylebone	169.5	3	0.1
Mayfair	106.2	2	9.4
	3,483.6	61	4.2
West End Borders & Other			
Islington/Camden	399.4	7	3.1
Brixton	32.0	1	(13.8)
	431.4	8	1.5
West End	3,915.0	69	3.9
City Borders			
Old Street	710.3	12	5.1
Clerkenwell	544.3	10	1.2
Shoreditch/Whitechapel	442.0	8	0.2
Other	2.1	-	-
City Borders	1,698.7	30	2.5
Central London	5,613.7	99	3.4
Provincial	83.0	1	9.9
Investment portfolio	5,696.7	100	3.5

¹ Underlying - properties held throughout the year ² Includes North of Oxford Street

APPENDIX 14 – RENTAL VALUE GROWTH AND AVERAGE RENTS

RENTAL VALUE GROWTH¹

	2020 %	H1 2021 %	H2 2021 %	2021 %
West End	(3.3)	(0.4)	(0.1)	(0.5)
City Borders	(1.8)	(0.1)	0.4	0.3
Central London	(2.7)	(0.3)	0.1	(0.2)
Provincial	(7.8)	0.0	0.1	0.1
Underlying	(2.8)	(0.3)	0.1	(0.2)

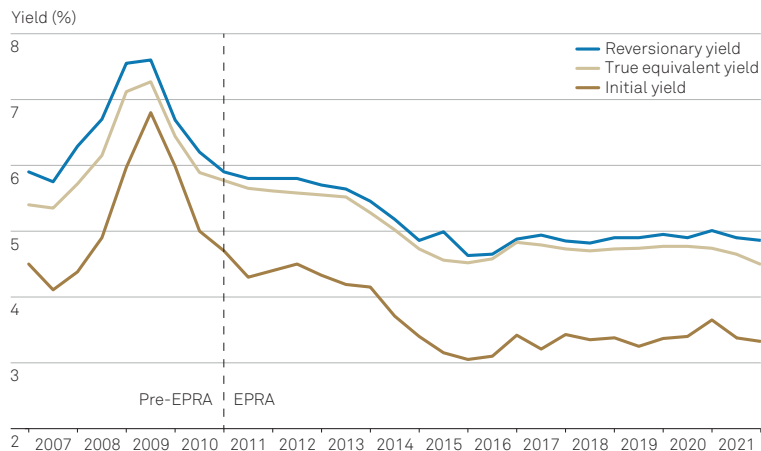
AVERAGE RENTS – CENTRAL LONDON OFFICES

	Portfolio % ²	Passing rent £ psf ³	'Topped-up' rent £ psf ³	ERV £ psf ⁴
Core income	52	47.71	63.17	62.95
Potential projects	34	37.29	47.41	45.81
	86	44.18	57.83	56.62
On-site developments	13	-	92.63	83.60
On-site refurbishments	1	-	76.00	68.07
	14	-	89.86	81.75
Total	100	-	59.69	59.96

¹ On EPRA portfolio ² Portfolio area ³ Occupied office area ⁴ Total office area

APPENDIX 15 – VALUATION YIELDS

YIELD PROFILE¹



EPRA INITIAL YIELDS

	Net initial yield %	'Topped-up' initial yield %
West End	3.1	4.3
City Borders	3.7	4.5
Central London	3.3	4.3
Provincial	8.1	8.7
EPRA portfolio	3.3	4.4

TRUE EQUIVALENT YIELDS²

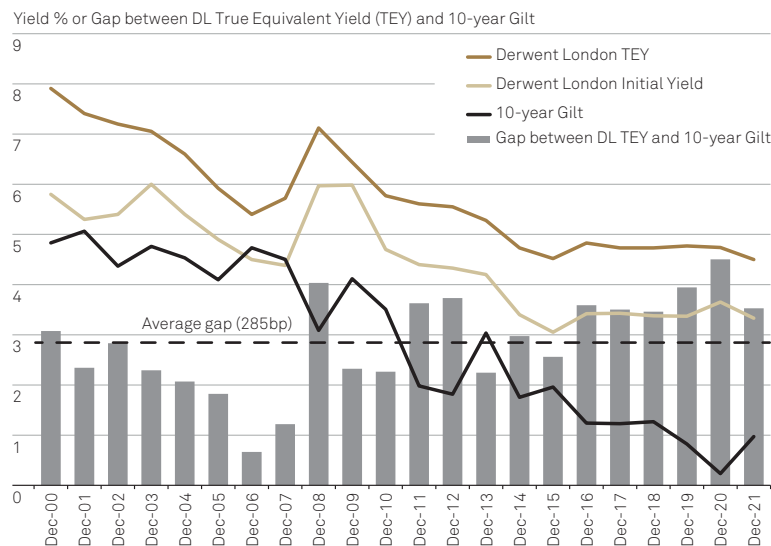
	Dec 2020 %	H1 2021 movement basis points	Jun 2021 %	H2 2021 movement basis points	Dec 2021 %
West End	4.63	(8)	4.55	(18)	4.37
City Borders	4.81	(9)	4.72	(3)	4.69
Central London	4.70	(9)	4.61	(14)	4.47
Provincial	8.83	(11)	8.72	(59)	8.13
Underlying	4.74	(9)	4.65	(15)	4.50

¹ Six-monthly data ² On EPRA portfolio

APPENDIX 16 – CONTEXT TO YIELD MOVEMENT

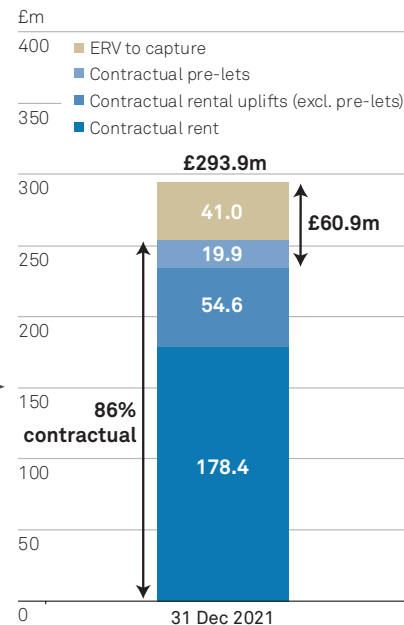
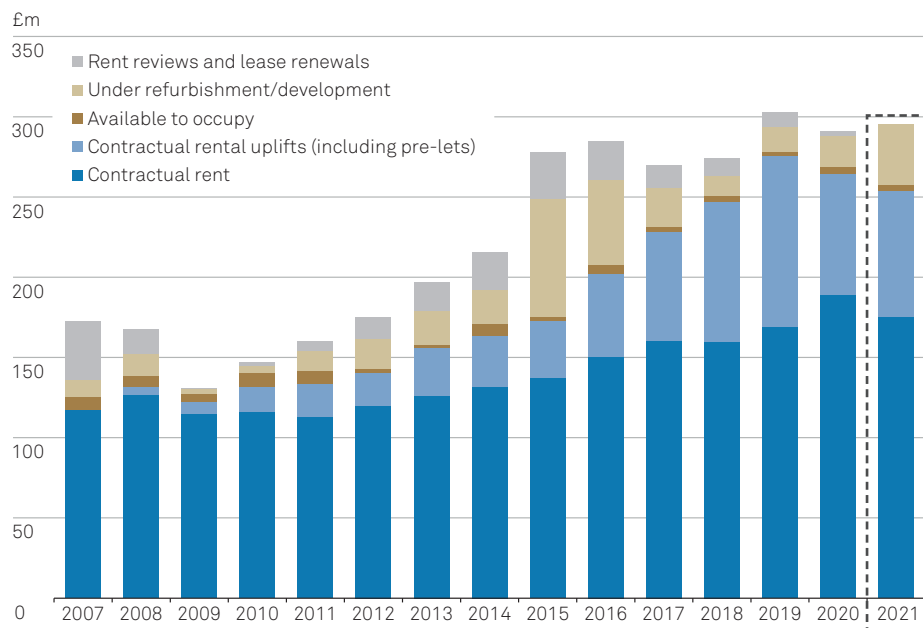
- The UK 10-year Gilt yield ended the year at 0.97%, up from
 - 0.75% in Jun 2021
 - 0.24% in Dec 2020
 - LTA of 3.0% since Dec 2000
- 353bp spread between the Derwent London true equivalent yield and the 10-year Gilt
 - 390bp spread at 30 Jun 2021
 - 451bp spread at 31 Dec 2020
 - Average spread of 285bp since 2000
- Capital values²
 - Central London £1,123 psf
 - West End £1,206 psf
 - City Borders £987 psf

VALUATION YIELDS¹



¹ Post H2 2010 portfolio on an EPRA basis ² Excludes 0.75m sq ft of on-site developments and on-site refurbishments – Appendix 42

APPENDIX 17 – EVOLUTION OF PORTFOLIO ERV



APPENDIX 18 – PORTFOLIO STATISTICS BY VILLAGE

	Valuation £m	Weighting %	Floor area¹ '000 sq ft	Vacant floor area '000 sq ft	Net contracted rental income £m pa	Average rental income £ psf	Vacant space rental value £m pa	Lease reversion⁵ £m pa	Total reversion £m pa	Estimated rental value £m pa
West End Central										
Fitzrovia²	1,909.8	33	1,548	81	59.7	38.78	4.3	25.2	29.5	89.2
Victoria	521.1	9	522	3	14.9	28.74	0.1	10.9	11.0	25.9
Paddington	393.9	7	243	-	10.9	45.94³	-	6.7	6.7	17.6
Soho/Covent Garden	383.1	7	388	138	-	-	3.1	17.0	20.1	20.1
Baker Street/Marylebone	169.5	3	358	307	2.4	48.15	18.8	0.3	19.1	21.5
Mayfair	106.2	2	43	-	2.2	51.12⁴	-	2.1	2.1	4.3
	3,483.6	61	3,102	529	90.1	35.29	26.3	62.2	88.5	178.6
West End Borders & Other										
Islington/Camden	399.4	7	376	10	20.4	56.28	0.4	-	0.4	20.8
Brixton	32.0	1	53	-	0.9	15.69	-	0.4	0.4	1.3
	431.4	8	429	10	21.3	51.11	0.4	0.4	0.8	22.1
West End	3,915.0	69	3,531	539	111.4	37.51	26.7	62.6	89.3	200.7
City Borders										
Old Street	710.3	12	606	130	26.0	54.68	8.8	2.2	11.0	37.0
Clerkenwell	544.3	10	564	6	22.8	42.61	0.3	3.7	4.0	26.8
Shoreditch/Whitechapel	442.0	8	545	164	13.7	36.10	5.3	5.6	10.9	24.6
Other	2.1	-	-	-	-	-	-	-	-	-
City Borders	1,698.7	30	1,715	300	62.5	44.92	14.4	11.5	25.9	88.4
Central London	5,613.7	99	5,246	839	173.9	39.89	41.1	74.1	115.2	289.1
Provincial	83.0	1	328	2	4.5	13.94	-	0.3	0.3	4.8
Investment portfolio	5,696.7	100	5,574	841	178.4	38.10	41.1	74.4	115.5	293.9

¹ Includes 0.75m sq ft of on-site developments ² Includes North of Oxford Street ³ Contracted rent of £73.03 psf after incentives

⁴ Contracted rent of £105.11 psf after incentives ⁵ Contractual uplifts, rent review/lease renewal reversion and pre-lets

APPENDIX 19 – BUILD-UP OF PORTFOLIO ERV

	£m	Rent uplift pa £m	Rent pa £m
Contracted rental income, net of ground rents			178.4
Contractual rental uplifts			
80 Charlotte Street W1	12.8		
Brunel Building W2	6.5		
Horseferry House SW1	5.2		
Tea Building E1	4.7		
1-2 Stephen Street W1	3.1		
60 Whitfield Street W1	2.6		
Other	19.7	54.6	
Vacant space¹			
Available to occupy	3.8		
Under refurbishment	7.2	11.0	
Lease reversions			
Anticipated rent reviews and lease renewals	5.8		
Future contracted rent above ERV	(5.9)	(0.1)	65.5
			243.9
On-site developments (non-EPRA)²			
Pre-let element	19.9		
Available	30.1		50.0
Estimated rental value			293.9

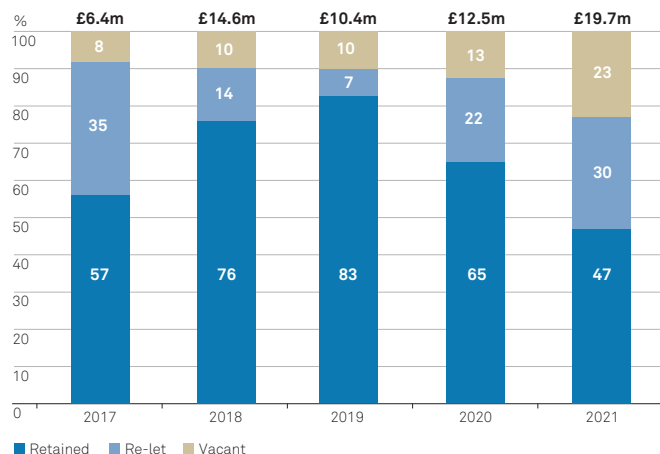
¹ Detailed in Appendix 20 ² Capex to complete £365m excluding capitalised interest – see Appendix 42

APPENDIX 20 – AVAILABLE SPACE AND PROJECTS

	Vacant area '000 sq ft	Pre-let area '000 sq ft	Total area '000 sq ft	Gross vacant ERV £m pa	Ground rent £m pa	Net vacant ERV £m pa	Pre-let net rent ERV £m pa	Total net ERV £m pa	Comment
Available to occupy									
The White Chapel Building E1	89	-	89	1.5	-	1.5	-	1.5	
Holford Works WC1	10	-	10	0.4	-	0.4	-	0.4	
80 Charlotte Street W1	6	-	6	0.3	-	0.3	-	0.3	
Holden House W1	5	-	5	0.2	-	0.2	-	0.2	
Other	36	-	36	1.4	-	1.4	-	1.4	
	146	-	146	3.8	-	3.8	-	3.8	
Refurbishments									
The White Chapel Building E1	53	-	53	2.5	-	2.5	-	2.5	
Tea Building E1	23	-	23	1.3	-	1.3	-	1.3	
90 Whitfield Street W1	19	-	19	1.3	-	1.3	-	1.3	
43 Whitfield Street W1	11	-	11	0.7	-	0.7	-	0.7	
Bush House WC2	103	-	103	-	-	-	-	-	Building stripped out and awaiting planning
Other	27	-	27	1.4	-	1.4	-	1.4	
	236	-	236	7.2	-	7.2	-	7.2	
On-site developments									
Soho Place W1	36	249	285	3.2	0.1	3.1	17.0	20.1	
The Featherstone Building EC1	125	-	125	8.6	-	8.6	-	8.6	
19-35 Baker Street W1	298	-	298	18.9	0.5	18.4	-	18.4	
Francis House SW1	-	38	38	-	-	-	2.9	2.9	Pre-let to Edelman at £2.9m pa
	459	287	746	30.7	0.6	30.1	19.9	50.0	
Total	841	287	1,128	41.7	0.6	41.1	19.9	61.0	

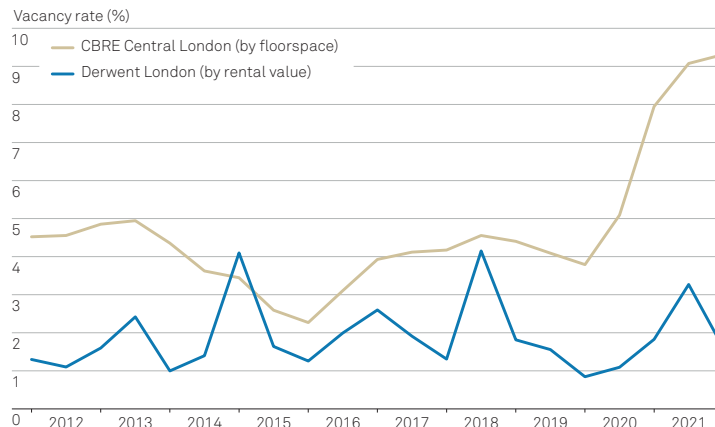
APPENDIX 21 – LEASE EXPIRY ANALYSIS AND VACANCY RATE

LEASE EXPIRY AND BREAK ANALYSIS¹



- £33.3m of income subject to breaks/expiries in 2021
 - £8.8m from assets disposed
 - £4.8m taken back for projects
 - 77% of remainder retained or re-let

EPRA VACANCY RATES



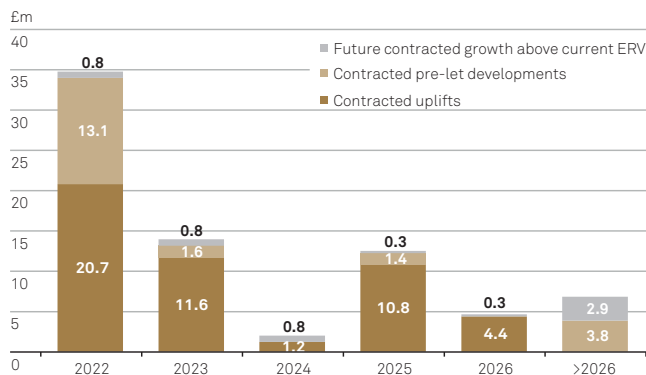
- EPRA vacancy rate² of 1.6% at the year end
 - 1.8% at start of 2021
 - 3.3% at H1 2021
- CBRE central London vacancy rate of 9.3%
 - 7.9% a year before
 - 9.1% at H1 2021

¹ As at end of reporting period ² Calculated as space immediately available to occupy

APPENDIX 22 – TIMING OF THE REVERSION

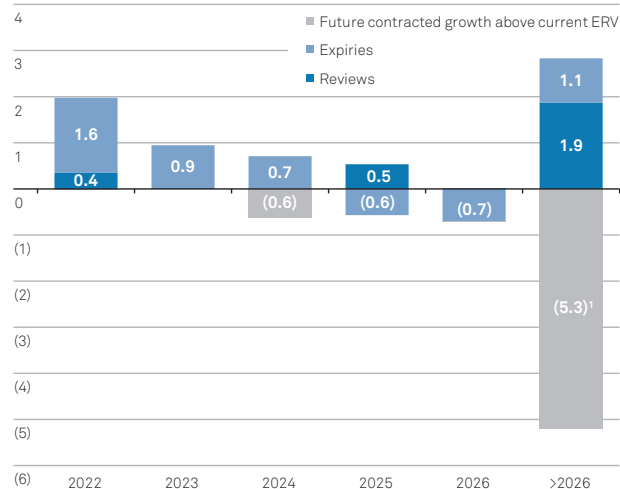
- £74.5m of the reversion contracted
 - £54.6m of contracted uplifts
 - £17.0m from pre-let developments
 - £2.9m from pre-let refurbishments

CONTRACTED UPLIFTS AND PRE-LETS



- £5.8m of the reversion from reviews and expiries

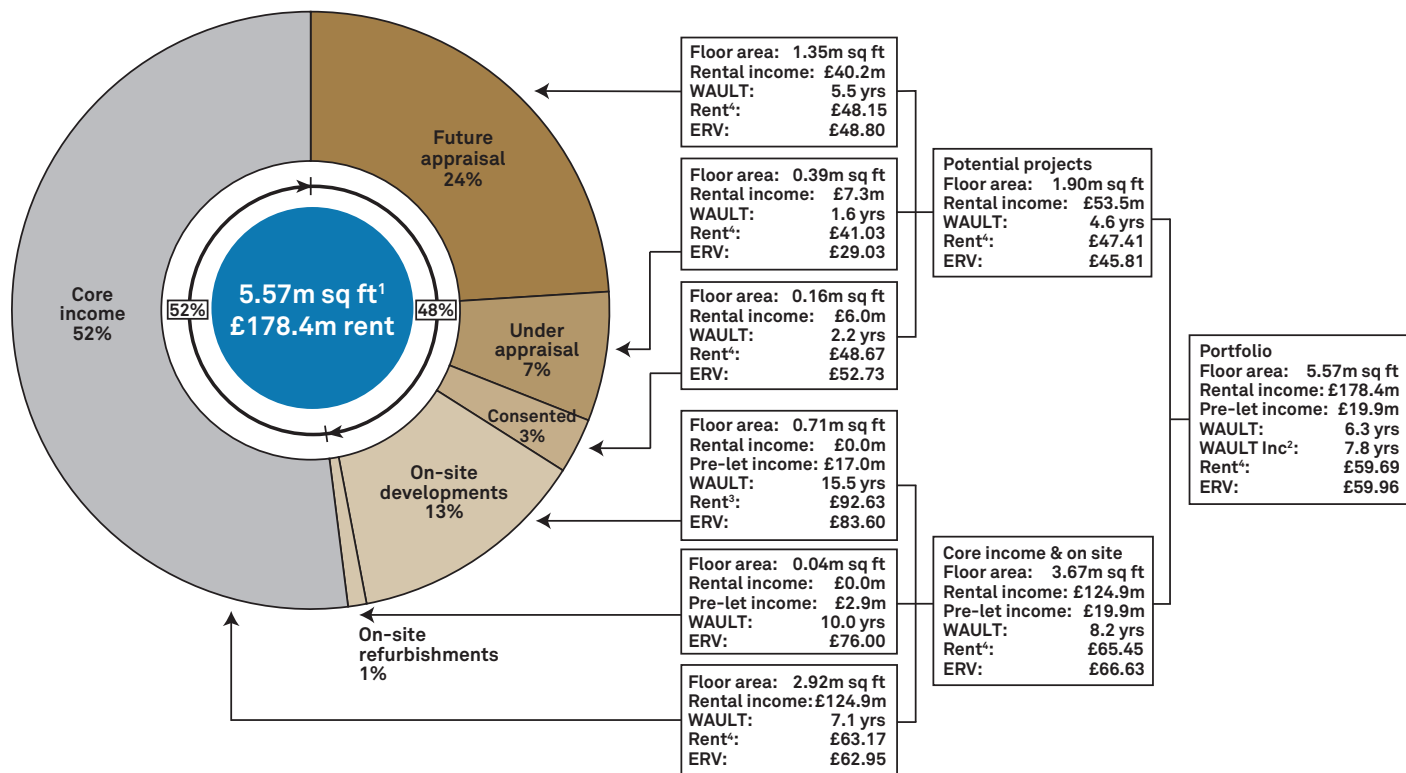
REVIEWS AND EXPIRIES



Rent psf	£51	£52	£48	£60	£57	£64
ERV psf	£56	£55	£48	£60	£56	£57
Uplift	10%	6%	0%	0%	(2)%	(11)%

¹ Predominantly due to contracted uplifts reverting to Dec 2021 ERV at lease expiry

APPENDIX 23 – PORTFOLIO SUMMARY



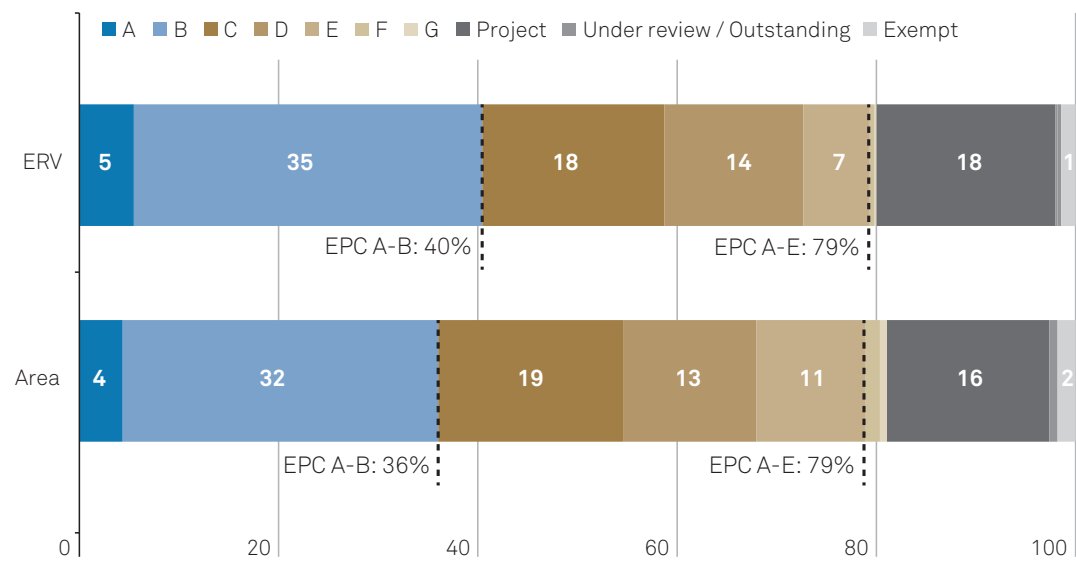
¹ Comprises 4.82m sq ft of existing buildings plus 0.75m sq ft of on-site developments and on-site refurbishments

² After adjusting for 'topped-up' rents and pre-lets - Appendix 29

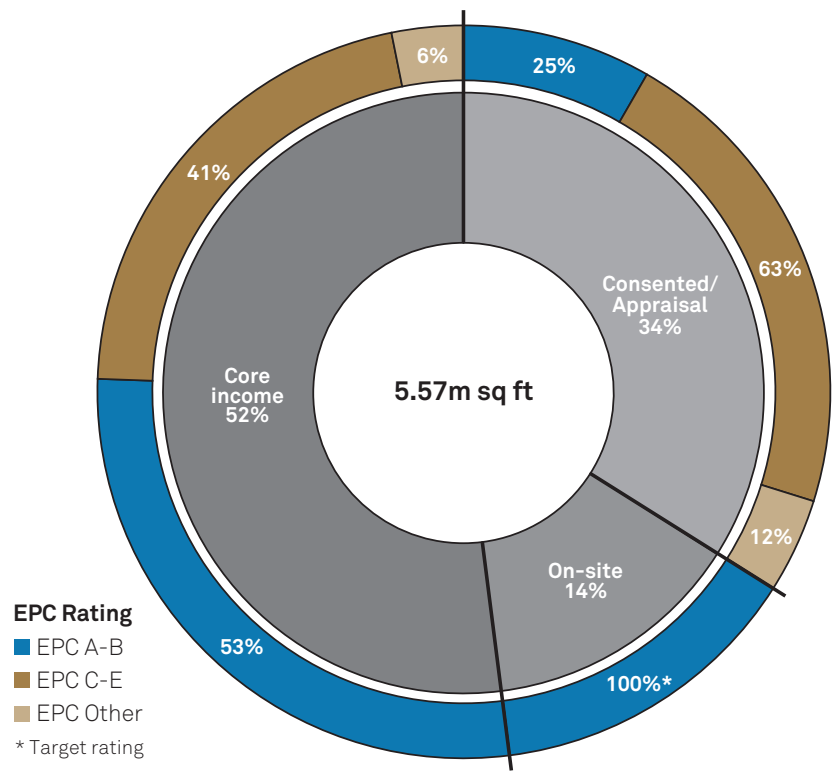
³ 'Topped-up' office rent including development pre-lets

⁴ 'Topped-up' office rent

APPENDIX 24 – PORTFOLIO EPC PROFILE

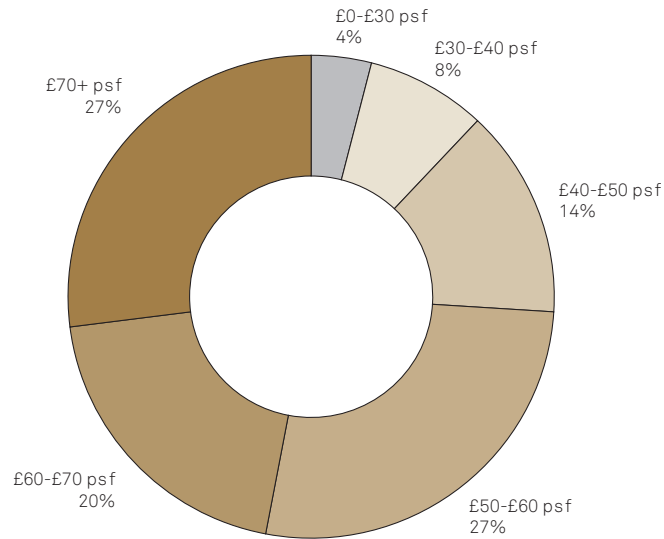


APPENDIX 25 - EPC RATING BY PORTFOLIO CLASSIFICATION

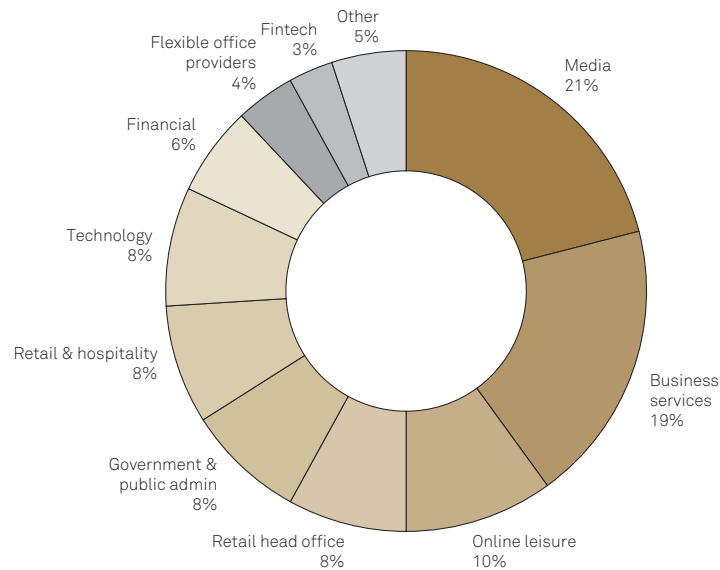


APPENDIX 26 – RENT AND TENANT BANDING

CENTRAL LONDON ‘TOPPED-UP’
OFFICE RENT BANDING¹



PROFILE OF TENANTS’
BUSINESS SECTOR²



¹ Based on floor area ² Based on annualised rental income

APPENDIX 27 – MAJOR TENANTS



BURBERRY



ARUP

APOLLO

THE
OFFICE
GROUP



'Topped-up' income %

	Existing	Pre-let
01 Expedia	6.2	-
02 Government ¹	5.9	-
03 Burberry	5.8	-
04 Boston Consulting Group	5.4	-
05 G-Research	0.4	3.8
06 Arup	3.8	-
07 Apollo	-	3.1
08 The Office Group	2.2	-
09 Sony Pictures	1.9	-
10 FremantleMedia Group	1.8	-
11 Publicis Groupe	1.7	-
12 Accenture	1.6	-
13 VCCP	1.6	-
14 Splunk	1.5	-
15 Soho House	1.4	-
16 Telecity Group/Digital London	1.3	-
17 Adobe	1.2	-
18 Ticketmaster	1.1	-
19 Edelman	-	1.1
20 Mother London	1.1	-
Total	53.9	



accenture



splunk>



SOHO HOUSE

TelecityGroup



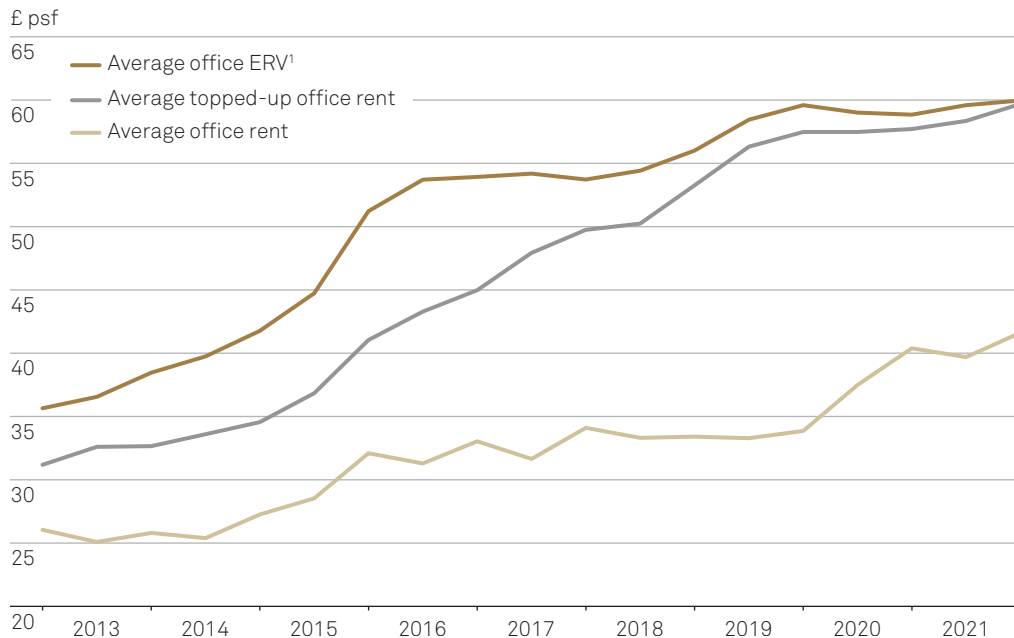
ticketmaster®



¹ Government and public admin

APPENDIX 28 – RENT PROFILE AND PORTFOLIO BREAKDOWN

DERWENT LONDON CENTRAL LONDON OFFICE RENT PROFILE



PORTFOLIO BREAKDOWN

Valuation	Nº of properties	Weighting %
> £200m	7	45
£100m - £200m	13	32
£50m - £100m	10	12
< £50m	47	11
	77	100

¹ Includes ERV of on-site schemes

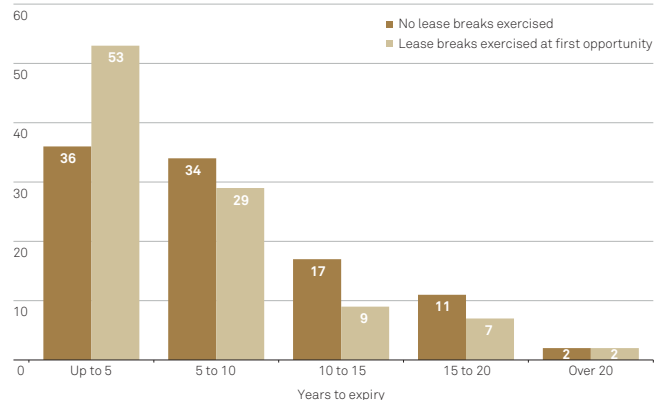
APPENDIX 29 – LEASE EXPIRY PROFILE AND LEASE LENGTH

EXPIRIES AND BREAKS AS A PERCENTAGE OF PORTFOLIO INCOME¹

	West End	City Borders	Provincial	2022	2023	2024	2025	2026	Total
Expiries	2	1	-	3	4	4	10	4	25
Rolling breaks	2	1	-	3	1	-	-	-	4
Single breaks	1	2	-	3	9	9	2	1	24
Total	5	4	-	9	14	13	12	5	53

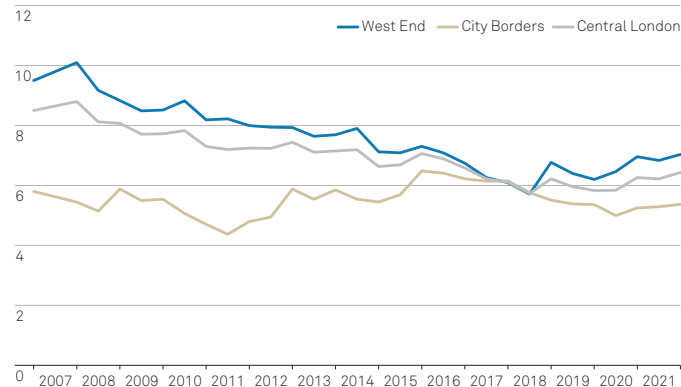
PROFILE OF RENTAL INCOME EXPIRY¹

Contracted rental income (%)



AVERAGE UNEXPIRED LEASE LENGTH²

Years



- Average lease length 6.3 years (Dec 2020: 6.2 years)
- 7.8 years after adjusting for 'topped-up' rents and pre-lets (Dec 2020: 7.9 years)

¹ Based upon annualised contracted rental income of £178.4m ² Lease length weighted by rental income and assuming tenants break at first opportunity

APPENDIX 30 – KEY LETTINGS



20 Farrington Road EC1

- Depop
- 33,500 sq ft
- £1.8m pa at £52.50 psf
- 5-year lease, break at year 3

depop



6-8 Greencoat Place SW1

- Fora
- Entire building of 32,400 sq ft
- £2.2m pa at average rent of £69 psf
- 15-year lease, no breaks
- Refurbishment completed Jun 2021

FORA



Francis House SW1

- Edelman
- 38,200 sq ft
- £2.9m pa at £76 psf
- 15-year lease, break at year 10
- Refurbishment completes Jun 2022

 **Edelman**

APPENDIX 31 – KEY ASSET MANAGEMENT ACTIVITY



Angel Building EC1

- Expedia
- 125,500 sq ft
- Rent review increased income from £5.85m to £7.49m
- In-line with Dec 20 ERV



Charlotte Building W1

- The & Partnership
- Renewed 12,400 sq ft at £0.9m, with expiry moved from 2024 to 2027
- Let an additional 14,900 sq ft at £1.0m pa
- In-line with Dec 20 ERV



APPENDIX 32 – LAZARI ACQUISITIONS IN FITZROVIA



250 Euston Road NW1

- Acquired for £190.3m after costs
- Freehold 165,900 sq ft offices let to UCLH at £4.7m pa until 2039
 - Fixed annual increases of 2.5% compounded every 5 years
 - Tenant only breaks every 5 years including Apr 2024
- 1.6 acre site



171-174 Tottenham Court Road W1

- Acquired for £24.3m after costs
- Freehold 16,200 sq ft
- Multi-let at £0.6m pa
- Strategic holding, part of a major site

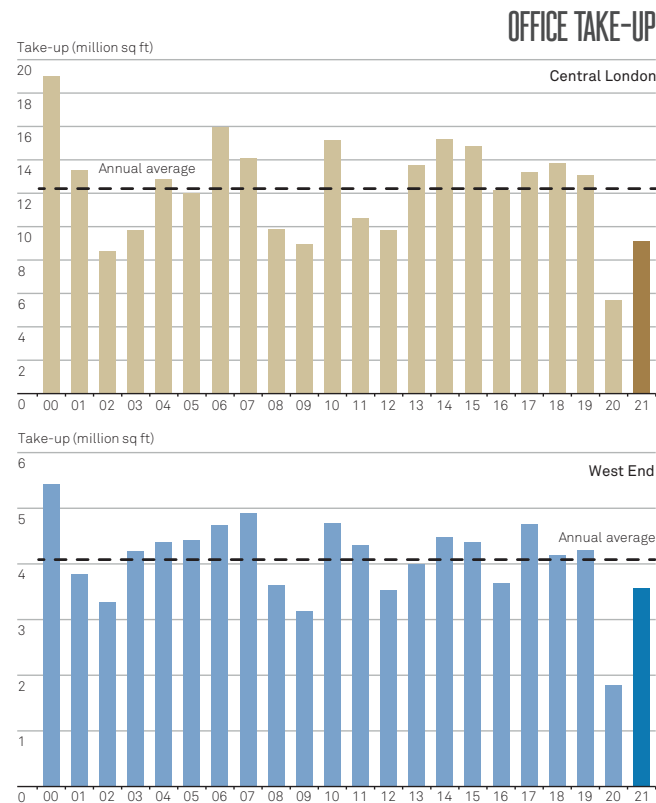
APPENDIX 33 – THE PORTMAN ESTATE BAKER STREET HOLDINGS

- At the end of Q3 2021, our Baker Street holdings with The Portman Estate (TPE) were restructured
- Previously, properties in the Baker Street W1 area were held through a jointly owned company (Derwent London 55%: TPE 45%)
- Derwent London (DL) acquired TPE's 45% shares, resulting in full ownership of the company
 - 19-35 Baker Street W1
 - DL surrendered its leasehold interest to TPE
 - TPE granted DL a new 129-year headlease at a 2.5% gearing
 - Balance of the properties owned within the company were transferred to TPE comprising:
 - 17-39 George Street W1
 - 16-20 Baker Street W1
 - 27-33 Robert Adam Street W1
 - 26-27 Castlereagh Street W1
- The Group made a balancing cash payment of £6.2m to TPE

APPENDIX 34 – CENTRAL LONDON OFFICE DEMAND

Market statistics

- Central London office take-up of 9.1m sq ft in 2021
 - 63% above 2020
 - 26% below Long Term Average (LTA)
- Activity by sector: 22% creative industries, 21% banking & finance, 20% professional, 12% business services, 10% consumer services & leisure, 7% public sector, 5% manufacturing, industrial & energy and 3% insurance
- 3.8m sq ft under offer at year end
 - 28% above LTA
 - Up from 2.1m sq ft at start of year
- West End take-up totalled 3.6m sq ft in year
 - 96% above 2020
 - 13% below LTA
 - Under offers at 1.7m sq ft, 83% above LTA



Source: CBRE

APPENDIX 35 – CENTRAL LONDON OFFICE SUPPLY

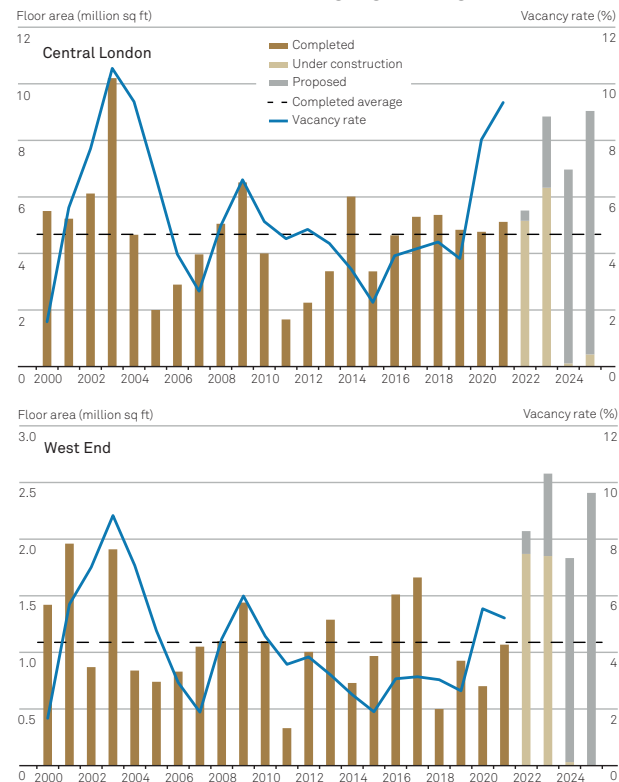
Existing supply

- Central London vacancy rate of 9.3% at year end
 - Highest level for 17 years (LTA of 5.2%)
 - Up from 9.1% in H1 2021 and 7.9% at start of the year
 - 74% of available space secondhand (77% in Q1 2021)
 - 29% of space tenant controlled, down from 34% in Q1 2021
- West End vacancy rate concluded the year at 5.2%
 - Down from 5.6% in Q2 2021 and 5.5% a year earlier
 - 100bps above the 4.2% LTA
- City vacancy rate of 13.2%
 - Up from 12.6% at the half year and 10.6% at the start of 2021
 - Substantially higher than LTA of 6.7%

Future supply

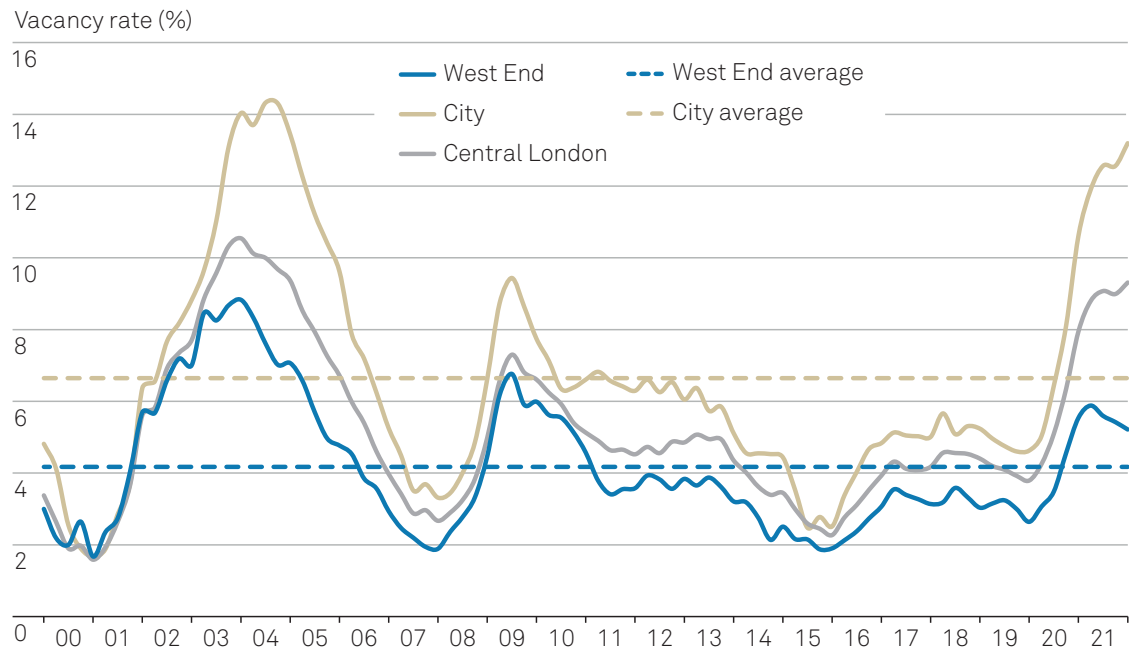
- Development completions of 5.1m sq ft in 2021, 9% above LTA
- 12.0m sq ft on site (35% pre-let or under offer) with 5.2m sq ft due to complete in 2022 and 6.3m sq ft in 2023

OFFICE DEVELOPMENT PIPELINE



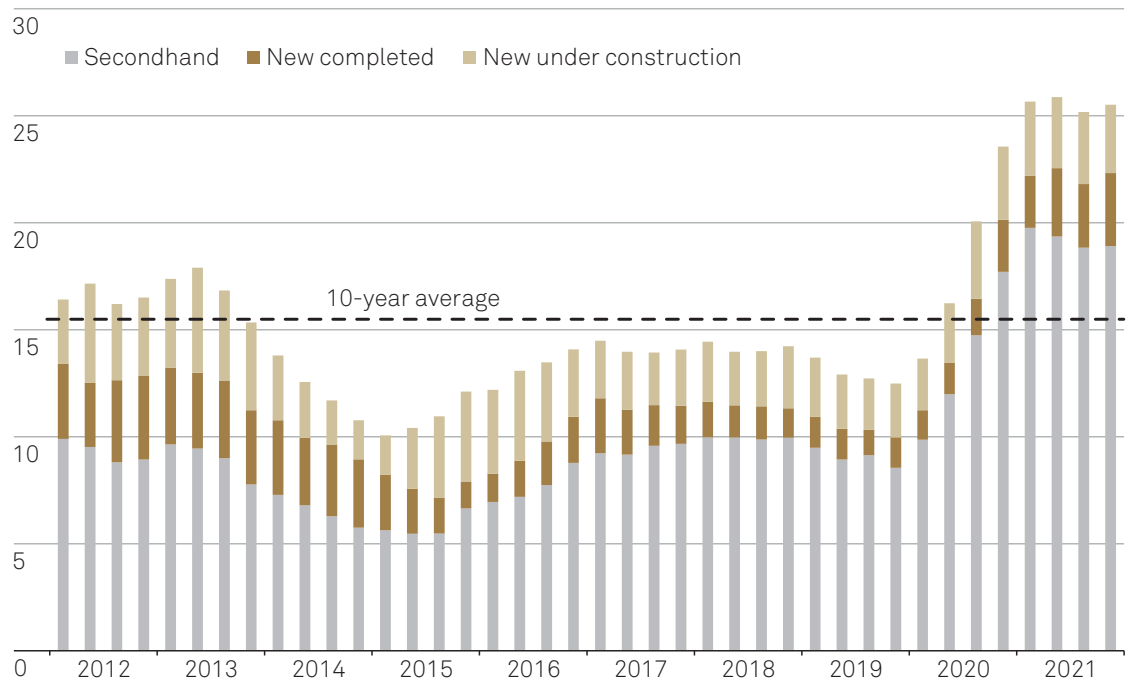
Source: CBRE

APPENDIX 36 – CENTRAL LONDON OFFICE VACANCY RATES



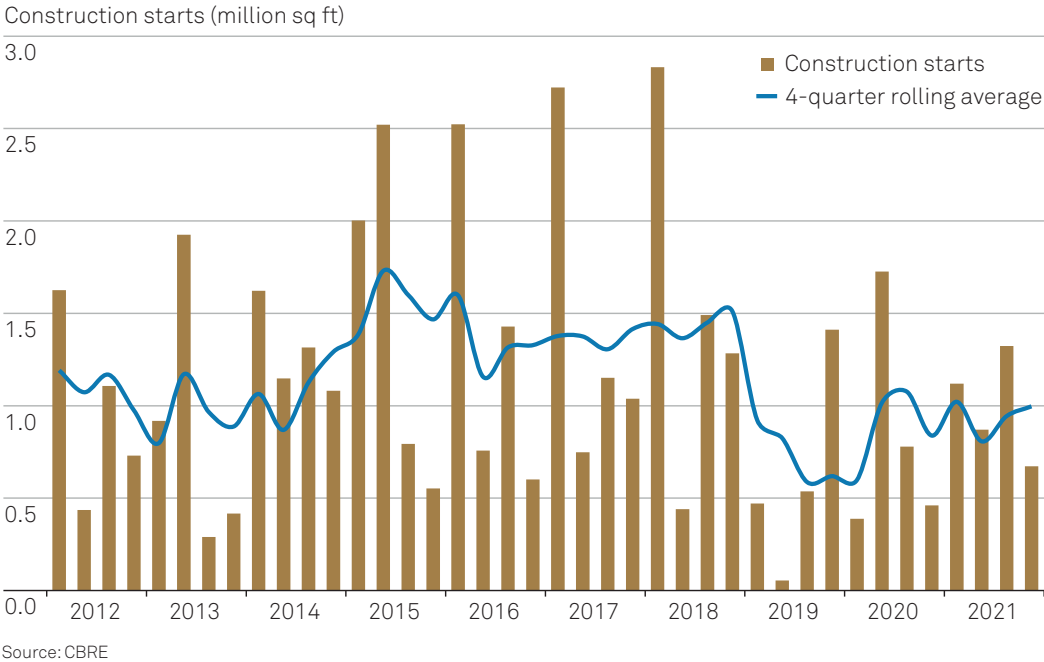
Source: CBRE

APPENDIX 37 – AVAILABLE SPACE



Source: CBRE

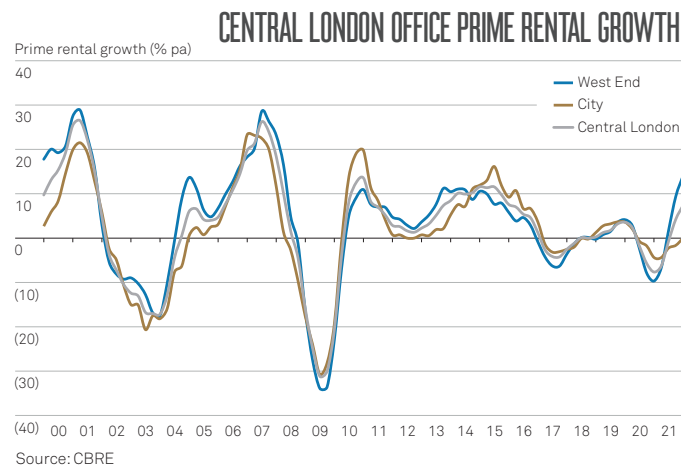
APPENDIX 38 – CENTRAL LONDON OFFICE CONSTRUCTION STARTS



APPENDIX 39 – CENTRAL LONDON OFFICE RENTAL GROWTH

- CBRE reported prime office rental growth of +7.4% in 2021, following a 7.6% decline in 2020
 - West End: +14.1% (-9.7% in 2020)
 - City: +0.0% (-4.4% in 2020)
- Prime rents in the year increased in 11 of the 13 CBRE villages and now stand at:

	£ psf	% pa
Mayfair/St James'	120.00	+18.2
Soho	90.00	+9.8
Fitzrovia	85.00	+9.0
Midtown and King's Cross	85.00	+9.7
Paddington	77.50	+10.7
Victoria	77.50	+14.8
City core	70.00	+0.0
Southbank	67.50	+3.8
Docklands	49.50	+0.0



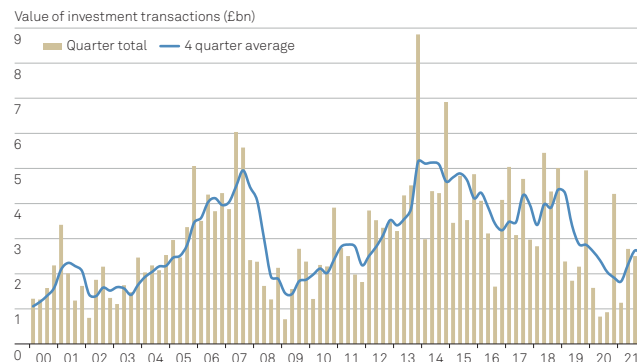
APPENDIX 40 – CENTRAL LONDON OFFICE INVESTMENT MARKET

- CBRE reported £10.0bn of investment transactions in 2021
 - 33% above 2020
 - 16% below LTA
 - 61% of transactions in second half of the year
 - 65% of activity from overseas investors – 26% US/Canada, 22% European and 14% Asian
- Prime yields at 31 Dec 2021
 - 3.25% in the West End, down from 3.5% at the start of 2021
 - 3.75% in the City, down from 4.0% a year earlier

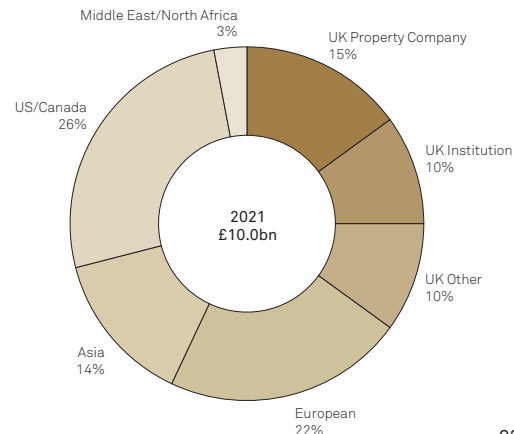
Supportive factors

- London offices remain attractive relative to other key European cities
- £40bn of investor demand with £3.7bn of property on the market
- Strong overseas interest
- Significant gap between UK Gilts and property yields
- Low UK interest rates, albeit rising

CENTRAL LONDON OFFICE INVESTMENT

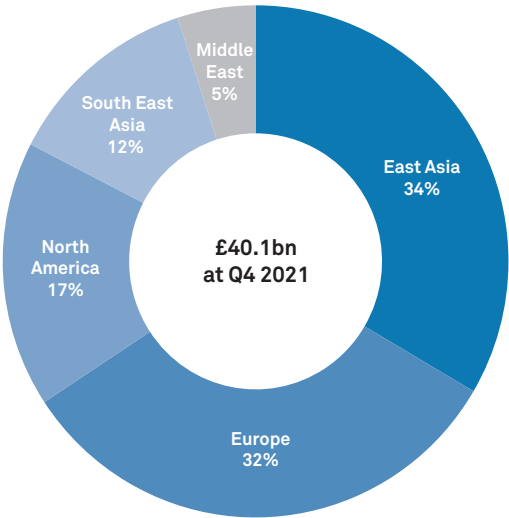


INVESTMENT ACTIVITY BY NATIONALITY



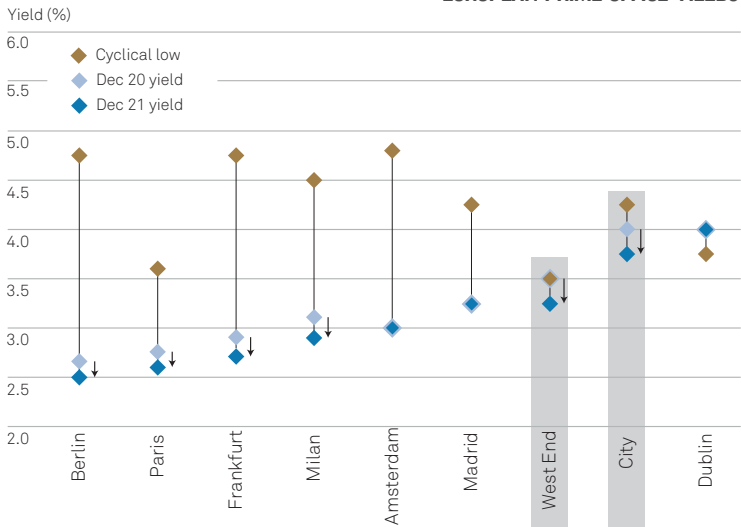
APPENDIX 41 – INVESTMENT MARKET THEMES – LONDON IS IN DEMAND

INVESTMENT DEMAND



Source: CBRE

EUROPEAN PRIME OFFICE YIELDS



Source: CBRE

APPENDIX 42 – PROJECT SUMMARY: CURRENT PROJECTS

Property	Current net income £m pa	Pre scheme area '000 sq ft	Proposed area '000 sq ft	2022 capex £m	2023 capex £m	2024+ capex £m	Total capex to complete £m	Delivery date	Current office c.ERV psf
On-site projects									
Soho Place W1 ¹	-	107	285	79	-	-	79	H1 2022	£92.50
The Featherstone Building EC1	-	69	125	10	-	-	10	H1 2022	£72.50
Francis House SW1	-	40	38	8	2	-	10	H1 2022	£76.00
19-35 Baker Street W1 ²	-	143	298	50	103	113	266	H1 2025	£90.00
	-	359	746	147	105	113	365		
2022 projects									
Network Building W1	2.1	70	137	12	22	70	104	2025	
	2.1	429	883	159	127	183	469		
Strathkelvin Retail Park	-	-	-	10	1	-	11		
Planning and design	-	-	-	12	2	-	14		
Other ³	-	-	-	16	16	14	46		
	2.1	429	883	197	146	197	540		
Capitalised interest	-	-	-	6	6	11	23		
Total	2.1	429	883	203	152	208	563		

¹ Includes remaining site acquisition cost and profit share to Crossrail ² Includes profit share payments ³ Includes EPC upgrades

APPENDIX 43 – PROJECT SUMMARY: FUTURE PROJECTS

Property	Current net income £m pa	Pre-scheme area '000 sq ft	Proposed area '000 sq ft	Earliest possession year	Comment
Consented					
Holden House W1	3.9	90	150	2025	
	3.9	90	150		
Under appraisal¹					
Bush House WC2	-	104	130	Vacant	Refurbishment and potential extension
Baker Street W1 JV	2.5	61	120	2024	Joint venture, 50% share
Blue Star House SW9	0.8	54	110	2025	Redevelopment
Other	4.0	171	171		Includes Oliver's Yard EC1 and 45 Whitfield Street W1
	7.3	390	531		
Consented and under appraisal	11.2	480	681		
Current projects	2.1	429	883		Appendix 42
Pipeline	13.3	909	1,564		

¹ Areas proposed are estimated from initial studies

APPENDIX 44 – ON-SITE DEVELOPMENTS: PROFIT ON COST

Soho Place W1 THE FEATHERSTONE BUILDING 19-35 Baker Street W1



Completion		H1 2022	H1 2022	H1 2025
Commercial area (sq ft)	656,000	285,000 ²	125,000 ³	246,000 ⁴
Residential area (sq ft)	52,000	-	-	52,000 ⁴
Total area (sq ft)	708,000	285,000	125,000	298,000
Est. future capex (£m)	355	79	10	266
Total cost (£m) ¹	1,017	407	147	463
ERV (c.£ psf)	-	92.50	72.50	90.00
ERV (£m pa)	47.1	20.1 ⁶	8.6	18.4 ⁷
Pre-let/sold area (sq ft)	280,200	249,200 ⁸	-	31,000 ⁹
Pre-let income (£m pa)	17.0	17.0 ⁶	-	-

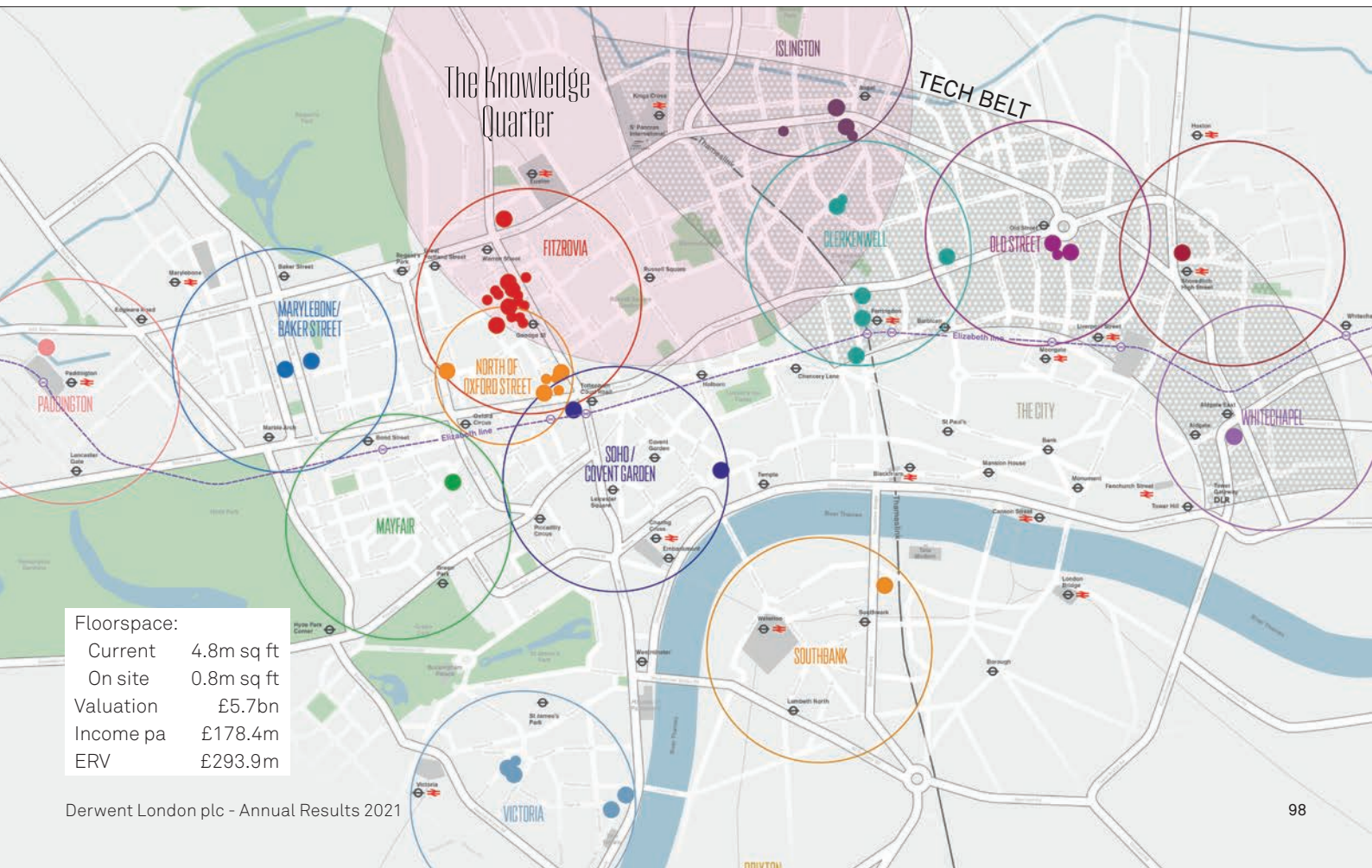
Summary	£m
End value	1,203
Less: Total cost ¹	1,017
Project surplus	186
Less: Booked to Dec 21	58
Surplus to come	128
Profit on total cost	18%
Profit to come on total cost	13%
Yield on cost¹⁰	5.7%

Sensitivity⁵ - project surplus (£m) and profit on cost (%)

		Valuation yield		
		+0.25%	Base	-0.25%
Rent	-£5.00 psf	£97m 10%	£146m 14%	£201m 20%
	Base	£135m 13%	£186m 18%	£243m 24%
	+£5.00 psf	£173m 17%	£226m 22%	£282m 27%

¹ Comprising book value at commencement, capex, fees and notional interest on land, voids and other costs. Soho Place includes a 16% profit share payaway to freeholder Crossrail. Baker Street includes a 3.1% profit share payaway to freeholder The Portman Estate ² 209,000 sq ft office, 36,000 sq ft retail, 40,000 sq ft theatre ³ 123,000 sq ft offices, 2,000 sq ft retail ⁴ 218,000 sq ft offices, 28,000 sq ft retail, 45,000 sq ft private residential and 7,000 sq ft affordable residential ⁵ Sensitivity applied to non pre-let commercial floor areas ⁶ Long leasehold, net of 4% ground rent ⁷ Long leasehold, net of 2.5% ground rent ⁸ Includes 40,000 sq ft theatre ⁹ Includes 19,000 sq ft courtyard retail and 12,000 sq ft Gloucester Place offices ¹⁰ Assumes the residential value reduces the total costs

APPENDIX 45 – PORTFOLIO MAP



APPENDIX 46 – EXECUTIVE COMMITTEE AND SENIOR MANAGEMENT

Executive Committee

Paul Williams	Chief Executive
Damian Wisniewski	Chief Financial Officer
Nigel George	Executive Director
Emily Prideaux	Executive Director
David Silverman	Executive Director
David Lawler	Company Secretary
Richard Baldwin	Director of Development
Jennifer Whybrow	Head of Financial Planning & Analysis
Jay Joshi	Treasurer
Vasiliki Arvaniti	Head of Asset Management
Victoria Steventon	Head of Property Management
John Davies	Head of Sustainability

Senior Management

Lesley Bufton	Head of Property Marketing
Matt Cook	Head of Digital Innovation & Technology
Philippa Davies	Head of Leasing
Robert Duncan	Head of Investor Relations & Strategic Planning
Tim Hyman	Group Architect
Clive Johnson	Head of Health & Safety
Katy Levine	Head of Human Resources
Umar Loane	Head of Property Accounts
Heethen Patel	Financial Controller
Giles Sheehan	Head of Investment
Jonathan Theobald	Head of Investment Analytics
David Westgate	Head of Tax

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