



# DERWENT LONDON

Annual Results 2022

# CONTENTS

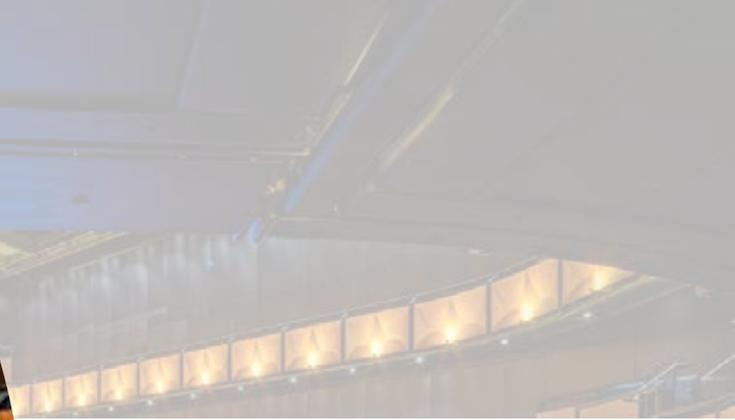
---

## Presenters

Paul Williams  
Damian Wisniewski  
Nigel George  
Emily Prideaux

## Contents

Introduction and overview	01
Results and financial review	07
Valuation and investment	18
Sustainability	25
Leasing and asset management	29
Delivering the right product	35
Developments	41
Summary	51
Appendices	53
Executive committee and senior management	114
Disclaimer	115



# INTRODUCTION AND OVERVIEW

PAUL WILLIAMS



# INTRODUCTION AND OUTLOOK

## Derwent London operational activity

- 2022: £9.8m lettings, average 13.0% above ERV  
£29.6m asset mgmt, average 5.3% above ERV
- 2023: £14.7m lettings to date, average 7.7% above ERV

## Flight to quality

- London is busy
- Central London vacancy elevated (City/secondhand)
  - West End strong with availability constrained
- Demand leading to earlier pre-lets and more leasing activity

## Values impacted but outperforming market

- Capital values -6.8% (MSCI -10.9%)
- Yield +38bp to 4.88%
- Quality buildings outperformed

## Confidence returning

- Market interest rates settling

## 2023 LETTINGS (£14.7m)

Pre-let

### 25 BAKER ST. W1

- 106,100 sq ft
- £11.0m pa
- 15-years (no break)

PIMCO

Let

### THE FEATHERSTONE BUILDING

- 31,100 sq ft
- £2.3m pa
- 15-years (break at 10)

BURO HAPPOLD

## 2023 GUIDANCE

**ERV growth**  
0% to +3%

**Upward yield**  
**pressure easing**  
**Our portfolio more resilient**

# OPERATIONAL OVERVIEW

## Strategic progress in 2022

- Investment in acquisitions (£133.0m) and capex (£121.8m)
- Commitment to development pipeline
  - On site at two major projects
- £206.4m<sup>1</sup> non-core disposals (£25.6m above book value)

## Valuations – quality buildings outperformed

- More resilient valuation performance in higher quality buildings

## Long income and debt profile with low leverage

- We see value in a long portfolio WAULT
  - 'Topped-up' WAULT 7.2 years
- £577m in cash<sup>2</sup> and undrawn debt
  - Capacity for opportunistic acquisitions

<sup>1</sup> Excludes trading property disposals    <sup>2</sup> Excludes restricted cash



1 Soho Place W1

# MARKET THEMES

---

## THEMES

### Market polarisation

Occupiers more selective on location and quality

### Shortage of prime supply

High vacancy – secondary space sticking

### Large occupiers engaging earlier

Pre-lets more common

### Depth and breadth of occupier demand

London a global HQ city

### Location

Connectivity and recentralisation

## DERWENT'S APPROACH

Delivering low carbon, design-led product  
Disciplined recycling

Retain better buildings for longer  
Current and future pipeline – 1.8m sq ft

Commitment to speculative development

Customer focused buildings that appeal to  
diverse occupiers and emerging sectors

70% of portfolio in West End  
75% within 800m of an Elizabeth line station

# INVESTMENT MARKET



Brunel Building W2

## LONDON MARKET

### 2022

- £11.2bn liquidity, focused on H1
  - Market on pause in Q4
- West End prime yields +25-50bp to 3.75%
- City prime yields +75-100bp to 4.5%
- Derwent London yield +38bp to 4.88%

### 2023

- Slow start to year but starting to pick up
  - Several deals under offer
- £33bn global capital targeting London offices
- 'The best vs the rest'
- Potential opportunities expected to emerge

# INVESTING IN THE PORTFOLIO

## New build pipeline – Total c.1.8m sq ft

- On-site (435,000 sq ft)
  - Two schemes – 25 Baker Street W1 & Network W1
- Medium-term (c.390,000 sq ft)
  - Two schemes – 50 Baker Street W1 & Holden House W1
  - From late 2024
- Longer-term
  - Old Street Quarter EC1 (750,000+ sq ft)
  - 230 Blackfriars Road SE1 (200,000+ sq ft)

25 Baker Street W1



## Major refurbishments – Total c.0.8m sq ft

- Significant retrofit opportunities
- Driving rental growth
- 'Furnished + Flexible' potential
- EPC upgrades

Francis House SW1





# RESULTS AND FINANCIAL REVIEW

DAMIAN WISNIEWSKI

# KEY FINANCIAL FIGURES

## EPRA NTA per share<sup>1, 2</sup>

3,632p

Dec 2021: 3,959p

**-8.3%**

## EPRA earnings per share<sup>2</sup>

106.6p

2021: 108.5p<sup>3</sup>

**-1.8%**

## Cash and undrawn facilities<sup>4</sup>

£577m

Dec 2021: £608m

## Gross rental income

£207.0m

2021: £195.3m<sup>3</sup>

**+6.0%**

## Net rental income

£188.5m

2021: £177.9m<sup>3</sup>

**+6.0%**

## Interest cover ratio (ICR)<sup>5</sup>

423%

Dec 2021: 463%<sup>3</sup>

## Total return

-6.3%

Dec 2021: 5.8%

## Final dividend per share<sup>6</sup>

54.5p

2021: 53.5p

**+1.9%**

## EPRA loan-to-value (LTV) ratio

23.9%

Dec 2021: 22.3%

<sup>1</sup> EPRA Net Tangible Assets per share on a diluted basis    <sup>2</sup> Reconciliation to IFRS figures in Appendix 3 and 6    <sup>3</sup> 2021 figures have been restated, see Appendix 9

<sup>4</sup> Excludes restricted cash    <sup>5</sup> Includes share of joint ventures    <sup>6</sup> 2022 final dividend subject to approval

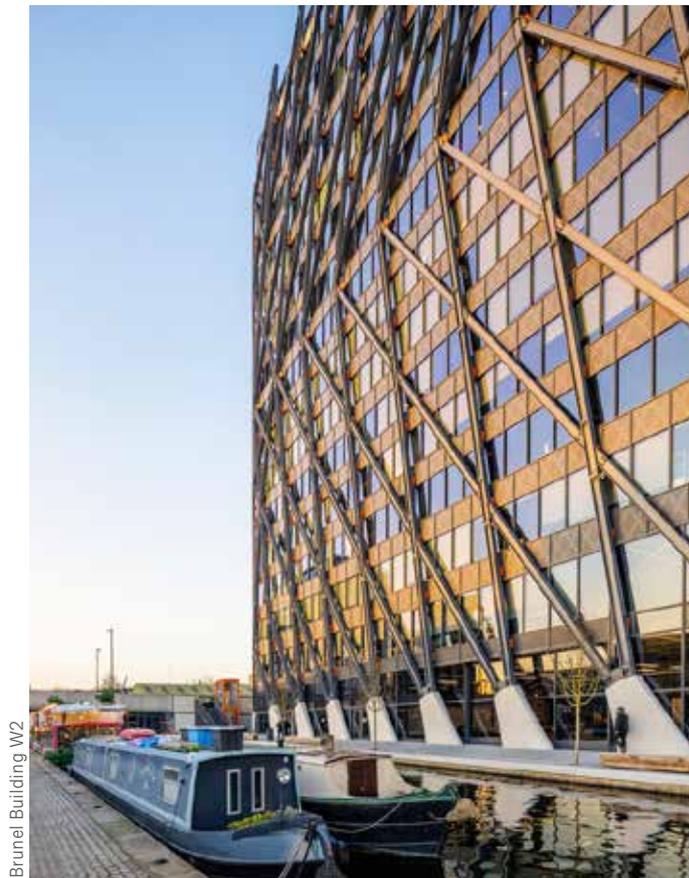
# FINANCIAL HIGHLIGHTS

- EPRA NTA per share down 8.3% to 3,632p mainly due to upward yield shift in H2
- Net debt was £1.26bn at Dec 2022 after disposals totalling £209.7m<sup>1</sup>
- Gearing levels remain low with EPRA LTV of 23.9% (2021: 22.3%)

## Accounting policy changes<sup>2</sup>

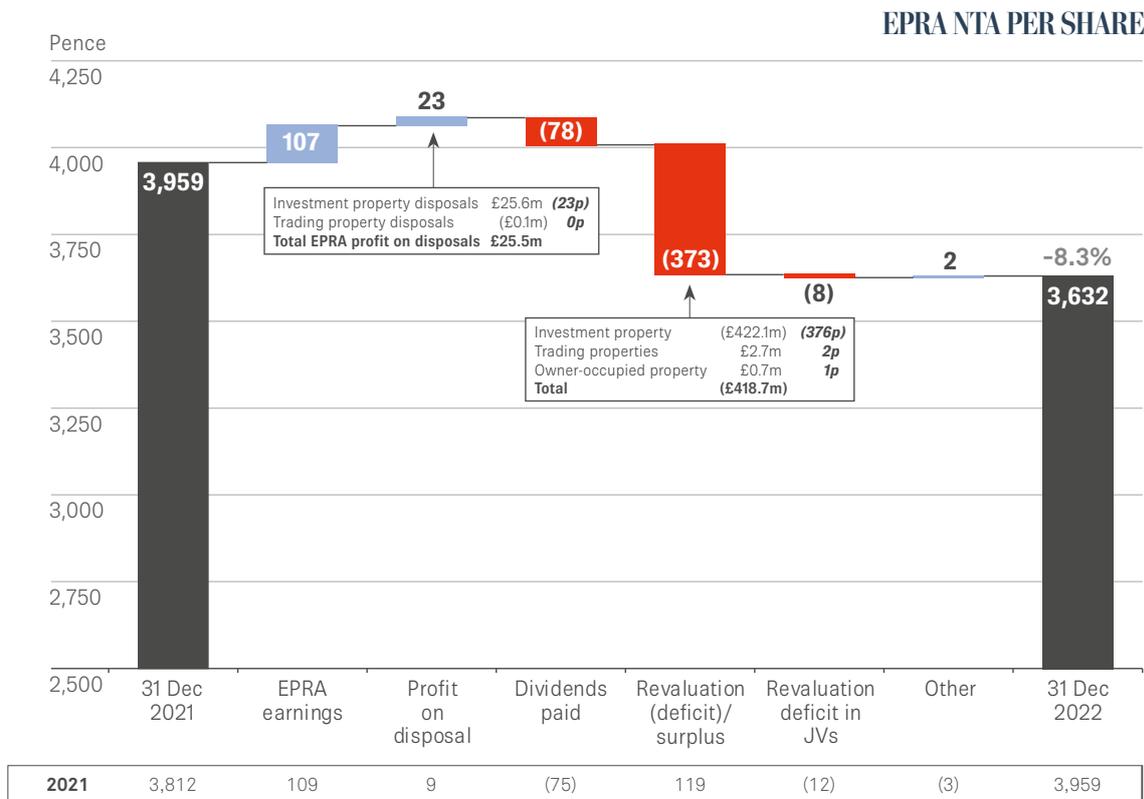
- Forgiveness of lease payments
  - Any rents forgiven relating to amounts already demanded are now written off rather than spread over the remaining lease terms → Restatement of 2021 net rental income, down £0.3m
- Recognition of tenant balances as restricted cash
  - Amounts collected from tenants for rent deposits or service charges paid on account are now included as restricted cash → Gross up of balance sheet, no NAV impact

<sup>1</sup> Includes trading property disposals    <sup>2</sup> 2021 figures have been restated, see Appendix 9  
Derwent London plc - Annual Results 2022

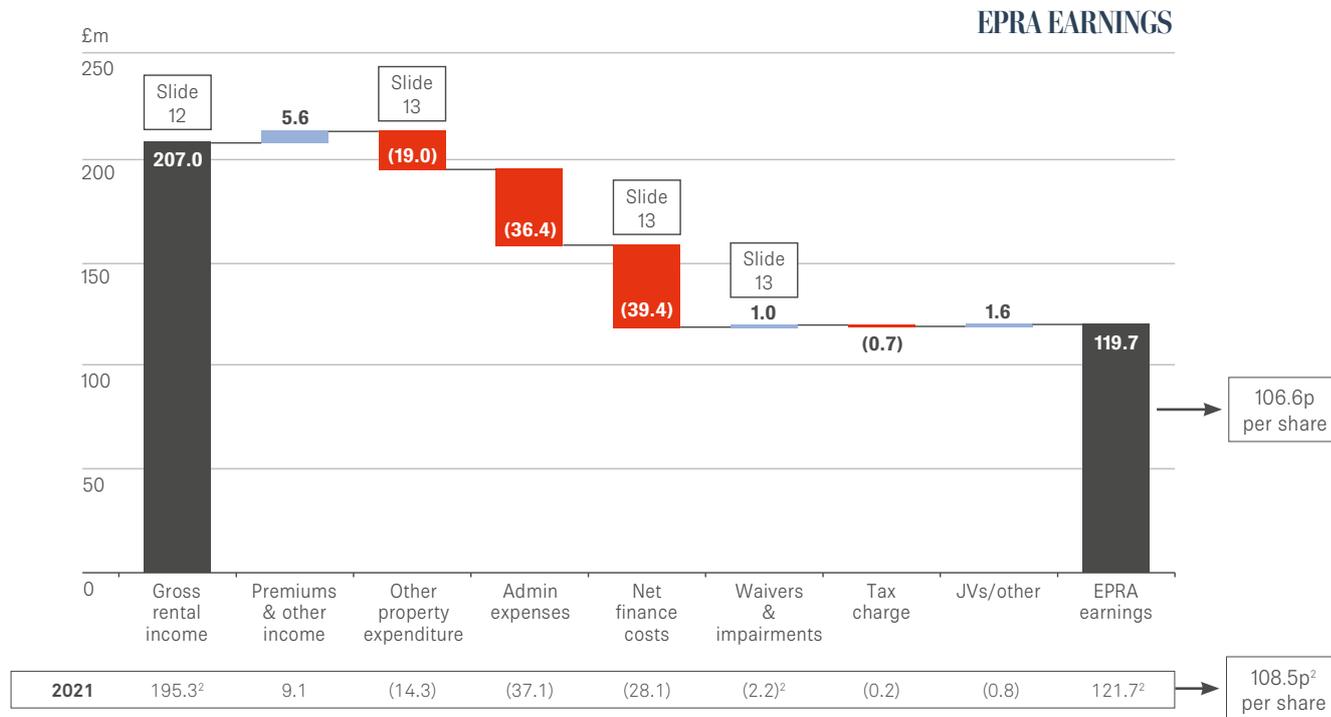


Brunel Building W2

# EPRA NTA MOVEMENT



# EPRA EARNINGS<sup>1</sup>

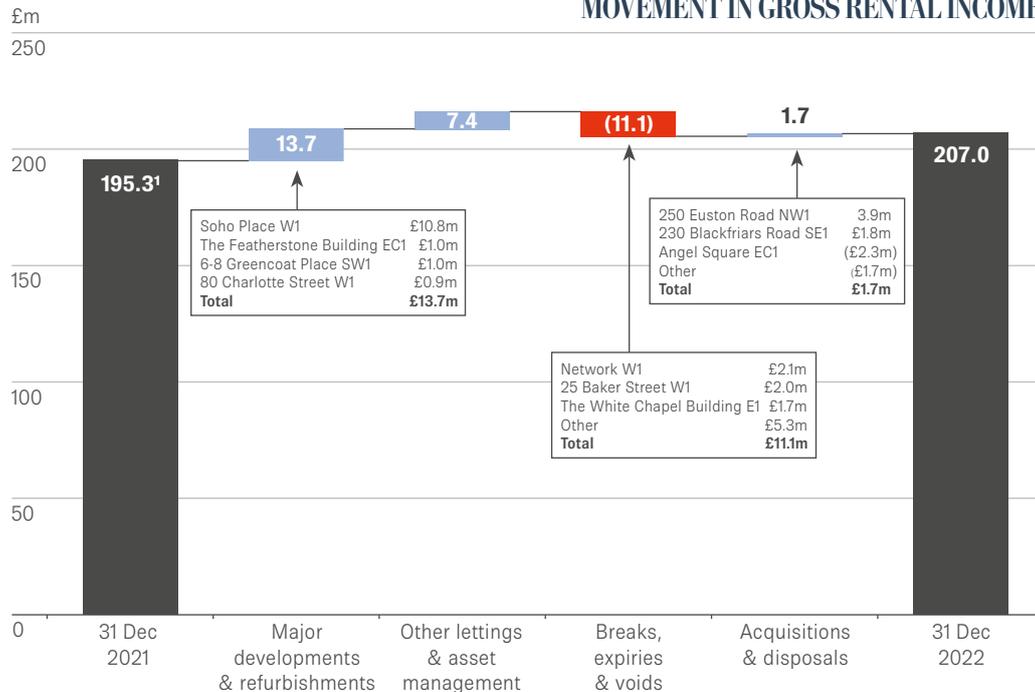


- Premiums and other income includes £1.4m of net surrender premiums, £4.2m less than the £5.6m in 2021

<sup>1</sup> An explanation of EPRA adjustments is provided in Appendix 6    <sup>2</sup> 2021 figures have been restated, see Appendix 9

# GROSS RENTAL INCOME

## MOVEMENT IN GROSS RENTAL INCOME



LIKE-FOR-LIKE<sup>2</sup>

Gross rental income

2022: 1.1%

2021: -3.6%<sup>1</sup>

Net rental income

2022: 1.1%

2021: 3.4%<sup>1</sup>

- Net rental income up 6.0% from £177.9m to £188.5m
- Rent collection back to pre-Covid levels with 99% office rents already collected for the December 2022 quarter
- Tenant rent deposits at 31 December 2022 of £27.3m (2021: £17.6m)

<sup>1</sup> 2021 figures have been restated, see Appendix 9 <sup>2</sup> See Appendix 8

# PROPERTY EXPENDITURE AND FINANCE COSTS

## Other property expenditure (£19.0m)

- Increased by 32.9% over 2021 comparatives
  - Irrecoverable service charges of £5.1m      £1.7m ↑
  - Marketing costs of £1.8m                      £1.1m ↑
  - Repairs net of dilapidations of £0.3m      £1.0m ↑
- Utility costs increased substantially in Q4 2022, eg electricity up to 108p/kWh, but are now falling

## Net finance costs (£39.4m)

- Net interest costs increased £6.3m on higher average borrowings
- Capitalised interest reduced £5.0m to £7.0m (2021: £12.0m) following development completions

## Waivers and impairments (£1.0m)

- Fewer rent concessions in 2022
- Write-back of £1.0m in 2022 (2021: £2.2m<sup>1</sup> charge)

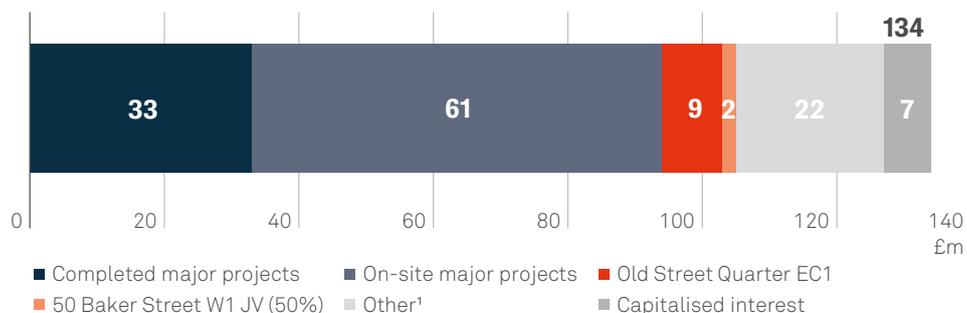
<sup>1</sup> 2021 figures have been restated, see Appendix 9



80 Charlotte Street WI

# 2022 PROJECT EXPENDITURE

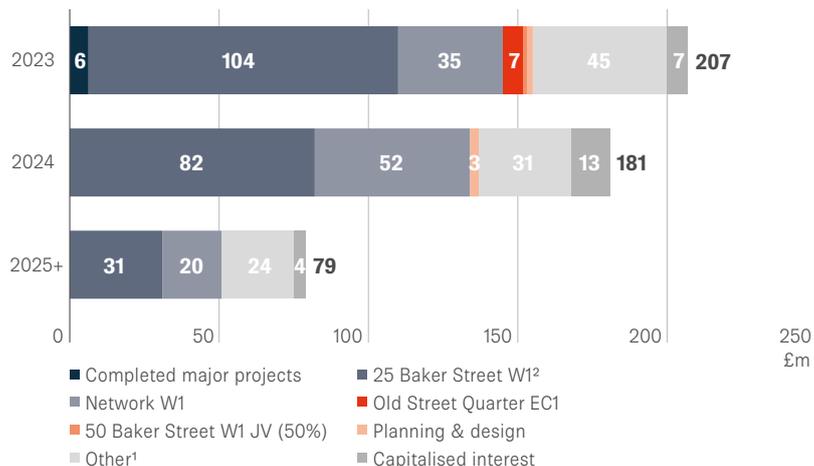
	Investment property	Trading property	Trading stock	Investments	Other receivables	Total
Soho Place W1	17.6	-	-	-	-	17.6
The Featherstone Building EC1	6.7	-	-	-	-	6.7
Francis House SW1	8.4	-	-	-	-	8.4
<b>Completed major projects</b>	<b>32.7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32.7</b>
25 Baker Street W1	38.9	8.3	1.8	-	-	49.0
Network W1	12.1	-	-	-	-	12.1
<b>On-site major projects</b>	<b>51.0</b>	<b>8.3</b>	<b>1.8</b>	<b>-</b>	<b>-</b>	<b>61.1</b>
Old Street Quarter EC1	-	-	-	-	9.1	9.1
50 Baker Street W1 JV (50%)	-	-	-	1.6	-	1.6
Planning & design	1.6	-	-	-	-	1.6
Refurbishments & other	21.2	-	-	-	-	21.2
<b>Total</b>	<b>106.5</b>	<b>8.3</b>	<b>1.8</b>	<b>1.6</b>	<b>9.1</b>	<b>127.3</b>
Capitalised interest	6.5	0.4	0.1	-	-	7.0
<b>Total expenditure</b>	<b>113.0</b>	<b>8.7</b>	<b>1.9</b>	<b>1.6</b>	<b>9.1</b>	<b>134.3</b>



<sup>1</sup> Other includes Planning & design and Refurbishment & other

# ESTIMATED FUTURE EXPENDITURE

## FUTURE SPEND



## EPC upgrades

- Cost to upgrade to EPC 'B' by 2030
  - £97m estimated at Dec 2021
  - £107m revised at Dec 2022
  - Now £99m after sale of 19 Charterhouse Street EC1 in Jan 2023
- £58.4m specifically provided for in the Dec 2022 external valuation, plus further allowance for general upgrades
- Portfolio by ERV 65.3% 2030 compliant, up 4.3% from Dec 2021

<sup>1</sup> Other includes EPC upgrades    <sup>2</sup> 25 Baker Street includes expenditure on trading property/stock

# PROFORMA IMPACT OF MAJOR PROJECTS AND DISPOSAL

- Assumes no further lettings, acquisitions or disposals other than those already contracted
- Shows impact of estimated remaining capex on major projects, both completed and on-site
- Excludes design fees and smaller refurbishment projects

		PROFORMA IMPACT OF DISPOSAL AND COMPLETED/ ON-SITE PROJECTS					
	Dec 2022	Sale of 19 Charterhouse Street EC1	Capex <sup>1</sup>	Other receipts <sup>2</sup>	Contracted income	Void costs <sup>3</sup>	Proforma
<b>Gross rental income</b>	<b>£207m</b>	<b>(£3m)</b>	-	-	<b>£17m</b>	-	<b>£221m</b>
Net property income (adjusted)	£191m	(£3m)	-	-	£16m	(£9m)	£195m
Interest cost	£45m	-	£12m <sup>4</sup>	(£1m) <sup>4</sup>	-	-	£56m
<b>Net interest cover ratio</b>	<b>423%</b>						<b>348%</b>
Portfolio fair value	£5,364m	(£53m)	£330m	(£18m)	-	-	£5,623m
Drawn debt net of cash	£1,284m	(£54m) <sup>5</sup>	£330m	(£18m)	-	-	£1,542m
<b>EPRA loan-to-value ratio</b>	<b>23.9%</b>						<b>27.4%</b>

<sup>1</sup> See Appendix 51 for capex. Includes profit share payments in relation to 25 Baker Street W1 <sup>2</sup> Receipt from The Portman Estate for retail units at 25 Baker Street W1

<sup>3</sup> Void costs upon completion of project <sup>4</sup> Assuming an average interest rate of 3.50% <sup>5</sup> After disposal costs

# STRONG BALANCE SHEET

**Unutilised facilities  
and cash<sup>1</sup>**

**£577m**

2021: £608m

**Weighted average  
maturity of borrowings**

**6.2 years**

2021: 7.2 years

**EPRA loan-to-value**

**23.9%**

2021: 22.3%

**Average spot  
interest rate<sup>2</sup>**

**3.14%**

2021: 3.14%

## Green borrowings and expenditure at 31 Dec 2022<sup>3</sup>

- 2022 qualifying green expenditure £99.9m
- Cumulative qualifying green expenditure £627.9m
- Drawn green borrowings £350.0m
- Available green headroom on facilities £277.9m

## MATURITY PROFILE OF DEBT FACILITIES



- 100% of debt at fixed rates at December 2022
- No refinancing until October 2024
- Additional £75m forward-start interest rate swap at 1.36% expiring in April 2025

<sup>1</sup> Excludes restricted cash <sup>2</sup> On a cash basis <sup>3</sup> See Appendix 10



**VALUATION  
AND INVESTMENT**

---

**NIGEL GEORGE**

# VALUATION

## Valuer appointment

- Transitioned from CBRE to Knight Frank
  - Knight Frank sole valuer in H2 and going forward

## Investment portfolio valued at £5.4bn

- Underlying valuation -6.8% (2021: +3.5%)
  - West End -5.8% (2021: +3.9%)
  - City Borders -9.2% (2021: +2.5%)
- MSCI Central London Offices<sup>1</sup> -10.9%

## Four on-site developments in 2022

- Valued at £0.8bn, uplift of 4.8%
  - Completed Soho Place W1 and The Featherstone Building EC1
  - 25 Baker Street W1 and Network W1 – on site
- Excluding developments, valuation down 8.5%

## 2022 total property return

- Derwent London -3.4%
- MSCI Central London Offices<sup>1</sup> -8.0%
- MSCI UK All Property<sup>1</sup> -9.1%

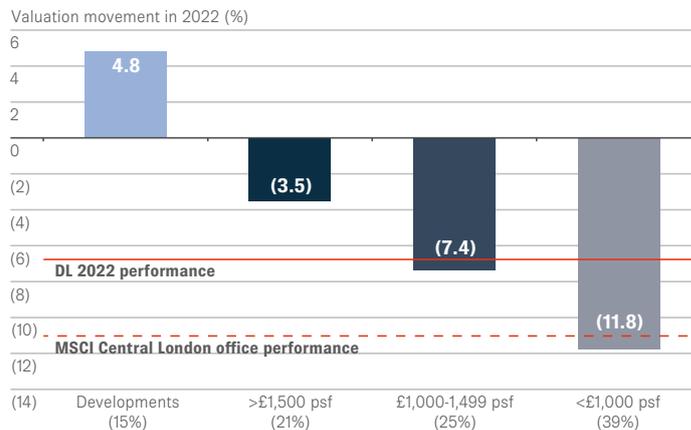
	Portfolio valuation £m	Joint venture valuation <sup>2</sup> £m	Total £m	H1 2022 valuation movement %	H2 2022 valuation movement %	Full year valuation movement %
West End	3,697.9	42.4	3,740.3	1.3	(7.0)	(5.8)
City Borders <sup>3</sup>	1,492.6	-	1,492.6	1.5	(10.6)	(9.2)
<b>Central London</b>	<b>5,190.5</b>	<b>42.4</b>	<b>5,232.9</b>	<b>1.4</b>	<b>(8.1)</b>	<b>(6.8)</b>
Provincial	79.4	-	79.4	(0.1)	(5.5)	(5.7)
<b>Underlying</b>	<b>5,269.9</b>	<b>42.4</b>	<b>5,312.3</b>	<b>1.4</b>	<b>(8.0)</b>	<b>(6.8)</b>
Acquisitions	51.9	-	51.9	(5.7)	(10.0)	(15.0)
<b>Investment portfolio</b>	<b>5,321.8</b>	<b>42.4</b>	<b>5,364.2</b>	<b>1.3</b>	<b>(8.1)</b>	<b>(6.9)</b>

<sup>1</sup>Quarterly index <sup>2</sup> 50% share of 50 Baker Street W1 JV <sup>3</sup> Principally properties in the Tech Belt – Appendix 53

# VALUATION THEMES

- Developments delivering as flight to quality continues
- Rental values increasing
- Investment yields – outward movement in H2
- Resilience from 'best in class' assets
  - Our quality product outperforming
- Focus on ESG: amenities, sustainability and EPC ratings<sup>1</sup>
  - £58m EPC works within the valuation
  - Spread over a number of years

## VALUATION MOVEMENT BY VALUE



### Investment yields

	ERV	Yields	Values
Offices – high quality	↑	↑	↓
Offices – other	↓	↑	↓
Retail and hospitality <sup>2</sup>	↔	↑	↓

<sup>1</sup>See Appendices 32 and 33    <sup>2</sup>7% of portfolio by income

# RENTAL VALUE AND YIELDS

## Rental values

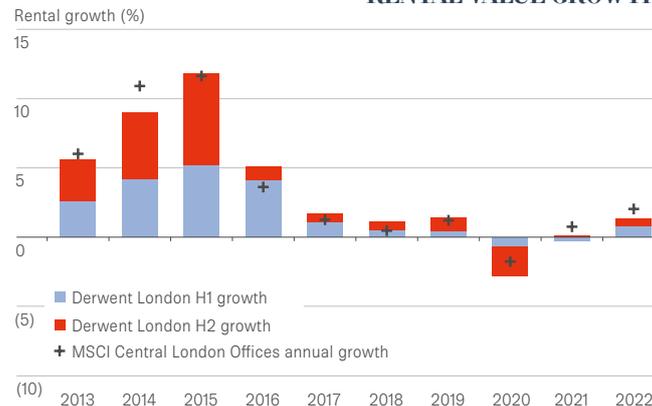
- Rental values increased 1.3% in 2022
  - Offices: 93% of portfolio<sup>1</sup> +1.4%
  - Retail: 7% of portfolio<sup>1</sup> +0.6%
- Average office passing rent low at £48.37 psf<sup>2</sup> (Dec 2021: £44.18 psf)
  - Average 'topped-up' office rent £59.57 psf<sup>2</sup> (Dec 2021: £59.69 psf)

## EPRA yields

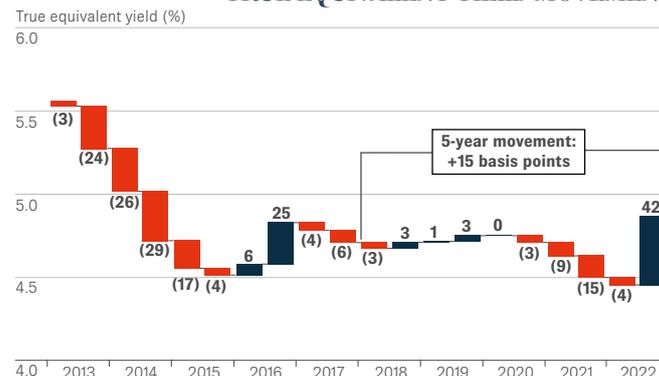
	Dec 2021 %	Dec 2022 %	Change bp
Net initial yield	3.3	3.7	40
'Topped-up' net initial yield	4.4	4.6	20
True equivalent yield	4.50	4.88	38
Net reversionary yield	4.9	5.2	30

<sup>1</sup> By income    <sup>2</sup> Occupied office area

## RENTAL VALUE GROWTH

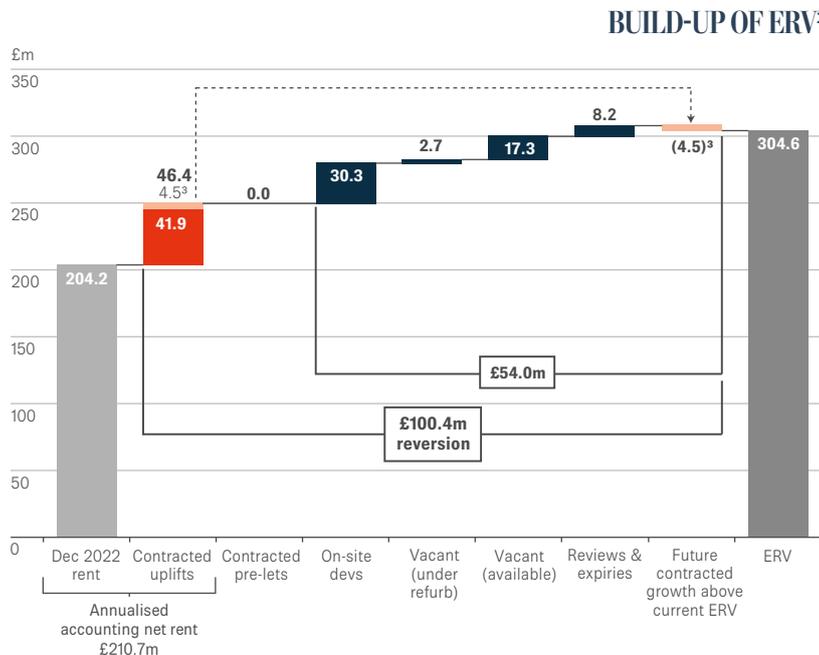


## TRUE EQUIVALENT YIELD MOVEMENT



# BUILD-UP OF PORTFOLIO ERV

- Portfolio reversion of £100.4m<sup>1</sup>
  - £46.4m or 46% contracted, including
    - 80 Charlotte Street W1 £12.2m
    - Soho Place W1 £4.0m
- £54.0m of further reversion
  - £30.3m from two on-site schemes
    - 25 Baker Street W1 £18.4m
    - Network W1 £11.9m
  - £2.7m from other refurbishments
  - £17.3m available to let
  - £3.7m from lease reversions



<b>Dec 2021</b>	178.4	54.6	19.9	30.1	7.2	3.8	5.8	(5.9)	293.9
<b>Change</b>	25.8	(8.2)	(19.9)	0.2	(4.5)	13.5	2.4	1.4	10.7

<sup>1</sup> Requires additional capex as set out in Appendix 51    <sup>2</sup> Before lease incentives

<sup>3</sup> Some leases contain inflation-linked or fixed uplifts which result in future contracted rents being above the current ERV

# ACQUISITION ACTIVITY IN 2022

## Acquisitions in 2022

Property	Date	Area sq ft	Total after costs £m	Net yield %	Net rental income £m pa	Net rental income £ psf
230 Blackfriars Road SE1	Q1	60,400	58.3	3.5	2.1	41.00
Soho Place W1 headlease	Q1	-	71.9	-	-	-
Other	-	-	2.8	-	-	-
<b>Total acquisitions</b>		<b>60,400</b>	<b>133.0</b>	<b>-</b>	<b>2.1</b>	<b>-</b>

- 230 Blackfriars Road SE1
  - Leasehold interest acquired for £58.3m after costs
  - Potential future super-site, 200,000+ sq ft scheme
- Old Street Quarter EC1
  - Exchange of conditional contract for £239.0m
  - Purchase expected to complete in 2027
  - Future super-site, 750,000+ sq ft campus scheme
- Soho Place W1
  - Headlease payment following development completion



230 Blackfriars Road SE1



Old Street Quarter EC1

# DISPOSALS

## Disposals<sup>1</sup> in 2022

Property	Date	Area sq ft	Net proceeds £m	Net yield %	Net rental income £m pa
New River Yard EC1	Q2	70,700	65.9 <sup>2</sup>	4.5	3.3
2 & 4 Soho Place W1	Q3	18,400 <sup>3</sup>	39.8	-	-
Bush House WC2	Q3	103,700	84.0	-	-
Intermediate leasehold interest at Soho Place W1	Q3	-	15.3	-	-
Other	-	1,600	1.4	-	-
<b>Total</b>		<b>194,400</b>	<b>206.4</b>	<b>-</b>	<b>3.3</b>

### 2023 to date

19 Charterhouse Street EC1	Q1	63,200	53.6	4.6	2.6
----------------------------	----	--------	------	-----	-----

## Outlook

- Starting to see some activity
  - Private buyers
  - Long-term income
- Some refinancing on the horizon
  - May present opportunities

### 19 CHARTERHOUSE STREET EC1

- Sold in Jan 2023
- Net initial yield 4.6%
- Lease expires in 2025
- Proceeds recycled into developments



New River Yard EC1



2 & 4 Soho Place W1

**£206m of  
disposals in  
2022**



Bush House WC2

<sup>1</sup>Excludes trading property disposals    <sup>2</sup>After deduction of rental top-ups and sale costs    <sup>3</sup>Office space



# SUSTAINABILITY

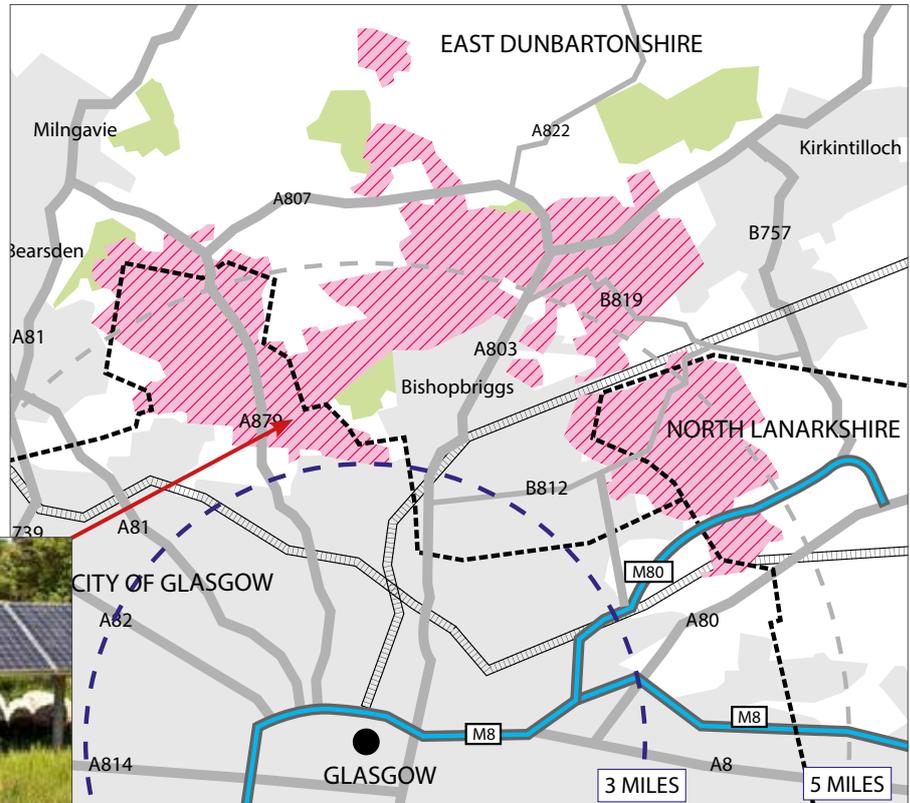
---

## NIGEL GEORGE



# SELF-GENERATION IN SCOTLAND

- 5,500 acres, with the opportunity to contribute to our pathway
- Solar park on c.100 acres, cost c.£20-25m
  - Resolution to grant consent received
  - 18.4MW comprising +60k panels
  - Potential to generate c.40% of managed portfolio electricity requirements
- Exploring other opportunities for further carbon offsetting
  - Additional woodland creation, peat bog restoration and soil management



# OUR JOURNEY TO NET ZERO

## Energy

- Energy consumption down 3% in 2022
  - Gas consumption down 16%
  - Landlord electricity down 1%
  - Tenant electricity up 5%
- Roll-out of portfolio-wide initiatives
  - Wider temperature set points by season
- Initiatives include
  - Progressing Scottish solar park

## Operational carbon

- Footprint down 7%<sup>1</sup> in 2022
- Intensity 31.4 kgCO<sub>2</sub>e/sqm

Scope 1 – Energy consumed directly (total building; operational)

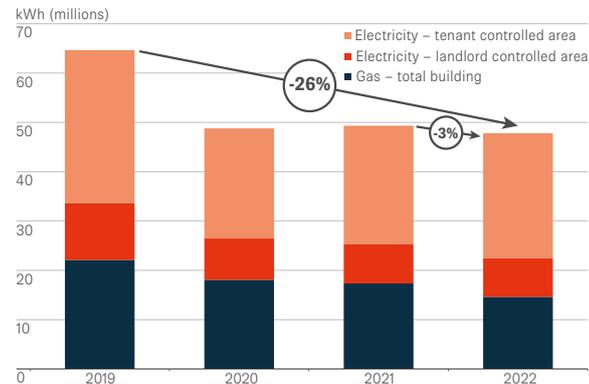
Scope 2 – Energy used in landlord areas (indirectly; operational)

Scope 3 – Energy used by tenants (indirectly; operational) & embodied carbon on developments & refurbishments

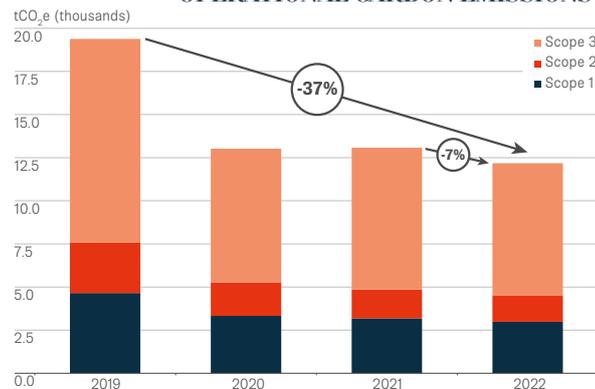
<sup>1</sup>Excluding embodied carbon    <sup>2</sup>Managed London portfolio

Derwent London plc - Annual Results 2022

## ENERGY USAGE<sup>2</sup>



## OPERATIONAL CARBON EMISSIONS<sup>2</sup>

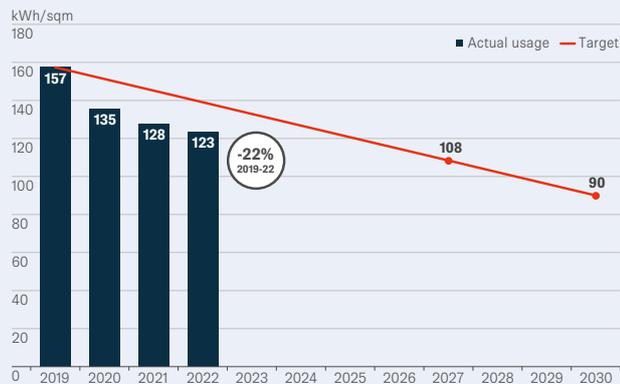


# ENERGY INTENSITY AND EMBODIED CARBON

## Energy intensity

- 4% annual reduction to 123 kWh/sqm
- 12% ahead of target and in line with 2025 pathway target
- Focus areas
  - Green leases
  - Occupier engagement
  - Intelligent Building roll-out

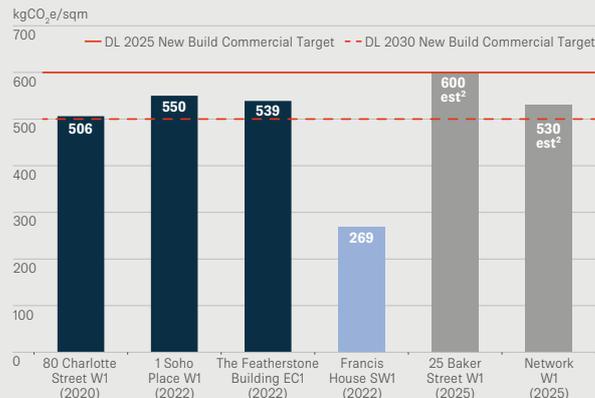
## BUILDING ENERGY INTENSITY<sup>1</sup>



## Embodied carbon

- 2022 completions delivered in line with 2025 target
- On-site schemes designed as low carbon buildings
- Focus areas
  - Lower carbon materials and methods of construction
  - Early stage supply chain discussion

## EMBODIED CARBON INTENSITY



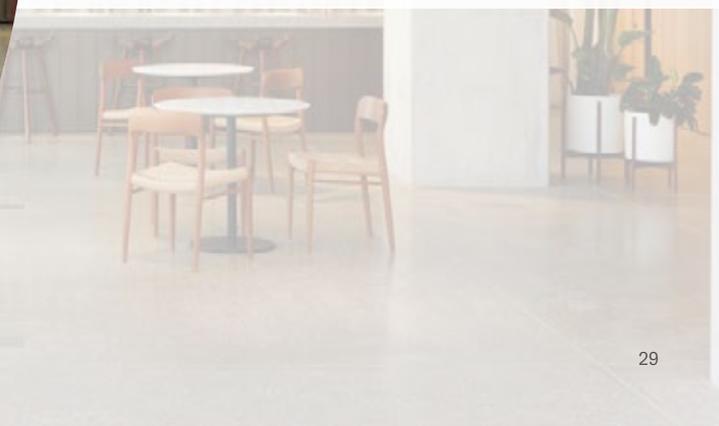
<sup>1</sup>Building energy intensity targets aligned with 1.5° climate scenario    <sup>2</sup> Stage 4 or 5 design estimate

A photograph of a modern office interior. The ceiling features track lighting with several spotlights. A white pillar is visible in the foreground, and a large window or glass wall is in the background. The overall aesthetic is clean and professional.

# LEASING AND ASSET MANAGEMENT

---

## EMILY PRIDEAUX



# OCCUPATIONAL MARKET OVERVIEW

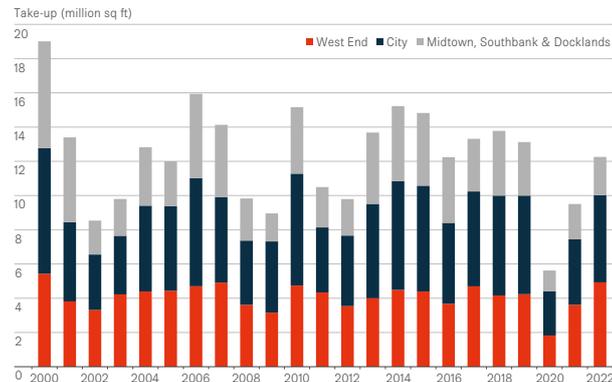
## Take-up

- Central London office take-up of 12.3m sq ft
  - In-line with LTA and 29% above 2021
  - West End: 4.9m sq ft (20% above LTA)
  - City: 5.1m sq ft (3% above LTA)

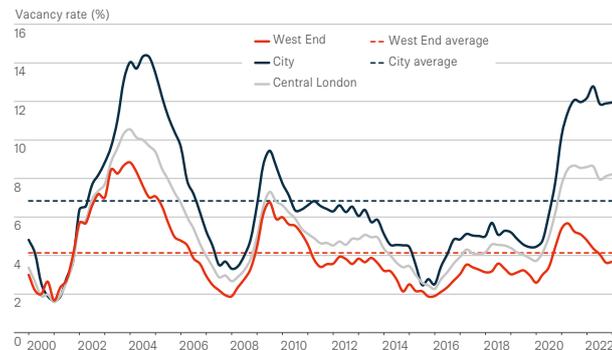
## Vacancy

- Central London vacancy remains elevated at 8.2%
  - 8.6% in Dec 2021 and 5.3% LTA
- Vacancy by sub-market
  - West End 3.7% (LTA 4.2%)
  - City 11.9% (LTA 6.9%)
- Secondhand space 64% of supply (Dec 2021: 72%)
  - 16.4m sq ft at Dec 2022 (10.5m sq ft LTA)
- Lower quality secondhand space 'sticking' on market

## CENTRAL LONDON OFFICE TAKE-UP



## CENTRAL LONDON OFFICE VACANCY



Source: CBRE

# OFFICE DEVELOPMENT PIPELINE

## Central London

- 12.7m sq ft due 2023 to 2025 (36% pre-let or under offer)
- Demand strong for 'best in class' space
- Pre-lets an increasing feature of market as occupiers look ahead
- Active requirements of 5.7m sq ft at Dec 2022
  - 71% of active demand from banking & finance, business services and creative industries

## CORPORATE DEMAND



EVERCORE

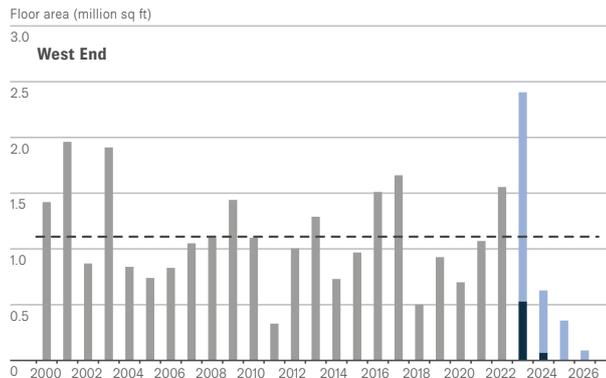
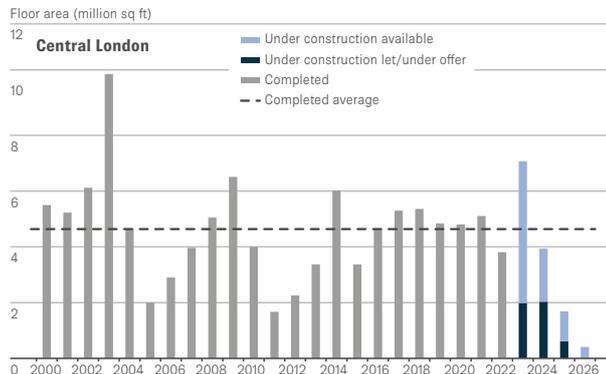


JOHN LEWIS PARTNERSHIP



SHEARMAN & STERLING

## COMMITTED DEVELOPMENT PIPELINE



Source: CBRE

# DERWENT LONDON LEASING ACTIVITY

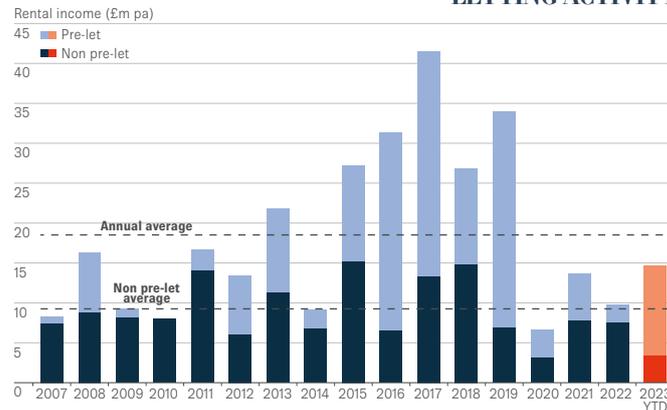
## Derwent London letting activity in 2022

- 163,000 sq ft let at £9.8m pa
- 13.0% above Dec 2021 ERV
- 46 transactions, 72% weighted to H1
- 5.7 year WAULT (to break)

## Strong leasing activity in 2023 YTD

- £14.7m of new rent (162,600 sq ft)
- 7.7% above Dec 2022 ERV
- 13.4 year WAULT (to break)

## LETTING ACTIVITY



## 2022 LEASING ACTIVITY

### NEW TENANTS

MICHAEL KORS

marshmallow

DEPT®

### EXPANSIONS



Adobe



## 2023 LETTINGS

Pre-let

### 25 BAKER ST. W1

- 106,100 sq ft
- £11.0m pa (£103 psf)
- Above ERV
- 15-years (no break)

PIMCO

Let

### THE FEATHERSTONE BUILDING

- 31,100 sq ft
- £2.3m pa (£74 psf)
- In line with ERV
- 15-years (break at 10)

BURO HAPPOLD

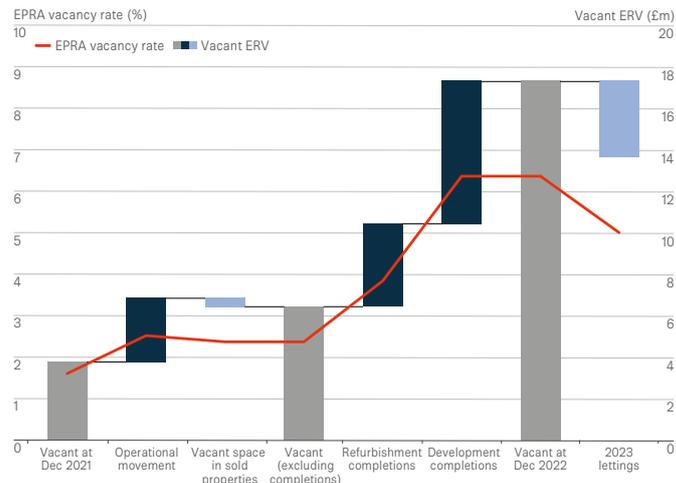
# DERWENT LONDON ASSET MANAGEMENT ACTIVITY

## ASSET MANAGEMENT ACTIVITY 2022

	Area '000 sq ft	Previous rent £m pa	New rent £m pa	Uplift %	New rent vs Dec 2021 ERV %
Rent reviews	215.7	12.6	13.8	10.1	6.2
Lease renewals	112.2	5.5	6.3	12.5	9.3
Lease regears <sup>1</sup>	189.0	9.5	9.5	0.2	1.6
	<b>516.9</b>	<b>27.6</b>	<b>29.6</b>	<b>7.2</b>	<b>5.3</b>

- Asset management deals in 2022
  - £29.6m new rent, 5.3% above ERV and 7.2% uplift
- EPRA vacancy rate of 6.4% at Dec 2022
  - Increase due to project completions
  - Reduces to 5.0% proforma with 2023 leasing
- Average 'topped-up' lease length 7.2 years
- 79% of expiries/breaks retained or re-let<sup>2</sup>

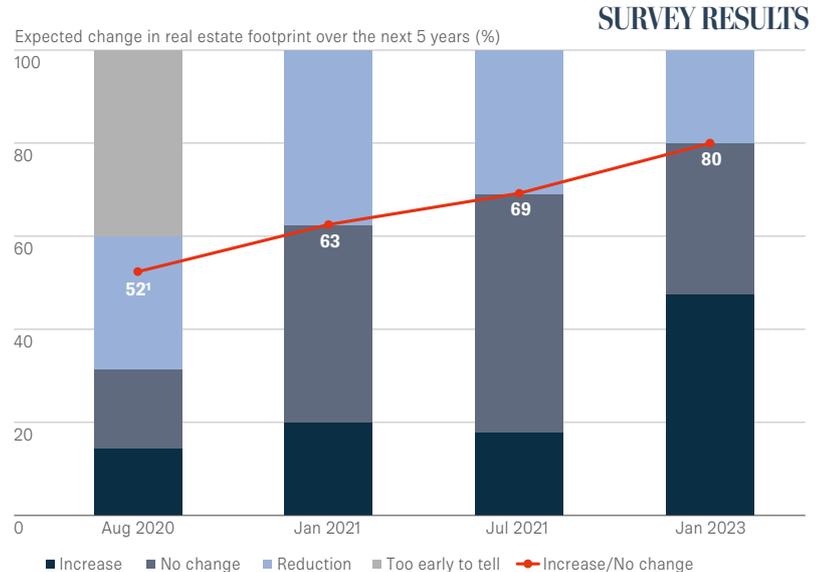
## VACANCY EVOLUTION



<sup>1</sup>Excludes regear to facilitate redevelopment    <sup>2</sup>Excluding disposals/projects

# OCCUPIER SURVEY

- Hybrid working models largely established
  - The office retains its centrality
  - Quality includes amenity, connectivity and sustainability
- Sustained upward trend in occupiers expecting to maintain or increase their footprint
  - Jan 2023: 74% of respondents by ERV or 80% by number of responses
- Majority of occupiers would consider adjustments to future design and technical specs
  - Lower occupation densities, smaller power allowance, etc
- Sustainability and net zero credentials are a key factor for occupiers of all sizes



<sup>1</sup> Calculated excluding 'too early to tell' responses



# DELIVERING THE RIGHT PRODUCT

EMILY PRIDEAUX



# DERWENT'S DIFFERENTIATORS

## INNOVATIVE ARCHITECTURAL DESIGN



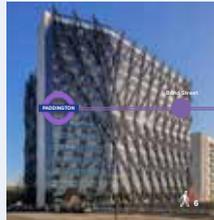
- Architecturally-led design
- High quality materials
- Volume & light
- Strong environmental performance
- Intelligent systems

## CUSTOMER-FOCUSED SOLUTIONS



- Experience
- Service
- Amenity

## CONNECTIVITY & LOCATION



- Vibrant
- Wider amenity
- Connectivity
- Recentralisation

## DESIGN EXCELLENCE

*We craft inspiring and distinctive space where people thrive*

# INNOVATIVE ARCHITECTURAL DESIGN

## BUILDING THE RIGHT PRODUCT

### Forward thinking, high-quality designs

- Delivering unique workspaces
- Innovative architecture
- Superior materials
- Volume & light
- Generous amenity



**NET ZERO** INTELLIGENT BUILDINGS

# CUSTOMER-FOCUSED SOLUTIONS

## DL/MEMBERS

### DL/EXPERIENCE

Dedicated member teams



Brunel Building launch – rooftop



DL/78.Fitzrovia – event

### DL/LOUNGES

Shared portfolio amenity



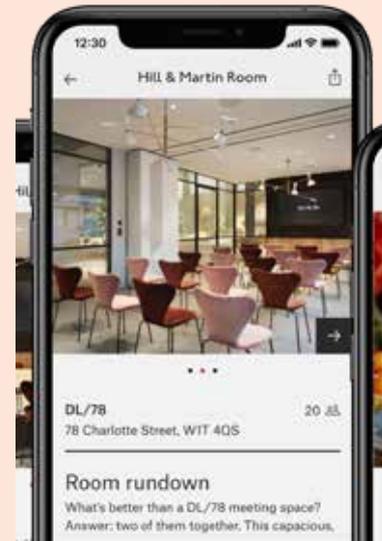
DL/78.Fitzrovia



DL/28.Old Street

### DL/APP

Member benefits



# 'FURNISHED + FLEXIBLE'

- 27 units totalling 63,600 sq ft
- Pipeline 34,100 sq ft
  - Sub-10,000 sq ft units appraised on this basis
- Significant rental premiums achieved



FURNISHED \* FLEXIBLE \*



# DELIVERING PRODUCT TO MEET VARIED DEMAND

Delivery:  
fully  
fitted



FURNISHED \* FLEXIBLE \*

**Lease term:** 10 years (break at 5)  
**Rental uplift:** £85 psf (from £54)  
**EPC upgrade:** B (from C)

43 Whitfield

Delivery:  
fully  
fitted



FURNISHED \* FLEXIBLE \*

**Lease term:** 5 years (break at 3)  
**Rental uplift:** £81 psf (from £56)  
**EPC upgrade:** B (from D & E)

THREE  
RATHBONE  
PLACE

Delivery:  
shell and  
core



**Lease term:** 15 years (break at 10)  
**Rental uplift:** £76 psf (from £35)  
**EPC upgrade:** B (from C)

FRANCIS  
HOUSE

Delivery:  
Cat A



**Lease term:** 15 years  
**Rental uplift:** £68 psf (from £30)  
**EPC upgrade:** B (from E)

NO SIX-EIGHT  
GREENCOAT PLACE



# DEVELOPMENTS

PAUL WILLIAMS

# 2022 COMPLETIONS

## MAJOR PROJECTS



Profit on cost<sup>1</sup>  
25%

**SOHO PLACE W1**

**285,000 sq ft**

**OFFICES 100% PRE-LET**



Profit on cost<sup>1</sup>  
30%

**THE FEATHERSTONE BUILDING EC1**

**127,300 sq ft**

**59% LET (INC 2023 ACTIVITY)**

## RETROFITS



Profit on cost<sup>1</sup>  
31%

**FRANCIS HOUSE SW12<sup>2</sup>**

**38,200 sq ft**

**100% PRE-LET**



£85+ psf  
rent

**43 WHITFIELD STREET W1**

**11,000 sq ft**

**100% LET**

FURNISHED \* FLEXIBLE

<sup>1</sup>Profit on cost at practical completion    <sup>2</sup> CGI

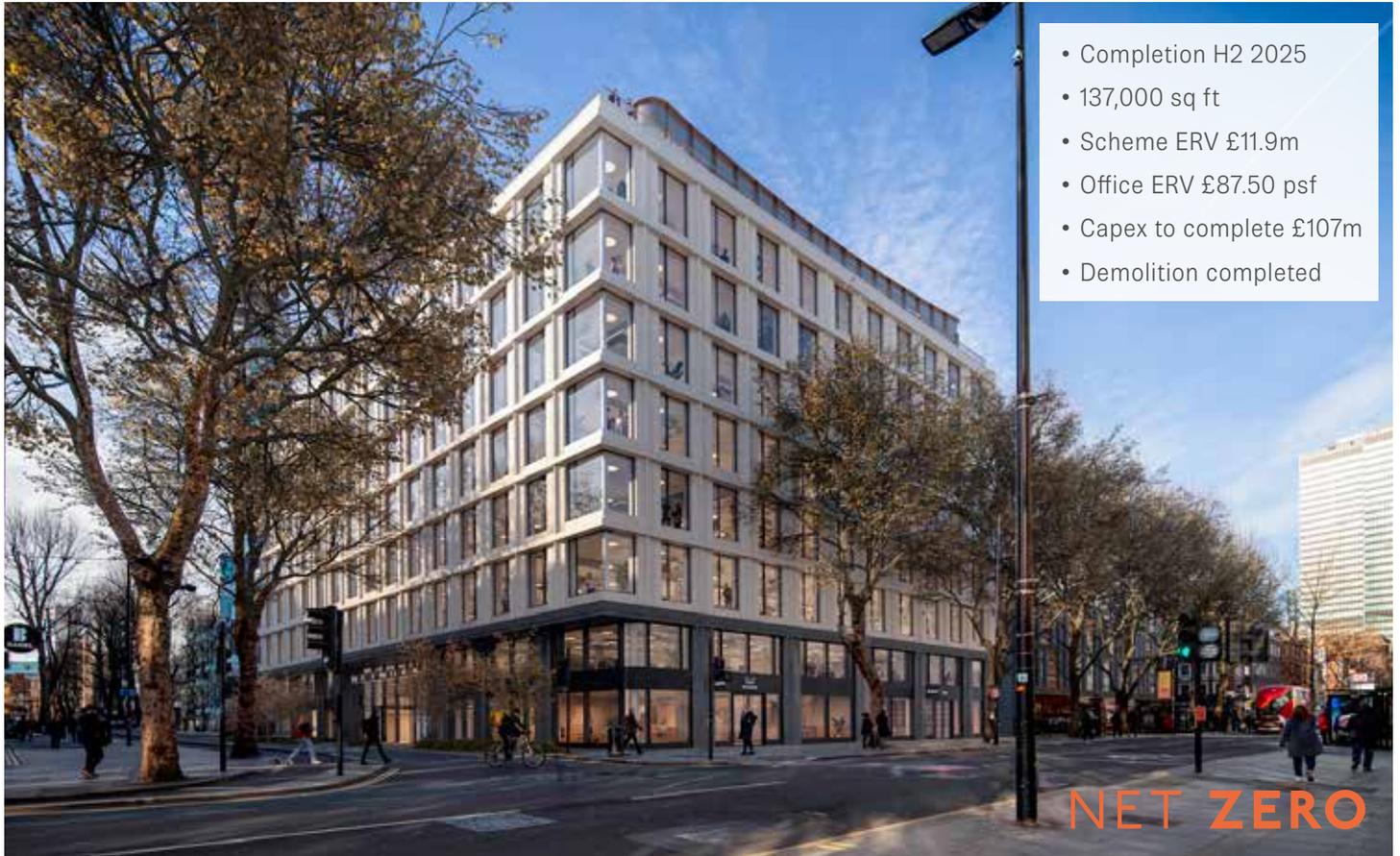
# 25 BAKER STREET W1

- Completion H1 2025
- 298,000 sq ft mixed-use scheme
- Scheme ERV £18.4m (net)
- Office ERV £90 psf
- Capex to complete £217m
- 97% office capex fixed (80% of total)
- 56% of commercial element pre-let/sold





# NETWORK W1



- Completion H2 2025
- 137,000 sq ft
- Scheme ERV £11.9m
- Office ERV £87.50 psf
- Capex to complete £107m
- Demolition completed

**NET ZERO**



# PIPELINE UPDATE

## MEDIUM-TERM (c.390,000 sq ft)



### 50 BAKER STREET W1

START DATE 2024+

**c.240,000 sq ft**

**Existing:** 122,300 sq ft (at 100%)

**Planning:** Submitted Q4 2022

- 50:50 JV with Lazari Investments
- VP expected late-2024
- Office-led regeneration



### HOLDEN HOUSE W1

START DATE 2025+

**c.150,000 sq ft**

**Existing:** 90,600 sq ft

**Planning:** Consented

- Design refresh underway
- Higher office content

## LONGER-TERM (c.950,000 sq ft)



### OLD STREET QUARTER EC1

START DATE 2027+

**750,000+ sq ft**

**Existing:** c.400,000 sq ft

**Planning:** Application exp.2023

- Acquisition to complete from 2027 on VP
- 2.5 acre island site
- Office-led mixed-use campus
- Life Science opportunity



### 230 BLACKFRIARS ROAD SE1

START DATE 2030+

**200,000+ sq ft**

**Existing:** 60,400 sq ft

- Block date target 2030
- Substantial potential floor area increase

# 50 BAKER STREET W1JV (50%)

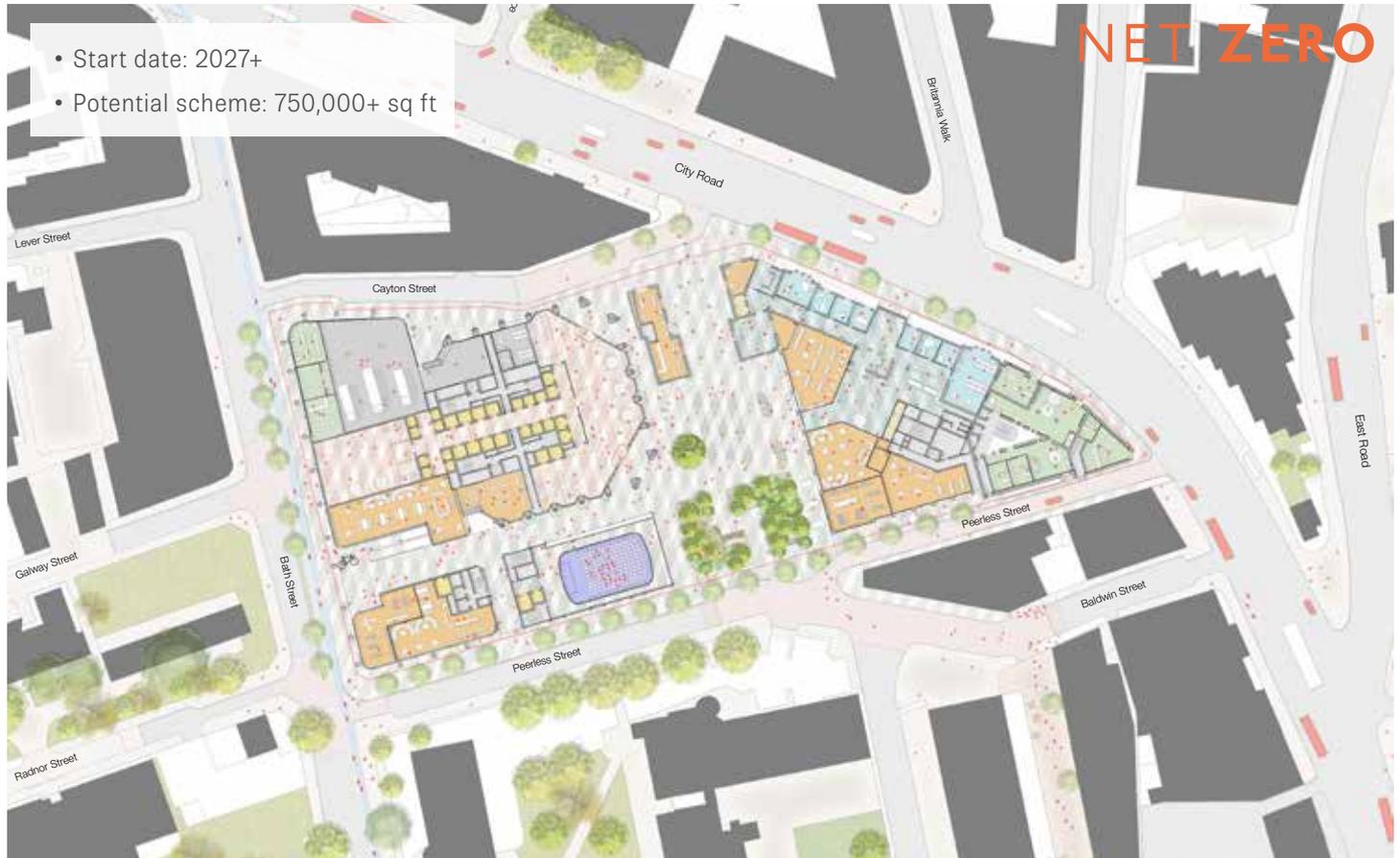
- Start date: 2024+
- Scheme: c.240,000 sq ft



# OLD STREET QUARTER EC1

- Start date: 2027+
- Potential scheme: 750,000+ sq ft

NET ZERO



# FURTHER PORTFOLIO OPPORTUNITIES: REFURBISHMENTS



**20 FARRINGDON ROAD EC1**

**166,300 sq ft**

**Avg passing rent:** £53.55 psf<sup>1</sup>

**Potential ERV:** £80.00+ psf



**1-2 STEPHEN STREET W1**

**266,200 sq ft**

**Avg passing rent:** £63.85 psf<sup>1</sup>

**Potential ERV:** £75.00+ psf



**1 OLIVER'S YARD EC1**

**186,000 sq ft**

**Avg passing rent:** £56.35 psf<sup>1</sup>

**Potential ERV:** £60.00+ psf



**GREENCOAT & GORDON HOUSE SW1**

**138,300 sq ft**

**Avg passing rent:** £58.65 psf<sup>1</sup>

**Potential ERV:** £73.00+ psf

<sup>1</sup>Topped-up office rent



**SUMMARY**  
**PAUL WILLIAMS**

# SUMMARY

---

## **The market**

- London is a resilient global city
- Importance of core locations
- Deep and broad occupier base
- Strong pre-let activity

## **Derwent London**

- Delivering best in class buildings
- Retain better buildings for longer
- Well positioned in flight to quality
- Very strong balance sheet



# APPENDICES

---



# APPENDICES

---

Financials	55
Valuation	69
Portfolio income profile	76
Sustainability	89
London office market	94
Developments & refurbishments	106



# FINANCIALS

---

## Appendices

01.	Headline numbers	56
02.	Group balance sheet	57
03.	EPRA net asset value metrics	58
04.	Group income statement	59
05.	IFRS (loss)/profit and EPRA earnings	60
06.	Explanation of EPRA adjustments	61
07.	Group cash flow	62
08.	Like-for-like income reconciliation	63
09.	Accounting policy changes	64
10.	Green debt facilities and expenditure	65
11.	Debt summary	66
12.	Debt facilities	67
13.	Net debt	68

# APPENDIX 1 - HEADLINE NUMBERS

	<b>Dec 2022</b>	<b>Dec 2021</b>	<b>% change</b>
Net asset value (NAV)	£4,075.5m	£4,441.8m	(8.2)
EPRA net tangible assets per share <sup>1,2</sup>	3,632p	3,959p	(8.3)
EPRA net disposal value per share <sup>1,2</sup>	3,768p	3,884p	(3.0)
EPRA total return	-6.3%	5.8%	n/a
<hr/>			
Gross rental income	£207.0m	£195.3m <sup>4</sup>	6.0
Net rental income	£188.5m	£177.9m <sup>4</sup>	6.0
EPRA earnings per share <sup>2</sup>	106.62p	108.53p <sup>4</sup>	(1.8)
(Loss)/profit for the year	(£280.5m)	£253.8m	(210.5)
Final dividend per share <sup>3</sup>	54.50p	53.50p	1.9
Interim and final dividend per share	78.50p	76.50p	2.6
<hr/>			
Net debt	£1,257.2m	£1,251.5m	0.5
EPRA loan-to-value (LTV) ratio	23.9%	22.3%	n/a
NAV gearing	30.8%	28.2%	n/a
Net interest cover ratio	423%	463% <sup>4</sup>	n/a

<sup>1</sup> On a diluted basis    <sup>2</sup> Reconciliations to IFRS figures in Appendix 3 and 6    <sup>3</sup> 2022 final dividend subject to approval    <sup>4</sup> 2021 figures have been restated, see Appendix 9

## APPENDIX 2 - GROUP BALANCE SHEET

	Dec 2022 £m	Dec 2021 £m
Investment property	5,002.0	5,361.2 <sup>1</sup>
Owner-occupied property	50.0	49.3
Investment in joint ventures	43.9	51.1
Other non-current assets	198.6	166.1
	<b>5,294.5</b>	<b>5,627.7</b>
Non-current assets held for sale	<b>54.2</b>	<b>102.8</b>
Other current assets and liabilities	(106.6)	(106.1) <sup>1</sup>
Trading property and stock	41.7	32.6
Cash and cash equivalents	76.6	105.5 <sup>1</sup>
Leasehold liability – current	(0.5)	(51.2)
Borrowings – current	(19.7)	(12.3)
	<b>(8.5)</b>	<b>(31.5)</b>
Borrowings – non-current	(1,229.4)	(1,237.1)
Leasehold liability – non-current	(34.5)	(19.4)
Other non-current liabilities	(0.8)	(0.7)
	<b>(1,264.7)</b>	<b>(1,257.2)</b>
<b>Net assets attributable to equity shareholders</b>	<b>4,075.5</b>	<b>4,441.8</b>

<sup>1</sup> 2021 figures have been restated, see Appendix 9

## APPENDIX 3 - EPRA NET ASSET VALUE METRICS

	Dec 2022			Dec 2021		
	EPRA NTA <sup>1</sup> £m	EPRA NDV <sup>2</sup> £m	EPRA NRV <sup>3</sup> £m	EPRA NTA <sup>1</sup> £m	EPRA NDV <sup>2</sup> £m	EPRA NRV <sup>3</sup> £m
Net assets attributable to equity shareholders	4,075.5	4,075.5	4,075.5	4,441.8	4,441.8	4,441.8
Revaluation of trading property	4.8	4.8	4.8	1.9	1.9	1.9
Deferred tax on revaluation surplus <sup>4</sup>	1.9	-	3.7	1.7	-	3.3
Fair value of derivative financial instruments	(5.0)	-	(5.0)	0.8	-	0.8
Fair value adjustment to secured bonds	6.5	6.5	6.5	8.0	8.0	8.0
Mark-to-market of fixed rate debt	-	159.5	-	-	(69.5)	-
Unamortised issue and arrangement costs	-	(10.1)	-	-	(12.6)	-
Purchasers' costs <sup>5</sup>	-	-	361.9	-	-	383.9
<b>Adjusted net assets</b>	<b>4,083.7</b>	<b>4,236.2</b>	<b>4,447.4</b>	<b>4,454.2</b>	<b>4,369.6</b>	<b>4,839.7</b>
Number of shares (m) – diluted	112.4	112.4	112.4	112.5	112.5	112.5
<b>Per share measure (p) – diluted</b>	<b>3,632</b>	<b>3,768</b>	<b>3,956</b>	<b>3,959</b>	<b>3,884</b>	<b>4,301</b>

<sup>1</sup> Net tangible assets    <sup>2</sup> Net disposal value    <sup>3</sup> Net reinstatement value    <sup>4</sup> Only 50% of the deferred tax on the revaluation surplus is excluded

<sup>5</sup> 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 2022 £m	Year ended Dec 2021 £m
Gross property income	208.4	200.9 <sup>1</sup>
Profit on disposal of trading properties	0.2	0.7
Write-down of trading property	(0.2)	(1.4)
Other income	4.2	3.5
Waivers and impairment	1.0	(2.2) <sup>1</sup>
Other property outgoings	(19.0)	(14.3)
<b>Net property and other income</b>	<b>194.6</b>	<b>187.2</b>
Administrative expenses	(36.4)	(37.1)
Revaluation (deficit)/surplus	(422.1)	131.1 <sup>1</sup>
Profit on disposal	25.6	10.4
Net finance costs	(39.4)	(28.1)
Share of results of joint venture	(7.3)	(13.9)
Derivatives fair value movement	5.8	4.8
Financial derivative termination costs	(0.3)	(1.9)
<b>IFRS (loss)/profit before tax</b>	<b>(279.5)</b>	<b>252.5</b>
Tax (charge)/credit	(1.0)	1.3
<b>IFRS (loss)/profit for the year</b>	<b>(280.5)</b>	<b>253.8</b>
Attributable to:		
Equity shareholders <sup>2</sup>	(280.5)	252.3
Non-controlling interest	-	1.5
	<b>(280.5)</b>	<b>253.8</b>

<sup>1</sup> 2021 figures have been restated, see Appendix 9    <sup>2</sup> A reconciliation of the IFRS (loss)/profit attributable to shareholders to the EPRA earnings is shown in Appendix 5

# APPENDIX 5 - IFRS (LOSS)/PROFIT AND EPRA EARNINGS

	Year ended Dec 2022 £m	Year ended Dec 2021 £m
IFRS (loss)/profit for the year attributable to shareholders	(280.5)	252.3
Revaluation deficit/(surplus)	422.1	(131.1) <sup>1</sup>
Joint venture revaluation deficit	9.3	14.2
Profit on disposal	(25.6)	(10.4)
Profit on disposal of trading properties	(0.2)	(0.7)
Write-down of trading property	0.2	1.4
Derivatives fair value adjustment	(5.8)	(4.8)
Financial derivative termination costs	(0.1)	1.9
Tax adjustment charge/(credit)	0.3	(1.5)
Non-controlling interest in respect of the above	-	0.4
<b>EPRA earnings</b>	<b>119.7</b>	<b>121.7<sup>1</sup></b>

<sup>1</sup> 2021 figures have been restated, see Appendix 9

# APPENDIX 6 - EXPLANATION OF EPRA ADJUSTMENTS

	2022 IFRS £m	Adjustments			2022 EPRA basis £m	2021 EPRA basis £m
		A £m	B £m	C £m		
Net property and other income	194.6	(0.2)	0.2	-	194.6	187.9 <sup>1</sup>
Administrative expenses	(36.4)	-	-	-	(36.4)	(37.1)
Revaluation deficit	(422.1)	-	422.1	-	-	-
Profit on disposal	25.6	(25.6)	-	-	-	-
Net finance costs	(39.4)	-	-	-	(39.4)	(28.1)
Derivatives fair value movement	5.8	-	-	(5.8)	-	-
Financial derivative termination costs	(0.3)	-	-	(0.1)	(0.4)	-
Share of results of joint ventures	(7.3)	-	9.3	-	2.0	0.3
<b>(Loss)/profit before tax</b>	<b>(279.5)</b>	<b>(25.8)</b>	<b>431.6</b>	<b>(5.9)</b>	<b>120.4</b>	<b>123.0</b>
Tax charge	(1.0)	-	0.3	-	(0.7)	(0.2)
<b>(Loss)/profit for the year</b>	<b>(280.5)</b>	<b>(25.8)</b>	<b>431.9</b>	<b>(5.9)</b>	<b>119.7</b>	<b>122.8</b>
Non-controlling interest	-	-	-	-	-	(1.1)
<b>Earnings attributable to equity shareholders</b>	<b>(280.5)</b>	<b>(25.8)</b>	<b>431.9</b>	<b>(5.9)</b>	<b>119.7</b>	<b>121.7<sup>1</sup></b>
<b>Earnings per share</b>	<b>(249.84p)</b>				<b>106.62p</b>	<b>108.53p<sup>1</sup></b>

A – Disposal of investment properties and investments and associated tax

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

C – Fair value movement and termination costs relating to derivative financial instruments

<sup>1</sup> 2021 figures have been restated, see Appendix 9

# APPENDIX 7 - GROUP CASH FLOW

	Year ended Dec 2022 £m	Year ended Dec 2021 £m
Property income	194.4	192.7
Property expenses	(22.5)	(14.3)
Tenant deposit movement	9.7	(1.2) <sup>1</sup>
Service charge balance movement	3.0	0.4 <sup>1</sup>
Other income	4.2	4.1
Administrative expenses	(33.1)	(34.7)
Finance costs	(36.8)	(25.0)
Trading property disposals	3.0	5.0
Trading property expenditure	(9.7)	(1.6)
Other cash used in operating activities	0.8	3.5
<b>Net cash from operating activities</b>	<b>111.4</b>	<b>128.9</b>
Acquisitions and capex	(258.3)	(423.9)
Disposals	206.7	297.3
Investment in joint venture	(0.3)	(64.1)
Other cash used in investing activities	0.2	4.1
<b>Net cash used in investing activities</b>	<b>(51.7)</b>	<b>(186.6)</b>
Movement in debt	(2.7)	212.5
Acquisition of non-controlling interest	-	(53.4)
Dividends paid	(86.8)	(84.3)
Other cash used in financing activities	0.9	(0.1)
<b>Net cash (used in)/from financing activities</b>	<b>(88.6)</b>	<b>74.7</b>
(Decrease)/increase in cash and cash equivalents during the year	(28.9)	17.0
Cash and cash equivalents at the beginning of the year	105.5	88.5 <sup>1</sup>
<b>Cash and cash equivalents at the end of the year</b>	<b>76.6</b>	<b>105.5</b>

<sup>1</sup> 2021 figures have been restated, see Appendix 9

# APPENDIX 8 - LIKE-FOR-LIKE INCOME RECONCILIATION

	Like-for-like portfolio £m	Development property £m	Acquisitions & disposals £m	Total £m
<b>2022</b>				
<b>Gross rental income</b>	<b>181.9</b>	<b>15.0</b>	<b>10.1</b>	<b>207.0</b>
Other property expenditure	(13.8)	(5.2)	(0.5)	(19.5)
Write-off/impairment of receivables	0.2	0.7	0.1	1.0
<b>Net rental income</b>	<b>168.3</b>	<b>10.5</b>	<b>9.7</b>	<b>188.5</b>
Other	6.1	(0.2)	0.2	6.1
<b>Net property and other income</b>	<b>174.4</b>	<b>10.3</b>	<b>9.9</b>	<b>194.6</b>
<b>2021</b>				
<b>Gross rental income<sup>1</sup></b>	<b>179.9</b>	<b>7.1</b>	<b>8.3</b>	<b>195.3</b>
Other property expenditure	(11.9)	(1.3)	(2.0)	(15.2)
Write-off/impairment of receivables <sup>1</sup>	(1.6)	(0.4)	(0.2)	(2.2)
<b>Net rental income</b>	<b>166.4</b>	<b>5.4</b>	<b>6.1</b>	<b>177.9</b>
Other	9.8	(1.2)	0.7	9.3
<b>Net property and other income</b>	<b>176.2</b>	<b>4.2</b>	<b>6.8</b>	<b>187.2</b>
Gross rental income	1.1%			6.0%
Net rental income	1.1%			6.0%
Net property income	-1.0%			4.0%

<sup>1</sup> 2021 figures have been restated, see Appendix 9

# APPENDIX 9 - ACCOUNTING POLICY CHANGES

- Impact of 2021 restatements as a result of the change in accounting policy

	31 Dec £m	Restatement <sup>1</sup> £m	Restatement <sup>2</sup> £m	31 Dec Restated £m
<b>Group balance sheet (extract)</b>				
Investment property	5,359.7	1.3	-	5,361.2
Trade and other receivables	61.7	(1.3)	(19.4)	41.0
Cash and cash equivalent	68.5	-	37.0	105.5
Trade and other payables	(128.3)	-	(17.6)	(145.9)
	<b>5,361.8</b>	<b>-</b>	<b>-</b>	<b>5,361.8</b>
<b>Group income statement (extract)</b>				
Net property and other income				
Gross rental income	194.2	1.1	-	195.3
Movement in impairment of receivables	(0.8)	(1.4)	-	(2.2)
Revaluation surplus	130.8	0.3	-	131.1
	<b>324.2</b>	<b>-</b>	<b>-</b>	<b>324.2</b>
<b>Group cash flow statement (extract)</b>				
Net cash from operating activities	125.7	-	(0.8)	124.9
	<b>125.7</b>	<b>-</b>	<b>(0.8)</b>	<b>124.9</b>

- These 2021 adjustments have no impact on EPRA NTA, IFRS profit, net debt or gearing ratios

<sup>1</sup> Restatement in relation to IFRIC Agenda Decision – Forgiveness of lease payments restricted cash and service charge reclassification.

<sup>2</sup> Restatement in relation to IFRIC Agenda Decision – Recognition of Tenant Deposits as

# APPENDIX 10 - GREEN DEBT FACILITIES AND EXPENDITURE

- £650m of green debt facilities
  - £300m green tranche within £450m revolving credit facility
  - £350m green bond
- Proceeds to be used to fund qualifying green expenditure in accordance with the Green Finance Framework

## Eligible green projects (EGP)

- 80 Charlotte Street W1 (completed H1 2020)
- The Featherstone Building EC1 (completed H1 2022)
- 25 Baker Street W1
- Soho Place W1 (completed H1 2022)
  - Soho Place Site B was disposed of in the year and the allocated expenditure of £34.8m has been removed from the qualifying expenditure

## At 31 December 2022

- 2022 qualifying green expenditure £99.9m
- Cumulative qualifying green expenditure £627.9m
- Drawn green borrowings £350.0m
- Available green headroom on facilities £277.9m

## GREEN BORROWINGS AND QUALIFYING EXPENDITURE

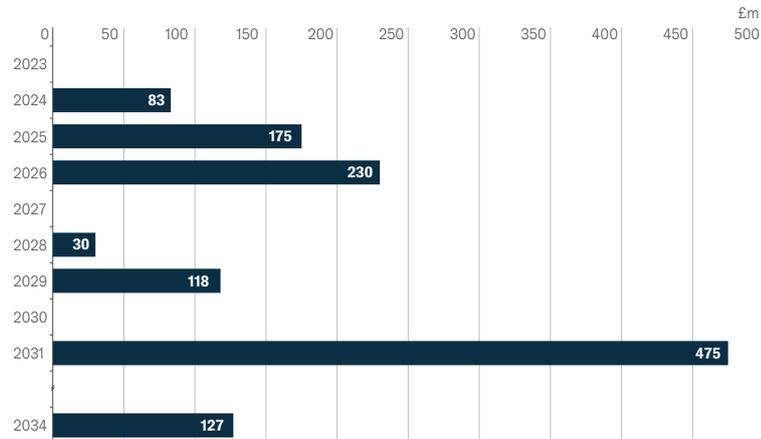


# APPENDIX 11 - DEBT SUMMARY

	Dec 2022	Dec 2021
Bank facilities drawn	-	£10m
Fixed rates borrowings	£1,238m	£1,238m
Drawn facilities	£1,238m	£1,248m
Unutilised facilities and cash <sup>1</sup>	£577m	£608m
Average spot interest rate (cash basis)	3.14%	3.14%
Average spot interest rate (IFRS basis)	3.26%	3.27%
Average maturity of borrowings	6.2 years	7.2 years
EPRA loan-to-value	23.9%	22.3%
NAV gearing	30.8%	28.2%
Net interest cover ratio <sup>2</sup>	423%	463% <sup>3</sup>

	Dec 2022	Dec 2021
Proportion of drawn facilities at fixed rates	100%	99%
Weighted average duration of fixed rate instruments	6.2 years	7.2 years
Mark-to-market of forward-start swap	£5.0m	£(0.8m)

## MATURITY PROFILE OF FIXED RATES



<sup>1</sup> Excludes restricted cash <sup>2</sup> Includes share of joint ventures <sup>3</sup> 2021 figures have been restated, see Appendix 9

## APPENDIX 12 - 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 <sup>1</sup>	19.7	-	19.7	n/a
<b>Non-bank loans</b>	<b>1,257.7</b>	<b>-</b>	<b>1,257.7</b>	
Club revolving credit – unsecured	-	450.0	450.0	October 2026
Bilateral revolving credit – unsecured	-	100.0	100.0	November 2027
<b>Committed bank facilities</b>	<b>-</b>	<b>550.0</b>	<b>550.0</b>	
<b>At 31 December 2022</b>	<b>1,257.7</b>	<b>550.0</b>	<b>1,807.7</b>	

<sup>1</sup>No fixed repayment date

## APPENDIX 13 - NET DEBT

	Dec 2022 £m	Dec 2021 £m
Borrowings – current	19.7	12.3
Borrowings – non-current	1,229.4	1,237.1
Acquired fair value of secured bonds less amortisation	(6.5)	(8.0)
Unamortised discount on unsecured green bonds	1.7	1.8
Equity component of convertible bonds	7.7	7.7
Unwinding of discount of convertible bonds	(4.4)	(3.2)
Unamortised issue and arrangement costs	10.1	12.6
<b>Facilities – drawn</b>	<b>1,257.7</b>	<b>1,260.3</b>
Facilities – undrawn	550.0	540.0
<b>Total debt facilities</b>	<b>1,807.7</b>	<b>1,800.3</b>

	Dec 2022 £m	Dec 2021 £m
Borrowings	1,249.1	1,249.4
Leasehold liabilities	35.0	70.6
Cash at bank excluding restricted cash	(26.9)	(68.5)
<b>Net debt</b>	<b>1,257.2</b>	<b>1,251.5</b>



# VALUATION

---

## Appendices

14.	Property return	70
15.	Valuation performance by village	71
16.	Rental value growth and average rents	72
17.	Valuation yields	73
18.	Context to yield movement	74
19.	Portfolio statistics by village	75

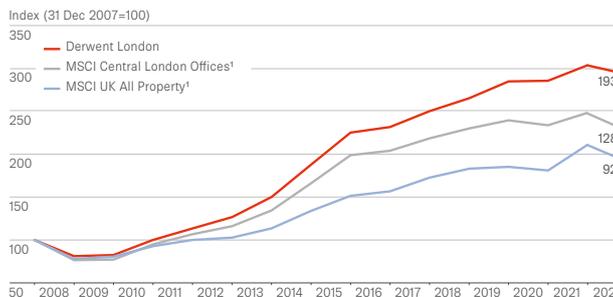
# APPENDIX 14 - PROPERTY RETURN

- Outperformance due to:
  - Resilience of high quality buildings
  - Surplus from development completions
    - Soho Place W1 and The Featherstone Building EC1
  - Asset locations – 70% of portfolio in the West End
  - Asset management and new lettings

## TOTAL PROPERTY RETURN



## CUMULATIVE TOTAL PROPERTY RETURN



<sup>1</sup> Quarterly Index

# APPENDIX 15 - VALUATION PERFORMANCE BY VILLAGE

	Valuation Dec 2022 £m	Weighting Dec 2022 %	Valuation movement 2022 <sup>1</sup> %
<b>West End Central</b>			
Fitzrovia <sup>2</sup>	1,772.9	33	(8.2)
Victoria	492.0	9	(7.2)
Soho/Covent Garden	396.0	8	10.7
Paddington	372.5	7	(5.5)
Marylebone	225.3	4	3.4
Mayfair	105.0	2	(1.2)
	<b>3,363.7</b>	<b>63</b>	<b>(4.9)</b>
<b>West End Borders &amp; Other</b>			
Islington/Camden	348.6	6	(12.9)
Brixton	28.0	1	(13.3)
	<b>376.6</b>	<b>7</b>	<b>(12.9)</b>
<b>West End</b>	<b>3,740.3</b>	<b>70</b>	<b>(5.8)</b>
<b>City Borders</b>			
Old Street	654.1	12	(8.9)
Clerkenwell	445.2	9	(6.9)
Shoreditch/Whitechapel	391.3	7	(12.2)
Southbank	53.9	1	(7.0)
<b>City Borders</b>	<b>1,544.5</b>	<b>29</b>	<b>(9.2)</b>
<b>Central London</b>	<b>5,284.8</b>	<b>99</b>	<b>(6.8)</b>
Provincial	79.4	1	(5.7)
<b>Investment portfolio</b>	<b>5,364.2</b>	<b>100</b>	<b>(6.8)</b>

<sup>1</sup> Underlying – properties held throughout the period    <sup>2</sup> Includes North of Oxford Street

# APPENDIX 16 - RENTAL VALUE GROWTH AND AVERAGE RENTS

## RENTAL VALUE GROWTH<sup>1</sup>

	2021 %	H1 2022 %	H2 2022 %	2022 %
West End	(0.5)	0.5	0.7	1.2
City Borders	0.3	1.6	0.0	1.6
<b>Central London</b>	<b>(0.2)</b>	<b>0.9</b>	<b>0.5</b>	<b>1.4</b>
Provincial	0.1	(0.3)	0.4	0.1
<b>Underlying</b>	<b>(0.2)</b>	<b>0.8</b>	<b>0.5</b>	<b>1.3</b>

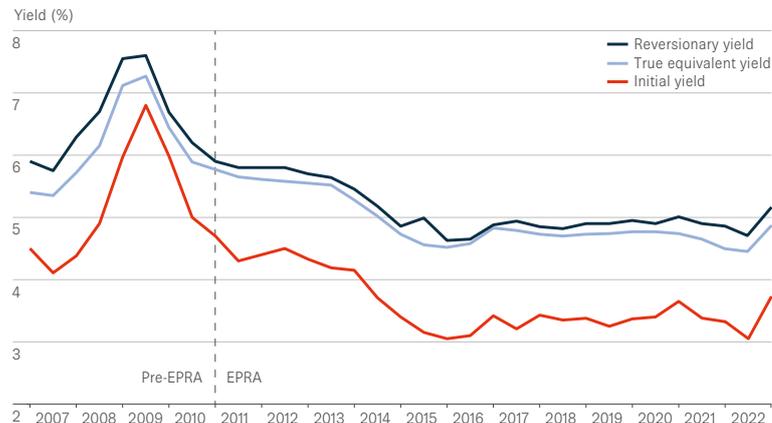
## AVERAGE RENTS - CENTRAL LONDON OFFICES

	Portfolio % <sup>2</sup>	Passing rent £ psf <sup>3</sup>	'Topped-up' rent £ psf <sup>3</sup>	ERV £ psf <sup>4</sup>
Core income	57	50.97	65.89	67.29
Potential projects	35	43.54	47.82	49.09
	<b>92</b>	<b>48.37</b>	<b>59.57</b>	<b>60.77</b>
On-site developments	8	-	-	85.15
<b>Total</b>	<b>100</b>	<b>-</b>	<b>59.57</b>	<b>62.66</b>

<sup>1</sup> On EPRA portfolio    <sup>2</sup> Portfolio area    <sup>3</sup> Occupied office area    <sup>4</sup> Total office area

# APPENDIX 17 - VALUATION YIELDS

## YIELD PROFILE<sup>1</sup>



## EPRA INITIAL YIELDS

	Net initial yield %	'Topped-up' initial yield %
West End	3.5	4.5
City Borders	4.1	4.6
<b>Central London</b>	<b>3.7</b>	<b>4.6</b>
Provincial	8.0	8.5
<b>EPRA portfolio</b>	<b>3.7</b>	<b>4.6</b>

## TRUE EQUIVALENT YIELDS<sup>2</sup>

	Dec 2021 %	H1 2022 movement basis points	Jun 2022 %	H2 2022 movement basis points	Dec 2022 %
West End	4.37	(4)	4.33	38	4.71
City Borders	4.69	(5)	4.64	47	5.11
<b>Central London</b>	<b>4.47</b>	<b>(4)</b>	<b>4.43</b>	<b>40</b>	<b>4.83</b>
Provincial	8.13	(12)	8.01	131	9.32
<b>Underlying</b>	<b>4.50</b>	<b>(4)</b>	<b>4.46</b>	<b>42</b>	<b>4.88</b>

<sup>1</sup> Six-monthly data    <sup>2</sup> On EPRA portfolio

# APPENDIX 18 - CONTEXT TO YIELD MOVEMENT

- As at 31 December 2022
  - Derwent London true equivalent yield of 4.88% (+38bp in 2022)
  - BBB yield 6.17% (+379bp in 2022)
  - UK 10-year Gilt yield of 3.67% (+270bp in 2022)

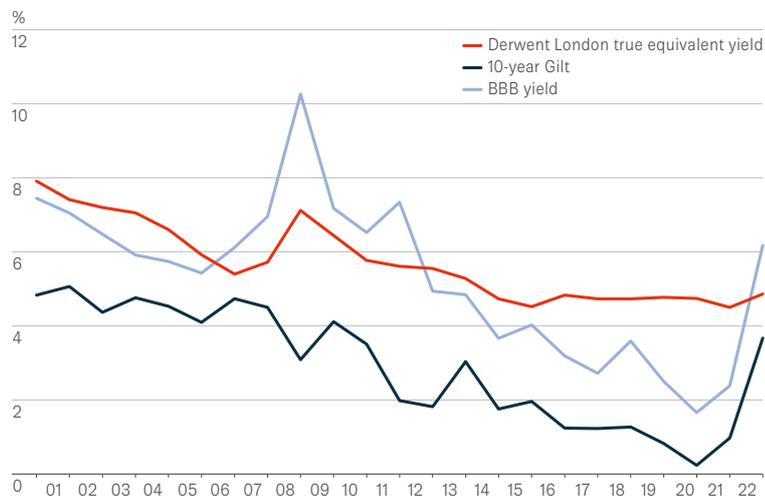
## • Capital values<sup>2</sup>

- Central London      £1,070 psf
  - West End            £1,163 psf
  - City Borders        £907 psf

## • Portfolio breakdown

Valuation	Number of properties	Weighting %
> £300m	4	32
£200m – £300m	3	15
£100m – £200m	11	28
£50m – £100m	10	13
< £50m	42	12
	<b>70</b>	<b>100</b>

## VALUATION YIELDS<sup>1</sup>



<sup>1</sup> Post H2 2010 portfolio on an EPRA basis    <sup>2</sup> Excludes 0.44m sq ft of on-site developments - Appendix 51

# APPENDIX 19 - PORTFOLIO STATISTICS BY VILLAGE

	Valuation £m	Weighting %	Floor area <sup>1</sup> '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 reversion <sup>2</sup> £m pa	Total reversion £m pa	Estimated rental value £m pa
<b>West End Central</b>										
Fitzrovia <sup>3</sup>	1,772.9	33	1,612	192	63.4	45.01	15.4	20.8	36.2	99.6
Victoria	492.0	9	521	19	15.3	30.46	1.0	9.9	10.9	26.2
Soho/Covent Garden	396.0	8	225	33	12.8	71.53 <sup>4</sup>	3.3	4.0	7.3	20.1
Paddington	372.5	7	243	-	14.4	60.53	-	3.0	3.0	17.4
Marylebone	225.3	4	358	273	2.5	48.19	18.8	0.1	18.9	21.4
Mayfair	105.0	2	43	-	2.2	51.22 <sup>5</sup>	-	2.1	2.1	4.3
	<b>3,363.7</b>	<b>63</b>	<b>3,002</b>	<b>517</b>	<b>110.6</b>	<b>45.83</b>	<b>38.5</b>	<b>39.9</b>	<b>78.4</b>	<b>189.0</b>
<b>West End Borders &amp; Other</b>										
Islington/Camden	348.6	6	376	10	20.5	56.42	0.2	0.2	0.4	20.9
Brixton	28.0	1	53	8	0.7	14.60	0.2	0.3	0.5	1.2
	<b>376.6</b>	<b>7</b>	<b>429</b>	<b>18</b>	<b>21.2</b>	<b>51.82</b>	<b>0.4</b>	<b>0.5</b>	<b>0.9</b>	<b>22.1</b>
<b>West End</b>	<b>3,740.3</b>	<b>70</b>	<b>3,431</b>	<b>535</b>	<b>131.8</b>	<b>46.69</b>	<b>38.9</b>	<b>40.4</b>	<b>79.3</b>	<b>211.1</b>
<b>City Borders</b>										
Old Street	654.1	12	605	94	28.1	54.88	6.2	3.4	9.6	37.7
Clerkenwell	445.2	9	493	-	20.4	43.86	-	3.7	3.7	24.1
Shoreditch/Whitechapel	391.3	7	545	163	17.2	45.11	5.0	2.1	7.1	24.3
Southbank	53.9	1	60	-	2.3	38.72	-	0.4	0.4	2.7
<b>City Borders</b>	<b>1,544.5</b>	<b>29</b>	<b>1,703</b>	<b>257</b>	<b>68.0</b>	<b>47.88</b>	<b>11.2</b>	<b>9.6</b>	<b>20.8</b>	<b>88.8</b>
<b>Central London</b>	<b>5,284.8</b>	<b>99</b>	<b>5,134</b>	<b>792</b>	<b>199.8</b>	<b>47.09</b>	<b>50.1</b>	<b>50.0</b>	<b>100.1</b>	<b>299.9</b>
Provincial	79.4	1	326	12	4.4	14.15	0.2	0.1	0.3	4.7
<b>Investment portfolio</b>	<b>5,364.2</b>	<b>100</b>	<b>5,460</b>	<b>804</b>	<b>204.2</b>	<b>44.86</b>	<b>50.3</b>	<b>50.1</b>	<b>100.4</b>	<b>304.6</b>

<sup>1</sup> Includes 0.44m sq ft of on-site developments

<sup>2</sup> Contractual uplifts, rent review/lease renewal reversion and pre-lets

<sup>3</sup> Includes North of Oxford Street

<sup>4</sup> Contracted rent of £92.43 psf after incentives

<sup>5</sup> Contracted rent of £105.30 psf after excluding owner-occupied space



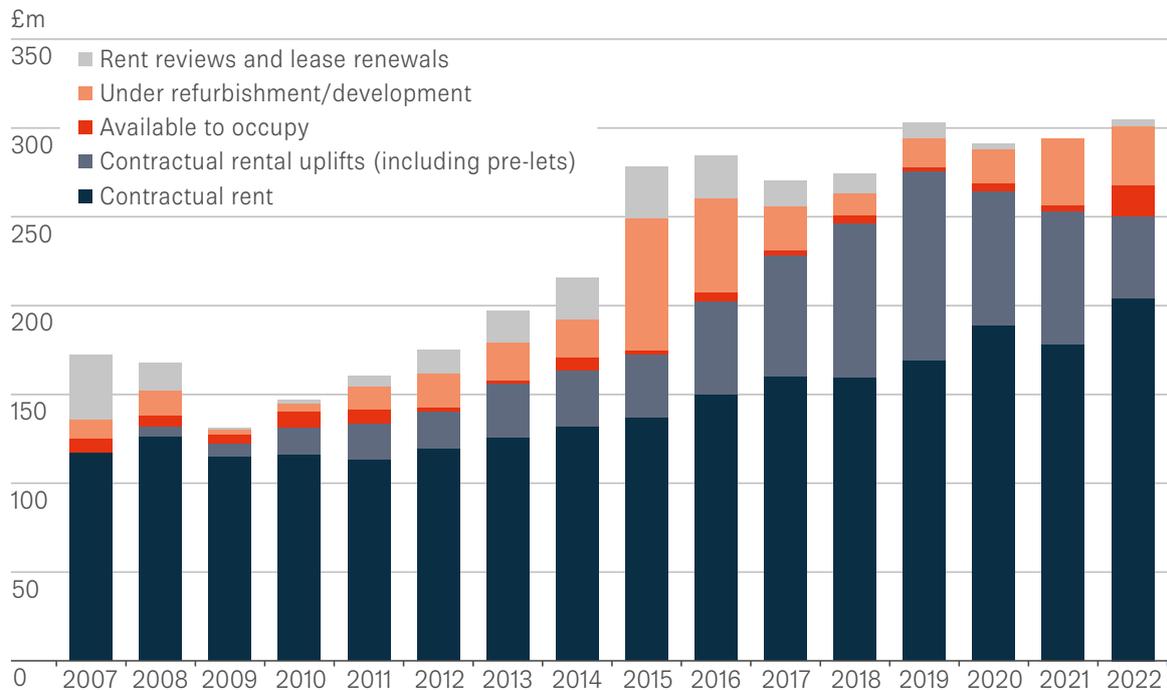
# PORTFOLIO INCOME PROFILE

---

## Appendices

20.	Evolution of portfolio ERV	77
21.	Build-up of portfolio ERV	78
22.	Available space and projects	79
23.	Vacancy rate and lease expiry analysis	80
24.	Lease expiry profile and lease length	81
25.	Timing of the reversion	82
26.	Portfolio summary	83
27.	Major tenants	84
28.	Rent and tenant banding	85
29.	Office rent profile	86
30.	Key lettings: new occupiers	87
31.	Key asset management transactions	88

# APPENDIX 20 - EVOLUTION OF PORTFOLIO ERV



# APPENDIX 21 - BUILD-UP OF PORTFOLIO ERV

	£m	Rent uplift pa £m	Rent pa £m
<b>Contracted rental income, net of ground rents</b>			<b>204.2</b>
<b>Contractual rental uplifts</b>			
80 Charlotte Street W1	12.2		
Horseferry House SW1	5.2		
Soho Place W1	4.0		
Brunel Building W2	3.1		
Francis House SW1	2.9		
88 Rosebery Avenue EC1	2.4		
Other	16.6	46.4	
<b>Vacant space<sup>1</sup></b>			
Available to occupy	17.3		
Under refurbishment	2.7	20.0	
<b>Lease reversions</b>			
Anticipated rent reviews and lease renewals	8.2		
Future contracted rent above ERV	(4.5)	3.7	70.1
			274.3
<b>On-site developments (non-EPRA)<sup>2</sup></b>			
Pre-let element	-		
Available	30.3		30.3
<b>Estimated rental value</b>			<b>304.6</b>

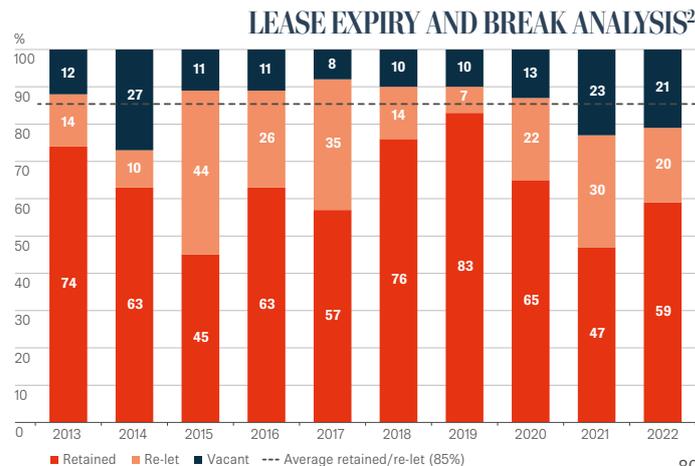
<sup>1</sup> Detailed in Appendix 22 <sup>2</sup> Capex to complete £330m excluding capitalised interest – see Appendix 51

# APPENDIX 22 - AVAILABLE SPACE AND PROJECTS

	Vacant area '000 sq ft	Pre-let/ sold 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
<b>Available to occupy</b>									
The Featherstone Building EC1	86	-	86	5.9	-	5.9	-	5.9	31,100 sq ft let in Q1 at £2.3m pa
The White Chapel Building E1	140	-	140	3.6	-	3.6	-	3.6	
Soho Place W1	33	-	33	3.2	-	3.2	-	3.2	
Greencoat & Gordon House SW1	16	-	16	0.9	-	0.9	-	0.9	4,000 sq ft under offer
Tea Building E1	15	-	15	0.9	-	0.9	-	0.9	8,100 sq ft let in Q1 at £0.5m pa
Other	69	-	69	2.8	-	2.8	-	2.8	
	<b>359</b>	<b>-</b>	<b>359</b>	<b>17.3</b>	<b>-</b>	<b>17.3</b>	<b>-</b>	<b>17.3</b>	
<b>Refurbishments</b>									
45-51 Whitfield Street W1	11	-	11	0.8	-	0.8	-	0.8	
Middlesex House W1	11	-	11	0.7	-	0.7	-	0.7	
Tea Building E1	7	-	7	0.4	-	0.4	-	0.4	
Other	12	-	12	0.8	-	0.8	-	0.8	
	<b>41</b>	<b>-</b>	<b>41</b>	<b>2.7</b>	<b>-</b>	<b>2.7</b>	<b>-</b>	<b>2.7</b>	
<b>On-site developments</b>									
25 Baker Street W1	267	31	298	18.9	0.5	18.4	-	18.4	106,100 sq ft let in Q1 at £11.0m pa
Network W1	137	-	137	11.9	-	11.9	-	11.9	
	<b>404</b>	<b>31</b>	<b>435</b>	<b>30.8</b>	<b>0.5</b>	<b>30.3</b>	<b>-</b>	<b>30.3</b>	
<b>Total</b>	<b>804</b>	<b>31</b>	<b>835</b>	<b>50.8</b>	<b>0.5</b>	<b>50.3</b>	<b>-</b>	<b>50.3</b>	

# APPENDIX 23 - VACANCY RATE AND LEASE EXPIRY ANALYSIS

- Derwent London EPRA vacancy rate<sup>1</sup> of 6.4% at Dec 2022
  - 6.5% in Jun 2022 and 1.6% in Dec 2021
  - Reduces to 5.0% following 2023 YTD letting activity
- CBRE central London office vacancy rate of 8.2%
  - 8.0% in Jun 2022 and 8.6% in Dec 2021
  - 5.3% LTA (long-term average)
- By CBRE sub-area
  - West End 3.7% (4.8% in Dec 2021, 4.2% LTA)
  - City 11.9% (12.2% in Dec 2021, 6.9% LTA)
- £13.2m of income exposed to breaks/expiries in 2022 (excluding disposals/projects)
  - 79% of income retained or re-let
  - 85% 10-year average



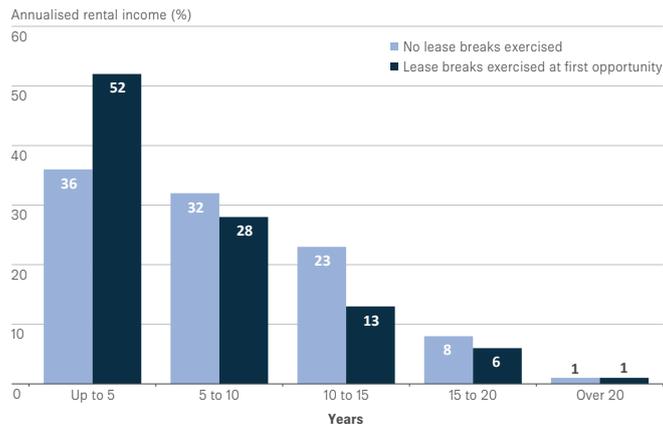
<sup>1</sup> Calculated as space immediately available to occupy    <sup>2</sup> As at end of reporting period

# APPENDIX 24 - LEASE EXPIRY PROFILE AND LEASE LENGTH

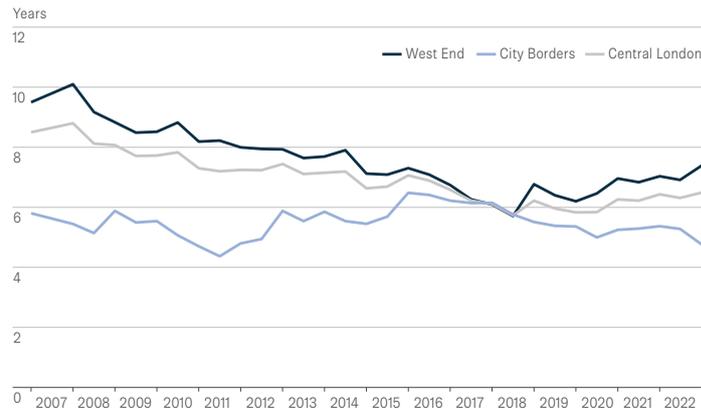
## EXPIRIES AND BREAKS AS A PERCENTAGE OF PORTFOLIO INCOME<sup>1</sup>

	West End	City Borders	Provincial	2023	2024	2025	2026	2027	Total
Expiries	2	2	-	4	4	11	3	5	27
Rolling breaks	1	-	-	1	1	-	-	-	2
Single breaks	1	4	-	5	10	5	1	2	23
<b>Total</b>	<b>4</b>	<b>6</b>	<b>-</b>	<b>10</b>	<b>15</b>	<b>16</b>	<b>4</b>	<b>7</b>	<b>52</b>

## PROFILE OF RENTAL INCOME EXPIRY<sup>1</sup>



## AVERAGE UNEXPIRED LEASE LENGTH<sup>2</sup>

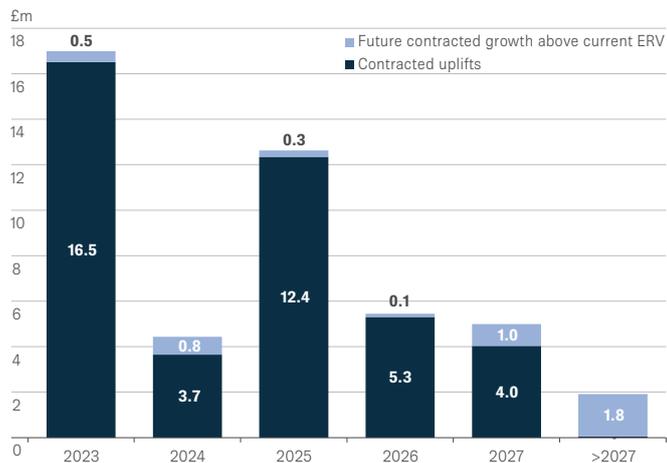


- Average lease length 6.4 years (Dec 2021: 6.3 years)
  - 7.2 years after adjusting for 'topped-up' rents (Dec 2021: 7.8 years)

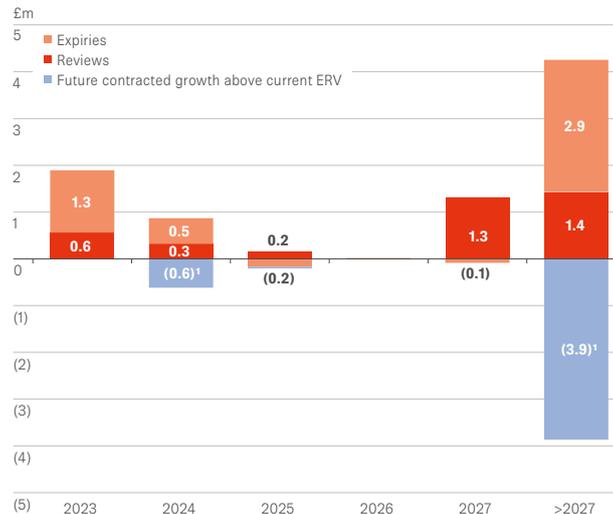
<sup>1</sup> Based upon annualised rental income of £204.2m <sup>2</sup> Lease length weighted by rental income and assuming tenants break at first opportunity

# APPENDIX 25 - TIMING OF THE REVERSION

## CONTRACTED UPLIFTS AND PRE-LETS: £46.4M



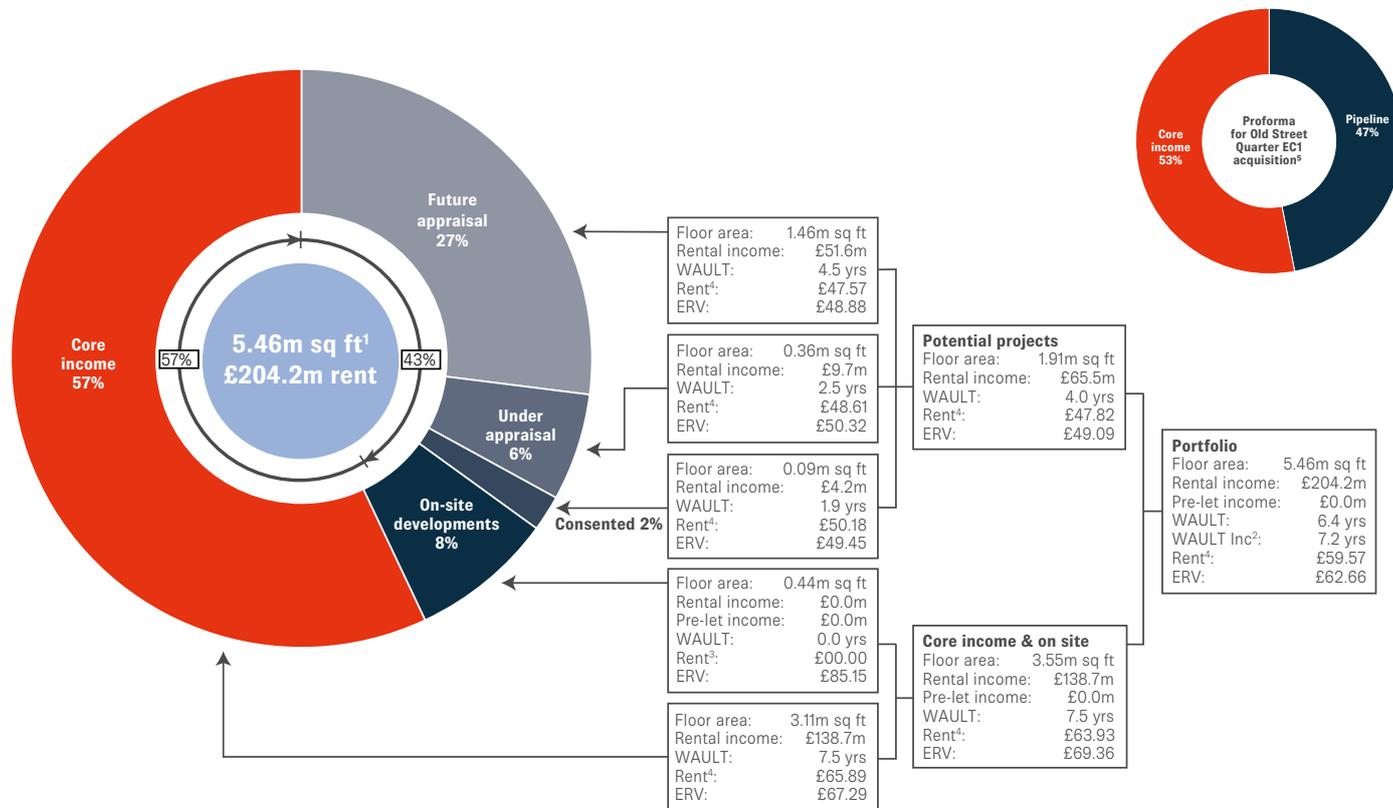
## REVIEWS AND EXPIRIES: £8.2M



	2023	2024	2025	2026	2027	>2027
<b>Rent psf</b>	£51	£49	£52	£54	£43	£74
<b>ERV psf</b>	£55	£49	£53	£57	£56	£67
<b>Uplift</b>	8%	0%	2%	6%	30%	(9%)

<sup>1</sup> Predominantly due to contracted uplifts reverting to Dec 2022 ERV at lease expiry

# APPENDIX 26 - PORTFOLIO SUMMARY



<sup>1</sup> Comprises 5.02m sq ft of existing buildings plus 0.44m sq ft of on-site developments <sup>2</sup> After adjusting for 'topped-up' rents and pre-lets – Appendix 24

<sup>3</sup> 'Topped-up' office rent including development pre-lets <sup>4</sup> 'Topped-up' office rent <sup>5</sup> Existing area 400,000 sq ft on a 2.5 acre site

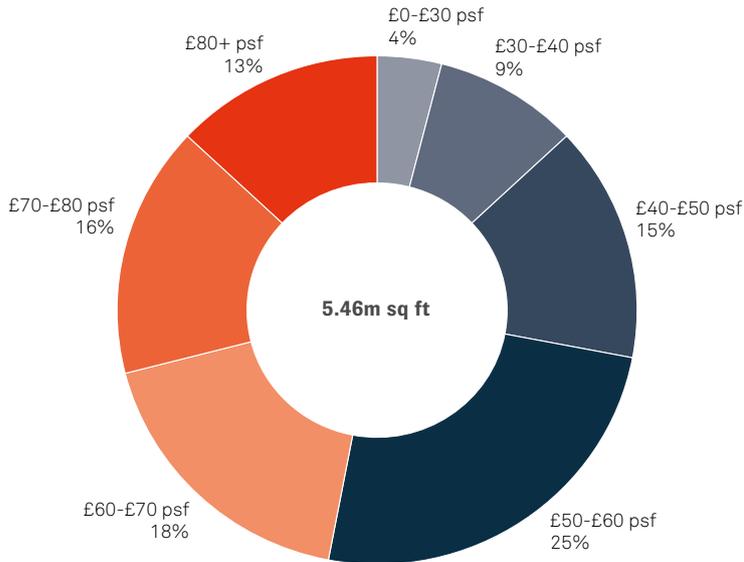
# APPENDIX 27 - MAJOR TENANTS

			'Topped-up' income %			
		01	Expedia	6.2		
		02	Public sector <sup>1</sup>	5.9		
		03	Burberry	5.8		
		04	Boston Consulting Group	5.5		
		05	G-Research	4.3		
		06	Arup	3.8		
		07	Apollo	3.1		
		08	The Office Group/Fora	3.1		
		09	Sony Pictures	1.9		
		10	FremantleMedia Group	1.8		
		11	VCCP	1.7		
		12	Adobe	1.6		
		13	Publicis Groupe	1.5		
		14	Splunk	1.5		
		15	Soho House	1.4		
		16	Accenture	1.4		
		17	Telecity Group/Digital London	1.3		
		18	Morningstar	1.2		
		19	Ticketmaster	1.2		
		20	Edelman	1.2		
			<b>Total</b>	<b>55.4</b>		

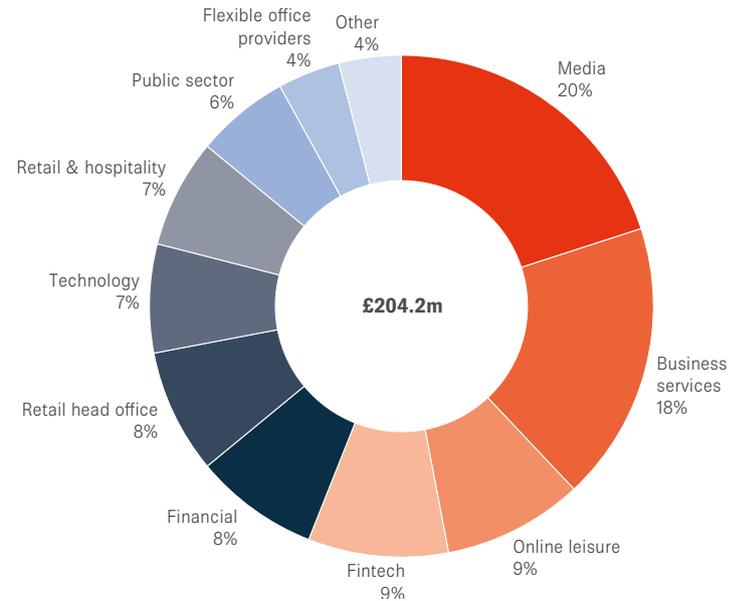
<sup>1</sup> Includes universities, the NHS and central government departments

# APPENDIX 28 - RENT AND TENANT BANDING

**CENTRAL LONDON 'TOPPED-UP'  
OFFICE RENT BANDING<sup>1</sup>**

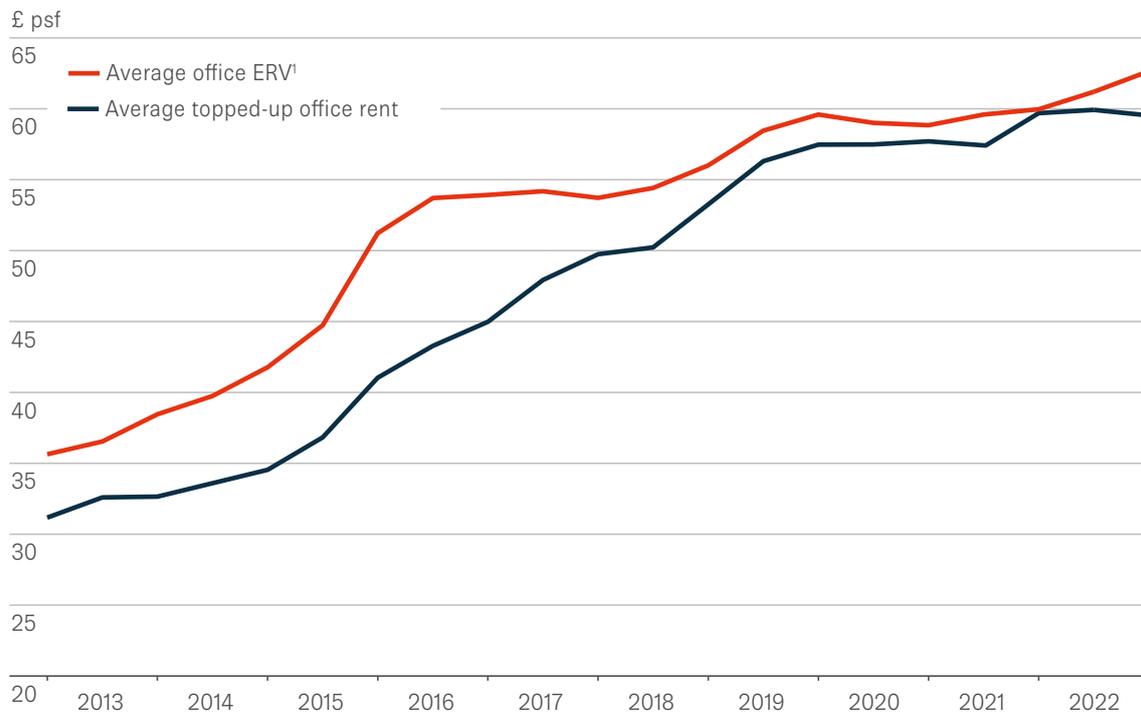


**PROFILE OF TENANTS'  
BUSINESS SECTOR<sup>2</sup>**



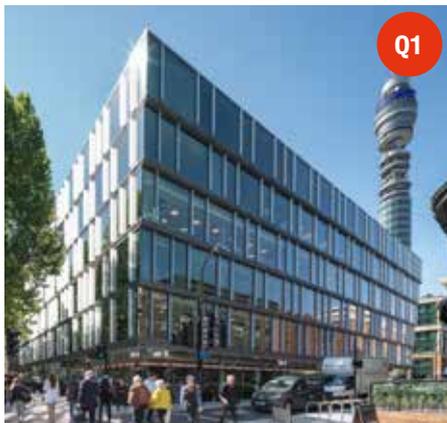
<sup>1</sup> Based on floor area    <sup>2</sup> Based on annualised rental income

# APPENDIX 29 - OFFICE RENT PROFILE



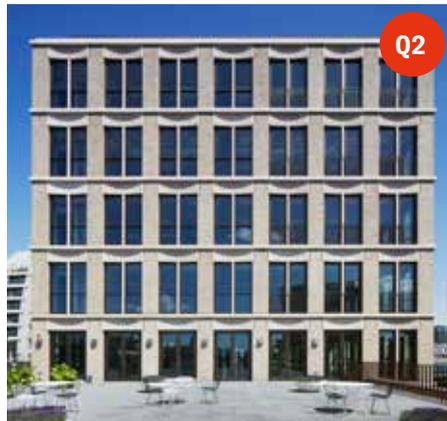
<sup>1</sup> Includes ERV of on-site schemes

# APPENDIX 30 - KEY LETTINGS: NEW OCCUPIERS



## 90 Whitfield Street W1

- Michael Kors
- 18,850 sq ft on 2nd floor
- £1.4m pa at £72.50 psf
- 10-year lease, no breaks
- 7.5% above Dec 2021 ERV



## The Featherstone Building EC1

- Marshmallow
- 16,220 sq ft on 1st floor
- £1.2m pa at £71.50 psf
- 10-year lease, break at year 6
- 10.0% above Dec 2021 ERV



## The Featherstone Building EC1

- Dept Agency
- 11,450 sq ft on 9th and 10th floors
- £1.0m pa averaging £85.25 psf
  - £90 psf on 10th/£83 psf on 9th
- 10-year lease, break at year 5
- 10.0% above Dec 2021 ERV



# APPENDIX 31 - KEY ASSET MANAGEMENT TRANSACTIONS



## 1 Oliver's Yard EC1

- Morningstar
- Renewal Q2 2022 on 49,640 sq ft
- Lease extended by four years to Jun 2027 (from Jun 2023)
- Income increased 18.8% to £3.0m pa
- 14.2% above the net effective ERV

**MORNINGSTAR**



## 1 Page Street SW1

- Burberry
- Regear Q4 2022 on 127,850 sq ft
- Tenant break moved out to Dec 2025, from Jun 2023
- Income unchanged at £5.9m pa

**BURBERRY**



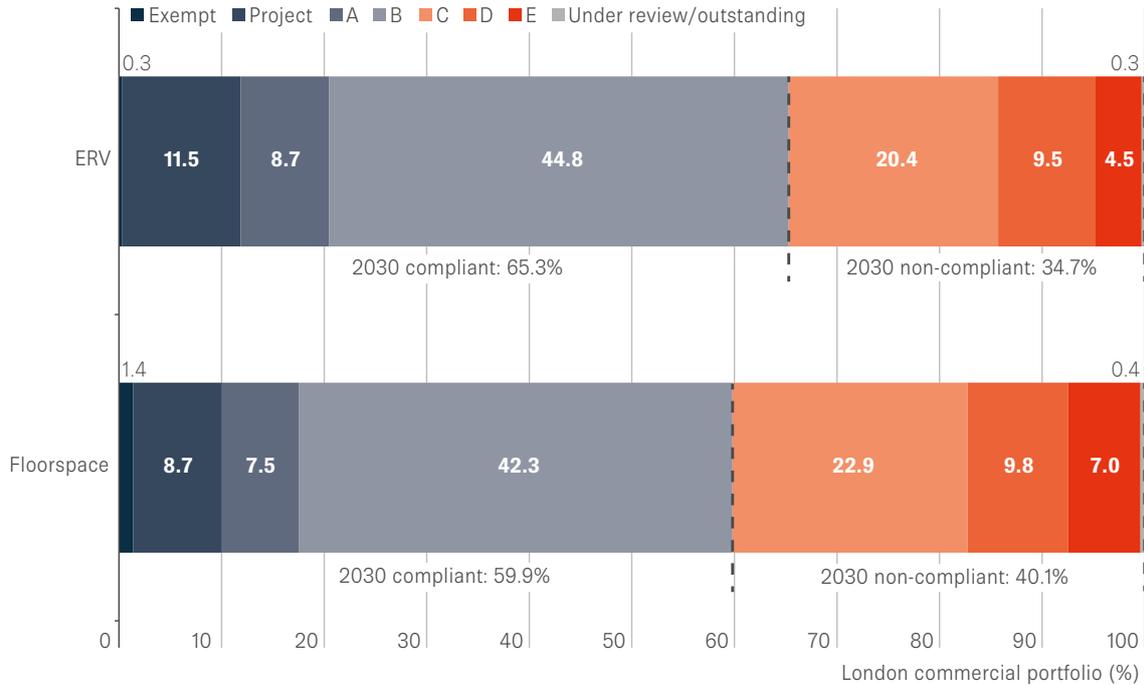
# SUSTAINABILITY

---

## Appendices

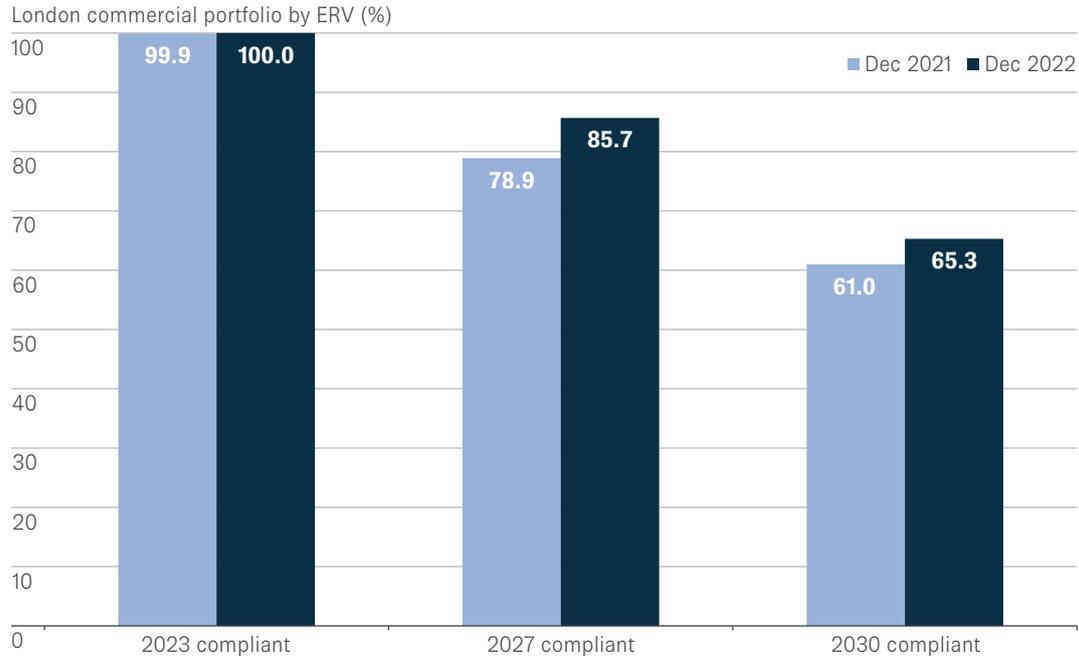
32.	Portfolio EPC profile	90
33.	EPC rating progression	91
34.	DL's Net Zero Carbon 2030 pathway	92
35.	Embodied carbon	93

# APPENDIX 32 - PORTFOLIO EPC PROFILE<sup>1</sup>



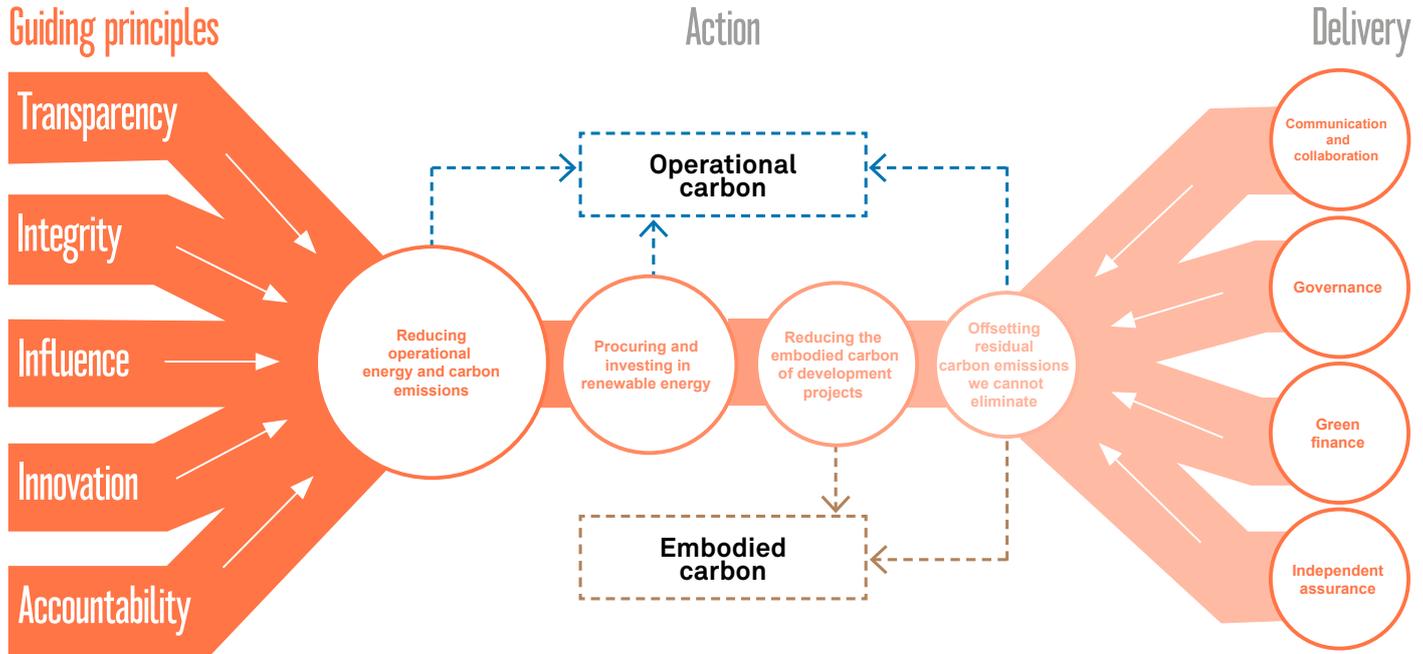
<sup>1</sup> London commercial portfolio excluding 19 Charterhouse Street EC1 that was sold in Q1 2023

# APPENDIX 33 - EPC RATING PROGRESSION<sup>1</sup>



<sup>1</sup> London commercial portfolio excluding 19 Charterhouse Street EC1 that was sold in Q1 2023

# APPENDIX 34 - DL'S NET ZERO CARBON 2030 PATHWAY



# APPENDIX 35 - EMBODIED CARBON

Year	Scheme	Embodied carbon footprint tCO <sub>2</sub> e	Embodied carbon intensity kgCO <sub>2</sub> e/sqm
2020	80 Charlotte Street W1	19,790	506
2021	19-23 Fitzroy Street W1	18	36
	3-5 Rathbone Place W1	162	185
	6-8 Greencoat Place SW1	763	191
	DL/78 W1	93	122
2022	1 Soho Place W1	16,401	550
	The Featherstone Building EC1	8,603	539
	Francis House SW1	1,280	269
	The White Chapel Building E1 <sup>1</sup>	143	29
	Tea Building E1 <sup>2</sup>	172	82
	43 Whitfield Street W1	94	44
	90 Whitfield Street W1 <sup>1</sup>	230	108
2025	25 Baker Street W1 <sup>3</sup>	23,006	c.600
	Network W1 <sup>3</sup>	9,371	530

<sup>1</sup> Part fit-out   <sup>2</sup> Unit refurbishment   <sup>3</sup> Stage 4 or 5 design estimate



80 Charlotte Street W1



# LONDON OFFICE MARKET

---

## Appendices

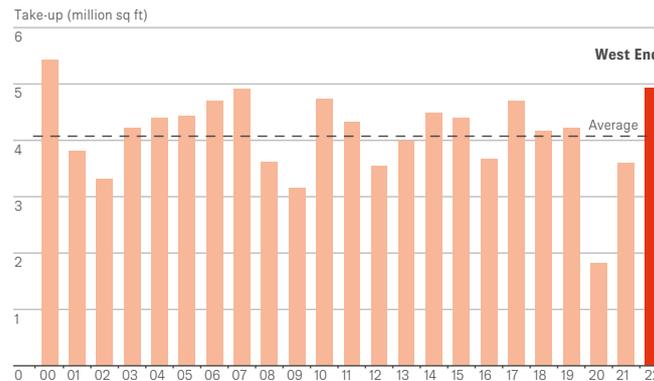
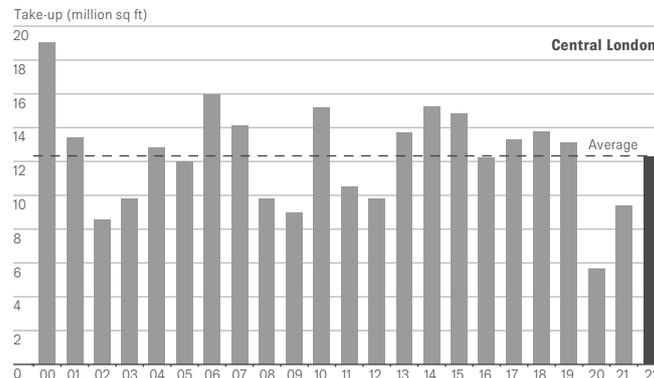
36.	Demand	95
37.	Take-up by type	96
38.	Space under offer	97
39.	Supply	98
40.	Development letting timescale	99
41.	Available office space	100
42.	Availability	101
43.	Take-up and availability	102
44.	Prime office rents	103
45.	Investment market	104
46.	Investment demand	105

# APPENDIX 36 - DEMAND

## Market statistics

- Central London
  - 12.3m sq ft of take-up in 2022
    - 29% above 2021
    - In line with the LTA
    - Activity by sector: 28% banking & finance, 17% creative industries, 17% professional, 15% business services, 8% manufacturing, industrial & energy, 7% consumer services & leisure, 4% public sector and 4% insurance
- West End
  - 4.9m sq ft of take-up in 2022
    - 36% above 2021
    - 20% above LTA
    - The highest level since 2000

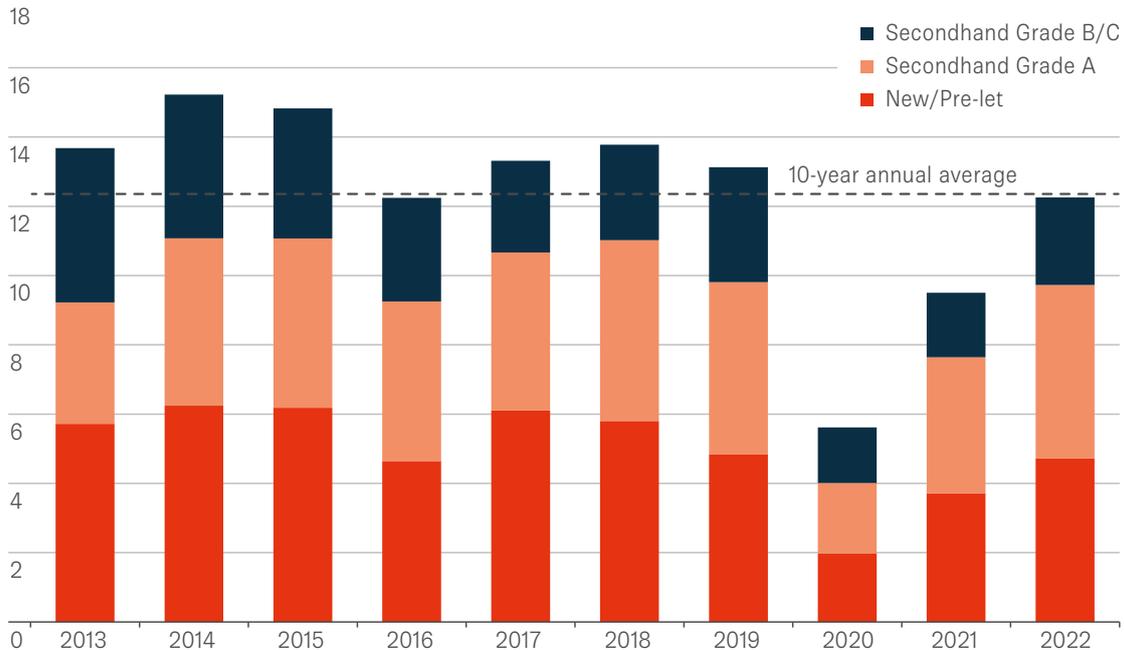
## OFFICE TAKE-UP



Source: CBRE

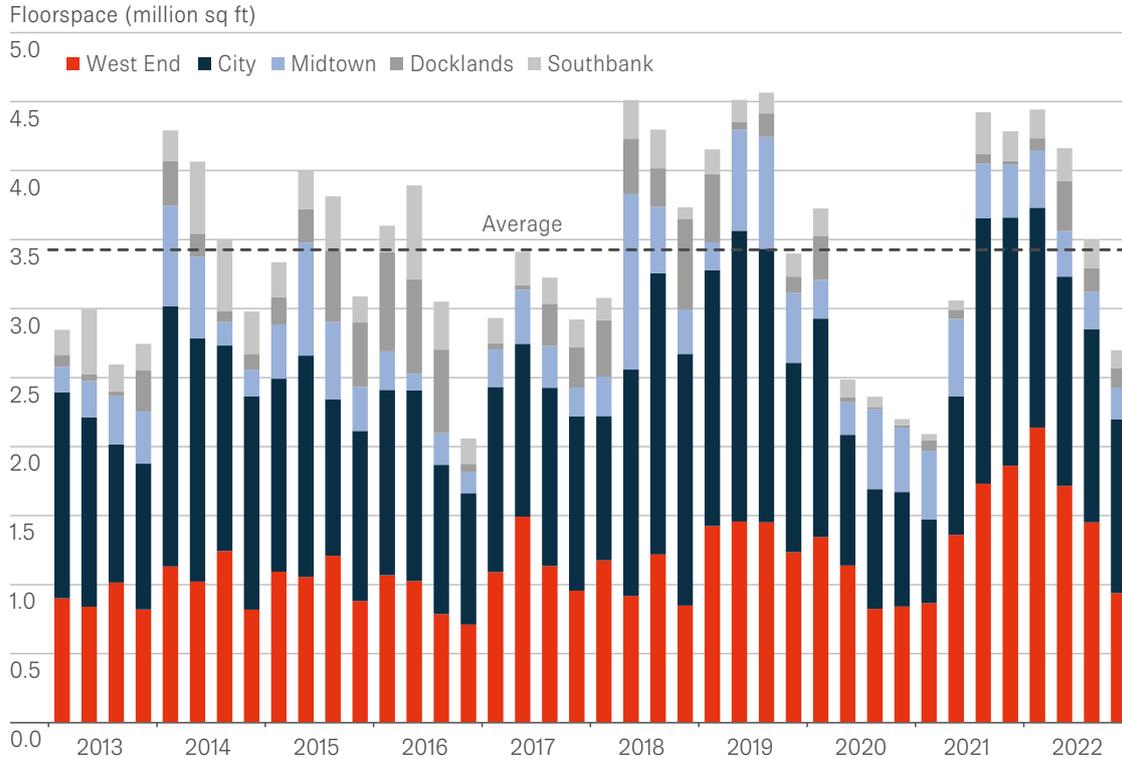
# APPENDIX 37 - TAKE-UP BY TYPE

Central London office take-up (million sq ft)



Source: CBRE

# APPENDIX 38 - SPACE UNDER OFFER



Source: CBRE

# APPENDIX 39 - SUPPLY

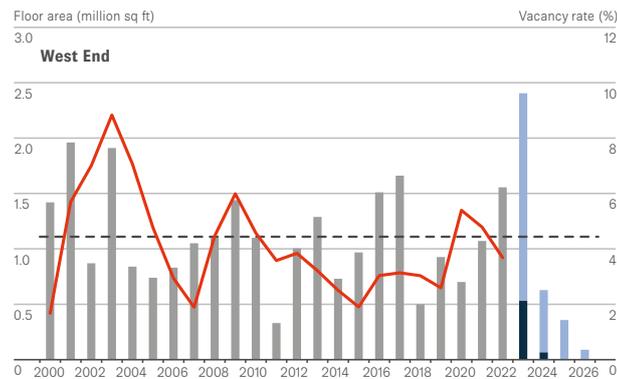
## Existing supply

- Central London vacancy rate of 8.2% at year end
  - 8.6% at Q4 2021 and 8.0% at Q2 2022
  - LTA of 5.3%
    - 64% secondhand (72% in Q4 2021)
    - 28% tenant controlled (26% in Q4 2021)
- West End vacancy rate of 3.7%
  - Down from 4.8% Q4 2021
  - Below 4.2% LTA
- City vacancy rate of 11.9%
  - Down from 12.2% a year earlier
  - Substantially higher than 6.9% LTA

## Future supply

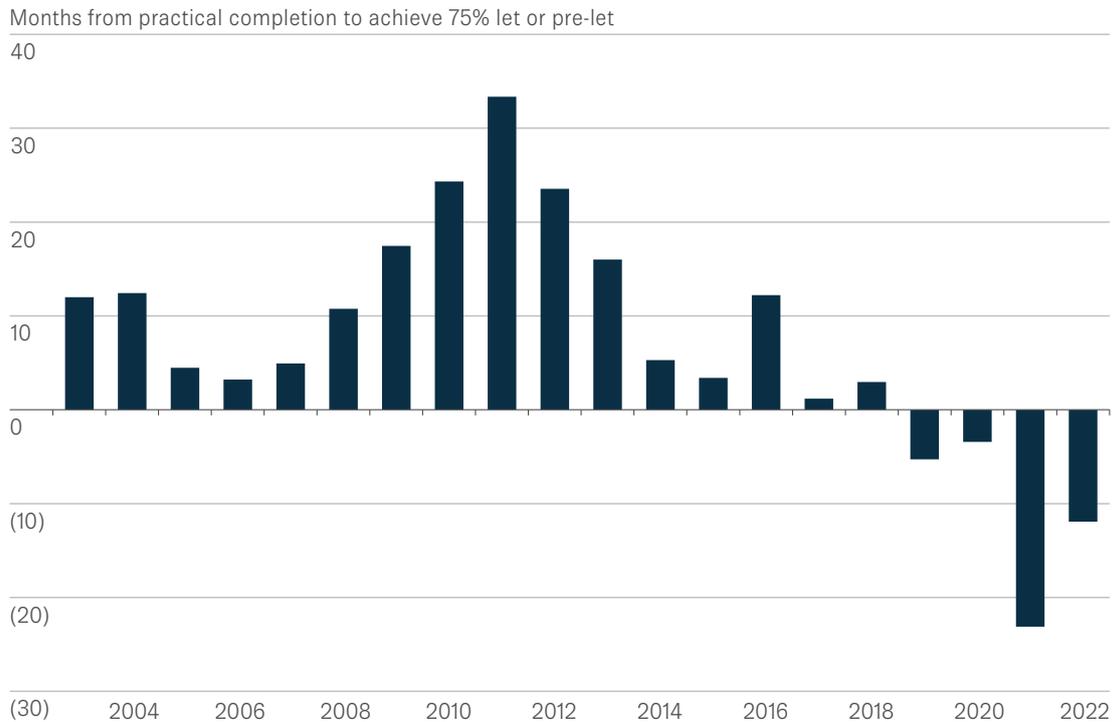
- 2022 development completions of 3.8m sq ft
  - 18% below LTA (4.6m sq ft)
- 13.1m sq ft on site (35% pre-let or under offer)
  - 7.1m sq ft expected to complete in 2023
  - 3.9m sq ft in 2024

## OFFICE DEVELOPMENT PIPELINE



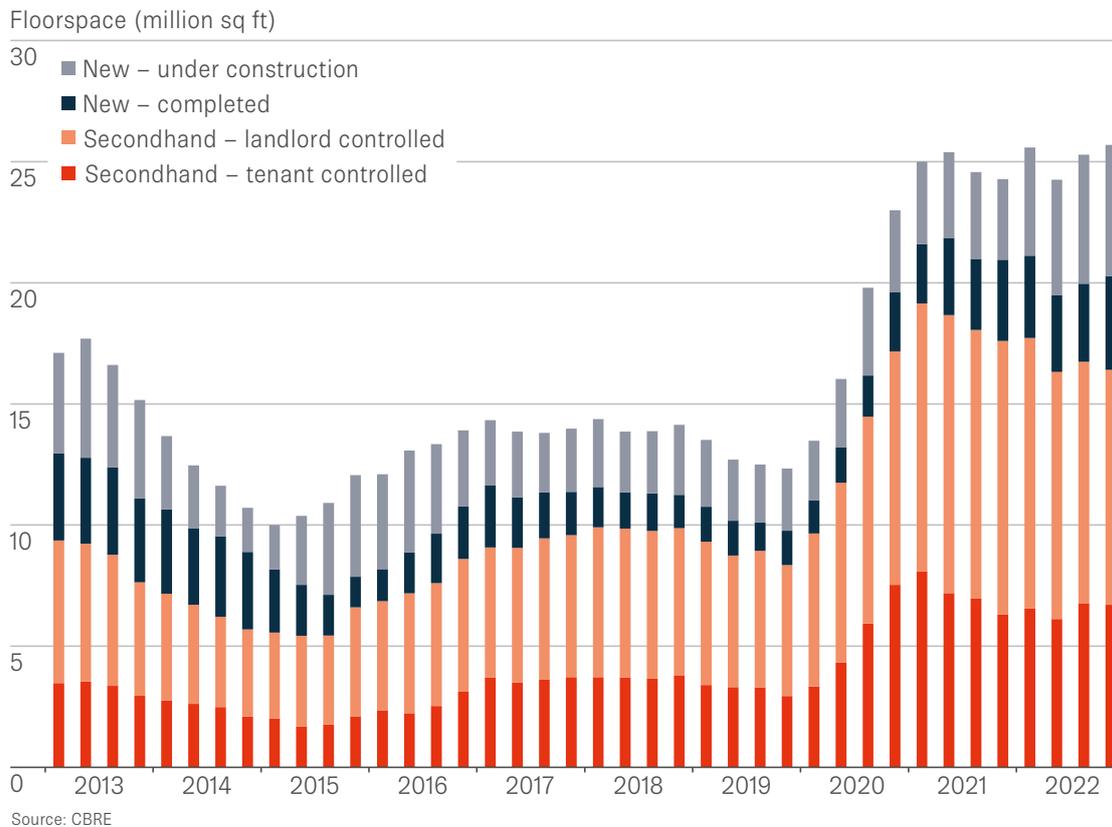
Source: CBRE

# APPENDIX 40 - DEVELOPMENT LETTING TIMESCALE

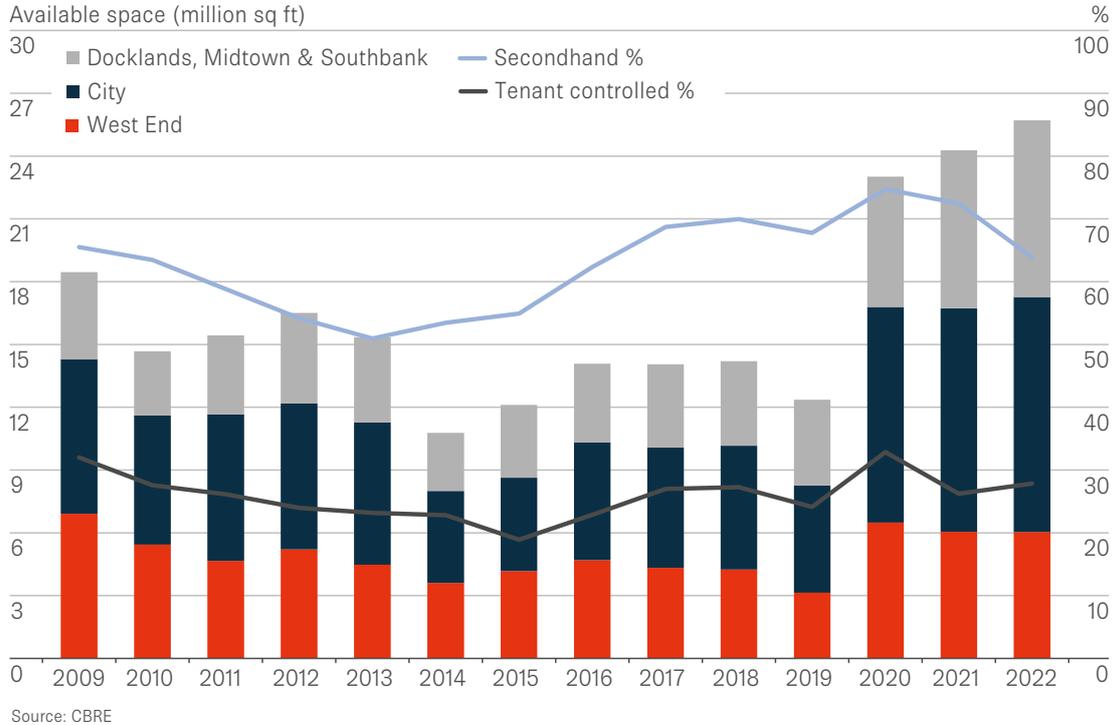


Source: CBRE

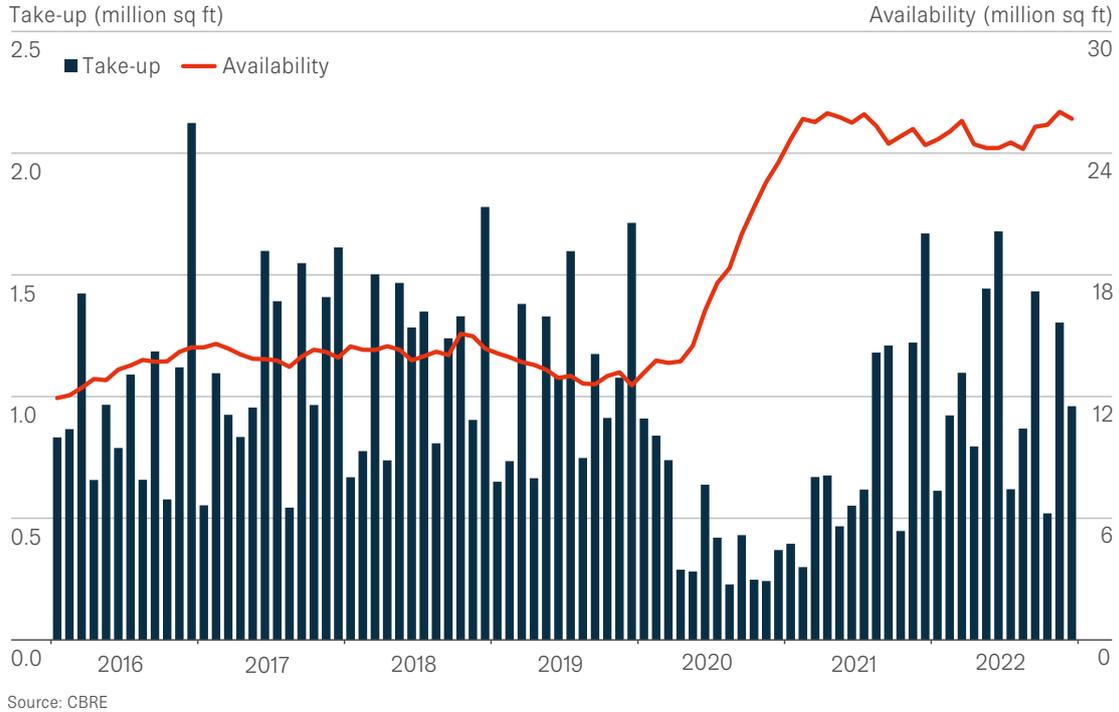
# APPENDIX 41 - AVAILABLE OFFICE SPACE



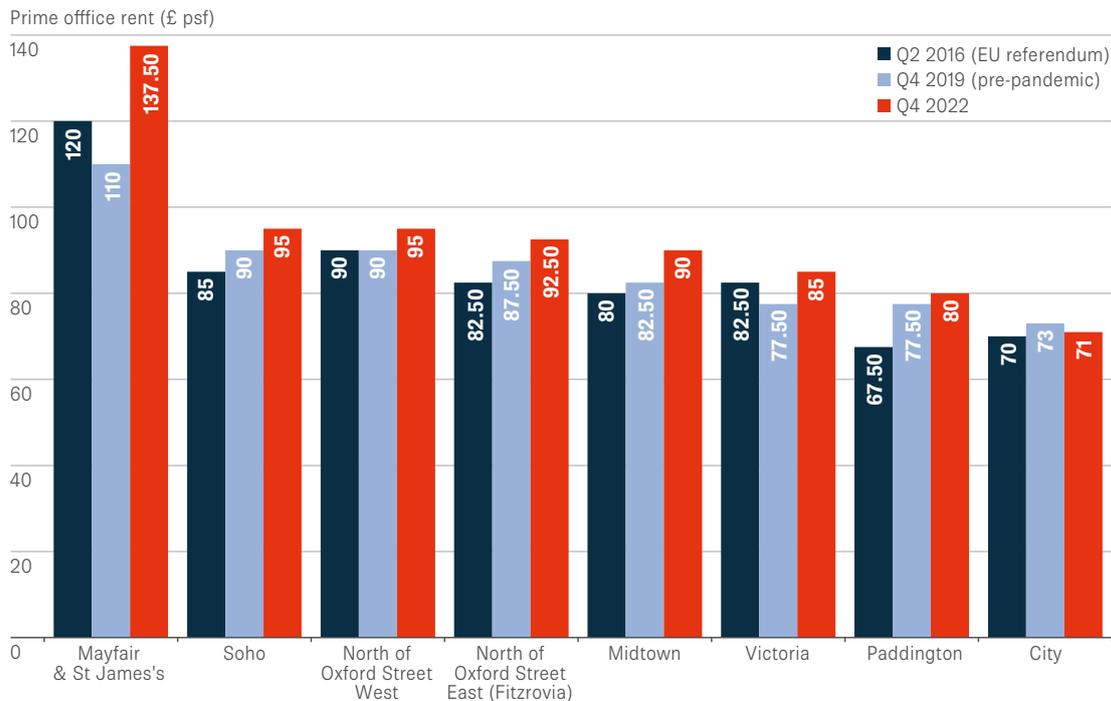
# APPENDIX 42 - AVAILABILITY



# APPENDIX 43 - TAKE-UP AND AVAILABILITY



# APPENDIX 44 - PRIME OFFICE RENTS

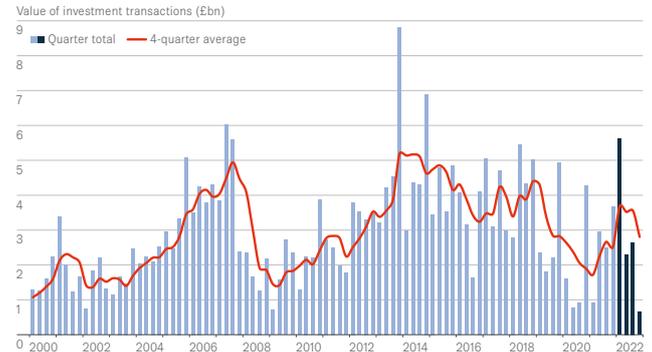


Source: CBRE

# APPENDIX 45 - INVESTMENT MARKET

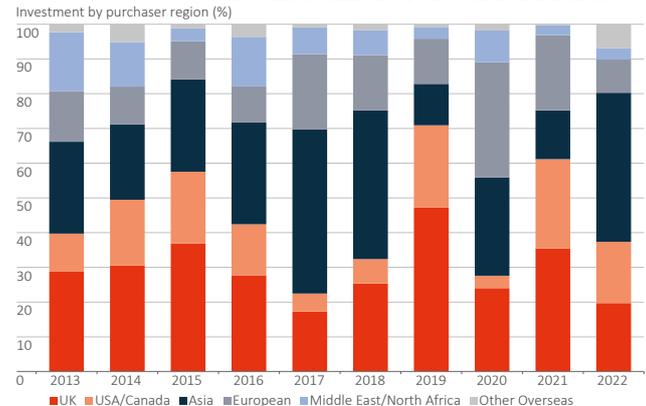
- £11.2bn of investment transactions in 2022
  - 12% above 2021
  - 6% below the LTA
  - 71% of transactions in H1 with only 6% (£0.7bn) in Q4

## CENTRAL LONDON OFFICE INVESTMENT



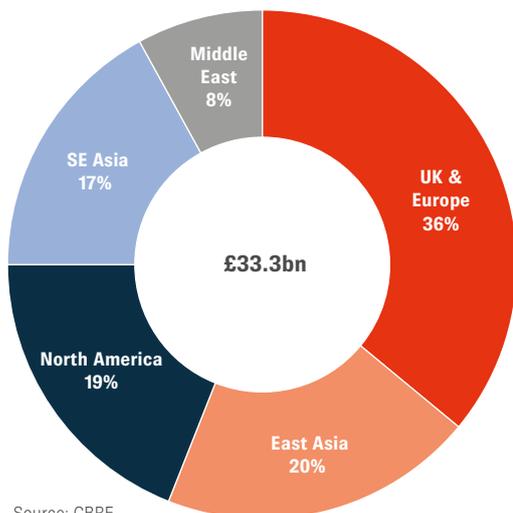
- 80% of activity from overseas investors
  - 43% Asia
  - 18% US/Canada
  - 10% Europe

## INVESTMENT ACTIVITY BY REGION



# APPENDIX 46 - INVESTMENT DEMAND

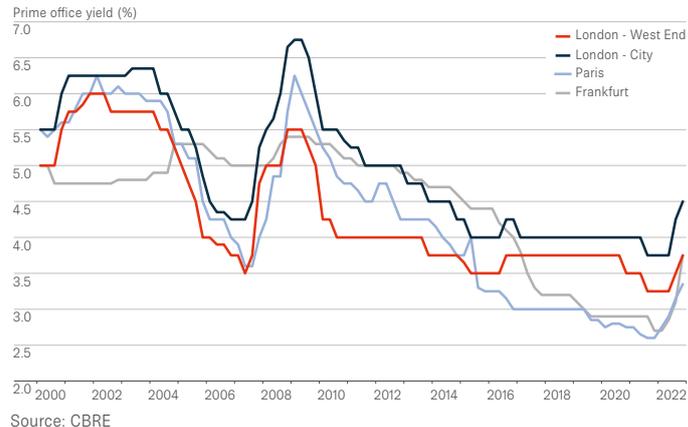
## SOURCES OF INVESTMENT



Source: CBRE

- £33.3bn of investor demand at year-end
  - 36% from UK & Europe
  - 20% East Asia
  - 19% North America
- £4.7bn of available investment supply on the market

## EUROPEAN PRIME OFFICE YIELDS



- Yield gap closing between London and European cities
  - London West End 3.75% – up 50bp in 2022
  - London City 4.50% – up 75bp
  - Paris 3.35% – up 75bp
  - Frankfurt 3.75% – up 105bp



# DEVELOPMENTS & REFURBISHMENTS

---

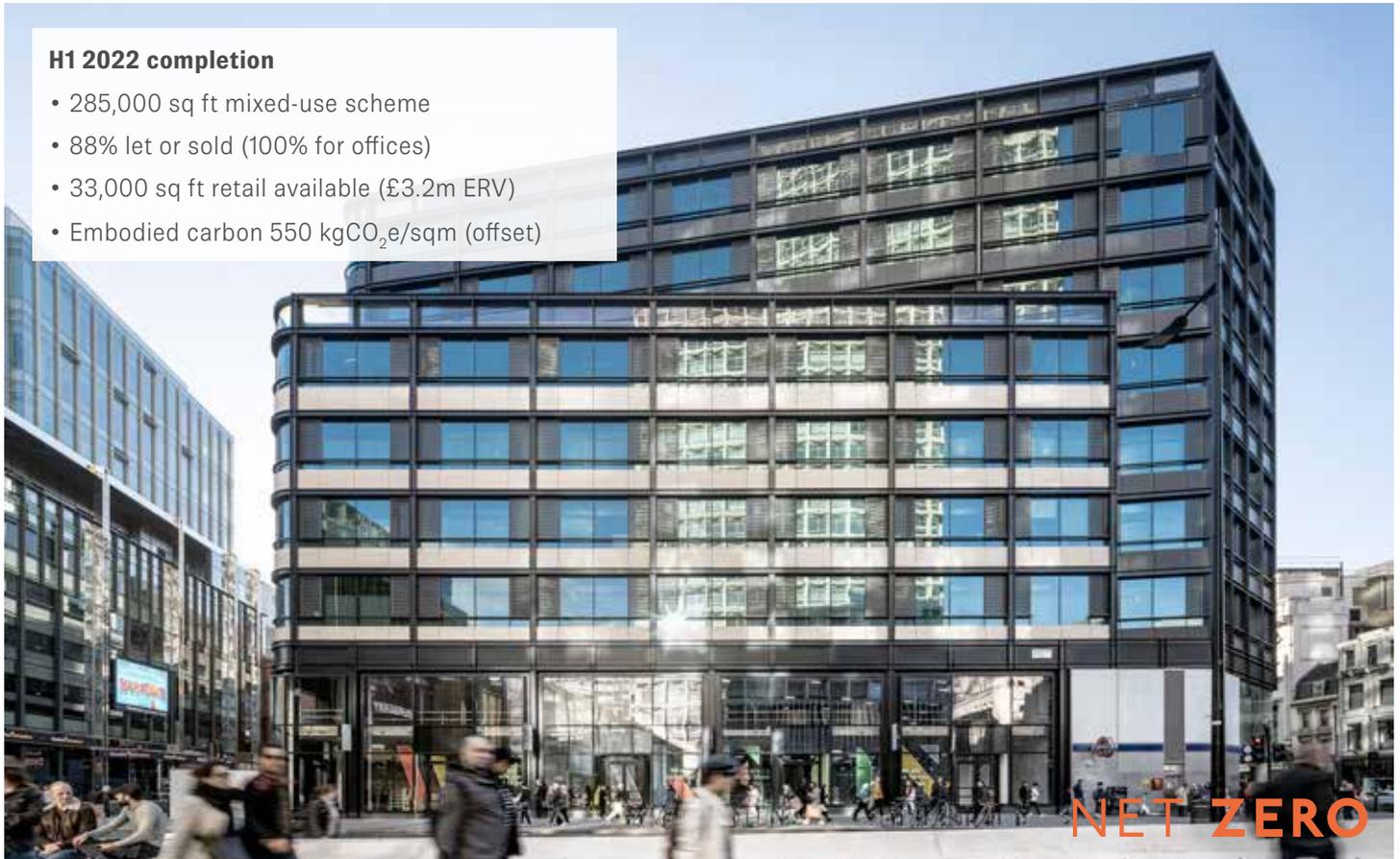
## Appendices

47.	Soho Place W1	107
48.	The Featherstone Building EC1	108
49.	Francis House SW1	109
50.	Developments on site: profit on cost	110
51.	Project summary: current projects	111
52.	Project summary: future projects	112
53.	Portfolio map	113

# APPENDIX 47 - SOHO PLACE W1

## H1 2022 completion

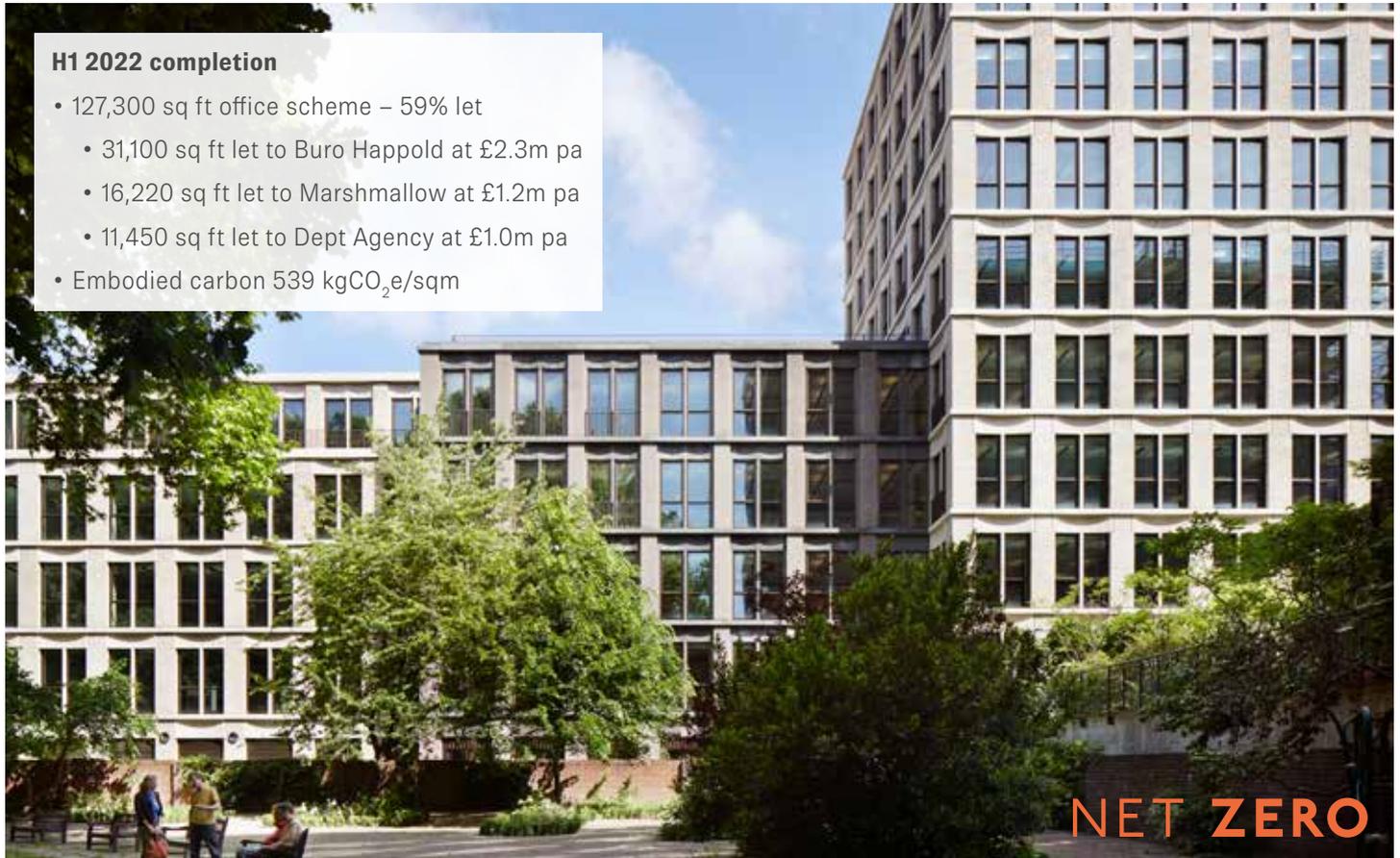
- 285,000 sq ft mixed-use scheme
- 88% let or sold (100% for offices)
- 33,000 sq ft retail available (£3.2m ERV)
- Embodied carbon 550 kgCO<sub>2</sub>e/sqm (offset)



# APPENDIX 48 - THE FEATHERSTONE BUILDING ECI

## H1 2022 completion

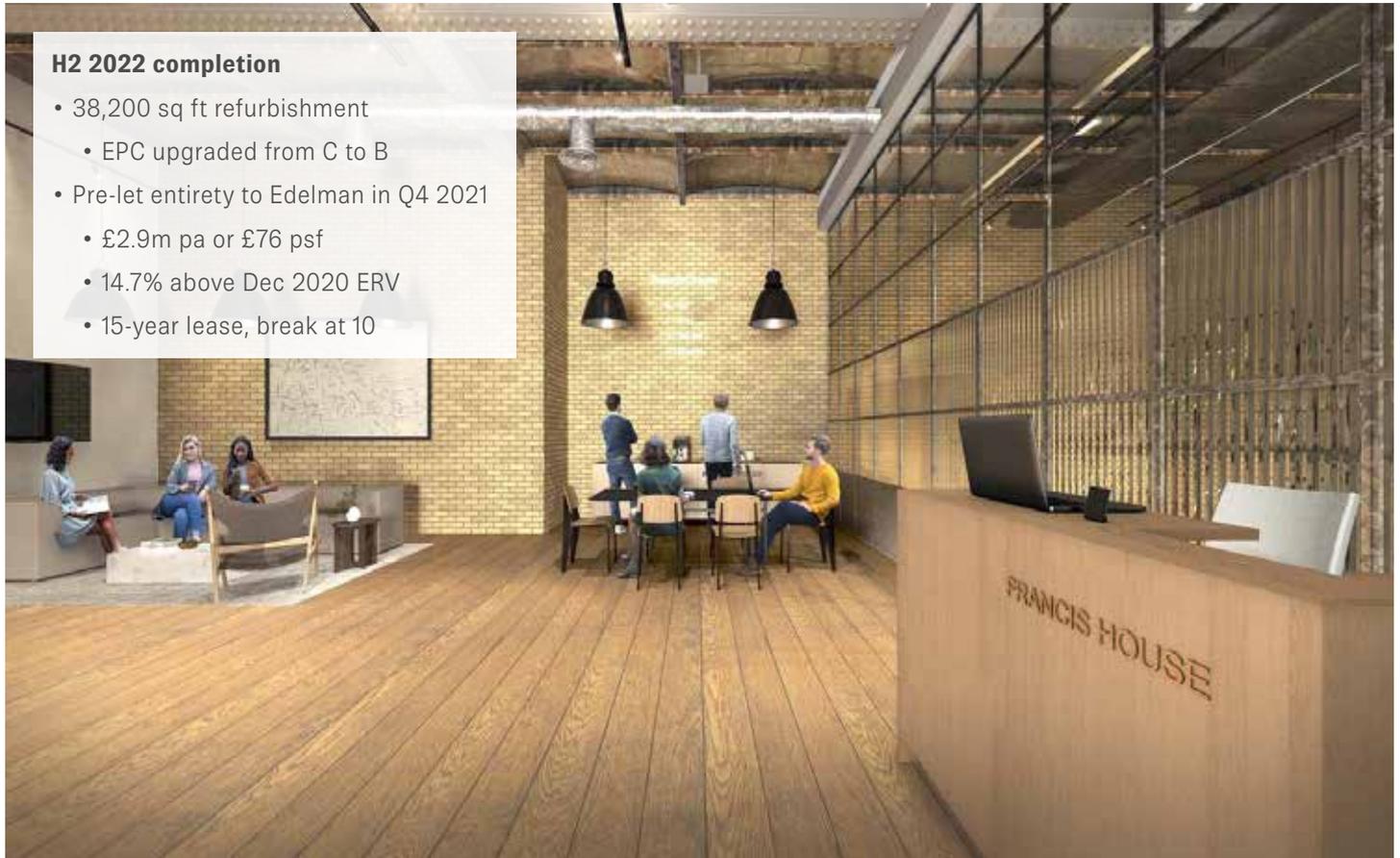
- 127,300 sq ft office scheme – 59% let
  - 31,100 sq ft let to Buro Happold at £2.3m pa
  - 16,220 sq ft let to Marshmallow at £1.2m pa
  - 11,450 sq ft let to Dept Agency at £1.0m pa
- Embodied carbon 539 kgCO<sub>2</sub>e/sqm



# APPENDIX 49 - FRANCIS HOUSE SW1

## H2 2022 completion

- 38,200 sq ft refurbishment
  - EPC upgraded from C to B
- Pre-let entirety to Edelman in Q4 2021
  - £2.9m pa or £76 psf
  - 14.7% above Dec 2020 ERV
  - 15-year lease, break at 10



# APPENDIX 50 - DEVELOPMENTS ON SITE: PROFIT ON COST

## 25 BAKER ST. W1 NETWORK



Completion		H1 2025	H2 2025
Commercial area (sq ft)	383,000	246,000 <sup>3</sup>	137,000
Residential area (sq ft)	52,000	52,000 <sup>3</sup>	-
<b>Total area (sq ft)</b>	<b>435,000</b>	<b>298,000</b>	<b>137,000</b>
Est. future capex (£m)	324	217	107
Total cost (£m) <sup>1</sup>	708	463	245
ERV (c.£ psf)	-	90.00	87.50
ERV (£m pa)	30.3	18.4 <sup>5</sup>	11.9
Pre-let/sold area (sq ft)	31,000	31,000 <sup>6</sup>	-
Pre-let income (£m pa)	-	-	-

Summary	£m
End value	786
Less: Total cost <sup>1</sup>	708
<b>Project surplus</b>	<b>78</b>
Less: Booked to Dec 22	4
Surplus to come	74
<b>Profit on total cost</b>	<b>11%</b>
<b>Yield on cost<sup>2</sup></b>	<b>5.4%</b>

Sensitivity<sup>4</sup> – project surplus (£m) and profit on cost (%)

		Valuation yield		
		+0.25%	Base	-0.25%
Rent	-£5.00 psf	£11m 2%	£43m 6%	£78m 11%
	Base	£44m 6%	<b>£78m</b> <b>11%</b>	£116m 16%
	+£5.00 psf	£78m 11%	£113m 16%	£151m 21%

<sup>1</sup> Comprising book value at commencement, capex, fees and notional interest on land, voids and other costs. 25 Baker Street W1 includes a profit share to freeholder The Portman Estate

<sup>2</sup> Assumes the residential value reduces the total costs <sup>3</sup> 218,000 sq ft offices, 28,000 sq ft retail, 45,000 sq ft private residential and 7,000 sq ft affordable residential

<sup>4</sup> Sensitivity applied to non pre-sold commercial floor areas <sup>5</sup> Long leasehold, net of 2.5% ground rent <sup>6</sup> 19,000 sq ft courtyard retail and 12,000 sq ft Gloucester Place offices

# APPENDIX 51 - PROJECT SUMMARY: CURRENT PROJECTS

Property	Current net income £m pa	Pre scheme area '000 sq ft	Proposed area '000 sq ft	2023 capex £m	2024 capex £m	2025+ capex £m	Total capex to complete £m	Delivery date	Current office c.ERV psf
<b>On-site major projects</b>									
25 Baker Street W1	-	143	298	104	82	31	217 <sup>1</sup>	H1 2025	£90.00
Network W1	-	70	137	35	52	20	107	H2 2025	£87.50
Other – 2022 completions	-	-	-	6	-	-	6		
	-	<b>213</b>	<b>435</b>	<b>145</b>	<b>134</b>	<b>51</b>	<b>330</b>		
Planning and design	-	-	-	10	3	-	13 <sup>2</sup>		
Other	-	-	-	45	31	24	100 <sup>3</sup>		
	-	<b>213</b>	<b>435</b>	<b>200</b>	<b>168</b>	<b>75</b>	<b>443</b>		
Capitalised interest	-	-	-	7	13	4	24		
<b>Total</b>	-	<b>213</b>	<b>435</b>	<b>207</b>	<b>181</b>	<b>79</b>	<b>467</b>		

<sup>1</sup> Includes profit share payments and expenditure on trading property/stock <sup>2</sup> Includes 50% share of Baker Street W1 JV scheme and Old Street Quarter EC1

<sup>3</sup> Includes EPC upgrades and £15m capex for Strathkelvin Retail Park (under appraisal). Excludes major refurbishments not yet committed

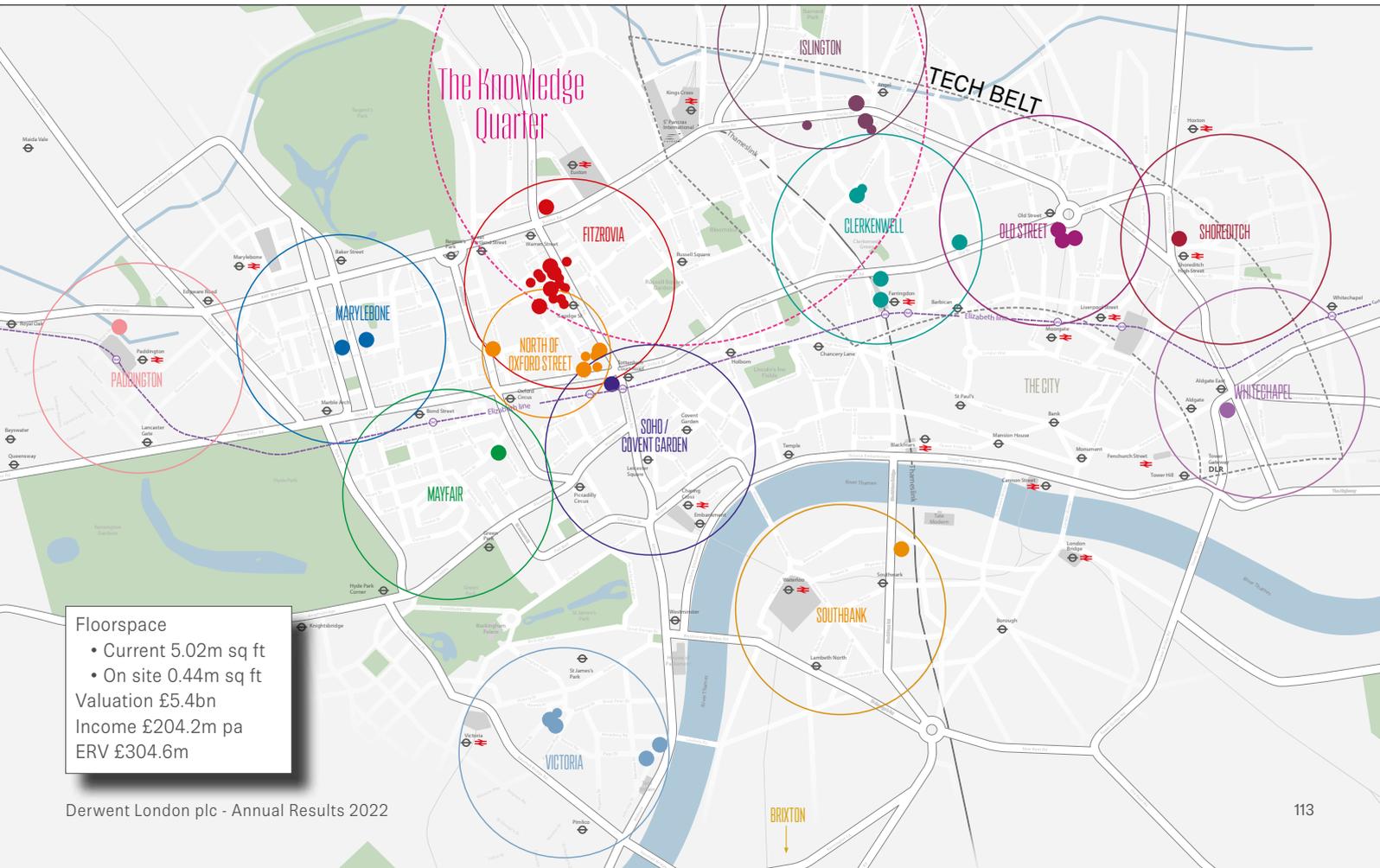
# APPENDIX 52 - PROJECT SUMMARY: FUTURE PROJECTS

Property	Current net income £m pa	Pre-scheme area '000 sq ft	Proposed area '000 sq ft	Earliest possession year	Comment
<b>Consented</b>					
Holden House W1	4.2	91	150	2025	
	<b>4.2</b>	<b>91</b>	<b>150</b>		
<b>Under appraisal<sup>1</sup></b>					
Strathkelvin Retail Park <sup>2</sup>	0.9	108	126	2023	
50 Baker Street W1 JV <sup>2</sup>	2.6	61	120	2024	Joint venture, shown at 50% share
Greencoat & Gordon House SW1	5.6	138	138	2025	
Blue Star House SW9	0.7	53	110	2025	
	<b>9.8</b>	<b>360</b>	<b>494</b>		
<b>Consented and under appraisal</b>					
	<b>14.0</b>	<b>451</b>	<b>644</b>		
Future appraisal <sup>3</sup>	51.6	1,460	1,460		
Current major projects	-	213	435		Appendix 51
<b>Pipeline</b>					
	<b>65.6</b>	<b>2,124</b>	<b>2,539</b>		

<sup>1</sup> Areas proposed are estimated from initial studies    <sup>2</sup> Planning application submitted

<sup>3</sup> Includes refurbishment opportunities at 1 Oliver's Yard EC1, 20 Farringdon Road EC1 and 1-2 Stephen Street W1

# APPENDIX 53 - PORTFOLIO MAP



**Floorspace**

- Current 5.02m sq ft
- On site 0.44m sq ft

Valuation £5.4bn

Income £204.2m pa

ERV £304.6m

# 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 Lawler	Company Secretary
Richard Baldwin	Director of Development
Jennifer Whybrow	Head of Financial Planning & Analysis
Jay Joshi	Group Financial Controller
Vasiliki Arvaniti	Head of Asset Management
Victoria Steventon	Head of Property Management
John Davies	Head of Sustainability
Philippa Davies	Head of Leasing
Katy Levine	Head of Human Resources
Robert Duncan	Head of Investor Relations & Strategic Planning

## Senior Management

Lesley Bufton	Head of Property Marketing
Matt Cook	Head of Digital Innovation & Technology
Richard Dean	Director of Investment
Tim Hyman	Group Architect
Benjy Lesser	Head of Design & Innovation
Umar Loane	Head of Property Accounts
Matt Massey	Head of Project Management
Heethen Patel	Financial Controller
Matt Peaty	Head of Health & Safety
Giles Sheehan	Head of Investment
Jonathan Theobald	Head of Investment Analytics
David Westgate	Head of Tax

# DISCLAIMER

---

This presentation has been prepared by Derwent London plc (the "Company"). No representation or warranty (express or implied) of any nature is given nor is any responsibility or liability of any kind accepted by the Company or any of its directors, officers, employees, advisers, representatives or other agents, with respect to the truthfulness, completeness or accuracy of any information, projection, representation or warranty (expressed or implied), omissions, errors or misstatements in this presentation, or any other written or oral statement provided.

In particular, no responsibility or liability is or will be accepted and no representation or warranty is or is authorised to be given as to the accuracy, reliability or reasonableness of any forward-looking statement, including any future projections, management targets, estimates or assessments of future prospects contained in this presentation, or of any assumption or estimate on the basis of which they have been given (which may be subject to significant business, economic or competitive uncertainties and contingencies beyond the control of the management of the Company). Any such forward-looking statements have not been independently audited, examined or otherwise reviewed or verified and nothing in this presentation should be construed as a profit forecast.

All views expressed in this presentation are based on financial, economic, market and other conditions prevailing as of the date of this presentation. The Company does not undertake to provide access to any additional information or to update any future projections, management targets, estimates or assessment of future prospects or any other forward-looking statements to reflect events that occur or circumstances that arise after the date of this presentation, or to correct any inaccuracies in this presentation which may become apparent. Past performance is not indicative of future results and forward-looking statements are not guarantees of future performance.

This presentation is for information purposes only and does not constitute an offering document or an offer of transferable securities to the public in the UK. This presentation is not intended to provide the basis for any credit or other evaluation of any securities of the Company and should not be considered as a recommendation, invitation or inducement that any investor should subscribe for, dispose of or purchase any such securities or enter into any other transaction with the Company or any other person. The merits and suitability of any investment action in relation to securities should be considered carefully and involve, among other things, an assessment of the legal, tax, accounting, regulatory, financial, credit and other related aspects of such securities.

This presentation is being communicated or distributed within the UK only to persons to whom it may lawfully be communicated, and has not been approved for the purposes of section 21 of the Financial Services and Markets Act 2000. It may not be reproduced (in whole or in part), distributed or transmitted to any other person without the prior written consent of the Company. In particular this presentation is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation. Any recipients of this presentation outside the UK should inform themselves of and observe any applicable legal or regulatory requirements in their jurisdiction, and are treated as having represented that they are able to receive this presentation without contravention of any law or regulation in the jurisdiction in which they reside or conduct business.