



DERWENT LONDON

Interim Results 2023

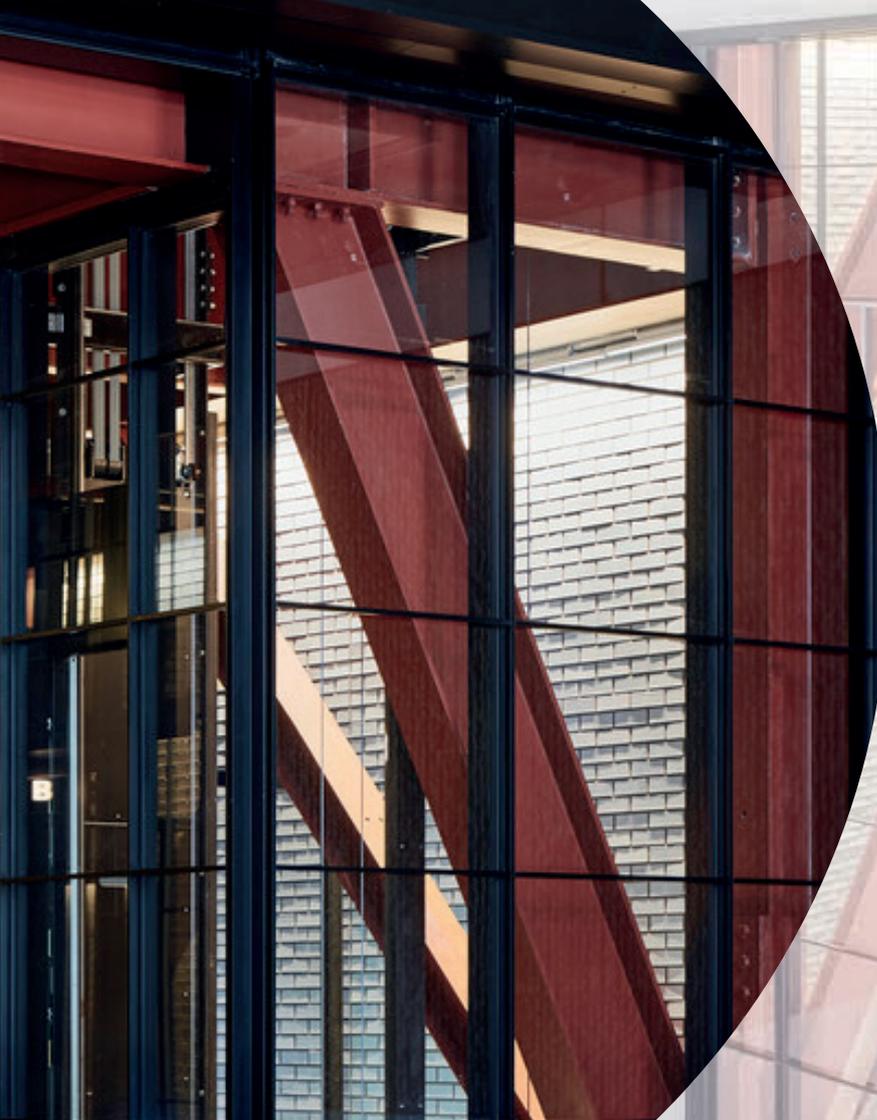
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Presenters

Paul Williams
Damian Wisniewski
Nigel George
Emily Prideaux

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INTRODUCTION AND OVERVIEW

PAUL WILLIAMS



OVERVIEW AND GUIDANCE

London's leading position

- A vibrant global city
- Broad appeal to diverse range of businesses
- Attractive growth prospects

Second highest letting activity on record in H1

- H1: £19.3m of new leases, average 7.3% above ERV
- H2: £7.0m lettings to date, average 11.2% above ERV
- £26.3m YTD with a WAULT of 10.3 years

Quality outperforming

- H1 valuation -3.7%; MSCI London Index¹ -4.9%
- Equivalent yield 5.13% (+67bp since Jun 2022)
- Better buildings and West End outperforming

Well positioned

- Low leverage
- 25 Baker Street W1 commercial 76% pre-let/sold
- Fixed price contracts agreed for on-site projects



GUIDANCE

**FY 2023
ERV growth**
0% to +3%
(H1 2023: +1.0%)

**Our portfolio yield
expected to be
more resilient**

¹ MSCI Central London Offices Quarterly Capital Value Index

OUR CONSISTENT STRATEGY

Focused on quality – retain modern prime buildings

- 72% of portfolio in West End
- 7.2 year 'topped-up' WAULT
- High sustainability credentials: 67.6% EPC A/B

Meeting evolving occupier requirements

- Importance of brand
- Best-in-class amenity and service
- DL/Members: Lounges, App, Experience

Deep pipeline of opportunities

- Creating distinctive, amenity-rich buildings
- On-site and future developments: 1.8m sq ft (46% in West End)
- Rolling refurbishment programme

Built on a strong balance sheet

- Low leverage: 25% LTV & 4.1x ICR
- High liquidity: £562m cash & undrawn debt
- Limited medium-term refinancing

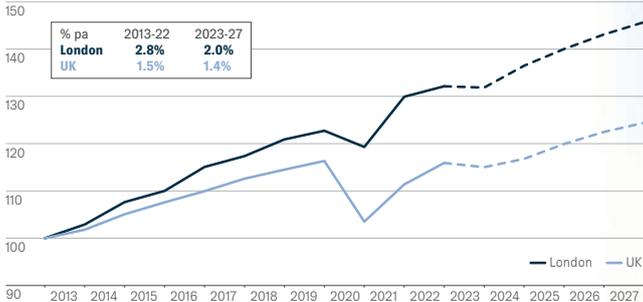


LONDON: A GLOBAL CITY

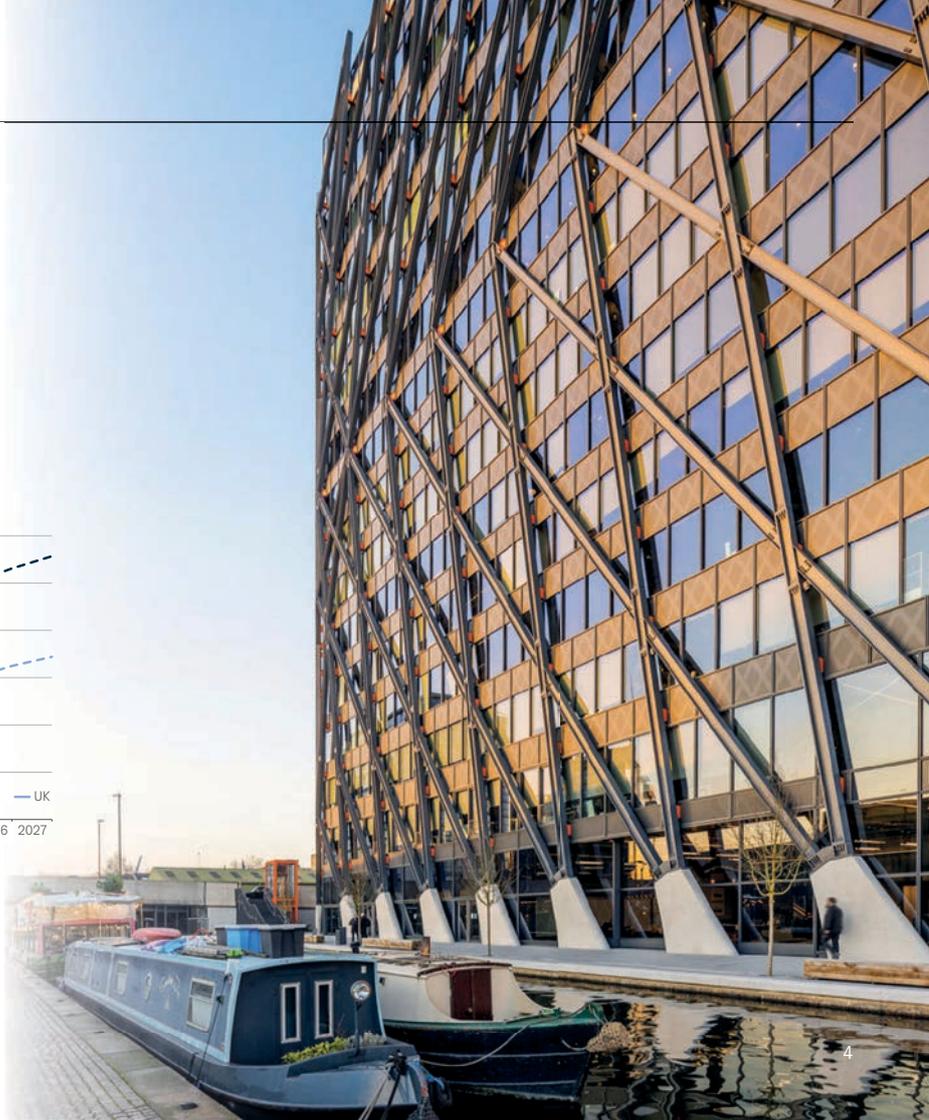
- 24% of UK GDP
- Global/European HQ location
- Diverse range of sectors
- Deep talent base and world class universities
- 240,000 new jobs by 2028
- High quality transport infrastructure

LONDON VS UK GDP GROWTH

GDP index (Dec 2012=100)



Source: CBRE



CAPITAL ALLOCATION

- Experienced management team
- Long track record of value creation
 - Sold assets with limited development upside: £900m¹
 - Bought buildings with repositioning potential: >£500m¹
 - Developed prime green buildings: >£900m¹
- Acquisition opportunities expected to emerge

Disposals



Developments



Acquisitions



¹ Since 2018



RESULTS AND FINANCIAL REVIEW

DAMIAN WISNIEWSKI

FINANCIAL HIGHLIGHTS

EPRA NTA per share^{1, 2}

3,444p

Dec 2022: 3,632p

-5.2%

EPRA earnings per share²

49.51p

H1 2022: 53.22p³

-7.0%

Cash and undrawn facilities⁴

£562m

Jun 2022: £452m

Dec 2022: £577m

Gross rental income

£105.9m

H1 2022: £101.9m³

+3.9%

Net rental income

£90.9m

H1 2022: £94.0m³

-3.3%

Interest cover ratio (ICR)⁵

411%

H1 2022: 419%

FY 2022: 423%

Total return

-3.7%

H1 2022: 3.0%

FY 2022: -6.3%

Interim dividend per share

24.50p

Jun 2022: 24.00p

+2.1%

EPRA loan-to-value (LTV) ratio

25.0%

Jun 2022: 23.7%

Dec 2022: 23.9%

¹ EPRA Net Tangible Assets per share on a diluted basis ² Reconciliation to IFRS figures in Appendix 3 and 6 ³ H1 2022 figures have been restated, see Appendix 9

⁴ Excludes restricted cash ⁵ Includes share of joint ventures

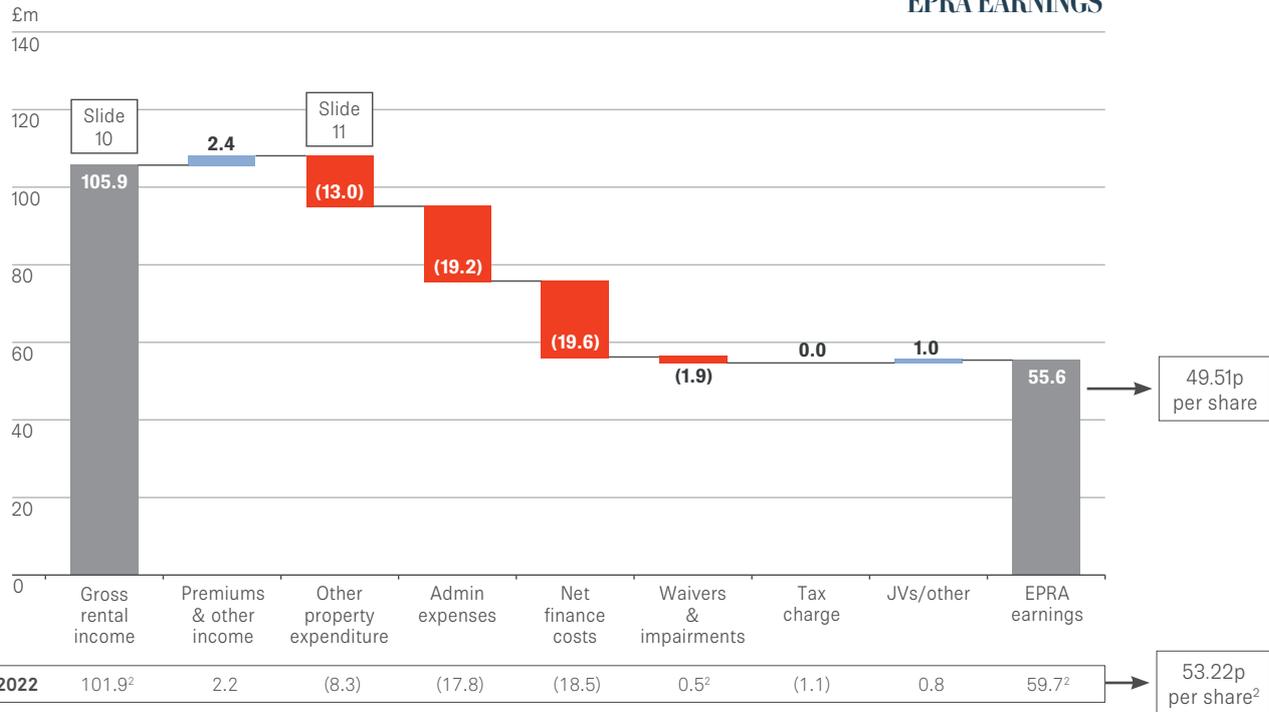
EPRA NTA MOVEMENT

EPRA NTA PER SHARE



EPRA EARNINGS¹

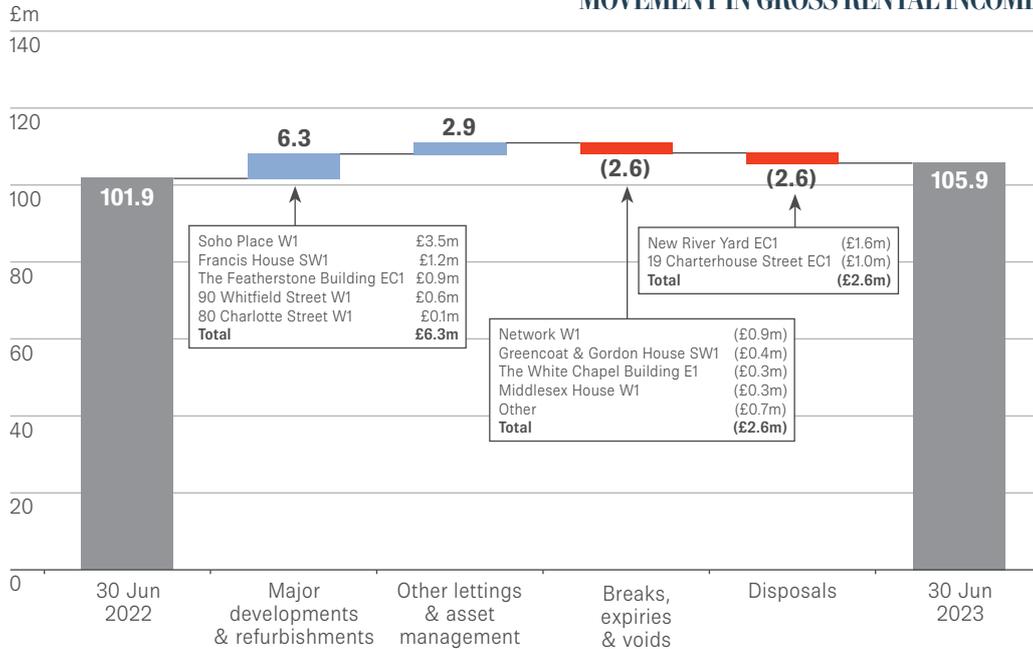
EPRA EARNINGS



¹ An explanation of EPRA adjustments is provided in Appendix 6 ² H1 2022 figures have been restated, see Appendix 9

GROSS RENTAL INCOME

MOVEMENT IN GROSS RENTAL INCOME



LIKE-FOR-LIKE

Gross rental income

H1 2022: 1.9%

H2 2022: 1.4%

Net rental income

H1 2022: -3.5%

H2 2022: -1.7%

- 99% of office rents already collected for the June 2023 quarter
- Tenant rent deposits at 30 June 2023 of £27.0m (Dec 2022: £27.3m)

PROPERTY EXPENDITURE

- Other property expenditure (£13.0m, up 57% over H1 2022)

	H1 2022 £m	H2 2022 £m	H1 2023 £m
Irrecoverable service charges			
Voids	0.9	3.1	2.4
Capped service charge	0.3	0.4	1.0
Balancing service charge & other	0.3	0.1	1.1
	1.5	3.6	4.5
Repairs and dilaps	0.1	0.1	0.7
Legal fees	0.7	1.0	1.1
Ground rent	0.5	1.2	1.2
Other	5.5	4.8	5.5
	8.3	10.7	13.0

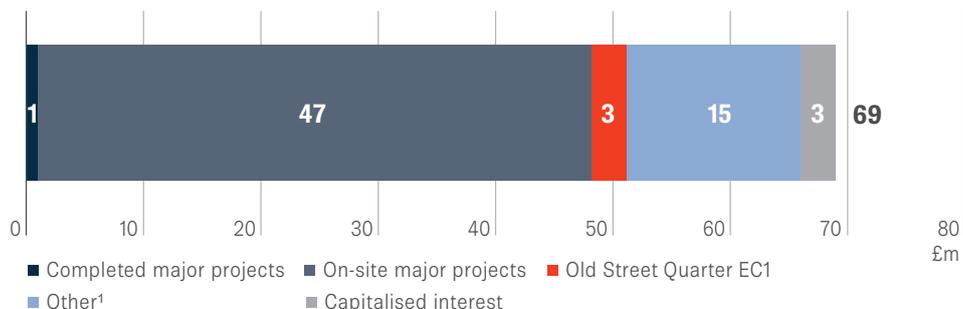
- Irrecoverable costs in H1 2023 have been impacted by:
 - Voids at The Featherstone Building EC1 and The White Chapel Building E1
 - Capped service charges at 1-2 Stephen Street W1 and 20 Farringdon Road EC1
- Reducing costs going forward:
 - Recent lettings including Buro Happold, Tide, Uniqlo and Comic Relief
 - Falling energy costs will aid recoverability of service charge costs and reduce impact of caps



80 Charlotte Street W1

H1 2023 PROJECT EXPENDITURE

	Investment property	Trading property	Trading stock	Investments	Other receivables	Total
25 Baker Street W1	28.4	6.8	1.9	-	-	37.1
Network W1	9.4	-	-	-	-	9.4
On-site major projects	37.8	6.8	1.9	-	-	46.5
Completed major projects	1.5	-	-	-	-	1.5
Old Street Quarter EC1	-	-	-	-	3.0	3.0
50 Baker Street W1 JV (50%)	-	-	-	0.3	-	0.3
Planning & design	1.1	-	-	-	-	1.1
Refurbishments & other	13.7	-	-	-	-	13.7
Total	54.1	6.8	1.9	0.3	3.0	66.1
Capitalised interest	2.3	0.4	-	-	-	2.7
Total expenditure	56.4	7.2	1.9	0.3	3.0	68.8



¹ Other includes 'Planning & design' and 'Refurbishments & other'

ESTIMATED FUTURE EXPENDITURE

FUTURE SPEND¹



EPC upgrades

- £100m estimated cost to upgrade to EPC 'B' by 2030
- £51.6m specifically provided for in the Jun 2023 external valuation, plus further allowance for general upgrades
- Portfolio by ERV 67.6% 2030 compliant, up 2.3% from Dec 2022

¹ See Appendix 41 ² 25 Baker Street W1 includes expenditure on trading property/stock ³ Other includes EPC upgrades and Lochfaulds solar park

PROFORMA IMPACT OF MAJOR PROJECTS

- 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 COMPLETED/ON-SITE PROJECTS				
	Jun 2023 ¹	Capex ²	Other receipts ³	Contracted income	Void costs ⁴	Proforma
Gross rental income	£212m	-	-	£12m	-	£224m
Net property income (adjusted)	£184m	-	-	£12m	(£8m)	£188m
Interest cost	£45m	£12m ⁵	(£1m) ⁵	-	-	£56m
Net interest cover ratio	411%					336%
Portfolio fair value	£5,161m	£294m	(£20m)	-	-	£5,435m
Drawn debt net of cash	£1,291m	£294m	(£20m)	-	-	£1,565m
EPRA loan-to-value ratio	25.0%					28.8%

¹ First half annualised ² See Appendix 41 for capex. Includes profit share payments in relation to 25 Baker Street W1 Street W1 and from Soho Housing Association for affordable housing units ³ Receipt from The Portman Estate for retail units at 25 Baker Street W1 ⁴ Void costs upon completion of project ⁵ Assuming an average interest rate of 4.0%

STRONG BALANCE SHEET

Cash and undrawn facilities¹

£562m

Jun 2022: £452m
Dec 2022: £577m

Weighted average maturity of borrowings

5.6 years

Jun 2022: 6.5 years
Dec 2022: 6.2 years

EPRA loan-to-value (LTV) ratio

25.0%

Jun 2022: 23.7%
Dec 2022: 23.9%

Interest cover ratio (ICR)²

411%

Jun 2022: 419%
Dec 2022: 423%

Drawn borrowings at fixed rates

98%

Jun 2022: 90%
Dec 2022: 100%

Uncharged properties

£4.4bn

Jun 2022: £5.1bn
Dec 2022: £4.6bn

MATURITY PROFILE OF DEBT FACILITIES



- Corporate credit rating affirmed at BBB+/Stable Outlook, A- Senior Unsecured rating
- Additional £75m forward-start interest rate swap at 1.36% expiring in April 2025
- Weighted average interest rate of 3.19%³ at 30 June 2023

¹ Excludes restricted cash ² Includes share of joint ventures ³ On a cash basis



**VALUATION
AND INVESTMENT**

NIGEL GEORGE

VALUATION

Investment portfolio valued at £5.2bn

- Underlying valuation -3.7% (H2 2022: -8.0%)
 - West End -2.4% (H2 2022: -7.0%)
 - City Borders -7.2% (H2 2022: -10.6%)
- MSCI Central London Offices¹ -4.9%

Two on-site developments in H1

- Valued at £0.3bn, uplift of 10.6%
 - 25 Baker Street W1 and Network W1
- Excluding developments, valuation down 4.6%

Total property return in H1 2023

- Derwent London -2.0%
- MSCI Central London Offices¹ -3.2%
- MSCI UK All Property¹ 0.5%



Tea Building E1

	Portfolio valuation £m	Joint venture valuation ² £m	Total £m	H1 2023 valuation movement %
West End	3,656.5	38.0	3,694.5	(2.4)
City Borders ³	1,389.7	-	1,389.7	(7.2)
Central London	5,046.2	38.0	5,084.2	(3.7)
Provincial	77.5	-	77.5	(2.5)
Underlying	5,123.7	38.0	5,161.7	(3.7)
Investment portfolio	5,123.7	38.0	5,161.7	(3.7)

¹Quarterly index ² 50% share of 50 Baker Street W1 JV ³ Principally properties in the Tech Belt – Appendix 43

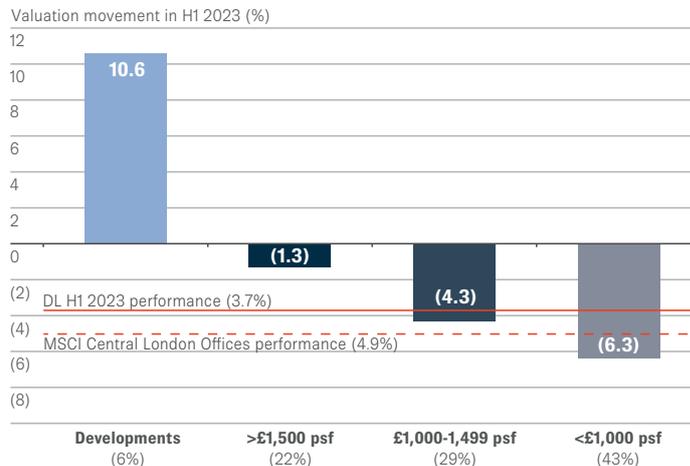
VALUATION THEMES

- Developments delivering attractive returns
- Rents – flight to quality continues
 - Location and product
- Yields – continued outward movement in H1
 - West End more resilient – 72% of our portfolio
- ESG: amenities, sustainability and EPC ratings¹
 - £51.6m EPC works within the valuation
 - Spread over a number of years

Market trends

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

VALUATION MOVEMENT BY VALUE



¹See Appendices 28 and 29 ²7% of portfolio by income

RENTAL VALUE AND YIELDS

Rental values

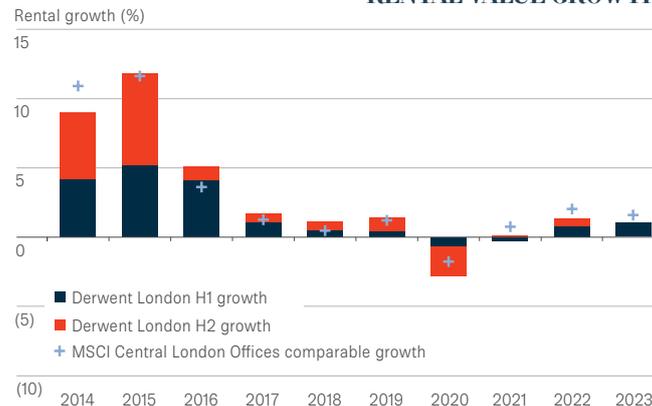
- Rental values increased 1.0% in H1
 - Offices: 93% of portfolio¹ +1.0%
 - Retail: 7% of portfolio¹ +1.3%
- Average office passing rent £49.06 psf²
(Dec 2022: £48.37 psf)
 - Average 'topped-up' office rent £61.42 psf²
(Dec 2022: £59.57 psf)

EPRA yields

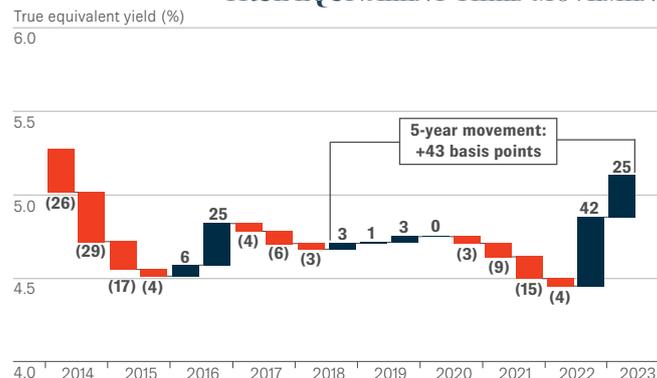
	Jun 2023 %	Dec 2022 %	Change bp
Net initial yield	3.9	3.7	20
'Topped-up' net initial yield	4.8	4.6	20
True equivalent yield	5.13	4.88	25
Net reversionary yield	5.3	5.2	10

¹ By income ² Tenanted office area

RENTAL VALUE GROWTH



TRUE EQUIVALENT YIELD MOVEMENT



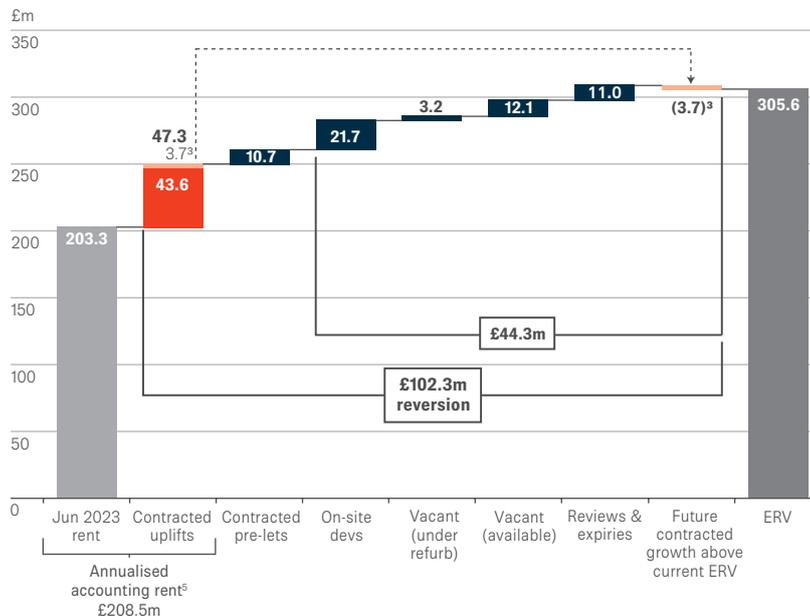
BUILD-UP OF PORTFOLIO ERV

- Contracted rent roll of £203.3m
- Portfolio reversion of £102.3m¹
 - £58.0m or 57% contracted, including
 - 80 Charlotte Street W1 £12.1m
 - 25 Baker Street W1 (PIMCO) £10.7m⁴
 - Soho Place W1 £6.0m
- £44.3m of further reversion
 - £21.7m from two on-site schemes

Developments	Let £m	Vacant £m	ERV £m
25 Baker Street W1	10.7	9.3	20.0
Network W1	-	12.4	12.4
Total	10.7	21.7	32.4

- £3.2m from other refurbishments
- £12.1m available to let
- £7.3m from lease reversions

BUILD-UP OF ERV²



Dec 2022	204.2	46.4	-	30.3	2.7	17.3	8.2	(4.5)	304.6
Change	(0.9)	0.9	10.7	(8.6)	0.5	(5.2)	2.8	0.8	1.0

¹ Requires additional capex as set out in Appendix 41 ² Before lease incentives ³ Some leases contain inflation-linked or fixed uplifts which result in future contracted rents being above the current ERV ⁴ Net of ground rent ⁵ Net of ground rents but before irrecoverable property costs

DISPOSAL ACTIVITY

Disposal activity in H1

Property	Date	Area sq ft	Total after costs £m	Net yield %	Net rental income £m pa
19 Charterhouse Street EC1	Q1	63,200	53.6	4.6	2.6
12-16 Fitzroy Street W1	Q2	8,600	6.7	6.9	0.5
Other	-	2,200	5.3	-	-
Total		74,000	65.6	4.4	3.1

- £65.6m of disposals at an average £890 psf
- 19 Charterhouse Street EC1
 - Small lot size, short lease, low repositioning potential
- 12-16 Fitzroy Street W1
 - Small lot size, portfolio housekeeping



INVESTMENT MARKET – OVERVIEW

Activity

- Reduced investment volumes
- Elevated inflation
- Rising interest rates
- Economic uncertainty

Financing

- Debt no longer accretive
- Equity buyers dominate
- Liquidity focused on sub-£100m

London's deep & varied demand

- Pricing more robust in West End than City
- Value-add opportunities finding a market
- Diversified base of global capital

Sources

- Private and Far Eastern buyers most apparent
- Investors adopting 'wait and see' approach

Drivers

- Limited distress to date
- Refinancing events expected to increase motivated sellers
- More property being prepared for sale

Opportunity

- Market in 'price discovery' phase
- Value correction expected to create buying opportunities



SUSTAINABILITY

NIGEL GEORGE



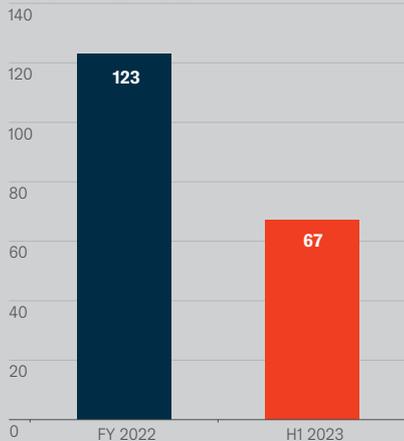
OUR JOURNEY TO NET ZERO

Energy intensity

INTELLIGENT BUILDINGS

- Intelligent Buildings implementation
 - Rolled out across 7 buildings
 - Integrated data capture
 - Improving operational efficiency
 - Reduced energy usage
- H1 energy intensity 67 kWh/sqm
 - On track to achieve full year target

Energy intensity (kWh/sqm)



Self generating green electricity

- 18.4MW solar park planning consent on our Scottish estate
- >40% London portfolio consumption
- Self generated renewable electricity = lower residual carbon footprint
- Exploring other self generation opportunities

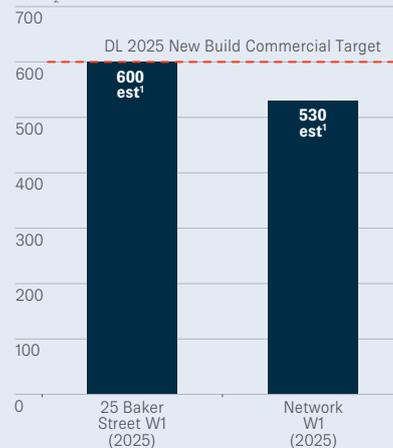
Lochfaulds solar park location



Embodied carbon

- On-site projects are low carbon
- Designed in line with 2025 target
 - $\leq 600\text{kgCO}_2\text{e/sqm}$
- Delivery teams focused on creating carbon efficiency through design
 - Lower carbon materials and methods of construction

kgCO₂e/sqm

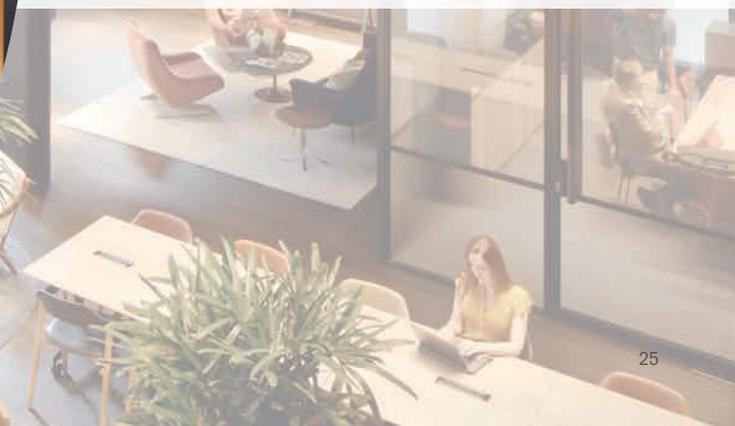


¹ Stage 4 or 5 design estimate



LEASING AND ASSET MANAGEMENT

EMILY PRIDEAUX

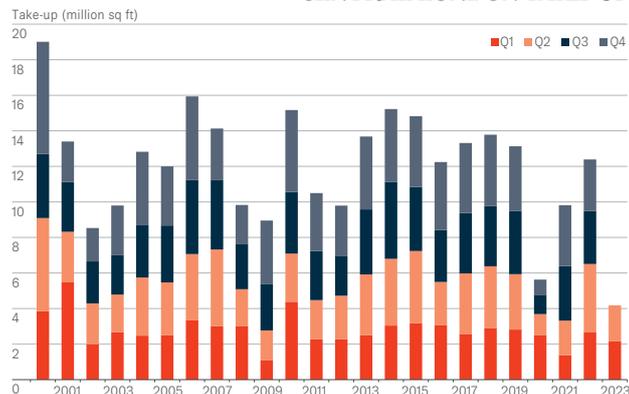


OCCUPATIONAL MARKET – DEMAND

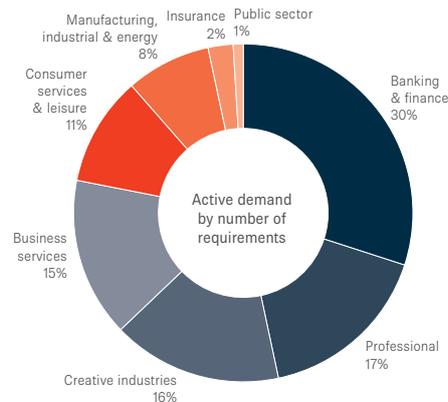
Take-up lower but under offers higher

- Central London take-up 4.2m sq ft
 - 36% below H1 2022 (6.5m sq ft)
- Pre-lets comprise 25% of total take-up
 - 8 of the 10 largest deals
- Space under offer of 4.1m sq ft, up 51% on Dec 2022
 - Leasing deals taking longer to complete
 - 31% of space under offer are pre-lets
- 7.7m sq ft active demand, 9% above five-year average
 - Broad-based by business sector

CENTRAL LONDON TAKE-UP



ACTIVE DEMAND BY BUSINESS SECTOR



CORPORATE REQUIREMENTS



EVERCORE

EVERSHEDS
SUTHERLAND



OCCUPATIONAL MARKET – SUPPLY

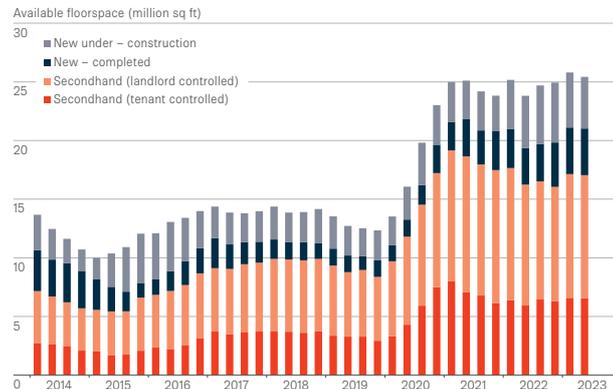
Market vacancy

- London vacancy elevated at 8.5%
 - Not evenly spread between sub-markets
West End (3.8%) < City (11.7%) < Docklands (14.3%)
- Quality an important factor in leasing timeframes
 - 67% of availability is secondhand space

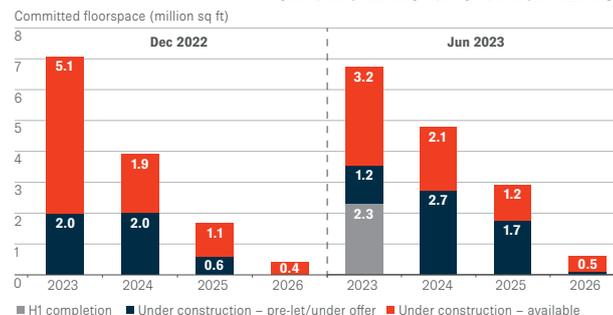
Developments

- Completions peak in 2023
 - 1.7m sq ft new starts in H1 2023, below long-term average
- Volume of refurbishments increasing – 39% of total
- Rising level of pre-lets – 45%
- 6.9m sq ft speculative deliveries to 2026
 - Sub 7 months' supply

CENTRAL LONDON AVAILABLE SPACE



CENTRAL LONDON PRE-LETS

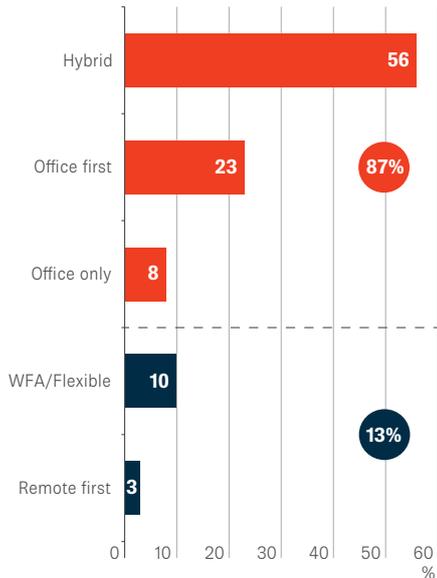


Source: CBRE

OCCUPIER STRATEGIES

- The hybrid balance is shifting back to offices
- Occupiers planning for peak occupancy
- Change in messaging from employers

Organisational workstyle three years from now?¹



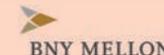
¹ Knight Frank (Y)ourspace 2023 report

TIME REQUIRED IN OFFICE

Flexible but office presence required



Minimum 3 days per week



Morgan Stanley

WARBURG PINCUS

≥4 days per week

BlackRock



Goldman Sachs

J.P.Morgan

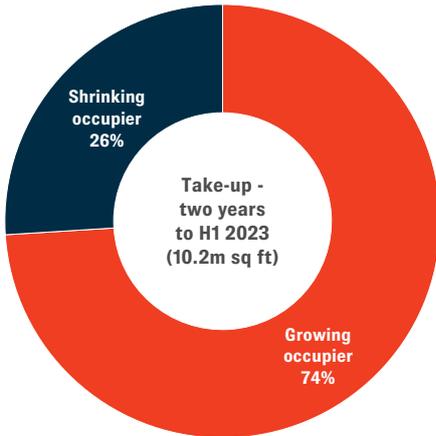


Skadden

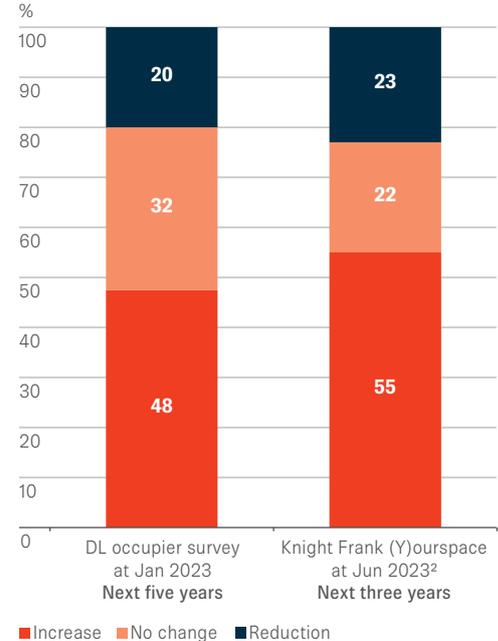
MORE EXPANSION THAN CONTRACTION

- The office remains central
- Post-Covid, 74% of take-up¹ has seen occupiers take the same or more floorspace
- Forward looking surveys by Derwent and Knight Frank:
 - Similar proportion (c.80%) expect floorspace to increase or remain the same over coming years
 - Quality and amenity play important role in occupier decision making

EXPANSION VS CONTRACTION IN TAKE-UP POST-COVID



OCCUPIER FLOORSPACE INTENTIONS



¹ Take-up of >20k sq ft units; source: CBRE ² Responses from 357 corporates with global or regional remit

DERWENT LONDON LEASING ACTIVITY

Near record H1 letting activity

- £19.3m of new leases
- 8.9% above Dec 2022 ERV¹
- 11.0 year WAULT (to break)
- 59% pre-lets
- Includes 13 F+F units (10.9% above ERV)

Momentum maintained post-H1

- £7.0m of new leases in H2
- 11.2% above Dec 2022 ERV
- 7.0% above Jun 2023 ERV
- 8.3 year WAULT (to break)



Pre-lets

25 BAKER ST. W1

MOELIS

- £100 psf/£4.9m
- 15 years (break at 10)

PIMCO

- £103 psf/£11.0m
- 15 years (no break)

Key lettings

THE
FEATHERSTONE
BUILDING

BURO HAPOLD

• £74 psf

tide.

• £71 psf

TEA

jkr

• £60 psf

Gemba.

• £64 psf (furnished)

Soho Place W1

**UNI
QLO**

- Base & turnover

The White Chapel
Building E1

**COMIC
RELIEF**

• £62 psf

¹Excludes short-term lettings at properties earmarked for redevelopment

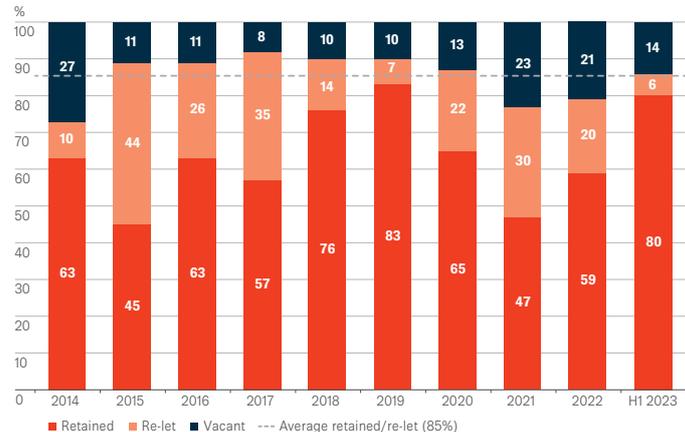
DERWENT LONDON ASSET MANAGEMENT ACTIVITY

ASSET MANAGEMENT H1 2023

	Area '000 sq ft	Previous rent £m pa	New rent £m pa	Uplift %	New rent vs Dec 2022 ERV %
Rent reviews	145.4	8.5	9.0	5.8	3.8
Lease renewals	24.0	1.2	1.2	(1.0)	10.1
Lease regears ¹	26.3	1.5	1.5	0.0	4.9
	195.7	11.2	11.7	4.3	4.6

- £11.7m of asset management activity¹
 - 4.6% ahead of ERV and 4.3% uplift
- High retention/re-letting rate of 86%
- EPRA vacancy reduced 190bp to 4.5%
 - Good leasing activity in H1
- Focus on extending income and capturing reversion
 - Good visibility on occupier intentions over coming years
- Portfolio offers many repositioning opportunities to drive rents

LEASE EXPIRY AND BREAK OUTCOME ANALYSIS



¹Excludes two redevelopment-linked regears



DELIVERING THE RIGHT PRODUCT

EMILY PRIDEAUX



BRAND AND PRODUCT



INNOVATIVE DESIGN

- Best-in-class architecture and engineering
- Intelligent
- Sustainable

CUSTOMER-FOCUSED SERVICE AND AMENITY

- DL/ Lounges
- DL/ Experience
- DL/ App

OUR APPROACH TO FLEX

- Serviced office providers
- Furnished + Flexible
- Portfolio amenity

INNOVATIVE DESIGN

WE CRAFT INSPIRING AND DISTINCTIVE SPACES

- Volume and light
- 'Long life, low carbon'
- High quality materials



Soho Place W1



Tea Building E1



Brunel Building W2

NET ZERO INTELLIGENT BUILDINGS



Angel Building EC1



80 Charlotte Street W1



Network W1 (CGI)

- Generous amenity
- Forward thinking architecture and engineering
- Air quality and openable windows

MEMBER FOCUSED SERVICE AND AMENITY

DL/ MEMBERS

DL/ LOUNGES



DL/78.Fitzrovia W1



DL/28.Old Street EC1

DL/ APP



DL/ EXPERIENCE



Rooftop Yoga



Terrarium Workshop

A TAILORED APPROACH TO FLEX

SERVICED OFFICE PROVIDER

- 163,000 sq ft (3.0% of floorspace)
- 5 different providers in 7 buildings



Fora, 6-8 Greencoat Place SW1

PORTFOLIO AMENITY

- DL/ Lounges
- DL/ App
- Asset amenities

DL/28.OLD STREET
DL/78.FITZROVIA



DL/28.Old Street EC1

FURNISHED + FLEXIBLE

- 128,300 sq ft (2.4% of floorspace)
- 48 units in 18 buildings



Tea Building E1



DEVELOPMENTS

PAUL WILLIAMS

ON-SITE PROJECTS – 435,000 SQ FT

25 Baker Street W1 – completion H1 2025



298,000 sq ft

Offices

- 206,000 sq ft 25 Baker Street – 75% pre-let
- 12,000 sq ft Gloucester Place – pre-sold

Residential

- 52,000 sq ft – strong early interest in private

Retail

- 9,000 sq ft 25 Baker Street
- 19,000 sq ft Courtyard retail – pre-sold

Embodied carbon c.600 kgCO₂e/sqm

17%
profit on cost¹
(FY 2022: 11%)

5.9%
yield on cost¹
(FY 2022: 5.4%)

Network W1 – completion H2 2025



137,000 sq ft

Offices

- 132,000 sq ft

Retail

- 5,000 sq ft

Embodied carbon c.530 kgCO₂e/sqm

¹As at 30 June 2023; excludes potential impact of Moelis pre-let

25 BAKER STREET W1

- Scheme ERV £20.0m (net)
- Office ERV £95 psf
- Average rent to date £102 psf
- Capex to complete £191m
- 97% of construction costs agreed
- 76% of commercial pre-let/sold

PIMCO
MOELIS

NET ZERO

NETWORK W1

NET ZERO

- Scheme ERV £12.4m
- Office ERV £90 psf
- Capex to complete £98m
- 99% of construction costs fixed





FUTURE DEVELOPMENT PIPELINE – 1.3M+ SQ FT

MEDIUM-TERM – c.390,000 sq ft



**50 BAKER STREET W1
(50:50 JV)**

Target: c.240,000 sq ft

Start date 2024+
Existing: 122,300 sq ft
Planning: Submitted Q4 2022

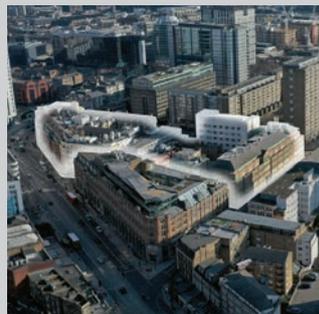


HOLDEN HOUSE W1

Target: c.150,000 sq ft

Start date 2025+
Existing: 90,600 sq ft
Planning: Consented

LONGER-TERM – 950,000+ sq ft



OLD STREET QUARTER EC1

Target: 750,000+ sq ft

Start date 2027+
Existing: c.400,000 sq ft
Planning: Application late 2023



230 BLACKFRIARS ROAD SE1

Target: 200,000+ sq ft

Start date 2030+
Existing: 60,400 sq ft

ROLLING REFINISHMENTS

- Upgrade multi-let buildings into next generation of prime
- Reposition and improve amenity
- Ensure compliance with EPC legislation
- Capture rental uplifts



20 FARRINGDON ROAD EC1

166,300 sq ft

Avg passing rent: £54 psf¹

Potential ERV²: £80+ psf



1-2 STEPHEN STREET W1

266,200 sq ft

Avg passing rent: £64 psf¹

Potential ERV²: £75+ psf



MIDDLESEX HOUSE W1

66,500 sq ft

Avg passing rent: £54 psf¹

Potential ERV²: £65+ psf

¹Topped-up office rent ² After capital expenditure



SUMMARY

PAUL WILLIAMS

SUMMARY



London

- Broad occupier and investor appeal
- Job creation and economic growth

Occupational market

- Occupiers expanding and recentralising
- Constrained supply of prime – increased pre-letting activity

Investment market

- Near-term liquidity challenges
- Opportunities expected to emerge

Derwent London

- Well-placed portfolio – brand recognition
- Delivering space occupiers want – near record letting activity
- Well-positioned balance sheet

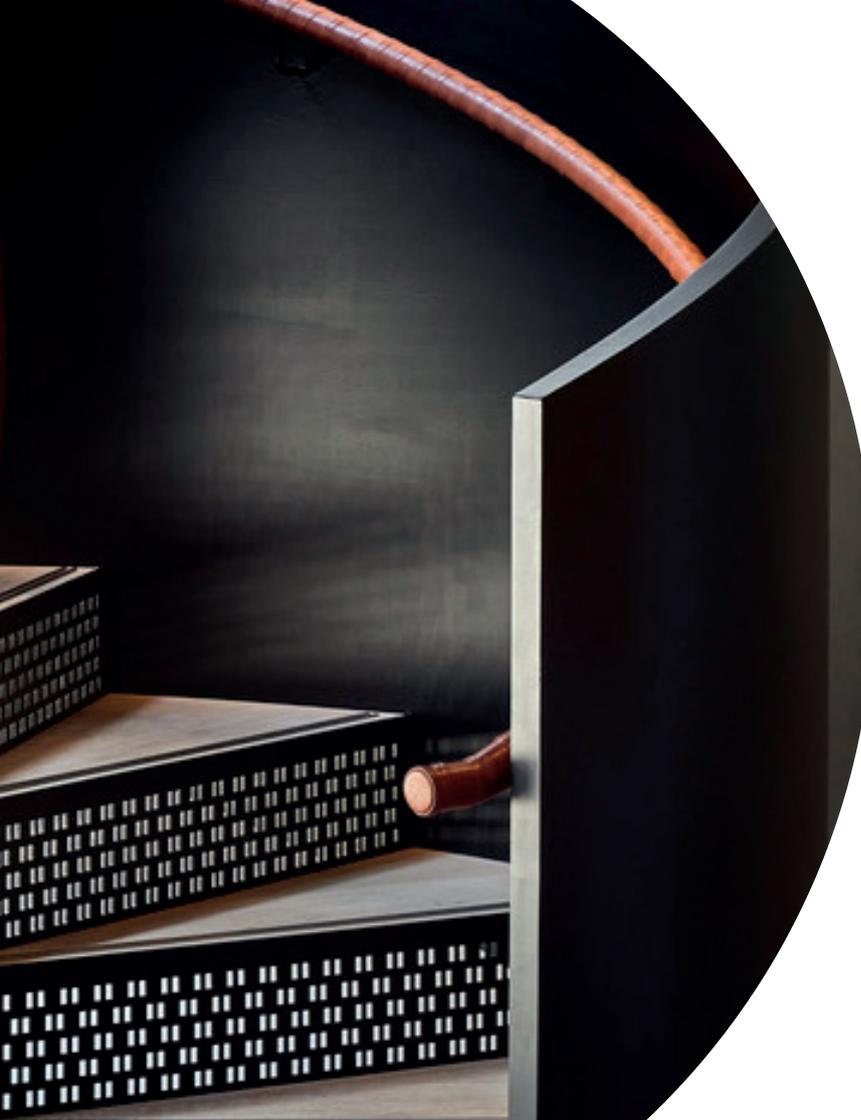


APPENDICES



APPENDICES

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FINANCIALS

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APPENDIX 1 - HEADLINE NUMBERS

	Jun 2023	% change	Dec 2022	Jun 2022
Net asset value (NAV)	£3,869.2m	(5.1)*	£4,075.5m	£4,518.8m
EPRA net tangible assets per share ^{1,2}	3,444p	(5.2)*	3,632p	4,023p
EPRA net disposal value per share ^{1,2}	3,609p	(4.2)*	3,768p	4,069p
EPRA total return	-3.7%	n/a	-6.3%	3.0%
Gross rental income	£105.9m	3.9	£207.0m	£101.9m ³
Net rental income	£90.9m	(3.3)	£188.5m	£94.0m ³
EPRA earnings per share ²	49.51p	(7.0)	106.62p	53.22p ³
(Loss)/profit for the period	(£143.2m)	(205.8)	(£280.5m)	£135.3m
Interim dividend per share	24.50p	2.1	24.00p	24.00p
Net debt	£1,274.0m	1.3*	£1,257.2m	£1,360.7m
EPRA loan-to-value (LTV) ratio	25.0%	n/a	23.9%	23.7%
NAV gearing	32.9%	n/a	30.8%	30.1%
Net interest cover ratio ⁴	411%	n/a	423%	419%

* Compared to Dec 2022

¹ On a diluted basis ² Reconciliations to IFRS figures in Appendix 3 and 6 ³ H1 2022 figures have been restated, see Appendix 9 ⁴ Includes share of joint ventures

APPENDIX 2 - GROUP BALANCE SHEET

	Jun 2023 £m	Dec 2022 £m	Jun 2022 £m
Investment property	4,852.1	5,002.0	5,497.1 ¹
Owner-occupied property	47.4	50.0	50.0
Investment in joint ventures	39.2	43.9	51.3
Other non-current assets	207.1	198.6	188.2
	5,145.8	5,294.5	5,786.6
Non-current assets held for sale	-	54.2	115.4
Other current assets and liabilities	(112.4)	(106.6)	(103.8) ¹
Trading property and stock	50.7	41.7	32.5
Cash and cash equivalents	98.4	76.6	82.9 ¹
Leasehold liability – current	(0.4)	(0.5)	-
Borrowings – current	(20.0)	(19.7)	(14.6)
	16.3	(8.5)	(3.0)
Borrowings – non-current	(1,258.3)	(1,229.4)	(1,359.3)
Leasehold liability – non-current	(34.4)	(34.5)	(19.6)
Other non-current liabilities	(0.2)	(0.8)	(1.3)
	(1,292.9)	(1,264.7)	(1,380.2)
Net assets attributable to equity shareholders	3,869.2	4,075.5	4,518.8

¹ H1 2022 figures have been restated, see Appendix 9

APPENDIX 3 - EPRA NET ASSET VALUE METRICS

	Jun 2023			Dec 2022		
	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	3,869.2	3,869.2	3,869.2	4,075.5	4,075.5	4,075.5
Revaluation of trading properties	3.6	3.6	3.6	4.8	4.8	4.8
Deferred tax on revaluation surplus	1.6	-	3.2	1.9	-	3.7
Fair value of derivative financial instruments	(5.7)	-	(5.7)	(5.0)	-	(5.0)
Fair value adjustment to secured bonds	5.8	5.8	5.8	6.5	6.5	6.5
Mark-to-market of fixed rate debt	-	190.6	-	-	159.5	-
Unamortised issue and arrangement costs	-	(8.8)	-	-	(10.1)	-
Purchasers' costs ⁴	-	-	348.4	-	-	361.9
Adjusted net assets	3,874.5	4,060.4	4,224.5	4,083.7	4,236.2	4,447.4
Number of shares (m) – diluted	112.5	112.5	112.5	112.4	112.4	112.4
Per share measure (p) – diluted	3,444	3,609	3,755	3,632	3,768	3,956

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

	Half year ended Jun 2023 £m	Year ended Dec 2022 £m	Half year ended Jun 2022 £m
Gross property income	105.9	208.4	102.3 ¹
Profit on disposal of trading properties	-	0.2	0.3
Write-down of trading property	(0.1)	(0.2)	-
Other income	2.4	4.2	1.8
Movement in impairment of receivables	(1.9)	1.0	0.5 ¹
Other property outgoings	(13.0)	(19.0)	(8.3)
Net property and other income	93.3	194.6	96.6
Administrative expenses	(19.2)	(36.4)	(17.8)
Revaluation (deficit)/surplus	(196.7)	(422.1)	73.3 ¹
Profit on disposal of investment property	1.2	25.6	0.5
Net finance costs	(19.6)	(39.4)	(18.5)
Joint venture (JV) results	(3.8)	(7.3)	0.1
Derivatives fair value movement	0.7	5.8	3.5
Financial derivative termination income/(costs)	1.0	(0.3)	(0.6)
IFRS (loss)/profit before tax	(143.1)	(279.5)	137.1
Tax charge	(0.1)	(1.0)	(1.8)
IFRS (loss)/profit for the period²	(143.2)	(280.5)	135.3

¹ H1 2022 figures have been restated, see Appendix 9 ² 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

	Half year ended Jun 2023 £m	Year ended Dec 2022 £m	Half year ended Jun 2022 £m
IFRS (loss)/profit for the period attributable to shareholders	(143.2)	(280.5)	135.3
Revaluation (surplus)/deficit	196.7	422.1	(73.3) ¹
Joint venture revaluation deficit	4.8	9.3	1.1
Profit on disposal of investment property	(1.2)	(25.6)	(0.5)
Profit on disposal of trading properties	-	(0.2)	(0.3)
Write-down of trading property	0.1	0.2	-
Derivatives fair value adjustment	(0.7)	(5.8)	(3.5)
Financial derivative termination costs	(1.0)	(0.1)	0.2
Tax adjustment	0.1	0.3	0.7
EPRA earnings	55.6	119.7	59.7¹

¹ H1 2022 figures have been restated, see Appendix 9

APPENDIX 6 - EXPLANATION OF EPRA ADJUSTMENTS

	H1 2023 IFRS £m	Adjustments			H1 2023 EPRA basis £m	H1 2022 EPRA basis £m
		A	B	C		
		£m	£m	£m		
Net property and other income	93.3	-	0.1	-	93.4	96.3 ¹
Administrative expenses	(19.2)	-	-	-	(19.2)	(17.8)
Revaluation deficit	(196.7)	-	196.7	-	-	-
Profit on disposal	1.2	(1.2)	-	-	-	-
Net finance costs	(19.6)	-	-	-	(19.6)	(18.5)
Derivatives fair value movement	0.7	-	-	(0.7)	-	-
Financial derivative termination costs	1.0	-	-	(1.0)	-	(0.4)
Share of results of joint ventures	(3.8)	-	4.8	-	1.0	1.2
(Loss)/profit before tax	(143.1)	(1.2)	201.6	(1.7)	55.6	60.8
Tax charge	(0.1)	-	0.1	-	-	(1.1)
Earnings attributable to equity shareholders	(143.2)	(1.2)	201.7	(1.7)	55.6	59.7
Earnings per share	(127.53p)				49.51p	53.22p

A – Disposal of investment and trading property 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

¹ H1 2022 figures have been restated, see Appendix 9

APPENDIX 7 - GROUP CASH FLOW

	Half year ended Jun 2023 £m	Year ended Dec 2022 £m	Half year ended Jun 2022 £m
Property income	99.2	194.4	94.2
Property expenses and service charge balance movement	(9.5)	(19.5)	(6.1)
Tenant deposit movement	(0.3)	9.7	10.8 ¹
Other income	3.9	4.2	1.5
Administrative expenses	(22.1)	(33.1)	(18.7)
Finance costs	(15.0)	(36.8)	(13.7)
Trading property disposals	-	3.0	3.0
Trading property expenditure	(8.6)	(9.7)	(1.5)
Other cash used in operating activities	(3.8)	(0.8)	(7.4) ¹
Net cash from operating activities	43.8	111.4	62.1¹
Acquisitions and capex	(52.8)	(258.3)	(204.9)
Disposals	65.2	206.7	65.0
Investment in joint venture	-	(0.3)	(0.3)
Receipts from joint venture	0.7	-	-
Other cash used in investing activities	(5.0)	0.2	(10.2) ¹
Net cash used in investing activities	8.1	(51.7)	(150.4)¹
Movement in debt	27.8	(2.7)	123.3
Dividends paid	(58.9)	(86.8)	(58.2)
Other cash used in financing activities	1.0	0.9	0.6
Net cash (used in)/from financing activities	(30.1)	(88.6)	65.7
Increase/(decrease) in cash and cash equivalents in the period	21.8	(28.9)	(22.6) ¹
Cash and cash equivalents at the beginning of the period	76.6	105.5	105.5 ¹
Cash and cash equivalents at the end of the period	98.4	76.6	82.9¹

¹ H1 2022 figures have been restated, see Appendix 9

APPENDIX 8 - LIKE-FOR-LIKE INCOME RECONCILIATION

	Like-for-like movement to H1 2023	Like-for-like portfolio £m	Development property £m	Acquisitions & disposals £m	Total £m
H1 2023					
Gross rental income		95.1	9.5	1.3	105.9
Other property expenditure		(9.4)	(3.3)	(0.4)	(13.1)
Write-off/impairment of receivables		(1.4)	(0.5)	-	(1.9)
Net rental income		84.3	5.7	0.9	90.9
Other		2.5	(0.1)	-	2.4
Net property and other income		86.8	5.6	0.9	93.3
H1 2022					
Gross rental income¹	1.9%	93.3	4.8	3.8	101.9
Other property expenditure		(6.2)	(1.9)	(0.3)	(8.4)
Write-off/impairment of receivables ¹		0.3	0.1	0.1	0.5
Net rental income	(3.5%)	87.4	3.0	3.6	94.0
Other		2.2	0.1	0.3	2.6
Net property and other income	(3.1%)	89.6	3.1	3.9	96.6
H2 2022					
Gross rental income	1.4%	93.8	8.5	2.8	105.1
Other property expenditure		(8.0)	(3.2)	0.1	(11.1)
Write-off/impairment of receivables		-	0.5	-	0.5
Net rental income	(1.7%)	85.8	5.8	2.9	94.5
Other		3.7	(0.2)	-	3.5
Net property and other income	(3.0%)	89.5	5.6	2.9	98.0

¹ H1 2022 figures have been restated, see Appendix 9

APPENDIX 9 - ACCOUNTING POLICY CHANGES

- Impact of H1 2022 restatements as a result of the change in accounting policy

	30 Jun £m	Restatement ¹ £m	Restatement ² £m	30 Jun Restated £m
Group balance sheet (extract)				
Investment property	5,495.9	1.2	-	5,497.1
Other receivables	175.8	(0.7)	-	175.1
Trade and other receivables	78.9	(0.5)	(21.7)	56.7
Cash and cash equivalent	32.8	-	50.1	82.9
Trade and other payables	(126.5)	-	(28.4)	(154.9)
	5,656.9	-	-	5,656.9
Group income statement (extract)				
Net property and other income				
Gross rental income	101.7	0.2	-	101.9
Movement in impairment of receivables	0.6	(0.1)	-	0.5
Revaluation surplus	73.4	(0.1)	-	73.3
	175.7	-	-	175.7
Group cash flow statement (extract)				
Net cash from operating activities	51.5	-	13.1	64.6 ³
	51.5	-	13.1	64.6

- These H1 2022 adjustments have no impact on EPRA NTA, IFRS profit, net debt or gearing ratios

¹ Restatement in relation to IFRIC Agenda Decision – Forgiveness of lease payments ² Restatement in relation to IFRIC Agenda Decision – Recognition of Tenant Deposits as restricted cash and service charge reclassification ³ Excludes the £2.5m impact of the re-presentation of VAT between operating and investing activities

APPENDIX 10 - GREEN DEBT FACILITIES AND EXPENDITURE

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

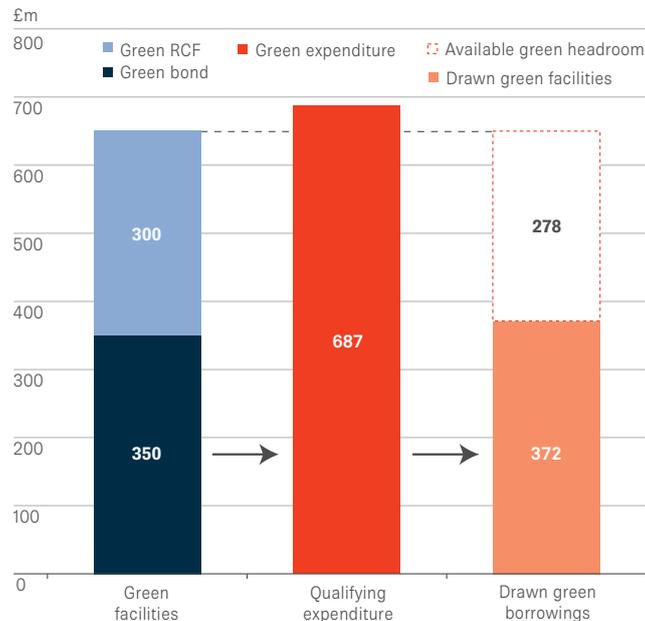
Eligible green projects (EGP)

- Completed
 - 80 Charlotte Street W1, The Featherstone Building EC1 and Soho Place W1
- On site
 - 25 Baker Street W1 and Network W1¹

At 30 June 2023

- | | |
|---|---------|
| • 2023 qualifying green expenditure | £44.5m |
| • Cumulative qualifying green expenditure | £687.1m |
| • Drawn green borrowings | £372.5m |
| • Available green headroom on facilities | £277.5m |

GREEN BORROWINGS AND QUALIFYING EXPENDITURE



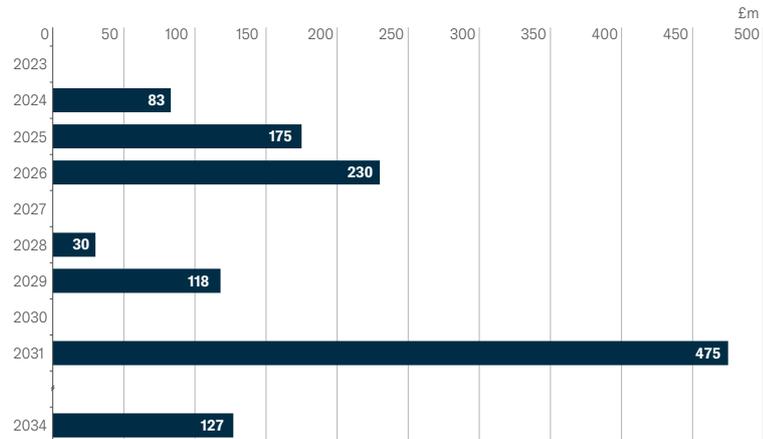
¹ Elected in H1 2023

APPENDIX 11 - DEBT SUMMARY

	Jun 2023	Dec 2022
Bank facilities drawn	£27m	-
Fixed rates borrowings	£1,238m	£1,238m
Drawn facilities	£1,265m	£1,238m
Unutilised facilities and cash ¹	£562m	£577m
Average spot interest rate (cash basis)	3.19%	3.14%
Average spot interest rate (IFRS basis)	3.32%	3.26%
Average maturity of borrowings	5.6 years	6.2 years
EPRA loan-to-value	25.0%	23.9%
NAV gearing	32.9%	30.8%
Net interest cover ratio ²	411%	423%

	Jun 2023	Dec 2022
Proportion of drawn facilities at fixed rates	98%	100%
Weighted average duration of fixed rate instruments	5.7 years	6.2 years
Mark-to-market of forward-start swap	£5.7m	£5.0m

MATURITY PROFILE OF FIXED RATES



¹ Excludes restricted cash ² Includes share of joint ventures

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 ¹	20.0	-	20.0	n/a
Non-bank loans	1,258.0	-	1,258.0	
Club revolving credit – unsecured ²	22.5	427.5	450.0	October 2026
Bilateral revolving credit – unsecured	5.0	95.0	100.0	November 2027
Committed bank facilities	27.5	522.5	550.0	
At 30 Jun 2023	1,285.5	522.5	1,808.0	

¹No fixed repayment date ²Includes £300m green tranche

APPENDIX 13 - NET DEBT

	Jun 2023 £m	Dec 2022 £m
Borrowings – current	20.0	19.7
Borrowings – non-current	1,258.3	1,229.4
Acquired fair value of secured bonds less amortisation	(5.8)	(6.5)
Unamortised discount on unsecured green bonds	1.6	1.7
Equity component of convertible bonds	7.7	7.7
Unwinding of discount of convertible bonds	(5.1)	(4.4)
Unamortised issue and arrangement costs	8.8	10.1
Facilities – drawn	1,285.5	1,257.7
Facilities – undrawn	522.5	550.0
Total debt facilities	1,808.0	1,807.7

	Jun 2023 £m	Dec 2022 £m
Borrowings	1,278.3	1,249.1
Leasehold liabilities	34.8	35.0
Cash at bank excluding restricted cash	(39.1)	(26.9)
Net debt	1,274.0	1,257.2



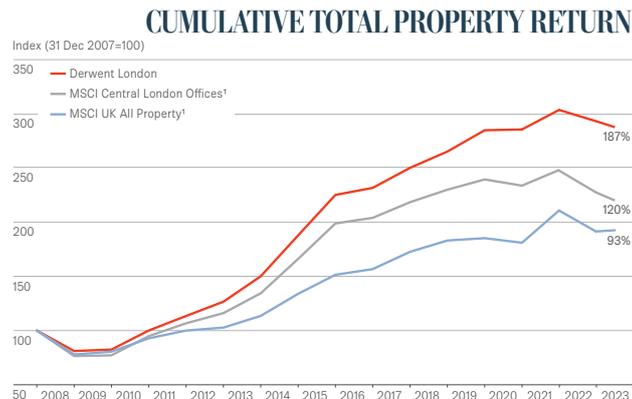
VALUATION

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APPENDIX 14 - PROPERTY RETURN

- Derwent London H1 total property return -2.0%
- MSCI Central London Offices¹ -3.2%
- Outperformance within central London due to:
 - On-site development progress
 - Asset locations – 72% of portfolio in the West End
 - Asset management and new lettings
 - Resilience of high quality buildings



¹ Quarterly Index

APPENDIX 15 - VALUATION PERFORMANCE BY VILLAGE

	Valuation Jun 2023 £m	Weighting Jun 2023 %	Valuation movement H1 2023 ¹ %
West End Central			
Fitzrovia	1,735.2	34	(2.5)
Victoria	472.7	9	(4.5)
Soho/Covent Garden	393.0	8	(0.5)
Paddington	356.8	7	(4.2)
Marylebone	287.0	5	10.0
Mayfair	101.0	2	(3.8)
	3,345.7	65	(1.8)
West End Borders & Other			
Islington/Camden	320.8	6	(7.9)
Brixton	28.0	1	0.0
	348.8	7	(7.3)
West End	3,694.5	72	(2.4)
City Borders			
Old Street	609.3	12	(7.5)
Shoreditch/Whitechapel	374.3	7	(4.9)
Clerkenwell	356.6	7	(9.3)
Southbank	49.5	1	(5.0)
City Borders	1,389.7	27	(7.2)
Central London	5,084.2	99	(3.7)
Provincial	77.5	1	(2.5)
Investment portfolio	5,161.7	100	(3.7)

¹ Underlying – properties held throughout the period

APPENDIX 16 - RENTAL VALUE GROWTH AND AVERAGE RENTS

RENTAL VALUE GROWTH¹

	H1 2022 %	H2 2022 %	2022 %	H1 2023 %
West End	0.5	0.7	1.2	1.0
City Borders	1.6	0.0	1.6	1.2
Central London	0.9	0.5	1.4	1.0
Provincial	(0.3)	0.4	0.1	0.0
Underlying	0.8	0.5	1.3	1.0

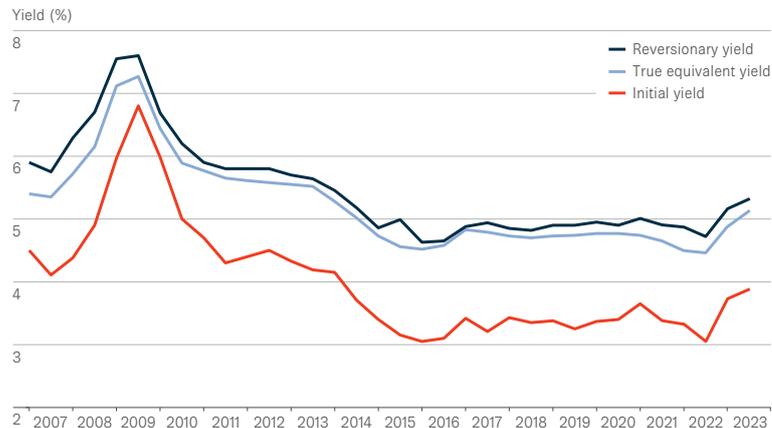
AVERAGE RENTS - CENTRAL LONDON OFFICES

	Portfolio % ²	Passing rent £ psf ³	'Topped-up' rent £ psf ³	ERV £ psf ⁴
Core income	58	51.75	66.07	67.65
Potential projects	34	43.60	48.48	50.44
	92	49.06	60.26	61.69
On-site developments	8	-	103.42	91.01
Total	100	-	61.42	64.02

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

APPENDIX 17 - VALUATION YIELDS

YIELD PROFILE¹



INITIAL YIELDS²

	Net initial yield %	'Topped-up' initial yield %
West End	3.8	4.7
City Borders	4.0	4.9
Central London	3.8	4.8
Provincial	8.3	8.9
EPRA portfolio	3.9	4.8

TRUE EQUIVALENT YIELDS²

	Dec 2022 %	H1 2023 movement basis points	Jun 2023 %
West End	4.71	19	4.90
City Borders	5.11	41	5.52
Central London	4.83	26	5.09
Provincial	9.32	52	9.84
Underlying	4.88	25	5.13

¹ Six-monthly data ² On EPRA portfolio

APPENDIX 18 - CONTEXT TO YIELD MOVEMENT

- As at 30 June 2023
 - Derwent London true equivalent yield 5.13% (+25bp in H1)
 - BBB yield 6.67% (+50bp in H1)
 - UK 10-year Gilt yield 4.39% (+72bp in H1)

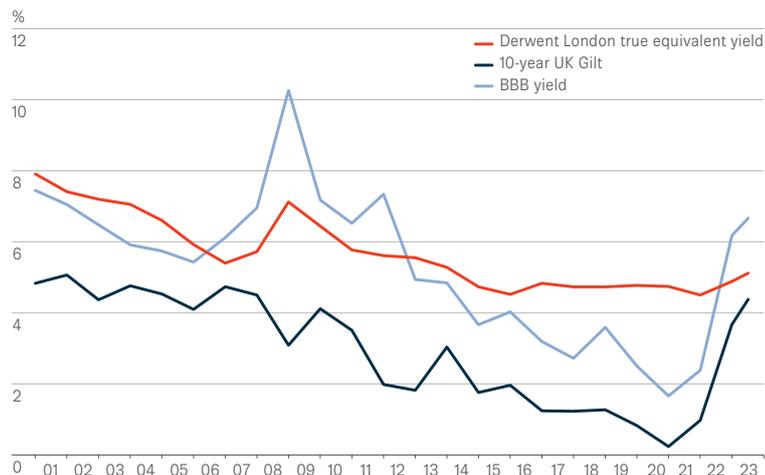
• Capital values²

- Central London £1,028 psf
 - West End £1,126 psf
 - City Borders £848 psf

• Portfolio breakdown

Valuation	Number of properties	Weighting %
> £300m	4	32
£200m – £300m	4	18
£100m – £200m	10	25
£50m – £100m	9	13
< £50m	39	12
	66	100

VALUATION YIELDS¹



¹ Post H2 2010 portfolio on an EPRA basis ² Excludes 0.44m sq ft of on-site developments – Appendix 41

APPENDIX 19 - PORTFOLIO STATISTICS BY VILLAGE

	Valuation £m	Weighting %	Floor area ¹ '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 ² £m pa	Total reversion £m pa	Estimated rental value £m pa
West End Central										
Fitzrovia	1,735.2	34	1,604	170	64.8	45.51	14.5	21.5	36.0	100.8
Victoria	472.7	9	521	10	20.9	40.88	0.5	5.0	5.5	26.4
Soho/Covent Garden	393.0	8	225	10	12.8	63.94 ³	1.2	6.2	7.4	20.2
Paddington	356.8	7	243	-	12.8	54.07 ⁴	-	4.6	4.6	17.4
Marylebone	287.0	5	359	164	2.6	16.25 ⁵	9.4	11.1	20.5	23.1
Mayfair	101.0	2	43	-	1.9	43.05 ⁶	-	2.4	2.4	4.3
	3,345.7	65	2,995	354	115.8	45.05	25.6	50.8	76.4	192.2
West End Borders & Other										
Islington/Camden	320.8	6	376	10	20.4	56.14	0.3	0.3	0.6	21.0
Brixton	28.0	1	53	8	0.7	14.66	0.2	0.3	0.5	1.2
	348.8	7	429	18	21.1	51.58	0.5	0.6	1.1	22.2
West End	3,694.5	72	3,424	372	136.9	45.93	26.1	51.4	77.5	214.4
City Borders										
Old Street	609.3	12	605	57	26.6	48.44	3.8	7.5	11.3	37.9
Shoreditch/Whitechapel	374.3	7	544	172	16.9	45.62	5.3	2.5	7.8	24.7
Clerkenwell	356.6	7	429	7	17.3	43.92	0.3	3.6	3.9	21.2
Southbank	49.5	1	60	31	1.2	41.61	1.3	0.2	1.5	2.7
City Borders	1,389.7	27	1,638	267	62.0	46.14	10.7	13.8	24.5	86.5
Central London	5,084.2	99	5,062	639	198.9	46.00	36.8	65.2	102.0	300.9
Provincial	77.5	1	326	13	4.4	14.15	0.2	0.1	0.3	4.7
Investment portfolio	5,161.7	100	5,388	652	203.3	43.88	37.0	65.3	102.3	305.6

¹ Includes 0.44 m sq ft of on-site developments

² Contractual uplifts, rent review/lease renewal, reversion and pre-lets ³ Contracted rent of £91.59 psf after incentives

⁴ Contracted rent of £73.07 psf after incentives

⁵ Contracted rent of £83.08 psf including PIMCO pre-let

⁶ Contracted rent of £105.30 psf after excluding owner-occupied space



PORTFOLIO INCOME PROFILE

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APPENDIX 20 - BUILD-UP OF PORTFOLIO ERV

	£m	Rent uplift pa £m	Rent pa £m
Contracted rental income, net of ground rents			203.3
Contractual rental uplifts			
80 Charlotte Street W1	12.1		
Soho Place W1	6.0		
Brunel Building W2	4.6		
The Featherstone Building EC1	3.4		
Francis House SW1	2.9		
88 Rosebery Avenue EC1	2.4		
1 Oliver's Yard EC1	2.3		
Other	13.6	47.3	
Vacant space¹			
Available to occupy	12.1		
Under refurbishment	3.2	15.3	
Lease reversions			
Anticipated rent reviews and lease renewals	11.0		
Future contracted rent above ERV	(3.7)	7.3	69.9
			273.2
On-site developments (non-EPRA)^{1, 2}			
Pre-let element	10.7		
Available	21.7		32.4
Estimated rental value			305.6

¹ Detailed in Appendix 21 ² Capex to complete £294m excluding capitalised interest – see Appendix 41

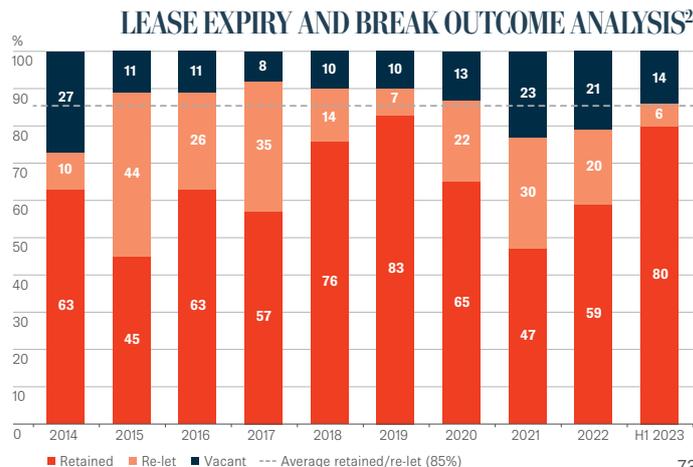
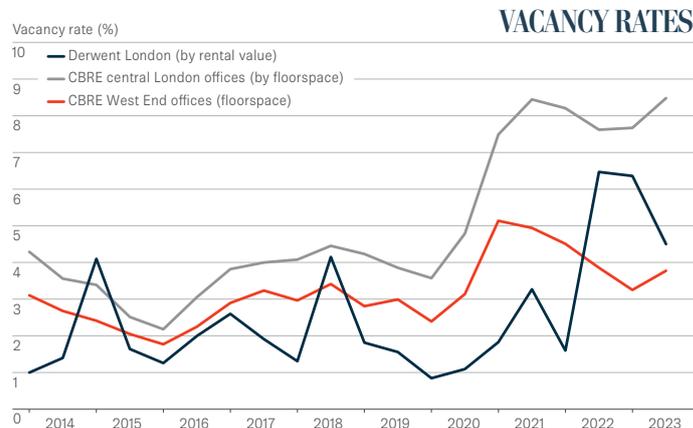
APPENDIX 21 - AVAILABLE SPACE AND PROJECTS

	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
Available to occupy									
The White Chapel Building E1	158	-	158	4.5	-	4.5	-	4.5	7,000 sq ft let in Q3 at £0.3m
The Featherstone Building EC1	52	-	52	3.6	-	3.6	-	3.6	14,500 sq ft let in Q3 at £1.0m
Soho Place W1	10	-	10	1.2	-	1.2	-	1.2	4,300 sq ft under offer at £0.4m
Tea Building E1	14	-	14	0.8	-	0.8	-	0.8	7,100 sq ft let in Q3 at £0.5m
Other	56	-	56	2.0	-	2.0	-	2.0	
	290	-	290	12.1	-	12.1	-	12.1	
Refurbishments									
230 Blackfriars Road SE1	31	-	31	1.2	-	1.2	-	1.2	
45-51 Whitfield Street W1	9	-	9	0.6	-	0.6	-	0.6	
Middlesex House W1	7	-	7	0.5	-	0.5	-	0.5	
Other	17	-	17	1.0	0.1	0.9	-	0.9	
	64	-	64	3.3	0.1	3.2	-	3.2	
On-site developments									
25 Baker Street W1	161	137	298	9.5	0.2	9.3	10.7	20.0	49,200 sq ft pre-let in Q3 at £4.9m
Network W1	137	-	137	12.4	-	12.4	-	12.4	
	298	137	435	21.9	0.2	21.7	10.7	32.4	
Total	652	137	789	37.3	0.3	37.0	10.7	47.7	

APPENDIX 22 - VACANCY RATE AND LEASE EXPIRY ANALYSIS

- Derwent London EPRA vacancy rate¹ of 4.5% at Jun 2023
 - Down from 6.4% in Dec 2022
- CBRE central London office vacancy rate of 8.5%
 - 7.7% in Dec 2022
 - 5.3% LTA (long-term average)
- By CBRE sub-area
 - West End 3.8% (3.3% in Dec 2022, 4.1% LTA)
 - City 11.7% (11.3% in Dec 2022, 6.9% LTA)
- £9.9m of income exposed to breaks/expiries in H1 2023 (excluding disposals/projects)
 - 86% of income retained or re-let
 - 85% 10-year average

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



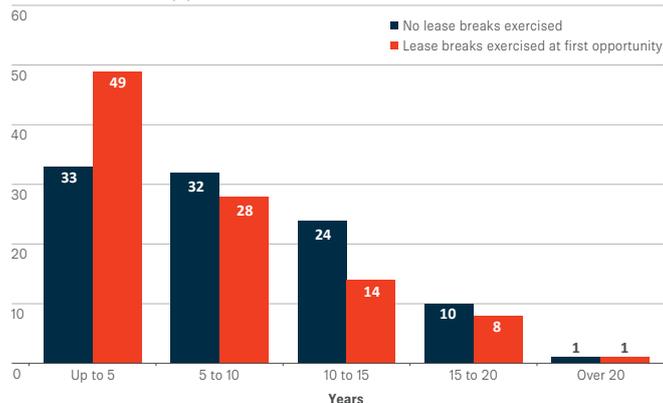
APPENDIX 23 - LEASE EXPIRY PROFILE AND LEASE LENGTH

EXPIRIES AND BREAKS AS A PERCENTAGE OF PORTFOLIO INCOME¹

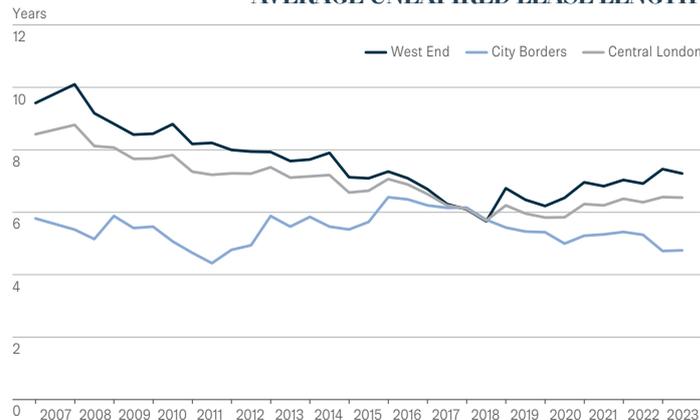
	West End	City Borders	Provincial	H2 2023	2024	2025	2026	2027	Total
Expiries	1	1	-	2	4	11	4	4	25
Rolling breaks	1	-	-	1	1	-	-	-	2
Single breaks	-	1	-	1	12	5	2	2	22
Total	2	2	-	4	17	16	6	6	49

PROFILE OF RENTAL INCOME EXPIRY¹

Annualised rental income (%)



AVERAGE UNEXPIRED LEASE LENGTH²

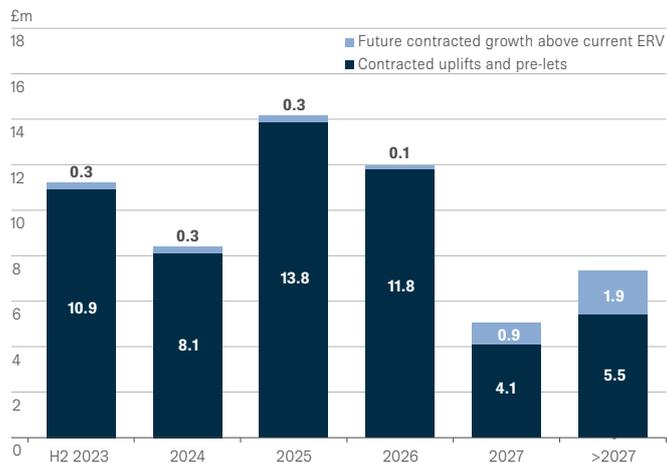


- Average lease length of 6.4 years (Dec 2022: 6.4 years)
 - 7.2 years after adjusting for 'topped-up' rents (Dec 2022: 7.2 years)

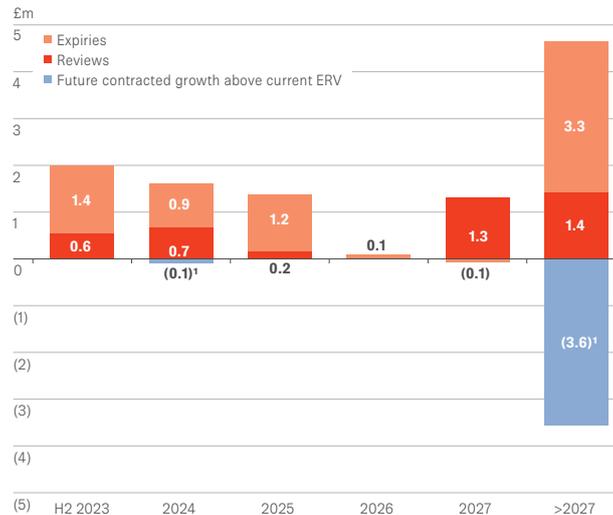
¹ Based upon annualised rental income of £203.3m ² Lease length weighted by rental income and assuming tenants break at first opportunity

APPENDIX 24 - TIMING OF THE REVERSION

CONTRACTED UPLIFTS AND PRE-LETS: £58.0M



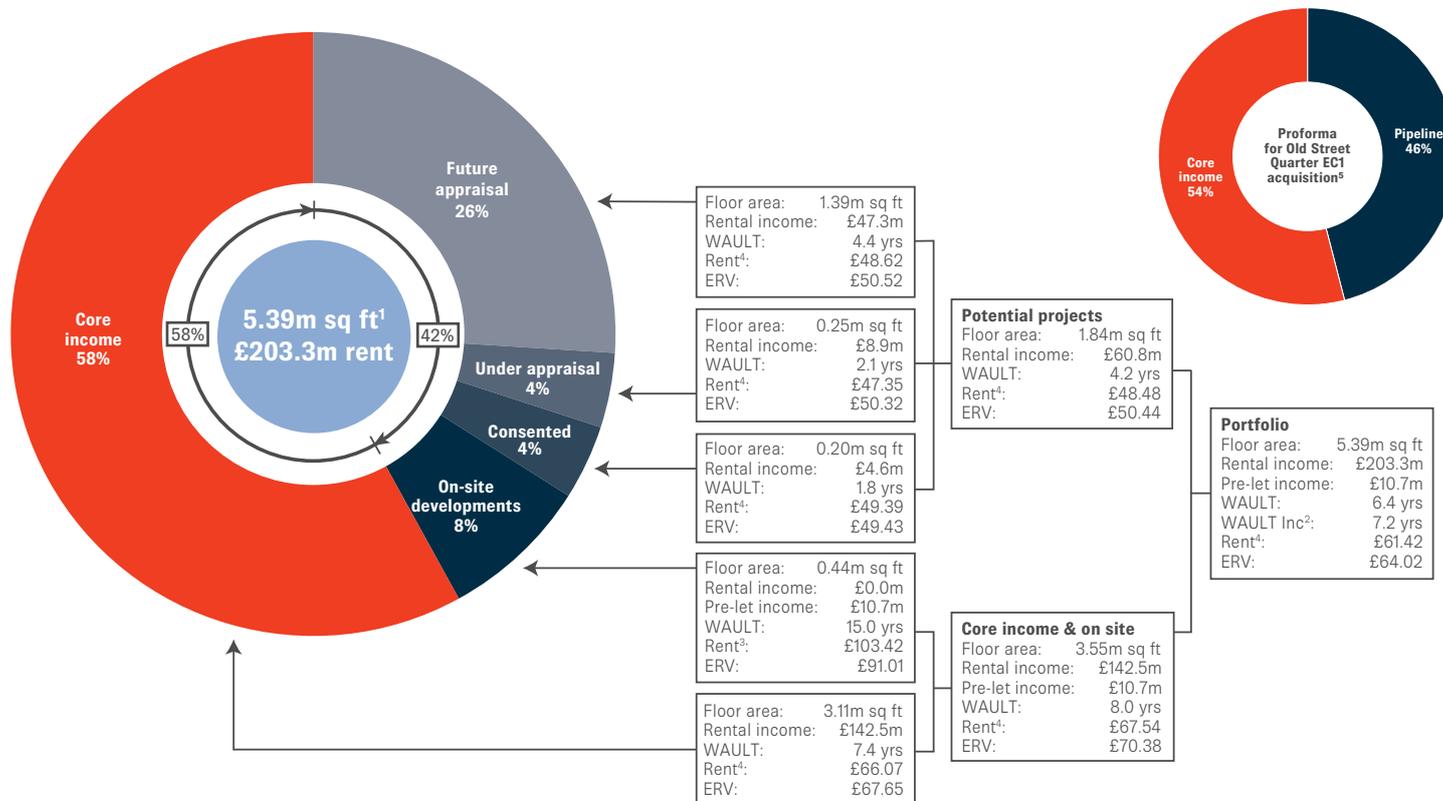
REVIEWS AND EXPIRIES: £73M



	H2 2023	2024	2025	2026	2027	>2027
Rent psf	£52	£50	£51	£49	£43	£73
ERV psf	£58	£53	£54	£52	£54	£67
Uplift	12%	6%	6%	6%	26%	(8%)

¹ Predominantly due to contracted uplifts reverting to Jun 2023 ERV at lease expiry

APPENDIX 25 - PORTFOLIO SUMMARY



¹ Comprises 4.95m sq ft of existing buildings plus 0.44m sq ft of on-site developments

² After adjusting for 'topped-up' rents and pre-lets – Appendix 23

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

⁴ 'Topped-up' office rent

⁵ Existing Moorfields Eye Hospital area of 400,000 sq ft on a 2.5 acre site

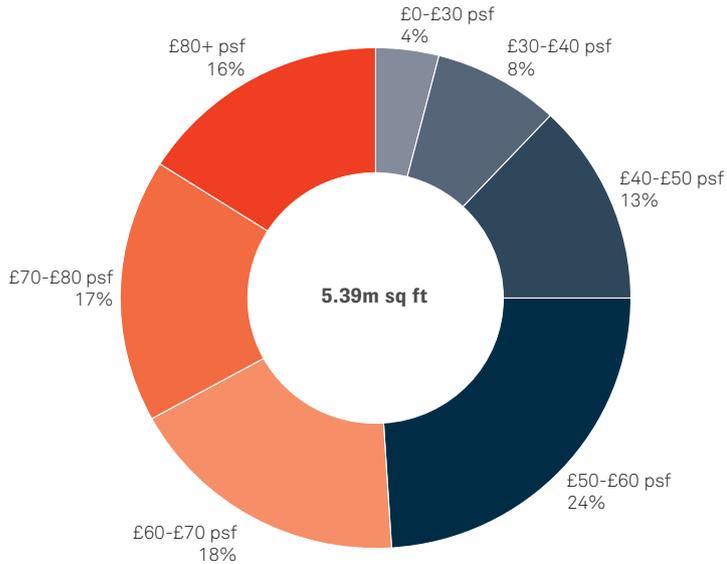
APPENDIX 26 - MAJOR TENANTS

			'Topped-up' income %			
		01	Expedia	6.1		
		02	Public sector ¹	5.7		
		03	Burberry	5.6		
		04	Boston Consulting Group	5.2		
		05	PIMCO (pre-let)	4.1		
		06	G-Research	4.1		
		07	Arup	3.7		
		08	Apollo	3.0		
		09	The Office Group/Fora	3.0		
		10	Sony Pictures	1.8		
		11	Fremantle	1.8		
		12	VCCP	1.7		
		13	Adobe	1.5		
		14	Publicis Groupe	1.4		
		15	Splunk	1.4		
		16	Soho House	1.4		
		17	Telecity Group/Digital London	1.3		
		18	Accenture	1.2		
		19	Morningstar	1.1		
		20	Ticketmaster	1.1		
			Total	56.2		

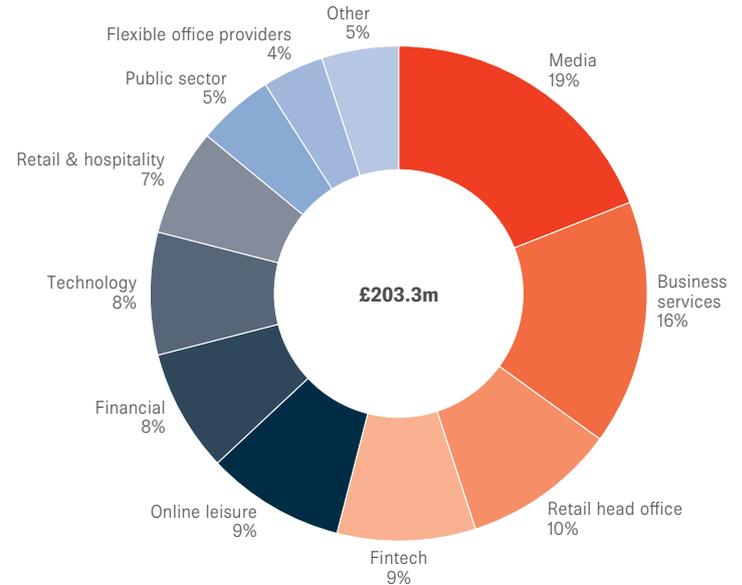
¹ Includes universities, the NHS and central government departments

APPENDIX 27 - 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



SUSTAINABILITY

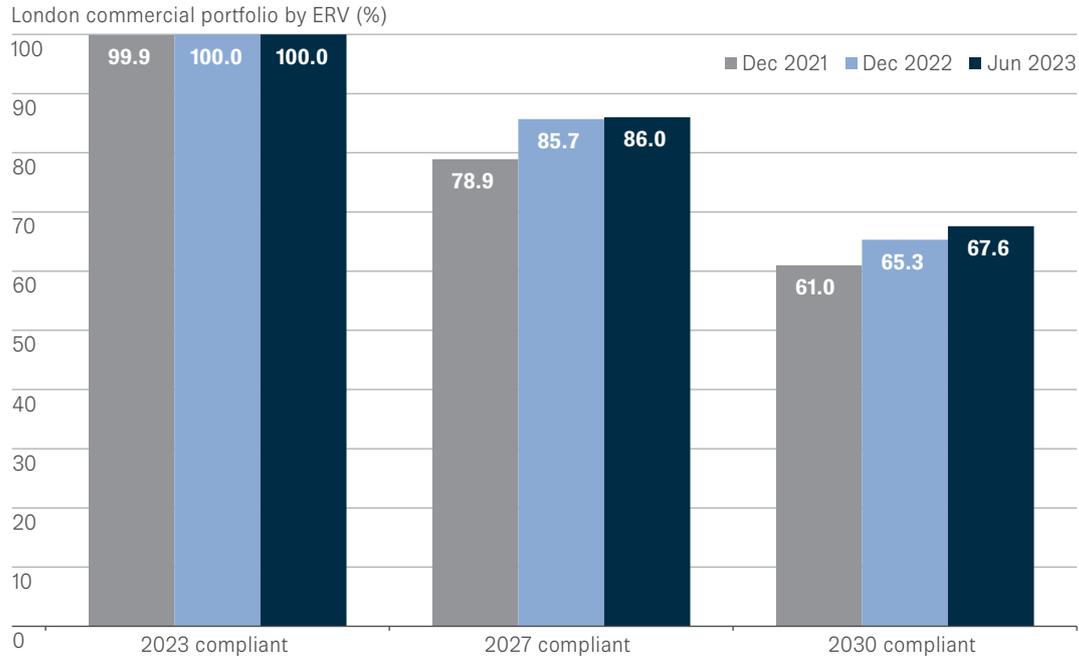
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APPENDIX 28 - PORTFOLIO EPC PROFILE



APPENDIX 29 - EPC RATING PROGRESSION¹



¹ London commercial portfolio and assumes projects have completed

APPENDIX 30 - EMBODIED CARBON

Year	Scheme	Embodied carbon footprint tCO ₂ e	Embodied carbon intensity kgCO ₂ 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.Fitzrovia 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 ¹	143	29
	Tea Building E1 ²	172	82
	43 Whitfield Street W1	94	44
	90 Whitfield Street W1 ¹	230	108
2025	25 Baker Street W1 ³	23,006	c.600
	Network W1 ³	9,371	c.530

¹ Part fit-out ² Unit refurbishment ³ Stage 4 or 5 design estimate



Old Street Yard EC1



LONDON OFFICE MARKET

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35.	New construction starts	88
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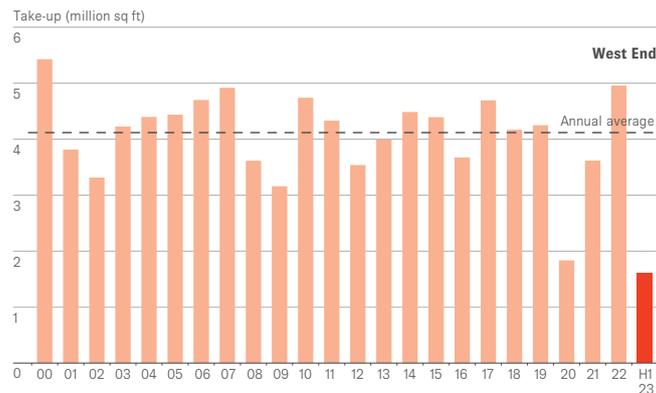
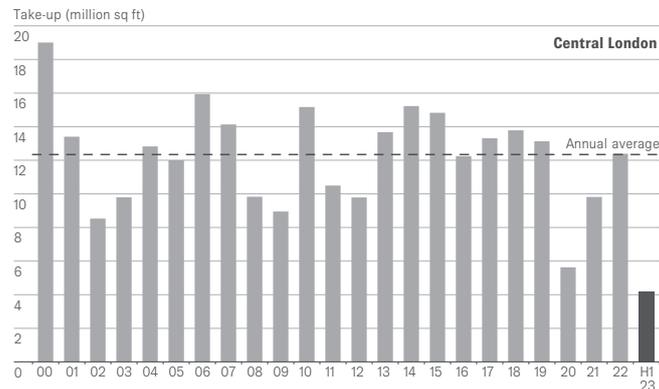
APPENDIX 31 - DEMAND

Market statistics

- Central London
 - 4.2m sq ft of take-up in H1 2023
 - 36% below H1 2022
 - 32% below the LTA
 - Pre-lets accounted for 25% of take-up, the highest since 2018
 - Activity by key sector: 29% banking & finance, 22% business services, 16% creative industries and 11% professional

- West End
 - 1.6m sq ft of take-up in H1 2023
 - 35% below H1 2022
 - 22% below LTA

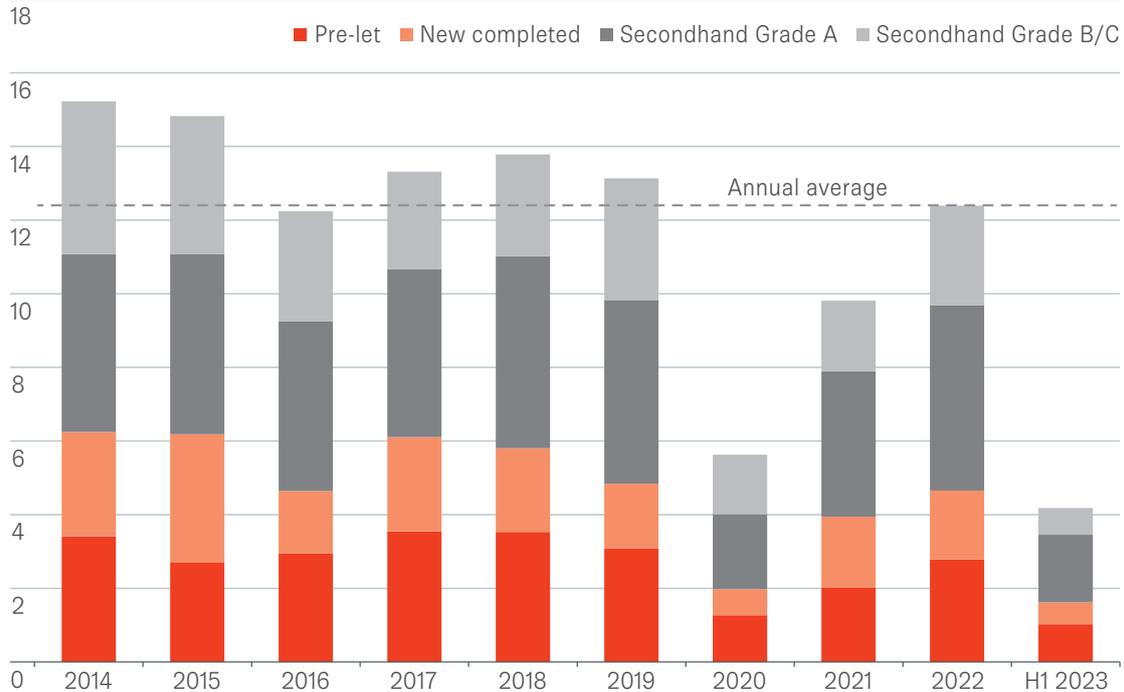
OFFICE TAKE-UP



Source: CBRE

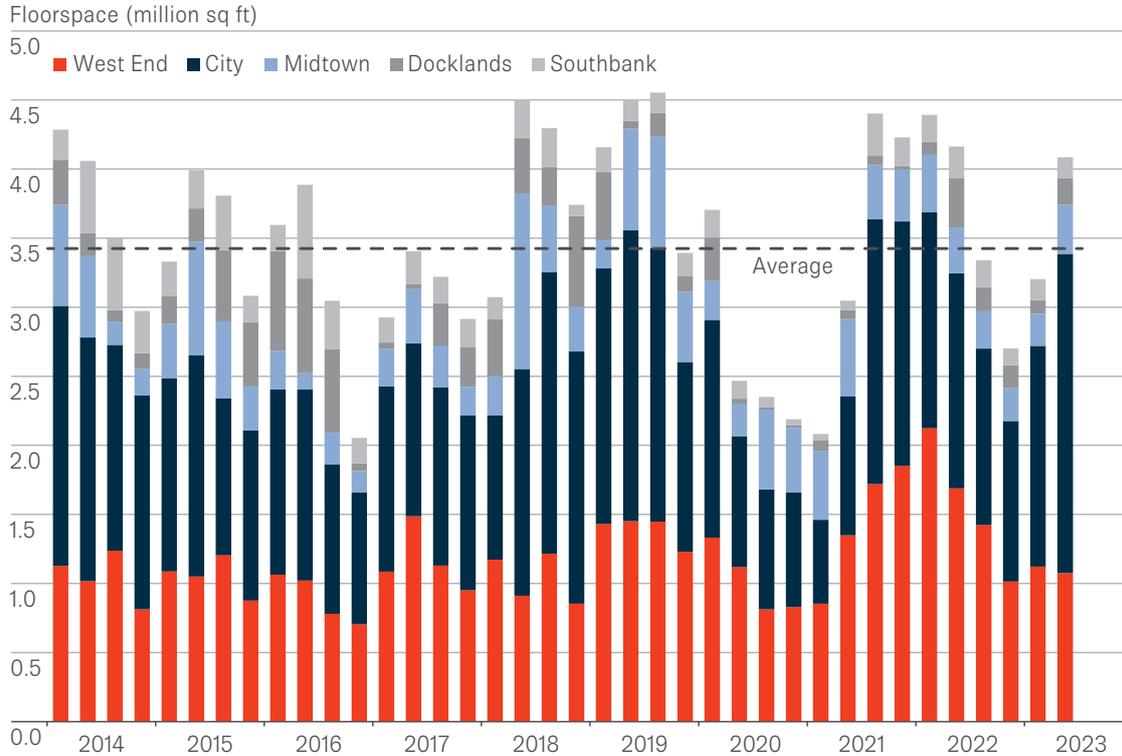
APPENDIX 32 - TAKE-UP BY TYPE

Central London office take-up (million sq ft)



Source: CBRE

APPENDIX 33 - SPACE UNDER OFFER



Source: CBRE

APPENDIX 34 - SUPPLY

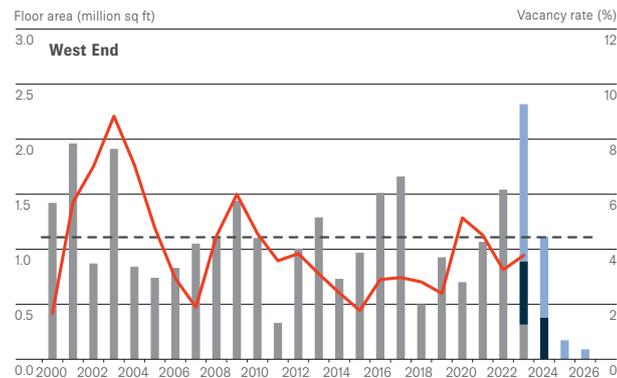
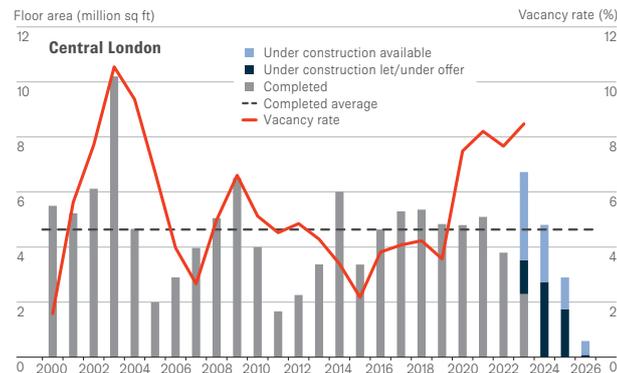
Existing supply

- Central London vacancy rate 8.5% at H1 2023
 - Increased from 7.7% at Q4 2022
 - LTA 5.3%
 - 67% secondhand (64% at Q4 2022)
 - 28% tenant controlled (27% at Q4 2022)
- West End vacancy rate 3.8%
 - 3.3% at Q4 2022; 3.9% at Q2 2022; 4.1% LTA
- City vacancy rate of 11.7%
 - 11.3% at Q4 2022; 11.4% at Q2 2022; 6.9% LTA

Future supply

- 2.3m sq ft completed in H1 2023 with 4.4m sq ft due in H2
 - 45% above annual LTA (4.6m sq ft)
- 12.7m sq ft currently on site with 45% pre-let or under offer
 - 2024 (57% pre-let or u/o)
 - 2025 (60% pre-let or u/o)

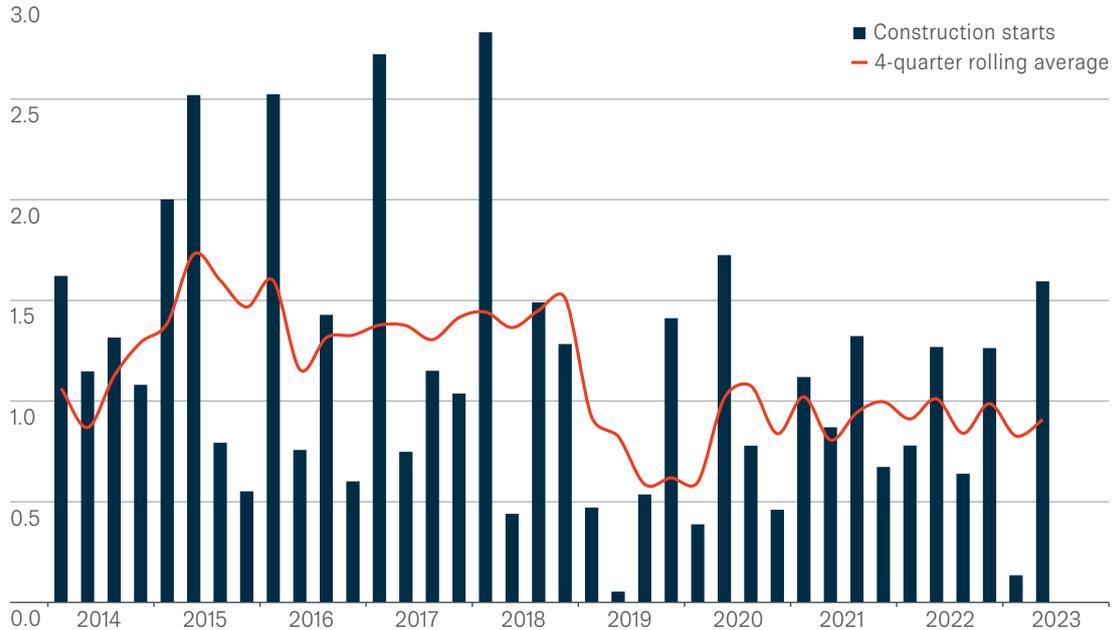
OFFICE DEVELOPMENT PIPELINE



Source: CBRE

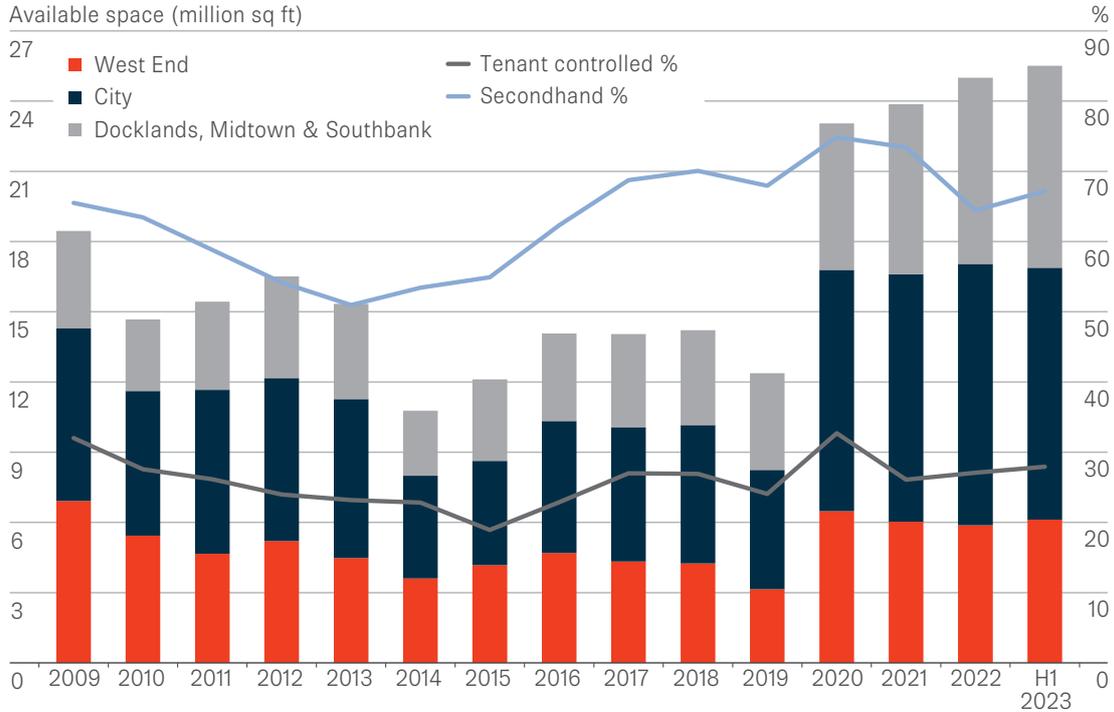
APPENDIX 35 - NEW CONSTRUCTION STARTS

Central London office construction starts (million sq ft)



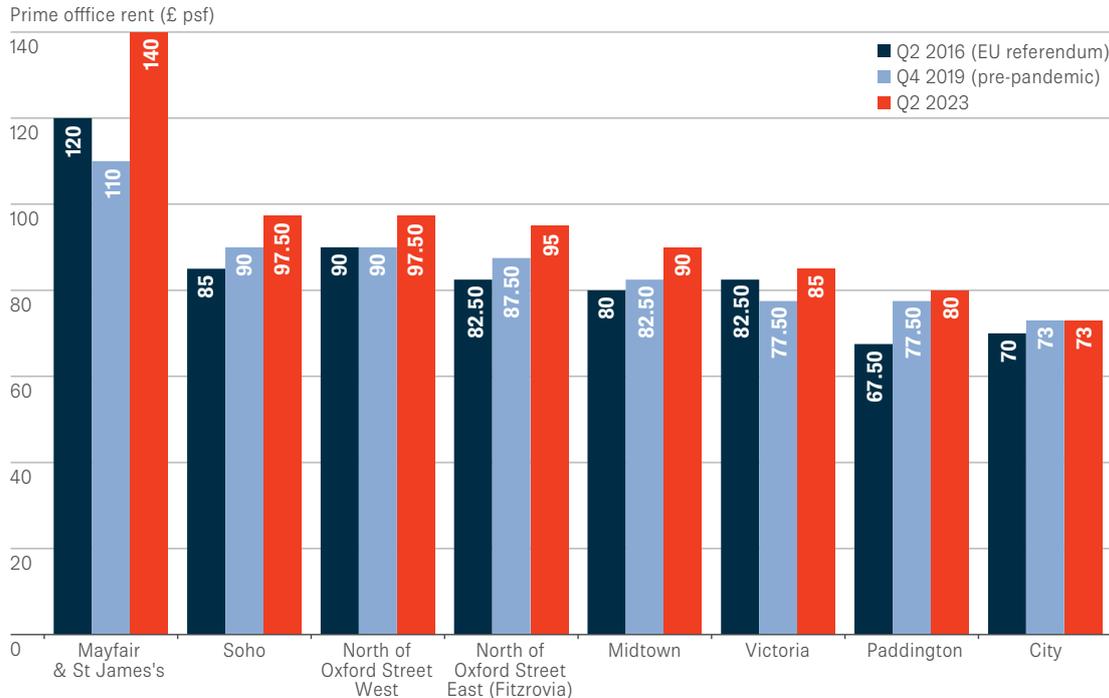
Source: CBRE

APPENDIX 36 - AVAILABILITY



Source: CBRE

APPENDIX 37 - PRIME OFFICE RENTS



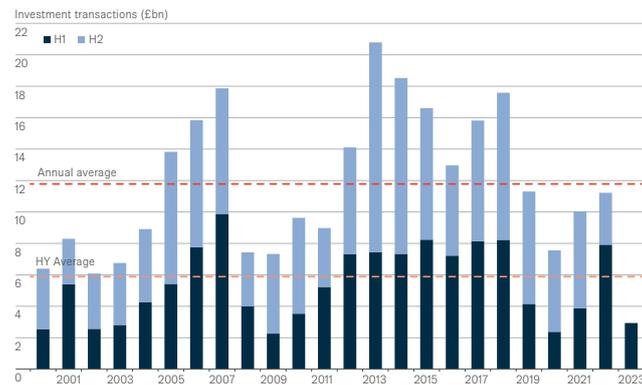
Source: CBRE

APPENDIX 38 - INVESTMENT MARKET

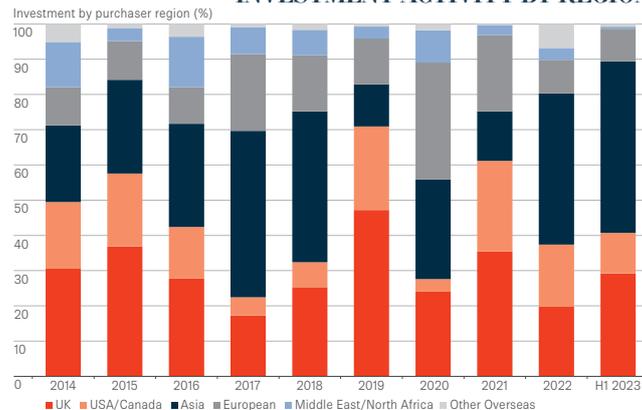
- £2.9bn of investment transactions in H1 2023
 - 50% below the LTA
 - 63% below H1 2022
 - An improvement on the £0.7bn in Q4 2022 with £1.7bn in Q1 and £1.2bn in Q2

- 29% of H1 activity from UK investors
 - No activity from UK institutions compared to 3% in 2022 and 12% LTA
- 71% of activity from overseas investors
 - 49% Asia
 - 12% US/Canada
 - 9% Europe

CENTRAL LONDON OFFICE INVESTMENT



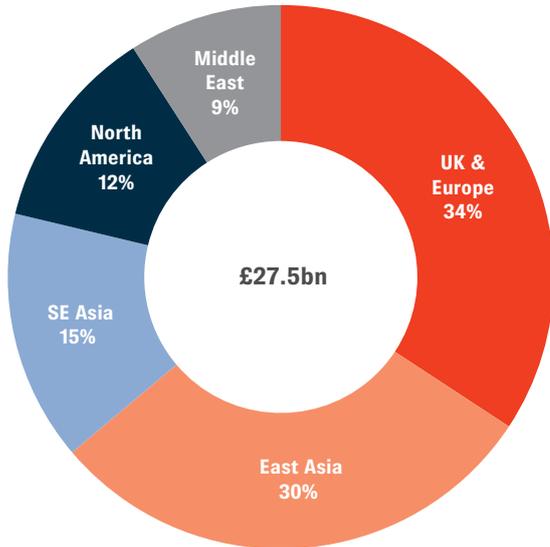
INVESTMENT ACTIVITY BY REGION



Source: CBRE

APPENDIX 39 - INVESTMENT DEMAND

SOURCES OF INVESTMENT



Source: CBRE

- £27.5bn of investor demand at H1 2023
- £5.6bn of available investment supply on the market

CENTRAL LONDON OFFICE YIELDS



Source: CBRE

- West End office yields proving more resilient
 - West End at 3.75% – unchanged in H1
 - City at 5.25% – up 75bp in H1



DEVELOPMENTS & REFURBISHMENTS

Appendices

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APPENDIX 40 - DEVELOPMENTS ON SITE: PROFIT ON COST

25 BAKER ST. W1 NETWORK



Completion		H1 2025	H2 2025
Commercial area (sq ft)	383,000	246,000 ³	137,000
Residential area (sq ft)	52,000	52,000 ³	-
Total area (sq ft)	435,000	298,000	137,000
Est. future capex (£m)	289	191	98
Total cost (£m) ¹	729	483	246
ERV (c.£ psf)	-	95.00	90.00
ERV (£m pa)	32.4	20.0 ⁵	12.4
Pre-let/sold area (sq ft)	137,100	137,100 ⁶	-
Pre-let net income (£m pa)	10.7	10.7	-

Summary	£m
End value	856
Less: Total cost ¹	729
Project surplus	127
Less: Booked to Jun 23	35
Surplus to come	92
Profit on total cost	17%
Yield on cost²	5.9%

Sensitivity⁴ – project surplus (£m) and profit on cost (%)

		Valuation yield		
		+0.25%	Base	-0.25%
Rent	-£5.00 psf	£69m 10%	£104m 14%	£140m 19%
	Base	£93m 13%	£127m 17%	£161m 22%
	+£5.00 psf	£117m 16%	£151m 21%	£182m 25%

¹ 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 The Portman Estate

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

⁴ Sensitivity applied to non pre-sold or pre-let commercial floor areas ⁵ Long leasehold, net of 2.5% ground rent ⁶ 19,000 sq ft courtyard retail and 12,000 sq ft Gloucester Place offices sold to The Portman Estate and 106,100 sq ft pre-let to PIMCO

APPENDIX 41 - PROJECT SUMMARY: CURRENT PROJECTS

Property	Current net income £m pa	Pre scheme area '000 sq ft	Proposed area '000 sq ft	H2 2023 capex £m	2024 capex £m	2025+ capex £m	Total capex to complete £m	Delivery date	Current office c.ERV psf
On-site major projects									
25 Baker Street W1	-	143	298	51	110	30	191 ¹	H1 2025	£95.00
Network W1	-	70	137	16	46	36	98	H2 2025	£90.00
Other – 2022 completions	-	-	-	5	-	-	5		
	-	213	435	72	156	66	294		
Other									
Strathkelvin Retail Park	-	-	-	1	18	-	19		
Lochfaulds solar park	-	-	-	1	12	4	17		
Planning and design	-	-	-	6	4	-	10 ²		
Other	-	-	-	18	29	31	78 ³		
	-	-	-	26	63	35	124		
Capitalised interest	-	-	-	3	11	5	19		
Total	-	213	435	101	230	106	437		

¹ Includes profit share payments and expenditure on trading property/stock

² Includes 50% share of 50 Baker Street W1 JV scheme and Old Street Quarter EC1

³ Includes EPC upgrades. Excludes major refurbishments not yet committed

APPENDIX 42 - 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	3.7	91	150	2025	
Strathkelvin Retail Park	0.9	108	130	2023	B&Q sub-division
	4.6	199	280		
Under appraisal¹					
50 Baker Street W1 JV ²	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	
	8.9	252	368		
Consented and under appraisal	13.5	451	648		
Future appraisal ³	47.3	1,390	1,390		
Current major projects	-	213	435		Appendix 41
Pipeline	60.8	2,054	2,473		

¹ Areas proposed are estimated from initial studies ² Planning application submitted

³ Includes refurbishment opportunities at 20 Farringdon Road EC1, 1-2 Stephen Street W1 and Middlesex House W1

APPENDIX 43 - PORTFOLIO MAP



Floorspace

- Current 4.95m sq ft
- On site 0.44m sq ft

Valuation £5.2bn

Income £203.3m pa

ERV £305.6m

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
Richard Dean	Director of Investment
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 Marketing
Matt Cook	Head of Digital Innovation & Technology
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

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