DERWENT
LONDON

10 May 2018

Derwent London plc ("Derwent London" / "the Group")

FIRST QUARTER BUSINESS UPDATE
GOOD OCCUPIER DEMAND CONTINUES

Highlights

- Occupier interest remains good with 164,500 sq ft of lettings signed or under offer:
  - 51,500 sq ft new lettings achieving £2.4m of rents, 4.9% above December 2017 ERV
  - 113,000 sq ft under offer for c.£7.2m of rents
- Two developments under construction totalling 623,000 sq ft, 45% pre-let:
  - 80 Charlotte Street W1, 86% of the office space pre-let
  - Brunel Building W2, 32% under offer
- Preliminary work started at Soho Place W1, 285,000 sq ft
- Two refurbishments completed totalling 77,100 sq ft and taking the EPRA vacancy rate to 4.1%
- Disposal of Porters North N1 for £48.5m (our 50% interest £24.3m), above December 2017 value
- LTV ratio 13.2% at 31 March 2018, with cash and undrawn facilities of £514m

John Burns, Chief Executive, commented:

"*We continue to make good progress with our developments. Occupier interest remains encouraging and we have a significant amount of space under offer."*

Webcast and conference call

There will be a live webcast together with a conference call for investors and analysts at 09:00 BST today. The audio webcast can be accessed via www.derwentlondon.com

To participate in the call, please dial the following number: +44 (0)20 3059 5868.

A recording of the conference call will also be made available following the conclusion of the call on www.derwentlondon.com

For further information, please contact:

Derwent London Tel: +44 (0)20 7659 3000	John Burns, Chief Executive Damian Wisniewski, Finance Director Quentin Freeman, Head of Investor Relations
Brunswick Group Tel: +44 (0)20 7404 5959	Simon Sporborg Nina Coad Emily Trapnell

Letting activity

Having de-risked a substantial part of our development programme last year we have achieved a further £2.4m of new lettings year to date which, on average, have been 4.9% above December 2017 ERV.

We have also completed the refurbishments at Johnson Building EC1 and 25 Savile Row W1 which were the major contributors to the increase in the EPRA vacancy rate to 4.1%. Together they represent more than half the vacant space.

We are seeing good occupier interest and currently have 113,000 sq ft under offer including our first potential letting at Brunel Building W2. If all these transactions complete, they will produce a further c.£7.2m of new rents.

Development progress (see Appendix)

We have two on-site developments. As already announced 80 Charlotte Street W1 is 73% pre-let, or 86% based on the offices alone. There is strong interest in the Brunel Building where 32% is under offer. In January Crossrail handed over the site of Soho Place W1 enabling us to begin preliminary work.

Disposal

In March Porters North N1 was sold for £48.5m, or £43.0m net of rental top-ups, disposal costs and a capital contribution to the tenant. The 44,100 sq ft building was held in a 50:50 joint venture and was sold at a 5% premium to December 2017 book value.

Finance

Capital expenditure and properties acquired in the first three months of 2018 totalled £53.1m including £2.4m of capitalised interest. There were no significant property acquisitions and the only disposal in the period was Porters North; at the sale date, the associated £13.5m of bank debt (Group share: £6.8m) was repaid.

Group net debt rose marginally during the quarter ended 31 March 2018 to £667.5m giving an unchanged loan-to-value ratio of 13.2% based on December 2017 property valuations, and interest cover rose again to 519%. The weighted average interest rate was 3.77% on a cash basis and 4.08% on an IFRS basis. Undrawn facilities and cash were largely unchanged at £514m and the weighted average debt maturity was 7.3 years.

Subject to shareholder approval, the 2017 final dividend of 42.4p per share and the special dividend of 75.0p per share will be paid to shareholders on 8 June 2018, the shares having become ex-dividend on 3 May. These dividends have given rise to an adjustment to the conversion price of the Group’s £150m 1.125% convertible bonds due July 2019 from £32.7342 per share to £31.7764.

Property values

Central London office values remain firm. MSCI IPD is reporting capital growth of 0.4% in the first quarter of 2018 with rents falling marginally by 0.2%.

Appendix: Major developments pipeline

Property	Area sq ft	Capex to complete £m[1]	Comment
On-site projects			
Brunel Building, 2 Canalside Walk W2	243,000	70	Offices – 32% under offer
80 Charlotte Street W1	380,000	182	321,000 sq ft offices, 45,000 sq ft residential and 14,000 sq ft retail – 73% pre-let overall
	623,000	**252**	
Other major planning consents			
Soho Place W1	285,000		209,000 sq ft offices, 36,000 sq ft retail and 40,000 sq ft theatre
Monmouth House EC1	125,000		Offices, workspaces and retail
19-35 Baker Street W1[2]	293,000[3]		206,000 sq ft offices, 52,000 sq ft residential and 35,000 sq ft retail
Holden House W1[2]	150,000		Retail flagship or retail and office scheme
	853,000		
Grand total	**1,476,000**		

[1] As at 31 Dec 2017 [2] Resolution to grant planning permission obtained [3] Total area - Derwent London has a 55% share of the joint venture

Notes to editors

Derwent London plc

Derwent London plc owns 87 buildings in a commercial real estate portfolio predominantly in central London valued at £4.9 billion (including joint ventures) as at 31 December 2017, making it the largest London-focused real estate investment trust (REIT).

Our experienced team has a long track record of creating value throughout the property cycle by regenerating our buildings via development or refurbishment, effective asset management and capital recycling.

We typically acquire central London properties off-market with low capital values and modest rents in improving locations, most of which are either in the West End or the Tech Belt. We capitalise on the unique qualities of each of our properties – taking a fresh approach to the regeneration of every building with a focus on anticipating tenant requirements and an emphasis on design.

Reflecting and supporting our long-term success, the business has a strong balance sheet with modest leverage, a robust income stream and flexible financing.

Landmark schemes in our 5.5 million sq ft portfolio include White Collar Factory EC1, Angel Building EC1, The Buckley Building EC1, 1-2 Stephen Street W1, Horseferry House SW1 and Tea Building E1.

In 2018 to date the Group has won the Property Week Property Company of the Year award whilst White Collar Factory scooped two BCO awards for Commercial Workplace and Innovation. In 2017 the Group collected the Property Week Developer of the Year award and EG Offices Company of the Year and won further awards from RIBA, Civic Trust and BCO. In 2013 Derwent London launched a voluntary Community Fund and has to date supported 56 community projects in Fitzrovia and the Tech Belt.

The Company is a public limited company, which is listed on the London Stock Exchange and incorporated and domiciled in the UK. The address of its registered office is 25 Savile Row, London, W1S 2ER.

For further information see www.derwentlondon.com or follow us on Twitter at @derwentlondon

Forward-looking statements

This document contains certain forward-looking statements about the future outlook of Derwent London. By their nature, any statements about future outlook involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. Actual results, performance or outcomes may differ materially from any results, performance or outcomes expressed or implied by such forward-looking statements.

No representation or warranty is given in relation to any forward-looking statements made by Derwent London, including as to their completeness or accuracy. Derwent London does not undertake to update any forward-looking statements whether as a result of new information, future events or otherwise. Nothing in this announcement should be construed as a profit forecast.