7 November 2019

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

THIRD QUARTER BUSINESS UPDATE
FURTHER STRONG LETTING PROGRESS AND REFINANCING

Highlights

- Lettings year to date total £33.5m on 486,600 sq ft, on average 7.0% above December 2018 ERV
  - Includes 83,100 sq ft pre-let to Apollo Management International at 1 Soho Place W1
  - EPRA vacancy rate down to 0.6% from 1.8% in December 2018
- 790,000 sq ft under construction with 70% of commercial space pre-let, of which:
  - 80 Charlotte Street W1 – 92% pre-let, completion H1 2020
  - Soho Place W1 – 76% pre-let, completion H1 2022
  - The Featherstone Building EC1 – completion H1 2022
- Capital expenditure on projects of £155.7m in the nine months to 30 September 2019
- Property disposals of £181.7m (Group's share) in the year to date, 6.2% above December 2018 values
- LTV ratio at 30 September 2019 was 16.4%[1] with £560m of undrawn facilities and cash
- Signed a new five-year £450m revolving credit facility including a £300m 'green' tranche
- The Group joined the Better Buildings Partnership and signed their Climate Change Commitment

Paul Williams, Chief Executive of Derwent London, said:

"Our strong pre-letting activity continues, demonstrating the consistent demand for our product and for London office space. In addition we have extended our main revolving credit facility, which includes an innovative green tranche linking the financing of our developments to their environmental impact."

[1] LTV based on June 2019 property values

Webcast and conference call

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

To participate in the call, please register at www.derwentlondon.com

For further information, please contact:

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LETTING ACTIVITY (see Appendix 1)

In the second half to date Derwent London has achieved £15.4m of new lettings, 6.5% ahead of December 2018 ERV and 7.3% ahead of June 2019 ERV. This takes our lettings in the year to date to £33.5m, 7.0% above December 2018 ERV, which compares to £26.8m achieved for the whole of 2018. The Group's largest single letting was the 83,100 sq ft pre-let to Apollo at 1 Soho Place announced earlier this week which was above December 2018 ERV. We reported on the second half lettings at 80 Charlotte Street W1 and Johnson Building EC1 in August. Since then we have achieved a £65 per sq ft rental level at Tea Building E1 and let the lower ground floor space at White Collar Factory EC1. The rest of the portfolio continues to perform well. This is demonstrated by our EPRA vacancy rate, which is now only 0.6%, down from 1.6% in June 2019 and 1.8% in December 2018.

DEVELOPMENT PROGRESS (see Appendix 2)

Following the completion of Brunel Building W2 in the first half of 2019, 80 Charlotte Street W1 is on schedule for delivery in the first half of 2020. Construction work is progressing well at Soho Place W1 and The Featherstone Building EC1 with completion expected in 2022. We have started design, pre-construction and procurement work on our 19-35 Baker Street W1 project which is likely to start in 2021.

DISPOSALS (see Appendix 3)

So far this year we have disposed of £181.7m of investment properties (Group's share) at an average premium of 6.2% above December 2018 book values. These were properties where we thought we could add limited further value with the proceeds being recycled into the development programme.

FINANCE

Net debt fell from £1,003.5m in June 2019 to £937.0m at 30 September 2019, the decrease due mainly to the sale proceeds from The Buckley Building EC1. Capital expenditure spent on projects during Q3 was £54.4m taking capex for the year to date to £155.7m plus a further £21.0m incurred on property acquisitions.

The loan-to-value ratio has fallen slightly to 16.4% at 30 September 2019 with NAV gearing at 21.4%. Interest cover for the first nine months of the year was 4.6 times and undrawn facilities and cash increased to £560m at the quarter end. The weighted average interest rate on our debt at 30 September 2019 was 3.71% on an IFRS basis or 3.56% based on the cash coupon payable on the 2025 convertible bonds issued in June 2019.

On 31 October 2019 we announced the extension of our main £450m revolving bank facility to October 2024, increasing the weighted average maturity of facilities by 11 months. The facility incorporates a 'green' tranche of £300m to be drawn in accordance with our newly published Green Finance Framework. The latter is available on our website and has been independently verified as being in accordance with the Loan Market Association ("LMA") Green Loan Principles drawn up in December 2018, making this the first revolving credit facility arranged by a UK REIT that meets these principles.

BETTER BUILDINGS PARTNERSHIP

In October 2019 the Group joined the Better Buildings Partnership and signed their Climate Change Commitment. One of the key principles of the latter is that the Group will publish its net zero carbon pathway by the end of 2020.

PROPERTY VALUES

MSCI IPD's central London office Quarterly Index in Q3 showed a small improvement with capital values up 0.1% and rents up 0.3%. For the nine months to 30 September 2019, the equivalent figures were 0.2% and 0.9%, respectively.

Appendix 1: Principal lettings in 2019 to date

Property	Tenant	Area sq ft	Office rent £ psf	Total annual rent £m	Lease term Years	Lease break Year	Rent free equivalent Months
H1							
1 Soho Place W1	G-Research	102,600	94.70	9.7	15	-	32
Brunel Building W2	Splunk	49,600	75.00	3.7	12	-	20
Brunel Building W2	Paymentsense	33,000	77.50	2.6	15	10	20, plus 6 if no break
H2							
1 Soho Place W1	Apollo	83,100	Confidential	Confidential	15	-	Confidential
80 Charlotte Street W1	BCG	40,650	82.50	3.4	15	12	Confidential
Johnson Building EC1	Oktra	18,300	47.50	0.9	10	5	10, plus 8 if no break
Johnson Building EC1	Access Intelligence	17,800	45.00	0.8	10	5	15, plus 12 if no break
Tea Building E1	LoopUp	6,925	65.00	0.5	10	5	10.5, plus 10.5 if no break
White Collar Factory EC1	AHMM	10,600	40.00[1]	0.4	8.5	4.5	14, plus 6 if no break
		362,575	**78.70[2]**	**22.0[2]**			

[1] Lower ground floor space [2] Excludes Apollo letting

Appendix 2: Major developments pipeline

Property	Area sq ft	Capex to complete £m[1]	Comment
Completed projects in H1 2019			
Brunel Building, 2 Canalside Walk W2	243,200	-	Offices and retail – 100% let
On-site projects			
80 Charlotte Street W1	380,000	69	321,000 sq ft offices, 45,000 sq ft residential and 14,000 sq ft retail – 85% pre-let / pre-sold overall
Soho Place W1	285,000	262[3]	209,000 sq ft offices, 36,000 sq ft retail and 40,000 sq ft theatre – 76% commercial space pre-let[4]
The Featherstone Building EC1	125,000	70	110,000 sq ft offices, 13,000 sq ft workspaces and 2,000 sq ft retail
	790,000	**401**	
Major planning consents			
19-35 Baker Street W1	293,000[2]		206,000 sq ft offices, 52,000 sq ft residential and 35,000 sq ft retail
Holden House W1	150,000		Retail flagship or retail and office scheme
	443,000		
Total (excluding completions)	**1,233,000**		

[1] As at 30 Jun 2019 [2] Total area - Derwent London currently has a 55% share of the joint venture
[3] Includes remaining site acquisition cost and profit share to Crossrail [4] In addition the 40,000 sq ft theatre is pre-let

Appendix 3: Major disposals in 2019 to date

Property	Date	Area sq ft[1]	Gross proceeds £m[1]	Gross proceeds £ psf	Net yield to purchaser %	Rent £m[1]
Premier House SW1	Q1	60,700	50.0	820	-	-
9 Prescot Street E1 (50% interest)	Q2	48,500	26.9	560	4.5	1.3
16 Prescot Street E1 (50% interest)	Q3	4,400	1.8	400	2.6	0.05
The Buckley Building EC1	Q3	85,100	103.0	1,210	4.4	4.9
Total		**198,700**	**181.7**	**910**	**-**	**6.25**

[1] Derwent London share

Notes to editors

Derwent London plc

Derwent London plc owns 84 buildings in a commercial real estate portfolio predominantly in central London valued at £5.4 billion (including joint ventures) as at 30 June 2019, 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.

As part of our commitment to lead the industry in mitigating climate change, in October 2019, Derwent London became the first UK REIT to sign a Green Revolving Credit Facility. At the same time, we also launched our Green Finance Framework and signed the Better Buildings Partnership's climate change commitment. The Group is a member of the 'RE100' which recognises Derwent London as an influential company, committed to 100% renewable power by purchasing renewable energy, a key step in becoming a net zero carbon business. Derwent London is one of only a few property companies worldwide to have science-based carbon targets validated by the Science Based Targets initiative (SBTi).

Landmark schemes in our 5.7 million sq ft portfolio include Brunel Building W2, White Collar Factory EC1, Angel Building EC1, 1-2 Stephen Street W1, Horseferry House SW1 and Tea Building E1.

In 2019 to date, the Group has won EG Offices Company of the Year, the CoStar West End Deal of the Year for Brunel Building and Westminster Business Council's Best Achievement in Sustainability award. In 2013 the Company launched a voluntary Community Fund and has to date supported 89 community projects in the West End 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.