DERWENT LONDON

5 November 2020

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

THIRD QUARTER BUSINESS UPDATE
GOOD TENANT ENGAGEMENT AND PROGRESSING OUR NEXT MAJOR DEVELOPMENT

Summary

- Portfolio update:
  - £16m of leases extended since June with another £5m under offer
  - £4.6m of new lettings year to date on 101,000 sq ft
  - Office rent collection for the September quarter day now at 89% compared to 83% when last reported on 13 October 2020
  - Total portfolio rent collection for the same period increased to 86% from 80%

- Further progress on developments:
  - Detailed design underway at our next major development, 19-35 Baker Street W1, comprising 293,000 sq ft, for a start on site H2 2021
  - Soho Place W1 and The Featherstone Building EC1, totalling 410,000 sq ft, under construction for completion H1 2022 with 61% pre-let or forward sold

- Strong finances:
  - New 5-year £100m unsecured revolving credit facility signed with Wells Fargo
  - LTV ratio of 17.3%[1] at 30 September with £495m of undrawn facilities and cash

[1] LTV based on 30 June 2020 property values

Paul Williams, Chief Executive of Derwent London, said:

"As we enter a second national lockdown in response to the global Covid-19 pandemic, we continue to work closely with our occupiers, business partners and communities. The significant operational progress made in the third quarter and the Group's strong financial position give us the confidence to commit to our next major development at 19-35 Baker Street."

For further information, please contact:

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PORTFOLIO ACTIVITY (Appendix 1)

We continue to focus on maintaining and extending income and in the second half have taken lease renewal income up to c.£16m from the c.£8m reported on 13 October. Overall these transactions were 6% above the previous rent and 11% below June 2020 ERV but, excluding c.£9m of short term lease extensions, were in line with ERV. Of the total, c.£11m relate to leases due in 2021, representing 24% of that year's total potential lease breaks or expiries. In addition, we are under offer on a further c.£5m of renewals, the majority of which also relate to 2021.

We have now completed new lettings on 101,000 sq ft at a rent of £4.6m. Excluding short term transactions, principally on buildings earmarked for future schemes, our lettings exceeded December 2019 ERV by 9.2%. Including short term transactions, average lettings were 1.2% below ERV. Among our principal lettings, Apollo Group exercised an option to increase its space by 6% or 5,100 sq ft at 1 Soho Place W1. Our EPRA vacancy rate remains low at 1.3% which would rise to 3.2% including 148,000 sq ft in refurbishment.

The Group's office rent collection for the September quarter day is now up to 89% from 83% reported on 13 October and our overall portfolio rent collection has increased to 86% from 80%. We have now collected 88% of this year's total rents, with a further 7% due to be collected through agreed payment plans.

DEVELOPMENT PROGRESS (Appendix 2)

Our first net zero carbon development, 80 Charlotte Street W1, was completed in June 2020. As well as the fully let office space there were 20 apartments remaining for disposal. Since 30 June we have completed sales of 13 for c.£22m with a further one exchanged and two under offer.

The Group has two major projects under construction totalling 410,000 sq ft. Soho Place, the larger of the two, has been significantly de-risked as we have either pre-let or forward sold all the office space and the theatre. Both projects are due for completion in H1 2022.

We have now committed £14m for the detailed design of our next major development: 293,000 sq ft at 19-35 Baker Street W1. This will enable us to tender the building contract early in 2021 ahead of commencing work on site in the second half. Completion is set for 2025.

The Group continues to evaluate other potential schemes and later this year will apply for planning permission to redevelop Network Building, Fitzrovia W1. This could provide at least 100,000 sq ft of commercial space with a potential start in 2022.

FINANCE

Net debt rose marginally to £1,005.9m at 30 September 2020 from £992.8m at 30 June. This was principally due to capital expenditure on projects of £35.0m during the quarter, taking capex spend for the first nine months of the year to £107.7m. The loan-to-value ratio was unchanged at 17.3% and NAV gearing was 22.7% compared to 22.5% on 30 June. Interest cover for the first nine months was 4.3 times and we had £495m of undrawn facilities and cash at the quarter end.

A new £100m unsecured revolving credit facility ('RCF') was signed with Wells Fargo on 2 November 2020 demonstrating the strength of our banking relationships. The expiry date is November 2025 and it replaces the £75m RCF from the same provider which was due to expire in July 2022. There are two further one-year extension options and the margin is similar to that of the previous facility.

In April 2020 we announced that we had committed to an 81% increase in charitable donations and sponsorships to £696,000. We have now allocated over 80% of those funds to various beneficiaries including the NHS, the Wellcome Trust and charities focusing on the homeless and education. This is in addition to the use of 16 flats at 80 Charlotte Street W1 donated to NHS workers at University College Hospital in the second half of 2020.

Appendix 1: Principal lettings in 2020 YTD

Property	Tenant	Area sq ft	Office rent £ psf	Total annual rent £m	Lease term Years	Lease break Year	Rent free equivalent Months
Q1							
80 Charlotte Street W1	Lee & Thompson	13,100	70.00[1]	0.8	11	-	26
Angel Building EC1	Expedia	6,550	40.30[2]	0.3	12.5	5	9
Q2							
Tea Building E1	Buckley Gray Yeoman	4,800	70.00	0.3	5	-	9
Q3							
88-94 Tottenham Court Road W1	UCL	14,100	58.50	0.8	10	5	12, plus 6 if no break
Soho Place W1	Apollo	5,100	Confidential	Confidential	15	-	Confidential
		43,650	**-**	**-**			

[1] £70 psf on ground, £47.50 psf on lower ground [2] Reception area now rentalised as offices let entirely to Expedia.

Appendix 2: Major developments pipeline

Property	Area sq ft	Capex to complete £m[1]	Comment
Projects completed in 2020			
80 Charlotte Street W1	377,000	23	322,000 sq ft offices, 43,000 sq ft residential and 12,000 sq ft retail – 92% let / sold overall.
On-site projects completing H1 2022			
Soho Place W1	285,000	203[3]	209,000 sq ft offices, 36,000 sq ft retail and 40,000 sq ft theatre – 87% pre-let / pre-sold.
The Featherstone Building EC1	125,000	51	110,000 sq ft offices, 13,000 sq ft workspaces and 2,000 sq ft retail.
	410,000	**254**	
Forthcoming projects completing 2025			
19-35 Baker Street W1	293,000[2]		Consented. 206,000 sq ft offices, 52,000 sq ft residential and 35,000 sq ft retail.
Planning			
Holden House W1	150,000		Consented. Office and retail scheme.
Network Building W1	c.100,000		Pre-planning. Potential to increase floorspace from 64,000 sq ft.
	250,000		
Total (excluding completions)	**953,000**		

[1] As at 30 June 2020 [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

Notes to editors

Derwent London plc

Derwent London plc owns 83 buildings in a commercial real estate portfolio predominantly in central London valued at £5.4 billion (including joint ventures) as at 30 June 2020, 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 5.6 million sq ft portfolio include 80 Charlotte Street W1, Brunel Building W2, White Collar Factory EC1, Angel Building EC1, 1-2 Stephen Street W1, Horseferry House SW1 and Tea Building E1.

In 2020 the Group has won several awards for Brunel Building with the most prominent being the BCO Best Commercial Workplace award. In 2019 the Group won EG Offices Company of the Year, the CoStar West End Deal of the Year for Brunel Building, Westminster Business Council's Best Achievement in Sustainability award and topped the real estate sector and was placed ninth overall in the Management Today 2019 awards for 'Britain's Most Admired Companies'. In 2013 the Company launched a voluntary Community Fund and has to date supported over 100 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.