DERWENT
LONDON

12 November 2015

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

THIRD QUARTER BUSINESS UPDATE
LETTINGS MOMENTUM AND PORTFOLIO ACTIVITY MAINTAINED

Highlights

- In the year to date we have let 501,500 sq ft securing £26.2m pa of rental income
- On average overall lettings have been 10.8% ahead of December 2014 ERV
- Q3 lettings total 171,900 sq ft securing £9.5m pa, 12.5% ahead of June 2015 ERV
- 398,000 sq ft under construction, and a further 620,000 sq ft due to start by June 2016
- White Collar Factory - 293,000 sq ft under construction - now 29% pre-let
- Contracted to purchase Aldgate Union E1 in Q4 taking current year acquisitions to c.£250m
- Agreed c.£102m of disposals in Q4, taking investment property sales YTD to c.£215m
- At 30 September, the LTV ratio was 19.6% with cash and undrawn facilities of £254m

John Burns, Chief Executive Officer, commented:

"The current year is our best ever for lettings. We have also successfully recycled some more mature assets into several major opportunities and the Group's development activity demonstrates confidence that the high level of occupier demand for our product is set to continue."

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 dial the following number: +44 (0)20 3059 8125

Please say "Derwent London Q3 Business Update" when asked for the participant code.

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:

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Our best year for lettings *(see Appendix 1 for details)*

We have let 501,500 sq ft securing £26.2m pa in rent. This is an increase of £0.7m pa from our previous announcement at the investor day on 14 October. We continue to see good demand, and we have been able to achieve increased rental levels in both the West End and Tech Belt. Our EPRA vacancy rate remains very low at 1.2%.

Letting activity 2015 year to date

	Area	Income	Performance against Dec 14 ERV	
	sq ft	£m pa	Open market	Overall
H1	322,600	16.4	9.3%	4.3%
H2 to date	178,900	9.8	22.4%	23.6%
YTD	**501,500**	**26.2**	**14.5%**	**10.8%**

Development programme continues to advance *(see Appendix 2 for details)*

The Group has completed the four projects due this year, which are 92% let, sold or under offer. Another two major projects remain under construction. White Collar Factory EC1 is now 29% pre-let with completion due in just under a year and the site for The Copyright Building W1 has been cleared with construction due to complete in 2017. In June 2015 the net ERV (estimated rental value) of these two projects was £22.6m pa, of which 21% has been pre-let with capital expenditure of £133m to complete.

We are commencing two major projects within the next eight months. First is our largest scheme to date at 80 Charlotte Street W1 and second is the Brunel Building, Paddington W2. The June 2015 ERV of these two developments was £38.7m pa, an uplift of £29.6m pa on the existing ERV, with additional estimated capital expenditure to complete of £338m.

Contracted to acquire a major Whitechapel opportunity *(see Appendix 3 for details)*

As previously announced we are contracted to acquire Aldgate Union E1 in December 2015, where we have improved our interest by agreeing to buy-in the leasehold of the lower ground floor. We have also purchased a number of small properties including 50 Oxford Street W1, near Tottenham Court Road, adding to our significant Fitzrovia Estate. These transactions will take current year acquisitions to c.£250m.

Disposals of c.£102m in Q4 demonstrating strength of investment demand *(see Appendix 4)*

The Davidson Building, Covent Garden WC2 has been sold, and we have exchanged on the sale of Portobello Dock W10. In aggregate these properties comprise 95,700 sq ft and the consideration before costs is £101.6m, comfortably above June 2015 values. These transactions will take our current year-to-date sales of investment properties to c.£215m.

Secure and flexible finance base maintained

Net debt increased by £50.7m in the three months from 30 June 2015 to £926.6m due mainly to property acquisitions and capital expenditure of £51.8m. This has taken the loan to value ratio to 19.6% based on June 2015 property valuations. The interest cost of our debt, which was 82% fixed or hedged at 30 September 2015, fell by 30bp in the quarter to 3.63% on a cash basis and 3.89% on an IFRS basis. This was partly due to the cancellation of £30m of interest rate swaps on the refinancing of the Wells Fargo facility in July and the paying down of the rate for one of our other swaps at a combined cost of £4m. Undrawn facilities and cash were £254m at the quarter end and have since increased as the property sales noted above come through. In the fourth quarter, we also expect to complete on the £139.3m acquisition of the main Aldgate Union building inclusive of costs.

Property values and outlook

The central London office market has continued to perform well in Q3 with the IPD Central London Office Quarterly Index reporting rental value growth of 2.9% and capital growth of 3.5%. The Derwent London portfolio was not revalued this quarter but our valuers, CBRE, after taking into account the high levels of letting activity in the quarter, have indicated that the valuation performance of the portfolio is likely to have been at least consistent with the IPD index.

Appendix 1: Principal lettings in 2015 year to date

Property	Tenant	Area sq ft	Rent £ psf	Total annual rent £m	Min / fixed uplift at first review £ psf	Lease term Years	Lease break Year	Rent free equivalent Months
Q1								
2 Stephen Street W1[1]	The Office Group	34,150	65.00[1]	2.2	71.75	20	-	15
Angel Square EC1	Expedia	57,600	36.80	2.1	41.60	6	3 & 5	2.5, plus 3 if no break in year 3
1 Stephen Street W1	AnaCap	16,150	81.75	1.3	84.25	10	-	15
Tea Building E1	Feed	7,990	47.50	0.4	-	5	-	5
Davidson Building WC2	Astus UK	4,370	80.00	0.3	82.50	10	5	7, plus 5 if no break
Q2								
White Collar Factory EC1	The Office Group	41,300	57.50	2.4	63.50	20	-	24
Angel Square EC1[1]	The Office Group	40,700	35.00[1]	1.4	38.65	10[2]	-	9
Davidson Building WC2	First Utility	6,230	72.50	0.5	75.00	10	5	7, plus 7 if no break
Morelands EC1	Spark44	5,370	55.00	0.3	60.00	9	5	9, plus 3 if no break
Q3								
White Collar Factory EC1	AKT II	28,400	57.50	1.6	63.50	20	12 & 15	24
20 Farringdon Road EC1	Improbable Worlds	25,700	42.50	1.1	43.50	6	-	7
Charlotte Building W1	Kingston Smith	5,960	82.50	0.4	85.00	10	-	14
Angel Square EC1	DrEd	4,740	55.00	0.3	-	4.5	3	3, plus 2 if no break
Davidson Building WC2	Elastic search	6,300	72.50	0.5	76.00	10	5	7, plus 5 if no break
20 Farringdon Road EC1	Moo Print	33,500	45.00	1.5	49.50	10	6	8
Tea Building E1	Transferwise	23,950	57.50	1.4	-	5	-	6
White Collar Factory EC1	BGL	14,300	62.50	0.9	69.00	10	-	18
Davidson Building WC2	Alibaba	6,310	72.50	0.5	74.70	10	5	7, plus 7 if no break

[1] The Group will get a share of The Office Group's profits on this space above a minimum level
[2] Landlord's break in year five

Appendix 2: Major projects pipeline

Property	Area sq ft[1]	Delivery	Comment
Projects completed in 2015			
Turnmill, 63 Clerkenwell Road EC1	70,500	Q1 2015	Offices and retail – 90% let
Tottenham Court Walk W1	38,000	Q2 2015	Retail – 70% let
40 Chancery Lane WC2	102,000	Q3 2015	Offices and retail – 100% let
73 Charlotte Street W1	15,500	Q3 2015	Residential and offices – 28% sold
	226,000		
Projects on site in November 2015			
White Collar Factory, Old Street Yard EC1	293,000	Q3 2016	Office-led development – 29% pre-let
The Copyright Building, 30 Berners Street W1	105,000	Q3 2017	Offices and retail
	398,000		
Projects due to start in the next eight months			
80 Charlotte Street W1	380,000	H2 2018	Offices, residential and retail
Brunel Building, 55-65 North Wharf Road W2	240,000	H1 2019	Offices
	620,000		
Other major planning consents			
1 Oxford Street W1[2]	275,000		Offices, retail and theatre
Wedge House, 40 Blackfriars Road SE1	110,000		Hotel and offices
	385,000		
Planning applications			
Monmouth House EC1	125,000		Planning application submitted
Grand Total	**1,754,000**		

[1] Proposed areas
[2] Under existing option agreement

Appendix 3: Principal acquisitions 2015

Property	Date	Area sq ft	Total cost £m	Total cost £ psf	Net yield %	Rent £m pa	Rent £ psf	Lease length Years
20 Farringdon Road EC1	Q1	170,600	92.7	545	3.5	3.2 (net)	27[1]	2[2]
50 Oxford Street[3] W1	Q3	6,050	14.5	2,395	2.6	0.4	74	3[4]
Aldgate Union[5] E1	Q4	255,000	139.3	545	-	-	-	-
Total		**431,650**	**246.5**	**570**	-	**3.6 (net)**	-	-

[1] Excludes 26,200 sq ft ground floor offices let at a peppercorn rent
[2] To first break or expiry, as at 31 December 2014
[3] Includes 36-38 and 42-44 Hanway Street W1
[4] To first break or expiry, as at 30 September 2015
[5] Excludes 30,500 sq ft lower ground floor that will complete in Q1 2016

Appendix 4: Principal disposals 2015

Property	Date	Area sq ft	Net proceeds £m	Net proceeds £ psf	Net yield to purchaser %	Rent £m pa
22 Kingsway WC2	Q1	91,400	64.1	700	4.4	3.0
Mark Square House EC2	Q1	61,700	31.9	515	4.4	1.5
9 and 16 Prescot Street E1 (50%)	Q1	53,700[1]	18.7[1]	350	3.2	0.6[1]
Davidson Building WC2	Q4	43,100	65.4[2]	1,520	3.9	2.7
Total		**249,900**	**180.1**	**720**	**4.1**	**7.8**

[1] 50% of total due to joint venture
[2] Estimated costs. Gross proceeds of £66.2m.

Notes to editors

Derwent London plc

Derwent London plc owns a portfolio of commercial real estate predominantly in central London valued at £4.6 billion as at 30 June 2015, 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 5.8 million sq ft portfolio include Angel Building EC1, The Buckley Building EC1, White Collar Factory EC1, 1-2 Stephen Street W1, Horseferry House SW1 and Tea Building E1.

In December 2014 Derwent London topped the real estate sector for the fifth year in a row and was placed ninth overall in the Management Today awards for 'Britain's Most Admired Companies'. Also in 2014 the Group won the Property Week 'Developer of the Year' and the RICS London Commercial Award. In 2015 the Group has won awards from Architects' Journal, British Council for Offices, Civic Trust and RIBA and achieved EPRA Gold for corporate and sustainability reporting.

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.