Our portfolio and people together deliver long-term performance

We combine our asset management and regeneration expertise with a relationship-focused approach to add value to the Group's 5.4m sq ft property portfolio and grow income. Stakeholder, climate change and wider ESG impacts form key considerations in the strategy we pursue for each individual property. This approach benefits the communities in which we operate and the wider environment.

We are driven by our

Vision

We craft inspiring and distinctive space where people thrive

Purpose

We design and curate long-life, low carbon, intelligent offices that contribute to London's position as a leading global city, while aiming to deliver above average long-term returns for all our stakeholders

Values

We build long-term relationships

We lead by design

We act with integrity

Culture

Dedicated and adaptable

A passion to improve London's office spaces

Strong customer focus

Progressive and pragmatic

'Open door' and inclusive

Collaborative and supportive

Achieved by our

Core activities

Asset management

Understanding our occupiers helps us tailor buildings and leases to their needs thereby reducing vacancy, growing our income streams and adding value

Refurbishment and development

Our focus on design, amenity and innovation creates sustainable and adaptable buildings, characterised by generous volumes and good natural light with high quality amenities

Investment activity

We recycle capital, acquiring properties with future regeneration potential to build a pipeline of projects and disposing of those which no longer meet our investment criteria and forward return expectations

See page 26

Strategic objectives

To optimise returns and create value from a balanced portfolio

To grow recurring earnings and cash flow

To attract, retain and develop talented employees

To design, deliver and operate our buildings responsibly

To maintain strong and flexible financing

See pages 28 to 32

Governance framework

Risk management
Risk management is integral to the delivery of our strategy

Performance and remuneration
Success against our objectives is measured using our KPIs and rewarded through our incentive schemes

See page 27

Creating value for

Our stakeholders

Occupiers

Employees

Local communities and others

Suppliers

Central and local government

Shareholders and debt providers

See pages 38 and 39

STRATEGIC FRAMEWORK & BUSINESS MODEL continued

Core activities

We plan for a portfolio balanced between 'Regeneration' and 'Core income' assets. At 31 December 2024, our portfolio was split 47% 'With potential' or 'Under development' and 53% 'Core income'. The balance may fluctuate depending on the market cycle.

'Core income'

Buildings where most of the repositioning activity has taken place, but we use our asset management skills to continue to grow income and value.

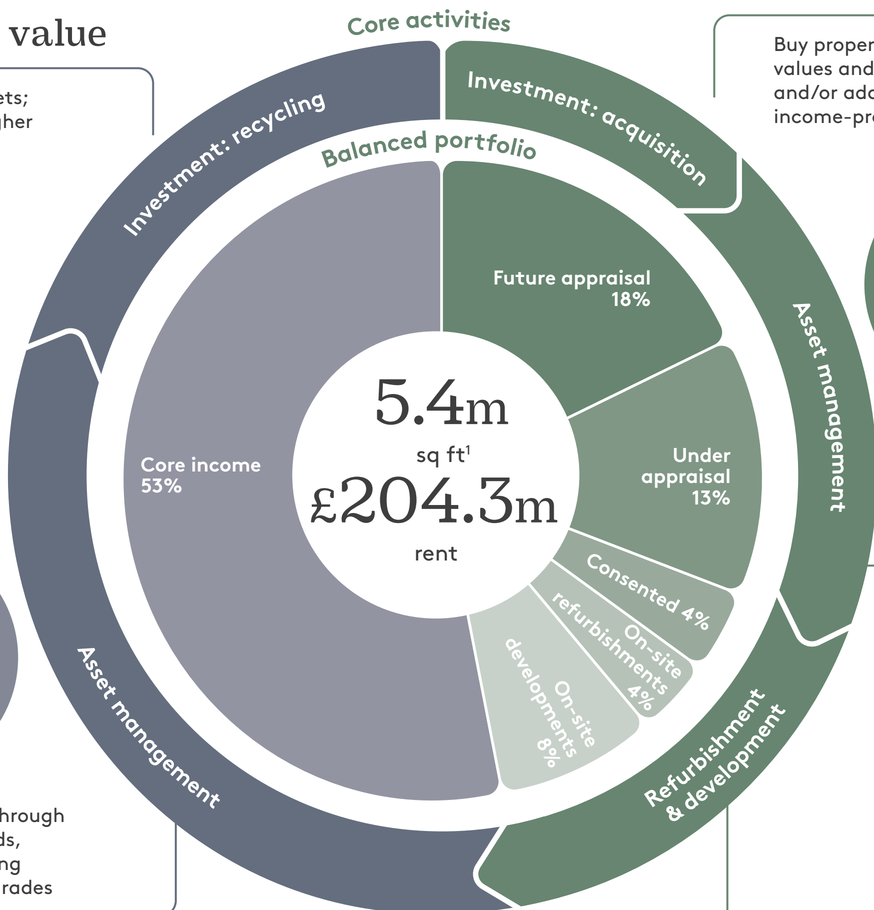
'With potential' or 'Under development'

Buildings either on site or with potential to add further value through regeneration. The proposed major development at Old Street Quarter EC1 is excluded as completion of the purchase is conditional and not anticipated to occur before 2027.

How we add value

Sell lower returning assets; capital recycled into higher returning opportunities

Buy properties with modest capital values and potential to upgrade and/or add floor area; usually income-producing



47% Under development/ potential[4]

Explore the best plan for a building whilst maintaining income; agree landlord breaks at future dates which provide flexibility over vacant possession for regeneration

53% Core income[4]

Continue to add value through satisfying occupier needs, minimising voids, growing income and further upgrades

Secure planning consent; refurbish or redevelop, adding floor area where possible; seek to de-risk with pre-let(s) and fixed price contracts

Portfolio characteristics

Core income	On-site developments	On-site refurbishments	Potential schemes[2]
Floor area: 2.83m sq ft	**Floor area:** 0.44m sq ft	**Floor area:** 0.19m sq ft	**Floor area:** 1.90m sq ft
Rental income: £137.9m	**Pre-let income:** £20.7m	**Rental income:** £0.9m	**Rental income:** £65.5m
WAULT: 6.8 years	**WAULT:** 13.5 years	**WAULT:** 0.5 years	**WAULT:** 4.0 years
Rent[3]: £68.49 psf	**Rent[3]:** £104.06 psf	**Rent[3]:** £0.00 psf	**Rent[3]:** £48.00 psf
ERV: £70.95 psf	**ERV:** £96.68 psf	**ERV:** £78.51 psf	**ERV:** £54.98 psf

1 Comprises 4.92m sq ft of existing buildings plus 0.44m sq ft of on-site developments.
2 Includes Future appraisal, Under appraisal and Consented categories.
3 'Topped-up' office rents only.
4 49% Core income / 51% Under development/potential including Old Street Quarter.

Governance framework

Risk management

Balancing the appropriate level of risk and return is an integral part of our business model. Risk levels are monitored regularly and split into categories considering the likely impact on strategy, operations, financial position and stakeholders.

We take a long-term view on planning, risk mitigation and financial discipline as our projects often span many years.

Annual preparation of a five-year plan helps us identify risks and opportunities. It enables us to maintain an appropriate balance between income/dividend growth and value adding through higher risk projects over the near and medium-term. It also helps us monitor our responsibilities to our various stakeholders.

Long-standing relationships with our supply chain form an important source of value and help mitigate risk.

Principal risks/**See pages 94 to 99**

Emerging risks/**See pages 100 and 101**

Performance & remuneration

Key Performance Indicators (KPIs) help us measure performance and assess the effectiveness of our strategy.

The main performance measures we use to ascertain overall business performance and determine the majority of the variable elements of executive remuneration are:

- Total return (TR) – Combines the dividend paid in the year with the movement in net asset value (using EPRA NTA) to provide an overall return for the year on a per share basis; this is measured against our peer group.
- Total property return (TPR) – The movement in our property values plus the income they generate; this is compared against an index of other relevant properties.
- Total shareholder return (TSR) – The movement in our share price plus dividends; this is compared against our benchmark, the FTSE 350 Real Estate Super Sector Index.

We use these metrics to ensure strong alignment between the interests of shareholders and our decision makers. In addition, non-financial targets, which measure our success in meeting ESG and climate change responsibilities and the needs of other stakeholders, comprise 25% of the potential annual bonus and 10% of the potential LTIP.

Performance measurement/**See pages 33 to 37**

Remuneration Committee report/**See pages 174 to 199**

80 Goswell Road EC1

STRATEGIC OBJECTIVES

1 To optimise returns and create value from a balanced portfolio

We plan to optimise returns from a portfolio which is balanced between properties with potential to add further value through regeneration, and those which have already been repositioned but where our asset management skills can continue to grow value and income. This split changes depending on where we are in the property cycle and where individual properties are in their life cycle. See page 26 for 'Balanced portfolio' split.

Maintaining a pipeline of current and future projects is a key part of our strategy as returns generated from value-enhancing projects help us outperform our benchmarks (principally the MSCI Central London Office Index). These projects often take several years with profits derived from a combination of planning uplift, the regearing of headleases and physical refurbishment or redevelopment.

Having a balanced portfolio enables us to start schemes speculatively. However, we often look to de-risk projects by agreeing pre-lets during the construction period. The momentum this provides encourages us to consider the next phase of our project pipeline, adding further value where we see opportunities.

We seek to balance the inherent risk of regeneration projects with 'core income' properties in the portfolio, where the focus is on customer relationships to maintain or grow income through active asset management. This enables us to achieve the appropriate balance of risk and return for the business.

We regularly review the portfolio to identify capital recycling opportunities, which involves disposing of assets where we believe most of the upside has been captured or which no longer meet our investment criteria.

2024 Priorities and progress

2024 Priorities	Progress
Make further progress on 25 Baker Street and Network, including additional pre-lets and residential pre-sales	● Good progress made and both projects on track to complete in 2025. At 25 Baker Street, office space is 100% pre-let on long leases ahead of ERV, first retail units are under offer and 15 residential units pre-sold at Dec 2024
Let the remaining space at The Featherstone Building, Soho Place and elsewhere	◐ Soho Place is now fully let and The Featherstone Building is 92% leased
Secure planning for 50 Baker Street JV and progress plans for Old Street Quarter	● At 50 Baker Street, resolution to grant planning consent was received in Aug 2024, and 100% ownership acquired in Dec 2024. At Old Street Quarter, further progress made on plans for a mixed-use project
Dispose of properties that no longer meet our investment criteria	● Total disposals of £89m completed in 2024 in line with book value, with a further £26m in Jan 2025
Review emerging acquisition opportunities	◐ Explored several acquisition opportunities across a range of assets, including those with regeneration potential

47%

of assets 'Under development/With potential' (by area) / see page 26

53%

of assets 'Core income' (by area)

Performance measures:

1 2 3 4 7 8 10

KPIs / See page 33

Principal risks:

1 3 4 5 6 7 8 9 11

See page 94

Emerging risks:

A B C

See page 100

2025 Priorities

- Complete projects at 25 Baker Street and Network, including securing pre-lets at Network, and further residential sales and letting of the retail units at 25 Baker Street
- Commence redevelopment at Holden House W1
- Progress 50 Baker Street development
- Continue to progress masterplans for Old Street Quarter in advance of planning application
- Progress disposal opportunities
- Review emerging acquisition opportunities

Achieved · In progress · Not achieved

2

To grow recurring earnings and cash flow

Property valuations reflect the combination of contracted and expected future cash flows with a market yield which takes account of risk, growth expectations, quality, environmental considerations and other factors.

Establishing the right strategy for a property can both add value and increase cash flow, but these typically occur at different stages of the property cycle. Value creation usually occurs first as expectations emerge that rent will grow above its current passing level, referred to as 'reversion', with an uplift in cash flow captured later upon lease events such as rent reviews, lease regears and other forms of lease restructuring.

Drawing on established relationships with occupiers, and with a focus on local communities and other stakeholders, our asset managers capture reversion by:

- achieving appropriate rent review outcomes by working closely with our occupiers and consultants;
- extending leases or removing break clauses through negotiations with our occupiers;
- co-ordinating 'block dates' to gain possession of buildings in preparation for regeneration schemes;
- reviewing levels of 'grey' space, i.e. floor area that is let but which is not currently occupied or is being marketed by an occupier; and
- optimising income by anticipating our occupiers' needs. Examples include fixed or minimum rental uplifts and a flexible approach to dilapidations and alienation clauses.

We believe that by creating the right space and providing our occupiers with the flexibility, adaptability, amenity and DL/Member benefits they are increasingly looking for we can generate further rental growth in the future.

2024 Priorities and progress

2024 Priorities	Progress
Continue to proactively manage upcoming reviews, expiries/breaks and vacancies to retain or increase income	Achieved: Carried out asset management activities on 364,400 sq ft, increasing rent by 1.2% to £14.5m. Our combined retention and re-let rate was 85% and average unexpired lease length is 5.9 years (2023: 6.5 years)
Work to reduce irrecoverable property costs	In progress: Lower EPRA vacancy rate, reduced utility prices and maintenance contracts negotiated at sub-inflation levels helped reduce property costs
Look to upgrade existing stock where opportunities arise to maximise income	Achieved: Invested £53m on smaller upgrade projects across the portfolio
Further promote DL/Lounges and DL/Service and continue to build on our member offering	Achieved: New office tenants briefed on DL/Member benefits, various marketing campaigns conducted to promote DL/Service and member feedback collected through surveys

2.6%
increase in like-for-like gross rental income in 2024

3.1%
EPRA vacancy rate

Performance measures:

1 2 3 4 7 9 10

KPIs/See page 33

Principal risks:

1 3 4 5 6 7 8 9 11

See page 94

Emerging risks:

A B C D E

See page 100

2025 Priorities

- Proactively manage upcoming reviews, expiries/breaks and vacancies to retain or increase income
- Continue to upgrade portfolio and drive rents
- Review opportunities to reduce EPRA cost ratio
- Complete majority of apartment sales at 25 Baker Street

3 To attract, retain and develop talented employees

Our employees are instrumental to the successful delivery of our strategy and long-term business performance.

We are an inclusive and respectful employer that welcomes diversity and champion equality. Our high performing, progressive and collaborative culture, alongside a consultative and professional leadership style, is focused on teamwork, integrity and long-term relationships.

The Group's reputation stems from behaviours and values promoted by the Board and Executive Committee. Our employees are our brand ambassadors and we invest considerable time and resources in their development and growth. The Group enjoys a high rate of staff retention (85% in 2024). When we recruit externally, we look for diverse, outstanding individuals who can bring creativity, skills and competencies to the business.

Our operational structure enables complex transactions to be managed effectively. Although we are organised by discipline, we assemble specific project teams from across the business to increase creativity and innovation.

We undertake an annual anonymous staff survey which provides an important forum for staff feedback. This helps us identify areas where we have made a positive impact and areas for future improvement.

We are focused on embedding our diversity and inclusion ambitions, and upskilling our talent, throughout the business.

2024 Priorities and progress

2024 Priorities	Progress
Host four individuals through the #10,000 Interns programme	Four interns completed the #10,000 Interns programme, which incorporated a reverse mentoring programme with senior Derwent employees
Inclusive management training for line managers	Directors, Executive Committee and line managers received inclusive management training in Nov 2024
Progress work on Disability Strategy and Action Plan	External consultant-led review of portfolio accessibility completed; building access information packs to support visitors with different abilities to be introduced in 2025; all projects to be audited at each RIBA design stage by accessibility consultant
Take appropriate action identified by employee focus groups following staff survey	Staff appraisal process refreshed and training provided to line management to support higher quality outcomes

93%
Proud to work at Derwent London

91%
Overall employee satisfaction

Performance measures:

1 2 3 4 7 8 10

KPIs / See page 33

Principal risks:

6 7 8 9 10 11

See page 94

Emerging risks:

B C

See page 100

2025 Priorities

- Maintain focus on future succession planning and employee upskilling
- Consider appropriate action identified following staff 'pulse survey'
- Prepare and launch biennial employee survey
- Analyse feedback from NES reassessment report and refocus priorities
- Continue with health and wellbeing initiatives

Achieved | In progress | Not achieved

4 To design, deliver and operate our buildings responsibly

Delivering well-designed, adaptable, occupier-focused buildings with carefully considered amenity is an integral part of our business model. We believe these buildings offer better long-term value for customers through more efficient occupation, reduce letting risk and void levels, and command stronger rents, yields and values.

Setting high standards for design and environmental responsibility builds flexibility, longevity and climate resilience into our portfolio, both for new schemes and the properties we manage.

To meet our target of becoming a net zero carbon business by 2030, we must deliver buildings that are increasingly energy efficient, powered by renewable energy and have very low embodied carbon footprints. Likewise, we must reduce the reliance of our managed properties on natural gas, and further lower their energy consumption and associated operational carbon footprints.

Our Net Zero Carbon 2030 Pathway is set out on pages 44 to 47, together with our full TCFD (Task Force on Climate-related Financial Disclosures) report on pages 102 to 115. A phased programme of works to upgrade EPC ratings to ensure compliance with evolving Minimum Energy Efficiency Standards (MEES) legislation is underway.

We work with our stakeholder groups to ensure we are meeting their expectations and standards, as well as acting responsibly (see pages 38 and 39). This includes engaging with the local communities around our buildings, through to using the best designers and contractors to ensure our portfolio meets the high standards we set.

We aim to ensure our portfolio is fit for purpose over the long-term and continues to generate the returns we expect.

2024 Priorities and progress

2024 Priorities	Progress
Collaborate with occupiers to reduce energy usage	Achieved: Engaged with 118 occupiers (73% of ERV); energy consumption of managed portfolio reduced 9% in 2024
Review and expand material Scope 3 inventory elements, including those relating to occupier energy which we do not procure	Not achieved: Additional upgrade works to our environmental data ecosystem were prioritised in 2024 over Scope 3 expansion. This work included further automation of data collection and analysis processes, as well as Intelligent Building integration
Complete double materiality assessment	Achieved: Completed double materiality assessment and its integration into the Group's strategy and risk processes – see pages 42 and 43

69.2%

EPC rating A or B, including projects (by ERV)

17%

Reduction in energy intensity since 2019 baseline (kWh/sqm)

Performance measures:

1 2 3 4 7 9 10

KPIs / See page 33

Principal risks:

1 6 7 8 9 10

See page 94

Emerging risks:

A C D E

See page 100

2025 Priorities

- Maintain positive progress towards energy intensity reduction targets
- Ensure our development pipeline continues to meet our embodied carbon targets
- Progress Lochfaulds solar park including commencement of solar panel installation
- Progress concrete decarbonisation and circular economy initiatives
- Review and expand material Scope 3 inventory elements
- Launch of three-year funding option under our community fund

● Achieved ◐ In progress ○ Not achieved

5 To maintain strong and flexible financing

We finance our business using equity and a moderate level of debt from a variety of sources. We value long-term relationships with our lenders, whilst also striving to be progressive and innovative.

Our core principle is one of modest financial leverage with generous interest cover, to balance the relatively higher risk associated with our regeneration activity. Using a combination of unsecured flexible revolving bank facilities and longer term fixed rate debt, we can adjust the level of drawn debt to meet our day-to-day requirements.

We aim to maintain considerable headroom under our facilities to enable us to move quickly when acquisition opportunities arise. This demonstrates flexibility to fund cash flows without delay but has a cost in terms of non-utilisation fees. It also reassures our management team and stakeholders that the development pipeline is capable of being financed and delivered without overstretching the balance sheet.

Our financing model is based on the following principles:

- modest financial leverage;
- strong focus on interest cover to support our credit rating (Fitch issuer default rating of 'BBB+' with a stable outlook);
- borrowing from a diverse group of relationship lenders who understand and support our business model;
- a focus on debt maturities, while managing the cost of debt and ensuring sufficient protection against interest rate fluctuations;
- keeping structures and covenants simple and understandable and planning ahead;
- ensuring alignment of the Group's financing strategy with our overall business goals; and
- maintaining a healthy level of financial headroom.

This approach provides financial stability and helps us when considering issues such as going concern and viability statements.

We value long-term relationships with our lenders, valuing the stability and mutual understanding that this creates over an approach that seeks the very lowest funding cost.

2024 Priorities and progress

2024 Priorities	Progress
Agree and execute strategy for £83m 3.99% secured loan due in 2024	● £83m secured loan refinanced with new £100m unsecured 3-year term facility plus two 1-year extension options signed with NatWest
Consider refinancing options for £175m convertible bonds and £55m private placement notes due to mature over the next 24 months	● New facilities agreed with Barclays (Dec 2024) and HSBC (Feb 2025), for a combined £230m, on an initial term of 2 years with options to extend
Maintain substantial headroom on financial covenants	● Interest cover remains strong at 3.9 times; property income could fall by 62% before breaching the interest cover covenant. High level of cash and undrawn facilities maintained (£487m at Dec 2024) and EPRA LTV remains low at 29.9%
Continue to maintain close relations with our existing lenders	● Maintained regular dialogue with all our lenders throughout the year and hosted a number of property tours

Our REIT status

Derwent London plc has been a Real Estate Investment Trust (REIT) since July 2007. The REIT regime (see page 285) provides a structure which closely mirrors the tax position of an investor holding property directly and removes tax inequalities between different real estate investors. REITs are principally property investors with tax-exempt property rental businesses, but remain subject to corporation tax on non-exempt income and gains. In addition, we are required to deduct withholding tax from certain shareholders on property income distributions and, in 2024, £9.8m was paid to HMRC.

Performance measures:

1 2 3 4 7 8 10

KPIs / See page 33

Principal risks:

1 2 3 4 6 7 8 9 10 11

See page 94

Emerging risks:

D E

See page 100

2025 Priorities

- Repay convertible bonds due June 2025
- Refinance main £450m bank facility
- Consider refinancing options for LMS bonds 2026
- Maintain substantial headroom on financial covenants
- Continue to maintain close relations with existing lenders