

6 May 2021

**Derwent London plc (“Derwent London” / “the Group”)
FIRST QUARTER BUSINESS UPDATE**

Summary

- Portfolio update:
 - £1.3m of new lettings achieved year to date, together with another £4.3m under offer
 - 93% of March 2021 quarter day rent collected, up from 87% on 13 April with another 4% expected later in the quarter
 - 95% of office rents collected with a further 4% expected later in the quarter
 - Vacancy rate of 2.3% remains low, up from 1.8% in December 2020
- On-site developments on track for delivery in H1 2022:
 - Soho Place W1: 285,000 sq ft – 87% pre-let or forward sold
 - The Featherstone Building EC1: 125,000 sq ft
- Currently procuring the main contractor at 19-35 Baker Street W1, a 297,000 sq ft scheme, with demolition to start in H2 2021
- Planning decisions expected in June 2021 on Network Building W1 for up to 130,000 sq ft
- Creating future potential at Holford Works WC1 after acquisition of long leasehold interest for £22.6m before costs where we already own the freehold
- Strong finances:
 - LTV 16.0%¹
 - Undrawn facilities and cash £621m

¹ LTV based on 31 December 2020 property values

Paul Williams, Chief Executive of Derwent London, said:

“We are seeing a marked increase in activity across our portfolio as London is emerging from lockdown and we now have £5.6m of lettings completed or under offer. Our occupiers are telling us that they are keen to return to their offices as the economy bounces back.”

For further information, please contact:

Derwent London
Tel: +44 (0)20 7659 3000

Paul Williams, Chief Executive
Damian Wisniewski, Chief Financial Officer
Quentin Freeman, Head of Investor Relations

Brunswick Group
Tel: +44 (0)20 7404 5959

Nina Coad
Emily Trapnell

Webcast and conference call

There will be a webcast and conference call for investors and analysts at 09:00 BST today.

To participate in the call, please use the following link: <https://webcasts.derwentlondon.com/derwent058>

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

PORTFOLIO ACTIVITY

In the year to date we have completed £1.3m of new lettings with another £4.3m under offer. On average, levels are 3.1% below December 2020 estimated rental value (ERV). Although this represents only a small proportion of our portfolio, new space is letting above ERV and older unimproved space is letting at a discount.

We have now collected 93% of our total March 2021 quarter rent, up from 87% from when we last reported 13 April 2021, with a further 4% expected to be received this quarter. We have now collected 95% of office rents for the March quarter with another 4% due later in the quarter. These are the strongest rent collection numbers since the start of the pandemic with office collection rates close to pre-pandemic levels.

DEVELOPMENTS

Our two next net zero carbon developments at Soho Place W1 and The Featherstone Building EC1 are due for completion in the first half of 2022 and are progressing well. The former is largely pre-let or forward sold with 36,000 sq ft of retail to let. We continue to see early interest in a significant part of the office space at The Featherstone Building.

Major developments pipeline

Property	Area sq ft	Capex to complete £m ¹	Comment
On-site projects completing H1 2022			
Soho Place W1	285,000	152 ²	209,000 sq ft offices, 36,000 sq ft retail and 40,000 sq ft theatre – 87% pre-let / forward sold.
The Featherstone Building EC1	125,000	37	110,000 sq ft offices, 13,000 sq ft workspaces and 2,000 sq ft retail.
	410,000	189	
Forthcoming projects completing 2025			
19-35 Baker Street W1	297,000 ³	265	Consented. 217,000 sq ft offices, 52,000 sq ft residential and 28,000 sq ft retail.
Planning			
Holden House W1	150,000		Consented. Office and retail scheme.
Network Building W1	130,000		Planning application submitted. Potential to increase floorspace from 70,000 sq ft.
	280,000	-	
Total	987,000	454	

¹ As at 31 December 2020 ² Includes remaining site acquisition cost and profit share to Crossrail

³ Total area - Derwent London currently has a 55% share of the joint venture

Our next major development 19-35 Baker Street W1 is on track to start in the second half of this year. We are expecting a decision on our planning application at Network Building W1 in June 2021. We have applied to develop either a Life Sciences or an offices option of 100,000 sq ft or 130,000 sq ft, respectively. If successful, construction should start in 2022.

ACQUISITION

In May the Group completed the acquisition of the 65-year leasehold interest in Holford Works, Cruickshank Street WC1 for £22.6m before costs, where Derwent London already owns the freehold. The property comprises 41,600 sq ft of former industrial space used as offices. The principal occupiers are Barbour and Vidya Health. The combined interest is estimated to produce a net initial yield of c.6% with a capital value of c.£630 per sq ft. This Tech Belt property, located between Angel and King's Cross, will provide medium term income as well as longer term opportunities.

FINANCE

Net debt fell to £905m at 31 March 2021 from £1,049m at 31 December 2020 while undrawn facilities and cash increased to £621m. The main factors were the receipt of £166m from the disposal of Johnson Building EC1 in January 2021 and capital expenditure on projects during the quarter of £42m. The loan-to-value ratio was 16.0% at 31 March 2021 compared to 18.4% on 31 December 2020 and interest cover for the first three months of 2021 increased to 4.7 times from 4.5 times for the whole of 2020.

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 31 December 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, Derwent London has committed to becoming a net zero carbon business by 2030, publishing its pathway to achieving this goal in July 2020. In 2019 the Group became the first UK REIT to sign a Revolving Credit Facility with a "green" tranche. 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 January 2021, Derwent London came top of the Property Sector and 10th position overall in Management Today's Britain's Most Admired Companies awards 2020. In the year 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 and Westminster Business Council's Best Achievement in Sustainability award. In 2013 the Company launched a voluntary Community Fund and has to date supported well 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.