



# DERWENT LONDON

Annual Results 2023

# Contents

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# Introduction and overview

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Paul Williams

# Setting the scene

## OUR BUSINESS

### Long-term strategic approach

- High quality, differentiated and well-located portfolio
- Strong leasing year (£28.4m), 8% above ERV
- Low EPRA vacancy rate (4.0%)
- Robust balance sheet

## VALUATION

### Impacted by macro, but well positioned

- Capital values -10.6% (MSCI: -11.1%)
- Developments and West End outperformed
- Equivalent yield +67bp to 5.55%
- EPRA NTA down 13.8% to 3,129p

## OUR MARKET

### Positive growth outlook

- Businesses increasingly strategic on real estate planning
- Prioritising quality, but limited supply
- Recentralisation; focus on core areas

## GUIDANCE

### Upgraded ERV expectations

- ERVs: growth upgraded to 2% to 5%
- Yields: approaching peak; West End resilient



# Differentiating Derwent



## Intentionally weighted to West End

72% West End, 26% City Borders

Constrained supply and high demand leading to rental growth

Near and medium-term development pipelines exclusively West End

## Relationship-driven and occupier focused

Challenging the norm

Portfolio-wide and asset-specific amenity

We create the right product in the right location

DL / MEMBERS

## Innovation

Good design is in our DNA

Bespoke approach, matching product to sub-market

Delivering sustainable & adaptable space

# Differentiating London

**A leading global city with a broad and deep occupier base**

Well-connected and high  
quality public transport  
network



London is growing:  
Economy  
Jobs  
Population

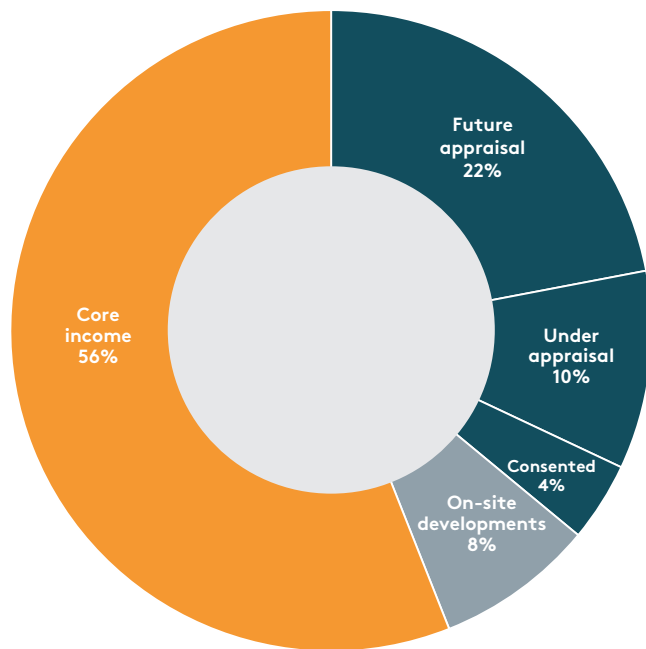
A series of sub-markets:  
A tale of three cities  
Prime vs Secondary

Diversity of requirements  
by size and type

# Developing & retaining quality

## Our well-executed strategy

- 1) Significant investment in asset regeneration
- 2) Reduced exposure to non-core properties
- 3) Pipeline rich with value-add opportunity



### Core income



80 Charlotte Street W1



Tea Building E1



Brunel Building W2

### On-site developments



25 Baker Street W1

### With potential



Greencoat & Gordon House SW1



50 Baker Street W1





# Results and financial review

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Damian Wisniewski

# Financial highlights

EPRA NTA per share<sup>1, 2</sup>

**3,129p**

Dec 2022: 3,632p

**-13.8%**

EPRA earnings per share<sup>2</sup>

**102.0p**

2022: 106.6p

**-4.4%**

Cash and undrawn facilities<sup>3</sup>

**£480m**

Dec 2022: £577m

Gross rental income

**£212.8m**

2022: £207.0m

**+2.8%**

Net rental income

**£186.2m**

2022: £188.5m

**-1.2%**

Interest cover ratio<sup>4</sup>

**4.1x**

2022: 4.2x

Total return

**-11.7%**

Dec 2022: -6.3%

Total dividend per share<sup>5</sup>

**79.5p**

2022: 78.5p

**+1.3%**

EPRA loan-to-value ratio

**27.9%**

Dec 2022: 23.9%

<sup>1</sup> EPRA Net Tangible Assets per share on a diluted basis

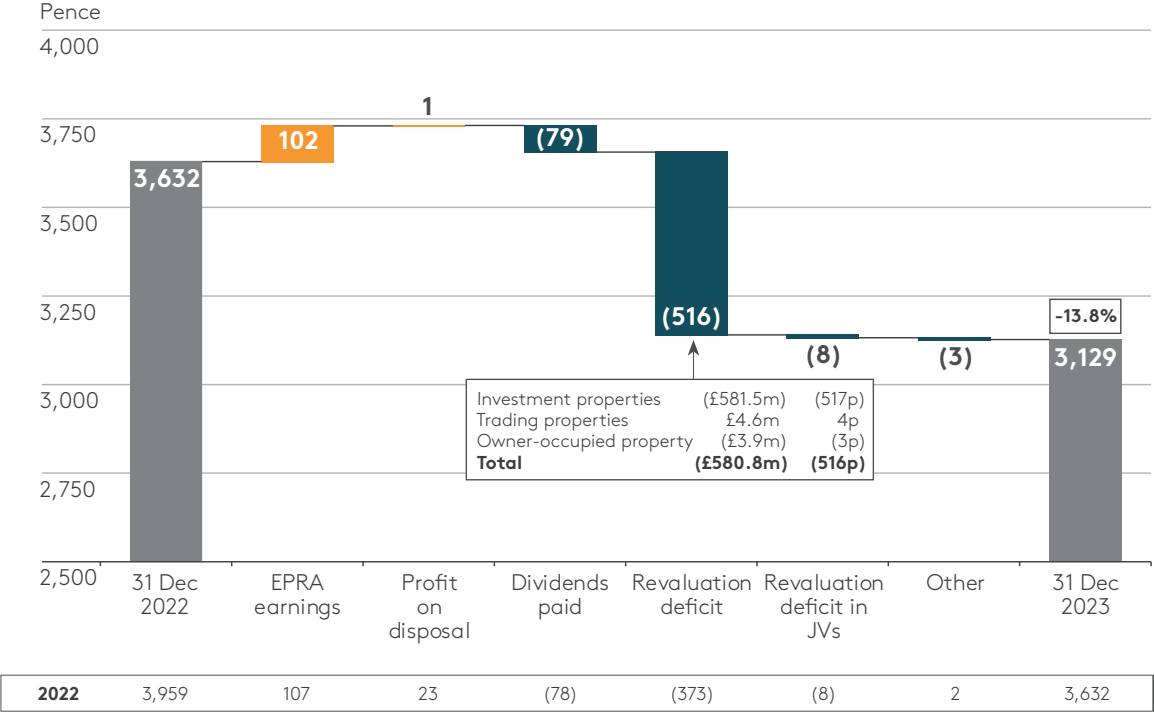
<sup>2</sup> Reconciliation to IFRS figures in Appendices 3 and 6

<sup>3</sup> Excludes restricted cash

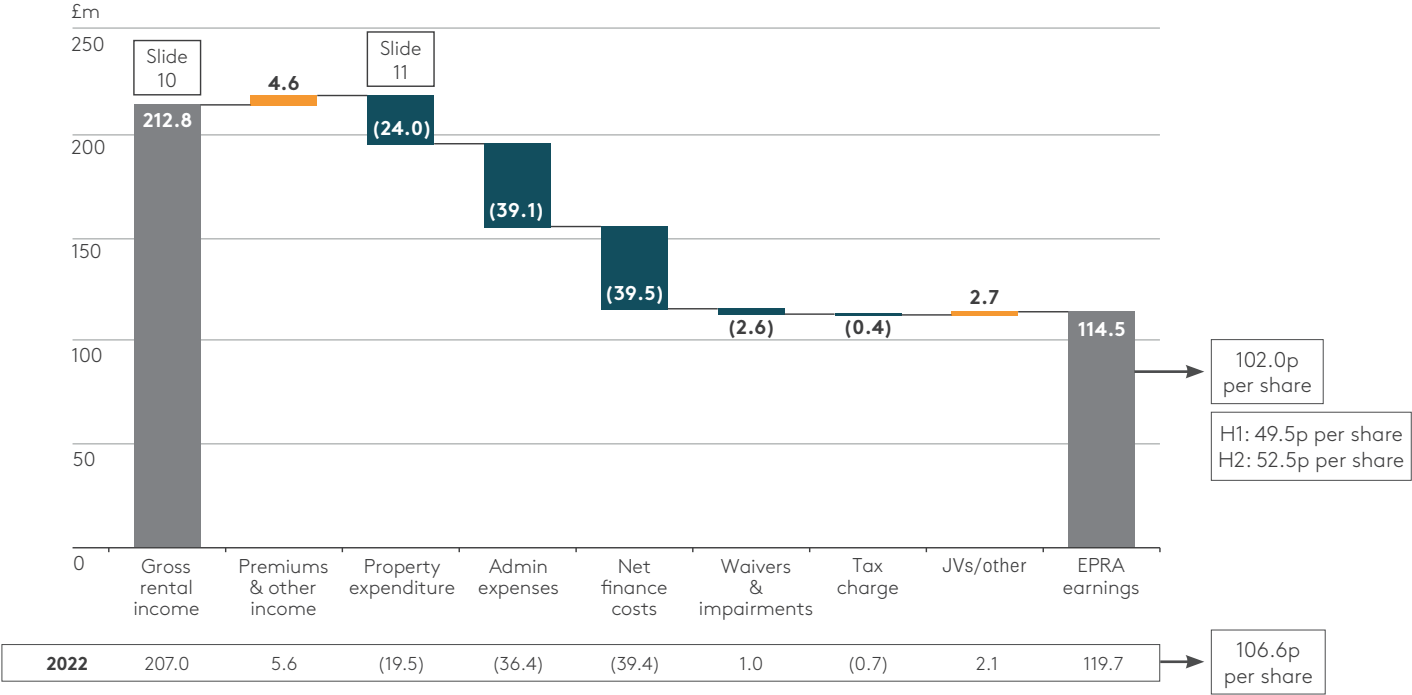
<sup>4</sup> Includes share of joint ventures    <sup>5</sup> 2023 final dividend of 55.0p per share subject to shareholder approval



# EPRA NTA movement

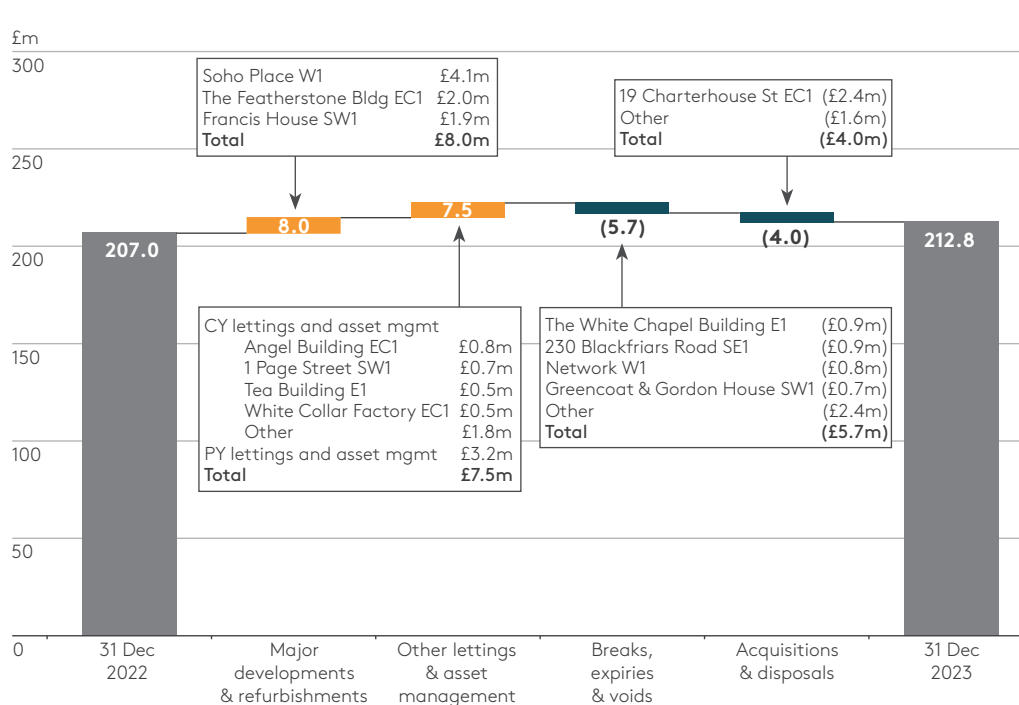


# EPRA earnings



- An explanation of EPRA adjustments is provided in Appendix 6

# Gross rental income



Like-for-like

**Gross rental income**  
**2023: 1.7%**  
 2022: 1.1%

**Net rental income**  
**2023: -1.4%**  
 2022: 1.1%

- Tenant rent deposits at 31 Dec 2023 of £27.0m (Dec 2022: £27.3m)

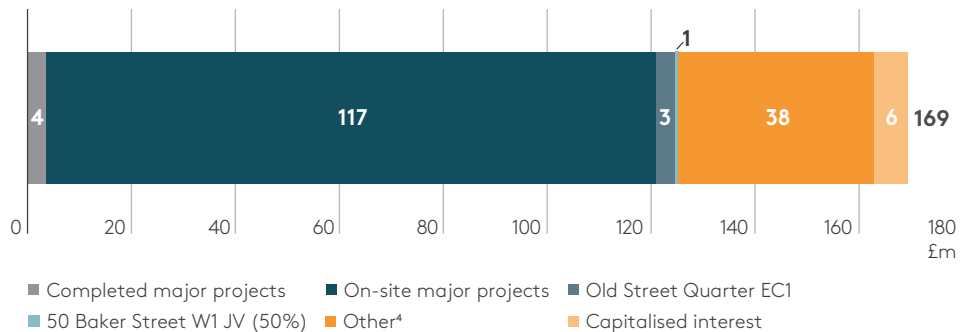
# Property expenditure

	H1 2022 £m	H2 2022 £m	FY 2022 £m	H1 2023 £m	H2 2023 £m	FY 2023 £m
<b>Service charges</b>						
Voids	0.6	2.8	3.4	2.1	1.8	3.9
Inclusive leases	0.3	0.4	0.7	0.3	0.2	0.5
Caps	0.3	0.3	0.6	1.0	0.1	1.1
Balancing charges/other	0.3	0.1	0.4	1.1	-	1.1
	<b>1.5</b>	<b>3.6</b>	<b>5.1</b>	<b>4.5</b>	<b>2.1</b>	<b>6.6</b>
<b>Property costs</b>						
Legal and letting	1.8	2.0	3.8	2.2	2.4	4.6
Rates	1.1	1.0	2.1	1.1	1.7	2.8
Ground rent	0.5	1.2	1.7	1.2	1.1	2.3
Marketing	1.1	0.7	1.8	1.0	0.7	1.7
Lounges & customer service	0.2	0.3	0.5	0.3	1.1	1.4
Repairs	0.2	0.5	0.7	0.7	0.4	1.1
Other	2.0	1.8	3.8	2.1	1.4	3.5
	<b>6.9</b>	<b>7.5</b>	<b>14.4</b>	<b>8.6</b>	<b>8.8</b>	<b>17.4</b>
<b>Total</b>	<b>8.4</b>	<b>11.1</b>	<b>19.5</b>	<b>13.1</b>	<b>10.9</b>	<b>24.0</b>

- Vacancy rate reduced through 2023
- Lower energy costs in H2 2023 helped service charge recoverability and reduced the impact of caps

# 2023 project expenditure

	Investment property	Trading property <sup>1</sup>	Trading stock <sup>2</sup>	Investments	Other	Total
25 Baker Street W1	67.9	20.0	6.4	-	-	94.3
Network W1	23.1	-	-	-	-	23.1
<b>On-site major projects</b>	<b>91.0</b>	<b>20.0</b>	<b>6.4</b>	<b>-</b>	<b>-</b>	<b>117.4</b>
Completed major projects	3.7	-	-	-	-	3.7
Old Street Quarter EC1 <sup>3</sup>	-	-	-	-	3.5	3.5
50 Baker Street W1 JV (50%)	-	-	-	0.6	-	0.6
Planning & design	2.0	-	-	-	-	2.0
Refurbishments & other	35.6	-	-	-	-	35.6
<b>Total</b>	<b>132.3</b>	<b>20.0</b>	<b>6.4</b>	<b>0.6</b>	<b>3.5</b>	<b>162.8</b>
Capitalised interest	5.3	1.0	0.2	-	-	6.5
<b>Total expenditure</b>	<b>137.6</b>	<b>21.0</b>	<b>6.6</b>	<b>0.6</b>	<b>3.5</b>	<b>169.3</b>

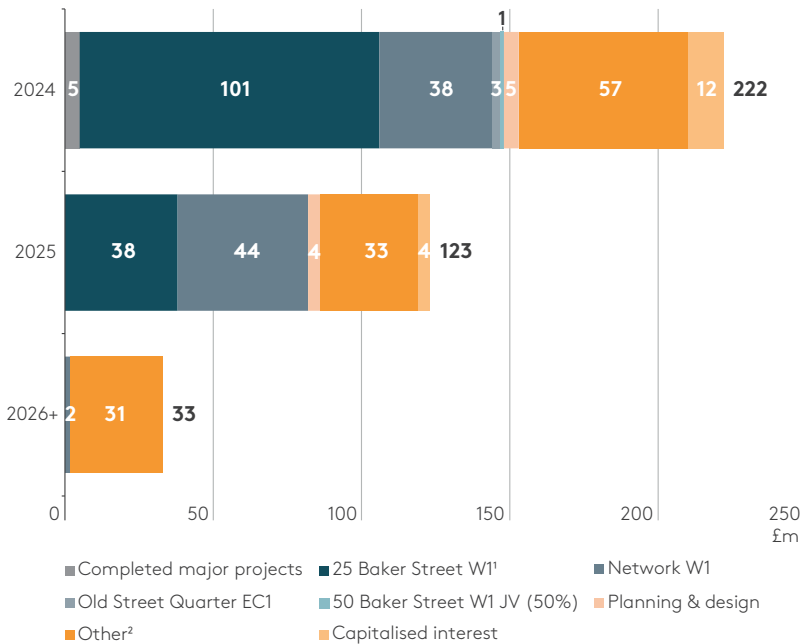


<sup>1</sup> Relates to residential element of scheme    <sup>2</sup> Relates to retail for The Portman Estate    <sup>3</sup> Net of £0.6m impairment

<sup>4</sup> Other includes 'Planning & design' and 'Refurbishments & other'



# Estimated future capex



## EPC upgrades

- £95m estimated cost to upgrade to EPC 'B' by 2030
- £48m specifically provided for in the Dec 2023 external valuation, plus further allowance for general upgrades
- Portfolio by ERV 68.4% 2030 compliant, up 3.1% from Dec 2022

<sup>1</sup> 25 Baker Street W1 includes expenditure on trading property/stock    <sup>2</sup> Other includes EPC upgrades and Lochfaulds solar park

# Proforma impact of major projects

- Assumes no further lettings, acquisitions or disposals other than those already contracted
- Shows impact of estimated remaining capex on major projects, both completed and on-site
- Excludes design fees and smaller refurbishment projects

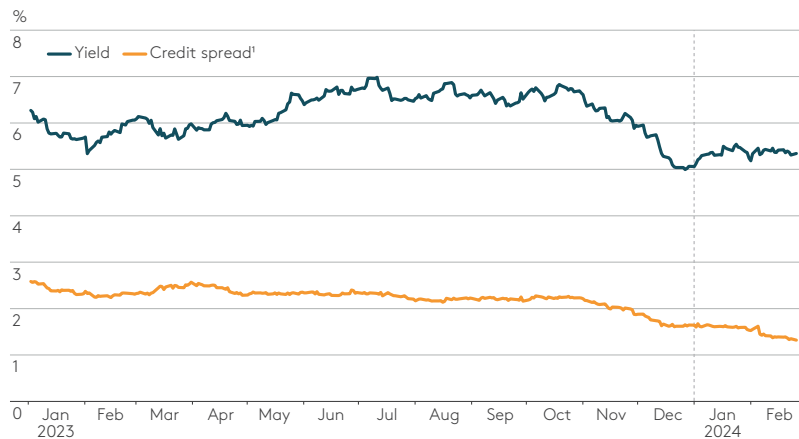
		Proforma impact of completed/on-site projects				
	Dec 2023	Capex <sup>1</sup>	Contracted disposals <sup>2</sup>	Contracted income	Void costs <sup>3</sup>	Proforma
Gross rental income	£213m	-	-	£16m	-	£229m
Net property income (adjusted) <sup>4</sup>	£189m	-	-	£16m	(£6m)	£199m
Interest cost <sup>4</sup>	£46m	£9m <sup>5</sup>	(£2m) <sup>5</sup>	-	-	£53m
Net interest cover ratio <sup>4</sup>	4.1x					3.8x
Portfolio fair value	£4,878m	£228m	(£59m)	-	-	£5,047m
Drawn debt net of cash	£1,363m	£228m	(£59m)	-	-	£1,532m
EPRA loan-to-value ratio	27.9%					30.4%

<sup>1</sup> See Appendix 42 for capex. Includes profit share payments in relation to 25 Baker Street W1 <sup>2</sup> Includes receipt from The Portman Estate for retail units and pre-sold residential units at 25 Baker Street W1 <sup>3</sup> Void costs upon completion of project <sup>4</sup> Including share of joint ventures <sup>5</sup> Assuming an average interest rate of 4.0%

# Debt markets and refinancing

## Yield on our £350m Green Bonds 2023

- Yield on our bonds peaked at 7.0% in Jul 2023 before reducing to 5.0% at Dec 2023



## Near-term refinancing

- £83m loan at 3.99% maturing in Oct 2024
- £175m convertible bonds at 1.5% maturing in Jun 2025
- Corporate credit rating affirmed at BBB+/Stable outlook, A- Senior Unsecured rating

<sup>1</sup> Spread to benchmark gilt



# Debt summary

Cash and undrawn facilities<sup>1</sup>

**£480m**

Dec 2022: £577m

Weighted average maturity of borrowings

**5.0 years**

Dec 2022: 6.2 years

EPRA loan-to-value (LTV) ratio

**27.9%**

Dec 2022: 23.9%

Interest cover ratio (ICR)<sup>2</sup>

**4.1x**

2022: 4.2x

Weighted average interest rate<sup>3</sup>

**3.17%**

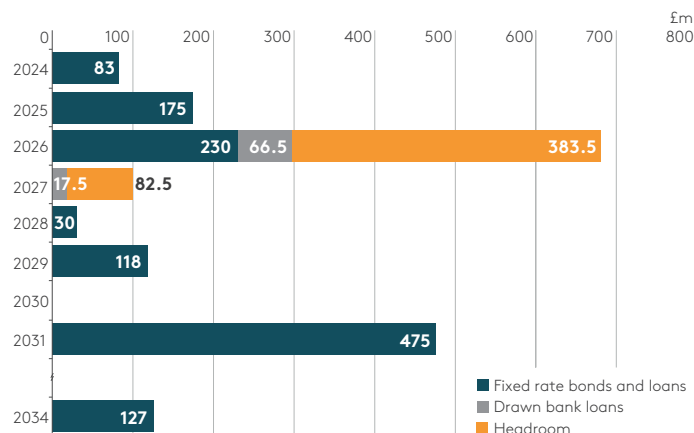
Dec 2022: 3.14%

Net debt/EBITDA

**8.8x**

Dec 2022: 7.8x

## Maturity profile of debt facilities



- 98% of drawn borrowings at fixed rates/hedged
- £55m of interest rate swaps at 1.36% effective at 31 Dec 2023
- Additional £20m forward-start interest rate swap at 1.36% expiring in Apr 2025
- £4.2bn of uncharged properties

<sup>1</sup> Excludes restricted cash    <sup>2</sup> Includes share of joint ventures    <sup>3</sup> On a cash basis



TEA

# Valuation and investment

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Nigel George



# Valuation - performance and themes

## Investment portfolio valued at £4.9bn

- Underlying valuation -10.6% (2022: -6.8%)
  - West End -8.6% (2022: -5.8%)
  - City Borders -15.8% (2022: -9.2%)
- MSCI Central London Offices<sup>1</sup> -11.1%

## Total property return in 2023

- Derwent London -7.3%
- MSCI Central London Offices<sup>1</sup> -7.9%
- MSCI UK All Property<sup>1</sup> -1.0%

## Two on-site developments in 2023

- Valued at £0.4bn, uplift of 8.1%
  - 25 Baker Street W1 – 75% pre-let
  - Network W1
- Excluding developments, valuation down 11.9%

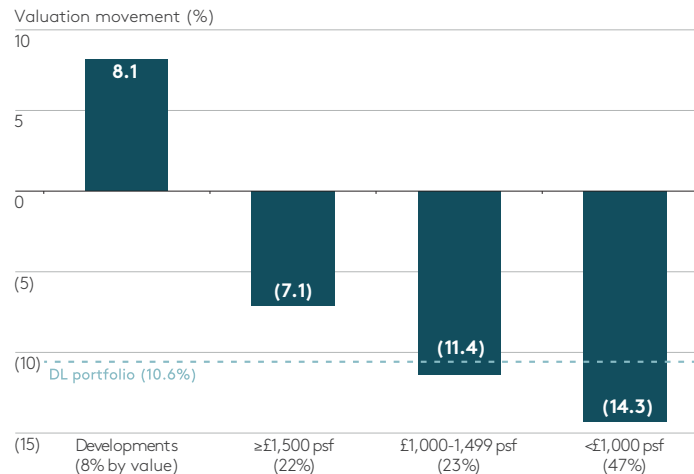
	Portfolio valuation £m	Joint venture valuation <sup>2</sup> £m	Total £m	H1 2023 valuation movement %	H2 2023 valuation movement %	Full year valuation movement %
West End	3,493.1	33.8	3,526.9	(2.4)	(6.5)	(8.6)
City Borders	1,272.9	-	1,272.9	(7.2)	(9.4)	(15.8)
<b>Central London</b>	<b>4,766.0</b>	<b>33.8</b>	<b>4,799.8</b>	<b>(3.7)</b>	<b>(7.3)</b>	<b>(10.7)</b>
Provincial	75.7	-	75.7	(2.5)	(2.5)	(4.9)
<b>Underlying</b>	<b>4,841.7</b>	<b>33.8</b>	<b>4,875.5</b>	<b>(3.7)</b>	<b>(7.2)</b>	<b>(10.6)</b>
Acquisition	3.0	-	3.0	-	(6.2)	(6.2)
<b>Investment portfolio</b>	<b>4,844.7</b>	<b>33.8</b>	<b>4,878.5</b>	<b>(3.7)</b>	<b>(7.2)</b>	<b>(10.6)</b>

<sup>1</sup> Quarterly index    <sup>2</sup> 50% share of 50 Baker Street W1 JV

# Valuation - performance and themes

- Developments – good progress, positive returns
- Rents – higher demand for best in class
  - Location and product
- Yields – continued outward movement
  - Impact greater on larger lot sizes
  - Resilience from:
    - Core high quality assets
    - West End – 72% of our portfolio
- ESG: sustainability and EPC ratings<sup>1</sup>
  - £48m EPC works within the valuation
  - Phased over a number of years

## Valuation movement by capital value



## Market trends in 2023

	ERV	Yields	Values
Offices – high quality	↑	↑	↓
Offices – other	↓	↑	↓
Retail and hospitality <sup>2</sup>	↑	↑	↓

<sup>1</sup> See Appendices 27 and 28    <sup>2</sup> 7% of portfolio by income

# Rental value and yields

## Rental values

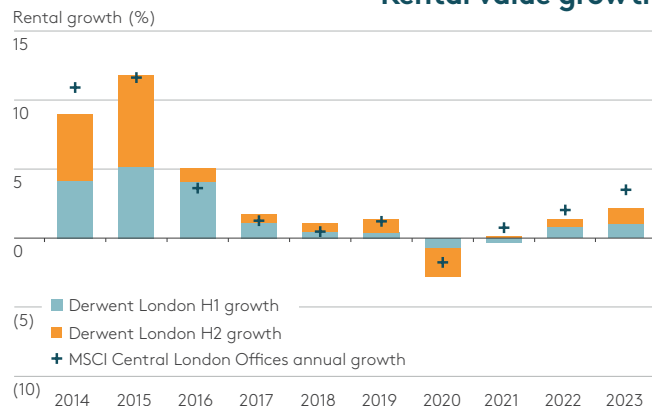
- Rental values increased 2.1% in 2023
  - Offices: 93% of portfolio<sup>1</sup> +2.0%
  - Retail: 7% of portfolio<sup>1</sup> +3.5%
- Average office passing rent £50.46 psf<sup>2</sup>  
(Dec 2022: £48.37 psf)
  - Average 'topped-up' office rent £62.79 psf<sup>2</sup>  
(Dec 2022: £59.57 psf)

## EPRA yields

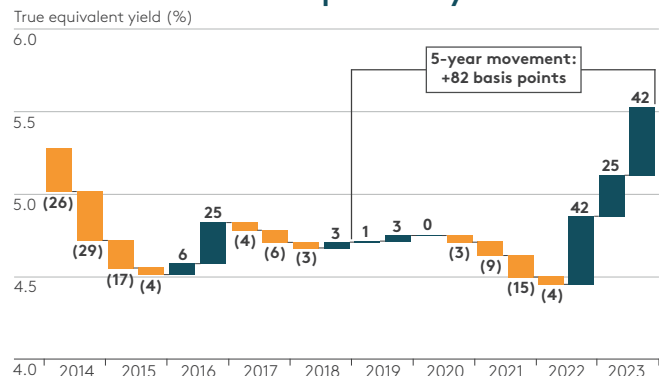
	Dec 2022 %	Dec 2023 %	Change bp
Net initial yield	3.7	4.3	60
'Topped-up' net initial yield	4.6	5.2	60
True equivalent yield	4.88	5.55	67
Net reversionary yield	5.2	5.9	70

<sup>1</sup> By income    <sup>2</sup> Tenanted office area

## Rental value growth



## True equivalent yield movement

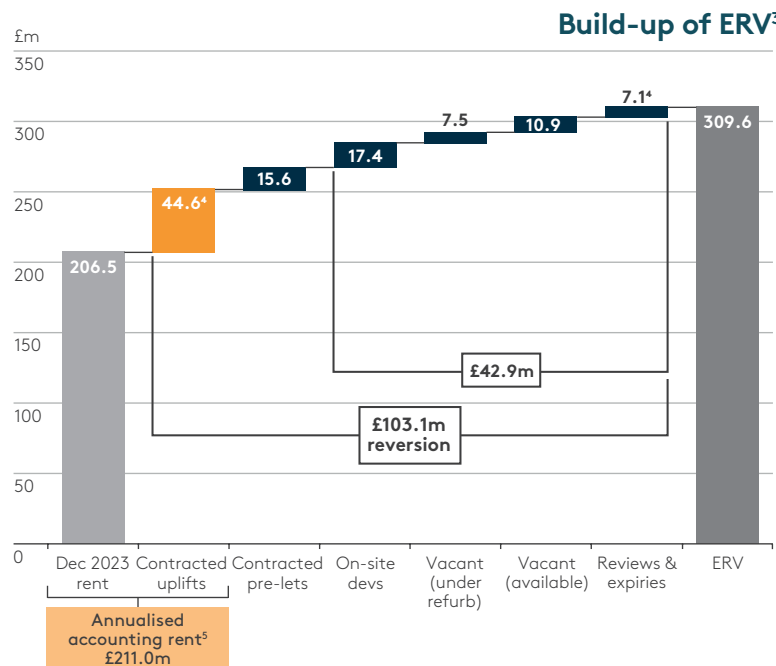


# Build-up of portfolio ERV

- Contracted rent of £206.5m
- Portfolio reversion of £103.1m<sup>1</sup>
  - £60.2m or 58% contracted, including
    - 25 Baker Street W1 £15.6m<sup>2</sup>
    - 80 Charlotte Street W1 £11.7m
    - Soho Place W1 £5.9m
  - £42.9m of further reversion
    - £17.4m from two on-site schemes

Developments	Let £m	Vacant £m	ERV £m
25 Baker Street W1	15.6	4.8	20.4
Network W1	-	12.6	12.6
<b>Total</b>	<b>15.6</b>	<b>17.4</b>	<b>33.0</b>

- £7.5m from other refurbishments
- £10.9m available to let
- £7.1m from lease reversions



Dec 2022	204.2	46.4	-	30.3	2.7	17.3	3.7	304.6
Change £m	2.3	(1.8)	15.6	(12.9)	4.8	(6.4)	3.4	5.0

<sup>1</sup> Requires additional capex as set out in Appendix 42  
future contracted rents being above the current ERV

<sup>2</sup> Net of ground rent

<sup>3</sup> Before lease incentives

<sup>4</sup> Some leases contain inflation-linked or fixed uplifts which result in

<sup>5</sup> Net of ground rents but before irrecoverable property costs

# Investment market overview

## 2023

### Themes

- Higher cost of debt – significant impact on activity
  - Debt not accretive to returns
  - Equity buyers dominant
- Investment turnover down 50%
  - Wide gap between vendor/buyer aspirations
  - Liquidity focused on sub-£100m lot sizes
- Limited distress; lenders becoming less supportive
  - Market in 'price discovery' phase
  - Investors adopting 'wait and see' approach
- West End pricing more robust than City



## Outlook

### Themes

- Cost and availability of debt improving
  - Inflation has reduced and moving lower
  - Investor confidence returning
- Rising volume of stock coming to market
  - Valuation gap narrowing
  - Broad cross-section of investors emerging
- Approaching end of yield cycle

### Opportunity

- Banks increasingly proactive
- Number of motivated vendors rising
- Value-add stock emerging



# Capital recycling

## Disposal activity

Property	Date	Area sq ft	Total after costs £m	Net yield %	Net rental income £m pa
19 Charterhouse Street EC1	Q1	63,200	53.6	4.6	2.6
12-16 Fitzroy Street W1	Q2	8,600	6.7	6.9	0.5
Other	-	2,200	5.3	-	-
<b>Total</b>		<b>74,000</b>	<b>65.6</b>	<b>4.4</b>	<b>3.1</b>

- £65.6m of disposals at an average £890 psf
  - 19 Charterhouse Street EC1
    - Short lease, limited repositioning potential
  - 12-16 Fitzroy Street W1
    - Small lot size, portfolio housekeeping
- Exchanged on forward sale of seven residential flats at 25 Baker Street W1
  - £38.9m, 14% ahead of appraisal value
- Small acquisition of public house at 6 Rathbone Place W1
  - £3.0m purchase price, 4.3% NIY
  - Site assembly of wider Rathbone Estate



19 Charterhouse Street EC1



12-16 Fitzroy Street W1

An aerial photograph of a dense forest, likely a coniferous woodland, with a thick canopy of green trees. The right side of the image fades into a white background where the text is located.

# Sustainability

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Nigel George

# Key milestones

## Scottish land opportunity

- Solar park planning consent received
  - 100 acre, 18.4 MW
  - >40% of London managed portfolio electricity
- Other sustainability opportunities being explored



## Targets rebased to 1.5°C pathway

- Near-term target – verified in 2023
  - 42% reduction in Scope 1 & 2 carbon emissions by 2030 from 2022 baseline
- Long-term net zero carbon target – in 2024
  - 90% reduction across all Scopes by 2040 from 2022 baseline

## External ratings continue to strengthen



Further improved to 'A' rated public disclosure (100/100); Development 5 star (97/100); Standing Assets 4 star (84/100)



Increased to 'A-'

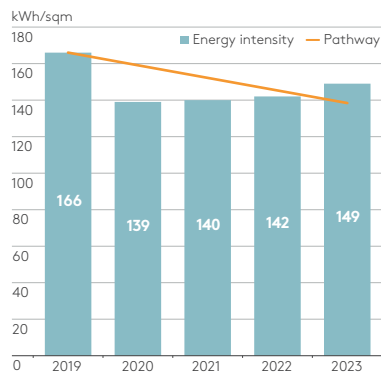
## Energy intensity methodology updated

- Energy contract to meter mapping exercise
- Comprehensive floor area review
- Closer alignment of floor areas to energy usage
- 2019 baseline restated to 166 kWh/sqm

# Progress on our journey to net zero

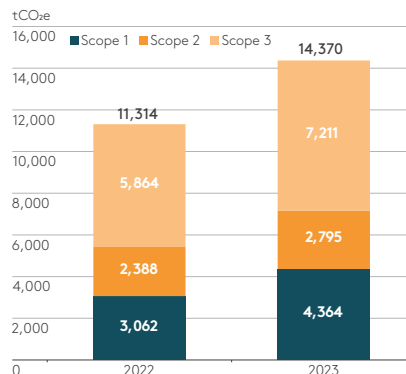
## Energy intensity 149 kWh/sqm

- 5% increase compared to 2022
- Soho Place W1 and The Featherstone Building EC1 – commissioning works and commencement of operations
- 10% lower than 2019 baseline
- 2030 target 90 kWh/sqm



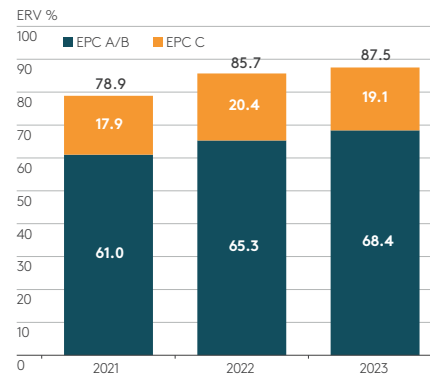
## Operational carbon<sup>1</sup> 14,370 tCO<sub>2</sub>e

- Landlord/occupier allocation amended – Scope 1 & 2 impact
- UK grid conversion factors up 7% in 2023
  - First increase since 2013



## EPC ratings 68% 'A' or 'B'

- 88% 'A' to 'C'
- Upgrade strategy incorporated into asset upgrade plans
- Timing of EPC legislation may slip



<sup>1</sup> Scopes 1, 2 & 3 excluding embodied





# Leasing and asset management

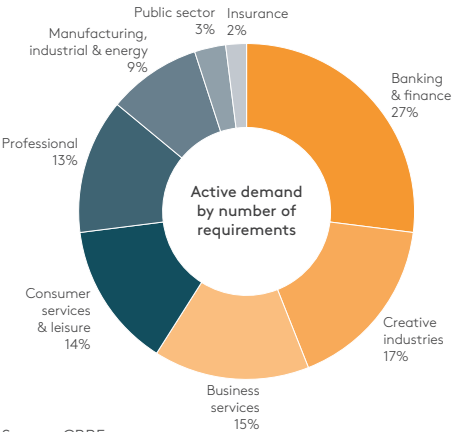
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Emily Prideaux

# Occupational market demand

- Take-up 10.5m sq ft (10YA: 12.1m sq ft)
  - West End 3.6m sq ft (-9% vs 10YA)
  - City 5.3m sq ft (+2% vs 10YA)
- Pre-lets 23% of take-up
- Space under offer up 19% to 3.0m sq ft
- Active demand 9.9m sq ft (2022: 5.7m sq ft)

## Active demand by business sector



Source: CBRE

## Corporate requirements



250,000+ sq ft



140-170,000 sq ft



150,000+ sq ft

MAYER BROWN

100,000 sq ft



100,000 sq ft



100,000 sq ft



70-90,000 sq ft



50-70,000 sq ft



50-60,000 sq ft



30-50,000 sq ft



30,000 sq ft

# Occupational market themes

## Quality

- Product
- Service & amenity
- Landlord

## Location & connectivity

- Public transport system
- Recentralisation

## London's appeal

- Global city & appeal
- Diversity – sector & demographics

## Re-evaluation of purpose of office

- Covid blinkers removed
- Real estate as long-term strategic device
- Flexible but office-centric

# Recentralisation map

- Occupiers moving into core London locations
  - 20,000+ sq ft lettings
  - 2022 & 2023 transactions
- Smaller occupiers also recentralising



195,000 sq ft  
From: New location



Pentland  
41,000 sq ft  
From: Finchley



39,000 sq ft  
From: Haggerston



141,000 sq ft  
New location



103,000 sq ft  
From:  
Hammersmith  
& Slough



Source: Cushman & Wakefield



326,000 sq ft  
From: Docklands



481,000 sq ft  
From: Docklands



25,000 sq ft  
From: Docklands



# Occupational market supply

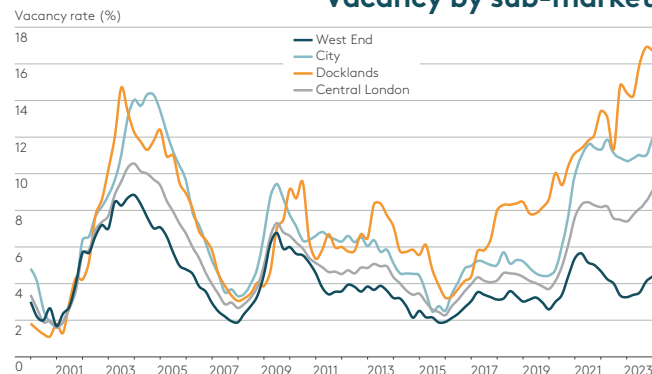
## Vacancy

- London vacancy high at 9.1%; reality more nuanced
- West End (4.4%) < City (11.9%) < Docklands (16.7%)
- Secondhand 69% of total
- Tenant-controlled ('grey') 26% of total

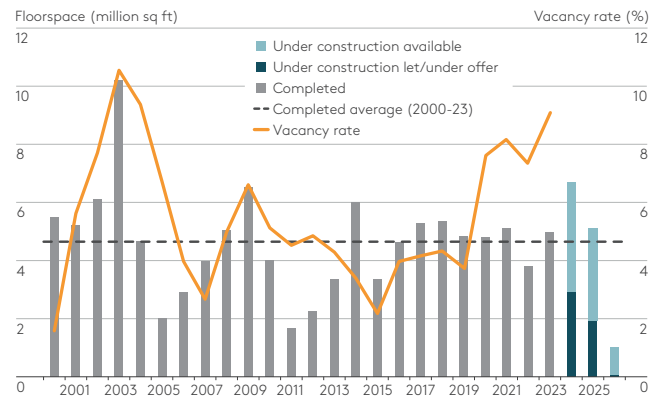
## Development pipeline

- Development pipeline constrained
  - 12.9m sq ft to complete by end 2027
  - 7.9m sq ft speculative – 8 months' supply
- Deferral of schemes – 2023 completions were 26% lower than estimated by CBRE at Jun 2023

## Vacancy by sub-market



## Central London development pipeline and vacancy



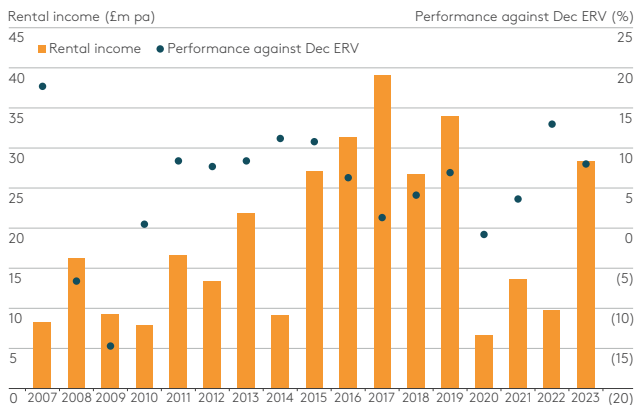
Source: CBRE

# Derwent London leasing activity

## Strong leasing activity

- £28.4m of new rent on 340,500 sq ft
  - Average 8% above Dec 2022 ERV
  - Considerably higher than 2022 (£9.8m)
  - 77% West End, 23% City Borders
  - 57% pre-lets
- £1.8m let in 2024 YTD; further £2.7m under offer

## Leasing activity and performance against ERV



## Highlights



### 25 BAKER ST. W1

#### 75% pre-let (offices)

- 155,500 sq ft to PIMCO and Moelis
- 13.4 year WAULT (to break)
- £103 psf average rent; 13.4% above ERV



### THE FEATHERSTONE BUILDING

#### 80% let

- Four new leases signed in 2023
- 58,600 sq ft; £4.3m pa
- £73 psf average rent



### 'Furnished + Flexible' – 19 lettings

- 51,100 sq ft; £3.6m pa
- 9.2% above ERV

FURNISHED \* FLEXIBLE

# Derwent London asset management activity

## Overview

- Businesses planning requirements earlier
- Already engaged on 2026/27 expiries
- DL/ Lounges having positive impact

## Activity up 30% in 2023

- New rent £41.5m
  - 3.5% above previous rent
  - 1.7% above ERV

## Vacancy and WAULT

- EPRA vacancy 4.0% (2022: 6.4%)
- WAULT stable at 6.5 years (2022: 6.4 years)
  - 'Topped-up' WAULT 7.4 years (2022: 7.2 years)
- 10% of passing rent subject to break/expiry in 2024
  - Down from 17% at Jun 2023

## Key transactions



### Brunel Building W2

- WAULT extended by 5.8 years on five floors to 12.7 years
- Increased floor area 150%
- Minimum rental uplift



### 1-2 Stephen Street W1

- 2024 lease breaks removed
- Extra five years' term certain



## Asset management activity

	Area '000 sq ft	Previous rent £m pa	New rent £m pa	Uplift %	New rent vs Dec 2022 ERV %
Rent reviews	381.0	22.1	23.4	5.8	2.4
Lease renewals	62.8	3.1	3.2	3.3	6.7
Lease regears <sup>1</sup>	226.2	14.9	14.9	0.1	(0.3)
	<b>670.0</b>	<b>40.1</b>	<b>41.5</b>	<b>3.5</b>	<b>1.7</b>

<sup>1</sup>Excludes two development-linked regears

# The Derwent London offer

## Amenity & Service

DL / MEMBERS

DL / Lounges

DL / Service

DL / App

## 'Furnished & Flexible'

- Meeting needs of small occupiers
- Dec 2023: 144,400 sq ft
- Up 127% since Dec 2022
- 3% of floor area
- 21,500 sq ft planned



## Sustainability

**NET ZERO**

**INTELLIGENT  
BUILDINGS**

## Design

Innovative  
architecture  
and engineering





# Regeneration pipeline

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# On-site projects - 437,000 sq ft

## 25 Baker Street W1 – completion H1 2025



**298,000 sq ft**

### Offices

- 206,000 sq ft at 25 Baker Street – 75% pre-let
- 12,000 sq ft at Gloucester Place – pre-sold

### Retail

- 9,000 sq ft at 25 Baker Street – speculative
- 19,000 sq ft Courtyard retail – pre-sold

### Residential

- 45,000 sq ft of private in 41 units – 7 exchanged
- 7,000 sq ft of affordable – pre-sold

13%  
profit on cost  
5.8%  
yield on cost

## Network W1 – completion H2 2025



**139,000 sq ft**

### Offices

- 134,000 sq ft – speculative

### Retail

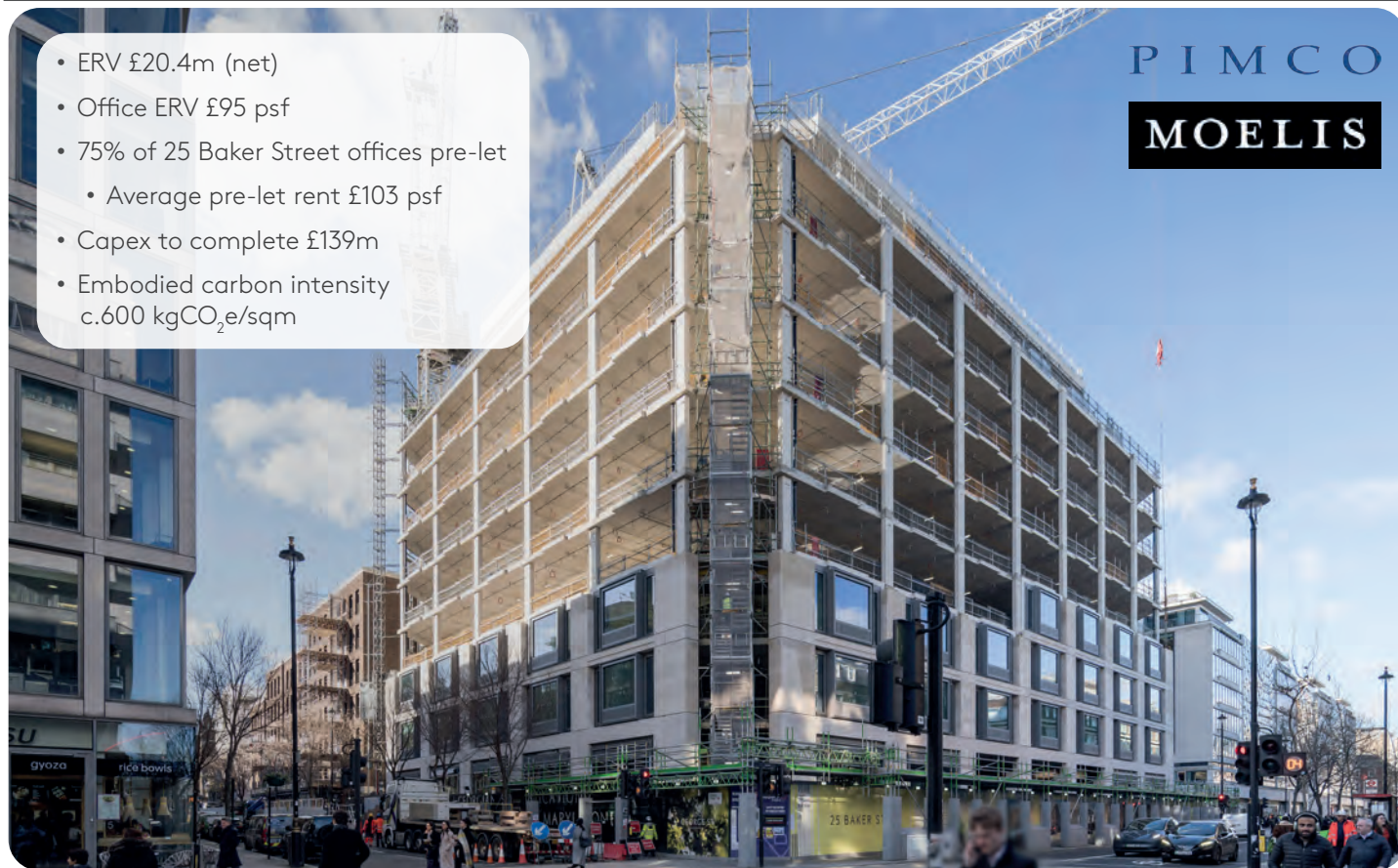
- 5,000 sq ft – speculative

# 25 Baker Street W1

NET ZERO

PIMCO  
MOELIS

- ERV £20.4m (net)
- Office ERV £95 psf
- 75% of 25 Baker Street offices pre-let
  - Average pre-let rent £103 psf
- Capex to complete £139m
- Embodied carbon intensity c.600 kgCO<sub>2</sub>e/sqm

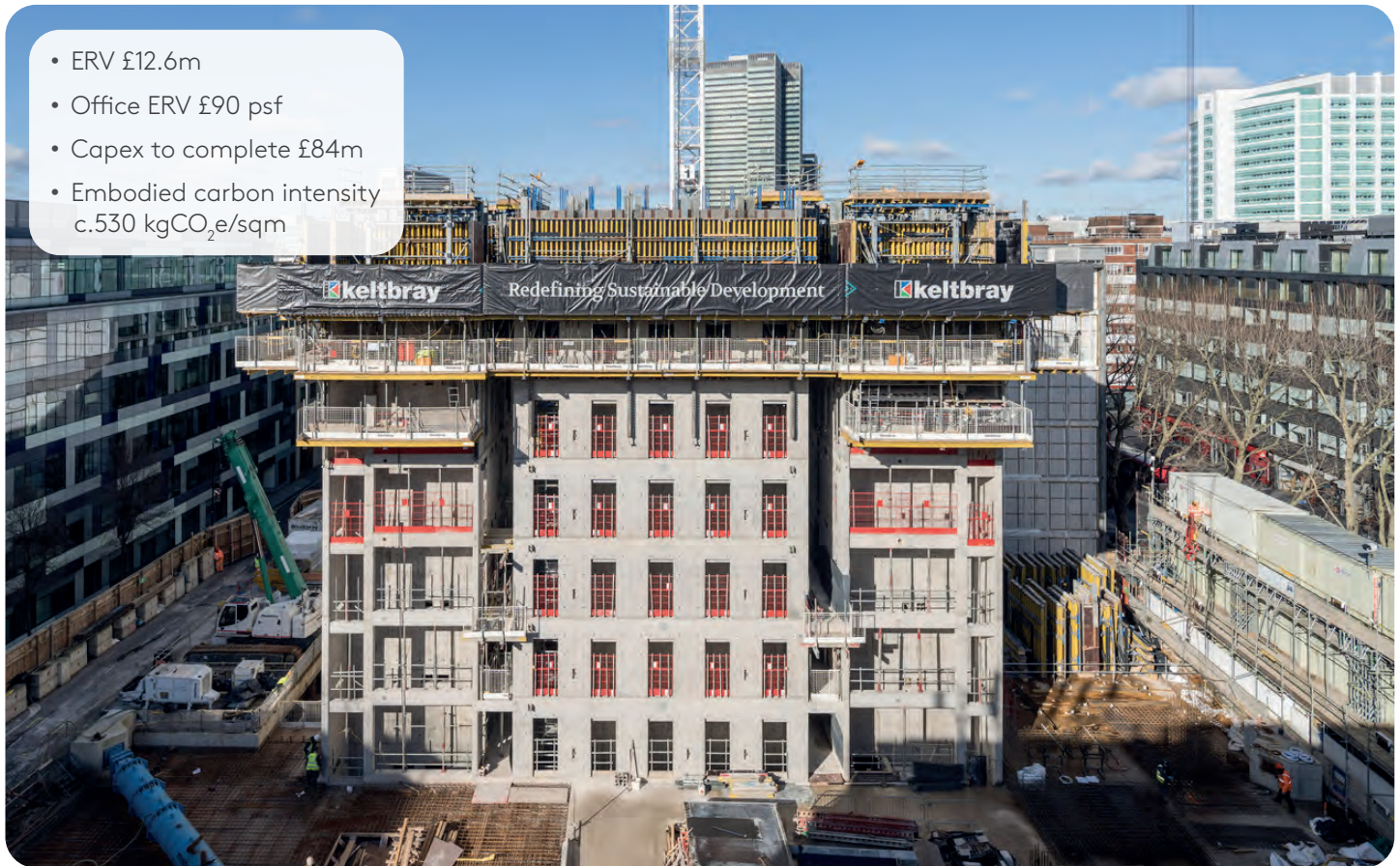








- ERV £12.6m
- Office ERV £90 psf
- Capex to complete £84m
- Embodied carbon intensity c.530 kgCO<sub>2</sub>e/sqm







# Medium-term future pipeline - c.390,000 sq ft



**Holden House W1**

**Target: c.150,000 sq ft**

Start date: Mid-2025

Existing: 90,600 sq ft

Planning: Consented



**50 Baker Street W1 (50:50 JV)**

**Target: c.240,000 sq ft**

Start date: Early 2026

Existing: 122,300 sq ft

Planning: Consent expected H1 2024



# Longer-term future pipeline - 950,000+ sq ft



**Old Street Quarter EC1**

**Target: 750,000+ sq ft**

Start date: 2028+

Existing: c.400,000 sq ft

Planning: Mixed-use campus



**230 Blackfriars Road SE1**

**Target: 200,000+ sq ft**

Start date: 2030+

Existing: 60,100 sq ft

# Refurbishments

- Expect greater weighting to refurbishments
- Upgrade multi-let buildings into next generation of prime
- Reposition and improve amenity
- Ensure compliance with EPC legislation
- Unlocking rental growth



## 1-2 Stephen Street W1

Rolling from **2023**

**265,800 sq ft**

Passing rent<sup>1</sup>

**£67 psf**

Estimated rental value<sup>2</sup>

**£75+ psf**



## Greencoat & Gordon House SW1

Comprehensive from **2025**

**138,300 sq ft**

Passing rent<sup>1</sup>

**£54 psf**

Estimated rental value<sup>2</sup>

**£70+ psf**



## Middlesex House W1

Rolling from **2025**

**66,500 sq ft**

Passing rent<sup>1</sup>

**£59 psf**

Estimated rental value<sup>2</sup>

**£75+ psf**



## 20 Farrington Road EC1

Rolling from **2027**

**166,300 sq ft**

Passing rent<sup>1</sup>

**£53 psf**

Estimated rental value<sup>2</sup>

**£80+ psf**

<sup>1</sup>'Topped-up' office rent    <sup>2</sup>ERV after capex



# Summary

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Paul Williams



# Summary

## Market

- London a global city with diverse occupier base and appeal
- Occupier expansion outweighs contraction
- Lack of high quality supply
- Investment market stabilising

## Derwent London

- The right product in the right location
- Key differentiators – portfolio amenity and relationships
- Deep regeneration pipeline
- Strong balance sheet as opportunities emerge

### GUIDANCE

- ERVs: growth upgraded to 2% to 5%
- Yields: approaching peak; West End resilient



# Appendices

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## Appendices

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A photograph of a modern building entrance. On the left, there is a glass revolving door with a curved frame. The building's facade features a large, textured wall with horizontal lines, possibly made of stone or concrete. The lighting is warm, suggesting an interior or well-lit exterior space.

# Financials

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# Appendix 1 - Headline numbers

	Dec 2023	Dec 2022	% change
Net asset value (NAV)	£3,508.8m	£4,075.5m	(13.9)
EPRA net tangible assets per share <sup>1,2</sup>	3,129p	3,632p	(13.8)
EPRA net disposal value per share <sup>1,2</sup>	3,243p	3,768p	(14.0)
EPRA total return	-11.7%	-6.3%	n/a
Gross rental income	£212.8m	£207.0m	2.8
Net rental income	£186.2m	£188.5m	(1.2)
EPRA earnings per share <sup>2</sup>	102.0p	106.6p	(4.4)
Loss for the year	(£476.4m)	(£280.5m)	(69.8)
Final dividend per share <sup>3</sup>	55.00p	54.50p	0.9
Interim and final dividend per share	79.50p	78.50p	1.3
Net debt	£1,356.8m	£1,257.2m	7.9
EPRA loan-to-value (LTV) ratio	27.9%	23.9%	n/a
NAV gearing	38.7%	30.8%	n/a
Net interest cover ratio <sup>4</sup>	4.1x	4.2x	n/a
Net debt/EBITDA	8.8x	7.8x	n/a

<sup>1</sup> On a diluted basis    <sup>2</sup> Reconciliations to IFRS figures in Appendices 3 and 6    <sup>3</sup> 2023 final dividend subject to approval    <sup>4</sup> Including share of joint ventures

## Appendix 2 - Group balance sheet

	Dec 2023 £m	Dec 2022 £m
Investment property	4,551.4	5,002.0
Owner-occupied property	46.1	50.0
Investment in joint ventures	35.8	43.9
Other non-current assets	209.7	198.6
	<b>4,843.0</b>	<b>5,294.5</b>
Non-current assets held for sale	-	<b>54.2</b>
Other current assets and liabilities	(105.0)	(106.6)
Trading property and stock	68.9	41.7
Cash and cash equivalents	73.0	76.6
Leasehold liabilities – current	(0.4)	(0.5)
Borrowings – current	(102.9)	(19.7)
	<b>(66.4)</b>	<b>(8.5)</b>
Borrowings – non-current	(1,233.2)	(1,229.4)
Leasehold liabilities – non-current	(34.2)	(34.5)
Other non-current liabilities	(0.4)	(0.8)
	<b>(1,267.8)</b>	<b>(1,264.7)</b>
<b>Net assets attributable to equity shareholders</b>	<b>3,508.8</b>	<b>4,075.5</b>

## Appendix 3 - EPRA net asset value metrics

	Dec 2023			Dec 2022		
	EPRA NTA <sup>1</sup> £m	EPRA NDV <sup>2</sup> £m	EPRA NRV <sup>3</sup> £m	EPRA NTA <sup>1</sup> £m	EPRA NDV <sup>2</sup> £m	EPRA NRV <sup>3</sup> £m
Net assets attributable to equity shareholders	3,508.8	3,508.8	3,508.8	4,075.5	4,075.5	4,075.5
Revaluation of trading properties	9.8	9.8	9.8	4.8	4.8	4.8
Deferred tax on revaluation surplus	1.4	-	2.8	1.9	-	3.7
Fair value of derivative financial instruments	(2.9)	-	(2.9)	(5.0)	-	(5.0)
Fair value adjustment to secured bonds	5.0	5.0	5.0	6.5	6.5	6.5
Mark-to-market of fixed rate debt	-	133.4	-	-	159.5	-
Unamortised issue and arrangement costs	-	(7.4)	-	-	(10.1)	-
Purchasers' costs <sup>4</sup>	-	-	329.4	-	-	361.9
<b>Adjusted net assets</b>	<b>3,522.1</b>	<b>3,649.6</b>	<b>3,852.9</b>	<b>4,083.7</b>	<b>4,236.2</b>	<b>4,447.4</b>
Number of shares (m) – diluted	112.5	112.5	112.5	112.4	112.4	112.4
<b>Per share measure (p) – diluted</b>	<b>3,129</b>	<b>3,243</b>	<b>3,423</b>	<b>3,632</b>	<b>3,768</b>	<b>3,956</b>

<sup>1</sup> Net tangible assets    <sup>2</sup> Net disposal value    <sup>3</sup> Net reinstatement value    <sup>4</sup> Includes Stamp Duty Land Tax. Total costs assumed to be 6.8% of the portfolio's fair value

## Appendix 4 - Group income statement

	Year ended Dec 2023 £m	Year ended Dec 2022 £m
Gross property income	212.9	208.4
Profit on disposal of trading properties	-	0.2
Write-down of trading property	(0.4)	(0.2)
Other income	4.5	4.2
Waivers and impairment	(2.6)	1.0
Other property outgoings	(23.9)	(19.0)
<b>Net property and other income</b>	<b>190.5</b>	<b>194.6</b>
Administrative expenses	(39.1)	(36.4)
Revaluation deficit	(581.5)	(422.1)
Profit on disposal	1.2	25.6
Net finance costs	(39.5)	(39.4)
Derivatives fair value movement	(2.1)	5.8
Financial derivative termination income/(costs)	1.8	(0.3)
Share of results of joint venture	(7.2)	(7.3)
<b>IFRS loss before tax</b>	<b>(475.9)</b>	<b>(279.5)</b>
Tax charge	(0.5)	(1.0)
<b>IFRS loss for the year<sup>1</sup></b>	<b>(476.4)</b>	<b>(280.5)</b>

<sup>1</sup> A reconciliation of the IFRS loss attributable to shareholders to the EPRA earnings is shown in Appendix 5

## Appendix 5 - IFRS loss and EPRA earnings

	Year ended Dec 2023 £m	Year ended Dec 2022 £m
IFRS loss for the year attributable to shareholders	(476.4)	(280.5)
Revaluation deficit	581.5	422.1
Joint venture revaluation deficit	9.2	9.3
Profit on disposal of investment property	(1.2)	(25.6)
Profit on disposal of trading properties	-	(0.2)
Impairment of other interests	0.6	-
Write-down of trading property	0.4	0.2
Derivatives fair value adjustment	2.1	(5.8)
Financial derivative termination income	(1.8)	(0.1)
Tax adjustment	0.1	0.3
<b>EPRA earnings</b>	<b>114.5</b>	<b>119.7</b>



## Appendix 6 - Explanation of EPRA adjustments

	2023 IFRS £m	Adjustments			2023 EPRA basis £m	2022 EPRA basis £m
		A £m	B £m	C £m		
Net property and other income	190.5	-	1.0	-	191.5	194.6
Administrative expenses	(39.1)	-	-	-	(39.1)	(36.4)
Revaluation deficit	(581.5)	-	581.5	-	-	-
Profit on disposal	1.2	(1.2)	-	-	-	-
Net finance costs	(39.5)	-	-	-	(39.5)	(39.4)
Derivatives fair value movement	(2.1)	-	-	2.1	-	-
Financial derivative termination income/(cost)	1.8	-	-	(1.8)	-	(0.4)
Share of results of joint ventures	(7.2)	-	9.2	-	2.0	2.0
<b>Loss before tax</b>	<b>(475.9)</b>	<b>(1.2)</b>	<b>591.7</b>	<b>0.3</b>	<b>114.9</b>	<b>120.4</b>
Tax charge	(0.5)	-	0.1	-	(0.4)	(0.7)
<b>(Loss)/earnings attributable to equity shareholders</b>	<b>(476.4)</b>	<b>(1.2)</b>	<b>591.8</b>	<b>0.3</b>	<b>114.5</b>	<b>119.7</b>
<b>(Loss)/earnings per share</b>	<b>(424.3p)</b>				<b>102.0p</b>	<b>106.6p</b>

A – Disposal of investment and trading property and associated tax

B – Revaluation movement on investment property, in joint ventures and other interests, write-down of trading property and associated deferred tax

C – Fair value movement and termination income relating to derivative financial instruments

## Appendix 7 - Group cash flow

	Year ended Dec 2023 £m	Year ended Dec 2022 £m
Cash generated from operations	135.3	148.7 <sup>1</sup>
Interest received	0.8	0.3 <sup>1</sup>
Interest and other finance costs paid	(38.1)	(37.1) <sup>1</sup>
Distributions from joint ventures	0.3	-
Tax in respect of operating activities	(1.3)	(0.5) <sup>1</sup>
<b>Net cash from operating activities</b>	<b>97.0</b>	<b>111.4</b>
Acquisitions and capex	(155.3)	(258.3)
Disposals	65.4	206.7
Investment in joint ventures	-	(0.3)
Repayment of joint venture loans	0.6	-
Other cash (used in)/from investing activities	(8.7)	0.2
<b>Net cash used in investing activities</b>	<b>(98.0)</b>	<b>(51.7)</b>
Movement in debt	84.3	(2.7)
Dividends paid	(88.7)	(86.8)
Other cash from financing activities	1.8	0.9
<b>Net cash used in financing activities</b>	<b>(2.6)</b>	<b>(88.6)</b>
Decrease in cash and cash equivalents in the year	(3.6)	(28.9)
Cash and cash equivalents at the beginning of the year	76.6	105.5
<b>Cash and cash equivalents at the end of the year</b>	<b>73.0</b>	<b>76.6</b>

<sup>1</sup> Figures have been restated for change in accounting policy

## Appendix 8 - Like-for-like income reconciliation

	Like-for-like portfolio £m	Development property £m	Acquisitions & disposals £m	Total £m
<b>2023</b>				
<b>Gross rental income</b>	<b>190.3</b>	<b>20.5</b>	<b>2.0</b>	<b>212.8</b>
Other property expenditure	(18.2)	(5.0)	(0.8)	(24.0)
Write-off/impairment of receivables	(1.3)	(0.6)	(0.1)	(2.0)
Impairment included in prepayments	-	-	(0.6)	(0.6)
<b>Net rental income</b>	<b>170.8</b>	<b>14.9</b>	<b>0.5</b>	<b>186.2</b>
Other	4.7	(0.4)	-	4.3
<b>Net property and other income</b>	<b>175.5</b>	<b>14.5</b>	<b>0.5</b>	<b>190.5</b>
<b>2022</b>				
<b>Gross rental income</b>	<b>187.2</b>	<b>13.2</b>	<b>6.6</b>	<b>207.0</b>
Other property expenditure	(14.2)	(5.1)	(0.2)	(19.5)
Write-off/impairment of receivables	0.2	0.6	0.2	1.0
<b>Net rental income</b>	<b>173.2</b>	<b>8.7</b>	<b>6.6</b>	<b>188.5</b>
Other	6.1	(0.2)	0.2	6.1
<b>Net property and other income</b>	<b>179.3</b>	<b>8.5</b>	<b>6.8</b>	<b>194.6</b>
Gross rental income	1.7%			2.8%
Net rental income	(1.4%)			(1.2%)
Net property and other income	(2.1%)			(2.1%)

# Appendix 9 - Green debt facilities and expenditure

## Green debt facilities

- £300m green tranche within £450m revolving credit facility
- £350m green bond
- Proceeds used to fund qualifying green expenditure in accordance with the Green Finance Framework

## Eligible green projects (EGP)

- Completed
  - 80 Charlotte Street W1, The Featherstone Building EC1 and Soho Place W1
- On site
  - 25 Baker Street W1 and Network W1<sup>1</sup>

## At 31 December 2023

- |   |         |
|---|---------|
| • 2023 qualifying green expenditure       | £102.4m |
| • Cumulative qualifying green expenditure | £754.1m |
| • Drawn green borrowings                  | £416.5m |
| • Available headroom on green facilities  | £233.5m |

## Green borrowings and qualifying expenditure



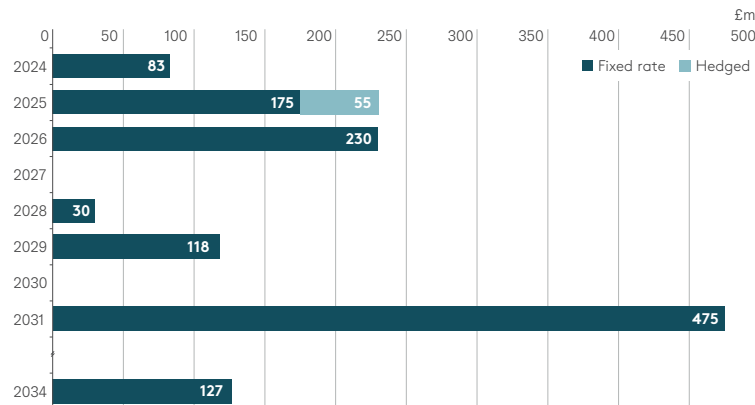
<sup>1</sup> Elected in H1 2023

# Appendix 10 - Debt summary

	Dec 2023	Dec 2022
Bank facilities drawn	£84m	-
Fixed rates borrowings	£1,238m	£1,238m
Drawn facilities	£1,322m	£1,238m
Unutilised facilities and cash <sup>1</sup>	£480m	£577m
Average spot interest rate (cash basis)	3.17%	3.14%
Average spot interest rate (IFRS basis)	3.29%	3.26%
Average maturity of borrowings	5.0 years	6.2 years
EPRA loan-to-value	27.9%	23.9%
NAV gearing	38.7%	30.8%
Net interest cover ratio <sup>2</sup>	4.1x	4.2x

	Dec 2023	Dec 2022
Proportion of drawn facilities at fixed rates/hedged	98%	100%
Weighted average duration of fixed rate borrowings	5.2 years	6.2 years
Weighted average duration of swaps	1.3 years	2.3 years
Mark-to-market of swaps <sup>3</sup>	£2.9m	£5.0m

## Maturity profile of fixed rates and hedging



<sup>1</sup> Excludes restricted cash    <sup>2</sup> Includes share of joint ventures    <sup>3</sup> Includes £20m forward-start swap



# Appendix 11 - Debt facilities

	Drawn £m	Undrawn £m	Total £m	Maturity
1.5% unsecured convertible bonds	175.0	-	175.0	June 2025
6.5% secured bonds	175.0	-	175.0	March 2026
1.875% unsecured green bonds	350.0	-	350.0	November 2031
2.68% unsecured private placement notes	55.0	-	55.0	January 2026
3.46% unsecured private placement notes	30.0	-	30.0	May 2028
4.41% unsecured private placement notes	25.0	-	25.0	January 2029
2.87% unsecured private placement notes	93.0	-	93.0	January 2029
2.97% unsecured private placement notes	50.0	-	50.0	January 2031
3.57% unsecured private placement notes	75.0	-	75.0	May 2031
3.09% unsecured private placement notes	52.0	-	52.0	January 2034
4.68% unsecured private placement notes	75.0	-	75.0	January 2034
3.99% secured loan	83.0	-	83.0	October 2024
Other loans <sup>1</sup>	20.0	-	20.0	n/a
<b>Non-bank loans</b>	<b>1,258.0</b>	<b>-</b>	<b>1,258.0</b>	
Club revolving credit – unsecured	66.5	383.5	450.0	October 2026
Bilateral revolving credit – unsecured	17.5	82.5	100.0	November 2027
<b>Committed bank facilities</b>	<b>84.0</b>	<b>466.0</b>	<b>550.0</b>	
<b>At 31 Dec 2023</b>	<b>1,342.0</b>	<b>466.0</b>	<b>1,808.0</b>	

<sup>1</sup> No fixed repayment date

## Appendix 12 - Net debt

	Dec 2023 £m	Dec 2022 £m
Borrowings – current	102.9	19.7
Borrowings – non-current	1,233.2	1,229.4
Acquired fair value of secured bonds less amortisation	(5.0)	(6.5)
Unamortised discount on unsecured green bonds	1.5	1.7
Equity component of convertible bonds	7.7	7.7
Unwinding of discount of convertible bonds	(5.7)	(4.4)
Unamortised issue and arrangement costs	7.4	10.1
<b>Facilities – drawn</b>	<b>1,342.0</b>	<b>1,257.7</b>
Facilities – undrawn	466.0	550.0
<b>Total debt facilities</b>	<b>1,808.0</b>	<b>1,807.7</b>

	Dec 2023 £m	Dec 2022 £m
Borrowings	1,336.1	1,249.1
Leasehold liabilities	34.6	35.0
Cash at bank excluding restricted cash	(13.9)	(26.9)
<b>Net debt</b>	<b>1,356.8</b>	<b>1,257.2</b>



# Valuation

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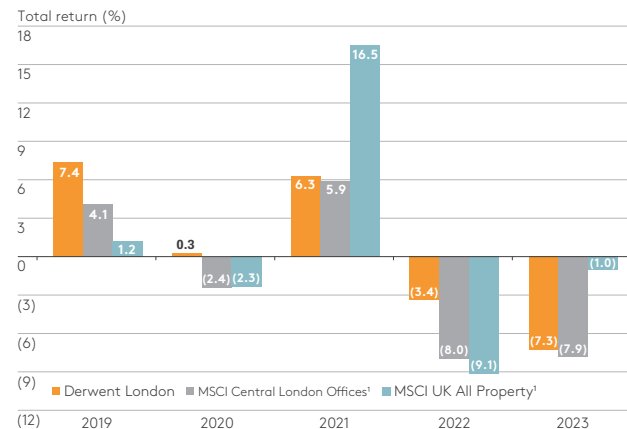
## Appendices

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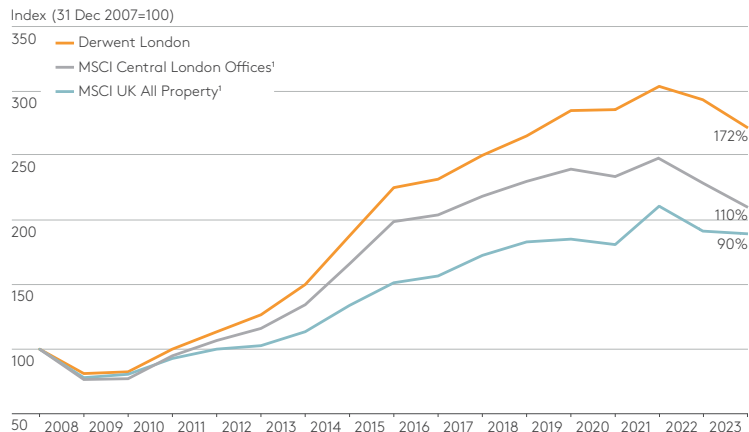
# Appendix 13 - Property return

- Derwent London total property return -7.3%
- Since 2007 cumulative total property return +172%
- MSCI Central London Offices<sup>1</sup> -7.9%
- Cumulative total property return +110%

## Total property return



## Cumulative total property return



<sup>1</sup> Quarterly Index

# Appendix 14 - Valuation performance by village

	Valuation Dec 2023 £m	Weighting Dec 2023 %	Valuation movement 2023 <sup>1</sup> %
<b>West End Central</b>			
Fitzrovia	1,655.0	34	(8.3)
Victoria	425.3	9	(14.2)
Soho/Covent Garden	366.5	7	(7.2)
Marylebone	335.3	7	6.8
Paddington	331.2	7	(11.1)
Mayfair	98.2	2	(6.5)
	<b>3,211.5</b>	<b>66</b>	<b>(7.9)</b>
<b>West End Borders &amp; Other</b>			
Islington/Camden	293.2	6	(15.9)
Brixton	25.2	-	(10.0)
	<b>318.4</b>	<b>6</b>	<b>(15.5)</b>
<b>West End</b>	<b>3,529.9</b>	<b>72</b>	<b>(8.6)</b>
<b>City Borders</b>			
Old Street	570.5	12	(14.6)
Shoreditch/Whitechapel	335.2	7	(15.4)
Clerkenwell	321.6	6	(18.6)
Southbank	45.6	1	(14.4)
<b>City Borders</b>	<b>1,272.9</b>	<b>26</b>	<b>(15.8)</b>
<b>Central London</b>	<b>4,802.8</b>	<b>98</b>	<b>(10.7)</b>
Provincial	75.7	2	(4.9)
<b>Investment portfolio</b>	<b>4,878.5</b>	<b>100</b>	<b>(10.6)</b>

<sup>1</sup> Underlying – properties held throughout the year



# Appendix 15 - Rental value growth and average rents

## Rental value growth<sup>1</sup>

	2022 %	H1 2023 %	H2 2023 %	2023 %
West End	1.2	1.0	0.9	1.9
City Borders	1.6	1.0	1.7	2.7
<b>Central London</b>	<b>1.4</b>	<b>1.0</b>	<b>1.1</b>	<b>2.1</b>
Provincial	0.1	0.0	2.7	2.7
<b>Underlying</b>	<b>1.3</b>	<b>0.9</b>	<b>1.2</b>	<b>2.1</b>

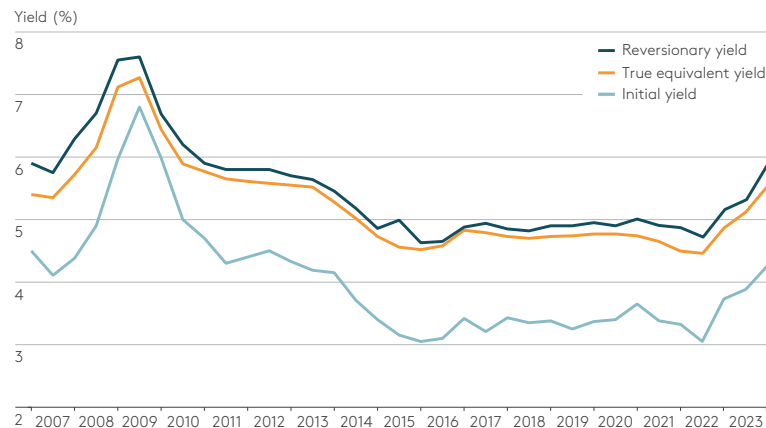
## Average rents - Central London offices

	Portfolio % <sup>2</sup>	Passing rent £ psf <sup>3</sup>	'Topped-up' rent £ psf <sup>3</sup>	ERV £ psf <sup>4</sup>
Core income	56	52.65	66.93	68.30
Potential projects	36	46.21	49.94	51.82
	<b>92</b>	<b>50.46</b>	<b>61.16</b>	<b>62.33</b>
On-site developments	8	-	102.73	92.19
<b>Total</b>	<b>100</b>	<b>-</b>	<b>62.79</b>	<b>64.72</b>

<sup>1</sup> On EPRA portfolio   <sup>2</sup> Portfolio area   <sup>3</sup> Tenanted office area   <sup>4</sup> Total office area

# Appendix 16 - Valuation yields

## Yield profile<sup>1</sup>



## Initial yields<sup>2</sup>

	Net initial yield %	'Topped-up' initial yield %
West End	4.1	5.1
City Borders	4.4	5.3
<b>Central London</b>	<b>4.2</b>	<b>5.2</b>
Provincial	8.8	9.3
<b>EPRA portfolio</b>	<b>4.3</b>	<b>5.2</b>

## True equivalent yields<sup>2</sup>

	Dec 2022 %	H1 2023 movement basis points	Jun 2023 %	H2 2023 movement basis points	Dec 2023 %	Full year movement basis points
West End	4.71	19	4.90	37	5.27	56
City Borders	5.11	41	5.52	56	6.08	97
<b>Central London</b>	<b>4.83</b>	<b>26</b>	<b>5.09</b>	<b>42</b>	<b>5.51</b>	<b>68</b>
Provincial	9.32	52	9.84	62	10.46	114
<b>Underlying</b>	<b>4.88</b>	<b>25</b>	<b>5.13</b>	<b>42</b>	<b>5.55</b>	<b>67</b>

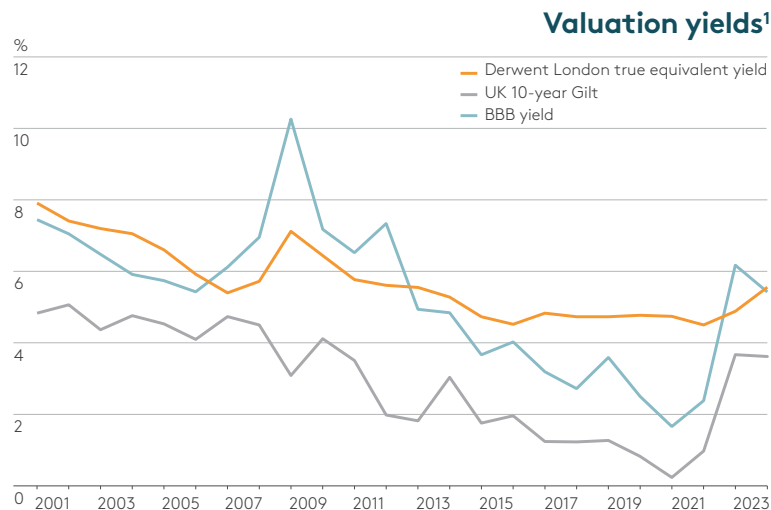
<sup>1</sup> Six-monthly data    <sup>2</sup> On EPRA portfolio

# Appendix 17 - Context to yield movement

- As at 31 December 2023
  - Derwent London true equivalent yield 5.55% (67bp in 2023 split +25bp in H1, +42bp in H2)
  - BBB yield 5.41% (-76bp in 2023)
  - UK 10-year Gilt yield 3.60% (-7bp in 2023)
- Capital values<sup>2</sup>
  - Central London £952 psf
  - West End £1,049 psf
  - City Borders £776 psf

## Portfolio breakdown

Valuation	Number of properties	Weighting %
> £300m	4	32
£200m – £300m	4	19
£100m – £200m	7	19
£50m – £100m	13	19
< £50m	38	11
	<b>66</b>	<b>100</b>



## Yield movement 2023

	H1	H2	2023
Derwent London TEY	+25	+42	+67
Derwent London Green Bond	+43	-165	-122
UK 10-year gilt	+72	-79	-7
BBB yield	+50	-126	-76

<sup>1</sup> Post H2 2010 portfolio on an EPRA basis    <sup>2</sup> Excludes 0.44m sq ft of on-site developments – Appendix 42

# Appendix 18 - Portfolio statistics by village

	Valuation £m	Weighting %	Floor area <sup>1</sup> '000 sq ft	Vacant floor area '000 sq ft	Net contracted rental income £m pa	Average rental income £ psf	Vacant space rental value £m pa	Lease reversion <sup>2</sup> £m pa	Total reversion £m pa	Estimated rental value £m pa
<b>West End Central</b>										
Fitzrovia	1,655.0	34	1,608	223	64.4	46.91	18.3	19.2	37.5	101.9
Victoria	425.3	9	521	8	22.7	44.27	0.5	3.7	4.2	26.9
Soho/Covent Garden	366.5	7	226	10	12.9	64.18 <sup>3</sup>	1.2	6.2	7.4	20.3
Marylebone	335.3	7	358	99	2.5	11.74 <sup>4</sup>	5.0	16.1	21.1	23.6
Paddington	331.2	7	243	-	11.9	50.18 <sup>5</sup>	-	5.6	5.6	17.5
Mayfair	98.2	2	43	-	1.9	43.05 <sup>6</sup>	-	2.5	2.5	4.4
	<b>3,211.5</b>	<b>66</b>	<b>2,999</b>	<b>340</b>	<b>116.3</b>	<b>45.08</b>	<b>25.0</b>	<b>53.3</b>	<b>78.3</b>	<b>194.6</b>
<b>West End Borders &amp; Other</b>										
Islington/Camden	293.2	6	376	22	20.4	58.06	0.5	0.1	0.6	21.0
Brixton	25.2	-	53	12	0.6	13.38	0.3	0.3	0.6	1.2
	<b>318.4</b>	<b>6</b>	<b>429</b>	<b>34</b>	<b>21.0</b>	<b>53.42</b>	<b>0.8</b>	<b>0.4</b>	<b>1.2</b>	<b>22.2</b>
<b>West End</b>	<b>3,529.9</b>	<b>72</b>	<b>3,428</b>	<b>374</b>	<b>137.3</b>	<b>46.17</b>	<b>25.8</b>	<b>53.7</b>	<b>79.5</b>	<b>216.8</b>
<b>City Borders</b>										
Old Street	570.5	12	605	35	29.2	51.24	2.5	6.8	9.3	38.5
Shoreditch/Whitechapel	335.2	7	547	161	17.3	44.81	4.5	3.0	7.5	24.8
Clerkenwell	321.6	6	429	27	16.8	44.18	1.5	3.6	5.1	21.9
Southbank	45.6	1	60	31	1.4	48.05	1.3	-	1.3	2.7
<b>City Borders</b>	<b>1,272.9</b>	<b>26</b>	<b>1,641</b>	<b>254</b>	<b>64.7</b>	<b>47.34</b>	<b>9.8</b>	<b>13.4</b>	<b>23.2</b>	<b>87.9</b>
<b>Central London</b>	<b>4,802.8</b>	<b>98</b>	<b>5,069</b>	<b>628</b>	<b>202.0</b>	<b>46.54</b>	<b>35.6</b>	<b>67.1</b>	<b>102.7</b>	<b>304.7</b>
Provincial	75.7	2	325	13	4.5	14.53	0.2	0.2	0.4	4.9
<b>Investment portfolio</b>	<b>4,878.5</b>	<b>100</b>	<b>5,394</b>	<b>641</b>	<b>206.5</b>	<b>44.42</b>	<b>35.8</b>	<b>67.3</b>	<b>103.1</b>	<b>309.6</b>

<sup>1</sup> Includes 0.44 m sq ft of on-site developments


<sup>2</sup> Contractual uplifts, rent review/lease renewal, reversion and pre-lets

<sup>3</sup> Contracted rent of £91.55 psf after incentives

<sup>4</sup> Contracted rent of £86.97 psf including pre-lets

<sup>5</sup> Contracted rent of £73.07 psf after incentives

<sup>6</sup> Contracted rent of £106.04 psf after excluding owner-occupied space



# Portfolio income profile

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# Appendix 19 - Build-up of portfolio ERV

	£m	Rent uplift pa £m	Rent pa £m
<b>Contracted rental income, net of ground rents</b>			<b>206.5</b>
<b>Contractual rental uplifts</b>			
80 Charlotte Street W1	11.7		
Soho Place W1	5.9		
Brunel Building W2	5.5		
The Featherstone Building EC1	4.8		
Tea Building E1	2.1		
White Collar Factory EC1	1.6		
Francis House SW1	1.5		
Other	11.5	44.6	
<b>Vacant space<sup>1</sup></b>			
Available to occupy	10.9		
Under refurbishment	7.5	18.4	
<b>Lease reversions</b>			
Anticipated rent reviews and lease renewals	7.1	7.1	70.1
			276.6
<b>On-site developments (non-EPRA)<sup>1, 2</sup></b>			
Pre-let element	15.6		
Available	17.4		33.0
<b>Estimated rental value</b>			<b>309.6</b>

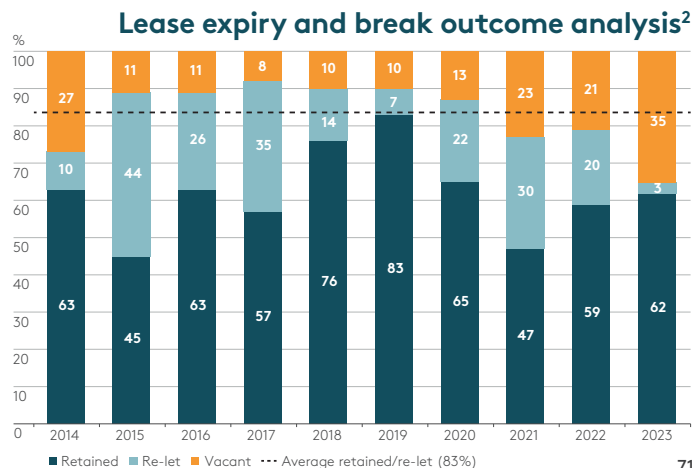
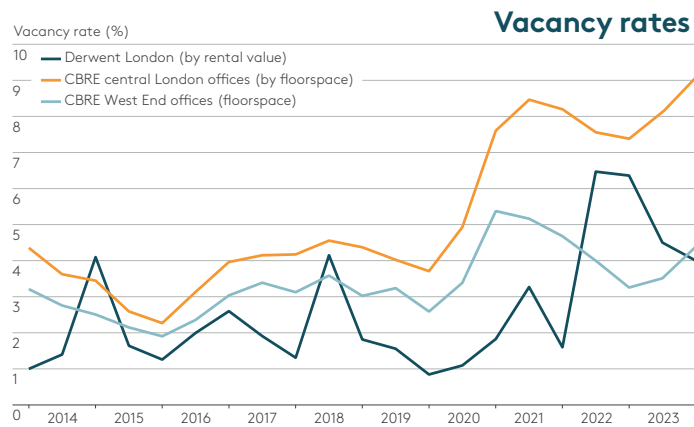
<sup>1</sup> Detailed in Appendix 20    <sup>2</sup> Capex to complete £228m excluding capitalised interest – see Appendix 42

## Appendix 20 - Available space and projects

	Vacant area '000 sq ft	Pre-let/ sold area '000 sq ft	Total area '000 sq ft	Gross vacant ERV £m pa	Ground rent £m pa	Net vacant ERV £m pa	Pre-let net rent ERV £m pa	Total net ERV £m pa	Comment
<b>Available to occupy</b>									
The White Chapel Building E1	154	-	154	4.1	-	4.1	-	4.1	22,300 sq ft let in Q1 at £1.1m 14,750 sq ft under offer at £0.8m
The Featherstone Building EC1	24	-	24	1.8	-	1.8	-	1.8	
230 Blackfriars Road SE1	31	-	31	1.3	-	1.3	-	1.3	7,300 sq ft under offer at £0.3m
Soho Place W1	10	-	10	1.2	-	1.2	-	1.2	4,200 sq ft let in Q1 at £0.4m
Other	65	-	65	2.5	-	2.5	-	2.5	
	<b>284</b>	<b>-</b>	<b>284</b>	<b>10.9</b>	<b>-</b>	<b>10.9</b>	<b>-</b>	<b>10.9</b>	
<b>Refurbishments</b>									
1-2 Stephen Street W1	40	-	40	2.8	-	2.8	-	2.8	
20 Farringdon Road EC1	18	-	18	1.2	0.1	1.1	-	1.1	
1-5 Maple Place W1	11	-	11	0.8	-	0.8	-	0.8	
Other	52	-	52	2.8	-	2.8	-	2.8	
	<b>121</b>	<b>-</b>	<b>121</b>	<b>7.6</b>	<b>0.1</b>	<b>7.5</b>	<b>-</b>	<b>7.5</b>	
<b>On-site developments</b>									
25 Baker Street W1	97	201	298	5.0	0.2	4.8	15.6	20.4	
Network W1	139	-	139	12.6	-	12.6	-	12.6	
	<b>236</b>	<b>201</b>	<b>437</b>	<b>17.6</b>	<b>0.2</b>	<b>17.4</b>	<b>15.6</b>	<b>33.0</b>	
<b>Total</b>	<b>641</b>	<b>201</b>	<b>842</b>	<b>36.1</b>	<b>0.3</b>	<b>35.8</b>	<b>15.6</b>	<b>51.4</b>	

# Appendix 21 - Vacancy rate and lease expiry analysis

- Derwent London EPRA vacancy rate<sup>1</sup> 4.0% at Dec 2023
  - 4.5% in Jun 2023; 6.4% in Dec 2022
- CBRE central London office vacancy rate of 9.1%
  - 8.1% in Jun 2023; 7.4% in Dec 2022
  - 5.4% LTA (long-term average)
- By CBRE sub-area
  - West End 4.4% (3.2% in Dec 2022, 4.1% LTA)
  - City 11.9% (10.7% in Dec 2022, 7.0% LTA)
- £20.4m of income exposed to breaks/expiries in 2023 (excluding disposals)
  - 65% of income retained or re-let, £6.0m of rent handed back in last four months; insufficient time to upgrade and re-let prior to year end



<sup>1</sup> Calculated as space immediately available to occupy <sup>2</sup> As at end of year

# Appendix 22 - Lease expiry profile and lease length

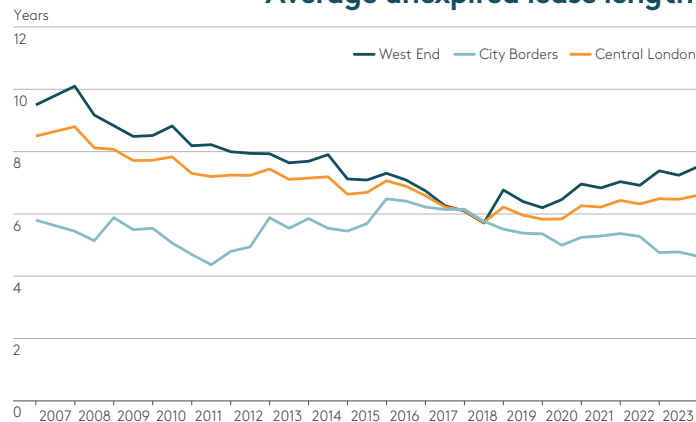
## Expiries and breaks as a percentage of portfolio income<sup>1</sup>

	West End	City Borders	Provincial	2024	2025	2026	2027	2028	Total
Expiries	2	2	1	5	11	4	7	7	34
Rolling breaks	1	-	-	1	1	-	-	-	2
Single breaks	2	2	-	4	5	2	2	2	15
<b>Total</b>	<b>5</b>	<b>4</b>	<b>1</b>	<b>10</b>	<b>17</b>	<b>6</b>	<b>9</b>	<b>9</b>	<b>51</b>

## Profile of rental income expiry<sup>1</sup>



## Average unexpired lease length<sup>2</sup>

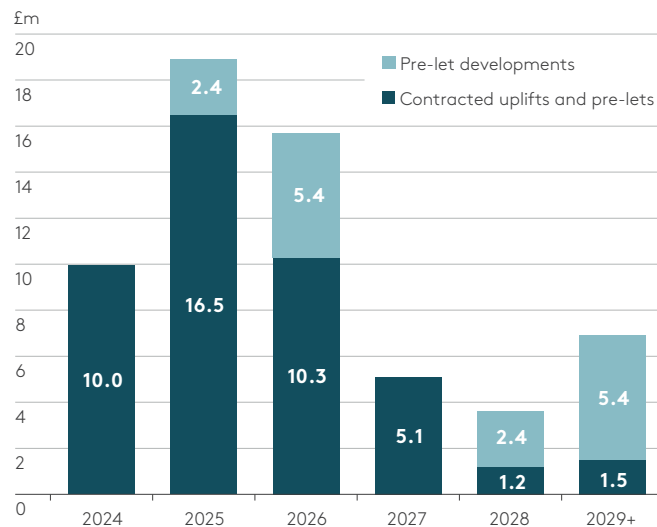


- Average lease length of 6.5 years (Dec 2022: 6.4 years)
- 7.4 years on 'topped-up' basis (Dec 2022: 7.2 years)

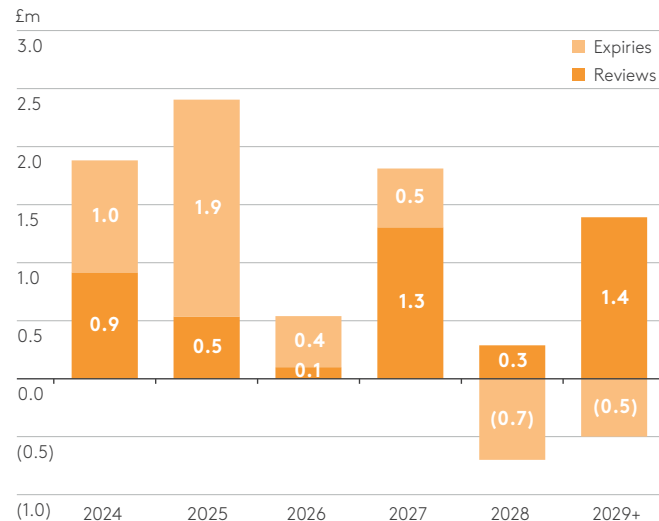
<sup>1</sup> Based upon annualised rental income of £206.5m    <sup>2</sup> Lease length weighted by rental income and assuming tenants break at first opportunity

# Appendix 23 - Timing of the reversion

## Contracted uplifts and pre-lets: £60.2m



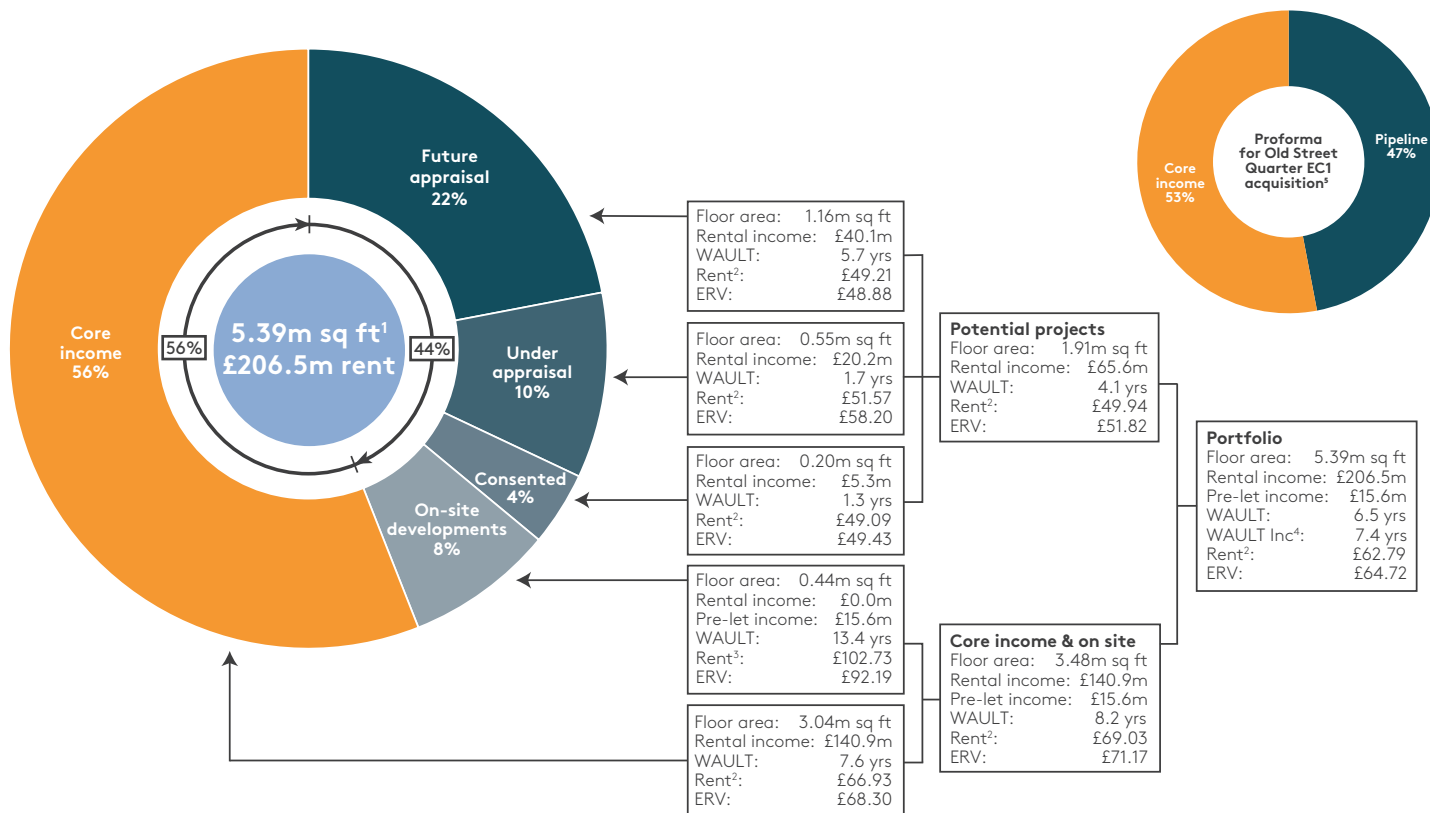
## Reviews and expiries: £7.1m



Rent psf	£56	£59	£50	£50	£62	£73
ERV psf	£60	£63	£54	£60	£64	£67
Uplift	7%	7%	8%	20%	3%	(8%)























## Appendix 24 - Portfolio summary



<sup>1</sup> Comprises 4.95m sq ft of existing buildings plus 0.44m sq ft of on-site developments    <sup>2</sup> 'Topped-up' office rent    <sup>3</sup> 'Topped-up' office rent including development pre-lets  
<sup>4</sup> After adjusting for 'topped-up' rents and pre-lets – Appendix 22    <sup>5</sup> Existing Moorfields Eye Hospital area of 400,000 sq ft on a 2.5 acre site

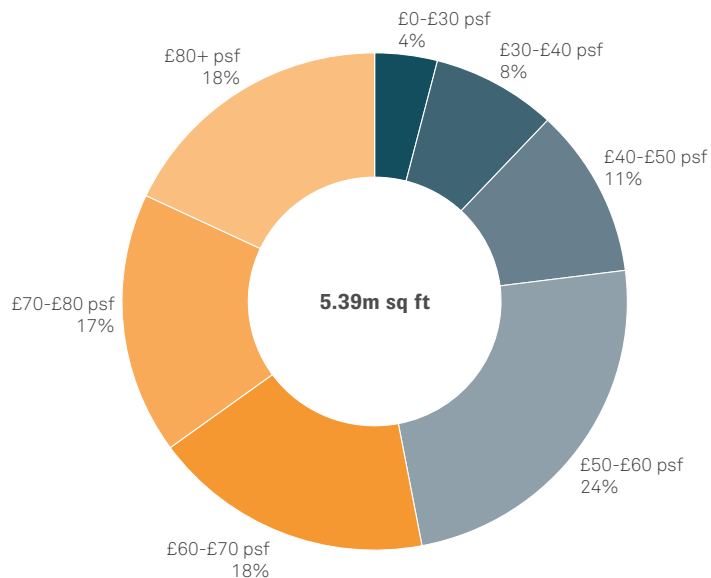
# Appendix 25 - Major tenants

			'Topped-up' rent %	Passing rent %		
		01 Expedia	5.9	7.6		
		02 Public sector <sup>1</sup>	5.9	6.0		
		03 Burberry	5.5	6.7		
		04 Boston Consulting Group	5.1	3.3		
		05 PIMCO (pre-let)	4.1	-		
		06 G-Research	3.6	4.7		
		07 Arup	3.6	2.5		
		08 Fora (including The Office Group)	3.0	3.1		
		09 Apollo	3.0	1.9		
		10 Paymentsense	2.3	1.5		
		11 Moelis (pre-let)	1.8	-		
		12 Sony Pictures	1.8	1.2		
		13 VCCP	1.7	2.1		
		14 Fremantle	1.6	2.0		
		15 Adobe	1.5	1.7		
		16 Publicis Groupe	1.4	1.8		
		17 Accenture	1.3	1.7		
		18 Telecity Group/Digital London	1.2	1.3		
		19 Soho House	1.2	1.3		
		20 Morningstar	1.1	1.4		
		<b>Total</b>	<b>56.6</b>	<b>51.8</b>		

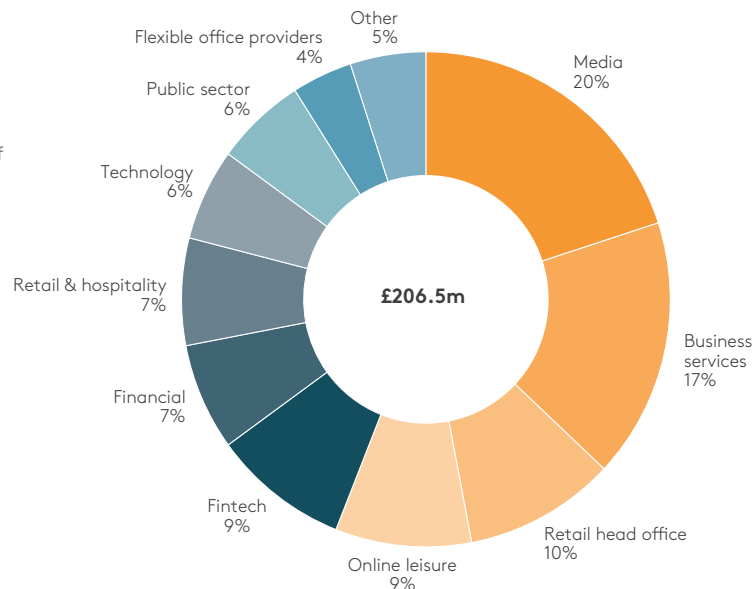
<sup>1</sup> Includes universities, the NHS and central government departments

# Appendix 26 - Rent and tenant banding

**Central London 'topped-up'  
office rent banding<sup>1</sup>**



**Profile of tenants'  
business sector<sup>2</sup>**



<sup>1</sup> Based on floor area    <sup>2</sup> Based on annualised rental income



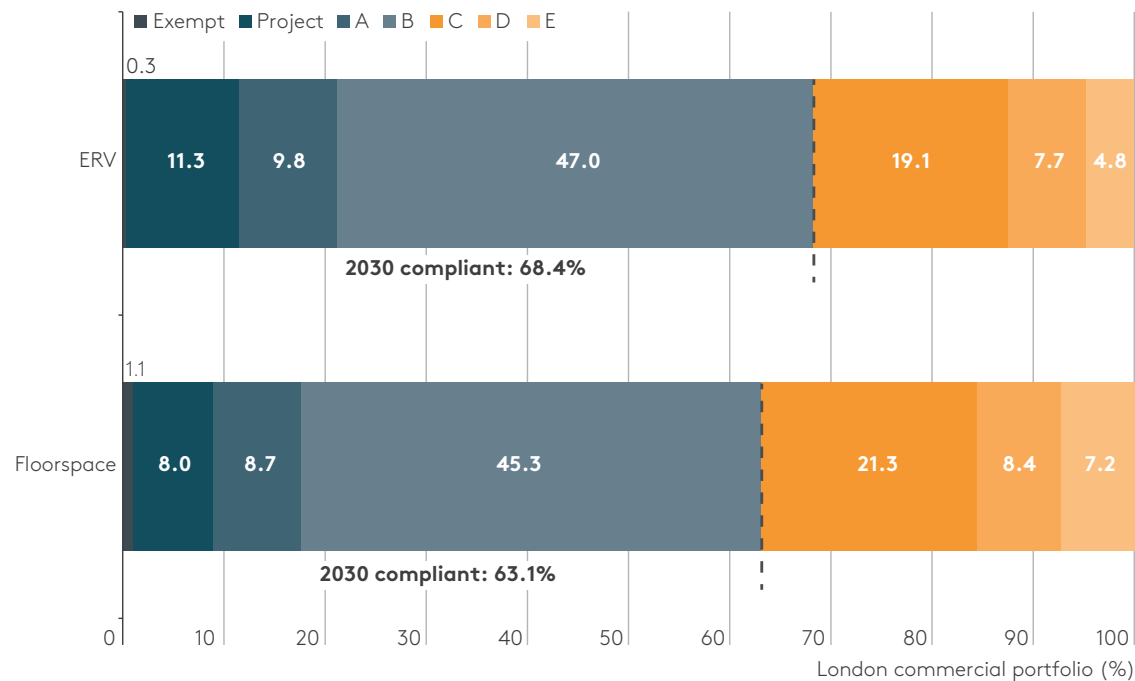
# Sustainability

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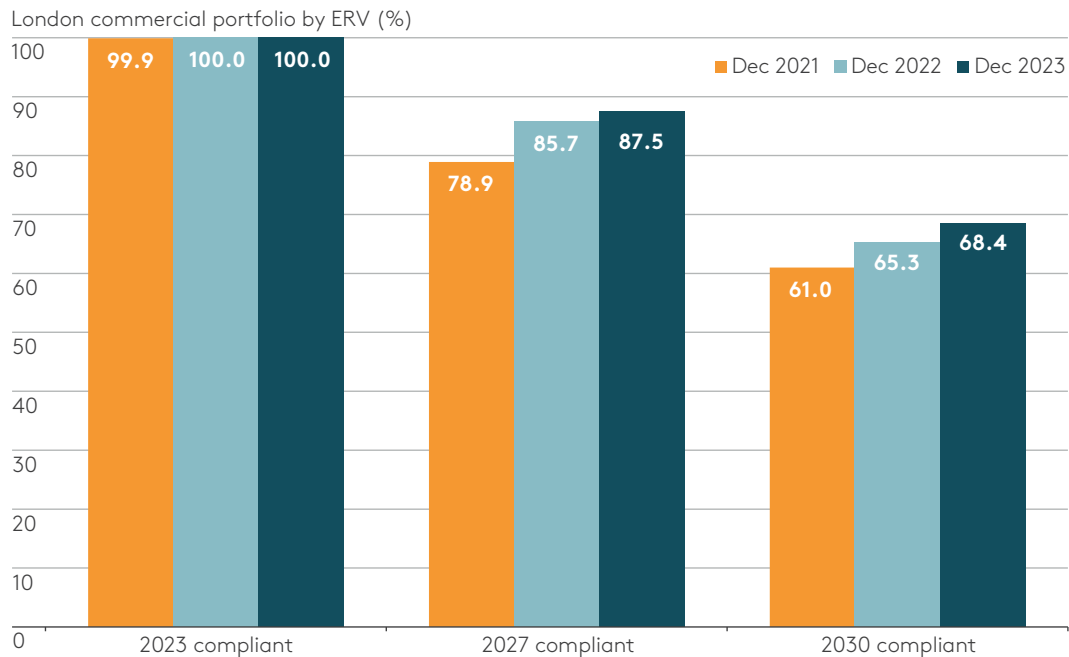
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# Appendix 27 - Portfolio EPC profile





# Appendix 28 - EPC rating progression<sup>1</sup>



<sup>1</sup> London commercial portfolio and assumes projects have completed

## Appendix 29 - Embodied carbon

Year	Scheme	Embodied carbon footprint tCO <sub>2</sub> e	Embodied carbon intensity kgCO <sub>2</sub> e/sqm
2020	80 Charlotte Street W1	19,790	506
2021	6-8 Greencoat Place SW1	763	191
	Small refurbishments (three)	273	128
2022	1 Soho Place W1	16,401	550
	The Featherstone Building EC1	8,603	539
	Francis House SW1	1,280	269
	Small refurbishments (four)	639	57
2023	Small refurbishments (six)	799	153
2025	25 Baker Street W1 <sup>1</sup>	23,006	c.600
	Network W1 <sup>1</sup>	9,371	c.530

<sup>1</sup> Stage 4 or 5 design estimate



80 Charlotte Street W1



# London office market

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## Appendices

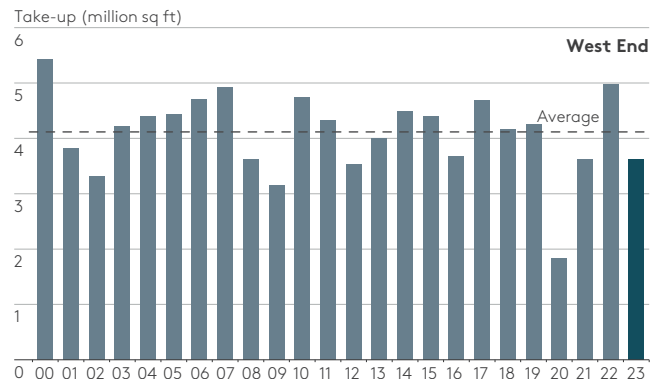
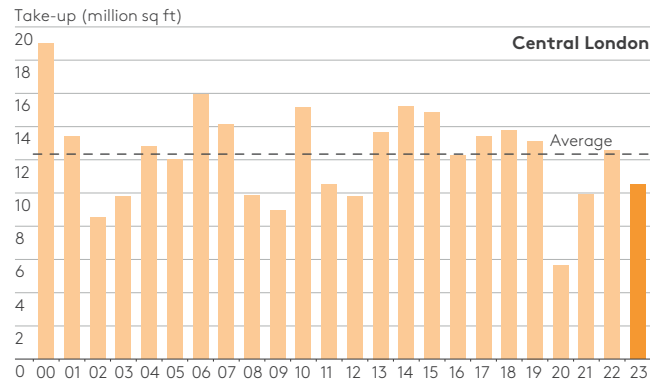
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# Appendix 30 - Demand

## Market statistics

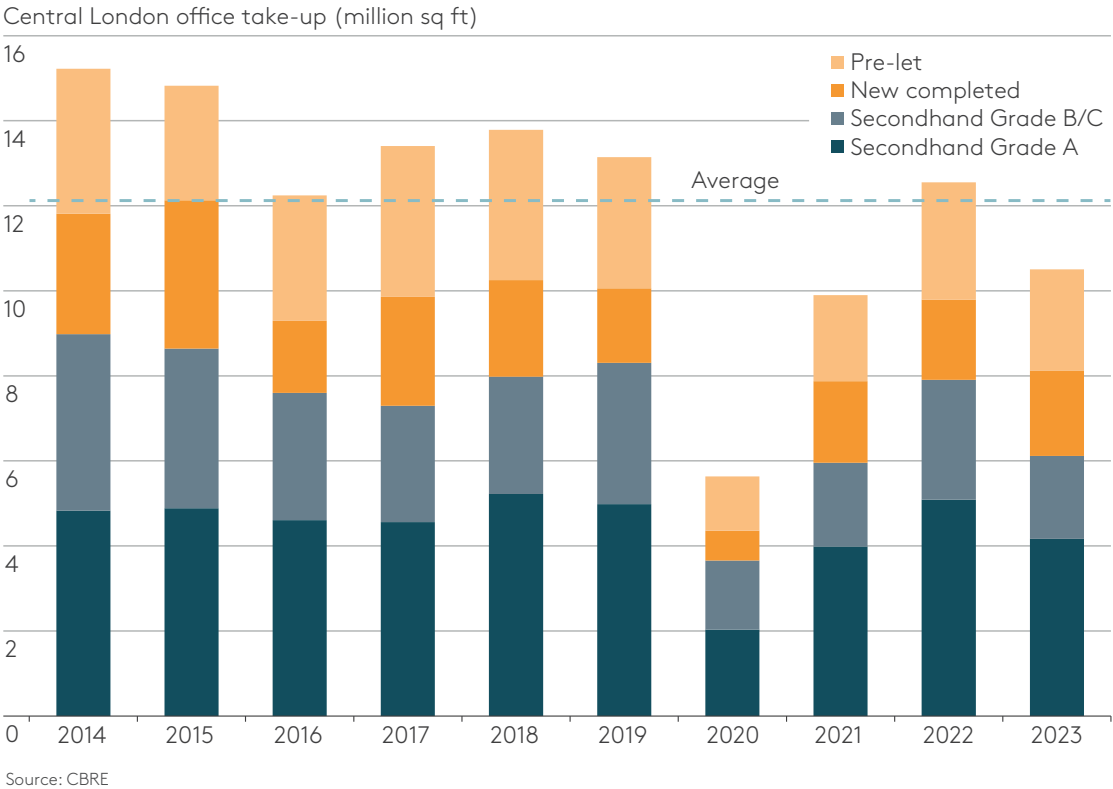
- Central London
  - 10.5m sq ft of take-up in 2023
    - 14% below the LTA (12.3m sq ft)
    - 16% below 2022
  - Pre-lets accounted for 23% of take-up
  - Active Q4 with 3.4m sq ft let
  - Activity by key sector: 31% banking & finance, 19% business services, 13% creative industries, 11% professional, 11% consumer services & leisure and 7% insurance
- West End
  - 3.6m sq ft let in 2023
    - 12% below the LTA (4.1m sq ft)
    - 27% below 2022 and in line with 2021

## Office take-up



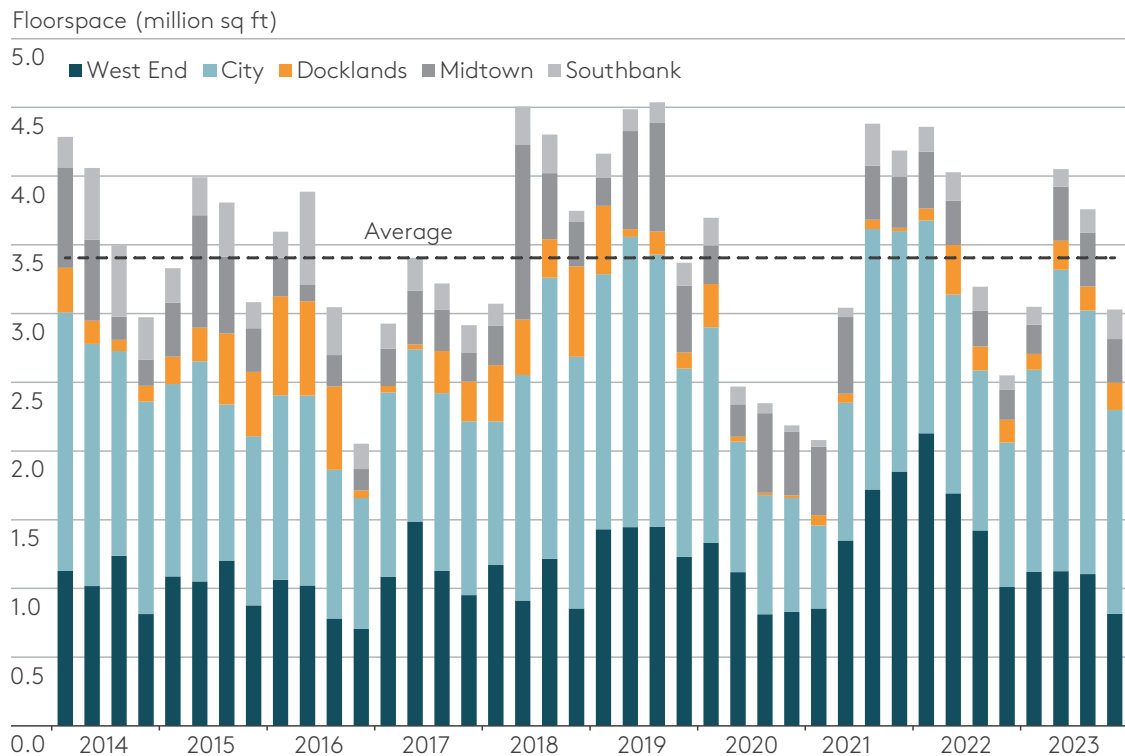
Source: CBRE

# Appendix 31 - Take-up by type



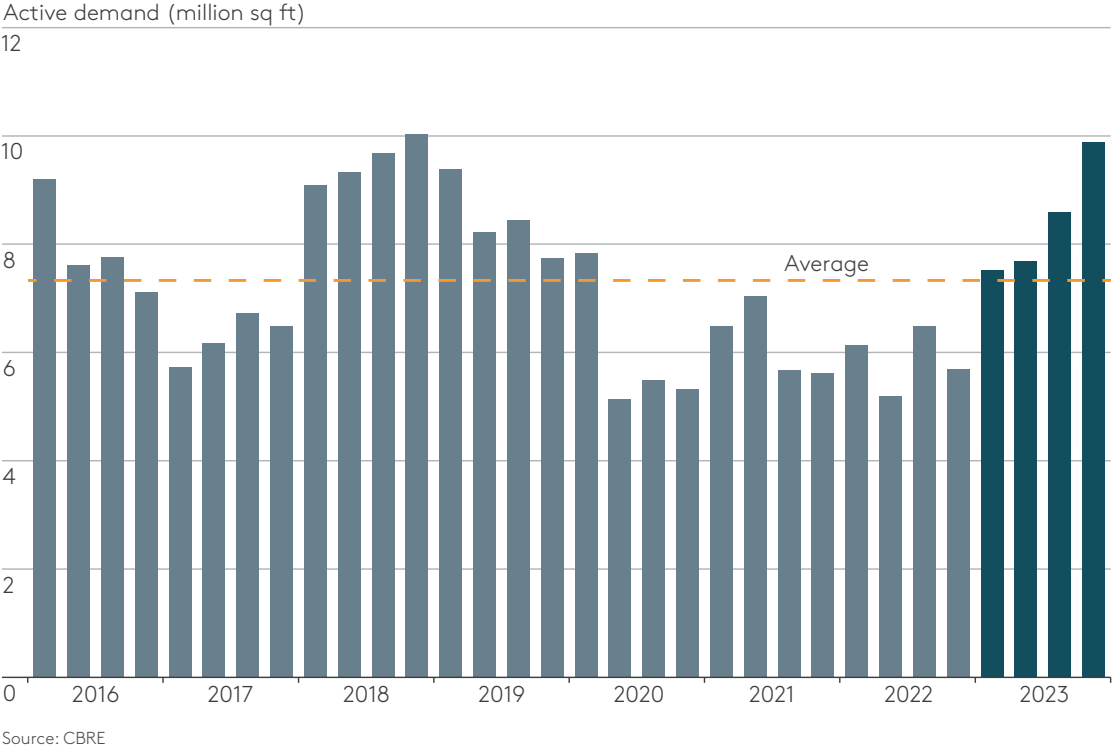


# Appendix 32 - Space under offer

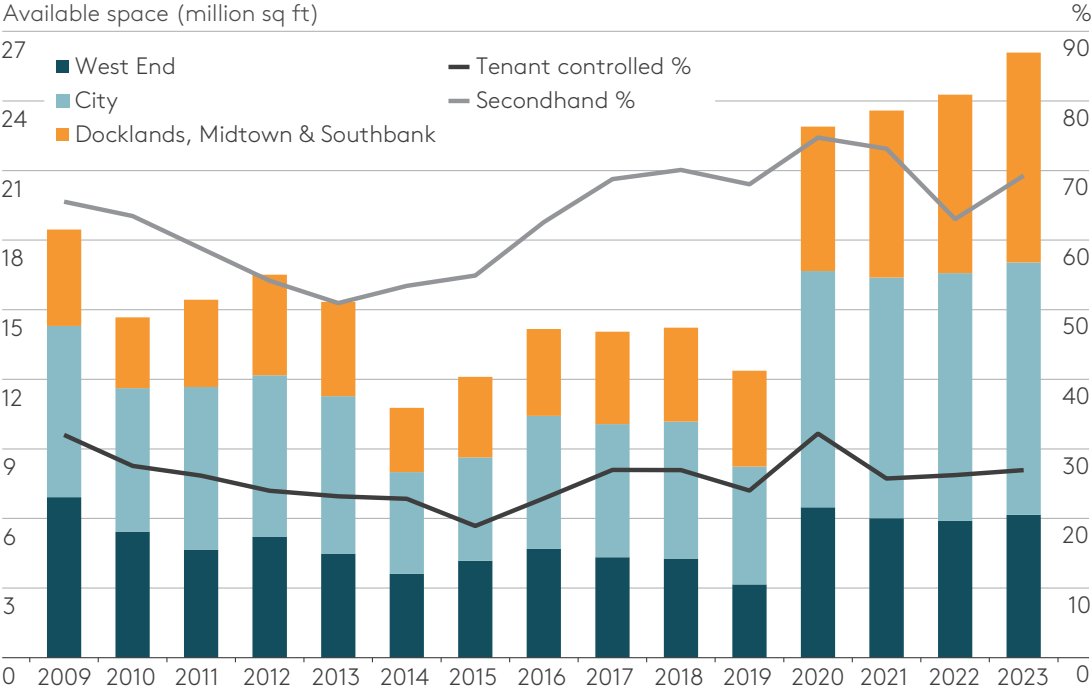


Source: CBRE

# Appendix 33 - Active demand



# Appendix 34 - Availability



Source: CBRE

# Appendix 35 - Supply

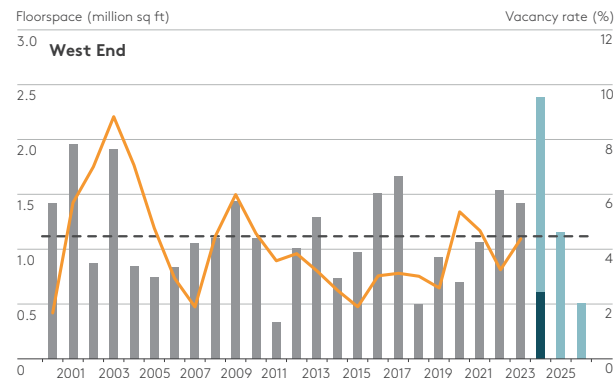
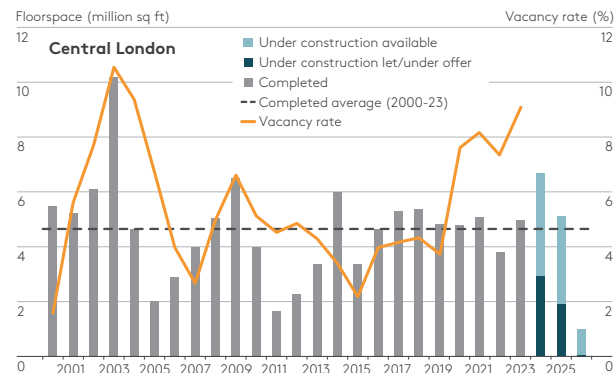
## Existing supply

- Central London vacancy rate 9.1% at year-end
  - Up from 7.4% a year earlier
  - LTA 5.4%
  - 69% secondhand (63% at Q4 2022)
  - 27% tenant controlled (26% at Q4 2022)
- West End vacancy rate 4.4%
  - 3.2% at Q4 2022; 4.1% LTA
- City vacancy rate 11.9%
  - 10.7% at Q4 2022; 7.0% LTA

## Future supply

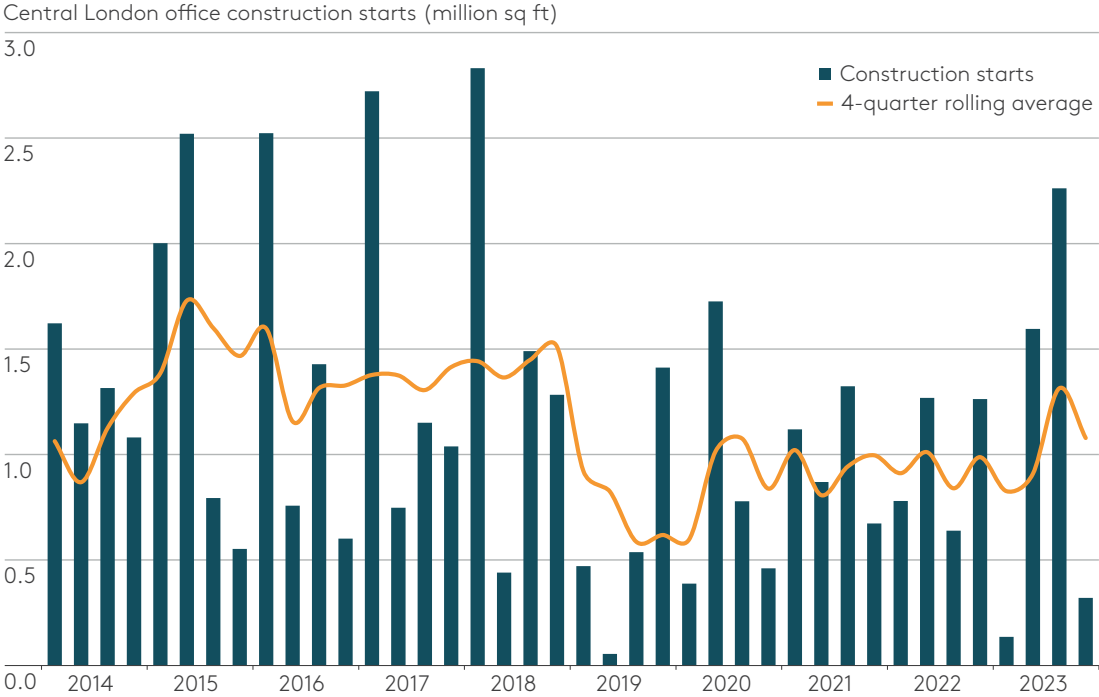
- 5.0m sq ft completed in 2023, 7% above LTA (4.7m sq ft)
- 12.9m sq ft currently on site (38% pre-let or under offer)
  - 6.7m sq ft due in 2024 (44% pre-let)
  - 5.1m sq ft due in 2025 (38% pre-let)

## Office development pipeline



Source: CBRE

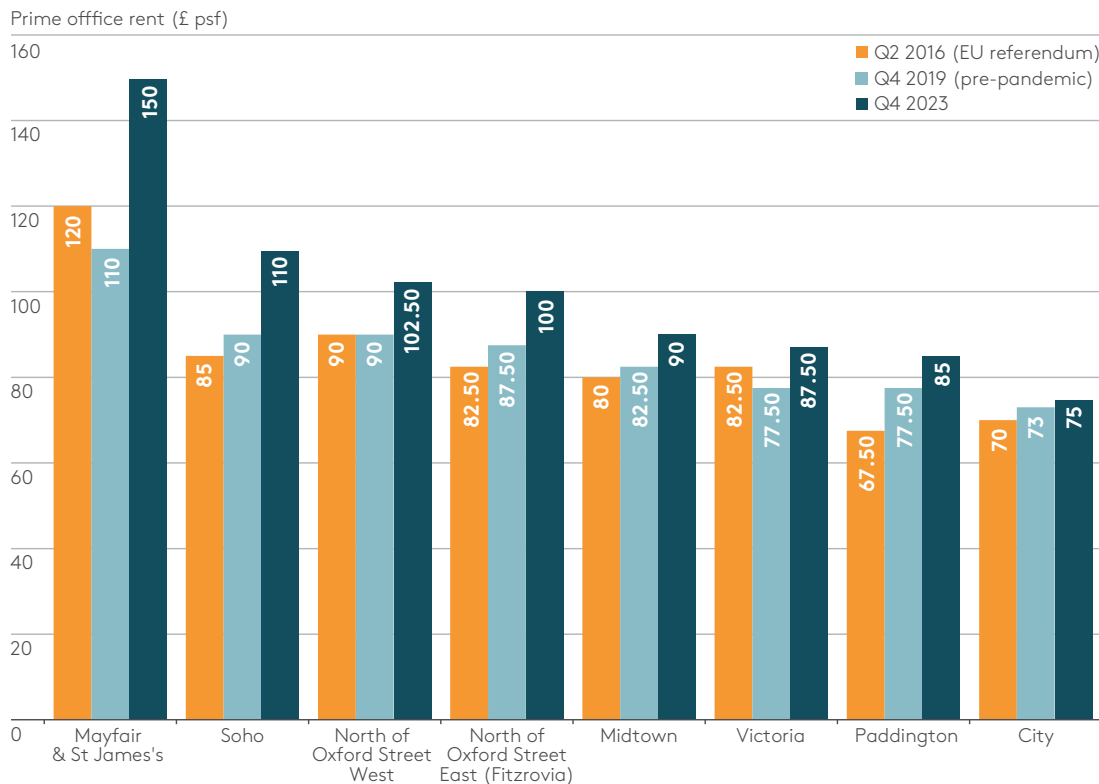
# Appendix 36 - New construction starts



Source: CBRE



## Appendix 37 - Prime office rents



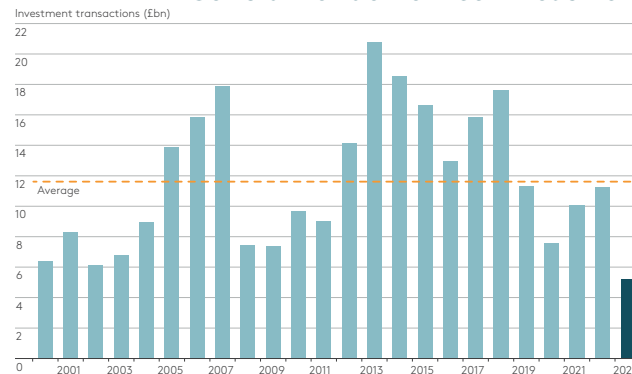
Source: CBRE

# Appendix 38 - Investment market

- £5.2bn of investment transactions in 2023

- Lowest level since 1999
- 55% below the LTA of £11.6bn
- 53% less than 2022

## Central London office investment



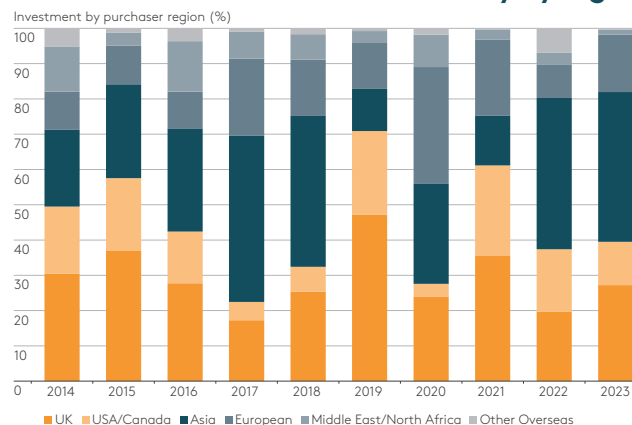
- 27% of 2023 investment activity from UK investors

- In-line with the 10-year average of 29%

- 73% of activity from overseas investors

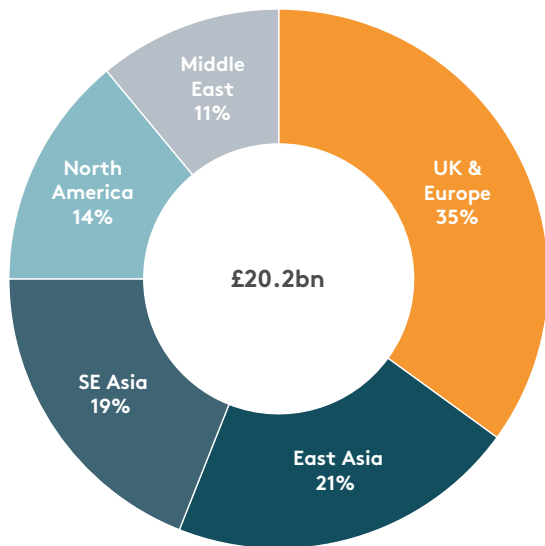
- 43% Asia (31% 10-year average)
- 16% Europe (in-line with average)
- 12% US/Canada (15% average)
- 1% Middle East/North Africa (7% average)

## Investment activity by region



# Appendix 39 - Investment demand

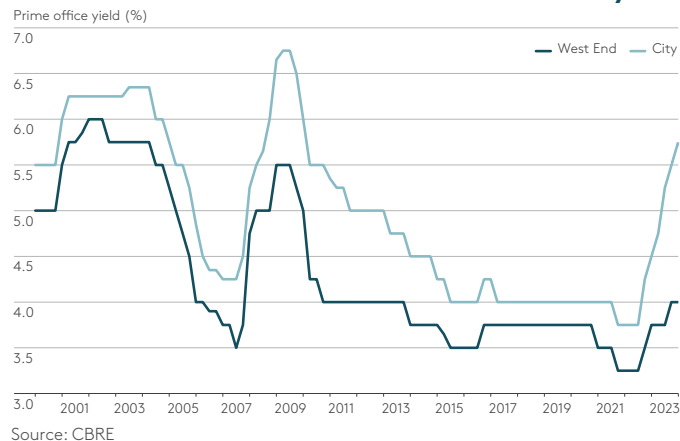
## Sources of investment



Source: CBRE

- £20.2bn of investor demand at year end
- £4.1bn of property on the market

## Central London office yields



- Increased prime yield gap between sub areas
  - West End 4.0% – up 25bp in 2023 (H2 +25bp)
  - City 5.75% – up 125bp (H1 +75bp, H2 +50bp)



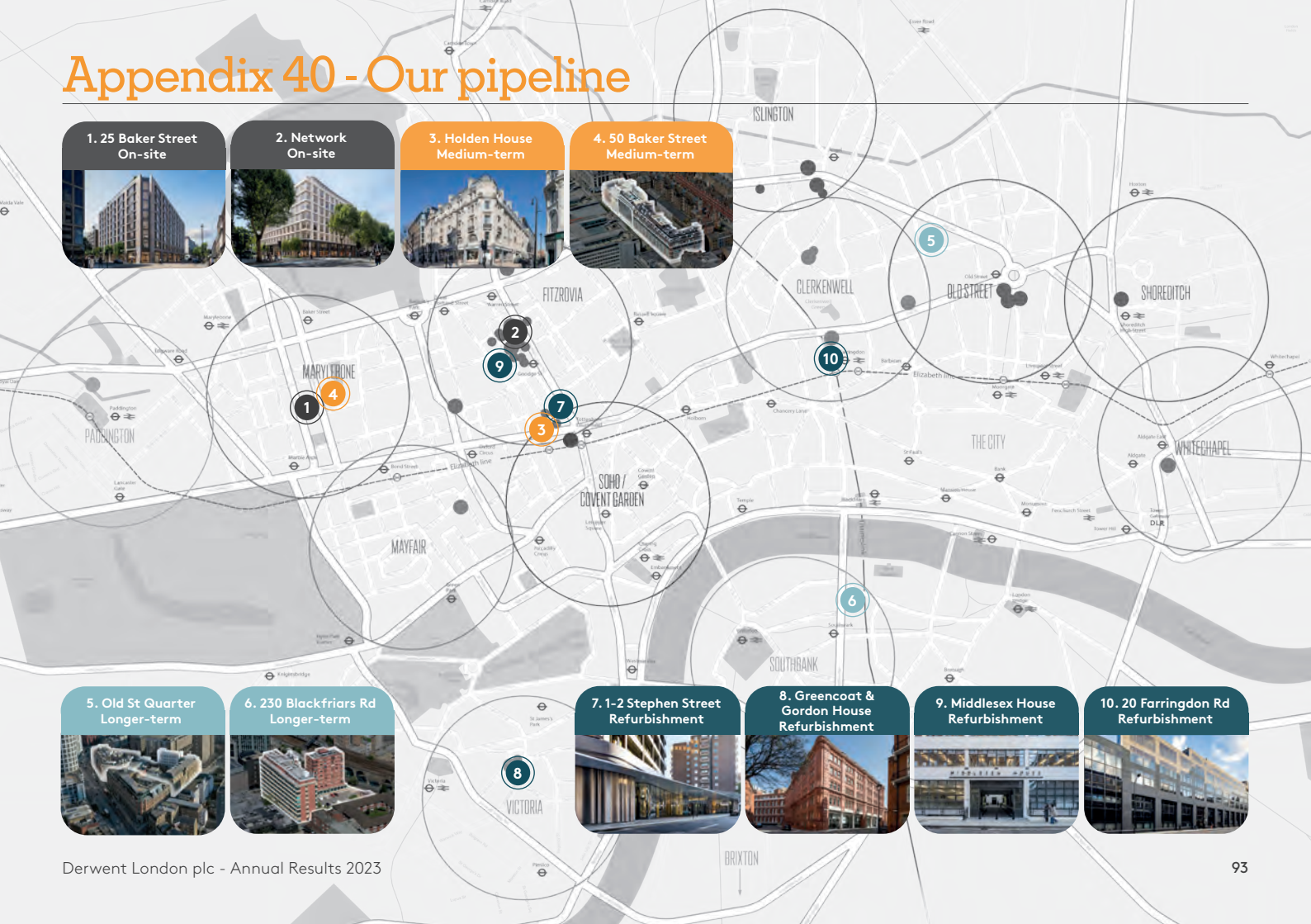
## Developments & refurbishments

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### Appendices

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# Appendix 40 - Our pipeline



# Appendix 41 - Developments on site: profit on cost

## 25 BAKER ST. W1 NETWORK



Completion		H1 2025	H2 2025
Commercial area (sq ft)	385,000	246,000 <sup>3</sup>	139,000
Residential area (sq ft)	52,000	52,000 <sup>3</sup>	-
<b>Total area (sq ft)</b>	<b>437,000</b>	<b>298,000</b>	<b>139,000</b>
Est. future capex (£m)	223	139	84
Total cost (£m) <sup>1</sup>	734	486	248
ERV (c.£ psf)	-	95.00	90.00
ERV (£m pa)	33.0	20.4 <sup>5</sup>	12.6
Pre-let/sold area (sq ft)	201,300	201,300 <sup>6</sup>	-
Pre-let net income (£m pa)	15.6	15.6	-

Summary	£m
End value	828
Less: Total cost <sup>1</sup>	734
<b>Project surplus</b>	<b>94</b>
Less: Booked to Dec 23	27
Surplus to come	67
<b>Profit on total cost</b>	<b>13%</b>
<b>Yield on cost<sup>2</sup></b>	<b>5.8%</b>

Sensitivity<sup>4</sup> – project surplus (£m) and profit on cost (%)

		Valuation yield		
		+0.25%	Base	-0.25%
Rent	-£5.00 psf	£42m 6%	£74m 10%	£107m 15%
	Base	£61m 8%	<b>£94m 13%</b>	£128m 17%
	+£5.00 psf	£80m 11%	£114m 16%	£148m 20%

<sup>1</sup> Comprising book value at commencement, capex, fees and notional interest on land, voids and other costs. 25 Baker Street W1 includes a profit share to The Portman Estate

<sup>2</sup> Assumes the residential value reduces the total costs <sup>3</sup> 218,000 sq ft offices, 28,000 sq ft retail, 45,000 sq ft private residential and 7,000 sq ft affordable residential

<sup>4</sup> Sensitivity applied to non pre-sold or pre-let commercial floor areas <sup>5</sup> Long leasehold, net of 2.5% ground rent <sup>6</sup> 155,500 sq ft pre-let and 45,800 sq ft pre-sold



## Appendix 42 - Project summary: current projects

Property	Current net income £m pa	Pre scheme area '000 sq ft	Proposed area '000 sq ft	2024 capex £m	2025 capex £m	2026+ capex £m	Total capex to complete £m	Delivery date	Current office c.ERV psf
<b>On-site/completed major projects</b>									
25 Baker Street W1 <sup>1</sup>	-	143	298	101	38	-	139	H1 2025	£95.00
Network W1	-	70	139	38	44	2	84	H2 2025	£90.00
Other	-	-	-	5	-	-	5		
	-	<b>213</b>	<b>437</b>	<b>144</b>	<b>82</b>	<b>2</b>	<b>228</b>		
<b>Other</b>									
Strathkelvin Retail Park (Scotland)	-	-	-	14	5	-	19		
Lochfaulds solar park (Scotland)	-	-	-	13	4	-	17		
Planning and design <sup>2</sup>	-	-	-	9	4	-	13		
Other <sup>3</sup>	-	-	-	30	24	31	85		
	-	-	-	<b>210</b>	<b>119</b>	<b>33</b>	<b>362</b>		
Capitalised interest	-	-	-	12	4	-	16		
<b>Total</b>	-	<b>213</b>	<b>437</b>	<b>222</b>	<b>123</b>	<b>33</b>	<b>378</b>		

<sup>1</sup> Includes profit share payments and expenditure on trading property/stock

<sup>3</sup> Includes EPC upgrades. Excludes major refurbishments not yet committed

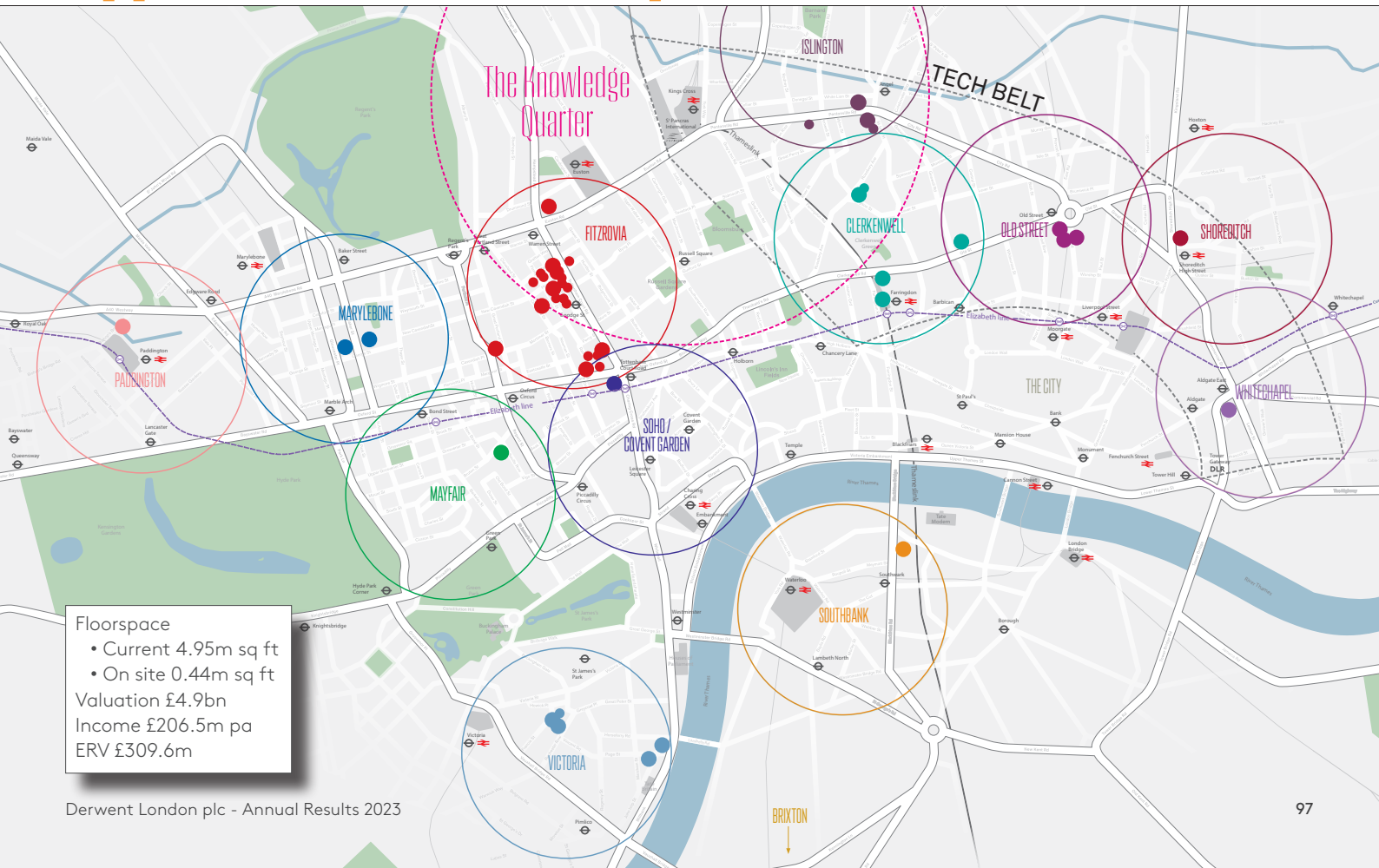
<sup>2</sup> Includes 50% share of 50 Baker Street W1 JV scheme and Old Street Quarter EC1

# Appendix 43 - Project summary: future projects

Property	Current net income £m pa	Pre-scheme area '000 sq ft	Proposed area '000 sq ft	Earliest possession year	Comment
<b>Consented</b>					
Holden House W1	4.4	91	150	2025	
Strathkelvin Retail Park (Scotland)	0.9	108	130	2024	B&Q unit sub-division
	<b>5.3</b>	<b>199</b>	<b>280</b>		
<b>Under appraisal<sup>1</sup></b>					
50 Baker Street W1 JV <sup>2</sup>	2.6	61	120	2026	Joint venture, shown at 50% share
Greencoat & Gordon House SW1	6.0	138	138	2025	
Other <sup>3</sup>	11.6	351	408		
	<b>20.2</b>	<b>550</b>	<b>666</b>		
<b>Consented and under appraisal</b>	<b>25.5</b>	<b>749</b>	<b>946</b>		
Future appraisal <sup>4</sup>	40.1	1,165	1,165		
Current major projects	-	213	437		Appendix 42
<b>Pipeline</b>	<b>65.6</b>	<b>2,127</b>	<b>2,548</b>		

<sup>1</sup> Areas proposed are estimated from initial studies    <sup>2</sup> Planning application submitted    <sup>3</sup> Includes refurbishment opportunities at Middlesex House W1, 20 Farringdon Road EC1, Blue Star House SW9, 4 & 10 Pentonville Road N1 and 1-5 Maple Place W1    <sup>4</sup> Includes redevelopment/refurbishment opportunities at 230 Blackfriars Road SE1, 1-2 Stephen Street W1, 250 Euston Road NW1 and 1 Oliver's Yard EC1

# Appendix 44 - Portfolio map



# Executive Committee and senior management

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## Executive Committee

Paul Williams	Chief Executive
Damian Wisniewski	Chief Financial Officer
Nigel George	Executive Director
Emily Prideaux	Executive Director
David Lawler	Company Secretary
Richard Baldwin	Director of Development
Richard Dean	Director of Investment
Jennifer Whybrow	Head of Financial Planning & Analysis
Jay Joshi	Group Financial Controller
Vasiliki Arvaniti	Head of Asset Management
Victoria Steventon	Head of Property Management
John Davies	Head of Sustainability
Philippa Davies	Head of Leasing
Robert Duncan	Head of Investor Relations & Strategic Planning
Katy Levine	Head of Human Resources
Matt Cook	Head of Digital Innovation & Technology

## Senior Management

Lesley Bufton	Head of Marketing
Tim Hyman	Group Architect
Benjy Lesser	Head of Design & Innovation
Umar Loane	Head of Property Accounts
Matt Massey	Head of Project Management
Heethen Patel	Financial Controller
Matt Peaty	Head of Health & Safety
Julie Schutz	Head of Internal Audit
Giles Sheehan	Head of Investment
Jonathan Theobald	Head of Investment Analytics

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