
Derwent London plc (“Derwent London” / “the Group”)
THIRD QUARTER BUSINESS UPDATE
OPERATIONAL MOMENTUM AND POSITIVE OUTLOOK

Paul Williams, Chief Executive of Derwent London, said:

“We are delivering positive operational momentum across our business. Since the start of the year, we have signed new leases 10% ahead of ERV and are in active leasing discussions across the portfolio. This includes negotiations with several potential occupiers at Network W1 ahead of practical completion expected around the end of the year.

Disposals of over £200m so far in 2025 have strengthened our financial capacity for reinvestment into accretive development projects. Looking forward we are targeting a higher level of asset sales. This will provide optionality to drive further value by allocating capital where we see the best returns for our shareholders.

Our leasing and asset management performance, alongside wider market trends, supports our ongoing confidence in the strength of the London office occupational market. We reiterate our portfolio ERV guidance of 3-6% for 2025, with higher quality buildings to outperform.”

Key highlights

- **Positive occupational activity:** open market leases signed 10% ahead of ERV; £17.5m of new rent completed YTD (including renewals/regears)
- **Low vacancy:** EPRA vacancy rate at 3.7%
- **Active capital recycling:** £200m of disposals completed YTD, with a further £14m contracted; targeting further sales to strategically position the portfolio for sustainable long-term outperformance
- **Returns-focused capital allocation:** prioritising balance sheet strength; funding major developments targeting 15-25% profit on cost; future asset sales to provide optionality to drive further value for our shareholders

Leasing well ahead of ERV

We have completed leasing transactions totalling £17.5m YTD, including renewals/regears, and have a further £4.0m of rent under offer. Open market leases have been signed 10% above December 2024 ERV. In addition, we have settled 17 rent reviews totalling £21.5m, on average 6.5% ahead of the previous headline rent.

Our EPRA vacancy rate at the end of Q3 remained low at 3.7% (H1 2025: 3.7%), with an ERV of £10.8m.

Major projects progressing well

25 Baker Street W1 (298,000 sq ft) achieved practical completion in August 2025, delivering an attractive 7.5% yield at completion, 17% profit on cost and 11.3% ungeared IRR. Residential sales proceeds of £102m have been received in H2 to date, with a further £14m contracted to complete later in Q4. We also completed the sale of the retail element to The Portman Estate, with the remaining consideration of £11m received in September.

At Network W1 (139,000 sq ft), where practical completion is expected around the end of the year, we are actively engaged with a number of potential occupiers.

On our next phase of development projects, which totals almost 500,000 sq ft, we are targeting profit on cost in the range of 15-25% and an average ungeared IRR in excess of 10%. This will be further supported by the strong rental growth we are seeing across our markets.

- Holden House W1 (133,500 sq ft): demolition works commenced in August this year. Located opposite the Elizabeth line station, this best-in-class, low carbon project is expected to complete in H2 2028.
- Greencoat & Gordon House SW1 (107,800 sq ft): construction tenders have been returned within budget, ahead of expected commencement in H1 2026.
- 50 Baker Street W1 (236,000 sq ft): stage 4 design work completes this year. Multiplex has been selected as preferred contractor under a Pre-Construction Services Agreement, with an anticipated start date in H2 2026.

In addition, at Old Street Quarter EC1, we have formed a strategic partnership with Related Argent. Together we will masterplan this 2.5-acre island site to secure planning for a mixed-use, living-led scheme, with enhanced optionality around future delivery.

Returns-focused capital allocation

We are actively reshaping the portfolio to deliver strong future returns, strategically selling assets with a lower forward return outlook. Disposals in 2025 have strengthened our financial capacity for reinvestment into accretive development projects. Combined with our commitment to an increased level of future asset sales, this will provide optionality to drive further value by allocating capital where we see the best returns for our shareholders.

Strong financial position

Net debt reduced by c.£90m in Q3 to £1.46bn (H1 2025: £1.55bn) reflecting the surplus of disposal receipts and operational cashflow over capital expenditure. Consequently, EPRA LTV moved down to 29.6%, based on June 2025 valuations (H1 2025: 30.5%). Net debt/EBITDA reduced to c.9.2x on a proforma basis (H1 2025: 9.7x). At the quarter end, cash and undrawn facilities had increased to £626m (H1 2025: £604m).

Since the start of Q4, a further £60.9m of net disposal proceeds have been received from the completion of Francis House SW1 and two residential units at 25 Baker Street W1. In addition, the Group's interim dividend (£24.6m before withholding tax) has been paid.

Attractive medium-term earnings outlook

At 25 Baker Street there is £21.6m of contracted headline rent, with further ERV in excess of £60m from four major projects which complete by the end of 2029. These schemes replace current income of £11.4m, while the expected capex to complete, excluding finance, is c.£460m. There is further upside from smaller refurbishment projects, leasing vacant space and capturing the growing reversionary potential. In addition, we are focused on driving cost efficiencies across the business.

For further information, please contact:

Derwent London

Tel: +44 (0)20 3478 4217 (Robert Duncan)

Brunswick Group

Tel: +44 (0)20 7404 5959

Paul Williams, Chief Executive

Damian Wisniewski, Chief Financial Officer

Robert Duncan, Head of Investor Relations

Nina Coad

Peter Hesse

Notes to editors

Derwent London plc

Derwent London plc owns a commercial real estate portfolio predominantly in central London valued at £5.2 billion as at 30 June 2025, making it the largest London office-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 redevelopment 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 City Borders. 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.

We are frequently recognised in industry awards for the quality, design and innovation of our projects. Landmark buildings in our 5.3 million sq ft portfolio include 1 Soho Place W1, 80 Charlotte Street W1, Brunel Building W2, White Collar Factory EC1, Angel Building EC1, 1-2 Stephen Street W1 and Tea Building E1.

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. Our science-based carbon targets validated by the Science Based Targets initiative (SBTi). In 2013 the Company launched a voluntary Community Fund which has to date supported 180 community projects in central London.

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 [LinkedIn](#).

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.