
**Derwent London plc (“Derwent London” / “the Group”)
FIRST QUARTER BUSINESS UPDATE
Strong leasing and capital recycling; launch of £50m share buyback**

Paul Williams, Chief Executive of Derwent London, said:

“We have seen strong activity across the business driven by significant leasing, including the pre-letting of Network at rents well ahead of appraisal. Good progress has been made on disposals, with contracts exchanged on £278m of properties in line with our three-year target of £1bn and we are actively engaged in further sales.

This has enabled us to commit to the redevelopment of 50 Baker Street as planned, where we are seeing very strong rental growth which will further enhance profitability and future earnings, as we continue to selectively invest where we see attractive risk-adjusted returns. Aligned with our disciplined approach to capital allocation, we are also announcing a £50m share buyback programme which we intend to commence on 18 May.

Our near and medium-term earnings guidance is unchanged and we remain focused on driving income growth and returns.”

Key highlights

- £25.3m of leasing YTD, with open-market lettings 5.2% above ERV; further £6.7m under offer
- Network W1 offices pre-let 5% above December 2025 ERV and 22% above appraisal ERV
- Network W1 achieved practical completion on 5 May 2026
- £278m of disposals exchanged YTD; actively engaged in further potential sales
- Commitment to redevelopment of 50 Baker Street W1 (236,000 sq ft); targeting >12% ungeared IRR
- £50m share buyback programme announced
- Nominations Committee is at an advanced stage of the CEO search process

Leasing activity

Leasing activity this year has been strong with £25.3m completed to date. This comprises £20.0m of new leases, with open market transactions 5.2% ahead of December 2025 ERV, and £5.3m of renewals/regears. A further £6.7m is under offer.

At Network W1, we have pre-let all of the office space to Databricks for £14.1m at an average rent of £103 psf (£125 psf on best), 5% above December 2025 ERV and 22% above our original underwriting, with the two retail units also let or under offer. Leases are expected to commence in mid-May and, together with 25 Baker Street W1, will add £18.9m of incremental rental income in 2026.

The EPRA vacancy rate increased slightly during Q1 to 5.2% (December 2025: 4.1%) but has subsequently fallen during Q2 to date.

Disposals update

We are making good progress towards our target of £1bn of disposals over three years, with contracts exchanged on £278m of disposals in Q1 at a blended 5.8% initial yield, c.3% below December 2025 book value.

- **Horseferry House SW1:** £131.8m (£129.3m net of rental top-ups), completion due June 2026
- **90 Whitfield Street W1:** £110.5m, completion due August 2026
- **80-85 Tottenham Court Road W1:** £32.6m, completion due June 2026
- **25 Baker Street W1 private residential:** £5.2m; total of 26 units now sold/exchanged for £120.9m

We are also in discussions on a further c.£120m of sales and are reviewing additional assets as part of our targeted disposal programme. While investment market conditions have been impacted by the Middle East conflict, investors remain attracted to the London office sector by the strength of the rental outlook and its 'safe haven' status.

Development update

Network W1 reached practical completion on 5 May and we expect this to deliver a positive revaluation movement in H1.

Three projects totalling c.290,000 sq ft are on site where we forecast ungeared IRRs of >10%, based on current rents. We have also committed to the major redevelopment of 50 Baker Street W1, where we are targeting an ungeared IRR of >12%. These projects are in locations where we expect occupier demand to drive significant rental growth which will further enhance already attractive returns.

Major developments

- **Holden House W1** (133,500 sq ft): demolition is underway at this retained façade scheme located opposite the Dean Street Elizabeth line station, with Kier appointed under a pre-construction services agreement for the main construction works; practical completion is anticipated in H2 2028.
- **50 Baker Street W1** (236,000 sq ft): we have recently committed to this exciting project, which is in a sub-market with positive occupational dynamics, where demolition works will commence over the coming months; completion is anticipated in H2 2029.

Refurbishments

- **Greencoat & Gordon House SW1** (107,800 sq ft): following signing of the building contract at the end of Q1, refurbishment works have commenced; completion is anticipated in H2 2027.
- **Middlesex House W1** (50,000 sq ft): vacant possession was secured in Q1 and refurbishment works have commenced; completion is expected in H1 2027.

Future projects

- **Old Street Quarter EC1:** planning application being progressed ahead of anticipated submission around the end of 2026, as we consider future delivery options.

Share buyback programme

Underpinned by the strength of our balance sheet, together with recent disposals, continued operational momentum and disciplined capital allocation, we have identified capacity to return capital to shareholders without compromising our growth ambitions. As a result, we are announcing a £50m share buyback programme which we intend to commence on 18 May following our 2026 AGM on 15 May.

Financial position

Net debt was stable in Q1 at £1.46bn (December 2025: £1.45bn) reflecting project expenditure of £23.4m and operational cashflows. EPRA LTV was unchanged at 29.4% based on December 2025 valuations.

Two facilities were redeemed at maturity in Q1, comprising £55m of 2.68% private placement notes and the £175m 6.5% LMS bonds originally arranged in 2001. This reduced the Group's weighted average interest rate to 3.9% at the end of March from 4.1% at December. Consequently, cash and undrawn facilities at the end of the quarter fell to £383m (December 2025: £627m) before taking account of the £278m of property disposals due to complete in the next few months.

Fitch Ratings reaffirmed on 8 May 2026 the Group's Long-Term Issuer Default Rating at BBB+ with a stable outlook and its Senior Unsecured Debt rating at A-.

Payment of 2025 final dividend

Our shares went ex-dividend on 23 April 2026 with the final 2025 dividend of 56.0p due to be paid on 29 May. Of this, 40.0p will be a Property Income Distribution (PID) with the balance of 16.0p a conventional dividend.

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Notes to editors

Derwent London plc owns a commercial real estate portfolio predominantly in central London valued at £5.1 billion as at 31 December 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 25 Baker Street W1, 1 Soho Place W1, 80 Charlotte Street W1, Brunel Building W2, White Collar Factory EC1, Angel Building EC1 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, with its updated pathway published in 2025. Our science-based carbon targets have been validated by the Science Based Targets initiative (SBTi). In 2013, we launched a voluntary Community Fund which to date has supported 200 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 forward-looking statements involve risk beyond the control of the management of Derwent London and may be subject to significant business, economic or competitive uncertainties, assumptions and contingencies or subjective judgments, including because they relate to events and depend on circumstances that may or may not occur in the future. These assumptions and judgments may or may not prove to be correct and actual results, performance or outcomes may differ materially from any results, performance or outcomes expressed or implied by such forward-looking statements. Any forward-looking statements have not been independently audited, examined or otherwise reviewed or verified.

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