

Managing risks

Our risk profile

With our strong balance sheet, and an improving office investment market, we are well-positioned with the right product and pipeline to capture London's diverse demand.

As a predominantly London-based Group, we are particularly sensitive to factors which impact central London's growth and demand for office space. We are also impacted by the wider macroeconomic environment. Some of the external and property-related risks which have impacted on the Group during 2025 are shown below. These risks are factored into the Board's strategy discussions and help to inform the scenarios chosen by the Board to stress test the viability of our business (see page 63).

External					
The funding environment	Interest rates	Geopolitical instability	Climate change	Cyber	Regulatory and legal
See page 57	See page 57	See page 65	See page 86	See page 107	See page 109
Property-related					
Property values	Capital recycling	Vacancy rates	Health and safety	Planning requirements	Energy consumption
See page 39	See page 64	See page 45	See page 80	See page 92	See page 69



An overview of the risks and uncertainties which have impacted on the Group's risk profile

During 2025, the UK economy recorded slow growth helped by reductions in UK base rates and moderating inflation. However, growth was constrained by rising tariffs, global trade tensions and ongoing uncertainty of domestic policy.

Emerging and market risks

Whilst central London continues to experience strong occupational demand, occupiers are proceeding with caution particularly over the cost of relocation and ongoing operating expenses. Additionally, rising construction costs, some yield uncertainty and a prolonged planning process are contributing to current market pressures. During the year, the Group has continued to monitor the emerging and market risks that could have an impact in the short to medium-term. In particular, in-depth discussions were held around the potential impact of the current UK Government's policy agenda and the proposal to abolish upward only rent reviews.

Property portfolio

Most office values increased moderately in both H1 and H2, supported by rental growth and generally stable investment yields. Demand, both for tenant occupation and investment ownership, continues to be highest for good quality amenity-rich buildings in the core West End and City.

Investment activity picked up over the year, and this included a significant rise in the number of larger assets, particularly investments over £100m, which provided more data point evidence for property valuations. While UK investors were most active, there was renewed demand from overseas capital, particularly European and North American investors.

Health and safety (H&S)

Whilst our operations and developments take place in environments that inherently involve higher-risk activities, Derwent London remains committed to the continual enhancement of our H&S controls and mitigation measures. Reflecting the strength of our approach, we were proud to receive the Royal Society for the Prevention of Accidents (RoSPA) Gold Award for the third consecutive year. Further information on H&S at Derwent London is available on pages 80 and 81.

Refinancing

Gilt yields have continued to remain relatively high but generally reduced in the year alongside the cost of borrowing. Financial risks for the Group have reduced in 2025 with the arrangement of new £250m unsecured 7-year bonds issued in June and the refinancing of the Group's main £450m corporate Rolling Credit Facility. The Group's financial position has also been helped by the easing of interest rates over the year with the Bank of England reducing the base rate to 3.75% in December 2025.

Cyber security

Cyber attacks have dominated market headlines during 2025. The Group has remained vigilant to its cyber security protocols, with ongoing compliance training, attaining additional cyber insurance cover and in-depth updates to the Risk Committee (see pages 156 and 160). To note, there were no cyber-related incidents during 2025.

Principal risks

The principal risks and uncertainties facing the Group in 2026 (as at 25 February 2026) are:

- Market impact on Group's strategy
- Refinancing risk
- Income decline
- Fall in property values
- Reduced development returns
- Cyber attack on our IT systems
- Cyber attack on our buildings
- Our resilience to climate change
- Health and safety
- Non-compliance with law and regulations
- Digital transformation risk

 **Our principal risks / See pages 104 to 109**

Emerging risks

The emerging risks identified by the Board are:

- The evolving nature of office occupation
- Accelerating technological change
- Climate-related risks
- Geopolitical instability

 **Our emerging risks / See pages 110 and 111**

Climate change

We identify and monitor climate change risks and opportunities as part of our wider risk management procedures. Our climate risk assessments have identified the transition and physical risks and opportunities applicable to our business:

- Enhanced emissions reporting requirements
- Change in customer demand
- Emissions offsets
- Planning approval changes
- Cost of raw materials
- Employee attitude to climate change and sustainability
- Cost of low carbon emission technologies
- Heat stress
- Flooding
- Drought
- Fire
- Windstorm
- Subsidence

 **Task Force on Climate-related Financial Disclosures / See pages 86 to 99**

Managing risks continued

Managing risks

At Derwent London, the management of risk is treated as a critical and core aspect of our business activities.

Risk management

The Board has ultimate responsibility for the Group's approach to risk management. On a regular basis, the Board reviews the Group's risk registers and conducts robust assessments of the Group's principal and emerging risks (see page 159).

Changes to our principal and emerging risks

During the year, the Board and Risk Committee conducted an extensive review of the Group's principal and emerging risks.

Schedule of Principal Risks

The review of the Schedule of Principal Risks was centred around ensuring the risks remain appropriate and representative of the main risks that could impact the Group over the next six to 12 months.

Following its review, the Risk Committee recommended amendments to the titles of two principal risks to ensure they more accurately reflect the Group's evolving risk profile. The updated titles are 'Market impact on Group's strategy' and 'Digital transformation risk'.

Schedule of Emerging Risks

A review of the Group's emerging risks concluded that the previously identified emerging risk relating to a potential shortage of electrical power should be removed. This risk had originally been included following discussions on how constrained power capacity in London might affect future developments. Given the Group's satisfactory ongoing arrangements with UKPN, this is currently not impacting any major projects.

To ensure the Group's emerging risks continue to reflect the Group's risk profile, the titles of two emerging risks were amended: 'The evolving nature of office occupation' and 'Accelerating technological change'.

Risk rating

As part of the Directors' assessment process, we estimate the likelihood of the risk occurring and the potential quantitative and qualitative impacts. Risks are rated in accordance with the Board's Risk Appetite Statement. A simplified version of our risk rating criteria is provided below.

		Impact					
		Insignificant	Minor	Moderate	Major	Significant	
Likelihood	Rare						Very low risk
	Unlikely						Low risk
	Possible						Medium risk
	Likely						High risk
	Certain						Very high risk

The risk ratings for our principal risks are detailed below:

Principal risks	Inherent risk (without controls)	Residual risk (with controls)	Our risk tolerance
Market impact on Group's strategy	High	Medium	Medium
Refinancing risk	Medium	Medium	Medium
Income decline	Medium	Medium	Medium
Fall in property values	Medium	Medium	Medium
Reduced development returns	High	Medium	Medium
Cyber attack on our IT systems	Very high	Medium	Low
Cyber attack on our buildings	Medium	Medium	Low
Our resilience to climate change	Medium	Low	Low
Health and safety	Very high	Medium	Zero
Non-compliance with law and regulations	Medium	Very low	Zero
Digital transformation risk	Medium	Medium	Medium

Effectiveness review

To ensure focused oversight, the Board operates a separate Risk Committee (see pages 154 to 163). The Risk Committee reviews the effectiveness of the Group's risk management policies and practices. This effectiveness review is conducted through speaking with senior management directly, third party assurance reviews, reports from internal and external audits, and independent testing of our key controls.

The Audit Committee reviews the adequacy and effectiveness of the Group's system of internal financial controls (see page 149). The Audit Committee remains satisfied that the review of internal financial controls did not reveal any significant weaknesses or failures, and that they continue to operate effectively.

Following the Audit and Risk Committee's reviews, the Chairs of each Committee confirmed to the Board that they were satisfied that the Group's internal control framework (financial and non-financial) and risk management procedures:

- operated effectively throughout the period; and
- are in accordance with the guidance contained within the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

Risk appetite

Risk is inherent in running any business. At Derwent London we aim to deliver on our strategic objectives for the benefit of our shareholders and other stakeholders, whilst operating within the risk tolerance levels set by our Board.

The Group's risk appetite is set by the Board and is the level of risk we are willing to accept to achieve our strategic objectives. Our overall risk appetite is low with varying levels of risk tolerance. This, alongside our culture, informs how our staff respond to risk. Due to our open and collaborative working style, any potential problem, risk or issue is identified quickly so appropriate action can be taken.

The use of inherent and residual 'risk ratings' within our Schedule of Principal Risks makes it easier for the Board to identify which risks are not aligned with its tolerance on a residual basis (after controls):

- When assessing our health and safety risks, we consider all of our core activities, including the work of our contractors on site at our developments. Due to the nature of these activities, health and safety is classified as a 'medium risk' at residual level, which requires further contractor-led controls to be implemented and the adoption of best practice standards. As the Board is committed to promoting the highest health and safety standards, its tolerance for health and safety risks is set at zero. Further information on health and safety is on pages 80 and 81.
- Similarly, the Board's tolerance for cyber threats is low. The Board recognises that due to the pervasive nature of the threat, it is difficult to reduce the residual risk from medium to low. To provide the Board with comfort that our Digital Innovation & Technology (DIT) team have adopted a continuous improvement strategy towards our cyber security posture, we commission regular independent reviews and assessments as well as ongoing monitoring by the Risk Committee. Further information is on pages 160 and 161.

Risk Appetite Statement

Summary of risk tolerance

Operational

Health and safety	Zero
IT continuity (including cyber attacks)	Low
Staff retention	Medium
Climate change resilience	Low
Other operational risks	Medium

Financial*

REIT status	Low
Credit rating	Low
Decrease in asset value (>£100m)	Medium
Profits (>£5m)	Medium
Cost overruns (>5%)	Medium
Interest cover (<20%)	Medium

Reputational

Brand value	Low
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Regulatory

Statutory	Zero
Governance	Low

* Financial amounts are measures of deviation from Group annual budget.

Key

Zero	The Board has a zero-tolerance approach and is committed to promoting full health and safety and statutory compliance
Low	The Board is risk averse and is reluctant to take risks
Medium	The Board is willing to take measured risks if they are identified, assessed and controlled
High	The Board is willing to take significant risks

Additional risk disclosures	Page
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Health and safety	80 and 81
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Digital security and strategy risks	160 and 161
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Managing risks continued

Our principal risks

Our principal risks are not an exhaustive list of all risks facing the Group but are a snapshot of the Company's main risk profile as at 25 February 2026.

Time horizons

The Board seeks to assess and identify the risks facing the Group in the short, medium and long-term.

	Imminent < 1 year	Short-term < 5 years	Medium-term 5 to 15 years	Long-term 15+ years
Principal risks See pages / 104 to 109	▶			
Emerging risks See pages / 110 and 111	▶			
Climate-related risks See pages / 86 to 99	▶			

The Schedule of Principal Risks

The Board classifies the Group's most material risks as its 'principal risks'. Materiality is assessed based on the potential impact and its probability of occurring within the next 12 months.

The Derwent London brand is well-regarded and respected within our industry and we are recognised for developing design-led buildings. The protection of our brand and reputation is important to the future success of the Group. Our strong culture, low overall risk tolerance and established procedures and policies mitigate against the risk of internal wrongdoing.

Strategic

The Group's business model and/or strategy does not create the anticipated shareholder value or fails to meet investors' and other stakeholders' expectations.

1. Market impact on Group's strategy

Risk	Status	Our actions
<p>The Group's reliance on the successful execution of its strategy and maintaining its ability to respond appropriately to internal and external factors including changing work practices, occupational demand, economic and property cycles.</p> <p>Executive responsibility: Paul Williams Risk tolerance: Medium</p> <p>Strategic objectives: 1 2 4 5 Stakeholders: Could potentially impact all our stakeholders</p> <p>Trend: ↑</p> <p>The London office market has generally been cyclical in recent decades, with strong growth followed by economic downturns, often linked to a change in interest rates. The impact of these cycles on the Group is dependent on the nature, quality and location of its portfolio. Should the Group fail to respond and adapt to such cycles or execute the projects that underpin its strategy, it may have a negative impact on the Group's expected growth and financial performance.</p>	<p>Given the ongoing geopolitical and economic uncertainties compounded by the elevated interest rates, there has been a slower investment market. However, the letting market in London remains relatively strong for the right product in the right location.</p> <p>Key performance indicators:</p> <ul style="list-style-type: none"> Total accounting return Total property return Interest cover ratio (ICR) <p>In addition, we also consider inflation, interest rates and yield changes.</p>	<ul style="list-style-type: none"> The Board maintains a formal schedule of matters which are reserved solely for its approval. These matters include decisions relating to the Group's strategy, capital structure, financing, capital allocation, major property acquisition or disposal, the Group's risk appetite and the authorisation of capital expenditure above certain limits. An annual strategic review (including the five-year forecast) and budget is prepared for Board approval alongside two-year rolling forecasts which are prepared during the year. The Credit Committee's terms of reference have been revised during 2025 to focus on assessing and monitoring the financial strength of potential and existing occupiers. The Group's diverse and high quality occupier base provides resilience against occupier default. The Board has an ongoing strategy to extend income through lease renewals and regears. The Group seeks to de-risk developments through the use of fixed price contracts prior to the commencement of works on site and appointing contractors appropriate to the project's scale and complexity as well as by often securing pre-lets. We develop properties in central locations where there is good potential for future occupier demand and connectivity, such as along the Elizabeth line. A regular review of the portfolio and identification of opportunities to dispose of non-core assets which are not anticipated to produce required returns. Maintain sufficient headroom against all key financial ratios and covenants, with a particular focus on interest cover and net debt/EBITDA.

Strategic objectives

1 To optimise returns and create value from a balanced portfolio

2 To grow recurring earnings and cash flow

3 To attract, retain and develop talented employees

4 To design, deliver and operate our buildings responsibly

5 To maintain strong and flexible financing

Trend

↑ Increased
↓ Decreased
— Unchanged

Financial

The main financial risk is that the Group becomes unable to meet its financial obligations. The probability of this occurring is low due to our significant covenant headroom, modest leverage and strong credit metrics. Financial risks can arise from movements in the financial markets in which we operate and inefficient management of capital resources.

2. Refinancing risks


Risk	Status	Our actions
<p>The Group is unable to raise finance in a cost-effective manner that optimises the capital structure of the Group.</p> <p>Executive responsibility: Damian Wisniewski Risk tolerance: Medium</p> <p>Strategic objectives: 5 Stakeholders: Shareholders and debt providers</p> <p>Trend: —</p> <p>Gradual rise in overall interest costs incurred as debt is refinanced over the next few years, with a consequent impact on earnings and interest cover.</p>	<p>The availability of financing for good quality covenants generally improved through 2025 but the cost of long-term debt has remained higher than in the preceding decade. We have remained close to our existing lenders and in 2025 put in place £115m of new bank facilities (subsequently reduced to £82.5m), issued a £250m unsecured bond, and extended our £450m Revolving Credit Facility for a new four-year term.</p> <p>Key performance indicators:</p> <ul style="list-style-type: none"> Gearing & available resources Interest Cover Ratio (ICR) Net debt/EBITDA 	<ul style="list-style-type: none"> Continue to review market conditions for long-term fixed rate debt and engage with existing and potential debt providers. Early and frequent engagement with existing and potential lenders to maintain long-term relationships. Preparation of five-year cash flow and annual budgets support the Group in raising finance in advance of requirements. The Group's financial position is reviewed at Executive Committee and Board meetings with an update on leverage metrics and capital markets from the CFO. Annual review with a credit rating agency with whom we maintain a frequent dialogue. Regular updates with our advisers to understand debt market trends. This includes looking at new forms of debt, considering whether security should be offered and the appropriate terms. Recycling of capital is a key assumption in our annual budget and is updated in each rolling forecast.

3. Income decline

Risk	Status	Our actions
<p>The Group's income declines due to external factors, many of which are outside of its control, including:</p> <ul style="list-style-type: none"> geopolitical and macroeconomic factors; recession; occupier default or failure; demand for office space; the 'grey' market in office space (i.e. occupier controlled vacant space); and current proposals by UK Government to prohibit upward only rent reviews. <p>Executive responsibility: Paul Williams Risk tolerance: Medium</p> <p>Strategic objectives: 1 2 5 Stakeholders: Occupiers, shareholders and debt providers</p> <p>Trend: —</p> <p>Adverse macroeconomic conditions can lead to a general property market contraction and a decline in rental values and Group income. In the event of occupier default, we could incur impairments and write-offs of trade receivables and/or IFRS 16 lease incentive receivable balances (which arise from the accounting requirement to spread any rent-free incentives given to an occupier over the respective lease term), in addition to a loss of rental income.</p>	<p>The current economic climate could lead to some of our occupiers facing financial challenges due to the impact of the increases in the general costs of running businesses. However, due to the ongoing uncertainty in the macroenvironment we could see a rise in occupiers choosing to renew leases.</p> <p>Rent for office occupiers typically represents a relatively small percentage of business overheads. Leasing transactions can take longer to finalise as occupiers tend to adopt a 'wait-and-see' approach leading to a greater risk of aborted transactions.</p> <p>Key performance indicators:</p> <ul style="list-style-type: none"> Tenant retention Void management <p>In addition, we consider the following:</p> <ul style="list-style-type: none"> Lease expiries/breaks Our Lease Incentive Debtor balance Level of rent deposits The amount of 'grey space' 	<ul style="list-style-type: none"> The Credit Committee, chaired by the CEO or CFO, conducts detailed reviews of all prospective occupiers and monitors the financial strength of our existing occupiers. The Group maintains a diverse range of occupiers. We focus on letting our buildings to large and established businesses (headquarter spaces) where the risk of default is lower, compared with SMEs. A 'tenants on watch' register is maintained and regularly reviewed by the Executive Directors and the Board. The Leasing team monitors the vacancy rate closely with a specific focus on upcoming vacancies. Ongoing dialogue is maintained with occupiers to understand their concerns, requirements and future plans. Active in-house rent collection, with regular reports to the Executive Directors on day 1, 7, 14 and 21 of each rent collection cycle. The Group's robust interest cover ratio and moderate net debt/EBITDA reduces the likelihood that a fall in rental income has a significant impact. Rent deposits or guarantees are obtained where considered appropriate.


Managing risks continued

Financial continued

4. Fall in property values		
Risk	Status	Our actions
<p>The economic and geopolitical environment could have an adverse impact on property values and heighten the risk of a fall in property values.</p> <p>Executive responsibility: Nigel George</p> <p>Risk tolerance: Medium</p> <p>Strategic objectives: 1 2 5</p> <p>Stakeholders: Occupiers, shareholders and debt providers</p> <p>Trend: </p> <p>A fall in property values will have an impact on the Group's net asset value and gearing levels.</p>	<p>2025 has seen property values rise slightly in both H1 and H2. Whilst not the central case, there remains the risk that property values could fluctuate and continue to be dependent on many macroeconomic factors.</p> <p>Key performance indicators:</p> <ul style="list-style-type: none"> Total property return Void management Reversionary percentage 	<ul style="list-style-type: none"> The Group's mainly unsecured financing makes management of our financial covenants more straightforward. The Group's moderate loan-to-value ratio reduces the likelihood that falls in property values will have a significant impact. The impact of valuation yield changes on the Group's financial covenants and performance is monitored regularly and subject to sensitivity analysis to ensure that adequate headroom is preserved. The impact of valuation yield changes and rent levels are considered when potential projects are appraised. The Group produces a budget, five-year strategic review and three rolling forecasts each year which contain detailed sensitivity analyses, including the effect of changes to valuation yields.

Operational

The Group suffers either a financial loss or adverse consequences due to processes being inadequate or not operating correctly, human factors or other external events.

5. Reduced development returns		
Risk	Status	Our actions
<p>Returns from the Group's developments and refurbishments may be adversely impacted due to:</p> <ul style="list-style-type: none"> Increased construction costs Skilled labour shortages Movement in valuation yields Contractor or subcontractor default Delays on delivery due to poor contractor performance Building Safety Regulator sign-off where applicable Unexpected 'on-site' issues Adverse letting conditions <p>Executive responsibility: Paul Williams</p> <p>Risk tolerance: Medium</p> <p>Strategic objectives: 1 2</p> <p>Stakeholders: Suppliers, occupiers and shareholders</p> <p>Trend: </p> <p>Any significant delay in completing development projects may result in financial penalties or a reduction in the Group's targeted financial returns and a deferral of rental income.</p>	<p>'Tier 1' contractors in central London are becoming increasingly risk adverse to engaging with complex projects on fixed price contracts. There is also an increased risk of insolvencies in the industry as a result of rising inflation and construction costs, which under fixed price contracts are a particular risk for the contractor and subcontractors. Other consultants and advisers are at some risk of insolvency.</p> <p>Planning authorities have an increasing preference for refurbishment ahead of redevelopment. The Board is monitoring the potential impact of a tighter planning environment on our strategy and future development returns. Mixed-use projects with residential over 18 metres now fall into a category of 'High-Risk Buildings' as defined under the Building Safety Act 2022 which may adversely impact construction programmes.</p> <p>Key performance indicators:</p> <ul style="list-style-type: none"> Development potential Total accounting return Total property return <p>In addition, we consider the following:</p> <ul style="list-style-type: none"> Construction cost inflation Project profitability status Average payment days to our suppliers Project delays Contingency tracker 	<ul style="list-style-type: none"> We use known 'Tier 1' contractors on our major projects with whom we have established working relationships and regularly work with tried and tested subcontractors. Prior to construction beginning on site, we conduct thorough site investigations and surveys to reduce the risk of unidentified issues, including investigating the building's history and adjacent buildings/sites. Engagement with the Building Safety Regulator to mitigate time required for Building Control approval. Adequately appraise investments, through: (a) benchmarking development costs; (b) following a procurement process that is designed to minimise uncertainty around costs and includes the use of highly regarded quantity surveyors; and (c) value engineering opportunities. We collaborate with the supply chain through the main contractor and engage in pre-construction service agreements (PCSAs) as well as against an agreed target, cost and programme. Contractors are paid promptly and are encouraged to pay subcontractors promptly. Payments to contractors are in place to incentivise the achievement of project timescales, with damages agreed in the event of delay/cost overruns. Regular on-site supervision by a dedicated Project Manager who monitors contractor performance and identifies problems at an early stage, thereby enabling remedial action to be taken. Post-completion reviews are carried out for all major developments to ensure that improvements to the Group's procedures are identified and implemented.

Strategic objectives

Trend

- | | | | | |
|---|---|--|---|--|
| 1 To optimise returns and create value from a balanced portfolio | 2 To grow recurring earnings and cash flow | 3 To attract, retain and develop talented employees | 4 To design, deliver and operate our buildings responsibly | 5 To maintain strong and flexible financing |
|---|---|--|---|--|

- ↑ Increased
↓ Decreased
— Unchanged

6. Cyber attack on our IT systems

Risk	Status	Our actions
<p>The Group may be subject to a cyber attack that results in it being unable to use its information systems and/or losing data.</p> <p>Executive responsibility: All Executive Directors</p> <p>Risk tolerance: Low</p> <p>Strategic objectives: 1 2 3 4 5</p> <p>Stakeholders: Could potentially impact all our stakeholders</p> <p>Trend: ↑</p> <p>Such an attack could severely restrict the ability of the Group to operate, lead to an increase in costs and/or require a significant diversion of management time, in addition to potential reputational damage.</p>	<p>There has been a heightened risk of cyber attacks amid ongoing geopolitical tensions. To date, Derwent London has not experienced a significant increase in attempted cyber attacks; however ongoing staff vigilance is critical to the prevention of cyber attacks. The Digital Innovation & Technology (DIT) team is proactive in providing regular guidance and refresher training to all employees on cyber security matters.</p> <p>Key performance indicators:</p> <ul style="list-style-type: none"> ▪ Number of cyber security incidents ▪ Vulnerability management risk scores ▪ Percentage of high-risk employees from cyber security awareness perspective ▪ Multifactor Authenticated requests reported and confirmed as fraudulent ▪ Password health scores ▪ Cyber resilience assessments based on CIS controls and other frameworks <p>In addition, we consider any security issues raised and the results of independent assurance reviews.</p>	<ul style="list-style-type: none"> ▪ Our IT systems are protected by anti-virus software, 24/7/365 threat hunting, security incident detection and response, security anomaly detection and firewalls that are frequently updated. ▪ The Group's Business Continuity Plan and cyber security incident response procedures are regularly reviewed and tested. ▪ Security measures are regularly reviewed by the DIT team and during the year cyber insurance was put in place to support the strategy in mitigating the financial impact of cyber attacks. ▪ Independent internal and external penetration/vulnerability tests and audits are regularly conducted to assess the effectiveness of the Group's security and the Cyber Essentials Plus Certification has been obtained. ▪ Multi-Factor Authentication is in place for all users with access to our systems. ▪ The Group's data is regularly backed up and securely replicated off site. ▪ A gap analysis of the Cyber Governance Code of Practice was performed and enhancements were made to the Group's security posture during the year, with additional controls implemented as required. ▪ Regular staff awareness and training programmes.

7. Cyber attack on our buildings

Risk	Status	Our actions
<p>The portfolio is exposed to potential cyber threats targeting building IT infrastructure, Operational Technology systems, and Internet of Things devices. Such incidents could adversely affect occupiers and result in significant operational disruption.</p> <p>Executive responsibility: All Executive Directors</p> <p>Risk tolerance: Low</p> <p>Strategic objectives: 1 2 3 4 5</p> <p>Stakeholders: Could potentially impact all our stakeholders</p> <p>Trend: ↑</p> <p>A significant cyber attack targeting buildings within the portfolio could disrupt both landlord and occupier operations and adversely affect the Group's reputation.</p>	<p>The Royal Institution of Chartered Surveyors (RICS), in its recent publication, 'Digital Risks in Buildings', highlights the expanding cyber threat landscape facing commercial properties. This escalation is largely driven by the convergence of operational technology with information technology in intelligent buildings, alongside the growing use of Internet of Things devices, which collectively increase system exposure and vulnerability.</p> <p>Key performance indicators (KPIs): Could indirectly impact a number of our KPIs.</p> <p>In addition, we consider any cyber security issues raised and the results of independent assurance reviews.</p>	<ul style="list-style-type: none"> ▪ Our IT systems are protected by advanced endpoint protection software, 24/7/365 threat hunting, security incident detection and response, security anomaly detection, vulnerability management, firewalls and infrastructure that is regularly updated. ▪ Frequent staff awareness and training programmes. Building Managers are included in cyber security awareness training and phishing simulations. ▪ Cyber security incident response procedures are regularly reviewed and tested. ▪ Physical segregation between the building's core IT infrastructure and occupiers' corporate IT networks as well as between buildings across the portfolio. ▪ Multi-Factor Authentication, network segmentation and security standardisation. ▪ Unlimited support by our Managed Detection and Response team is provided in the event of a malware incident. ▪ Independent security penetration testing on both internal and externally facing systems. ▪ A gap analysis of the Cyber Governance Code of Practice was performed and enhancements were made to the Group's security posture with additional controls implemented as required. ▪ Cyber insurance is in place to support the strategy in responding to the risk of cyber attacks.

Managing risks continued

Operational continued

8. Our resilience to climate change		
Risk	Status	Our actions
<p>The Group fails to respond appropriately, and sufficiently, to climate-related risks or fails to benefit from the potential opportunities.</p> <p>Executive responsibility: Nigel George Risk tolerance: Low</p> <p>Strategic objectives: 1 2 3 4 5 Stakeholders: Could potentially impact all our stakeholders</p> <p>Trend: —</p> <p>This could lead to reputational damage, loss of income and/or a reduction in property values. In addition, there is a risk that the cost of construction materials and providing energy, water and other services to occupiers will rise.</p>	<p>With regard to reporting, the Government's consultation on the UK Sustainability Reporting Standards (S1 and S2) closed in September 2025. We await its publication in H1 2026.</p> <p>The Group remains engaged on forthcoming legislation, in particular the UK Net Zero Carbon Building Standard. Where appropriate, it challenges the promotion of new legislation to ensure it remains appropriate to the overall net zero carbon goal. We updated our net zero targets in 2025 to ensure they remain aligned to the latest climate science.</p> <p>Key performance indicators:</p> <ul style="list-style-type: none"> Energy intensity Embodied carbon intensity BREEAM ratings Energy Performance Certificates (EPCs) 	<ul style="list-style-type: none"> Our SBTi (Science Based Targets initiative) targets are aligned to a challenging 1.5°C climate scenario in line with our net zero carbon ambition. We are progressing the construction of an 18.4 MW solar park at Lochfauld (Scotland), with energisation anticipated in 2026. The Executive Directors receive regular updates and presentations at both the Executive Committee and Sustainability Committee meetings on environmental and sustainability performance and management matters, as well as progress against our pathway to becoming net zero carbon by 2030. Industry leadership through both the Circular Economy initiative and Accelerating Concrete-Decarbonisation Group. Periodic multi-scenario climate risk assessments (physical and transition risks), supported by third party experts, to identify risks and agree mitigation plans. Clear disclosure in Group results, Annual Report and Responsibility Report/Data Report of key data and performance points which are internally reviewed and subject to external assurance.
9. Health and safety (H&S)		
Risk	Status	Our actions
<p>A major incident occurs at a development scheme, a managed property or at head office which leads to significant injuries, harm, or fatal consequences.</p> <p>Executive responsibility: Paul Williams Risk tolerance: Zero</p> <p>Strategic objectives: 1 2 3 4 5 Stakeholders: Could potentially impact all our stakeholders</p> <p>Trend: —</p> <p>A major health and safety incident could cause loss of life, life-changing injuries, significant business interruption, Company or Director fines or imprisonment, reputational damage, and/or loss of our licences to operate.</p>	<p>Derwent London continues to ensure high levels of H&S compliance across all of our directly managed activities, including our agriculture operations in Scotland.</p> <p>Construction activities can have a high inherent risk for injury, harm or loss, particularly in respect of our managed portfolio with occupiers in situ, demolition and early construction phases. Across construction sites within the UK, serious accidents involving falls from height, pedestrian-vehicle collision, and slips and trips are still experienced.</p> <p>Key performance indicators:</p> <ul style="list-style-type: none"> RIDDOR Accident Frequency Rate (AFR) Managed Property statutory compliance <p>In addition, we monitor:</p> <ul style="list-style-type: none"> compliance to the CDM Regulations (as a 'construction client'), from early design stage, through construction, to operational delivery; and audit programmes within the managed portfolio (PHCs and site visits) and construction projects (monthly site inspections and CDM duty holder audits). 	<ul style="list-style-type: none"> Periodic review of relevant health, safety and fire management policies and arrangements. Ensure the Group has a competent and qualified (CMIOSH) H&S team, whose performance is monitored and reviewed by the CEO, and the H&S and Risk Committees. Check the H&S competence of our main contractors and service partners is verified by the H&S team prior to their appointment, based on risk profile of the project and/or delivery. Ensure our principal designers and principal contractors submit suitable design stage reviews, pre-construction information, construction phase plans, site management plans (logistics, security, fire etc.) before works commence. The H&S team, with the support of external advisers and audits, ensures our Construction (Design and Management) (CDM) client duties are executed at all project stages and are monitored on a monthly basis (on construction sites). The Board, Risk Committee and Executive Directors receive frequent updates and presentations on key H&S matters, including 'Significant Incidents', legislation updates, and H&S performance trends across the development and managed portfolio. The H&S team work closely with HR on employee health and safety proactive measures (such as the Health & Wellbeing Strategy and Plan) and reactive measures (such as workplace adjustments, returning to work for new/expectant mothers and workplace assessments).

Strategic objectives

Trend

- 1 To optimise returns and create value from a balanced portfolio
- 2 To grow recurring earnings and cash flow
- 3 To attract, retain and develop talented employees
- 4 To design, deliver and operate our buildings responsibly
- 5 To maintain strong and flexible financing

- ↑ Increased
- ↓ Decreased
- Unchanged

10. Non-compliance with law and regulations

Risk	Status	Our actions
<p>The Group breaches legislation that forms the regulatory framework within which the Group operates.</p> <p>Executive responsibility: All Executive Directors</p> <p>Risk tolerance: Zero</p> <p>Strategic objectives: 3 4 5</p> <p>Stakeholders: Could potentially impact all our stakeholders</p> <p>Trend: —</p> <p>Failure to apply with applicable laws and regulations could result in significant financial, operational and reputational consequences for the Group, as well as the diversion of management's time. This could result in sanctions, fines or loss of our licence to operate.</p>	<p>The Group actively monitors the proposed regulatory changes which could have an impact on our business, including the reform of the UK Prospectus and Listing regime, and the UK Economic Crime and Corporate Transparency Act 2023 (ECCTA). Following publication of the UK Corporate Governance Code 2024, the Board will ensure the Group is fully compliant with the revised provisions by the applicable dates, particularly in respect of internal controls.</p> <p>Key performance indicators (KPIs):</p> <ul style="list-style-type: none"> ▪ Accident Frequency Rate (AFR) ▪ Managed property compliance ▪ A significant diversion of time could affect a wider range of KPIs <p>In addition, we consider compliance training completion rates, compliance with legislation through system based controls and feedback received from employee and occupier surveys.</p>	<ul style="list-style-type: none"> ▪ The Board and Risk Committee receive regular reports identifying upcoming legislative/regulatory changes. External advice is taken on any new legislation, if required. ▪ Managing our properties to ensure they are compliant with the proposed Minimum Energy Efficiency Standards (MEES) legislation for Energy Performance Certificates (EPCs). ▪ Ongoing staff training and awareness programmes. ▪ Group policies and procedures dealing with all key legislation are available on the Group's intranet. ▪ Quarterly review of our anti-bribery and corruption procedures by the Risk Committee. ▪ A Group whistleblowing system ('Speak-up') for staff is maintained to report wrongdoing anonymously. ▪ A review of our procedures against the Home Office's guide in response to the new offence of 'failure to prevent fraud' was introduced under ECCTA.

11. Digital transformation risk

Risk	Status	Our actions
<p>Systems fail to be implemented or do not deliver the anticipated benefits due to:</p> <ul style="list-style-type: none"> ▪ lack of clear scope and strategic focus; ▪ inadequate skills, resource and transfer of knowledge; ▪ underestimation of investment; ▪ lack of project management and governance; ▪ inadequate support from management; ▪ inadequate communication to stakeholders; or ▪ neglecting the impact on stakeholders and importance of change management. <p>Executive responsibility: Damian Wisniewski</p> <p>Risk tolerance: Medium</p> <p>Strategic objectives: 1 2 3 5</p> <p>Stakeholders: Employees, occupiers and suppliers</p> <p>Trend: ↑</p> <p>Failure to successfully deliver system changes that will help improve the control environment could lead to errors in financial accounting and reporting. It could also lead to higher costs due to inefficient existing processes, and impair the organisation's ability to scale and compete effectively.</p>	<p>The Group is implementing a number of applications/systems, including a new finance system. These change initiatives need to be carefully managed to ensure they deliver the anticipated benefits and mitigate any risks arising from the implementation/transition process.</p> <p>Key performance indicators (KPIs):</p> <ul style="list-style-type: none"> ▪ Regular reporting on key projects ▪ Cost incurred against budget ▪ A significant diversion of time could affect a wider range of KPIs <p>In addition, we monitor key project milestones and budget contingency trackers.</p>	<ul style="list-style-type: none"> ▪ Project scope and objectives are clearly defined, documented, approved and communicated to all stakeholders. ▪ Before project approval, the costs of implementation are budgeted, alongside the preparation of a detailed resource plan, to ensure adequate contingency in case of delays. ▪ Budget contingency is monitored throughout the project and reported to the Executive Committee and Board/ Committees, as required. ▪ Project management resource is assigned to larger projects, and they are required to follow good governance and internal project management processes. ▪ Provide clear and regular communication about key projects to the whole business, throughout the project, with support and leadership from the executive team.

Managing risks continued

Our emerging risks

Emerging risks are conditions, situations or trends that could significantly impact on the Group's financial strength, competitive position or reputation within the next five plus years and are therefore factored into the Board's viability assessment and strategic planning process. Emerging risks could involve a high degree of uncertainty. The methodology used to identify, assess and monitor emerging risks is described in the risk management framework on page 158.

Risk	Time horizon ¹			Impact	Our actions
	0-5 years	5-10 years	15+ years		
A: The evolving nature of office occupation Strategic objectives: 1 2 4	●	●		<p>The evolving nature of office occupancy in London is driven by a strong demand for premium spaces in prime locations, potential changes in workforce structure given the emergence of Artificial Intelligence (AI) and hybrid working trends. While high quality real estate remains resilient, occupier needs are changing.</p> <p>The Group needs to ensure it is thinking ahead, so that our product remains attractive to businesses, thereby retaining its competitive edge. Buildings that are unable to meet these objectives may suffer in value unless they can be redeveloped or repurposed.</p>	<p>The Group continues to proactively deploy its strategy, whilst maintaining close engagement with occupiers and monitoring evolving market trends to ensure a timely and appropriate response. We believe our customer-focused approach to delivering space in well-positioned locations with creative design and enhanced amenity at its core will exceed these evolving requirements.</p> <p>Our 'Furnished + Flexible' product also offers accessible and high quality space, particularly to small businesses. Regular reports on market sentiment are presented to the Board to inform decision making and assess how occupier trends may impact broader business performance.</p>
B: Accelerating technological change Strategic objectives: 1 2 3	●	●		<p>The accelerating pace of technological innovation (including AI) may disrupt existing business models, operational processes, and customer expectations. Failure to adopt technology could result in reduced competitiveness, increased obsolescence of systems, and missed opportunities for efficiency and growth.</p> <p>If the Group fails to respond to occupier demands for building-related technology, the Group's offering could become less desirable, leading to potential vacancies and loss of rental income. Whilst there is a demand for intelligent buildings, this does result in increased cyber risk.</p>	<p>The Group maintains a digital strategy that includes the systematic evaluation of emerging technologies to ensure that new systems and services deliver appropriate value and align with the Group's technology framework. The Group monitors developments in quantum computing and conducts periodic reviews of its cyber security service providers to ensure that they remain responsive to evolving technological and security risks.</p> <p>Artificial intelligence (AI) considerations have been incorporated into the Group's IT Acceptable Use Policy and into third party supplier due diligence processes, to ensure appropriate governance and risk management controls are applied.</p>
C: Climate-related risks Strategic objectives: 1 2 3 4	●	●	●	<p>The climate-related emerging risks which are considered to have the greatest impact on Derwent London are:</p> <ul style="list-style-type: none"> ▪ Subsidence ▪ Planning approval changes ▪ Emissions (carbon) offsets ▪ Windstorm ▪ Flooding <p>These risks have the potential to materially impact asset valuations, development viability, cash flows and regulatory compliance across the Group's portfolio.</p>	<p>Through our ongoing development and refurbishment programme, we continually improve the energy efficiency of our buildings. In addition to purchasing and self-generating renewable energy, we are delivering a c.100-acre solar park in Scotland to increase our own supply base of renewable energy. Embodied carbon and energy intensity reduction targets are included within the Executive Directors' long-term incentive plan awards (PSP).</p>
D: Geopolitical instability Strategic objectives: 2 4 5	●			<p>Continued geopolitical tensions could cause prolonged global supply chain disruption, commodity price inflation and market uncertainty, causing delays or disruption to occupier decision making and investor sentiment. There is also a risk of increased cyber attacks and social unrest.</p>	<p>Despite the uncertainty, our supply chain has been relatively unaffected due to our approach of early pre-ordering and storage. Early supply chain engagement in project designs helps with the identification of potential risks and alternative solutions.</p>

¹ Due to the uncertain nature of emerging risks and trends, the time horizon indicates the time period over which the Board currently perceives these risks could have a material impact on the Group.

The evolving nature of office occupation

Emerging risk

The central London office market for good quality assets remains resilient. However, the evolving nature of office occupation is an emerging risk for the Group. Awareness of key market drivers that could impact this risk is essential to ensure the Group remains ahead of occupier trends and demands.

The key drivers that could influence occupier trends include:

- strategic location of our buildings;
- the need for adaptable and collaborative space to accommodate hybrid working patterns and technological advancements;
- landlord services and amenities; and
- integration of ESG.

The Group's strategy of delivering high quality, amenity-rich space in well-positioned locations remains central to mitigating the emerging risk of the evolving nature of office occupation. The following controls are in place to mitigate this risk.

Engagement with occupiers

Regular engagement with occupier advisers as well as existing occupiers allows the Group to monitor trends and understand key factors impacting decision making. This informs the Group's strategy of developing a portfolio that meets evolving demand.

Differentiating our portfolio

The Group's portfolio is strategically considered to provide both HQ offices and 'Furnished + Flexible' offices in appropriate proportions to meet London's office demand profile. All workspace is now further supported by the DL/Member offer which includes, DL/Lounges and the DL/App. This provides the Derwent London occupier with high quality amenities and services at portfolio level as well as within individual assets.

Understanding market sentiment

The Board receives regular updates and reports, from both internal teams and external advisers, ensuring the Group has visibility over shifts in market sentiment and key drivers which ultimately inform strategic decision making as well as the design of Derwent London's workspace and offer.

Integration of ESG

Understanding how our occupiers view ESG enables the Group to respond to evolving expectations. Sustainability is embedded throughout the Group's strategy and this integrated approach ensures our assets are aligned to long-term occupier priorities and values. In 2025, a portfolio-wide campaign was issued, 'You Hold the Power to Save'. This initiative allows the Group to work alongside occupiers throughout a tenancy to achieve aspirations of reducing carbon.



Furnished & Flexible Floor Oliver's Yard EC1