

17 December 2014

Derwent London to redeem £175m 2.75% Convertible Bonds 2016

Derwent London plc (“Derwent London”) announces that its wholly-owned subsidiary, Derwent London Capital (Jersey) Limited (“DLCJ”), has today sent out notices to redeem all outstanding Convertible Bonds 2016 (“the Bonds”) on 30 January 2015 at their principal amount together with any accrued interest. As an alternative to the redemption of its Bonds, each Bondholder may exercise its Conversion Right by delivering a Conversion Notice.

The Bonds were issued on 2 June 2011 paying a coupon of 2.75% per annum and with a redemption date of 15 July 2016. This was the first issue of convertible bonds by a UK Real Estate Investment Trust (“REIT”) and the conversion price of £22.22 represented a premium of 30% over the Reference Share Price of £17.09. The EPRA net asset value per share of the Derwent London plc group (“the Group”) as at 30 June 2011 was £16.21.

DLCJ is entitled to exercise this early redemption option because the Bonds’ Parity Value has equalled or exceeded £130,000 on 20 of the last 30 dealing days up to and including 16 December 2014. The Bonds’ Parity Value is related to the share price of Derwent London which has also exceeded the conversion price for the shares by 30 per cent or more over 20 of the last 30 dealing days. Derwent London’s share price at the close of business on 16 December 2014 was £28.90.

If these conversion rights are exercised in full, it would lead to the issue of 7,875,787 ordinary shares. We estimate that the impact on EPRA earnings per share will be approximately neutral as the increased profits from reduced interest payments will be offset by the larger number of shares in issue. The Group’s cash flow will be enhanced and gearing reduced. The EPRA adjusted NAV per share is a fully diluted measure and therefore already takes account of the additional shares assuming full conversion.

Damian Wisniewski, Finance Director, commented:

“Given the strong recent share price, we have decided to exercise our option for early redemption of the Convertible Bonds 2016. With further improved cash flow and interest cover, this will leave us even better placed to deliver our substantial development programme while retaining the flexibility to take advantage of future opportunities should they become available.”

Derwent London Capital (Jersey) Limited

GBP 175,000,000
2.75 per cent. Convertible Bonds due 2016
(ISIN – XS0628102112) (the “Bonds”)

OPTIONAL REDEMPTION NOTICE

NOTICE IS HEREBY GIVEN to the Trustee and the Bondholders in accordance with the Terms and Conditions of the Bonds (the “**Conditions**”) that **Derwent London Capital (Jersey) Limited** is exercising its option under Condition 7(b) to redeem all outstanding Bonds on 30 January 2015 (being the Optional Redemption Date referred to in Condition 7(b)) at their principal amount together with interest accrued to (but excluding) that date. Derwent London Capital (Jersey) Limited is entitled to exercise this option under Condition 7(b) as a result of the Parity Value having equalled or exceeded £130,000 on 20 of the last 30 dealing days up to and including 16 December 2014.

As an alternative to the redemption of its Bonds, each Bondholder may exercise its Conversion Right in accordance with Condition 6(a) by delivering a Conversion Notice to the office of the Paying, Transfer and Conversion Agent (during its normal business hours). The last day on which Conversion Rights may be exercised by Bondholders is 23 January 2015. The Conversion Period shall end on that date. In accordance with Condition 5(b), each Bond will cease to bear interest from the Interest Payment Date immediately preceding the Conversion Date (either the Interest Payment Date falling on 15 July 2014 for Bonds with a Conversion Date falling before 15 January 2015 or the Interest Payment Date falling on 15 January 2015 for Bonds with a Conversion Date falling on or after 15 January 2015).

As at the date of this Notice, the Exchange Price is £22.22 per Ordinary Share.

On 16 December 2014, being the latest practicable date prior to the date of this Notice the aggregate principal amount of Bonds outstanding was £175,000,000 and the closing price of the Ordinary Shares, as derived from the London Stock Exchange, was £28.90.

This is an Optional Redemption Notice. Words and expressions defined in the Conditions have the same meanings herein.

Dated: 17 December 2014

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Notes to editors

Derwent London plc

Derwent London plc owns a portfolio of commercial real estate predominantly in central London valued at £3.7 billion as at 30 June 2014, making it the largest London-focused real estate investment trust (REIT).

Our experienced team has a long track record of creating value throughout the property cycle by regenerating our buildings via development or refurbishment, effective asset management and capital recycling.

We typically acquire central London properties off-market with low capital values and modest rents in improving locations, most of which are either in the West End or the Tech Belt. We capitalise on the unique qualities of each of our properties – taking a fresh approach to the regeneration of every building with a focus on anticipating tenant requirements and an emphasis on design.

Reflecting and supporting our long-term success, the business has a strong balance sheet with modest leverage, a robust income stream and flexible financing.

Landmark schemes in our portfolio of 5.7 million sq ft as at 30 June 2014 include Angel Building EC1, The Buckley Building EC1, White Collar Factory EC1, 1-2 Stephen Street W1, Horseferry House SW1 and Tea Building E1.

In December 2014 Derwent London topped the real estate sector for the fifth year in a row and was placed ninth overall in the Management Today awards for 'Britain's Most Admired Companies'. Also in 2014 the Group won the Property Week 'Developer of the Year' and the RICS London Commercial Award, and was shortlisted for awards by Architects' Journal, BCO, NLA and OAS. The Group was also awarded EPRA Gold for corporate and sustainability reporting.

For further information see www.derwentlondon.com or follow us on Twitter at @derwentlondon.

Forward-looking statements

This document contains certain forward-looking statements about the future outlook of Derwent London. By their nature, any statements about future outlook involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. Actual results, performance or outcomes may differ materially from any results, performance or outcomes expressed or implied by such forward-looking statements.

No representation or warranty is given in relation to any forward-looking statements made by Derwent London, including as to their completeness or accuracy. Derwent London does not undertake to update any forward-looking statements whether as a result of new information, future events or otherwise. Nothing in this announcement should be construed as a profit forecast.