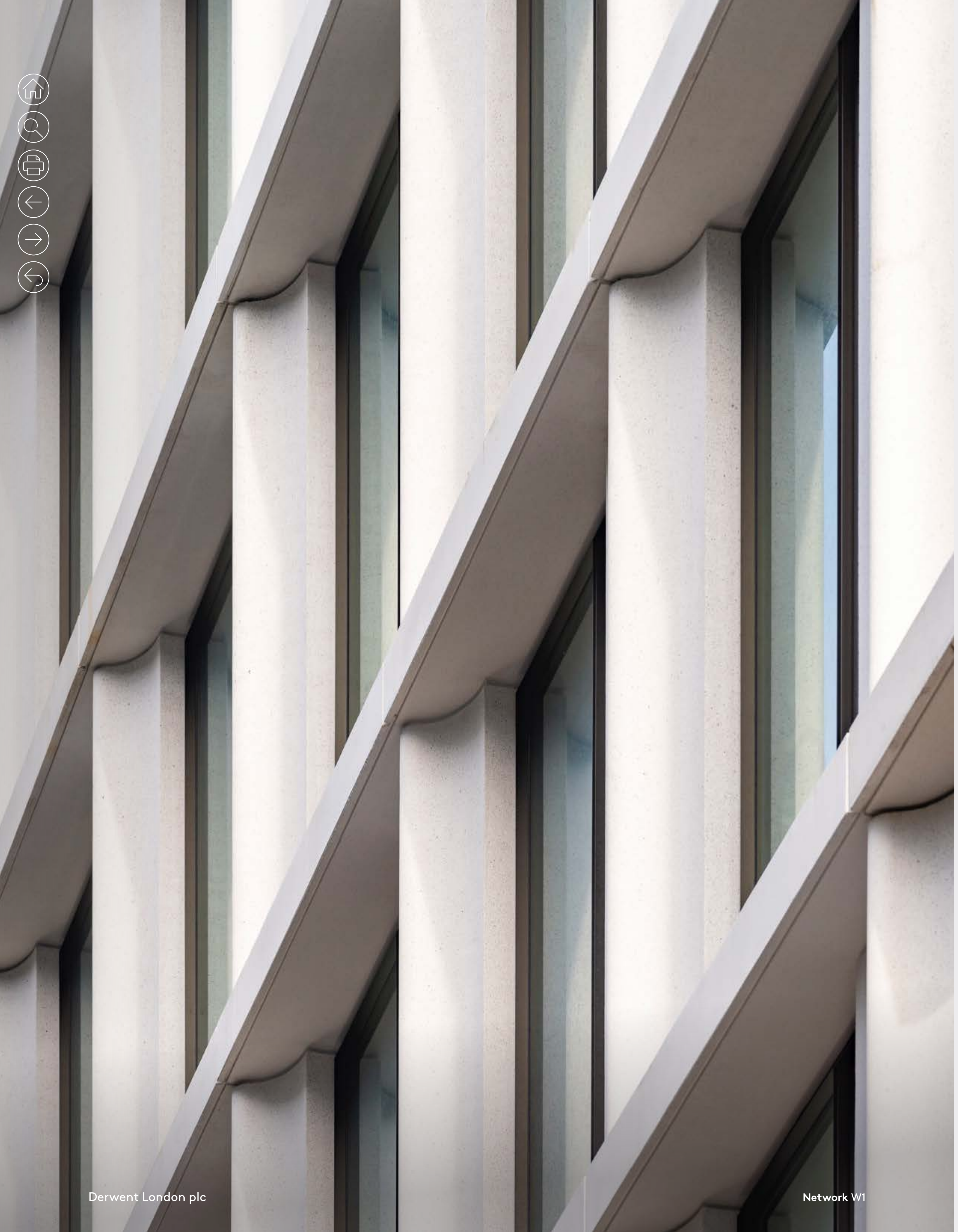
40 DERWENT LONDON YEARS

Derwent London plc

Report and Accounts 2024



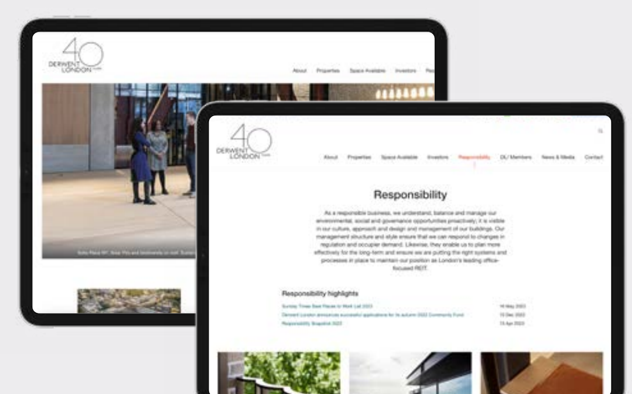
Network W1

"We delivered another strong leasing performance in 2024 with new leases signed 12% above ERV, and activity well distributed across the portfolio.

After declining in H1, portfolio valuations recovered in the second half and ended the year up 0.2%. Our rental values grew 4.3% in 2024, the highest since 2016.

London is a leading global city, attracting a diverse occupier base. As office specialists, the spaces we deliver have strong appeal. Our well-stocked regeneration pipeline and high quality central London portfolio positions us well to benefit from the positive rental growth outlook for 2025.

Paul Williams
Chief Executive



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STRATEGIC REPORT

"Having access to the lounges adds incredible value for our staff and organisation. What's impressive is the spec, design and quality. It really puts Derwent into a different light and category than most office providers.

Comic Relief
on the DL/ Lounges

OUR STRATEGIC FRAMEWORK

We are driven by our

Vision
We craft inspiring and distinctive space where people thrive

Purpose
We design and curate long-life, low carbon, intelligent offices that contribute to London's position as a leading global city, while aiming to deliver above average long-term returns for all our stakeholders

Values
We build long-term relationships

We lead by design

We act with integrity

Culture

- Dedicated and adaptable
- A passion to improve London's office spaces
- Strong customer focus
- Progressive and pragmatic
- 'Open door' and inclusive
- Collaborative and supportive

We manage our balanced portfolio

- Core income
- On-site schemes
- Potential schemes

Achieved by our

- Strategic objectives
- Core activities
- Governance framework

See pages 26 and 27

To create long-term value for our stakeholders

- Occupiers
- Employees
- Local communities and others
- Shareholders and debt providers
- Central and local government
- Suppliers

See pages 38 and 39

White Collar Factory EC1

OUR YEAR IN REVIEW

Demand for our high quality, well-located product remained strong through 2024, enabling us to secure £18.9m of new lettings during the year. This includes 25 Baker Street W1 where the offices are now fully let ahead of completion. Progress continued on other regeneration projects, notably at 50 Baker Street W1 where we secured resolution to grant planning consent and acquired the remaining 50% interest from our JV partner. Property yields stabilised in H2 and ERV growth doubled in the year, returning the portfolio to capital growth.

Operational highlights

£18.9m
Lettings, 6.2% above December 2023 ERV

3.1%
EPRA vacancy rate (December 2023: 4.0%)[R]

60%
Major on-site projects pre-let

50 Baker St
Achieved planning & acquired remaining 50% for £44.4m (before costs)

ESG highlights

137kWh/sqm
Energy intensity (2023: 149 kWh/sqm)[R]

12,357tCO$_2$e
Operational carbon footprint (2023: 14,370 tCO$_2$e)

69.2%
EPC rating A or B (by ERV) including projects (2023: 68.4%) – market average < 30%

£451k
Community fund & sponsorship donations committed

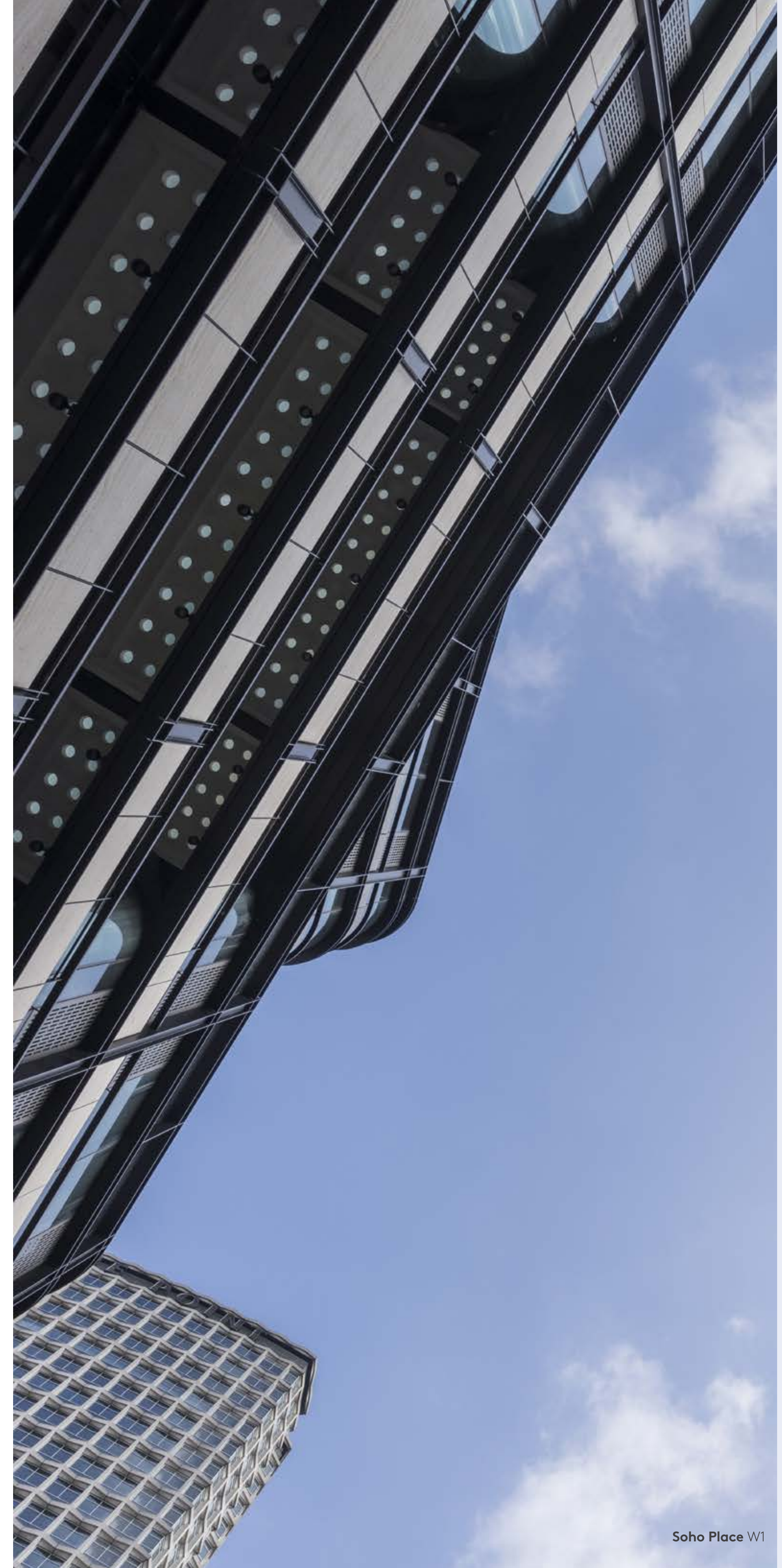
Portfolio performance

0.2%
Capital return (2023: -10.6%)

4.1%
Total property return[R] (2023: -7.3%)

5.73%
True equivalent yield (2023: 5.55%)

4.3%
ERV growth (2023: 2.1%)



Soho Place W1

Financial highlights

3.2%
Total return[R] (2023: -11.7%)

3,149p
EPRA NTA per share[1,2] (2023: 3,129p)

£276.9m
Gross property & other income (2023: £265.9m)

£189.6m
Net rental income (2023: £186.2m)

106.5p
EPRA earnings per share[1,2] (2023: 102.0p)

80.5p
Dividend per share (2023: 79.5p)

3.9x
Interest cover ratio[3] (2023: 4.1x)

29.9%
EPRA loan-to-value ratio[1,3] (2023: 27.9%)

1 EPRA performance measure – see page 283 for definitions.
2 See note 38 on page 255 in the financial statements for reconciliation to IFRS figures.
3 See note 40 on page 261 in the financial statements for calculation.
R Links to remuneration – see pages 33 to 37.

INVESTMENT CASE

Positioned for growth

Our **portfolio** and **people** together deliver long-term **performance**

Market-leading brand and experienced team

- A brand renowned for design and innovation
- Established team with a strong track record of success
- Long-term strategy with consistent property outperformance against our benchmark

See pages 26 and 27

Balanced portfolio with extensive pipeline

- West End focused, where demand is strong and rents are rising
- Opportunity-rich portfolio: 47% with regeneration potential; £116m of reversion
- 2m sq ft pipeline of major regeneration projects

See pages 18 to 21

Strong occupier demand driving rental growth

- London is a global city, attracting a broad range of sectors
- Quality offices, which are in short supply, play a key role in attracting and retaining talent
- Businesses prioritising an 'office-centric' workforce

See pages 15 to 17

Differentiated design-led and amenity-rich approach

- Matching product to requirements through bespoke design
- Broad product range from larger HQs to smaller 'Flex' units
- Portfolio-wide approach to amenity made possible by village clusters

See pages 22 and 23

Responsible value creation

- Ensuring value creation for all stakeholders
- Commitment to net zero carbon by 2030
- Investing in self-generated 'green' electricity

See pages 40 to 53

Disciplined approach to capital management

- Robust balance sheet with modest leverage
- Financial headroom provides firepower when opportunities arise
- Focus on total return and long-term growth in dividend, well covered by earnings

See page 32

CHAIRMAN'S STATEMENT

Mark Breuer Chairman

The Group has a clear and differentiated business model, established over 40 years, adding value through regeneration and delivering high quality, design-led sustainable offices.

Highlights
- Market conditions increasingly favourable
- Long-term track record of total property return outperformance against the central London office index
- A balanced portfolio between core income properties and those with regeneration potential

We have a proven track record, with a disciplined approach to capital recycling. We have consistently outperformed the MSCI Central London Office Index and in 2024 our total property return was a strong 280bp outperformance of the index.

The occupational market in London remains positive. Demand is broadening and activity is more evenly spread across sub-markets than in recent years. While businesses continue to prioritise prime offices in well-connected, central locations, there has been an increase in demand for space at more accessible price points. Our development pipeline and portfolio are well-aligned with these market trends. Our overall ERV was up £10.9m to £320.5m. This includes the substantial uplift in our mark-to-market reversion to £18.3m, from £7.1m at December 2023, driven by ERV growth.

Over the coming years we intend to maintain the pace of investment into our portfolio to ensure our buildings remain strategically well-placed. Our 2m sq ft regeneration pipeline will deliver attractive returns and the scale of the projects provides good optionality. In addition, the volume of refurbishments continues to rise, giving us the opportunity to drive rents.

Our portfolio remains under continual review. We will recycle assets to maximise our return on capital and ensure we retain sufficient financial headroom to take advantage of investment opportunities that are emerging.

Our focus is on offering innovative workspaces that meet London's diverse demand. Like our portfolio, this ranges from large, long-term HQ spaces to smaller 'Furnished + Flexible' units. We are dedicated to delivering best-in-class offices under our distinctive brand and our unique DL/Member offering plays a key role in providing real additional value to our occupiers.

EPRA earnings in 2024 of 106.5p per share were up 4.4% and I am therefore pleased to confirm a 0.5p increase in the final dividend to 55.5p, resulting in a 1.3% increase in the full year dividend to 80.5p per share in line with our progressive and well covered policy. It will be paid on 30 May 2025 to shareholders on the register of members at 25 April. The 2024 interim and final dividends were covered 1.32 times by EPRA earnings.

Brunel Building W2

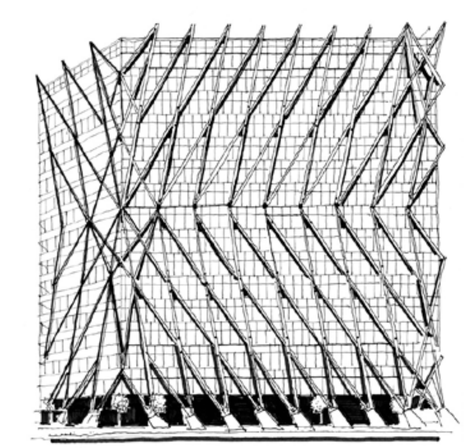
We dedicate considerable time and resources to the ongoing development of our people to prepare for succession at all levels across the business and the Nominations Committee continues to plan for senior succession. We have a strong pool of talent from which to draw.

During 2024, a number of changes were made to the Board. Claudia Arney stepped down after nine years as Non-Executive Director. She was succeeded as Chair of the Remuneration Committee by Sanjeev Sharma.

The Board was pleased to welcome Rob Wilkinson and Madeleine McDougall as Non-Executive Directors in the year. Dame Cilla Snowball will retire by no later than the 2025 AGM after her nine-year term and be succeeded by Madeleine as Chair of the Responsible Business Committee. The Board thanks both Claudia and Cilla for their valuable contribution to the business and wishes them well for the future.

With our great team, strong portfolio and more positive market outlook, we are optimistic for the future.

Mark Breuer
Chairman



CHIEF EXECUTIVE'S STATEMENT

Paul Williams Chief Executive

London is a leading global city which continuously adapts and evolves.

Highlights

- Strong total return outlook
- ERV growth across market as occupier demand broadens
- Substantial increase in reversionary potential
- Delivering 0.9m sq ft into supply-constrained market

London's enduring appeal

London is a leading global city which continuously adapts and evolves. With unrivalled international connectivity and world-leading universities, it is Europe's tech and innovation hub attracting more venture capital investment than any other European city. Appealing to talent across a variety of sectors, it supports a highly skilled workforce. It is a city with all the elements for a promising and strong future: ongoing growth in office-based jobs, GDP expected to maintain its outperformance, and an enduring competitive advantage which appeals to a broad range of businesses.

We are excited about the outlook for London and the office sector despite the volatile macroeconomic environment.

The importance of the office is widely endorsed by companies across sectors, as they place increasing emphasis on ensuring their talent is primarily in the workplace. High quality, well-located space across a broadening variety of price points is being prioritised, which aligns well with our portfolio.

London's occupational market was strong in 2024, with take-up in line with longer term levels and active demand rising significantly in the year. At the same time, the vacancy rate for high quality London offices is very low and the medium-term development pipeline is constrained. In 2024, we delivered another successful leasing performance and portfolio ERV growth more than doubled year on year to 4.3%, the highest level since 2016. We expect this positive activity to continue.

The investment market was subdued last year. Sentiment improved in the first half, with inflation and long-term interest rates reducing, optimism leading up to the General Election and UK GDP forecasts being revised upwards. However, Q4 saw a reversal in sentiment as concerns around growth and inflation re-emerged.

In spite of this, and in line with our guidance, property yields stabilised, following two years of substantial outward movement. Investment activity is expected to increase in 2025, with a rise in the number of assets being brought to the market and more investors looking to invest in the sector.

Our strategic focus

We are specialists in the London market, with clear insight into how businesses see London from a global perspective. The evolving market and occupier mindset present both challenges and opportunities. We are well-positioned to capitalise on these shifts and are proactively responding to them.

Our commercial decisions around capital allocation and operational models will impact returns over several of years. As such, we focus on the short and long-term implications of our actions. We continue to review market opportunities while remaining committed to capital recycling (both buying and selling) at the optimal price and timing, ensuring we deliver good returns.

We continuously review the portfolio to ensure it is fit for the future and over the last five years have made disposals totalling £824m. Combined with acquisitions of £484m and capex of £848m, our portfolio has been reshaped to fewer but higher quality buildings. We have been disciplined and strategically focused with our capital allocation.

With higher quality, greener buildings today, this reshaping has helped deliver a more resilient valuation performance through the recent downturn. Our total property return has outperformed the MSCI benchmark by 170bp pa over the last 10 years, and by 280bp in 2024.

Operationally, our approach is to reflect the market and offer spaces that appeal to a broad range of businesses, without assuming 'one size fits all'. Inspiring and innovative architecture and design, sustainability, and a holistic approach to our overall product and offering are integral to everything we do when shaping our portfolio.

For larger buildings with bigger floor plates, we deliver HQ space which attracts more established businesses on long leases. For units under 10,000 sq ft, we will likely offer Furnished and Flexible units to attract smaller occupiers who are often willing to pay higher rents for this more straightforward, short-term solution. Our focus is on maintaining a well-balanced mix across the portfolio. This approach ensures a robust WAULT, sustainable profit margins and helps us manage our operational costs. The unique Derwent London offering, regardless of scale, is backed by a personal approach, exceptional service, and further enhanced by our DL/ Member benefits.

Portfolio activity

In 2024 we achieved further operational success, signing £18.9m of new leases and bringing the total rent agreed over the past two years to £47.3m. Open market lettings in 2024 averaged 12.3% ahead of December 2023 ERV and included the pre-letting of the remaining office space at 25 Baker Street W1. With a high rate of retention and reletting, coupled with commencement of rolling refurbishment work at several properties, our EPRA vacancy rate reduced from 4.0% at December 2023 to 3.1%. Since the year end, a further £1.2m has been let and £2.2m is under offer.

Soho Place W1

Our leasing activity was well distributed across the portfolio. Geographically, activity was split between the West End at 53% and City Borders at 43%, with pre-letting accounting for 47%.

Lease length is an important KPI for us, with a long WAULT supporting our risk capacity for speculative development. Including pre-lets, the average term (to break) for new leases signed in the year was 8.0 years, slightly ahead of the portfolio's 6.8 year 'topped up' WAULT.

We completed disposals totalling £89.1m (after costs) in the year. At £76.6m, Turnmill EC1 was the principal disposal, reflecting a capital value of £1,100 psf and a 4.9% initial yield. In addition, the sale of the recently vacated 4 & 10 Pentonville Road N1 completed shortly after year end for £25.7m.

Capital expenditure for the year totalled £207m, one of the highest levels on record. Alongside our two major on-site projects, the number of rolling refurbishments increased in the year, as we upgrade environmental performance and drive rents. We expect a higher volume of refurbishment over the coming years.

Marylebone has been proven as a strong West End office market. This further justified our acquisition of our JV partner's 50% stake at 50 Baker Street W1. This c.240,000 sq ft development is expected to start in H1 2026. The consideration of £44.4m (before costs) reflects a valuation of c.£370 psf on the consented area, an attractive discount to recent market evidence. With a forecast shortage of supply when the development completes, we expect this project to deliver an attractive return.

CHIEF EXECUTIVE'S STATEMENT continued

Property valuations and financial performance

Underlying capital values, before accounting adjustments, increased 0.2% in 2024, supporting a 0.6% uplift in NTA to 3,149p per share and a positive total return (also known as total accounting return) of 3.2%. This masks a notable shift through the year, however, with valuations up 1.9% in H2, more than offsetting the 1.7% reduction in H1. The portfolio equivalent yield was unchanged through H2 at 5.73%, having increased 18bp in the first half. Reversion growth and development profits were the main drivers of the second half valuation performance. Our 4.1% total property return again outperformed the MSCI benchmark of 1.3%.

Our higher quality buildings continued to outperform. Properties valued at ≥£1,500 psf rose in value by 3.5%, while those valued at ≤£1,000 psf declined 3.8%. The value of our on-site developments increased 15.1% reflecting completion of the pre-letting campaign at 25 Baker Street and further progress on delivery.

With a structural shortage of space across the London office market, and particularly in the West End, that meets the evolving requirements of occupiers, we are confident in the ongoing rental prospects for our portfolio. The pace of rental value growth in our portfolio more than doubled in 2024 to 4.3% compared to 2.1% in 2023. Rental reversion from reviews and expiries increased substantially from £7.1m at December 2023 to £18.3m at the end of 2024 which will drive future growth in our gross rental income and marks the start of the new cycle.

Earnings are an important component of our total return. In recent years, we have delivered relatively strong EPRA earnings despite many of our costs rising more quickly than rental income. We are now seeing a general reduction in the rate of cost inflation. It is worth noting that the lumpy nature of our development projects causes short-term movement in earnings as they complete and capitalisation of interest stops. Combined with a gradual increase in our average interest rate as near-term debt is refinanced, this may impact our EPRA earnings in 2025. Trading profits from the sales of the private residential units at 25 Baker Street W1, which are excluded from the definition of EPRA earnings, are expected to offset this.

Dynamic London office market

Central London take-up increased each quarter in 2024 aligning with longer term levels. A total of 11.3m sq ft was leased. There is significant pent-up demand across a wide variety of requirements, with active demand up 30% over the year to 12.8m sq ft. London's office vacancy rate in 2024 reduced from 8.6% to 7.5%, a decline of c.4m sq ft.

Occupier requirements are focused on well-connected core locations where existing supply is low and new supply is constrained. As a result, businesses with larger space needs are engaging earlier to maximise the available options.

We believe the West End is well-positioned for the medium and longer term. Reasons include the broad occupier base and its more restrictive planning backdrop which limits the amount of new space being delivered. While we expect the City to benefit from a near-term increase in demand, it is likely to remain more cyclical than the West End which has historically demonstrated more sustained growth.

2.0m sq ft regeneration pipeline

Regeneration sits at the heart of our business model and we have a long and successful track record of creating high quality space in the right locations. Our pipeline extends to approximately 2.0m sq ft across eight major projects, which includes:

- on-site projects totalling 437,000 sq ft (completion in 2025); the combined development yield is 6.1%, which would rise to 6.3% if a similar level of ERV outperformance is achieved on the remaining speculative space. Our new yield on completion metric, of 6.9% for these projects, replaces notional finance costs with actual capitalised interest and is more in line with the methodology used by our peers;
- next phase of projects totalling 481,300 sq ft which are expected to complete over the next three to four years; and
- longer term projects of c.1.1m sq ft.

To maximise value on our longer term projects such as Old Street Quarter EC1, we will explore the appropriate balance of uses, including residential and other 'living' sectors.

Additionally, we have an ambitious programme of refurbishments. Upgrading the physical space and improving the environmental performance (EPC rating) will deliver attractive rental uplifts at these smaller projects. Examples include 1-2 Stephen Street W1, Middlesex House W1 and 1 Oliver's Yard EC1.

Recognising our employees

In January 2025, we were delighted to achieve the National Equality Standard (NES) for the second consecutive time, achieving a score in the top 5% of accredited organisations in the UK. Our continued work to raise the bar has also been recognised in the latest Britain's Most Admired Companies awards where we came second in the real estate sector. Acknowledging the hard work of our talented workforce, there were 15 internal promotions in 2024, including two promotions to the Executive Committee: Matt Cook, Head of Digital Innovation & Technology, and Julie Schutz, Head of Internal Audit.

Outlook and guidance

The market outlook for London office rental values is positive with increases forecast across all sub-markets. Our valuation ERV growth rose to 4.3% in 2024, and our guidance for 2025 is in the range of 3% to 6% across our portfolio. Initially, this will further drive our rental reversion, with uplifts in passing rent captured over the following years as rent reviews and new lettings occur.

We operate a total return business model. Whilst we expect to see a gradual increase in our average cost of debt as we refinance over the next year or so, ERV-led capital value growth and development surpluses will be the main drivers of our performance over the next couple of years, with earnings expected to respond thereafter.

Assuming yields remain stable, our total return outlook is the strongest it has been for several years, supported by ongoing investment into the portfolio in a robust occupier market.

Paul Williams
Chief Executive

CENTRAL LONDON OFFICE MARKET

White Collar Factory EC1

Highlights

- Take-up of 11.3m sq ft in line with long-term average; substantial pent-up demand
- Looming supply shortfall
  - Vacancy rate down 4m sq ft, to 7.5%; Grade A vacancy much lower at 1.3% in West End
  - Speculative development of 8.4m sq ft over next four years; <9 months' supply
- Investment market subdued in 2024; forecast to improve in 2025

Occupational market

Over the next five years, economic growth in London is forecast to outperform the UK by c.40bp annually. This is expected to support an annual increase of c.40,000 new office-based jobs, in turn giving business the confidence it needs to support ongoing investment in London.

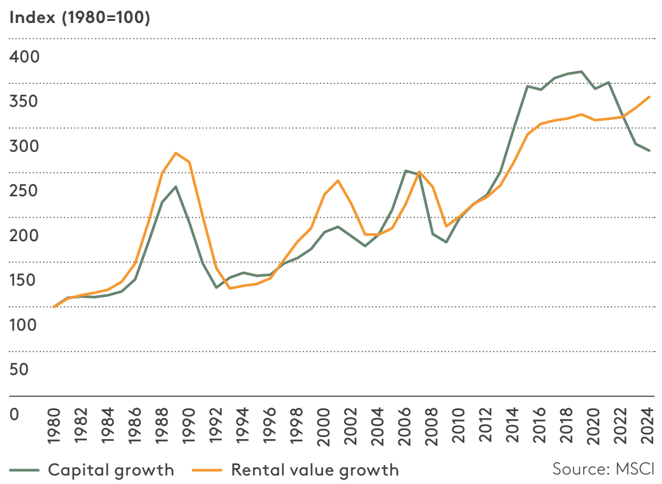
Occupier demand is strong with a rise in the number of businesses upsizing. Recent data from Cushman & Wakefield showed that for the 10 largest London office lettings in 2024, there was a 47% average increase in space taken compared to the existing footprint.

This was corroborated by data from CBRE which shows the number of expansions continuing to rise.

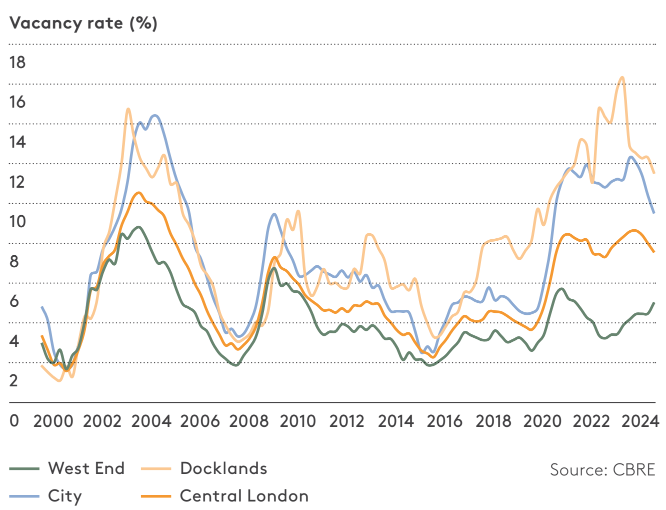
Take-up in 2024 was positive and active occupier demand is elevated whilst vacancy continues to reduce and the medium-term development pipeline is constrained. Consequently, larger businesses are launching new requirements at an ever earlier stage.

CENTRAL LONDON OFFICE MARKET continued

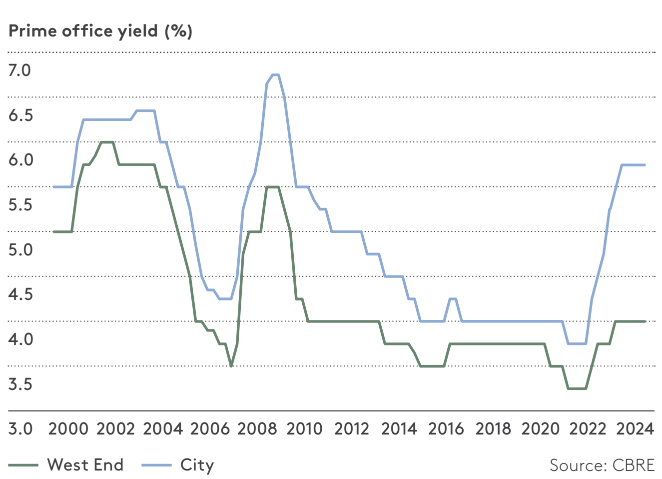
London's office cycle



Available space by sub-market



Central London office yields



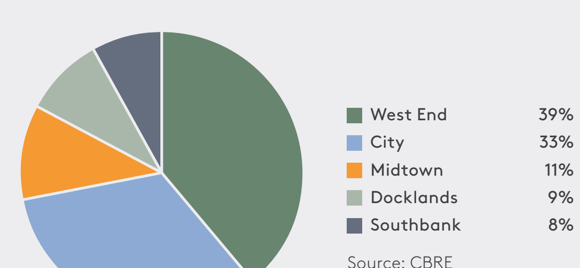
Overall take-up rose 4% to 11.3m sq ft, in line with the 10-year average. At 3.5m sq ft, West End take-up reduced 6% as space under offer rose 11% to 0.9m sq ft. In the City, take-up increased 3% to 5.8m sq ft, but under offers declined 20% to 0.9m sq ft. Across London, active demand rose 30% to 12.8m sq ft, the highest level on record, although transactions are generally taking longer to complete.

Vacancy across London reduced by 4m sq ft to 7.5%, or 1.9% for Grade A. Within this, the West End remains well-placed with a Grade A vacancy rate of 1.3% (5.0% overall) with the City at 2.0% (or 9.5% overall). The cyclical increase in demand from the banking and finance and business services sectors has supported a 3m sq ft reduction in City availability to 8.0m sq ft.

Across London, 14.5m sq ft of committed developments are forecast to complete by 2028, of which 6.1m sq ft is pre-let or under offer (42%, rising to 51% for 2025 completions) and 8.4m sq ft remains speculative. Based on average take-up over the last 10 years, this is equivalent to less than nine months' supply. 2025 is expected to see a spike in deliveries (8.8m sq ft), but over the medium-term, the pace of completions slows significantly.

Looking ahead, the outlook is promising. We are pleased to observe positive activity throughout London, with rental growth now anticipated across most sub-markets. The trend toward quality continues, and competition for the highest quality spaces is emerging, further bolstering strong rental growth. In addition, we are witnessing increased demand for good quality space at more accessible price points. Businesses across all sectors in London are back in the office, and with corporate mandates becoming more common, we are seeing a rise in businesses seeking additional space to accommodate this shift.

Central London office stock



Investment market

The macroeconomic backdrop remained uncertain in 2024. The positive sentiment which started to emerge in the middle part of the year reversed in Q4, with long-term interest rates rising to their highest level since the global financial crisis in 2008-09. Ongoing uncertainty meant that many investors remained on the sidelines and potential vendors chose to hold on to buildings until market conditions improve. This resulted in the lowest transactional volume recorded across central London in the last 25 years (£4.9bn vs a long-term average of c.£11.4bn).

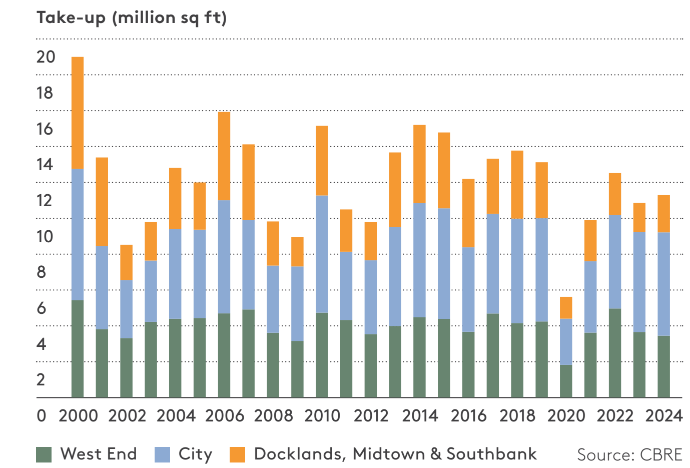
Q4 saw the return of a number of institutional investors to the central London office market, following recent price corrections, having not been active for several years. Well-located assets of up to £150m, with Value-Add and Core-Plus business plans, continue to attract good investor demand, principally due to the favourable occupational market and strong rental growth prospects. However, Knight Frank now also reports around £5bn of capital for core assets, as a consequence of the growing perception that pricing has levelled out.

Demand remained focused on the sub-£100m market, with an average lot size across central London of c.£33m (against a long-term average of closer to £80m). There were only 11 deals in excess of £100m. The West End proved more resilient against the challenging economic backdrop, recording £3.1bn of transactions or four times that of the City at £0.8bn. This can partly be attributed to its smaller average lot sizes and lower reliance on debt, but also its broader investor appeal.

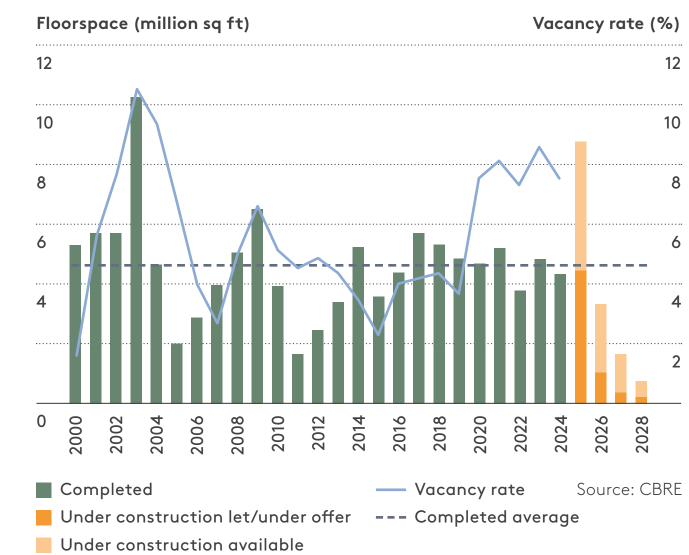
Current investment availability sits at around £4.1bn, according to CBRE. With more pricing datapoints starting to emerge and rising demand, it is hoped that the market will see an increase in stock levels over the course of 2025. However, with around £20bn of equity targeting London, CBRE estimates an imbalance between demand and supply.

Prime yields were unchanged in both the West End and City in 2024 at 4.0% and 5.75%, respectively.

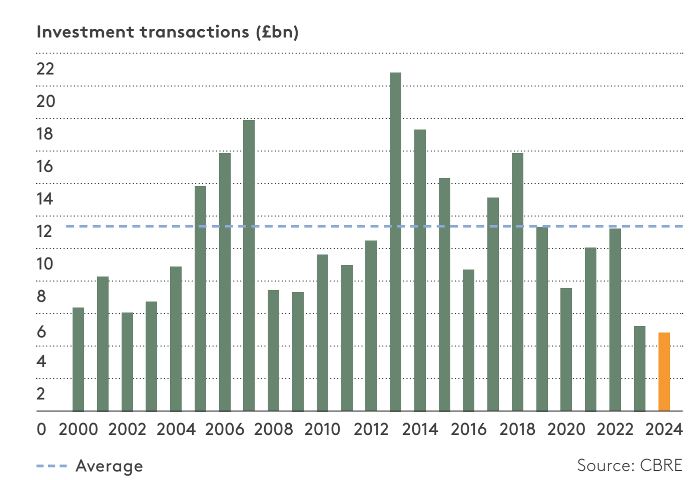
Central London office take-up



Central London development pipeline



Central London office investment transactions

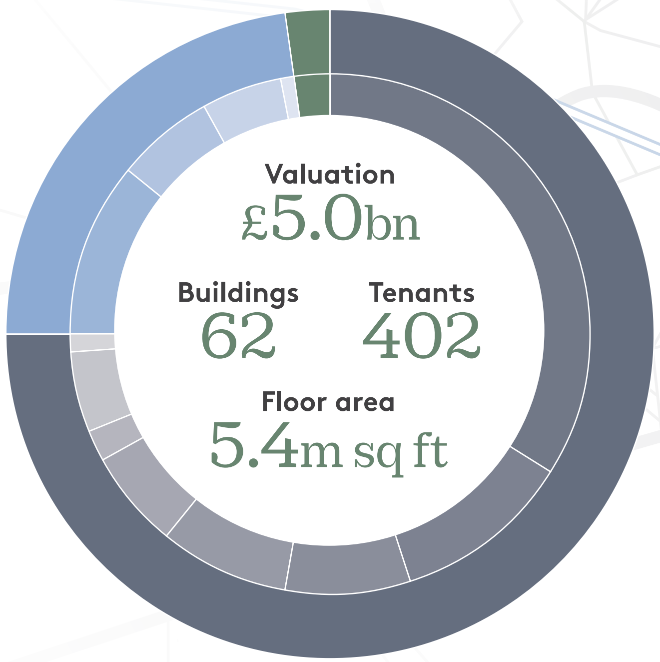


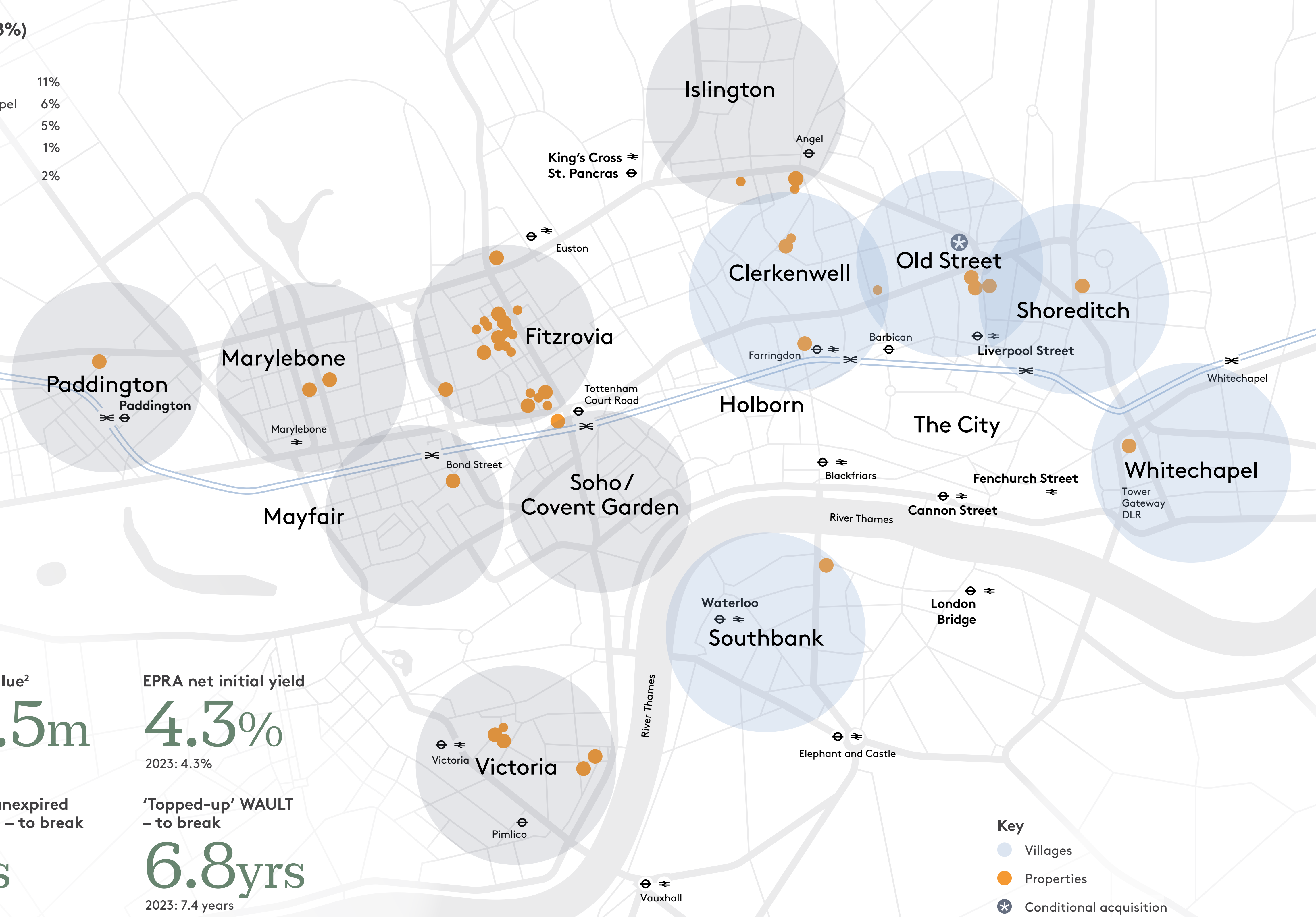
OUR PORTFOLIO

A well-located central London portfolio

Portfolio weighting across our 13 London villages (98%)

West End Central	
Fitzrovia	34%
Marylebone	11%
Victoria	8%
Soho/Covent Garden	8%
Paddington	6%
Mayfair	2%
West End Borders & Other	
Islington and Camden	5%
Brixton	1%
City Borders	
Old Street	11%
Shoreditch & Whitechapel	6%
Clerkenwell	5%
Southbank	1%
Scotland	2%





Contracted rental income[1]
£204.3m
2023: £206.5m

Estimated rental value[2]
£320.5m
2023: £309.6m

EPRA net initial yield
4.3%
2023: 4.3%

True equivalent yield
5.73%
2023: 5.55%

Weighted average unexpired lease term (WAULT) – to break
5.9yrs
2023: 6.5 years

'Topped-up' WAULT – to break
6.8yrs
2023: 7.4 years

1 Net of ground rents.
2 After additional capex of £292m.

REGENERATION PROJECTS

We add value through a combination of development and refurbishment projects across the portfolio.

We typically invest £150m to £200m in the portfolio each year.

Major projects and refurbishments are classified in the 'With Potential' or 'Under Development' sections of our balanced portfolio. Our pipeline comprises of two on-site schemes (437,000 sq ft) and a further six schemes (c.1.6m sq ft) for delivery over the medium to long-term, as well as other various rolling refurbishments.

Refurbishment projects usually fall into one of two categories: rolling or comprehensive.

We reposition properties with enhanced amenity and general upgrades which grow income and future-proof asset value.

The timing, pace and extent of rolling refurbishments depends on when we get space back from occupiers.

Part of our activity relates to EPC upgrade works to ensure compliance with evolving environmental legislation.

On completion, properties move into the 'Core Income' category where we continue to create value through asset management.

See page 26

On-site

25 Baker Street W1
Target completion H1 2025

298,000 sq ft
Uplift: 66%
£298m
Total capex
(plus £27m estimated overage)

Network W1
Target completion H2 2025

139,000 sq ft
Uplift: 66%
£125m
Total capex

Next phase

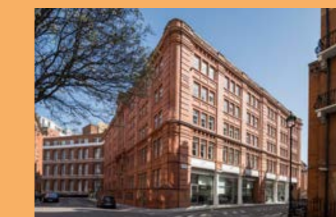
Holden House W1
Redevelopment behind façade
Start date: H2 2025

133,500 sq ft
Uplift: 47% (from 90,600 sq ft)
Consented

50 Baker Street W1
Redevelopment
Start date: H1 2026

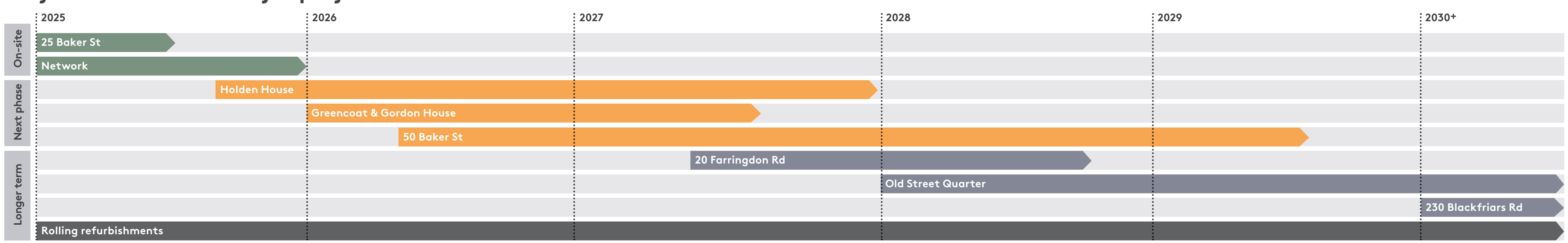
c.240,000 sq ft
Uplift: 96% (from 122,300 sq ft)
Consented
(resolution to grant)

Greencoat & Gordon House SW1
Comprehensive refurbishment
Start date: H1 2026



107,800 sq ft
£54 psf
Passing rent
£70+ psf
Scheme ERV

Project timeline for major projects



Examples of rolling refurbishments

1-2 Stephen Street W1
Rolling from 2023

£82+ psf
Estimated rental value
£63 psf
Previous/passing rent

Middlesex House W1
Rolling from 2024

£80+ psf
Estimated rental value
£60 psf
Previous/passing rent

Longer term

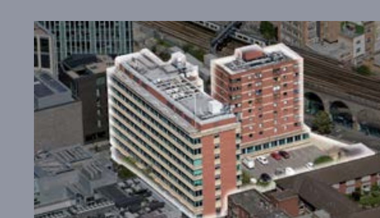
20 Farringdon Road EC1
Comprehensive refurbishment
Start date: 2027

166,300 sq ft
£52 psf
Passing rent
£80+psf
Scheme ERV

Old Street Quarter EC1
Mixed-use campus redevelopment
Start date: 2028+

750,000+ sq ft
Target/Uplift: 80%
400,000 sq ft
Existing

230 Blackfriars Road SE1
Redevelopment
Start date: 2030+

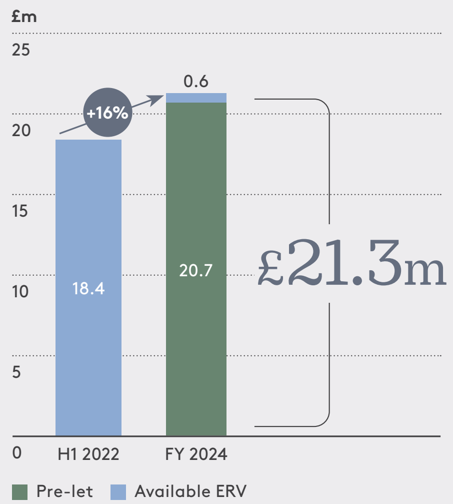


200,000+ sq ft
Target/Uplift: 200%
60,100 sq ft
Existing

Investing in Marylebone

Our investment strategy often focuses on village clusters, which enables us to positively impact the local area. Marylebone, with its vibrant village atmosphere, excellent transport links and abundance of green space, embodies many of the attributes sought by discerning occupiers. This underpins our decision to invest significantly in this location and generate value.

Growth in ERV



25 Baker Street W1

Regeneration underway

- Originally a collection of 1960s leasehold buildings we held jointly with The Portman Estate, Derwent acquired full ownership in late 2021 ahead of commencing the development.
- The 298,000 sq ft mixed-use scheme, designed by Hopkins Architects, includes 206,000 sq ft of Grade A offices, 41 private residential apartments (c.50% pre-sold by value) and 17 retail units around a new landscaped public courtyard.
- Designed with all-electric heating and cooling and Intelligent Building technology, the office building is being delivered with high sustainability credentials, targeting BREEAM Outstanding and NABERS UK 4.5* or higher.
- The offices are fully pre-let ahead of completion in mid-2025 to five diverse tenants, demonstrating depth of demand, at rents well ahead of our original appraisal.

Before

50 Baker Street W1

The next phase

- Our ownership of this 1.0-acre island site currently comprises three leasehold properties. We purchased the first 50% from Lazari in 2021 and the balance was acquired in late 2024 after a period of joint ownership. Additionally, there is a fourth property owned by the freeholder, The Portman Estate.
- We obtained resolution to grant planning consent in August 2024 and, with our established relationship with the freeholder, are making good progress on agreeing a headlease regear over the entire site.
- The project is a c.240,000 sq ft high quality office-led scheme, expected to commence in early 2026.
- Following our leasing success at nearby 25 Baker Street, and considering the limited availability of best-in-class space in the West End, we anticipate strong demand from high calibre occupiers for this location.

After

STRATEGIC FRAMEWORK & BUSINESS MODEL

Our portfolio and people together deliver long-term performance

We combine our asset management and regeneration expertise with a relationship-focused approach to add value to the Group's 5.4m sq ft property portfolio and grow income. Stakeholder, climate change and wider ESG impacts form key considerations in the strategy we pursue for each individual property. This approach benefits the communities in which we operate and the wider environment.

We are driven by our

Vision

We craft inspiring and distinctive space where people thrive

Purpose

We design and curate long-life, low carbon, intelligent offices that contribute to London's position as a leading global city, while aiming to deliver above average long-term returns for all our stakeholders

Values

We build long-term relationships

We lead by design

We act with integrity

Culture

Dedicated and adaptable

A passion to improve London's office spaces

Strong customer focus

Progressive and pragmatic

'Open door' and inclusive

Collaborative and supportive

Achieved by our

Core activities

Asset management
Understanding our occupiers helps us tailor buildings and leases to their needs thereby reducing vacancy, growing our income streams and adding value

Refurbishment and development
Our focus on design, amenity and innovation creates sustainable and adaptable buildings, characterised by generous volumes and good natural light with high quality amenities

Investment activity
We recycle capital, acquiring properties with future regeneration potential to build a pipeline of projects and disposing of those which no longer meet our investment criteria and forward return expectations

See page 26

Strategic objectives

To optimise returns and create value from a balanced portfolio

To grow recurring earnings and cash flow

To attract, retain and develop talented employees

To design, deliver and operate our buildings responsibly

To maintain strong and flexible financing

See pages 28 to 32

Governance framework

Risk management
Risk management is integral to the delivery of our strategy

Performance and remuneration
Success against our objectives is measured using our KPIs and rewarded through our incentive schemes

See page 27

Creating value for

Our stakeholders

Occupiers

Employees

Local communities and others

Suppliers

Central and local government

Shareholders and debt providers

See pages 38 and 39

STRATEGIC FRAMEWORK & BUSINESS MODEL continued

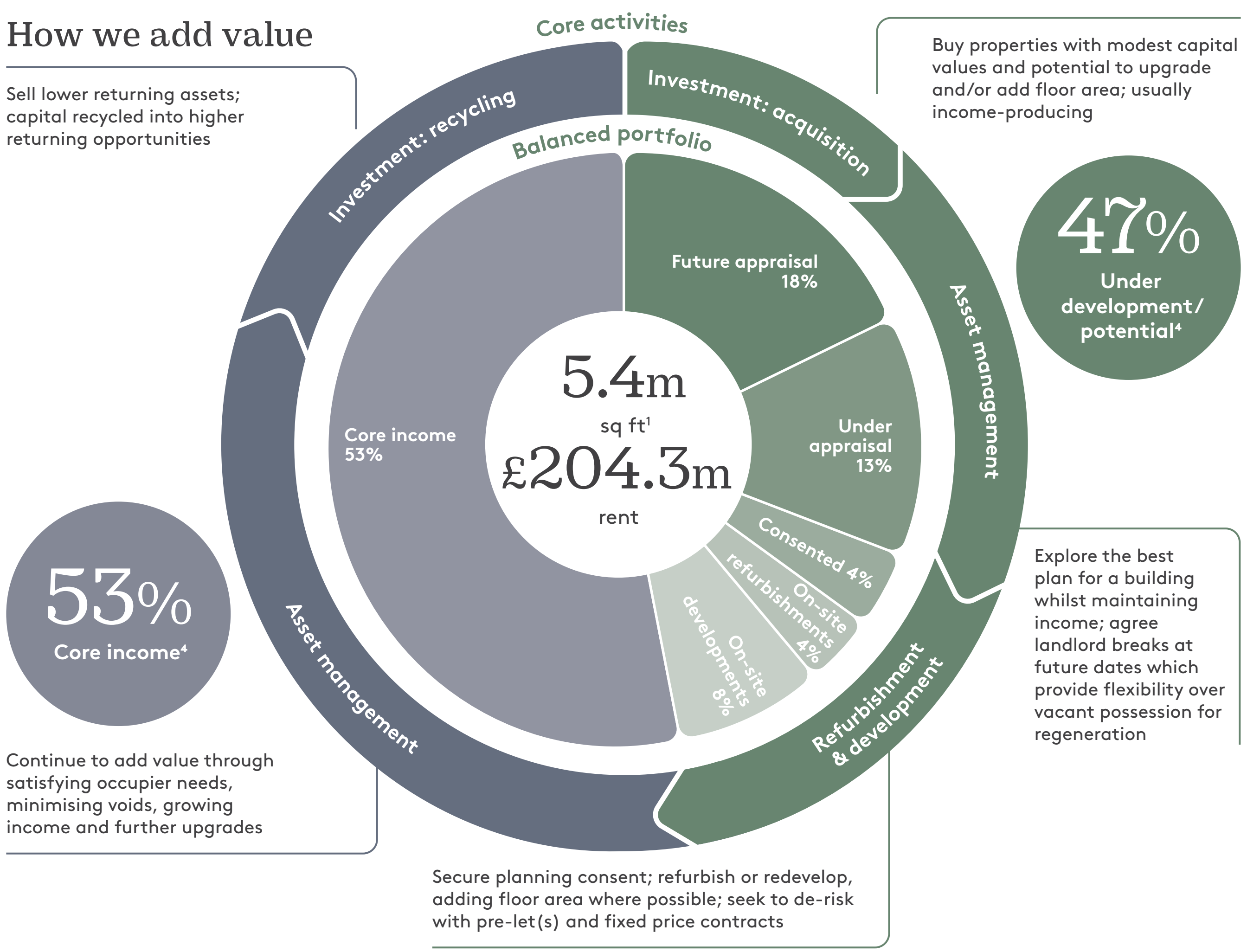
Core activities

We plan for a portfolio balanced between 'Regeneration' and 'Core income' assets. At 31 December 2024, our portfolio was split 47% 'With potential' or 'Under development' and 53% 'Core income'. The balance may fluctuate depending on the market cycle.

'Core income'
Buildings where most of the repositioning activity has taken place, but we use our asset management skills to continue to grow income and value.

'With potential' or 'Under development'
Buildings either on site or with potential to add further value through regeneration. The proposed major development at Old Street Quarter EC1 is excluded as completion of the purchase is conditional and not anticipated to occur before 2027.

How we add value



Portfolio characteristics

Core income	On-site developments	On-site refurbishments	Potential schemes[2]
Floor area: 2.83m sq ft	**Floor area:** 0.44m sq ft	**Floor area:** 0.19m sq ft	**Floor area:** 1.90m sq ft
Rental income: £137.9m	**Pre-let income:** £20.7m	**Rental income:** £0.9m	**Rental income:** £65.5m
WAULT: 6.8 years	**WAULT:** 13.5 years	**WAULT:** 0.5 years	**WAULT:** 4.0 years
Rent[3]: £68.49 psf	**Rent[3]:** £104.06 psf	**Rent[3]:** £0.00 psf	**Rent[3]:** £48.00 psf
ERV: £70.95 psf	**ERV:** £96.68 psf	**ERV:** £78.51 psf	**ERV:** £54.98 psf

1 Comprises 4.92m sq ft of existing buildings plus 0.44m sq ft of on-site developments.
2 Includes Future appraisal, Under appraisal and Consented categories.
3 'Topped-up' office rents only.
4 49% Core income / 51% Under development/potential including Old Street Quarter.

Governance framework

Risk management

Balancing the appropriate level of risk and return is an integral part of our business model. Risk levels are monitored regularly and split into categories considering the likely impact on strategy, operations, financial position and stakeholders.

We take a long-term view on planning, risk mitigation and financial discipline as our projects often span many years.

Annual preparation of a five-year plan helps us identify risks and opportunities. It enables us to maintain an appropriate balance between income/dividend growth and value adding through higher risk projects over the near and medium-term. It also helps us monitor our responsibilities to our various stakeholders.

Long-standing relationships with our supply chain form an important source of value and help mitigate risk.

Principal risks / See pages 94 to 99
Emerging risks / See pages 100 and 101

Performance & remuneration

Key Performance Indicators (KPIs) help us measure performance and assess the effectiveness of our strategy.

The main performance measures we use to ascertain overall business performance and determine the majority of the variable elements of executive remuneration are:

- Total return (TR) – Combines the dividend paid in the year with the movement in net asset value (using EPRA NTA) to provide an overall return for the year on a per share basis; this is measured against our peer group.
- Total property return (TPR) – The movement in our property values plus the income they generate; this is compared against an index of other relevant properties.
- Total shareholder return (TSR) – The movement in our share price plus dividends; this is compared against our benchmark, the FTSE 350 Real Estate Super Sector Index.

We use these metrics to ensure strong alignment between the interests of shareholders and our decision makers. In addition, non-financial targets, which measure our success in meeting ESG and climate change responsibilities and the needs of other stakeholders, comprise 25% of the potential annual bonus and 10% of the potential LTIP.

Performance measurement / See pages 33 to 37
Remuneration Committee report / See pages 174 to 199

80 Goswell Road EC1

STRATEGIC OBJECTIVES

1 To optimise returns and create value from a balanced portfolio

We plan to optimise returns from a portfolio which is balanced between properties with potential to add further value through regeneration, and those which have already been repositioned but where our asset management skills can continue to grow value and income. This split changes depending on where we are in the property cycle and where individual properties are in their life cycle. See page 26 for 'Balanced portfolio' split.

Maintaining a pipeline of current and future projects is a key part of our strategy as returns generated from value-enhancing projects help us outperform our benchmarks (principally the MSCI Central London Office Index). These projects often take several years with profits derived from a combination of planning uplift, the regearing of headleases and physical refurbishment or redevelopment.

Having a balanced portfolio enables us to start schemes speculatively. However, we often look to de-risk projects by agreeing pre-lets during the construction period. The momentum this provides encourages us to consider the next phase of our project pipeline, adding further value where we see opportunities.

We seek to balance the inherent risk of regeneration projects with 'core income' properties in the portfolio, where the focus is on customer relationships to maintain or grow income through active asset management. This enables us to achieve the appropriate balance of risk and return for the business.

We regularly review the portfolio to identify capital recycling opportunities, which involves disposing of assets where we believe most of the upside has been captured or which no longer meet our investment criteria.

2024 Priorities and progress

2024 Priorities	Progress
Make further progress on 25 Baker Street and Network, including additional pre-lets and residential pre-sales	● Good progress made and both projects on track to complete in 2025. At 25 Baker Street, office space is 100% pre-let on long leases ahead of ERV, first retail units are under offer and 15 residential units pre-sold at Dec 2024
Let the remaining space at The Featherstone Building, Soho Place and elsewhere	◐ Soho Place is now fully let and The Featherstone Building is 92% leased
Secure planning for 50 Baker Street JV and progress plans for Old Street Quarter	● At 50 Baker Street, resolution to grant planning consent was received in Aug 2024, and 100% ownership acquired in Dec 2024. At Old Street Quarter, further progress made on plans for a mixed-use project
Dispose of properties that no longer meet our investment criteria	● Total disposals of £89m completed in 2024 in line with book value, with a further £26m in Jan 2025
Review emerging acquisition opportunities	◐ Explored several acquisition opportunities across a range of assets, including those with regeneration potential

47%

of assets 'Under development/With potential' (by area) / see page 26

53%

of assets 'Core income' (by area)

Performance measures:

1 2 3 4 7 8 10

KPIs / See page 33

Principal risks:

1 3 4 5 6 7 8 9 11

See page 94

Emerging risks:

A B C

See page 100

2025 Priorities

- Complete projects at 25 Baker Street and Network, including securing pre-lets at Network, and further residential sales and letting of the retail units at 25 Baker Street
- Commence redevelopment at Holden House W1
- Progress 50 Baker Street development
- Continue to progress masterplans for Old Street Quarter in advance of planning application
- Progress disposal opportunities
- Review emerging acquisition opportunities

● Achieved ◐ In progress ○ Not achieved

2 To grow recurring earnings and cash flow

Property valuations reflect the combination of contracted and expected future cash flows with a market yield which takes account of risk, growth expectations, quality, environmental considerations and other factors.

Establishing the right strategy for a property can both add value and increase cash flow, but these typically occur at different stages of the property cycle. Value creation usually occurs first as expectations emerge that rent will grow above its current passing level, referred to as 'reversion', with an uplift in cash flow captured later upon lease events such as rent reviews, lease regears and other forms of lease restructuring.

Drawing on established relationships with occupiers, and with a focus on local communities and other stakeholders, our asset managers capture reversion by:

- achieving appropriate rent review outcomes by working closely with our occupiers and consultants;
- extending leases or removing break clauses through negotiations with our occupiers;
- co-ordinating 'block dates' to gain possession of buildings in preparation for regeneration schemes;
- reviewing levels of 'grey' space, i.e. floor area that is let but which is not currently occupied or is being marketed by an occupier; and
- optimising income by anticipating our occupiers' needs. Examples include fixed or minimum rental uplifts and a flexible approach to dilapidations and alienation clauses.

We believe that by creating the right space and providing our occupiers with the flexibility, adaptability, amenity and DL/Member benefits they are increasingly looking for we can generate further rental growth in the future.

2024 Priorities and progress

2024 Priorities	Progress
Continue to proactively manage upcoming reviews, expiries/breaks and vacancies to retain or increase income	● Carried out asset management activities on 364,400 sq ft, increasing rent by 1.2% to £14.5m. Our combined retention and re-let rate was 85% and average unexpired lease length is 5.9 years (2023: 6.5 years)
Work to reduce irrecoverable property costs	◐ Lower EPRA vacancy rate, reduced utility prices and maintenance contracts negotiated at sub-inflation levels helped reduce property costs
Look to upgrade existing stock where opportunities arise to maximise income	● Invested £53m on smaller upgrade projects across the portfolio
Further promote DL/Lounges and DL/Service and continue to build on our member offering	● New office tenants briefed on DL/Member benefits, various marketing campaigns conducted to promote DL/Service and member feedback collected through surveys

2.6%

increase in like-for-like gross rental income in 2024

3.1%

EPRA vacancy rate

Performance measures:

1 2 3 4 7 9 10

KPIs / See page 33

Principal risks:

1 3 4 5 6 7 8 9 11

See page 94

Emerging risks:

A B C D E

See page 100

2025 Priorities

- Proactively manage upcoming reviews, expiries/breaks and vacancies to retain or increase income
- Continue to upgrade portfolio and drive rents
- Review opportunities to reduce EPRA cost ratio
- Complete majority of apartment sales at 25 Baker Street

Achieved | In progress | Not achieved

3 To attract, retain and develop talented employees

Our employees are instrumental to the successful delivery of our strategy and long-term business performance.

We are an inclusive and respectful employer that welcomes diversity and champion equality. Our high performing, progressive and collaborative culture, alongside a consultative and professional leadership style, is focused on teamwork, integrity and long-term relationships.

The Group's reputation stems from behaviours and values promoted by the Board and Executive Committee. Our employees are our brand ambassadors and we invest considerable time and resources in their development and growth. The Group enjoys a high rate of staff retention (85% in 2024). When we recruit externally, we look for diverse, outstanding individuals who can bring creativity, skills and competencies to the business.

Our operational structure enables complex transactions to be managed effectively. Although we are organised by discipline, we assemble specific project teams from across the business to increase creativity and innovation.

We undertake an annual anonymous staff survey which provides an important forum for staff feedback. This helps us identify areas where we have made a positive impact and areas for future improvement.

We are focused on embedding our diversity and inclusion ambitions, and upskilling our talent, throughout the business.

2024 Priorities and progress

2024 Priorities	Progress
Host four individuals through the #10,000 Interns programme	(Achieved) Four interns completed the #10,000 Interns programme, which incorporated a reverse mentoring programme with senior Derwent employees
Inclusive management training for line managers	(Achieved) Directors, Executive Committee and line managers received inclusive management training in Nov 2024
Progress work on Disability Strategy and Action Plan	(In progress) External consultant-led review of portfolio accessibility completed; building access information packs to support visitors with different abilities to be introduced in 2025; all projects to be audited at each RIBA design stage by accessibility consultant
Take appropriate action identified by employee focus groups following staff survey	(Achieved) Staff appraisal process refreshed and training provided to line management to support higher quality outcomes

93%
Proud to work at Derwent London

91%
Overall employee satisfaction

Performance measures:
1 2 3 4 7 8 10
KPIs / See page 33

Principal risks:
6 7 8 9 10 11
See page 94

Emerging risks:
B C
See page 100

2025 Priorities

- Maintain focus on future succession planning and employee upskilling
- Consider appropriate action identified following staff 'pulse survey'
- Prepare and launch biennial employee survey
- Analyse feedback from NES reassessment report and refocus priorities
- Continue with health and wellbeing initiatives

4 To design, deliver and operate our buildings responsibly

Delivering well-designed, adaptable, occupier-focused buildings with carefully considered amenity is an integral part of our business model. We believe these buildings offer better long-term value for customers through more efficient occupation, reduce letting risk and void levels, and command stronger rents, yields and values.

Setting high standards for design and environmental responsibility builds flexibility, longevity and climate resilience into our portfolio, both for new schemes and the properties we manage.

To meet our target of becoming a net zero carbon business by 2030, we must deliver buildings that are increasingly energy efficient, powered by renewable energy and have very low embodied carbon footprints. Likewise, we must reduce the reliance of our managed properties on natural gas, and further lower their energy consumption and associated operational carbon footprints.

Our Net Zero Carbon 2030 Pathway is set out on pages 44 to 47, together with our full TCFD (Task Force on Climate-related Financial Disclosures) report on pages 102 to 115. A phased programme of works to upgrade EPC ratings to ensure compliance with evolving Minimum Energy Efficiency Standards (MEES) legislation is underway.

We work with our stakeholder groups to ensure we are meeting their expectations and standards, as well as acting responsibly (see pages 38 and 39). This includes engaging with the local communities around our buildings, through to using the best designers and contractors to ensure our portfolio meets the high standards we set.

We aim to ensure our portfolio is fit for purpose over the long-term and continues to generate the returns we expect.

2024 Priorities and progress

2024 Priorities	Progress
Collaborate with occupiers to reduce energy usage	(Achieved) Engaged with 118 occupiers (73% of ERV); energy consumption of managed portfolio reduced 9% in 2024
Review and expand material Scope 3 inventory elements, including those relating to occupier energy which we do not procure	(Not achieved) Additional upgrade works to our environmental data ecosystem were prioritised in 2024 over Scope 3 expansion. This work included further automation of data collection and analysis processes, as well as Intelligent Building integration
Complete double materiality assessment	(Achieved) Completed double materiality assessment and its integration into the Group's strategy and risk processes – see pages 42 and 43

69.2%
EPC rating A or B, including projects (by ERV)

17%
Reduction in energy intensity since 2019 baseline (kWh/sqm)

Performance measures:
1 2 3 4 7 9 10
KPIs / See page 33

Principal risks:
1 6 7 8 9 10
See page 94

Emerging risks:
A C D E
See page 100

2025 Priorities

- Maintain positive progress towards energy intensity reduction targets
- Ensure our development pipeline continues to meet our embodied carbon targets
- Progress Lochfaulds solar park including commencement of solar panel installation
- Progress concrete decarbonisation and circular economy initiatives
- Review and expand material Scope 3 inventory elements
- Launch of three-year funding option under our community fund

Achieved · In progress · Not achieved

5

To maintain strong and flexible financing

We finance our business using equity and a moderate level of debt from a variety of sources. We value long-term relationships with our lenders, whilst also striving to be progressive and innovative.

Our core principle is one of modest financial leverage with generous interest cover, to balance the relatively higher risk associated with our regeneration activity. Using a combination of unsecured flexible revolving bank facilities and longer term fixed rate debt, we can adjust the level of drawn debt to meet our day-to-day requirements.

We aim to maintain considerable headroom under our facilities to enable us to move quickly when acquisition opportunities arise. This demonstrates flexibility to fund cash flows without delay but has a cost in terms of non-utilisation fees. It also reassures our management team and stakeholders that the development pipeline is capable of being financed and delivered without overstretching the balance sheet.

Our financing model is based on the following principles:

- modest financial leverage;
- strong focus on interest cover to support our credit rating (Fitch issuer default rating of 'BBB+' with a stable outlook);
- borrowing from a diverse group of relationship lenders who understand and support our business model;
- a focus on debt maturities, while managing the cost of debt and ensuring sufficient protection against interest rate fluctuations;
- keeping structures and covenants simple and understandable and planning ahead;
- ensuring alignment of the Group's financing strategy with our overall business goals; and
- maintaining a healthy level of financial headroom.

This approach provides financial stability and helps us when considering issues such as going concern and viability statements.

We value long-term relationships with our lenders, valuing the stability and mutual understanding that this creates over an approach that seeks the very lowest funding cost.

2024 Priorities and progress

2024 Priorities	Progress
Agree and execute strategy for £83m 3.99% secured loan due in 2024	£83m secured loan refinanced with new £100m unsecured 3-year term facility plus two 1-year extension options signed with NatWest
Consider refinancing options for £175m convertible bonds and £55m private placement notes due to mature over the next 24 months	New facilities agreed with Barclays (Dec 2024) and HSBC (Feb 2025), for a combined £230m, on an initial term of 2 years with options to extend
Maintain substantial headroom on financial covenants	Interest cover remains strong at 3.9 times; property income could fall by 62% before breaching the interest cover covenant. High level of cash and undrawn facilities maintained (£487m at Dec 2024) and EPRA LTV remains low at 29.9%
Continue to maintain close relations with our existing lenders	Maintained regular dialogue with all our lenders throughout the year and hosted a number of property tours

Our REIT status

Derwent London plc has been a Real Estate Investment Trust (REIT) since July 2007. The REIT regime (see page 285) provides a structure which closely mirrors the tax position of an investor holding property directly and removes tax inequalities between different real estate investors. REITs are principally property investors with tax-exempt property rental businesses, but remain subject to corporation tax on non-exempt income and gains. In addition, we are required to deduct withholding tax from certain shareholders on property income distributions and, in 2024, £9.8m was paid to HMRC.

Performance measures:

1 2 3 4 7 8 10

KPIs / See page 33

Principal risks:

1 2 3 4 6 7 8 9 10 11

See page 94

Emerging risks:

D E

See page 100

2025 Priorities

- Repay convertible bonds due June 2025
- Refinance main £450m bank facility
- Consider refinancing options for LMS bonds 2026
- Maintain substantial headroom on financial covenants
- Continue to maintain close relations with existing lenders

MEASURING OUR PERFORMANCE

Measuring our performance

We use a balance of financial and non-financial key performance indicators (KPIs) to measure our performance and assess the effectiveness of our strategy. They are also used to monitor the impact of the principal risks that have been identified and a number are used to determine remuneration.

Key Performance Indicators

Financial

Operational measures

- Total return
- Total property return
- Total shareholder return
- EPRA earnings per share

Gearing measures

- Gearing & available resources
- Interest cover ratio

Non-Financial

Operational measures

- Reversionary percentage
- Development potential
- Tenant retention
- Void management

Responsibility measures

- BREEAM ratings
- Energy Performance Certificates
- Energy intensity
- Embodied carbon intensity
- Accident frequency rate
- Staff satisfaction

Key to 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

A Audited
A Assured
R Remuneration

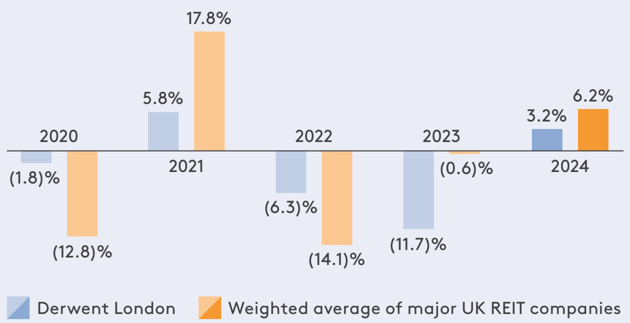
Strategy / See page 27

MEASURING OUR PERFORMANCE continued

Financial

1. Total return (TR)

TR is used to assess the value we have delivered for investors. Our aim is to exceed the average of other major UK real estate companies (our 'benchmark').



Our performance

The Group's TR in 2024 was 3.2% compared to the benchmark of c.6.2% based on current estimates. Our average annual return over the past five years is -2.2%, a 1.5% pa underperformance against the benchmark -0.7%, mainly due to the office sector performing less well than other property sectors.

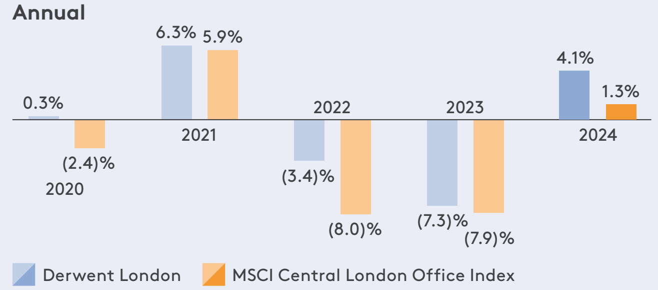
Strategic objectives 1 2 3 4 5

A R

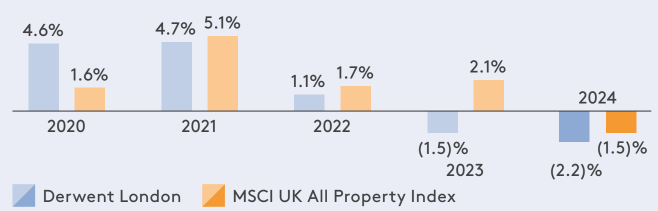
2. Total property return (TPR)

TPR is used to assess progress against our property-focused strategic objectives. Our aim is to exceed the MSCI Central London Office Index on an annual basis and the MSCI UK All Property Index on a three-year rolling basis.

Annual



Three-year rolling



Our performance

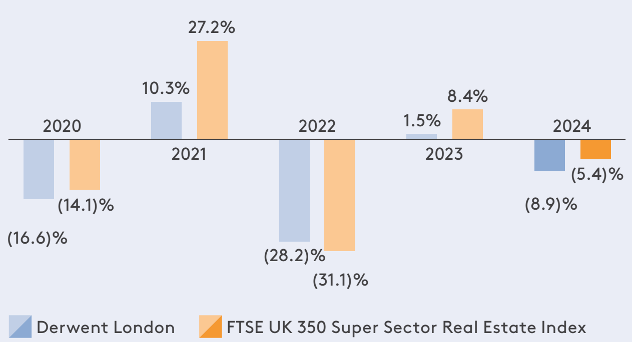
Good progress on delivery and de-risking of on-site projects resulted in a 2.8% outperformance of the MSCI Central London Office Index during 2024. The Group's three-year rolling average TPR is -2.2% pa, a 0.7% underperformance against the MSCI UK All Property Index. This was mainly due to the strength of the industrial sector in previous years.

Strategic objectives 1 2

R

3. Total shareholder return (TSR)

TSR is used to measure the Group's success in providing above average long-term returns to its shareholders. We compare our performance against the FTSE 350 Real Estate Super Sector Index, measured in accordance with industry best practice.



Our performance

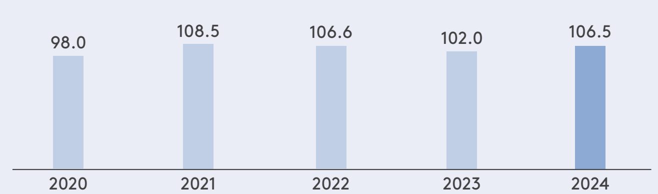
The fall in the share price during the year, in comparison to those of our peers mainly invested in other property sectors, meant that the Group underperformed its benchmark index in 2024.

Strategic objectives 1 2 3 4 5

R

4. EPRA earnings per share (EPS)

EPRA EPS is the principal measure used to assess the Group's operating performance and a key determinant of the annual dividend. A reconciliation to the IFRS profit can be found in note 38 on page 255.



Our performance

EPRA EPS increased 4.4% to 106.5p per share in 2024. This was mainly due to an increase in gross rental income at recently completed developments, and an increase in surrender premium income received in the year.

Strategic objectives 1 2

A

5. Gearing and available resources

The Group uses NAV gearing and EPRA LTV to monitor its capital position. The levels of cash and undrawn facilities, and uncharged properties remain under regular review to ensure sufficient flexibility to take advantage of acquisition and development opportunities.

	2023	2024
EPRA LTV ratio	27.9%	**29.9%**
NAV gearing	38.7%	**41.9%**
Cash and undrawn facilities	£480m	**£487m**
Uncharged properties	£4,202m	**£4,665m**

Our performance

After net investment in our portfolio of £150.6m in 2024, cash and undrawn facilities at year and increased to £487m.

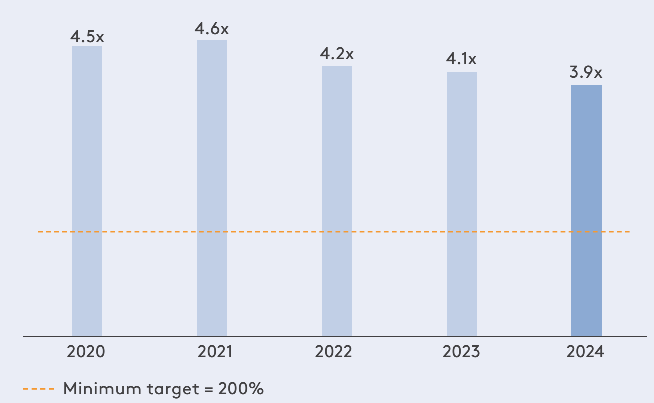
A fall in property values between June 2022 and June 2024 led to an increase in the NAV gearing and LTV ratios. However, with the stabilisation in valuations in H2 2024, both ratios remain at comfortable levels.

Strategic objectives 5

A

6. Interest cover ratio (ICR)

We aim for interest payable to be covered by net rental income at least two times. The basis of calculation, which is detailed in note 40 on page 261, is in line with the covenant which forms part of our unsecured bank debt.



Our performance

Net property income increased in the year but higher finance costs resulted in ICR decreasing slightly in 2024. We retain substantial headroom to the main ICR covenant of 1.45 times; rental income would need to fall by 62% before it was breached.

Strategic objectives 5

A

Non-Financial

7. Reversionary percentage

This is the percentage by which cash flow from rental income would grow, assuming passing rent increases to the estimated rental value (ERV) and that on-site schemes are completed and fully let. This is used to monitor the Group's future income growth potential.

	2020	2021	2022	2023	2024
%	54	65	49	50	**57**

Our performance

ERV increased by £10.9m to £320.5m in 2024, due to 4.3% rental value growth on standing and development properties, partly offset by disposals in the year. The £116m potential reversion at December 2024 is 57% of passing rent (£204m), of which 54% is contracted.

Strategic objectives 1 2

8. Development potential

We monitor the proportion of our portfolio with refurbishment or redevelopment potential to ensure it contains sufficient opportunities for future value creation.

	2020	2021	2022	2023	2024
%	43	48	43	44	**47**

Our performance

At the end of 2024, on-site developments and refurbishments represented 12% of the portfolio with a further 35% identified as potential schemes. Including the conditional acquisition of Old Street Quarter EC1, the development potential increases to 51%.

We continue to actively seek opportunities to ensure the optimal balance between core income and development potential.

Strategic objectives 1

R

Non-Financial continued

9. Tenant retention

Maximising tenant retention, in the absence of regeneration plans, reduces void periods and vacancy levels, contributing to net rental income.

	2020	2021	2022	2023	2024
Exposure (£m pa)[1]	12.5	19.7	13.2	21.5	**17.9**
Retention (%)	65	47	59	62	**76**
Re-let (%)	22	30	20	3	**9**
Total (%)	87	77	79	65	**85**

1 Rental income subject to tenant breaks or expiries.

Our performance
Our retention and re-letting rate rose to 85% in 2024, partly due to timing of breaks and expiries but also evidence of the strong relationships we have with our tenants and the appeal of our product.

Strategic objectives 2
R

10. Void management

To optimise our rental income we plan to minimise the amount of space immediately available for letting. Our aim is for this to remain below 10% of the portfolio's estimated rental value (ERV).

	2020	2021	2022	2023	2024
Year end (%)	1.8	1.6	6.4	4.0	**3.1**
Average (%)	1.3	2.3	5.7	4.3	**3.2**

Our performance
Our EPRA vacancy rate at year end was 3.1% and averaged 3.2% through 2024. The reduction compared to 2023 reflects a combination of strong letting activity of vacant space and a high retention and re-letting rate on lease breaks and expiries.

Strategic objectives 1 2
R

11. BREEAM ratings

BREEAM is an environmental impact assessment for non-domestic buildings. Performance ratings are: Pass, Good, Very Good, Excellent and Outstanding.

We target minimum BREEAM ratings of 'Excellent' for major developments and 'Very Good' for major refurbishments.

	Completion	Rating
25 Baker Street W1	H1 2025[1]	Outstanding[2,3]
Network W1	H2 2025[1]	Outstanding[2]

1 Targeted.
2 Certified at Design Stage.
3 Excluding the offices at 30 Gloucester Place which was rated BREEAM 'Excellent' at Design Stage.

Our performance
Our two current on-site developments were rated BREEAM 'Outstanding'[3] at Design Stage.

Strategic objectives 4

12. Energy Performance Certificates (EPCs)

EPCs indicate the energy efficiency of a building. The ratings range from 'A' (very efficient) to 'G' (inefficient).

We target a minimum EPC of 'A' for major developments and 'B' for major refurbishments.

	Completion	Rating
25 Baker Street W1	H1 2025[1]	A[1,2]
Network W1	H2 2025[1]	A[1]

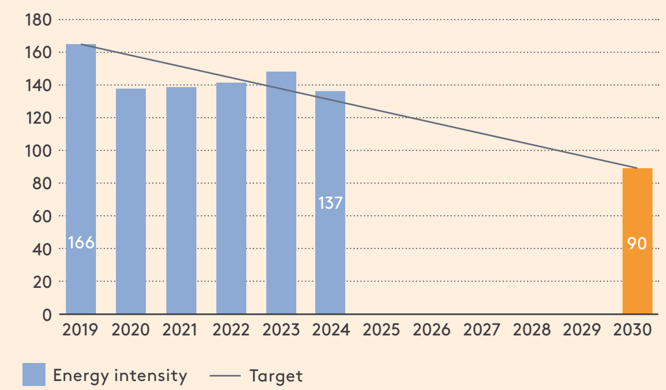
1 Targeted.
2 Excluding the offices at 30 Gloucester Place which has a target EPC of B.

Our performance
Our two on-site developments are targeting an EPC rating of A[2].

Strategic objectives 4

13. Energy intensity

Energy intensity is measured as energy consumption over the gross internal floor area (kWh/sqm) across our managed portfolio. Our energy intensity target, which is aligned with our corporate target of achieving net zero by 2030, is 90 kWh/sqm in 2030, a reduction of 46% compared to our 2019 baseline.



Our performance
Energy intensity across our managed portfolio decreased by 8% from 2023 to 137 kWh/sqm, a reduction of 17% compared to the 2019 baseline. The decrease relates to a series of proactive initiatives implemented by the Property Management team, including shorter plant run-times, relaxed temperature set points and continued occupier engagement.

Strategic objectives 4
A R

15. Accident Frequency Rate (AFR)

This is calculated by multiplying the number of significant RIDDOR (Direct) injuries and incidents during the year by 1,000,000 and dividing by the total work exposure hours. This KPI, which was introduced in 2024, was previously based on total development RIDDORs injuries only.

	2020	2021	2022	2023	2024
RIDDOR (Direct) AFR	n/a	n/a	n/a	n/a	**1.35**
Developments	2.72	1.26	3.60	4.38	**1.75**

Our performance
In 2024, the RIDDOR (Direct) AFR was 1.35 with 4 RIDDORs (Direct) reported. As a full year of data was not available for 2023, there is no prior year comparative.

Strategic objectives 4
A R

14. Embodied carbon intensity

Embodied carbon intensity is measured as the carbon emissions generated in the construction of new developments (upfront carbon, modules A1-A5) divided by the new gross floor area, measured in $kgCO_2e$/sqm. Our embodied carbon intensity targets are aligned with our net zero by 2030 pathway.

	Completion	$kgCO_2e$/sqm
25 Baker Street W1	H1 2025[1]	c.600
Network W1	H2 2025[1]	c.530

1 Targeted.

Our performance
We have worked closely with our designers and contractors to reduce the embodied carbon footprint of our on-site developments, 25 Baker Street W1 and Network W1. Both projects are anticipated to have an embodied carbon intensity of 600 $kgCO_2e$/sqm or less, in line with our corporate targets.

Strategic objectives 4
R

16. Staff satisfaction

We assess employee satisfaction through an annual staff survey, and target a satisfaction rate above 80%.

	2020	2021	2022	2023	2024
%	96.3	90.5	88.4	87.5	**91.2**

Our performance
The measure of staff satisfaction increased to 91.2%, the highest it has been since 2020. This strong level is testament to our collaborative and supportive culture and the pride our staff feel in working at Derwent London.

Strategic objectives 3
R

OUR STAKEHOLDERS

We recognise that we have a responsibility to all our stakeholders

Through effective engagement, we build strong and sustainable relationships with our stakeholders to deepen our understanding of their aims and priorities.

Below we outline why and how we engage with our stakeholders and the value we create. Our Section 172(1) Statement for the year ended 31 December 2024, on page 132, demonstrates how these responsibilities influenced some of the decisions taken by the Board in 2024.

Delivering value to our stakeholders

Stakeholder	Why we engage	How we engage	Value created in 2024
Occupiers	Our long-term success depends on our ability to understand and respond to evolving occupier requirements • To gather invaluable feedback on changing occupier trends, both businesses and individuals	• We maintain ongoing dialogue through our Asset and Property Management teams • Provide high quality benefits such as our DL/Lounges • Best practice and data sharing on sustainability	• Promotion of DL/Member benefits, including lounges at DL/28 and DL/78, driving tenant retention and attraction • Energy consumption reduced by 9% in 2024; ongoing operationalisation of Intelligent Building Programme
Employees	To benefit from the skills and knowledge of our talent base • Having an experienced, diverse, inclusive and engaged workforce underpins our success	• Annual employee survey • Staff training provided on a wide range of issues, including professional, as well as personal health and wellbeing • Regular CEO-led town hall meetings • Four employee representatives on Responsible Business Committee	• 2023 employee survey results reviewed and appropriate action plans prepared and implemented • Continued focus on Disability and Accessibility • Inclusive leadership training for management • Two employees completed their two-year apprenticeship and have taken on new roles as Building Operations Support
Local communities and others	To gather feedback on the needs of the communities, neighbourhoods and charitable organisations • Helps ensure our buildings play a positive role in their communities • Provides support to local businesses, residents and the wider public	• Employee volunteering • Work experience opportunities • Building open-days • Community funds and sponsorship donations	• Hosted four individuals on the #10,000 Interns programme • Sponsorship and Donations Committee continued focus on homelessness • £451k community fund and sponsorship donations committed in 2024 • New Social Value Strategic Framework embedded into all community initiatives
Shareholders and debt providers	To facilitate access to long-term and cost effective finance and strategic input • Our relationship with shareholders and debt providers plays an important role in informing our strategy and monitoring our governance	• Open and transparent approach with shareholders and debt providers. Host a variety of events including roadshows, presentations, property tours and a combination of one-to-one and larger group meetings • All material news is published via Regulatory News Services (RNS)	• Regular dialogue with all our lenders maintained and hosted a number of property tours • Maintained strong interest cover at 3.9 times • High level of cash and undrawn facilities (£487m at Dec 2024) • Early engagement in relation to refinancing
Central and local government	To better understand public policy and regulatory frameworks, and influence policy outcomes • Constructive engagement with central and local government • We seek to impact policy positively	• We engage across a variety of levels including local planners, community groups and HMRC • Involvement in various bodies, such as Westminster Property Association and New West End Company • Represented the real estate sector at the Sustainable Markets Initiative Buildings Taskforce	• Worked with the WPA on response to new Westminster planning policy • Formed new concrete supply chain group to explore ways to accelerate decarbonisation of concrete
Suppliers	We seek to partner with like-minded businesses who engage and promote ethical supply chain practices • To positively influence our supply chain and deliver value responsibly	• Operation of our Supply Chain Responsibility Standard which includes our approach to net zero carbon • Adherence to strict Modern Slavery standards • Prompt payment and fair treatment of suppliers • Supplier onboarding procedures	• Publication of our latest Modern Slavery Statement, following an independent gap analysis by Unseen UK • Prompt payment of suppliers: 20 days (average) • Engaged further with suppliers on their ongoing compliance with our Supply Chain Responsibility Standard

RESPONSIBILITY

Derwent London is committed to high standards of integrity, transparency and safety, whilst ensuring our buildings are designed, delivered and operated responsibly to manage our carbon footprint and ensure climate resilience.

Our Responsibility Policy and Strategy set out what operating responsibly means to us

Our seven Environmental, Social & Governance priorities	Why	How
Environmental 1 Designing & delivering buildings responsibly 2 Managing our assets responsibly See page 44	Well-designed, thoughtfully delivered real estate can positively impact the environment. Our energy reduction targets are aligned with a 1.5°C climate scenario.	• Energy intensity down 17% since 2019 on our journey to net zero carbon • Collaborating with stakeholders, including occupiers and supply chain • Developing solar park in Scotland as part of electricity self-generation initiative • Purchasing renewable energy on REGO/RGGO-backed tariffs • Stretching embodied carbon targets for regeneration projects • £650m of green finance facilities; £437.0m has been drawn for green capex • High quality carbon credits used to offset residual • Fully costed £90m EPC upgrade programme to maintain compliance • Partnering with like-minded organisations to amplify impact
Social 3 Creating value in the community 4 Engaging & developing our employees 5 Ensuring the highest standards of health and safety 6 Protecting human rights See page 48	As a long-term investor, the success of our buildings and our collaborative approach has a positive social impact.	• Supporting local communities through community funds and donations • Social value creation measured through new Social Value Strategic Framework • Local authority engagement and monitoring of post-completion social impact
	Our employees are key to our successful performance and will provide the next generation of leadership talent. High employee retention ensures continuity.	• Ongoing vocational and compliance training & mentoring • Internship opportunities for people from diverse backgrounds • Proactive mental and physical wellbeing programme • Regularly measuring and addressing employee satisfaction levels
	We seek to minimise risks and promote a safe working environment collaborating with our supply chain and industry peers, supported by our Responsible Business Committee.	• Collaborating with peers on benchmarking and best practice • Empowering employees and contractors to speak up
Governance 7 Setting the highest standards of corporate governance See page 54	Acting in a fair and responsible manner is a core element of our business which runs through all levels, starting with the Board.	• Accountability throughout our organisation • Proactively adopting new and emerging legislation • Remuneration clearly linked to sustainability outcomes • Respect for human rights across our supply chain • Obtaining third party assurance on our actions and outcomes • Providing staff with access to an independently operated whistleblowing system

Double materiality assessment

We recognise the role of materiality assessment in determining the relative importance of key ESG issues to ourselves and our stakeholders.

Introduction

Materiality assessments provide a framework for prioritising issues and ensuring our Responsibility Strategy and management action are appropriately focused and targeted. Our previous materiality approach was based on the traditional single perspective format, which combines financial risk impact with wider market intelligence.

In 2024 we revisited our approach, aligned to ongoing evolution in legislation, and undertook a double materiality assessment, with support from a third party consultant.

As well as confirming the key material topics from our single materiality assessment, a number of additional topics were identified by a range of stakeholders. This has given us greater insight into our material topics and will support us in prioritising future actions more clearly.

Approach

A double materiality assessment, which is both an 'outside-in' and 'inside-out' review, uses two perspectives.

- The financial impacts of ESG issues on a business e.g. the impact of climate change on a company's balance sheet or income statement.
- The impact of the business on the environment and society from its day-to-day activities e.g. the impact of a company's activities which contribute to climate change.

Like in a traditional materiality assessment, the topics which are identified are rated and ranked according to their significance. However, a double materiality assessment then integrates them from both the 'outside-in' and 'inside-out' perspectives. This can result in particular topics having different levels of significance depending upon the points of view of different stakeholders. Consequently, a broader output is achieved.

Outcome

The assessment results brought forward a wide range of topics. This included the four identified as part of our initial preparatory works and four resulting from stakeholder engagement which exceeded the materiality threshold, taking the number of material topics to 17.

We present the results on the following page as a 'Butterly Matrix' with the material topics listed in combined score rank order. All of the issues were already known and captured through our various strategies and management procedures.

The scores for each materiality perspective are derived from our stakeholder engagement. This simplifies the dual perspective outcome and clearly shows the significant issues and which perspective, or how much of each perspective, is driving the significance.

Our double materiality assessment is aligned with our process for identifying and assessing the principal risks we report in the Managing Risks section (see pages 90 to 101).

We intend to monitor materiality scores every second year to ensure changes are captured on a timely basis, and aligned to the timing of updates to the independent climate risk assessment and scenario analysis which forms part of our TCFD disclosure (see pages 102 to 115).

Our double materiality process

Step #1

Defined the relevant issues (Preparatory)

A detailed review of the Group's business model, internal documentation, external regulatory landscape and peers was performed to identify and define the relevant issues. As well as the nine material topics from our previous single materiality assessment, an additional four were identified at this stage. A workshop with senior leadership provided clear definitions for each topic and confirmed scoring methodologies.

Step #2

Engaged with stakeholders (Research)

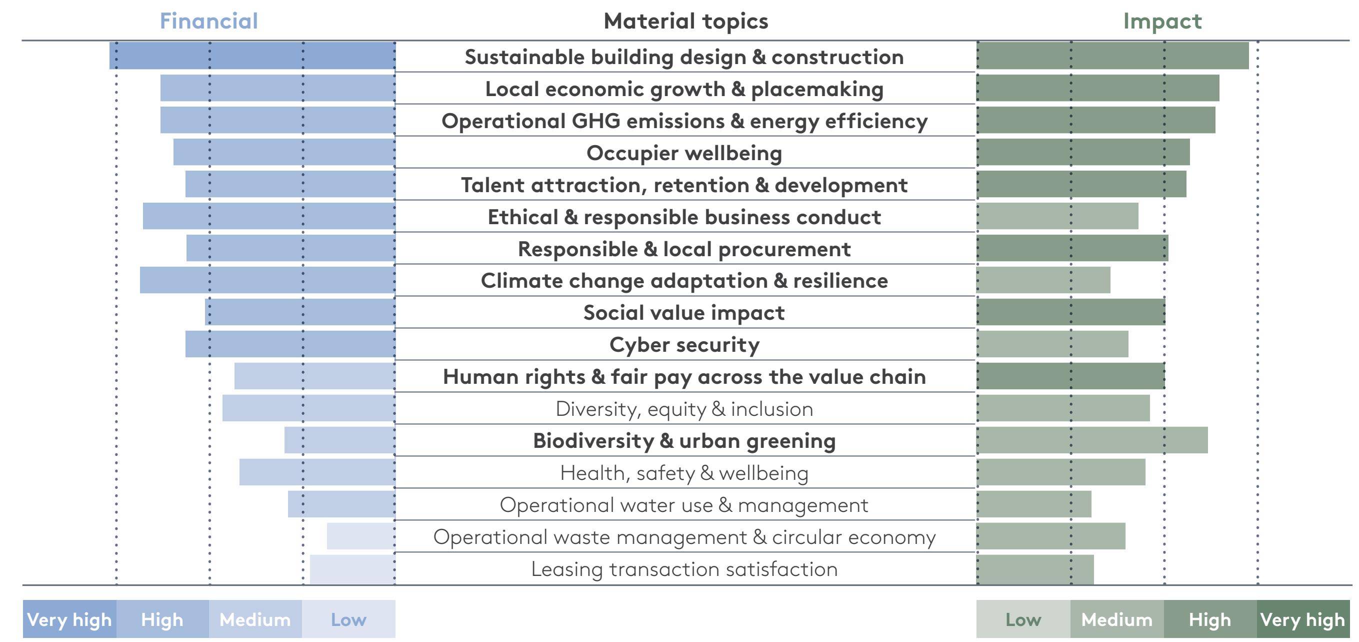
A wide range of internal and external stakeholders, aligned with our six key stakeholder groups (see pages 38 to 39) were asked to respond to a ranking questionnaire to provide a base of quantitative evidence. This was followed up with a series of interviews again comprising a range of individuals across all stakeholder groups.

Step #3

Analysed & defined results (Outcomes)

The quantitative and qualitative data was analysed to identify any additional material topics (where either the Financial or Impact score was Medium or higher) raised by stakeholders as well as to provide a 'score' from which our 'materiality matrix' was developed. The outputs were reviewed and validated by senior management, including the Chief Executive and Chief Financial Officer.

Butterfly materiality matrix



Most material topics – high or very high scores for either financial or impact materiality.

The table below provides further detail of where our material issues can be located within our risk management and other reporting.

Most material topics		Page
Sustainable building design & construction	Principal risk, 'Our resilience to climate change'	98
	Emerging risk, 'Nature of office occupation'	100
	TCFD transition risk, 'Planning requirements'	108
Local economic growth & placemaking	Our Communities	48
Operational GHG emissions & energy efficiency	Principal risk, 'Our resilience to climate change'	98
	Emerging risk, 'Climate-related risks'	100
	Our pathway to net zero	44 to 47
Occupier wellbeing	Principal risk, 'Health and safety'	98
	Emerging risk, 'Nature of office occupation'	100
	Health and safety	52 and 53
Talent attraction, retention & development	Responsible Business Committee report	166 to 173
	Our people	50 and 51
Ethical & responsible business conduct	Principal risk, 'Non-compliance with law and regulations'	99
	Responsible Business Committee report	166 to 173
Responsible & local procurement	Responsible Business Committee report	166 to 173
Climate change adaptation & resilience	Principal risk, 'Our resilience to climate change'	98
	Task Force on Climate-related Financial Disclosures (TCFD)	102 to 115
Social value impact	Our Communities	48
	Social Value Strategic Framework	48
Cyber security	Principal risk, 'Cyber attack on our IT systems'	97
	Principal risk, 'Cyber attack on our buildings'	97
	Emerging risk, 'Technological change'	100
	Risk Committee report	158 and 162
Human rights & fair pay across the value chain	Principal risk, 'Non-compliance with law and regulations'	99
	Responsible Business Committee report	166 to 173
Biodiversity & urban greening	Responsibility Report	

1 These risks are monitored via the Group's Risk Register which is not disclosed in the annual Report & Accounts. Refer to pages 90 to 101 for the Group's Principal and Emerging risks.

Our journey to net zero

Climate change is a material issue for society, our sector and our business. Having a robust transition plan, which incorporates the right environmental and climate change measures, enables us to operate responsibly across our portfolio and within the community.

Reducing operational energy and carbon emissions

Our commitment

We are committed to operating our investment portfolio on a net zero carbon basis by 2030. This involves driving down our energy consumption significantly, upgrading and retrofitting our properties to improve efficiency and remove gas use where feasible, as well as closely collaborating with our occupiers.

Actions and outcomes

Upgraded data environment

Following the extensive upgrade work to our data environment in 2023, our new in-house database was fully rolled out in 2024. This has delivered greater efficiency and lower risk through increased automation within the data collection and analysis phases. The new system has also facilitated enhanced data usage across the business. Combined with ongoing operationalisation of our Intelligent Buildings initiative, our Building Operations Managers have improved access to data on a timely basis, allowing earlier detection and remediation of excess consumption, as well as supporting greater data sharing with occupiers.

Operational efficiency

Several trials have been run across our own office, including shorter plant run-times and reduced temperature set points, in line with new BCO guidance. The data from these trials have enhanced our ongoing programme of occupier engagement, which we have refined to focus on buildings with the highest consumption. Recognising that we should not use a one-size-fits-all approach, we adapt our engagement to maximise the impact.

Progress on removing gas

In 2024, we continued to remove gas from our buildings as part of our portfolio decarbonisation efforts, including at 1-2 Stephen Street W1 where air source heat pumps were installed. The knowledge we gain from this will be used to support further decarbonisation initiatives.

Where gas cannot be removed from a building, where appropriate we are retrofitting specialist equipment to boilers to enhance efficiency.

Procuring and investing in renewable energy

Our commitment

The Group is committed to ensuring that the energy we procure – electricity and gas – is from renewable sources. This means contracting electricity on renewable tariffs backed by 'Renewable Energy Guarantees of Origin' (REGO) certificates and gas contracts backed by 'Renewable Gas Guarantees of Origin' (RGGO) certificates.

Actions and outcomes

Energy on renewable tariffs in 2024

- Electricity (REGO-backed): 99% (2023: 99%)
- Gas (RGGO-backed): 100% (2023: 99%)
- As at 31 December 2024, 100% of our electricity and gas contracts were on renewable tariffs backed by REGOs/RGGOs

All electricity is procured from within the UK and is from solar, wind or hydro projects which are less than 15 years old.

Self-generation in Scotland and London

At our Lochfaulds site in Scotland, planning consent was secured in 2023 for a c.100-acre, 18.4 MW solar park which we forecast will provide c.40% of the electricity used across our London managed portfolio (compared to a 2019 baseline). Delivery commenced in 2024 with site preparation and infrastructure works underway. We aim to procure the panels in a responsible manner and tender responses have been received from solar panel manufacturers. Completion is anticipated in 2026.

Where feasible, we install solar photovoltaic (PV) panels on our buildings. In 2024, six buildings had PV arrays. In addition, we have a small PV array at our Easter Cadder site in Scotland which will provide all the power required for our new Scottish office.

We will continue to review the strategic options available to self-generate the remaining electricity needs across the London managed portfolio.

Reducing the embodied carbon of development projects

Our commitment

Under our net zero pathway, new developments and major refurbishments will be net zero carbon on completion. In 2024, we updated our reporting methodology to more closely match the timing of emissions and offsetting. Forecast project emissions are now recognised on a phased basis over the construction period, with emissions offset over the same profile.

Defining embodied carbon and setting stretching targets

Whole life cycle carbon assessments are performed on our projects to inform design decisions and report on the 'Cradle to Completed Development' (A1-A5) aspects. Refer to our Whole Life Carbon Assessment Brief at **www.derwentlondon.com/news/publications/responsibility-policies**.

We work collaboratively with our development supply chain to assess and reduce a scheme's embodied carbon footprint. At each stage of design, we hold detailed workshops with our design teams and ensure early engagement on procurement of low carbon materials. The wider industry needs to adapt and work together for us to fully achieve our aims and we are active in this endeavour – see page 46 for details.

Our phased targets for commercial office new build developments align with the Greater London Authority (GLA) and LETI targets (RICS v1):

- From 2025: ≤600 $kgCO_2e$/sqm
- From 2030: ≤500 $kgCO_2e$/sqm

Our two on-site projects are being delivered to align with our 2025 target:

- 25 Baker Street W1: c.600 $kgCO_2e$/sqm
- Network W1: c.530 $kgCO_2e$/sqm

Our next phase of projects at Holden House W1 and 50 Baker Street W1 are also expected to be delivered in line with these targets.

Actions and outcomes

Early in 2024 we launched an updated version of our Responsible Development Brief. This places an enhanced focus on climate resilience, reducing 'whole life' carbon emissions and energy consumption, and promotes circularity, biodiversity and social value.

Offsetting residual carbon emissions we cannot eliminate

Our commitment

The Group's business model of office regeneration and operation will, by its nature, result in the emission of embodied and operational carbon across Scopes 1, 2 and 3. For this reason, whilst we have set ambitious targets to reduce our carbon footprint as far as possible, we have committed to offset any residual carbon that we are unable to either manage out or eliminate.

Actions and outcomes

We have a phased pipeline of regeneration schemes over the coming years. Occupational market dynamics are expected to remain favourable and as such we expect to commence work on the next phase of our pipeline over the coming year. Beyond this, we have a longer-term pipeline which is expected to commence from 2027 onwards.

Forward purchase of carbon offsets

This project visibility allows us to forecast our embodied carbon emissions and plan accordingly. In 2024, we forward-purchased, on a phased basis, a portfolio of carbon offset credits equivalent to c.114,000 tCO_2e for a total consideration of £3.9m or an average of £34/tCO_2e. This follows our procurement of c.81,600 credits in 2020 for £1.0m which have been used to offset the embodied carbon at a series of completed schemes.

Working with our offset partner, Climate Impact Partners, we carried out significant due diligence to ensure the environmental projects meet our quality standards and have been validated under a robust, credible scheme e.g. the Verified Carbon Standard (VCS) or the American Carbon Registry (ACR). We acknowledge this is a changing landscape and refer to latest guidance from the UKGBC (Carbon Offsetting & Pricing Guidance).

Further tree planting on Scottish land

The Group submitted two planning applications in 2024 for tree planting covering a total of c.30ha on our Scottish land. Subject to receipt of planning consent, planting is expected to commence in H2 2025. We have identified in excess of 200ha of additional land as potentially suitable for planting, subject to further appraisals.

A focus on embodied carbon

Our regeneration activity means embodied carbon (Scope 3, Category 2) makes a significant contribution to our annual carbon footprint. Decarbonising our regeneration activity is therefore a key priority. In 2024, we made significant progress in two key areas:

Circular economy

Our intention is to accelerate our shift towards the circular economy where greater value is extracted from materials through innovative re-use. Our efforts in 2024 were focused on both our regeneration activity and our day-to-day asset management.

A cross-business working group was established to facilitate an audit of our forthcoming projects to identify materials and parts that can be reused either on site, within the portfolio, or through a new third party partner.

Examples of circular economy in action in our portfolio

- Refurbishment and re-use of raised access flooring: Network W1, 1-2 Stephen Street W1, Holden House W1, 50 Baker Street W1
- Steel re-use: 1-2 Stephen Street, Greencoat & Gordon House SE1
- Use of low carbon cement replacements (e.g. industrial waste products) in concrete: 25 Baker Street W1, Network, 50 Baker Street
- Retention and re-use of MEP components and recycling of light fittings and other components: 1-2 Stephen Street, Greencoat & Gordon House
- Re-use of glass: Holden House, 50 Baker Street

The circular economy is about rethinking how we make, use and treat materials, such that the material's life is extended, re-used or re-purposed.

Accelerating Concrete-Decarbonisation Group (AC-DG)

The sub and super-structure elements of a development represent c.55% of the embodied carbon footprint, of which the primary contributor is the cement within the concrete. A lower cement content can lead to substantial carbon reductions.

In addition to exploring new and innovative structural solutions, we are also investigating the viability of emerging cement replacements. We recognise that to make this a reality, we need to work collaboratively with our peer and the wider supply chain from the concrete suppliers to the structural engineers and main contractors.

In 2024, we created the first cross-industry supply chain-wide working group called the 'Accelerating Concrete-Decarbonisation Group'. The aim is to facilitate collaboration and information sharing, and to accelerate delivery of lower carbon alternatives to market, while acknowledging the significant work which has already taken place.

The AC-DG gives each stakeholder group within the supply chain an opportunity to present their perspective on the challenges, barriers and opportunities, in a series of workshops. Three have already been held in 2024 with more planned for 2025. The next phase of workshops will look to identify appropriate concretes for piloting to better understand the commercialisation potential.

2024 highlights

- Energy intensity reduced by 8% to 137 kWh/sqm
- Engaged with 76% of occupiers by ERV
- Upgraded data control environment and launched new database
- Formation of industry-wide AC-DG
- Set SBTi-verified long-term target aligned to 1.5°C scenario (90% reduction in Scope 1, 2 & 3 by 2040 from 2022 baseline)
- Completed double materiality assessment

2025 priorities

- Progress the work of AC-DG to address key barriers for bringing low carbon concrete to the market
- Implement circular economy partnership
- Continue occupier engagement to further reduce energy consumption
- Gain additional visibility over occupier energy we do not procure (Scope 3, Category 13 emissions)
- Extend data capture within Scope 3, Category 1 (Purchased goods and services)
- Further progress initiatives to remove gas from portfolio

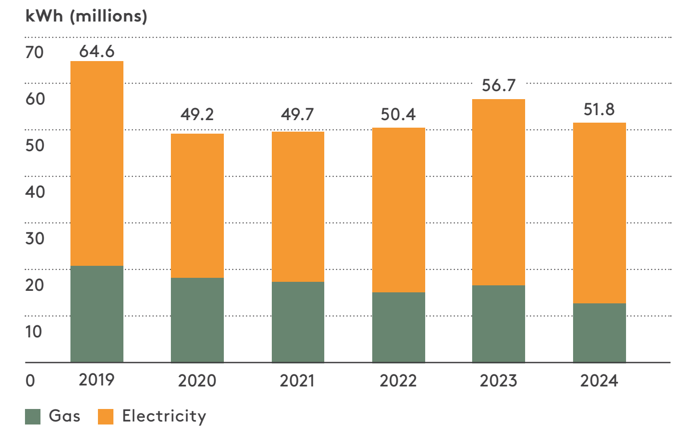
Water and waste

Water consumption rose 7% in 2024 compared to 2023. The majority of the increase relates to higher occupation levels at Soho Place W1 and The Featherstone Building EC1 following completion of works part-way through 2023.

The managed portfolio waste recycling rate reduced marginally to 69% in 2024 from 71% in 2023. We maintained an active programme of engagement, particularly targeting new occupiers.

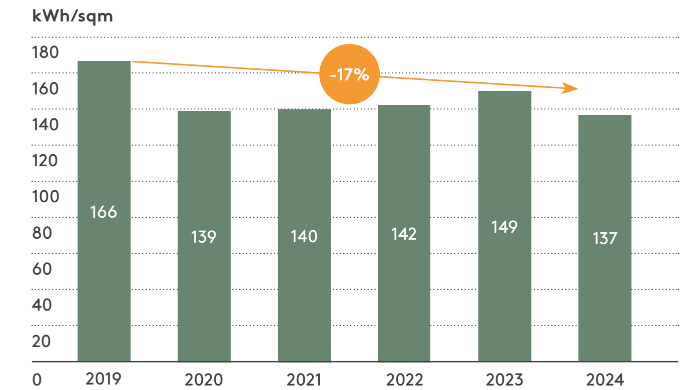
Our performance in 2024

Energy usage – electricity and gas



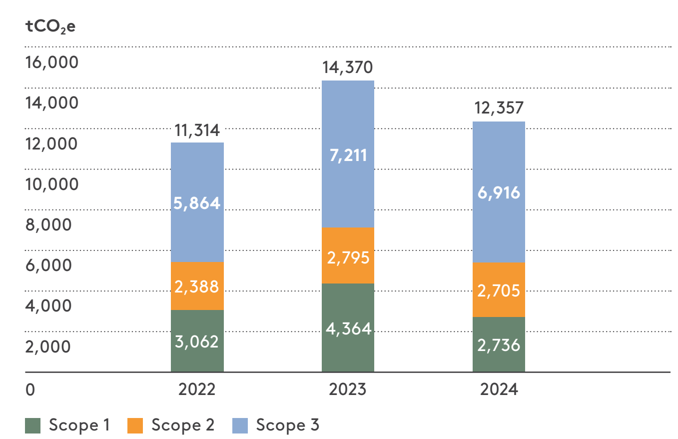
- Energy consumption of 51.8m kWh down 9% versus 2023
- Gas usage down 21% to 13.0m kWh
- Gas removed at one building and specialist boiler efficiency software installed at six buildings; shorter plant run times and relaxed temperature set points
- Electricity down 3% to 38.8m kWh
- Ongoing occupier engagement with greater data sharing; partly offset by higher occupancy at The Featherstone Building EC1 and The White Chapel Building E1

Energy intensity



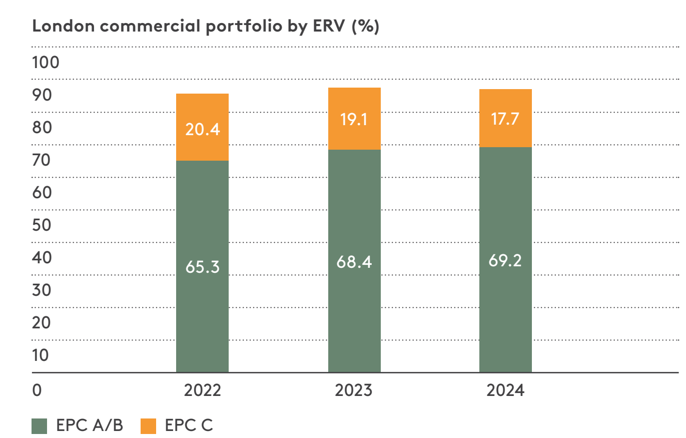
- Managed portfolio energy intensity (EUI) reduced to 137 kWh/sqm, 8% lower than 2023 (149 kWh/sqm)
- 2024 EUI 17% below 2019 baseline (166 kWh/sqm)
- Good progress towards 2030 target of 90kWh/sqm
- Ongoing collaboration between Property Management, Asset Management and Sustainability teams
- Refreshed occupier engagement strategy to launch in H1 2025

'Operational' carbon footprint – Scopes 1, 2 & 3



- Operational carbon footprint 14% lower at 12,357 tCO_2e compared to 2023 (14,370 tCO_2e)
- Carbon conversion factors largely unchanged in 2024
- Scope 1 down 37% due to 34% lower emissions from fuel usage and a 74% reduction in fugitive emissions
- Scope 2 (location-based) down 3% and Scope 3 (excluding embodied carbon) down 4%

EPC ratings



- EPC 'A' and 'B' (including on-site projects) increased to 69.2%, significantly ahead of the wider London market which is estimated at sub-30%
- Acquiring full control of 50 Baker Street W1 ahead of redevelopment caused a slight reduction in EPC 'C'-rated units to 17.7%
- EPC upgrade works are factored into all refurbishment projects to ensure ongoing compliance with evolving legislation

Our social contribution

We recognise that our buildings should have a positive impact on the communities in which they operate, and strive to create value where possible for our stakeholders.

2024 highlights

- Embedded new Social Value Strategic Framework
- Community fund provided £112,000 of funding across 16 projects
- Sponsorship and Donations Committee approved £339,000; specific focus in 2024 on homelessness
- Funded Islington schools participation in the Green Schools Project programme

2025 priorities

- £450,000 (up from £360,000) committed to our community funds for 2025-2027
- Launch multi-year funding approach
- Utilise DL/Lounges for the charities and community groups we support
- Continue to prioritise homelessness as a key focus of the Sponsorship and Donations Committee

£4.2m

Sponsorship and Donations Committee funding over 10 years

£1.2m

Community funds provided since inception

Our approach to social value

Our commitment to delivering social value has been a core part of our business for many years. This work takes a variety of forms to maximise the positive impact we have on local communities. Financial support through our Sponsorship and Donations Committee and community funds is an important part of our strategy to deliver social value. We place equal value on being part of each community to ensure we remain alert to their concerns and aspirations and can have a meaningful impact. Employee volunteering, work experience opportunities and building open-days have all contributed to establishing and maintaining effective connections with these communities.

Progress against our Social Value Strategic Framework

In December 2023, we published our Social Value Strategic Framework, outlining three key themes through which we will make a meaningful and positive difference to the communities in which we operate. In 2024 we made good progress against each theme:

- **Theme 1 'Part of the neighbourhood':** Timber from our worksites was identified as suitable for repurposing. We partnered with 'Yes Make' to repurpose the timber for several playground projects in London.
- **Theme 2 'Great places to work':** White Collar Factory EC1 hosted its first charity abseiling event in aid of UCLH Charity which encouraged occupier connection and participation from across the portfolio.
- **Theme 3 'A thriving local economy':** Our supply chain has actively taken steps to offer employment opportunities and participated in career sessions, including women in construction events, green skills induction and work experience sessions.

Disruptor London

Space for Change

As part of our 40-year anniversary celebrations, we held our Space for Change competition, offering three organisations complimentary DL/ Membership for one year, including access to our lounges.

Small businesses, community initiatives and charities were invited to apply, with the winners selected based on their vision, values, business objectives, brand identity and growth potential:

- Foundation for Change, a charity which provides courses for those with a history of addiction, exploring psychology, feminism and social inequality;
- Disruptor London, who is seeking to revolutionise the haircare market through tackling overconsumption and plastic waste with responsible solutions; and
- Materials Assemble, a leading destination for materials sourcing, bespoke manufacturing and consultancy services, tailored to the design and architecture industries.

Further information on the winning businesses and their journeys can be found on our LinkedIn profile.

Celebrating some of our enduring partnerships

The Soup Kitchen launches Home Kitchen restaurant

In 2024 the founders of The Soup Kitchen paired with a Michelin-star chef to open Home Kitchen restaurant in Primrose Hill – a world-first fine dining establishment run by, and for the benefit of, the homeless community. We contributed towards a recruit's salary in 2024 and 2025 as part of our ongoing prioritisation of homelessness.

> "Soup Kitchen London is incredibly proud of our relationship with Derwent London, which began in 2016 through the Fitzrovia and West End Community Fund. The ongoing monthly volunteer support from employees, which started in 2018, has been an absolute lifeline, helping us provide for the 200-plus people we serve each morning.
>
> **Alexander Brown**
> Soup Kitchen London – Community fund recipient

Teenage Cancer Trust (TCT)

Our longest-standing charity partner is Teenage Cancer Trust (TCT). In over 20 years of continued support we have raised £1.8m in donations. Our regular 'Big Lunch' event, which started in 2002, is central to our fundraising efforts. The last one held in 2022 raised £245,000 and the next will be in 2025.

Chickenshed

Our partnership with the inclusive theatre group, Chickenshed, began in 2007. They welcome people from all social and economic backgrounds, cultures and abilities to create theatre productions. Throughout our partnership, we have raised over £200,000 for this special social enterprise.

Continued to support our community funds

We operate two community funds: Fitzrovia and West End (founded in 2013) and the Tech Belt (founded in 2016). The key priority of these funds is to support and create value in the community by providing funding for a variety of grassroots projects with a focus on community events, environmental improvements, health and wellbeing activities, music and culture, and ongoing help for marginalised groups. The funds also act as a springboard for further engagement with local neighbourhoods, leading to corporate volunteering, school engagement and work experience opportunities. In addition, they enable us to anticipate further funding needs.

Following the launch in 2013, combined funding of over £1.2m has been provided to date across 180 different projects including:

- renewal of play equipment at a children's natural playground;
- running interactive music sessions at a care home; and
- funding lunch clubs for older people.

In 2025 we intend to introduce a multi-year funding approach so applicants will only need to apply once for the full three-year funding. This will provide charities with greater visibility and certainty, facilitating forward planning.

Other activities

In 2024, our Sponsorship and Donations Committee approved £339,000 of charitable donations to good causes. Some of the ways these funds were used to create value in the community during the year included:

Supporting UCLH Charity

We donated £30,000 to acquire essential equipment for breast cancer treatment. In addition, we helped raise £50,000 through a sponsored abseil, at our White Collar Factory building.

Prioritising homelessness

We donated c.£60,000 towards homelessness in 2024, of which £20,000 went to the first year of our new three-year funding agreement with Providence Row, a charity fighting poverty and homelessness. This donation will support their Welcome Area and Resource Hub, providing warm, safe spaces for their clients as well as a place to eat. They also provide access to specialist health services and support for substance misuse, employment programmes and outreach psychotherapy.

Empowering young people for employment

£10,000 was donated towards Resurgo's 'Spear Programme', a six-week coaching course focused on preparing young people for employment or further education. Participants also receive support for a further 12 months as they gain confidence and move into work or education.

Our people

We strive to attract a diverse workforce while continuously developing and upskilling our existing talent. Our employees are essential to our success and will help shape the next generation of leadership talent.

2024 highlights

- Hosted four individuals through the #10,000 Interns programme
- National Equality Standard (NES) re-accreditation, top 5%
- Conducted inclusive leadership training for senior management
- Continued focus on Disability and Accessibility
- Held focus groups to review 2023 employee survey results and prepared appropriate action plan
- Achieved the Silver Award for Britain's Most Admired Companies in the real estate category

2025 priorities

- Maintain focus on future succession planning and employee upskilling
- Take appropriate action identified following staff 'pulse survey'
- Prepare and launch biennial employee survey
- Analyse feedback from NES reassessment and refocus priorities
- Repeat Business Disability Forum self-assessment to identify progress areas

91%
Overall employee satisfaction

91%
Would recommend Derwent London as a good place to work


Members of the D&I Working Group with Simon Manterfield (NES lead assessor)

Attracting and optimising talent

Our employees are instrumental to the long-term success of the business. We aim to create a culture which enables our diverse workforce to thrive, have a voice and be their authentic selves.

We enjoyed high employee retention at 85% for 2024 (excluding contractors and retirees) and a long average tenure with 44% of our workforce having five or more years of service and 23% having 10+ years. We seek to balance continuity with fresh ideas, experience and skills, and in 2024 we recruited 36 people externally.

Ongoing development, career progression and succession planning is important to us, and we actively promote continuous personal development and upskilling opportunities. To facilitate this, we invest in our employees by offering comprehensive learning and development opportunities at all levels. These include core skills and technical workshops, management skills training, as well as one-to-one and team coaching.

In 2024, there were 15 internal promotions (ten women and five men), including two new Executive Committee appointments.

Investing in existing talent is not enough. For the real estate industry to appeal to a broader cross-section of society, creating opportunities for people from different backgrounds is also important. To facilitate this, in 2024:

- two employees completed their two-year apprenticeship and have taken on new roles as Building Operations Support;
- we hosted 13 work experience candidates;
- we ran a careers event at White Collar Factory EC1 for a local Islington school;
- we provided mock interview practice and career advice for students at a secondary school in Paddington; and
- we hosted four individuals through the six-week #10,000 Interns programme.

Employee engagement

Employee engagement and communication are important; our workforce should feel valued and empowered to contribute and speak up. Of our employees, 76% are based at our head office which enables effective, regular face-to-face interaction. This is further supported by our 'open-door' policy. Together with a range of formal and informal communication channels, including our regular town hall meetings, we have a highly engaged workforce.

We use anonymous annual employee surveys to obtain staff feedback and measure satisfaction levels. This consists of a short 'pulse survey' and a comprehensive independent survey in alternating years. In 2024, our Responsible Business Committee conducted a series of focus groups to dive deeper into the areas identified in the 2023 survey. Resulting actions, reviewed by the Executive Committee, included greater focus on cross-team collaboration, training for middle management and the redesign of our performance appraisal process.

We achieved an 85% response rate to our 2024 pulse survey, demonstrating strong engagement. The results indicate a high satisfaction rate of 91%.

Health and wellbeing

We know that people are most productive when they are physically and mentally thriving and socially connected.

In addition to a suite of generous employee benefits, we have trained mental health first aiders, an employee assistance programme and occupational health support. We encourage proactive self-care and run a series of 'lunch and learn' sessions. Topics in 2024 focused on neurodiversity, imposter syndrome and raising awareness of disabilities and long-term health conditions. We also introduced paid Carer's Leave and a stand-alone Sexual Harassment Policy to reinforce our zero-tolerance stance. Our intranet provides additional resources across a range of topics.

To continue building healthy, nurturing and supportive relationships, and foster a genuine community spirit, our social committee arranges regular inclusive events. Numerous volunteering opportunities are also open to everyone.

Diversity and inclusion (D&I)

Over the last 12 months we worked hard to continually build on our inclusive culture that attracts talented individuals and promotes, encourages and celebrates the diverse voices of all our employees. In our 2024 pulse survey, 90% of employees agreed that Derwent London is an inclusive place to work (2023: 80%).

Our D&I Working Group has been operational for several years and we are proud of our journey to date. A key focus area for 2024 was Inclusive Leadership Training for our senior management team. This aimed to educate and develop the skills and practices needed to ensure a supportive work environment where all employees feel valued and respected. Inclusive working sessions will be rolled out to all employees in 2025.

As part of our objective to increase awareness around religious festivals and cultural celebrations, we amended our Annual Leave Policy to offer employees the option of swapping a number of bank holidays for religious holidays or festivals.

A focus on disability

Since joining the Business Disability Forum (BDF) in 2023, we have focused on accessibility for our employees and occupiers. Our Health, Safety & Accessibility Working Group (together with the D&I Working Group) has partnered with a leading disability and diversity consultancy to review a number of our buildings. Existing barriers were assessed and identified, taking the requirements of all recognised disabilities into consideration. Building Accessibility Guides are being developed by Property Management which will be available to people accessing our buildings. The guides will be rolled out over the coming months in large print, Braille and digital.

We are dedicated to raising awareness and education within our organisation around long-term conditions and disabilities. A number of employees shared their lived experience in our D&I newsletters, helping colleagues better understand their challenges and how to support them.

National Equality Standard re-accreditation

In 2024, we achieved the National Equality Standard for the second time, with a score in the top 5% of accredited organisations in the UK. We were particularly praised for our ability to attract diverse talent, the breadth of our mental health and wellbeing offerings and our approach to community and social impact work. Since our initial accreditation in 2021, we have continued to raise the bar across our talent processes, diversity and inclusion initiatives, and behavioural-based competencies.

Derwent's decision to engage with NES for a second time is a testament to its commitment to D&I and its organisational appetite to grow and learn from industry-leading practice.

Simon Manterfield
National Equality Standard,
Lead Assessor, EY

Health & safety

The health, safety and wellbeing of our people, occupiers, residents, service partners, contractors and the public is a high priority for us. This is achieved through robust and effective risk management.

2024 highlights

- Achieved Royal Society for Prevention of Accidents (RoSPA) Gold Award for the second consecutive year
- Rolled out Building Safety Act plans across in-scope properties and developments
- Launched Continuous Improvement Group (CIG) for our architects, principal designers and project managers
- Implemented 'Client audit and early design H&S risk review' for major development schemes
- Full review of CDM Duty Holder roles in line with fire and building safety legislation updates
- Property Management H&S Committee established

2025 priorities

- Launch H&S audit programme for managed portfolio service partners
- Further develop H&S processes for safe acquisition of new properties and development
- Extend Directors' H&S Leadership programme across Executive Committee
- Review and update contractor management controls and safe systems of work for construction projects
- On completion, safely mobilise and launch 25 Baker Street W1 and Network W1 projects

Our approach to health, safety and wellbeing

Our approach is centred around people, assets and developments. Our Health & Safety (H&S) team is integral in proactively developing our approach across our London and Scotland portfolios, at all levels.

- Our aim is to provide healthy, safe and secure environments for our people, customers and contractors to work, live, visit and relax.
- Our people are instrumental to the success of our business, which is why we invest in and train them to ensure healthy and safe work environments.
- Our integrated approach ensures that health, safety and wellbeing is considered at every stage of a building's life cycle.

We achieve this by:

- designing suitable health, safety and wellbeing systems which are proactively managed;
- establishing and maintaining formal policies and procedures which comply with latest legislation;
- ensuring work is assigned to competent individuals, monitored and audited;
- carrying out rigorous and ongoing training on relevant legal responsibilities and best practice;
- regularly reviewing our performance at Board, Executive and Committee levels; and
- ensuring we learn when accidents, incidents or near misses occur and make appropriate changes to prevent reoccurrence.

Providing a safe work environment for our people

We focus on both physical and mental wellbeing to enable our employees to thrive and enjoy a safe place to work.

This is achieved by ensuring our teams are well informed and trained on H&S requirements, standards and best practice. Collaboration across Derwent teams is intrinsic in engaging and developing levels of understanding and competence in the varying H&S risk aspects, including marketing, events, operations and construction.

During 2024, there were 198 person days of H&S training covering a range of topics. As well as formal training courses and qualifications, we also provided topical health and wellbeing webinars, toolbox talk safety sessions and site-specific H&S inductions for all new employees.

A H&S training matrix is used to identify training requirements by role. At the start of 2024, a comprehensive review of the matrix and programme was undertaken to gain feedback and engagement in developing appropriate competencies.

Our employee-led Health, Safety and Accessibility Working Group meets every two months. Key discussion points are fed into the Group H&S Committee alongside key outcomes from the Property Management H&S Sub-Committee.

Making our assets safe to occupy

Ensuring our occupiers, visitors and those who live and work in and around our buildings remain safe and healthy is our responsibility. This requires health and safety risk consideration in designing, constructing, maintaining and operating our buildings. We utilise a combination of early intervention techniques, adoption of published health and safety standards, as well as our own best practices and collaboration across the business.

Our in-house H&S team supports our Property Management team. Dedicated H&S Managers engage and advise building management teams, monitor and audit performance, and ensure our buildings are operated safely.

We use the RiskWise platform to monitor and report on asset H&S risk and compliance across the managed portfolio. Formal annual 'Property Health Check' inspections and Fire and Water Risk Assessments are undertaken; in 2024 we maintained 98% compliance.

Members of the Health & Safety, Property, Asset and Building teams

High health and safety standards on construction sites

We maintain strong relationships with our principal and main contractors, endeavouring to lead by example as an informed and responsible construction client. In 2024, we worked with 25 principal contractors on our development and managed property portfolios.

Each year we seek to enhance the overall environment of our construction activities, through increased collaboration, client-input, consistent H&S standards, and a continued focus on key risks within the construction industry. H&S monitoring of our construction sites (through internal and external assessment), provides assurance of performance, and opportunities to learn and improve.

Our two on-site major projects accounted for the three construction-related RIDDORs reported to us in 2024 (2023: four), while the number of hours worked nearly doubled to 1.7m. As a result, our RIDDOR accident frequency rate (AFR) reduced significantly to 1.75 (2023: 4.38).

The H&S and Development teams work closely on all projects with a H&S Manager assigned to each project from design phase. This has enhanced the early identification of design elements with potential H&S risk implications, facilitating early stage risk elimination or mitigation.

Health and safety data

Our key H&S statistics for 2024 have been subject to independent limited assurance by Deloitte LLP in accordance with the ISAE 3000 (Revised) Standard. Refer to the Health and Safety Basis of Reporting in the 2024 **Responsibility Report**.

	Employee		Managed Portfolio		Construction Projects		Totals	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Indicators								
Person hours worked (A)	**259,822***	266,513	**981,639***	920,142	**1,716,207**	913,843	**2,957,668**	2,100,498
Minor injuries (A)	**2**	0	**23**	27	**18**	10	**43**	37
Near miss (A)	**1**	1	**29**	20	**40**	37	**70**	58
Lost time injuries (A)	**1**	3	**2**	3	**4**	4	**7**	10
Lost time days	**2**	13	**5**	10	**10**	5	**17**	28
RIDDORs (TOTAL) (A)	**0**	1	**3**	3	**3**	4	**6**	8
RIDDORs (Direct)** (A)	**0**	n/a	**2**	n/a	**2**	n/a	**4**	n/a
Dangerous occurrences (A)	**0**	0	**0**	0	**0**	0	**0**	0
Fatalities (A)	**0**	0	**0**	0	**0**	0	**0**	0
Improvement notices (A)	**0**	0	**0**	0	**0**	0	**0**	0
Prohibition notices (A)	**0**	0	**0**	0	**0**	0	**0**	0
Rates								
Injury rate (A)	**7.70**	0	**23.43**	29.34	**10.49**	10.94	**14.54**	17.61
Lost day rate (A)	**7.70**	48.78	**5.09**	10.87	**5.83**	5.47	**5.75**	13.81
Severity rate (A)	**0.67**	3.25	**0.18**	0.30	**0.40**	0.28	**0.30**	0.51
RIDDOR AFR (A)	**0.00**	3.75	**3.06**	3.26	**1.75**	4.38	**2.03**	3.81
RIDDOR AFR (Direct) (A)	**0.00**	n/a	**2.04**	n/a	**1.17**	n/a	**1.35**	n/a

For the metrics denoted as (A) above, Deloitte LLP provides third party limited assurance in accordance with ISAE 3000 (Revised). For 'Employees,' Deloitte does not assure lost time injuries, injury rate, lost day rate, or severity rate. In addition, Deloitte does not assure the 'Totals' column displayed in the table above.

* Denotes that person hours worked for 'Employees' includes 'Derwent Lounges,' but does not include Building Manager's and 'Caledonian Properties' employees' working hours, which are subtracted from submitted internal 'Employees' data and added to 'Managed Portfolio' data.

** Direct RIDDORs reported (new indicator) are separated from TOTAL RIDDORs reported. Refer to Health and Safety Basis of Reporting in the 2024 **Responsibility Report** for further details.

Responsibility governance

Acting in a transparent and responsible manner is a core element of our business and underpins our key governance practices.

2024 highlights

- Publication of climate-related financial disclosures consistent with the TCFD Recommendations as required by the Listing Rule 6.6.6 (8)
- Published our latest Modern Slavery Statement, with key recommendations implemented from the independent gap analysis conducted by Unseen UK (see page 171)
- Continued mandatory compliance training for all employees (including the Board)
- Hosted a 'meet the Board' event for employees from across the workforce
- Implemented new environmental database with enhanced control environment

A responsible business

The oversight of ESG matters is critical. It not only allows the Board to appreciate the overall impact of its decisions on key stakeholders and the environment, but also ensures the Board is kept aware of any significant changes in the market. This includes the identification of emerging trends and risks, which in turn can be factored into its strategy discussions. We conduct business with integrity and work with stakeholders who share our values and ethical principles.

ESG is overseen principally by the Board, Responsible Business Committee and Sustainability Committee.

Governance framework / See page 129

Our Chief Executive, Paul Williams, is the designated Director with overall accountability for ESG matters. However, the responsibility for overseeing it is delegated to Nigel George (Executive Director). Paul Williams oversees the review and performance of our responsibility work as Chair of the Sustainability Committee and as a member of the Responsible Business Committee.

The Board

Overall responsibility for ESG matters

- **Nominations Committee** – Ensures ESG skills, knowledge and experience is a consideration when assessing the Board's composition and the identification of any skills gaps
- **Audit Committee** – Monitors assurance and internal financial control arrangements. Ensures ESG-related expenditure is appropriately reflected in our financial statements
- **Risk Committee** – Identifies and evaluates key ESG risks (principal and emerging), ensuring they are appropriately managed
- **Responsible Business Committee** – Monitors the Group's corporate responsibility, sustainability and stakeholder engagement activities
- **Remuneration Committee** – Ensures ESG factors are included in executive remuneration (annual bonus and long-term incentive plans)

Executive Directors with assistance from the Executive Committee

Responsibility for oversight of the Group's ESG initiatives

- **Sustainability Committee** – Responsible for implementing the Board's ESG strategy
- **Health and Safety Committee** – Responsible for monitoring health and safety management and performance
- **Sponsorship and Donations Committee** – Responsible for the Group's charitable activities and donations
- **Social Committee** – Aims to encourage teamwork and collaboration between departments through social activities

Protecting human rights

The protection of human rights and fundamental freedoms is one of our key ESG priorities which we manage from an internal (within our business) and external perspective (with our supply chain and our relationships with contractors). Internally, the Board monitors our culture to ensure we maintain our values and high standards of transparency and integrity. Our HR team ensures that we have the right systems and processes in place to strengthen and sustain our culture.

The Board's role in managing the Group's culture / See page 130

Externally, we are active in ensuring our ESG standards are clearly communicated to our supply chain, principally via our Supply Chain Responsibility Standard. To ensure the human rights of our supply chain are respected, we are clear on our zero-tolerance position with regards to slavery and human trafficking as set out in our Modern Slavery Statement.

Based on our ongoing risk assessment, we continue to believe the residual risk of any slavery or human trafficking in respect of our employees is very low. Further information on our efforts to prevent modern slavery occurring in our supply chain is on page 171.

Modern Slavery Statement / www.derwentlondon.com/investors/governance/modern-slavery-act

Supply chain governance

It is important to us that our suppliers and construction partners operate responsibly and share our ESG business principles.

Our supply chain governance procedures ensure our suppliers are aware of the standards we expect from them and the business practices which we will not tolerate. All suppliers with whom we spend more than £20,000 per annum are required to provide evidence of how they are complying with our Supply Chain Responsibility Standard.

Supply Chain Responsibility Standard / See page 171

Derwent London continued to be a signatory of the Chartered Institute of Credit Management (CICM) Prompt Payment Code up until its cessation on 3 December 2024. Responsible payment practices remain an area of important focus for the Group as we are committed to being clear, fair and collaborative with our suppliers. We are currently in the process of applying for a Fair Payment Code Award, with the aim of achieving silver or higher, which has replaced the Prompt Payment Code (CICM).

Climate change governance

The governance of climate change risk and opportunities is ultimately the responsibility of the Board. However, responsibility is delegated to the Executive Committee and day-to-day management to the Sustainability team.

The Board monitors the Group's progress against our net zero carbon targets, specifically managed portfolio energy intensity and embodied carbon intensity on major projects. In addition, specific climate-related performance indicators are assured by Deloitte LLP and these can be found in their assurance statement which is available within the latest Responsibility Report.

Responsibility Report / www.derwentlondon.com/responsibility/publications

Our strategy and targets for energy consumption and carbon emissions are approved and monitored by the Board. The Board, Responsible Business Committee and Executive Committee receive formal updates and presentations on performance against targets.

Green finance governance

Our Green Finance Framework allows us to clearly link our financing to the environmental benefits our activities generate. The Audit Committee receives annual updates on our green finance initiatives including in respect to our reporting disclosures.

Our Green Finance Framework received a Second Party Opinion (SPO) from DNV that it is aligned with the Loan Market Association's Extended Green Loan Principles 2021 and the International Capital Market Association's Green Bond Principles 2021. The SPO is available on our website **www.derwentlondon.com**.

This year, we changed our green finance assurance provider from Deloitte LLP to PwC. PwC have provided reasonable assurance over selected green finance KPI disclosures, and their assurance statement is available within the latest Responsibility Report.

Our Green Finance Framework / See page 84

£878m

Cumulative Eligible Green Project (EGP) capex at 31 December 2024 across five eligible projects

Additional governance disclosures

The Section 172(1) Statement / See page 132

Compliance training / See page 165

Going concern and viability / See pages 86 to 89

Anonymous reporting of concerns / See page 128

Tax governance

We take our obligations as a taxpayer seriously and focus on ensuring that, across the wide range of taxes that we deal with, we have the governance and risk management processes in place to allow us to meet all our continuing tax obligations. The Board has overall responsibility for our tax strategy, risk assessment and tax compliance.

We have recently recruited an experienced Head of Tax to whom the Board has delegated responsibility for the management of the Group's tax affairs and for leading the relationship with HMRC.

Our Statement of Tax Principles, which is approved by the Board, is available on our website: **www.derwentlondon.com/investors/governance/tax-principles**

We have an open and transparent relationship with HMRC and seek to anticipate any tax risks at an early stage, including clarifying areas of uncertainty as they become evident.

We keep HMRC informed of how our business is structured and respond to all questions and requests promptly. The Head of Tax regularly engages with HMRC to support consultations or to seek legislative clarification in areas that could potentially impact our business.

Reporting frameworks and ESG data

Non-financial reporting

As we have fewer than 500 employees, the non-financial and sustainability information statement (NFSIS) requirements contained in the Companies Act 2006 do not apply to us. However, due to our commitment to promoting transparency in our reporting and business practices, we have elected to provide further information in the table below.

Category	Our key policies and standards	Additional Information	
Environmental matters	• Responsibility Policy • Net Zero Carbon Pathway • Science-based carbon targets • Task Force on Climate-related Financial Disclosures (TCFD) • Streamlined Energy and Carbon Reporting (SECR) disclosure	Responsibility Report **www.derwentlondon.com/responsibility/publications**	
		Our pathway to net zero carbon	Pages 44 and 45
		Climate change governance	Pages 55 and 111
		Risk management	Pages 161 and 90 to 101
		Executive Directors' LTIP 2024	Page 195
		UN SDGs	Page 57
		TCFD	Pages 102 to 115
		SECR	Pages 58 and 59
Social and employee aspects	• Volunteer Policy • Equal Opportunities and Diversity Policy • Professional development and training • Shared parental leave • Smart Working Policy	Community Fund	Pages 48 and 49
		Our people	Pages 50 and 51
		Executive Directors' annual bonus	Pages 192 and 193
		Diversity and inclusion	Pages 172 and 173
		Employees on a committee	Page 170
		The Section 172(1) Statement	Page 132
Respect for human rights	• Individual Rights Policy • Health and Safety Policy Statement • Supply Chain Responsibility Standard • Modern Slavery Statement & Policy • Code of Conduct and Business Ethics	Health and safety	Pages 52 and 53
		Human rights	Page 55
		Modern slavery	Page 171
		Supply Chain Responsibility Standard	Page 171
Anti-corruption and bribery issues	• Anti-bribery Policy • 'Speak up' Policy • Expenses Policy • Money Laundering and Terrorist Financing Policy • Preventing Facilitation of Tax Evasion Policy • Prevention of Fraud Policy	Audit Committee report	Pages 144 to 155
		Risk Committee report	Pages 156 to 165
		Anti-bribery and corruption	Page 165
		Our principal risks	Pages 94 to 99
		Our emerging risks	Pages 100 and 101
		Compliance training	Page 165

UN SDG disclosures

The United Nations Sustainable Development Goals (SDGs) are an international framework developed to support global change and sustainable growth.

We have reviewed the suite of 17 goals and have selected those which align most closely to our ESG priorities. We believe that we have a role in supporting the UK in responding to this standard and helping positively effect change. Set out in the table below is a summary of our progress against the selected goals.

Our ESG priority	UN Goal	Target	Indicator	Our progress
Creating value in the community and for our wider stakeholders	4 Quality Education	4.4	4.4.1	Our community fund enables us to invest in and support groups which work with and upskill young people from socially and economically challenged backgrounds. We work with Soapbox Islington, a charity providing young people with opportunities to build specialist and higher-level digital skills. They are developing an accredited online Mentoring, Coaching & Employability programme. Participants will develop specific STEAM-related skills, knowledge and understanding of networks supporting them in follow-on education, employment and training opportunities.
		4.a	4.a.1	Our Sponsorship and Donations Committee funded the participation of a group of young people in Resurgo's Spear programme to help them realise their potential regardless of the barriers to employment they face. Coaching is provided on the mindset and skills needed to get into, and then thrive, at work.
Protecting human rights, Engaging and developing our employees	5 Gender Equality	5.1	5.1.1	Beyond our legislative requirements we are active in ensuring meaningful gender equality across the business. In late-2021 we achieved National Equality Standard (NES) certification and were delighted to achieve re-accreditation in late-2024, scoring in the top 5% of assessed organisations. Our Diversity & Inclusion Committee continues to ensure progress is being made and best practice is implemented. Our training and development initiatives are available company-wide. We have adopted a smart working policy and offer enhanced parental leave. Feedback from our employee surveys helps us identify potential gender and ethnicity differentials.
		5.5	5.5.2	Our gender balance ratio is 49%:51% male/female, with women comprising 36% of our senior management team. In 2024, there were 15 internal promotions, 67% of which were women.
Designing and delivering buildings responsibly, Managing our assets responsibly	7 Affordable and Clean Energy	7.2	7.2.1	We aim to purchase renewable energy across our managed portfolio. As at the end of 2024, all electricity contracts were on renewable tariffs backed by REGOs and gas contracts were RGGO-backed. As part of our net zero carbon programme, construction has started on our 100-acre 18.4 MW solar park on our Scottish land, which is due to complete in 2026.
		7.3	7.3.1	We have developed building specific energy intensity reduction targets, designed to help us measure and improve the energy efficiency of our managed properties, supporting progress towards net zero carbon.
Creating value in the community and for our wider stakeholders	11 Sustainable Cities and Communities	11.7	11.7.1	We actively promote the inclusion of public spaces in and around our buildings and ensure they are fully accessible. In addition, we are signatories of the Westminster City Charter, the aim of which is to support Westminster City Council in its ambition to become a zero-carbon borough by 2040.
Managing our assets responsibly	12 Responsible Consumption and Production	12.5	12.5.1	We have a portfolio-wide minimum recycling target of 75% and a no waste to landfill policy. In addition, we have developed a new circular economy strategy for both our managed properties and regeneration projects, which we will launch in H1 2025.
		12.6	12.6.1	We integrate comprehensive sustainability information into our company and public reporting cycles.
Designing and delivering buildings responsibly, Managing our assets responsibly	13 Climate Action	13.2	13.2.2	Our science-based carbon targets are aligned to a 1.5°C scenario, verified by the Science Based Targets Initiative (SBTi). In addition, we have set embodied carbon and energy intensity reduction targets for our developments and managed properties respectively. We are committed to reducing our carbon emissions and ensuring our portfolio is climate resilient. In 2024, we updated our Responsible Development Brief which outlines our holistic approach to responsible design.

Streamlined Energy and Carbon Reporting (SECR) disclosure

In line with SECR regulations, the adjacent table shows the carbon emissions (tCO_2e) across Scopes 1, 2 and 3 together with appropriate intensity ratios ($kgCO_2e/sqm$) from our managed portfolio. We also show the global energy consumption (kWh) used to calculate our emissions. New in 2024, we show estimated consumption and emissions from our unmanaged buildings.

www.derwentlondon.com/responsibility/publications

In 2024, we updated our methodology for reporting embodied carbon emissions (included within Scope 3, Category 2) from major projects to more closely align the timing of emissions and offsetting. Full details are provided in Data notes below. Prior year data has not been restated.

Energy efficiency actions

The Group undertook a number of energy efficiency actions in 2024. These included:

- trials run across our own office, including shorter plant run-times and relaxed temperature set points, the results of which were used to support our ongoing programme of occupier engagement;
- out of hours assessments to identify actions for application across the portfolio, including external light assessments with findings reported to occupiers;
- air source heat pumps installed at 1-2 Stephen Street W1 as part of our work to decarbonise the portfolio and will use this model as a blueprint for future decarbonisation works;
- retrofitting specialist equipment to boilers at six buildings to enhance efficiency;
- completing and submitting our Phase 3 ESOS assessment and our annual reporting action plan template; and
- upgrades to building management systems (BMS) at several buildings to facilitate better control.

As the result of the actions and interventions noted above, year on year energy consumption reduced by 9% and energy intensity by 8% in 2024. Compared to our 2019 baseline, energy intensity has reduced by 17%.

See page 47

Data notes

Boundary (consolidation approach)	We use the 'operational control' approach. This incorporates properties where the Group has management control and influence over the operations, referred to as the 'managed' portfolio. This is located in central London (UK) and comprises 35 properties in total. Landlord emissions from our retail park in Glasgow are also included.
Alignment with financial reporting	The only variation to our financial reporting approach is that energy data and GHG emissions are excluded for buildings where the Group does not have control or influence. These are either single-let properties (also referred to as FRI) or areas for which we do not have management control (e.g. we do not procure utilities). We show our estimate of these emissions as a footnote to our SECR table. The rental income of these properties is included in the consolidated financial statements.
Reporting method	GHG emissions reporting is in line with the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard. Further details on our data calculation methodology can be found in the data section of our annual **Responsibility Report**.
Prior year restatements	No restatements have been made to 2023 data.
Emissions factor source (location-based)	UK Government emissions factors are used to convert energy usage into location-based carbon equivalents. These can be found at **www.gov.uk/government/collections/government-conversion-factors-for-company-reporting**.
Market-based emissions	The Scope 2 market-based factor is based on the provenance of energy supplies. In 2024, 99% of electricity was purchased on REGO-backed tariffs.
Embodied carbon	In 2024, we updated our reporting methodology for embodied carbon emissions (Scope 3, Category 2) from major projects (including refurbishments). We now report annually on a phased basis. Total estimated emissions from the RIBA Stage 4 report are spread equally over the construction period. Post practical completion, the as-built embodied carbon assessment will be reported, and any accruals will be captured in the final reporting year. The reported carbon tonnage is offset in the year of reporting. For our two major on-site projects, 25 Baker Street and Network, and Strathkelvin Retail Park, which are due to complete in 2025, the embodied carbon will be spread and reported over the remaining construction period (2024 and 2025). Prior year data has not been restated.
Independent assurance	Selected 2024 metrics were subject to independent limited assurance by Deloitte LLP in accordance with ISAE 3000 (Revised) and ISAE 3410 Standards. Their unqualified assurance opinion and our Environmental Basis of Reporting can be found in the 2024 **Responsibility Report**.

GHG emissions

	Location/ Market-based	tCO_2e 2024	tCO_2e 2023	% change 2024 vs 2023
Scope 1				
Combustion of fuel[1]	Location	**2,378**	3,007	**(21)**
Fugitive emissions[2]	Location	**358**	1,357	**(74)**
Total Scope 1 emissions	Location	**2,736[A]**	4,364	**(37)**
Scope 2				
Purchased electricity, heat, steam and cooling for own use[3]	Location	**2,705[A]**	2,795	**(3)**
Purchased electricity, heat, steam and cooling for own use[3]	Market	**19[A]**	29	**(34)**
Total Scope 1 & 2 emissions	Location	**5,441**	7,159	**(24)**
Total Scope 1 & 2 emissions intensity ($kgCO_2e/sqm$)	Location	**13.6**	18.2	**(25)**
Proportion UK-based		**100%**	100%	**–**
Scope 3 emissions[4]				
Category				
1. Purchased goods and services (includes water)		**30**	36	**(17)**
2. Capital goods[5]		**19,136[A]**	799	**2,295**
3. Fuel and energy-related activities		**1,283**	1,411	**(9)**
5. Waste generated in operations		**52**	79	**(34)**
6. Business travel		**117**	58	**102**
7. Employee commuting		**110**	110	**0**
13. Downstream leased assets[6]		**5,324**	5,517	**(3)**
Total Scope 3		**26,052[A]**	8,010	**225**
Total Scope 1, 2 & 3 emissions	Location	**31,493**	15,169	**108**
Total Scope 1, 2 & 3 (excluding embodied carbon) emissions		**12,357**	14,370	**(14)**

1 Managed portfolio gas use and fuel use in Derwent London owned vehicles.

2 Managed portfolio refrigerant loss from air conditioning and chilling systems.

3 Managed portfolio electricity use for common parts and shared services (landlord-controlled areas); no heat, steam or cooling was/is purchased.

4 Categories 4, 8, 9, 10, 11, 12, 14 & 15 are currently identified as non-material to scope of business or not relevant.

5 Refer to Data notes on page 58 for changes to embodied carbon emissions recognition methodology; 2023 data has not been restated.

6 Emissions from tenant electricity consumption for the managed portfolio only. Where the Group does not exercise 'operational control', consumption and emissions are not reported within our managed portfolio disclosure (within Scope 3, Category 13). This relates to the FRI portfolio and those elements of the managed portfolio (principally residential and retail units) where occupiers procure their own utilities. For completeness, based on estimated energy consumption of c.38.6m kWh (2023: c.43.7m kWh), our best estimate of the carbon emissions for the FRI portfolio and those elements of the managed portfolio in 2024 is c.7,700 tCO_2e (2023: c.8,700 tCO_2e).

Metrics denoted with an (A) have been subject to independent limited assurance by Deloitte LLP in accordance with ISAE 3000 (Revised) and ISAE 3410 Standards – see Environmental Basis of Reporting in our latest **Responsibility Report**.

Global energy use

	kWh 2024	kWh 2023	% change 2024 vs 2023
Gas (combusted on a whole building basis)	**12,981,252[A]**	16,424,375	**(21)**
Electricity (consumption from landlord-controlled areas)	**13,150,182[A]**	13,596,037	**(3)**
Electricity (consumption from tenant-controlled areas)	**25,713,301[A]**	26,642,461	**(3)**
Total energy (consumption from landlord areas for electricity and gas)	**26,131,434[A]**	30,020,412	**(13)**
Total building energy (consumption from landlord and tenant-controlled areas and gas)	**51,844,735[A]**	56,662,872	**(9)**
Derwent London vehicles (fuel combustion)	**16,278**	11,245	**45**

For more analysis of our GHG emissions, energy consumption and renewable energy generation, use and procurement, visit the data section of our latest **Responsibility Report**.

PROPERTY REVIEW

Our buildings are our brand

Holden House W1

Highlights

- ERV growth of 4.3%
- Equivalent yield 5.73%, up 18bp in H1 and stable in H2
- Underlying capital values up 0.2% in 2024 – quality continues to outperform
- Valuation recovery in H2 (+1.9%) on ERV growth and development profits

Nigel George Executive Director

Valuation

The Group's investment portfolio was valued at £5.0bn as at 31 December 2024 compared to £4.9bn at the end of 2023. Supported by our on-site developments and growth in reversion, the underlying portfolio valuation increased 1.9% in H2, with capital value growth, before accounting adjustments, of 0.2% overall in the year. This recovery follows a 10.6% decline in 2023. There was a deficit for the year of £1.8m which, after accounting adjustments of £2.0m, produced an overall increase of £0.2m.

Take-up in London was 4% higher compared to 2023 and returned to longer term levels. In particular, demand remains strongest for modern, well-located, high quality space with good amenities. Including further pre-lets at our 25 Baker Street W1 development, we had another strong year for lettings, with open-market leases signed on average 12.3% above December 2023 ERV.

This fed through to our EPRA rental values which were up 4.3% over the year, an improvement on the 2.1% increase in 2023 and the strongest annual growth figure since 2016.

Our portfolio EPRA true equivalent yield was stable in H2 at 5.73%, having risen 18bp in H1. The EPRA initial yield was unchanged year on year at 4.3% and after allowing for the expiry of rent-free periods and contractual uplifts, rises to 5.2% on a 'topped-up' basis (December 2023: 5.2%).

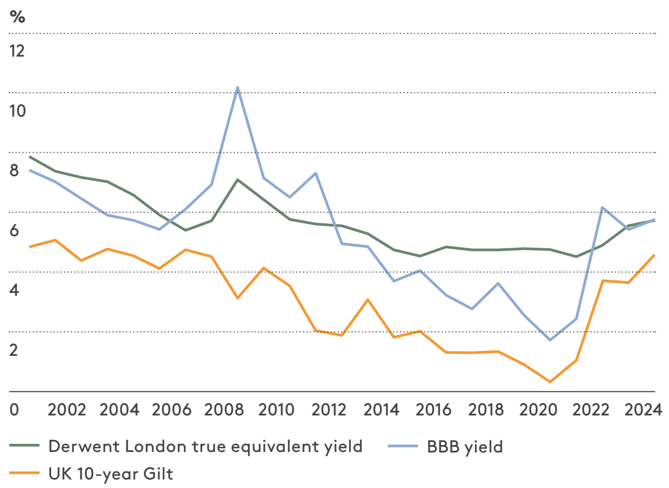
The valuation of our central London properties, which represent 98% of the portfolio, was flat with growth in the West End of 1.2% offsetting the City Borders where values were down 3.4%. The latter was impacted by weaker rental value growth and a slower leasing market.

The balance of the portfolio, our Scottish holdings, was up 11.6% driven by positive asset management and leasing activity at Strathkelvin Retail Park.

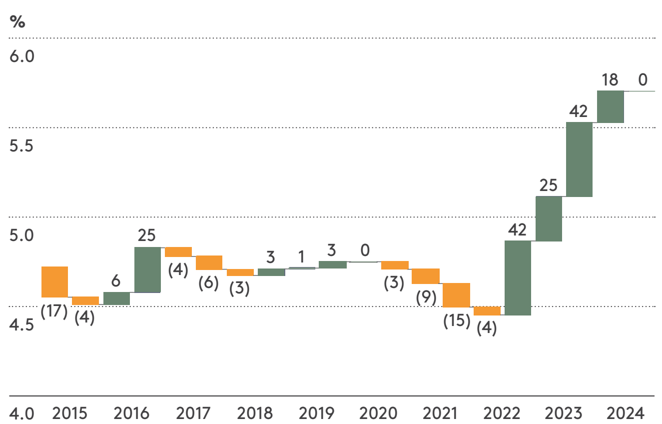
Further progress was made at our two on-site West End developments, 25 Baker Street W1 and Network W1. Valued at £597.2m, they represent 12% of the portfolio (December 2023: 8%). After adjusting for capital expenditure, the valuation uplift was 15.1%. The main drivers of this strong performance were construction progress, completion of the office pre-letting campaign at 25 Baker Street at rents 16.5% above appraisal ERV, and the release of development surpluses. 25 Baker Street is due to complete in H1 2025 with Network to follow later in the year. On a combined basis, a further £100m of capital expenditure is required. Excluding these two projects, the portfolio valuation decreased by 1.5% on an underlying basis.

Valuation continued

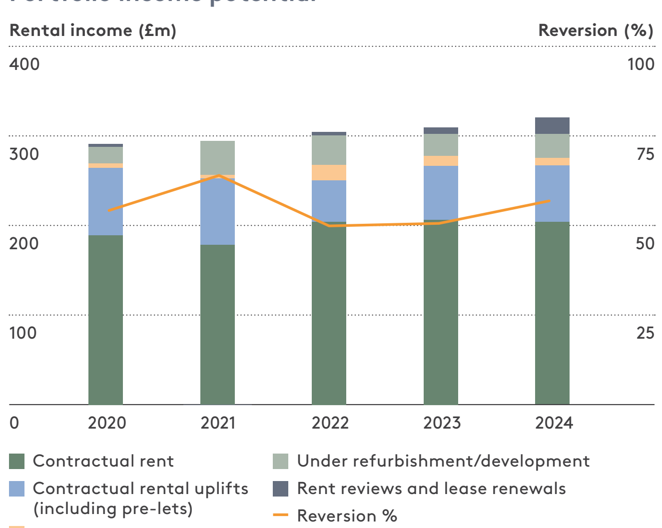
Valuation yields



True equivalent yield



Portfolio income potential



Our portfolio valuation increase of 0.2% outperformed the MSCI Quarterly Index for Central London Offices which was down 2.6%. This was mainly due to the strong valuation uplifts at our on-site developments. The wider UK All Property Index increased by 0.4%.

Our portfolio falls into two main categories: core income and future opportunities. The core income element comprises buildings which have generally been upgraded into modern, amenity-rich space. These properties typically have a higher capital value per square foot and, as illustrated below, remained more resilient. The future opportunities segment of the portfolio are mostly our lower value properties which offer refurbishment or redevelopment, often with the ability to add additional floor area.

Valuation movement by capital value banding

Capital value banding £psf	Weighting by value %	Capital value change %
≥£1,500	22	3.5
£1,000 – £1,499	21	(1.5)
<£1,000	45	(3.8)
Sub-total	**88**	**(1.5)**
On-site developments	12	15.1
Portfolio	**100**	**0.2**

Following two years of valuation declines, valuation yields stabilised during H2 driving a total property return of 4.1% in 2024. This compares to the MSCI Quarterly Index of 1.3% for Central London Offices and 5.5% for UK All Property.

Further details on the progress of our projects are in the 'Development and refurbishments' section below.

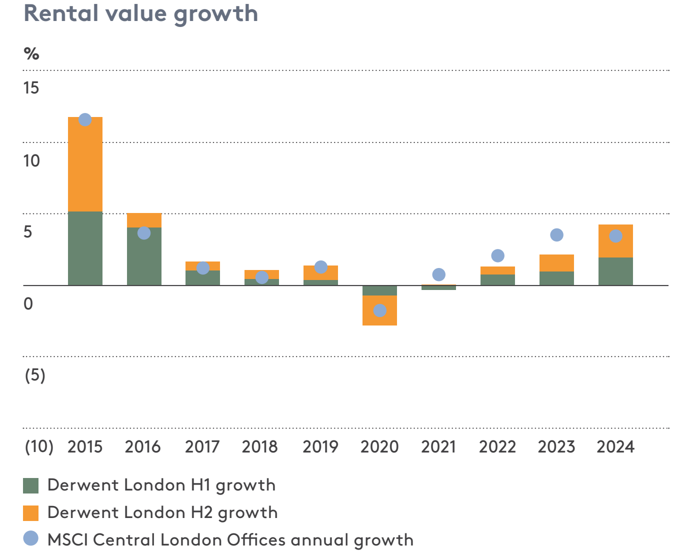
Portfolio reversion

Our contracted annualised cash rent roll as at 31 December 2024 was £204.3m, a decrease of 1.1% over the last 12 months, which is principally due to the disposal of Turnmill EC1. With a portfolio ERV of £320.5m, there is £116.2m of potential reversion, an increase of 12.7% compared to the £103.1m at December 2023. The main components within this are:

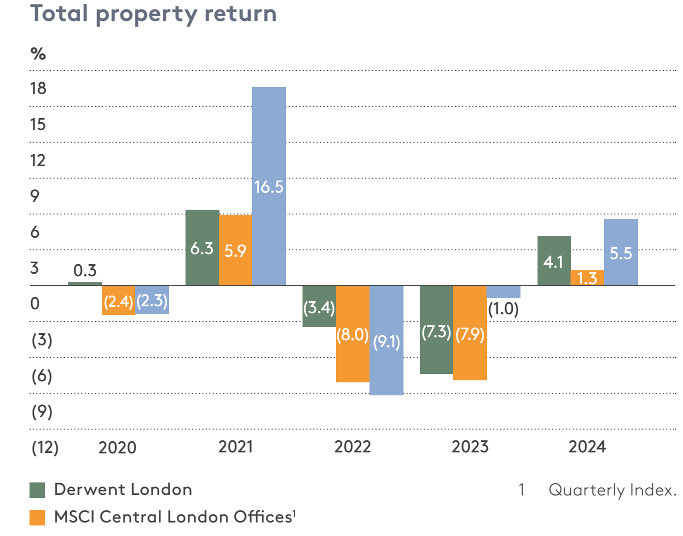
- **Contracted uplifts:** £42.3m which is contracted through a combination of rent-free expiries and fixed uplifts, the majority of which is already straight-lined in the income statement under IFRS accounting standards; our IFRS accounting rent roll at 31 December 2024 was £210.7m.
- **On-site developments:** £34.4m from two on-site developments at the current ERV, of which £20.7m or 60% is pre-let, up from £15.6m or 47% a year ago.
- **Smaller projects:** £12.8m of refurbishment projects (2023: £7.5m). These spaces will generally be upgraded during 2025.
- **EPRA vacancy:** £8.4m of 'available to let' space. Since year end, £3.4m of this space has been let or is under offer.
- **Reviews and expiries:** £18.3m is from future reviews and expiries less future fixed uplifts. This has increased substantially from the £7.1m at December 2023, principally reflecting the acceleration in rental value growth seen during the year.

Members of the Investor Relations and Investment teams

Rental value growth



Total property return



1 Quarterly Index.

PROPERTY REVIEW continued

Valuation continued

Portfolio statistics – valuation

	Valuation £m	Weighting %	Valuation[1] performance %	Let floor area[2] '000 sq ft	Vacant available floor area '000 sq ft	Vacant refurbishment floor area '000 sq ft	Vacant project floor area '000 sq ft	Total floor area '000 sq ft
West End								
Central	3,473.1	69	1.8	2,749	38	78	175	3,040
Borders	301.7	6	(5.5)	354	22	53	0	429
	3,774.8	75	1.2	3,103	60	131	175	3,469
City								
Borders	1,173.4	23	(3.4)	1,334	165	63	0	1,562
Central London	4,948.2	98	0.0	4,437	225	194	175	5,031
Provincial	92.9	2	11.6	308	17	0	0	325
Total portfolio 2024	**5,041.1**	**100**	**0.2**	**4,745**	**242**	**194**	**175**	**5,356**
2023	4,878.5	100	(10.6)	4,753	284	121	236	5,394

1 Underlying – properties held throughout the year.
2 Includes pre-lets.

Rental income profile

	Rental uplift £m	Rental per annum £m
Annualised contracted rental income, net of ground rents		204.3
Contractual rental increases across the portfolio	42.3	
Contractual rental from pre-lets on developments[1]	20.7	
Letting 242,000 sq ft available floor area	8.4	
Completion and letting 194,000 sq ft of refurbishments	12.8	
Completion and letting 175,000 sq ft of developments	13.7	
Anticipated rent review and lease renewal reversions	18.3	
Portfolio reversion		116.2
Potential portfolio rental value		**320.5**

1 204,300 sq ft of pre-lets in addition to 57,900 sq ft pre-sold, at 25 Baker Street W1.

Portfolio statistics – rental income

	Net contracted rental income per annum £m	Average rental income £ per sq ft	Vacant space rental value per annum £m	Lease reversion per annum[1] £m	Portfolio estimated rental value per annum £m	Average unexpired lease length[2] Years
West End						
Central	116.0	42.86	22.9	67.1	206.0	7.2
Borders	18.2	51.70	3.7	0.4	22.3	5.6
	134.2	43.87	26.6	67.5	228.3	7.0
City						
Borders	65.5	49.83	8.0	13.2	86.7	3.8
Central London	199.7	45.66	34.6	80.7	315.0	5.9
Provincial	4.6	14.82	0.3	0.6	5.5	1.8
Total portfolio 2024	**204.3**	**43.65**	**34.9**	**81.3**	**320.5**	**5.9**[3]
2023	206.5	44.42	35.8	67.3	309.6	6.5

1 Contracted uplifts, rent reviews/lease renewal reversion and pre-lets.
2 Lease length weighted by rental income at year end and assuming tenants break at first opportunity.
3 6.8 years after adjusting for 'topped-up' rents and pre-lets.

Henry Wood House W1

Central London office rent

'Topped-up' income

£0-£30 per sq ft	**5%**
£30-£40 per sq ft	**8%**
£40-£50 per sq ft	**12%**
£50-£60 per sq ft	**22%**
£60-£70 per sq ft	**16%**
£70-£80 per sq ft	**18%**
£80+ per sq ft	**19%**

Ten largest tenants

	% of rental income[1]
Expedia	**7.7%**
Public sector	**7.4%**
Burberry	**6.7%**
G-Research	**4.7%**
Boston Consulting Group	**3.4%**
Fora	**3.1%**
Arup	**2.6%**
VCCP	**2.2%**
Paymentsense	**2.1%**
Apollo	**1.9%**

Tenant diversity

	% of rental income[1]
Business services	**19**
Media	**15**
Fintech	**10**
Retail head office	**9**
Retail & hospitality	**9**
Online leisure	**8**
Public sector	**7**
Financial	**7**
Technology	**6**
Flexible office providers	**5**
Other	**5**

1 Based upon contracted net rental income of £204.3m.


Members of the Sustainability team

Highlights
- Energy intensity reduced by 8% to 137 kWh/sqm
- Forward purchase of c.114,000 carbon offsets for £34/tonne
- Good progress on delivery of Scottish solar park
- 69% of portfolio has EPC 'A' or 'B'

Sustainability

Reduction in energy intensity and operational carbon emissions
Energy consumption in 2024 reduced by 9% across the London managed portfolio to 51.8m kWh (2023: 56.7m kWh). Consequently, energy intensity was 8% lower at 137 kWh/sqm (2023: 149 kWh/sqm), supporting ongoing progress towards our 2030 target of 90 kWh/sqm. Our operational carbon footprint reduced 14% in the year to 12,357 tCO_2e (2023: 14,370 tCO_2e).

This successful reduction was achieved through continued collaboration between our Property Management and Sustainability teams, an ongoing programme of occupier engagement as well as completion of several building upgrade initiatives. These included installation of the first phase of air source heat pumps at 1-2 Stephen Street W1, part of our portfolio decarbonisation strategy, and retrofitting specialist equipment to boilers at six buildings enhancing efficiency.

Self-generating electricity – making progress with solar park delivery
Following receipt of planning consent in 2023 for a c.100-acre 18.4MW solar park on our land in Scotland, delivery is now underway. On completion, the electricity generated is expected to be in excess of 40% of our London managed portfolio's usage, on an annualised basis.

Embodied carbon – reducing and offsetting our emissions
As part of our Net Zero Carbon Pathway, we have set stretching targets to reduce the embodied carbon footprint of our regeneration activity. New builds completing from 2025 are targeting an embodied carbon intensity of ≤600 $kgCO_2e$/sqm, which reduces to ≤500 $kgCO_2e$/sqm from 2030. We have committed to offset the residual embodied carbon using verified carbon removal offset schemes.

In 2024, we revised our embodied carbon recognition policy for major projects to spread emissions over the duration of the construction phase, with offsets similarly phased to more closely align with the timing of emissions. Previously, a project's emissions were recognised (and offset) in the year of completion. We estimate annual embodied carbon emissions of c.15,000 tCO_2e over the coming years. As part of our strategic planning, in the year we forward-purchased verified credits, on a phased basis, equivalent to c.114,000 tCO_2e for a total amount of £3.9m or c.£34/tCO_2e.

Significant progress was made towards decarbonising our regeneration activity in 2024. First, we formalised our circular economy approach, establishing a cross-business working group to identify materials and parts for re-use on site or elsewhere either across the managed portfolio or, working with a new third party partner, elsewhere.

Examples of circular economy in action across our portfolio include the refurbishment and re-use of raised access flooring, re-use of steel (where appropriate), use of cement replacements in concrete, retention and re-use or recycling of MEP components, and re-use of glass.

Additionally, we created a developer-led cross-industry working group with the objective of accelerating delivery of lower carbon concrete products to market, by facilitating collaboration and information sharing across the concrete supply chain from manufacturers to structural engineers, main contractors and clients. Very positive feedback has been received following the 'Accelerating Concrete-Decarbonisation Group' workshops held to date.

69% of our portfolio now rated EPC A or B
In 2021, we outlined a c.£100m phased programme of works to ensure compliance with evolving EPC legislation (Minimum Energy Efficiency Standards, MEES), of which £86m is remaining. As at December 2024, 69% of the portfolio was rated A or B (including projects at 25 Baker Street W1 and Network W1) in line with expected 2030 legislation, which compares to the wider London office market at sub-30%. A further c.18% are rated C, taking our compliance with expected 2027 legislation (EPC C or above) to 87%. The remainder of the portfolio is rated D or E, in line with current MEES requirements.

Highlights
- £18.9m of new leases in 2024; 6.2% above December 2023 ERV
  - 12.3% above ERV excluding short-term development lettings
  - Includes £5.3m of pre-lets at 25 Baker Street W1 offices, now 100% pre-let
  - Further £1.2m has completed in H1 2025 to date, with £2.2m currently under offer
- EPRA vacancy rate down 90bp through 2024 to 3.1%


Emily Prideaux Executive Director

Leasing and asset management

Lettings
In 2024, we maintained positive momentum in our letting activity as occupiers continued to prioritise quality buildings in well-connected London locations for an office-centric workforce. In total, £18.9m of new leases were signed covering 324,700 sq ft. Demand was more balanced when compared to the prior year, reflective of a broader recovery across the market.

- **Location:** At 43%, the City Borders represented a greater proportion of overall lettings against 2023. This was primarily driven by £3.3m of lettings at The White Chapel Building E1 where occupancy increased from 60% to 77% in the year and 87% including space under offer. Open market leases in the West End and City Borders averaged 12.1% and 7.6% ahead of December 2023 ERV, respectively (excluding pre-lets and short-term development-linked deals).
- **Pre-lets:** At 25 Baker Street W1, the office element is now fully pre-let ahead of completion in H1 2025, with 2024 pre-lets of £5.3m signed at a 27.2% premium to the appraisal ERV. Overall, non pre-lets accounted for 53% of total lettings compared to 43% in 2023, demonstrating the enduring demand for our high quality buildings in the right locations.
- **'Furnished + Flexible':** £4.5m of 'Furnished + Flexible' transactions were agreed, with open market deals averaging 12.5% above December 2023 ERV. This represents a 33% increase in letting volumes for these smaller, fully-fitted units compared to 2023. We operate c.190,000 sq ft of 'Furnished + Flexible' units, with c.100,000 sq ft under review and expected to be delivered in the coming years in accordance with occupier demand.

Since the start of 2025, we have agreed a further £1.2m of new leases and there is £2.2m under offer. The latter includes the conditional agreement for lease on the pavilion and lower ground floors at The White Chapel Building E1.

Leasing and asset management continued

Leasing in 2024

	Let			Performance against Dec 2023 ERV (%)	
	Area '000 sq ft	Income £m pa	WAULT[1] yrs	Open market	Overall[2]
H1 2024	138.9	8.8	7.3	10.3	7.8
H2 2024	185.8	10.1	8.6	14.4	4.8
2024	**324.7**	**18.9**	**8.0**	**12.3**	**6.2**
Of which: F+F[3]	67.9	4.5	2.6	12.5	0.9

1 Weighted average unexpired lease term (to break).
2 Includes short-term lettings at properties earmarked for redevelopment.
3 'Furnished + Flexible'.

Leasing by type in 2024

Type	Area '000 sq ft	Income £m pa	Performance vs Dec 2023 ERV %
Pre-let	154.7	8.8	14.8
Non pre-let – open market	126.3	8.6	9.9

Principal lettings in 2024

Property	Tenant	Area sq ft	Rent £ psf	Total annual rent £m	Lease term Years	Lease break Year	Rent-free equivalent Months
H1 2024							
25 Baker Street W1	Cushman & Wakefield	17,100	107.50	1.8	15	–	34
The White Chapel Building E1	Pay UK	27,000	52.50	1.4	10	5	22, plus 5 if no break
The White Chapel Building E1	PLP Architecture	22,300	50.00	1.1	10	–	24
The White Chapel Building E1	Breast Cancer Now	14,700	51.00	0.8	10	5	20, plus 10 if no break
The Featherstone Building EC1	incident.io[1]	6,900	86.70	0.6	2	–	1
Tea Building E1	Buttermilk[1]	7,300	66.50	0.5	4	3	2, plus 2 if no break
One Oxford Street W1	Starbucks	4,200	98.10	0.4	15	10	12
230 Blackfriars Road SE1	Hello! Magazine[1]	7,300	52.50	0.4	5.5	–	14
H2 2024							
1-2 Stephen Street W1	Envy	19,200	61.00	1.2	15	10	24, plus 12 if no break
20 Farringdon Road EC1	Lumon Pay[1]	18,100	45.00	0.8	2.25	–	7.5
25 Baker Street W1	Sculptor Capital	7,200	107.50	0.8	10	5	12, plus 12 if no break
The Featherstone Building EC1	Wiz Cloud[1]	5,800	89.50	0.5	3	2	–
One Oxford Street W1	Kiko Milano	2,900	168.50	0.5	10	6	12
One Oxford Street W1	Aldo	2,700	169.70	0.5	10	6	14
Tea Building E1	Cleo AI	6,900	65.00	0.5	1	–	–
Strathkelvin Retail Park, Scotland	Home Bargains	35,100	13.00	0.5	15	–	12
230 Blackfriars Road SE1	Instant Offices	7,300	44.00	0.3	5.3	3	14
Strathkelvin Retail Park, Scotland	Aldi	21,600	15.00	0.3	20	–	9
3-5 Rathbone Place W1	Saltus Partners[1]	3,900	88.00	0.3	5	3	1.5

Table excludes a confidential pre-let at 25 Baker Street W1.
1 Space leased on a 'Furnished + Flexible' basis.

Members of the Asset, Leasing and Marketing teams

Asset management

As demand for Grade A space continues to outpace supply, we are engaged with a number of occupiers already planning for lease breaks/expiries over the coming years. Relocation costs are an important consideration for businesses assessing occupational strategies in the current environment and we work collaboratively with tenants to help them make informed decisions around their office requirements.

At the start of 2024, 10% of passing rent was subject to break or expiry in the year. After adjusting for disposals and space taken back for larger schemes, 85% of income exposed to breaks and expiries was retained or re-let by year end. This is in line with our 10-year average of 84%.

Overall, asset management activity in 2024 totalled £14.5m. Rent reviews were settled on average 10.9% ahead of the previous rent, reflecting the acceleration in rental growth. Excluding development-linked deals, rent reviews, lease regears and renewals were agreed 4.1% above previous income and 4.5% ahead of December 2023 ERV.

The key transactions were:

- **25 Savile Row W1:** three rent reviews (18,700 sq ft) settled on average 16.8% ahead of the previous rent, and 14.4% above the December 2023 ERV.
- **1-2 Stephen Street W1:** as part of a wider asset management transaction, we relocated Envy Post Production from Holden House W1 ahead of its redevelopment to 1-2 Stephen Street (19,200 sq ft) at a rent of £1.2m pa (£61 psf), 13.5% above the December 2023 ERV. This letting was for a 15-year term with a break at year 10.
- **Strathkelvin Retail Park, Scotland:** as part of our upgrade plans to future-proof the retail park and improve the public realm, several leasing deals (including to Aldi and Home Bargains) were agreed and two rent reviews were completed, with the latter on average 13.2% ahead of the previous rent.

In addition to a focus on capturing reversionary value through rent reviews and lease renewals, our Asset Management team plays an important role in aligning lease profiles to facilitate commencement of regeneration projects. In 2024, there were 25 development-linked deals at buildings which form the next phase of our pipeline, commencing from 2025 onwards.

Asset management in 2024

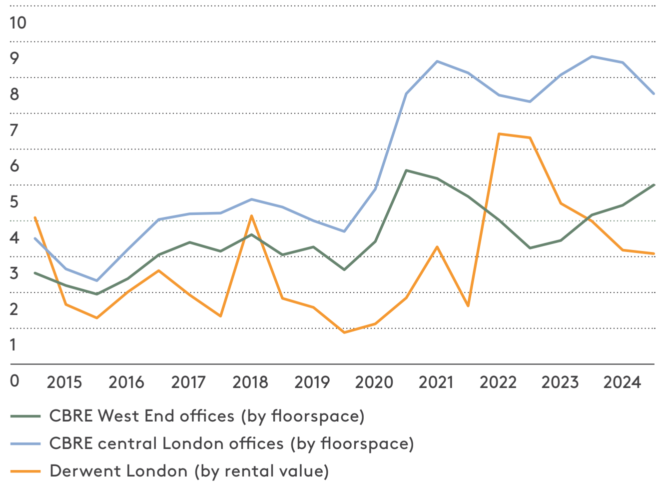
	Number	Area '000 sq ft	Previous rent £m pa	New rent[1] £m pa	Uplift %	New rent vs Dec 2023 ERV %
All activity						
Rent reviews	12	70.9	4.5	5.0	10.9	8.2
Lease renewals	48	212.3	5.3	5.1	-4.3	-3.1
Lease regears	13	81.2	4.5	4.4	-2.1	-2.0
Total	**73**	**364.4**	**14.3**	**14.5**	**1.2**	**0.9**
Activity excluding 50 Baker Street development facilitation activity						
Lease renewals	25	185.2	4.2	4.2	-0.1	3.6
Lease regears	11	71.7	4.0	4.0	0.9	1.2

1 Headline rent, shown prior to lease incentives.

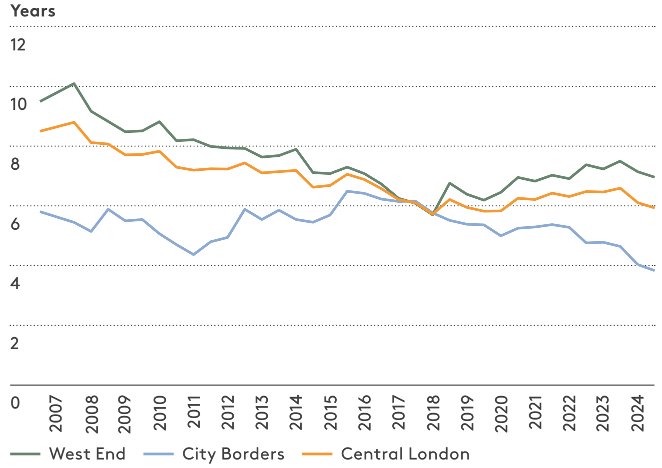
PROPERTY REVIEW continued

Leasing and asset management continued

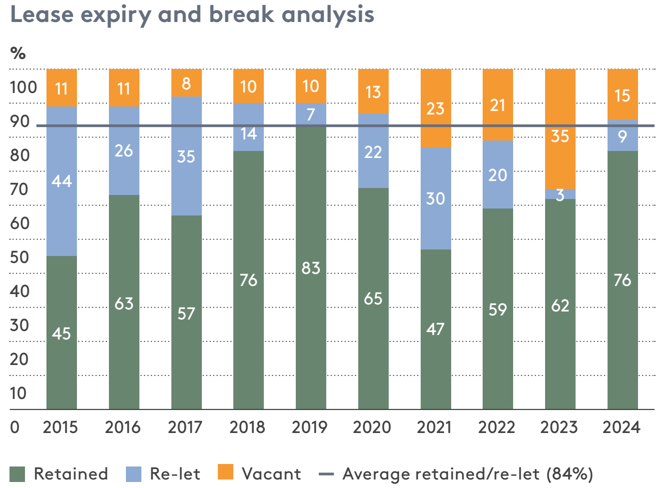
Ten-year vacancy trend



Average unexpired lease length



Lease expiry and break analysis



The weighted average unexpired lease term (WAULT) to break across the portfolio is 5.9 years, split 7.0 years in the West End and 3.8 years in the City Borders. Our 'topped-up' WAULT (adjusted for pre-lets and rent-free periods) is 6.8 years.

Vacancy

The EPRA vacancy rate decreased by 90bp through 2024 to 3.1% (December 2023: 4.0%) with an ERV of £8.4m. There is a further £9.7m of rent classified as project space.

Rent and service charge collection

Rent and service charge collection rates remain high at 99% for the December 2024 quarter.

Property management

In 2024, in addition to operational management and customer service, a particular focus of the Property Management team has been on driving sustainability and net zero carbon initiatives.

Activities included a programme of enhanced metering to improve data collection, continuous review of building services to ensure optimisation, and investment in new technologies to support reductions in energy consumption. At 1-2 Stephen Street W1, the team is leading the M&E life cycle replacement project and the installation of air source heat pumps which forms part of our journey to net zero. A programme of decarbonisation projects across the portfolio has been developed to continue this work into 2025 and onwards. Coupled with our Intelligent Buildings platform, we achieved a significant decrease in energy consumption across the portfolio in 2024.

As well as further contract negotiations, the team continued to focus on costs in the face of rising wages and inflation to minimise building service charges. Use of new technologies, such as drones and robotics, has assisted in reducing overall labour costs and is a continuing area of focus for 2025.

Senior members of the Building Management team

Highlights

Developments

- £207m of project expenditure
- Two major projects on site – 25 Baker Street W1 (298,000 sq ft) and Network W1 (139,000 sq ft)
  - 60% pre-let/sold
  - 25 Baker Street offices 100% pre-let, 16.5% ahead of appraisal ERV
  - Combined 6.1% yield on cost and 15% development profit
- Medium and longer term pipeline totals c.1.6m sq ft
  - Additional programme of smaller refurbishments

Acquisitions and disposals

- Acquisition of remaining 50% stake in 50 Baker Street W1 for £44.4m (£370 psf) before costs
- Total disposals £89.1m; major sale was Turnmill EC1 (Q2: £76.6m; 4.9% yield)

Paul Williams Chief Executive **Nigel George** Executive Director

Investment and regeneration

In 2024, the London office investment market remained slow following a challenging few years. Nonetheless, we remain disciplined in our capital recycling strategy and anticipate selling more of our buildings over the coming years as the market recovers and more attractive acquisition opportunities emerge. Our approach to capital recycling has helped us maintain a robust balance sheet throughout market volatility, ensuring we are well-positioned as investment opportunities arise.

The Group's capital allocation decisions in 2024 were centred on its development and refurbishment pipeline with £207m of capital expenditure incurred in the year. Including on-site schemes, our regeneration pipeline extends to c.2.0m sq ft across eight major projects which will be delivered over the coming decade.

We remain committed to owning a portfolio balanced between core income properties and those that offer future regeneration potential.

At 31 December 2024, the portfolio was split 53% 'core income' and 47% 'future opportunity'. This excludes Old Street Quarter EC1 where our conditional acquisition is expected to complete from 2027 and which offers significant potential to create a mixed-use campus.

We expect to maintain annual capital expenditure in the range of £150m to £200m, with a rising contribution from rolling refurbishments.

Developments and refurbishments

Topping-out event for Network W1

Major on-site development pipeline

Project	Total	25 Baker Street W1	Network W1
Completion		H1 2025	H2 2025
Office (sq ft)	352,000	218,000	134,000
Residential (sq ft)	52,000	52,000	–
Retail (sq ft)	33,000	28,000	5,000
Total area (sq ft)	**437,000**	**298,000**	**139,000**
Est. future capex[1] (£m)	100	50	50
Total cost[2] (£m)	742	493	249
ERV (c.£ psf)	n/a	100	95
ERV (£m pa)	34.4	21.3[3]	13.1
Pre-let/sold area (sq ft)	262,200	262,200[4]	–
Pre-let income (£m pa, net)	20.7	20.7	–
Embodied carbon intensity ($kgCO_2e/sqm$)[5]		c.600	c.530
Target BREEAM rating		Outstanding[6]	Outstanding
Target NABERS rating		4 Star or above[6]	4 Star or above
Green Finance		Elected[6]	Elected

1 As at 31 December 2024.
2 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 freeholder, The Portman Estate.
3 Long leasehold, net of 2.5% ground rent.
4 Includes five office pre-lets, 15 private residential units at year end (plus one further sale in early 2025), the pre-sold affordable housing plus the courtyard retail and Gloucester Place offices pre-sold to The Portman Estate.
5 Embodied carbon intensity estimate as at mid-stage 5.
6 On main commercial building.

Major on-site projects – 437,000 sq ft (60% pre-let/sold)

We continue to make good progress at both our on-site West End development projects, 25 Baker Street W1 and Network W1, which together total 437,000 sq ft. We currently expect a combined 15% development profit and 6.1% yield on cost (6.9% yield on completion), which could rise to 6.3% if a similar ERV beat is achieved on the remaining speculative space.

- **25 Baker Street W1** (298,000 sq ft) – our office-led scheme in Marylebone is expected to complete later in H1 2025. It features 218,000 sq ft of best-in-class offices, 28,000 sq ft of new destination retail surrounding a central landscaped courtyard (which is being delivered for the freeholder, The Portman Estate) and 52,000 sq ft of residential, of which 45,000 sq ft is private. Reflecting the strength of occupier demand in the area, the offices are now 100% pre-let at an average headline rent of £104 psf, a 16.5% premium over the appraisal ERV. Additionally, the sale of the residential units is progressing well, with contracts exchanged on 16 of the 41 private units for £83.0m. This reflects an average capital value of £3,750 psf, substantially ahead of the appraisal value.
- **Network W1** (139,000 sq ft) – an office-led scheme in Fitzrovia, targeted for completion in H2 2025, comprising 134,000 sq ft of adaptable offices and 5,000 sq ft of retail. The façade is nearing completion and the project remains on programme. We have adopted a number of circular economy measures including the reconditioning and re-use of raised access flooring, among others, helping reduce the embodied carbon intensity to c.530 $kgCO_2e/sqm$. We are engaged with several potential occupiers across a range of sectors and with a variety of requirements and are confident in the quality of the space we are delivering against the backdrop of a constrained development pipeline in the West End, especially in Fitzrovia.

Major on-site projects
437,000 sq ft

Expected profit
15%

Annual pre-let income (net)
£20.7m

Future regeneration projects

Six schemes totalling c.1.6m sq ft

In addition to our on-site projects, our medium to longer term pipeline extends to c.1.6m sq ft across six design-led, amenity rich projects.

Medium-term pipeline – all in the West End

- **Holden House W1** (133,500 sq ft) – due to commence in H2 2025: we are progressing our plans for this 'behind the façade' project with a higher office weighting and improved sustainability credentials.
- **50 Baker Street W1** (c.240,000 sq ft) – expected to commence in H1 2026: in Q4 2024 we acquired Lazari Investments 50% stake in the joint venture to take full control of the project. This leasehold property is located on The Portman Estate and headlease regear negotiations are making positive progress. Resolution to grant planning consent was secured in H2 2024.
- **Greencoat & Gordon House SW1** (107,800 sq ft) – expected to commence in H1 2026: originally a Victorian warehouse, we will comprehensively refurbish the space celebrating its heritage architecture, for delivery into a supply constrained market in 2028.

Long-term pipeline

- **20 Farringdon Road EC1** (166,300 sq ft) – due to commence in H1 2027: a number of refurbishment options are being appraised following early-stage design surveys. The project is expected to commence in 2027.
- **Old Street Quarter EC1** (c.750,000 sq ft) – expected to commence from 2028: our £239m acquisition of this 2.5-acre island site is expected to complete from 2027, conditional on delivery by the vendor of the new eye hospital at St Pancras and subsequent vacant possession of the existing site. Our studies suggest there is potential for a significant mixed-use campus development, potentially incorporating both office and 'living' components.
- **230 Blackfriars Road SE1** (c.200,000 sq ft) – expected to commence from 2030: our early appraisals show capacity for a substantial development of this 1970s building, more than three times the existing floor area.

Rolling refurbishments

Rolling refurbishments comprise a greater proportion of our pipeline as we upgrade our portfolio to meet the evolving needs of an increasingly selective occupier base. These projects will provide the enhanced amenity occupiers are prioritising and ensure compliance with evolving government EPC requirements, as well as delivering attractive rental uplifts. Our project pipeline includes 1-2 Stephen Street W1, Middlesex House W1 and 1 Oliver's Yard EC1.

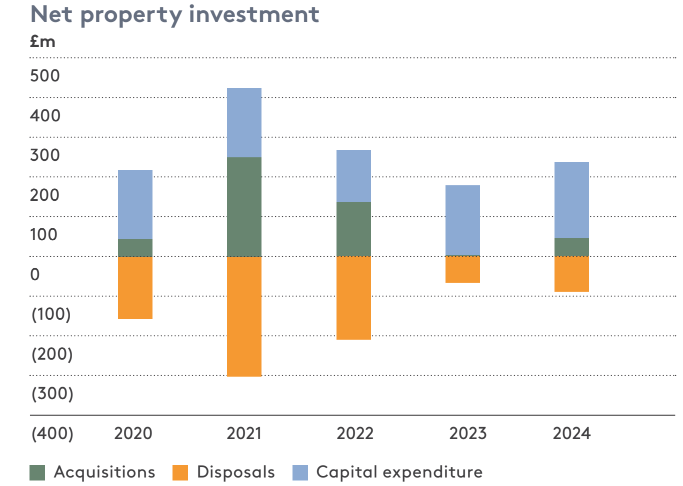
Acquisitions and disposals

Shortly before the end of the year, the Group acquired the remaining 50% holding in 50 Baker Street W1 from its JV partner, Lazari Investments. The consideration, before costs, was £44.4m or £370 psf.

Disposal activity in 2024 totalled £89.1m after costs with a further £25.7m transacting just after year end. The two principal transactions were:

- **Turnmill EC1** for £76.6m, a capital value of £1,100 psf; and
- **4 & 10 Pentonville Road N1** for £25.7m, a capital value of £470 psf, to an owner-occupier. Contracts were exchanged in Q4 but the disposal completed shortly after year end.

Net property investment



Principal disposals in 2024

Property	Date	Area sq ft	Total after costs £m	Net yield %	Net rental income £m pa
Acquisitions					
50 Baker Street W1 (50% share)	Q4	61,000	47.0[1]	4.2	2.0
Disposals					
Turnmill EC1	Q2	70,300	76.6	4.9	4.0
4 & 10 Pentonville Road N1	Q4[2]	54,800	25.7	–	–

1 £44.4m before costs.
2 Exchange of contracts only; completed in January 2025.

FINANCE REVIEW

Damian Wisniewski Chief Financial Officer

Introduction

Property investment yields moved out substantially in 2022 and 2023 but firmed in H1 2024 and hardly moved from that point to the end of the year. This was supported by the strongest growth we have seen in our rental values since 2016. Overall cost inflation has also moderated in most respects.

As a result, our outlook for total returns over the next few years from our well-designed and amenity-rich office space in many of London's best locations is more positive than for some time.

In recent months, concerns over global politics, UK economic growth and the government's funding deficit have grown, raising uncertainty levels and elevating yields for government bonds. This is notable particularly at the longer end of the curve though pressure has eased in the last few weeks. It remains to be seen whether gilt pricing reads through to more widespread yield adjustments. Long-term debt costs have been affected too and rose in Q4 2024 and into early 2025, just as UK base rates continue to fall. We will examine our response to this in the 'debt and financing' section later on.

We continue to invest in our people, the green agenda, Intelligent Buildings, amenity and governance, as well as the core asset management and development business. Over the past few years, the cost of our platform has grown more quickly than our rental income; cost control and efficiency are therefore continuing areas of focus for us into 2025.

It was good to see Derwent London return to a positive total return in 2024 after two years of valuation declines.

Presentation of financial results

The consolidated financial statements have been prepared in accordance with UK adopted International Financial Reporting Standards (IFRS). In common with usual and best practice in our sector, alternative performance measures have also been provided to supplement IFRS based on the recommendations of the European Public Real Estate Association (EPRA). EPRA Best Practice Recommendations (BPR) have been adopted widely throughout this report and are used within the business when considering our operational performance as well as matters such as dividend policy and elements of our Directors' and senior staff remuneration.

Full reconciliations between IFRS and EPRA figures are provided in note 38 and the EPRA definitions are set out on pages 283 and 284.

The Derwent London plc company financial statements have been presented this year in accordance with FRS 101 with a transition date of 1 January 2023. The comparative figures were previously prepared in accordance with IFRS. No material adjustments were necessary to previously reported figures as a result of adopting FRS 101 except for certain disclosure exemptions.

Total net assets
£3,539.8m
Dec 2023: £3,508.8m

EPRA NTA per share
3,149p
Dec 2023: 3,129p

EPRA NDV per share
3,261p
Dec 2023: 3,243p

Property portfolio at fair value
£5,041.1m
Dec 2023: £4,844.7m

Gross property and other income
£276.9m
Dec 2023: £265.9m

Net rental income
£189.6m
Dec 2023: £186.2m

IFRS profit/(loss) before tax
£116.0m
Dec 2023: (£475.9m)

EPRA earnings per share (EPS)
106.5p
Dec 2023: 102.0p

Interim and final dividend per share
80.5p
Dec 2023: 79.5p

EPRA LTV ratio
29.9%
Dec 2023: 27.9%

NAV gearing
41.9%
Dec 2023: 38.7%

Net interest cover ratio
3.9x
Dec 2023: 4.1x

Net debt/EBITDA
9.3x
Dec 2023: 8.8x

Over the last year, we believe we have again successfully balanced value creation with relatively resilient recurring earnings and dividend growth. Our high quality product remains in demand and Derwent London's leverage is comfortable. Looking into 2025 and beyond, while near-term refinancing will bring higher interest costs, we see attractive total returns and will continue to recycle capital as we gradually renew or refurbish our office portfolio. We may also consider other use classes where we believe this provides stronger returns.

Net asset values and total return for the year

Our property values increased in H2 2024 to reverse the first half decline of 1.7%. This helped bring Derwent London's IFRS net asset value to £3,540m at the year end, a 0.9% increase over the year, from £3,509m at 31 December 2023. EPRA net tangible asset (NTA) value per share increased accordingly to 3,149p from 3,129p at 31 December 2023 and we delivered a positive total return (ie EPRA NTA growth plus dividends per share) of 3.2%. In 2023, the total return was -11.7% and, in 2022, -6.3%.

	2024 p	2023 p
Opening EPRA NTA	**3,129**	3,632
Revaluation movement	**(8)**	(516)
Profit on disposals	**2**	1
EPRA earnings	**106**	102
Ordinary dividends paid	**(80)**	(79)
Share of joint venture revaluation movement/impairment	**–**	(8)
Other	**–**	(3)
Closing EPRA NTA	**3,149**	3,129

EPRA Net Disposal Value (NDV), which takes account of the £137m positive fair value impact of fixed rate debt and bonds over their book values, also increased, rising to 3,261p per share against 3,243p per share as at 31 December 2023.

FINANCE REVIEW continued

Property portfolio at fair value

The fair value of the wholly owned property portfolio, which is externally valued by Knight Frank, increased to £5.0bn at 31 December 2024 from £4.8bn a year earlier. For accounting purposes, we make adjustments from fair value to carrying value, the main ones being to recognise the rent-free incentives through earnings on a straight-line basis, spreading letting costs over the life of each lease and grossing up headlease liabilities. After these adjustments, the total property fair value split across the various balance sheet categories was as follows:

	Dec 24 £m	Dec 23 £m
Investment property	**4,670.1**	4,551.4
Non-current assets held for sale	**25.7**	–
Owner-occupied property	**49.0**	46.1
Trading property	**115.7**	60.0
Property carrying value	**4,860.5**	4,657.5
Accrued income (non-current)	**173.6**	173.9
Accrued income (current)	**22.0**	20.2
Unamortised direct letting costs (non-current)	**14.4**	14.5
Unamortised direct letting costs (current)	**2.8**	2.4
Grossing up of headlease liabilities	**(33.1)**	(33.6)
Revaluation of trading property	**0.6**	9.8
Other	**0.3**	–
Fair value of property portfolio	**5,041.1**	4,844.7
Fair value of properties held in joint venture (50%)	**–**	33.8

Property acquisitions in 2024 totalled £47.0m including costs, related to the acquisition of Lazari Investments Ltd's 50% interest in the 50 Baker Street W1 project in October 2024. This terminated our joint venture arrangement with them and the remaining 50% share already owned by us was therefore transferred at fair value of £44.4m from investments to wholly owned investment property. At 31 December 2023, the carrying value of our joint venture investments was £35.8m, the revaluation surplus in 2024 up to the transfer date being due mainly to approval for a new larger scheme in August 2024. The uplift in fair value on planning was largely offset by an increase of £7.6m, including costs of £0.3m, in the deferred consideration due to the vendor for the original acquisition. This amount was conditional on planning and regearing of the headlease and so had previously been disclosed as a contingent liability. We expect to pay the £7.3m deferred consideration in H1 2025.

Capital expenditure invested across the wholly owned portfolio in 2024 totalled £182.2m (2023: £152.3m) plus capitalised interest and staff costs of £12.9m (2023: £6.3m). Interest capitalised increased to £10.7m in 2024 (2023: £6.3m) as we are nearing completion of the major developments at 25 Baker Street W1 and Network W1; as a result, the cumulative costs upon which interest is capitalised have increased significantly compared to 2023.

The carrying value of property disposals made in 2024 increased to £82.9m from £64.0m in 2023 but remained lower than usual. Principal disposals during the year were Turnmill EC1 in June and Asta House W1 in July. In addition, 4 & 10 Pentonville Road N1 exchanged in late 2024 and was therefore shown at the year end within 'assets held for sale' at £25.7m; the sale completed in January 2025.

Owner-occupied property comprises our head office at 25 Savile Row W1. It is included within 'property, plant and equipment' at £49.0m (2023: £46.1m) together with £3.0m (2023: £3.8m) of leasehold improvements, furniture, equipment and artwork.

Trading property at the year end increased significantly to £115.7m from £60.0m in 2023. This relates mainly to the 41 residential apartments which are being built for sale at 100 George Street W1, part of our large 25 Baker Street scheme. We have made further good sales progress through 2024 and have now exchanged contracts on 16 units totalling £83.0m with completion due later in the year. We anticipate that the apartment completion dates will be spread between 2025 and 2026, with a smaller proportion in 2026. Note that trading property disposals are not included within the definition of EPRA earnings per share but will bolster IFRS earnings.

The accrued income through incentive periods at 31 December 2024 rose slightly to £195.6m (2023: £194.1m), the non-current portion being £173.6m (2023: £173.9m) and the current amount being £22.0m (2023: £20.2m).

Other balance sheet items

As noted last year, we are due to deliver certain retail elements at the 25 Baker Street project on completion to the freeholder at a pre-agreed price. This is classified as 'trading stock' rather than property as we no longer hold any interest in the related real estate. Amounts incurred to 31 December 2024 were £17.5m (2023: £8.9m).

Non-current receivables included the £173.6m of rent recognised in advance of cash receipts (2023: £173.9m) referred to earlier.

The remaining non-current receivables were £14.4m (2023: £14.5m) of initial direct letting fees and £13.0m (2023: £12.6m) of design and planning fees relating to the Old Street Quarter EC1 scheme. We are due to acquire this substantial Old Street site no earlier than 2027 once the vendor provides vacant possession. At that point, these costs will be allocated and included within investment property at fair value. We are working through various masterplanning options, the outcome of which will influence the determination of fair value at the point of acquisition.

Trade and other current receivables increased to £57.8m at 31 December 2024 (2023: £42.7m), mainly due to higher prepayments across a number of categories, some of which will reverse relatively quickly in 2025. Prepayments also include £1.8m of carbon credits, £1.7m of which were acquired in 2024, plus £2.5m of costs incurred so far at the Lochfaulds solar farm site. Other receivables also include £22.0m (2023: £20.2m) of rental income accrued through incentive periods under IFRS 16 and classified as a current asset and other amounts included £2.8m of deferred initial direct letting fees.

Property and other income

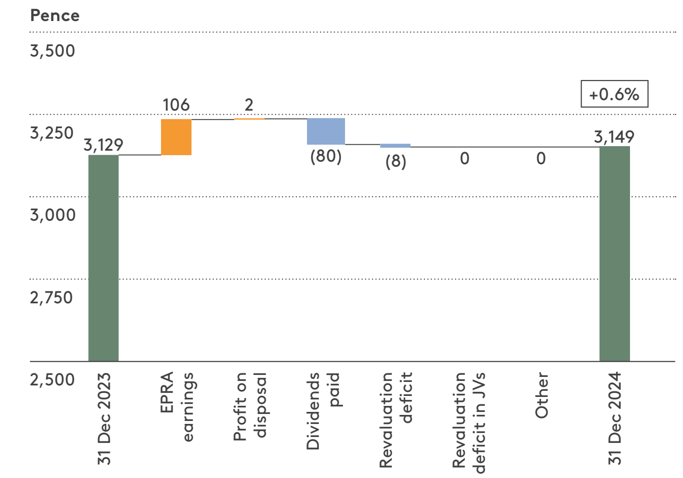
Gross property and other income increased to £276.9m in the year ended 31 December 2024 from £265.9m in 2023. Gross rental income rose by 0.9% to £214.8m from £212.8m and surrender premiums increased to £2.7m from £0.1m in 2023 due mainly to the early surrender of leases at 4 & 10 Pentonville Road in advance of the disposal of the building. The rental movements in 2024 were relatively balanced, £11.5m of additional rent coming from lettings and regears in 2023 and 2024 while rents fell by £7.6m as a result of space being vacated or taken back for refurbishments. Acquisitions and disposals also reduced rental income by a net £1.9m.

Net rental income also increased, rising to £189.6m in 2024 from £186.2m in 2023. Irrecoverable service charge costs were £6.6m, the same in 2024 as in 2023 and, though other property costs have increased slightly from £17.4m in 2023 to £18.2m in 2024, impairments fell back from £2.6m to 0.4m over the same periods. Adding back surrender premiums, dilapidation receipts, other property income and management fees, net property and other income rose by 4.1% to £198.3m from £190.5m in the prior year.

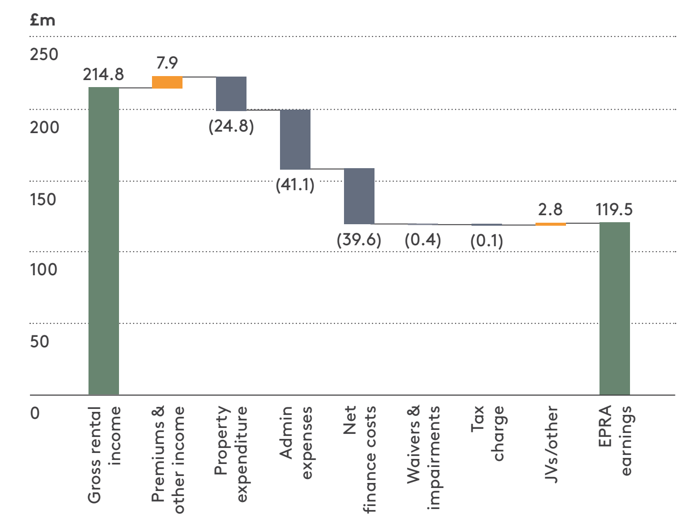
The trading property sale proceeds of £3.7m (2023: £nil) came mainly from Welby House SW1. As noted earlier, we have now exchanged contracts on 16 apartments totalling £83.0m (including car parking and storage) at 100 George Street W1, part of the 25 Baker Street W1 project. As the sales complete from mid-2025 onwards, proceeds and the related profits from this trading activity will be recognised in the IFRS income statement as property trading activity. Note that these results will not be included in EPRA earnings as trading property income is excluded from the definition of EPRA earnings.

Irrecoverable service charges reduced in H1 2024 ending the year at £6.6m, the same as in 2023. Capped service charges increased in H2 2024 due mainly to EPC upgrade works at 1-2 Stephen Street W1.

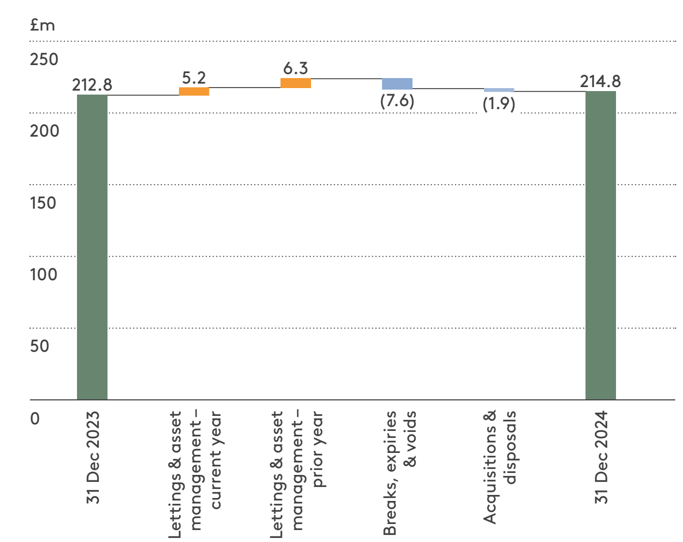
EPRA net tangible assets per share



EPRA earnings



Movement in gross rental income



A more detailed breakdown of service charge costs is set out below:

	H1 2024 £m	H2 2024 £m	2024 £m	H1 2023 £m	H2 2023 £m	2023 £m
Service charges						
Voids	**1.5**	**1.6**	**3.1**	2.1	1.8	3.9
Inclusive service charge	**0.5**	**0.7**	**1.2**	0.3	0.2	0.5
Capped service charge	**0.5**	**1.0**	**1.5**	1.0	0.1	1.1
Balancing service charge & other	**0.3**	**0.5**	**0.8**	1.1	0.0	1.1
	2.8	**3.8**	**6.6**	4.5	2.1	6.6

Other irrecoverable property expenditure also increased to £18.2m in 2024 from £17.4m in 2023. The increase was due to running costs at our occupier lounges and other enhanced customer services where costs increased by £1.5m from 2023. This followed the opening of DL/28 in late 2023 and other improved catering facilities across the portfolio in early 2024. Note that the associated income from letting rooms and selling food and drinks also increased to £0.9m in 2024 (2023: £0.3m), split between rent and other income.

A full breakdown of other property costs is as follows:

	H1 2024 £m	H2 2024 £m	2024 £m	H1 2023 £m	H2 2023 £m	2023 £m
Property costs						
Legal and letting costs	**2.1**	**2.0**	**4.1**	2.2	2.4	4.6
Rates	**2.0**	**1.7**	**3.7**	1.1	1.7	2.8
Ground rent	**1.0**	**0.5**	**1.5**	1.2	1.1	2.3
Marketing costs	**0.4**	**0.3**	**0.7**	1.0	0.7	1.7
Lounges & customer service costs	**1.2**	**1.7**	**2.9**	0.3	1.1	1.4
Repairs	**0.6**	**0.4**	**1.0**	0.7	0.4	1.1
Other	**2.0**	**2.3**	**4.3**	2.1	1.4	3.5
	9.3	**8.9**	**18.2**	8.6	8.8	17.4

Taken together, the irrecoverable service charge and property costs were £24.8m in 2024, equivalent to 11.5% of gross rental income.

Rent collection has been very strong in 2024 and our impairment reviews saw some previous amounts reversed while certain new provisions were made, mainly for the smaller retail and hospitality tenants. The overall impairment booked in 2024 was low at £0.2m for receivables. A further £0.2m of the carrying value of prepaid costs at Old Street Quarter EC1 was impaired, following a detailed review in accordance with IAS 36.

Administrative expenses and EPRA cost ratios

Administrative expenses increased by 5.1% in 2024 to £41.1m from £39.1m in 2023. Base salaries for staff increased by an average of 6% in 2024 and by 3% for Directors. Total headcount also increased by two. In addition, with a strong outperformance against our property return benchmarks in 2024, we have increased the bonus provision by £2.2m compared to the prior year. £2.5m of internal staff costs were capitalised for the first time in 2024 in accordance with IAS 16.

Our EPRA cost ratios have declined very slightly in the year but remain an area of focus. Including direct vacancy costs, the cost ratio fell from 27.3% in 2023 to 27.0% and, excluding direct vacancy costs, the ratio was 21.7% (2023: 22.3%).

Other income statement items

There was a small deficit of £2.7m on the wholly owned investment portfolio's revaluation in 2024 but this was offset by a revaluation surplus on the Group's owner-occupied property at 25 Savile Row W1 of £2.9m. After deferred tax of £0.6m, the net £2.3m passes through 'other comprehensive income' in the statement of changes in equity. The overall movement is a significant turnaround from the £581.5m deficit recognised in the income statement in 2023 and the £87.2m deficit in H1 2024. The final revaluation movement in the year was our 50% share of the 50 Baker Street joint venture. This showed a surplus of £7.3m (2023: deficit of £9.2m) offset by £7.6m of additional deferred consideration, inclusive of costs. This arose in relation to the original 50% interest and was conditional on planning. All these figures are stated after accounting adjustments.

The profit on disposal totalling £1.9m (2023: £1.2m) comprised £2.1m on the £87.5m gross proceeds from the sales of Turnmill EC1 and Asta House W1 offset by a £0.2m loss on the disposal of artwork.

Finance income fell to £0.3m from £0.9m in 2023. Net finance costs also fell slightly to £39.9m from £40.4m in 2023. As noted earlier, the decrease was due mainly to higher capitalised interest of £11.2m in 2024, £10.7m on the wholly owned property portfolio and £0.5m on current asset prepayments and stock. Capitalised income in 2023 totalled £6.5m when the projects under construction had lower cumulative development costs.

The Group's interest rate swaps saw a fair value loss on derivative financial instruments of £2.3m in 2024 (2023: £2.1m loss).

Up to the point of transfer into the wholly owned property portfolio, our joint venture with Lazari Investments Ltd at 50 Baker Street W1 showed an overall profit of £1.5m.

IFRS profit before tax and EPRA earnings per share

The IFRS profit before tax, which includes fair value movements such as the property revaluation passing through the income statement, was £116.0m against a loss before tax of £475.9m in 2023. IFRS diluted earnings per share were 102.9p (2023: -424.3p).

EPRA earnings per share, which adjust for the fair value movements and certain other items, were 106.5p per share (2023: 102.0p). The main reason for the improvement was the increase in net property and other income. A table showing a reconciliation of the IFRS results to EPRA earnings per share is included in note 26.

Like-for-like rental income

Like-for-like (LFL) gross rental income was up 2.6% over the year, LFL net rental income was up 4.3% and LFL net property income, which takes account of dilapidations and other property income, was up 5.9%.

Internal controls, assurance and the regulatory environment

Internal controls and business processes have remained areas of focus. We have made good progress in developing digital workflows for a number of key financial and non-financial processes and have appointed an implementation partner to work with us on the detailed design of our new finance system. With newer and more advanced technology now available, this should help us streamline business processes and improve efficiency, all of which will have a positive impact on the financial control environment. We anticipate that this project will complete in late 2026.

We continue to obtain independent and external assurance in higher risk areas from a range of providers. Consistent with last year, in addition to the annual external audit, the principal ones are assurance over selected sustainability, health and safety and green finance disclosures, service charge audits, a twice-yearly external valuation and internal audits covering a range of key business risks. We also obtained Cyber Essentials Plus certification in 2024, which included independent verification of our cyber security procedures.

We remain on-track to achieve compliance with the internal controls related elements of the revised UK Corporate Governance Code for our financial year commencing 1 January 2026. This will require the Board to include a declaration in the annual report explaining how it has monitored and reviewed the effectiveness of the internal control framework, and its conclusion as to the effectiveness of material controls.

Taxation

The tax charge for the year ended 31 December 2024 was £0.1m (2023: £nil). This arose from deferred tax movements which resulted in a net deferred tax charge of £0.1m.

As in previous years, the majority of our income was exempt from corporation tax as it is derived from a qualifying property rental business under the UK REIT regime but £9.8m of withholding tax was paid to HMRC relating to property income distributions (PIDs) (2023: £9.7m).

Derwent London's principles of good governance extend to a responsible approach to tax. Derwent London has a low tolerance of tax risk and continues to retain its low risk status which HMRC granted in the Business Risk Review in July 2023. Our statement of tax principles is available on our website **www.derwentlondon.com/investors/governance/tax-principles** and is approved by the Board in line with the Group's long-term values, culture and strategy.

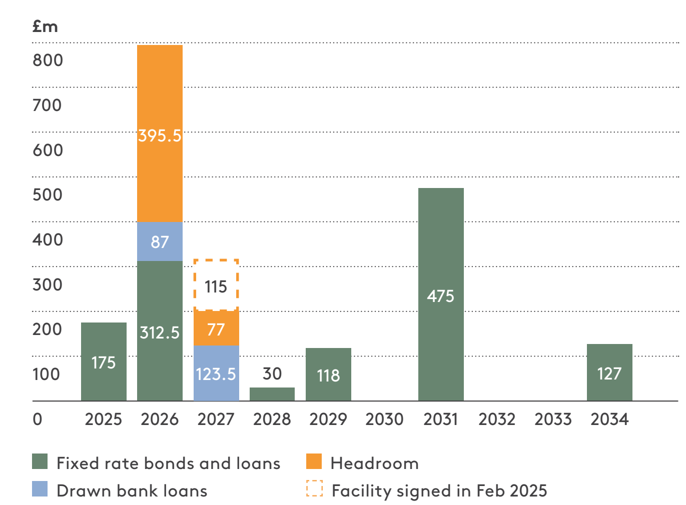
Borrowings, net debt and cash flow

Having acquired control of 50 Baker Street and with continued capital investment across our high quality portfolio combined with relatively low property disposals, Group borrowings increased to £1.46bn at 31 December 2024 from £1.34bn a year earlier. The increase came from drawings under bank facilities but available cash and undrawn facilities have increased to £487m at the December 2024 year end from £480m a year earlier.

During the year, the £175m convertible bonds due in June 2025 were reclassified as current liabilities, the other main current liability being the £20m loan from Native Land in connection with the residential at 25 Baker Street.

Taking account of leasehold liabilities, derivative financial instruments and unrestricted cash, net debt also rose to £1.48bn at 31 December 2024 compared with £1.36bn a year earlier.

Maturity profile of debt facilities



Debt facilities and reconciliation to borrowings and net debt at 31 December 2024

	Drawn £m	Undrawn £m	Total £m	Maturity
Convertible bonds	175.0	–	175.0	2025
Secured bonds	175.0	–	175.0	2026
Green bonds	350.0	–	350.0	2031
Private placement notes	455.0	–	455.0	2026 – 2034
Other loans	20.0	–	20.0	n/a
Non-bank debt	1,175.0	–	1,175.0	
Club revolving credit	87.0	363.0	450.0	2026
Bilateral term loan/revolving credit	82.5	32.5	115.0	2026
Bilateral term loan	100.0	–	100.0	2027
Bilateral revolving credit	23.5	76.5	100.0	2027
Committed bank facilities	293.0	472.0	765.0	
Debt facilities	1,468.0	472.0	1,940.0	
Acquired fair value of secured bonds less amortisation	3.4			
Unamortised discount on green bonds	(1.3)			
Equity adjustment to convertible bonds less amortisation	(0.6)			
Unamortised issue and arrangement costs	(6.0)			
Borrowings	1,463.5			
Leasehold liabilities	34.6			
Cash and cash equivalents	(15.4)			
Net debt	1,482.7			

This took the Group's EPRA loan-to-value ratio to 29.9% from 27.9% in December 2023 and 29.0% in June 2024. It continues to be one of the lower ratios in the sector. Interest cover remained strong at 3.9 times but has fallen from 4.1 times in 2023 due to higher borrowings and a rise in our average interest rate. Our debt covenant is 1.45 times. Net debt to EBITDA also increased a little to 9.3 times from 8.8 times a year earlier and we anticipate that this will move back to 9.0 or below during 2025.

A further £52.8m (2023: £24.7m) of cash was invested during 2024 in our apartments for sale at 100 George Street W1 (held as trading properties) and the related retail being passed to the freeholder (trading stock). As a result and in accordance with IAS 7, cash generated from operations fell to £102.6m in 2024 from £135.3m in 2023. The cash outflows into trading stock and properties will cease in mid-2025 to be replaced by inflows from trading property and stock disposals. Adjusting for this, the cash generated from other continuing operations was much closer to prior years, at £155.4m in 2024 and £160.0m in 2023.

Debt and financing

Lending conditions improved again through 2024 and there was funding readily available in all our core markets, whether bond issuance, convertible bonds, private placements or bank facilities. Pricing for long-term debt has, however, been unpredictable and we therefore opted to put in place three facilities with our core UK relationship lending banks, all of whom have provided very strong support, while we wait for longer term debt pricing to moderate.

At the start of 2024, three or four cuts in UK base rate were widely predicted over the year ahead but, as a result of more persistent inflation, rates fell less quickly than expected. As a reminder, having started rising from a low of 0.1% in late 2021, the base rate peaked at 5.25% in August 2023. The first 25bp base rate cut finally came in August 2024 with a second following in November to take the year end rate to 4.75%. Another widely expected 25bp cut was announced in February 2025.

Uncertainty over the longer term rates outlook has been fuelled by stickier inflation, geopolitical events and widespread elections, including the General Election in the UK in July 2024. This has seen economic confidence vary over recent months. When combined with a shift in government borrowing targets, gilt yields rose significantly over Q4 2024 and into January 2025, before moderating a little in the last few weeks. These effects were particularly notable at the longer end of the curve, the 30-year gilt peaking at just over 5.4% in January.

At the same time, credit spreads in the bond market came down significantly in the second half of 2024. For us, it is the all-in debt cost that dictates our actions. The implied yields on our own 2031 unsecured bonds ranged from just under 5.0% to 5.6% through 2024 and ended the year at 5.4%. The spread on those bonds also varied significantly, from a high of 169bp in January 2024 to a low of 106bp at the year end. In January 2025, those spreads fell again and have been hovering just below 100bp in 2025 to date.

The Featherstone Building EC1

FINANCE REVIEW continued

Members of the Finance team

The 12-year secured loan of £83m at 3.99% from Mass Mutual/Barings matured in October 2024 and was repaid in full. As a result, the security was released and increased our unencumbered assets by £240m. We opted to refinance in June 2024 with a new £100m three-year unsecured facility from NatWest and wait for the cost of long-term fixed rate debt to moderate. On top of the three-year term, this new bank facility has two one-year extension options and we applied the £75m 1.36% interest rate swaps to this loan with the remaining £25m at floating rates. This brought the current blended cost for this loan to c.3.5% at year end.

As long-term rates moved upwards in the last quarter of the year, our response was to arrange a new £115m two-year unsecured loan facility (£82.5m term and £32.5m revolving) with Barclays which was signed in December 2024. It has two one-year extension options and flexible arrangement fees. This was followed by a £115m two-year unsecured loan facility (also with an £82.5m term and £32.5m revolving portion) from HSBC in February 2025. This loan also has flexible up-front fees plus a year's extension option.

The margins on all three bank facilities are competitive and, importantly, are based off floating SONIA rates, which continue to fall, rather than the gilt. There has been a notable increase in the gap between swap and gilt rates over recent months; for example, at year end, the 10-year gilt was 55bp higher than the equivalent swap and the 20-year gilt was 82bp higher than its equivalent swap rate. At the right time, we remain keen to lock into more long-term fixed rate debt.

Looking forward, we have two sets of bonds due to mature over the next 14 months as well as £55m of US private placement notes. First, the £175m convertible bonds fall due in June 2025 but, with the share price at a substantial discount to net asset value, it is unlikely that we will put in place further convertible debt for now. We like convertibles as a product in a mixed debt portfolio but they need to offer both attractive pricing and reasonable levels of dilution should they convert. The current bonds pay cash interest at 1.5% pa but it is the IFRS rate of 2.3% which passes through the income statement and impacts our earnings.

The second set of bonds maturing are the £175m secured LMS bonds in March 2026. These were arranged by London Merchant Securities in 2001 and pay a fixed coupon of 6.5%, a level above current market. Should both sets of bonds be refinanced at, say 5.25%, this would add c.£3m pa to our current annual interest charges. Note also that our £75m of interest rate swaps at 1.36% expire in April 2025.

As a result of the higher proportion of floating rate borrowings after repayment of the £83m 3.99% fixed rate loan in October, the weighted average interest rate of Group borrowings on a cash basis increased to 3.42%. It was 3.17% in December 2023 and 3.15% in June 2024. The IFRS interest rate, which makes adjustments in relation to the convertible and unsecured 2031 green bonds, increased similarly to 3.53% at year end (2023: 3.29%). At 31 December 2024, 80% (2023: 94%) of our debt was at fixed rates, 5% (2023: 4%) was hedged by £75m of swaps maturing in April 2025, and the balance of 15% (2023: 2%) was at floating rates. The weighted average maturity of our borrowings was 4.0 years at 31 December 2024 (2023: 5.0 years).

Derwent London remains in a strong financial position, evidenced by Fitch confirming an unchanged credit rating in May 2024 at BBB+ for the main issuer default rating and A- for our senior unsecured debt rating, both with a stable outlook.

Debt: key stats

	Dec 2024	Dec 2023
Hedging profile (%)		
Fixed	**80**	94
Swaps	**5**	4
	85	98
Percentage of debt that is unsecured (%)	**88**	81
Percentage of non-bank debt (%)	**80**	92
Weighted average interest rate – cash basis (%)	**3.42**	3.17
Weighted average interest rate – IFRS basis (%)	**3.53**	3.29
Weighted average maturity of facilities (years)	**3.4**	4.5
Weighted average maturity of borrowings (years)	**4.0**	5.0
Undrawn facilities and unrestricted cash (£m)	**487**	480
Uncharged properties (£m)	**4,665**	4,202

Dividend

Our dividend policy has been consistent for many years and aims for progressive increases but to maintain a payout well covered by EPRA earnings. Our obligations to other stakeholders are also taken into account and in addition we consider any other IFRS realised gains and losses which do not form part of EPRA earnings. The Board is recommending another 0.5p per share increase in the final dividend to 55.5p.

It will be paid in May 2025 with 45.5p as a PID and the balance of 10.0p as a conventional dividend. The Company's ISIN reference is GB0002652740.

This will take the total dividend for the year to 80.5p, a 1.3% increase over 2023. Dividends paid and declared in relation to 2024 earnings were 1.3 times covered by EPRA earnings.

Reporting under the Green Finance Framework

Derwent London's Green Finance Framework (the Framework) has been prepared in line with the Loan Market Association (LMA) Green Loan Principles and International Capital Market Association (ICMA) Green Bond Principles guidance document, has been externally reviewed and a second party opinion (SPO) obtained. The latest Framework and SPO are available on our website at www.derwentlondon.com.

Out of our total debt facilities of £1.9bn, £650m satisfy our definition of Green Financing Transactions (GFTs). The GFTs comprise the £350m Green Bond issuance in 2021 and a £300m 'green' tranche included within our main corporate £450m revolving credit facility which was arranged in 2019. Together these are used to fund qualifying green expenditure.

In 2024, we appointed Pricewaterhouse Coopers LLP to replace the previous assurance provider and provide an independent reasonable assurance opinion on our green finance metrics.

In accordance with the reporting requirements set out in the Framework, we are disclosing the Eligible Green Projects (EGPs) that have benefitted from our GFTs, and the allocation of drawn funds to each project.

The projects eligible for funds from the GFTs are as follows:

Green project	80 Charlotte Street W1	Soho Place W1	The Featherstone Building EC1	25 Baker Street W1	Network W1
Expected completion date	Completed in 2020	Completed in 2022	Completed in 2022	2025	2025
Category for eligibility	Green building, criterion 1 of section 3.1 of the Framework (excludes Asta House and Charlotte Apartments)	Green building, criterion 1 of section 3.1 of the Framework	Green building, criterion 1 of section 3.1 of the Framework	Green building, criterion 1 and 2 of section 3.1 of the Framework (excludes retail and refurbished residential)	Green building, criterion 1 of section 3.1 of the Framework
Impact reporting indicator	Building certification achieved (system & rating)	Building certification achieved (system & rating)	Building certification achieved (system & rating)	Building certification achieved (system & rating)	Building certification achieved (system & rating)
Green credentials[1]	**Achieved:** • BREEAM Excellent • EPC B • LEED Gold	**Achieved:** • BREEAM Outstanding • EPC B • LEED Gold	**Achieved:** • BREEAM Outstanding • EPC A • LEED Platinum	**25 Baker Street offices[2]** **Achieved:** • BREEAM Outstanding (design stage) **Expected:** • BREEAM Outstanding (post-construction), on target • EPC A, on target • LEED Gold, on target **30 Gloucester Place[2] offices** **Achieved:** • BREEAM Excellent (design stage) **Expected:** • BREEAM Excellent (post-construction), on target • EPC B, on target **Private residential** **Expected:** • Home Quality Mark 4 Stars, on target	**Achieved:** • BREEAM Outstanding (design stage) **Expected:** • BREEAM Outstanding (post-construction), on target • LEED Gold, on target • EPC A, on target

1 Green EGP credentials disclosed in accordance with the Framework and the Green Finance Basis of Reporting, available on our website and within the Responsibility Report.

2 The development includes 206,000 sq ft of offices at 25 Baker Street and 12,000 sq ft of offices at 30 Gloucester Place.

Qualifying 'green' expenditure

The qualifying expenditure as at 31 December 2024 for each project is set out in the table below. This includes an element of 'look back' capital expenditure on projects in which expenditure had been incurred prior to management's approval of the project as an EGP. This also includes capital expenditure on projects which had already been incurred as at October 2019, when the Group's first GFT was executed.

Costs which form part of the initial project appraisal or which are associated with delivering the project through to practical completion are included within the eligible green expenditure of the project. Costs incurred following completion are generally excluded unless specifically elected as green projects.

80 Charlotte Street, 1 Soho Place and The Featherstone Building are all completed projects and are fully operational. 25 Baker Street and Network, which commenced on site in 2021 and 2022 respectively, are both due to reach practical completion in 2025.

Cumulative spend on each EGP as at the reporting date

		Subsequent spend		
EGP	Look back spend £m	Q4 2019 – FY 2023 £m	2024 Spend £m	Cumulative Spend £m
80 Charlotte Street W1	185.6	52.5	0.1	238.2
1 Soho Place W1	57.5	165.9	1.2	224.6
The Featherstone Building EC1	29.1	68.4	0.8	98.3
25 Baker Street W1	26.5	132.1	87.1	245.7
Network W1	23.8	12.7	34.7	71.2
	322.5	**431.6**	**123.9**	**878.0**

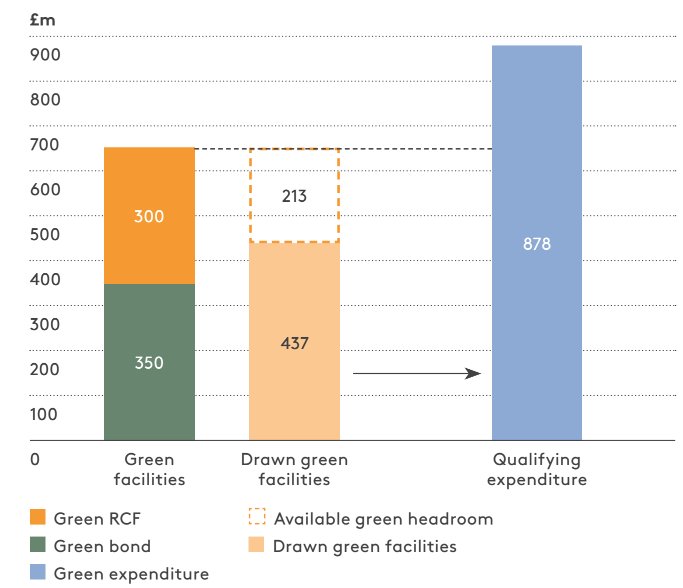
The total qualifying expenditure incurred in 2024 was £123.9m and the cumulative qualifying expenditure on the EGPs at 31 December 2024 was £878.0m.

Drawn borrowings from GFTs as at 31 December 2024 were £437.0m, which comprised the £350m Green Bonds and £87m drawn under the green tranche of the RCF. Therefore, there was £213m undrawn under the £300m green tranche of the RCF, all of which is available to fund future cash flow requirements of the Group.

A requirement under the Framework and the facility agreement is for there to be an excess of qualifying spend on EGPs over the amount of drawn borrowings from all GFTs.

More information can be found in the Responsibility Report 2024

Green borrowings and qualifying expenditure



Our resilience

In accordance with the UK Corporate Governance Code 2018 (the Code), the Directors and senior management team assessed the prospects of the Company and potential threats to its resilience:

- in the short-term (over the next 12 months as required by the 'Going concern' provision); and
- in the medium-term (a five-year period to 31 December 2029) as required by the 'Viability statement' provision.

This statement also contains references to the longer term threats to the Company's resilience (beyond the five-year period).

Short-term

Under provision 30 of the Code, the Board is required to report whether it considers it appropriate to adopt the going concern basis of accounting in the preparation of our financial statements. The assessment focused primarily on the short-term and at least the next 12 months to March 2026.

The Directors' assessment included consideration of:

- the Group's current financial position;
- the latest rolling forecast for the next two years, in particular the cash flows, borrowings and undrawn facilities;
- the timing of repayment of existing financing facilities;
- current and potential sources of replacement financing;
- lease expiry profile; and
- any material uncertainties or assumptions.

The Group is in a strong financial position. As at 31 December 2024, the Group has:

- £487m of undrawn facilities and cash (2023: £466m);
- an EPRA loan-to-value ratio of 29.9%;
- an overall cost of debt with a weighted average interest rate of 3.53%;
- 85% of our borrowings either fixed or hedged;
- significant headroom on our financial covenants; and
- strong interest cover of 3.86x.

The Group has sufficient access to finance in the short-term and medium-term. At 31 December 2024, our average maturity of borrowings is 4.0 years and average maturity of facilities is 3.4 years. The £175m unsecured convertible bond, which matures in June 2025, is a current liability and therefore the Group is in a net current liabilities position. However, the Group has significant liquidity to fund its ongoing operations and, as noted above, has access to £487m of available undrawn facilities and cash as at year end. In addition, a new £115m unsecured term/revolving bank facility was signed in February 2025. Further information is on pages 81 and 82.

Material uncertainties or assumptions

The Directors did not identify any material uncertainties to the Company's ability to continue to operate as a going concern over the period of its assessment. The key sources of estimated uncertainty in the next 12 months are considered to be:

Income decline

Although not likely to impact the Group in the short-term, the current economic situation could lead to some of our occupiers facing a more challenging financial environment. It should be noted that rent for offices 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.

The impairment review of outstanding trade receivable balances and amounts due under the spreading of lease incentives has been carried out for our largest tenants and others where we believe the risk is greatest. It has resulted in a net charge to the income statement of £0.4m in the year and no change to our overall impairment provision.

Fall in property values

During 2024, property values fell slightly in H1 before recovering in H2. There remains a risk that property values could fall again in 2025. The Board is monitoring the risk that the latest rise in gilt yields could have a secondary impact on asset pricing.

The impact of yield changes on the Group's financial covenants and performance are monitored and are subject to sensitivity analysis and testing against severe yet plausible 'downside' scenarios to ensure that adequate headroom is preserved. The Group's loan-to-value ratio reduces the likelihood that falls in property values have a significant operational impact on our business. Property values would need to fall by a further 50% before our funding covenants would be breached.

Related information is on the following pages:

Significant financial judgements / See page 146

Property review / See pages 60 to 73

Group's risk register

The Schedule of Principal Risks contains the risks which are currently impacting the Group or could impact it over the next 12 months. These risks are routinely subject to a comprehensive review by the Executive Committee, Risk Committee and the Board. Consideration is given to the risk likelihood, impact and velocity (speed at which the risk could impact on the Group). The Board agreed that, given the level of headroom, none of the changes in risk likelihood or probability during the year had a significant impact on the Group's short-term viability.

Going concern statement

After making appropriate enquiries, the Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence until at least March 2026. Therefore, the Board continues to adopt the going concern basis in preparing the financial statements.

Medium-term

The Directors challenge the time period over which to assess the Company's medium-term viability on an annual basis. The Directors determined that the five-year period to 31 December 2029 remains an appropriate period based on the following:

- For a major scheme, five years is a reasonable approximation of the time taken from obtaining planning permission for a typical development to letting the property.
- Most leases contain a five-year rent review pattern or break options. Therefore, five years allows for the forecasts to include the reversion arising from those reviews while also assessing the potential impact of income lost from breaks exercised. Our weighted average unexpired lease term is 6.8 years ('topped-up' including rent-frees and pre-lets).
- The average maturity of borrowings is 4.0 years as at 31 December 2024.

As part of its assessment, the Board considered the Group's emerging risks (page 100), including how these are being addressed. Emerging risks could involve a high degree of uncertainty and are therefore factored into the Board's medium-term viability assessment and the long-term sustainability of the Group. The methodology used to identify, assess and monitor emerging risks is described in the risk management framework on page 164. The Directors concluded that none of the individual emerging risks would in isolation or collectively compromise the Group's viability over the five-year period to 31 December 2029.

The Board's medium-term assessment focused on our strategy, finance and operations.

Viability of our strategy

The Board formally reviews its strategy on an ongoing basis to ensure it remains capable of sustainable value creation and is responding appropriately to changing macroeconomic conditions, work practices and stakeholder expectations.

When assessing the viability of the Group's strategy, the Board's key qualifications and assumptions were:

- a continued focus on the central London office market;
- a strategy of recycling capital by selling buildings when we have maximised their potential, or they no longer meet our investment criteria, and purchasing buildings where there is an opportunity to replenish our development pipeline or add value via asset management or refurbishment;
- maturing debt facilities could be refinanced, albeit generally at a higher cost than the prevailing rate;
- a property portfolio which remains approximately the same size, at 5.36m sq ft (2023: 5.39m sq ft); and
- a progressive dividend policy, whilst targeting dividend cover in or above the range of 125% to 150%.

The London office market has generally been cyclical in recent decades, with strong growth followed by economic downturns, sometimes precipitated by rising interest rates. The impact of these cycles is dependent on the quality and location of the Group's portfolio. Occupier demand in London is good for the right product in the right location.

The Board agreed that we have a proven business model which has allowed us to remain flexible and resilient during previous property cycles and periods of significant uncertainty. Additionally, we have the ability to flex our business plan to react to unforeseen circumstances by either selling a property to generate additional cash flow or commencing, stopping or scaling back projects to manage our capital expenditure.

The Board agreed that no material change was required to its strategy, which continued to generate sustainable returns.

Sensitivity and scenario testing

A detailed five-year strategic review was conducted which considered the Group's cash flows, dividend cover, REIT compliance and other key financial ratios over the period. These metrics were subjected to sensitivity analysis to assess the Group's ability to deliver its strategic objectives.

The Directors stress tested our strategy against various scenarios to determine whether they were likely to have a significant impact on the Group's solvency and liquidity in the short and medium-term. In addition, a reverse stress test scenario was modelled to determine the circumstances under which we would breach our covenants.

GOING CONCERN & VIABILITY continued

Viability of our strategy continued

The scenarios are amended each year, as required, to reflect the key areas of concern identified by the Board. The six scenarios assessed were:

- a 'base case' scenario which was management's best estimate of market and business changes;
- a downside scenario which considers the impact of a fall in property values of c.10% due to outwards yield shift;
- an upside scenario which includes a combination of stronger ERV growth, yield compression and improved letting assumptions; and
- four scenarios of varying levels of acquisitions and disposals.

In all scenarios, our net interest cover remained above 3.0 times and our EPRA loan-to-value ratio below 30%, both of which are comfortably within our financial covenants. The modelling indicated that under all scenarios the Group would still be able to execute its strategic plan over the next five years without breaching any covenants or experiencing any liquidity concerns.

Development returns

The Directors considered the viability and risks associated with the construction industry. It was noted that 'Tier 1' contractors in central London are becoming increasingly risk adverse to engaging on complex projects on fixed price contracts. There is also an increased risk of insolvencies in the construction industry as a result of rising inflation and construction costs, which under fixed price contracts are a particular risk for the contractor and subcontractors. Rising construction costs are also a factor affecting development appraisals and the viability of refurbishments. In addition, other consultants and advisers are at some risk of insolvency.

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 impact construction programmes by four to six months.

The Board was satisfied that the business was:

- Adequately appraising investments, including through: (a) the benchmarking of development costs; and (b) following a procurement process that is properly designed (to minimise uncertainty around costs) and that includes the use of highly regarded quantity surveyors.
- Engaging with the Building Safety Regulator to mitigate time required for Building Control approval.
- Using known 'Tier 1' contractors with whom we have established working relationships and regularly work with tried and tested subcontractors.
- 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 as soon as possible.

Viability of our finances

Derwent London would become unviable if we were unable to meet our financial covenants. If this occurred, we would need to repay our debt borrowings, and this would likely require the sale of assets to meet these liabilities. As at 31 December 2024, we have significant headroom over our covenants, as shown below:

	Covenant	31 Dec 2024
Loan to value (specific assets)	≤ 60%[1]	**47%**
Ratio of unencumbered assets to unsecured net debt	≥ 1.6 times	**3.6 times**
Group NAV gearing	≤ 145%	**41.9%**
Consolidated interest cover	> 145%	**386%**

1 6.5% secured bonds.

Our covenant headroom was subject to sensitivity analysis and scenario testing as part of the Group's strategy review. Even in the most extreme 'downside' scenario we modelled, the covenant ratios are covered and there is sufficient cash and unutilised facilities available. For the Group to breach the NAV gearing limit, the value of our portfolio would have to fall in excess of £2,517m (or by a further 50%) in addition to the 16.5% decline already seen in the past three years.

This is significantly higher than we have seen in recent market down cycles, the worst of which was following the global financial crisis where the value of our underlying portfolio fell 34% but still outperformed the MSCI Central London Office Index which fell 43%. Moreover, we have the ability to move properties between the facilities to optimise headroom under covenants.

To assess the Group's liquidity and financial resilience, during the year the Directors also reviewed:

- a detailed five-year strategic review which included assessment of the Group's cash flows, dividend cover, REIT compliance and other key financial ratios. These metrics were subjected to sensitivity analysis to assess the Group's ability to deliver its strategic objectives under varying market conditions;
- the risks which could impact on the Group's liquidity and solvency over the next 12 months, five years and the longer term; and
- the Group's emerging risks.

The Board's assessment highlighted that, despite the macroeconomic environment deteriorating during 2024, the Group benefitted from:

- reasonable income visibility for the life of our leases which on 2024 lettings averaged 8.0 years (topped-up rent and including pre-lets). In addition, the Group has a known level of tenant lease expiries and breaks which is actively managed by our Asset Management team; and
- a high quality customer base, with none of our occupiers being responsible for more than 8% of total rental income and relatively low exposure to the retail and restaurant sector.

Refinancing risk

The availability of financing for good quality covenants has generally improved through 2024 but the cost of long-term debt has continued to be volatile. We have remained close to our existing lenders and put in place £215m of new bank facilities in 2024. We continue to review market conditions for long-term fixed rate debt and engage with new possible debt providers.

Viability of our operations

The Board received an update from the Chairs of the Audit and Risk Committees on the work performed during 2024 in respect to risk monitoring and reviewing the effectiveness of internal controls (see page 93).

There has been a heightened risk of cyber attacks amid escalating geopolitical tensions. To date, Derwent London has not experienced a significant increase in attempted cyber attacks. Ongoing staff vigilance is critical to the prevention of cyber attacks.

The Digital Innovation & Technology (DIT) team are proactive in providing regular guidance and refresher training to all employees on cyber security matters.

We have a robust approach to cyber security which is routinely subject to independent testing (see pages 162 and 163). Our Intelligent Building Programme is a medium to long-term initiative which will assist with meeting our net zero carbon ambitions, strengthen our portfolio's cyber security and help realise cost savings for our occupiers.

Based on the Board's assessments, none of the operational principal or emerging risks currently facing the Group were likely to have a material impact on the Group's operations or cause it to become unviable in the short to medium-term.

Related information is on the following pages:

Business continuity and disaster recovery / See page 163
Investing in our employees / See page 186
Mandatory compliance training / See page 165

Viability statement

Based on the Board's assessments, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five-year period to 31 December 2029.

Long-term

The Board considered a number of longer term factors (which could impact the Company and its business model in the next five to 10 years) and how these were being addressed. These factors included the impact of climate change and technology advancement.

Related information is on the following pages:

Business model & strategy / See pages 24 to 32
Regeneration projects / See pages 20 to 23
Our portfolio / See pages 18 and 19

Climate change

During the year, Willis Towers Watson performed an updated independent climate risk assessment and scenario analysis. The scope of the assessment included our entire London-based investment portfolio (including our head office) and our Scottish portfolio. Of the risks identified, none were likely to have a substantial impact on the viability of our business, although our cost profile could increase.

Task Force on Climate-related Financial Disclosures / See pages 102 to 115

Technology advancements

Adoption of technology is an emerging risk for the Group. Technology in our sector is advancing at a rapid pace.

The Executive Committee has monitored the phased roll-out of Intelligent Building infrastructure during the year. The Derwent London Intelligent Building Programme seeks to enable our buildings (where appropriate) to be digitally monitored and operated more efficiently, driving down equipment faults (and consequential maintenance) and delivering energy and operational carbon savings. During the year, the Risk Committee received a detailed overview of the Group's current cyber posture and how future technological trends could impact on the Group's future performance (see pages 101 and 157).

Digital strategy risks / See page 163

Geopolitical instability

Geopolitical issues such as the ongoing war in the Ukraine and the widening of the Middle East conflict remain a concern. 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.

Our risk profile

With our strong balance sheet, we are well-positioned with the right product and pipeline to capture London's diverse demand, despite the uncertain economic outlook.

The Featherstone Building EC1

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 2024 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 87).

External

Economic growth	Inflation	Interest rates	Geopolitical instability	Climate change	Regulatory and legal
See page 15	See page 74	See page 16	See page 89	See page 102	See page 99

Property-related

Planning requirements	Property values	Health and safety	Contractor insolvency	Vacancy rates	Energy consumption
See page 91	See page 61	See page 52	See page 157	See page 16	See page 44

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

Sentiment at the start of 2024 was positive. Inflation was falling, UK GDP forecasts were being revised upwards and long-term interest rates were reducing. However, concerns around inflation and growth re-emerged towards the end of the year and the longer term interest rate curve moved upwards. It is not clear how long the current higher interest rate environment will persist and therefore what impact it may have on property yields. However, the favourable demand/supply imbalance supports a more positive ERV performance. Like many businesses, we are monitoring the potential impact heightened geopolitical tensions could have on global supply chains, commodity price inflation, market uncertainty and deglobalisation.

Property portfolio

During 2024, property values fell slightly in H1 before recovering in H2. If property values start to recover and yields remain flat, this risk may no longer be considered 'principal' during 2025 and may be removed. Investment activity was subdued in 2024 with investor sentiment impacted by limited liquidity and availability. Smaller lot sizes, especially in the West End, proved more resilient, recording more transactions in comparison to the City.

Planning requirements

Planning policies in London continue to be challenging as some local authorities promote a 'refurbishment-first' approach instead of new build. As a result, there is a risk that fewer new developments will be constructed in the future. Managing planning risk is achieved by a sound understanding of policy, coupled with a collaborative approach with the local authority and community. We benefit from a strong track record of delivering quality and economic/social value.

Health and safety (H&S)

Whilst we operate and develop within environments that contain higher risk activities, Derwent London strives to continuously improve our H&S mitigations and controls. In recognition of our high safety standards, for the second year in a row, we achieved the Royal Society for Prevention of Accidents (RoSPA) Gold Award. Further information on H&S at Derwent London is available on pages 52 and 53.

Supply chain insolvency

The trend of rising insolvencies has continued over the past year with the most notable insolvency being ISG in September 2024. Although Derwent London was not materially impacted, we are vigilant in monitoring our contractors and supply chain. In addition to main contractors and subcontractors, we also monitor key consultants who perform statutory duties on our projects. Further information is on page 157.

Refinancing

The availability of financing for good quality covenants has generally improved through 2024 but the cost of long-term debt has continued to be volatile. Lenders continue to favour existing relationship borrowers. During 2024, new facilities have been established with NatWest and Barclays. A further facility was put in place with HSBC in February 2025. We continue to review market conditions for long-term fixed rate debt and engage with new possible debt providers. Further information is on pages 81 and 82.

Principal risks

During 2024, the Board and Risk Committee identified opportunities to consolidate and simplify the Group's principal risks and uncertainties. As a result, the number of standalone principal risks identified by the Group has reduced from 15 to 11.

The principal risks and uncertainties facing the Group in 2025 (as at 26 February 2025) are:

- Failure to implement the 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
- Change management systems

Our principal risks/ See pages 94 to 99

Emerging risks

The emerging risks identified by the Board are:

- Nature of office occupation
- Technological change
- Climate-related risks
- Geopolitical instability
- Shortage of electrical power

Our emerging risks/ See pages 100 and 101

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 102 to 115

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 161).

During the year, with help from external advisers, we reassessed the sustainability issues that are material to both our business and our stakeholders via a double materiality assessment. Our materiality assessment has been aligned with our process for identifying and assessing our principal risks. Further information on our material ESG issues is on pages 42 and 43.

Changes to our principal and emerging risks

Change management systems (new principal risk)

The Group is implementing a number of applications/systems that need to be carefully managed to ensure they deliver the anticipated benefits and mitigate any risks arising from the implementation/transition process. As a result, change management systems has been identified as a principal risk by the Board for 2025.

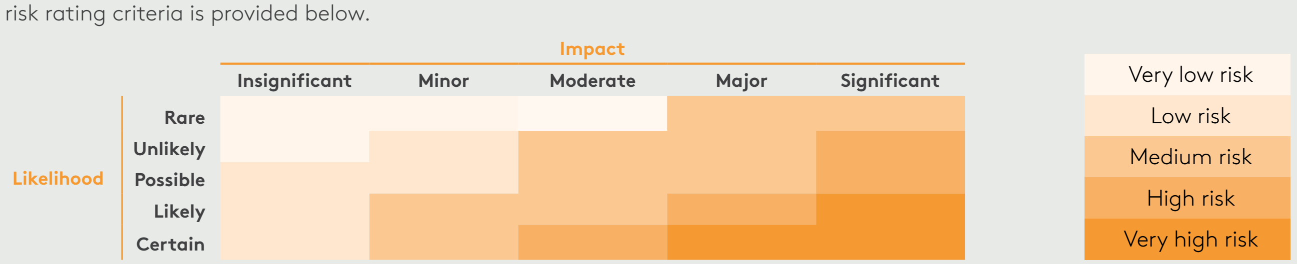
Risk consolidation

During 2024, the Board and Risk Committee identified opportunities to consolidate and simplify the Group's principal risks and uncertainties. As a result, the number of standalone principal risks identified by the Group has reduced from 15 to 11:

- The risk of occupiers defaulting (or occupier failure) has been combined with the risk of income decline.
- Reduced development returns captures all components of development risk including 'on-site' issues, contractor default, adherence to programme etc.
- Significant business interruption and reputational damage have been removed as standalone principal risks as they are adequately covered by other principal risks.

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.



The risk ratings for our principal risks are detailed below:

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

Effectiveness review

To ensure focused oversight, the Board operates a separate Risk Committee (see pages 156 to 165). 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 which are described briefly in the table on page 151. The Audit Committee remains satisfied that the review of internal financial controls did not reveal any significant weaknesses or failures, and they continue to operate effectively.

Following the Audit Committee's 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 (after controls) basis:

- 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 52 and 53.
- Similarly, the Board's tolerance for cyber threats is low. The Board recognises that due to the evolving 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 are adopting a continuous improvement strategy towards our cyber security posture, we commission regular independent reviews and assessments (see pages 162 and 163).

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

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 & 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
Double materiality assessment	42 and 43
Health and safety	52 and 53
Risk management structure	160
Risk documentation and monitoring	161
Digital security and strategy risks	162 and 163
Risk management framework	164

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 26 February 2025.

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 94 to 99				
Emerging risks	See pages 100 and 101				
Climate-related risks	See pages 102 to 115				

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 key controls we have identified on pages 94 to 99 were in operation during the year under review and up to the date the 2024 Report & Accounts were approved.

The Derwent London brand is well-regarded and respected within our industry and we are recognised for innovation and 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.

Risk 1 Failure to implement the Group's strategy

Risk

The Group's success depends on implementing its strategy and responding appropriately to internal and external factors including changing work practices, occupational demand, economic and property cycles.

Executive responsibility: Paul Williams

Risk tolerance: Low

Strategic objectives: 1 2 4 5

Stakeholders: Could potentially impact on all our stakeholders

Trend: Unchanged

The London office market has generally been cyclical in recent decades, with strong growth followed by economic downturns, sometimes precipitated by rising interest rates. The impact of these cycles is dependent on the quality and location of the Group's 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.

Status

Given the political and economic uncertainties, there has been a slowdown in the investment market although the letting market remains relatively strong. Occupier demand in London is good for the right product in the right location, and the flight to quality continues.

Key performance indicators:

- Total property return
- Interest cover ratio (ICR)
- Gearing & available resources

In addition, we also consider inflation, interest rates and yield changes.

Our actions

- 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, any major property acquisition or disposal, the risk appetite of the Group and the authorisation of capital expenditure above the delegated authority limits.
- Frequent strategic and financial reviews. An annual strategic review and budget is prepared for Board approval alongside two-year rolling forecasts which are prepared during the year.
- The Credit Committee assesses and monitors the financial strength of potential and existing occupiers. The Group's diverse and high quality occupier base provides reasonable resilience against occupier default.
- Maintain income from properties until development commences and have an ongoing strategy to extend income through lease renewals and regears. Developments are de-risked through pre-lets.
- Maintain sufficient headroom for all the key financial ratios and covenants, with a particular focus on interest cover.
- Develop properties in central locations where there is good potential for future demand, such as near the Elizabeth Line.

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.

Risk 2 Refinancing risks

Risk

The risk that the Group is unable to raise finance in a cost-effective manner that optimises the capital structure of the Group.

Executive responsibility: Damian Wisniewski

Risk tolerance: Medium

Strategic objectives: 5

Stakeholders: Shareholders and debt providers

Trend: Unchanged

Gradual rise in overall interest costs incurred as debt refinanced over the next few years, with a consequent impact on earnings and interest cover.

Status

The availability of financing for good quality covenants has generally improved through 2024 but the cost of long-term debt has continued to be volatile. We have remained close to our existing lenders and put in place £215m of new bank facilities in 2024. We continue to review market conditions for long-term fixed rate debt and engage with new possible debt providers.

Key performance indicators:

- Gearing & available resources
- Interest cover ratio (ICR)
- EPRA earnings per share
- Net debt/EBITDA

Our actions

- Early and frequent engagement with existing and potential lenders to maintain long-term relationships.
- Preparation of five-year cash flow and annual budgets enable the Group to raise 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 credit rating agency with whom we maintain a 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 term.
- Recycling of capital is a key assumption in our annual budget and is updated in each rolling forecast.

Risk 3 Income decline

Risk

The risk that the Group's income declines due to external factors which are outside of its control, such as:

- macroeconomic factors;
- recession;
- demand for office space;
- the 'grey' market in office space (i.e. occupier controlled vacant space); and
- occupier default or failure.

Executive responsibility: Paul Williams

Risk tolerance: Medium

Strategic objectives: 1 2 5

Stakeholders: Occupiers, shareholders and debt providers

Trend: Unchanged

Adverse macroeconomic conditions lead to a general property market contraction, a decline in rental values and Group income, which could impact on property valuation yields. 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.

Status

Although not likely to impact on the Group in the short-term, the current economic situation could lead to some of our occupiers facing a more challenging financial environment.

Occupiers may also be impacted by the rise in business rates, National Insurance Contributions and the National Minimum (and Living) Wage.

It should be noted that rent for offices 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.

Key performance indicators:

- Tenant retention
- Void management

In addition, we consider the following:

- The amount of 'grey space'
- Lease expiries/breaks
- Our Lease Incentive Debtor (LID) balance
- Level of rent deposits

Our actions

- 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, rather than SMEs.
- A 'tenants on watch' register is maintained and regularly reviewed by the Executive Directors and the Board.
- 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 loan-to-value ratio and high interest cover ratio reduces the likelihood that a fall in rental income has a significant impact on our business continuity.
- Regular review of the lease expiry profile.
- Rent deposits are held where considered appropriate.

MANAGING RISKS continued

Financial continued

Risk	Status	Our actions
4 Fall in property values		
The potential adverse impact of the economic and political environment on property yields has heightened the risk of a fall in property values. **Executive responsibility:** Nigel George **Risk tolerance:** Medium **Strategic objectives:** 1 2 5 **Stakeholders:** Occupiers, shareholders and debt providers **Trend:** Unchanged A fall in property values will have an impact on the Group's net asset value and gearing levels.	During 2024, property values fell slightly in H1 before recovering in H2. There remains a risk that property values could fall again in 2025. The Board is monitoring the risk that the latest rise in gilt yields could have a secondary impact on asset pricing. **Key performance indicators:** • Total property return • Void management • Reversionary percentage	• The Group's mainly unsecured financing makes management of our financial covenants more straightforward. • The Group's loan-to-value ratio and high interest cover ratio reduces the likelihood that falls in property values have a significant impact on our business continuity. • The impact of valuation yield changes on the Group's financial covenants and performance is monitored regularly and subjected to sensitivity analysis to ensure that adequate headroom is preserved. • The impact of valuation yield changes is considered when potential projects are appraised. • The Group produced a budget, five-year strategic review and three rolling forecasts during the 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.

Risk	Status	Our actions
5 Reduced development returns		
Returns from the Group's developments may be adversely impacted due to: • increased construction costs and interest rates; • labour and material shortages; • movement in valuation yields; • contractor or subcontractor default; • delays on delivery due to poor contractor performance; • unexpected 'on-site' issues; and • adverse letting conditions. **Executive responsibility:** Paul Williams **Risk tolerance:** Medium **Strategic objectives:** 1 2 **Stakeholders:** Suppliers and occupiers **Trend:** Unchanged 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.	'Tier 1' contractors in central London are becoming increasingly risk adverse to engaging on complex projects on fixed price contracts. There is also an increased risk of insolvencies in the construction 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. 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 impact construction programmes by four to six months. **Key performance indicators:** • Total return • Total property return • Development potential In addition, we consider the following: • Construction cost inflation • Project profitability status • Average payment days to our supplier • Project delays • Accident Frequency Rate (AFR) • Contingency tracker	• We use known 'Tier 1' contractors 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, including through: (a) the benchmarking of development costs; and (b) following a procurement process that is properly designed (to minimise uncertainty around costs) and that includes the use of highly regarded quantity surveyors. • 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, implemented and lessons learned.

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

Risk	Status	Our actions
6 Cyber attack on our IT systems		
The Group may be subject to a cyber attack that results in it being unable to use its information systems and/or losing data. **Executive responsibility:** All Executive Directors **Risk tolerance:** Low **Strategic objectives:** 1 2 3 4 5 **Stakeholders:** Could potentially impact on all our stakeholders **Trend:** Increased 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.	There has been a heightened risk of cyber attacks amid escalating geopolitical tensions. To date, Derwent London has not experienced a significant increase in attempted cyber attacks. 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. **Key performance indicators:** • Could indirectly impact on a number of our KPIs. In addition, we consider any security issues raised and the results of independent assurance reviews	• 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. • Independent internal and external penetration/vulnerability tests and audits are regularly conducted to assess the effectiveness of the Group's security. • Multi-Factor Authentication is in place for access to our systems. • The Group's data is regularly backed up and securely replicated off site. • Frequent staff awareness and training programmes.

Risk	Status	Our actions
7 Cyber attack on our buildings		
The Group is exposed to cyber attacks on its properties which may result in data breaches or significant disruption to IT-enabled occupier services. **Executive responsibility:** All Executive Directors **Risk tolerance:** Low **Strategic objectives:** 1 2 3 4 5 **Stakeholders:** Could potentially impact on all our stakeholders **Trend:** Increased A major cyber attack against the Group or its properties could negatively impact the Group's business, reputation and operating results.	There has been a heightened risk of cyber attacks amid escalating geopolitical tensions. To date, Derwent London has not experienced a significant increase in attempted cyber attacks. As part of the Intelligent Building Programme, the DIT team has worked alongside our portfolio IT Partner to conduct network and IT asset inventories and cyber security assessments. **Key performance indicators:** • Could indirectly impact on a number of our KPIs. In addition, we consider any security issues raised and the results of independent assurance reviews	• Our IT systems are protected by anti-virus software, 24/7/365 threat hunting, security incident detection and response, security anomaly detection, a vulnerability management, security penetration testing and firewalls that are frequently updated. • Frequent staff awareness and training programmes. Building Managers are included in any cyber security awareness training and phishing simulations. • The Group's cyber security incident response procedures are regularly reviewed and tested. • Physical segregation between the building's core IT infrastructure and occupiers' corporate IT networks. • Physical segregation of IT infrastructure between buildings across the portfolio. • Sophos Rapid Response team provides unlimited support to our Cyber Incident Response team in the event of a cyber attack.

MANAGING RISKS continued

Operational continued

Risk	Status	Our actions
8 Our resilience to climate change		
The Group fails to respond appropriately, and sufficiently, to climate-related risks or fails to benefit from the potential opportunities. **Executive responsibility:** Nigel George **Risk tolerance:** Low **Strategic objectives:** 1 2 3 4 5 **Stakeholders:** Could potentially impact on all our stakeholders **Trend:** Unchanged This could lead to reputational damage, loss of income and/or 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.	Sustainability-related disclosure requirements are increasing. During the past 12 months, numerous publications have been released which could require additional disclosures on our net zero carbon plans, for example the ISSB (IFRS) Sustainability Disclosure Standards. We are sponsoring the UK Net Zero Carbon (UKNZC) Building Standard which launched in September 2024 for pilot testing. **Key performance indicators:** • Total shareholder return • BREEAM ratings • Energy Performance Certificates (EPCs) • Energy intensity • Embodied carbon intensity	• Our SBTi 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 a 18.4 MW solar park at Lochfaulds (Scotland), with delivery anticipated in 2026. • The Board and Executive Directors receive regular updates and presentations on environmental and sustainability performance and management matters, as well as progress against our pathway to becoming net zero carbon by 2030. • Undertake periodic multi-scenario climate risk assessments (physical and transition risks) to identify risks and agree mitigation plans. • Production of an annual Responsibility Report with key data and performance points which are internally reviewed and subject to external assurance.

Risk	Status	Our actions
9 Health and safety (H&S)		
A major incident occurs at a managed property or development scheme which leads to significant injuries, harm or fatal consequences. **Executive responsibility:** Paul Williams **Risk tolerance:** Zero **Strategic objectives:** 1 2 3 4 5 **Stakeholders:** Could potentially impact on all our stakeholders **Trend:** Unchanged 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.	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. In addition, serious accidents involving falls from height, pedestrian-vehicle collision, and slips and trips are still frequent within the Property Management and Maintenance sectors. Derwent London continues to ensure high levels of H&S compliance across all of our activities, including our agriculture operations in Scotland. **Key performance indicators:** • RIDDOR Accident Frequency Rate (AFR) In addition, we monitor: • the completion of Safe Start meetings before construction commences on site; • feedback gathered from employee and occupier surveys; and • monthly Construction (Design and Management) (CDM) site inspections, and H&S training data.	• Relevant and effective health, safety and fire management policies and procedures. • 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. • The H&S competence of our main contractors and service partners is verified by the H&S team prior to their appointment. • Our main contractors must submit suitable Construction Phase Plans, Site Management and Logistics Plans and Fire Management Plans, before works commence. • The H&S team, with the support of external appointments and audits, ensures our CDM client duties are executed and monitored on a monthly basis. • 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.

Strategic objectives

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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

Risk	Status	Our actions
10 Non-compliance with law and regulations		
The Group breaches any of the legislation that forms the regulatory framework within which the Group operates. **Executive responsibility:** All Executive Directors **Risk tolerance:** Zero **Strategic objectives:** 3 4 5 **Stakeholders:** Could potentially impact on all our stakeholders **Trend:** Unchanged The Group's cost base could increase and management time could be diverted. This could lead to damage to our reputation and/or loss of our licence to operate.	The Group has been actively monitoring the proposed regulatory changes which could impact on our business, including the reform of the UK Prospectus and Listing regime, and the UK Economic Crime and Corporate Transparency Act 2023. Following the 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. **Key performance indicators:** • Total shareholder return • Accident Frequency Rate (AFR) • A significant diversion of time could affect a wider range of KPIs In addition, we consider compliance training completion rates, compliance with legislation through software systems and feedback received from employee and occupier surveys.	• The Board and Risk Committee receive regular reports prepared by the Group's legal advisers 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 Minimum Energy Efficiency Standards (MEES) for Energy Performance Certificates (EPCs). • A Group whistleblowing system ('Speak-up') for staff is maintained to report wrongdoing anonymously. • 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.

Risk	Status	Our actions
11 Change management systems		
Projects fail to be implemented or do not deliver the anticipated benefits due to: • lack of clear scope and strategy; • underestimation of investment; • lack of project management and governance; • inadequate support from management; • inadequate communication to stakeholders; and • neglecting the impact on stakeholders and importance of change management. **Executive responsibility:** Damian Wisniewski **Risk tolerance:** Medium **Strategic objectives:** 1 2 3 5 **Stakeholders:** Employees and occupiers **Trend:** NEW Project failure could lead to increased costs, diversion of management time or errors in financial accounting and reporting. Depending on the project, it could adversely impact upon our wider stakeholders (such as delayed payments or inaccurate financial reporting etc.) and reputation.	The Group is implementing a number of applications/systems that need to be carefully managed to ensure they deliver the anticipated benefits and mitigate any risks arising from the implementation/transition process. **Key performance indicators:** • A significant diversion of time could affect a wider range of KPIs In addition, we monitor key project milestones and budget contingency trackers.	• Project scope and objectives are clearly defined, documented, approved and communicated to all stakeholders. • Before project approval, the costs of implementation is budgeted, alongside the preparation of a detailed resource plan, to ensure adequate contingency in case of unforeseen delays. • Budget contingency is monitored throughout the project and reported to the Executive Committee and Board/Committees, as required. • For each project there is project management resource assigned, who are required to follow good governance and internal project management processes. • We provide clear and consistent communication about key projects to the whole business, throughout the project, with support and leadership from the executive team.

Our emerging risks

Emerging risks are conditions, situations or trends that could significantly impact the Group's financial strength, competitive position or reputation within the next five years. Emerging risks 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 164.

	Time horizon[1]				
Risk	0-5 years	5-10 years	15+ years	Impact	Our actions
A: Nature of office occupation **Strategic objectives:** 1 2 4	●	●		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.	Close engagement with our occupiers and the wider market ensures we are aware of changing trends and respond appropriately. We believe our approach of delivering space with creative design, enhanced amenity, Intelligent Building infrastructure, and employee wellbeing at its core will exceed these evolving requirements.
B: Technological change **Strategic objectives:** 1 2 3	●	●		A failure to adopt technology could lead to the Group becoming less efficient than its competitors, leading to a loss of competitive advantage. Buildings are becoming increasingly 'intelligent' and occupiers may begin to choose such buildings over those without the same technological amenities. If the Group fails to respond to occupier demands for technology, the Group's office spaces could become less desirable, leading to potential vacancies and loss of rental income.	We have a digital strategy which is being implemented by our dedicated, cross-functional and highly collaborative Digital Innovation & Technology team. We critically analyse new technology to ensure that maximum value can be derived from any new system or service that we choose to add into our overall digital and technological framework. In particular, analysing the capability of the new system or service to support our Net Zero Carbon Pathway.
C: Climate-related risks **Strategic objectives:** 1 2 3 4	●	●	●	The six climate-related emerging risks which are considered to have the greatest impact on Derwent London are: enhanced emissions reporting requirements, emissions offsets, planning approval changes, windstorm, flooding and subsidence. To avoid duplication, our climate-related emerging risks are contained on page 104.	Through our ongoing refurbishment programme, we continually improve the energy efficiency of our buildings. In addition to purchasing renewable energy and green tariff supplies, wherever possible, we are researching opportunities to increase our own supply base of renewable energy. Embodied carbon reduction and energy intensity reduction are included within the Executive Directors' long-term incentive plan awards (PSP).
D: Geopolitical instability **Strategic objectives:** 2 4 5	●			Continued geopolitical tensions could cause prolonged global supply chain disruption, commodity price inflation, market uncertainty and deglobalisation. There is also a risk of increased cyber attacks and social unrest.	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.
E: Shortage of electrical power **Strategic objectives:** 2 4 5	●			Shortage of electrical power is a risk for London, particularly in West London. Shortage of electrical power could lead to power cuts and cost pressures. UKPN consider power cuts as being possible but unlikely and will be driven by a combined impact of very cold weather and a reduction in power generated from wind farms due to lack of wind.	UKPN are the provider in central London, covering all Derwent London properties, and have put in place robust plans to meet future load requirements. Early engagement for schemes with UKPN is the key to risk mitigation for the provision of power. Derwent London engage with UKPN on a regular basis at a monthly meeting and we have a dedicated UKPN Account Manager.

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

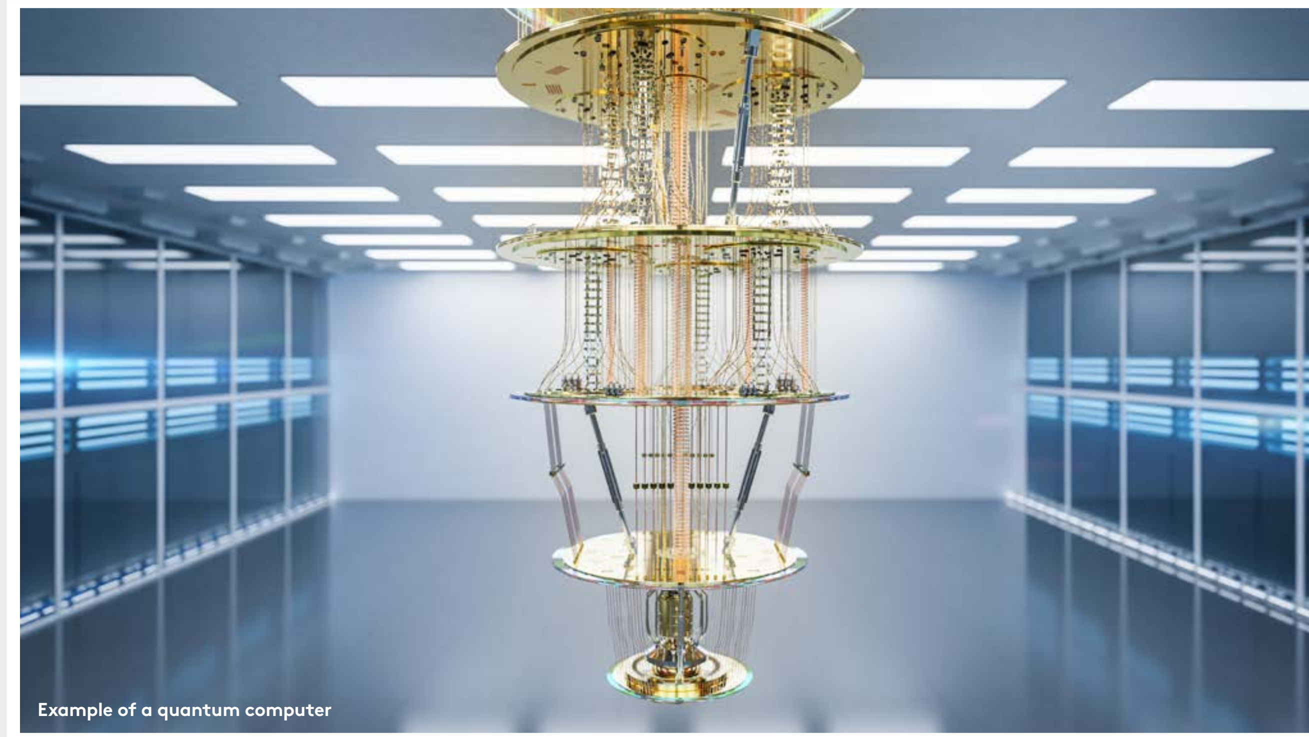
Technological change

Emerging risk

In the table below, we have explored two of the technology trends which could impact on our business in the future and the risks and opportunities that we have identified. Further information on Artificial Intelligence (AI) is on page 163.

In November 2024, the Risk Committee received training on emerging technological trends, in addition to the current cyber landscape.

Although these trends are emerging, we are preparing through frequent reviews of our security protocols and systems to incorporate the latest advancements in quantum-resistant technologies, staff training on the proper use of systems and AI, regular audits/monitoring, and our 'zero trust' architecture. Further information on our digital security and strategy is on pages 162 and 163.



Example of a quantum computer

Artificial Intelligence (AI)

The theory and development of computer systems able to perform tasks normally requiring human intelligence, such as visual perception, speech recognition, decision making and translation between languages.

AI is already prevalent for automation and data analysis. It is anticipated that it will be more widely adopted in the short to medium-term.

Potential risks:

- Advanced phishing and deepfakes
- Data loss through misuse

Potential opportunities:

- Enhanced threat detection and automated response
- Human-AI collaboration
- Predictive insights

Quantum computing

Quantum computing is an advanced field of computer science that leverages the principles of quantum mechanics to process information in fundamentally different ways than classical computers. Quantum computing is estimated to become more relevant in the next five to 20 years.

Potential risks:

- Existing cryptography methods will become obsolete almost instantly
- Increased sophistication of cyber attacks
- Need for post-quantum cryptography which is resistant to attack

Potential opportunities:

- Enhanced cryptography will be available
- Enhanced threat detection

Task Force on Climate-related Financial Disclosures (TCFD)

We are proactive in finding solutions to further reduce emissions and develop renewable energy sources.

TCFD compliance statement

Our disclosures in this section are consistent with the TCFD's Recommendations and Recommended Disclosures. When assessing the consistency of our disclosures, we have had due regard for all relevant guidance including the TCFD's Guidance for All Sectors.

We have adapted our disclosure to reflect some of the key aspects within the sustainability disclosure standards IFRS S1 and S2 which were published by the International Sustainability Standards Board in 2023.

We separately publish a Responsibility Report alongside our annual Report & Accounts which provides more granular, detailed climate-related data sets and performance metrics.

This can be found at **www.derwentlondon.com/responsibility/publications**. We structure our reporting in this way to satisfy the requirements of our various stakeholders.

TCFD directory

In line with the UK's Financial Conduct Authority Listing Rules, we have identified in the table below where our responses to the TCFD's 11 recommendations are located. We retain sufficient evidence/records to support our compliance statement (on page 102) and our data disclosures in our annual Report & Accounts and Responsibility Reports.

Governance	a) Describe the Board's oversight of climate-related risks and opportunities	See pages 110 and 111
	b) Describe management's role in assessing and managing climate-related risks and opportunities	See pages 106 to 111
Strategy	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long-term	See pages 104 to 107
	b) Describe the impact of climate-related risks and opportunities on the organisation's business strategy and financial planning	See pages 108 and 109
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	See pages 104 to 107
Risk management	a) Describe the organisation's processes for identifying and assessing climate-related risks	See pages 103 to 109
	b) Describe the organisation's processes for managing climate-related risks	See pages 98, 110 to 113
	c) Describe how processes for identifying and managing climate-related risks are integrated into the organisation's overall risk management	See page 103
Metrics and targets	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	See pages 58, 59 and 113
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	See pages 58 and 59
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	See pages 47 and 113

The built environment

Climate change is a major global challenge which will impact how business operates in the future. The built environment contributes approximately 40% (including the residential sector) to the UK's overall carbon footprint. Consequently, we take a proactive approach in finding solutions to further reduce emissions and develop renewable energy sources (see pages 44 to 47).

As part of our commitment to being a net zero carbon business by 2030, we are helping to lead the industry in supporting the government's net zero carbon ambitions and improving the carbon footprint of the built environment. We are also helping to develop best practice guidance for our sector through engagement with industry partners and organisations such as the Better Building Partnership and the British Property Federation.

Examples include:

- **Westminster City Council Sustainable City Charter:** We were early signatories to the Westminster City Council (WCC) Sustainable City Charter, which provides a framework for reducing carbon emissions from non-domestic buildings across Westminster. John Davies, our Head of Sustainability, is the Chairman of its Steering Committee.
- **Sustainable Markets Initiative (SMI) Buildings Taskforce:** Our CEO, Paul Williams, sits on the Sustainable Markets Initiative (SMI) Buildings Taskforce which is part of His Majesty King Charles III's Terra Carta. The aim of the initiative is to put nature, people and the planet at the heart of global value creation.

Engagement

We seek to actively engage with our peers, occupiers and other stakeholders to reduce energy use and carbon emissions within the built environment. If you wish to discuss our pathway to net zero carbon, our Sustainability team can be contacted via email: **sustainability@derwentlondon.com**

Our approach

Climate change is a material issue for our business. We deem an issue to be 'material' when it is assessed as being sufficiently important to both our business and our stakeholders. Our properties are subject to climate-related risks such as increasing temperatures which could lead to greater physical stresses. Our strategy involves the acquisition and repositioning of older properties and ongoing investment in more modern properties.

We ensure a high degree of resilience in our new developments and repositioning of older properties by setting high standards for sustainability. When managing our core income portfolio, we focus on energy and carbon reduction (as dictated by our energy intensity reduction targets), ensuring our buildings operate as efficiently as possible. Our strategy centres around the concept of continual improvement to ensure a high degree of both climate and financial resilience. Our environmental priorities are on pages 44 to 47.

Climate risk assessment

We identify and monitor climate change risks and opportunities as part of our wider risk management procedures which are overseen by the Board and its principal committees (see pages 110 to 111 and 144).

We structure our risk management framework, which is disclosed on page 164, into four stages. Our climate risk disclosures, shown on pages 102 to 115, are structured in accordance with this four-stage approach.

Owing to their complex nature, the identification and assessment of climate-related risks and opportunities are undertaken with the support of third party expertise. In 2024, Willis Towers Watson (WTW) performed an updated independent climate risk assessment and scenario analysis. The scope of the assessment included our entire London-based investment portfolio (including our head office) and our Scottish portfolio.

During our climate risk assessments, short, medium and long-term time horizons were considered (see page 94). We recognise that climate-related issues, in particular physical risks, are often (but not exclusively) linked to the medium to long-term and that the properties within our investment portfolio have a long lifespan of many decades.

The climate risk assessments sought to identify the transition and physical risks and opportunities applicable to the Group. As our business is based in and solely focused on the UK, the risks/opportunities were not considered on an international and/or segmental basis.

Through this process we identified and reviewed nearly 35 transition and physical risks and opportunities. On page 104 we have disclosed the most material risks and opportunities in terms of impact, likelihood (transition risk) and exposure (physical risk). Once the risks and opportunities had been identified, three pre-defined climate scenarios were applied, where appropriate, to test the resilience of our business, strategy and financial planning.

Identification See page 104

Assessment See page 106

Monitoring See page 110

Response See page 112

Identification

Transition

Transition risks and opportunities are those which arise from the transition to a low carbon economy. We identified and assessed transition risks and opportunities, in terms of their impact and likelihood, via a facilitated workshop with cross-functional representation from across our business. As part of our risk assessment, we considered how these risks changed under a 1.5°C aligned scenario (the 'Low Carbon World'). Overall, our transition risk exposure under the 'Low Carbon World' scenario was assessed to be low to moderate in both the short-term (2030) and the medium-term (2040) (see table below).

The impact and likelihood of each identified risk was challenged in the context of the latest regulatory updates and WTW's/our experience with the real estate sector.

We also estimated the financial impact (whether to the balance sheet or income statement) and assigned high and low impact estimates to applicable cost components, depending on the effectiveness of our planned mitigating actions. Through the assessment process, we applied mitigation measures already captured within the scope of our Net Zero Carbon Pathway and those within our existing business processes, to define our residual risk profiles. Due to the strength of our mitigation strategies, the impact of these risks reduced significantly on a residual basis.

Based on our assessment, the table below shows the most material transition risks and opportunities applicable to our business.

Material transition risks and opportunities identified:

	'Low Carbon World' (~1.5°C)			
	Risks		Opportunities	
Risk rating on a residual basis	0-5 years	5-15 years	0-5 years	5-15 years
Enhanced emissions reporting requirements	Moderate	Moderate		
Change in customer demand			Moderate	Moderate
Emissions offsets	Low	Moderate		
Planning approval changes	Moderate	Moderate		
Cost of raw materials	Low	Low		
Employee attitude to climate change and sustainability	Low	Low		
Cost of low carbon emission technologies	Low	Low		

Risk rating / See page 92

Physical

Physical risks were identified and assessed through an asset-by-asset exposure/susceptibility analysis using a range of acute and chronic climate hazards (risks). The scenarios were tested as at the present day, as well as for future projections under three climate scenarios (see table below). This was supplemented by a climate risk modelling analysis, undertaken by WTW, for flood and windstorm, as well as more chronic risks like heat, drought and subsidence. Physical assets were considered exposed if they are located in an area where a climate hazard may occur. The degree of exposure was defined by the severity/intensity of that hazard, with each hazard having its own intensity scale. If an exposure was deemed to be moderate or above it could have a material impact.

It should be noted that the scores were based on a global scale. For the UK, a modest increase in a chronic hazard, such as heat-stress (heatwaves), from very low to low could have wider implications on properties and infrastructure.

Our exposure to physical risks increases into the medium and long-term and as global temperatures rise. Based on our assessment, we consider windstorm and flooding to be the most material physical risks to our business. While subsidence is a material physical risk, there is no clear financial quantification model available within the data sets used.

Material physical risks and opportunities identified:

	Short-term 0-5 years		Medium-term 5-15 years		Long-term 15+ years	
	Present day	'Low Carbon World' (~1.5°C)	'Current Policies' (~2 to 3°C)	'Hot House World' (>4°C)	'Current Policies' (~2 to 3°C)	'Hot House World' (>4°C)
Heat stress	Very low	Very low	Very low	Low	Low	Low
Flooding	Low	Low	Low	Moderate	Moderate	Moderate
Drought	Very low	Low	Low	Low	Low	Moderate
Fire	Very low	Low	Low	Low	Low	Low
Windstorm	Moderate	Moderate	Moderate	Moderate	Moderate	Moderate
Subsidence	Moderate	Moderate	High	High	High	High

Tree planting on our Scottish land

Residual emissions offsetting

Climate risk and opportunity

As part of our Net Zero Carbon Pathway we advocate a 'reduction first, abatement last' policy for carbon management. This means we set, and look to achieve, challenging carbon reduction targets for both operational and embodied carbon. Only when we have reduced our emissions does the residual carbon get offset, thereby allowing us to move towards our net zero ambition.

Our preference when purchasing credits is to invest in high quality removal credits, particularly those which are nature-based (e.g. tree planting) and have co-benefits such as biodiversity enhancement and local economy support. In 2024, we forward-purchased credits to cover forecast emissions from our development pipeline to 2030. See page 45 for more detail.

Risk: Quality and cost

Over recent years the voluntary carbon market has grown significantly in terms of the level of demand created by organisations looking to move to a net zero position and consequently requiring access to carbon credits in the form of offsets. As a result, a wide variety of credits have emerged, which are typically categorised depending on whether they directly or indirectly abate carbon emissions. Those which directly abate carbon emissions are often referred to as carbon removal credits e.g. tree planting. Those which do so indirectly are referred to as avoidance credits e.g. forest protection. Pricing of removal credits is generally more expensive than for avoidance credits, in part reflecting their higher capital start up and ongoing maintenance costs.

Opportunity: Adoption and diversity

In addition to the voluntary carbon market, which we use to access credits from international projects, we are also looking to diversify our credit portfolio via UK-based projects, particularly within our portfolio. In 2015, we planted over 30 hectares of woodlands on our Scottish land which has already generated 127 Woodland Carbon Code verified carbon credits and are exploring opportunities to increase this further. Our ambition is to maximise our 'self-generated' offsetting to complement our international credits, increasing the transparency and robustness of our offsets portfolio.

Assessment

Of the risks identified, none were deemed likely to have an impact such that the viability of our business would be interrupted, although our cost profile could increase.

Testing our resilience

The risks and opportunities we identified were applied against at least two climate scenarios for transition risk and three for physical risk to test the resilience of our business, strategy and financial planning.

Our approach to creating scenarios followed the updated guidelines produced by the TCFD within their Guidance on Scenario Analysis for Non-Financial Companies. We set out on page 115 the assumptions and risk data sources that were used in our most recent climate scenarios.

When conducting the scenario analysis, we had due regard to the following:

- **Forecasting:** scenarios are a way to imagine plausible states of the world and plan for our resilience. They are not intended as forecasts of the future.
- **Balance:** they should have aspects of quantification, but not so much that it impairs strategic thinking.
- **Challenge:** they must ensure we challenge our own thinking about our organisation and business model.
- **Certainty:** some drivers within the scenarios may be relatively certain and predictable whilst others are highly uncertain as to their development and impacts over time.
- **Breadth:** the resilience of our strategy should be investigated under multiple scenarios, including a 2°C or lower scenario.

The tables on pages 108 and 109 illustrate how we have incorporated these risks and opportunities into our strategy and financial planning. Ultimately, we do not envisage having to make changes to our overall strategic approach when considering climate-related scenarios.

Risk rating / See page 92

Scenario 1 ‘Low Carbon World’ ~1.5°C

A low temperature rise scenario as the world transitions to a low carbon economy

- Pricing of voluntary carbon offsets increases significantly.
- Increased stringency of building planning and design requirements to meet net zero targets.
- Increased demand for lower emission technologies to enable transition to a low carbon world.
- Increased cost of high carbon raw materials (e.g. steel, glass and concrete), which is further impacted by a carbon tax.
- Increased demand for enhanced climate-related disclosures.
- Climate change and sustainability remain concerns for employees.

Transition risks — Low to Moderate

Our overall risk exposure under the ‘Low Carbon World’ (1.5°C) scenario is low to moderate in both the short-term (2030) and the medium-term (2040). The most material transition risks identified were EPC rating requirements, planning approvals and rising emission offset prices.

Physical risk exposure — Very Low to Low

Our physical risk exposure was low under this scenario. However, our Scottish land had greater exposure to windstorm and river floods in comparison to our London portfolio.

Potential financial impacts — Moderate

In 2021, approximately £97m of capex was identified to achieve an EPC rating of B across our London commercial portfolio. This has since been revised to £86m to reflect the latest scope (change in building regulations), inflation, disposals, the acquisition of the remaining 50% interest in 50 Baker Street W1, and the work carried out to date.

Based on the International Monetary Agency’s (IMA) projected carbon offset prices of £80 per tonne by 2030, the average cost to offset our residual development carbon annually would be c.£49,000 using high quality removal offsets. We have mitigated the near-term cost increases by forward-purchasing high quality, nature-based removal credits for our regeneration pipeline to 2030. However, we remain vigilant to pricing shifts in the voluntary carbon market.

Potential impact on strategy — Low

Our strategy and financial planning already reflect more stringent planning and design requirements, primarily via the introduction of our Net Zero Carbon Pathway in July 2020. We estimate that the cost impact of achieving our pathway requirements is approximately 5% to 10% of our development costs which is factored into our appraisals.

Over the long-term, we can reduce the cost impact of carbon offsets on our financial returns by extending our carbon removal projects (e.g. tree planting) on our Scottish land which will help to reduce our reliance on the voluntary carbon market. However, in this scenario we are unlikely to realise the full value for some time, given such projects take time to yield a significant number of credits.

Scenario 2 ‘Current Policies’ ~2 to 3°C

The world follows the emissions trajectory based on current policies/practices

- Offset prices increase but not by as much as under the ‘Low Carbon World’ scenario.
- There are no changes to existing planning and design requirements for developments.
- No change in the demand for lower emissions technologies.
- The increase in cost of low carbon materials is anticipated to be lower than in the ‘Low Carbon World’ scenario.
- No discernible change in demand for enhanced climate-related disclosures.
- No change in employees’ attitude to climate change and sustainability.

Transition risks — Low to Moderate

Under this scenario, the risk impact and likelihood profiles for transition risks were unchanged in comparison to the ‘Low Carbon World’ scenario. This is because strategically we are expecting to decarbonise in a shorter time frame compared to the current policy approach.

Physical risk exposure — Low to Moderate

Within this climate scenario there was no scientific evidence to suggest that intensity or frequency of windstorms would increase significantly, therefore the risk profile has been deemed to be broadly similar to that in the short-term. However, subsidence starts to represent a material risk in this scenario, albeit currently there is little or no data available on its impact, either financially or structurally at the asset level. All our London portfolio assets are either out of risk zones or are protected by the Thames Barrier. Four agricultural assets in our Scottish portfolio are currently exposed to very high flooding risk. Flooding consequently represents a moderate risk in this scenario.

Potential financial impacts — Low to Moderate

Generally, the transition risk cost impact is lower than in the ‘Low Carbon World’ scenario where demand for instruments such as offsets is greater leading to supply constraints.

Physical risk cost impact is not discernible in this scenario.

Potential impact on strategy — Low

Sustainability has always been part of our strategy. This puts us in a good position to take advantage of market and occupier demand for more sustainable spaces, and the associated higher rental premiums. There are also operational cost savings that can be achieved from reduced energy intensity of more efficient spaces.

Under this scenario, we would continue to retrofit and improve our properties in line with our net zero strategy and overall business model.

It is assumed the opportunities available on our Scottish portfolio remain the same.

Scenario 3 ‘Hot House World’ 4°C

A high carbon scenario where the world fails to transition, and temperatures rise

- No change in EPC rating requirements.
- Current policies promoting sustainability are removed.
- No carbon pricing exists.
- Exploitation of abundant fossil fuel resources.
- Little or no development in low carbon technology.
- Adoption of resource and energy intensive lifestyles.

Transition risks — n/a

Transition risks were not modelled under this scenario. These risks only arise if the world actively attempts to transition to a low carbon economy.

Physical risk exposure — Moderate to High

Our London portfolio could see a moderate risk of drought, of between three to four months per year, a notable increase over today’s climate. Under this scenario, there is increased susceptibility of subsidence, with all the London portfolio having ‘probable’ increases and instability issues in line with the wider London area. There was no scientific evidence to suggest that intensity or frequency of windstorm would increase significantly. Consequently, the risk profile has been deemed to be broadly similar to that in the ‘Current Policies’ scenario.

Potential financial impacts — Low

Within the next 10 years, modelling showed that there was a 10% probability of windstorm damage to the portfolio costing approximately £1.8m to £4.0m in the most extreme years. Likewise, in the same extreme years flood damage could cost £0.3m to £3.6m, rising to approximately £2.1m to £6.1m by 2050, across both the London and Scottish portfolios.

Potential impact on strategy — Low

Drought might create water stress issues and shortages in the water supply for London. Our water management strategy would need to be adapted for more optimal water usage (reuse, collections etc.) which could lead to higher maintenance and regeneration costs.

Although overall flood risk is not significant, projected changes indicate that the frequency of flood events could increase in the UK (and more for Scotland) and create additional direct building and infrastructure damage and more frequent interruptions. Flood risk assessment forms part of our acquisition appraisal process.

Subsidence presents a risk to our London portfolio, although the lack of data makes it difficult to ascertain the impact, if any, on our business strategy.

Assessment continued

Impact on our strategy and financial planning

The outputs from the risk and scenario assessments (see pages 104 to 107) have been embedded into our business to ensure all of our core activities accurately reflect the required actions and investments. Our strategy remains unchanged as we continue to develop design-led, amenity-rich, low carbon office space in line with market and customer demand.

Material risk	Exposure 0-5 years	Exposure 5-10 years	Exposure 15+ years	Impact on strategy	Impact on financial planning
Transition risks					
Planning requirements It is likely that the UK will need to incrementally increase the stringency of building planning and design requirements as part of its efforts to meet its net zero targets. This would affect our development pipeline, including increasing development costs to ensure all new buildings are net zero carbon ready.	●	●		Our Responsible Development Framework and Net Zero Carbon Pathway aim to ensure that our properties are more climate resilient, built for a longer life, flexible to occupy and operate, less reliant on mechanical cooling and free from fossil fuel use i.e., all electric heating and cooling. **Strategic objectives:** 1 2 4 **Business model:** Refurbishment & Development	The requirement to be net zero aligned is already factored into our development appraisal process and ensures we have a robust level of cost certainty and financial forecasting ability. Access to good quality, affordable finance is also important to enable us to deliver our development pipeline effectively and demonstrate how we are addressing and effectively managing climate risk. Further information on our green finance initiatives is on pages 84 and 85.
Emissions offsets As more companies commit to net zero, the demand for high quality carbon removal offsets is increasing, resulting in higher prices. There is also increasing reputational risk associated with the use of emission offsets if carbon offsetting is chosen as the only net zero measure, instead of focusing on reducing energy consumption and emissions first.		●		We have put in place energy intensity reduction targets for the properties in our managed portfolio which look to reduce intensity by c.4% year-on-year between our 2019 baseline and 2030. These are designed to ensure (alongside our renewable energy procurement) that we drive down operational carbon as much as possible. Our strategy has been to utilise our Scottish land to generate our own offsets, initially via tree planting schemes. **Strategic objectives:** 4 **Business model:** Asset Management & Investment activities	To offset our development-based residual embodied carbon we use carbon removal offsets purchased from the voluntary carbon market. Our development appraisals include a cost of carbon for these offsets, currently set at £34 per tonne. This is complemented by our stretching embodied carbon targets which aim to drive down the amount of embodied carbon on scheme completion and subsequently the need for and cost of offsetting.

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

Material risk	Exposure 0-5 years	Exposure 5-10 years	Exposure 15+ years	Impact on strategy	Impact on financial planning
Physical risks					
Windstorm The risk arising from windstorms is damage to our buildings (which could include façade and roof damage and power outages), primarily caused by flying debris.			●	Our buildings are in storm susceptible regions, with our land in Scotland being at highest risk. Overall, the impact of windstorms on our portfolio does not impact on our business strategy. We have adequate building maintenance and management measures in place. **Strategic objectives:** 1 2 3 4 5 **Business model:** All of our core activities	As modelling showed a minor potential financial loss of approximately £2-4m, we currently do not believe that it will impact on our financial planning. Recommendations from the climate assessments will be factored into our property management strategy and planned preventive maintenance schedules.
Flooding All of our London assets are out of flood risk zones or protected by the Thames Barrier. In Scotland (c.2% of our total portfolio), we have locations, mainly used for agricultural purposes, which are currently exposed to very high flooding risk.			●	The risks from flooding do not impact our overall business strategy, albeit we are likely to undertake a greater level of due diligence during the acquisition process given future purchase targets could potentially be in flood zones. **Strategic objectives:** 2 4 **Business model:** All of our core activities	To ensure we understand the flood risk of potential new acquisitions, our due diligence procedures will need to be enhanced to account for a greater level of flood mapping to avoid introducing higher levels of risk and loss exposure into the portfolio.

Further information on how we have addressed these risks can be found on the following pages:

Our pathway to net zero / See pages 44 and 45

Occupier engagement on climate change / See page 44

Monitoring

Role of the Board

The Board has overall accountability for climate-related risks and opportunities. It is responsible for ensuring that climate change is adequately reflected in the Group's strategy to ensure our future resilience. Due to its importance, climate-related matters are regularly discussed during the Board's strategy reviews and factored into the Board's viability assessment (see page 89).

Climate resilience has been classified as a principal risk for the Group and is contained on our Schedule of Principal Risks (see page 98). The Board reviews and approves the Group's risk registers on at least an annual basis and they are subject to review by the Risk Committee at each of its meetings.

Climate-related topics are included on the agenda of each meeting of the Responsible Business Committee and the Sustainability Committee, including our progress to net zero carbon. Climate-related risks and reporting are regular agenda items for the Risk and Audit Committee meetings. The climate risk governance framework is on page 111.

To embed a further level of oversight, we have linked climate-related performance measures into our Remuneration Policy for the Executive Directors (see page 179). These targets are directly linked to our Net Zero Carbon Pathway.

Further information on the role of the Board and its Committees in respect of climate change is available on the following pages:

Audit Committee Report / See page 144

Remuneration Committee Report / See page 174

The Board does not have terms of reference. Instead a schedule of matters reserved solely for its attention is maintained. Within this schedule, climate change and other environmental factors which could impact on the design or management of our portfolio is reserved to the Board and its Committees, principally the Responsible Business Committee and Audit Committee. To formalise the role of each Committee in the oversight of climate-related risks and opportunities, their terms of reference were updated in 2024.

The Board's assessment of its skills, experience and knowledge is on page 137 and incorporates reference to environmental matters, including climate change.

Role of management

As Chief Executive, Paul Williams has overall accountability to the Board for climate-related issues. Paul Williams has delegated management oversight to Nigel George (Executive Director) and responsibility for implementation to John Davies (Head of Sustainability) and Robert Duncan (Head of Investor Relations and Strategic Planning).

The table below illustrates their involvement in the Group's climate risk framework. As a result, they have a comprehensive oversight of all our climate-related work.

	Paul Williams	Nigel George	John Davies	Robert Duncan
Board	Member	Member	By invitation	By invitation
Audit Committee	By invitation	Regular attendee	Regular attendee	Regular attendee
Risk Committee	Regular attendee	By invitation	Regular attendee	–
Remuneration Committee	By invitation	–	–	–
Nominations Committee	By invitation	–	–	–
Responsible Business Committee	Member	By invitation	Regular attendee	–
Executive Committee	Chairman	Member	Member	Member
Sustainability Committee	Chairman	Member	Member	Member
Sustainability Team	–	Oversight	Head of Department	–

Throughout the year, the Executive Committee reviews the Group's risk registers, which include sustainability/climate change-related risks. These reviews consider the risk severity, likelihood and the internal controls and/or mitigation actions required to reduce our risk exposure, so that it is aligned with or below our risk appetite. This approach allows the effects of any mitigating procedures to be considered properly, recognising that risk cannot be eliminated in every circumstance.

The Sustainability Committee comprises of key department leaders, many of whom have a responsibility for oversight and implementation of climate-related issues within their department. At each meeting, a 'performance and data' dashboard is produced for discussion and analysis.

Members from key departments were involved in the climate risk assessment and climate scenarios conducted with Willis Towers Watson, the outputs of which underpin our disclosure.

Climate risk governance framework

As climate risks and opportunities are likely to have an impact on various aspects of our business, all the Board's Committees are involved in the oversight of climate-related matters. As illustrated below, the business has a 'top-down, bottom-up' approach to the oversight of climate-related aspects, from individual departments to the Board.

Oversight

Board

Overall accountability for climate-related risks and opportunities

Nominations Committee

Ensures climate and environmental skills, knowledge and experience are a consideration when assessing the Board's composition and identifying any skills gaps. The Committee meets as required.

Audit Committee

Ensures climate-related risks and capital expenditure are appropriately reflected in our financial statements and portfolio valuations. The Committee typically meets three times per year.

Risk Committee

Ensures climate-related risks are appropriately identified, monitored and managed. The Committee typically meets three times per year.

Remuneration Committee

Ensures climate-related aspects are appropriately included in executive remuneration. The Committee typically meets at least twice per year.

Responsible Business Committee

Monitors the management of our climate-related risks and opportunities and meets at least twice per year to ensure that the Board adequately reflects climate-related issues in its decision making.

Monitoring

Executive Committee

Typically meets monthly and has overall responsibility for oversight of climate-related risks and opportunities.

Sustainability Committee

Typically meets quarterly and comprises key department leaders; it is chaired by the CEO. The Committee is responsible for monitoring our day-to-day climate-related progress and performance.

Management

Sustainability team

Responsible for developing appropriate climate-related management measures for implementation across the business and identifying climate risk and opportunities to inform the risk management process.

Development

Responsible for ensuring our development schemes embed the required climate-related and net zero carbon aspects within their design and delivery programmes.

Property Management

Responsible for ensuring our properties are operated efficiently e.g. building energy consumption is reducing in line with our energy targets.

Asset Management

Responsible for ensuring EPCs are tracked and monitored across the investment portfolio.

Company Secretarial

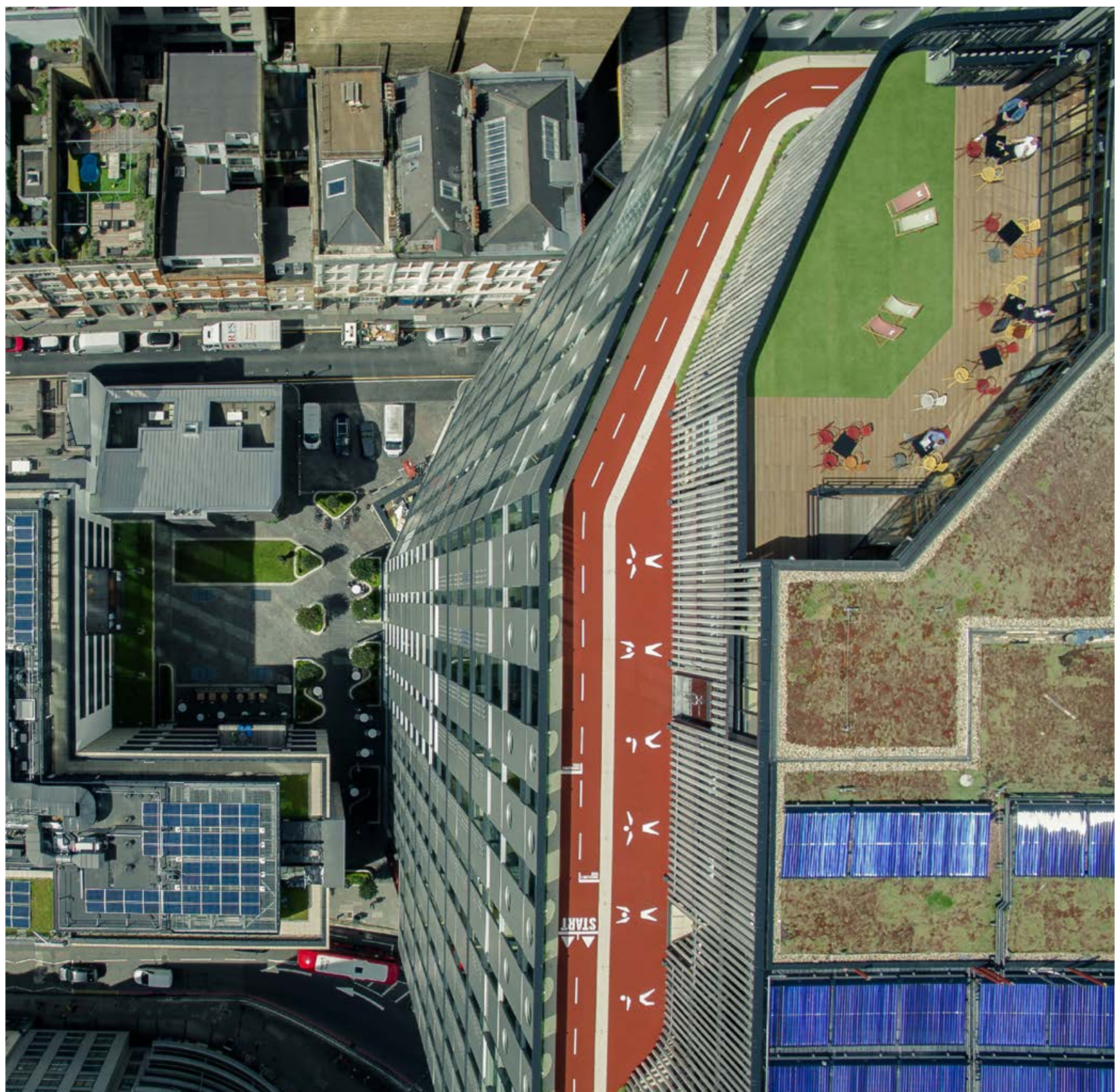
Responsible for ensuring climate-related issues are adequately reflected within our corporate governance structure.

Response

Capturing opportunities

As a responsible business, we understand, balance and manage our environmental opportunities proactively; it is visible in our culture and approach, and the design and management of our buildings. Our management structure and style ensure that we can respond to changes in regulation and occupier demand. Likewise, this enables us to plan more effectively for the long-term and ensure we are putting the right systems and processes in place to maintain our position as London's leading office-focused REIT and capture the opportunities which arise.

Through our climate risk assessment, we identified the opportunities that we could embrace. Of those identified, changing occupier requirements and cost of debt through green initiatives were considered most material. We detail below some of the ways in which we are capturing climate-related opportunities.



White Collar Factory & Old Street Yard EC1

Green Finance	Our Green Finance Framework was specifically developed to link our 'green' debt to our net zero carbon ambitions and in particular our development and refurbishment activities. We have two specific debt facilities which are linked to our framework; the £300m 'green' tranche of our main corporate £450m revolving credit facility and a £350m Green Bond issued in 2021. These are being used to part-fund our eligible projects. Further information on our Green Finance Framework is on pages 84 and 85.
Building Upgrades	Refurbishing space to optimise rents as vacancies occur is an integral part of our business model. In addition to physical upgrades, we also seek to improve a building's environmental credentials. Where appropriate, we are removing gas from properties and where this is not possible, we are retrofitting specialist boiler equipment to enhance performance – see page 45 for further details. These works, which also form part of our strategy to ensure compliance with evolving EPC legislation, are factored into all refurbishment projects. Since the independent third party assessment in 2021, we have invested £13m of capital expenditure on EPC upgrade works.
Operationalising Data	The volume and quality of environmental data we collect from our buildings continues to rise. As well as retrofitting sensors as part of our refurbishment activity, we have developed a bespoke in-house environmental database which operates alongside our Intelligent Buildings programme. Our building managers now have better access to near-real time data, facilitating lower energy consumption and delivering savings in cost and operational carbon to our occupiers.
Self-Generation	The provenance of energy is under increasing scrutiny as businesses seek to optimise GHG emissions. Aligned with this, we aim to procure 100% of the energy consumed across our portfolio on renewable contracts. Our land in Scotland presents several opportunities for us to reduce our carbon impact, including self-generation. Following receipt of resolution to grant planning consent in 2023, construction of a 100-acre, 18.4 MW solar park is underway (total development cost c.£17m). On completion in 2026, we expect it to generate in excess of 40% of the electricity needs of our London managed portfolio.

Metrics and targets

The Group reports annually on its progress towards net zero by 2030. A brief outline of our progress in 2024 is set out on pages 44 to 47. To help our stakeholders understand our performance, the data section within our annual Responsibility Report sets out a broad range of climate and energy performance data and metrics. This includes extensive carbon reporting and historical performance data to allow for trend analysis. Our Responsibility Report is available on our website.

We align our Responsibility Report disclosures to externally recognised frameworks including the EPRA Best Practices Recommendations for Sustainability Reporting (sBPR) and the Sustainability Accounting Standards Board (SASB). We participate in internationally recognised indices, namely CDP and GRESB, and our performance against these can be found on the inside back cover.

Since 2023, embodied carbon reduction and energy intensity reduction performance metrics have been included within the Executive Director and Executive Committee incentive plan (the PSP). Further information is on page 182.

In 2020 we published our Net Zero Carbon Pathway which is aligned to the Better Building Partnership (BBP) Climate Change Commitment. This includes a series of ambitious climate-related targets, which are shown on the right. We expect to publish an updated Net Zero Carbon Pathway in 2025.

Reducing operational energy and carbon emissions

- An annual reduction in energy intensity of our managed portfolio to achieve 90 kWh/sqm by 2030
- Near-term: we commit to reduce absolute Scope 1 and 2 GHG emissions by 42% by 2030 (to 3,161 tCO_2e) from a 2022 baseline and to measure Scope 3 emissions
- Long-term: reduce absolute Scope 1, 2 and 3 GHG emissions by 90% by 2040 from a 2022 baseline

Reducing embodied carbon of development projects

- New build commercial office schemes completing from 2025 to achieve: ≤600 $kgCO_2e$/sqm (upfront carbon, A1-A5)
- New build commercial office schemes completing from 2030 to achieve: ≤500 $kgCO_2e$/sqm (upfront carbon, A1-A5)

Energy and carbon reporting

We publish a full breakdown of our corporate carbon footprint (inclusive of Scopes 1, 2 and 3) and energy usage in our Streamlined Energy and Carbon Reporting (SECR) disclosure on pages 58 and 59. Our Scope 1, 2 and 3 totals in 2024 have been subject to independent limited assurance by Deloitte LLP in accordance with ISAE 3000 (Revised) and ISAE 3410 Standards.

SECR disclosures / **See** page 59

Response continued

EPC ratings

EPC ratings indicate the energy efficiency of a building. We are following a phased programme of works to upgrade the EPC ratings of our portfolio. We target a minimum EPC of 'A' for major new build schemes and 'B' for major refurbishments (see page 47 for our progress in 2024).

69.2% of our portfolio (by ERV) has an EPC rating of A or B (including projects)

17.7% of our portfolio (by ERV) has an EPC rating of C

Percentage of portfolio (by ERV)	2024	2023	2022
Rated A	**10%**	10%	9%
Rated B	**48%**	47%	45%
Rated C	**18%**	19%	20%
Rated D	**8%**	8%	9%
Rated E	**5%**	5%	4%
Rated F	**0%**	0%	0%
Rated G	**0%**	0%	0%
Properties in development	**11%**	11%	12%
Exempt/under review/outstanding	**0%**	0%	1%

Renewable energy

The Group is committed to ensuring that all the energy we procure, electricity and gas, is from renewable sources.

99% of our electricity is from renewable sources

100% of our gas is from renewable sources Target: 100%

	2024	2023	2022
Percentage of electricity from renewable sources[1]	**99%**	99%	99%
On-site renewable energy generation (kWh)	**86,136**	97,440	81,367
Percentage of gas from renewable sources[2]	**100%**	99%	80%

1 Electricity purchased on renewable tariffs backed by REGOs.
2 Gas purchased on renewable tariffs backed by RGGOs.

Certification

BREEAM and LEED certifications recognise the sustainability of our buildings, their construction and operation. We target minimum BREEAM ratings of 'Excellent' for major developments and 'Very Good' for major refurbishments (see page 36 for our progress in 2024).

Percentage of portfolio (by floor area – NIA)	2024	2023	2022
BREEAM certified	**33%**	35%	34%
LEED certified	**22%**	22%	13%

Our progress

As part of our commitment, we analyse our activities to ensure we are reducing our carbon footprint across all our spheres of influence. Our pathway focuses on four principal areas:

- Reducing operational energy and carbon emissions through setting annual reduction targets and engaging with our occupiers.
- Procuring and investing in renewable energy.
- Reducing the embodied carbon of our future pipeline.
- Offsetting residual carbon emissions we cannot eliminate.

Further information on these commitments and our progress in 2024 is detailed on pages 44 to 47.

Future priorities

On page 46 we have outlined our environmental priorities for 2025. In addition to these focus areas, we intend to action the following:

- **Governance:** The Board will continue to build its competency through training and monitoring of developing best practice.
- **Strategy:** Monitor construction of our 18.4 MW solar park in Scotland which commenced in 2024.
- **Metrics and targets:** In 2024, we undertook a double materiality assessment which we disclose on pages 42 and 43. We will also start to report on our rebased SBTi-verified targets (aligned to a 1.5°C scenario).

Climate scenarios – assumptions and risk data sources

2024 Willis Towers Watson risk assessment

Scenario Name	'Low Carbon World' (~1.5°C)	'Current Policies' (~2 to 3°C)	'Hot House World' (>4°C)
Temperature Range	1.4°C (median, 2100, IEA NZE2050, NGFS 2050) ~1.5°C (median, 2100, RCP2.6)	2.6°C (median, 2100, IEA STEPS) ~2.3°C (mean, 2100, RCP4.5)	~4.2°C (mean, 2100, RCP8.5)
Sources	IEA – Energy Outlook 2021: NZE2050 NGFS 2050 IPCC, 2014: Synthesis Report: RCP2.6 Narratives for SSPs*: SSP1	IEA – Energy Outlook 2021: STEPS IPCC, 2014: Synthesis Report: RCP4.5 Narratives for SSPs*: SSP2	IPCC, 2014: Synthesis Report: RCP8.5 Narratives for SSPs*: SSP5
Primary risks			
	Transition risks (2025 and 2030)	Moderate transition (2025 and 2030) and physical risks (current, 2030, 2050)	Physical risks (current, 2030, 2050)
Underlying assumptions			
Global net zero achieved by:	2050 (IEA NZE2050)	Not achieved before 2100 (IEA STEPs)	Not achieved
Carbon price	Advanced economies: 2025, 2030, 2040, 2050 $75/tonne; $130/tonne; $205/tonne; $250/tonne (IEA NZE2050)	EU: 2030, 2040, 2050 $65/tonne; $75/tonne; $90/tonne (IEA STEPs)	No carbon pricing in existence. (SSP5)
Building sector policies	Implementation of more stringent building energy conservation building codes for existing and new buildings, including net zero emission requirements by 2030 and 85% of all buildings are zero carbon-ready in 2050. (IEA NZE2050)	In the UK, Low Carbon Heat Support and Heat Networks Investment Project; various retrofit incentive schemes for improving buildings efficiency as part of Plan for Jobs. It does not however assume increasing stringency of EPC requirements. (IEA STEPs)	Assumes current policies promoting sustainability are removed. (SSP5)
Social assumptions	Assumes low growth in material consumption and increasing consumer pressure on businesses to drive sustainability. (SSP1)	The world follows a path in which social, economic and technological trends do not shift markedly from historical patterns. Global and national institutions work towards, but make slow progress in achieving, sustainable development goals. (SSP2)	The push for economic and social development is coupled with the exploitation of abundant fossil fuel resources and the adoption of resource and energy intensive lifestyles around the world. (SSP5)
Technology assumptions	Promotion of alternative fuels and technologies such as hydrogen, biogas, biomethane and carbon capture utilisation and storage across sectors. The share of renewables by 2030 in the global electricity supply would increase to approximately 61%, shifting economies from being fossil fuel-dependent to renewable energy driven. (IEA NZE2050)	Phase out of traditional coal-fired power by 2024 in the UK and the Ten Point Plan, with up to 40 GW offshore wind capacity by 2030. Electrification component of the Sixth Carbon Budget and Industrial Energy Transformation Fund provides grant funding for energy efficiency projects. (IEA STEPs)	Little to no development in low carbon technology. (SSP5)
Physical risk data sources			
Willis Towers Watson's Global Peril Diagnostic and Climate Diagnostic Tools, data from the MunichRe hazard databases, and the Intergovernmental Panel on Climate Change (IPCC). For climate loss modelling, the catastrophe model of RMS (Risk Management Solutions) was used.			

90 Whitfield Street W1

GOVERNANCE

"Thank you for your support, without which we would not be able to continue our vital work ensuring young wheelchair users across the UK are mobile, enabled and included.

Whizz Kidz
Sponsorship & donations funding recipient

INTRODUCTION FROM THE CHAIRMAN

Mark Breuer Chairman

2025 focus areas

- Ongoing review of the Group's five-year plan and portfolio strategy
- Ensure a smooth handover of responsibility to Madeleine McDougall as the new Responsible Business Committee Chair when Dame Cilla Snowball steps down from the Board
- Continue to monitor the Group's long-term succession and talent development pipeline
- Engage in an externally facilitated Board performance evaluation

> "The composition of our Board remains strong, with an effective balance of skills, and our discussions are open to constructive challenge.

Mark Breuer
Chairman

Dear Shareholder,

On behalf of the Board, I am pleased to introduce the 2024 Corporate governance statement on pages 126 to 139.

The Board's activities

During the year, the Board held its annual Strategy Awayday with members of the senior management team invited to present to the Board on the five-year plan and portfolio strategy.

On 17 October the Board attended a site tour of the portfolio led by members of the senior management team and, as part of the Board's continued focus on the Group's talent pipeline and succession plans, held a reception with a range of employees to facilitate a 'meet the Board' event.

In accordance with our three-year cycle, I conducted an internal evaluation of the Board, its principal committees and individual Directors for the year ended 31 December 2024. The review confirmed that the Board, its committees and Directors continue to operate effectively. Further information on the Board evaluation is on page 139.

Board changes

At the 2024 AGM Claudia Arney stepped down from the Board as she reached her ninth anniversary.

As Dame Cilla Snowball also approached her ninth anniversary, the Board facilitated the recruitment of two Non-Executive Directors to ensure the Board's composition remained strong with sufficient skills, experience and knowledge.

On behalf of the Board, I would like to thank Claudia Arney and Cilla Snowball for their unwavering dedication and valuable contributions over their nine-year terms. I am pleased to welcome Robert Wilkinson and Madeleine McDougall, who both bring a wealth of knowledge and experience to the Board. Further information on the induction process is on page 142.

UK Corporate Governance Code 2024

Following the publication of the UK Corporate Governance Code 2024 (the 2024 Code) on 22 January 2024, the Board has been regularly updated on the Group's compliance and preparations. The main changes focus on 'Audit, risk and internal control', with the Board required to make a declaration of effectiveness applicable from 1 January 2026. The current status of our compliance with the UK Corporate Governance Code 2018 and preparations for the 2024 Code is outlined on page 121.

Annual General Meeting (AGM)

The forthcoming AGM will be hosted at DL/78 on 16 May 2025. Alongside my fellow Directors, I hope that you will be able to join us. If you wish to discuss any aspect of our governance arrangements, please contact me via our Company Secretary, David Lawler.

Telephone: **+44 (0)20 7659 3000** or
Email: **company.secretary@derwentlondon.com**

Mark Breuer
Chairman

26 February 2025

Board engagement

On 17 October, members of senior management presented to the Board at DL/78 with a primary focus on the new developments within the portfolio including Network W1, Stephen Street W1 and Holden House W1. Following the presentation, the Board received a site tour to see first-hand the progress of developments.

The Board continues to recognise the importance of employee engagement and strengthening the talent pipeline to secure the future of the business. The Board, therefore, hosted a 'meet the Board' event with employees from across the workforce to facilitate discussions and foster relationships.

As part of our Non-Executive Director induction programme, Madeleine McDougall was invited to attend the Board event and site tour in advance of her appointment on 1 November. Following Cilla Snowball's retirement from the Board, Madeleine will become the designated director for gathering the views of the workforce.

s.172 factors (see page 132)
A B

2024	January	February	March	April	May	June	July	August	September	October	November	December
Board and committee meetings		Audit Committee Main Board Nominations Committee Remuneration Committee		Audit Committee Nominations Committee Risk Committee	Annual General Meeting Main Board Responsible Business Committee	Main Board (Strategy Awayday)		Audit Committee Main Board Nominations Committee Remuneration Committee Risk Committee		Portfolio site tour and 'meet the Board' event	Audit Committee Main Board Nominations Committee Remuneration Committee Risk Committee	Main Board Remuneration Committee Responsible Business Committee
Key announcements		Full year results announcement	Investor meetings	2023 Report & Accounts and Notice of AGM Sale of Turnmill EC1	Q1 Business update			Interim results	Investor meetings		Q3 Business update	Acquisition of 50% stake in Baker Street W1 from Lazari Investments

GOVERNANCE AT A GLANCE

Corporate governance is essential in ensuring our business is run in the right way for the benefit of our stakeholders.

2024 Governance highlights

91% Employee satisfaction
See page 50

60% Board independence (exc. the Chairman)
See page 136

4.1% Total Return for the year ended 31 December 2024
See page 34

51% Female representation in our workforce
See page 173

Board changes during 2024

It has been a busy year for the Board with the recruitment of two new Non-Executive Directors. The Board were pleased to welcome Robert Wilkinson on 1 June 2024 and Madeleine McDougall on 1 November 2024. Details of the induction process are on page 142.

Madeleine McDougall will succeed Cilla Snowball as the Chair of the Responsible Business Committee and as the designated director for gathering the views of the workforce following Cilla's retirement from the Board.


Robert Wilkinson Non-Executive Director


Madeleine McDougall Non-Executive Director

Board skills and experience/See page 137
Board biographies/See page 122 to 123
Board induction/See page 142

2025 Governance focus areas

- To engage in an externally facilitated Board performance evaluation in accordance with our three-year cycle
- Review the Remuneration Policy and engage with major shareholders
- Ensure a smooth and effective transition of the new external Lead Audit Partner
- Continue to prepare for compliance with the UK Corporate Governance Code 2024 (see page 121)
- Conduct a competitive tender in respect of our ESG assurance provider

Governance statements

Going concern & viability/ See pages 86 to 89
Principal and emerging risks/ See pages 94 to 101
Governance framework/ See page 129
The Section 172(1) Statement/ See page 132
Key Board activities/See page 134

Preparing for the UK Corporate Governance Code 2024 (2024 Code)

The FRC published the 2024 Code on 22 January 2024 following a 16-week consultation held during 2023. The 2024 Code is applicable to financial years beginning on or after 1 January 2025, apart from provision 29 which is applicable from 1 January 2026. The 2024 Report & Accounts continues to comply in accordance with the UK Corporate Governance Code 2018. In advance of 1 January 2025, we continue to prepare and monitor our compliance with the 2024 Code as outlined in the table below.

Key changes to principles & provisions	Our response	Status (31 December 2024)
Board leadership and Company purpose		
Principle C: To focus on board decisions and the outcomes in context of the company's strategy and objectives.	Our disclosure on 'Key activities of the Board' (see page 134) outlines the key decisions made by the Board during 2024 with a link to the Group's strategic objectives.	Compliant
Provision 2: The board's role to not only assess and monitor company culture but to ensure the desired culture is embedded.	Details of how the Group's culture has been monitored and embedded are on page 130.	Compliant
Composition, success and evaluation		
Principle J: To promote diversity, inclusion and equal opportunity when appointing to the board.	The Nominations Committee report outlines the Board's recognition of the role of diversity when reviewing its composition and making appointments to the Board (see pages 140 to 143).	Compliant
Provision 23: Companies may have further initiatives in place alongside their diversity and inclusion policy.	Our progress in diversity is included on page 143. Further information on our diversity and inclusion initiatives is on pages 172 and 173.	Compliant
Audit, risk and internal control		
Principle O: The board to be responsible for maintaining the effectiveness of risk management and the internal control framework.	The risk management structure outlines the Board's responsibility for maintaining the effectiveness of risk management and the internal control framework (see page 160).	Compliant
Provision 29: To describe how the board has monitored and reviewed the effectiveness of the framework. A declaration of effectiveness of the material controls as at the balance sheet date. To describe any material controls that have not operated effectively as at the balance sheet date.	As part of the Internal Controls Project, we have commenced the process to identify Derwent London's material controls in preparation for the declaration of effectiveness as at 31 December 2026. Further information on identifying our material controls is on page 149.	In progress
Remuneration		
Provision 37: Director remuneration contracts/agreements should include malus and clawback.	The provision of malus and clawback and the circumstances in which it could be applied is detailed in the Remuneration Committee report on page 184.	Compliant
Provision 38: Describe malus and clawback including the provisions that have been used in the last reporting period.		Compliant

UK Corporate Governance Code 2018 Compliance Statement (2018 Code)

The Board confirms that for the year ended 31 December 2024, we have complied with the provisions and have consistently applied the principles of good corporate governance, contained in the 2018 Code.

Further information on the 2018 Code can be found on the Financial Reporting Council's website: **www.frc.org.uk**

BOARD OF DIRECTORS

Mark Breuer
Chairman

Appointed to the Board: 2021
Mark worked in investment banking for 30 years and, in 2017, retired from a 20-year career at JP Morgan in London, where he held the position of Vice Chairman Global M&A and was a member of the Global Strategic Advisory Council. Mark is a Fellow of the Institute of Chartered Accountants of England and Wales, having qualified in 1987, and has a BA from Vassar College in the US.

Other public appointments:
Chairman of DCC plc.

Committee:
Nominations (Chair), Responsible Business.

Paul Williams
Chief Executive

Appointed to the Board: 1998
Paul is a chartered surveyor who joined the Group in 1987. He was appointed Chief Executive in 2019, and has overall responsibility for Group strategy, business development, sustainability, health and safety, and day-to-day operations.

Other public appointments:
Chair of Sadler's Wells Foundation, Chair of the New West End Company (NWEC), Board member of the Westminster Property Association and member of the Real Estate Committee of HM The King SMI.

Committee
Responsible Business.

Helen Gordon
Senior Independent Director

Appointed to the Board: 2018
Helen is a chartered surveyor and is Chief Executive Officer of Grainger plc. Previously, she was Global Head of Real Estate Asset Management of Royal Bank of Scotland plc and has held senior property positions at Legal & General Investment Management, Railtrack and John Laing Developments.

Other public appointments:
CEO of Grainger plc, Board member and Past President of the British Property Federation and Vice Chair and Board Member of EPRA, Non-Executive Director of Business LDN.

Committee:
Risk (Chair), Nominations, Remuneration.

Damian Wisniewski
Chief Financial Officer

Appointed to the Board: 2010
Damian is a chartered accountant who has overall responsibility for financial strategy, treasury, taxation and financial reporting; as well as other operational responsibilities including Board responsibility for the Property Management, Facilities Management and Building Management teams.

Other public appointments:
Member of the governing body and Chair of Audit Committee at the Royal Academy of Music and Deputy Chairman and Chair of the Finance and Business Development Committee at the ABRSM.

Nigel George
Executive Director

Appointed to the Board: 1998
Nigel is a chartered surveyor who joined the Group in 1988. Nigel is responsible for leading Derwent London's investment acquisitions, disposals and analysis.

In addition, his responsibilities include overseeing the Group's Development and Sustainability teams.

Other public appointments:
Co-opted member of the Royal Albert Hall Fabric Committee.

Emily Prideaux
Executive Director

Appointed to the Board: 2021
Emily has overall responsibility for overseeing the leasing and asset management departments. In addition, Emily leads our DL/Member initiative, driving excellent customer service and relations; and leads our marketing and digital strategies, whilst continuing to ensure that our future developments provide best-in-class workspace.

Other public appointments:
NLA Expert Panel Member and adviser to the Prince's Council serving on the Commercial Property Development Committee (CPDC) for the Duchy of Cornwall.

Lucinda Bell
Non-Executive Director

Appointed to the Board: 2019
Lucinda is a chartered accountant and from 2011 to 2018 was CFO of The British Land Company plc (British Land). Prior to that, she held a range of finance and tax roles at British Land.

Other public appointments:
Non-Executive Director at Man Group Plc.

Committee:
Audit (Chair), Nominations, Remuneration, Risk.

Madeleine McDougall
Non-Executive Director

Appointed to the Board: 2024
Madeleine is the Head of the Corporate Coverage Sector at Lloyds Banking Group. Before this Madeleine was Head of the Real Estate & Housing team for six years and has been within the Lloyds banking team since 2014. Prior to her role at Lloyds Bank, she was the Head of International Clients at Deutsche Pfandbriefbank, covering Europe-wide real estate financing.

Other public appointments:
Non-Executive Director of British Property Federation.

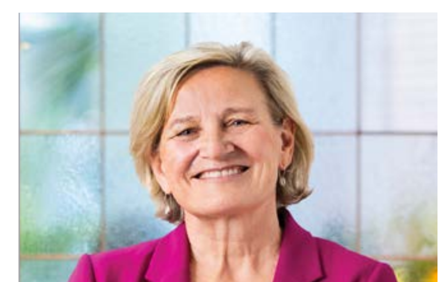
Committee:
Nominations, Responsible Business, Risk.

Sanjeev Sharma
Non-Executive Director

Appointed to the Board: 2021
Chief Property Portfolio Officer at M&G Real Estate – a leading financial solutions provider for global real estate investors, which is part of M&G plc's £75bn Private Markets business.

Other public appointments:
Sanjeev is an independent member of the Estates Strategy Committee of King's College University London. Sanjeev is on the Patrons Committee of Real Estate Balance and a Trustee Director of the Prudential Staff Charitable Trust.

Committee:
Remuneration (Chair), Audit, Nominations, Risk.



Dame Cilla Snowball
Non-Executive Director

Appointed to the Board: 2015
Cilla is the former Group Chairman and Group CEO at AMV BBDO, one of the top advertising agencies in the UK.

Other public appointments:
Governor of the Wellcome Trust, Non-Executive Director of Whitbread PLC and Deputy Pro Chancellor of the University of Birmingham.

Committee:
Responsible Business (Chair), Audit, Nominations, Risk.

Robert Wilkinson
Non-Executive Director

Appointed to the Board: 2024
Robert has significant real estate and financial services experience and previously served as a Non-Executive Director of Grainger plc. Robert joined AEW in 2009, one of the largest real estate asset managers in the world, and prior to being appointed Chief Executive Officer in 2014; served as Chief Investment Officer for the firm in Europe.

Other public appointments:
CEO of AEW Europe and Vice Chair of INREV's Management Board.

Committee:
Audit, Nominations.

EXECUTIVE MANAGEMENT

Richard Baldwin
Director of Development
Joined Derwent London:
January 2011
Appointed to Executive Committee:
January 2011

David Lawler
Company Secretary
Joined Derwent London:
September 2017
Appointed to Executive Committee:
September 2017

Jennifer Whybrow
Head of Financial Planning & Analysis
Joined Derwent London:
June 2007
Appointed to Executive Committee:
January 2018

Jay Joshi
Group Financial Controller
Joined Derwent London:
April 2012
Appointed to Executive Committee:
April 2021

John Davies
Head of Sustainability
Joined Derwent London:
January 2013
Appointed to Executive Committee:
January 2022

Vasiliki Arvaniti
Head of Asset Management
Joined Derwent London:
September 2019
Appointed to Executive Committee:
January 2022

Victoria Steventon
Head of Property Management
Joined Derwent London:
December 2019
Appointed to Executive Committee:
January 2022

Philippa Abendanon
Head of Leasing
Joined Derwent London:
April 2013
Appointed to Executive Committee:
July 2022

Robert Duncan
Head of Investor Relations & Strategic Planning
Joined Derwent London:
September 2021
Appointed to Executive Committee:
January 2023

Katy Levine
Head of Human Resources
Joined Derwent London:
September 2008
Appointed to Executive Committee:
January 2023

Richard Dean
Director of Investment
Joined Derwent London:
January 2023
Appointed to Executive Committee:
July 2023

Matt Cook
Head of Digital Innovation & Technology
Joined Derwent London:
November 2015
Appointed to Executive Committee:
January 2024

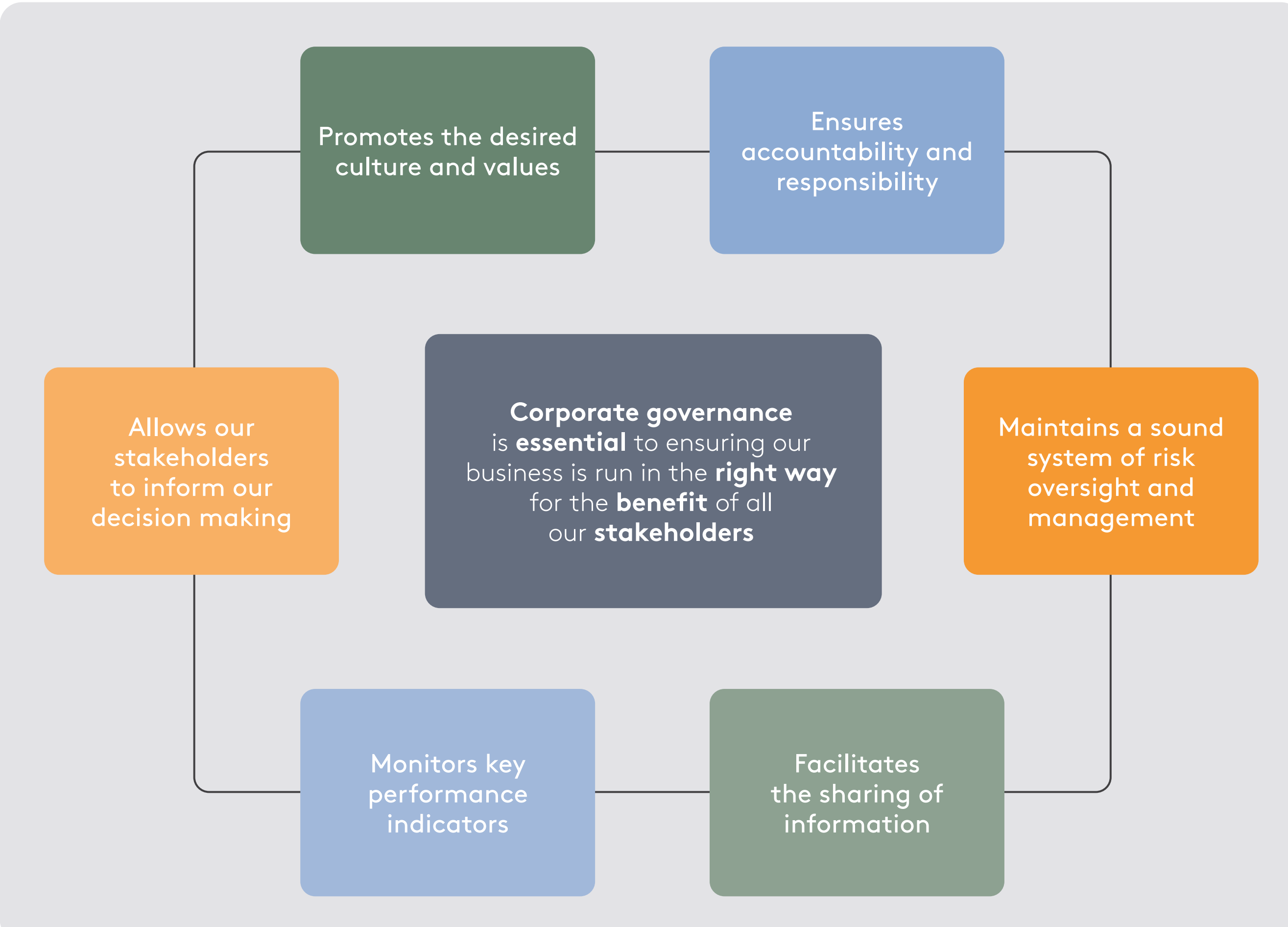
Julie Schutz
Head of Internal Audit
Joined Derwent London:
January 2023
Appointed to Executive Committee:
July 2024

Senior management

		Joined Derwent London
Lesley Bufton	Head of Property Marketing	October 2003
Tim Hyman	Group Architect	September 2008
Benjamin Lesser	Head of Design & Innovation	May 2010
Jonathan Theobald	Head of Investment Analytics	December 2012
Matt Massey	Head of Project Management	March 2014
Davina Smith	Property Finance Lead	June 2015
Matt Peaty	Head of Health & Safety	November 2022
Paul Atkins	Head of Tax	December 2024

Governance

At Derwent London our approach to governance is rooted in the concepts of fairness, transparency and accountability.



The Section 172(1) Statement

The Board of Directors confirm that during the year under review, it has acted to promote the long-term success of the Company for the benefit of shareholders, whilst having due regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006.

The Board has direct engagement principally with our employees and shareholders but is also kept fully informed of the material issues of other stakeholders through the Responsible Business Committee, Executive Directors, reports from senior management and external advisers. We utilise various engagement channels to receive informative feedback from our key stakeholders which can be factored into our principal decisions and activities.

Further information / See page 132

Public Interest Statement

We are aware of our wider obligations to be a responsible business partner to our occupiers and to the communities in which we operate. As our activities impact on multiple stakeholder groups, our Board ensures that stakeholder matters are central to its decision making alongside the long-term financial success of our business.

We extend our obligations beyond the statutory requirements to add value and build long-term mutually beneficial relationships. Our obligations are incorporated into our purpose, which strongly influences our values (see page 4).

We have detailed on pages 38 to 59 and 126 to 155 how we have acted in the public interest during 2024.

Running our business in the right way

Effective leadership

Our Board is composed of diverse professionals who bring a range of skills, perspectives and corporate experience to our boardroom. The composition of the Board is subject to periodic review by the Nominations Committee to ensure it remains sufficiently balanced and diverse to effectively oversee and determine the Group's strategy.

Non-Executive Director recruitment was a focus area for 2024. Robert Wilkinson and Madeleine McDougall were appointed with effect from 1 June and 1 November 2024, respectively. See page 142 for further information on the induction process.

To ensure sufficient time for discussion, the Board utilises its five principal committees to effectively manage its time (see page 129). At each Board meeting, the agenda ensures sufficient time for the committee chairs to report on the contents of discussions, any recommendations to the Board which require approval, and the actions taken.

The Board, its principal committees and individual Directors are subject to annual effectiveness evaluations to identify areas for improvement or action (see page 139). The Chairman discusses with each Director their training needs to ensure they keep their knowledge and skills up to date.

Value creation and preservation

The role of the Board is to generate long-term value for shareholders and other key stakeholders. The appropriateness of our strategy is subject to detailed review at the Board's Strategy Awaydays which are held annually. Additionally, before making a material decision, the Directors have due regard for the wider context including the macroeconomic environment, property cycle and the potential impact on our stakeholders and wider society.

Some of the key aspects discussed by the Board during its strategy discussions were:

- changes to the London office market and investment market (see pages 15 to 17);
- nature of office occupation;
- climate change risk and opportunities;
- our development pipeline in respect to its replenishment and future potential; and
- review of the five-year plan including the potential impact of external risk factors on the business and our stakeholders, including geopolitical tensions, inflation, interest rates and technological changes.

The Board required no significant changes to the Group's strategy during 2024, which continues to assist in the achievement of our purpose and is aligned with our values. As a business, we continue to create value responsibly through responsible initiatives, a conservative balance sheet and resilient strategy (see pages 8 and 9).

Applying best practice principles

During the year ended 31 December 2024, we have applied the principles and complied with the provisions of good governance contained in the UK Corporate Governance Code 2018 (the Code). Our Compliance Statement for 2024 is on page 121. Further details on how we have applied the Code can be found in the Governance section on pages 126 to 139.

Ensures accountability and responsibility

As a business, we seek to conduct ourselves with honesty and integrity and believe that it is our duty to take appropriate measures to identify and remedy any malpractice within or affecting the Company. Our employees embrace our high standards of conduct and are encouraged to speak out if they witness any wrongdoing which falls short of those standards.

Code of Conduct for Directors

In October 2024, the Institute of Directors (IoD) launched a voluntary Code of Conduct for Directors, which is centred on six principles:

- Leading by example
- Integrity
- Transparency
- Accountability
- Fairness
- Responsible business

The Derwent London Board has confirmed that they have complied with the IoD Code of Conduct and its principles for director conduct during 2024. Further information on the IoD Code of Conduct for Directors can be found here: www.iod.com

Workforce policies and practices

The Executive Directors have been delegated responsibility for ensuring that policies and behaviours set at Board level are effectively communicated and implemented across the business. Policies are published on the intranet and where relevant included in the employee handbook. To ensure policies are embedded in our business practices, we operate a mandatory training programme which aims to reinforce key compliance messages in areas such as anti-bribery, fraud, modern slavery, etc. If the Board is concerned or dissatisfied with any behaviours or actions, it seeks assurance that corrective action is being taken. No such action was required during 2024.

Compliance training / See page 165

Anonymous reporting of concerns

All employees have access to our 'Speak up' system. Our procedures are included within our employee handbook, on our Group intranet and staff noticeboards. Our procedures aim to support and reassure staff that they are able to raise genuine concerns without fear of victimisation or unfair treatment, even if they turn out to be mistaken. In 2024, our 'Speak up' Policy was updated to specifically reference modern slavery and bullying/harassment as reportable concerns. Following receipt of a message we have procedures in place to ensure an independent and proportionate investigation. The Board receives updates from the Company Secretary on the operation of the 'Speak up' system. During the year under review, we did not receive any messages via our system (2023: no messages). Due to the 'open door' nature of our business, concerns are often raised directly with management, the CEO or the HR team.

Conflicts of interest

All employees (including the Board) are required to notify the Company as soon as they become aware of a situation that could give rise to a conflict or potential conflict of interest. Prior to all major Board decisions, the Chairman requires the Directors to confirm that they do not have a potential personal conflict with the matter being discussed. If a conflict does arise, the Director is excluded from discussions and voting, unless the Board unanimously decides otherwise.

Independence / See page 136

Delegated authority limits

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, any major property acquisition or disposal, the risk appetite of the Group and the authorisation of capital expenditure above the delegated authority limits. The delegated authority limits are detailed below:

Board approval is required for:	Level of approval:
Major property acquisition or disposal	Valued above £40m
Major capital expenditure project	Projected costs above £20m
Material occupier lease or contract	Rental income greater than 7.5% of the Group's total rental income

Although the Board is formally required to authorise capital expenditure above this limit, the open nature of our business means that the Board is aware of all active projects within our portfolio.

If any Director has concerns about the running of the Group or a proposed course of action, they are encouraged to express those concerns which are then minuted. No such concerns were raised during 2024.

All Directors have access to the services of the Company Secretary, and any Director may instigate an agreed procedure whereby independent professional advice may be sought at the Company's expense. No such advice was sought by any Director during the year.

Governance framework / See page 129
Key activities of the Board / See pages 134 and 135

Governance framework

We pride ourselves on conducting our business in an open and transparent manner.

Our well-established culture ensures that our governance framework remains flexible, allowing for fast decision making, effective oversight and clear accountability throughout the organisation.

The Board

The Board is primarily responsible for setting the Group's strategy for delivering long-term value to our shareholders and other stakeholders, providing effective challenge to management concerning the execution of the strategy and ensuring the Group maintains an effective risk management and internal control system.

Our strategy / See page 24
Managing risks / See page 90
The Section 172(1) Statement / See page 132
Board activities / See page 134

The Board delegates certain matters to its five principal committees

Nominations Committee
Ensures the Board (and its committees) have the correct balance of skills, knowledge and experience, and that adequate succession plans are in place.
See page 140

Audit Committee
Oversees the Group's financial reporting, maintains an appropriate relationship with the external Auditor and monitors the Group's financial internal controls.
See page 144

Risk Committee
Reviews and monitors the Group's principal and emerging risks, and the effectiveness of the Group's risk management systems and non-financial internal controls.
See page 156

Responsible Business Committee
Monitors the Group's corporate responsibility, sustainability and stakeholder engagement activities.
See page 166

Remuneration Committee
Establishes the Group's Remuneration Policy and ensures there is a clear link between performance and remuneration.
See page 174

The terms of reference for each Board Committee are available on the Group's website at www.derwentlondon.com

Executive Directors

The Board delegates the execution of the Company's strategy and the day-to-day management of the business to the Executive Directors, assisted by other members of the Executive Committee.

Chief Executive's statement / See page 12
Measuring our performance / See page 33
Property review / See page 60
Executive management / See page 124

Supporting committees

The executives operate a number of supporting committees that provide oversight on key business activities and risks, examples include:

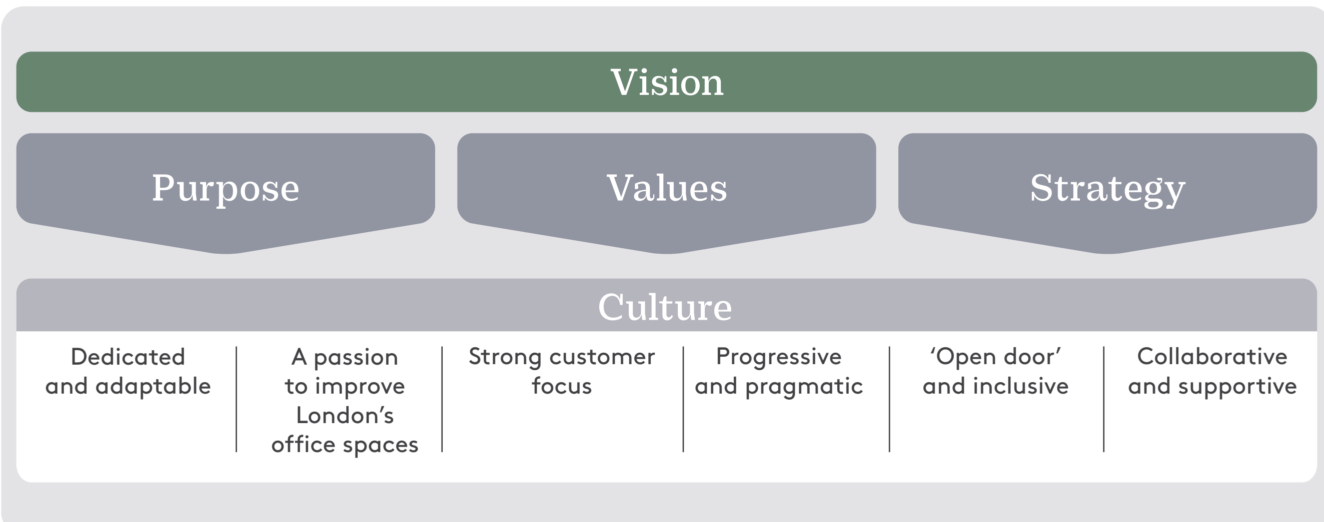
- Credit Committee
- Health and Safety Committee
- Sustainability Committee
- Cost Committee

Engagement with shareholders and other stakeholders

Our shareholders and other key stakeholders play an important role in monitoring and safeguarding the governance of our Group. Further information on how we engage with our key stakeholders is on pages 38 to 39 and 131.

Promotes the desired culture and values

Our culture has developed from our values and is a key strength of our business. The benefits of a strong culture are seen in our employees' engagement scores, retention rate and levels of productivity.



Monitoring culture and values

The Board monitors the culture and values of the Group via:

- Regularly meeting with management and inviting employees to present at Board and committee meetings.
- Receiving feedback via the four employee representatives that sit on our Responsible Business Committee.
- Assessing cultural indicators such as:
  - management's attitude to risk;
  - health and safety data;
  - compliance with the Group's policies and procedures; and
  - key performance indicators, including staff retention.
- Feedback from our wider stakeholders, including from occupier 'pulse surveys'.
- Promptness of payments to suppliers.
- Independent assurance can be sought via the internal audit function and other advisers.

The feedback received from employee surveys provides valuable insights into what is valued and seen as corporate norms. The biennial employee survey includes a specific question on how our employees would describe our culture.

If the Board is concerned or dissatisfied with any behaviours or actions, it seeks assurance that corrective action is being taken. No such action was required during 2024.

Embedding our culture and values

The Board reinforces our culture and values through its decisions, strategy and conduct. Culture and value 'fit' is a key consideration during our recruitment process, which is reinforced during our induction programme, town halls run by the CEO, and is monitored through performance appraisals.

As part of the performance appraisal process, all employees are required to work towards achieving the following objectives:

- active involvement in fostering, promoting and supporting an inclusive culture; and
- cross-team collaboration to deliver goals and build strong trusting relationships.

These objectives reinforce the behaviours we wish to foster within our workforce and link our culture to our reward mechanisms.

Employees on the Responsible Business Committee/ See page 170

Responsible payment practices/ See page 171

Stakeholder engagement

We recognise the importance of clear communication and proactive engagement with all of our stakeholders. We utilise various engagement channels to receive informative feedback from our key stakeholders which can be factored into our principal decisions and activities.

Our Chairman aims to routinely meet with institutional investors and report their views to the Board. On an annual basis, Mark Breuer writes to all our major shareholders inviting them to meet with him to discuss any areas of concern or provide feedback. For our private investors, there is an opportunity to meet the entire Board (including the Non-Executive Directors) at our Annual General Meeting (AGM).

Stakeholders	Material concerns
Occupiers	• Well-designed and sustainable buildings • Suitable lease terms • Exclusive access to available amenities • Adaptable space to accommodate new and collaborative ways of working
Employees	• Overall health and wellbeing • A diverse and inclusive working environment • Opportunities for training, development and progression • Adoption of smart working principles
Local communities and others	• Minimising local disruption • Impact on the local economy • Effective communication and engagement • Being a responsible neighbour
Suppliers	• Long-term partnerships • Collaborative approach • Open terms of business • Fair payment practices
Central and local government	• Openness and transparency • Proactive engagement with local authorities • Support for local economic plans and strategies • Compliance with legislation
Shareholders and debt providers	• Financial performance • Environmental, social and governance performance • Openness and transparency • Dividend

25 Baker Street

Stakeholder impact analysis

25 Baker Street is due to achieve practical completion during 2025. The development includes 218,000 sq ft of office space as well as 28,000 sq ft of retail and 52,000 sq ft of residential. During the early preparatory stages of the project, a stakeholder impact analysis was undertaken to ensure the decisions made by the Board were well-informed and considered the interests of key stakeholders.

Key benefits:

- The creation of a new place of interest
- Enhancing the public experience at street-level by including a pedestrian step-free accessible passageway and courtyard
- Assisting in improving local infrastructure, with significant contribution made to the 'Baker Street two-way project'
- Endeavouring to use local procurement opportunities and local labour to assist with employment levels

Key concerns:

- Noise levels, vibrations and dust
- General disruption to the local road network
- Management and impact of construction works on neighbouring residents and businesses
- Implementation of biodiverse roofs/plantation of trees
- Minimisation of site waste

To mitigate these concerns, the following measures were implemented:

Construction:

- Noise and dust monitoring equipment was positioned around the site and within buildings to affirm that the site operations remain within the limits stipulated by Westminster City Council.
- A vibration and movement monitoring strategy was implemented, and construction activities were actively managed to minimise the impact of vibration.
- To control on-site waste a Site Waste Management Plan was prepared, with all contractors required to implement methods to reduce waste.

Community and environment:

- Construction logistics strategies were developed by our contractors to minimise the impact on the surrounding area by ensuring the site is self-sufficient within its boundary.
- Maintained close engagement with local residents through public exhibitions, consultations, regular newsletters and resident meetings.

s.172 factors (see page 132)

C D E

Allows our stakeholders to inform our decision making

The Section 172(1) Statement

The Board of Directors confirm that during the year under review, it has acted to promote the long-term success of the Company for the benefit of shareholders, whilst having due regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006.

Informed decision making

The Board's procedures require a stakeholder impact analysis to be completed for all material decisions requiring its approval that could impact on one or more of our stakeholder groups. The stakeholder impact analysis assists the Directors in performing their duties under s.172 of the Companies Act 2006 and provides the Board with assurance that the potential impacts on our stakeholders are being carefully considered by management when developing plans for Board approval. The key activities and principal decisions undertaken by the Board in 2024 are detailed on pages 134 and 135.

Principal methods used by the Board in 2024

The main methods used by the Directors to perform their duties include:

- strategy reviews which assess the long-term sustainable success of the Group and our impact on key stakeholders;
- the Responsible Business Committee monitors the Group's corporate responsibility, sustainability and stakeholder engagement activities and reports to the Board on its activities (see pages 166 to 173);
- assessing the potential impact of significant capital expenditure decisions on our stakeholders;
- identifying the risks and potential consequences of decisions in the short, medium and long-term so that mitigation plans can be put in place;
- direct and indirect stakeholder engagement (see page 131);
- external assurance is received from stakeholder surveys, brokers and advisers; and
- specific training for our Directors and senior managers, in addition to the mandatory compliance training programme (see pages 137 and 165).

Issues, factors and stakeholders

Case studies have been included throughout the Governance section (see pages 119, 131 and 133). Within each case study we have identified the s.172 factors which were most relevant in the Board's decision making. Additionally, we have provided an explanation of how our stakeholders impacted on the Board's discussions during 2024 on the following pages:

Network W1 / See page 133

25 Baker Street / See page 131

s.172 factor	Relevant disclosures	Page
a) the likely consequences of any decision in the long-term	Company purpose	4
	Central London office market	15
	Our business model and strategy	24
b) the interests of the Company's employees	Our people	50
	Diversity and inclusion	172
	Non-financial reporting	56
	Employee engagement	51
c) the need to foster the Company's business relationships with suppliers, customers and others	Social Value Strategic Framework	48
	Responsible payment practices	171
	Modern slavery	171
	Supply Chain Responsibility Standard	171
d) the impact of the Company's operations on the community and the environment	Our journey to net zero	44
	Double materiality assessment	42
	Community Fund	49
	Streamlined Energy and Carbon Reporting (SECR) disclosure	58
	Task Force on Climate-related Financial Disclosures (TCFD)	102
e) the desirability of the Company maintaining a reputation for high standards of business conduct	'Speak up' procedures	128
	Purpose, values and culture	130
	Internal financial controls	151
	Risk management	161
	Anti-bribery and corruption	165
	Awards and recognition	288
f) the need to act fairly between members of the Company	Annual General Meeting	202
	Voting	202
	Rights attached to shares	203

Network, W1

During the year, the Board continued to monitor the development at Network W1. The Network W1 development consists of 134,519 sq ft of commercial office space and 4,919 sq ft of retail space.

Engagement and collaboration with the communities and local councils in the Boroughs in which we operate, is imperative in fostering long-term sustainable relationships.

Throughout the development, the Board has carefully considered the impact on key stakeholder groups. During the planning application stage of the Network development, we worked with Camden Council to understand how the public realm in close proximity to Network could be improved for the benefit of the local community and our occupiers.

Factors that were considered:

- Greening opportunities including incorporation of rain gardens and planting street trees.
- Improving pedestrian access through widening of pavements in the surrounding area.
- Improving quality and capacity of existing public open space in the vicinity to the development.

As a result of this engagement, it was decided to widen the footpaths around Network and utilise the benefits of plants and trees to improve both the amenity space and wellbeing of our stakeholders. To support this initiative Derwent London agreed to provide a financial contribution within the planning consent to support delivery by Camden Council.

The public realm improvements are due for delivery at the end of 2025.

Other decisions that have considered our stakeholders:

Community management

As the Network development has progressed, our occupiers have been engaged through a series of newsletters and presentations from contractors. This approach is replicated across developments within our portfolio, ensuring stakeholders are at the forefront of the Group's decisions and positive long-term relationships with occupiers and communities are upheld.

Delivering lower carbon solutions

The Development team has been working with contractors on delivering lower carbon solutions on site. So far, this has included electric arc furnace steel and lower carbon concrete cement replacements, which contributes to reducing the embodied carbon of the development and positively impacts our ability to achieve net zero carbon.

Social Value Strategy

The ongoing engagement with Camden Council in prioritising community engagement and local employment opportunities has influenced the creation of our Social Value Strategic Framework.

The creation of partnerships across our stakeholder groups maximises the social value that our developments create. Through a dedicated online portal, jobs and apprenticeships at Network are communicated. As the scheme progresses to its operational phase, local employment and training opportunities will be made accessible to Camden residents.

s.172 factors

C D E

Board activities

The Board met six times during the year (including the Annual General Meeting). An overview of our Board's key activities in 2024 is provided below.

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

Property portfolio

Recycling of capital

Investment activity is one of our core activities. This involves the recycling of capital – acquiring properties with future regeneration opportunities and disposing of those which no longer meet our investment criteria and forward return expectations. During the year, the Board:

- reviewed our portfolio pipeline for future acquisition and disposal opportunities;
- approved the sale of the freehold interest in Turnmill EC1 for £77.35m (before costs). The proceeds were recycled into our two on-site developments, 25 Baker Street W1 and Network W1; and
- approved the acquisition of the remaining 50% stake in the proposed 50 Baker Street W1 scheme from Lazari Investments, our joint venture partner, for £44.4m, following the pre-letting success at our adjacent 25 Baker Street W1 project.

Construction projects

Received regular updates on key construction projects and received resolution to grant planning at our c.240,000 sq ft 50 Baker Street W1 development.

Leasing activity

Monitored letting activity throughout the year, which remained strong at 6.2% above December 2023 ERV.

Strategic objectives

1 2 4

s.172 factors (see page 132)

A C D

Strategy and financing

Strategy Awayday

In addition to ongoing updates from the Executive Directors on the implementation of strategy throughout the year, a Board Strategy Awayday was held in June.

Financing strategy

A strategic objective for the Group is the maintenance of strong and flexible financing. The Board received updates throughout the year on the Group's financing strategy, including:

- **Our secured debt instruments:** The £83m Mass Mutual secured loan was repaid in October 2024, releasing c.£240m of security and increasing our unsecured borrowings to 88% of the total. Our only remaining secured debt instruments as at 31 December 2024 are the £175m LMS bonds due in March 2026.
- **Refinancing strategy:** During the year under review, a new £100m unsecured term loan from NatWest and a short-term unsecured £100m term loan from Barclays were negotiated.
- **Future financing options:** The Board considered various options, including a conventional or convertible bond issuance or private placement notes.

Dividends

Approved the 2024 interim and final dividends.

Strategic objectives

1 4 5

s.172 factors

A F

Risk management and internal control

Internal Control Project

The Internal Controls Project continues to remain on track to achieve compliance with the UK Corporate Governance Code 2024 effective from 1 January 2026. During the year the Audit Committee discussed defining our material controls and the required assurance levels.

Assurance

Received assurance reports in respect to green finance, and environmental and health & safety metrics.

Principal risks

Approved the consolidation and simplification of the Group's principal risks. Agreed that change management systems was a principal risk for 2025 (see page 92).

Finance system project

Continued to monitor the finance system project and approved the utilisation of Oracle NetSuite as the new finance system.

Supply chain insolvency

The trend of rising insolvencies within the real estate industry has continued over the past year. Updates were received on the risk of insolvencies and how we are seeking to monitor the financial solvency of contractors and consultants.

Strategic objectives

2 3 4

s.172 factors

E D

Corporate reporting and performance monitoring

Review of 2024 Report & Accounts

Reviewed the 2024 Report & Accounts to ensure it is fair, balanced and understandable.

Board evaluation

Our Chairman, Mark Breuer, conducted the 2024 internal Board evaluation of the Board, its committees and individual Directors. The Chairman confirmed that each Director's performance continues to be highly effective and demonstrates a high level of commitment to the role (see page 139).

Reporting

- Reviewed the rolling forecasts and approved the 2025 budget.
- Approved the full year and interim results, in addition to the Q1 and Q3 business updates.
- Reviewed and approved the Group's five-year plan and forecast.
- Reviewed quarterly project cost reports.
- Approved the portfolio valuation as at 30 June and 31 December 2024.

Net zero carbon

Received updates on the Group's Net Zero Carbon Pathway and the latest climate risk assessment.

Strategic objectives

1 2 5

s.172 factors

E A

Stakeholder engagement

'Meet the Board' event

On 17 October, the Board received a tour of the portfolio, including buildings in the development pipeline. Following which, a reception to 'meet the Board' was held at Savile Row with a range of employees invited to attend from across the workforce.

Employee 'pulse survey'

Sought feedback from our employees during Q4 2024, in order to assess staff satisfaction.

National Equality Standard

Achieved the National Equality Standard, following Board approval to partake in the re-accreditation.

AGM

Hosted the 40th Annual General Meeting (AGM) on 10 May 2024 at DL/78. Paul Williams provided our shareholders with a business update presentation. During 2024, the Board considered the structure of the AGM.

Tracing our 'gone away' shareholders

In Q4 2024, the Board initiated a tracing exercise, led by the Company Secretarial team, which sought to trace the 171 shareholders with whom our share registrar had lost contact.

Stakeholder engagement

The Responsible Business Committee continued to monitor and receive regular updates on stakeholder engagement.

Strategic objectives

3 4

s.172 factors

B C D E F

Governance

Corporate governance

Continued to monitor our progress to comply with the UK Corporate Governance Code 2024.

Succession planning

Approved the recruitment of Robert Wilkinson and Madeleine McDougall during the year. In line with the change in Board composition, a thorough review of the Board's skill matrix was conducted.

Modern slavery

Reviewed the results of an independent gap analysis on our modern slavery policies and procedures and approved the 2024 Modern Slavery Statement.

Audit exemption

Approved the use of audit exemptions under the Companies Act for a number of subsidiary accounts.

Economic Crime and Corporate Transparency Act 2023

The Board received updates on the new regulations, our responsibilities and how we are ensuring our compliance. An in-depth review of our fraud procedures against the Home Office's guidance will be conducted during Q1 2025.

Board policies

The Board reviewed and approved the 'Schedule of Matters Reserved for the Board'.

Strategic objectives

1 3

s.172 factors

C E F

Policies and practices

Independence

The Non-Executive Directors play an important role in holding to account the performance of executive management and ensuring that no individual or group dominates the Board's decision making. It is therefore of paramount importance that their independence is maintained.

The Board has identified in the table on page 137 which Directors are considered to be independent. To safeguard their independence, Non-Executive Directors are not permitted to serve more than three three-year terms unless in exceptional circumstances (see page 141).

The Board has reconfirmed that our Non-Executive Directors remain independent from executive management and free from any business or other relationships which could materially interfere with the exercise of their judgement.

The Chairman held a number of meetings with the Non-Executive Directors without executive management being present. These meetings are useful to safeguard the independence of our Non-Executive Directors by providing them with time to discuss their views in a more private environment.

Related party disclosures / See page 254

External commitments

The Board takes into account a Director's other external commitments when considering them for appointment, to satisfy itself that the individual can discharge sufficient time to the Derwent London Board and assess any potential conflicts of interest. Our Directors are required to notify the Chairman of any alterations to their external commitments that arise during their tenure with an indication of the time commitment involved.

When assessing additional directorships, the Board considers the number of public directorships held by the individual already and their expected time commitment for those roles (see biographies on pages 122 and 123).

Executive Directors may accept a non-executive role at another company with the approval of the Board. Currently, none of our Executive Directors are directors of other listed companies. However, several of our Executive Directors are trustees of charitable organisations or members of industry-related bodies.

All Directors have confirmed (as they are required to do annually) that they have been able to allocate sufficient time to discharge their responsibilities effectively (see page 137 for Board meeting attendance).

The 2024 Board evaluation conducted by Mark Breuer, Chairman, also considered whether each Director had sufficient time to discharge their responsibilities effectively at Derwent London (see page 139).

Other publicly listed appointments

The Board takes into account guidance published by institutional investors and proxy advisers as to the maximum number of public appointments which can be managed efficiently. For the table below, we have used the methodology contained in the ISS UK and Ireland Proxy Voting Guidelines in respect of 'overboarding' to calculate our Non-Executive Directors' mandates in respect of their publicly listed appointments. Any person who holds more than five mandates at listed companies would be classified as 'overboarded'. The Board confirms that none of our Directors are overcommitted and all Directors are capable of discharging sufficient time to Derwent London.

	Non-Executive Director		Board Chairman		Executive Director		
	Appointments	Mandates	Appointments	Mandates	Appointments	Mandates	Total mandates[1]
Mark Breuer	—		Derwent London plc DCC plc	4	—	—	**4**
Lucinda Bell	Derwent London plc Man Group Plc	2	—	—	—	—	**2**
Helen Gordon	Derwent London plc	1	—	—	Grainger plc	3	**4**
Sanjeev Sharma	Derwent London plc	1	—	—	—	—	**1**
Dame Cilla Snowball	Derwent London plc Whitbread PLC	2	—	—	—	—	**2**
Robert Wilkinson	Derwent London plc	1	—	—	—	—	**1**
Madeleine McDougall	Derwent London plc	1	—	—	—	—	**1**

1 Inclusive of their appointment at Derwent London plc. For the purposes of calculating the number of total mandates: a non-executive directorship counts as one mandate, a non-executive chairmanship counts as two mandates, and a position as executive director (or a comparable role) is counted as three mandates.

Training

With the ever-changing environment in which Derwent London operates, it is important for our Executive and Non-Executive Directors to remain aware of recent, and upcoming, developments. We require all Directors to keep their knowledge and skills up to date and include training discussions with the Chairman in their annual performance reviews.

As required, we invite professional advisers to provide in-depth updates. Updates and training are not solely reserved for legislative developments but aim to cover a range of issues including, but not limited to, market trends, the economic and political environment, environmental, technological and social considerations.

Our Company Secretary provides regular updates to the Board and its committees on regulatory and corporate governance matters. In addition, we invite our Directors to attend courses hosted by the Deloitte Academy and PwC.

During 2024

- The Risk Committee reviewed a legal update on upcoming legislative changes in November and were presented with an overview of cyber security trends and its changing landscape.
- The Remuneration Committee received an update on remuneration market trends and the latest proxy agency guidance.
- All Directors attended regular external briefing sessions from the major accountancy firms.
- All employees (including Directors) participated in compliance training courses on a range of topics including anti-money laundering, modern slavery, tax evasion and cyber fraud awareness.

The Executive Directors have been delegated responsibility for ensuring that policies and behaviours set at Board level are effectively communicated and implemented across the business.

Policies are published on the intranet and where relevant included in the employee handbook. To ensure policies are embedded in our business practices, we operate a mandatory training programme which aims to reinforce key compliance messages in areas such as anti-bribery, fraud, modern slavery, conflict of interest, etc.

Compliance training / See page 165

Board members and attendance in 2024

	Independent	Number of meetings	Attendance[1]
Chairman			
Mark Breuer	Yes	6	100%
Executive Directors			
Paul Williams	No	6	100%
Damian Wisniewski	No	6	100%
Nigel George	No	6	100%
Emily Prideaux	No	6	100%
Non-Executive Directors			
Claudia Arney (until 10 May)[2]	Yes	2	100%
Lucinda Bell	Yes	6	100%
Helen Gordon	Yes	6	100%
Cilla Snowball[3]	Yes	5	83%
Sanjeev Sharma	Yes	6	100%
Robert Wilkinson (from 1 June)	Yes	4	100%
Madeleine McDougall (from 1 November)	Yes	2	100%

1 Percentages based on the number of meetings that each Director is entitled to attend for the 12 months ended 31 December 2024.

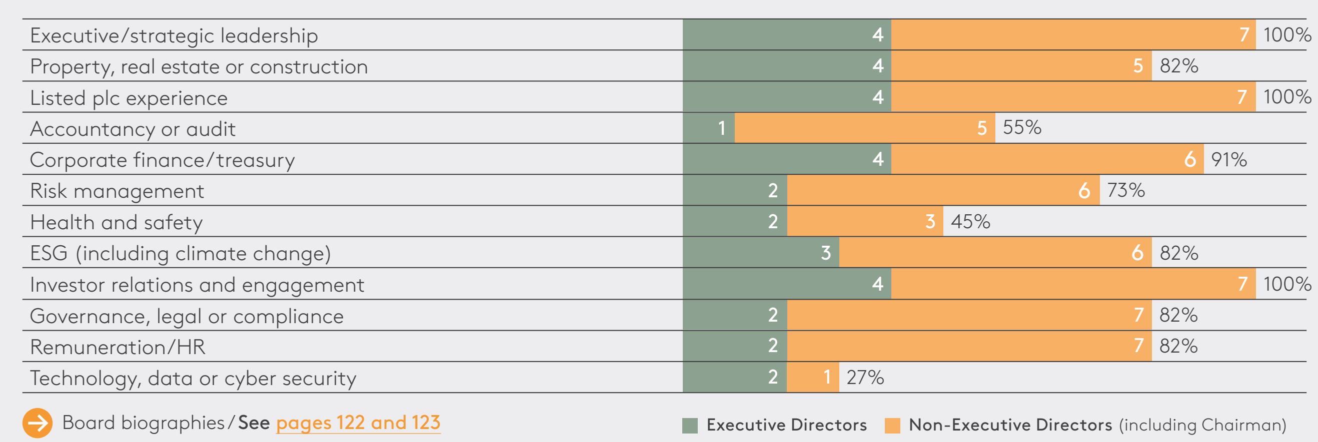
2 Claudia Arney stepped down from the Board on 10 May 2024.

3 Cilla Snowball was unable to attend the Board meeting in December.

Board skills and experience

The chart below provides an overview of the skills and experience of our Directors as at 31 December 2024. To be counted for each skill area, a Director is required to have executive or senior management experience.

The Board remains well-equipped with a diverse range of skills and expertise to contribute to achieving the Group's long-term strategy. For the skill areas in which our Directors have less experience at executive-level, we provide training and regular updates either to the entire Board or to specific committees.



Board biographies / See pages 122 and 123

Division of responsibilities

Board roles

There is clear division between executive and non-executive responsibilities which ensure accountability and oversight. The roles of the Chairman and Chief Executive are separately held and their responsibilities are well-defined, set out in writing and subject to review by the Board.

Chairman, Mark Breuer

- Responsible for the effective running of the Board and ensuring it is appropriately balanced to deliver the Group's strategic objectives
- Promote a boardroom culture that is rooted in the principles of good governance and enables transparency, debate and challenge
- Ensure that the Board as a whole plays a full and constructive part in the development of strategy and that there is sufficient time for boardroom discussion
- Effective engagement between the Board, its shareholders and other key stakeholders

Chief Executive, Paul Williams

- To provide clear and visible leadership
- Execute the Group's strategy and commercial objectives together with implementing the decisions of the Board and its committees
- To keep the Chairman and Board appraised of important and strategic issues facing the Group
- To ensure that the Group's business is conducted with the highest standards of integrity, in keeping with our culture
- Manage the Group's risk profile and ensure actions are compliant with the Board's risk appetite
- Investor relation activities, including effective and ongoing communication with shareholders

Senior Independent Director, Helen Gordon

- Provide a 'sounding board' for the Chairman in matters of governance or the performance of the Board
- Available to shareholders if they have concerns which have not been resolved through the normal channels of communication
- To at least annually lead a meeting of the Non-Executive Directors without the Chairman present to appraise the performance of the Chairman
- To act as an intermediary for Non-Executive Directors when necessary and act as Chairman of the Board, if the Chairman is conflicted

Chief Financial Officer, Damian Wisniewski

- Support the CEO in developing and implementing strategy
- Provide financial leadership to the Group and align the Group's business and financial strategy
- Responsible for financial planning and analysis, treasury and tax functions, and overseeing change management systems
- Responsible for presenting and reporting accurate and timely historical financial information
- Manage the capital structure of the Group
- Investor relation activities, including communications with shareholders, alongside the CEO

Designated director for gathering the views of our workforce[1], Dame Cilla Snowball

Cilla Snowball has been designated the director responsible for gathering the views of our workforce. This is achieved by:

- attendance at key employee and business events, including property launches;
- reviewing messages received through the 'Speak up' system from the Group's employees;
- monitoring the effectiveness of engagement programmes established for employees; and
- monitoring the outcome of employee surveys and providing input on their design.

Other Executive Directors

- Support the CEO in developing and implementing strategy
- Oversee the day-to-day activities of the Group, including the design and implementation of appropriate risk management and internal control systems (financial and non-financial)
- Manage, motivate and develop staff
- Develop business plans in collaboration with the Board
- Ensure that the policies and practices set by the Board are adopted at all levels of the Group
- Investor relation activities, including communications with shareholders, alongside the CEO

Non-Executive Directors (NEDs)

- Provide constructive challenge to our executives, help to develop proposals on strategy and monitor performance against our KPIs
- Ensure that no individual or group dominates the Board's decision making
- Promote the highest standards of integrity and corporate governance throughout the Company and particularly at Board level
- Determine appropriate levels of remuneration for the senior executives
- Review the integrity of financial reporting and that financial controls and systems of risk management are robust

Company Secretary, David Lawler

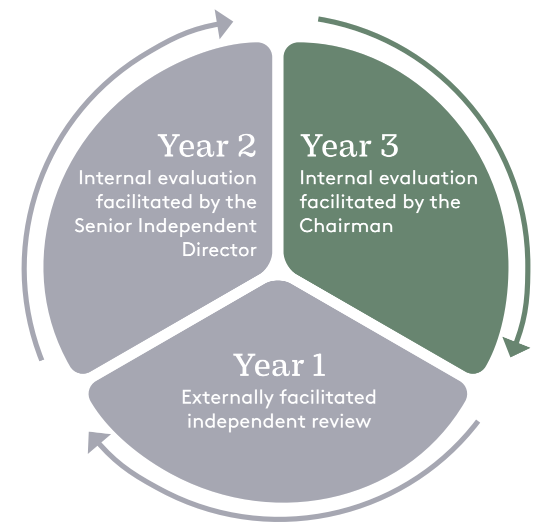
- Secretary to the Board and its committees
- Develop Board and committee agendas and collate and distribute papers
- Ensure compliance with Board procedures
- Advise on regulatory compliance and corporate governance
- Facilitate induction programmes for Directors and assist with their training and development, as required
- Responsible for communications with retail shareholders and the organisation of the Annual General Meeting
- Available to support all Directors

1 Cilla Snowball was chosen for this position as she chairs the Responsible Business Committee which oversees stakeholder engagement. The Chairman ensures that all Directors continue to remain engaged with our employees, and challenge and contribute to discussions on workforce engagement. Madeleine McDougall will succeed Cilla Snowball as the designated director responsible for gathering the views of our workforce.

Ensures the long-term sustainable success of the Company

Annual Board evaluation

On an annual basis, an evaluation process is undertaken which considers the effectiveness of the Board, its principal committees and individual Directors. The review identifies areas for improvement, informs training plans for our Directors and identifies areas of knowledge, expertise or diversity which should be considered in our succession plans. The Board follows a formal three-year cycle that was developed to enable reviews to be led from a fresh perspective, each year.



Evaluation for the year ended 31 December 2023

The 2023 Board evaluation was internally facilitated by Helen Gordon, Senior Independent Director, and was outlined in the 2023 Report & Accounts on page 137. As a result of this evaluation, the Board identified a number of areas which it wished to focus upon during 2024:

Focus area	Actions during 2024
Interaction and engagement between the Board and wider workforce	On 17 October the Board received a presentation from members of the senior management team on the key construction projects. Additionally, the Board hosted a 'meet the Board' event with employees from across the workforce (see page 119).
Broader debate on risk appetite	Our risk appetite was reviewed by the Risk Committee during the year with details of the current risk appetite on page 93.
Discussions around the use of Artificial Intelligence (AI)	The role of AI and the impact on our customer base continues to be reviewed by Paul Williams, CEO with a further update scheduled to go to the Board in Q2 2025. During the year the Company introduced Microsoft Copilot to a focus group of employees with the aim of streamlining workflows.

Evaluation for the year ended 31 December 2024

The 2024 Board evaluation was internally facilitated by Mark Breuer, our Chairman, who was informed by the recommendations arising from the 2023 external Board evaluation. The process covered the following areas:

- Strategy review and execution monitoring
- Balance of Board's skills
- Succession planning
- Format of Board meetings
- Effective use of committees

Feedback from the 2024 Board evaluation

As a result of the evaluation, the Board confirmed that its structure, balance of skills and operation continues to be satisfactory and appropriate for the Group. Overall, the feedback of the internal evaluation was positive from all Board members, however, for continuous improvement the Board identified a number of focus areas for 2025:

- To include a greater focus on the long-term strategy, facilitated by both the Strategy Awayday and an additional strategy pre-meeting.
- Continue to receive contributions from middle management in Board meetings and at on-site visits.
- An additional Board meeting to be held in September in order to balance the Board calendar.

Re-election of Directors

In accordance with the Code, all Directors (excluding Cilla Snowball) will be putting themselves forward for re-election at the 2025 AGM and both Robert Wilkinson and Madeleine McDougall will be put forward for election following their appointments to the Board during the year. Following the formal performance evaluation (detailed above), and taking into account the Directors' skills and experience (set out on page 137), the Board believes that the re-election and election of all Directors respectively is in the best interests of the Company.

Evaluation for the year ending 31 December 2025

In accordance with our three-year cycle, the performance evaluation for the year ending 31 December 2025 will be externally facilitated by an independent provider. The Board has already commenced the process to appoint the board evaluator, with each shortlisted firm required to provide a written proposal and present to the Chairman, Senior Independent Director and Company Secretary. Following appointment, the provider will commence the evaluation process in Q4 2025 with the outcome of the evaluation reported in the 2025 Report & Accounts.

NOMINATIONS COMMITTEE REPORT

Mark Breuer Chair of the Nominations Committee

2025 focus areas

- Ensure a smooth handover of responsibility to Madeleine McDougall as Chair of the Responsibility Business Committee as Cilla Snowball steps down from the Board
- Further discuss the long-term succession of senior executives
- Continue to monitor the talent development pipeline

Committee membership during 2024

	Independent	Number of meetings	Attendance[1]
Mark Breuer	Yes	4	100%
Lucinda Bell	Yes	4	100%
Helen Gordon	Yes	4	100%
Sanjeev Sharma	Yes	4	100%
Cilla Snowball	Yes	4	100%
Robert Wilkinson[2]	Yes	2	100%
Madeleine McDougall[3]	Yes	1	100%

1 Percentages are based on the number of meetings that each member is entitled to attend for the 12 months ended 31 December 2024.

2 Robert Wilkinson joined the Board as a Non-Executive Director effective from 1 June 2024.

3 Madeleine McDougall joined the Board as a Non-Executive Director effective from 1 November 2024.

The first two meetings in 2024 focused on appointing Claudia Arney's successor, therefore it was deemed appropriate for Claudia not to attend. Claudia Arney stepped down from the Board on 10 May 2024.

Dear Shareholder,

I am pleased to present an overview of the Committee's work during 2024. The Committee has principally focused on succession planning and the recruitment of Non-Executive Directors.

Non-Executive Director changes

At the 2024 AGM, Claudia Arney stepped down from the Board as she reached her ninth anniversary. A smooth transition was made to Sanjeev Sharma as the new Chair of the Remuneration Committee. As Dame Cilla Snowball approached her ninth anniversary, the Committee facilitated the recruitment of two Non-Executive Directors to ensure the Board continues to benefit from a wide range of expertise and skills following Claudia and Cilla's retirements. We were pleased to welcome Robert Wilkinson (1 June 2024) and Madeleine McDougall (1 November 2024). Both Robert and Madeleine bring a wealth of knowledge and expertise to our Board. On behalf of the Board, I would like to thank Claudia and Cilla for their valuable contributions and dedication to their roles.

Non-Executive Director recruitment / See page 142

Executive development and succession planning

Derwent London's talented and diverse employees are a key asset and as such, the Committee met regularly to review succession and talent development plans. On an annual basis the Committee considers the Group's succession pipeline to ensure any changes are proactively planned and co-ordinated.

Succession planning / See page 142

Board composition and diversity

The Board continues to recognise the role of diversity in its composition and for future recruitments. As part of the Group's ongoing commitment to diversity and inclusion during the year, the reassessment of the National Equality Standard accreditation was successfully completed. The Board continues to remain compliant with the Listing Rules, FTSE 350 Women Leaders Review and the 2024 Parker Review target. Last year we published our ethnic diversity target for December 2027 in accordance with the latest Parker Review recommendation. Our target remains a work in progress as we aim for at least 15% of our senior management team self-identifying as being of an ethnically diverse background.

Board diversity / See pages 143 and 173

Further engagement

If you wish to discuss any aspect of the Committee's activities, I will be attending the forthcoming AGM on 16 May 2025 and would welcome your questions. I am also available via our Company Secretary, David Lawler.

Telephone: **+44 (0)20 7659 3000** or
Email: **company.secretary@derwentlondon.com**

Mark Breuer
Chair of the Nominations Committee

26 February 2025

Committee composition and performance

Our Committee consists of six independent Non-Executive Directors as well as our independent Chairman. At the request of the Committee, members of the Executive Committee, Executive Directors, members of the senior management team and external advisers may be invited to attend all or part of any meeting, as and when appropriate. During the year under review, the Committee held four meetings (2023: two meetings).

The 2024 evaluation of the Board, its committees and individual Directors was internally facilitated by the Chairman, Mark Breuer, in accordance with our three-year cycle of evaluations (see page 139). The review confirmed that the Committee continues to operate effectively, with no significant matters raised. The Committee's role and responsibilities are set out in the terms of reference, which were last updated in November 2023 and are on the Company's website at: **www.derwentlondon.com/investors/governance/board-committees**

On a regular basis, the Committee considers the composition of the Board and its committees in terms of its balance of skills, experience, length of service, knowledge of the Group and wider diversity considerations; alongside considering whether each Non-Executive Director has sufficient time to discharge their duties. This review also informs specifications for new Board members. During the year, the Committee led the search for two new Non-Executive Directors.

The composition review conducted in 2024, following the appointment of Robert Wilkinson and Madeleine McDougall, confirmed that the Board, and the membership of its five principal committees, continues to be appropriate.

The Board's diversity policy is on page 142. In respect of its committees, the Board requires that each committee has at least one female member and/or one member from an ethnically diverse background.

Board and committee composition

The table below provides an overview of the composition of the Board's five principal committees as at 31 December 2024.

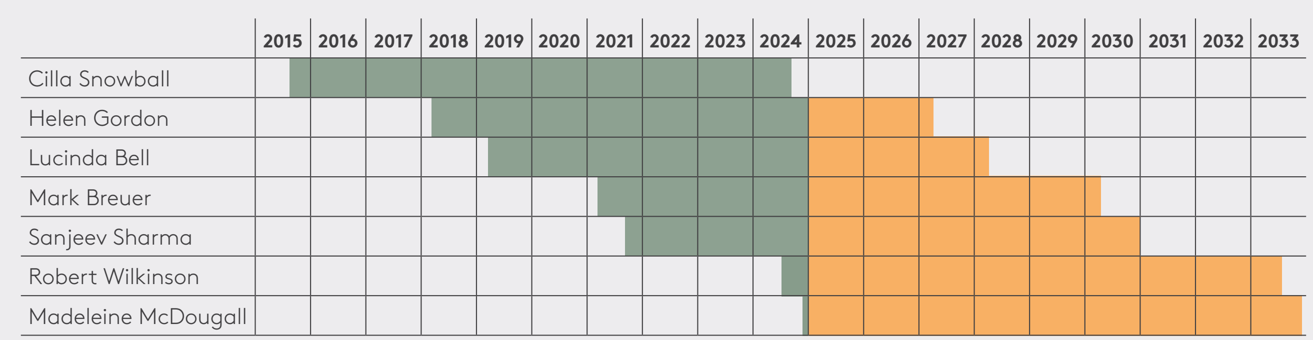
	Audit	Risk	Remuneration	Nominations	Responsible Business
Mark Breuer				Chair	✓
Dame Cilla Snowball	✓	✓		✓	Chair
Helen Gordon		Chair	✓	✓	
Lucinda Bell	Chair	✓	✓	✓	
Madeleine McDougall[1]		✓		✓	✓
Robert Wilkinson[2]	✓			✓	
Sanjeev Sharma	✓	✓	Chair	✓	
Number of female members:	2	4	2	4	2
Members from an ethnically diverse background:	1	1	1	1	0
Number of independent NEDs:	4	5	3	7	3
Number of Executive Directors:	—	—	—	—	1
Number of employee representatives:	—	—	—	—	4
Total membership:	**4**	**5**	**3**	**7**	**8**

1 Madeleine McDougall joined the Board as a Non-Executive Director from 1 November 2024.

2 Robert Wilkinson joined the Board as a Non-Executive Director from 1 June 2024.

Non-Executive Directors' tenure

The Committee monitors the Non-Executive Directors' tenure and reviews potential departure dates assuming the relevant Directors are not permitted to serve more than three three-year terms (nine years) from their appointment date, unless in exceptional circumstances (see the chart below). During 2024 Cilla Snowball reached her ninth year on the Board. To ensure an orderly transition of responsibility to Madeleine McDougall, Cilla's tenure has been extended. During this period the Board continues to consider Cilla as independent.



Succession planning / See page 142

Succession planning

As Directors we have a duty to ensure the long-term success of the Company, which includes ensuring that we have a steady supply of talent for executive positions and established succession plans for Board changes.

Executive Director

The Committee considers the Group's succession planning on a regular basis to ensure that changes to the Board are proactively planned and co-ordinated. During the year, the Committee had a detailed discussion on the succession of the Executive leadership team.

Executive Committee

The Group's talent pipeline has been strengthened through a number of internal promotions. During the year, Julie Schutz (Head of Internal Audit) joined the Executive Committee.

As at 31 December 2024, the composition of the Executive Committee consists of four Executive Directors, the Company Secretary and 12 senior managers. The Executive Committee is now 41.2% female, achieving the FTSE 350 Women Leaders Review target of 40% (see page 143).

Senior management

The Executive Directors are responsible for the Group's succession plans below Board-level. The Committee receives periodic updates on these succession plans and monitors the development of the executive management team below the Board, to ensure that there is a diverse supply of senior executives and potential future Board members with appropriate skills and experience.

Non-Executive Director recruitment

The Committee is responsible for leading the recruitment process for new Non-Executive Directors and during the year led the selection and appointment process for two new Non-Executive Directors, as Claudia Arney stepped down from the Board at the 2024 AGM and Dame Cilla Snowball approached her ninth year on the Board.

The Committee appointed Egon Zehnder as an external search consultancy during 2023 to commence the recruitment process for two new Non-Executive Directors. The Board confirms that the external search consultancy was appointed free from any conflicts of interest.

The Board's appointment policy requires that, where possible, each time a Director is recruited at least one of the shortlisted candidates is female and at least one of the candidates is from an ethnically diverse background. Whilst we have identified areas where we could further improve our diversity balance, principally our ethnic diversity, we do not positively discriminate during the recruitment process.

Board biographies / See pages 122 and 123

Non-Executive Director tenure / See page 141

Non-Executive Director induction

The Board was pleased to welcome Robert Wilkinson in June 2024 and Madeleine McDougall in November 2024 as Non-Executive Directors.

Both Robert Wilkinson and Madeleine McDougall received a comprehensive and tailored induction programme developed by the Group's Company Secretarial team and approved by the Chair of the Committee.

The induction programme included visiting a number of the Group's properties, meetings with the Group's audit partner and corporate lawyer, together with meetings with the Executive Directors, Executive Committee and members of senior management. If considered appropriate, new Directors are also provided with external training that addresses their role and duties as a director of a quoted public company.

All new Directors are provided with access to our electronic Board paper system which provides easy and immediate access to key documents.

Q&A

What attracted you to becoming a Non-Executive Director at Derwent London?

"Derwent London's strong reputation for creating leading edge offices in central London was a big attraction. In a changing world, the Company's focus on sustainable long-term investment was also important to me.

Robert Wilkinson
Non-Executive Director

What are you looking forward to contributing within your role on the Derwent London Board?

"I am incredibly excited to be able to contribute ideas and insights that align to the long-term goals whilst driving responsible, ethical and transparent decision making. Not to mention joining an organisation where a culture of teamwork and co-operation are at the heart of their strategy.

Madeleine McDougall
Non-Executive Director

Our progress in diversity

A diversified Board brings constructive challenge and fresh perspectives to discussions. We consider diversity, in its widest sense (and not limited to gender), during our Board and committee composition reviews and the development of recruitment specifications during recruitment.

We are pleased that Derwent London's efforts to actively promote the importance of diversity has ensured our Board and senior management teams achieve the targets set by the FTSE 350 Women Leaders Review, the Listing Rules and the Parker Review.

Our compliance

Our progress as at 31 December 2024.

Targets	Status
Listing Rule	● Fully compliant
Parker Review 2024 target	● Fully compliant
Parker Review 2027 target	● In progress
FTSE Women Leaders Review	● Fully compliant

● Fully compliant ● In progress

The Listing Rules

The Listing Rules include specific diversity targets which require companies to report against on a 'comply or explain' basis.

Target	Status
At least 40% of the Board are women	45.5% of our Board are women
At least one of the senior Board positions is held by a woman	Helen Gordon is our Senior Independent Director
At least one member of the Board is from a minority ethnic background	Sanjeev Sharma joined the Board in October 2021

The Parker Review

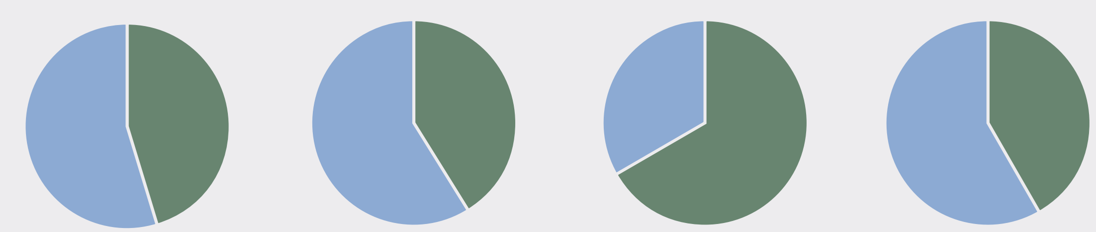
The Parker Review continues to monitor and champion ethnic diversity on boards. In accordance with the Parker Review's latest recommendations, we have set a target of at least 15% of our senior management team self-identifying as being of an ethnically diverse background by December 2027. The Board recognises that this is a challenging but realistic target.

December 2024 Target	Status
At least one director from an ethnically diverse background	Sanjeev Sharma joined the Board in October 2021

December 2027 Target	Status
At least 15% of our senior management team self-identifying as being of an ethnically diverse background	11.5% of our senior management team self-identify as being ethnically diverse

FTSE 350 Women Leaders Review

Target
40%



■ Female
■ Male

Women on the Board	Women on the Executive Committee[1]	Female Non-Executive Directors[2]	Female direct reports of the Executive Committee[3]
45.5%	41.2%	66.7%	41.7%

1 The combined diversity balance of the Executive Committee and its direct reports (excluding administrative and support staff) is 41.6% women.
2 Independent Non-Executive Directors, excluding the Chairman.
3 Direct reports to the Executive Committee, excluding administrative and support staff, is 41.7% women. Direct reports to the Executive Committee, including administrative and support staff, is 50.0% women.

AUDIT COMMITTEE REPORT

Lucinda Bell Chair of the Audit Committee

2025 focus areas

- Ensure a smooth and effective transition to Allan McGrath, as the new external Lead Audit Partner
- Conduct a competitive tender in respect of our ESG assurance provider
- Continue to make progress on the effectiveness of material controls declaration that the Board will be required to make as at 31 December 2026
- Oversee the implementation of the new finance system which is expected to be completed during 2026

Committee membership during 2024

	Independent	Number of meetings	Attendance[1]
Lucinda Bell	Yes	4	100%
Claudia Arney[2]	Yes	2	100%
Sanjeev Sharma	Yes	4	100%
Cilla Snowball	Yes	4	100%
Robert Wilkinson[3]	Yes	2	100%

1 Percentages are based on the number of meetings that each member is entitled to attend for the 12 months ended 31 December 2024.

2 Claudia Arney stepped down from the Board at the 2024 AGM.

3 Robert Wilkinson was appointed as a member of the Audit Committee on 1 June 2024.

Dear Shareholder,

I am pleased to provide you with an overview of the Committee's activities.

External audit

Following the comprehensive audit tender completed during 2023, PwC were reappointed as the Group's external Auditor and Allan McGrath will succeed Sandra Dowling as Lead Audit Partner for the year ending 31 December 2025. To ensure Allan has a full understanding of our business, he attended the Committee meetings in both November 2024 and February 2025, met with members of senior management and visited our portfolio. On behalf of the Committee, I extend our thanks to Sandra for her constructive challenge and commitment as Lead Audit Partner over her five-year tenure.

Climate change and ESG disclosures

Climate change reporting continues to be an important matter for the Group. As ESG reporting continues to evolve, during the year the Committee reviewed the future legislation expected to come into effect and the implications on the Group. Deloitte has been the Group's ESG assurance provider since 2018. In accordance with best practice the Committee will conduct a tender for an ESG assurance provider during 2025.

UK Corporate Governance Code

On 22 January 2024, the FRC published the revised UK Corporate Governance Code 2024 (the Code). A detailed review has been conducted to understand the Group's current position and preparation to achieve full compliance (see page 121). Additionally, our risks and controls have been reviewed with the aim of identifying the Group's material controls and the current level of assurance associated with them. The Committee recognises the importance of effective internal controls and has been pleased with the work of Julie Schutz, Head of Internal Audit.

New finance system project

The Committee continues to be responsible for monitoring the effectiveness of the Group's internal controls, alongside the Risk Committee. As part of the ongoing review of the internal control environment, the Committee is monitoring the selection and implementation of a new finance system. The purpose of the new system is to provide significant improvements in efficiency, functionality and control. The Committee will continue to oversee the project until its completion, which is expected in 2026.

Further engagement

I look forward to seeing you at the 2025 AGM. If you wish to discuss any aspect of this report, please contact me via our Company Secretary, David Lawler.

Telephone: **+44 (0)20 7659 3000** or
Email: **company.secretary@derwentlondon.com**

Lucinda Bell
Chair of the Audit Committee

26 February 2025

Committee composition and performance

During the year under review, the Committee was composed of independent Non-Executive Directors with a wide range of experience, including real estate and finance (biographies are available on pages 122 and 123). The Board considers that the Committee (including its Chair, Lucinda Bell) is composed of a sufficient number of financial experts, with an appropriate level of recent and relevant financial experience, to discharge its duties. At the request of the Committee Chair, meetings are attended by the Board Chairman, the Head of Internal Audit, external Auditor, and members of the Group's senior management team. In addition, Deloitte regularly attends meetings when ESG assurance is discussed. To further facilitate open dialogue, the Committee holds private sessions with the internal and external Auditors without members of management being present.

During 2024, the Committee held four scheduled meetings (2023: four meetings), two of which included an update from the Group's external property valuers. In addition, the Risk Committee held three meetings during 2024.

The 2024 evaluation of the Board, its committees and individual Directors was internally facilitated by Mark Breuer, Chairman, in accordance with our three-year cycle of evaluations (see page 139). The review confirmed that the Committee continues to operate effectively, with no significant matters raised.

The Committee's role and responsibilities are set out in the terms of reference, which were last updated in November 2024. The Audit Committee terms of reference are available on the Company's website at: **www.derwentlondon.com/investors/governance/board-committees**

Financial reporting

One of the Committee's principal responsibilities is to review and report to the Board on the clarity and accuracy of the Group's financial statements, including the annual Report & Accounts and interim statement. When conducting its reviews, the Committee considers the following:

- the accounting policies and practices applied (see note 41 on pages 263 to 267) including in respect to any significant transactions during the year;
- material accounting assumptions and estimates made by management (see note 3 on page 222);
- significant judgements and key audit matters identified by the external Auditor (see page 146 and pages 209 to 211);
- the effectiveness and application of internal financial controls (see pages 150 and 151); and
- compliance with relevant accounting standards and other regulatory financial reporting requirements including the UK Corporate Governance Code and European Single Electronic Format (ESEF) requirements.

On 5 November 2024 we were pleased to be awarded 'Audit Disclosure of the Year' by the Chartered Governance Institute for our disclosure in the 2023 Report & Accounts.

Review of the 2024 Report & Accounts

At the request of the Board, the Committee was asked to review the Group's Report & Accounts and to consider whether, taken as a whole, it was fair, balanced and understandable. In carrying out its review, the Committee had regard to the following:

Fairness and balance

- Is the report open and honest?
- Are we reporting on our weaknesses, difficulties and challenges alongside our successes and opportunities?
- Do we provide clear explanations of our KPIs and is there strong linkage between our KPIs and our strategy?
- Do we show our progress over time and is there consistency in our metrics and measurements?

Understandable

- Do we explain our business model, strategy and accounting policies simply, using precise and clear language?
- Do we break up lengthy narrative with quotes, tables, case studies and graphics?
- Do we have a consistent tone across the Report & Accounts?
- Are we clearly 'signposting' to where additional information can be found?

Specific considerations for the 2024 Report & Accounts

- A 40th anniversary section which highlights key events and showcases some of our buildings over the years.
- Confirmation of our compliance with the Audit Committees and the External Audit: Minimum Standard.
- Our double materiality assessment and whether it clearly identifies our key ESG issues.
- The preparation undertaken to prepare the business for the UK Corporate Governance Code 2024 and ensure our compliance, including in respect of the effectiveness of our material controls.
- The outcome of the latest climate risk assessment conducted by Willis Towers Watson.

The Committee paid particular attention to these changes to ensure they did not adversely impact on the balance and clarity of the Report & Accounts.

Following its review, the Committee confirmed to the Board that the 2024 Report & Accounts is fair, balanced and provides sufficient clarity for shareholders to understand our business model, strategy, financial position and performance.

AUDIT COMMITTEE REPORT continued

Significant financial judgements, key assumptions and estimates

Any key accounting issues or judgements made by management are monitored and discussed with the Committee throughout the year. The table below provides information on the key issues discussed with the Committee in 2024 and the judgements adopted.

Issue	Judgements or estimates	Outcome
Taxation and REIT compliance		
Should the Group not comply with UK REIT regulations, it could incur tax penalties or ultimately be expelled from the REIT regime, which would have a significant impact on the financial statements.	As a REIT, the Group benefits from tax advantages. Income and chargeable gains on the qualifying property rental business are exempt from corporation tax. Income that does not qualify as property income within the REIT rules is subject to corporation tax in the normal way. There are a number of tests that are applied annually, and in relation to forecasts, to ensure the Group remains well within the limits allowed within those tests.	The Group has a qualified and experienced Head of Tax who the Committee meets at least annually. The Committee noted the frequency with which compliance with the tests and regulations was reported to the Board and considered the substantial margin by which the Group complied. Based on this, and the level of headroom shown in the latest Group forecasts, the Committee agreed that sound application of judgement has been made.
Valuation of the Group's property portfolio		
Due to its size, nature and the direct impact upon the Group's net asset value, the Committee reviews the assumptions and estimates used in the valuation carried out by the external valuers.	The valuation adopts a range of assumptions including future rental income, investment yields, anticipated outgoings and maintenance costs, future development expenditure and appropriate discount rates. The external valuers also make reference to market evidence of transaction prices for similar properties and take into account the impact of climate change and related environmental, social and governance (ESG) considerations. Where reasonable and measurable, the effects and consequences of climate change are reflected in these financial statements and valuations (see note 16 on pages 233 to 237).	The valuation is performed twice yearly by the external valuers and, due to its significance, is also reviewed by the external Auditor. The Committee reviewed the underlying assumptions used in the valuation, of the Group's development property portfolio in addition to the external valuers' objectivity and methodology. These procedures enabled the Committee to be satisfied with the assumptions and estimates used in the valuation of the Group's property portfolio.

1 Stephen Street W1

Portfolio valuation

An important area of reporting risk relates to the valuation of our portfolio. Knight Frank have been our principal valuers since December 2022 and are responsible for valuing our property portfolio for both our interim and year end results. As at 31 December 2024, our portfolio was valued at £5.0bn (2023: £4.9bn) and principally consists of 62 properties. Further information on our valuation is on pages 61 to 65.

During the year, the Committee monitored the smooth transition from Savills to Knight Frank as valuers of our Scottish portfolio. The transition confirms the Group's full compliance with the Royal Institution of Chartered Surveyors (RICS) best practice guidance published in 2023.

The valuation of our portfolio is a major component of EPRA net tangible assets (NTA) and is a key determinant for our investors when assessing our performance. Movements in the valuation are a significant part of how we measure our progress and a material determinant of the Group's total return.

Due to its significance, the biannual valuation is overseen by the Audit Committee and also subject to a detailed internal review by our Investment team, which consists of experienced and qualified professionals.

Key matters discussed during the meetings in 2024 included:

- the impact of the macroeconomy and valuation outlook for our London portfolio;
- the cost of EPC improvements included in the valuation;
- the programme of our major on-site developments; and
- the transition to Knight Frank as valuers of the Scottish portfolio.

RICS valuation – Global standards

Valuations are undertaken in accordance with the 'RICS Valuation – Global Standards' (the Standards). Knight Frank are responsible for monitoring any forthcoming regulation changes, with the most recent changes published in December 2024 with an effective date of 31 January 2025. The Standards now include a section on ESG, detailing the ESG considerations that a valuer should consider and report. Other updates to the Standards included greater clarification on valuation methods, record keeping and financial reporting.

Effectiveness of the Group's valuers

A review into the effectiveness of the external valuer is performed after the year end and interim valuations, with assistance from Nigel George, Executive Director. The effectiveness reviews for 2024 were conducted in February and August and considered the following:

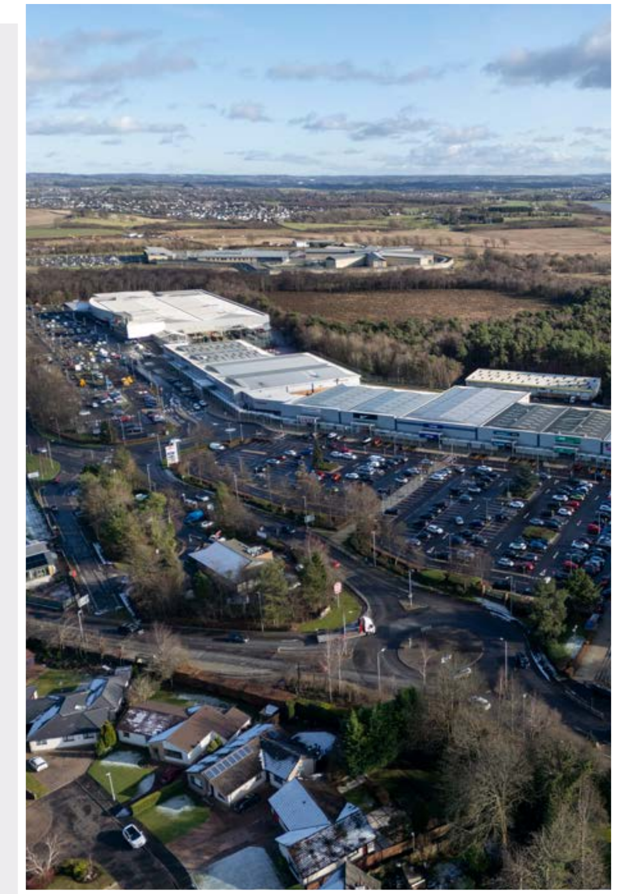
- experience, qualification and objectivity of the valuation team;
- quality of presentation and data; and
- robustness of the valuation.

At both meetings it was concluded that the external valuer performed to a high standard and the timetable for delivery was achieved.

Property review / See pages 60 and 73

Central London office market / See pages 15 to 17

Regeneration projects / See pages 20 and 23



Valuation of the Scottish portfolio

Our Scottish assets, representing c.2% of the Derwent London portfolio, are concentrated on the northern edge of Glasgow, consisting of:

- 5,500 acres of rural land including woodland and grassland; and
- a 325,000 sq ft multi-let retail park with rental income of c.£4.0m pa.

Our operations in Scotland are predominantly focused on four main areas: agricultural operations, residential, commercial and projects. Our projects include the c.100 acre Lochfauld Solar Park which is under construction with installation of solar panels expected in H2 2025. Our Scottish assets were valued at £92.9m at 31 December 2024 (11.6% uplift from 2023).

- Strathkelvin Retail Park: 22.6% uplift
- Agricultural land: (0.7%) decline since December 2023

Due to refurbishments and lettings, the Strathkelvin Retail Park has increased in value by 22.6%. The slight decrease in the value of our agricultural land arose from capital expenditure relating to planning and building maintenance.

AUDIT COMMITTEE REPORT continued

Climate change and ESG disclosures

The Group is committed to be net zero carbon by 2030 and has set Science Based Targets initiative (SBTi) verified targets aligned to a 1.5°c climate scenario. The Committee's role is to gain assurance that the effects and consequences of climate change are being adequately reflected in our financial statements and valuations.

Climate disclosures and emissions reporting can be complex. During 2024, the Committee reviewed the emerging legislation expected to come into effect over the near to medium-term and the implications for the Group.

Following training received in 2023, the Committee is prepared to be compliant with the IFRS S1 & S2 legislation for accounting periods on or after 1 January 2025. Additionally, the double materiality assessment conducted in 2024 (see pages 42 and 43) will form part of our reporting in accordance with IFRS S2.

The Committee will continue to monitor developing best practice, and seek training/professional guidance when required, to ensure it continues to effectively oversee our reporting in this area.

ESG assurance

During the year, Stephen Craig, from Deloitte LLP, took over the role of ESG assurance partner and presented the 2024 Audit Plan to the Committee. Assurance from Deloitte LLP is received on selected ESG metrics (see page 152 and 153).

In accordance with our governance policies and procedures the Committee expects to conduct a tender for the role of ESG assurance provider during 2025 due to Deloitte LLP having been the Group's ESG assurance provider since 2018.

Impact on the valuation

Following an independent third party assessment in 2021, approximately £97m of capital expenditure was identified to achieve 2030 EPC compliance across our London commercial portfolio. This figure is reviewed annually and has been revised to £86m to reflect the latest scope (change in building regulations), inflation, disposals, the acquisition of the remaining 50% interest in 50 Baker Street, and the work carried out to date. Of this, Knight Frank made a specific deduction of £41m in their December 2024 external valuation. In addition, further amounts have been allowed for general upgrades between assumed tenant vacancies.

Environmental / See pages 44 to 47

Net zero carbon / See pages 44 and 45

Task Force on Climate-related Financial Disclosures / See pages 102 to 115

Double materiality assessment / See pages 42 and 43

Audit Committees and the External Audit: Minimum Standard

The Committee confirms that for the year ended 31 December 2024, it has complied with the Audit Committees and the External Audit: Minimum Standard (the Standard).

The Committee last conducted a competitive external audit tender in 2023. The Committee disclosed the criteria used to make its selection and the process followed on pages 150 and 151 of the 2023 Report & Accounts.

The Committee has outlined in the table below the activities it has undertaken to meet the requirements of the Standard.

Reporting area	Our activities
Significant issues that the Committee considered relating to the financial statements	See pages 145 and 146
Application of the entity's accounting policies	See page 263
Shareholders request for certain matters to be covered in an audit[1]	n/a
Assessment of the independence and effectiveness of the external audit process	See page 154
External audit tender and appointment	See page 154
An explanation of how auditor independence and objectivity has been safeguarded if non-audit services are provided	See pages 154 and 155
Details of the findings of a regulatory inspection of the quality of the company's audit	n/a

1 As at 31 December 2024, we have not received any requests from shareholders that certain matters be covered in an audit.

Monitoring future regulatory developments

UK Corporate Governance Code 2024

The Committee engaged with the FRC's consultation during 2023 and following the publication of the UK Corporate Governance 2024 (the Code) on 22 January 2024, the Committee conducted a detailed review of the changes. Derwent London is already compliant with the vast majority of new requirements, however, the key change is in relation to provision 29 with the new declaration on the effectiveness of material controls, which is effective from 1 January 2026.

The Board will be required to provide:

- a description of how the board has monitored and reviewed the effectiveness of the risk management and internal control framework;
- a declaration of effectiveness of the material controls as at the balance sheet date; and
- a description of any material controls which have not operated effectively as at the balance sheet date, the action taken, or proposed, to improve them and any action taken to address previously reported issues.

Further information on the status of our preparations for the UK Corporate Governance Code 2024 is on page 121.

Effectiveness of material controls

Following the publication of the UK Corporate Governance Code 2024, preparations are well underway to ensure compliance with the requirements of provision 29 for the year ending 31 December 2026. A timeline outlining the key milestones to achieving compliance is outlined below.

Our approach

An initial proposal on material controls (financial and non-financial) and assurance has been reviewed by the Risk and Audit Committees and is subject to further enhancement in preparation for a 'dry run' in H2 2025.

Existing governance structures mean that the Board and its principal committees already report upon the effectiveness of a range of controls in the annual Report & Accounts. Efforts are therefore being focused on leveraging this strong foundation and strengthening any gaps to ensure the Board has the requisite level of confidence in making their annual declaration on the effectiveness of material controls.

Identifying our material controls

Materiality for the purposes of complying with provision 29 of the Code has been informed by looking at Derwent London's risk appetite, Schedule of Principal Risks, Board Assurance Framework as well as detailed risk assessments and controls documentation. It takes into consideration the size, nature and complexity of our operations as well as the requirements of various reporting regimes, laws and regulations that we are obliged to comply with.

We have defined our material controls as those that are most important in mitigating key risks that threaten the long-term sustainability of the business, and where a failure of their effective operation, or a resulting omission and/or misstatement of information caused by the control failure is likely to influence decisions made by users of the information. They have been grouped into six categories as set out in the diagram below.

Our material controls categories

Assurance

While the Code does not require independent or external assurance to be obtained, for those material controls that have the highest impact of the long-term sustainability of the organisation and are most likely to influence decision makers, independent/external assurance will be sought in line with good practice.

To date, existing assurance activities have been mapped against proposed material controls using the Board Assurance Framework and knowledge of the assurance environment. An assessment of the strength of current assurance activities has been performed, and where gaps have been identified, recommendations for additional assurance have been made for consideration by the Board.

Key milestones to compliance

January 2024	FRC published the UK Corporate Governance Code 2024 and supporting guidance
August 2024	Schedule of Principal Risks was rationalised
November 2024	Draft material controls and assurance proposal reviewed by the Risk and Audit Committees
H1 2025	Revised material controls to be reviewed and agreed in principle by the Audit and Risk Committees and the Board
H2 2025	A 'dry run' of material controls assurance pack to be reviewed by the Audit Committee and adjustments made as required
H1 & H2 2026	Updates on assurance outcomes performed throughout the year provided to the Audit Committee
H2 2026	Material controls assurance pack to be reviewed by the Audit Committee
December 2026	Annual Report & Accounts for year ending 31 December 2026 to include the Board's declaration on the effectiveness of material controls

Completed In progress To be completed

Internal audit

The Internal Audit Plan for 2024 was jointly approved by the Risk and Audit Committees and was comprised of risk-based reviews across a range of business areas. Both Committees receive reports on internal audit activity and monitor the status of internal audit recommendations.

2024 was the first year in which Derwent London saw delivery of the Internal Audit Plan by the in-house Head of Internal Audit. A range of assurance and advisory reviews were delivered that have provided a meaningful contribution to the effectiveness of the organisation's governance, risk management and internal control frameworks.

Audits performed during 2024 include:

- Sales & acquisitions
- DL/Lounges & DL/App
- Accounts payable
- VAT compliance
- External & internal cyber security tests
- Environmental KPI control design

Annual review of the internal audit function

A formal review of the effectiveness of the internal audit function and the internal audit process was conducted at the Audit Committee in February 2025, where it was concluded that the process had been conducted effectively and that the assurance received through internal audits had been beneficial to the Committee and management. The depth of business understanding from the in-house function has helped ensure recommendations are commercial and proportionate, solidifying the position of internal audit as both an assurance provider and a trusted adviser within the business.

New Global Internal Audit Standards and Internal Audit Code of Practice

The International Internal Audit Standards Board (IIASB) released the new Global Internal Audit Standards (the Standards) in early 2024, with an effective date of January 2025. At the heart of the new Standards are five domains and 15 guiding principles that enable effective internal auditing, supported by a number of standards.

Following the update of the Global Internal Audit Standards, a new Internal Audit Code of Practice (the Code) was released by the Institute of Internal Auditors (IIA) in September 2024 to align with the revised Standards. The Code is also effective from January 2025. It is principles-based and is intended to fortify the role of internal audit in helping boards and management identify, manage and mitigate risks in an ever-evolving landscape.

An assessment was conducted in November 2024 and while compliance with the new Code is already at a good level, several areas for ongoing improvement have been agreed with the Audit Committee. These will be implemented during 2025 and beyond to demonstrate a commitment to continuous improvement and compliance with both the Code and the new Standards.

Internal controls

Our internal control environment allows the Company to safeguard its assets, prevent and detect material fraud and errors, and ensure accuracy and completeness of its accounting records which are used to produce reliable financial information. During 2024, we have undertaken the following key actions to further strengthen our internal controls:

- A new supplier portal has been developed and is live on the internal Derwent Central platform which helps automate the set-up process and strengthens due diligence performed on suppliers prior to onboarding.
- The new payroll system is scheduled to go-live in early 2025 which will allow for automated workflows between HR and Payroll.
- Cyber Essentials Plus certification has been obtained.
- A continuous learning approach to cyber awareness has been maintained, with employees completing a number of 'bite-sized' modules throughout the year. This helps to raise threat awareness in real-time and enables customised training.
- Implementation of recommendations raised in internal audit reports and by other external assurance providers to address control gaps and further strengthen the financial and non-financial control environment.

Effectiveness review

The Committee receives detailed reports on the operation and effectiveness of internal financial controls from members of the senior management team and Internal Audit. In addition, the outcome of the external audit at half year and year end is considered in respect of ongoing enhancements to internal controls.

On an annual basis, the Committee reviews the Group's Fraud Risk Management Framework (the Framework), of which a fraud risk assessment is a key component. The Framework helps management assess and improve upon its fraud resilience measures across a range of key components, while the risk assessment sets out the detailed controls which safeguard the Company's assets and help prevent and detect fraud and errors. A heat map summarises residual risk scores based on the fraud risk assessment, and those risks with scores above tolerance levels have action plans in place to help further mitigate residual risk.

As training and staff awareness forms part of the Group's internal control framework, the Risk Committee receives updates on key policies and procedures in place and how these are being communicated to, and complied with, by our staff. Further information is on pages 128 and 165.

Following the Audit and Risk Committees' reviews (see page 93), the Chairs of each Committee confirmed to the Board that they are 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.

Internal financial controls

Our internal financial controls operate within the following control environment and context:

- **Culture:** We have a defined set of values and strategic objectives that are supported by our Code of Conduct and Business Ethics which creates an environment that values integrity, openness, transparency and building long-term relationships. Our culture promotes collaboration and encourages employees to challenge requests that do not follow standard procedures.
- **Workforce:** Our flat structure and modest headcount (relative to asset values) allows for the close supervision and monitoring of activity by members of the Executive Committee.
- **Group structure:** A relatively simple Group legal structure with clear delegated authority limits and authorisation hierarchies.
- **Income/costs:** Rent, service charge, administrative costs (mainly salaries), interest and other finance costs are predictable. Quarterly management accounts are prepared that analyse income and expenditure and compare them with the prior year and budget, with unexpected variances investigated and explained.
- **Capital costs:** The largest costs incurred relate to capital expenditure. All capex on investment properties is approved and, where material, is subject to external confirmation before being paid. These approved budgets are monitored internally.

Overview of internal financial controls:

Governance framework	Our governance framework (see page 129) supports effective internal controls through an approved Schedule of Matters Reserved for the Board and the Executive Directors, supported by defined responsibilities, levels of delegated authority and supporting committees.
Risk identification and monitoring	Management regularly review and assess key risks facing the Group, including scenarios which could result in material financial and/or tax fraud or errors. Key risks are documented in risk registers, along with a schedule of key controls and key risk indicators. The schedule of key controls provides evidence of how the controls are being operated, their effectiveness and areas of potential weakness and further improvement. Risk management activities are overseen by the Risk Committee (see pages 156 to 165).
Financial controls	Comprehensive systems of financial control are in place including an annual budgeting exercise with three rolling forecasts, as well as a five-year strategic review. Breakeven and sensitivity analyses are included in both the five-year review and the rolling forecasts, with quarterly variance analysis performed between budget and actuals. A range of both preventative and detective controls, including segregation of duties, reconciliations, approvals, management reviews and exception reporting helps ensure accuracy and completeness of financial records.
Treasury and tax controls	Treasury activities are controlled by the Chief Financial Officer and Group Financial Controller. All large and/or complex transactions are discussed in advance with the Board and Executive Directors and are executed in line with delegated authority levels and reviewed externally by our advisers. Taxation is a complex area and is subject to frequent external review. Corporate tax returns are prepared internally by the Tax Manager and are reviewed by senior members of the Tax team and externally by tax advisers on a sample basis. Other higher risk areas like VAT, PAYE, SDLT and CIS are subject to thorough examination and testing and external advisers are consulted where necessary. We maintain an open relationship with HMRC which assessed our tax status in 2023 as 'low risk' in all categories. Further information on tax governance is on page 56.
IT controls	IT general controls are a fundamental part of the financial control environment and apply to all applications, databases and operating systems. They ensure appropriate access to, and integrity of our data, which ultimately flows through to the financial statements. A robust system of backup is in place to protect against the potential loss or corruption of data against the backdrop of ever-evolving cyber threats.
Training and staff awareness	Key policies and procedures are available to employees on our Group intranet. Employees are required to confirm their understanding of our key internal policies upon joining, and periodically thereafter as required for compliance purposes. Cyber risk training is delivered throughout the year to help maintain high levels of staff awareness and core system training is delivered when new systems are implemented, or ways of working are changed. The Group operates a 'Speak up' Policy which includes access to an anonymous reporting hotline to raise any concerns of perceived or actual misconduct, wrongdoing, or fraud (see page 128).
External/Independent evaluation	A range of external and independent evaluation is in place to provide an additional layer of assurance over the effective operation of key financial controls. The in-house internal audit function performed various assurance reviews during 2024 which included testing of a range of key financial controls. External advisers with specialist knowledge are periodically engaged to review particular financial controls. The implementation of recommendations arising from these reviews are monitored by the Risk and Audit Committees.

Assurance over external reporting

Our approach to assurance is influenced by our risk appetite, our management approach and culture.

Our approach

It is crucial that the information we disclose is relevant, informative and sufficiently transparent, so that our stakeholders can assess our performance and have trust in the integrity of our reporting. To keep our shareholders and the wider market informed, we release results on a half yearly basis, with a business update at the end of quarters one and three. Our financial calendar for 2025 can be found on page 287.

Full year results announcement and annual Report & Accounts

Our financial year is the 12 months to 31 December, and we publish our full year results in late February. The disclosures contained in this announcement form the foundation for our annual Report & Accounts (principally the front end of the Strategic report as well as the financial statements).

Our financial statements are subject to audit by our external Auditor, PricewaterhouseCoopers LLP (PwC) and the entire annual Report & Accounts is subject to a fair, balanced and understandable review by both the Audit Committee and the Derwent London Board (see page 145). In addition, any key accounting issues or judgements made by management are reviewed and agreed with the Audit Committee (page 146). The main area of estimation uncertainty relates to the valuation of our portfolio. Our property portfolio is valued by external valuers for both our interim and year end results (see page 147).

Impairment review

While impairment testing of trade receivables and accrued rental income recognised in advance of receipt is no longer a key area of estimation for the Group, it remains subject to extensive review by our internal team. As at 31 December 2024, our lease incentive and trade debtors, including impairment, amounted to £208.9m (2023: £204.5m) and an ECL provision of £4.6m has been recorded (2023: £4.6m) for bad debts (see pages 240 and 241).

Risks and uncertainties

Our principal and emerging risk registers are regularly reviewed by the Executive Committee and Risk Committee, prior to approval by the Board. As part of our review of principal risks, the Risk Committee utilises a Board Assurance Framework which identifies the key controls for each risk and the level of assurance available.

Remuneration

Key disclosures in our Remuneration Committee report are subject to independent audit by PwC. Our remuneration disclosures are also reviewed by Deloitte LLP to ensure they are aligned with best practice. In addition, Deloitte LLP independently reviews the executive incentive outcomes under the Performance Share Plan and annual bonus to provide assurance to the Remuneration Committee that the outcomes have been accurately calculated.

Going concern and viability

In order to assure our stakeholders that the Company remains viable for the next 12 months and into the medium-term (the next five years), we have provided detailed disclosures on pages 86 to 89. The process and assumptions underlying the short, medium and long-term assessments and scenarios, which form the going concern and viability statements, are subject to a detailed review by the Audit Committee and Board. As part of their audit, PwC tested the integrity of the underlying calculations within the going concern modelling, assessed the appropriateness of the key assumptions and agreed the underlying cash flow projections (see page 212).

Environmental, social and governance (ESG)

We understand the importance of clear and accurate reporting of key ESG data to our stakeholders. During the year, we have obtained independent limited assurance from Deloitte LLP in accordance with ISAE 3000 (Revised) and ISAE 3410 Standards, in respect of:

- selected energy and carbon reporting metrics (energy data, Scope 1, 2 and 3 greenhouse gas emissions data, and intensity ratios); and
- selected health and safety metrics (all RIDDORs, fatalities, minor injuries, significant near misses and any enforcement notices data).

In addition, PwC have provided reasonable assurance over selected green finance KPI disclosures. The assurance statements are published in our annual Responsibility Reports which are available on our website.

We have voluntarily disclosed under the Task Force on Climate-related Financial Disclosures (TCFD) since the 2018 Report & Accounts. As these disclosures are now mandatory, our TCFD disclosures are subject to periodic third party review, including in 2024.

Other annual report disclosures

The rest of our Strategic report and governance disclosures are subject to detailed internal review and verification. Other key audit matters which, in the external Auditor's professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement were:

- valuation of investment properties;
- compliance with REIT guidelines; and
- valuation of investments in, and loans to, subsidiaries.

Information on PwC's audit of these disclosures is provided on pages 209 and 211.

Half year results announcement

In respect to the valuation, a similar process to year end is adopted with our investment properties being independently valued, which is then reviewed at valuation meetings by the Audit Committee and approved by the Board.

Although not legally required, our external Auditor performs a review on our half year results announcement. Whilst this is not to the same level of assurance as a year end audit, it does allow an independent review of our half year results announcement and any issues are raised and discussed with the Audit Committee.

Investor presentations

We prepare detailed investor presentations for year end and half year results. A significant amount of information contained in our investor presentations is extracted from results announcements released via the London Stock Exchange's regulatory news service (RNS). Any additional information is subject to detailed internal review.

Quarterly business updates

We provide a market update with portfolio information in April/May and October/November. No financial numbers are provided, nor do we revalue or provide any forecasts in respect to the valuation of our portfolio. Due to the limited information provided, no external assurance is provided or deemed necessary. However, the announcements are subject to significant internal review and verification.

Annual Responsibility Report and our progress to net zero carbon

We publish an annual Responsibility Report which is structured around our seven key ESG priorities (see page 40). Certain environmental and health and safety metrics are subject to independent limited assurance under the ISAE 3000 (Revised) and ISAE 3410 Standards. This assurance captures the data we disclose on utility usage, waste generation and energy consumption.

In addition to TCFD (see pages 102 to 115), we report in accordance with the EPRA Sustainability Best Practices Recommendations and the Sustainability Accounting Standards Board (SASB). Disclosures are prepared by the Sustainability and Investor Relations teams. As well as being subject to detailed internal reviews, the environmental and health and safety metrics are reviewed by Deloitte LLP as part of their external assurance work.

Other reports

There are a limited number of other financial reports provided to external stakeholders. These relate mainly to RNS and press release announcements of transactions. The announcements are subject to internal verification checks to ensure values, rental levels, areas and yields are fairly stated and, where material, are signed off by the CEO and CFO. In relation to acquisitions and disposals, figures are reconciled to cash movements and completion statements. When reported, rent collection figures are generated internally from daily cash sheets and entered into our property management database. Given the daily nature of this information, and the immateriality of individual amounts, it is not considered practical to seek external assurance in relation to this information.

Key reporting risk area	Current level of assurance	Current provider(s)	Further information
Financial statements	International Standards on Auditing (UK) and applicable law	PwC	Pages 216 to 276
Key EPRA financial metrics[1]	International Standards on Auditing (UK) and applicable law	PwC	Page 278
Portfolio valuation	External valuation in accordance with RICS Valuation Global Standards and the Red Book	Knight Frank	Pages 61 to 65
Key performance indicators	Detailed internal review and external assurance on specific KPIs from PwC and Deloitte LLP	PwC & Deloitte LLP	Pages 33 to 37
Environmental, energy and carbon	ISAE 3000 (Revised) and ISAE 3410 Standards 'limited assurance'	Deloitte LLP	Pages 58 and 59
Task Force on Climate-related Financial Disclosures (TCFD)	Detailed internal review and external review from PwC	PwC	Pages 102 to 115
Health and safety statistics	ISAE 3000 (Revised) Standard 'limited assurance'	Deloitte LLP	Page 53
Green Finance Framework and disclosures	Our Green Finance Framework received a Second Party Opinion (SPO) from DNV that it is aligned with the Loan Market Association's Extended Green Loan Principles 2021 and the International Capital Market Association's Green Bond Principles 2021. PwC have also provided reasonable assurance over selected green finance KPI disclosures.	PwC & DNV	Pages 83 to 85

1 EPRA earnings and EPRA NAV metrics (EPRA NRV, EPRA NTA and EPRA NDV).

External audit

The Committee has primary responsibility for managing the relationship with the external Auditor, including assessing their performance, effectiveness and independence annually and recommending to the Board their reappointment or removal.

The Company has complied with the provisions of the Competition and Markets Authority's order for the financial year under review in respect to audit tendering and the provision of non-audit services. The Committee last conducted a competitive external audit tender in 2023.

The Committee conducts an effectiveness review of the external Auditor on an annual basis which aims to ensure a robust audit is performed, auditor performance is optimised and encourages candid feedback and communication between the Auditor and the Committee. The aspects considered by the Committee during its review are detailed in the diagram below.

Audit quality can be challenging to define and measure. The Committee utilises Audit Quality Indicators (AQIs) to assess PwC's audit quality. The Committee finds the use of AQIs an effective addition to its review processes. The proposed AQIs for the 2024 year end were as follows:

- experience and continuity of the audit team;
- management and engagement team feedback;
- success in achieving the agreed timetable;
- number of audit misstatements, both adjusted and unadjusted; and
- number of control findings.

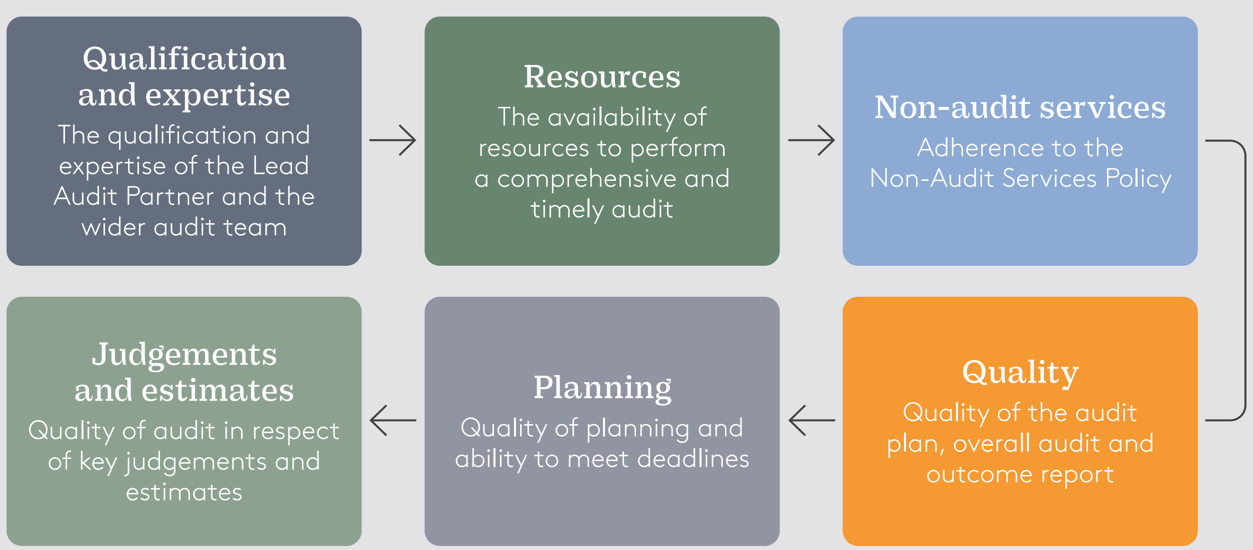
After taking all of these matters into account, the Committee concluded that PwC had performed their audit effectively, efficiently and to a high quality.

An important aspect of managing the external Auditor relationship is ensuring there are adequate safeguards to protect auditor objectivity and independence. In assessing this matter, the Committee considered the following:

- the Auditor's independence letter which annually confirms their independence and compliance with the Financial Reporting Council's (FRC) Ethical Standard;
- how the Auditor demonstrated professional scepticism and challenged management's assumptions, where necessary;
- the tenure of the external Auditor and the Lead Audit Partner;
- the outcome of the FRC's latest inspection of PwC's audit quality; and
- how the Auditor identified risks to audit quality and how these were addressed, including the network level controls the Auditor relied upon.

In assessing how the Auditor demonstrated professional scepticism and challenged management's assumptions, the Committee considered the depth of discussions held with the Auditor, particularly in respect to challenging the Group's approach to its significant judgements and estimates (see page 146).

Annual effectiveness review of the external Auditor



Audit and non-audit services in 2024

The audit fees incurred by PwC during the year totalled £673,975. In addition, PwC was remunerated £74,025 for the review of the interim results, £40,000 for green finance assurance, and £71,000 for other non-assurance related services. The Committee confirmed that it does not believe that the level or nature of the non-audit services provided during 2024 have impacted on PwC's actual or perceived independence as Auditor.

	2024		2023		2022	
Audit and non-audit fees	**£'000**	**%**	**£'000**	**%**	**£'000**	**%**
Audit of Derwent London plc and subsidiaries	674	78	620	90	657	90
Review of interim results	74	9	71	10	64	10
Other non-audit services	111	13	–	–	–	–
Total fees	859	100	691	100	721	100
Non-Audit Services Policy						
Non-audit fees as a % of the average audit fee in the last three consecutive financial years		28		12		11
Headroom relative to 70% limit		42		58		59

Audit exemption

For the year ended 31 December 2024, a number of the Group's wholly owned subsidiaries are entitled to exemption from audit, under section 479A of the Companies Act 2006. We have identified in the table on pages 274 to 276 which subsidiaries intend to utilise the audit exemption.

Derwent London plc is the ultimate parent company of these subsidiaries and has unanimously agreed to the adoption of the exemptions and to the granting of a guarantee in accordance with section 479C of the Companies Act 2006.

Non-audit services

The objective of maintaining the Non-Audit Services Policy (the Policy) is to ensure the independence of the external Auditor is not compromised and that the provision of such services does not impair the external Auditor's objectivity. The Policy was last approved by the Audit Committee in November 2023.

The Committee has provided pre-approval limits which allow management to appoint the external Auditor to conduct permissible non-audit services if they fall below an amount it deems as trivial. The approval limits for non-audit services are provided below and are subject to review:

Value	Approval required prior to engagement
Up to £25,000	Chief Financial Officer
£25,001 to £100,000	At least two members of the Audit Committee (including the Committee Chair)
£100,001 and above	Board of Directors

Summary of the Non-Audit Services Policy

Under the Policy, all services provided by the external Auditor (other than the audit itself) are regarded as non-audit services. Our Policy draws a distinction between permissible services (which could be provided subject to conditions set by the Committee) and prohibited services (which may not be provided by the external Auditor except in exceptional circumstances when the Auditor has been provided with approval by the Financial Conduct Authority).

The type of non-audit services deemed to be permissible includes a review of the half year results and assurance work on non-financial data. In accordance with audit legislation, the total fees for non-audit services provided by the external Auditor to the Group shall be limited to no more than 70% of the average of the statutory audit fee for the Company paid to the Auditor in the last three consecutive financial years.

When reviewing requests for permitted non-audit services, the Committee will assess:

- whether the provision of such services impairs the Auditor's independence or objectivity and any safeguards in place to eliminate or reduce such threats;
- the nature of the non-audit services;
- whether the skills and experience make the Auditor the most suitable supplier of the non-audit service;
- the fee to be incurred for non-audit services, both for individual non-audit services and in aggregate, relative to the Group audit fee; and
- the criteria which govern the compensation of the individuals performing the audit.

In accordance with the FRC Ethical Standard, the Committee would also assess whether it is probable that an objective, reasonable and informed third party would conclude independence is not compromised.

RISK COMMITTEE REPORT

Helen Gordon Chair of the Risk Committee

2025 focus areas

- Monitor emerging and market risks and how they might impact on the Group in the short to medium-term
- Ensure health and safety risks are being effectively managed across the Group
- Receive training on the Building Safety Act 2022 during 2025
- Review the Group's response to the ongoing risk posed by cyber attacks
- Ongoing monitoring of the Group's principal and emerging risks

Committee membership during 2024

	Independent	Number of meetings	Attendance[1]
Helen Gordon	Yes	3	100%
Lucinda Bell	Yes	3	100%
Sanjeev Sharma	Yes	3	100%
Cilla Snowball	Yes	3	100%
Madeleine McDougall[2]	Yes	1	100%

1 Percentages are based on the number of meetings that each member is entitled to attend for the 12 months ended 31 December 2024.

2 Madeleine McDougall was appointed as a member of the Risk Committee on 1 November 2024.

Dear Shareholder,

I am pleased to provide a report on the activities and focus areas of the Risk Committee.

The Group's risk profile remained elevated during 2024, as the sector continued to be impacted by the wider macro environment. Further information can be found in the 'Managing risks' section on pages 90 to 101.

Key activities of the Committee during 2024

A focus for the Committee this year was to gain a deeper understanding of the emerging and market risks which could impact on the Group in the future, and to ascertain how the business was preparing and/or monitoring these risk areas. In particular, the Committee received presentations on changing occupation levels and tenant demand, in addition to how the Group is managing building obsolescence. Our emerging risk register is available on page 100.

The Committee has overseen a wide range of activities within four key categories (see pages 158 and 159):

- Property and market
- Technology
- People and environment
- Compliance

The Committee invited members of the senior management team to present on risks relevant to their departments. This allowed the Committee to delve deeper into management's approach to risk and compliance with key policies.

Health and safety

Due to the importance of ensuring our people and contractors are safe, at each Committee meeting, a detailed update is provided on health and safety matters and identified key risks, both in the managed portfolio and development pipeline.

During 2024, all Executive Directors conducted leadership tours to reinforce the Board's commitment to, and visibility of, health and safety. Further information on health and safety is available on pages 52 and 53.

The Committee received a presentation on the Scottish portfolio risks including operational and project-specific risks. The Committee noted that whilst the Scottish portfolio represents only c.2% of our assets, the risks associated with the large acreage and varied uses are principally focused on health & safety, and reputation. The Committee discussed the key controls being implemented and their effectiveness.

Supply chain insolvency

The trend of rising insolvencies has continued over the last year with the most notable insolvency being ISG in September 2024. Although ISG was not engaged on any Derwent London projects, checks were carried out with our main contractors to determine if they could be impacted by the ISG insolvency. It was pleasing to note that none were affected. The Committee received updates on the risk of insolvencies and how we are seeking to monitor the financial solvency of contractors and consultants.

Cyber security

Due to the ongoing and rising risk of cyber crime, the Committee dedicated a significant portion of its November meeting to receiving a detailed update on cyber security from members of the Digital Innovation & Technology (DIT) team. The Committee was advised of our cyber posture and how we are seeking to mitigate risks.

In November, the Group achieved the government-backed Cyber Essentials Plus accreditation which provides greater assurance to stakeholders on the strength of our cyber posture. Further information on cyber security is on pages 162 and 163.

Changes to our risk registers

Change management systems has been added as a principal risk for 2025. Additionally, the Board and Risk Committee identified opportunities to consolidate and simplify the Group's principal risks and uncertainties. As a result, the number of standalone principal risks identified by the Group has reduced from 15 to 11 (see page 92). Further information can be found in the Managing risks section on pages 90 to 101.

Further engagement

The forthcoming AGM is on 16 May 2025 and I will be available to answer any questions on the Committee's activities that you may have. If you wish to contact me, I am available via our Company Secretary, David Lawler.

Telephone: **+44 (0)20 7659 3000** or
Email: **company.secretary@derwentlondon.com**

Helen Gordon
Chair of the Risk Committee

26 February 2025

Committee composition and performance

The Committee's membership for the year under review is detailed in the table on page 156. In addition to the Committee members, the Board Chairman, other Directors, senior management and the internal and/or external Auditors, are often invited to attend all or part of any meeting as and when appropriate or necessary.

In 2024, the Risk Committee met three times (2023: four meetings). The meetings in August and November included a joint session with the Audit Committee to review the outcome of internal audits (see page 150).

The 2024 evaluation of the Board, its committees and individual Directors was internally facilitated, in accordance with our three-year cycle of evaluations (see page 139). The review confirmed that the Committee continues to operate effectively, with no significant matters raised.

The Committee's role and responsibilities are set out in the terms of reference, which were last updated in August 2024, and are available on the Company's website at: **www.derwentlondon.com/investors/governance/board-committees**

Insolvencies within the construction industry

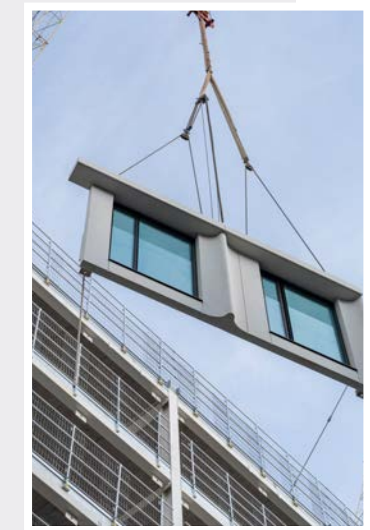
Our construction contracts place the risk of subcontractor insolvency with the main contractor. Whilst subcontractor insolvency remains a significant risk, we work with our contractors and consultant teams to monitor it closely.

Causes of insolvency

- Poor financial management
- Inflation
- Economic downturns
- Over-reliance on a single client/project
- Inadequate risk assessment
- Low margin bidding
- Over investment

Consequences

- Project delays
- Increased costs
- Legal disputes
- Reputational damage
- Supply chain disruptions



Mitigation strategies

- Financial due diligence
- Parent company guarantees or performance bonds
- Insurance
- Warranties
- Advance payments
- Contractual protections
- Monitoring and auditing
- Factory visits

Even with the above protections in place, we remain vigilant to early indicators that may indicate strain within the subcontractor supply chain. This includes maintaining good relationships in the industry to raise awareness about contractor finances, late financial returns, project team members leaving, project programmes slipping, under-resourced projects, increasing defects, subcontractors not being paid on time and inflated applications. We meet with our subcontractors to review performance and carry out visits of factory facilities to assure the quality of the outputs and that the necessary staffing levels are maintained. During 2024, Derwent London was not materially impacted by supply chain insolvencies.

s.172 factors (see page 132)

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Key activities of the Committee

During 2024, the Committee has focused its attention on a variety of risks within four key categories.

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

Property and market

Development risks

The Committee regularly reviewed the key risks affecting our major on-site developments. In addition, the Committee received updates on the wider factors which could impact our developments, including construction cost inflation, supply chain disruption, site security and material/labour shortages (see page 96).

Planning risk

The Development team joined Committee meetings to provide updates on the progress of planning applications for all major projects.

Insolvency risk

The Committee received a presentation on the causes of contractor and consultant insolvency and its consequences. The Committee received assurances that neither Derwent London nor its supply chain had been impacted by the insolvency of ISG (see page 157).

Building Safety Act 2022

The Committee received an update on our responsibilities and how we are ensuring our compliance. It was agreed that in-depth training on the Building Safety Act 2022 would be provided to the Committee in 2025.

Building obsolescence

The Committee were advised of the steps being taken to ensure longevity of assets and discussed obsolescence risk from a physical, functional and locational viewpoint.

Fire safety

The Committee received an update on the frequency and robustness of the Group's fire risk assessments, system testing and strategies.

Strategic objectives

1 2 4

Principal risks (see page 94)

1 3 4 5

Technology

Cyber security

Our cyber security controls have been strengthened considerably in recent years in response to the increasing threat this poses to businesses, and it remains an area that the Committee keeps under continuous review (see pages 162 and 163). In November 2024, the Committee received a detailed presentation on cyber security which covered:

- our cyber posture;
- our cyber strategy;
- future trends; and
- third party dependencies.

Crisis Management Team (CMT)

The Committee received updates on technical testing that was completed in July to ensure key IT disaster recovery failover mechanisms were operating effectively.

Phishing tests

The Committee received updates on the phishing tests conducted by the Digital Innovation and Technology (DIT) team throughout the year, which sought to test the robustness of our training programme.

Security penetration tests

The Committee received summarised reports of the independent security penetration tests that were carried out in 2024.

Cyber Essentials Plus

In November, the Group achieved the government-backed Cyber Essentials Plus accreditation which provides greater assurance to stakeholders on the strength of our cyber posture.

Strategic objectives

3 4

Principal risks

6 7 11

People and environment

Health and safety (H&S)

At each Committee meeting, a detailed update is provided on health and safety matters and identified key risks, both in the managed portfolio and development pipeline. During 2024, all Executive Directors conducted leadership tours to reinforce the Board's commitment and visibility to health and safety.

H&S system and reporting

The Committee reviewed the systems utilised to monitor our health and safety compliance, reporting and management.

Asbestos management

The Committee receives updates on asbestos management at least annually. The Committee gained assurance that the risk was being adequately managed.

Lift entrapment

The Committee reviewed the number of instances of lift entrapment across the portfolio. The Committee gained an understanding of why lift entrapments occur and how we seek to rectify the issues. It was pleasing to note that there had been no injuries or harm to individuals from the lift entrapments.

Scotland solar panel procurement

The Committee reviewed the risks associated with the procurement of solar panels for our 100-acre Solar Park in Lochfaulds (see page 161).

Terrorism risk

The Committee received an update on the security provision across the portfolio to ensure our assets and occupiers are protected, with plans in place to respond to terrorism risks should they occur.

Strategic objectives

3 4

Principal risks

8 9 10

Compliance

Key risk indicators

The Committee has identified, and reviews at each meeting, key risk indicators and whether they have exceeded the agreed risk tolerances.

Legal updates

The Committee received assurances from the business that we are preparing for any upcoming legal developments.

Anti-bribery and corruption

At each meeting, the Committee reviews the Hospitality & Gift Register which contains the returns prepared by all employees (including Directors) on a quarterly basis.

Litigation risk

The Committee received updates on a series of 'mock trials' undertaken with assistance from expert barristers, which aimed to understand how Derwent London was seeking to avoid regulatory action and how it would respond to litigation risks.

Compliance training

The Risk Committee agreed the 2025 training programme and monitored completion rates. Engagement with the training continues to be high with on average c.96% of employees completing quarterly training (see page 165).

Internal audits

Alongside the Audit Committee, the Risk Committee received updates on the work performed by internal audit. Further information on the audits conducted during 2024 is on page 150.

Strategic objectives

3 4

Principal risks

10

RISK COMMITTEE REPORT continued

Risk management structure

The Board

- Overall responsibility for risk management and internal control
- Sets strategic objectives and risk tolerance
- Sets delegation of authority limits for senior management
- Ensures that a healthy purposeful culture has been embedded throughout the organisation (with input from the Executive Directors)
- Agrees the Group's strategy to managing climate change resilience, approving and monitoring progress against our Net Zero Carbon Pathway (with input from the Responsible Business Committee)

Risk Committee

- Reviews the Board's risk registers and determines the nature and extent of the principal and emerging risks facing the Group
- Manages the internal audit process jointly with the Audit Committee
- Works alongside the Board to set risk tolerance levels
- Receives updates on key risk areas and monitors the Group's risk indicators and non-financial controls

Nominations Committee

- Ensures the Board (and its committees) have the correct balance of skills, knowledge and experience
- Ensures that adequate succession plans are in place for the Board, Executive Directors and the wider talent pipeline

Audit Committee

- Reviews the assurance received for the information published in our financial statements and key announcements
- Manages the external audit process and reviews internal audit reports jointly with the Risk Committee
- Monitors the internal financial control arrangements, and satisfies itself that they are functioning effectively, and that corrective action is being taken where necessary

Responsible Business Committee

- Oversees the Group's policies in respect of modern slavery, the protection of human rights, achieving our Net Zero Carbon Pathway, and employee satisfaction and wellbeing etc.
- Monitors the Group's corporate responsibility, sustainability and stakeholder engagement activities
- Monitors the Group's diversity and inclusion initiatives

Remuneration Committee

- Ensures that remuneration and reward arrangements promote long-term sustainable performance and retention of key talent
- Monitors the incentive framework to ensure it does not encourage Executive Directors to operate outside the Board's risk tolerance

In addition to the Risk Committee, the Board's other principal committees manage risks relevant to their areas of responsibility.

Executive Directors, with assistance from the Executive Committee

- Ensures the design and implementation of appropriate risk management and internal control systems that identify the risks facing the Group and enable the Board to make a robust assessment of the principal risks
- Maintains the Group's risk registers
- Manages the Group's risk management procedures
- Reviews the operation and effectiveness of key controls

Heads of Department

- Provides guidance and advice to staff on risk identification and mitigation plans
- Engages with the Executive Directors and senior management to identify risks
- Allocates 'risk managers' and oversees their response
- Risk management is devolved to the appropriate level most capable of identifying and managing the risk

Risk management

At Derwent London, the management of risk is treated as a critical and core aspect of our business activities. Although the Board has ultimate responsibility for the Group's risk identification and management procedures, certain risk management activities are delegated to the level that the Board judge is most capable of overseeing and managing the risks. In order to gain a comprehensive understanding of the risks facing the business and the management thereof, the Risk Committee invites senior managers and external advisers to present at its meetings.

A robust assessment of the principal risks facing the Group is regularly performed by the Directors, taking into account the risks that could threaten our business model, future performance, solvency or liquidity, as well as the Group's strategic objectives over the coming 12 months.

Our principal risks are documented in the Schedule of Principal Risks (see pages 94 to 99) which includes a comprehensive overview of the key (financial and non-financial) internal controls in place to mitigate each risk and the potential impact. The Directors also review an assurance framework which evidences how each internal control is managed, overseen and (where appropriate) independently assured.

Due to its importance, material changes to the Schedule of Principal Risks can only be made with approval from the Risk Committee or Board (changes made to our principal risks during 2024 are on page 92). Further information on the Group's risk registers subject to review by the Risk Committee are detailed in the table below.

Procurement of solar panels

There are global concerns over the possible use of forced labour in the production of solar panels. At its meeting in August 2024, the Committee sought to understand the risks associated with the procurement of solar panels for our 100-acre Solar Park in Lochfaulds. To aid in finding an appropriate supplier, Derwent London appointed The Greenspan Agency at the conception of the project. To aid in its understanding, the Committee reviewed background reports on the preferred supplier shortlist, a risk exposure report and research information. It was agreed that to avoid human rights abuses, all potential suppliers would be required to confirm the origins of the materials used and their manufacturing during the tender process.

s.172 factors (see page 132)

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Risk documentation and monitoring

Schedule of Principal Risks See page 94	Contains the risks which are classified as the Group's main risks which impact on the Group or could impact the Group over the next 12 months. The Schedule of Principal Risks also includes an assurance framework to evidence how each control is managed, overseen and independently verified. During 2024, the Board and Risk Committee identified opportunities to consolidate and simplify the Group's principal risks and uncertainties. As at 31 December 2024, the Schedule of Principal Risks contains 11 risks (2023: 15 risks).
Schedule of Emerging Risks See page 100	Contains the internal and external emerging risks that could significantly impact the Group's financial strength, competitive position or reputation within the next five years. Emerging risks could involve a high degree of uncertainty. As at 31 December 2024, the Schedule of Emerging Risks contains five risks (2023: five risks).
Group Risk Register	Risks not deemed to be principal to the Group are documented within the Group's Risk Register, which is maintained by the Executive Directors, with assistance from the Executive Committee. The Board reviews and approves the Group's Risk Register on an annual basis and it is reviewed by the Risk Committee at each of its meetings. As at 31 December 2024, the Group Risk Register contains 48 risks (2023: 47 risks).
Key risk indicators	The Risk Committee has identified risk areas which could indicate an increase in the Group's risk profile. These indicators are reviewed at each Risk Committee meeting and are compared against the Board's Risk Appetite Statement (see page 93). Any deviance or significant increase is subject to challenge by the Risk Committee. The risk indicator contains 10 risk areas including cyber security, cost inflation, project status, data protection, and health and safety incidents etc.
Functional/departmental risk registers	Risk registers are maintained at a departmental/functional level to ensure detailed monitoring of risks, where necessary. These registers are the responsibility of each department and are periodically reviewed by the Risk Committee during risk-specific presentations. Examples of these registers are the development risk registers for each building project and the 'tenants on watch' register.

Digital security risks

Cyber and information security

We adopt a layered defence approach to cyber security which provides multiple levels of security controls to protect against cyber attacks. This eliminates single points of failure and provides multiple opportunities for threats to be identified, contained and remediated before they can cause harm.

Our cyber security controls and procedures are subject to regular independent reviews and tests, the results of which are presented to the Risk Committee, which monitors the implementation of any arising actions. The Committee reviews a dashboard of key risk indicators at each meeting which includes information security and cyber risk-related KPIs.

In H1 2024, multiple security penetration tests were conducted by a UK-based CREST accredited security consultancy and in November, our government-backed Cyber Essentials accreditation was upgraded to Cyber Essentials Plus. This provides greater assurance to stakeholders on our security posture as it involves an independent technical audit of our cyber controls and vulnerability tests performed by the certification body, IASME.

During 2024, there was a 15% increase in the total number of potential attacks when compared to 2023, none of which resulted in a security incident. 99.98% of the attempts were stopped before they reached the intended targets, with the remaining attempts immediately being reported to our Digital Innovation and Technology (DIT) team. This highlights the robustness of our cyber security posture and awareness campaigns.

As part of our compliance training programme in 2024, the DIT team highlighted the dangers of video and audio 'deep fakes' to perpetrate realistic cyber attacks by generating voice clones of our Executive Directors. With the rise of sophisticated technology available to threat actors and the enhanced effectiveness of AI in executing attacks, it is critical that our staff remain abreast of the latest threats.

Cyber attack on our buildings / See page 97

Cyber attack on our IT systems / See page 97

Members of the Digital Innovation & Technology team

Data protection

Derwent London is perceived as being relatively low risk from a data protection perspective, as the amount of personal data that we hold is limited. We have robust procedures in place to safeguard the security and privacy of information entrusted to us. As part of the Committee's key risk indicator schedule, we monitor the number of 'near miss' data breaches and how these have been addressed. Our procedures ensure that we:

- maintain the confidentiality, integrity and availability of data and safeguard the privacy of our customers and employees, to ensure that the business retains their trust and confidence;
- protect the Group's intellectual property rights, financial interests and competitive edge;
- maintain our reputation and brand value; and
- comply with applicable legal and regulatory requirements.

We operate a Data Protection Steering Committee which meets on a quarterly basis and comprises of Data Protection Champions from each department. Our DIT team routinely conducts supplier information security due diligence assessments as part of the onboarding process for all new suppliers of digital services to help provide assurance on the security posture of our suppliers and reduce the risk of supply chain attacks. Data Protection Impact Assessments (DPIAs) are also completed for any new projects or changes to processes that involve data processing, to help identify and mitigate any data privacy risks.

Digital strategy risks

As we increase the digitalisation of our business model through our Intelligent Building Programme, our potential exposure to digital risks will increase. A cyber attack on our buildings has been identified as a principal risk for the Group, and our key controls to mitigate these risks are detailed on page 97.

Intelligent Building Programme

In alignment with our strategy and purpose, the Derwent London Intelligent Building Programme seeks to enable our buildings to be monitored and operated more efficiently, driving down equipment faults (and consequential maintenance) and delivering energy and operational carbon savings. During 2024, the Executive Committee continued to monitor the phased roll-out of the Intelligent Building Programme. The Committee will be kept updated on progress and its success. The key indicators of success will be the cost savings to our occupiers (due to early fault detection) and the operational carbon savings for the Group and our occupiers.

Artificial Intelligence (AI)

Technological advancements are an emerging risk for the Group. While the rapid pace of AI development offers potentially large efficiency gains throughout our business, it does introduce several risks. A group of users have been trialling Microsoft Copilot over recent months to see how it can assist their roles. It is expected that we will roll Microsoft Copilot out to the wider business in 2025, along with training. Our Acceptable Use Policy has been amended to reference AI and make clear to our users that it should be used responsibly and ethically and that users are accountable for reviewing any output generated for correctness.

Technological change / See pages 100 and 101

Business continuity

In 2024, a Business Impact Analysis (BIA) was conducted to determine and evaluate the potential effects of an interruption to critical business operations.

During the analysis, we reviewed the Maximum Tolerable Outage (MTO) time for all critical business processes, the dependencies for each process in terms of people, technology and supply chains, as well as the expected process recovery times in the event of various major disruptive incident scenarios.

The output from the BIA will be used in 2025 to further develop our Business Continuity Plan (BCP) and prioritise recovery plans.

In July 2024, annual technical testing was completed to ensure key IT disaster recovery failover mechanisms were operational. Our next biennial full interruption test, including a failover of all IT systems and services to our backup data centre, will be conducted in 2025.

Disaster recovery

Derwent London has formal procedures for use in the event of an emergency that disrupts our normal business operations that consist of:

- **Business Continuity Plan (BCP):** The BCP serves as the centralised repository for the information, tasks and procedures that would be necessary to facilitate Derwent London's decision making process and its timely response to any disruption or prolonged interruption to our normal activities. The aim of the BCP is to enable the recovery of prioritised business operations as soon as practicable.
- **Crisis Management Team (CMT):** The CMT is composed of key personnel deemed necessary to assist with the recovery of business. The BCP empowers the CMT to make strategic and effective decisions to support the recovery of business until we are able to return to normal working.
- **Off-site disaster recovery data centre:** An off-site disaster recovery data centre is available in the event of an emergency, to provide continued access to IT services and data to our staff.
- **Testing and review:** The strength of our business continuity and disaster recovery plans are regularly tested and continually refined to reduce the potential for failure.

Risk management framework

Our risk management procedures seek to ensure that all foreseeable and emerging risks are identified, understood and managed.

Our risk management framework is summarised below.

Identification
Assessment
Monitoring
Response

Independent assurance

Identification

- **Top down approach to identify the principal risks that could threaten the delivery of our strategy:** At the Board's annual strategy reviews, scenarios for the future are considered which assist with the identification of principal and emerging risks and how they could impact on our strategy. The continuous review of strategy and our environment ensures that we do not become complacent and that we respond in a timely manner to any changes.
- **Bottom up approach at a departmental and functional level:** Risks are principally identified by the Executive Committee and members of senior management, through analysis, independent reviews and use of historical data and experience. Risk registers are maintained at a departmental/functional level to ensure detailed monitoring of risks, where necessary. Risks contained on the departmental registers are fed into the main Group Risk Register depending on the individual risk probability and potential impact.

Assessment

Following the identification of a potential risk, the Executive Committee seeks to:

- gain sufficient understanding of the risk to allow an effective and efficient mitigation strategy to be determined;
- allow the root cause of the risk to be identified;
- estimate the probability of the risk occurring and the potential quantitative and qualitative impacts; and
- understand the Group's current exposure to the risk and the 'target residual risk profile' (in accordance with the Board's risk tolerance) which will be achieved following the completion of mitigation plans.

Where necessary, external assistance is sought to assess potential risks and advise on mitigation strategies. Emerging risks are kept under review at each Risk Committee meeting and are reassessed during the Board's annual strategy reviews.

Monitoring

As part of our risk management procedures, the Executive Committee and Risk Committee routinely conduct monitoring exercises to ensure that risk management activities are being consistently applied across the Group, that they remain sufficiently robust and identify any weaknesses or enhancements which could be made to the procedures. Monitoring activities include:

- the regular review and updating of the Schedule of Principal Risks, Schedule of Emerging Risks and the Group's Risk Register;
- independent third party reviews of the risk management process to provide further assurance of its effectiveness;
- alerting the Board to new emerging risks and changes to existing risks;
- monitoring how the risk profile is changing for the Group; and
- providing assurance that risks are being managed effectively and where any assurance gaps exist, identifiable action plans are being implemented.

Response

We implement controls and procedures in response to identified risks with the aim of reducing our risk exposure, so that it is aligned or below our risk tolerance. The successful management of risk cannot be done in isolation without understanding how risks relate and impact upon each other. The mitigation plans in place for our principal risks are described on pages 94 to 99. We use insurance to transfer risks which we cannot fully mitigate.

Insurance

Our comprehensive insurance programme covers all of our assets and insurable risks. We are advised by insurance brokers, who provide a report to the Risk Committee on an annual basis. We have a long-standing relationship with our property insurers, who perform regular reviews of our properties that aim to identify risk improvement areas. Due to our proactive risk management processes, Derwent London has a low claims record which makes us attractive to insurers.

Anti-bribery and corruption

We are committed to the highest standards of ethical conduct and integrity in our business practices and adopt a zero-tolerance approach to bribery and corruption. The Company has assessed the nature and extent of its exposure to bribery and corrupt practices and, overall, considers our residual exposure to be low. To address the risk areas identified, and other risks that may arise from time to time, the Company has established procedures which are designed to prevent bribery and corrupt practices from occurring. An overview of our policies and procedures in this area is contained in the table below.

The greatest potential risk area for Derwent London is in respect of our long supply chains. Our zero-tolerance approach is communicated to all of our suppliers, contractors and business partners. Before we enter into a new business relationship, our due diligence procedures determine if a third party has previous convictions under the Bribery Act. All contracts with suppliers or contractors prohibit the payment of bribes, or engaging in any corrupt practice, and we have the right to terminate agreements in the event a bribe is paid or other corrupt practice undertaken.

Compliance training

The Group operates a compliance training programme which is mandatory for all employees and members of the Board. The Risk Committee oversees the programme, agrees the topics to be covered and receives an update on completion rates. The programme covers a range of risk and compliance topics (including anti-bribery and corruption, diversity and inclusion, data protection, fraud and modern slavery).

At the launch of each training topic, an introductory email is sent to participants advising them why the training is important and links to further information (including Company policies and guidance notes). The topics covered over the past two years are:

- anti-money laundering;
- prevention of tax evasion;
- modern slavery;
- competition law;
- conflicts of interest;
- anti-bribery and corruption; and
- cyber fraud awareness.

The Committee was pleased with the level of engagement from employees with, on average, c.96% of all employees completing each training module.

Policy and procedures to prevent bribery and corruption

Corporate hospitality	Hospitality must be reasonable in value, appropriate to the occasion and provided openly and transparently. It must not compromise, nor appear to compromise, the Group nor the business judgement of our staff.
Business gifts	Generally, gifts should not be accepted unless valued at less than £50, are not cash or a cash equivalent (e.g. gift certificate), are appropriate to the circumstances and are not given with the intention of compromising or influencing the party to whom it is being given.
Hospitality and Gift Returns	All staff are required to complete quarterly Hospitality and Gift Returns which document all instances of third party hospitality or gifts (given or received) over that three-month period if the value is in excess of £50 for hospitality and £10 for gifts. The Hospitality and Gift Returns are subject to review by the Risk Committee.
Political donations	The Company strictly prohibits any political donations being made on its behalf.
Charitable donations	Charitable donations are handled by the Sponsorships and Donations Committee. 'Know your client' procedures are applied to charitable organisations to ensure we are dealing with a valid body acting in good faith and with charitable objectives.
Contractors and suppliers	Our greatest potential risk area is in respect of our long supply chains, as detailed above.
Supply Chain Responsibility Standard	Contains the minimum standards we expect from major suppliers (further information is on page 171).
Payments and expenses	All payments made must be warranted, transparent and proper. All payments must be accurately recorded through the normal accounting and financial procedures without any deception or disguise as to the recipient's identity or the purpose of the payment in question. No one approves their own expense claim. All expense claims must be approved by a Director or senior manager.
Facilitation payments	Facilitation payments are bribes and are strictly prohibited.
Conflicts of interest	All conflicts of interest or potential conflicts of interest must be notified to the Company Secretary and a register of such notifications is maintained. The Corporate governance statement on page 128 explains our process for managing potential conflicts.
Training	We provide our employees with guidance notes and regular training on anti-bribery, corruption, fraud, ethical standards and the prevention of the facilitation of tax evasion.
'Speak up' procedures	A confidential helpline is available for staff to report concerns anonymously (see page 128).

RESPONSIBLE BUSINESS COMMITTEE REPORT

Dame Cilla Snowball Chair of the Responsible Business Committee

2025 focus areas

- Ensure a smooth transition as Madeleine McDougall succeeds Dame Cilla Snowball as Chair of the Responsible Business Committee
- Review and action the recommendations arising from the 2024 employee 'pulse survey'
- Continue to monitor the Group's community, charitable and sponsorship initiatives
- Continue to monitor and receive regular progress updates on the Group's Net Zero Carbon Pathway

Committee membership during 2024

	Independent	Number of meetings	Attendance[1]
Cilla Snowball[2]	Yes	1	50%
Mark Breuer	Yes	2	100%
Madeleine McDougall[3]	Yes	1	100%
Matt Massey	Employee	2	100%
Lucy Taylor	Employee	2	100%
Kirsty Williams	Employee	2	100%
Paul Williams	No	2	100%

1 Percentages are based on the number of meetings that each member is entitled to attend for the 12 months ended 31 December 2024.

2 Cilla Snowball was unable to attend the meeting in December. Cilla was fully involved in the preparation of the agenda and review of the papers. In Cilla's absence Mark Breuer acted as Committee Chair.

3 Madeleine McDougall was appointed as a member of the Responsible Business Committee on 1 November 2024.

Dear Shareholder,

As the Chair of the Responsible Business Committee, I am pleased to present our report for 2024.

Engagement with our stakeholders

Stakeholder engagement is a core strategic priority at Derwent London, and the Committee regularly reviews the activities and impacts of the Company's engagement with its employee, occupier, supplier and community stakeholders.

The Derwent London Community Fund has been running since 2013 and to date has invested over £1.15m into 172 grassroot, local community projects and initiatives across our portfolio. We are extremely proud of the work that has been done and that local funding has been consistently maintained (led by Helen Joscelyne, Community & Social Value Manager) enabling our neighbours and communities to thrive. The Committee also reviewed the wider community engagement and consultations held during Derwent London's developments at Baker Street, Network, Gloucester Place and in the Old Street Quarter.

Employee engagement is particularly strong at Derwent London and we are proud to see consistently high levels of employee pride and satisfaction in staff surveys. This year the Committee's employee members led important work to improve performance reviews and cross-company collaboration as well as preparing for the 2024 employee 'pulse survey' that was carried out in December 2024. On 17 October, the Board hosted a reception with a range of Derwent London employees to foster relationships and facilitate wider discussions.

The Committee received updates on occupier engagement with our sustainability initiatives, the Supply Chain Responsibility Standard and Modern Slavery Policy, practices and procedures.

Diversity and inclusion

The Committee oversaw the process to renew Derwent London's National Equality Standard (NES) accreditation and was delighted that the Company was emphatically reaccredited and ranked in the top 5% of all companies who have participated in the National Equality Standard assessment. Special credit to Katy Levine (Head of HR) and the D&I Working Group who led this important work and many other inclusion initiatives over the year; including the #10,000 Black & Able Intern programme, our health and wellbeing strategy and the Health, Safety and Accessibility Working Group. The Working Group continued to progress the recommendations from the Business Disability Forum self-assessment. All this work was effectively communicated and actioned through town halls and D&I newsletters, ensuring high awareness and engagement.

Net zero carbon

The Committee received regular oversight updates on the progress to net zero carbon by 2030, focusing on dashboard metrics, embodied carbon, occupier engagement and operational initiatives. We discussed work on offsets and solar panel procurement, the Accelerating Concrete Decarbonisation Group and the circular economy initiative. We are grateful to John Davies and the Sustainability team for leading this work.

Employee members

The employee members bring great insight, momentum and energy to the Committee and the Board is extremely grateful for their contributions which have made such a positive difference in so many areas and enable the Board to have a wider and deeper understanding of the organisation. We thank Matt Massey, Lucy Taylor and Kirsty Williams for their excellent work over their terms which concluded in December 2024. Following an internal application and selection process, we appointed Carys Grieve, Amy Hulbert, Bryan Vasquez and William Waples to the Committee as employee members. We wish them all much success in 2025 and beyond.

Further engagement

I would recommend that this report is read alongside the Responsibility section on pages 40 to 59. If you wish to discuss any aspect of the Committee's activities I am available via our Company Secretary, David Lawler.

After nine years on the Board, I will be stepping down on or before the 2025 AGM as Chair of the Responsible Business Committee and as the designated director for gathering the views of the workforce. I am delighted to be handing over my responsibilities to Madeleine McDougall, who I am sure will continue to drive the ever-important responsible business initiatives that are embedded in the culture at Derwent London.

Telephone: **+44 (0)20 7659 3000** or
Email: **company.secretary@derwentlondon.com**

Dame Cilla Snowball
Chair of the Responsible Business Committee

26 February 2025

Committee composition and performance

During 2024, our Committee consisted of three independent Non-Executive Directors, the Chief Executive and three employee members. At the request of the Committee, members of the Executive Committee, senior management team, other Board members and external advisers were invited to attend all or part of any meeting, as and when appropriate. During the year under review, the Committee held two formal meetings (in May and December) (2023: two meetings).

As Cilla Snowball will retire from the Board no later than at the 2025 AGM, Madeleine McDougall will succeed Cilla as the Group's designated director for gathering the views of our workforce (see page 138).

The 2024 evaluation of the Board, its committees and individual Directors was internally facilitated by Mark Breuer, Chairman, in accordance with our three-year cycle of evaluations (see page 139). The review confirmed that the Committee continues to operate very effectively.

The Committee's role and responsibilities are set out in the terms of reference, which were last updated in December 2023 and are available on the Company's website at: **www.derwentlondon.com/investors/governance/board-committees**

Committee Chair succession

Madeleine McDougall joined the Derwent London Board and was appointed a member of the Responsible Business Committee on 1 November 2024.

Madeleine is the Head of Corporate Coverage Sector at Lloyds Banking Group and prior to this was the Head of the Real Estate & Housing team. Madeleine brings significant banking and central London real estate expertise to the Board.

During 2025, Madeleine will succeed Dame Cilla Snowball as Chair of the Responsible Business Committee and as the designated director for gathering the views of our workforce.

Non-Executive Director recruitment / See page 142

Madeleine McDougall Non-Executive Director
Incoming Chair of Responsible Business Committee

Key activities of the Committee

During 2024, the Committee continued to monitor and have oversight of the responsible business practices of the Group, prioritised employee wellbeing and engagement with key stakeholders through several methods and activities.

Responsible business

Supply Chain Responsibility Standard

Following the independent gap analysis conducted in 2023, the Supply Chain Responsibility Standard was revised and updated. The main changes related to:

- a new standalone section for 'Information Security and Data' providing emphasis on its importance; and
- greater detail on diversity and inclusion to encourage suppliers to improve practices within the sector beyond compliance obligations.

Modern slavery

Reviewed the Group's practices to prevent modern slavery and implemented the key recommendations from the independent gap analysis conducted by Unseen UK, which included updating the 'Speak up' Policy and condensing our procedures into a Modern Slavery Policy. The new Modern Slavery Policy was published on the Group's intranet.

Circular economy

The Committee received a copy of the Circular Economy initiative in advance of the Board meeting in H1 2025. The circular economy is about rethinking how we make, use and treat materials, such that the material's life is extended, reused or repurposed (see page 46).

Net zero carbon

Reviewed the Group's progress to be net zero carbon by 2030 and the latest Sustainability Data Dashboard. Discussed the work undertaken on carbon offsets, solar panel procurement and the Accelerating Concrete Decarbonisation Group. The risks associated with the procurement of solar panels was referred to the Risk Committee (see page 161).

8 years

Our Supply Chain Responsibility Standard has been an integral part of our responsible business practices for eight years

Stakeholder engagement

Local community engagement

Reviewed the wider community engagement and consultations undertaken before, during and after completion of our developments. Received regular updates on our community initiatives and engagement.

Sponsorship and Donations Committee

The Sponsorship & Donations Committee committed £339k for a variety of causes to be supported throughout the year.

The Committee received an update in December of all the charities supported during 2024, inclusive of both the Community Fund and the Sponsorship and Donations Committee.

The Committee noted that in the future there will be an option for charities to apply for multi-year funding. This is in response to charities looking for greater certainty and stability.

Occupier engagement

The Committee received an update on occupiers who have been engaged with during the year in respect to our sustainability initiatives.

Employee engagement

The Board hosted a 'meet the Board' event with employees from across the workforce to facilitate discussions and foster relationships. The Committee received an update on the latest 'pulse survey' and staff satisfaction in 2024.

£339k

Committed by the Sponsorship and Donations Committee during 2024

Diversity and inclusion

National Equality Standard

Renewed our National Equality Standard accreditation through an assessment conducted by EY, scoring in the top 5% of accredited organisations in the UK.

EY spoke with over 60 employees, including leadership discussions, 1-1 interviews and focus groups, and we provided 55 pieces of supporting documentation. EY presented the results to the Committee in December.

D&I Working Group

During the year the D&I Working Group membership was refreshed and strengthened through a series of new appointments.

The importance of D&I continued to be well-communicated across the business through town halls, inductions, the intranet and D&I newsletters.

#10,000 Black & Able Intern programme

Welcomed four interns for a period of six weeks with a rotation across the business every two weeks.

Health, Safety and Accessibility Working Group

The Committee received updates from the Health, Safety and Accessibility Working Group which continues to progress the recommendations arising from the Business Disability Forum self-assessment, with a focus on the built environment and accessibility. Actions include improving the way in which we capture and interpret data from our occupiers to identity patterns and common issues and improve the user experience in our buildings.

Top 5%

Scored in the top 5% of accredited organisations in the UK with the National Equality Standard

Employees

Employee members

To enable the voice of employees to be heard in the boardroom, the Responsible Business Committee composition includes employee members.

As the employee members reached the end of their tenure, engagement was sought from the wider workforce to appoint new members. Further information is on page 170.

The Committee's employee members continue to play an active and critical role in the Committee's activities and facilitate engagement between the wider workforce and the Board.

Health & Wellbeing Plan

Rolled out the 2024 Plan which covered an array of topics, such as pensions, healthcare and neurodiversity. The Committee were kept updated on the health and wellbeing initiatives being offered to staff and the feedback received.

Feedback from 2023 employee survey

The Committee reviewed the recommendations arising from the results of the 2023 biennial employee survey. The Committee's employee members hosted a series of focus groups to identify key focus areas, with the feedback and recommendations presented to the Committee.

Employee initiatives

Celebrated the careers and achievements of individual employees through the 'Monday Meets' initiative and introduced a series of 'Jargon Busting' interviews to share knowledge on our environmental, social and governance (ESG) areas.

6 years

The voice of our employees has been brought into the boardroom via our employee members for the past six years

Employees on the Responsible Business Committee

William Waples Senior Asset Manager | **Bryan Vasquez** Data Analyst Lead | **Carys Grieve** Senior Financial Accountant | **Amy Hulbert** Assistant Company Secretary

Having employee members on a Board-level committee enables the diverse voice of our employees to be brought directly into our boardroom, providing invaluable insight and feedback.

The Committee opened applications for new employee members in Q4 2024 as Matt Massey, Lucy Taylor and Kirsty Williams approached the end of their tenure. The Committee is thankful for the level of commitment the employee members have all shown to the Committee's initiatives. The Committee was pleased to receive a number of high quality applications from the wider workforce, and following an in-depth process, welcomed Byran Vasquez, Carys Grieve, Amy Hulbert and William Waples as the new employee members from 1 January 2025.

Our employee members will continue to be fully engaged in all aspects of the Committee's activities, meeting regularly with the Head of HR and D&I Working Group to review initiatives and provide six-monthly updates to the Executive Committee and wider workforce.

> "As an employee member, I was fortunate to collaborate with various people from across the business and saw first-hand the value created when bringing the employee voice into the boardroom.
>
> **Kirsty Williams**
> Associate, Property Management
> Member of the Committee from January 2022 to December 2024

Supply Chain Responsibility Standard

The primary purpose of the Supply Chain Responsibility Standard (the Standard) is to clearly set out our principles and expectations in terms of the environmental, social, ethical and governance issues which relate to our supply chains. The Standard renews our commitment to ensuring our supply chain remains as engaged as we are in setting the highest standards. During 2024, a review was conducted to ensure the Standard remains valid, with an updated version to be issued in 2025.

All new suppliers must acknowledge and adhere to our standards. We conduct risk reviews every two years, focusing on suppliers with an annual spend of over £20,000 and ask these suppliers to complete a more detailed questionnaire on key risk areas. All responses are reviewed to ensure compliance, and we provide additional support to suppliers if needed. The fundamental principles of the Standard are set out below:

Fundamental principles	Minimum standard
Governance	We will not tolerate any form of fraud corruption, bribery or anti-competitive behaviour/actions in our supply chain
Information security and data protection	Suppliers to have a comprehensive set of IT governance policies and procedures that are communicated to all employees through periodic training on data privacy and protection
Employment and labour practices	Suppliers to comply with the relevant employee-based legislation
Modern slavery	Suppliers to comply with the relevant legislation, specifically the Modern Slavery Act 2015
Diversity and inclusion	Suppliers to comply with the relevant employee-based legislation, specifically the Equality Act 2010
Payment practices	To aim to pay our suppliers within 30 days or in accordance with specified contract conditions
Health, safety and wellbeing	Suppliers to annually review their Health and Safety Policy Statement and management systems
Environmental and social	Suppliers to have robust environmental management policies and procedures in place appropriate to nature and scale of business

Responsible payment practices

Derwent London continued to be a signatory of the Chartered Institute of Credit Management (CICM) Prompt Payment Code up until its cessation on 3 December 2024. During 2024 our average payment term was 20 days. The Fair Payment Code replaced the Prompt Payment Code in December 2024. We remain committed to being clear, fair and collaborative with our suppliers and are currently in the process of applying for a Fair Payment Code Award of silver or higher.

Modern slavery

We understand that preventing modern slavery is vital and we remain committed to eradicating any possibility of modern slavery or human trafficking occurring with respect to our operations. During the year we continued to strengthen our policies and procedures by implementing the key recommendations arising from the independent review conducted in 2023 by the anti-slavery charity, Unseen UK. Additionally, all employees (including the Board) completed training on 'Modern Slavery Transparency Statements'.

Key recommendations	Status
Condense our procedures into a Modern Slavery Policy	Actioned and published on our Group intranet
To update the Responsible Business Committee terms of reference to make specific reference of having oversight to modern slavery risk	The Responsible Business Committee terms of reference were updated and are available to view on our website
Our 'Speak up' Policy to specifically reference modern slavery as a reportable concern	Actioned and published on our Group intranet

A summary of our key modern slavery practices is outlined below. Our latest Modern Slavery Statement is available to view on our website **www.derwentlondon.com**

Risk	The potential greatest risk exists in the supply chains of our construction contractors as well as the property management suppliers and maintenance contractors used in our buildings.
Governance	The Modern Slavery Act 2015 requires companies with an annual turnover of £36m to provide a modern slavery statement. Where legally required, our suppliers publish a modern slavery statement. Regardless of this threshold we encourage all suppliers to adhere to the Act. Suppliers are expected to provide modern slavery training to employees and ensure they have provisions in place for full compliance.
Policies	We have a number of internal policies that promote our culture and expected behaviours in accordance with the Act's objectives.
Engagement	We are clear on our zero-tolerance position and all suppliers have access to Derwent London's latest Modern Slavery Statement. We endeavour to obtain modern slavery statements from all suppliers, where they are bound by the Act. We expect our main contractors to conduct due diligence within their own supply chains to ensure that the risk of modern slavery and human trafficking occurring is adequately mitigated.
Effectiveness	All new starters are required to complete a 'core skills' programme which includes training on modern slavery risks. Ongoing training initiatives and our mandatory compliance training programme ensures that employees are kept up to date with the latest requirements.

Diversity and inclusion

Having a diverse, highly talented and skilled group of people at all levels within Derwent London is fundamental to our business success. Diversity and inclusion brings new ideas and fresh perspectives which fuel innovation and creativity.

The Board has established clear focus areas which aim to build an inclusive culture that promotes, encourages and celebrates the importance of diversity and inclusion at all stages, from attracting diverse and talented individuals through to retention and career opportunities.

Diversity and inclusion focus areas

Attracting diverse, highly skilled and talented employees

- Tackle any unconscious bias
- All shortlists to have due regard for diversity considerations (not limited to gender and ethnicity)
- Recruit from a wide pool of talent (including parents returning to work)

Retaining the best talent

- Focus on supporting parents returning to work
- Promote the importance of health and wellbeing initiatives
- Prioritise training and development and equal opportunities for all, with support of career progression
- Ensure open two-way communication

Promoting diversity

- Gender balance within our internships and work experience placements
- Aim to attract more women to the construction and property industry
- Heads of Departments to lead by example demonstrating inclusive leadership qualities

Key actions taken during 2024

- Redesigned and relaunched our performance appraisal process following feedback from the 2023 employee survey with manager training and consistent performance metrics and measurements.
- Worked with EY during the four-month National Equality Standard reassessment, which included speaking to a significant number of employees through a series of focus groups.
- Hosted six individuals through the #10,000 Black & Able Intern programme.
- Provided inclusive leadership training for senior managers.
- Introduced the option of enabling employees to 'swap' a limited number of standard bank holidays for a religious holiday/festival that holds personal significance.

Our people / See page 50

The Diversity & Inclusion Working Group

The Diversity & Inclusion Working Group (the D&I Working Group) consists of 13 members and meets monthly to discuss the progress being made towards the Group's diversity and inclusion vision, strategy and KPIs.

On an ad hoc basis and when deemed necessary, Executive Directors and/or Heads of Departments and employees are invited to join the Group's meetings, which provides insights into the diversity and inclusion initiatives being discussed. The Committee received updates on the progress made by the D&I Working Group at each meeting during 2024, which included:

- **Business Disability Forum (BDF):** Derwent London became a member of the BDF from 1 March 2023. During the year, the D&I Working Group continued to focus on progressing the feedback from the Disability Smart Audit self-assessment across the 10 competency areas.
- **Wellbeing initiatives:** During 2024, all employees were invited to attend a range of programmes. Our comprehensive approach involves supporting mental, physical, social and financial wellbeing. These were well-attended and included sessions on 'Neurodiversity: invisible conditions', 'The impact of changing seasons', and our benefit schemes. Additionally, there is a wealth of information available via the intranet all year round.
- **Communication:** The importance of diversity and inclusion has continued to be communicated via staff inductions, town halls and the intranet. Two diversity and inclusion newsletters were rolled out to employees with positive engagement and feedback received. To further share in the careers and achievements of individual employees, the D&I Working Group continued to post 'Monday Meets' via the Intranet and social media channels. 2024 also saw the introduction of a 'Jargon Busting' series with the objective of providing greater insight into our ESG areas.

In 2025, the D&I Working Group will continue to focus on the Business Disability Forum Framework and action plan, as well as actioning feedback from the recent National Equality Standard re-accreditation. The wellbeing strategy will be updated to reflect new requirements and inclusive working training will be rolled out to all employees.

Diversity key performance indicators

51%
of employees are female as at 31 December 2024

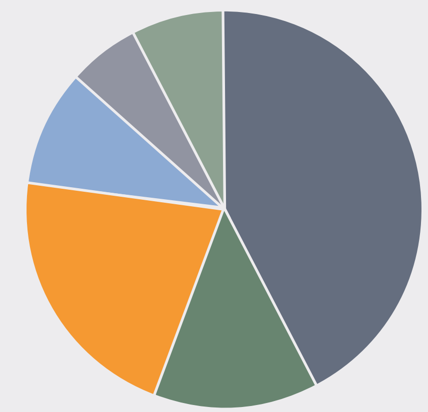
36.1%
of new recruits during 2024 were from an ethnically diverse background

42%
of the Executive Committee and its direct reports are women

The Group's composition and diversity

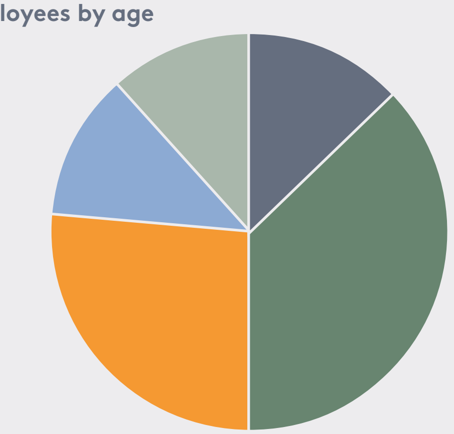
The information below provides a breakdown of our diversity as at 31 December 2024. Further information on the Board's composition is shown on page 143. The variance between genders in response to employee surveys is taken into account by the Remuneration Committee when determining the annual bonus payout for Executive Directors in relation to the staff satisfaction metric (see page 193).

Length of service



Years	Number of Employees
Under 3	85
3–4	27
5–9	43
10–14	19
15–19	12
20+	15
Total	201

Employees by age



Age	Number
20–29	26
30–39	75
40–49	53
50–59	24
60+	23
Total	201

Gender diversity and ethnic origin[1]

	Total employees[2]		Executive Committee and its direct reports[3]		Board[4]		Senior positions on the Board[5]
	Number	%	Number	%	Number	%	Number
Gender							
Men	98	49%	44	58%	6	55%	3
Women	103	51%	32	42%	5	45%	1
Other	–	–	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–	–	–
	201		76		11		4
Ethnicity							
White British/White Other	143	71%	64	84%	10	90%	4
Mixed/Multiple Ethnic Groups	10	5%	3	4%	–	–	–
Asian/Asian British	26	13%	6	8%	1	10%	–
Black/African/Caribbean/Black British	15	7%	1	1%	–	–	–
Other Ethnic Group	5	3%	2	3%	–	–	–
Not specified/prefer not to say	2	1%	–	–	–	–	–
Total	201		76		11		4

1 The information disclosed, and the format of the table, is prescribed by Listing Rule 9.8.6R(10).
2 Total employees include the Board of Directors.
3 Includes the Executive Committee and its direct reports (excluding administrative and support staff).
4 The Board includes the Chairman, Executive Directors and Non-Executive Directors.
5 Senior positions on the Board include the CEO, CFO, Chairman and Senior Independent Director.

REMUNERATION COMMITTEE REPORT

Sanjeev Sharma Chair of the Remuneration Committee

2025 focus areas

- Remuneration Policy review and consultation with major shareholders
- Operation of the 2025 annual bonus and grant of 2025 Performance Share Plan (PSP) awards
- Continue to keep wider workforce remuneration arrangements under review, taking these into account when considering remuneration arrangements for Executive Directors

Committee membership during 2024

	Independent	Number of meetings[1]	Attendance
Sanjeev Sharma	Yes	4	100%
Lucinda Bell	Yes	4	100%
Helen Gordon	Yes	4	100%
Claudia Arney[2]	Yes	1	100%

1 Percentages are based on the meetings that each member is entitled to attend for the 12 months ended 31 December 2024.

2 Claudia Arney stepped down from the Board at the 2024 AGM.

Annual statement

Dear Shareholder,

As Chair of the Remuneration Committee and on behalf of the Board, I am pleased to present our report on Directors' remuneration for 2024, my first since becoming Chair in May 2024.

I would like to thank Claudia Arney for her time chairing the Remuneration Committee and for her support as part of the transition process.

The Annual report on remuneration, describing how the Remuneration Policy has been applied for the year ended 31 December 2024 and how we intend to implement the Policy for 2025, is provided on pages 178 to 199. Our Remuneration Policy was approved by shareholders at the AGM held on 12 May 2023, and received 95% of votes cast in favour. We have provided a summary of the Policy on pages 180 to 183. A copy of the complete Remuneration Policy can be found on our website at: **www.derwentlondon.com/investors/governance/board-committees**

Linking Executive Directors' remuneration with our purpose, values and strategy

Our Remuneration Policy is designed to be simple and transparent and to promote effective stewardship in the context of the nature of the sector in which we operate. Further details, including how remuneration aligns with our purpose, values and strategy and how our KPIs are embedded within the incentive framework, are set out on page 179.

The Committee strives to provide clarity on how pay and performance is reported at Derwent London and how decisions made by the Committee support our purpose and values and strategic direction of the Group and take into account the experience of key stakeholders. During the year, the Committee considers that our Remuneration Policy has operated as intended in terms of supporting the delivery of the strategy and aligning outcomes with Company performance.

Performance outcomes in 2024

Based on performance against the financial and strategic targets, the incentive outcomes for 2024 were as follows:

- Annual bonus outcome of 61.3% of the maximum opportunity (equivalent to 92% of base salary) based on the outcome of the relative total return and total property return performance metrics and strategic objectives (see pages 192 and 193).
- The Performance Share Plan (PSP) award granted in 2022 will lapse in full, based on the outcome of the relative total shareholder return and relative total property return performance metrics (see page 194).

The Committee considered the formulaic vesting outcomes against broader perspectives including: underlying business performance and affordability; the experience of shareholders; and the experience of employees and other stakeholders.

The Group has continued to perform strongly relative to central London office-based real estate peers (the Group's total property return performance was 4.1% compared to the MSCI Quarterly Offices Index of 1.3%) in the face of a subdued market and continued economic uncertainty, which is testament to the execution of the strategy over multiple years, the performance and commitment of our Executive leadership team and the quality of the portfolio they have assembled.

The Directors recommend a final dividend of 55.50p per ordinary share for the year ended 31 December 2024. When taken together with the interim dividend of 25.00p per ordinary share paid in October 2024, this results in a 1.3% increase in total dividend for the year. The Committee also recognises that shareholders have been impacted by the Group's absolute share price performance during the last couple of years.

A dedicated section is included within this report which incorporates several disclosures to demonstrate the Committee's belief that remuneration arrangements for Executive Directors are fair and appropriate in the context of pay policies and practice across the wider workforce (see pages 186 to 189). In particular, it is noted that all eligible employees received a bonus for 2024.

No discretion was applied to adjust the formulaic outcome of the annual bonus or PSP awards.

Implementation in 2025

Base salaries

The Committee awarded the Executive Directors a 3.5% salary increase with effect from 1 January 2025. Therefore, Paul Williams' salary was increased to £732,000 and to £564,600 for the other Executive Directors. Base salary increases were in line with the average inflationary increase for the wider workforce of 3.5%. The average actual increase in base salaries for all employees eligible for a pay rise (inclusive of promotions, career progression and market salary alignments) effective from 1 January 2025 was 5.9%.

Annual bonus and PSP

The annual bonus and PSP opportunities remain unchanged for 2025. The Committee reviewed the annual bonus and PSP performance measures during 2024 to ensure that they continue to align with our strategy. After careful consideration, and reflecting that the Remuneration Policy will be fully reviewed in 2025 as part of the normal three-year cycle, the Committee agreed to implement minor refinements to performance measures for the 2025 annual bonus. Details are provided below.

The Committee agreed to rebalance the weighting of the 2025 annual bonus measures as follows: relative total property return (45%, vs 37.5% for 2024); relative total return (30%, vs 37.5% for 2024); strategic objectives (25%, no change vs 2024).

The relative total property return measure, which assesses our performance against the MSCI Quarterly Central London Offices Total Return Index, provides direct alignment with the Group's continued strategic focus on the central London office market. The Committee therefore considers that a modest increase to the weighting of the total property return measure strikes a better balance in terms of incentivising and rewarding Executive Directors for progressing our strategy and delivering outperformance across the central London office market.

The Committee believes that the total return performance measure should be retained (at a reduced weighting of 30%) as it means that Executive Directors also continue to be incentivised to outperform the real estate market more generally. Noting that the total return comparator group includes companies operating across different asset classes and UK regions (see page 193).

No changes have been made to the strategic objectives (see page 182).

No changes are proposed to the PSP performance measures. The 2025 award will continue to be based on total shareholder return vs the FTSE 350 Super Sector Real Estate Index (50%), total property return vs the MSCI Quarterly UK All Property Index (40%), embodied carbon and energy intensity reduction targets (10%).

As disclosed in the 2023 Report & Accounts, the Committee intended to increase the weighting of the embodied carbon and energy intensity reduction performance measures to 20% in the future. The Committee is mindful that the Group is still embedding a robust approach to managing embodied carbon and energy data and measuring performance against the UKGBC-aligned targets set under our Net Zero Carbon Pathway. In the current environment the Committee also wants to ensure that sufficient focus is retained on delivering total property return and total shareholder return performance. Therefore, after careful reflection, the Committee considers it appropriate to retain the weighting of the embodied carbon and energy intensity reduction performance measures at 10% within the 2025 PSP awards. The Committee will keep this under review in the future.

Delivering on its net zero carbon commitments remains a fundamental part of Derwent London's long-term strategy. The Committee strongly believes that, whilst it is appropriate for a proportion of PSP awards to be subject to embodied carbon and energy intensity performance measures, the Executive Directors are fully committed to delivering our sustainability strategy regardless of this link to the incentive framework.

Furthermore, the Board believes that strong sustainability performance will ultimately enhance the Group's total returns and total property returns over the longer term, both of which are performance measures within the incentive framework.

Annual statement continued

Remuneration Policy review

Outline of proposed timetable.

Invitation to engage
14 April 2025

Review Remuneration Policy and incentive framework
Q2 2025

Shareholder consultation
Q3 2025

Approval of final Remuneration Policy
Q4 2025

Publish Remuneration Policy Report
April 2026

Shareholder approval at AGM
May 2026

Dates are provisional and subject to change.

Non-Executive Chairman and Non-Executive Director fees

The Non-Executive Chairman's fee was increased by 3.5% to £289,800 with effect from 1 January 2025. The Non-Executive Director base fee was increased by 3.5% to £59,000 with effect from 1 January 2025. A similar increase was made to the additional fees payable to the Non-Executive Directors (see page 183). Fee increases were in line with the average inflationary increase for the wider workforce of 3.5%.

Remuneration Policy review

The current Remuneration Policy was approved by shareholders at the 2023 AGM. We are therefore required to put a new Remuneration Policy for shareholder approval at the 2026 AGM, which will govern annual bonus and long-term incentive awards granted in 2026, 2027 and 2028. The Committee will therefore undertake a thorough review of the current Remuneration Policy and incentive framework during the course of 2025 and will consult with major shareholders on any proposed changes.

Further engagement

I look forward to receiving your support at our 2025 AGM, where I will be available to respond to any questions shareholders may have on this report or in relation to any of the Committee's activities. In the meantime, if you would like to discuss any aspect of our Remuneration Policy or incentive framework, please feel free to contact me through the Company Secretary, David Lawler, as detailed below.

The Directors' remuneration report has been approved by the Board of Directors and signed on its behalf by:

Sanjeev Sharma
Chair of the Remuneration Committee

26 February 2025

Invitation to engage

Ongoing dialogue with our shareholders is important to us and informs the Board's decision making. Any shareholder who wishes to provide input into our Remuneration Policy review can contact me via our Company Secretary, David Lawler.

Telephone: **+44 (0)20 7659 3000** or
Email: **company.secretary@derwentlondon.com**

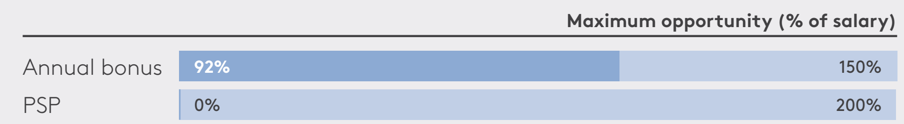
We request that all shareholders who wish to engage with the Committee during the Remuneration Policy review contact the Company Secretary before the 2024 AGM, on 16 May 2025. This is to ensure your comments are included in the Committee's discussions prior to consultation.

Remuneration at a glance

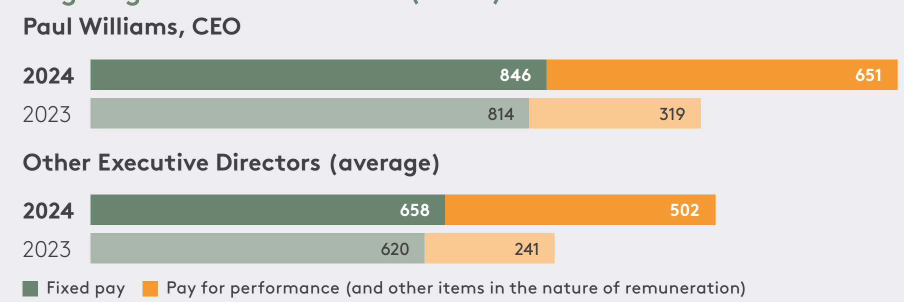
Our Remuneration Policy is designed to be transparent and to promote effective stewardship that is vital to the delivery of the Group's purpose and strategy.

Reward linked to performance

Performance-based remuneration achieved for the year ended 31 December as a percentage of base salary. Further information on annual bonus and PSP outcome in 2024 is available on pages 192 to 194.



Single figure of remuneration (£'000)



Remuneration Policy summary

Total remuneration

Fixed pay	Variable pay
Base salary Benefits Pension	Annual bonus Long-term incentive Performance-based

Component	Key features[3]
Base salary and benefits	Attract and retain high calibre executives
Pension	In line with the contributions available for the majority of the wider workforce (currently 15% of salary)
Annual bonus[1]	Maximum opportunity of 150% of salary Any bonus earned in excess of 75% of salary is deferred into shares over three years
LTIP[1]	Maximum opportunity of 200% of salary Three-year performance period plus two-year holding period
Shareholding guidelines[2]	200% of salary for all executives Post-employment guidelines apply

1 Strong link between performance against strategy and KPIs and reward.
2 Supports long-term stewardship.
3 Takes into account risk management.

Wider stakeholder considerations

The Committee considers pay policies and practices for employees, as well as feedback from key stakeholders, when making remuneration decisions for Executive Directors.

+5.9%
average increase in base salaries for all employees eligible for a pay rise effective from 1 January 2025

17:1
CEO pay ratio at 50th percentile (median) for 2024 (see page 189)

+1.3%
increase in the total dividend (2023 to 2024)

95%
of votes cast in favour of our Remuneration Policy at the 2023 AGM

Annual report on remuneration

(unaudited unless otherwise indicated)

The Annual report on remuneration (pages 178 to 199) explains how we have implemented our Remuneration Policy during 2024. The Remuneration Policy in place for the year was approved by shareholders at the 2023 AGM and is available to download from our website at: www.derwentlondon.com/investors/governance/board-committees

Role of the Remuneration Committee

The role of the Committee is to determine and recommend to the Board the Remuneration Policy for Executive Directors, and set the remuneration for the Chairman, Executive Directors and Executive Committee (including the Company Secretary). In doing so, the Committee has due regard for the remuneration arrangements available to the entire workforce and ensures that our Remuneration Policy supports our strategy, the achievement of our purpose, and is aligned with our values. We detail the Group's key remuneration principles, which inform our remuneration structure, in the table below.

The Committee's role and responsibilities are set out in the terms of reference, which were last updated in March 2022 and are available on the Company's website.

Structure of the annual report on remuneration

The Committee has structured this report to demonstrate that the remuneration arrangements for Executive Directors are fair and appropriate in the context of pay policies and practices across the wider workforce, mitigating risk and rewarding genuine outperformance. Key sections include:

- Aligning remuneration with our purpose, values and strategy (page 179)
- Overview of our Remuneration Policy and its implementation in 2025 (pages 180 to 183)
- Risk management (pages 184 and 185)
- Remuneration decisions in context (page 186)
- Executive Director remuneration in 2024 (page 190)

Our remuneration principles

The Committee ensures that the remuneration arrangements for Executive Directors are aligned with our key remuneration principles which are detailed below, as well as taking into account the principles of clarity, simplicity, risk, predictability, proportionality and alignment to culture set out in the UK Corporate Governance Code 2018.

Attract, retain and motivate	Support an effective pay for performance culture which enables the Company to attract, retain and motivate Executive Directors who have the skills and experience necessary to deliver the Group's purpose.
Clarity and simplicity	Ensure that remuneration arrangements are simple and transparent to key stakeholders and take account of pay policies for the wider workforce.
Alignment to strategy and culture	Align remuneration with the Group's objectives and long-term strategy and reflect our culture through a balanced mix of short and long-term performance-related pay and ensure that performance metrics remain effectively aligned with strategy.
Risk management	Promote long-term sustainable performance through sufficiently stretching performance targets, whilst ensuring that the incentive framework does not encourage Executive Directors to operate outside the Group's risk appetite (see page 93). Further information on risk management within our remuneration structures is on pages 184 and 185.
Stewardship	Promote long-term shareholdings by Executive Directors that support alignment with long-term shareholder interests. Executive Directors are subject to within-employment and post-employment shareholding guidelines. Once PSP awards have vested there is a two-year holding period during which Executive Directors are not able to sell their shares (net of tax) to support sustainable decision making.
Predictability	Details of the maximum potential values that may be earned through the remuneration arrangements are set out in the summary of our Remuneration Policy on pages 180 to 183.
Proportionality and fairness	Total remuneration should fairly reflect the performance delivered by the Executive Directors and the Group. The Committee takes into account underlying business performance and the experience of shareholders, employees and other stakeholders when determining vesting outcomes, ensuring that poor performance is not rewarded. The Committee considers the approach to wider workforce pay and policies when determining the Remuneration Policy to ensure that it is appropriate in this context.

Aligning remuneration with our purpose, values and strategy

Remuneration that aligns with our values

Our core values are reflected in our remuneration arrangements in the following ways:

We build long-term relationships

We seek to create long-term collaborative relationships with our occupiers and employees. The annual bonus contains strategic targets for tenant retention and staff satisfaction. A staff satisfaction metric helps the Committee, and the Board, monitor the wellbeing of the wider workforce and gauge our ability to retain key talent.

We lead by design

Our Remuneration Policy has been designed to reflect our key remuneration principles (page 178). Incentive arrangements reward genuine outperformance and progress against our strategic objectives. The structure of our Remuneration Policy is kept under routine review.

We act with integrity

Total remuneration fairly reflects the performance delivered by the Executive Directors and the Group. The Committee takes into account underlying business performance and the experience of shareholders, employees and other stakeholders when determining vesting outcomes, ensuring that poor performance is not rewarded.

Remuneration that supports our strategy and helps us to achieve our purpose

We seek to create above average long-term returns for our shareholders, retain and develop our talented workforce, design 'long-life, low carbon' space, and work towards achieving our net zero carbon ambitions.

Our Remuneration Policy has been designed to support our strategy by aligning our performance-based pay with our strategic objectives and Net Zero Carbon Pathway. We have ESG-related metrics within both elements of variable remuneration for Executive Directors (annual bonus and PSP).

Our ability to provide above average returns to our shareholders is a substantial element of our PSP (see page 194). Our total shareholder return is ranked against the FTSE 350 Super Sector Real Estate Index and vesting of this element only occurs if we reach or exceed median. Further information on the rationale for the Committee's chosen strategic performance targets is on page 184.

Environmental

As delivering on our net zero carbon commitments is a fundamental part of Derwent London's long-term strategy, sustainability performance metrics (embodied carbon reduction and energy intensity reduction) are included within the Executive Directors' long-term incentive plan awards (PSP).

Social

All employees receive at least the London Living Wage. Our generous benefit package includes a 15% company pension contribution. We continue to invest significantly in our employees to ensure that everyone thrives in their roles, feels valued, supported and has the opportunity of continuous growth and development.

Governance

Risk management is factored into the design of our remuneration arrangements and the setting of targets. We seek to ensure fairness and transparency in our disclosures, and voluntarily report on our CEO pay ratio on page 189.

How our KPIs are embedded within the executive remuneration framework

Success against our strategic objectives is measured using a range of financial and non-financial key performance indicators (KPIs), which are largely embedded within the executive remuneration framework as illustrated by the chart below.

KPIs

Financial		
Total return	B	
Total property return[1]	P	B
Total Shareholder Return (TSR)	P	
EPRA Earnings Per Share (EPS)		
Gearing & available resources		
Interest cover ratio (ICR)		

Non-financial	
Reversionary percentage	
Development potential	B
Tenant retention	B
Void management	B
BREEAM ratings	
Energy Performance Certificates (EPCs)	
Energy intensity	P
Embodied carbon intensity	P
Accident Frequency Rate (AFR)	B
Staff satisfaction	B

B Annual Bonus P Performance Share Plan

1 Total Property Return (TPR) performance for the annual bonus is assessed against the MSCI Quarterly Central London Offices Total Return Index (see page 193). TPR performance is assessed against the MSCI Quarterly UK All Property Total Return Index under the Performance Share Plan (see page 194).

Annual report on remuneration continued

Summary of Remuneration Policy

We have provided a summary of the key elements of the Remuneration Policy for Executive Directors and Non-Executive Directors approved by shareholders at the 2023 AGM on pages 180 to 183. In addition, we have set out how the Remuneration Policy will be implemented in 2025. Our full Remuneration Policy can be found on our website at: **www.derwentlondon.com/investors/governance/board-committees**.

We always seek to engage with shareholders when considering material changes to our remuneration policies or practices. In 2022, the Remuneration Committee consulted on the Remuneration Policy with 20 of our largest shareholders, representing approximately 64% of our issued share capital. The Committee was extremely pleased with the level of shareholder support at recent AGMs in respect of its Remuneration Policy and the Annual report on remuneration.

	Annual report on remuneration (2024 AGM)		Remuneration Policy (2023 AGM)	
Votes cast in favour	**95.5m**	**99.3%**	91.6m	95.0%
Votes cast against	**0.6m**	**0.7%**	4.8m	5.0%
Votes withheld	**0.0m**	**0.0%**	0.0m	0.0%
Total votes cast	**96.1m**	**100%**	96.4m	100%

Executive Directors

Element	How operated	Maximum opportunity	Implementation for 2025
Base salary	Normally reviewed annually. Any increase is normally effective from 1 January. Factors taken into account in the review include: • the role, experience and performance of the individual and the Company; • pay and conditions throughout the business; and • practice in companies with similar business characteristics.	No maximum, but increases will normally be consistent with the policy applied to the workforce generally (in percentage of salary terms). Increases above this level may be awarded in certain circumstances such as, but not limited to: • where there is a change in role or responsibility; • an Executive Director's development or performance in role (e.g.to align a new hire's salary with the market over time); and • where there is a significant change in the size and/or complexity of the Group.	With effect from 1 January 2025, Executive Directors' salaries were increased by 3.5%. The average inflationary increase for the wider workforce was 3.5%. Executive Director / 2025 salary (£'000) / 2024 salary (£'000): Paul Williams: **732.0** / 707.2 Damian Wisniewski: **564.6** / 545.5 Nigel George: **564.6** / 545.5 Emily Prideaux: **564.6** / 545.5 The average actual increase in base salaries for all employees eligible for a pay rise (inclusive of promotions, career progression and market salary alignments) effective from 1 January 2025 was 5.9%.
Benefits	Benefits include, but are not limited to, private medical insurance, car and fuel allowance and life assurance. Executive Directors may participate in the Sharesave Plan and any other all-employee plans on the same basis as other employees up to HMRC approved limits.	Set at a level which the Committee considers to be appropriate taking into account relevant factors including but not limited to the overall cost to the Company in securing the benefits, individual circumstances, benefits provided to the wider workforce and market practice.	Benefits will continue to include a car allowance or fully expensed car, fuel allowance, private medical insurance and life assurance.
Pension	Executive Directors may receive cash payments in lieu of contributions where considered appropriate (for example where contributions would exceed either the lifetime or annual contribution limits).	The maximum Company contribution or cash supplement (or a mix of both) for Executive Directors is aligned with the contribution available to the majority of the wider workforce (currently 15% of salary).	Company pension contribution and/or cash supplement for the Executive Directors is aligned with the majority of the wider workforce (currently at 15% of salary).

Element	How operated	Maximum opportunity	Implementation for 2025
Annual bonus	At least 75% of the annual bonus will be based on financial measures with up to 25% based on strategic objectives. Bonuses up to 75% of salary are paid as cash. Amounts in excess of 75% are deferred into shares for three years subject to continued employment. Dividend equivalents may accrue on deferred shares. Such amounts will normally be paid in shares. Malus and clawback provisions apply (see table on page 184). The Committee has discretion to adjust the payment outcome if it is not deemed to reflect the underlying financial or non-financial performance of the business, the performance of the individual or the experience of shareholders or other stakeholders over the performance period.	Maximum opportunity of up to 150% of salary may be awarded in respect of a financial year.	The maximum bonus potential for Executive Directors is 150% of salary. Bonuses for 2025 are subject to the following performance metrics: • **Total Return** (weighting: 30%). Performance measured against a comparator group of real estate companies. Targets and amounts vesting for threshold and maximum performance are outlined on page 193. • **Total Property Return** (weighting: 45%). Performance measured against the MSCI Quarterly Central London Offices Total Return Index. Targets and amounts vesting for threshold and maximum performance are outlined on page 193. • **Strategic targets** (weighting: 25%). The strategic targets, ranges and weightings are outlined on page 182. As detailed on page 175, compared to 2024, the weighting of the Total Property Return metric will be increased by 7.5%, with a commensurate decrease in the Total Return weighting.
Long-term incentives	Award of performance shares which vest after three years subject to performance measures set by the Committee and continued employment. Awards will be subject to a two-year post-vesting holding period. Dividend equivalents may accrue on performance shares. Such amounts will normally be paid in shares. Malus and clawback provisions apply (see table on page 184). The Committee has discretion to adjust the vesting outcome if it is not deemed to reflect appropriately the underlying financial or non-financial performance of the business, the performance of the individual or the experience of shareholders or other stakeholders over the performance period.	Maximum opportunity of up to 200% of salary may be awarded in respect of a financial year.	The Committee reviewed the Group's share price performance prior to determining the award levels for the 2025 PSP award. As the share price on 20 February 2025 was not materially different to the share price at the time the 2024 PSP awards were granted (£21.00), the Committee considered it appropriate to award a maximum opportunity of 200% of salary to Executive Directors. PSP awards for 2025 are subject to the following performance metrics: • Total Shareholder Return (50%) • Total Property Return (40%) • Embodied carbon (5%) • Energy intensity reduction (5%) The targets for Total Shareholder Return and Total Property Return remain the same as for the 2024 PSP awards (see page 195). The embodied carbon and energy intensity reduction targets are based on the business' UKGBC-aligned milestone targets to achieve net zero by 2030 and are detailed on page 182.

Service contracts

Executive Directors' service contracts do not have a fixed expiry date; however, they are terminable either by the Company providing 12 months' notice or by the executive providing six months' notice.

	Date of service contract
Paul Williams	22 November 2018
Damian Wisniewski	10 July 2019
Nigel George	10 July 2019
Emily Prideaux	26 February 2021

Executive Directors may accept a non-executive role at another company with the approval of the Board. The Executive Director is entitled to retain any fees paid for these services.

Annual report on remuneration continued

Performance targets for 2025

Annual bonus strategic targets

The strategic targets for the 2025 annual bonus are the same as those used for the 2024 annual bonus (see page 193).

Performance measure	Link to strategic objectives[1]	Target range[2]	Weighting % of bonus
Void management			
This is measured by the Group's EPRA vacancy rate for the year calculated as the average of each quarter end figure.	1 2	10% to 2%	5.0%
Tenant retention			
This is measured by the percentage of tenants that remain in their space when their lease expires or the space is re-let during the reporting period.	1 2	50% to 75%	5.0%
Staff satisfaction			
Staff surveys are used to assess this measure. In assessing this target the Committee will consider any variance in staff satisfaction scores between genders.	3	80% to 90%	4.0%
Accident rate			
The Group's RIDDOR Accident Frequency Rate (AFR) is calculated based on significant ('Direct') RIDDOR injuries and incidents during the year[3], multiplied by 1,000,000 and divided by 'total work exposure hours'. This target is also conditional on each Executive Director completing, during 2025, an annual health and safety leadership tour.	4	4.0 to 1.0	4.0%
Portfolio development potential			
This is measured by the percentage of the Group's portfolio by area where a potential development scheme has been identified, including committed acquisitions[4].	1	35% to 50%	7.0%
			25%

1 The references above show the link between our strategic objectives and our annual bonus targets (see pages 28 to 32).
2 Payout accrues on a broadly straight-line basis, between threshold and maximum performance.
3 The RIDDOR reportable injuries that we capture in our AFR are all HSE-reportable accidents or incidents which result in a fatality or 'specified injuries' (such as fractures, serious burns etc). In addition, we will include all injuries caused to members of the public, where we may have contributed to the causation and where they are taken directly to hospital, and injuries to our employees which result in them being unable to return to work for seven consecutive days. Our key health and safety statistics are available on page 53.
4 The target range for portfolio development potential includes Old Street Quarter.

Long-term incentives

The targets for the Total Shareholder Return and Total Property Return performance metrics remain the same as for the 2024 PSP awards (see page 195). Our embodied carbon and energy intensity targets are based on the business' UKGBC-aligned milestone targets to achieve net zero by 2030 and are as follows:

Measure	Weighting % of PSP	Threshold	Maximum[4]
Embodied carbon intensity[1,3] (new build commercial office)	5%	600 kg CO_2e/m^2	500 kg CO_2e/m^2
Energy intensity[2,3] (managed properties)	5%	Average energy intensity of 121 kWh/m^2 across 2025, 2026 and 2027	Average energy intensity of 118 kWh/m^2 across 2025, 2026 and 2027

1 Calculated based on an overall weighted average embodied carbon performance for all live projects during the performance period.
2 Energy intensity is assessed based on the energy consumption of the managed portfolio for the year (gas and electricity).
3 The purchasing of carbon offsets will not affect the outcome of the embodied carbon or energy intensity reduction performance measures.
4 Vesting accrues on a straight-line basis, between threshold (22.5% of maximum) and maximum performance.

Our embodied carbon and energy intensity performance will be independently assured by an external third party.

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

Chairman and Non-Executive Directors

The summary table below sets out the remuneration package for the Chairman and Non-Executive Directors.

	Operation	Implementation for 2025
Chairman	The remuneration of the Chairman is set by the Remuneration Committee. The Chairman receives an annual fee and may be eligible to receive benefits including, but not limited to, secretarial provision and travel costs. Non-significant benefits may be provided if considered appropriate. The Chairman does not receive pension or participate in incentive arrangements.	With effect from 1 January 2025, Mark Breuer's inclusive Chairman fee was increased by 3.5% to £289,800, in line with the average inflationary increases for the wider workforce.
Non-Executive Directors	The remuneration for Non-Executive Directors is set by the Executive Directors and Non-Executive Chairman. Non-Executive Directors receive a base fee plus additional fees for committee chairmanship, committee membership and for the role of Senior Independent Director. Additional fees may be paid to reflect additional Board or committee responsibilities or time commitment as appropriate. Non-Executive Directors may be eligible to receive benefits including, but not limited to, secretarial provision and travel costs. Non-Executive Directors do not receive pension contributions or participate in incentive arrangements.	With effect from 1 January 2025, the fees payable to the Non-Executive Directors were increased by c.3.5%, in line with the average inflationary increase for the wider workforce. (see fee table below) In addition to their chairmanship fee, a Committee Chair also receives the Committee membership fee.

(£'000)	2025	2024
Base fee	**59.0**	57.0
Audit Committee Chair	**12.9**	12.5
Other Committee Chairs	**10.3**	10.0
Senior Independent Director	**12.9**	12.5
Committee membership	**5.2**	5.0

Letters of appointment

The Chairman and Non-Executive Directors do not have service contracts but are appointed for initial three-year terms which thereafter may be extended, subject to re-election, at each AGM. Details are set out in the table below. Further information on Non-Executive Director tenure and recruitment is on pages 141 and 142 of the Nominations Committee report.

	Date of latest appointment letter	Latest appointment letter expiry date
Mark Breuer	3 November 2023	1 February 2027
Dame Cilla Snowball[1]	15 August 2024	16 May 2025
Helen Gordon	3 November 2023	31 December 2026
Lucinda Bell	7 August 2024	31 December 2027
Sanjeev Sharma	7 August 2024	1 October 2027
Robert Wilkinson	31 May 2024	1 June 2027
Madeleine McDougall	15 October 2024	31 October 2027

1 Dame Cilla Snowball will step down as a Director no later than at the 2025 AGM. Further information on Non-Executive Director succession is on page 142.

Annual report on remuneration continued

Risk management

We are transparent about our pay practices which aim to incentivise our employees to achieve our strategy and generate sustainable value for our stakeholders. Risk management is a key remuneration principle and has been incorporated into our Remuneration Policy, principally through:

Stretching performance targets	Malus and clawback provisions	Discretion	Shareholding guidelines
Sufficiently stretching performance targets which promote long-term sustainable performance	Enables the Committee to recover sums paid, or cancel awards, in specific circumstances	The Committee has the means to apply discretion and judgement to vesting outcomes	Requirement to build up and retain a shareholding in Derwent London during and post-employment

Choice of performance measures

The performance measures used for the annual bonus and PSP awards reflect the short and long-term financial and strategic priorities of the business, and are aligned with performance measures used by our real estate sector peers. A significant proportion of annual bonus and PSP awards are subject to performance relative to the real estate sector. This helps support an incentive framework whereby Executive Directors may be fairly and equitably rewarded for outperforming peers and protecting and delivering shareholder value in a cyclical market. For relative performance measures, performance targets are set each year relative to the real estate comparator group.

For strategic measures, targets are set taking into account the Group's strategic plan. Maximum vesting will only occur for what the Committee considers to be outstanding performance. Details of the performance measures for the 2025 annual bonus and PSP awards are set out on page 182. When setting the targets to be achieved, the Committee aims to ensure that they are sufficiently stretching so as to reward genuine outperformance without promoting inappropriate risk-taking outside of the Board's risk appetite (see page 93).

Malus and clawback

It is a condition of the grant of any awards that the Executive Directors agree to terms of the relevant Plan rules and, in particular, the operation of malus and clawback provisions. A summary of our malus and clawback provisions is provided below.

	Malus	Clawback
Annual bonus	To such time as payment is made.	Up to two years following payment.
Deferred bonus	To such time as the award vests.	No clawback provisions apply (as malus provisions apply for three years from the date of award).
PSP awards	To such time as the award vests.	Up to two years following vesting.

The circumstances in which malus and clawback provisions could be applied:

1. Material misstatement of financial results.
2. An error in assessing performance conditions which has led to an overpayment.
3. Serious or gross misconduct.
4. Serious reputational damage.
5. Corporate failure.

A clawback period of two years following payment of an annual bonus and vesting of PSP awards is considered appropriate on the basis that:

- it is reasonable to assume that a material misstatement of financial results relating to the performance period, an error in assessing performance conditions, or an event, act or omission which occurred during the performance period resulting in serious reputational damage, or corporate failure, would be discovered within a two-year period;
- it is considered a reasonable period to support the enforceability of clawback; and
- it is aligned with market practice across the FTSE 250.

The Company has not needed to use the malus and clawback provisions in the last five years (including the latest reporting period).

Discretion

The Committee has discretion to adjust the annual bonus or PSP award outcome if it is not deemed to reflect the underlying financial or non-financial performance of the business, the performance of the individual or the experience of shareholders or other stakeholders over the performance period.

Shareholding guidelines

Our Remuneration Policy promotes long-term shareholdings by Executive Directors through within-employment and post-employment shareholding guidelines.

Within-employment	Executive Directors are expected to build up and retain a shareholding equal to 200% of salary. Until the shareholding guideline is met, 50% of any deferred bonus awards or PSP awards vesting (net of tax) normally must be retained. Once PSP awards have vested there is a two-year holding period during which Executive Directors are not able to sell their shares to support sustainable decision making.
Post-employment[1]	Executive Directors who step down from the Board are normally expected to retain a holding in 'guideline shares'[2] equal to 200% of salary (or their actual shareholding at the point of stepping down if lower) for the first 12 months following stepping down as an Executive Director; then, 100% of salary (or their actual shareholding at the point of stepping down if lower) for the subsequent 12 months. The Committee retains discretion to waive this guideline if it is not considered to be appropriate in the specific circumstance.

1 The number of shares subject to the post-employment shareholding guideline is confirmed to the Executive Director on stepping down from the Board. The Committee will monitor the former Executive Directors' compliance with the guideline. Should the former Executive Director breach compliance, the Committee may reduce any unvested share awards held by the former Executive Director.

2 'Guideline shares' do not include shares that the Executive Director has purchased or which have been acquired pursuant to deferred share awards or PSP awards which vested before 1 January 2020. Unless the Committee determines otherwise, an Executive Director or former Executive Director shall be deemed to have disposed of shares which are not 'guideline shares' before 'guideline shares'.

As at 31 December 2024, all Executive Directors have exceeded the within-employment shareholding guideline, except Emily Prideaux who was appointed an Executive Director from 1 March 2021. Emily Prideaux is working towards achieving the within-employment shareholding guideline.

			% of base salary		
Executive Directors	Beneficially held shares	2024 salary[1]	Target	Achieved	Value of beneficially held shares[2]
Paul Williams	92,921	707,200	200%	**288%**	£2,034,970
Damian Wisniewski	69,095	545,500	200%	**277%**	£1,513,181
Nigel George	100,046	545,500	200%	**402%**	£2,191,007
Emily Prideaux	6,081	545,500	200%	**24%**	£133,174

1 The base salaries shown in the table above are as at 31 December 2024. Further information on fixed pay during 2024 is provided on page 191.

2 The value of the Executive Directors' beneficially held shares has been calculated using the average closing share price during the year ended 31 December 2024 of £21.90.

All other employees granted PSP awards are expected to work towards holding shares in Derwent London plc equivalent to 50% of base salary. The share ownership guidelines for all PSP recipients (including Executive Directors) require them to retain at least half of any deferred bonus shares or performance shares which vest (net of tax) until the guideline is met. Only wholly owned shares will count towards the guideline. There is no shareholding guideline for Non-Executive Directors. Due to the relatively large shareholdings of our Executive Directors, a small change in our share price would have a material impact on their wealth. For example, a 5% drop in our share price would result in a loss of value for our Chief Executive, Paul Williams, equivalent to approximately 14% of his base salary.

Independent advice

The Committee has authority to obtain the advice of external independent remuneration consultants. Deloitte LLP has been appointed as the Committee's principal consultants since July 2018, following a competitive tender process. The Committee has been fully briefed on Deloitte's compliance with the voluntary code of conduct in respect of the provision of remuneration consulting services. During the year under review, Deloitte provided independent assistance to the Committee in respect of, among other things, the following matters:

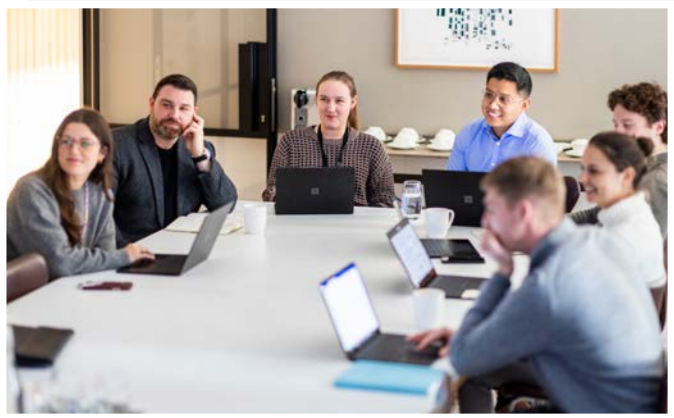
- performance assessment against annual bonus and PSP targets;
- remuneration benchmarking of Executive Committee; and
- market practice and corporate governance updates.

The fees paid to Deloitte for their services to the Committee during the year, based on time and expenses, amounted to £120,720. Separate teams at Deloitte LLP also provided sustainability and health and safety limited assurance under the ISAE 3000 (Revised) standard, corporate tax consultancy and employment tax consultancy services to the Group. The Committee took this work into account and, due to the nature and extent of the work performed, concluded that it did not impair Deloitte's ability to advise the Committee objectively and free from influence. It is the view of the Committee that the Deloitte engagement team which provides remuneration advice to the Committee does not have connections with Derwent London or its Directors that may impair its independence. The Committee therefore deems Deloitte capable of providing appropriate, objective and independent advice.

Annual report on remuneration continued

Remuneration decisions in context

The Committee is kept informed of salary increases for the wider workforce, as well as any significant changes in practice or policy, which is taken into consideration when making remuneration decisions for Executive Directors.



The Committee has introduced this dedicated section (pages 186 to 189) which incorporates several disclosures to demonstrate the Committee's belief that remuneration arrangements for Executive Directors are fair and appropriate in the context of pay policies and practices across the wider workforce.

Investing in our employees

We recognise that our employees are our brand ambassadors and vital to the successful delivery of our strategy and long-term business performance. We continue to invest significantly in our employees to ensure that everyone thrives in their roles, feels valued, supported and has the opportunity of continuous growth and development.

We run a detailed induction programme, hold CEO-led monthly town halls, provide a series of core skills workshops, internal technical workshops, mandatory compliance training and various management and leadership initiatives (including 1:1 and team coaching). In addition, we support and sponsor further professional qualifications and encourage internal and external personal development opportunities wherever possible. This is coupled with six-monthly performance reviews and optional Personal Development Plans, alongside regular dialogues with line managers to discuss performance, identify training requirements and understand individual career aspirations.

We have trained mental health first aiders, and we have both an employee assistance programme and occupational health support in place. We encourage proactive self-care and run a series of 'lunch and learn' sessions.

Attracting and optimising talent / See page 50

Engaging with our employees

We have an open, collaborative and inclusive management structure and engage regularly with our employees on a variety of issues. We do this through a range of one-way and two-way channels including appraisals, employee surveys, our intranet site, Company presentations, awaydays and our wellbeing programme.

An engagement section is included within the explanatory booklet of the wider employee incentive plan, ESOP, which details our remuneration strategy and principles. This section also provides further information on the differences between the executive and wider employee incentive arrangements (PSP and ESOP).

Our employees are provided with the means to engage on a range of matters, including the Group's approach to executive remuneration, how executive remuneration aligns with the Group's pay policy and how the structure of executive remuneration compares to wider workforce remuneration. The Committee considers pay across the Group, as well as any employee feedback, when making decisions on executive remuneration.

Employee engagement / See pages 38 and 51

Relative importance of the Company's spend on pay

In order to give shareholders an understanding of how total expenditure on remuneration (for all employees) compares to certain core financial dispersals of the Company, the table below demonstrates the relative importance of the Company's spend on employee pay for the period 2023 to 2024.

£m	2024	2023	% change
Staff costs[1]	**29.7**	28.8	3.1
Distributions to shareholders[2]	**89.8**	88.7	1.2
Net asset value attributable to equity shareholders[3]	**3,540**	3,508	0.9

1 Staff costs includes salaries, employer pension contributions, national insurance contributions, benefits and share-based payment expenses relating to equity settled schemes (see note 12 on page 277).

2 Distribution to shareholders during the financial year. For 2024, this includes the payment of the 2023 final and 2024 interim dividends.

3 Net asset value attributable to equity shareholders was chosen as it is a key determinate of the Group's total return and is used by management to measure our progress. We base our total return calculation on EPRA net tangible assets (NTA).

Remuneration structure

We value and appreciate our employees and aim to provide market competitive remuneration and benefit packages in order to continue to be seen as an employer of choice. The remuneration structure for our wider workforce is similar to that of our Executive Directors[1] and contains both fixed and performance-based elements (see below).

	Wider workforce	Executive Directors
Base salary	Average inflationary increase for the wider workforce of 3.5% from 1 January 2025. The average actual increase in base salaries for all employees eligible for a pay rise was 5.9%.	Base salary increase of 3.5% from 1 January 2025.
Benefits[2]	All employees (including the Executive Directors) receive: • private medical insurance; • dental care; and • the option of joining a non-contractual healthcare cash plan which offers an affordable way to help with everyday healthcare costs. We also operate a: • Cycle to Work scheme; • Electric Car Salary Sacrifice Scheme which allows any member of staff to lease a new electric car in a tax efficient way; and • season ticket loan.	A car allowance is payable to Executive Directors, members of the Executive Committee, Heads of Departments and other senior managers. Other employees may receive a car allowance depending on the nature of their role.
Pension[2]	Receive an employer pension contribution equal to 15% of salary per annum with the option to make additional voluntary contributions (AVCs)	
Life assurance[2]	Employees who opt to participate in the pension scheme also receive: • a lump sum Death in Service insurance benefit of 4x their base annual salary; and • an additional Death in Service pension benefit of one-third of base salary paid to their nominated dependant(s).	
Annual bonus	• All employees are enrolled into an annual discretionary bonus scheme • Bonuses are paid via payroll in March • Bonuses are based on individual and Group performance • 100% of our workforce below Board level (not subject to probation) received an annual bonus in 2024	• The Executive Directors' discretionary bonus is based on strategic (non-financial) and financial performance targets • Bonuses in excess of 75% of salary are subject to deferral for three years • Subject to malus and clawback provisions and can be adjusted if payout does not align with the wider stakeholder experience
Long-term incentives	• We operate a discretionary ESOP for employees below the Board and Executive Committee • ESOP grants options which are exercisable after three years at a pre-agreed option price • There is no performance conditions attached to the awards except continued employment • In 2024, we granted 380,200 options to eligible employees (see note 13 on page 227)	• We operate the PSP for the Executive Directors and Executive Committee • PSP grants require the achievement of stretching performance targets over a three-year performance period • PSP awards are subject to a two-year holding period, shareholding guidelines, and malus and clawback provisions
Sharesave Plan	To encourage Group-wide share ownership, the Company operates an HMRC tax efficient Sharesave Plan which is open to all eligible employees including the Executive Directors. The sixth grant under the Sharesave Plan was made on 19 September 2024, with employees saving on average £142 per month.	

1 A summary of our Remuneration Policy for Executive Directors is on pages 180 to 183. Further information on the remuneration received by Executive Directors during 2024 is on page 190.

2 All benefits are subject to the terms and conditions of the insurance policy in force.

Annual report on remuneration continued

Percentage change in remuneration

The table below shows the annual percentage change in the salary or fees, benefits and annual bonus, for each of the Directors compared to that for an average employee, from 2020 to 2024. The Directors' remuneration used to calculate the percentage change is taken from the 'single figure' table on page 190.

		Executive Directors				Non-Executive Directors							Former Directors
	Average employee[1,2]	Williams P.[3]	Wisniewski D.	George N.	Prideaux E.[4]	Breuer M.	Snowball C.[5]	Gordon H.	Bell L.	Sharma S.[6]	Wilkinson R.[7]	McDougall M.[7]	Arney C.[8]
2023 to 2024													
Salary/fees	**+3.4**	**+4.0**	**+4.0**	**+4.0**	**+10.8**	**+12.0**	**+8.8**	**+10.5**	**+8.4**	**+13.7**	**n/a**	**n/a**	**n/a**
Benefits[9]	**+5.1**	**(2.2)**	**+1.7**	**+5.0**	**+8.1**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Bonus	**+29.3**	**+105.8**	**+105.8**	**+105.8**	**+119.2**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2022 to 2023													
Salary/fees	+2.6	+7.8	+4.0	+4.0	+9.4	0	+3.0	0	0	0	n/a	n/a	0
Benefits[9]	(1.5)	+7.1	+3.8	+3.6	+1.1	–	–	–	–	–	–	–	–
Bonus	(27.1)	(59.8)	(61.2)	(61.2)	(59.2)	–	–	–	–	–	–	–	–
2021 to 2022													
Salary/fees	+1.4	+3.0	+3.0	+3.0	+9.8	0	+15.7	+10.7	+16.2	+13.5	n/a	n/a	+16.2
Benefits[9]	(9.9)	(7.0)	+1.0	+0.7	+20.0	–	–	–	–	–	–	–	–
Bonus	(24.5)	+177	+177	+177	+253	–	–	–	–	–	–	–	–
2020 to 2021													
Salary/fees	+0.3	+2.0	+2.0	+2.0	n/a	n/a	0	+3.0	0	n/a	n/a	n/a	0
Benefits[9]	(3.7)	(0.2)	(0.2)	(0.0)	n/a	–	–	–	–	–	–	–	–
Bonus	+22.5	(52.5)	(52.5)	(52.5)	n/a	–	–	–	–	–	–	–	–
2019 to 2020													
Salary/fees	+4.7	+10.5	+3.7	+3.7	n/a	n/a	0	0	+6.0	n/a	n/a	n/a	0
Benefits[9]	(6.2)	+0.1	(1.4)	(3.9)	n/a	–	–	–	–	–	–	–	–
Bonus	(21.0)	(24.4)	(29.0)	(29.0)	n/a	–	–	–	–	–	–	–	–

Average employee calculation

1 The movement in the average annual salary is calculated based on the mean employee pay for employees of Derwent London plc on a full-time equivalent basis. The average employee salary increase includes employees who were not eligible for a salary increase (i.e. new joiners and leavers, depending on the date of joining or leaving the Group) and takes into account that new joiners may be recruited at a lower salary than those that had left.

2 The actual average increase in base salaries for all employees eligible for a pay rise (inclusive of promotions, career progression and market salary alignments) effective from 1 January:
- 2025: 5.9%
- 2024: 6.2%
- 2023: 6.1%
- 2022: 3.2%
- 2021: 5.5%

Executive Director base salaries and annual bonuses

3 Since Paul Williams' appointment to CEO in May 2019, the Committee had disclosed its commitment to keep Paul's salary level under review as he developed and gained experience in the role with a view to moving his salary level closer to the market rate over time. As a result of its review during 2022, the Committee approved a 7.8% increase to Paul's salary from 1 January 2023.

4 Emily Prideaux was appointed an Executive Director on 1 March 2021 with a base salary of £410,000, to reflect that she was stepping into an Executive Director role, and was aligned with the other Executive Directors' salaries over three years as her role and experience developed (i.e. aligned from 1 January 2024). Emily Prideaux's percentage change in annual bonus from 2021 to 2022 also reflects that her 2021 annual bonus was for the period 1 March to 31 December 2021 only.

Non-Executive Director fees

5 Cilla Snowball's percentage change in fee for '2022 to 2023' relates to her appointment as an Audit Committee member with effect from 1 August 2023.

6 Sanjeev Sharma's percentage change in fee for '2023 to 2024' relates to his appointment as Remuneration Committee Chair with effect from 10 May 2024.

7 Robert Wilkinson and Madeleine McDougall were appointed as Non-Executive Directors on 1 June 2024 and 1 November 2024, respectively, and therefore the percentage change in remuneration for 2023 to 2024 is not applicable.

8 Claudia Arney stepped down from the Board on 10 May 2024 and therefore, the percentage change in remuneration for 2023 to 2024 is not applicable. Claudia Arney received her normal fees for the period 1 January 2024 until her leaving date. There was no payment for loss of office in respect of Claudia Arney's departure.

Benefits

9 There has been no change in the benefits received by the average employee or the Executive Directors. The change in the annual cost is due to the cost of purchasing private medical and life insurance. Non-Executive Directors and the Chairman did not receive taxable benefits during the relevant years.

Chief Executive pay ratio

As Derwent London has less than 250 employees, we are not required to disclose the CEO pay ratio. However, given our commitment to high standards of transparency and corporate governance, the Committee considers it appropriate to disclose the CEO pay ratio voluntarily. For the years ended 31 December 2018 to 31 December 2024, the Chief Executive's total remuneration as a ratio against the full-time equivalent remuneration of UK employees is detailed in the table below.

	Employee remuneration[2]		
	Base salary	Total remuneration	CEO pay ratio[3]
Year ended 31 December 2024[1]			
25th percentile	**£50,000**	**£69,522**	**22:1**
50th percentile	**£63,950**	**£89,208**	**17:1**
75th percentile	**£70,323**	**£126,873**	**12:1**
Year ended 31 December 2023			
25th percentile	£51,750	£63,380	18:1
50th percentile	£58,750	£80,512	14:1
75th percentile	£90,000	£127,822	9:1
Year ended 31 December 2022			
25th percentile	£45,219	£60,909	25:1
50th percentile	£56,000	£81,266	19:1
75th percentile	£80,000	£124,481	12:1
Year ended 31 December 2021			
25th percentile	£48,500	£67,908	19:1
50th percentile	£63,750	£90,289	14:1
75th percentile	£91,750	£143,168	9:1
Year ended 31 December 2020			
25th percentile	£47,000	£62,499	35:1
50th percentile	£64,000	£86,463	26:1
75th percentile	£95,266	£137,452	16:1
Year ended 31 December 2019			
25th percentile	£40,993	£63,211	40:1
50th percentile	£68,462	£89,274	28:1
75th percentile	£67,500	£153,828	17:1
Year ended 31 December 2018			
25th percentile	£45,057	£58,237	38:1
50th percentile	£59,250	£76,842	29:1
75th percentile	£75,000	£148,867	15:1

1 The Chief Executive's remuneration is calculated on the same basis as the single figure of remuneration table on page 190.

2 The workforce comparison is based on the payroll data for the period 1 January to 31 December for all employees (including the Chief Executive but excluding the Non-Executive Directors) and includes salary, employer pension contributions, life assurance and the healthcare cash plan, annual bonuses earned in respect of the year and one-off gains received through the exercise of options granted under the Employee Share Option Plan (see pages 187 and 227).

3 The CEO pay ratio has been rounded to the nearest whole number.

A substantial proportion of the CEO's remuneration is performance-related and delivered in shares. The CEO pay ratio will therefore depend significantly on the CEO's annual bonus and PSP outcomes and may fluctuate year-on-year. The CEO's total remuneration for 2024 was higher compared to 2023 primarily as a result of a higher 2024 bonus outcome compared to 2023. Consequently, the CEO pay ratio for 2024 has risen compared to 2023.

For each year, the Company has calculated the ratio in line with the reporting regulations using 'Method A' (determine total full-time equivalent remuneration for all UK employees for the relevant financial year as at 31 December; rank the data and identify employees whose remuneration places them at the 25th, 50th and 75th percentile). This method was used due to being the most accurate way of calculating the ratio. The Board has confirmed that the ratio is consistent with the Company's wider policies on employee pay, reward and progression.

REMUNERATION COMMITTEE REPORT continued

Annual report on remuneration continued

Executive Directors' remuneration in 2024

Total remuneration (audited)

The table below sets out the remuneration paid to each Director for the financial years ended 31 December 2024 and 31 December 2023 as a single figure. A full breakdown of fixed pay and pay for performance in 2024 can be found on pages 191 to 194.

Executive Directors

	Fixed pay				Pay for performance					
					Bonus					
(£'000)	Salary	Taxable benefits	Pension and life assurance	Subtotal	Cash	Deferred	Performance LTIPs[1]	Subtotal	Other items in the nature of remuneration[2]	Total remuneration
2024										
Paul Williams	**707**	**23**	**115**	**845**	**531**	**120**	**–**	**651**	**–**	**1,496**
Damian Wisniewski	**546**	**24**	**89**	**659**	**409**	**93**	**–**	**502**	**1**	**1,162**
Nigel George	**546**	**24**	**90**	**660**	**409**	**93**	**–**	**502**	**–**	**1,162**
Emily Prideaux	**546**	**20**	**89**	**655**	**409**	**93**	**–**	**502**	**–**	**1,157**
2023										
Paul Williams	680	23	111	814	316	–	–	316	3	1,133
Damian Wisniewski	525	24	85	634	244	–	–	244	1	879
Nigel George	525	23	87	635	244	–	–	244	3	882
Emily Prideaux	493	19	80	592	229	–	–	229	3	824

Non-Executive Directors

	2024			2023		
(£'000)	Fees	Taxable benefits	Total	Fees	Taxable benefits	Total
Mark Breuer	**280**	**–**	**280**	250	–	250
Cilla Snowball	**87**	**–**	**87**	80	–	80
Helen Gordon	**95**	**–**	**95**	86	–	86
Lucinda Bell	**90**	**–**	**90**	83	–	83
Sanjeev Sharma	**83**	**–**	**83**	73	–	73
Robert Wilkinson[3]	**39**	**–**	**39**	–	–	–
Madeleine McDougall[3]	**12**	**–**	**12**	–	–	–
Former Director						
Claudia Arney[4]	**31**	**–**	**31**	83	–	83

1 Performance LTIPs for 2024 relate to the 2022 PSP awards for which the performance conditions related to the year ended 31 December 2024. As the performance conditions have not been satisfied, the 2022 PSP awards will lapse on 9 March 2025 (see page 194).

2 Included in the column for 'other items in the nature of remuneration' is the grant under the Derwent London Sharesave Plan made on 19 September 2024. These have been calculated based on the middle market share price on the date of grant being £24.76 minus the value of the awards at the option price which was £19.00. Further information on the Derwent London Sharesave Plan is on page 198.

3 Robert Wilkinson and Madeleine McDougall were appointed to the Board on 1 June 2024 and 1 November 2024, respectively. The fees for 2024 shown in the table above are the actual fees paid to them for the periods they were Non-Executive Directors.

4 Claudia Arney stepped down from the Board on 10 May 2024. The fees for 2024 shown in the table above are the actual fees paid to Claudia Arney for the period 1 January 2024 to 10 May 2024.

Payments to former Directors and for loss of office (audited)

No payments were made to past Directors or in respect of loss of office during 2024.

Fixed pay

Base salaries and fees (audited)

Salaries for the Executive Directors were increased by 4.0% with effect from 1 January 2024. The average salary increase for the wider workforce was 6.2%. The Committee approved a 10.8% increase to Emily Prideaux's salary from 1 January 2024, as part of a phased alignment with the other Executive Directors' salaries. Further information is on page 173 of the 2023 Report & Accounts.

	2024 base salary/fee	2023 base salary/fee
Executive Directors		
Paul Williams	**£707,200**	£680,000
Damian Wisniewski	**£545,500**	£524,500
Nigel George	**£545,500**	£524,500
Emily Prideaux	**£545,500**	£492,500
Non-Executive Directors		
Mark Breuer	**£280,000**	£250,000
Cilla Snowball	**£87,000**	£79,583
Helen Gordon	**£94,500**	£85,833
Lucinda Bell	**£89,500**	£82,500
Sanjeev Sharma[1]	**£83,438**	£72,500
Robert Wilkinson[2]	**£39,282**	–
Madeleine McDougall[2]	**£12,033**	–
Former Director		
Claudia Arney[3]	**£30,987**	£82,500

1 From 10 May 2024, Sanjeev Sharma succeeded Claudia Arney as Chair of the Remuneration Committee.

2 Robert Wilkinson and Madeleine McDougall were appointed to the Board on 1 June 2024 and 1 November 2024, respectively. The fees for 2024 shown in the table above are the actual fees paid to them for the periods they were Non-Executive Directors.

3 Claudia Arney stepped down from the Board on 10 May 2024. The fees for 2024 shown in the table above are the actual fees paid to Claudia Arney for the period 1 January 2024 to 10 May 2024.

Benefits (audited)

Executive Directors are entitled to a car allowance, fuel allowance, private medical insurance and life assurance. Further details of the taxable benefits paid in 2024 can be found in the table below.

	Car allowance[1]	Private medical insurance	Total 2024 taxable benefits
Executive Directors			
Paul Williams	£16,000	£6,897	**£22,897**
Damian Wisniewski	£16,000	£8,295	**£24,295**
Nigel George	£16,000	£8,341	**£24,341**
Emily Prideaux	£16,000	£4,470	**£20,470**

1 Damian Wisniewski and Emily Prideaux participate in the Electric Car Salary Sacrifice Scheme and as such sacrifice a significant proportion of their car allowance in return for leasing an electric car.

Pension and life assurance (audited)

All of the Executive Directors paid into the Group's defined contribution scheme, being the Fidelity Master Trust pension scheme, with the remainder of their entitlement paid as a cash supplement. No other Directors are accruing benefits under a defined benefit or money purchase pension scheme.

	Paid into defined contribution scheme	Pension cash supplement	Total pension	Life assurance[1]	Total 2024 pension and life assurance
Executive Directors					
Paul Williams	£10,000	£96,080	**£106,080**	£9,406	**£115,486**
Damian Wisniewski	£10,000	£71,825	**£81,825**	£7,530	**£89,355**
Nigel George	£10,000	£71,825	**£81,825**	£8,728	**£90,553**
Emily Prideaux	£10,000	£71,825	**£81,825**	£7,204	**£89,029**

1 There was no change in the life assurance benefits received by the Executive Directors in 2024. The change in the annual cost is due to changes in premiums.

Annual report on remuneration continued

Pay for performance

Annual bonus (audited)

Determination of 2024 annual bonus outcome

The performance measures set for the year under review were a combination of financial-based metrics (worth 75% of the bonus potential) and strategic targets (worth 25% of the bonus potential). The maximum bonus potential for Executive Directors is 150% of salary. Based on actual 2024 performance, the annual bonus payout for Executive Directors is 61.3% of the maximum potential (2023: 31.0%; 2022: 83.1%). Further information is available on page 193.

The Committee considered the formulaic performance outcome alongside broader perspectives including: underlying business performance and affordability; the experience of shareholders; and the experience of employees and other stakeholders. Points specifically considered are set out in the Chair's Annual statement on pages 174 and 175. The Committee determined that it was not appropriate to apply discretion to adjust the formulaic outcome.

In accordance with our current Remuneration Policy, bonuses of up to 75% of base salary are paid as cash. Amounts in excess of 75% are deferred into shares and released after three years, subject to continued employment. The total bonus for each Executive Director based on performance is therefore:

			Deferred bonus	
	Bonus payable as % of salary	Cash bonus payable £'000	£'000	% of salary
Executive Directors				
Paul Williams	92%	530.4	120.2	17.0
Damian Wisniewski	92%	409.1	92.7	17.0
Nigel George	92%	409.1	92.7	17.0
Emily Prideaux	92%	409.1	92.7	17.0

Health and safety leadership tours

An element of the Executive Directors' annual bonus relates to health and safety and its achievement is conditional upon each Director completing an annual health and safety leadership tour. During 2024, all Executive Directors attended at least one health and safety leadership tour.

Middlesex House W1

The tour conducted on 12 June 2024 was attended by Nigel George and Damian Wisniewski and focused on the refurbishment project being undertaken at Middlesex House. The project involves significant and complex scaffold design to enable window replacement and refurbishment of the third floor. The Directors gained on-site understanding of the safety measures in place for working at height and the health measures in place for asbestos/lead management.

One Oliver's Yard EC1

The tour conducted on 18 September 2024 was attended by Emily Prideaux, Nigel George and Paul Williams and focused on the strip-out and refurbishment project being undertaken at Oliver's Yard. The tour of the site included discussions on the health and safety aspects of undertaking demolition and refurbishment work in proximity of occupiers and how we were seeking to reduce worker exposure to noise, dust and vibration.

2024 Annual bonus outcome

Bonus payable for financial-based performance	37.5% out of 75%
Bonus payable for strategic target performance	23.8% out of 25%

Financial-based metrics

Performance measure	Weighting % of bonus	Basis of calculation	Threshold[2] %	Maximum[3] %	Actual %	Payable %
Total return	37.5	Total return versus other major real estate companies[1]	4.7	10.0	**3.2**	**0.0**
Total property return (TPR)	37.5	Versus the MSCI Quarterly Central London Office Total Return Index	1.31	3.31	**4.15**	**37.5**
Total bonus payable for financial-based metrics						**37.5**

1 The major real estate companies contained in the comparator group for the 2024 annual bonus are: Big Yellow Group plc, The British Land Company plc, CLS Holdings plc, Great Portland Estates plc, Hammerson plc, Helical plc, Landsec plc, LondonMetric Property plc, Segro plc, Shaftesbury Capital plc, UK Commercial Property, Unite Group plc and Workspace Group plc. The comparator group remains unchanged for the 2025 annual bonus.

2 For achieving the threshold performance target, i.e. at the median total return against our sector peers or MSCI Index, 22.5% of the maximum bonus opportunity will become payable.

3 Total return payout accrues on a straight-line basis between the threshold level for median performance and maximum payment for upper quartile performance or better. For TPR, the payout accrues on a straight-line basis between the threshold level for Index performance and maximum payment for Index +2%.

Strategic targets

Performance measure	Link to strategic objectives[1]	Target range[2]	Maximum award	2024 achievement	Proportion awarded for 2024
Void management					
This is measured by the Group's EPRA vacancy rate for the year calculated as the average of each quarter end figure.	1 2	10% to 2%	5.0%	**3.2%**	**4.3%**
Tenant retention					
This is measured by the percentage of tenants that remain in their space when their lease expires or the space is re-let during the reporting period.	1 2	50% to 75%	5.0%	**85.4%**	**5.0%**
Staff satisfaction					
Staff surveys are used to assess this measure. In assessing this target the Committee will consider any variance in staff satisfaction scores between genders[3].	3	80% to 90%	4.0%	**91.2%**	**4.0%**
Accident rate					
The Group's RIDDOR Accident Frequency Rate (AFR) is calculated based on significant ('Direct') RIDDOR injuries and incidents during the year[4], multiplied by 1,000,000 and divided by 'total work exposure hours'. This target is also conditional on each Executive Director completing, during 2024, an annual health and safety leadership tour[5].	4	4.0 to 1.0	4.0%	**1.35**	**3.5%**
Portfolio development potential					
This is measured by the percentage of the Group's portfolio by area where a potential development scheme has been identified, including committed acquisitions[6].	1	35% to 50%	7.0%	**50.8%**	**7.0%**
			25%		**23.8%**

1 Success against our strategic objectives is measured using our KPIs (see pages 33 to 37) and rewarded through our incentive schemes and annual bonus. The references above show the link between our strategic objectives and our annual bonus targets (further information on our five strategic objectives can be found on pages 28 to 32).

2 Payout accrues on a straight-line basis, between threshold and maximum performance.

3 The variance between genders in response to employee surveys is taken into account by the Committee when determining the payout for staff satisfaction. In 2024, the results showed a 2.1% variance between genders, with female satisfaction being at 93.9% and male satisfaction at 91.8%.

4 The RIDDOR reportable injuries that we capture in our AFR are all HSE-reportable accidents or incidents which result in a fatality or 'specified injuries' (such as fractures, serious burns etc). In addition, we will include all injuries caused to members of the public, where we may have contributed to the causation and where they are taken directly to hospital, and injuries to our employees which result in them being unable to return to work for seven consecutive days. Our key health and safety statistics are available on page 53.

5 All Executive Directors completed health and safety leadership tours during 2024. There were no work-based fatalities during 2024 (see page 53).

6 The target range for portfolio development potential includes Old Street Quarter.

Annual report on remuneration continued

Outstanding deferred bonus awards

In accordance with our Remuneration Policy, annual bonuses earned in excess of 75% of salary are deferred into shares and released after three years, subject to continued employment. As the 2023 annual bonus outcome was 31% of maximum, no deferred bonus awards were granted during 2024. The outstanding deferred bonus awards held by Directors are set out below:

	At grant		During the year (number)							
	Date of award	Market price at date of grant[1] £	Original grant	1 January 2024	Deferred	Released	31 December 2024	Market price at date of release £	Value release £'000	Release date
Executive Directors										
Paul Williams	04/04/2023	23.70	**6,570**	**6,570**	**–**	**–**	**6,570**	–	–	04/04/2026
			6,570	**6,570**	**–**	**–**	**6,570**	–	–	
Damian Wisniewski	04/04/2023	23.70	**5,256**	**5,256**	**–**	**–**	**5,256**	–	–	04/04/2026
			5,256	**5,256**	**–**	**–**	**5,256**	–	–	
Nigel George	04/04/2023	23.70	**5,256**	**5,256**	**–**	**–**	**5,256**	–	–	04/04/2026
			5,256	**5,256**	**–**	**–**	**5,256**	–	–	
Emily Prideaux	04/04/2023	23.70	**4,690**	**4,690**	**–**	**–**	**4,690**	–	–	04/04/2026
			4,690	**4,690**	**–**	**–**	**4,690**	–	–	
Other employees	04/04/2023	23.70	**562**	**562**	**–**	**–**	**562**	–	–	04/04/2026
			562	**562**	**–**	**–**	**562**	–	–	
Total			**22,334**	**22,334**	**–**	**–**	**22,334**	–	–	

1 The share price on the dealing day immediately preceding the grant date.

Performance Share Plan (PSP) (audited)

Vesting of PSP awards

The Group granted share-based awards under the PSP on 9 March 2022. The grant was subject to performance conditions over a three-year performance period which ended on 31 December 2024. As shown in the table below, the PSP awards granted in 2022 will not vest, and will lapse in full on 9 March 2025.

Performance measure	Weighting % of award	Basis of calculation[1]	Threshold[2] %	Maximum[3] %	Actual %	% vesting/ estimated vesting
Total property return (TPR)	50	MSCI Quarterly UK All Property Total Return Index	(1.64)	0.36	**(2.30)**	**0.0**
Total shareholder return (TSR)	50	FTSE 350 Super Sector Real Estate Index	(19.5)	(11.6)	**(30.0)**	**0.0**

1 The constituents of the FTSE 350 Super Sector Real Estate Index as at the start of the performance period (i.e. 1 January 2022). The Company's annualised TPR is calculated on a compound annual growth basis over the three-year performance period.

2 For achieving the threshold performance target, i.e. at the MSCI Index or median TSR against our sector peers, 22.5% of the maximum award will vest.

3 For TSR (which is calculated based on a three-month weekday average Return Index excluding UK public holidays ended on: (1) the day before the performance period start date; and (2) the performance period end date) vesting accrues on a straight-line basis between the threshold level for median performance and maximum level for upper quartile performance or better. For TPR, vesting accrues on a straight-line basis between the threshold level for Index performance and maximum level for Index +2%.

The Committee determined that it was not appropriate to apply discretion to adjust the formulaic outcome. Therefore, the vesting for each executive will be:

Executive Directors	Number of awards granted	Number of shares vesting based on performance (0.0%)
Paul Williams	42,942	–
Damian Wisniewski	34,352	–
Nigel George	34,352	–
Emily Prideaux	30,653	–

Holding period

In accordance with the PSP rules, vested awards are subject to a two-year holding period whereby at least the after-tax number of vested shares must be retained by the executive for a minimum of two years from the point of vesting. The 2020, 2021 and 2022 grants have been removed from the table below as they each lapsed in full.

Grant	Grant date	Performance period	Vesting date	Holding period	Holding period ceases
2019 Grants	12 March 2019 14 August 2019	1 January 2019 to 31 December 2021	12 March 2022 14 August 2022	Two years	12 March 2024 14 August 2024
2023 Grant	14 March 2023	1 January 2023 to 31 December 2025	14 March 2026	Two years	14 March 2028
2024 Grant	11 March 2024	1 January 2024 to 31 December 2026	11 March 2027	Two years	11 March 2029

Grant of PSP awards

On 11 March 2024, the Committee made an award to Executive Directors on the following basis:

Executive Directors	Number of shares awarded	Face value of award £
Paul Williams	67,352	1,414,392
Damian Wisniewski	51,952	1,090,992
Nigel George	51,952	1,090,992
Emily Prideaux	51,952	1,090,992

Awards were granted as nil-cost options and equivalent to 200% of base salary, with 22.5% of the award vesting at threshold performance. The share price used to determine the level of the awards was the closing share price on the day immediately preceding the grant date of £21.00. The performance period will run over three financial years ending on 31 December 2026 and, dependent upon the achievement of the performance conditions, the awards will vest on 11 March 2027 and will be subject to a two-year holding period as outlined in the table above.

The Committee has discretion to reduce the extent of vesting in the event that it considers that performance against either measure is inconsistent with underlying financial performance and/or the experience of key stakeholders. At least the after-tax number of vested shares must be retained for a minimum holding period of two years. To the extent that awards vest, the Committee has discretion to allow the Executive Directors to receive the benefit of any dividends paid over the vesting period in the form of additional vesting shares.

The balance of performance metrics reflects Derwent London's continued focus on delivering above average long-term returns to shareholders, together with our commitment to sustainability and ambition to be a net zero carbon business by 2030. The performance conditions for the 2024 Awards are:

Metric	Basis of calculation	Weighting of PSP	Threshold[1]	Maximum
Total shareholder return (TSR)	Position of the Company's TSR against the TSR of the ranked members of the FTSE 350 Super Sector Real Estate Index assessed over the three-year performance period ending 31 December 2026	50%	Median	Upper quartile and above
Total property return (TPR)	The Company's annualised TPR calculated on a compound annual growth basis relative to the MSCI Quarterly UK All Property Total Return Index assessed over the three-year performance period ending 31 December 2026	40%	At Index	Index +2%
Embodied carbon intensity	Weighted average embodied carbon for all Projects during the three-year performance period ending 31 December 2026	5%	600 $kgCO_2e/m^2$	500 $kgCO_2e/m^2$
Energy intensity	Average energy intensity for 2024, 2025 and 2026 assessed based on the electricity and gas consumption across the managed portfolio	5%	127 kWh/m^2	124 kWh/m^2

1 For achieving the threshold performance target, 22.5% of the maximum award will vest.

Annual report on remuneration continued

Outstanding PSP awards

The outstanding PSP awards held by Directors and employees are set out in the table below:

	At grant		During the year (number)							
	Date of award	Market price at date of grant[1] £	1 January 2024	Granted[2]	Vested	Lapsed[3]	31 December 2024	Market price at date of vesting £	Value vested (inclusive of dividend equivalents) £'000	Earliest vesting date
Executive Directors										
Paul Williams	12/03/2021	33.16	**36,911**	–	–	**(36,911)**	–	–	–	12/03/2024
	09/03/2022	29.36	**42,942**	–	–	–	**42,942**	–	–	09/03/2025
	14/03/2023	24.32	**55,921**	–	–	–	**55,921**	–	–	14/03/2026
	11/03/2024	21.00	–	**67,352**	–	–	**67,352**	–	–	11/03/2027
			135,774	**67,352**	–	**(36,911)**	**166,215**	–	–	
Damian Wisniewski[4]	12/03/2021	33.16	**29,529**	–	–	**(29,529)**	–	–	–	12/03/2024
	09/03/2022	29.36	**34,352**	–	–	–	**34,352**	–	–	09/03/2025
	14/03/2023	24.32	**43,133**	–	–	–	**43,133**	–	–	14/03/2026
	11/03/2024	21.00	–	**51,952**	–	–	**51,952**	–	–	11/03/2027
			107,014	**51,952**	–	**(29,529)**	**129,437**	–	–	
Nigel George	12/03/2021	33.16	**29,529**	–	–	**(29,529)**	–	–	–	12/03/2024
	09/03/2022	29.36	**34,352**	–	–	–	**34,352**	–	–	09/03/2025
	14/03/2023	24.32	**43,133**	–	–	–	**43,133**	–	–	14/03/2026
	11/03/2024	21.00	–	**51,952**	–	–	**51,952**	–	–	11/03/2027
			107,014	**51,952**	–	**(29,529)**	**129,437**	–	–	
Emily Prideaux	12/03/2021	33.16	**24,728**	–	–	**(24,728)**	–	–	–	12/03/2024
	09/03/2022	29.36	**30,653**	–	–	–	**30,653**	–	–	09/03/2025
	14/03/2023	24.32	**40,501**	–	–	–	**40,501**	–	–	14/03/2026
	11/03/2024	21.00	–	**51,952**	–	–	**51,952**	–	–	11/03/2027
			95,882	**51,952**	–	**(24,728)**	**123,106**	–	–	
Former Executive Directors										
David Silverman	12/03/2021	33.16	**29,529**	–	–	**(29,529)**	–	–	–	12/03/2024
			29,529	–	–	**(29,529)**	–	–	–	
Other employees	12/03/2021	33.16	**31,654**	–	–	**(31,654)**	–	–	–	12/03/2024
	09/03/2022	29.36	**61,199**	–	–	–	**61,199**	–	–	09/03/2025
	14/03/2023	24.32	**116,698**	–	–	–	**116,698**	–	–	14/03/2026
	11/03/2024	21.00	–	**148,989**	–	–	**148,989**	–	–	11/03/2027
			209,551	**148,989**	–	**(31,654)**	**326,886**	–	–	
Total			**684,764**	**372,197**	–	**(181,880)**	**875,081**	–	–	

1 The share price on the dealing day immediately preceding the grant date.
2 The PSP awards granted on 11 March 2024 will vest on 11 March 2027. The performance targets attached to these awards are detailed on page 195.
3 The PSP awards granted on 12 March 2021 lapsed in full during 2024. The weighted average exercise price of awards that lapsed in 2024 was £nil (2023: £nil).
4 Damian Wisniewski has a vested but unexercised PSP 2019 award of 5,253 shares (see pages 199 and 203).

	31 December 2024	31 December 2023	31 December 2022
Weighted average exercise price of PSP awards	**—**	—	—
Weighted average remaining contracted life of PSP awards	**1.19 years**	1.20 years	1.19 years

Pay for performance comparison

The graph below shows the value on 31 December 2024 of £100 invested in Derwent London on 31 December 2014, compared to that of £100 invested in the FTSE 350 Super Sector Real Estate Index. The other points plotted are the values at intervening financial year ends. This index has been chosen by the Committee as it is considered the most appropriate benchmark against which to assess the relative performance of the Company for this purpose.

Total shareholder return (TSR)

Source: LSEG Datastream
Note: The TSR chart data is based on the 30-day average over the period 2 December to 31 December for each year.

Remuneration of the Chief Executive

The table below shows the remuneration earned by the Chief Executive over the past 10 years.

Financial year ended	31/12/2015	31/12/2016	31/12/2017	31/12/2018	31/12/2019[1,2]		31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024
Chief Executive	John Burns	John Burns	John Burns	John Burns	John Burns	Paul Williams	Paul Williams	Paul Williams	Paul Williams	Paul Williams	Paul Williams
Total remuneration (single figure) (£'000)	2,529	1,403	1,681	2,219	1,399	2,100	2,214	1,238	1,549	1,133	1,496
Annual bonus (% of maximum)	74.2	23.3	53.6	68.5	97.0	97.0	66.3	30.9	83.1	31.0	61.3
Long-term variable pay (% of maximum)	65.7	24.9	26.5	46.0	65.75	65.75	81.6	18.1	0.0	0.0	0.0

1 Paul Williams' 2019 total remuneration is in respect of his tenure as Chief Executive from 17 May 2019. His salary, bonus and PSP were subject to a pro rata time reduction.
2 The annual bonus (% of maximum) and long-term variable pay (% of maximum) for John Burns in 2019 is based on remuneration in the role of the Chief Executive.

Annual report on remuneration continued

Sharesave Plan (audited)

Grant of Sharesave options

To encourage Group-wide share ownership, the Company has operated an HMRC tax efficient Sharesave Plan since the 2018 AGM. On 19 September 2024, the Company granted options under the Derwent London Sharesave Plan. The three-year contract for the options started on 1 November 2024. These options are exercisable at a price of £19.00 per share from 1 November 2027 and are not subject to any performance conditions.

Executive Director	Monthly saving amount	Number of shares under option	Option price	Market price at grant	Value of award[1]
Damian Wisniewski	£125	244	£19.00	£24.76	**£1,405**

1 The value of the award is based on the middle market share price on the grant date minus the option price.

Outstanding Sharesave options

The outstanding Sharesave options held by Directors and employees are set out in the table below:

	At grant		During the year (number)							
	Date of award	Option price £	1 January 2024	Granted	Exercised	Lapsed	31 December 2024	Maturity date	Market price at date of exercise £	Value of award at exercise £'000
Executive Directors										
Paul Williams	21/09/2022	19.61	**458**	**–**	**–**	**–**	**458**	01/12/2025	–	–
	21/09/2023	14.87	**623**	**–**	**–**	**–**	**623**	01/11/2026	–	–
			1,081	**–**	**–**	**–**	**1,081**		–	–
Damian Wisniewski	15/04/2021[1]	25.93	**173**	**–**	**–**	**(173)**	**–**	01/06/2024	–	–
	21/09/2022	19.61	**458**	**–**	**–**	**–**	**458**	01/12/2025	–	–
	21/09/2023	14.87	**311**	**–**	**–**	**–**	**311**	01/11/2026	–	–
	19/09/2024	19.00	**–**	**244**	**–**	**–**	**244**	01/11/2027	–	–
			942	**244**	**–**	**(173)**	**1,013**		–	–
Nigel George	21/09/2022	19.61	**458**	**–**	**–**	**–**	**458**	01/12/2025	–	–
	21/09/2023	14.87	**623**	**–**	**–**	**–**	**623**	01/11/2026	–	–
			1,081	**–**	**–**	**–**	**1,081**		–	–
Emily Prideaux	21/09/2022	19.61	**458**	**–**	**–**	**–**	**458**	01/11/2025	–	–
	21/09/2023	14.87	**623**	**–**	**–**	**–**	**623**	01/11/2026	–	–
			1,081	**–**	**–**	**–**	**1,081**		–	–
Other employees	15/04/2021[1]	25.93	**4,836**	**–**	**–**	**(4,836)**	**–**	01/06/2024	–	–
	21/09/2022	19.61	**27,582**	**–**	**–**	**(6,338)**	**21,244**	01/12/2025	–	–
	21/09/2023	14.87	**48,115**	**–**	**–**	**(7,600)**	**40,515**	01/11/2026	–	–
	19/09/2024	19.00	**–**	**13,851**	**–**	**–**	**13,851**	01/11/2027	–	–
			80,533	**13,851**	**–**	**(18,774)**	**75,610**			
Total			**84,718**	**14,095**	**–**	**(18,947)**	**79,866**		–	–

1 On 1 June 2024, the options granted on 15 April 2021 became capable of exercise at a price of £25.93 per share. As the option price was higher than the market value of the shares, the options were deemed to be 'underwater' and lapsed at the end of the exercise period (on 1 December 2024).

Directors' interests in shares (audited)

Details of the Directors' (and their connected persons) interests in shares are provided in the table below.

	Number at 31 December 2024					Number at 31 December 2023				
	Beneficially held[1]	Deferred shares	Conditional shares[3]	Share options[4]	Total	Beneficially held	Deferred shares	Conditional shares	Share options	Total
Executive Directors										
Paul Williams[1]	**92,921**	**6,570**	**166,215**	**1,081**	**266,787**	95,497	6,570	135,774	1,081	238,922
Damian Wisniewski	**69,095**	**5,256**	**129,437**	**6,266**	**210,054**	69,095	5,256	112,267	942	187,560
Nigel George	**100,046**	**5,256**	**129,437**	**1,081**	**235,820**	100,046	5,256	107,014	1,081	213,397
Emily Prideaux	**6,081**	**4,690**	**123,106**	**4,001**	**137,878**	6,081	4,690	95,882	4,001	110,654
Total	**268,143**	**21,772**	**548,195**	**12,429**	**850,539**	270,719	21,772	450,937	7,105	750,533
Non-Executive Directors										
Mark Breuer	**7,000**	**–**	**–**	**–**	**7,000**	7,000	–	–	–	7,000
Cilla Snowball	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–
Helen Gordon[1]	**1,009**	**–**	**–**	**–**	**1,009**	990	–	–	–	990
Lucinda Bell	**1,000**	**–**	**–**	**–**	**1,000**	1,000	–	–	–	1,000
Sanjeev Sharma	**1,261**	**–**	**–**	**–**	**1,261**	1,261	–	–	–	1,261
Robert Wilkinson[2]	**1,500**	**–**	**–**	**–**	**1,500**	–	–	–	–	–
Madeleine McDougall	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–
Former Directors										
Claudia Arney	**–**	**–**	**–**	**–**	**–**	2,500	–	–	–	2,500
Total	**11,770**	**–**	**–**	**–**	**11,770**	12,751	–	–	–	12,751

There have been no other changes to the above interests between 31 December 2024 and 26 February 2025.

1 There was no change in the shares beneficially held by the Directors during the year ended 31 December 2024, except for:
- Helen Gordon: Helen reinvested her dividend to purchase an additional 19 shares; and
- Paul Williams: Shareholding was adjusted by 2,576 shares to reflect a family member no longer falling under the definition of a connected persons.

2 On 10 June 2024, Robert Wilkinson purchased 1,500 shares at an average share price of £23.18.

3 Conditional shares are those which are subject to performance conditions. For further information on the Performance Share Plan see pages 194 to 196.

4 Share options principally relate to the Sharesave Plan (see page 198) and are unvested, except for:
- Damian Wisniewski: Damian's share options also include his vested but unexercised PSP 2019 award (5,253 shares); and
- Emily Prideaux: Emily has outstanding Employee Share Option Plan (ESOP) awards which were granted in respect of her role prior to being appointed an Executive Director.

Managing shareholder dilution

The table below sets out the available dilution capacity for the Company's employee share plans based on the limits set out in the rules of those plans that relate to issuing new shares.

	2024	2023
Total issued share capital as at 31 December	**112.3m**	112.3m
Employee share plan limits (in any consecutive 10-year period):		
Current dilution for all share plans	**2.7%**	2.5%
Headroom relative to 10% limit	**7.3%**	7.5%
5% for executive plans – current dilution for discretionary (executive) plans	**1.3%**	1.1%
Headroom relative to 5% limit	**3.7%**	3.9%

DIRECTORS' REPORT

David Lawler Company Secretary

The Directors' report for the financial year ended 31 December 2024 is set out on pages 200 to 204. Additional information, which is incorporated into this Directors' report by reference, including information required in accordance with the Companies Act 2006 and UK Listing Rule 6.6.1, can be located on the following pages:

The Directors present their Report & Accounts and audited financial statements for the year ended 31 December 2024.

This Report & Accounts contains certain forward-looking statements. By their nature, any statements about the 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.

Each forward-looking statement speaks only as of the date of that particular statement. No representation or warranty is given in relation to any forward-looking statements made by Derwent London, including as to their completeness or accuracy. Nothing in this Report & Accounts should be construed as a profit forecast.

Both the Strategic report and the Directors' report have been drawn up and presented in accordance with and in reliance upon applicable English company law, and the liabilities of the Directors in connection with that report shall be subject to the limitations and restrictions provided by such law.

Corporate governance arrangements

During the year ended 31 December 2024, we have applied the principles and complied with the provisions of good governance contained in the UK Corporate Governance Code 2018 (the Code). Further details on how we have applied the Code can be found in the Governance section on pages 116 to 199. The Code can be found in the standards, codes & policy section of the Financial Reporting Council's website: **www.frc.org.uk**.

Amendment of Articles of Association

Unless expressly specified to the contrary in the Company's Articles of Association (the Articles), the Articles may be amended by a special resolution of the Company's shareholders.

Company status and branches

Derwent London plc is a Real Estate Investment Trust (REIT) and the holding company of the Derwent London group of companies, which includes no branches. Derwent London plc is listed in the commercial companies' category of the London Stock Exchange Main Market. Derwent London plc is a public limited company, registered and domiciled in England and Wales (company number 01819699).

Key stakeholders

The long-term success of the Group is dependent on its relationships with its key stakeholders. On pages 38 to 39 and 131, we outline the ways in which we have engaged with our key stakeholders to understand their material concerns and factor them into our decision making.

Substantial shareholders

The table below shows the holdings in the Company's issued share capital which had been notified to the Company pursuant to the Financial Conduct Authority's Disclosure Guidance and Transparency Rules. The information below was correct at the date of notification. It should be noted that these holdings may have changed since the Company was notified. However, notification of any change is not required until the next notifiable threshold is crossed.

	31 December 2024			26 February 2025		
	Direct/ indirect	Number of shares (m)	%	Direct/ indirect	Number of shares (m)	%
Norges Bank	**Direct**	**8.9**	**7.9**	Direct	6.6	5.9
BlackRock Investment Management (UK) Ltd	**Indirect**	**6.0**	**5.4**	Indirect	6.0	5.4
First Eagle Investment Management LLC	**Direct**	**5.7**	**5.1**	Direct	5.7	5.1
Resolution Capital Limited	**Direct**	**5.6**	**5.0**	Direct	5.6	5.0
APG Asset Management N.V.	**Direct**	**5.6**	**5.0**	Direct	5.6	5.0
Ameriprise Financial Inc (Columbia Threadneedle)	**Indirect**	**4.9**	**4.8**	Indirect	4.9	4.8
Lady Jane Rayne	**Direct**	**4.1**	**3.6**	Direct	4.1	3.6
Canada Pension Plan Investment Board	**Direct**	**3.5**	**3.1**	Direct	3.5	3.1

Employees

The Board recognises the importance of attracting, developing and retaining the right people. In accordance with best practice, we have employment policies in place which provide equal opportunities for all employees, irrespective of sex, race, colour, disability, sexual orientation, gender identity, religious beliefs or marital status.

During the year under review, Dame Cilla Snowball was the designated director responsible for gathering the views of the workforce. Following Cilla's retirement from the Board no later than the 2025 AGM, this role will be undertaken by Madeleine McDougall. Further information on the Board's methods for engaging with the workforce is on page 131.

Greenhouse gas emissions

In line with our commitment to transparent and best practice reporting, we have included our streamlined energy and carbon reporting (SECR) disclosures on pages 58 and 59, which includes our annual GHG (greenhouse gas) emissions footprint and an intensity ratio appropriate for our business, which fulfil the requirements of the Companies Act 2006 (Strategic and Directors' report) Regulations 2013. For further analysis and detail on our GHG emissions, please see our latest Responsibility Report, which can be found at: **www.derwentlondon.com/responsibility/publications**.

Directors

The Directors of the Company are set out on pages 122 and 123, all of which were in office during the year under review, except for Robert Wilkinson and Madeleine McDougall, who were appointed to the Board from 1 June 2024 and 1 November 2024, respectively. Claudia Arney served on the Board for the period 1 January 2024 to 10 May 2024. The Board is required to consist of no fewer than two Directors and not more than 15. Shareholders may vary the minimum and/or maximum number of Directors by passing an ordinary resolution.

Copies of the Executive Directors' service contracts are available to shareholders for inspection at the Company's registered office and at the Annual General Meeting (AGM).

Details of the Directors' remuneration and service contracts and their interests in the shares of the Company are set out on pages 174 and 199. A summary of the key elements of the Directors' service contracts is available in the Remuneration Policy Report available on our website **www.derwentlondon.com/investors/governance/board-committees**.

Directors' indemnity

The Company maintains appropriate Directors' and Officers' liability insurance cover in respect of any potential legal action brought against its Directors. The Company has also indemnified each Director to the extent permitted by law against any liability incurred in relation to acts or omissions arising in the ordinary course of their duties. The indemnity arrangements were in force throughout the year (and at the date of approval of the financial statements) and are qualifying indemnity provisions under the Companies Act 2006.

Powers of the Directors

Subject to the Company's Articles of Association, the Companies Act 2006 and any directions given by special resolution, the business of the Company is managed by the Board, which may exercise all the powers of the Company, whether relating to the management of the business of the Company or not. In particular, the Board may exercise all the powers of the Company to borrow money, to guarantee, to indemnify, to mortgage or charge any of its undertakings, property, assets (present and future) and uncalled capital and to issue debentures and other securities and to give security for any debt, liability or obligation of the Company or of any third party.

Directors' training and development

Details of the training that has been provided to the Executive and Non-Executive Directors during the year can be found on pages 137 and 165.

Appointment and replacement of Directors

Directors may be appointed by ordinary resolution of the shareholders, or by the Board. Appointment of a Director from outside the Group is on the recommendation of the Nominations Committee, whilst internal promotion is a matter decided by the Board unless it is considered appropriate for a recommendation to be requested from the Nominations Committee.

Notwithstanding provisions in the Company's Articles of Association, the Board has agreed, in accordance with the Code and in line with previous years, that all of the Directors wishing to continue will retire and, being eligible, offer themselves for re-election by the shareholders at the 2025 AGM, except for Cilla Snowball, Robert Wilkinson and Madeleine McDougall.

After serving nine years on the Board, Cilla Snowball will not be seeking re-election and will step down from the Board no later than at the 2025 AGM. Robert Wilkinson and Madeleine McDougall shall seek election by the members following their appointments on 1 June 2024 and 1 November 2024, respectively.

Significant agreements

There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid, except that, under the rules of the Group's share-based remuneration schemes some awards may vest following a change of control.

Some of the Group's banking and financial arrangements are terminable upon a change of control of the Company. As a REIT, a tax charge may be levied on the Company if it makes a distribution to another company which is beneficially entitled to 10% or more of the shares or dividends in the Company or controls 10% or more of the voting rights in the Company (a substantial shareholder), unless the Company has taken reasonable steps to avoid such a distribution being made.

The Company's Articles of Association give the Directors power to take such steps, including the power to:

- identify a substantial shareholder;
- withhold the payment of dividends to a substantial shareholder; and
- require the disposal of shares forming part of a substantial shareholding.

There is no person with whom the Group has a contractual or other arrangement that is essential to the business of the Company.

Annual General Meeting (AGM)

At the 2024 AGM, we were delighted to receive in excess of 89% votes in favour of all resolutions. In total, 88.6% of our shareholders (voting capital) voted.

The 41st AGM of Derwent London plc will be held in DL/78 at 78 Charlotte Street, London W1T 4QS on 16 May 2025 at 9.30am. The Notice of Meeting together with explanatory notes is contained in the circular to shareholders that accompanies the Report & Accounts.

In the event we receive 20% or more votes against a recommended resolution at a general meeting, we would announce the actions we intend to take to engage with our shareholders to understand the result in accordance with the Code. We would follow this announcement with a further update within six months of the meeting, with an overview of our shareholders' views on the resolutions and the remedial actions we have taken. All announcements made via RNS are available to shareholders on our website.

To date, the Board has not been required to follow these procedures due to the high level of support received from shareholders.

Voting

Shareholders will be entitled to vote at a general meeting whether on a show of hands or a poll, as provided in the Companies Act 2006. Voting at the 2025 AGM will be via poll.

Where a proxy is given discretion as to how to vote on a show of hands, this will be treated as an instruction by the relevant shareholder to vote in the way in which the proxy decides to exercise that discretion. This is subject to any special rights or restrictions as to voting which are given to any shares or upon which any shares may be held at the relevant time and to the Articles of Association.

If more than one joint holder votes (including voting by proxy), the only vote which will count is the vote of the person whose name is listed first on the register for the share.

Restrictions on voting

Unless the Directors decide otherwise, a shareholder cannot attend or vote shares at any general meeting of the Company or upon a poll or exercise any other right conferred by membership in relation to general meetings or polls if they have not paid all amounts relating to those shares which are due at the time of the meeting, or if they have been served with a restriction notice (as defined in the Articles of Association) after failure to provide the Company with information concerning interests in those shares required to be provided under the Companies Act 2006.

The Company is not aware of any agreements between shareholders that may result in restrictions on voting rights.

Capital structure

As at 26 February 2025, the Company's issued share capital comprised a single class of 5p ordinary shares (ISIN: GB0002652740) and equalled an amount of £5,614,546.45 divided into 112,290,929 ordinary shares.

The market price of the 5p ordinary shares at 31 December 2024 was £19.59 (2023: £23.60). During the year, they traded in a range between £18.74 and £25.28 (2023: £17.66 and £27.50). Details of the ordinary share capital and shares issued during the year can be found in note 30 to the financial statements.

Derwent London shares held by the Group

As at 31 December 2024, the Group holds 33,000 Derwent London shares in order to deliver vesting shares under the Performance Share Plan (PSP) to participants, allot dividend equivalents as additional vesting shares and deliver deferred bonus shares when the deferral periods expire. Movements on the holding of these shares are detailed below. The shares held as at 31 December 2024 include the 22,334 deferred bonus shares purchased on 4 April 2023 (see page 194) and Damian Wisniewski's vested but unexercised PSP 2019 award (5,253 shares). The outstanding balance (5,413 shares) will be utilised for future PSP vestings.

		During the year			
	1 January 2024	Acquired	Allotted	Disposal	31 December 2024
Deferred bonus	22,334	–	–	–	22,334
Performance Share Plan	10,666	–	–	–	10,666
Total	**33,000**	**–**	**–**	**–**	**33,000**
Price (£)					
Percentage of issued share capital					0%

Rights and restrictions attaching to shares

Subject to the Articles of Association, the Companies Act 2006 and other shareholders' rights, shares in the Company may be issued with such rights and restrictions as the shareholders may by ordinary resolution decide, or if there is no such resolution, as the Board may decide provided it does not conflict with any resolution passed by the shareholders. These rights and restrictions will apply to the relevant shares as if they were set out in the Articles of Association. Subject to the Articles of Association, the Companies Act 2006 and other shareholders' rights, unissued shares are at the disposal of the Board.

Variation of rights

The rights attached to any class of shares can be amended if approved, either by 75% of shareholders holding the issued shares in that class by amount, or by special resolution passed at a separate meeting of the holders of the relevant class of shares.

Every member and every duly appointed proxy present at a general meeting or class meeting has, upon a show of hands, one vote and every member present in person or by proxy has, upon a poll, one vote for every share held by him or her. No person holds securities in the Company carrying special rights with regard to control of the Company.

Restrictions on transfer of securities in the Company

There are no specific restrictions on the transfer of securities in the Company, which is governed by its Articles of Association and prevailing legislation. The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities.

Directors' interests in shares / See page 199

Managing shareholder dilution / See page 199

Results and dividends

The financial statements set out the results of the Group for the financial year ended 31 December 2024 and are shown on pages 216 to 277. The Directors recommend a final dividend of 55.50p per ordinary share for the year ended 31 December 2024. When taken together with the interim dividend of 25.00p per ordinary share paid in October 2024, this results in a total dividend for the year of 80.50p (2023: 79.50p) per ordinary share. Subject to approval by shareholders of the recommended final dividend, the dividend to shareholders for 2024 will total £90.4m. If approved, the Company will pay the final dividend on 30 May 2025 to shareholders on the register of members at 25 April 2025.

PID and non-PID dividends

As a REIT, Derwent London must distribute at least 90% of the Group's income profits from its tax-exempt property rental business by way of a dividend, which is known as a property income distribution (PID). These distributions can be subject to withholding tax at 20%. Dividends from profits of the Group's taxable residual business are non-PID and will be taxed as an ordinary dividend.

Dividend payments

Derwent London plc is committed to reducing its impact on the environment. As such, from October 2025, dividend payments will no longer be made by cheque. Receiving dividends by direct payment rather than cheque is quicker, more secure and better for the environment. Further information will be contained on our dividend tax vouchers.

DIRECTORS' REPORT continued

Disapplication of pre-emption rights

At the 2025 AGM, the Company will seek approval from its shareholders to disapply pre-emption rights in accordance with the Pre-Emption Group's 2022 Statement of Principles.

Special resolutions 17 and 18 will seek authority to:

- disapply pre-emption rights on up to a nominal amount of £561,455 (representing 10% of our issued share capital), with a further disapplication for up to 2 per cent to be used only for the purposes of a follow-on offer; and
- disapply pre-emption rights for an additional 10 per cent for transactions which the Board determines to be either an acquisition or a specified capital investment as defined by the Statement of Principles, with a further disapplication for up to 2 per cent to be used only for the purposes of a follow-on offer.

The Company confirms its intention to comply with the 'letter and spirit' of the Pre-Emption Group's Statement of Principles in respect of the use of the annual disapplication of pre-emption rights.

Powers in relation to the Company issuing or buying back its own shares

At the 2024 AGM, shareholders authorised the Company to allot relevant securities:

(i) up to a nominal amount of £1,871,328; and

(ii) up to a nominal amount of £3,743,218, after deducting from such limit any relevant securities allotted under (i), in connection with an offer by way of a rights issue.

This authority is renewable annually. An ordinary resolution will be proposed at the 2025 AGM to grant a similar authority to allot:

(i) up to a nominal amount of £1,871,328 (being one-third of the issued share capital of the Company); and

(ii) up to a nominal amount of £3,743,218, after deducting from such limit any relevant securities allotted under (i), in connection with an offer by way of a rights issue (being two-thirds of the issued share capital).

A further special resolution will be proposed to renew the Directors' authority to repurchase the Company's ordinary shares in the market. The authority will be limited to a maximum of 11,229,093 ordinary shares and the resolution sets the minimum and maximum prices which may be paid. The Directors will only purchase the Company's shares in the market if they believe it is in the best interests of shareholders generally.

Fixed assets

The Group's portfolio was professionally revalued at 31 December 2024, resulting in a deficit of £1.8m, before accounting adjustments of £2.0m. The portfolio is included in the Group balance sheet at a carrying value of £4,860.5m. Further details are given in note 16 of the financial statements.

Post-balance sheet events

There are no post-balance sheet events requiring disclosure.

Political donations

There were no political donations during 2024 (2023: nil).

Audit exemption

For the year ending 31 December 2024, a number of the Group's wholly owned subsidiaries are entitled to exemption from audit, under section 479A of the Companies Act 2006. We have identified in the table on pages 274 to 276 which subsidiaries intend to utilise the audit exemption. As the ultimate parent of these companies, Derwent London plc has unanimously agreed to the adoption of the exemptions and to the granting of a guarantee in accordance with section 479C of the Companies Act 2006.

Auditor

PricewaterhouseCoopers LLP (PwC) were reappointed in 2024 following a competitive tender process during 2023. PwC has expressed its willingness to continue in office as the Group's external Auditor and, accordingly, resolutions to appoint and authorise the Audit Committee, for and on behalf of the Directors, to determine its remuneration will be proposed at the AGM. These are resolutions 14 and 15 as set out in the Notice of Meeting.

As Sandra Dowling approaches the end of her tenure as Lead Audit Partner, the Board approved the appointment of Allan McGrath as Lead Audit Partner for the year ending 31 December 2025.

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's external Auditor is unaware and that each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and ensure that the Auditor is aware of such information.

The Strategic report and Directors' report have been approved by the Board of Directors and signed by order of the Board by:

David Lawler
Company Secretary

26 February 2025

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Report and Accounts 2024 and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law).

Under Company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently.
- State whether applicable UK-adopted international accounting standards have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements.
- Make judgements and accounting estimates that are reasonable and prudent.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The Directors consider that the annual Report & Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy. Each of the Directors, whose names and functions are listed on pages 122 to 123 confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company; and
- the Strategic report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

On behalf of the Board

Paul Williams
Chief Executive

Damian Wisniewski
Chief Financial Officer

26 February 2025

45 Whitfield Street W1

Network W1

FINANCIAL STATEMENTS

"Space for Change has not only boosted our confidence but also highlights how Derwent London's commitment to providing valuable workspace resources and integrating startups into their vibrant community can truly empower and accelerate new ventures.

Disruptor London
Space for Change winner

INDEPENDENT AUDITORS' REPORT

to the members of Derwent London plc

Report on the audit of the financial statements

Opinion

In our opinion:

- Derwent London plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2024 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Accounts 2024 (the "Annual Report"), which comprise: the consolidated and company balance sheets as at 31 December 2024; the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement, and the consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 10 to the consolidated financial statements, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographic structure of the group, the accounting processes and controls, and the industry in which the group operates.
- The group's properties are spread across a number of statutory entities, with the group financial statements being a consolidation of these entities, the company and the group's joint ventures. All work was carried out by the group audit team.

Key audit matters

- Valuation of investment properties (group)
- Compliance with REIT guidelines (group)
- Valuation of investments in and loans to subsidiaries (company)

Materiality

- Overall group materiality: £52.1 million (2023: £50.2 million) based on 1% of Total assets.
- Specific group materiality: £5.9 million (2022: £5.7 million) based on 5% of Profit before tax after removing revaluation of investment properties (whether held directly or through joint ventures), profit on disposal and fair value movements on derivatives, which is applied to the group income statement except for these removed items.
- Overall company materiality: £45.7 million (2023: £46.0 million) based on 1% of Total assets.
- Performance materiality: £39.1 million (2023: £37.6 million) (group) and £34.3 million (2023: £34.5 million) (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties (group) Refer to the Audit Committee report (Significant financial judgements, key assumptions and estimates), note 3 (Significant judgements, key assumptions and estimates) and note 16 (Property portfolio) to the consolidated financial statements. The group has investment properties totalling £4,670.1 million (2023: £4,551.4 million). The group's property portfolio principally consists of offices and commercial space within central London. The remainder of the portfolio represents a retail park, farming woodland and strategic residential development land in Scotland. Valuations are carried out by third party valuers (the 'Valuers') in accordance with the Royal Institution of Chartered Surveyors ('RICS') Valuation – Global Standards 2022, International Accounting Standard 40 (Investment Property) and International Financial Reporting Standard 13 (Fair Value Measurement). There are significant judgements and estimates to be made in relation to the valuation of the group's investment properties. Where available, the valuations take into account evidence of market transactions for properties and locations comparable to those of the group. The central London investment property portfolio mainly features office accommodation and includes: • Standing investments: These are existing properties that are currently let. They are valued using the income capitalisation method. • Development properties: These are properties currently under development or identified for future development. They have a different risk and investment profile to the standing investments. These are valued using the residual appraisal method (i.e. by estimating the fair value of the completed project using the income capitalisation method less estimated costs to completion and a risk premium). The most significant estimates affecting the valuation included yields and estimated rental value ("ERV") growth (as described in note 16 of the consolidated financial statements). For development projects, other assumptions included costs to completion and risk premium assumptions are also factored into the valuation. The existence of significant estimation uncertainty, coupled with the fact that only a small percentage difference in individual property valuations when aggregated could result in material misstatement, is why we have given specific audit focus and attention to this area.	Given the inherent subjectivity involved in the valuation of the property portfolio, and therefore the need for deep market knowledge when determining the most appropriate assumptions and the technicalities of valuation methodology, we engaged our internal valuation experts to assist us in our audit of this matter. **Assessing group's external Valuers' expertise and objectivity** The Valuers used by the group are Knight Frank. They are a well-known firm, with sufficient experience of the group's market. We assessed the competence and capabilities of the Valuers and verified their qualifications by discussing the scope of their work and reviewing the terms of their engagements for unusual terms or fee arrangements. Based on this work, we are satisfied that the Valuers remain objective and competent and that the scope of their work was appropriate. **Testing the valuations assumptions and capital movement** We obtained details of each property held by the group and set an expected range for yield and capital value movement, determined by reference to published benchmarks and using our experience and knowledge of the market. We obtained and read the Valuers' valuation reports covering all of the group's investment properties and confirmed that the valuation approach was in accordance with RICS standards. We held meetings with management and the Valuers, at which the valuations and the key assumptions therein were discussed. We focused on the largest properties, development properties, and any outliers (where the year-on-year capital value, yield and or ERV movement were out of line with our range of assumptions developed using externally published market data for the relevant sector). We also focused on properties where assumptions did not fall within our expected range, by obtaining the additional evidence used in arriving at the final valuations and assessing its appropriateness. Furthermore, we challenged the Valuers as to the extent to which recent market transactions and expected rental values which they made use of in deriving their valuations took into account the impact of climate change and related ESG considerations.Specifically, we challenged the Valuers on their consideration of any Energy Performance Certificate related costs identified by management and how that was reflected within the underlying property valuations.

INDEPENDENT AUDITORS' REPORT continued

to the members of Derwent London plc

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties (group) continued	**Information and standing data** We tested the data inputs underpinning the investment property valuation for a sample of properties, including rental income, acquisitions and capital expenditure, by agreeing the inputs to the underlying property records held by the group to assess the reliability, completeness and accuracy of the underlying data used by the Valuers. The underlying property records were assessed for reliability by obtaining signed and approved lease contracts or sale/purchase contracts and by inspecting approved third party invoices and tracing back to bank statements on a sample basis. For development properties, we agreed the costs to date included within development appraisals to quantity surveyor reports and capitalised expenditure was tested on a sample basis to invoices. We agreed the total forecasted cost of upgrading buildings to Energy Performance Certificate B to a third party report commissioned by the group. We also challenged the valuer on the profit on cost assumptions used as this reflects the risk premium of the development property. We considered reasons why the market capitalisation was lower than the net asset value of the group. We have no matters to report in respect of this work.
Compliance with REIT guidelines (group) Refer to the Audit Committee report (Significant financial judgements, key assumptions and estimates) and note 3 (Significant judgements, key assumptions and estimates) to the consolidated financial statements. The UK REIT regime grants companies tax exempt status provided they meet the rules within the regime. The rules are complex and the tax exempt status has a significant impact on the financial statements. The complexity of the rules creates a risk of an inadvertent breach and the group's profit becoming subject to tax. The obligations of the REIT regime include requirements to comply with balance of business, dividend and income cover tests. The group's status as a REIT underpins its business model and shareholder returns. For this reason, it warrants special audit focus.	We confirmed our understanding of management's approach to ensuring compliance with the REIT regime rules. We obtained management's calculations and supporting documentation, checking their accuracy by verifying the inputs and calculations. We involved our internal taxation experts to verify the accuracy of the application of the rules and to re-perform the REIT compliance tests. We have no matters to report in respect of this work.

Key audit matter	How our audit addressed the key audit matter
Valuation of investments in and loans to subsidiaries (company) Refer to notes vi (Investments) and vii (Receivables) to the company financial statements. The company has investments in subsidiaries of £2,578.3 million (2023: £2,189.8 million) and loans to subsidiaries of £1,920.4 million (2023: £2,327.3 million) as at 31 December 2024. This is following the recognition of a net impairment reversal of £0.5 million (2023: net impairment charge of £169.9 million) net provision for impairment on investments in subsidiaries and an expected credit loss impairment of £nil (2023: £nil) recognised on loans to subsidiaries in the year. The company's accounting policy for investments and loans is to hold them at cost less any impairment. Impairment of the loans is calculated in accordance with International Financial Reporting Standard 9 (Financial Instruments). Investments in subsidiaries are assessed for impairment in line with International Accounting Standard 36 (Impairment of Assets). Given the inherent judgement and complexity in assessing both the carrying value of a subsidiary company and the expected credit loss of intercompany receivables, this was identified as a key audit matter.	We obtained management's impairment assessment for the recoverability of investments in and loans to subsidiaries as at 31 December 2024. We assessed the accounting policy for investments and loans to subsidiaries to ensure they were compliant with FRS 101 "Reduced Disclosure Framework". We verified that the methodology used by management in arriving at the carrying value of each subsidiary, and the expected credit loss for intercompany receivables, was compliant with FRS 101. We identified the key judgement within the requirement for impairment of both the investments and loans to subsidiaries to be the underlying valuation of investment property held by the subsidiaries. For details of our procedures over investment property valuations please refer to the group key audit matter above. We have no matters to report in respect of this work.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The group's properties are spread across a number of statutory entities, with the group financial statements being a consolidation of these entities, the company and the group's joint ventures. All work was carried out by the group audit team.

The impact of climate risk on our audit

In planning our audit, we made enquiries with management to understand the extent of the potential impact of climate change risk on the financial statements. Our evaluation of this conclusion included challenging key judgements and estimates in areas where we considered that there was greatest potential for climate change impact. We particularly considered how climate change risks would impact the assumptions made in the valuation of investment properties as explained in our key audit matter above. We also considered the consistency of the disclosures in relation to climate change made within the Annual Report, the financial statements and the knowledge obtained from our audit. We assessed the consideration of the cost of delivering the group's climate change and sustainability strategy within the going concern and viability forecasts.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – group	Financial statements – company
Overall materiality	£52.1 million (2023: £50.2 million).	£45.7 million (2023: £46.0 million).
How we determined it	1% of Total assets	1% of Total assets
Rationale for benchmark applied	The primary measurement attribute of the group is the carrying value of property investments. On this basis, we set an overall group materiality level based on total assets.	The primary measurement attribute of the company is the carrying value of investments in subsidiaries. On this basis, we set an overall company materiality level based on total assets.

INDEPENDENT AUDITORS' REPORT continued

to the members of Derwent London plc

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2023: 75%) of overall materiality, amounting to £39.1 million (2023: £37.6 million) for the group financial statements and £34.3 million (2023: £34.5 million) for the company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

In addition, we set a specific group materiality level of £5.9 million (2023: £5.7 million) which is calculated based on 5% of Profit Before Tax after removing revaluation of investment properties (whether held directly or through joint ventures), profit on disposal and fair value movements on derivatives, and which is applied to the group income statement except for these removed items.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £2.6 million (group audit) (2023: £2.5 million) and £2.3 million (company audit) (2023: £2.3 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Agreed the underlying cash flow projections to Board approved forecast and assess how this forecast is compiled;
- Considered management's forecasting accuracy by comparing how the forecast made at the half year compares to the actual performance in the second half of the year;
- Tested the integrity of the underlying formulas and calculations within the going concern and cash flow models;
- Understood and assessed the appropriateness of the key assumptions used in the base case and in the severe but plausible downside scenarios, including assessing whether we considered the downside sensitivities to be appropriately severe;
- Performed sample testing over the data and information of the properties used in the forecast made by the MRI forecasting system to the supporting documents to gain comfort over the accuracy of the data and information in the MRI forecasting system;
- Assessed the consideration of the cost of delivering the group's climate change and sustainability strategy within the underlying going concern and viability forecasts;
- Evaluated whether the directors' conclusion, that sufficient liquidity and covenant headroom existed to continue trading operationally throughout the going concern period under the base and severe but plausible scenarios, is appropriate; and
- Reviewed the disclosures provided relating to the going concern basis of preparation and found that these provided an explanation of the directors' assessment that was consistent with the evidence we obtained.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Directors' remuneration

In our opinion, the part of the Remuneration Committee report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group and company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

INDEPENDENT AUDITORS' REPORT continued

to the members of Derwent London plc

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with the Real Estate Investment Trust (REIT) status Part 12 of the Corporation Tax Act 2010 and the UK regulatory principles, such as those governed by the Listings Rules, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue, and management bias in accounting estimates and judgemental areas of the financial statements such as the valuation of investment properties. Audit procedures performed by the engagement team included:

- Discussions with management, including the Company Secretary, as well as those charged with governance, over their consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Understanding and evaluating management's controls designed to prevent and detect irregularities;
- Reviewing the reports made by internal audit;
- Assessment of matters reported through the group's whistleblowing helpline and the results of management's investigation of such matters where relevant;
- Review of tax compliance with the involvement of our tax experts in the audit;
- Procedures relating to the valuation of investment properties described in the related key audit matter above;
- Reviewing relevant meeting minutes, including those of the Board of Directors, Risk Committee and the Audit Committee; and
- Identifying and testing journal entries, in particular any journal entries posted with unexpected account combinations, post close entries and posted by unexpected users.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements and the part of the Remuneration Committee report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the directors on 14 May 2014 to audit the financial statements for the year ended 31 December 2014 and subsequent financial periods. The period of total uninterrupted engagement is eleven years, covering the years ended 31 December 2014 to 31 December 2024.

Other matter

The company is required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules to include these financial statements in an annual financial report prepared under the structured digital format required by DTR 4.1.15R – 4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This auditors' report provides no assurance over whether the structured digital format annual financial report has been prepared in accordance with those requirements.

Sandra Dowling (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

26 February 2025

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2024

	Note	2024 £m	2023 £m
Gross property and other income	5	**276.9**	265.9
Net property and other income	5	**198.3**	190.5
Administrative expenses		**(41.1)**	(39.1)
Revaluation deficit	16	**(2.7)**	(581.5)
Profit on disposal	6	**1.9**	1.2
Profit/(loss) from operations		**156.4**	(428.9)
Finance income	7	**0.3**	0.9
Finance costs	7	**(39.9)**	(40.4)
Movement in fair value of derivative financial instruments		**(2.3)**	(2.1)
Financial derivative termination income	8	**–**	1.8
Share of results of joint ventures	9	**1.5**	(7.2)
Profit/(loss) before tax	10	**116.0**	(475.9)
Tax charge	15	**(0.1)**	(0.5)
Profit/(loss) for the year		**115.9**	(476.4)
Basic earnings/(loss) per share	38	**103.24p**	(424.25p)
Diluted earnings/(loss) per share	38	**102.93p**	(424.25p)

The notes on pages 221 to 267 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2024

	Note	2024 £m	2023 £m
Profit/(loss) for the year		**115.9**	(476.4)
Actuarial losses on defined benefit pension scheme	14	**(0.4)**	(0.7)
Revaluation surplus/(deficit) of owner-occupied property	16	**2.9**	(3.9)
Deferred tax (charge)/credit on revaluation	29	**(0.6)**	1.0
Other comprehensive income/(expense) that will not be reclassified to profit or loss		**1.9**	(3.6)
Total comprehensive income/(expense) relating to the year		**117.8**	(480.0)

The notes on pages 221 to 267 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

as at 31 December 2024 — Registered No. 1819699

	Note	2024 £m	2023 £m
Non-current assets			
Investment property	16	**4,670.1**	4,551.4
Property, plant and equipment	17	**52.0**	49.9
Investments	19	**–**	35.8
Derivative financial instruments	25	**–**	2.9
Pension scheme surplus	14	**1.8**	2.0
Other receivables	20	**201.0**	201.0
		4,924.9	4,843.0
Current assets			
Trading property	16	**115.7**	60.0
Trading stock	18	**17.5**	8.9
Trade and other receivables	21	**57.8**	42.7
Derivative financial instruments	25	**0.6**	–
Corporation tax asset		**0.4**	0.4
Cash and cash equivalents	33	**71.4**	73.0
		263.4	185.0
Non-current assets held for sale	22	**25.7**	–
Total assets		**5,214.0**	5,028.0
Current liabilities			
Borrowings	25	**194.1**	102.9
Leasehold liabilities	25	**0.4**	0.4
Trade and other payables	23	**174.7**	148.0
Provisions	24	**0.2**	0.1
		369.4	251.4
Non-current liabilities			
Borrowings	25	**1,269.4**	1,233.2
Leasehold liabilities	25	**34.2**	34.2
Provisions	24	**0.4**	0.3
Deferred tax	29	**0.8**	0.1
		1,304.8	1,267.8
Total liabilities		**1,674.2**	1,519.2
Total net assets		**3,539.8**	3,508.8
Equity			
Share capital	30	**5.6**	5.6
Share premium	31	**196.6**	196.6
Other reserves	31	**943.2**	939.3
Retained earnings	31	**2,394.4**	2,367.3
Total equity		**3,539.8**	3,508.8

The financial statements were approved by the Board of Directors and authorised for issue on 26 February 2025.

Paul Williams
Chief Executive

Damian Wisniewski
Chief Financial Officer

The notes on pages 221 to 267 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2024

	Share capital £m	Share premium £m	Other reserves[1] £m	Retained earnings £m	Total equity £m
At 1 January 2024	5.6	196.6	939.3	2,367.3	3,508.8
Profit for the year	–	–	–	115.9	115.9
Other comprehensive income/(expense)	–	–	2.3	(0.4)	1.9
Share-based payments	–	–	1.6	1.4	3.0
Dividends paid	–	–	–	(89.8)	(89.8)
At 31 December 2024	**5.6**	**196.6**	**943.2**	**2,394.4**	**3,539.8**
At 1 January 2023	5.6	196.6	941.9	2,931.4	4,075.5
Loss for the year	–	–	–	(476.4)	(476.4)
Other comprehensive expense	–	–	(2.9)	(0.7)	(3.6)
Share-based payments	–	–	0.3	1.7	2.0
Dividends paid	–	–	–	(88.7)	(88.7)
At 31 December 2023	5.6	196.6	939.3	2,367.3	3,508.8

1 See note 31.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2024

	Note	2024 £m	2023 £m
Operating activities			
Cash generated from operations	28	**102.6**	135.3
Interest received		**0.3**	0.8
Interest and other finance costs paid		**(38.3)**	(38.1)
Distributions from joint ventures		**–**	0.3
Tax paid in respect of operating activities		**–**	(1.3)
Net cash from operating activities		**64.6**	97.0
Investing activities			
Acquisition of properties		**(47.0)**	(3.8)
Capital expenditure[1]		**(139.9)**	(151.5)
Disposal of investment properties		**85.5**	65.4
Repayment of joint venture loans		**–**	0.6
Purchase of property, plant and equipment		**(1.6)**	(0.7)
Indirect taxes received/(paid) in respect of investing activities		**1.1**	(8.0)
Net cash used in investing activities		**(101.9)**	(98.0)
Financing activities			
Net movement in revolving bank loans	27	**26.5**	84.0
Drawdown of term bank loans	27	**182.5**	–
Payment of loan arrangement fees		**(0.7)**	–
Proceeds from other loan		**–**	0.3
Repayment of secured bank loan		**(83.0)**	–
Financial derivative termination income	8	**–**	1.8
Dividends paid	32	**(89.6)**	(88.7)
Net cash from/(used in) financing activities		**35.7**	(2.6)
Decrease in cash and cash equivalents in the year		**(1.6)**	(3.6)
Cash and cash equivalents at the beginning of the year	33	**73.0**	76.6
Cash and cash equivalents at the end of the year	33	**71.4**	73.0

1 Finance costs of £11.2m (2023: £6.5m) are included in capital expenditure (see note 7).

The notes on pages 221 to 267 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2024

1 Basis of preparation

The consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards, (the "applicable framework"), and have been prepared in accordance with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties, the revaluation of property, plant and equipment, assets held for sale, pension scheme, and financial assets and liabilities held at fair value through profit and loss.

These financial statements have been presented in Pounds Sterling, which is the functional currency of the Group, to the nearest million.

The financial statements of Derwent London plc (the "Company") have been prepared under FRS 101 and can be found on pages 268 to 269.

Going concern

The Board continues to adopt the going concern basis in preparing these consolidated financial statements. In considering this requirement, the Directors have taken into account the following:

- The Group's latest rolling forecast for the next two years, in particular the cash flows, borrowings and undrawn facilities, including the 'severe but plausible' downside case.
- The headroom under the Group's financial covenants.
- The risks included on the Group's risk register that could impact on the Group's liquidity and solvency over the 12 months.
- The risks on the Group's risk register that could be a threat to the Group's business model and capital adequacy.

The Directors have considered the relatively long-term and predictable nature of the income receivable under the tenant leases, the Group's year end loan-to-value ratio for 2024 of 29.9%, the interest cover ratio of 387%, the £487m total of undrawn facilities and cash and the fact that the average maturity of borrowings was 4.0 years at 31 December 2024. The impact of the current economic situation, interest rates and cost inflation on the business and its occupiers has been considered. The likely impact of climate change has been incorporated into the Group's forecasts which have also taken account of a programme of EPC upgrades across the portfolio. Based on the year end position, rental income would need to decline by 62% and property values would need to fall by 50% before breaching its financial covenants.

The £175m unsecured convertible bond, which matures in June 2025, is a current liability and therefore the Group is in a net current liabilities position. However, the Group has significant liquidity to fund its ongoing operations and, as noted above, has access to £487m of available undrawn facilities and cash as at year end. In addition, a new £115m unsecured term/revolving bank facility was signed in February 2025, which provides the Directors with a reasonable expectation that the Group will be able to meet these current liabilities as they fall due.

Having due regard to these matters and after making appropriate enquiries, the Directors have reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least 12 months from the date of signing of these consolidated financial statements and, therefore, the Directors continue to adopt the going concern basis in their preparation.

2 Changes in accounting policies

The principal accounting policies are described in note 41 and are consistent with those applied in the Group's financial statements for the year to 31 December 2023, as amended to reflect the adoption of new standards, amendments and interpretations which became effective in the year as shown below.

New standards adopted during the year

The following standards, amendments and interpretations were effective for the first time for the Group's current accounting period. They did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

IAS 1 (amended) – Classification of liabilities as current or non-current, Non-current Liabilities with Covenants;

IAS 7 and IFRS 7 (amended) – Supplier Finance Arrangements;

IFRS 16 (amended) – Lease Liability in a Sale and Leaseback.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 December 2024

2 Changes in accounting policies continued

Standards in issue but not yet effective

The following standards, amendments and interpretations were in issue at the date of approval of these financial statements but were not yet effective for the current accounting period and have not been adopted early. Based on the Group's current circumstances the Directors do not anticipate that their adoption in future periods will have a material impact on the financial statements of the Group, with the exception of IFRS 18 where the Directors are assessing its potential impact.

IAS 21 (amended) – The Effects of Changes in Foreign Exchange rates;

IFRS 7 and IFRS 9 (amended) – Classification and Measurement of Financial Instruments;

IFRS 10 and IAS 28 (amended) – Sale or Contribution of Assets between an investor and its Associate or Joint Venture;

IFRS 18 – Presentation and Disclosure in Financial Statements';

IFRS 19 – Subsidiaries without Public Accountability: Disclosures.

3 Significant judgements, key assumptions and estimates

The preparation of financial statements in accordance with the applicable framework requires the use of certain significant accounting estimates and judgements. It also requires management to exercise judgement in the process of applying the Group's accounting policies. The Group's significant accounting policies are stated in note 41. Not all of these accounting policies require management to make difficult, subjective or complex judgements or estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates. The following is intended to provide an understanding of the policies that management consider critical because of the level of complexity, judgement or estimation involved in their application and their impact on these consolidated financial statements.

Significant judgements

Compliance with the real estate investment trust (REIT) taxation regime

As a REIT, the Group benefits from tax advantages. Income and chargeable gains on the qualifying property rental business are exempt from corporation tax. Income that does not qualify as property income within the REIT rules is subject to corporation tax in the normal way. There are a number of tests that are applied annually, and in relation to forecasts, to ensure the Group remains well within the limits allowed within those tests.

The Group met all the criteria in 2024 in each case, thereby ensuring its REIT status is maintained. The Directors intend that the Group should continue as a REIT for the foreseeable future.

Key sources of estimation uncertainty

Property portfolio valuation

The Group uses the valuation carried out by external valuers as the fair value of its property portfolio. The valuation considers a range of assumptions including future rental income, investment yields, anticipated outgoings and maintenance costs, future development expenditure and appropriate discount rates. The external valuers also make reference to market evidence of transaction prices for similar properties and take into account the impact of climate change and related environmental, social and governance considerations. More information is provided in note 16, including sensitivity disclosures.

Other areas of estimation

Impairment testing of trade receivables and other financial assets

Trade receivables and accrued rental income recognised in advance of receipt are subject to impairment testing under IFRS 9 and IAS 36, respectively. This accrued rental income arises due to the spreading of rent-free and reduced rent periods, capital contributions and contracted rent uplifts in accordance with IFRS 16 Leases.

Impairment testing of trade receivables and other financial assets is no longer considered a key source of estimation uncertainty as the Group no longer deems that the inherent uncertainty is likely to have a material impact within the next 12 months. Accordingly, the associated sensitivities and balances have not been disclosed.

Due to their size, the lease incentive receivables (non-current) of £173.6m and lease incentive receivables (current) of £22.0m, net of impairments, remain an area of estimation uncertainty for the Group.

4 Segmental information

IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal financial reports about components of the Group that are regularly reviewed by the chief operating decision makers (which in the Group's case are the four Executive Directors who are assisted by the other 13 members of the Executive Committee) in order to allocate resources to the segments and to assess their performance.

The internal financial reports received by the Group's Executive Committee contain financial information at a Group level as a whole and there are no reconciling items between the results contained in these reports and the amounts reported in the financial statements. These internal financial reports include IFRS figures but also report non-IFRS figures for the EPRA earnings and net asset value. Reconciliations of each of these figures to their statutory equivalents are detailed in note 38. Additionally, information is provided to the Executive Committee showing gross property income and property valuation by individual property. Therefore, for the purposes of IFRS 8, each individual property is considered to be a separate operating segment in that its performance is monitored individually.

The Group's property portfolio includes investment property, owner-occupied property and trading property and comprised 95% office buildings[1] by value at 31 December 2024 (2023: 96%). The Directors consider that these individual properties have similar economic characteristics and therefore have been aggregated into a single reportable segment. The remaining 5% (2023: 4%) represented a mixture of retail, residential and light industrial properties, as well as land, each of which is de minimis in its own right and below the quantitative threshold in aggregate. Therefore, in the view of the Directors, there is one reportable segment under the provisions of IFRS 8.

All of the Group's properties are based in the UK. No geographical grouping is contained in any of the internal financial reports provided to the Group's Executive Committee and, therefore, no geographical segmental analysis is required by IFRS 8. However, geographical analysis is included in the tables below to provide users with additional information regarding the areas contained in the Strategic report. The majority of the Group's properties are located in London (West End central, West End borders/other and City borders), with the remainder in Scotland (Provincial).

1 Some office buildings have an ancillary element such as retail or residential.

Gross property income

	2024			2023		
	Office buildings £m	Other £m	Total £m	Office buildings £m	Other £m	Total £m
West End central	**126.9**	**2.2**	**129.1**	123.7	1.7	125.4
West End borders/other	**17.0**	**–**	**17.0**	17.3	–	17.3
City borders	**66.3**	**0.7**	**67.0**	65.2	0.5	65.7
Provincial	**–**	**4.5**	**4.5**	–	4.5	4.5
Gross property income (excl. joint venture)	**210.2**	**7.4**	**217.6**	206.2	6.7	212.9
Share of joint venture gross property income	**1.9**	**–**	**1.9**	2.2	–	2.2
	212.1	**7.4**	**219.5**	208.4	6.7	215.1

A reconciliation of gross property income to gross property and other income is given in note 5.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
for the year ended 31 December 2024

4 Segmental information continued
Property portfolio

	2024			2023		
	Office buildings £m	Other £m	Total £m	Office buildings £m	Other £m	Total £m
Carrying value						
West End central	**3,172.5**	**164.3**	**3,336.8**	2,945.4	99.2	3,044.6
West End borders/other	**288.8**	**–**	**288.8**	302.3	–	302.3
City borders	**1,136.5**	**6.1**	**1,142.6**	1,228.8	6.7	1,235.5
Provincial	**–**	**92.3**	**92.3**	–	75.1	75.1
Group (excl. joint venture)	**4,597.8**	**262.7**	**4,860.5**	4,476.5	181.0	4,657.5
Share of joint venture	**–**	**–**	**–**	34.0	–	34.0
	4,597.8	**262.7**	**4,860.5**	4,510.5	181.0	4,691.5
Fair value						
West End central	**3,307.7**	**165.4**	**3,473.1**	3,068.1	109.5	3,177.6
West End borders/other	**301.7**	**–**	**301.7**	318.4	–	318.4
City borders	**1,167.3**	**6.1**	**1,173.4**	1,266.3	6.7	1,273.0
Provincial	**–**	**92.9**	**92.9**	–	75.7	75.7
Group (excl. joint venture)	**4,776.7**	**264.4**	**5,041.1**	4,652.8	191.9	4,844.7
Share of joint venture	**–**	**–**	**–**	33.8	–	33.8
	4,776.7	**264.4**	**5,041.1**	4,686.6	191.9	4,878.5

A reconciliation between the fair value and carrying value of the portfolio is set out in note 16.

5 Property and other income

	2024 £m	2023 £m
Gross rental income	**214.8**	212.8
Surrender premiums received	**2.7**	0.1
Other property income	**0.1**	–
Gross property income	**217.6**	212.9
Trading property sales proceeds[1]	**3.7**	–
Service charge income[1]	**50.5**	48.5
Other income[1]	**5.1**	4.5
Gross property and other income	**276.9**	265.9
Gross rental income	**214.8**	212.8
Movement in impairment of receivables	**(0.2)**	(2.0)
Movement in impairment of prepayments	**(0.2)**	(0.6)
Service charge income[1]	**50.5**	48.5
Service charge expenses	**(57.1)**	(55.1)
	(6.6)	(6.6)
Property costs	**(18.2)**	(17.4)
Net rental income	**189.6**	186.2
Trading property sales proceeds[1]	**3.7**	–
Trading property cost of sales	**(3.7)**	–
Profit on trading property disposals	**–**	–
Other property income	**0.1**	–
Other income[1]	**5.1**	4.5
Surrender premiums received	**2.7**	0.1
Dilapidation receipts	**0.8**	0.1
Write-down of trading property	**–**	(0.4)
Net property and other income	**198.3**	190.5

1 In line with IFRS 15 Revenue from Contracts with Customers, the Group recognised a total of £59.3m (2023: £53.0m) of other income, trading property sales proceeds and service charge income within gross property and other income.

Gross rental income includes £6.3m (2023: £5.9m) relating to rents recognised in advance of cash receipts.

Other income relates to fees and commissions earned from tenants in relation to the management of the Group's properties and was recognised in the Group income statement in accordance with the delivery of services.

Property costs include amounts in relation to non-recoverable service charge costs associated with vacant units during periods of refurbishment. These amounts are not significant and were previously capitalised in the carrying value of the property.

6 Profit on disposal

	2024 £m	2023 £m
Investment property		
Gross disposal proceeds	**87.5**	66.3
Costs of disposal	**(0.7)**	(0.7)
Net disposal proceeds	**86.8**	65.6
Carrying value	**(79.3)**	(64.0)
Adjustment for lease costs and rents recognised in advance	**(5.4)**	(0.4)
Profit on disposal of investment property	**2.1**	1.2
Artwork		
Gross disposal proceeds	**–**	–
Costs of disposal	**(0.2)**	–
Net disposal proceeds	**(0.2)**	–
Carrying value	**–**	–
Loss on disposal of artwork	**(0.2)**	–
Profit on disposal	**1.9**	1.2

Included within gross disposal proceeds for 2024 is £77.4m relating to the disposal of the Group's freehold interest in Turnmill EC1 in June 2024, and £8.5m relating to the disposal of the Group's freehold interest in Asta House W1 in July 2024.

7 Finance income and finance costs

	2024 £m	2023 £m
Finance income		
Net interest received on defined benefit pension scheme asset	**(0.1)**	(0.1)
Bank interest receivable	**(0.2)**	(0.8)
Finance income	**(0.3)**	(0.9)
Finance costs		
Bank loans	**6.1**	1.1
Non-utilisation fees	**1.9**	2.2
Unsecured convertible bonds	**4.0**	3.9
Unsecured green bonds	**6.7**	6.7
Secured bonds	**11.4**	11.4
Unsecured private placement notes	**15.6**	15.6
Secured loan	**2.7**	3.3
Amortisation of issue and arrangement costs	**2.6**	2.6
Amortisation of the fair value of the secured bonds	**(1.6)**	(1.5)
Obligations under headleases	**1.3**	1.3
Other	**0.4**	0.3
Gross finance costs	**51.1**	46.9
Less: interest capitalised	**(11.2)**	(6.5)
Finance costs	**39.9**	40.4

Finance costs of £11.2m (2023: £6.5m) have been capitalised on development projects including trading stock and trading properties, in accordance with IAS 23 Borrowing Costs, using the Group's average cost of borrowings during each quarter. Total finance costs paid to 31 December 2024 were £49.5m (2023: £44.6m) of which £11.2m (2023: £6.5m) out of a total of £139.9m (2023: £151.5m) was included in capital expenditure on the property portfolio in the Group cash flow statement under investing activities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 December 2024

8 Financial derivative termination income

The Group incurred no costs or income in the year to 31 December 2024 (2023: £1.8m net receipts) deferring or terminating interest rate swaps.

9 Share of results of joint ventures

	2024 £m	2023 £m
Net property income	**1.9**	2.2
Administrative expenses	**(0.1)**	(0.2)
Revaluation surplus/(deficit)	**7.3**	(9.2)
Share of result of underlying joint ventures	**9.1**	(7.2)
Impairment of additional deferred consideration (see note 19)	**(7.6)**	–
Group share of results of joint ventures	**1.5**	(7.2)

The share of results of joint ventures for the year ended 31 December 2024 includes the Group's 50% share in the Derwent Lazari Baker Street Limited Partnership up to 31 October 2024, when the Group acquired the remaining interest in the partnership. See note 19 for further details of the Group's joint ventures.

10 Profit/(loss) before tax

	2024 £m	2023 £m
This is arrived at after charging:		
Depreciation	**1.0**	1.1
Rent payable under headleases	**1.5**	2.3
Auditor's remuneration		
Audit – Group	**0.6**	0.5
Audit – subsidiaries	**0.1**	0.1

In 2024, audit fees for the Group were £572,650 (2023: £501,000) and for the subsidiaries £101,325 (2023: £118,500). In addition, PwC were remunerated £74,025 (2023: £70,500) for the review of the interim results, £40,000 (2023: £nil) for green finance assurance, and £71,000 (2023: £nil) for other non-assurance related services.

11 Directors' emoluments

	2024 £m	2023 £m
Remuneration for management services	**4.6**	3.3
Post-employment benefits	**0.4**	0.4
	5.0	3.7
National insurance contributions	**0.7**	0.5
	5.7	4.2

An amount of £1.2m (2023: £0.9m) attributable to the Directors is included within share-based payments expense of £3.1m (2023: £2.5m) relating to equity-settled schemes in note 12. This is in accordance with IFRS 2 Share-based Payment.

Details of the Directors' remuneration awards under the long-term incentive plan and options held by the Directors under the Group share option schemes are given on pages 194 to 199 of the report of the Remuneration Committee. The only key management personnel are the Directors.

12 Employees

	2024 £m	2023 £m
Staff costs, including those of Directors:		
Wages and salaries	**20.2**	19.9
Social security costs	**3.4**	2.9
Other pension costs	**3.0**	2.6
Share-based payments expense relating to equity-settled schemes	**3.1**	2.5
	29.7	27.9

Of the £29.7m (2023: £27.9m) costs related to employees for the year, £24.5m (2023: £25.7m) is included within administrative expenses and £2.5m (2023: £nil) is capitalised within interest capitalisation and staff costs in note 16. Additional employee costs of £2.7m (2023: £2.2m) are included within service charge expense.

The monthly average number of employees in the Group during the year, excluding Directors, was 185 (2023: 178). Of the Group's employees, there were 64 (2023: 59) whose costs were recharged or partially recharged to tenants via service charges.

Staff and associated costs directly attributable to major developments and projects have been capitalised in the carrying value of the property portfolio, based on an estimation of time spent by staff on individual developments or projects. These costs, which are not significant, were previously included within employee costs as part of administrative expenses.

13 Share-based payments

Details of the options held by Directors under the Performance Share Plan (PSP) are given in the report of the Remuneration Committee on page 196.

Equity-settled option scheme

The Employee Share Option Plan (ESOP) is designed to incentivise and retain eligible employees. The ESOP is separate to the PSP disclosed in the report of the Remuneration Committee. The Directors are not entitled to any awards under the ESOP.

Year of grant	Exercise price £	Adjusted exercise price[1] £	Outstanding at 1 January	Movement in options: Granted	Exercised	Lapsed	Outstanding at 31 December
For the year to 31 December 2024							
2014	27.39	26.27	11,474	–	–	(11,474)	–
2015	34.65	33.23	26,625	–	–	(2,084)	24,541
2016	31.20	29.93	29,041	–	–	(2,845)	26,196
2017	28.93	27.75	57,668	–	–	(3,605)	54,063
2018	30.29	29.57	78,531	–	–	(5,744)	72,787
2019	32.43	32.43	100,515	–	–	(8,440)	92,075
2020	30.02	30.02	136,186	–	–	(15,639)	120,547
2021	33.28	33.28	165,629	–	–	(14,354)	151,275
2022	31.10	31.10	223,000	–	–	(21,710)	201,290
2023	22.86	22.86	324,850	–	–	(48,833)	276,017
2024	21.00	21.00	–	380,200	–	(39,105)	341,095
			1,153,519	**380,200**	**–**	**(173,833)**	**1,359,886**
For the year to 31 December 2023							
2013	21.99	21.09	250	–	(250)	–	–
2014	27.39	26.27	13,443	–	–	(1,969)	11,474
2015	34.65	33.23	31,050	–	–	(4,425)	26,625
2016	31.20	29.93	33,987	–	–	(4,946)	29,041
2017	28.93	27.75	63,550	–	–	(5,882)	57,668
2018	30.29	29.57	84,417	–	–	(5,886)	78,531
2019	32.43	32.43	108,825	–	–	(8,310)	100,515
2020	30.02	30.02	147,358	–	–	(11,172)	136,186
2021	33.28	33.28	182,414	–	–	(16,785)	165,629
2022	31.10	31.10	243,341	–	–	(20,341)	223,000
2023	22.86	22.86	–	331,850	–	(7,000)	324,850
			908,635	331,850	(250)	(86,716)	1,153,519

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
for the year ended 31 December 2024

13 Share-based payments continued
Equity-settled option scheme continued

	31 December 2024	31 December 2023	1 January 2023
Number of shares:			
Exercisable	**541,484**	440,040	335,522
Non-exercisable	**818,402**	713,479	573,113
Weighted average exercise price of share options:			
Exercisable	**£31.24**	£30.33	£30.46
Non-exercisable	**£24.11**	£27.86	£31.52
Weighted average remaining contracted life of share options:			
Exercisable	**4.35 years**	4.53 years	4.72 years
Non-exercisable	**8.40 years**	8.47 years	7.47 years
Weighted average exercise price of share options that lapsed:			
Exercisable	**£30.35**	£30.31	£31.87
Non-exercisable	**£23.83**	£30.58	£31.51

1 In 2018, following the payment of the special dividend of 75 pence per share, the Remuneration Committee exercised their discretion and adjusted the number of outstanding unapproved 'B' options and their option price, to ensure participants were not disadvantaged by the payment to shareholders of the special dividend.

The weighted average share price at which options were exercised during 2024 was £nil (2023: £25.00).

The weighted average fair value of options granted during 2024 was £5.61 (2023: £5.71).

The following information is relevant in the determination of the fair value of the options granted during 2024 and 2023 under the equity-settled employee share plan operated by the Group.

	2024	2023
Option pricing model used	**Binomial lattice**	Binomial lattice
Risk free interest rate	**4.1%**	3.4%
Volatility	**31.0%**	28.0%
Dividend yield	**3.4%**	3.4%

For both the 2024 and 2023 grants, additional assumptions have been made that there is no employee turnover and 50% of employees exercise early when the share options are 20% in the money and 50% of employees exercise early when the share options are 100% in the money.

The volatility assumption, measured as the standard deviation of expected share price returns, is based on a statistical analysis of daily prices over the last four years.

Save As You Earn scheme
The Save As You Earn (SAYE) is designed to allow employees (including Directors) to purchase shares in the Company in a tax efficient manner. The SAYE plan is an HMRC approved scheme. Employees can participate on an annual basis and save up to £250 per month per grant. Further details are given in the report of the Remuneration Committee on page 198.

14 Pension costs
The Group operates both a defined contribution scheme and a defined benefit scheme. The latter was acquired as part of the acquisition of London Merchant Securities plc in 2007 and is closed to new members. All new employees are entitled to join the defined contribution scheme. The assets of the pension schemes are held separately from those of Group companies.

Defined contribution plan
The total expense relating to this plan in the current year was £2.3m (2023: £2.3m).

Defined benefit plan
The Group sponsors the scheme which is a funded defined benefit arrangement. This is a separate trustee-administered fund holding the pension scheme assets to meet long-term pension liabilities for past employees. The scheme closed to future benefit accrual on 31 July 2019. The level of retirement benefit is principally based on basic salary at the last scheme anniversary of employment prior to leaving active service and increases at 5% pa in deferment.

The trustees of the scheme are required to act in the best interest of the scheme's beneficiaries. The appointment of the trustees is determined by the scheme's trust documentation. It is policy that one third of all trustees should be nominated by the members.

A full actuarial valuation was carried out as at 31 October 2022 in accordance with the scheme funding requirements of the Pensions Act 2004 and the funding of the scheme is agreed between the Group and the trustees in line with those requirements. The funding valuation requires the surplus/deficit to be calculated using prudent actuarial assumptions, as opposed to best estimate assumptions required for pensions accounting purposes.

The 2022 actuarial valuation showed a deficit of £2.8m. The Group agreed with the trustees that it will aim to eliminate the deficit over a period of 3 years and 2 months from 31 October 2022 by three payments of £1.4m payable by 31 December 2022, 31 December 2023 and the final contribution by 31 December 2026. In addition, the Group has agreed with the trustees that the Group will meet expenses of running the scheme and levies to the Pension Protection Fund separately. The estimated amount of total employer contributions expected to be paid to the scheme during the year to 31 December 2025 is £nil (31 December 2024 actual: £1.4m).

For the purposes of IAS 19 the actuarial valuation as at 31 October 2022, which was carried out by a qualified independent actuary, has been updated on an approximate basis to 31 December 2024.

Amounts included in the balance sheet

	2024 £m	2023 £m	2022 £m
Fair value of plan assets	**35.2**	39.6	42.2
Present value of defined benefit obligation	**(33.4)**	(37.6)	(41.0)
Net asset	**1.8**	2.0	1.2

The present value of the scheme liabilities is measured by discounting the best estimate of future cash flows to be paid out by the scheme. The value calculated in this way is reflected in the net asset in the balance sheet as shown above.

All actuarial gains and losses are recognised in the year in which they occur in the Group Statement of Comprehensive income.

Reconciliation of the impact of the asset ceiling
We have considered the application of IFRIC 14 and deemed it to have no material effect on the IAS 19 figures.

Reconciliation of the opening and closing present value of the defined benefit obligation

	2024 £m	2023 £m
At 1 January	**37.6**	41.0
Interest cost	**1.6**	1.9
Actuarial gains due to scheme experience	**–**	(3.0)
Actuarial gains due to changes in demographic assumptions	**–**	(0.8)
Actuarial (gains)/losses due to changes in financial assumptions	**(3.3)**	1.2
Benefits paid, death in service premiums and expenses	**(2.5)**	(2.7)
At 31 December	**33.4**	37.6

There have been no scheme amendments, curtailments or settlements in the year.

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14 Pension costs continued

Reconciliation of opening and closing values of the fair value of plan assets

	2024 £m	2023 £m
At 1 January	**39.6**	42.2
Interest income	**1.7**	2.0
Loss on plan assets (excluding amounts included in interest income)	**(3.7)**	(3.3)
Contributions by the Group	**–**	1.4
Benefits paid, death in service premiums and expenses	**(2.5)**	(2.7)
Other	**0.1**	–
At 31 December	**35.2**	39.6

The actual return on the plan assets including interest income over the year was a loss of £2.0m (2023: loss of £1.3m).

Defined benefit income recognised in the income statement

	2024 £m	2023 £m
Net interest income	**(0.1)**	(0.1)
Defined benefit income recognised in the income statement	**(0.1)**	(0.1)

Amounts recognised in other comprehensive income

	2024 £m	2023 £m
Loss on plan assets (excluding amounts recognised in net interest cost)	**(3.7)**	(3.3)
Experience gains arising on the defined benefit obligation	**–**	3.0
Gain from changes in the demographic assumptions underlying the present value of the defined benefit obligation	**–**	0.8
Gain/(Loss) from changes in the financial assumptions underlying the present value of the defined benefit obligation	**3.3**	(1.2)
Total loss recognised in other comprehensive income	**(0.4)**	(0.7)

Fair value of plan assets

	2024 £m	2023 £m	2022 £m
LDI	**12.0**	13.8	4.5
Buy and maintain credit	**–**	–	2.7
Cash	**–**	0.1	1.2
Other	**0.1**	–	4.2
Insured assets	**23.1**	25.7	29.6
Total assets	**35.2**	39.6	42.2

The £nil (2023: £nil, 2022: £4.2m) in the 'other' asset class is made up of holdings of £nil (2023: £nil, 2022: £2.7m) in equity-linked bonds and £nil (2023: £nil, 2022: £1.5m) in Sterling liquidity funds.

The scheme's assets are held exclusively within instruments that are valued with inputs other than quoted prices in active markets, but which are observable, with the exception of the holdings in insurance policies and the trustee's bank account. The insured assets have been set equal to the value of the insured liabilities but before allowance has been made for the impact of equalising benefits for the different effects of Guaranteed Minimum Pensions for males and females.

The scheme does not invest directly in property occupied by the Group or in financial securities issued by the Group.

It is the policy of the trustees and the Group to review the investment strategy at the time of each funding valuation. The trustees' investment objectives and the processes undertaken to measure and manage the risks inherent in the plan investment strategy are illustrated by the asset allocation at 31 December 2024.

Significant actuarial assumptions

	2024 %	2023 %	2022 %
Discount rate	**5.4**	4.5	4.8
Inflation (RPI)	**n/a**	n/a	n/a
Salary increases	**n/a**	n/a	n/a

The mortality assumptions adopted at 31 December 2024 are 85% of the standard tables S3NXA_L, year of birth, no age rating for males and females, projected using CMI 2023 converging to 1.25% p.a. These imply the following life expectancies:

Life expectancy at age 65	Years
Male retiring in 2024	24.4
Female retiring in 2024	26.2
Male retiring in 2044	25.6
Female retiring in 2044	27.5

Analysis of the sensitivity to the principal assumptions of the present value of the defined benefit obligation

	Change in assumption	Change in liabilities
Discount rate	Decrease of 0.25% p.a	Increase by 3.0%
Rate of mortality	Increase in life expectancy of one year	Increase by 5.0%

The sensitivities shown above are approximate. Each sensitivity considers one change in isolation. The average duration of the defined benefit obligation at the year ended 31 December 2024 is 11 years (2023: 12 years) for the scheme as a whole or 18 years (2023: 20 years) when only considering non-insured members.

The scheme typically exposes the Group to actuarial risks such as investment risk, interest rate risk, salary growth risk, mortality risk and longevity risk. A decrease in corporate bond yields or an increase in life expectancy would result in an increase to the scheme's liabilities. This would detrimentally impact the balance sheet position and may give rise to increased charges in the income statement. This effect would be partially offset by an increase in the value of the scheme's LDI and gilt holdings.

The best estimate of contributions to be paid by the Group to the plan for the year commencing 1 January 2025 is £nil.

15 Tax charge

	2024 £m	2023 £m
Corporation tax		
UK corporation tax and income tax in respect of results for the year	**–**	–
Corporation tax charge	**–**	–
Deferred tax		
Origination and reversal of temporary differences	**0.1**	0.5
Deferred tax charge	**0.1**	0.5
Tax charge	**0.1**	0.5

A deferred tax charge of £0.1m has passed through the Group income statement (2023: charge of £0.5m). More information regarding deferred tax can be found in note 29.

The main rate of corporation tax for 2024 was 25.0% (2023: 23.5%). The difference between the main rate and the tax charge for the Group are explained below:

	2024 £m	2023 £m
Profit/(loss) before tax	**116.0**	(475.9)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 25.00% (2023: 23.50%)[1]	**29.0**	(111.8)
Difference between tax and accounting profit on disposals	**(2.1)**	6.1
REIT exempt income	**(23.7)**	(20.8)
Revaluation deficit attributable to REIT properties	**1.2**	131.7
Expenses and fair value adjustments not allowable for tax purposes	**3.6**	2.1
Capital allowances	**(8.2)**	(7.6)
Other differences	**0.3**	0.8
Tax charge	**0.1**	0.5

1 Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2021 (on 24 May 2021) and include increasing the main rate to 25% effective on or after 1 April 2023. Deferred taxes at the balance sheet date have been measured using the enacted tax rate and this is reflected in these financial statements.

16 Property portfolio

	Freehold £m	Leasehold £m	Total investment property £m	Owner-occupied property £m	Assets held for sale £m	Trading property £m	Total property portfolio £m
Carrying value							
At 1 January 2024	3,280.5	1,270.9	4,551.4	46.1	–	60.0	4,657.5
Acquisitions	–	47.0	47.0	–	–	–	47.0
Capital expenditure	82.0	42.8	124.8	–	–	57.3	182.1
Interest capitalisation and staff costs	3.4	7.5	10.9	–	–	2.0	12.9
Additions	85.4	97.3	182.7	–	–	59.3	242.0
Disposals	(78.7)	(0.6)	(79.3)	–	–	(3.6)	(82.9)
Transfer from joint venture	–	44.4	44.4	–	–	–	44.4
Transfers	(25.7)	–	(25.7)	–	25.7	–	–
Revaluation	(51.8)	49.1	(2.7)	2.9	–	–	0.2
Movement in grossing up of headlease liabilities	–	(0.7)	(0.7)	–	–	–	(0.7)
At 31 December 2024	**3,209.7**	**1,460.4**	**4,670.1**	**49.0**	**25.7**	**115.7**	**4,860.5**
At 1 January 2023	3,700.5	1,301.5	5,002.0	50.0	54.2	39.4	5,145.6
Acquisitions	3.8	–	3.8	–	–	–	3.8
Capital expenditure	59.8	72.5	132.3	–	–	20.0	152.3
Interest capitalisation	1.1	4.2	5.3	–	–	1.0	6.3
Additions	64.7	76.7	141.4	–	–	21.0	162.4
Disposals	(7.3)	(2.5)	(9.8)	–	(54.2)	–	(64.0)
Revaluation	(477.4)	(104.1)	(581.5)	(3.9)	–	–	(585.4)
Write-down of trading property	–	–	–	–	–	(0.4)	(0.4)
Movement in grossing up of headlease liabilities	–	(0.7)	(0.7)	–	–	–	(0.7)
At 31 December 2023	3,280.5	1,270.9	4,551.4	46.1	–	60.0	4,657.5
Adjustments from fair value to carrying value							
At 31 December 2024							
Fair value	**3,374.1**	**1,475.7**	**4,849.8**	**49.0**	**26.0**	**116.3**	**5,041.1**
Selling costs relating to assets held for sale	–	–	–	–	(0.3)	–	(0.3)
Revaluation of trading property	–	–	–	–	–	(0.6)	(0.6)
Lease incentives and costs included in receivables	(164.4)	(48.4)	(212.8)	–	–	–	(212.8)
Grossing up of headlease liabilities	–	33.1	33.1	–	–	–	33.1
Carrying value	**3,209.7**	**1,460.4**	**4,670.1**	**49.0**	**25.7**	**115.7**	**4,860.5**
At 31 December 2023							
Fair value	3,450.0	1,278.8	4,728.8	46.1	–	69.8	4,844.7
Revaluation of trading property	–	–	–	–	–	(9.8)	(9.8)
Lease incentives and costs included in receivables	(169.5)	(41.5)	(211.0)	–	–	–	(211.0)
Grossing up of headlease liabilities	–	33.6	33.6	–	–	–	33.6
Carrying value	3,280.5	1,270.9	4,551.4	46.1	–	60.0	4,657.5

Reconciliation of fair value

	2024 £m	2023 £m
Portfolio including the Group's share of joint ventures	**5,041.1**	4,878.5
Less: joint ventures	**–**	(33.8)
IFRS property portfolio	**5,041.1**	4,844.7

The property portfolio is subject to semi-annual external valuations and was revalued at 31 December 2024 by external valuers on the basis of fair value in accordance with The RICS Valuation – Professional Standards, which takes account of the properties' highest and best use. When considering the highest and best use of a property, the external valuers will consider its existing and potential uses which are physically, legally and financially viable. Where the highest and best use differs from the existing use, the external valuers will consider the costs and the likelihood of achieving and implementing this change in arriving at the property valuation. There were no such instances in the year.

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16 Property portfolio continued

Reconciliation of fair value continued

The external valuations for the portfolio at December 2024 were carried out by Knight Frank LLP.

Knight Frank valued properties at £5,041.1m (2023: £4,807.9m) and other valuers at £nil (2023: £36.8m), giving a combined value of £5,041.1m (2023: £4,844.7m). Of the properties revalued, £49.0m (2023: £46.1m) relating to owner-occupied property was included within property, plant and equipment and £116.3m (2023: £69.8m) was in relation to trading property.

The total fees, including the fee for this assignment, earned by Knight Frank (or other companies forming part of the same group of companies within the UK) from the Group is less than 5.0% of their total UK revenues.

In October 2024, the Group acquired the remaining 50% interest of the Derwent Lazari Baker Street Partnership (the 'joint venture') from Lazari Investments Limited ('Lazari') for £47.0m. The joint venture held an interest in three leasehold properties, 38-52, 54-60 and 66-70 Baker Street W1. The fair value of the properties at the date of acquisition was £88.8m. The £47.0m included in 'acquisitions' (see table above) comprises £44.4m for the fair value of Lazari's 50% share in the properties, £2.2m in acquisition costs, and £0.4m in carrying value adjustments for the gross-up of headlease liabilities. Following the acquisition, the Group's 50% interest in the joint venture shown as a £44.4m 'transfer from investments' in the table above, has been consolidated in the Group's property portfolio. See note 19 for further details.

Certain internal staff and associated costs directly attributable to the management of major schemes are capitalised, based on the proportion of time spent on each relevant scheme. These costs are capitalised from the date the Group determines it is probable that the development will progress until the date of practical completion and can be measured reliably.

Net zero carbon and EPC compliance

The Group published its pathway to net zero carbon in July 2020 and has set 2030 as its target date to achieve this. £123.9m (year to 31 December 2023: £102.4m) of eligible 'green' capital expenditure, in accordance with the Group's Green Finance Framework, was incurred in the year to 31 December 2024 on the major developments at 80 Charlotte Street W1, 1 Soho Place W1, The Featherstone Building EC1, 25 Baker Street W1 and Network W1. In addition, the Group continues to utilise carbon credits to support externally validated green projects to offset embodied carbon. In 2024, the Group paid £1.7m for carbon credits of which £1.8m is held in prepayments.

To quantify one of the impacts of climate change on the valuation, an independent third-party assessment was carried out in 2021 to estimate the cost of EPC upgrades across the portfolio. Following a review of the latest scope changes in building regulation, subsequent inflation, disposals, and work carried out to date, the estimated amount was £86m at the end of 2024. Of this amount, a specific deduction of £41m was included in the 31 December 2024 external valuation. In addition, further amounts have been allowed for in the expected costs of future refurbishment projects. Any committed capital expenditure has been included in note 34.

Reconciliation of revaluation surplus/(deficit)

	2024 £m	2023 £m
Total revaluation deficit	**(1.8)**	(583.3)
Less:		
Share of joint ventures	**–**	9.3
Lease incentives and costs	**(7.2)**	(5.8)
Assets held for sale selling costs	**(0.3)**	–
Trading property revaluation adjustment	**9.1**	(5.2)
Other	**0.4**	(0.8)
IFRS revaluation surplus/(deficit)	**0.2**	(585.8)
Reported in the:		
Revaluation deficit	**(2.7)**	(581.5)
Write-down of trading property	**–**	(0.4)
Group income statement	**(2.7)**	(581.9)
Group statement of comprehensive income	**2.9**	(3.9)
	0.2	(585.8)

Valuation process

The valuation reports produced by the external valuers are based on information provided by the Group such as current rents, terms and conditions of lease agreements, service charges and capital expenditure. This information is derived from the Group's financial and property management systems and is subject to the Group's overall control environment. In addition, the valuation reports are based on assumptions and valuation models used by the external valuers. The assumptions are typically market related, such as yields and discount rates, and are based on their professional judgement and market observation and take into account the impact of climate change and related Environmental, Social and Governance considerations. Each property is considered a separate asset class based on the unique nature, characteristics and risks of the property.

Members of the Group's Investments team, who report to the Executive Director responsible for the valuation process, verify all major inputs to the external valuation reports, assess the individual property valuation changes from the prior year valuation report and hold discussions with the external valuers. When this process is complete, the valuation report is recommended to the Audit Committee, which considers it as part of its overall responsibilities.

Valuation techniques

The fair value of the property portfolio has been determined using an income capitalisation technique, whereby contracted and market rental values are capitalised with a market capitalisation rate. The resulting valuations are cross-checked against the equivalent yields and the fair market values per square foot derived from comparable recent market transactions on arm's length terms.

For properties under construction, the fair value is calculated by estimating the fair value of the completed property using the income capitalisation technique less estimated costs to completion and a risk premium.

These techniques are consistent with the principles in IFRS 13 Fair Value Measurement and use significant unobservable inputs such that the fair value measurement of each property within the portfolio has been classified as Level 3 in the fair value hierarchy.

There were no transfers between levels in the fair value hierarchy during either 2024 or 2023.

Gains and losses recorded in profit or loss for recurring fair value measurements categorised within Level 3 of the fair value hierarchy amount to a loss of £2.7m (2023: loss of £581.5m) and are presented in the Group income statement in the line item 'revaluation deficit'. The revaluation surplus for the owner-occupied property of £2.9m (2023: deficit of £3.9m) was included within the Group statement of comprehensive income.

All gains and losses recorded in profit or loss in 2024 and 2023 for recurring fair value measurements categorised within Level 3 of the fair value hierarchy are attributable to changes in unrealised gains or losses relating to investment property held at 31 December 2024 and 31 December 2023, respectively.

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16 Property portfolio continued

Quantitative information about fair value measurement using unobservable inputs (Level 3)

At 31 December 2024	West End central	West End borders/other	City borders	Provincial commercial	Provincial land	Total
Valuation technique	**Income capitalisation**	**Income capitalisation**	**Income capitalisation**	**Income capitalisation**	**Income capitalisation**	
Fair value (£m)[1]	**3,473.1**	**301.7**	**1,173.4**	**53.9**	**39.0**	**5,041.1**
Area ('000 sq ft)	**3,040**	**429**	**1,562**	**325**	**–**	**5,356**
Range of unobservable inputs[2]:						
Gross ERV (per sq ft pa)						
Minimum	**£32**	**£24**	**£38**	**£nil**	**n/a[3]**	
Maximum	**£118**	**£59**	**£75**	**£15**	**n/a[3]**	
Weighted average	**£69**	**£52**	**£57**	**£15**	**n/a[3]**	
Net initial yield						
Minimum	**3.1%**	**2.5%**	**3.3%**	**7.0%**	**0.0%**	
Maximum	**9.9%**	**6.8%**	**6.9%**	**7.0%**	**1.4%**	
Weighted average	**3.1%**	**5.6%**	**5.2%**	**7.0%**	**1.4%**	
Reversionary yield						
Minimum	**3.2%**	**4.8%**	**3.3%**	**6.9%**	**0.0%**	
Maximum	**9.7%**	**11.4%**	**8.3%**	**6.9%**	**1.4%**	
Weighted average	**5.4%**	**6.9%**	**6.9%**	**6.9%**	**1.4%**	
True equivalent yield (EPRA basis)						
Minimum	**3.2%**	**4.4%**	**5.3%**	**7.2%**	**0.0%**	
Maximum	**6.6%**	**7.1%**	**6.9%**	**7.2%**	**0.0%**	
Weighted average	**5.3%**	**6.8%**	**6.3%**	**7.2%**	**0.0%**	

At 31 December 2023						
Valuation technique	Income capitalisation	Income capitalisation	Income capitalisation	Income capitalisation	Income capitalisation	
Fair value (£m)[1]	3,211.5	318.4	1,272.9	38.8	36.9	4,878.5
Area ('000 sq ft)	2,999	429	1,641	325	–	5,394
Range of unobservable inputs[2]:						
Gross ERV (per sq ft pa)						
Minimum	£32	£23	£37	£nil	n/a[3]	
Maximum	£103	£59	£74	£13	n/a[3]	
Weighted average	£67	£52	£54	£13	n/a[3]	
Net initial yield						
Minimum	3.0%	6.4%	2.6%	9.5%	0.0%	
Maximum	8.3%	8.3%	6.6%	9.5%	1.5%	
Weighted average	3.4%	6.2%	4.8%	9.5%	1.3%	
Reversionary yield						
Minimum	3.2%	4.6%	3.3%	7.2%	0.0%	
Maximum	10.2%	9.0%	7.5%	7.2%	1.5%	
Weighted average	5.4%	6.5%	6.4%	7.2%	1.3%	
True equivalent yield (EPRA basis)						
Minimum	3.2%	4.3%	5.2%	10.5%	0.0%	
Maximum	6.8%	6.9%	6.8%	10.5%	0.0%	
Weighted average	5.1%	6.5%	6.1%	10.5%	0.0%	

1 Includes the Group's share of joint ventures.
2 Costs to complete are not deemed a significant unobservable input by virtue of the high percentage that is already fixed.
3 There is no calculation of gross ERV per sq ft pa. The land totals 5,500 acres.

Sensitivity of measurement to variations in the significant unobservable inputs

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy of the Group's property portfolio, together with the impact of significant movements in these inputs on the fair value measurement, are shown below:

Unobservable input	Impact on fair value measurement of significant increase in input	Impact on fair value measurement of significant decrease in input
Gross ERV	Increase	Decrease
Net initial yield	Decrease	Increase
Reversionary yield	Decrease	Increase
True equivalent yield	Decrease	Increase

There are inter-relationships between these inputs as they are partially determined by market conditions. An increase in the reversionary yield may accompany an increase in gross ERV and would mitigate its impact on the fair value measurement.

A sensitivity analysis has been performed to ascertain the impact of a 25 basis point shift in true equivalent yield and a £2.50 per sq ft shift in ERV on the property valuations. The Group believes this captures the range of variations in these key valuation assumptions. The results are shown in the tables below:

	West End central[1]	West End borders/other	City borders	Provincial commercial	Total
At 31 December 2024					
True equivalent yield					
+25bp	**(4.5%)**	**(3.5%)**	**(3.8%)**	**(3.4%)**	**(4.2%)**
- 25bp	**5.0%**	**3.8%**	**4.1%**	**3.6%**	**4.6%**
ERV					
+£2.50 psf	**3.6%**	**4.8%**	**4.4%**	**14.8%**	**4.1%**
- £2.50 psf	**(3.6%)**	**(4.8%)**	**(4.4%)**	**(14.8%)**	**(4.1%)**
At 31 December 2023					
True equivalent yield					
+25bp	(4.7%)	(3.7%)	(3.9%)	(2.3%)	(4.3%)
- 25bp	5.2%	4.0%	4.3%	2.4%	4.7%
ERV					
+£2.50 psf	3.8%	4.8%	4.6%	18.8%	4.3%
- £2.50 psf	(3.8%)	(4.8%)	(4.6%)	(18.8%)	(4.3%)

1 Includes the Group's share of joint ventures.

Historical cost

	2024 £m	2023 £m
Investment property	**3,746.4**	3,602.6
Owner-occupied property	**19.6**	19.6
Assets held for sale	**28.8**	–
Trading property	**132.9**	81.8
Total property portfolio	**3,927.7**	3,704.0

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17 Property, plant and equipment

	Owner-occupied property £m	Artwork £m	Other £m	Total £m
At 1 January 2024	46.1	0.8	3.0	49.9
Additions	–	–	0.3	0.3
Depreciation	–	–	(1.0)	(1.0)
Revaluation	2.9	(0.1)	–	2.8
At 31 December 2024	**49.0**	**0.7**	**2.3**	**52.0**
At 1 January 2023	50.0	0.8	3.5	54.3
Additions	–	–	0.6	0.6
Depreciation	–	–	(1.1)	(1.1)
Revaluation	(3.9)	–	–	(3.9)
At 31 December 2023	46.1	0.8	3.0	49.9
Net book value				
Cost or valuation	49.0	0.7	8.7	58.4
Accumulated depreciation	–	–	(6.4)	(6.4)
At 31 December 2024	**49.0**	**0.7**	**2.3**	**52.0**
Net book value				
Cost or valuation	46.1	0.8	8.4	55.3
Accumulated depreciation	–	–	(5.4)	(5.4)
At 31 December 2023	46.1	0.8	3.0	49.9

The artwork is periodically valued by Bonhams on the basis of fair value using their extensive market knowledge. The latest valuation was carried out in December 2024. In accordance with IFRS 13 Fair Value Measurement, the artwork is deemed to be classified as Level 3.

The historical cost of the artwork in the Group at 31 December 2024 was £0.9m (2023: £0.9m). See note 16 for the historical cost of owner-occupied property and IFRS 13 Fair Value Measurement disclosures.

18 Trading stock

	2024 £m	2023 £m
Trading stock	**17.5**	8.9

Trading stock relates to capitalised development expenditure incurred which is due to be transferred under development agreements to a third party upon completion. This has been included in trading stock, as opposed to trading property, as the Group does not have an ownership interest in the property.

19 Investments

At 31 December 2024 the Group had a 50% interest in two (2023: four) joint venture vehicles, Dorrington Derwent Holdings Limited and Primister Limited.

In October 2024, the Group acquired the remaining 50% interest of the Derwent Lazari Baker Street Partnership from Lazari Investments Limited, this was accounted for as an asset acquisition. This resulted in full ownership of the assets and liabilities of the partnership.

As part of the acquisition of the Group's initial 50% interest in the Derwent Lazari Baker Street Partnership in 2021, additional deferred consideration of £7.3m was agreed, subject to certain conditions being satisfied in relation to planning and regearing of the headlease. This has previously been disclosed as a contingent liability as the conditions had not been met and the outcome was uncertain.

In August 2024, resolution to grant planning was received and, as a result, this amount is now being accrued for as deferred consideration, along with fees of £0.3m (total £7.6m). This was recognised as an addition to the Group's investment in the joint venture, with settlement expected in 2025.

Following the acquisition of the remaining 50%, the initial 50% interest held by the Group was transferred from investments at fair value of £44.4m to investment property (see note 16) and the remaining assets and liabilities of £0.5m have been consolidated in the Group's balance sheet. The £7.6m deferred consideration was impaired as it does not form part of the fair value of the properties being transferred.

	2024 £m	2023 £m
At 1 January	**35.8**	43.9
Deferred consideration and fees on initial formation of joint venture	**7.6**	–
Revaluation surplus/(deficit)	**7.3**	(9.2)
Other profit from operations	**1.8**	2.0
Transfer to investment property (see note 16)	**(44.4)**	–
Transfer to assets and liabilities	**(0.5)**	–
Impairment of additional deferred consideration	**(7.6)**	–
Repayment of joint venture loans	**–**	(0.6)
Distributions received	**–**	(0.3)
At 31 December	**–**	35.8

The Group's share of its investments in joint ventures is represented by the following amounts in the underlying joint venture entities.

	2024		2023	
	Joint ventures £m	Group share £m	Joint ventures £m	Group share £m
Non-current assets	**–**	**–**	67.9	33.9
Current assets	**–**	**–**	7.2	3.6
Current liabilities	**–**	**–**	(2.8)	(1.4)
Non-current liabilities	**–**	**–**	(121.0)	(60.5)
Net liabilities	**–**	**–**	(48.7)	(24.4)
Loans provided to joint ventures		**–**		60.2
Total investment in underlying joint ventures		**–**		35.8
Net property income	**3.8**	**1.9**	4.4	2.2
Administrative expenses	**(0.3)**	**(0.1)**	(0.4)	(0.2)
Revaluation surplus/(deficit)	**14.6**	**7.3**	(18.4)	(9.2)
Share of results of underlying joint ventures	**18.1**	**9.1**	(14.4)	(7.2)
Impairment of additional deferred consideration		**(7.6)**		–
Group share of results of joint ventures		**1.5**		(7.2)

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20 Other receivables (non-current)

	2024 £m	2023 £m
Rents recognised in advance	**173.6**	173.9
Initial direct letting costs	**14.4**	14.5
Prepayments	**13.0**	12.6
Other receivables	**201.0**	201.0

Other receivables includes £173.6m (2023: £173.9m) after impairments relating to rents recognised in advance as a result of spreading tenant lease incentives over the expected terms of their respective leases. This includes rent-free and reduced rent periods, capital contributions in lieu of rent-free periods and contracted rent uplifts. In addition, £14.4m (2023: £14.5m) relates to the spreading effect of the initial direct costs of letting over the same term. Together with £24.8m (2023: £22.6m), which was included as accrued income within trade and other receivables (see note 21), these amounts totalled £212.8m at 31 December 2024 (2023: £211.0m).

Prepayments represent £13.0m (2023: £12.6m) of costs incurred in relation to Old Street Quarter EC1, stated net of a £0.8m (2023: £0.6m) impairment in accordance with IAS 36 Impairment of Assets. In May 2022, the Group entered into a conditional contract to acquire the freehold of Old Street Quarter island site. The site is being sold by Moorfields Eye Hospital NHS Foundation Trust and UCL, together the Oriel joint initiative ('Oriel'). Completion is subject to delivery by Oriel of a new hospital at St Pancras and subsequent vacant possession of the site, which is anticipated no earlier than 2027.

The total movement in tenant lease incentives is shown below:

	2024 £m	2023 £m
At 1 January	**194.1**	188.8
Amounts taken to income statement	**6.3**	5.9
Movement in lease incentive impairment	**0.3**	0.5
Disposal of investment properties	**(4.9)**	(0.3)
Write off to bad debt	**(0.2)**	(0.8)
	195.6	194.1
Amounts included in trade and other receivables (see note 21)	**(22.0)**	(20.2)
At 31 December	**173.6**	173.9

21 Trade and other receivables

	2024 £m	2023 £m
Trade receivables	**13.3**	10.4
Other receivables	**3.2**	2.0
Prepayments	**15.4**	6.9
Accrued income		
Rents recognised in advance	**22.0**	20.2
Initial direct letting costs	**2.8**	2.4
Other	**1.1**	0.8
	57.8	42.7

	2024 £m	2023 £m
Group trade receivables are split as follows:		
less than three months due	**12.9**	10.3
between three and six months due	**0.2**	0.1
between six and twelve months due	**0.2**	–
	13.3	10.4

Group trade receivables are stated net of impairment.

In response to the Group's climate change agenda, costs of £2.5m (2023: £1.1m) were incurred in relation to a c.100 acre, 18.4MW solar park on its Scottish land and have been included within prepayments. Resolution to grant planning consent for this project was received in 2022. Additionally, during 2024 the Group paid £1.7m for carbon credits, bringing the total included in prepayments to £1.8m.

The Group has £4.6m (2023: £4.6m) of provision for bad debts as shown below. £2.4m (2023: £1.9m) is included in trade receivables, £0.4m (2023: £0.5m) in accrued income and £1.8m (2023: £2.2m) in prepayments and accrued income within other receivables (non-current) (note 20).

	2024 £m	2023 £m
Provision for bad debts		
At 1 January	**4.6**	5.0
Trade receivables provision	**0.7**	0.5
Lease incentive provision	**(0.4)**	–
Service charge provision	**(0.2)**	0.7
Released	**(0.1)**	(1.6)
At 31 December	**4.6**	4.6
The provision for bad debts are split as follows:		
less than three months due	**0.9**	0.7
between three and six months due	**0.5**	0.3
between six and twelve months due	**0.5**	0.8
over twelve months due	**2.7**	2.8
	4.6	4.6

22 Non-current assets held for sale

	2024 £m	2023 £m
Transferred from investment properties (see note 16)	**25.7**	–
	25.7	–

In October 2024, the Group exchanged contracts for the disposal of its freehold interest in 4 & 10 Pentonville Road N1. The property was valued at £26.0m as at 31 December 2024. In accordance with IFRS 5 Non-current Assets Held for Sale, this property was recognised as a non-current asset held for sale and, after deducting selling costs of £0.3m, the carrying value was £25.7m (see note 16). The transaction completed in January 2025 for £26.0m before costs.

23 Trade and other payables

	2024 £m	2023 £m
Trade payables	**0.6**	0.7
Other payables	**3.6**	3.6
Other taxes	**7.3**	3.3
Accruals	**57.2**	30.5
Deferred income	**50.0**	50.8
Tenant rent deposits	**27.9**	27.0
Service charge balances	**28.1**	32.1
	174.7	148.0

Deferred income primarily relates to rents received in advance.

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24 Provisions

	2024 £m	2023 £m
At 1 January	**0.4**	0.2
Provided in the income statement	**0.2**	0.2
At 31 December	**0.6**	0.4
Due within one year	**0.2**	0.1
Due after one year	**0.4**	0.3
	0.6	0.4

The provisions in the Group relate to national insurance that is payable on gains made by employees on the exercise of share options granted to them. The eventual liability to national insurance is dependent on:

- the market price of the Company's shares at the date of exercise;
- the number of equity share options that are exercised; and
- the prevailing rate of national insurance at the date of exercise.

25 Net debt and derivative financial instruments

	2024 £m	2023 £m
Current liabilities		
Other loans	**20.0**	20.0
3.99% secured loan 2024	**–**	82.9
1.5% unsecured convertible bonds 2025	**174.1**	–
	194.1	102.9
Non-current liabilities		
1.5% unsecured convertible bonds 2025	**–**	172.1
6.5% secured bonds 2026	**178.1**	179.6
1.875% unsecured green bonds 2031	**347.2**	346.8
2.68% unsecured private placement notes 2026	**54.9**	54.9
3.46% unsecured private placement notes 2028	**29.9**	29.9
4.41% unsecured private placement notes 2029	**24.9**	24.9
2.87% unsecured private placement notes 2029	**92.8**	92.8
2.97% unsecured private placement notes 2031	**49.9**	49.8
3.57% unsecured private placement notes 2031	**74.8**	74.8
3.09% unsecured private placement notes 2034	**51.8**	51.8
4.68% unsecured private placement notes 2034	**74.6**	74.6
Unsecured bank loans	**290.5**	81.2
	1,269.4	1,233.2
Borrowings	**1,463.5**	1,336.1
Leasehold liabilities – current	**0.4**	0.4
Leasehold liabilities – non-current	**34.2**	34.2
Derivative financial instruments – current	**(0.6)**	–
Derivative financial instruments – non-current	**–**	(2.9)
Gross debt	**1,497.5**	1,367.8
Reconciliation to net debt:		
Gross debt	**1,497.5**	1,367.8
Derivative financial instruments	**0.6**	2.9
Cash at bank excluding restricted cash (see note 33)	**(15.4)**	(13.9)
Net debt	**1,482.7**	1,356.8

1.5% unsecured convertible bonds 2025

In June 2019 the Group issued £175m of convertible bonds. The unsecured instruments pay a coupon of 1.5% until June 2025 or the conversion date, if earlier. The initial conversion price was set at £44.96 per share. In accordance with IAS 32, the equity and debt components of the bonds are accounted for separately and the fair value of the debt component has been determined using the market interest rate for an equivalent non-convertible bond, deemed to be 2.3%. As a result, £167.3m was recognised as a liability in the balance sheet on issue and the remainder of the proceeds, £7.7m, which represents the equity component, was credited to reserves. The difference between the fair value of the liability and the principal value is being amortised through the income statement from the date of issue. Issue costs of £4.0m were allocated between equity and debt and the element relating to the debt component is being amortised over the life of the bonds. The issue costs apportioned to equity of £0.2m were not amortised. The fair value was determined by the ask-price of £98.38 per £100 as at 31 December 2024 (2023: £95.25 per £100), representing Level 1 fair value measurement as defined by IFRS 13 Fair Value Measurement. The carrying value at 31 December 2024 was £174.1m (2023: £172.1m).

Reconciliation of nominal value to carrying value:

	£m
Nominal value	175.0
Fair value adjustment on issue allocated to equity	(7.7)
Debt component on issue	167.3
Unamortised issue costs	(0.3)
Amortisation of fair value adjustment	7.1
Carrying amount included in borrowings	**174.1**

6.5% secured bonds 2026

As a result of the acquisition of London Merchant Securities plc in 2007, the secured bonds 2026 were included at fair value less unamortised issue costs. This difference between fair value at acquisition and principal value is being amortised through the income statement. The fair value at 31 December 2024 was determined by the ask-price of £100.99 per £100 (2023: £101.77 per £100), representing Level 1 fair value measurement. The carrying value at 31 December 2024 was £178.1m (2023: £179.6m).

1.875% unsecured green bonds 2031

In November 2021, the Group issued £350m of green bonds on a 10-year term maturing in 2031. The unsecured instrument pays a coupon of 1.875% and the effective interest rate is 1.934%. This represents an issue discount of £1.8m. The unsecured green bonds 2031 are accounted for at amortised cost. The fair value at 31 December 2024 was determined by the ask-price of £80.36 per £100 (2023: £79.71 per £100), representing Level 1 fair value measurement. The carrying value at 31 December 2024 was £347.2m (2023: £346.8m). The £350m green bonds are used to fund qualifying 'green' expenditure in accordance with the Group's Green Finance Framework.

2.68% unsecured private placement notes 2026, 2.87% unsecured private placement notes 2029, 2.97% unsecured private placement notes 2031 and 3.09% unsecured private placement notes 2034

In October 2018, the Group arranged unsecured private placement notes, comprising £55m for 7 years, £93m for 10 years, £50m for 12 years and £52m for 15 years. The funds were drawn on 31 January 2019. The fair values were determined by discounting the contractual cash flows by the replacement rate. The replacement rate is the sum of the current underlying Gilt rate plus the market implied margin. These represent Level 2 fair value measurement. The carrying values at 31 December 2024 were £54.9m (2023: £54.9m), £92.8m (2023: £92.8m), £49.9m (2023: £49.8m) and £51.8m (2023: £51.8m), respectively.

3.46% unsecured private placement notes 2028 and 3.57% unsecured private placement notes 2031

In February 2016, the Group arranged unsecured private placement notes, comprising £30m for 12 years and £75m for 15 years. The funds were drawn on 4 May 2016. The fair values were determined by discounting the contractual cash flows by the replacement rate. The replacement rate is the sum of the current underlying Gilt rate plus the market implied margin. These represent Level 2 fair value measurement. The carrying values at 31 December 2024 were £29.9m (2023: £29.9m) and £74.8m (2023: £74.8m), respectively.

4.41% unsecured private placement notes 2029 and 4.68% unsecured private placement notes 2034

In November 2013, the Group arranged unsecured private placement notes, comprising £25m for 15 years and £75m for 20 years. The funds were drawn on 8 January 2014. The fair values were determined by discounting the contractual cash flows by the replacement rate. The replacement rate is the sum of the current underlying Gilt rate plus the market implied margin. These represent Level 2 fair value measurement. The carrying values at 31 December 2024 were £24.9m (2023: £24.9m) and £74.6m (2023: £74.6m), respectively.

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for the year ended 31 December 2024

25 Net debt and derivative financial instruments continued

3.99% secured loan 2024

In July 2012, the Group arranged a 12¼-year secured fixed rate loan. The loan was drawn on 1 August 2012. The fair value was determined by discounting the contractual cash flows by the replacement rate. The replacement rate is the sum of the current underlying Gilt rate plus the market implied margin. This represents Level 2 fair value measurement. On 21 October 2024 the loan was repaid in full and security released, as a result of which the carrying value at 31 December 2024 was £nil (2023: £82.9m).

Unsecured bank loans

In June 2024, Derwent London plc signed an agreement for an unsecured term loan facility of £100m. As of 31 December 2024, the Group had fully drawn all funds from this facility. The loan is for a three-year term and has two one-year extension options.

In December 2024, Derwent London plc signed an agreement for an unsecured facility of £115m, consisting of a £82.5m term loan and £32.5m revolving credit facility (RCF). As of 31 December 2024, the Group had fully drawn all funds from the term loan facility. The loan is for a two-year term and has two one-year extension options.

Unsecured bank borrowings are accounted for at amortised cost. At 31 December 2024, there was £110.5m (2023: £84.0m) drawn on the RCFs, £182.5m (2023: £nil) drawn on term loans and the combined unamortised arrangement fees were £2.5m (2023: £2.8m), resulting in the carrying value being £290.5m (2023: £81.2m).

The main corporate £450m RCF includes a £300m 'green tranche' to fund qualifying 'green' expenditure in accordance with the Group's Green Finance Framework.

As all main corporate facilities were refinanced or amended recently, the fair values of the Group's bank loans are deemed to be approximately the same as their carrying amount, after adjusting for the unamortised arrangement fees, and represent Level 2 fair value measurement.

Undrawn committed bank facilities – maturity profile

	< 1 year £m	1 to 2 years £m	2 to 3 years £m	3 to 4 years £m	4 to 5 years £m	> 5 years £m	Total £m
At 31 December 2024	**–**	**395.5**	**76.5**	**–**	**–**	**–**	**472.0**
At 31 December 2023	–	–	383.5	82.5	–	–	466.0

Other loans

Other loans consist of a £20.0m interest-free loan with no fixed repayment date from a third party providing development consultancy services on the residential element of the 25 Baker Street W1 development. The loan will be repaid from the sale proceeds of these residential apartments after completion of the scheme. The agreement provides for a profit share on completion of the sales which, under IFRS 9 Financial Instruments, has been deemed to have a carrying value of £nil at 31 December 2024 (2023: £nil). The carrying value of the loan at 31 December 2024 was £20.0m (2023: £20.0m).

Derivative financial instruments

The derivative financial instruments consist of interest rate swaps, the fair values of which represent the net present value of the difference between the contracted fixed rates and the fixed rates payable if the swaps were to be replaced on 31 December 2024 for the period to the contracted expiry dates. These represent Level 2 fair value measurement.

The fair values of the Group's outstanding interest rate swaps have been estimated using the mid-point of the yield curves prevailing on the reporting date and represent the net present value of the differences between the contracted rate and the valuation rate when applied to the projected balances for the period from the reporting date to the contracted expiry dates. These represent Level 2 fair value measurement.

	Group		
	Principal £m	Weighted average interest rate %	Average life Years
At 31 December 2024			
Interest rate swaps	**75.0**	**1.36**	**0.3**
At 31 December 2023			
Interest rate swaps	55.0	1.36	1.3

Secured and unsecured debt

	2024 £m	2023 £m
Secured		
6.5% secured bonds 2026	**178.1**	179.6
3.99% secured loan 2024	**–**	82.9
	178.1	262.5
Unsecured		
1.5% unsecured convertible bonds 2025	**174.1**	172.1
1.875% unsecured green bonds 2031	**347.2**	346.8
Unsecured private placement notes 2026 – 2034	**453.6**	453.5
Unsecured bank loans	**290.5**	81.2
Other loans	**20.0**	20.0
	1,285.4	1,073.6
Borrowings	**1,463.5**	1,336.1

As at 31 December 2024, the Group's secured bonds 2026 were secured by a floating charge over a number of the Group's subsidiary companies which contained £376.3m (2023: £395.9m) of the Group's properties.

Fixed interest rate and hedged debt

At 31 December 2024 and 31 December 2023, the Group's fixed rate and hedged debt included the unsecured convertible bonds, the unsecured green bonds, the secured bonds, the unsecured private placement notes, other loans and unsecured term loans.

Interest rate exposure

After taking into account the various interest rate hedging instruments entered into by the Group and the Company, the interest rate exposure of the Group's and Company's borrowings were:

	Floating rate £m	Hedged £m	Fixed rate £m	Borrowings £m	Weighted average interest rate[1] %	Weighted average life Years
At 31 December 2024						
1.5% unsecured convertible bonds 2025	–	–	174.1	174.1	2.30	0.4
6.5% secured bonds 2026	–	–	178.1	178.1	6.50	1.2
1.875% unsecured green bonds 2031	–	–	347.2	347.2	1.88	6.9
Unsecured private placement notes 2026 – 2034	–	–	453.6	453.6	3.42	5.6
Unsecured bank loans	216.1	74.4	–	290.5	4.81	2.2
Other loans[2]	–	–	20.0	20.0	–	–
	216.1	**74.4**	**1,173.0**	**1,463.5**	**3.53**	**4.0**
At 31 December 2023						
1.5% unsecured convertible bonds 2025	–	–	172.1	172.1	2.30	1.4
6.5% secured bonds 2026	–	–	179.6	179.6	6.50	2.2
1.875% unsecured green bonds 2031	–	–	346.8	346.8	1.88	7.9
Unsecured private placement notes 2026 – 2034	–	–	453.5	453.5	3.42	6.6
3.99% secured loan 2024	–	–	82.9	82.9	3.99	0.8
Unsecured bank loans	28.0	53.2	–	81.2	3.71	3.0
Other loans[2]	–	–	20.0	20.0	–	–
	28.0	53.2	1,254.9	1,336.1	3.29	5.0

1 The weighted average interest rates are based on the nominal amounts of the debt facilities.
2 Other loans shown above are interest free and have no fixed repayment date. For further detail, see Other loans section above.

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25 Net debt and derivative financial instruments continued

Contractual undiscounted cash outflows

IFRS 7 Financial Instruments: Disclosure, requires disclosure of the maturity of the Group's remaining contractual financial liabilities. The tables below show the contractual undiscounted cash outflows arising from the Group's gross debt.

	< 1 year £m	1 to 2 years £m	2 to 3 years £m	3 to 4 years £m	4 to 5 years £m	> 5 years £m	Total £m
At 31 December 2024							
1.5% unsecured convertible bonds 2025	175.0	–	–	–	–	–	175.0
6.5% secured bonds 2026	–	175.0	–	–	–	–	175.0
1.875% unsecured green bonds 2031	–	–	–	–	–	350.0	350.0
Unsecured private placement notes 2026 – 2034	–	55.0	–	30.0	118.0	252.0	455.0
Unsecured bank loans	–	169.5	123.5	–	–	–	293.0
Other loans	20.0	–	–	–	–	–	20.0
Total on maturity	195.0	399.5	123.5	30.0	118.0	602.0	1,468.0
Leasehold liabilities	1.7	1.8	1.8	1.8	1.6	208.6	217.3
Interest on borrowings	50.7	37.4	24.1	20.0	16.1	15.8	164.1
Effect of interest rate swaps	(0.8)	–	–	–	–	–	(0.8)
Gross loan commitments	**246.6**	**438.7**	**149.4**	**51.8**	**135.7**	**826.4**	**1,848.6**
At 31 December 2023							
1.5% unsecured convertible bonds 2025	–	175.0	–	–	–	–	175.0
6.5% secured bonds 2026	–	–	175.0	–	–	–	175.0
1.875% unsecured green bonds 2031	–	–	–	–	–	350.0	350.0
Unsecured private placement notes 2026 – 2034	–	–	55.0	–	30.0	370.0	455.0
3.99% secured loan 2024	83.0	–	–	–	–	–	83.0
Unsecured bank loans	–	–	66.5	17.5	–	–	84.0
Other loans	–	20.0	–	–	–	–	20.0
Total on maturity	83.0	195.0	296.5	17.5	30.0	720.0	1,342.0
Leasehold liabilities	1.7	1.7	1.7	1.7	1.8	209.6	218.2
Interest on borrowings	42.9	37.5	25.4	21.1	20.0	54.3	201.2
Effect of interest rate swaps	(2.4)	(0.4)	–	–	–	–	(2.8)
Gross loan commitments	125.2	233.8	323.6	40.3	51.8	983.9	1,758.6

Reconciliation to borrowings:

		Adjustments				
	Gross loan commitments £m	Interest on gross debt £m	Effect of interest rate swaps £m	Leasehold liabilities £m	Non-cash amortisation £m	Borrowings £m
At 31 December 2024						
Maturing in:						
< 1 year	246.6	(50.7)	0.8	(1.7)	–	195.0
1 to 2 years	438.7	(37.4)	–	(1.8)	(1.8)	397.7
2 to 3 years	149.4	(24.1)	–	(1.8)	(1.9)	121.6
3 to 4 years	51.8	(20.0)	–	(1.8)	3.0	33.0
4 to 5 years	135.7	(16.1)	–	(1.6)	(0.3)	117.7
> 5 years	826.4	(15.8)	–	(208.6)	(3.5)	598.5
	1,848.6	**(164.1)**	**0.8**	**(217.3)**	**(4.5)**	**1,463.5**
At 31 December 2023						
Maturing in:						
< 1 year	125.2	(42.9)	2.4	(1.7)	(0.1)	82.9
1 to 2 years	233.8	(37.5)	0.4	(1.7)	–	195.0
2 to 3 years	323.6	(25.4)	–	(1.7)	(5.4)	291.1
3 to 4 years	40.3	(21.1)	–	(1.7)	4.1	21.6
4 to 5 years	51.8	(20.0)	–	(1.8)	(0.1)	29.9
> 5 years	983.9	(54.3)	–	(209.6)	(4.4)	715.6
	1,758.6	(201.2)	2.8	(218.2)	(5.9)	1,336.1

Financial instruments – risk management

The Group is exposed through its operations to the following financial risks:

- credit risk;
- market risk; and
- liquidity risk.

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. The following describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements. Further information on risk as required by IFRS 7 is given on pages 90 to 115.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years. The Group's EPRA loan-to-value ratio has increased to 29.9% as at 31 December 2024 but remains moderate.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are trade receivables, accrued income arising from the spreading of lease incentives, cash at bank, trade and other payables, floating rate bank loans and private placement notes, secured and unsecured bonds and interest rate swaps.

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority to executive management for designing and operating processes that ensure the effective implementation of the objectives and policies.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's flexibility and its ability to maximise returns. Further details regarding these policies are set out below:

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from lease contracts in relation to its property portfolio. It is Group policy to assess the credit risk of new tenants before entering into such contracts. The Board has a Credit Committee which assesses each new tenant before a new lease is signed. The review includes the latest sets of financial statements, external ratings when available and, in some cases, forecast information and bank or trade references. The covenant strength of each tenant is determined based on this review and, if appropriate, a deposit or a guarantee is obtained. The Committee also reviews existing tenant covenants from time to time.

Impairment calculations have been carried out on trade receivables and lease incentive receivables, applying IFRS 9 and IAS 36, respectively. In addition, the Credit Committee has reviewed its register of tenants at higher risk, particularly in the retail or hospitality sectors, those in administration or CVA and the top 50 tenants by size with the remaining occupiers considered on a sector-by-sector basis.

As the Group operates predominantly in central London, it is subject to some geographical concentration risk. However, this is mitigated by the wide range of tenants from a broad spectrum of business sectors.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with a minimum rating of investment grade are accepted. This risk is also reduced by the short periods that money is on deposit at any one time.

The carrying amount of financial assets recorded in the financial statements represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk arises for the Group from its use of variable interest-bearing instruments (interest rate risk).

The Group monitors its interest rate exposure on at least a quarterly basis. Sensitivity analysis performed to ascertain the impact on profit or loss and net assets of a 50-basis point shift in interest rates would result in an increase of £1.1m (2023: £0.1m) or decrease of £1.1m (2023: £0.1m).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
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25 Net debt and derivative financial instruments continued

Market risk continued

It is currently Group policy that generally between 60% and 85% of external Group borrowings (excluding finance lease payables) are at fixed rates. Where the Group wishes to vary the amount of external fixed rate debt it holds (subject to it being generally between 60% and 85% of expected Group borrowings, as noted above), the Group makes use of interest rate derivatives to achieve the desired interest rate profile. Although the Board accepts that this policy neither protects the Group entirely from the risk of paying rates in excess of current market rates nor eliminates fully cash flow risk associated with variability in interest payments, it considers that it achieves an appropriate balance of exposure to these risks. At 31 December 2024, the proportion of fixed debt held by the Group was within this range at 85% (2023: 98%). During both 2024 and 2023, the Group's borrowings at variable rate were denominated in Sterling.

The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. When the Group raises long-term borrowings, it is generally at fixed rates.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient headroom in its loan facilities to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain committed facilities to meet the expected requirements. The Group also seeks to reduce liquidity risk by fixing interest rates (and hence cash flows) on a portion of its long-term borrowings. This is further explained in the 'market risk' section above.

Executive management receives rolling three-year projections of cash flow and loan balances on a regular basis as part of the Group's forecasting processes. At the balance sheet date, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

The Group's loan facilities and other borrowings are spread across a range of banks and financial institutions so as to minimise any potential concentration of risk. The liquidity risk of the Group is managed centrally by the finance department.

Capital disclosures

The Group's capital comprises all components of equity (share capital, share premium, other reserves and retained earnings).

The Group's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern so that it can continue to provide above average long-term returns for shareholders; and
- to provide an above average annualised total return to shareholders.

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may vary the amount of dividends paid to shareholders subject to the rules imposed by its REIT status. It may also seek to redeem bonds, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in its industry, the Group monitors capital on the basis of NAV gearing and loan-to-value ratio. During 2024, the Group's strategy, which was unchanged from 2023, was to maintain the NAV gearing below 80% in normal circumstances. These two gearing ratios, as well as the net interest cover ratio, are defined in the list of definitions on pages 284 and 285 and are derived in note 40.

The Group is also required to ensure that it has sufficient property assets which are not subject to fixed or floating charges or other encumbrances. Most of the Group's debt is unsecured and, accordingly, there was £4.7bn (2023: £4.2bn) of uncharged property as at 31 December 2024.

26 Financial assets and liabilities and fair values

Categories of financial assets and liabilities

	Fair value through profit and loss £m	Financial assets held at amortised cost £m	Financial liabilities held at amortised cost £m	Total carrying value £m
Financial assets				
Cash and cash equivalents	–	71.4	–	71.4
Other assets – current	–	17.6	–	17.6
	–	89.0	–	89.0
Financial liabilities				
1.5% unsecured convertible bonds 2025	–	–	(174.1)	(174.1)
6.5% secured bonds 2026	–	–	(178.1)	(178.1)
1.875% unsecured green bonds 2031	–	–	(347.2)	(347.2)
Unsecured private placement notes 2026 – 2034	–	–	(453.6)	(453.6)
Bank borrowings due after one year	–	–	(290.5)	(290.5)
Other loans	–	–	(20.0)	(20.0)
Leasehold liabilities	–	–	(34.6)	(34.6)
Derivative financial instruments	0.6	–	–	0.6
Other liabilities – current	–	–	(117.4)	(117.4)
	0.6	–	(1,615.5)	(1,614.9)
At 31 December 2024	**0.6**	**89.0**	**(1,615.5)**	**(1,525.9)**
Financial assets				
Cash and cash equivalents	–	73.0	–	73.0
Other assets – current	–	13.2	–	13.2
	–	86.2	–	86.2
Financial liabilities				
1.5% unsecured convertible bonds 2025	–	–	(172.1)	(172.1)
6.5% secured bonds 2026	–	–	(179.6)	(179.6)
1.875% unsecured green bonds 2031	–	–	(346.8)	(346.8)
Unsecured private placement notes 2026 – 2034	–	–	(453.5)	(453.5)
3.99% secured loan 2024	–	–	(82.9)	(82.9)
Bank borrowings due after one year	–	–	(81.2)	(81.2)
Other loans	–	–	(20.0)	(20.0)
Leasehold liabilities	–	–	(34.6)	(34.6)
Derivative financial instruments	2.9	–	–	2.9
Other liabilities – current	–	–	(93.9)	(93.9)
	2.9	–	(1,464.6)	(1,461.7)
At 31 December 2023	2.9	86.2	(1,464.6)	(1,375.5)

Reconciliation of net financial assets and liabilities to gross debt

	2024 £m	2023 £m
Net financial assets and liabilities	**(1,525.9)**	(1,375.5)
Other assets – current	**(17.6)**	(13.2)
Other liabilities – current	**117.4**	93.9
Cash and cash equivalents	**(71.4)**	(73.0)
Gross debt	**(1,497.5)**	(1,367.8)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

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26 Financial assets and liabilities and fair values continued

Fair value measurement

The table below shows the fair values, where applicable, of borrowings and derivative financial instruments held by the Group, together with a reconciliation to net financial assets and liabilities. Details of inputs and valuation methods used to derive the fair values are shown in note 25.

	Group		
	Carrying value £m	Fair value £m	Fair value hierarchy
At 31 December 2024			
1.5% unsecured convertible bonds 2025	(174.1)	(171.6)	Level 1
6.5% secured bonds 2026	(178.1)	(176.7)	Level 1
1.875% unsecured green bonds 2031	(347.2)	(281.2)	Level 1
Unsecured private placement notes 2026–2034	(453.6)	(391.3)	Level 2
Bank borrowings due after one year	(290.5)	(293.0)	Level 2
Other loans	(20.0)	(20.0)	Level 2
Derivative financial instruments	0.6	0.6	Level 2
	(1,462.9)	(1,333.2)	
Amounts not fair valued:			
Cash and cash equivalents	71.4		
Other assets – current	17.6		
Leasehold liabilities	(34.6)		
Other liabilities – current	(117.4)		
Net financial assets and liabilities	**(1,525.9)**		
At 31 December 2023			
1.5% unsecured convertible bonds 2025	(172.1)	(164.7)	Level 1
6.5% secured bonds 2026	(179.6)	(178.1)	Level 1
1.875% unsecured green bonds 2031	(346.8)	(279.0)	Level 1
Unsecured private placement notes 2026–2034	(453.5)	(399.0)	Level 2
3.99% secured loan 2024	(82.9)	(81.8)	Level 2
Bank borrowings due after one year	(81.2)	(84.0)	Level 2
Other loans	(20.0)	(20.0)	Level 2
Derivative financial instruments	2.9	2.9	Level 2
	(1,333.2)	(1,203.7)	
Amounts not fair valued:			
Cash and cash equivalents	73.0		
Other assets – current	13.2		
Leasehold liabilities	(34.6)		
Other liabilities – current	(93.9)		
Net financial assets and liabilities	(1,375.5)		

The fair values of the following financial assets and liabilities are the same as their carrying values:

- Cash and cash equivalents.
- Trade receivables, other receivables and accrued income included within trade and other receivables.
- Trade payables, other payables and accruals included within trade and other payables.
- Leasehold liabilities.

There have been no transfers between levels in either 2024 or 2023.

27 Net debt to cash flow reconciliation

Net debt reconciliation

The table below shows net debt movement during the year as a result of cash flows and other non-cash movements.

			Non-cash changes				
	2023 £m	Cash flows £m	Impact of issue and arrangement costs £m	Other £m	Fair value adjustments £m	Transfer from non-current to current £m	2024 £m
Current liabilities							
Borrowings	102.9	(83.0)	0.3	(0.2)	–	174.1	**194.1**
Leasehold liabilities	0.4	–	–	–	–	–	**0.4**
Non-current liabilities							
Borrowings	1,233.2	208.3	1.9	–	0.1	(174.1)	**1,269.4**
Leasehold liabilities	34.2	–	–	–	–	–	**34.2**
Total liabilities from financing activities	1,370.7	125.3	2.2	(0.2)	0.1	–	**1,498.1**
Cash at bank[1]	(13.9)	(1.5)	–	–	–	–	**(15.4)**
Net debt	1,356.8	123.8	2.2	(0.2)	0.1	–	**1,482.7**

1 Cash at bank excluding restricted cash (see note 33).

28 Cash generated from operations

The table below shows the reconciliation of cash generated from operations.

	2024 £m	2023 £m
Profit/(loss) from operations	**156.4**	(428.9)
Adjustment for non-cash items:		
Revaluation deficit	**2.7**	581.5
Depreciation	**1.0**	1.1
Lease incentive/cost spreading	**(6.8)**	(6.6)
Share-based payments	**3.1**	2.5
Ground rent adjustment	**0.7**	0.3
Adjustment for other items:		
Profit on disposal	**(1.9)**	(1.2)
Changes in working capital:		
Increase in receivables balance	**(8.8)**	(3.7)
Increase in payables balance	**9.5**	17.5
Increase in trading property and trading stock	**(53.3)**	(27.2)
Cash generated from operations	**102.6**	135.3

Cash generated from operations includes £3.6m (2023: £nil) cash inflows from disposal of trading properties, £43.0m (2023: £19.2m) cash outflows in relation to expenditure on trading properties and £9.8m (2023: £5.5m) cash outflows in relation to expenditure on trading stock.

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for the year ended 31 December 2024

29 Deferred tax

	Revaluation £m	Other £m	Total £m
At 1 January 2024	2.8	(2.7)	0.1
Charged to the income statement	0.1	–	0.1
Charged to other comprehensive income	0.6	–	0.6
At 31 December 2024	**3.5**	**(2.7)**	**0.8**
At 1 January 2023	3.7	(3.1)	0.6
Charged to the income statement	0.1	0.4	0.5
Credited to other comprehensive income	(1.0)	–	(1.0)
At 31 December 2023	2.8	(2.7)	0.1

Deferred tax has been recognised at the main rate of corporation tax of 25.0% which is the rate enacted for the purposes of IAS 12 on the basis of the expected timing of the realisation of the deferred tax.

Deferred tax on the balance sheet revaluation deficit/surplus is calculated on the basis of the chargeable gains that would crystallise on the sale of the property portfolio at each balance sheet date. The calculation takes account of any available indexation on the historical cost of the properties. Due to the Group's REIT status, deferred tax is only provided at each balance sheet date on properties outside the REIT ring-fence. As a result, the Group has recognised an increase in the deferred tax liability on owner-occupied property of £0.6m through other comprehensive income.

A deferred tax charge has been recognised through the income statement of £0.1m. This is due to a £1.0m reduction in the deferred tax asset in relation to share-based payments and other temporary timing differences, offset by an increase in the deferred tax asset of £0.9m in respect of tax losses which the Directors believe will be recovered in the future.

30 Share capital

The movement in the number of 5p ordinary shares in issue is shown in the table below:

Number of shares in issue fully paid	Number
At 1 January 2023	112,290,679
Issued as a result of the exercise of share options[1]	250
At 31 December 2023 and 2024	**112,290,929**

1 Proceeds from these issues were £nil (2023: £nil).

The number of outstanding share options and other share awards granted are disclosed in the report of the Remuneration Committee and note 13.

31 Reserves

The following describes the nature and purpose of each reserve within shareholders' equity:

Reserve		Description and purpose
Share premium		Amount subscribed for share capital in excess of nominal value less directly attributable issue costs.
Other reserves:	**Merger**	Premium on the issue of shares as equity consideration for the acquisition of London Merchant Securities plc (LMS).
	Revaluation	Revaluation of the owner-occupied property and the associated deferred tax.
	Other	Equity portion of the convertible bonds for the Group and intercompany loans for the Company. Fair value of equity instruments granted but not yet exercised under share-based payments.
Retained earnings		Cumulative net gains and losses recognised in the Group income statement together with other items such as dividends.

Other reserves	2024 £m	2023 £m
Merger reserve	**910.5**	910.5
Revaluation reserve	**15.4**	13.1
Equity portion of the convertible bonds	**7.5**	7.5
Fair value of equity instruments under share-based payments	**9.8**	8.2
	943.2	939.3

32 Dividend

	Payment date	Dividend per share PID p	Non-PID p	Total p	2024 £m	2023 £m
Current year						
2024 final dividend[1]	30 May 2025	45.50	10.00	55.50	**–**	–
2024 interim dividend	11 October 2024	25.00	–	25.00	**28.1**	–
		70.50	10.00	80.50	**28.1**	–
Prior year						
2023 final dividend	31 May 2024	39.00	16.00	55.00	**61.7**	–
2023 interim dividend	13 October 2023	24.50	–	24.50	**–**	27.5
		63.50	16.00	79.50	**61.7**	27.5
2022 final dividend	2 June 2023	38.50	16.00	54.50	**–**	61.2
Dividends as reported in the Group statement of changes in equity					**89.8**	88.7
2024 interim dividend withholding tax	14 January 2025				**(3.9)**	–
2023 interim dividend withholding tax	12 January 2024				**3.7**	(3.7)
2022 interim dividend withholding tax	13 January 2023				**–**	3.7
Dividends paid as reported in the Consolidated cash flow statement					**89.6**	88.7

1 Subject to shareholder approval at the AGM on 16 May 2025.

33 Cash and cash equivalents

	2024 £m	2023 £
Cash at bank	**15.4**	13.9
Cash held in restricted accounts		
Tenant rent deposits	**27.9**	27.0
Service charge balances	**28.1**	32.1
	71.4	73.0

34 Capital commitments and contingent liabilities

Contracts for capital expenditure entered into by the Group at 31 December 2024 and not provided for in the accounts relating to the construction, development or enhancement of the Group's investment properties amounted to £101.0m (2023: £156.0m), whilst that relating to the Group's trading properties amounted to £29.3m (2023: £77.6m). At 31 December 2024 and 31 December 2023, there were no material contractual obligations for the purchase, repair or maintenance of investment or trading properties.

In May 2022, Derwent London exchanged a conditional contract to acquire the freehold of the Old Street Quarter site, the existing site of the Moorfields Eye Hospital and the UCL Institute of Ophthalmology, together the Oriel joint initiative ('Oriel'). Consideration for the site has been agreed as £239m before costs. Completion is subject to delivery by Oriel of a new hospital at St Pancras and subsequent vacant possession of the site, which is anticipated no earlier than 2027.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 December 2024

35 Leases

	2024 £m	2023 £m
Operating lease receipts		
Minimum lease receipts under non-cancellable operating leases to be received:		
not later than one year	**207.8**	205.6
later than one year and not later than five years	**634.9**	676.2
later than five years	**698.1**	809.6
	1,540.8	1,691.4

	2024 £m	2023 £m
Headlease obligations		
Minimum lease payments under headleases that fall due:		
not later than one year	**1.7**	1.7
later than one year and not later than five years	**7.0**	6.9
later than five years	**208.6**	209.6
	217.3	218.2
Future finance charges on headleases	**(182.7)**	(183.6)
Present value of headlease liabilities	**34.6**	34.6
Present value of minimum headlease obligations:		
not later than one year	**0.4**	0.4
later than one year and not later than five years	**1.9**	1.8
later than five years	**32.3**	32.4
	34.6	34.6

The Group has approximately 758 leases granted to its tenants. These vary depending on the individual tenant and the respective property and demise but typically are let for a term of five to 20 years, at a market rent with provisions to review to market rent every five years. Standard lease provisions include service charge payments and recovery of other direct costs. The weighted average lease length of the leases commencing during 2024 was 5.4 years (2023: 8.6 years). Of these leases, on a weighted average basis, 73% (2023: 84%) included a rent-free or half rent period.

36 Post balance sheet events

In January 2025, the Group completed the disposal of its freehold interest in 4 & 10 Pentonville Road N1 for £26.0m before costs. At 31 December 2024, in line with IFRS 5, this property was classified as a non-current asset held for sale, see note 22.

Following the bank facility signed in December 2024, the Group signed a new £115 million unsecured bank facility in February 2025. The new facility bears interest at compounded SONIA plus a margin and includes an £82.5m term loan and a £32.5m revolving credit facility. The new facility is for an initial two-year term and includes one extension option.

37 Related party disclosure

Details of Directors' remuneration are given in the report of the Remuneration Committee on pages 174 to 199 and note 11. Details of transactions with joint ventures are shown in note 19. A full list of subsidiaries and joint ventures is given in note xii of the Company financial statements. Other related party transactions are as follows:

The Group earned fees of £0.4m (2023: £0.5m) for the period up to 31 October 2024 in relation to development management, asset management and administration of the Derwent Lazari Baker Street Limited Partnership. See note 19 for further information.

38 EPRA performance measures and core recommendations

Unaudited unless stated otherwise.

As with most other UK property companies and real estate investment trusts (REITs), the Group presents many of its financial measures in accordance with the guidance criteria issued by the European Public Real Estate Association (EPRA). These measures, which provide consistency across the sector, are all derived from the IFRS figures.

Summary table of EPRA performance measures

	2024		2023	
		Pence per share p		Pence per share p
EPRA earnings (audited)	**£119.5m**	**106.45**	£114.5m	101.97
EPRA Net Tangible Assets (audited)	**£3,545.0m**	**3,149**	£3,522.1m	3,129
EPRA Net Disposal Value (audited)	**£3,671.4m**	**3,261**	£3,649.6m	3,243
EPRA Net Reinstatement Value (audited)	**£3,889.5m**	**3,455**	£3,852.9m	3,423
EPRA Cost Ratio (including direct vacancy costs)	**27.0%**		27.3%	
EPRA Cost Ratio (excluding direct vacancy costs)	**21.7%**		22.3%	
EPRA Net Initial Yield	**4.3%**		4.3%	
EPRA 'topped-up' Net Initial Yield	**5.2%**		5.2%	
EPRA Vacancy Rate	**3.1%**		4.0%	

The definition of these measures can be found on pages 283 and 284.

Number of shares

	Earnings per share		Net asset value per share	
	Weighted average		At 31 December	
	2024 Audited '000	2023 Audited '000	2024 Audited '000	2023 Audited '000
For use in basic measures	**112,258**	112,291	**112,258**	112,291
Dilutive effect of share-based payments	**342**	243	**323**	257
For use in diluted measures	**112,600**	112,534	**112,581**	112,548

The £175m unsecured convertible bonds 2025 ('1.5% convertible bonds 2025') have an initial conversion price set at £44.96.

The Group recognises the effect of conversion of the bonds if they are both dilutive and, based on the share price, likely to convert. For the year ended 31 December 2023 and 2024, the Group did not recognise the dilutive impact of the conversion of the 2025 bonds on its earnings per share (EPS) or net asset value (NAV) per share metrics as, based on the share price at the end of each year, the bonds were not expected to convert.

The following tables set out reconciliations between the IFRS and EPRA earnings for the year and earnings per share. The adjustments made between the figures are as follows:

A – Disposal of investment and trading property (including the Group's share in joint ventures), 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.

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38 EPRA performance measures and core recommendations continued

Earnings and earnings per share (audited)

	IFRS £m	Adjustments A £m	Adjustments B £m	Adjustments C £m	EPRA basis £m
Year ended 31 December 2024					
Net property and other income	198.3	–	0.2	–	198.5
Total administrative expenses	(41.1)	–	–	–	(41.1)
Revaluation deficit	(2.7)	–	2.7	–	–
Profit on disposal of investments	1.9	(1.9)	–	–	–
Net finance costs	(39.6)	–	–	–	(39.6)
Movement in fair value of derivative financial instruments	(2.3)	–	–	2.3	–
Share of results of joint ventures	1.5	–	0.3	–	1.8
Profit before tax	116.0	(1.9)	3.2	2.3	119.6
Tax charge	(0.1)	–	–	–	(0.1)
Profit for the year	115.9	(1.9)	3.2	2.3	119.5
Earnings attributable to equity shareholders	**115.9**	**(1.9)**	**3.2**	**2.3**	**119.5**
Earnings per share	**103.24p**				**106.45p**
Diluted earnings per share	102.93p				106.13p
Year ended 31 December 2023					
Net property and other income	190.5	–	1.0	–	191.5
Total administrative expenses	(39.1)	–	–	–	(39.1)
Revaluation deficit	(581.5)	–	581.5	–	–
Profit on disposal of investments	1.2	(1.2)	–	–	–
Net finance costs	(39.5)	–	–	–	(39.5)
Movement in fair value of derivative financial instruments	(2.1)	–	–	2.1	–
Financial derivative termination income	1.8	–	–	(1.8)	–
Share of results of joint ventures	(7.2)	–	9.2	–	2.0
Loss before tax	(475.9)	(1.2)	591.7	0.3	114.9
Tax charge	(0.5)	–	0.1	–	(0.4)
(Loss)/earnings attributable to equity shareholders	(476.4)	(1.2)	591.8	0.3	114.5
(Loss)/earnings per share	(424.25p)				101.97p
Diluted (loss)/earnings per share	(424.25p)				101.75p

The diluted loss per share for the year to 31 December 2023 was restricted to a loss of 424.25p per share, as the loss per share cannot be reduced by dilution in accordance with IAS 33 Earnings per Share.

EPRA Net Asset Value metrics (audited)

	2024 £m	2023 £m
Net assets attributable to equity shareholders	**3,539.8**	3,508.8
Adjustment for:		
Revaluation of trading properties	**0.6**	9.8
Deferred tax on revaluation surplus[1]	**1.8**	1.4
Fair value of derivative financial instruments	**(0.6)**	(2.9)
Fair value adjustment to secured bonds	**3.4**	5.0
EPRA Net Tangible Assets	**3,545.0**	3,522.1
Per share measure – diluted	**3,149p**	3,129p
Net assets attributable to equity shareholders	**3,539.8**	3,508.8
Adjustment for:		
Revaluation of trading properties	**0.6**	9.8
Fair value adjustment to secured bonds	**3.4**	5.0
Mark-to-market of fixed rate debt	**133.6**	133.4
Unamortised issue and arrangement costs	**(6.0)**	(7.4)
EPRA Net Disposal Value	**3,671.4**	3,649.6
Per share measure – diluted	**3,261p**	3,243p
Net assets attributable to equity shareholders	**3,539.8**	3,508.8
Adjustment for:		
Revaluation of trading properties	**0.6**	9.8
Deferred tax on revaluation surplus	**3.5**	2.8
Fair value of derivative financial instruments	**(0.6)**	(2.9)
Fair value adjustment to secured bonds	**3.4**	5.0
Purchasers' costs[2]	**342.8**	329.4
EPRA Net Reinstatement Value	**3,889.5**	3,852.9
Per share measure – diluted	**3,455p**	3,423p

1 Only 50% of the deferred tax on the revaluation surplus is excluded.
2 Includes Stamp Duty Land Tax. Total costs assumed to be 6.8% of the portfolio's fair value.

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38 EPRA performance measures and core recommendations continued

Cost ratio

	2024 £m	2023 £m
Administrative expenses	**41.1**	39.1
Write-off/impairment of receivables	**0.2**	2.0
Other property costs	**16.7**	15.2
Dilapidation receipts	**(0.8)**	(0.1)
Net service charge costs	**6.6**	6.6
Service charge costs recovered through rents but not separately invoiced	**(1.3)**	(0.9)
Management fees received less estimated profit element	**(5.1)**	(4.5)
Share of joint ventures' expenses	**0.3**	0.4
EPRA costs (including direct vacancy costs) (A)	**57.7**	57.8
Direct vacancy costs	**(11.3)**	(10.4)
EPRA costs (excluding direct vacancy costs) (B)	**46.4**	47.4
Gross rental income	**214.8**	212.8
Ground rent	**(1.5)**	(2.2)
Service charge components of rental income	**(1.3)**	(0.9)
Share of joint ventures' rental income less ground rent	**2.0**	2.4
Adjusted gross rental income (C)	**214.0**	212.1
EPRA cost ratio (including direct vacancy costs) (A/C)	**27.0%**	27.3%
EPRA cost ratio (excluding direct vacancy costs) (B/C)	**21.7%**	22.3%

In addition to the two EPRA cost ratios, the Group has calculated an additional cost ratio based on its property portfolio fair value to recognise the 'total return' nature of the Group's activities.

	2024 £m	2023 £m
Property portfolio at fair value (D)	**5,041.1**	4,844.7
Portfolio cost ratio (A/D)	**1.1%**	1.2%

Net Initial Yield and 'topped-up' Net Initial Yield

	2024 £m	2023 £m
Property portfolio – wholly owned	**5,041.1**	4,844.7
Investment property – share of joint ventures		
Share of joint ventures	**–**	33.8
Less non-EPRA properties[1]	**(696.0)**	(488.3)
Completed property portfolio	**4,345.1**	4,390.2
Allowance for:		
Estimated purchasers' costs	**295.5**	298.5
EPRA property portfolio valuation (A)	**4,640.6**	4,688.7
Annualised contracted rental income, net of ground rents	**204.9**	204.9
Share of joint ventures	**–**	2.5
Less non-EPRA properties[1]	**(0.7)**	(0.7)
Add outstanding rent reviews	**0.7**	0.1
Less estimate of non-recoverable expenses	**(5.6)**	(6.6)
	(5.6)	(7.2)
Current income net of non-recoverable expenses (B)	**198.7**	200.2
Contractual rental increases across the portfolio	**42.2**	44.6
Contractual rental increases across the EPRA portfolio	**42.2**	44.6
'Topped-up' net annualised rent (C)	**240.9**	244.8
EPRA net initial yield (B/A)	**4.3%**	4.3%
EPRA 'topped-up' net initial yield (C/A)	**5.2%**	5.2%

Vacancy rate

	2024 £m	2023 £m
Annualised estimated rental value of vacant premises	**8.4**	10.8
Portfolio estimated rental value	**324.3**	314.0
Less non-EPRA properties[1]	**(49.7)**	(46.0)
	274.6	268.0
EPRA vacancy rate	**3.1%**	4.0%

1 In accordance with EPRA best practice guidelines, deductions are made for development properties, land and long-dated reversions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
for the year ended 31 December 2024

38 EPRA performance measures and core recommendations continued

Like-for-like rental growth

	Like-for-like portfolio £m	Development property £m	Acquisitions and disposals £m	Total £m
2024				
Gross rental income	**199.6**	**12.5**	**2.7**	**214.8**
Other property expenditure	**(18.8)**	**(5.9)**	**(0.1)**	**(24.8)**
Write-off/impairment of receivables	**(0.4)**	**0.2**	**–**	**(0.2)**
Impairment included in prepayments (see note 20)	**–**	**–**	**(0.2)**	**(0.2)**
Net rental income	**180.4**	**6.8**	**2.4**	**189.6**
Other	**7.8**	**0.9**	**–**	**8.7**
Net property and other income	**188.2**	**7.7**	**2.4**	**198.3**
2023				
Gross rental income	194.6	13.6	4.6	212.8
Other property expenditure	(20.7)	(3.1)	(0.2)	(24.0)
Write-off/impairment of receivables	(0.9)	(1.1)	–	(2.0)
Impairment included in prepayments (see note 20)	–	–	(0.6)	(0.6)
Net rental income	173.0	9.4	3.8	186.2
Other	4.7	(0.4)	–	4.3
Net property and other income	177.7	9.0	3.8	190.5
Change based on:				
Gross rental income	2.6%			0.9%
Net rental income	4.3%			1.8%
Net property and other income	5.9%			4.1%

Property-related capital expenditure

	2024			2023		
	Group (excl. Joint ventures) £m	Joint ventures (50% share) £m	Total Group £m	Group (excl. Joint ventures) £m	Joint ventures (50% share) £m	Total Group £m
Acquisitions	**47.0**	**–**	**47.0**	3.8	–	3.8
Development	**136.2**	**3.3**	**139.5**	127.3	0.6	127.9
Investment properties						
Incremental lettable space	**2.5**	**–**	**2.5**	–	–	–
No incremental lettable space	**45.3**	**–**	**45.3**	25.0	–	25.0
Tenant incentives	**0.3**	**–**	**0.3**	–	–	–
Capitalised interest	**10.7**	**–**	**10.7**	6.3	–	6.3
Total capital expenditure	**242.0**	**3.3**	**245.3**	162.4	0.6	163.0
Conversion from accrual to cash basis	**(12.1)**	**–**	**(12.1)**	12.1	0.1	12.2
Total capital expenditure on a cash basis	**229.9**	**3.3**	**233.2**	174.5	0.7	175.2

39 Total return

	2024 p	2023 p
EPRA Net Tangible Assets on a diluted basis		
At end of year	**3,149**	3,129
At start of year	**(3,129)**	(3,632)
Increase/(decrease)	**20**	(503)
Dividend per share	**80**	79
Increase/(decrease) including dividend	**100**	(424)
Total return	**3.2%**	(11.7%)

40 Gearing and interest cover

NAV gearing

	2024 £m	2023 £m
Net debt	**1,482.7**	1,356.8
Net assets	**3,539.8**	3,508.8
NAV gearing	**41.9%**	38.7%

Loan-to-value ratio

	2024 £m	2023 £m
Group loan-to-value ratio		
Net debt	**1,482.7**	1,356.8
Fair value adjustment of secured bonds	**(3.4)**	(5.0)
Unamortised discount on unsecured green bonds	**1.3**	1.5
Unamortised issue and arrangement costs	**6.0**	7.4
Leasehold liabilities	**(34.6)**	(34.6)
Drawn debt net of cash (A)	**1,452.0**	1,326.1
Fair value of property portfolio (B)	**5,041.1**	4,844.7
Loan-to-value ratio (A/B)	**28.8%**	27.4%
Proportionally consolidated loan-to-value ratio		
Drawn debt net of cash (A)	**1,452.0**	1,326.1
Share of cash and cash equivalents in joint ventures	**–**	(2.2)
Drawn debt net of cash including Group's share of joint ventures (C)	**1,452.0**	1,323.9
Fair value of property portfolio (B)	**5,041.1**	4,844.7
Share of fair value of property portfolio of joint ventures	**–**	33.8
Fair value of property portfolio including Group's share of joint ventures (D)	**5,041.1**	4,878.5
Proportionally consolidated loan-to-value ratio (C/D)	**28.8%**	27.1%
EPRA loan-to-value ratio		
Drawn debt net of cash including Group's share of joint ventures (C)	**1,452.0**	1,323.9
Debt with equity characteristics	**(20.0)**	(20.0)
Adjustment for hybrid debt instruments	**0.6**	2.0
Net payables adjustment	**72.7**	57.2
Adjusted debt (E)	**1,505.3**	1,363.1
Fair value of property portfolio including Group's share of joint ventures (D)	**5,041.1**	4,878.5
EPRA loan-to-value ratio (E/D)	**29.9%**	27.9%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 December 2024

40 Gearing and interest cover continued

Net interest cover ratio

	2024 £m	2023 £m
Group net interest cover ratio		
Net property and other income	198.3	190.5
Adjustments for:		
Other income	(5.1)	(4.5)
Other property income	(0.1)	–
Surrender premiums received	(2.7)	(0.1)
Write-down of trading property	–	0.4
Adjusted net property income	190.4	186.3
Finance income	(0.3)	(0.9)
Finance costs	39.9	40.4
	39.6	39.5
Adjustments for:		
Finance income	0.3	0.9
Other finance costs	(0.4)	(0.3)
Amortisation of fair value adjustment to secured bonds	1.6	1.5
Amortisation of issue and arrangement costs	(2.6)	(2.6)
Finance costs capitalised	11.2	6.5
Net interest payable	49.7	45.5
Group net interest cover ratio	383%	409%
Proportionally consolidated net interest cover ratio		
Adjusted net property income	190.4	186.3
Share of joint ventures' net property income	1.9	2.2
Adjusted net property income including share of joint ventures	192.3	188.5
Net interest payable	49.7	45.5
Proportionally consolidated net interest cover ratio	387%	414%

Net debt to EBITDA

	2024 £m	2023 £m
Net debt (A)	1,482.7	1,356.8
Profit/(loss) for the year	115.9	(476.4)
Add back: tax charge	0.1	0.5
Profit/(loss) before tax	116.0	(475.9)
Add back: net finance charges	39.6	39.5
Add back: movement in fair value of derivative financial instruments	2.3	2.1
Add back: financial derivative termination income	–	(1.8)
	157.9	(436.1)
Add back: profit on disposal of investment property	(1.9)	(1.2)
Add back: revaluation deficit	2.7	581.5
Add back: share of joint venture revaluation movement/impairment (note 9)	0.3	9.2
Add back: depreciation	1.0	1.1
EBITDA (B)	160.0	154.5
Net debt to EBITDA (A/B)	9.3	8.8

41 Material accounting policies

Basis of consolidation

The Group financial statements incorporate the financial statements of Derwent London plc and all of its subsidiaries, together with the Group's share of the results of its joint ventures.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are no longer consolidated from the date that control ceases.

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement. Interests in joint ventures are accounted for using the equity method of accounting as permitted by IFRS 11 Joint Arrangements, and following the procedures for this method set out in IAS 28 Investments in Associates and Joint Ventures. The equity method requires the Group's share of the joint venture's post-tax profit or loss for the year to be presented separately in the income statement and the Group's share of the joint venture's net assets to be presented separately in the balance sheet.

Intra-group balances and any unrealised gains and losses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with joint ventures are eliminated to the extent of the Group's interest in the joint venture concerned. Unrealised losses are eliminated in the same way, but only to the extent that there is no evidence of impairment.

Gross property income

Gross property income arises from two main sources:

(i) **Rental income** – This arises from operating leases granted to tenants. An operating lease is a lease other than a finance lease. A finance lease is one whereby substantially all the risks and rewards of ownership are passed to the lessee.

Rental income is recognised in the Group income statement on a straight-line basis over the term of the lease in accordance with IFRS 16 Leases. This includes the effect of lease incentives given to tenants, which are normally in the form of rent-free or half rent periods or capital contributions in lieu of rent-free periods, and the effect of contracted rent uplifts and payments received from tenants on the grant of leases. Where the total consideration due under a lease is modified, the revised total amount due under the lease is recognised on a straight-line basis over the remaining term of the lease. Where rent demanded is forgiven for periods that have passed, these amounts are assessed under IFRS 9 and written off. Where rent is forgiven for future periods, this is considered a lease modification and spread on a straight-line basis over the remaining lease term in accordance with IFRS 16.

For income from property leased out under a finance lease, a lease receivable asset is recognised in the balance sheet at an amount equal to the net investment in the lease, as defined in IFRS 16 Leases. Minimum lease payments receivable, again defined in IFRS 16, are apportioned between finance income and the reduction of the outstanding lease receivable so as to produce a constant periodic rate of return on the remaining net investment in the lease. Contingent rents, being the difference between the rent currently receivable and the minimum lease payments when the net investment in the lease was originally calculated, are recognised in property income in the years in which they are receivable.

(ii) **Surrender premiums** – Payments received from tenants to surrender their lease obligations are recognised immediately in the Group income statement. In circumstances where surrender payments received relate to specific periods, they are deferred and recognised in those periods.

Other income

Other income consists of commissions, fees charged to tenants for the management of certain Group properties and administration services provided to joint ventures. Other income is recognised in the Group income statement in accordance with the delivery of services as required by IFRS 15 Revenue from Contracts with Customers.

Service charges

Service charge income relates to expenditure that is directly recoverable from tenants, excluding management fees which are included in 'other income'. Service charge income is recognised as revenue in the period to which it relates as required by IFRS 15 Revenue from Contracts with Customers.

Expenses

(i) **Lease payments** – For leasehold investment properties held, a right of use asset is recognised at commencement date of the lease within the investment property carrying value. The initial cost includes the lease liabilities recognised, initial direct costs incurred and any lease payments made at commencement adjusted for any lease incentives received. In addition, a corresponding lease liability is also included on the balance sheet. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability so as to produce a constant periodic rate of interest on the remaining lease liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued
for the year ended 31 December 2024

41 Material accounting policies continued

Expenses continued

(ii) **Dilapidations** – Dilapidations monies received from tenants in respect of their lease obligations are recognised immediately in the Group income statement, unless they relate to future capital expenditure. In the latter case, where the costs are considered to be recoverable they are capitalised as part of the carrying value of the property.

(iii) **Reverse surrender premiums** – Payments made to tenants to surrender their lease obligations are charged directly to the Group income statement unless the payment is to enable the probable redevelopment of a property. In the latter case, where the costs are considered to be recoverable, they are capitalised as part of the carrying value of the property.

(iv) **Other property expenditure** – Vacant property costs and other property costs are expensed in the year to which they relate, with the exception of the initial direct costs incurred in negotiating and arranging leases which are, in accordance with IFRS 16 Leases, added to the carrying value of the relevant property and recognised as an expense over the lease term on the same basis as the lease income.

Employee benefits

(i) Share-based remuneration

Equity-settled – The Company operates a long-term incentive plan and share option scheme. The fair value of the conditional awards of shares granted under the long-term incentive plan and the options granted under the share option scheme are determined at the date of grant. This fair value is then expensed on a straight-line basis over the vesting period, based on an estimate of the number of shares that will eventually vest. At each reporting date, the non-market based performance criteria of the long-term incentive plan are reconsidered and the expense is revised as necessary. In respect of the share option scheme, the fair value of the options granted is calculated using a binomial lattice pricing model.

(ii) Pensions

Defined contribution plans – Obligations for contributions to defined contribution pension plans are recognised as an expense in the Group income statement in the period to which they relate.

Defined benefit plans – The Group's net obligation in respect of defined benefit post-employment plans, including pension plans, is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date on AA credit rated bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method. Any actuarial gain or loss in the period is recognised in full in the Group statement of comprehensive income.

Business combinations

Business combinations are accounted for under the acquisition method. Any excess of the purchase price of business combinations over the fair value of the assets, liabilities and contingent liabilities acquired and resulting deferred tax thereon is recognised as goodwill. Any discount is credited to the Group income statement in the period of acquisition. Goodwill is recognised as an asset and reviewed for impairment. Any impairment is recognised immediately in the Group income statement and is not subsequently reversed. Any residual goodwill is reviewed annually for impairment.

Investment property

(i) **Valuation** – Investment properties are those that are held either to earn rental income or for capital appreciation or both, including those that are undergoing redevelopment. Investment properties are measured initially at cost, including related transaction costs. After initial recognition, they are carried in the Group balance sheet at fair value adjusted for the carrying value of leasehold interests and lease incentive and letting cost receivables. Fair value is the price that would be received to sell an investment property in an orderly transaction between market participants at the measurement date. The valuation is undertaken by independent valuers who hold recognised and relevant professional qualifications and have recent experience in the locations and categories of properties being valued.

Surpluses or deficits resulting from changes in the fair value of investment property are reported in the Group income statement in the year in which they arise.

The Group leases out investment properties under operating leases with rents generally payable monthly or quarterly. The Group is exposed to changes in the residual value of properties at the end of current lease agreements, and mitigates this risk by actively managing its tenant mix in order to maximise the weighted average lease term, minimise vacancies across the portfolio and maximise exposure to tenants with strong financial characteristics. The Group also grants lease incentives to encourage high quality tenants to remain in properties for longer lease terms.

(ii) **Capital expenditure** – Capital expenditure, being costs directly attributable to the redevelopment or refurbishment of an investment property, up to the point of it being completed for its intended use, are capitalised in the carrying value of that property. In addition, in accordance with IAS 23 Borrowing Costs, finance costs that are directly attributable to such expenditure are capitalised using the Group's average cost of borrowings during each quarter.

Certain internal staff and associated costs directly attributable to the major development and refurbishment schemes are also capitalised based on the proportion of time spent on the relevant scheme. These costs are capitalised from the date the Group determines it is probable that the development will progress until the date of practical completion.

(iii) **Disposal** – Properties are treated as disposed when the Group transfers the significant risks and rewards of ownership to the buyer. Generally this would occur on completion of contract. On disposal, any gain or loss is calculated as the difference between the net disposal proceeds and the carrying value at the last year end plus subsequent capitalised expenditure during the year. Where the net disposal proceeds have yet to be finalised at the balance sheet date, the proceeds recognised reflect the Directors' best estimate of the amounts expected to be received. Any contingent consideration is recognised at fair value at the balance sheet date. The fair value is calculated using future discounted cash flows based on expected outcomes with estimated probabilities taking account of the risk and uncertainty of each input.

(iv) **Development** – When the Group begins to redevelop an existing investment property for continued use as an investment property or acquires a property with the subsequent intention of developing as an investment property, the property is classified as an investment property and is accounted for as such. When the Group begins to redevelop an existing investment property with a view to sale, the property is transferred to trading properties and held as a current asset. The property is remeasured to fair value as at the date of transfer with any gain or loss being taken to the income statement. The remeasured amount becomes the deemed cost at which the property is then carried in trading properties.

Trading property and trading stock

Trading property relates to property being developed for sale. Trading stock relates to development expenditure which is due to be disposed of to third parties under development agreements. In accordance with IAS 2 Inventories, trading property and trading stock are held at the lower of cost and net realisable value. Proceeds from sale are recognised in the Group's income statement when title has been transferred to the purchaser as required by IFRS 15 Revenue from Contracts with Customers.

Prepayment (non-current)

Acquisition and capital expenditure costs incurred in advance of ownership of a property are initially included as a prepayment in the Group's balance sheet and measured at cost. This asset is then tested for impairment under IAS 36 Impairment of Assets. On completion of the purchase, the asset will be transferred to either investment property or trading property as appropriate.

Property, plant and equipment

(i) **Owner-occupied property** – Owner-occupied property is stated at its revalued amount, which is determined in the same manner as investment property. It is depreciated over its remaining useful life (40 years) with the depreciation included in administrative expenses. On revaluation, any accumulated depreciation is eliminated against the gross carrying amount of the property concerned, and the net amount restated to the revalued amount. Subsequent depreciation charges are adjusted based on the revalued amount for each property. Any difference between the depreciation charge on the revalued amount and that which would have been charged under historic cost is transferred, net of any related deferred tax, between the revaluation reserve and retained earnings as the property is utilised. Surpluses or deficits resulting from changes in the fair value are reported in the Group statement of comprehensive income. The land element of the property is not depreciated.

(ii) **Artwork** – Artwork is stated at revalued amounts on the basis of open market value.

(iii) **Other** – Plant and equipment is depreciated at a rate of between 10% and 25% per annum which is calculated to write off the cost, less estimated residual value of the individual assets, over their expected useful lives.

Investments

Investments in joint ventures, being those entities over whose activities the Group has joint control, as established by contractual agreement, are included in the Group's balance sheet at cost together with the Group's share of post-acquisition reserves, on a net equity basis. Investments in subsidiaries and joint ventures are included in the Company's balance sheet at the lower of cost and recoverable amount. Any impairment is recognised immediately in the income statement.

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying value will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met if the sale is highly probable, the asset is available for immediate sale in its present condition, being actively marketed and management is committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

In accordance with IFRS 5, non-current assets, including related liabilities, classified as held for sale are measured at the lower of carrying value and fair value less costs of disposal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 31 December 2024

41 Material accounting policies continued

Financial assets

(i) **Cash and cash equivalents** – Cash at bank comprises cash in hand and on-demand deposits. Cash at bank comprises short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Tenant rent deposits are subject to contractual restrictions and meet the definition of 'cash and cash equivalents' under IAS 7 and are recognised as restricted cash.

Cash collected on behalf of tenants to fund service charges of properties in the portfolio meet the definition of 'cash and cash equivalents' under IAS 7 and are recognised as restricted cash.

(ii) **Trade receivables** – Trade receivables are recognised and carried at the original transaction value. This balance is subject to impairment testing under IFRS 9 using the forward-looking, simplified approach to the expected credit loss model.

Lease incentive receivables

In accordance with IFRS 16, rental income is recognised in the Group income statement on a straight-line basis over the term of the lease. This includes the effect of lease incentives given to tenants (in the form of rent-free periods, half rent periods or capital contributions in lieu of rent-free periods) and any contracted rental uplifts granted at lease inception. The result is included within accrued income in the balance sheet. This balance is subject to impairment testing under IAS 36.

Financial liabilities

(i) **Bank loans and fixed rate loans** – Bank loans and fixed rate loans are included as financial liabilities on the balance sheets at amortised cost. Interest payable is expensed as a finance cost in the year to which it relates.

Where there has been a change to the terms of a debt agreement, such as the applicable interest rate or benchmark rate, this is assessed under IFRS 9 using quantitative and qualitative assessments to determine if the debt modification is considered substantial enough to be deemed an extinguishment. It is common for loan facilities agreements to include extension options which extend the loan maturity out by one year. When these options are exercised as per the agreement, with no changes to other terms, this is deemed to be a modification of the loan and not an extinguishment.

(ii) **Non-convertible bonds** – These are included as a financial liability on the balance sheet net of the unamortised discount and costs on issue. The difference between this carrying value and the redemption value is recognised in the Group income statement over the life of the bond on an effective interest basis. Interest payable to bond holders is expensed in the year to which it relates.

(iii) **Convertible bonds** – The fair value of the liability component of a convertible bond is determined using the market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects and is not subsequently re-measured. Issue costs are apportioned between the liability and the equity components of the convertible bonds based on their carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity. The issue costs apportioned to the liability are amortised over the life of the bond. The issue costs apportioned to equity are not amortised.

(iv) **Finance lease liabilities** – Finance lease liabilities arise for those investment properties held under a leasehold interest and accounted for as investment property. The liability is initially calculated as the present value of the minimum lease payments, reducing in subsequent years by the apportionment of payments to the lessor, as described above under the heading for lease payments.

(v) **Interest rate derivatives** – The Group uses derivative financial instruments to manage the interest rate risk associated with the financing of the Group's business. No trading in financial instruments is undertaken.

At each reporting date, these interest rate derivatives are measured at fair value, being the estimated amount that the Group would receive or pay to terminate the agreement at the balance sheet date, taking into account current interest rates and the current credit rating of the counterparties. The gain or loss at each fair value remeasurement is recognised in the Group income statement because the Group does not apply hedge accounting.

(vi) **Trade payables** – Trade payables are recognised and carried at the original transaction value.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the tax computations, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. In respect of the deferred tax on the revaluation surplus, this is calculated on the basis of the chargeable gains that would crystallise on the sale of the investment portfolio as at the reporting date. The calculation takes account of available indexation on the historical cost of the properties.

Deferred tax is calculated at the tax rates that are expected to apply in the period, based on Acts substantially enacted at the year end, when the liability is settled or the asset is realised. Deferred tax is included in profit or loss for the period, except when it relates to items recognised in other comprehensive income or directly in equity.

Cash flow

Transactions in the cash flow statement under operating, investing and financing activities have been prepared net of value added tax in order to reflect the true cash inflows and outflows of the Group.

Dividends

Dividends payable on the ordinary share capital are recognised in the year in which they are declared.

COMPANY BALANCE SHEET

as at 31 December 2024

Registered No. 1819699

	Note	2024 £m	2023 Restated[1] £m
Non-current assets			
Property, plant and equipment		**17.1**	19.1
Investments	vi	**2,578.3**	2,189.8
Receivables: amounts falling due after more than one year	vii	**1,920.4**	2,327.3
Derivative financial instruments	ix	**–**	2.9
Deferred tax	x	**0.8**	2.6
Pension scheme surplus	vi	**1.8**	2.0
		4,518.4	4,543.7
Current assets			
Receivables: amounts falling due within one year	vii	**33.4**	31.8
Derivative financial instruments	ix	**0.6**	–
Corporation tax asset		**0.3**	0.3
Cash and cash equivalents		**20.7**	24.8
		55.0	56.9
Total assets		**4,573.4**	4,600.6
Current liabilities			
Borrowings	ix	**174.1**	82.9
Leasehold liabilities	ix	**1.3**	1.3
Payables: amounts falling due within one year	viii	**1,615.5**	2,009.6
Provisions		**0.2**	0.1
		1,791.1	2,093.9
Non-current liabilities			
Borrowings	ix	**1,091.3**	1,053.6
Leasehold liabilities	ix	**19.0**	20.3
Provisions		**0.4**	0.3
		1,110.7	1,074.2
Total liabilities		**2,901.8**	3,168.1
Total net assets		**1,671.6**	1,432.5
Equity			
Share capital	xi	**5.6**	5.6
Share premium		**196.6**	196.6
Other reserves		**927.8**	926.2
Retained earnings		**541.6**	304.1
Total equity		**1,671.6**	1,432.5

1 Prior year figures for the Company have been restated. See note i for additional information.

The financial statements were approved by the Board of Directors and authorised for issue on 26 February 2025.

Paul Williams
Chief Executive

Damian Wisniewski
Chief Financial Officer

The notes on pages 270 to 276 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2024

	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Equity shareholders' funds £m	Total equity £m
At 1 January 2024	5.6	196.6	926.2	304.1	1,432.5	1,432.5
Profit for the year	–	–	–	326.3	326.3	326.3
Other comprehensive expense	–	–	–	(0.4)	(0.4)	(0.4)
Share-based payments	–	–	1.6	1.4	3.0	3.0
Dividends paid	–	–	–	(89.8)	(89.8)	(89.8)
At 31 December 2024	**5.6**	**196.6**	**927.8**	**541.6**	**1,671.6**	**1,671.6**
At 1 January 2023	5.6	196.6	925.9	202.2	1,330.3	1,330.3
Profit for the year	–	–	–	189.6	189.6	189.6
Other comprehensive expense	–	–	–	(0.7)	(0.7)	(0.7)
Share-based payments	–	–	0.3	1.7	2.0	2.0
Dividends paid	–	–	–	(88.7)	(88.7)	(88.7)
At 31 December 2023	5.6	196.6	926.2	304.1	1,432.5	1,432.5

NOTES TO THE COMPANY FINANCIAL STATEMENTS
for the year ended 31 December 2024

i Basis of preparation
Derwent London plc is a public limited company, limited by shares, incorporated, domiciled and registered in England in the United Kingdom under the Companies Act. The address of the registered office is given on the back cover.

Consolidated financial statements are on pages 216 to 220.

The Company has prepared its financial statements in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared on a going concern basis under the historical cost convention, except for the revaluation of derivatives which are measured at fair value.

Transition to FRS 101
These are the Company's first financial statements prepared in accordance with FRS 101. Previously, the financial statements were prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006. The date of transition to FRS 101 is 1 January 2023.

The transition to FRS 101 has been made in accordance with the provisions set out in the standard. The Company has applied the recognition, measurement, and presentation requirements of UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006.

As permitted by FRS 101, the exemptions that have been applied in preparation of these financial statements are as follows:

- A cash flow statement and related notes have not been presented in line with IAS 7 Statement of Cash Flows.
- Disclosures in respect of new standards and interpretations that have been issued but which are not yet effective have not been provided, in line with paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- Disclosures in respect of transactions with wholly owned subsidiaries have not been made in line with IAS 24 Related Party Disclosures.
- Disclosures required by paragraphs 91 to 99 of IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instruments: Disclosures have not been made.
- Paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based payment (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined), have not been presented.
- Disclosures under paragraphs 17 and 18A of IAS 24 Related Party Disclosures to disclose key management personnel compensation have not been presented.
- The requirements of paragraphs 10(f); 40A to 40D; and 134 to 136 of IAS 1 Presentation of Financial Statements are no longer required.

No material adjustments were necessary to previously reported figures as a result of adopting FRS 101, except for the reduced disclosures as noted above.

Going concern
The Company balance sheet shows a net current liability position of £1,736.1m, primarily as a result of amounts owed to subsidiaries of £1,593.3m being classified as current liabilities. The subsidiaries are all under common control in the Group, and the balances are not due to external counterparties. Although they are repayable on demand, there is no intention or expectation for them to be called or repaid within the next 12 months. The net current liability position also results from the £175m of finance facilities that reach maturity within the next 12 months. As at 31 December 2024, the Company had access to £487m of available undrawn facilities and cash to meet current liabilities as they fall due. In addition, a new £115m unsecured term/revolving bank facility was signed in February 2025, which provides the Directors with a reasonable expectation that the Group will be able to meet these current liabilities as they fall due.

Having due regard to these matters and after making appropriate enquiries, the Directors have reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of signing of these financial statements and, therefore, the Directors continue to adopt the going concern basis in their preparation.

Restatement of amounts owed by subsidiaries in Company balance sheet
The Company reassessed the amounts owed by subsidiaries under 'IAS 1 Presentation of Financial Statements' and, based on expected timing of receipts, £2,327.3m from amounts falling due within one year should have been classified to amounts falling due after more than one year as of 31 December 2023. Comparatives have been restated accordingly. Please refer to note vii for further details.

ii Accounting policies
The principal accounting policies are described in the Group's note 41 and are consistent with those applied in the Group's financial statements for the year to 31 December 2023, as amended to reflect the adoption of new standards, amendments and interpretations which became effective in the year as shown below.

New standards adopted during the year
The following standards, amendments and interpretations were effective for the first time for the Group's current accounting period. They did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

IAS 1 (amended) – Classification of liabilities as current or non-current, Non-current Liabilities with Covenants;

IAS 7 and IFRS 7 (amended) – Supplier Finance Arrangements;

IFRS 16 (amended) – Lease Liability in a Sale and Leaseback.

iii Profit for the year attributable to members of Derwent London plc
Company retained earnings includes a profit of £326.3m (2023: £189.6m) for the year. The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own income statement in these financial statements. The employees of the Company are the Directors and the Company Secretary. Full disclosure of the Directors' remuneration can be found on pages 174 to 199.

iv Employees
Employee costs for the year include wages and salaries of £20.5m (2023: £20.2m), social security costs of £3.1m (2023: £2.7m), pension costs of £2.7m (2023: £2.3m) and share-based payment expenses relating to equity-settled schemes of £3.1m (2023: £2.5m). Details of the Executive Directors' remuneration are disclosed in the Remuneration Report on pages 174 to 199.

The monthly average number of employees in the Company during the year, excluding Directors, was 146 (2023: 142).

v Pension
The Company operates both a defined contribution scheme and a defined benefit scheme and details are set out in note 14 of the consolidated financial statements.

vi Investments

	Subsidiaries £m
At 1 January 2023	2,224.7
Additions	135.0
Reversal of impairment	0.2
Impairment	(170.1)
At 31 December 2023	2,189.8
Additions	390.0
Repayment of capital	(2.0)
Reversal of impairment	0.5
At 31 December 2024	**2,578.3**

At 31 December 2024, the carrying values of the investment in wholly owned subsidiaries were reviewed in accordance with IAS 36 Impairment of Assets on both a 'value in use' and 'fair value less costs to sell' basis. The Company's accounting policy is to carry investments in subsidiary undertakings at the lower of cost and recoverable amount and recognise any impairment, or reversal thereof, in the income statement. As a result, the Company recognised a net impairment reversal of £0.5m (2023: net impairment charge of £169.9m). This was due to property revaluation surpluses charged to the income statement in a number of the property investment subsidiaries held directly or indirectly by the Company. Investment properties are held by the property investment subsidiaries with any surpluses or deficits on revaluation being reported in the income statement of those subsidiaries. The Group uses the valuation carried out by external valuers as the fair value of its property portfolio. See note 3 of the consolidated financial statements for further details.

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued
for the year ended 31 December 2024

vii Receivables

	2024 £m	2023 £m
Amounts falling due within one year:		
Other receivables	**3.7**	1.0
Prepayments	**4.1**	2.6
Other taxes	**–**	4.0
Accrued income		
Other	**25.6**	24.2
	33.4	31.8

	2024 £m	2023 Restated £m
Amounts falling due after more than one year:		
Amounts owed by subsidiaries	**1,920.4**	2,327.3
	1,920.4	2,327.3

Following a reassessment of when certain amounts owed by subsidiaries are expected to be realised, the Company has determined that it did not intend to require settlement for certain amounts within 12 months of the balance sheet date. Accordingly, the comparatives have been restated, reclassifying £2,327.3m to amounts falling due greater than one year.

Amounts owed by subsidiaries in the Company are unsecured, have no fixed date of repayment and are repayable on demand, however, there is no intention or expectation for them to be paid within the next 12 months. Interest is charged at a rate dependent on the Group's overall debt funding cost for the year. For the year ended 31 December 2024, interest was charged at 3.90% (2023: 3.89%). These balances have been considered as part of the full expected credit loss assessment under IFRS 9 and no impairments were determined to be required (2023: £nil).

viii Payables

	2024 £m	2023 £m
Amounts falling due within one year:		
Amounts owed to subsidiaries	**1,593.3**	1,992.2
Taxation and social security	**0.5**	–
Trade payables	**–**	0.4
Other payables	**0.9**	0.4
Accruals	**20.7**	16.4
Deferred income	**0.1**	0.2
	1,615.5	2,009.6

Amounts owed to subsidiaries in the Company are unsecured, have no fixed date of repayment and are repayable on demand, however, there is no intention or expectation for them to be paid within the next 12 months. Interest is charged at a rate dependent on the Group's overall debt funding cost for the year. For the year ended 31 December 2024, interest was charged at 3.90% (2023: 3.89%).

ix Net debt

Secured and unsecured debt

	2024 £m	2023 £m
Secured		
3.99% secured loan 2024	**–**	82.9
	–	82.9
Unsecured		
1.875% unsecured green bonds 2031	**347.2**	346.8
Unsecured private placement notes 2026–2034	**453.6**	453.5
Unsecured bank loans	**290.5**	81.2
Intercompany loan	**174.1**	172.1
	1,265.4	1,053.6
Borrowings	**1,265.4**	1,136.5
Leasehold liabilities – current	**1.3**	1.3
Leasehold liabilities – non-current	**19.0**	20.3
Derivative financial instruments – current	**(0.6)**	–
Derivative financial instruments – non-current	**–**	(2.9)
Gross debt	**1,285.1**	1,155.2
Reconciliation to net debt:		
Gross debt	**1,285.1**	1,155.2
Derivative financial instruments	**0.6**	2.9
Cash at bank excluding restricted cash	**(12.9)**	(11.6)
Net debt	**1,272.8**	1,146.5

Reconciliation to borrowings:

	Gross loan commitments £m	Adjustments: Interest on gross debt £m	Effect of interest rate swaps £m	Leasehold liabilities £m	Non-cash amortisation £m	Borrowings £m
Company						
At 31 December 2024						
Maturing in:						
< 1 year	**215.6**	**(39.3)**	**0.8**	**(2.1)**	**–**	**175.0**
1 to 2 years	**261.7**	**(35.1)**	**–**	**(2.1)**	**(1.8)**	**222.7**
2 to 3 years	**149.7**	**(24.1)**	**–**	**(2.1)**	**(1.9)**	**121.6**
3 to 4 years	**52.1**	**(20.0)**	**–**	**(2.1)**	**(0.1)**	**29.9**
4 to 5 years	**136.2**	**(16.1)**	**–**	**(2.1)**	**(0.3)**	**117.7**
> 5 years	**632.5**	**(15.8)**	**–**	**(14.7)**	**(3.5)**	**598.5**
	1,447.8	**(150.4)**	**0.8**	**(25.2)**	**(7.6)**	**1,265.4**
At 31 December 2023						
Maturing in:						
< 1 year	114.2	(31.5)	2.4	(2.1)	(0.1)	82.9
1 to 2 years	202.8	(26.1)	0.4	(2.1)	–	175.0
2 to 3 years	146.6	(23.0)	–	(2.1)	(5.4)	116.1
3 to 4 years	40.7	(21.1)	–	(2.1)	(0.5)	17.0
4 to 5 years	52.1	(20.0)	–	(2.1)	(0.1)	29.9
> 5 years	791.1	(54.3)	–	(16.8)	(4.4)	715.6
	1,347.5	(176.0)	2.8	(27.3)	(10.5)	1,136.5

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 31 December 2024

x Deferred tax

	Other £m	Total £m
At 1 January 2024	(2.6)	(2.6)
Charged to the income statement	1.8	1.8
At 31 December 2024	**(0.8)**	**(0.8)**
At 1 January 2023	(3.0)	(3.0)
Charged to the income statement	0.4	0.4
At 31 December 2023	(2.6)	(2.6)

Deferred tax on the balance sheet revaluation deficit/surplus is calculated on the basis of the chargeable gains that would crystallise on the sale of the property portfolio at each balance sheet date. The calculation takes account of any available indexation on the historical cost of the properties. Due to the Group's REIT status, deferred tax is only provided at each balance sheet date on properties outside the REIT ring-fence.

xi Share capital

The movement in the number of 5p ordinary shares in issue is shown in the table below:

Number of shares in issue fully paid	Number
At 1 January 2023	112,290,679
Issued as a result of the exercise of share options[1]	250
At 31 December 2023 and 2024	**112,290,929**

1 Proceeds from these issues were £nil (2023: £nil).

xii List of subsidiaries and joint ventures

A full list of subsidiaries and joint ventures as at 31 December 2024 is set out below.

Audit exemption taken for subsidiaries

Certain UK subsidiaries are exempt from the requirement of the Companies Act 2006 relating to the audit of individual accounts by virtue of Section 479A of the Act. These subsidiaries are identified in the table below (superscript/footnote 2):

	Company number	Ownership[3]	Principal activity
Subsidiaries			
Asta Commercial Limited[2]	09644973	100%	Property investment
BBR Property Limited[1]	08486476	100%	Dormant
Caledonian Properties Limited[2]	00669924	100%	Property investment
Caledonian Property Estates Limited[2]	07412270	100%	Property investment
Caledonian Property Investments Limited[2]	00669923	100%	Property investment
Carlton Construction & Development Company Limited	00538216	100%	Dormant
Central London Commercial Estates Limited	00656914	100%	Property investment
Charlotte Apartments Limited[2]	09642563	100%	Property investment
80 Charlotte Street Limited[1,2]	10579271	100%	Property investment
Derwent Asset Management Limited[1,2]	07325387	100%	Property management
Derwent Central Cross Limited[1,2]	07320070	100%	Property investment
Derwent Henry Wood Limited[1,2]	07412653	100%	Property investment
Derwent London 50 Baker Street Limited	13644777	100%	Property investment
Derwent London Angel Building Limited	13247175	100%	Property investment
Derwent London AD Limited[1]	13227143	100%	Dormant
Derwent London Asta Limited[2]	09643005	100%	Property trading
Derwent London Baker Street Limited	00806862	100%	Property investment
Derwent London BH Limited[1,2]	13136439	100%	Property investment
Derwent London Blackfriars Limited[1,2]	13655681	100%	Property investment
Derwent London Brixton Limited[1,2]	12405614	100%	Property investment
Derwent London BSP Limited[2]	13635308	100%	Property investment
Derwent London Capital No. 3 (Jersey) Limited[1]	00129106	100%	Finance company
Derwent London Development Services Limited[1]	09850541	100%	Development services
Derwent London Euston Road Limited[1,2]	13136412	100%	Property investment
Derwent London Farringdon Limited[1,2]	09310500	100%	Property investment
Derwent London Featherstone Limited[1,2]	11296132	100%	Property investment
Derwent London Gallery Limited[1,2]	12752908	100%	Property investment
Derwent London George Street Limited[1]	13034088	100%	Property trading
Derwent London Green Energy Limited[1,2]	12824452	100%	Energy production
Derwent London Holden House Limited[1,2]	11325906	100%	Property investment
Derwent London Holford Works Limited[1,2]	13302967	100%	Property investment
Derwent London Horseferry Limited[1,2]	13136399	100%	Property investment
Derwent London KSW Limited[1,2]	08802313	100%	Property investment
Derwent London Member Services Limited[1,2]	14958936	100%	Events & catering services
Derwent London No.5 Limited[1,2]	13906854	100%	Property investment
Derwent London Network Limited[1]	14009618	100%	Property investment
Derwent London Oliver's Yard Limited[1,2]	10775826	100%	Property investment
Derwent London Page Street (Nominee) Limited	07540717	100%	Dormant
Derwent London Page Street Limited[1,2]	07540699	100%	Property investment
Derwent London Savile Row Limited[1,2]	12902975	100%	Property investment
Derwent London White Chapel Limited[1,2]	13136446	100%	Property investment
Derwent London White Collar Limited[1,2]	13136415	100%	Property investment
Derwent London Whitfield Street Limited[1,2]	10775868	100%	Property investment
Derwent Valley Central Limited[1]	00205226	100%	Property investment
Derwent Valley Employee Trust Limited[1,2]	04177132	100%	Employee trust
Derwent Valley Finance Limited[2]	05622597	100%	Investment holding
Derwent Valley Limited	00445037	100%	Holding company
Derwent Valley London Limited[1]	00229333	100%	Property investment
Derwent Valley Property Developments Limited[1]	02148266	100%	Property investment
Derwent Valley Property Investments Limited[1,2]	01885847	100%	Property investment
Derwent Valley Property Trading Limited[1,2]	03087749	100%	Property trading
Derwent Valley Railway Company[1]		100%	Dormant
Derwent Valley West End Limited[1,2]	02035801	100%	Property investment
Kensington Commercial Property Investments Limited	00590078	100%	Property investment
LMS (City Road) Limited[2]	05642456	100%	Property investment
LMS Finance Limited[2]	05622669	100%	Investment holding
LMS Offices Limited[2]	05308784	100%	Property investment
London Merchant Securities Limited[1]	00007064	100%	Holding company
The New River Company Limited	00085094	100%	Property investment
Urbanfirst Limited	02213216	100%	Investment holding
West London & Suburban Property Investments Limited	00538148	100%	Property investment
Joint ventures			
Dorrington Derwent Holdings Limited	02355611	50%	Holding company
Dorrington Derwent Investments Limited	02359387	50%	Investment company
Primister Limited	02068292	50%	Property investment

1 Indicates subsidiary undertakings held directly.
2 Exempt from the requirement of the Companies Act 2006 relating to the audit of individual accounts by virtue of Section 479A of the Act.
3 All holdings are of ordinary shares.

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the year ended 31 December 2024

xii List of subsidiaries and joint ventures continued

Audit exemption taken for subsidiaries continued

The Company controls 50% of the voting rights of its joint ventures, which are accounted for and disclosed in accordance with IFRS 11 Joint Arrangements.

All of the entities above are incorporated and domiciled in England and Wales, with the exception of Derwent London Capital No. 3 (Jersey) Limited which is incorporated and domiciled in Jersey. In addition, all the entities are registered at 25 Savile Row, London, W1S 2ER, with the exception of:

- Derwent London Capital No. 3 (Jersey) Limited, which is registered at 47 Esplanade, St Helier, JE1 0BD, Channel Islands;
- Dorrington Derwent Holdings Limited and Dorrington Derwent Investments Limited, which are registered at 16 Hans Road, London, SW3 1RT;
- Primister Limited, which is registered at Quadrant House, Floor 6, 4 Thomas More Square, London, E1W 1YW.

TEN-YEAR SUMMARY

(unaudited)

	2024 £m	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m	2018 £m	2017 £m	2016 £m	2015 £m
Income statement										
Gross property income	**217.6**	212.9	208.4	200.9	205.2	192.7	196.0	172.2	156.0	152.0
Net property income and other income	**198.3**	190.5	194.6	187.2	183.5	182.6	185.9	164.8	149.2	148.6
Profit on disposal of properties and investments	**1.9**	1.2	25.6	10.4	1.7	13.8	5.2	50.3	7.5	40.2
Profit/(loss) before tax	**116.0**	(475.9)	(279.5)	252.5	(83.0)	280.6	221.6	314.8	54.5	779.5
Earnings and dividend per share										
EPRA earnings	**119.5**	114.5	119.7	121.7	109.6	115.1	126.1	105.0	85.7	78.7
EPRA earnings per share (p)	**106.45**	101.97	106.62	108.53	97.93	103.09	113.07	94.23	76.99	71.34
Dividend paid (p)	**80.00**	79.00	77.50	75.45	73.45	67.75	136.50	107.83	44.66	40.60
Interim/final dividend for the year (p)	**80.50**	79.50	78.50	76.50	74.45	72.45	65.85	59.73	52.36	43.40
Special dividend paid (p)	**–**	–	–	–	–	–	–	75.00	52.00	–
Net asset value										
Net assets	**3,539.8**	3,508.8	4,075.5	4,441.8	4,315.1	4,476.9	4,263.4	4,193.2	3,999.4	3,995.4
Net asset value per share (p) – undiluted	**3,153**	3,125	3,629	3,959	3,808	3,956	3,767	3,703	3,530	3,528
EPRA NTA per share (p) – diluted	**3,149**	3,129	3,632	3,959	3,812	3,957	3,775	3,714	3,550	3,532
EPRA NDV per share (p) – diluted	**3,261**	3,243	3,768	3,884	3,682	3,847	3,696	3,617	3,450	3,463
EPRA NRV per share (p) – diluted	**3,455**	3,423	3,956	4,301	4,138	4,290	4,092	4,011	3,852	3,825
Total return (%)	**3.2**	(11.7)	(6.3)	5.8	(1.8)	6.6	5.3	7.7	1.7	23.0
Property portfolio										
Property portfolio at fair value[1]	**5,041.1**	4,844.7	5,321.8	5,646.3	5,355.5	5,475.2	5,190.7	4,850.3	4,942.7	4,954.5
Revaluation surplus/(deficit)	**0.2**	(585.4)	(421.4)	134.8	(194.3)	154.6	84.1	149.7	(42.6)	651.4
Cash flow statement										
Cash flow[2]	**(126.9)**	(89.7)	(27.1)	(142.0)	(63.4)	(22.3)	(245.9)	247.8	19.6	(43.6)
Net cash from/(used in) financing activities	**35.7**	(2.6)	(88.6)	74.7	(27.2)	(16.6)	25.2	(298.2)	(57.0)	2.0
Gearing and debt										
Net debt	**1,482.7**	1,356.8	1,257.2	1,251.5	1,049.1	981.6	956.9	657.9	904.8	911.7
NAV gearing (%)	**41.9**	38.7	30.8	28.2	24.3	21.9	22.4	15.7	22.6	22.8
Loan-to-value ratio (%)[3]	**29.9**	27.9	23.9	22.3	18.4	16.9	17.2	13.2	17.7	17.8
Net interest cover ratio (%)	**387**	414	423	464	446	462	491	454	370	362

1 Excludes share of joint ventures.
2 Cash flow is the net cash from operating and investing activities less the dividend paid.
3 Presented on an EPRA basis since 2021.

A list of definitions is provided on pages 283 to 286.

EPRA SUMMARY

(unaudited)

EPRA Performance Measures

EPRA measure	Definition	2024	2023
EPRA Earnings	Earnings from operational activities	**£119.5m**	£114.5m
EPRA undiluted earnings per share	EPRA earnings divided by the weighted average number of ordinary shares in issue during the financial year	**106.45p**	101.97p
EPRA Net Tangible Assets (NTA)	Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax	**£3,545.0m**	£3,522.1m
EPRA diluted NTA per share	EPRA NTA divided by the number of ordinary shares in issue at the financial year end adjusted to include the effects of potential dilutive shares issuable under the Group's share option schemes and the convertible bonds	**3,149p**	3,129p
EPRA Net Disposal Value (NDV)	Represent the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax	**£3,671.4m**	£3,649.6m
EPRA diluted NDV per share	EPRA NDV divided by the number of ordinary shares in issue at the financial year end adjusted to include the effects of potential dilutive shares issuable under the Group's share option schemes and the convertible bonds	**3,261p**	3,243p
EPRA Net Reinstatement Value (NRV)	NAV adjusted to reflect the value required to rebuild the entity and assuming that entities never sell assets. Assets and liabilities, such as fair value movements on financial derivatives are not expected to crystallise in normal circumstances and deferred taxes on property valuation surpluses are excluded	**£3,889.5m**	£3,852.9m
EPRA diluted NRV per share	EPRA NRV divided by the number of ordinary shares in issue at the financial year end adjusted to include the effects of potential dilutive shares issuable under the Group's share option schemes and the convertible bonds	**3,455p**	3,423p
EPRA cost ratio (including direct vacancy costs)	Administrative & operating costs (including costs of direct vacancy) divided by gross rental income	**27.0%**	27.3%
EPRA net initial yield	Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the EPRA property portfolio, increased by estimated purchasers' costs	**4.3%**	4.3%
EPRA 'topped-up' net initial yield	This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and stepped rents)	**5.2%**	5.2%
EPRA vacancy rate	Estimated rental value (ERV) of immediately available space divided by the ERV of the EPRA portfolio	**3.1%**	4.0%
EPRA loan-to-value ratio	Debt divided by the property value. Debt is equal to drawn facilities less cash, adjusted with equity characteristics, adding back the equity portion of hybrid debt instruments and including net payables if applicable. Property value is equal to the fair value of the property portfolio including net receivables if applicable	**29.9%**	27.9%

EPRA Sustainability Performance Measures

Environmental Sustainability Performance Measures

EPRA measure	Definition	2024	2023
Landlord Grid electricity consumption	Electricity use across our managed portfolio (landlord/common areas) – annual kWh	**12,725,755**	13,236,503
Onsite renewable electricity consumption	Electricity use across our managed portfolio (onsite renewables) – annual kWh	**86,136**	97,440
DL Occupied Grid electricity consumption	Electricity use across our managed portfolio (landlord occupied areas) – annual kWh	**338,291**	262,094
Tenant Grid electricity consumption	Electricity use across our total managed portfolio (tenant occupied areas) – annual kWh	**25,713,301**	26,642,461
Total electricity consumption	Electricity use across our total managed portfolio	**38,863,483**	40,238,497
Like-for-like landlord grid electricity consumption	Energy use across our like-for-like portfolio (landlord/common areas) – annual kWh	**12,659,474**	13,573,788
Like-for-like Onsite renewable electricity consumption	Electricity use across our like-for-like portfolio (onsite renewables) – annual kWh	**86,136**	97,440
Like-for-like DL Occupied grid electricity consumption	Electricity use across our like-for-like portfolio (landlord occupied areas) – annual kWh	**266,746**	244,947
Like-for-like tenant grid electricity consumption	Electricity use across our like-for-like portfolio (tenant occupied areas) – annual kWh	**25,713,301**	26,586,697
Total like-for-like electricity consumption	Electricity use across our like-for-like portfolio	**38,833,714**	40,160,485
Total fuel consumption	Fuel use (gas, oil, biomass) across our managed portfolio (landlord/common areas) – annual kWh	**12,981,252**	16,424,375
Like-for-like total fuel consumption	Fuel use (gas, oil, biomass) across our like-for-like portfolio (landlord/common areas) – annual kWh	**12,981,252**	16,424,375
Building energy intensity	Energy use across our total managed portfolio (landlord/common areas) – kWh per m^2	**66**	76
Building energy intensity	Energy use across our total managed portfolio (landlord & tenants) – kWh per m^2	**137**	149
Total direct greenhouse gas (GHG) emissions	Total managed portfolio emissions (landlord influenced portfolio emissions); a total of gas Scope 1 emissions – annual metric tonnes CO_2e	**2,736**	4,364
Total indirect greenhouse gas (GHG) emissions	Total managed portfolio emissions (landlord influenced portfolio emissions); Scope 2 energy-use – annual metric tonnes CO_2e	**2,705**	2,795
Like-for-like total direct greenhouse gas (GHG) emissions	Like-for-like emissions (landlord influenced portfolio emissions, building related only); Scope 1 energy-use – annual metric tonnes CO_2e	**2,376**	4,364
Like-for-like total indirect greenhouse gas (GHG) emissions	Like-for-like emissions (landlord influenced portfolio emissions, building related only); Scope 2 energy-use – annual metric tonnes CO_2e	**2,699**	2,791
Greenhouse gas (GHG) intensity from building energy consumption	Intensity (Scopes 1 & 2) per m^2 – tCO_2e/m^2/year	**0.014**	0.018
Greenhouse gas (GHG) intensity from building energy consumption	Intensity (Scopes 1 & 2) per m^2/£m fair market value	**1.08**	1.47
Greenhouse gas (GHG) intensity from building energy consumption	Intensity (Scopes 1 & 2) per m^2/£m turnover	**25**	34
Total water consumption	Water use across our total managed portfolio (excluding retail consumption) – annual m^3	**192,899**	179,627
Like-for-like total water consumption	Water use across our like-for-like portfolio (excluding retail consumption) – annual m^3	**192,676**	178,850
Building water intensity	Water use across our total managed portfolio (excluding retail consumption) – m^3/m^2/year	**0.47**	0.44
Total weight of waste by disposal route	Waste generated across our total managed portfolio – annual metric tonnes and proportion by disposal route	**2,463**	2,227
Like-for-like total weight of waste by disposal route	Waste generated across our like-for-like portfolio – annual metric tonnes and proportion by disposal route	**2,390**	2,194

EPRA SUMMARY continued
(unaudited)

Social Performance Measures

Employee gender diversity	Percentage of male and female employees in the organisation's governance bodies (committee or boards responsible for the strategic guidance of the organisation)	See page 173
Gender pay ratio	Ratio of the basic salary and/or remuneration of men to women. As we have less than 250 employees we are not obliged by the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 to disclose our gender pay gap information	
Employee turnover and retention	Total number and rate of new employee hires and employee turnover during the reporting period	See pages 30 and 50
Employee health and safety	Occupational health and safety performance with relation to direct employees	See page 53
Asset health and safety assessments	Proportion of assets controlled for which health and safety impacts have been reviewed or assessed for compliance or improvement	See pages 52 to 53
Asset health and safety compliance	Any incidents of non-compliance with regulations and/or voluntary standards concerning the health and safety impacts of assets assessed during the reporting period	See pages 52 to 53
Employees training and development	Average hours of training that the organisation's employees have undertaken in the reporting period	See the EPRA Reporting section in our 2024 **Annual Responsibility Report**
Employee performance appraisals	Percentage of total employees who received regular performance and career development reviews during the reporting period	See page 130
Community engagement, impact assessments and development programs	Percentage of assets under operational control that have implemented local community engagement, impact assessments and/or development programmes	See pages 48 to 49

Governance Performance Measures

Composition of the highest governance body	Number of executive board members, number of independent/non-executive board members, average tenure of the governance body and number of independent/non-executive board members with competencies relating to environmental and social topics	See pages 122 to 123, 137, 143 and 173
Process for nominating and selecting the highest governance body	Nomination and selection process for the highest governance body and its members, and the criteria used to guide the nomination and selection process	See pages 140 to 143
Process for managing conflicts of interest	Process for the highest governance body to ensure conflicts of interest are avoided and managed	See pages 128 and 136

PRINCIPAL PROPERTIES
(unaudited)

	Value banding £m	Offices (O), Retail/restaurant (R), Residential (Re), Industrial (I), Leisure (L)	Freehold (F), Leasehold (L)	BREEAM Rating	Approximate net area sq ft
West End: Central (69%)					
Fitzrovia (34%)					
80 Charlotte Street W1	300+	O/R/Re	F	Excellent	336,500
1-2 Stephen Street & Tottenham Court Walk W1	200-300	O/R/L	F	Very Good	266,000
250 Euston Road NW1	100-200	O	F		165,900
Network, 10 Howland Street W1	100-200	O/R	F	*Outstanding	139,000
90 Whitfield Street W1	100-200	O/R	F		103,500
Holden House, 54-68 Oxford Street W1	50-100	O/R	F		90,600
Henry Wood House, 3-7 Langham Place W1	50-100	O/R/L	L		79,800
Middlesex House, 34-42 Cleveland Street W1	50-100	O	F	Very Good	66,500
Charlotte Building, 17 Gresse Street W1	25-50	O	L		47,200
88-94 Tottenham Court Road W1	25-50	O/R	F		45,900
3-10 Rathbone Place W1	25-50	O/R/Re/L	L/F		45,400
80-85 Tottenham Court Road W1	25-50	O/R	F		44,500
60 Whitfield Street W1	50-100	O	F		36,200
43 and 45-51 Whitfield Street W1	25-50	O	F		29,100
171-174 Tottenham Court Road W1	0-25	O/R	F		15,800
1-5 Maple Place W1	0-25	O	F		11,500
76-78 Charlotte Street W1	0-25	O	F		11,200
19-23 Fitzroy Street W1	0-25	O	F		8,100
50 Oxford Street W1[1]	0-25	O/R	F		6,100
Marylebone (11%)					
25 Baker Street W1	300+	O/R/Re	L	*Outstanding, *Excellent, *Very Good	298,000
50 Baker Street W1	50-100	O/R	L		122,000
Victoria (8%)					
Horseferry House, Horseferry Road SW1	100-200	O	F		162,700
Greencoat and Gordon House, Francis Street SW1	50-100	O	F		138,300
1 Page Street SW1	50-100	O	F	Excellent	127,800
Francis House, 11 Francis Street SW1	50-100	O	F		51,800
6-8 Greencoat Place SW1	25-50	O	F		32,400
Soho/Covent Garden (8%)					
1 Soho Place W1	300+	O/R	L	Outstanding	225,900
Paddington (6%)					
Brunel Building, 2 Canalside Walk W2	300+	O/R	L	Excellent	243,400
Mayfair (2%)					
25 Savile Row W1	100-200	O/R	F	Very Good	43,000

PRINCIPAL PROPERTIES continued
(unaudited)

	Value banding £m	Offices (O), Retail/restaurant (R), Residential (Re), Industrial (I), Leisure (L)	Freehold (F), Leasehold (L)	BREEAM Rating	Approximate net area sq ft
West End: Borders/Other (6%)					
Islington/Camden (5%)					
Angel Building, 407 St. John Street EC1	200-300	O/R	F	Excellent	268,300
4 & 10 Pentonville Road N1[2]	25-50	O	F	Very Good	53,400
Holford Works, Cruikshank Street WC1	0-25	O/I	F		41,600
401 St. John Street EC1	0-25	O	F		12,300
Brixton (1%)					
Blue Star House, 234-244 Stockwell Road SW9	25-50	O/R	F		53,400
City: Borders (23%)					
Old Street (11%)					
White Collar Factory, Old Street Yard EC1	300+	O/R/Re	F	Outstanding, Excellent, Very Good	294,400
1 Oliver's Yard EC1	100-200	O/R	F		185,900
The Featherstone Building, 66 City Road EC1	100-200	O/R	F	Outstanding	124,000
Shoreditch/Whitechapel (6%)					
Tea Building, 56 Shoreditch High Street E1	200-300	O/R/L	F		272,200
The White Chapel Building E1	100-200	O/L	F		271,700
Clerkenwell (5%)					
20 Farringdon Road EC1	100-200	O/R/L	L		166,300
88 Rosebery Avenue EC1	50-100	O	F		98,500
Morelands, 5-27 Old Street EC1	50-100	O/R	L	Outstanding	88,300
Southbank (1%)					
230 Blackfriars Road SE1	25-50	O	L		60,100
Provincial (2%)					
Scotland (2%)					
Strathkelvin Retail Park, Bishopbriggs, Glasgow	50-100	R/L	F		325,500
Land, Bishopbriggs, Glasgow	25-50	–	F		5,500 acres

1 Includes 36-38 and 42-44 Hanway Street W1.
2 Sold in January 2025.
* On-track for Post Completion target.
( ) Percentages weighted by valuation.

LIST OF DEFINITIONS
(unaudited)

Better Buildings Partnership (BBP)
The BBP is a collaboration of the UK's leading commercial property owners who are working together to improve the sustainability of existing commercial building stock.

Building Research Establishment Environmental Assessment Method (BREEAM)
An environmental impact assessment method for non-domestic buildings. Performance is measured across a series of ratings – Good, Very Good, Excellent and Outstanding.

Capital return
The annual valuation movement arising on the Group's portfolio expressed as a percentage return on the valuation at the beginning of the year adjusted for acquisitions and capital expenditure.

Carbon emissions Scopes 1, 2 and 3
Scope 1 – direct emissions;

Scope 2 – indirect emissions; and

Scope 3 – other indirect emissions.

CDP
The CDP is an organisation which works with shareholders and listed companies to facilitate the disclosure and reporting of climate change data and information.

Company Voluntary Arrangement (CVA)
An insolvency procedure allowing a company with debt problems or that is insolvent to reach a voluntary agreement with its creditors to repay its debt over a fixed period.

Department for Environment, Food and Rural Affairs (DEFRA)
The government department responsible for environmental protection, food production and standards, agriculture, fisheries and rural communities in the United Kingdom.

Diluted figures
Reported results adjusted to include the effects of potential dilutive shares issuable under the Group's share option schemes and the convertible bonds.

EBITDA
Earnings before interest, tax, depreciation and amortisation.

Earnings/earnings per share (EPS)
Earnings represent the profit or loss for the year attributable to equity shareholders and are divided by the weighted average number of ordinary shares in issue during the financial year to arrive at earnings per share.

Energy Performance Certificate (EPC)
An EPC is an asset rating detailing how energy efficient a building is, rated by carbon dioxide emission on a scale of A-G, where an A rating is the most energy efficient. They are legally required for any building that is to be put on the market for sale or rent.

Estimated rental value (ERV)
This is the external valuers' opinion as to the open market rent which, on the date of valuation, could reasonably be expected to be obtained on a new letting or rent review of a property.

European Public Real Estate Association (EPRA)
A not-for-profit association with a membership of Europe's leading property companies, investors and consultants which strives to establish best practices in accounting, reporting and corporate governance and to provide high-quality information to investors. EPRA's Best Practices Recommendations includes guidelines for the calculation of the following performance measures which the Group has adopted.

EPRA earnings per share
Earnings from operational activities.

EPRA Loan-To-Value (LTV)
Debt divided by the property value. Debt is equal to drawn facilities less cash, adjusted with equity characteristics, adding back the equity portion of hybrid debt instruments and including net payables if applicable. Property value is equal to the fair value of the property portfolio including net receivables if applicable.

EPRA Net Reinstatement Value (NRV) per share
NAV adjusted to reflect the value required to rebuild the entity and assuming that entities never sell assets. Assets and liabilities, such as fair value movements on financial derivatives are not expected to crystallise in normal circumstances and deferred taxes on property valuation surpluses are excluded.

EPRA Net Tangible Assets (NTA) per share
Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.

EPRA Net Disposal Value (NDV) per share
Represent the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.

EPRA capital expenditure
The total expenditure incurred on the acquisition, enhancement, and development of investment properties. This can include amounts spent on any investment properties under construction or related development projects, as well as the amounts spent on the completed (operational) investment property portfolio. Capitalised finance costs included in the financial statements are also presented within this total. The costs are presented on both an accrual and a cash basis, for both the Group and the proportionate share of joint ventures.

EPRA Cost Ratio (including direct vacancy costs)
EPRA costs as a percentage of gross rental income less ground rent (including share of joint venture gross rental income less ground rent). EPRA costs include administrative expenses, other property costs, net service charge costs and the share of joint ventures' overheads and operating expenses (net of any service charge costs), adjusted for service charge costs recovered through rents and management fees.

LIST OF DEFINITIONS continued
(unaudited)

EPRA Cost Ratio (excluding direct vacancy costs)
Calculated as above, but with an adjustment to exclude direct vacancy costs.

EPRA Net Initial Yield (NIY)
Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the EPRA property portfolio, increased by estimated purchasers' costs.

EPRA 'topped-up' Net Initial Yield
This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and stepped rents).

EPRA vacancy rate
Estimated rental value (ERV) of immediately available space divided by the ERV of the EPRA portfolio.

In addition, the Group has adopted the following recommendation for investment property reporting.

Like-for-like rental income growth
The growth in rental income on properties owned throughout the current and previous year under review. This growth rate includes revenue recognition and lease accounting adjustments but excludes properties held for development in either year and properties acquired or disposed of in either year.

Fair value adjustment
An accounting adjustment to change the book value of an asset or liability to its market value.

Global Real Estate Sustainability Benchmark (GRESB)
The Global Real Estate Sustainability Benchmark is an initiative set up to assess the environmental and social performance of public and private real estate investments and allow investors to understand their performance.

Ground rent
The rent payable by the Group for its leasehold properties. Under IFRS, a liability is recognised using the discounted payments due. Fixed lease payments made are allocated between the interest payable and the reduction in the outstanding liability. Any variable payments are recognised in the income statement in the period to which it relates.

Headroom
This is the amount left to draw under the Group's loan facilities (i.e. the total loan facilities less amounts already drawn).

Interest rate swap
A financial instrument where two parties agree to exchange an interest rate obligation for a predetermined amount of time. These are generally used by the Group to convert floating rate debt to fixed rates.

ISS-Oekom
ISS-Oekom is an ESG rating service that provides corporate and country ESG research and ratings that enables its clients to identify material social and environmental risks and opportunities.

Key Performance Indicators (KPIs)
Activities and behaviours, aligned to both business objectives and individual goals, against which the performance of the Group is annually assessed. Performance measured against them is referenced in the Annual Report.

Leadership in Energy and Environmental Design (LEED)
LEED is a US-based environmental impact assessment method for buildings. Performance is measured across a series of ratings – Certified, Silver, Gold and Platinum.

Lease incentives
Any incentive offered to occupiers to enter into a lease. Typically the incentive will be an initial rent-free or half rent period, stepped rents, or a cash contribution to fit-out or similar costs.

Loan-to-value ratio (LTV)
Drawn debt net of cash divided by the fair value of the property portfolio. Drawn debt is equal to drawn facilities less unrestricted cash and the unamortised equity element of the convertible bonds.

Mark-to-market
The difference between the book value of an asset or liability and its market value.

MSCI Inc. (MSCI)
MSCI Inc. is a company that produces independent benchmarks of property returns. The Group measures its performance against both the Central London Offices Index and the UK All Property Index.

National Australian Built Environment Rating System (NABERS)
This is a building performance rating system which provides an energy performance benchmark using a simple star rating system on a 1 to 6 scale. This helps property owners understand and communicate a building's performance versus other similar buildings to occupiers. Ratings are validated on an annual basis.

NAV gearing
Net debt divided by net assets.

Net assets per share or net asset value (NAV)
Equity shareholders' funds divided by the number of ordinary shares in issue at the balance sheet date.

Net debt
Borrowings plus bank overdraft less unrestricted cash and cash equivalents.

Net debt to EBITDA
Net Debt to EBITDA is the ratio of gross debt less unrestricted cash to earnings before interest, tax, depreciation and amortisation (EBITDA).

Net interest cover ratio
Net property income, excluding all non-core items divided by interest payable on borrowings and non-utilisation fees.

Property income distribution (PID)
Dividends from profits of the Group's tax-exempt property rental business under the REIT regulations.

Non-PID
Dividends from profits of the Group's taxable residual business.

Real Estate Investment Trust (REIT)
The UK Real Estate Investment Trust (REIT) regime was launched on 1 January 2007. On 1 July 2007, Derwent London plc elected to convert to REIT status.

The REIT legislation was introduced to provide a structure which closely mirrors the tax outcomes of direct ownership in property and removes tax inequalities between different real estate investors. It provides a liquid and publicly available vehicle which opens the property market to a wide range of investors.

A REIT is exempt from corporation tax on qualifying income and gains of its property rental business providing various conditions are met. It remains subject to corporation tax on non-exempt income and gains e.g. interest income, trading activity and development fees.

REITs must distribute at least 90% of the Group's income profits from its tax exempt property rental business, by way of dividend, known as a property income distribution (PID). These distributions can be subject to withholding tax at 20%.

If the Group distributes profits from the non-tax exempt business, the distribution will be taxed as an ordinary dividend in the hands of the investors (non-PID).

Rent reviews
Rent reviews take place at intervals agreed in the lease (typically every five years) and their purpose is usually to adjust the rent to the current market level at the review date. For upwards only rent reviews, the rent will either remain at the same level or increase (if market rents are higher) at the review date.

Renewable Energy Guarantees of Origin (REGO)
The REGO scheme administered by Ofgem provides transparency to consumers about the proportion of electricity that suppliers source/provide from renewable generation.

Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDORs)
The regulations place a legal duty on employers to report work-related deaths, major injuries or over-three-day injuries, work related diseases and dangerous occurrences (near miss accidents) to the Health and Safety Executive.

Reversion
The reversion is the amount by which ERV is higher than the rent roll of a property or portfolio. The reversion is derived from contractual rental increases, rent reviews, lease renewals and the letting of space that is vacant and available to occupy or under development or refurbishment.

Science Based Target initiative (SBTi)
The Science Based Targets initiative (SBTi) is a collaboration between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). The SBTi defines and promotes best practice in science-based target setting and independently assesses and approves companies' targets. Science-based targets provide companies with a clearly defined pathway to future-proof growth by specifying how much and how quickly they need to reduce their greenhouse gas emissions.

Scrip dividend
Derwent London plc sometimes offers its shareholders the opportunity to receive dividends in the form of shares instead of cash. This is known as a scrip dividend.

Streamlined energy and carbon reporting (SECR)
The SECR regulations were introduced in April 2019 and require companies incorporated in the UK to undertake enhanced disclosures of their energy and carbon emissions in their financial reporting.

Task Force on Climate-related Financial Disclosures (TCFD)
Set up by the Financial Stability Board (FSB) in response to the G20 Finance Ministers and Central Bank Governors request for greater levels of decision-useful, climate-related information; the TCFD was asked to develop climate-related disclosures that could promote more informed investment, credit (or lending), and insurance underwriting decisions. In turn, this would enable stakeholders to understand better the concentrations of carbon-related assets in the financial sector and the financial system's exposures to climate-related risks.

'Topped-up' rent
Annualised rents generated by the portfolio plus rent contracted from expiry of rent-free periods and uplifts agreed at the balance sheet date.

Total property return (TPR)
Total property return is a performance measure calculated by the MSCI and defined in the MSCI Global Methodology Standards for Real Estate Investment as "the percentage value change plus net income accrual, relative to the capital employed."

LIST OF DEFINITIONS continued
(unaudited)

Total return (TR) or total accounting return (TAR)
The movement in EPRA Net Tangible Assets per share on a diluted basis between the beginning and the end of each financial year plus the dividend per share paid during the year expressed as a percentage of the EPRA Net Tangible Assets per share on a diluted basis at the beginning of the year.

Total shareholder return (TSR)
The growth in the ordinary share price as quoted on the London Stock Exchange plus dividends per share received for the year, expressed as a percentage of the share price at the beginning of the year.

Transmission and distribution (T&D)
The emissions associated with the transmission and distribution losses in the grid from the transportation of electricity from its generation source.

Underlying portfolio
Properties that have been held for the whole of the year (i.e. excluding any acquisitions or disposals made during the year).

Underlying valuation increase/decrease
The valuation increase/decrease on the underlying portfolio.

Yields
Net initial yield
Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased by estimated purchasers' costs.

Reversionary yield
The anticipated yield to which the net initial yield will rise once the rent reaches the estimated rental values.

True equivalent yield
The constant capitalisation rate which, if applied to all cash flows from the portfolio, including current rent, reversions to valuers' estimated rental value and such items as voids and expenditures, equates to the valuation having taken into account notional purchasers' costs. Rent is assumed to be received quarterly in advance.

Yield shift
A movement in the yield of a property asset, or like-for-like portfolio, over a given year. Yield compression is a commonly used term for a reduction in yields.

SHAREHOLDER INFORMATION

Shareholder enquiries

Our Registrar
Enquiries relating to shareholders, such as queries concerning notification of change of address, dividend payments and lost share certificates, should be made to the Company's registrar, Equiniti (EQ).

The Company has a share account, management and dealing facility for all shareholders via Equiniti Limited. This offers shareholders secure access to their account details held on the share register, to amend address information and payment instructions directly, as well as providing a simple and convenient way of buying and selling the Company's ordinary shares. For internet services visit: www.shareview.co.uk.

The Shareview Dealing service is also available by telephone on +44 (0) 3456 037 037 between 8.00am and 4.30pm, Monday to Friday (excluding public holidays in England and Wales).

The best way to ensure that dividends are received as quickly as possible is to instruct the Company's registrars to pay them directly into a bank or building society account; tax vouchers are then mailed to shareholders separately. This method also avoids the risk of dividend cheques being delayed or lost in the post. Dividend mandate forms are available from the registrars, either from their website at: www.shareview.co.uk or by telephone on the Equiniti general shareholder helpline number.

Financial and dividend calendar – 2025
Our forthcoming financial and dividend calendar for 2025 is provided in the adjacent table. These dates are provisional and subject to change. For up to date information, refer to the financial calendar on our corporate website at: www.derwentlondon.com/investors/calendar.

Financial calendar

Final results announced	27 February
Q1 Business update	8 May
Annual General Meeting	16 May
Interim results announced	12 August
Q3 Business update	6 November

Dividend calendar

	2024 Final dividend	2025 Interim dividend
Ex-dividend date	24 April	4 September
Record date	25 April	5 September
Dividend paid	30 May	10 October

Company information
As at 26 February 2025, the Company's issued share capital consisted of 112,290,929 ordinary shares of 5 pence each with voting rights (ISIN: GB0002652740).

The Company is a public limited company, which is listed on the London Stock Exchange and incorporated and domiciled in the UK. Financial information about the Company, including annual Report & Accounts, public announcements and share price data, is available from the Company's website at: www.derwentlondon.com.

Dividend payments
Derwent London plc is committed to reducing its impact on the environment. As such, from October 2025, dividend payments will no longer be made by cheque. Receiving dividends by direct payment rather than cheque is quicker, more secure and better for the environment. Further information will be contained on our dividend tax vouchers.

Useful contact information

Equiniti (EQ)
Equiniti Limited
Aspect House
Lancing Business Park, Lancing
West Sussex BN99 6DA
United Kingdom

Equiniti general shareholder helpline:
Calling from the UK: 0371 384 2192
Calling from overseas: +44 (0) 371 384 2192

Lines are open 8.30am to 5.30pm, Monday to Friday (excluding public holidays in England and Wales)

Derwent London plc
For Company Secretarial or Investor enquiries:

David Lawler
Company Secretary
Telephone: +44 (0)20 7659 3000
Email: company.secretary@derwentlondon.com

Robert Duncan
Head of Investor Relations & Strategic Planning
Telephone: +44 (0)20 7659 3000
Email: ir@derwentlondon.com

AWARDS AND RECOGNITION

Derwent London won numerous awards for its achievements and buildings in 2024, a sample of which are shown below.

Corporate

National Equality Standard
Re-accredited, scoring in top 5% of recognised UK companies

BMAC
Silver Award in the Property sector

EPRA BPR
Gold Award 2024

RoSPA
Gold Award 2024

European Brand Awards
Strongest Brand UK – Developers Office 2024

Build Architecture Award
Best Sustainable Office Design Studio 2024 – London

Sustainability

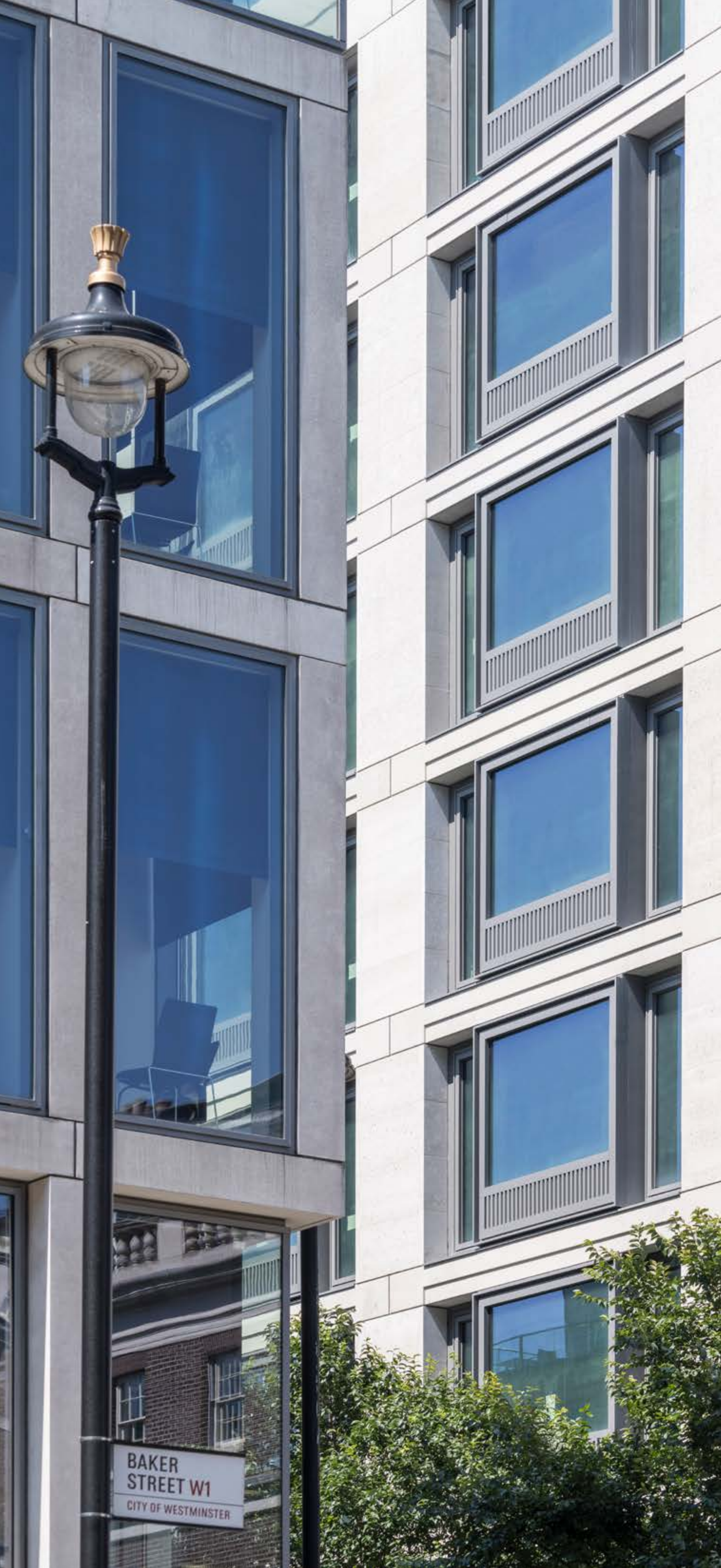
Greenstar status
'A' rated public disclosure (100/100), Development 5 Star (97/100), Standing Assets 4 Star (84/100)

CDP 2024
Climate Change: A-rating

MSCI
AAA rating

EPRA Sustainability BPR
Gold Award 2024

ISS Oekom
Prime status C+



DERWENT LONDON 40 YEARS

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