

DERWENT LONDON

Annual Results 2020



CONTENTS

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Contents

Introduction and overview	01
Results and financial review	12
Property review	24
Asset management and investment activity	30
Projects	37
Summary	50
Appendices	52
Disclaimer	96



INTRODUCTION AND OVERVIEW

PAUL WILLIAMS

2020 HEADLINES

- Results:
 - Total return -1.8%
 - EPRA earnings per share 99.2p (-3.8%)
 - EPRA NTA¹ per share 3,812p (-3.7%)
 - Dividend per share 74.45p (+2.8%)
- Good progress in the underlying business:
 - Reducing 2021 lease expiries
 - Completing first Net Zero Carbon (NZC) project
 - 410,000 sq ft progressing on-site
 - Committed to 19-35 Baker Street W1 – 297,000 sq ft
 - Recycling assets: £153m completed
 - Publishing our NZC pathway
 - Maintained strong financial position

¹ Net tangible assets



OUR RESPONSE TO THE PANDEMIC



Occupiers

Service charge waivers
Rent deferrals and waivers



Suppliers

Average payment term was
20 days
£162m capital expenditure



Communities

Sponsorship and donations
including to the NHS
raised 179% to £1.1m



Our people

All employees below Director
level received full pay and
benefits



1 Soho Place W1

Business impact

Rent collection 92% + 5% deferrals

Vacancy rate 1.8%

2021 lease expiries reduced

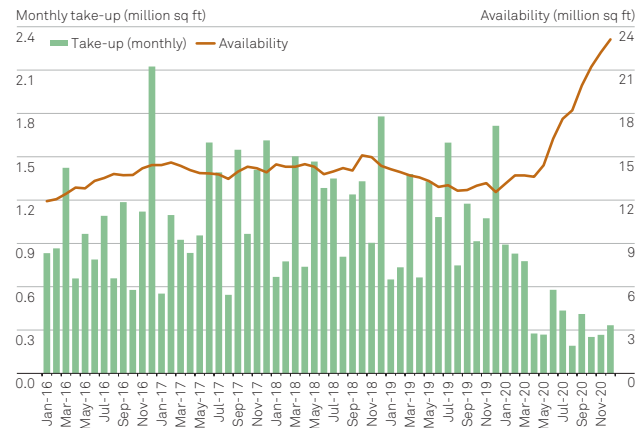
Developments back on site after
1-3 months delay

Strengthening relationships

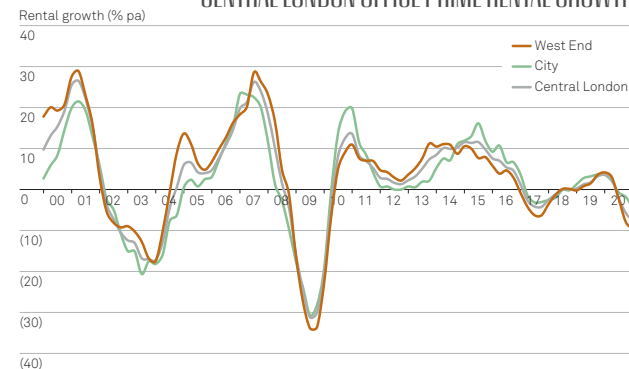
THE PANDEMIC'S IMPACT ON CENTRAL LONDON OFFICE MARKET

- Most occupiers adopted a 'wait-and-see' approach
- Office property market was weak but the headlines don't tell the whole story
- Significant decline on letting activity contributed to a rise in the vacancy rate:
 - Demand focus on new space
 - Vacancy concentrated on secondhand and grey space
- Fall in net effective rents by c.10% in 2020:
 - CBRE prime rents down 7.6%
 - Rent-frees moved out to 24-27 months¹
- Investment market more resilient:
 - Strong final quarter of activity
 - Prime yields tightened in the West End

CENTRAL LONDON OFFICE TAKE-UP AND AVAILABILITY



CENTRAL LONDON OFFICE PRIME RENTAL GROWTH



¹ On a typical 10-year lease

PROPERTY RECOVERY WILL TAKE TIME

- Vacancy expected to increase in 2021:

- Location:

- West End – vacancy rate 5.8%
- City – vacancy rate 10.8%

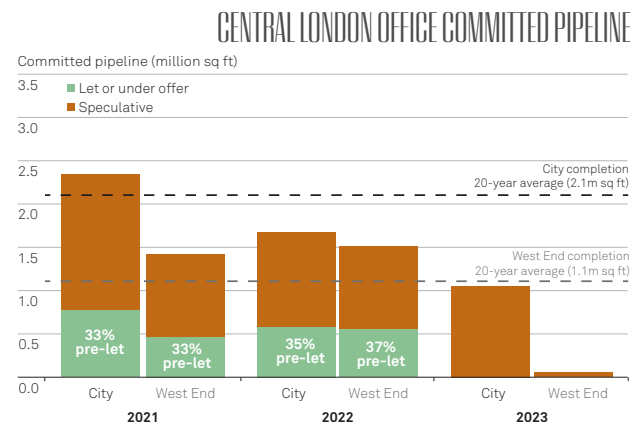
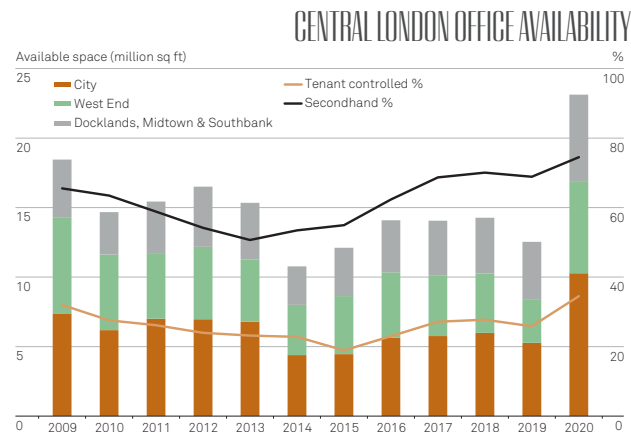
- Quality of space:

- Secondhand space 75%
- Tenant controlled space 35%

- Three-year supply remains constrained:

- Central London – 12.1m sq ft, 42% pre-let:

- West End – 3.0m sq ft, 34% pre-let
- City – 5.1m sq ft, 27% pre-let



DRIVERS OF LONDON'S RECOVERY

- Economy expected to recover this year and next
- Vaccination programme will reduce concerns
- London is a great global city with a history of adaptability
- Large, diversified and relatively young talent pool
- Significant occupier demand with 7.7m sq ft of active requirements¹ including:



- Rise of new sectors such as Life Sciences, Artificial Intelligence, Fintech and Digital Media

¹ Knight Frank, March 2021

Tea Building E1



WHAT OUR OCCUPIERS ARE SAYING¹

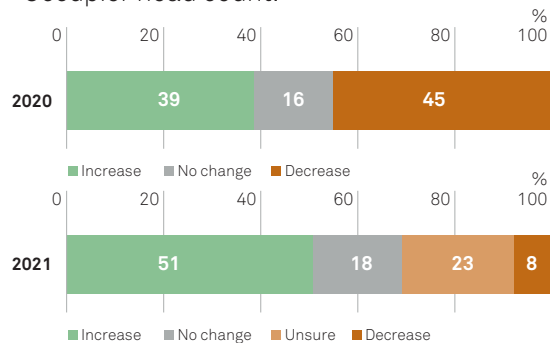
'New agile working models are not the same as working from home'

What are they missing?

- Collaboration, social interaction and employee wellbeing
- Productivity and mentoring have become increasingly missed since summer 2020 survey

What are their intentions?

- All tenants keen to get back to the office
- 82% expect to adopt more agile working practices
- Occupier head count:



¹ Results from survey of our own major occupiers



Brunei Building W2



Brunei Building W2



HOW ARE WE RESPONDING?

Our 'long-life loose-fit' buildings and design principles

- Are well suited for changing work practices, offer generous adaptable spaces with character, natural light and ventilation, wellness and significant amenities, in good locations with strong property management teams

Enhancing our brand and looking ahead

- The right initiatives make our buildings more valuable to our customers and set us apart from others

DIGITAL TRANSFORMATION	CUSTOMER SERVICE	SHARED AMENITY	SUSTAINABILITY
Intelligent Buildings Integrated systems Digital comms channels Data	Amenity Experience Loyalty	Community engagement Gallery Furnished + Flexible units	Net Zero Carbon Best practice Occupier benefits
DERWENT DIGITAL			OUR JOURNEY TO NET ZERO 2030

PROGRESS ON OUR NET ZERO CARBON PATHWAY

- Committed to becoming a Net Zero Carbon (NZC) business by 2030. In July 2020 we published our net zero carbon pathway, the first UK REIT to do so

What we did in 2020

- All existing and future projects will be NZC buildings:
 - Delivered our first NZC development at 80 Charlotte Street W1
 - Offsetting the remaining embodied carbon using a VCS verified carbon removal project
- Embedding pathway across the business
- Engaging with occupiers to tackle Scope 3 emissions
- Three retrofitting projects underway
- Investigating renewable energy opportunities on Scottish Estate



MARKET DYNAMICS AND OUTLOOK

- Continued flight to quality will widen the two-tier market:

Modern, adaptable buildings will continue to appeal to large occupiers

Older unadaptable space and small office suites may prove vulnerable

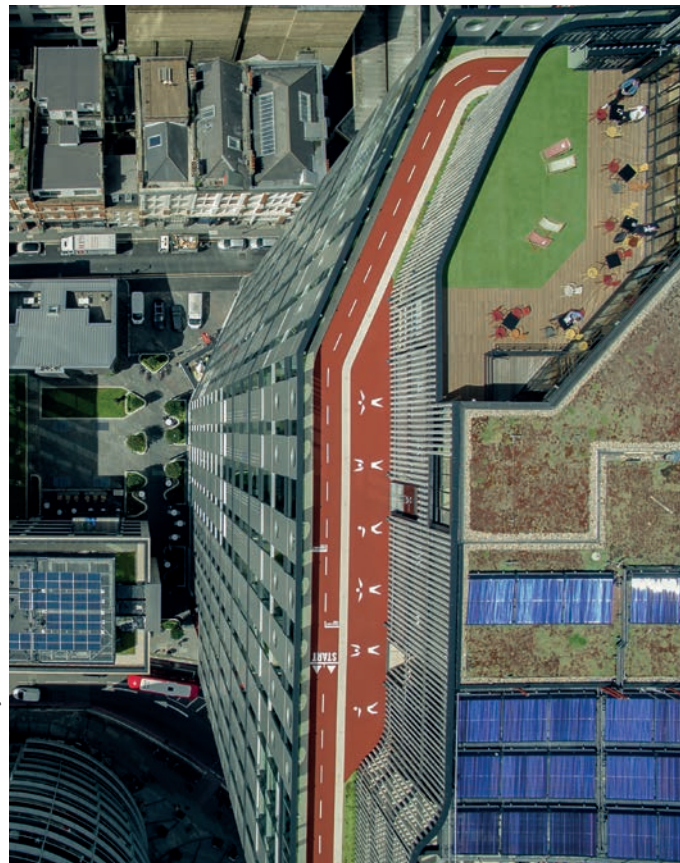
- Economic recovery is key
- Our portfolio of adaptable buildings and relatively low retail exposure should prove more resilient. On this basis our estimates for 2021 are:

ERV
0% to -5%

Yields
Remain
firm

- Expect to see a wide range of performance between different assets

White Collar Factory EC1



DERWENT LONDON IS WELL PLACED

- A portfolio of high quality offices
- Well located properties close to transport hubs
- Long-standing customer relationships
- Innovative design-led developments:
 - Extensive pipeline, 43% of portfolio
- Longer-term growth from:
 - Improving economy
 - Development completions:
 - 410,000 sq ft on site, ERV £28.6m
 - 297,000 sq ft committed, ERV £18.4m
 - Potential capital surpluses to come £131m
 - Potential acquisitions

**Contractual
rent¹**
£247m

**Reversion to
capture**
+£44m

**Portfolio
ERV**
£291m

**Baker Street
impact**
+£12m

¹ Net rent plus contractual rental uplifts

CGI - 19-35 Baker Street W1



RESULTS AND FINANCIAL REVIEW

DAMIAN WISNIEWSKI



FINANCIAL HIGHLIGHTS

EPRA NTA per share^{1,2}

3,812p

2019: 3,957p

-3.7%

EPRA earnings per share²

99.19p

2019: 103.09p

-3.8%

Cash and undrawn facilities

£476m

Jun 2020: £502m

Dec 2019: £511m

Gross rental income

£202.9m

2019: £191.7m

+5.8%

Net rental income

£174.3m

2019: £178.0m

-2.1%

Interest cover ratio (ICR)

446%

Jun 2020: 435%

Dec 2019: 462%

Total return

-1.8%

Jun 2020: -0.1%

Dec 2019: +6.6%

Final dividend per share³

52.45p

2019: 51.45p

+1.9%

Loan-to-value (LTV) ratio

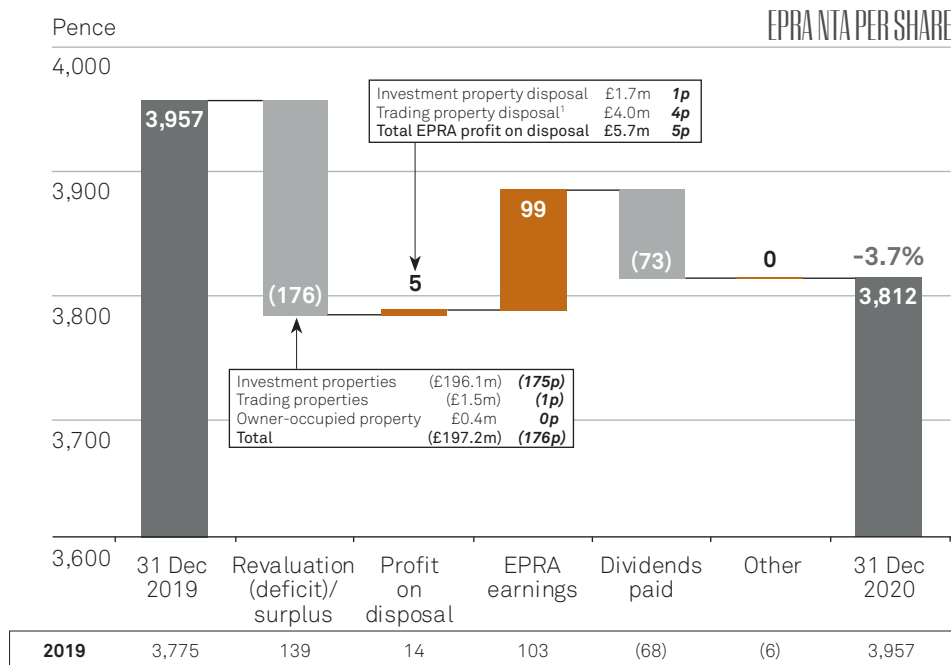
18.4%

Jun 2020: 17.3%

Dec 2019: 16.9%

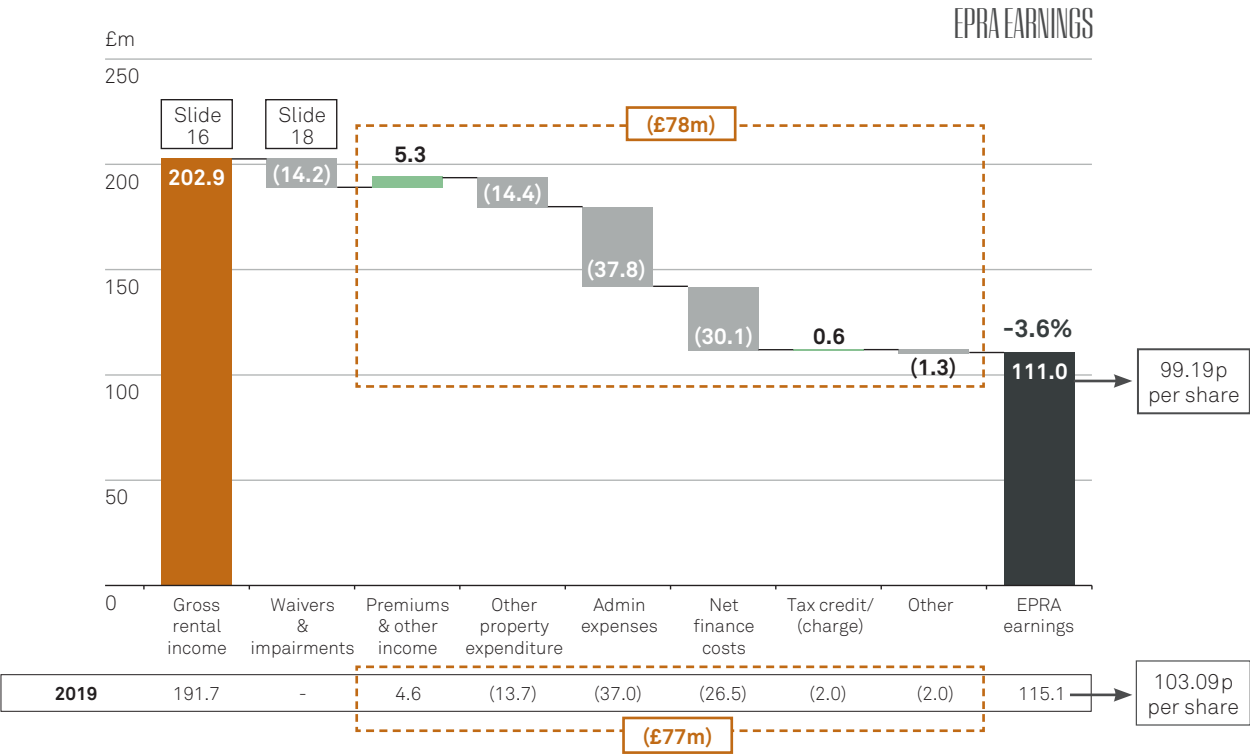
¹ EPRA net tangible assets per share on a diluted basis ² Reconciliation to IFRS figures in Appendices 3 and 6 ³ 2020 dividend subject to approval

EPRA NTA MOVEMENT



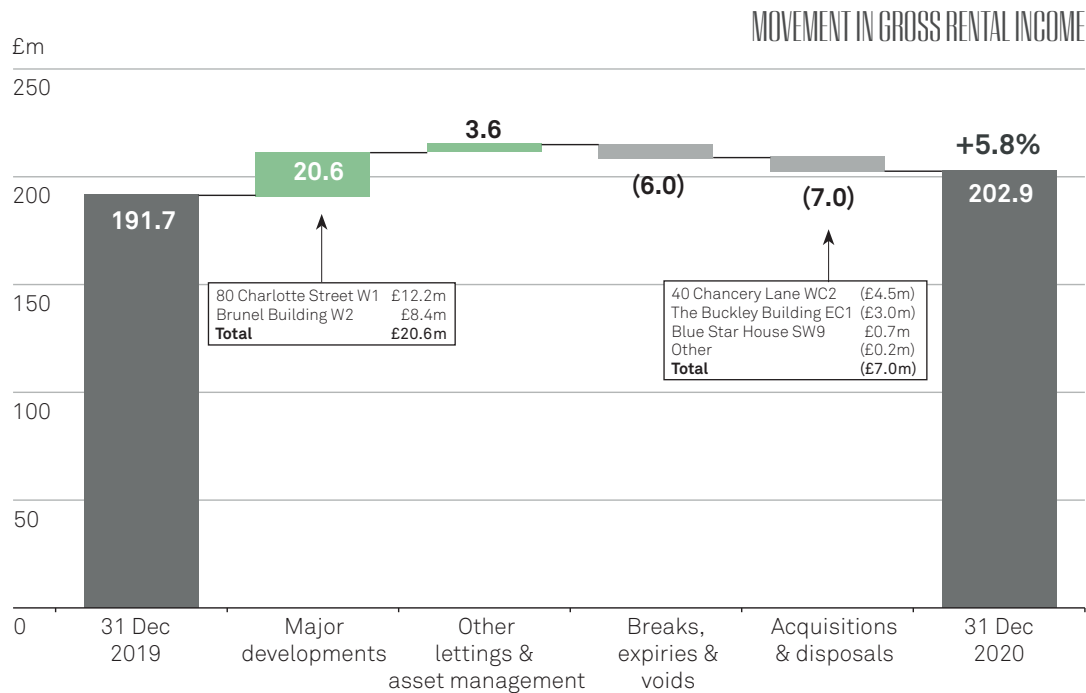
- EPRA net tangible assets (NTA) now the key EPRA net asset metric, replacing EPRA net asset value (NAV)
- December 2019 EPRA NTA of 3,957p adjusted from EPRA NAV of 3,958p
- Recent developments Brunel Building W2, 80 Charlotte Street W1 and Soho Place W1 contributed +32p per share of revaluation surplus

¹ On an IFRS basis, trading property disposal profit of £5.2m



¹ An explanation of EPRA adjustments is provided in Appendix 6

GROSS RENTAL INCOME



Like-for-like gross rental income (see Appendix 9) down 0.9% compared with 2019

RENT COLLECTION

- 92% of 2020 rental income (i.e. Dec 2019 to Sep 2020 quarter days) received plus 5% due on payment plans¹
- 91% of Dec 2020 quarter day rents received (i.e. quarter ending Mar 2021) plus 5% due on payment plans¹
- £1.8m of rent deposits drawn with £18.8m remaining
- c.80% of rent-free granted has been to support retail and hospitality occupiers

	Dec 2019 to Sep 2020 quarters ³			Dec 2020 quarter		
	Office %	Retail/hospitality %	Total %	Office %	Retail/hospitality %	Total %
Rent received to date	94	63	92	93	54	91
Due later in the quarter ²	-	-	-	-	2	-
Payment plans	5	2	5	5	-	5
Outstanding	-	5	-	1	17	2
Rent-free	1	30	3	1	27	2
Total	100	100	100	100	100	100
	£158.0m	£14.5m	£172.5m	£41.1m	£3.0m	£44.1m

- For the Scottish Estate, 90% of rents demanded have been received with 3% deferred on payment plans, 1% granted rent-free and 6% outstanding

¹ Rent received to date for English quarter days ² Principally monthly receipts ³ See Appendix 8 for breakdown by quarter date

IMPACT OF WAIVERS AND IMPAIRMENTS

- £4.4m impact on gross rental income:
 - £0.9m reduction as £4.7m of rent waivers spread over remaining lease terms
 - £3.5m due to 2 month Covid-19 related delay at 80 Charlotte Street W1
- £14.2m of additional costs:
 - 25% service charge waiver for March and June quarter, equivalent to £4.1m
 - Provision for service charge of £0.3m
 - £1.2m written off due to insolvencies
 - Impairment provision of £8.6m, based on assessment of top 83 occupiers and those judged highest risk (92% of balance); others assessed by sector
- Estimated direct impact on net rental income of £18.6m

	2020 £m	2019 £m	Variance £m
Gross rental income	202.9	191.7	11.2
Property costs	(14.4)	(13.7)	(0.7)
Net rental income before waivers and impairments	188.5	178.0	10.5
Service charge waiver	(4.1)	-	(4.1)
Service charge provision	(0.3)	-	(0.3)
Write-off of receivables	(1.2)	-	(1.2)
Impairment of trade receivables	(2.9)	-	(2.9)
Impairment of lease incentive receivables	(5.7)	-	(5.7)
Waivers and impairments	(14.2)	-	(14.2)
Net rental income	174.3	178.0	(3.7)

EPRA cost ratio¹

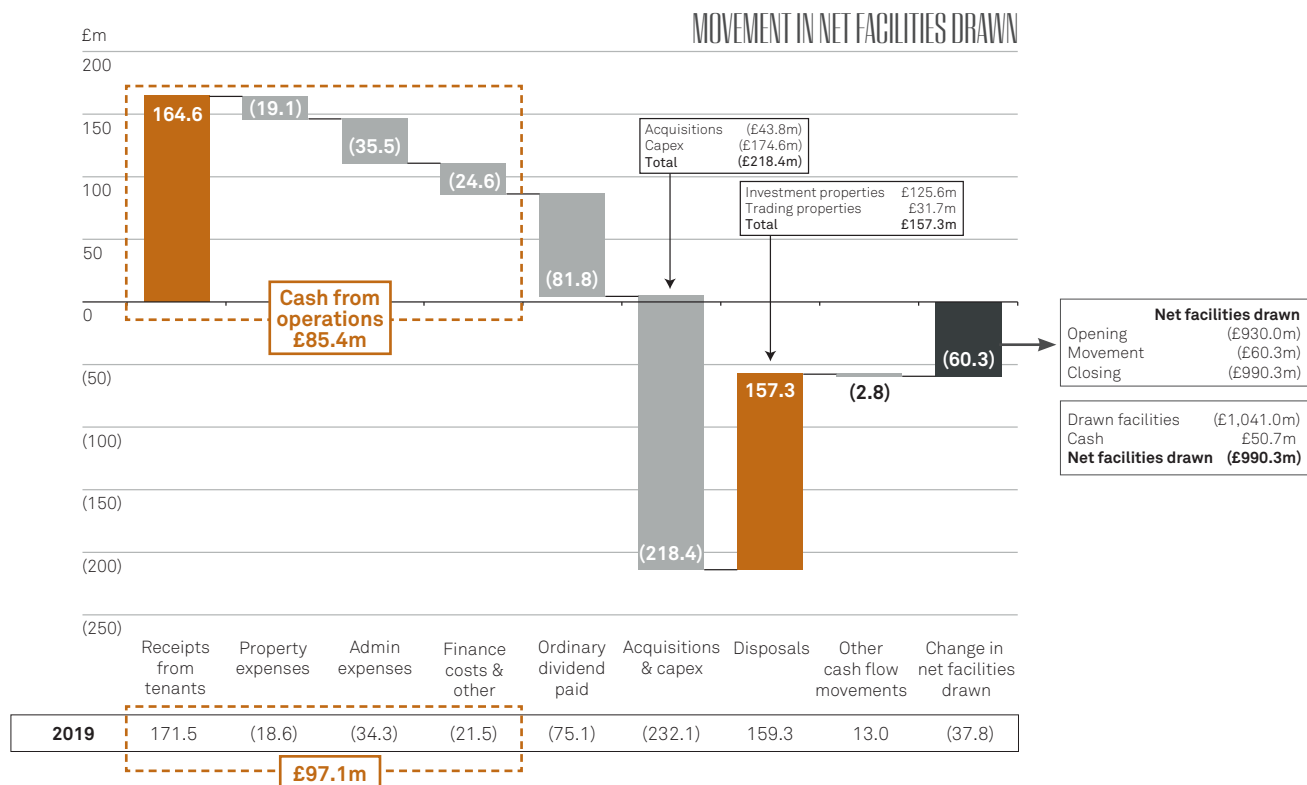
2020: 30.5%

23.4% without £14.2m waivers and impairments

2019: 23.9%

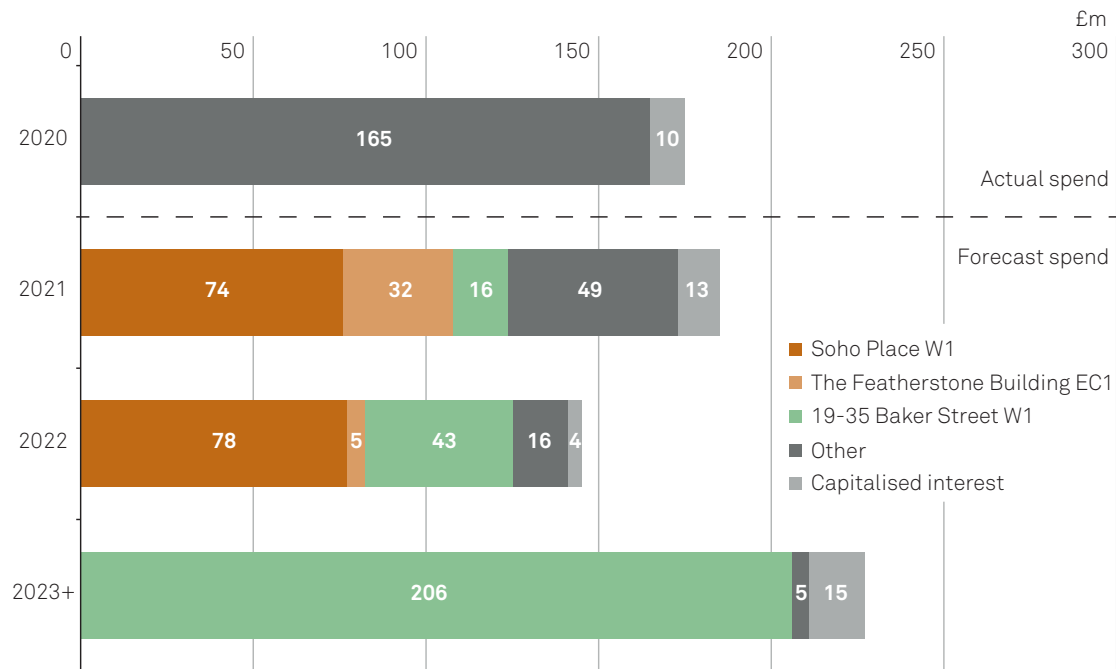
¹ EPRA cost ratio including direct vacancy costs

CASH FLOW MOVEMENT



- Cash from operations 12% lower than in 2019 after rents of £14.5m deferred on payment plans from 2020 to 2021
- Sale of Johnson Building EC1 in Jan 2021 adds £166m of cash

COMMITTED CAPITAL EXPENDITURE



- 19-35 Baker Street W1 now committed with capital expenditure of £265m
- Further optionality relating to schemes currently under appraisal

PROFORMA IMPACT OF MAJOR PROJECTS, ACQUISITIONS AND DISPOSALS

- Assumes no further lettings other than those already contracted
- Shows impact of estimated remaining capital expenditure on completed, on-site and committed projects

		PROFORMA IMPACT OF COMPLETED PROJECTS AND DISPOSALS			PROFORMA IMPACT OF ON-SITE PROJECTS AND 19-35 BAKER STREET W1				
		80 Charlotte Street	Johnson Building disposal	Proforma 1	Capex and site acquisition cost ¹	Disposals ²	Contracted income	Void costs ³	Proforma 2
Dec 2020									
Gross property income	£203m	£9m	(£9m)	£203m	£15m				£218m
Net property income (adjusted)	£174m	£9m	(£8m)	£175m	£14m (£10m)				£179m
Interest cost	£39m		(£2m) ⁴	£37m	£7m ⁴	(£1m) ⁴			£43m
Net interest cover ratio	446%			473%					416%
Portfolio fair value	£5,355m	£17m	(£167m)	£5,205m	£473m	(£56m)			£5,622m
Drawn debt net of cash	£984m	£17m	(£166m)	£835m	£473m	(£56m)			£1,252m
Loan-to-value ratio	18.4%			16.0%					22.3%

¹ See Appendix 38 for capex. Includes remaining Soho Place W1 site acquisition cost and profit share to Crossrail ² After disposal costs. Includes 2 & 4 Soho Place W1 and 19-35 Baker Street W1 retail ³ Void costs upon completion of project ⁴ Assuming a marginal interest rate of 1.5%

FINANCING UPDATE

Revolving credit facilities (RCF) refinanced or extended

- A new 5-year £100m unsecured RCF arranged with Wells Fargo; replaces £75m RCF with the same lender
- Extended the Group's £450m unsecured revolving bank facility by 12 months to October 2025

Unutilised facilities and cash

£476m

Proforma¹: £642m

2019: £511m

Eligible projects for green RCF^{2,3}

- 80 Charlotte Street W1 (completed June 2020)
- Soho Place W1
- The Featherstone Building EC1
- 19-35 Baker Street W1 to be elected in 2021

At 31 December 2020:

- | | |
|---|---------|
| • 2020 qualifying green expenditure | £103.2m |
| • Cumulative qualifying green expenditure | £419.7m |
| • Amounts drawn on green tranche | £80.0m |



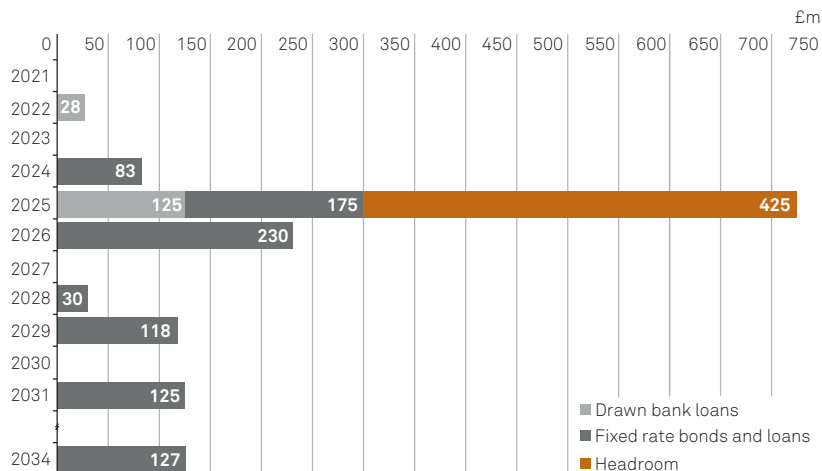
¹ After disposal of Johnson Building EC1 ² £300m green tranche included within £450m RCF

³ Green loan reporting and Green Finance Framework independently assured for compliance with LMA Green Loan Principles

DEBT SUMMARY

	Dec 2020	Dec 2019
Drawn facilities	£1,041m	£985m
Unutilised facilities	£425m	£456m
Total facilities	£1,466m	£1,441m
Unutilised facilities and cash	£476m	£511m
Uncharged properties	£4,329m	£4,423m
Average spot interest rate (cash basis)	3.34%	3.54%
Average spot interest rate (IFRS basis)	3.48%	3.68%
Marginal interest rate	0.73%	1.38%
Average maturity of facilities	6.2 years	6.8 years
Average maturity of borrowings	6.8 years	7.8 years

MATURITY PROFILE OF DEBT FACILITIES



Loan-to-value (LTV) ratio

18.4%

2019: 16.9%

NAV gearing

24.3%

2019: 21.9%

Net interest cover ratio

446%

2019: 462%



PROPERTY REVIEW

NIGEL GEORGE

Investment portfolio valued at £5.4bn

- Underlying valuation -3.0% 2019: 3.9%:
 - West End -3.3% 2019: 4.8%
 - City Borders -2.1% 2019: 2.9%
- MSCI IPD Central London Offices¹ -5.6%

Valuation themes:

	ERV	Yields	Values
Offices - high quality	↔	↓	↑
Offices - other	↓	↑	↓
Retail and hospitality ²	↓	↑	↓

- Quality driving performance:
 - On-site and recent developments
 - Tenant covenants and lease lengths
- Pandemic impact on retail and hospitality sectors

On-site developments

- Valued at £0.85bn, uplift of 5.3%:
 - 80 Charlotte Street W1 (completed) 6.1%
 - Soho Place W1 (87% pre-let) 4.3%
 - The Featherstone Building EC1 2.9%
- Excluding on-site developments, portfolio down 4.4%

	Portfolio valuation £m	H1 2020 valuation movement %	H2 2020 valuation movement %	Full year valuation movement %
West End	3,449.5	(0.9)	(2.4)	(3.3)
City Borders ³	1,789.8	(0.7)	(1.4)	(2.1)
Central London	5,239.3	(0.8)	(2.1)	(2.9)
Provincial	76.7	(5.3)	(6.3)	(11.2)
Underlying	5,316.0	(0.9)	(2.1)	(3.0)
Acquisitions	39.5	(6.9)	(4.0)	(10.5)
Investment portfolio	5,355.5	(1.0)	(2.1)	(3.1)

¹ Quarterly index ² 9% of portfolio by income ³ Principally properties in the Tech Belt - Appendix 41

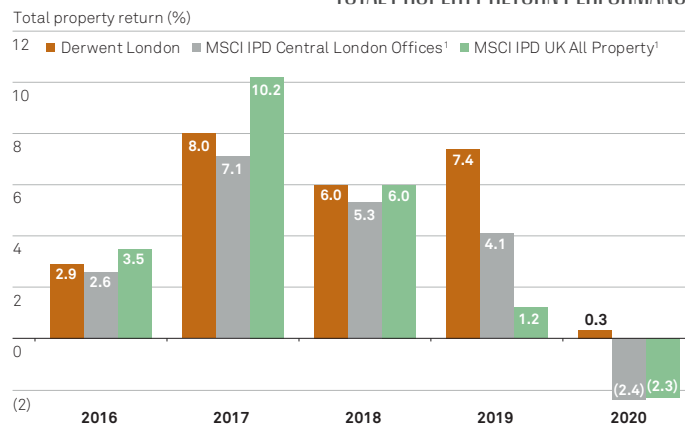
PROPERTY RETURN

2020 total property returns

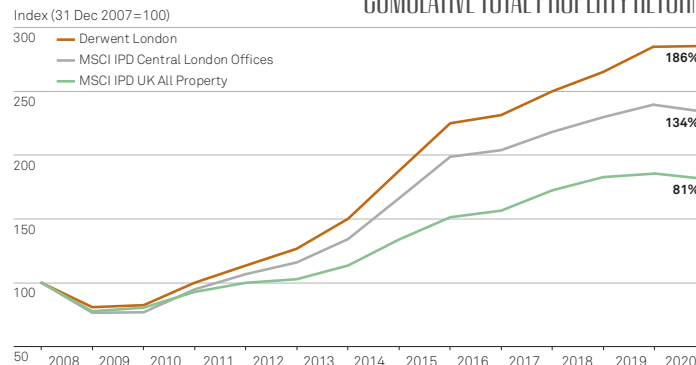
- Derwent London +0.3%
- MSCI IPD Central London Offices¹ -2.4%
- MSCI IPD UK All Property¹ -2.3%
- Outperformance due to:
 - Development surpluses
 - High quality properties
 - Limited retail exposure
 - Rent-frees reducing from recent developments:
 - Brunel Building W2
 - White Collar Factory EC1
 - Asset management

¹ Quarterly Index

TOTAL PROPERTY RETURN PERFORMANCE



CUMULATIVE TOTAL PROPERTY RETURN



RENTAL VALUE AND YIELDS

Rental values

- Rental values declined 2.8% in 2020:
 - Offices: 91% of portfolio¹ -1.2%
 - Retail & Hospitality: 9% of portfolio¹ -18.3%
- Average office passing rent low at £42.30 psf² (Dec 2019: £38.07 psf):
 - Average 'topped-up' office rent £57.71 psf² (Dec 2019: £57.47 psf)

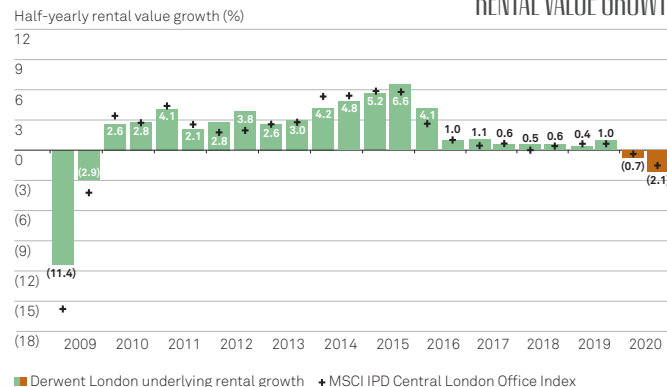
EPRA yields

	Dec 2019 %	Dec 2020 %	Change bps
Net initial yield	3.4	3.7	30
'Topped-up' net initial yield	4.7	4.8	10
True equivalent yield	4.77	4.74	(3)
Net reversionary yield	4.9	5.0	10

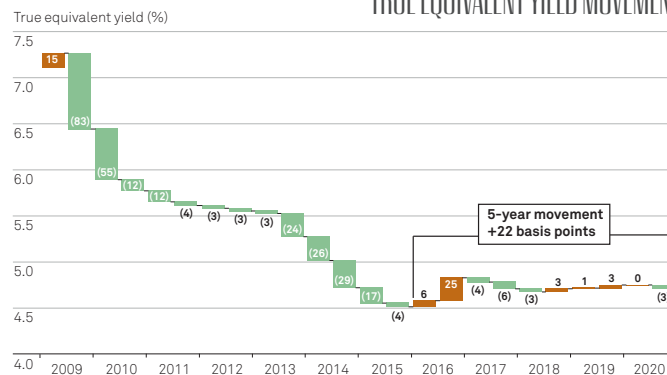
- True equivalent yield excluding 80 Charlotte Street W1 4.80%

¹ By income ² Occupied office area ³ Post H2 2010 portfolio on an EPRA basis

RENTAL VALUE GROWTH



TRUE EQUIVALENT YIELD MOVEMENT³



REVERSION ACTIVITY 2020

- Net rental income increased by £20.1m (11.9%), to £189.2m in 2020:

- £30.0m of contracted uplifts now in net rents:

- Angel Building EC1 +£9.0m
- Brunel Building W2 +£4.9m
- White Collar Factory EC1 +£4.4m

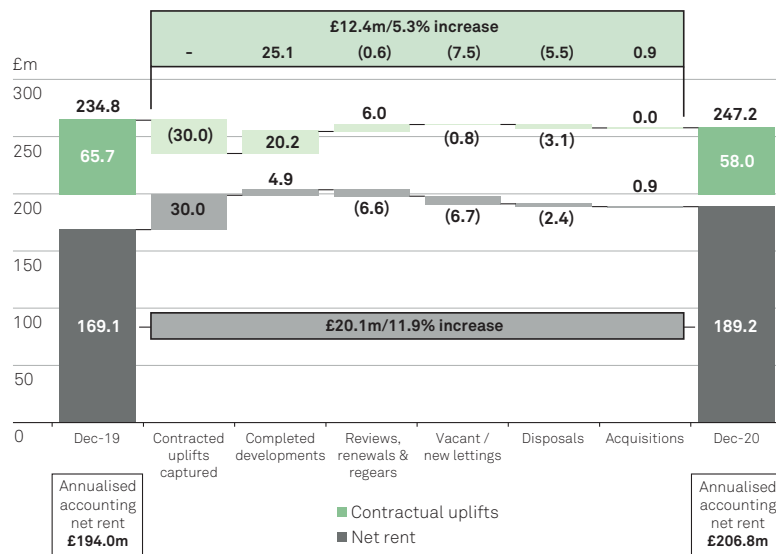
- Further £58.0m locked in:

- £20.2m from 80 Charlotte Street W1

- £247.2m in total, up £12.4m (5.3%):

- £25.1m from 80 Charlotte Street W1
- -£0.6m from asset management activities
- -£7.5m of vacancies:
 - -£3.2m schemes
 - -£2.5m The White Chapel Building E1 (Fotografiska)
- Disposals reduce income by £5.5m

REVERSION ACTIVITY

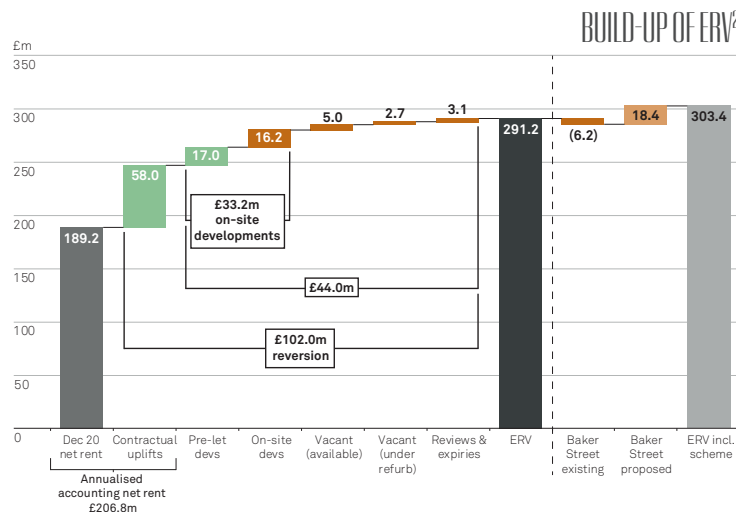


BUILD-UP OF PORTFOLIO ERV

- Portfolio reversion of £102.0m¹:
 - £58.0m (57%) contracted, including:
 - 80 Charlotte Street W1 £20.2m
 - Brunel Building W2 £7.7m
 - Horseferry House SW1 £5.2m
 - £44.0m of further reversion:
 - £17.0m of pre-lets on developments:

Developments	Let £m	Vacant £m	ERV £m
Soho Place W1	17.0	3.5	20.5
The Featherstone Building EC1	-	8.1	8.1
	17.0	11.6	28.6
Refurbishments			
Francis House SW1	-	2.5	2.5
6-8 Greencoat Place SW1	-	2.1	2.1
Total	17.0	16.2	33.2

- £23.9m from vacant and projects:
 - Under development/refurbishment £18.9m
 - Available £5.0m
- £3.1m from anticipated rent reviews and lease renewals



Dec 2019	169.1	65.7	40.9	15.7	2.1	0.5	9.0	303.0
Change	20.1	(7.7)	(23.9)	0.5	2.9	2.2	(5.9)	(11.8)

¹ Requires additional capex as set out in Appendix 38 ² Before lease incentives

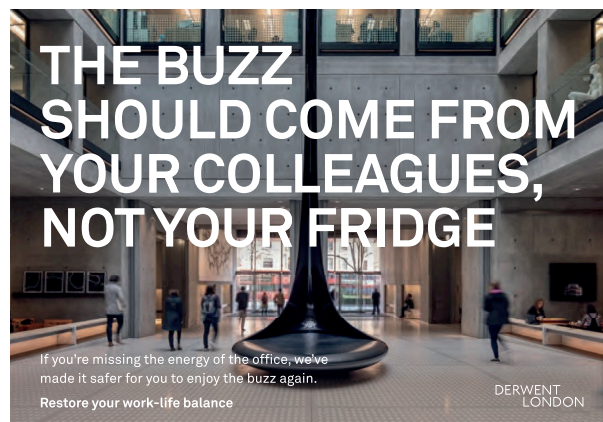
ASSET MANAGEMENT AND INVESTMENT ACTIVITY

DAVID SILVERMAN



STRONG CUSTOMER ENGAGEMENT

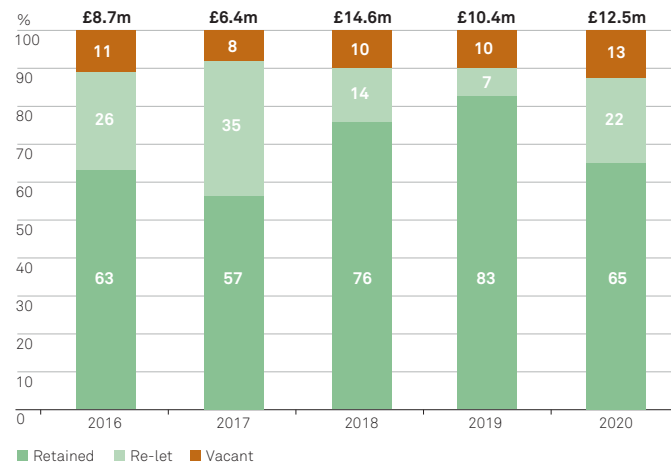
- Asset Management and Property Management is a key point of contact with our customers
- Focus on Health & Safety:
 - Covid-19 procedures
- Reducing service charges:
 - 25% reduction for 6 months
 - Additional cost savings
- Helping those most in need:
 - Rent deferrals and rent-free periods
- The key initiatives in the year were focussed on asset management
- Limited space available in our portfolio



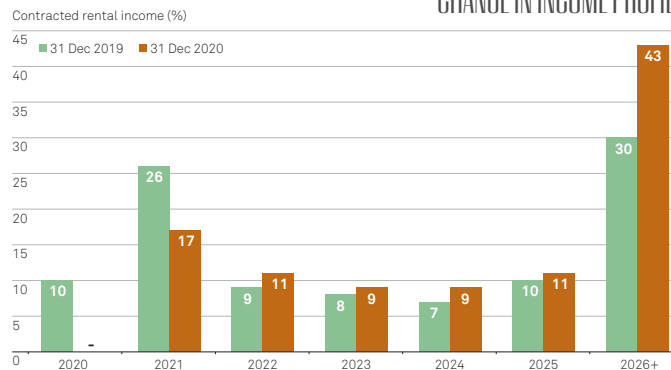
2021 INCOME EXPIRY DE-RISKED

- Our potential lease expiry at 31 Dec 2019:
 - 10% (£16.1m) in 2020
 - 26% (£44.5m) in 2021
- For the 2020 breaks and expiries, tenant retention remains strong:
 - 87% of income extended or re-let
- The Group's 2020 activity in the year changed the profile to:
 - 17% (£33.3m) in 2021
 - Since dropped to 13% – see overleaf
- 43% of our income is now due to expire after five years:
 - Compared to 30% a year ago

LEASE EXPIRY AND BREAK ANALYSIS



CHANGE IN INCOME PROFILE



2021 EXPIRY IN DETAIL

EXPIRIES AND BREAKS AS A PERCENTAGE OF PORTFOLIO INCOME¹

	2020	2021	2022	2023	2024	2025	2026+	Total
Rental income £m	-	33.3	20.4	18.3	16.7	20.7	79.8	189.2
Expiries	-	9	4	3	2	10	35	63
Rolling breaks	-	4	1	0	0	0	1	6
Single breaks	-	4	6	6	7	1	7	31
Rental income 2020	-	17	11	9	9	11	43	100
Rental income 2019	10	26	9	8	7	10	30	100
Change	(10)	(9)	2	1	2	1	13	-

Managing short-term expiries

- 17% of portfolio income subject to breaks/expiries
- Further progress in 2021
- A further 5% covers future projects including Network Building W1 and Angel Square EC1 leaving a balance of 8%

	%	£m
Rental income Dec 2020	17	33.3
Johnson Building EC1 disposal	(2)	(3.5)
19-35 Baker Street W1 development	(1)	(2.5)
Lease regears in 2021 YTD	(1)	(2.0)
	13	25.3

¹ Based upon annualised contracted rental income of £189.2m

ACTIVE YEAR FOR ASSET MANAGEMENT

Activity covered c.20% of the portfolio income

- During the year 724,300 sq ft of rent reviews, renewals and regears completed:
 - Income up 7.6%, from £36.1m to £38.9m pa
 - 4.4% below Dec 2019 ERV

2020 lettings totalled £6.7m on 135,400 sq ft

- Overall 0.8% below Dec 2019 ERV
- Open market transactions 6.0% above ERV



Tea Building E1

Derwent London plc - Annual Results 2020



Turnmill EC1

Rent review settled

- Income increased 12% to £3.5m



TransferWise

Extension and expansion

- New 5-year lease increasing its space by 54% to 48,950 sq ft and rent by 56% to £2.85m

INVESTMENT ACTIVITY 2020

- Acquisition of Blue Star House, Brixton SW9 for £38.1m before costs
- Three property disposals announced during the year:

	Date	Area sq ft ¹	Gross proceeds £m	Gross proceeds £ psf	Net yield to purchaser %	Rent £m ¹
2020 completion						
40 Chancery Lane WC2	Q1	103,700	121.3	1,170	4.25	5.5
2020 exchanged						
2 & 4 Soho Place W1	Q3	18,400 ¹	40.5	2,200	-	-
Johnson Building EC1	Q4	192,700	170.0	880	4.1	7.3
Total		314,800	331.8	1,054	-	12.8



Blue Star House SW9



40 Chancery Lane WC2

¹ Office space

SALE OF FIRST GENERATION SCHEME

Johnson Building EC1

- Exchanged in Dec 2020 and completed Jan 2021:
 - Headline price £170m
 - Net initial yield 4.1%
 - 40% of income expiring 2021, reducing yield to 2.5%
 - First generation Derwent London scheme
 - Recycling capital

Johnson Building EC1





PROJECTS

SIMON SILVER

PROJECTS OVERVIEW

- Good progress across our projects in 2020
- 80 Charlotte Street W1 completed in June – 92% let or sold
- 7% of our portfolio on site at two major schemes, both on target to complete as planned in H1 2022:
 - Soho Place W1 – 285,000 sq ft – 87% pre-let or pre-sold
 - The Featherstone Building EC1 – 125,000 sq ft
- 4% of our portfolio consented:
 - 19-35 Baker Street W1 – commencing H2 2021
 - Holden House W1
- 8% of portfolio under appraisal including:
 - Network Building W1 – planning application submitted for 130,000 sq ft scheme
 - Blue Star House SW9 – architect appointed
 - The White Chapel Building E1 – assessing substantial redevelopment potential

80 Charlotte Street W1



SOHO PLACE W1

- 285,000 sq ft office and retail scheme
- 87% pre-let/pre-sold
- 36,000 sq ft retail available
- ERV £20.5m with office ERV £92.50 psf
- Completion H1 2022
- Capex to complete £152m







2 & 4 Soho Place W1

THE FEATHERSTONE BUILDING ECI

- 125,000 sq ft office and retail scheme
- ERV £8.1m with office ERV £70 psf
- Completion H1 2022
- Capex to complete £37m

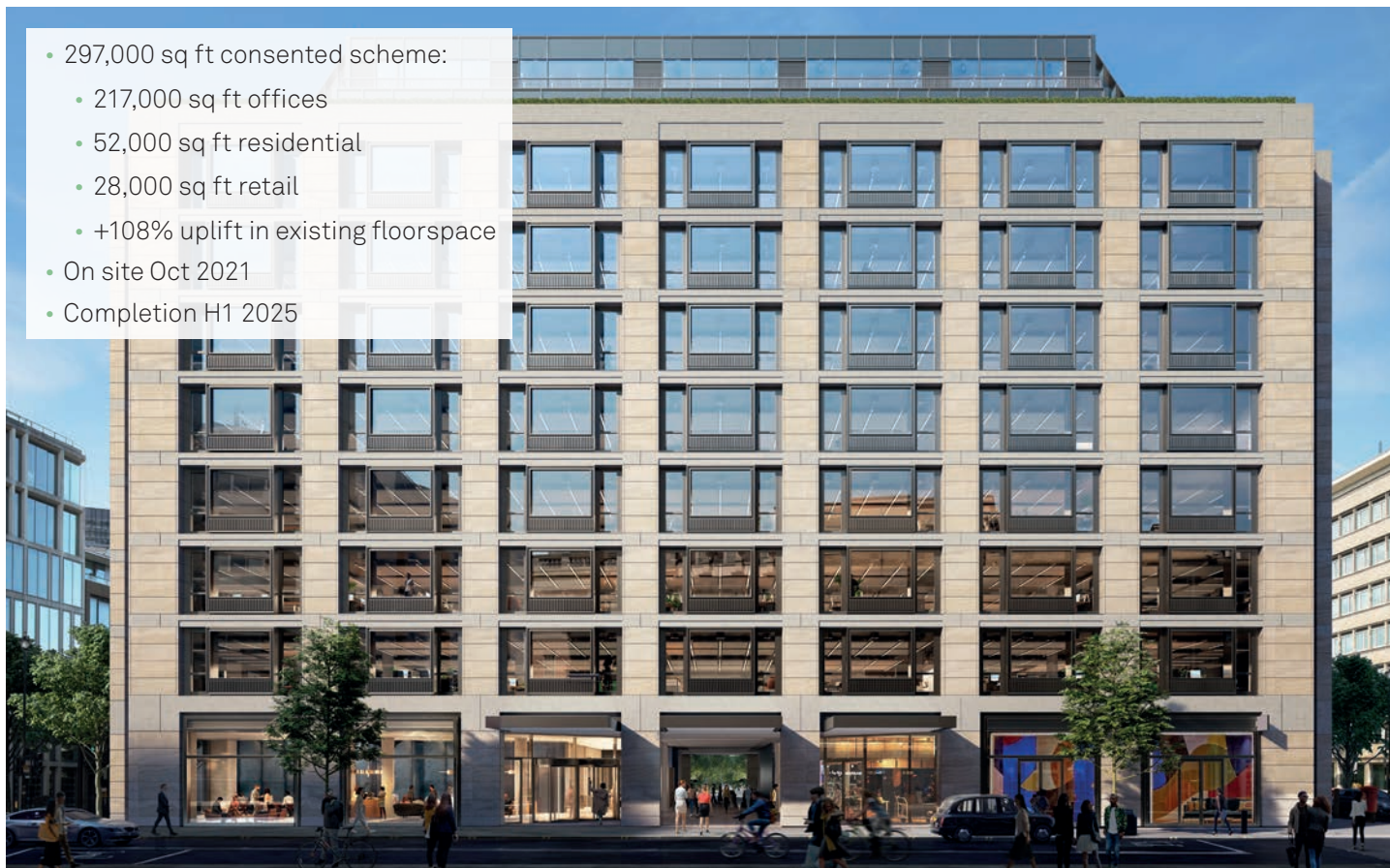




The Featherstone Building EC1

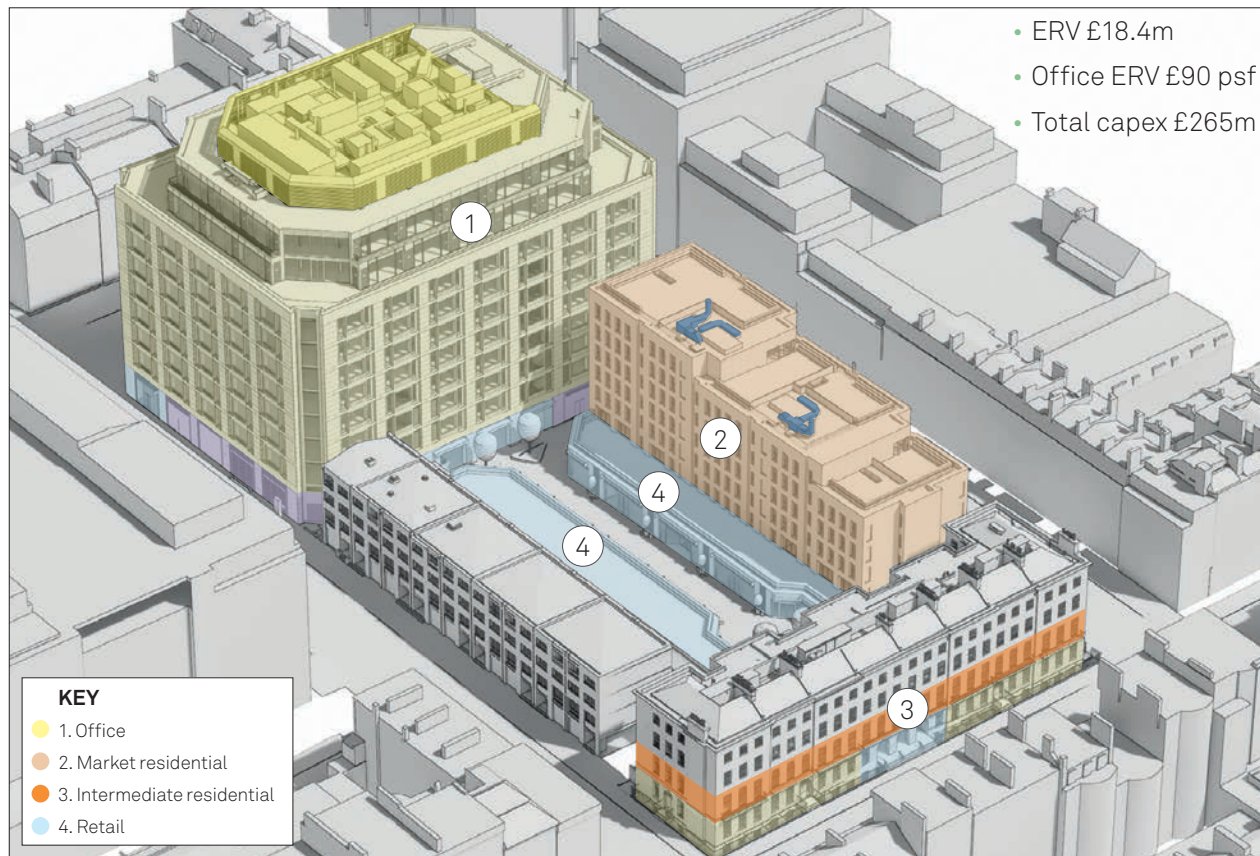
19-35 BAKER STREET W1 - OUR NEXT MAJOR DEVELOPMENT

- 297,000 sq ft consented scheme:
 - 217,000 sq ft offices
 - 52,000 sq ft residential
 - 28,000 sq ft retail
 - +108% uplift in existing floorspace
- On site Oct 2021
- Completion H1 2025





19-35 BAKER STREET W1



NETWORK BUILDING W1 - PLANNING APPLICATION SUBMITTED

- Two planning options:
 - Life Sciences and groundfloor retail (100,000 sq ft)
 - Offices and groundfloor retail (130,000 sq ft)
 - Potential 86% uplift in existing floorspace
- Planning application submitted Nov 2020 with determination due May 2021
- Potential commencement in H2 2022 with completion in 2025



Network Building W1

Derwent London plc - Annual Results 2020



CGI - Network Building W1

FUTURE PIPELINE - BLUE STAR HOUSE SW9

- Existing: 54,000 sq ft
- Proposed: 110,000 sq ft:
 - Doubling the existing floorspace
- Replacing a tired 1960s building
- Architects: Carmody Groarke



FUTURE PIPELINE - THE WHITE CHAPEL BUILDING E1

- Existing: 273,000 sq ft
- Potential to increase floorspace by c.150,000 sq ft:
 - Additional 8 storeys
 - Full remodelling and refurbishment of existing building
- Architects: Fletcher Priest



SUMMARY

PAUL WILLIAMS



SUMMARY

OUR MARKET

- Pathway and vaccination programme will speed recovery
- Economic effects of the pandemic will take some time to resolve
- Average rents expected to move 0 to -5%, and yields to remain firm in 2021
- The pace of recovery is the key driver to occupier demand

DERWENT LONDON

- Creating top tier sustainable buildings such as 19-35 Baker Street W1
- Retain our customer focus and strong relationships
- Growth from development pipeline and potential acquisitions
- Progressing to be a net zero carbon business by 2030
- Maintaining strong finances

The background of the page is a photograph of a window. The window has dark brown frames and multiple panes. The view through the window is a bright, textured surface, possibly snow or a rough wall, which is visible through the central and right-hand panes. A semi-transparent grey rectangular box is centered over the image, containing the word 'APPENDICES' in a brown, serif font. A thin horizontal line is positioned below the text.

APPENDICES

APPENDICES

01. Headline numbers	54	22. Timing of the reversion	75
02. Group balance sheet	55	23. Portfolio summary	76
03. EPRA net asset value metrics	56	24. Rent and tenant banding	77
04. Group income statement	57	25. Major tenants	78
05. IFRS loss and EPRA earnings	58	26. Derwent London rent profile and portfolio breakdown	79
06. Explanation of EPRA adjustments	59	27. Lease expiry profile and lease length	80
07. Cash flow	60	28. Central London office demand	81
08. Rent collection	61	29. Central London office vacancy rates	82
09. Reconciliation of like-for-like income to IFRS income	62	30. The rise of secondhand space	83
10. Debt facilities	63	31. Central London office development pipeline	84
11. Net debt	64	32. Central London office construction starts	85
12. Fixed rates and hedging	65	33. Central London office rental growth	86
13. Valuation performance by village	66	34. Central London office investment market	87
14. Rental value growth and average rents	67	35. Central London office yields	88
15. Valuation yields	68	36. Property yields remain attractive	89
16. Context to yield movement	69	37. Major on-site refurbishments	90
17. Evolution of portfolio ERV	70	38. Project summary: current projects	91
18. Portfolio statistics by village	71	39. Project summary: future projects	92
19. Build-up of portfolio ERV	72	40. On-site developments: profit on cost	93
20. Available space and projects	73	41. Portfolio map	94
21. Derwent London lettings and vacancy rate	74	42. Executive Committee and Senior Management	95

APPENDIX 1 - HEADLINE NUMBERS

	Dec 2020	Dec 2019	% change
Net asset value (NAV)	£4,315.1m	£4,476.9m	(3.6)
EPRA net tangible assets per share ^{1,2}	3,812p	3,957p	(3.7)
EPRA net disposal value per share ^{1,2}	3,682p	3,847p	(4.3)
Total return	(1.8%)	6.6%	n/a
Gross rental income	£202.9m	£191.7m	5.8
Net rental income	£174.3m	£178.0m	(2.1)
EPRA earnings per share ²	99.19p	103.09p	(3.8)
(Loss)/profit for the year	(£81.4m)	£278.1m	(129.3)
Final dividend per share ³	52.45p	51.45p	1.9
Interim and final dividend per share ³	74.45p	72.45p	2.8
Net debt	£1,049.1m	£981.6m	6.9
Loan-to-value (LTV) ratio	18.4%	16.9%	n/a
NAV gearing	24.3%	21.9%	n/a
Net interest cover ratio	446%	462%	n/a

¹ On a diluted basis ² Reconciliations to IFRS figures in Appendices 3 and 6 ³ 2020 final dividend subject to approval

APPENDIX 2 - GROUP BALANCE SHEET

	Dec 2020 £m	Dec 2019 £m
Investment property	5,029.1	5,174.3
Owner-occupied property	45.6	45.3
Investment in joint ventures	0.9	1.3
Other non-current assets	151.0	139.8
	5,226.6	5,360.7
Non-current assets held for sale	165.0	118.6
Other current assets and liabilities	(31.6)	(55.1)
Trading property	12.9	40.7
Cash and cash equivalents	50.7	54.5
	32.0	40.1
Borrowings	(1,033.2)	(976.6)
Other non-current liabilities	(75.3)	(65.9)
	(1,108.5)	(1,042.5)
Total net assets	4,315.1	4,476.9
Non-controlling interest	(51.9)	(55.7)
Attributable to equity shareholders	4,263.2	4,421.2

APPENDIX 3 - EPRA NET ASSET VALUE METRICS

	Dec 2020			Dec 2019		
	EPRA NTA ¹ £m	EPRA NDV ² £m	EPRA NRV ³ £m	EPRA NTA ¹ £m	EPRA NDV ² £m	EPRA NRV ³ £m
Net assets attributable to equity shareholders	4,263.2	4,263.2	4,263.2	4,421.2	4,421.2	4,421.2
Revaluation of trading property	1.4	1.4	1.4	2.3	2.3	2.3
Deferred tax on revaluation surplus	1.8	-	3.5	1.6	-	3.3
Fair value of derivative financial instruments	5.6	-	5.6	3.7	-	3.7
Less share of non-controlling interest	(0.4)	-	(0.7)	(0.4)	-	(0.8)
Fair value adjustment to secured bonds	9.3	9.3	9.3	10.6	10.6	10.6
Mark-to-market of fixed rate debt	-	(127.8)	-	-	(107.2)	-
Unamortised issue and arrangement costs	-	(11.3)	-	-	(11.5)	-
Purchasers' costs ⁴	-	-	364.2	-	-	372.3
Adjusted net asset value	4,280.9	4,134.8	4,646.5	4,439.0	4,315.4	4,812.6
Number of shares (m) – diluted	112.3	112.3	112.3	112.2	112.2	112.2
Per share measure (p) – diluted	3,812	3,682	4,138	3,957	3,847	4,290

¹ Net tangible assets ² Net disposal value ³ Net reinstatement value ⁴ Includes Stamp Duty Land Tax. Total costs assumed to be 6.8% of the portfolio's fair value

APPENDIX 4 - GROUP INCOME STATEMENT

	Year ended Dec 2020 £m	Year ended Dec 2019 £m
Gross property income	204.7	192.7
Profit on disposal of trading property	5.2	-
Write-down of trading property	(1.8)	-
Other income	3.5	3.6
Waivers and impairment	(14.2)	-
Other property outgoings	(14.4)	(13.7)
Net property and other income	183.0	182.6
Administrative expenses	(37.8)	(37.0)
Revaluation (deficit)/surplus	(196.1)	156.4
Profit on disposal of investment property	1.7	13.8
Net finance costs	(30.1)	(26.5)
Loan arrangement costs written off	(0.1)	(0.1)
Bond redemption premium	-	(7.7)
Joint venture (JV) results	-	1.9
Derivatives fair value movement	(1.9)	(0.1)
Financial derivative termination costs	(1.7)	(2.7)
IFRS (loss)/profit before tax	(83.0)	280.6
Tax credit/(charge)	1.6	(2.5)
IFRS (loss)/profit for the year	(81.4)	278.1
Attributable to:		
Equity shareholders ¹	(77.6)	283.4
Non-controlling interest	(3.8)	(5.3)
	(81.4)	278.1

¹ A reconciliation of the IFRS profit attributable to shareholders to the EPRA earnings is shown in Appendix 5

APPENDIX 5 - IFRS LOSS AND EPRA EARNINGS

	Year ended Dec 2020 £m	Year ended Dec 2019 £m
IFRS (loss)/profit for the year attributable to shareholders	(77.6)	283.4
Revaluation deficit/(surplus)	196.1	(156.4)
Profit on disposal of investment property	(1.7)	(13.8)
Profit on disposal of share of associate's property	-	(1.7)
Profit on disposal of trading property	(5.2)	-
Write-down of trading property	1.8	-
Derivatives fair value adjustment	1.9	0.1
Financial derivative termination costs	1.7	2.7
Loan arrangement costs written off	0.1	0.1
Debt redemption premium	-	7.7
Tax adjustment	(1.0)	0.5
Non-controlling interest in respect of the above	(5.1)	(7.5)
EPRA earnings	111.0	115.1

APPENDIX 6 - EXPLANATION OF EPRA ADJUSTMENTS

	2020 IFRS £m	Adjustments			2020 EPRA basis £m	2019 EPRA basis £m
		A £m	B £m	C £m		
Net property and other income	183.0	(5.2)	1.8		179.6	182.6
Administrative expenses	(37.8)				(37.8)	(37.0)
Revaluation deficit	(196.1)		196.1		-	-
Profit on disposal of investment property	1.7	(1.7)			-	-
Net finance costs	(30.2)			0.1	(30.1)	(26.5)
Derivatives fair value movement	(1.9)			1.9	-	-
Financial derivative termination costs	(1.7)			1.7	-	-
Share of results of joint ventures	-				-	0.2
(Loss)/profit before tax	(83.0)	(6.9)	197.9	3.7	111.7	119.3
Tax credit/(charge)	1.6	(1.0)	-	-	0.6	(2.0)
(Loss)/profit for the year	(81.4)	(7.9)	197.9	3.7	112.3	117.3
Non-controlling interest	3.8	-	(5.1)	-	(1.3)	(2.2)
(Loss)/earnings attributable to equity shareholders	(77.6)	(7.9)	192.8	3.7	111.0	115.1
(Loss)/earnings per share	(69.34p)				99.19p	103.09p

A – Disposal of investment properties and investments and associated tax and non-controlling interest

B – Write-down of trading properties and revaluation on investment property and in joint ventures, and associated deferred tax and non-controlling interest

C – Fair value movement and termination costs relating to derivative financial instruments, loan arrangement costs written off and associated non-controlling interest

APPENDIX 7 - CASH FLOW

	Year ended Dec 2020 £m	Year ended Dec 2019 £m
Property income	164.6	171.5
Property expenses	(19.1)	(18.6)
Other income	3.5	3.6
Administrative expenses	(35.5)	(34.3)
Finance costs	(28.1)	(21.6)
Tax paid in respect of operating activities	-	(3.5)
Net cash from operating activities	85.4	97.1
Acquisitions and capex	(218.4)	(232.1)
Disposals	157.3	159.3
Receipts from joint ventures	0.4	29.7
Other cash used in investing activities	(1.3)	(1.2)
Net cash used in investing activities	(62.0)	(44.3)
Movement in debt	55.7	66.7
Bond redemption premium	-	(8.5)
Ordinary dividend paid	(81.8)	(75.1)
Other cash (used in)/from financing activities	(1.1)	0.3
Net cash used in financing activities	(27.2)	(16.6)
(Decrease)/increase in cash and cash equivalents during the year	(3.8)	36.2
Cash and cash equivalents at the beginning of the year	54.5	18.3
Cash and cash equivalents at the end of the year	50.7	54.5

APPENDIX 8 - RENT COLLECTION¹

- Dec 2019 to Sep 2020 quarters represent income recognised in 2020

	Dec 2019 quarter			Mar 2020 quarter			Jun 2020 quarter			Sep 2020 quarter		
	Retail/ Office hospitality %	Retail/ Office hospitality %	Total %	Retail/ Office hospitality %	Retail/ Office hospitality %	Total %	Retail/ Office hospitality %	Retail/ Office hospitality %	Total %	Retail/ Office hospitality %	Retail/ Office hospitality %	Total %
Rent received to date	100	100	100	92	34	87	91	48	87	94	71	93
Payment plans	-	-	-	6	2	6	8	4	8	5	2	5
Outstanding	-	-	-	-	4	1	-	7	1	-	9	-
Rent-free	-	-	-	2	60	6	1	41	4	1	18	2
Total	100	100	100	100	100	100	100	100	100	100	100	100
	£38.0m	£3.7m	£41.7m	£38.8m	£3.8m	£42.6m	£39.5m	£3.7m	£43.2m	£41.7m	£3.3m	£45.0m

- For the Scottish Estate, 90% of rents demanded have been received with 3% deferred on payment plans, 1% granted rent-free and 6% outstanding

¹ Rent received to date for English quarter days

APPENDIX 9 - RECONCILIATION OF LIKE-FOR-LIKE INCOME TO IFRS INCOME

	Like-for-like portfolio £m	Development property £m	Acquisitions & disposals £m	Total £m
2020				
Gross rental income	172.4	28.8	1.7	202.9
Other property expenditure	(12.3)	(1.7)	(0.4)	(14.4)
Write-off/impairment of receivables	(9.5)	(0.4)	(0.2)	(10.1)
Impact of service charge waiver	(3.7)	(0.4)	-	(4.1)
Net rental income	146.9	26.3	1.1	174.3
Other	5.3	(1.7)	5.1	8.7
Net property and other income	152.2	24.6	6.2	183.0
2019				
Gross rental income	173.9	9.0	8.8	191.7
Property expenditure	(11.0)	(2.6)	(0.1)	(13.7)
Net rental income	162.9	6.4	8.7	178.0
Other	4.1	0.5	-	4.6
Net property and other income	167.0	6.9	8.7	182.6
Gross rental income	(0.9%)			5.8%
Net rental income	(9.8%)			(2.1%)
Net property income	(8.9%)			0.2%

APPENDIX 10 - DEBT FACILITIES

	Drawn £m	Undrawn £m	Total £m	Maturity
6.5% secured bonds	175.0	-	175.0	March 2026
3.99% secured loan	83.0	-	83.0	October 2024
1.5% unsecured convertible bonds	175.0	-	175.0	June 2025
2.68% unsecured private placement notes	55.0	-	55.0	January 2026
3.46% unsecured private placement notes	30.0	-	30.0	May 2028
4.41% unsecured private placement notes	25.0	-	25.0	January 2029
2.87% unsecured private placement notes	93.0	-	93.0	January 2029
2.97% unsecured private placement notes	50.0	-	50.0	January 2031
3.57% unsecured private placement notes	75.0	-	75.0	May 2031
4.68% unsecured private placement notes	75.0	-	75.0	January 2034
3.09% unsecured private placement notes	52.0	-	52.0	January 2034
Non-bank loans	888.0	-	888.0	
Bilateral term – secured	28.0	-	28.0	July 2022
Bilateral revolving credit – unsecured	25.0	75.0	100.0	November 2025
Club revolving credit – unsecured	100.0	350.0	450.0	October 2025
Committed bank facilities	153.0	425.0	578.0	
At 31 Dec 2020	1,041.0	425.0	1,466.0	

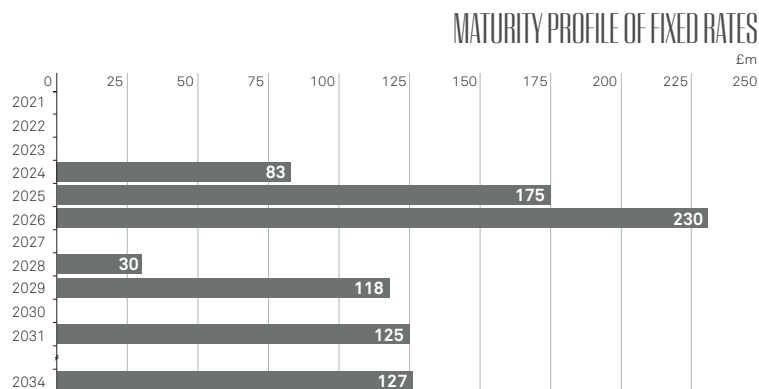
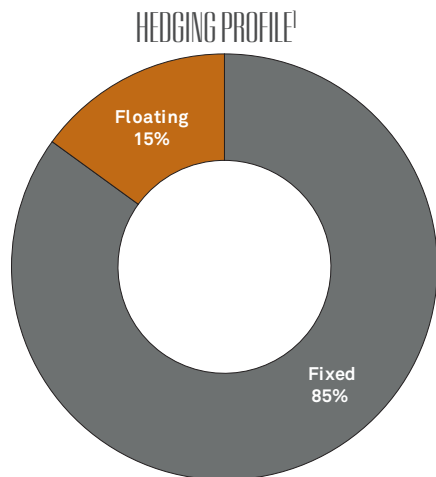
APPENDIX 11 - NET DEBT

	Dec 2020 £m	Dec 2019 £m
Borrowings	1,033.2	976.6
Acquired fair value of secured bonds less amortisation	(9.3)	(10.6)
Equity component of convertible bonds	7.7	7.7
Unwinding of discount of convertible bonds	(1.9)	(0.7)
Unamortised issue and arrangement costs	11.3	11.5
Facilities – drawn	1,041.0	984.5
Facilities – undrawn	425.0	456.5
Total debt facilities	1,466.0	1,441.0

	Dec 2020 £m	Dec 2019 £m
Borrowings	1,033.2	976.6
Leasehold liabilities	66.6	59.5
Cash and cash equivalents	(50.7)	(54.5)
Net debt	1,049.1	981.6

APPENDIX 12 - FIXED RATES AND HEDGING

	Dec 2020	Dec 2019
Proportion of drawn facilities at fixed rates or hedged	85%	93%
Weighted average duration of swaps ¹	-	0.2 years
Mark-to-market cost of swaps and forward-start swaps	£5.6m	£3.7m
Weighted average duration of fixed rate instruments	7.2 years	8.2 years



¹ Excludes the following forward-start swaps:

Principal £m	Rate %	Forward start date	Expiry date
40.0	2.45	July 2021	July 2022
75.0	1.36	July 2021	April 2025

APPENDIX 13 - VALUATION PERFORMANCE BY VILLAGE

	Valuation Dec 2020 £m	Weighting Dec 2020 %	Valuation movement 2020 ¹ %
West End Central			
Fitzrovia ²	1,674.9	32	(5.7)
Victoria	467.9	8	(1.3)
Paddington	360.4	6	5.7
Soho/Covent Garden	261.8	5	3.9
Baker Street/Marylebone	151.5	3	(7.2)
Mayfair	97.1	2	0.0
	3,013.6	56	(2.9)
West End Borders & Other			
Islington/Camden	438.4	8	(5.8)
Brixton	37.0	1	-
	475.4	9	(5.8)
West End	3,489.0	65	(3.3)
City Borders			
Old Street	647.4	13	0.1
Clerkenwell	536.9	10	(2.0)
Shoreditch/Whitechapel	436.3	8	(3.9)
Holborn	167.0	3	(5.4)
Other	2.2	-	0.0
City Borders	1,789.8	34	(2.1)
Central London	5,278.8	99	(2.9)
Provincial	76.7	1	(11.2)
Investment portfolio	5,355.5	100	(3.0)

¹ Underlying - properties held throughout the year ² Includes North of Oxford Street

APPENDIX 14 - RENTAL VALUE GROWTH AND AVERAGE RENTS

RENTAL VALUE GROWTH¹

	2019 %	H1 2020 %	H2 2020 %	2020 %
West End	0.4	(0.5)	(2.8)	(3.3)
City Borders	2.7	(0.8)	(1.0)	(1.8)
Central London	1.4	(0.6)	(2.1)	(2.7)
Provincial	0.0	(3.0)	(4.8)	(7.8)
Underlying	1.4	(0.7)	(2.1)	(2.8)

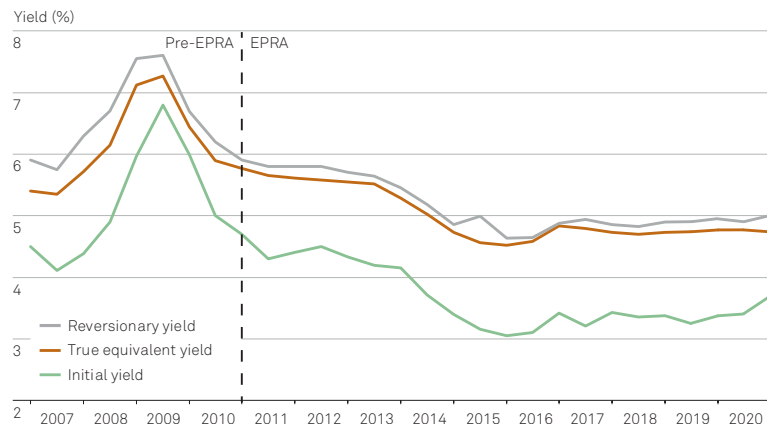
AVERAGE RENTS - CENTRAL LONDON OFFICES

	Portfolio % ²	Passing rent £ psf ³	'Topped-up' rent £ psf ³	ERV £ psf ⁴
Core income	57	43.39	62.53	61.82
Potential projects	35	40.10	43.03	47.59
	92	42.30	56.07	56.99
On-site developments	7	-	92.63	81.61
On-site refurbishments	1	-	-	65.78
	8	-	92.63	78.71
Total	100	-	57.71	58.84

¹ On EPRA portfolio ² Portfolio area ³ Occupied office area ⁴ Total office area

APPENDIX 15 - VALUATION YIELDS

YIELD PROFILE¹



EPRA INITIAL YIELDS

	Net initial yield %	'Topped-up' initial yield %
West End	3.3	4.7
City Borders	4.1	4.8
Central London	3.6	4.7
Provincial	8.6	9.2
EPRA portfolio	3.7	4.8

TRUE EQUIVALENT YIELDS²

	Dec 2019 %	H1 2020 movement basis points	Jun 2020 %	H2 2020 movement basis points	Dec 2020 %
West End	4.68	(2)	4.66	(3)	4.63
City Borders	4.79	4	4.83	(2)	4.81
Central London	4.72	-	4.72	(2)	4.70
Provincial	8.44	32	8.76	7	8.83
Underlying	4.77	-	4.77	(3)	4.74

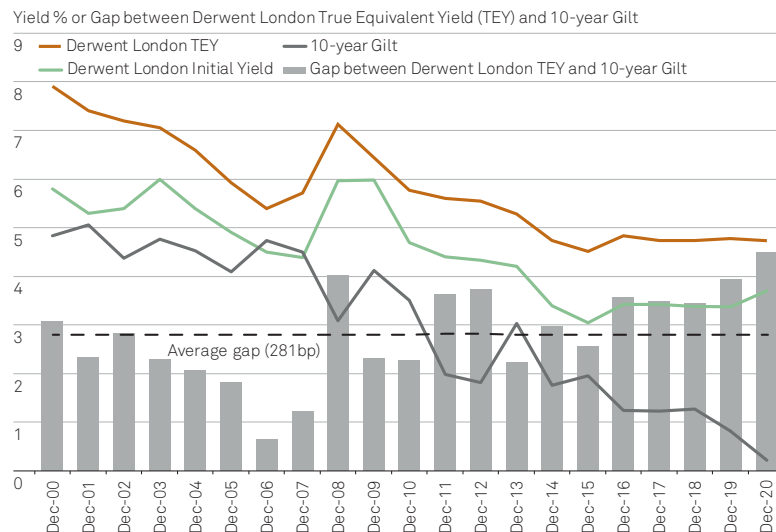
¹ Six-monthly data ² On EPRA portfolio

APPENDIX 16 - CONTEXT TO YIELD MOVEMENT

- UK 10-year Gilt yield declined from 0.83% to 0.24% during the year with the latter up from 0.12% at the half year
- 451bp spread between the Derwent London true equivalent yield and the 10-year Gilt:
 - Largest year end gap in over 20 years
 - 465bp gap in June 2020
 - Average spread 281bp
- Capital values²:

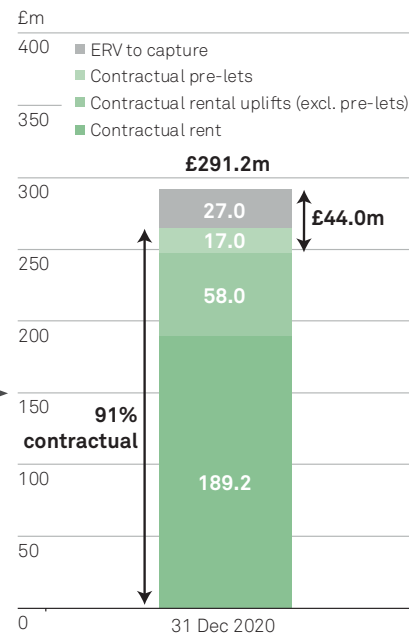
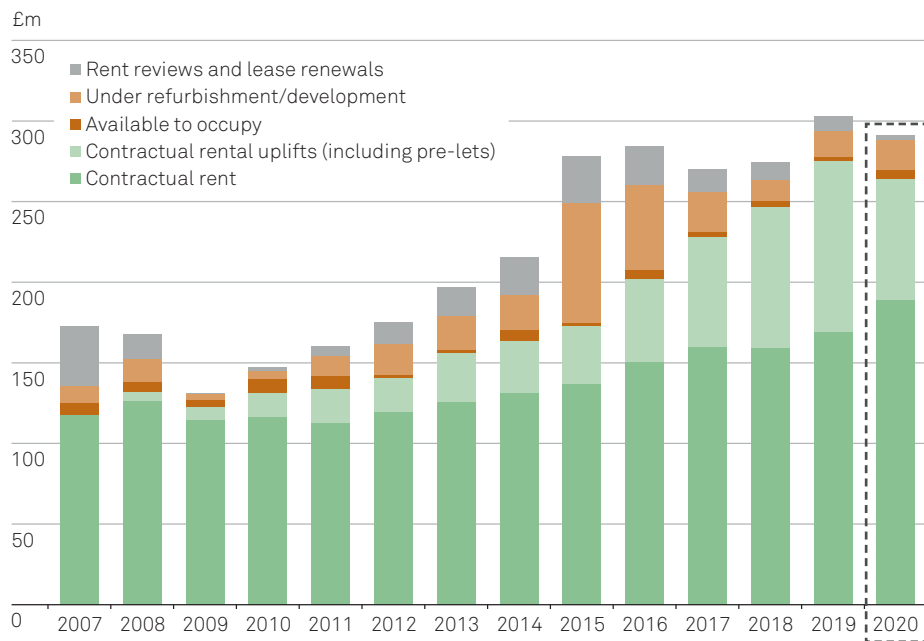
• Central London	£1,042 psf:
• West End	£1,091 psf
• City Borders	£961 psf

VALUATION YIELDS¹



¹ Post H2 2010 portfolio on an EPRA basis ² Excludes 0.48m sq ft of on-site developments and on-site refurbishments - Appendix 38

APPENDIX 17 - EVOLUTION OF PORTFOLIO ERV



APPENDIX 18 - PORTFOLIO STATISTICS BY VILLAGE

	Valuation £m	Weighting %	Floor area¹ '000 sq ft	Vacant floor area '000 sq ft	Net contracted rental income £m pa	Average rental income £ psf	Vacant space rental value £m pa	Lease reversion⁵ £m pa	Total reversion £m pa	Estimated rental value £m pa
West End Central										
Fitzrovia²	1,674.9	32	1,368	61	54.5	40.04	3.0	26.8	29.8	84.3
Victoria	467.9	8	522	75	14.6	32.74	4.9	5.9	10.8	25.4
Paddington	360.4	6	243	-	9.7	40.68³	-	7.9	7.9	17.6
Soho/Covent Garden	261.8	5	388	35	-	-	3.5	17.0	20.5	20.5
Baker Street/Marylebone	151.5	3	194	34	6.0	37.47	1.7	1.7	3.4	9.4
Mayfair	97.1	2	43	-	1.5	35.40⁴	-	2.7	2.7	4.2
	3,013.6	56	2,758	205	86.3	34.09	13.1	62.0	75.1	161.4
West End Borders & Other										
Islington/Camden	438.4	8	501	-	22.4	44.75	-	3.6	3.6	26.0
Brixton	37.0	1	53	8	0.7	16.18	0.2	0.5	0.7	1.4
	475.4	9	554	8	23.1	42.38	0.2	4.1	4.3	27.4
West End	3,489.0	65	3,312	213	109.4	35.55	13.3	66.1	79.4	188.8
City Borders										
Old Street	647.4	13	606	137	24.6	52.34	8.4	3.5	11.9	36.5
Clerkenwell	536.9	10	563	3	24.4	45.70	0.2	2.4	2.6	27.0
Shoreditch/Whitechapel	436.3	8	544	97	18.8	42.06	1.9	3.4	5.3	24.1
Holborn	167.0	3	192	-	7.3	38.28	-	2.7	2.7	10.0
Other	2.2	-	-	-	-	-	-	-	-	-
City Borders	1,789.8	34	1,905	237	75.1	45.74	10.5	12.0	22.5	97.6
Central London	5,278.8	99	5,217	450	184.5	39.12	23.8	78.1	101.9	286.4
Provincial	76.7	1	347	4	4.7	13.60	0.1	-	0.1	4.8
Investment portfolio	5,355.5	100	5,564	454	189.2	37.40	23.9	78.1	102.0	291.2

¹ Includes 0.48m sq ft of on-site developments ² Includes North of Oxford Street ³ Contracted rent of £73.03 psf after incentives

⁴ Contracted rent of £104.16 psf after incentives ⁵ Contractual uplifts, rent review/lease renewal reversion and pre-lets

APPENDIX 19 - BUILD-UP OF PORTFOLIO ERV

	£m	Rent uplift pa £m	Rent pa £m
Contracted rental income, net of ground rents			189.2
Contractual rental uplifts			
80 Charlotte Street W1	20.2		
Brunel Building W2	7.7		
Horseferry House SW1	5.2		
Tea Building E1	3.4		
60 Whitfield Street W1	2.7		
White Collar Factory EC1	2.3		
Other	16.5	58.0	
Vacant space¹			
Available to occupy	5.0		
Under refurbishment	2.7	7.7	
Lease reversions			
Anticipated rent reviews and lease renewals		3.1	68.8
			258.0
On-site developments (non-EPRA)²			
Pre-let element	17.0		
Available	16.2		33.2
Estimated rental value			291.2

¹ Detailed in Appendix 20 ² Capex to complete £208m excluding capitalised interest – see Appendix 38

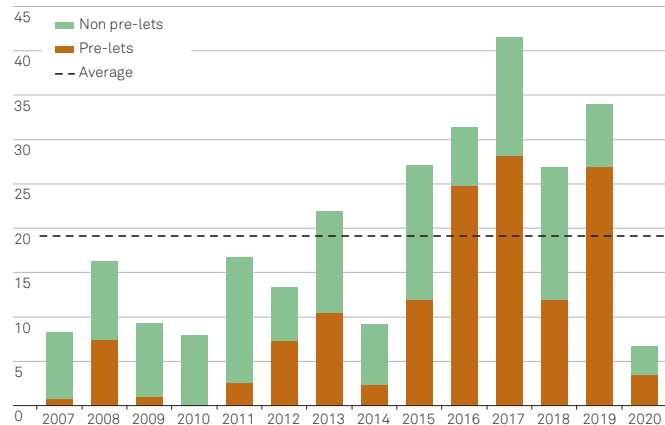
APPENDIX 20 - AVAILABLE SPACE AND PROJECTS

	Vacant area '000 sq ft	Pre-let area '000 sq ft	Total area '000 sq ft	Gross vacant ERV £m pa	Ground rent £m pa	Net vacant ERV £m pa	Pre-let net rent ERV £m pa	Total net ERV £m pa	Comment
Available to occupy									
The White Chapel Building E1	89	-	89	1.5	-	1.5	-	1.5	
Holden House W1	12	-	12	1.0	-	1.0	-	1.0	
Tea Building E1	8	-	8	0.4	-	0.4	-	0.4	
Other	60	-	60	2.2	0.1	2.1	-	2.1	
	169	-	169	5.1	0.1	5.0	-	5.0	
Refurbishments									
3-5 Rathbone Place W1	7	-	7	0.5	-	0.5	-	0.5	
19-23 Fitzroy Street W1	5	-	5	0.3	-	0.3	-	0.3	
Other	42	-	42	1.9	-	1.9	-	1.9	
	54	-	54	2.7	-	2.7	-	2.7	
On-site developments									
Soho Place W1	36	249	285	3.6	0.1	3.5	17.0	20.5	
The Featherstone Building EC1	125	-	125	8.1	-	8.1	-	8.1	
Francis House SW1	38	-	38	2.5	-	2.5	-	2.5	
6-8 Greencoat Place SW1	32	-	32	2.1	-	2.1	-	2.1	
	231	249	480	16.3	0.1	16.2	17.0	33.2	
Total	454	249	703	24.1	0.2	23.9	17.0	40.9	

APPENDIX 21 - DERWENT LONDON LETTINGS AND VACANCY RATE

LETTINGS 2020

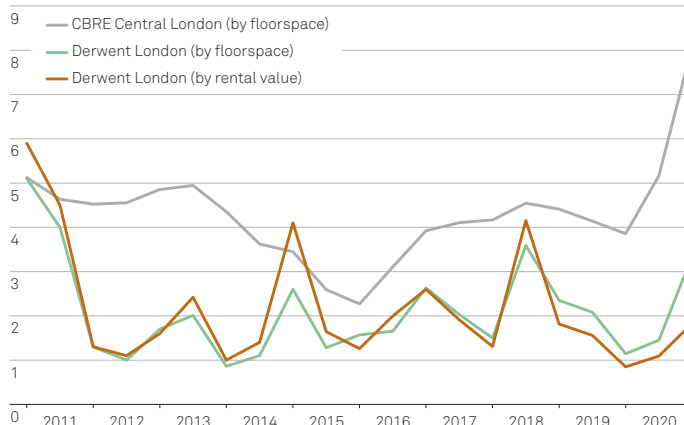
Rental income (£m pa)



- £6.7m of lettings in 2020
- Largest transactions:
 - Tea Building E1 – TransferWise (£1.0m)
 - 88-94 Tottenham Court Road W1 – UCL (£0.8m)
 - 80 Charlotte Street W1 – Lee & Thompson (£0.8m)

EPRA VACANCY RATES

Vacancy rate (%)



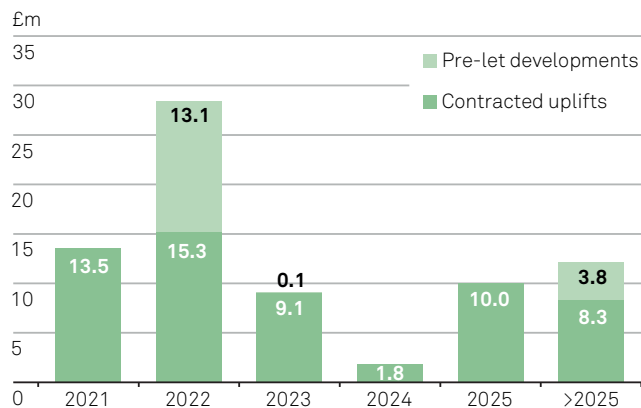
- EPRA vacancy rate¹ of 1.8% at year end:
 - The White Chapel Building E1 – lower floors returned by Fotografiska – 89,000 sq ft with an ERV of £1.5m
- CBRE central London vacancy of 8.1%

¹ Calculated as space immediately available to occupy

APPENDIX 22 - TIMING OF THE REVERSION

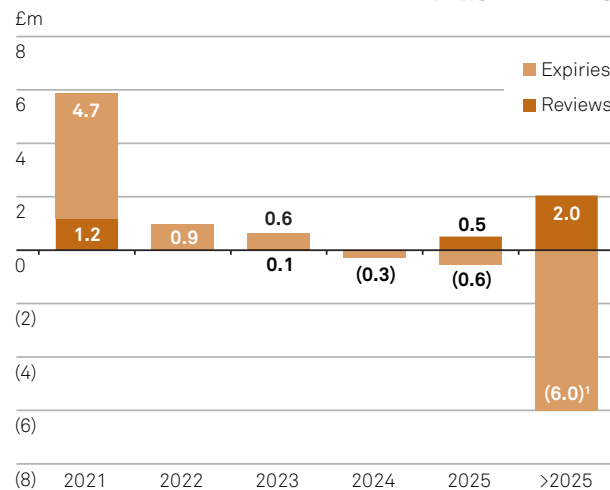
- £75.0m of the reversion contracted:
 - Contracted uplifts £58.0m
 - Pre-let developments £17.0m

CONTRACTUAL UPLIFTS AND PRE-LETS



- £3.1m of the reversion from reviews and expiries

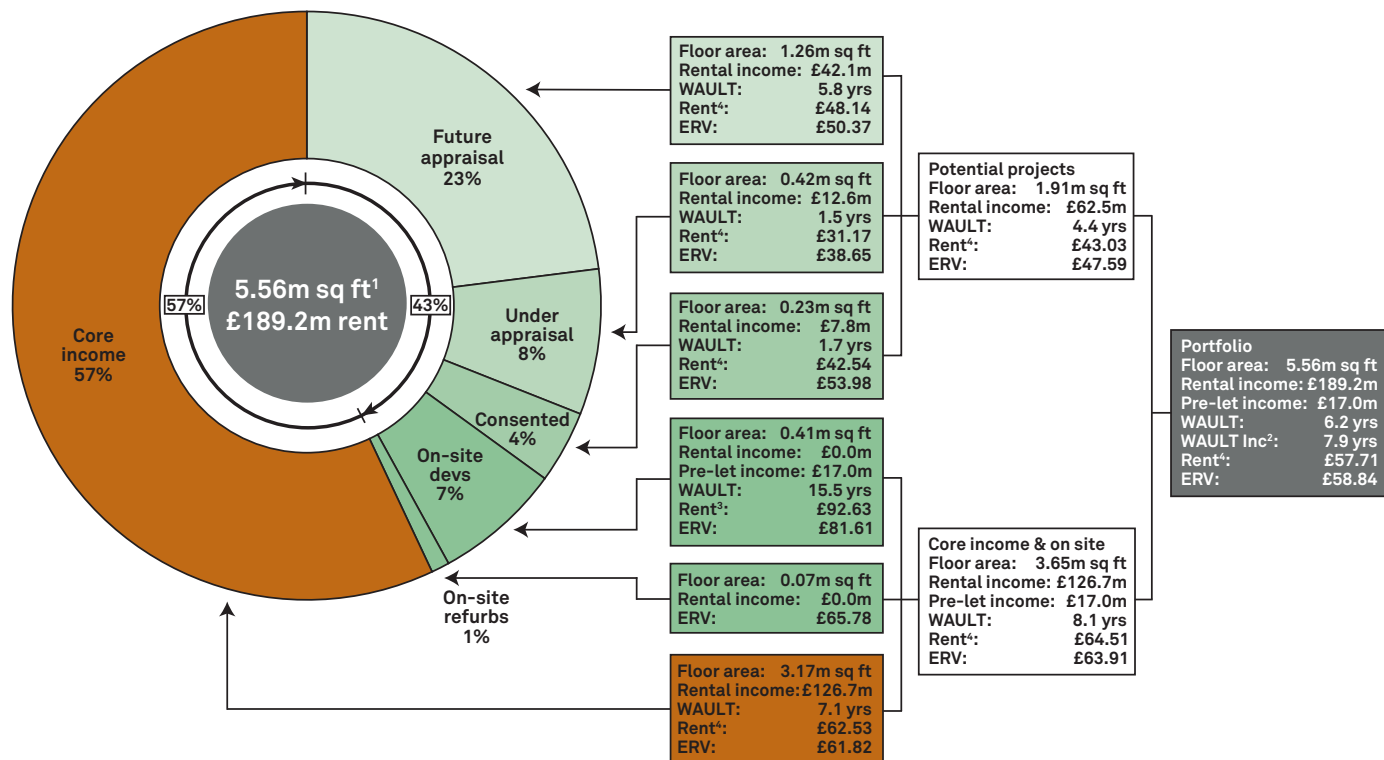
REVIEWS AND EXPIRIES



Rent psf	£46	£54	£52	£61	£61	£63
ERV psf	£54	£58	£55	£61	£62	£56
Uplift	17%	7%	6%	0%	2%	(11)%

¹ Predominantly due to contracted uplifts reverting to Dec 2020 ERV at lease expiry

APPENDIX 23 - PORTFOLIO SUMMARY



¹ Comprises 5.08m sq ft of existing buildings plus 0.48m sq ft of on-site developments and on-site refurbishments

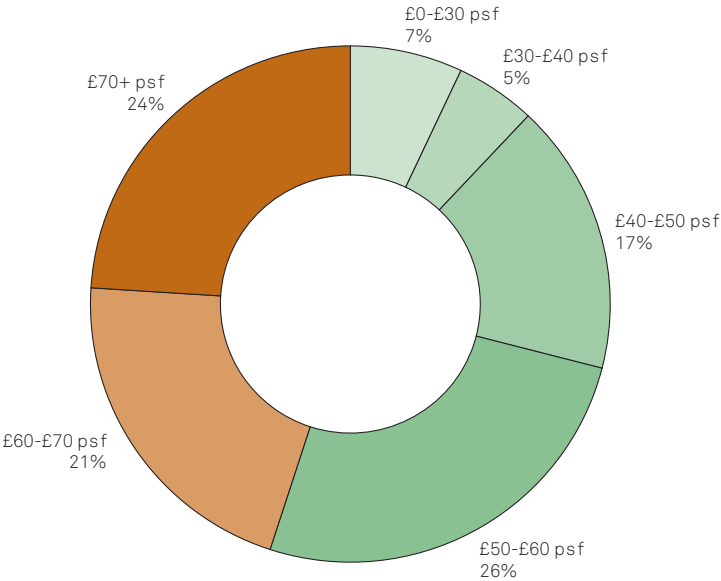
² After adjusting for 'topped-up' rents and pre-lets - Appendix 27

³ 'Topped-up' office rent including development pre-lets

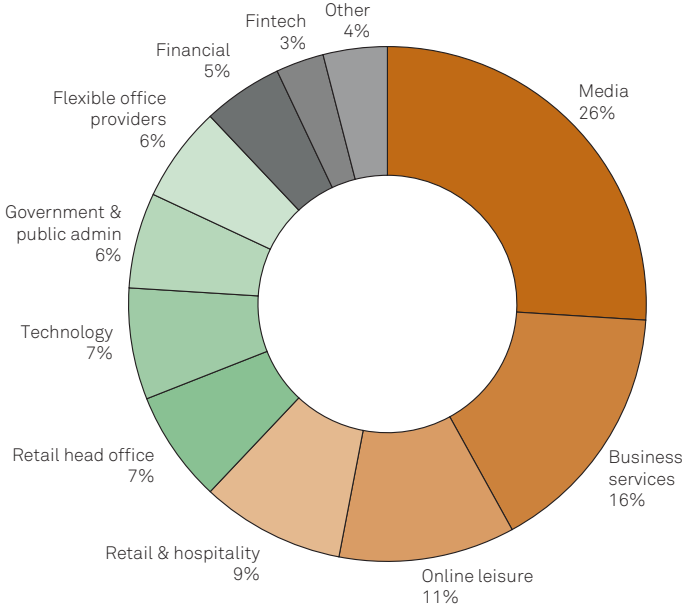
⁴ 'Topped-up' office rent

APPENDIX 24 - RENT AND TENANT BANDING

CENTRAL LONDON 'TOPPED-UP'
OFFICE RENT BANDING¹



PROFILE OF TENANTS'
BUSINESS SECTOR²



¹ Based on floor area ² Based on annualised rental income

APPENDIX 25 - MAJOR TENANTS



BURBERRY



ARUP

THE
OFFICE
GROUP



FREMANTLEMEDIA
ENTERPRISES



WPP Group plc

'Topped-up' income %

		Existing	Pre-let
01	Expedia	7.0	-
02	Burberry	5.5	-
03	Boston Consulting Group	5.2	-
04	G-Research	0.4	3.6
05	Government	4.0	-
06	Arup	3.7	-
07	Apollo	-	3.0
08	The Office Group	2.7	-
09	Sony Pictures	1.8	-
10	FremantleMedia Group	1.7	-
11	Publicis Groupe	1.7	-
12	WPP Group	1.5	-
13	VCCP	1.4	-
14	The Doctors Laboratory	1.4	-
15	Splunk	1.4	-
16	Telecity	1.3	-
17	Adobe	1.2	-
18	Ticketmaster	1.1	-
19	Mother London	1.1	-
20	Knotel	1.0	-
Total		51.7	



THE DOCTORS
LABORATORY



TelecityGroup



ticketmaster



KNOTEL

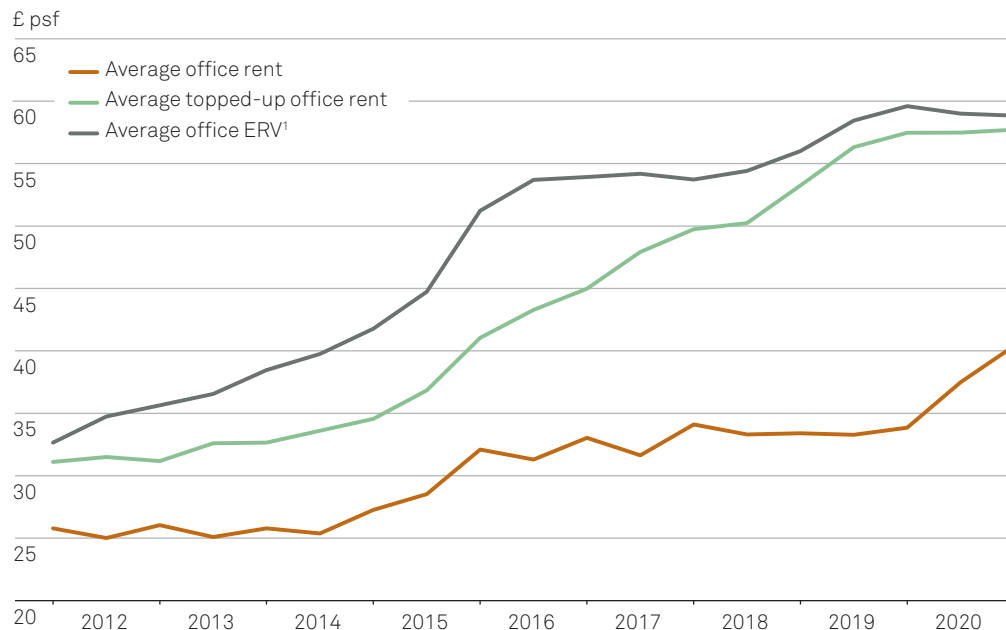
Pre-lets:



APOLLO

APPENDIX 26 - DERWENT LONDON RENT PROFILE AND PORTFOLIO BREAKDOWN

CENTRAL LONDON OFFICE RENT PROFILE



PORTFOLIO BREAKDOWN

Valuation	Nº of properties	Weighting %
> £200m	7	44
£100m - £200m	10	26
£50m - £100m	13	17
< £50m	53	13
	83	100

¹ Includes ERV of on-site schemes

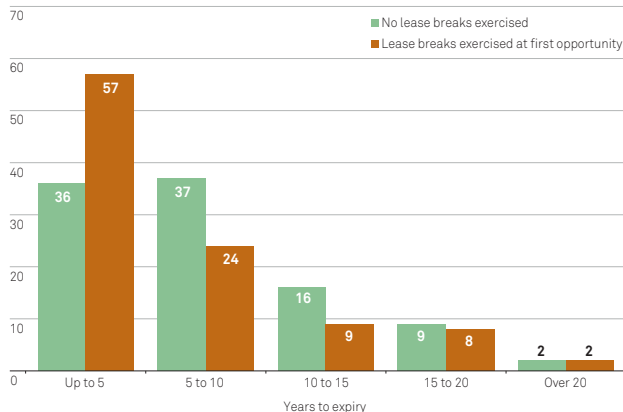
APPENDIX 27 - LEASE EXPIRY PROFILE AND LEASE LENGTH

EXPIRIES AND BREAKS AS A PERCENTAGE OF PORTFOLIO INCOME¹

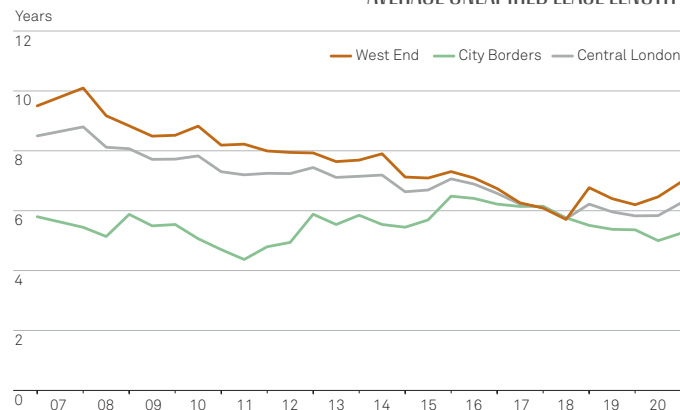
	West End	City Borders	Provincial	2021	2022	2023	2024	2025	Total
Expiries	5	3	1	9	4	3	2	10	28
Rolling breaks	3	1	0	4	1	0	0	0	5
Single breaks	1	3	0	4	6	6	7	1	24
	9	7	1	17	11	9	9	11	57

PROFILE OF RENTAL INCOME EXPIRY¹

Contracted rental income %



AVERAGE UNEXPIRED LEASE LENGTH²



- Average lease length 6.2 years (Dec 2019: 5.8 years):
 - 7.9 years after adjusting for 'topped-up' rents and pre-lets (Dec 2019: 8.3 years)

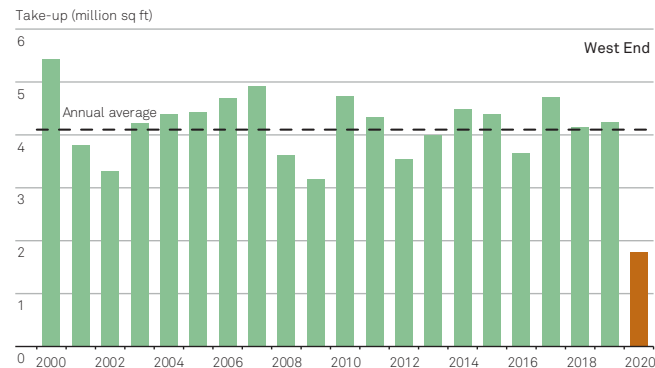
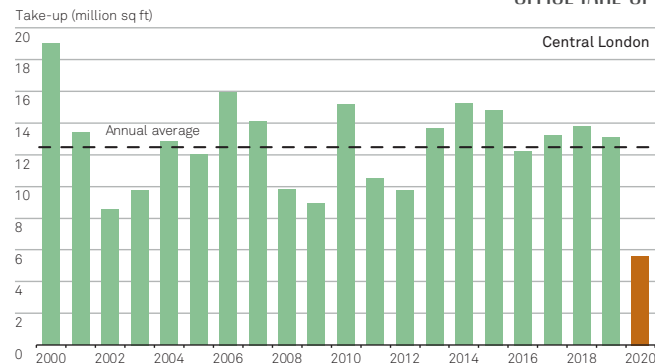
¹ Based upon annualised contracted rental income of £189.2m ² Lease length weighted by rental income and assuming tenants break at first opportunity

APPENDIX 28 - CENTRAL LONDON OFFICE DEMAND

Market statistics

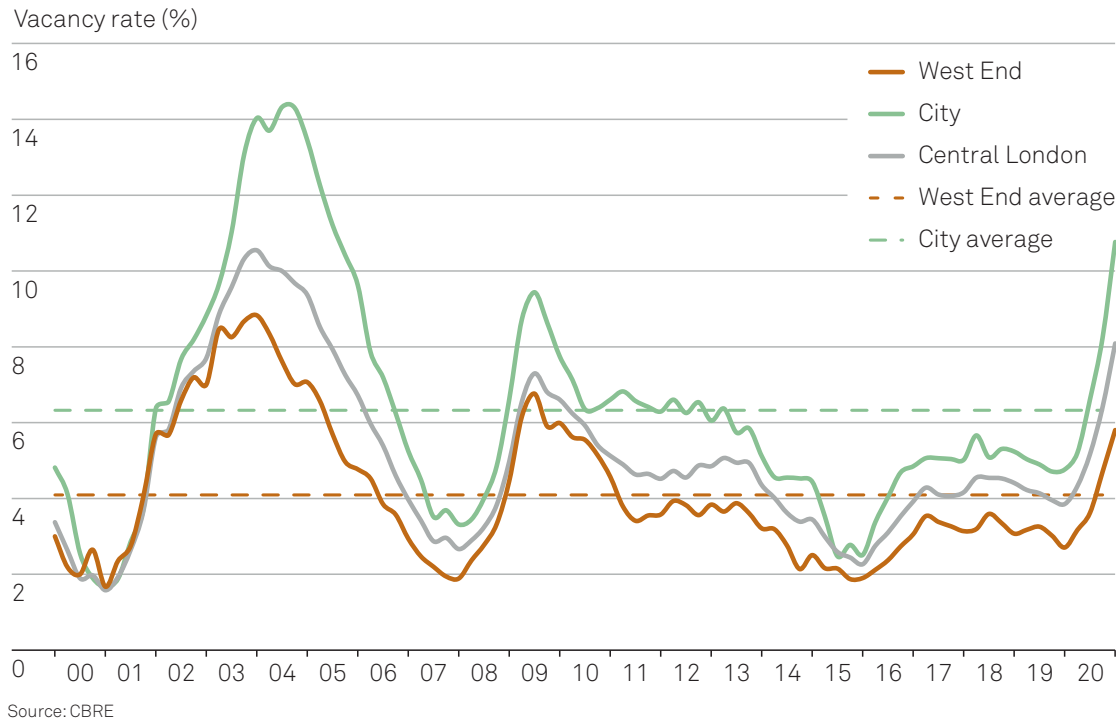
- Central London office take-up totalled 5.6m sq ft in 2020:
 - 55% below the Long Term Average (LTA)
 - 57% lower than 2019
 - Two thirds of take-up occurred in H1
 - 22% business services, 20% creative industries, 18% professional, 17% banking & finance, 8% public sector, 6% consumer services & leisure, 6% manufacturing, industrial & energy and 3% insurance
- At 31 Dec 2020 there was 1.9m sq ft under offer:
 - 40% below trend
- West End take-up totalled 1.8m sq ft in 2020:
 - 56% below the LTA
 - 58% less than the previous year
 - A further 0.7m sq ft under offer

OFFICE TAKE-UP

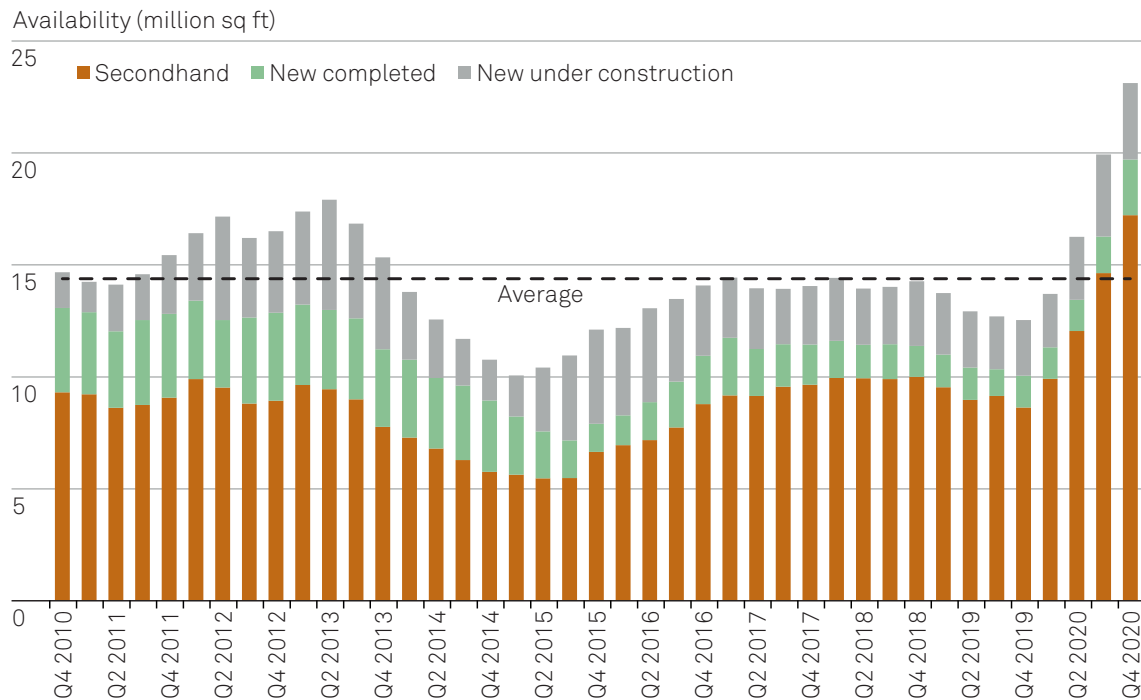


Source: CBRE

APPENDIX 29 - CENTRAL LONDON OFFICE VACANCY RATES



APPENDIX 30 - THE RISE OF SECONDHAND SPACE



Source: CBRE

APPENDIX 31 - CENTRAL LONDON OFFICE DEVELOPMENT PIPELINE

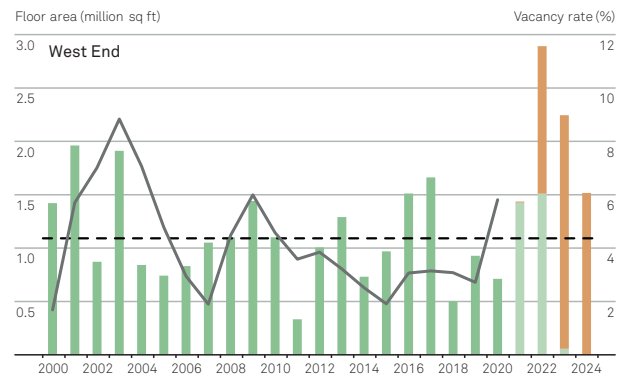
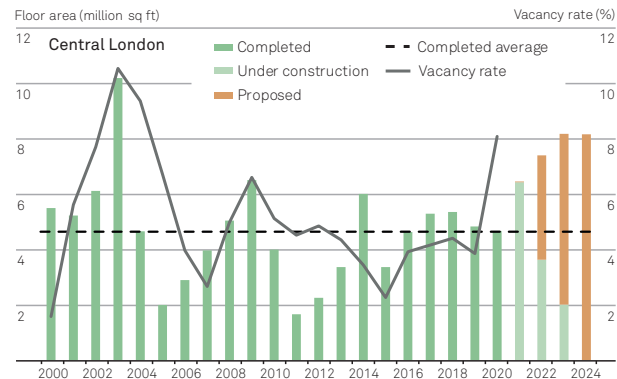
Existing supply

- Central London vacancy rate of 8.1% at year end:
 - 3.9% at the start of the year, 5.2% at the half year
 - The highest level since Q1 2005 and above the LTA of 5.1%
 - Available space totals 23.1m sq ft (75% secondhand)
- West End vacancy rate concluded the year at 5.8%:
 - Up from 2.7% 12 months earlier and 3.6% in H1 (4.1% LTA)
- City vacancy rate of 10.8%:
 - More than doubling during the year (from 4.8%) and well above the LTA of 6.4%

Future supply

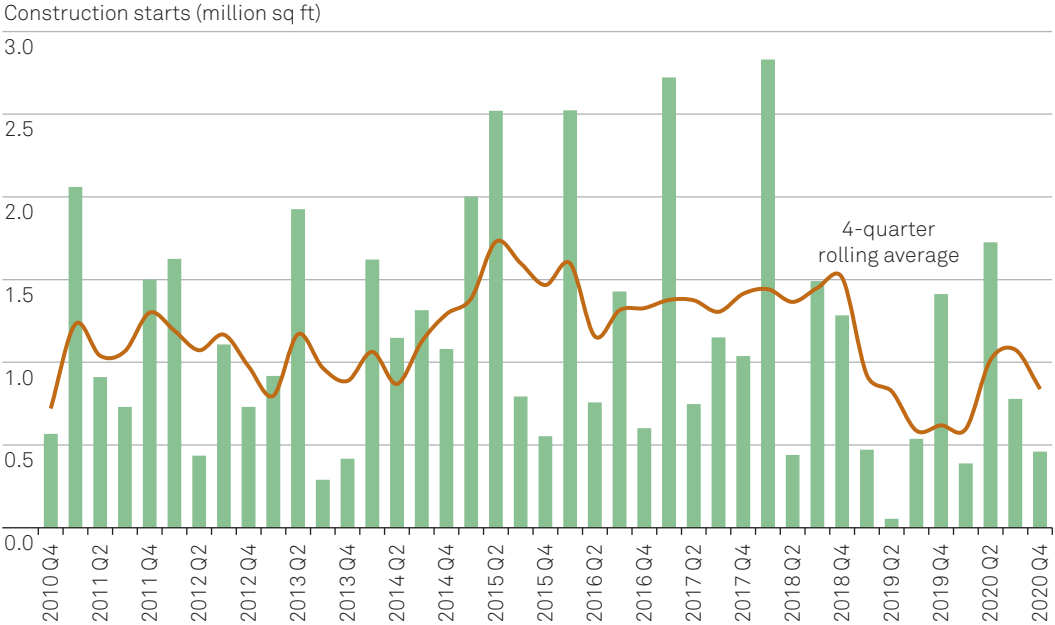
- Development completions of 4.7m sq ft in 2020, 1% above average
- 12.1m sq ft currently on site (42% pre-let) with 6.5m sq ft due in 2021, 3.6m sq ft in 2022 and 2.0m sq ft in 2023

OFFICE DEVELOPMENT PIPELINE



Source: CBRE

APPENDIX 32 - CENTRAL LONDON OFFICE CONSTRUCTION STARTS



Source: CBRE

APPENDIX 33 - CENTRAL LONDON OFFICE RENTAL GROWTH

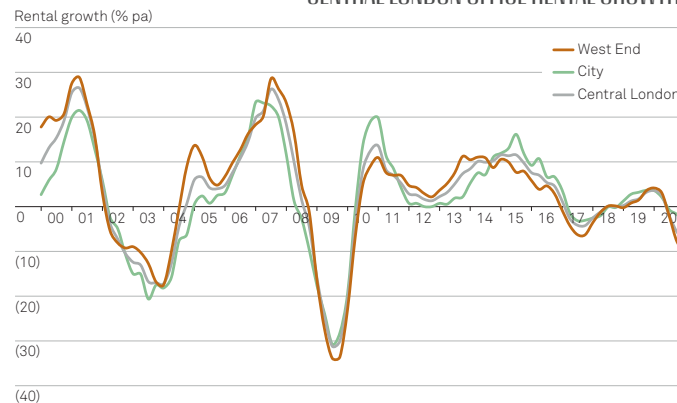
- CBRE reported prime office rental growth of -7.6% in 2020:

- West End: -9.7% (+4.2% in 2019)
- City: -4.4% (+3.6% in 2019)

- Prime rents now stand at:

	£ psf	% pa
Mayfair/St James'	101.50	(7.7)
Soho	82.00	(8.9)
Fitzrovia	78.00	(10.9)
Midtown and King's Cross	77.50	(6.1)
Paddington	70.00	(9.7)
Victoria	67.50	(12.9)
City core	70.00	(4.1)
Southbank	65.00	(7.1)
Docklands	49.50	(1.0)

CENTRAL LONDON OFFICE RENTAL GROWTH



Source: CBRE

APPENDIX 34 - CENTRAL LONDON OFFICE INVESTMENT MARKET

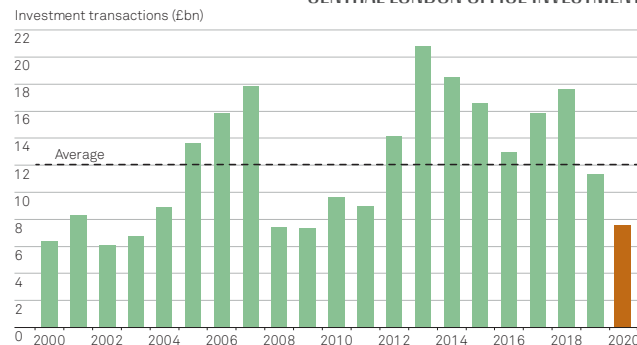
2020 activity

- £7.6bn of central London transactions (CBRE):
 - 33% lower than 2019 and 37% below the LTA
 - 57% of transactions in the final quarter
 - 33% of activity from European investors followed by Asian and UK at 28% and 24% respectively
- Prime yields at 31 December 2020:
 - 3.5% in the West End – back to pre-Referendum levels following 25bp decline in Q4
 - 4.0% in the City – unchanged for four years

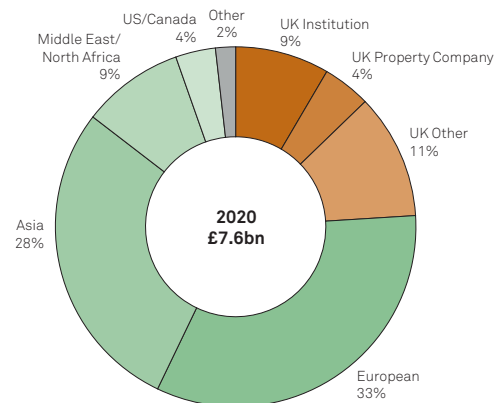
Supportive factors

- London is good value compared to other key European cities with more clarity following Brexit
- £40-£45bn of investor demand with £7.1bn of property on the market
- Large gap between UK Gilts and property yields
- Low interest rates

CENTRAL LONDON OFFICE INVESTMENT



INVESTMENT ACTIVITY BY NATIONALITY



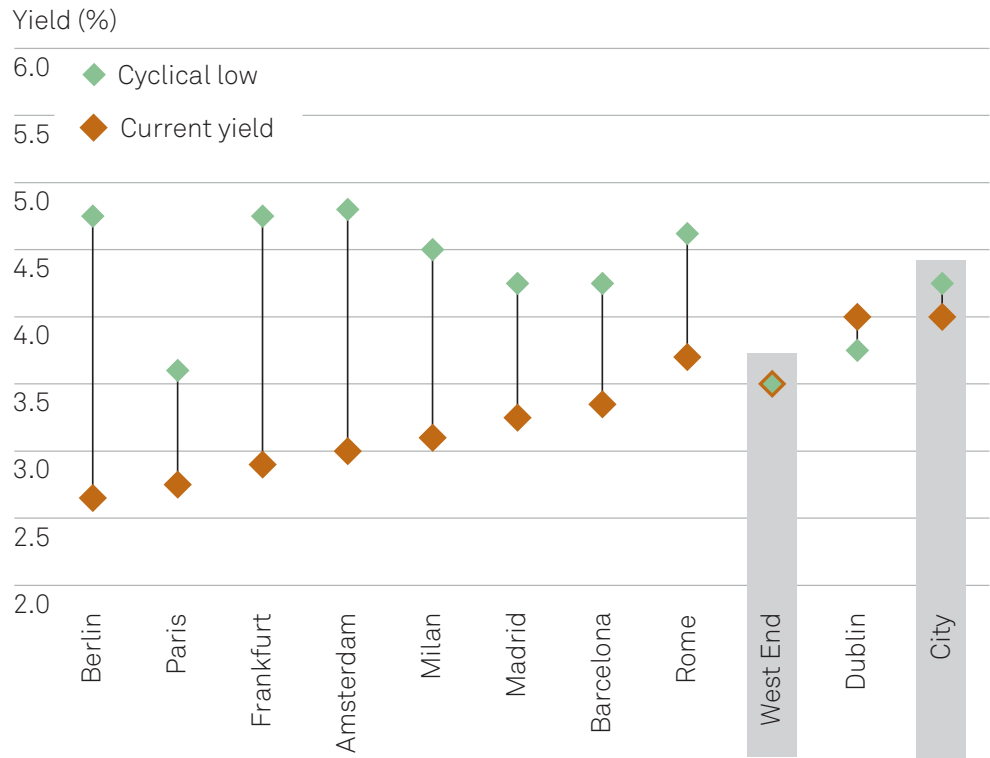
APPENDIX 35 - CENTRAL LONDON OFFICE YIELDS



Source: CBRE

APPENDIX 36 - PROPERTY YIELDS REMAIN ATTRACTIVE

- London office yields remain attractive compared to other global cities



Source: CBRE

APPENDIX 37 - MAJOR ON-SITE REFURBISHMENTS



6-8 Greencoat Place SW1

- 32,000 sq ft office refurbishment
- ERV of £2.1m or c.£70 psf
- On site H1 2020
- Completion H1 2021
- Capex to complete of £5m



Francis House SW1

- 38,000 sq ft office refurbishment
- ERV of £2.5m or £65 psf
- On site H1 2021
- Completion H1 2022
- Capex to complete of £14m

APPENDIX 38 - PROJECT SUMMARY: CURRENT PROJECTS

Property	Current net income £m pa	Pre scheme area '000 sq ft	Proposed area '000 sq ft	2021 capex £m	2022 capex £m	2023+ capex £m	Total capex to complete £m	Delivery date	Current office c.ERV psf
On-site projects									
Soho Place W1 ¹	-	107	285	74	78	-	152	H1 2022	£92.50
The Featherstone Building EC1	-	69	125	32	5	-	37	H1 2022	£70.00
6-8 Greencoat Place SW1	-	32	32	5	-	-	5	H1 2021	£70.00
Francis House SW1	-	40	38	11	3	-	14	H1 2022	£65.00
	-	248	480	122	86	-	208		
2021 projects									
19-35 Baker Street W1 ²	3.4	143	297	16	43	206	265	H1 2025	£90.00
	3.4	391	777	138	129	206	473		
Planning and design	-	-	-	2	1	-	3		
Other	-	-	-	31	12	5	48		
	3.4	391	777	171	142	211	524		
Capitalised interest	-	-	-	13	4	15	32		
Total	3.4	391	777	184	146	226	556		

¹ Includes remaining site acquisition cost and profit share to Crossrail

² Includes 88-100 George Street, 30 Gloucester Place and 69-85 Blandford Street. Currently Derwent 55%, The Portman Estate 45%

APPENDIX 39 - PROJECT SUMMARY: FUTURE PROJECTS

Property	Current net income £m pa	Pre-scheme area '000 sq ft	Proposed area '000 sq ft	Earliest possession year	Comment
Consented					
Holden House W1	4.4	90	150	2025	
	4.4	90	150		
Under appraisal¹					
Angel Square EC1	5.0	126	140	2021	Refurbishment
Network Building W1	4.3	70	130	2022	Redevelopment
Bush House WC2	-	103	103	TBC	Refurbishment
Blue Star House SW9	0.7	54	110	2025	Redevelopment
Other	2.6	72	72		Principally 1 Oliver's Yard EC1
	12.6	425	555		
Consented and under appraisal					
On site and 2021 projects	3.4	391	777		Appendix 38
Pipeline	20.4	906	1,482		

¹ Areas proposed are estimated from initial studies

APPENDIX 40 - ON-SITE DEVELOPMENTS: PROFIT ON COST

Soho Place W1 THE FEATHERSTONE BUILDING 19-35 Baker Street W1



Completion		H1 2022	H1 2022	H1 2025
Commercial area (sq ft)	655,000	285,000 ²	125,000 ³	245,000 ⁴
Residential area (sq ft)	52,000	-	-	52,000 ⁴
Total area (sq ft)	707,000	285,000	125,000	297,000
Est. future capex (£m)	454	152	37	265
Total cost (£m) ¹	993	405	143	445
ERV (c.£ psf)	-	92.50	70.00	90.00
ERV (£m pa)	47.0	20.5 ⁶	8.1	18.4 ⁷
Pre-let/sold area (sq ft)	280,200	249,200 ⁸	-	31,000 ⁹
Pre-let income (£m pa)	17.0	17.0 ⁶	-	-

Summary	£m
End value	1,153
Less: Total cost ¹	993
Project surplus	160
Less: Booked to Dec 20	29
Surplus to come	131
Profit on total cost	16%
Profit to come on total cost	13%
Yield on cost	5.7%

Sensitivity⁵ - project surplus (£m) and profit on cost (%)

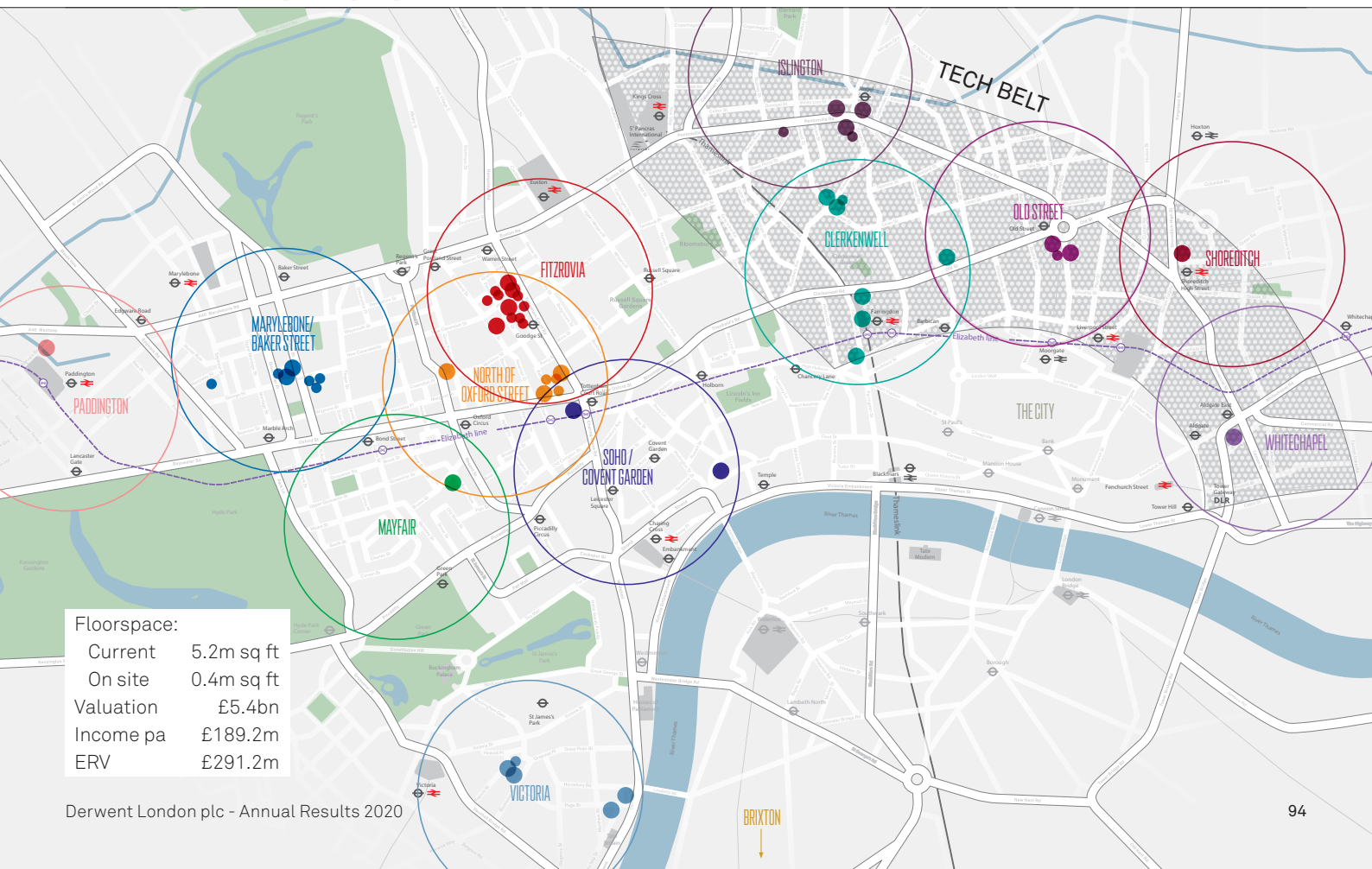
		Valuation yield		
		+0.25%	Base	-0.25%
Rent	-£5.00 psf	£78m 8%	£124m 12%	£175m 18%
	Base	£112m 11%	£160m 16%	£213m 21%
	+£5.00 psf	£147m 15%	£196m 20%	£252m 25%

¹ Comprising book value at commencement, capex, fees and notional interest on land, voids and other costs. Soho Place includes a 16% profit share payaway to freeholder Crossrail. Baker Street includes a 3.1% profit share payaway to freeholder The Portman Estate ² 209,000 sq ft office, 36,000 sq ft retail, 40,000 sq ft theatre ³ 110,000 sq ft offices, 13,000 sq ft workspaces, 2,000 sq ft retail ⁴ 217,000 sq ft offices, 28,000 sq ft retail, 45,000 sq ft private residential and 7,000 sq ft affordable residential

⁵ Sensitivity applied to non pre-let commercial floor areas ⁶ Long leasehold, net of 4% ground rent ⁷ Long leasehold, net of 2.5% ground rent ⁸ Includes 40,000 sq ft theatre

⁹ Includes 19,000 sq ft courtyard retail and 12,000 sq ft Gloucester Place offices

APPENDIX 41 - PORTFOLIO MAP



APPENDIX 42 - EXECUTIVE COMMITTEE AND SENIOR MANAGEMENT

Executive Committee

Paul Williams	Chief Executive
Damian Wisniewski	Chief Financial Officer
Nigel George	Executive Director
David Silverman	Executive Director
Emily Prideaux	Executive Director
David Lawler	Company Secretary
Richard Baldwin	Director of Development
Jennifer Whybrow	Head of Financial Planning & Analysis

Senior Management

Vasiliki Arvaniti	Head of Asset Management
Lesley Bufton	Head of Property Marketing
Matt Cook	Head of Digital Innovation & Technology
John Davies	Head of Sustainability
Quentin Freeman	Head of Investor & Corporate Communications
Clive Johnson	Head of Health & Safety
Nathan Johnstone	Head of Facilities Management
Jay Joshi	Treasurer
Katy Levine	Head of Human Resources
Umar Loane	Head of Property Accounts
Heethen Patel	Financial Controller
Giles Sheehan	Head of Investment
Victoria Steventon	Head of Property Management
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