

# Remuneration Committee report



**Claudia Arney**

Chair of the Remuneration Committee

## 2021 Focus areas

- Operation of the 2021 annual bonus and grant of 2021 Performance Share Plan (PSP) awards to ensure they remain appropriate given the difficult trading environment resulting from the pandemic
- Continue to keep under review the effectiveness and relevance of performance conditions and comparator groups for variable remuneration
- Continue to keep wider workforce remuneration arrangements under review, taking these into account when considering remuneration arrangements for Executive Directors

## 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 2020. The Annual report on remuneration, describing how the Remuneration Policy has been applied for the year ended 31 December 2020 and how we intend to implement policy for 2021, is provided on pages 153 to 170.

Our Remuneration Policy was approved by shareholders at the 2020 AGM and received 95.5% of votes cast in favour. Rather than reproduce the policy in full, we have provided a summary on pages 155 to 158. A copy of the complete Remuneration Policy can be found on our website at: [www.derwentlondon.com/investors/governance/board-committees](http://www.derwentlondon.com/investors/governance/board-committees)

### Linking Executive Directors' remuneration with our purpose and strategy

Our Remuneration Policy is designed to be simple and transparent and to promote effective stewardship that is vital to the delivery of the Group's purpose – to help improve and upgrade the stock of our office space in central London, providing above average long-term returns to our shareholders while bringing social and economic benefits to all our stakeholders.

Success against our strategic objectives is measured using our KPIs, which are largely embedded within the executive remuneration framework as illustrated by the chart on page 152.

Derwent London values openness and transparency. To this end 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 the strategic direction of the Group.

### Performance outcomes in 2020

2020 has been a challenging year with Covid-19 having a significant impact on our occupiers and the Group, as well as on the wider economy and society. As a business, Derwent London's resilience has been evident and, as outlined in the Strategic report, we have continued to perform well relative to our REIT peer group.

The Group has delivered sustained and strong long-term returns to shareholders, despite continued economic uncertainty. As noted on page 164, a £100 investment in Derwent London shares at the start of 2011 would have generated a return (including reinvestment of dividends) of £252 in 10 years compared to the FTSE 350 Supersector Real Estate Index with a return of £194.

When determining the annual bonus and PSP outcomes based on 2020 performance, the Committee considered performance against financial and strategic targets, as well as broader perspectives including: underlying business performance and affordability; the experience of shareholders; and the experience of employees and other stakeholders. The following was noted:

- The final 2019 dividend of 51.45 pence per share was paid in full.
- The Group raised the 2020 interim dividend by 4.8% to 22.00 pence per share and the proposed 2020 final dividend has been increased by 1.9% to 52.45 pence per share.
- TSR performance for the years 2018 to 2020 was 16.7% compared to the median of the FTSE 350 Supersector Real Estate Index of (0.5)%. While our TSR for the financial year has declined, reflecting the impact of Covid-19 on the business, our performance has exceeded the median of the FTSE 350 Supersector Real Estate Index.
- No employees were furloughed or made redundant during 2020. The Company did not receive government support or loans.

- The average 2020 salary increase for the wider workforce was 4.7% and, from 1 January 2021, all employees received at least a 2% increase.
- All eligible employees received a bonus for 2020.
- The Group increased its 2020 commitment to charitable donations, sponsorships and community funding by 179% to £1.1m. The increase was partly funded by Directors waiving 20% of their second quarter salaries and fees.
- We supported our tenants during the pandemic, providing contributions to service rate charges and relief on rent.

The Committee approved the following incentive outcome for 2020:

- An annual bonus vesting of 66.3% of the maximum opportunity (equivalent to 99.5% of base salary). The Committee exercised its discretion to reduce the annual bonus payout by 30.0% from 96.3% of the maximum opportunity, which was the bonus outturn based on actual performance (see page 161). The Committee recognised that whilst the Group has performed well relative to our REIT peer group and management had performed well in difficult circumstances, shareholders have been impacted by the Group's absolute financial and share price performance during the year, due to the disruption caused by Covid-19 on the business and real estate sector. The 2020 bonuses earned by the executives were therefore 31.6% lower than the bonuses paid for 2019. For reference, the 2020 bonuses earned by employees were on average 21.0% less compared to 2019.
- A PSP award vesting of 81.6% of maximum opportunity (see page 162). Given the strong returns delivered for shareholders over the past three years, the Committee considered that this outcome was appropriate.

### Management changes

#### Simon Silver's retirement and treatment of outstanding incentives

As announced on 11 August 2020, Simon Silver retired as an Executive Director on 26 February 2021. There was no payment for loss of office on Simon ceasing to be a Director. Simon continued to receive his salary, benefits and pension until his retirement date. The table below provides information on the treatment of his annual bonus and PSP arrangements.

<b>Annual bonus</b>	Annual bonus for the year ended 31 December 2020 will be paid in March 2021 based on performance against targets and is detailed on page 162.  Eligible to earn a pro rata bonus for the period to 26 February 2021. This will remain subject to performance for the year ending 31 December 2021.
<b>PSP awards</b>	Simon Silver is not eligible to receive a PSP grant in 2021 or thereafter. In respect of his outstanding PSP awards, they will: <ul style="list-style-type: none"> <li>• Vest in accordance to their normal vesting timetable subject to the achievement of the relevant performance conditions;</li> <li>• Be subject to the normal post-vesting holding period of two years; and</li> <li>• Will be subject to a pro rata reduction for the period 26 February 2021 to the end of the performance period.</li> </ul>

For the period 1 March 2021 to 31 December 2022, Simon will be employed as an adviser reporting to Paul Williams and will be paid a salary of £150,000 per annum for this role.

#### Emily Prideaux' remuneration as an Executive Director

Emily Prideaux was appointed to the Board from 1 March 2021 in the role of Executive Director. With effect from 1 March 2021, Emily will receive a base salary of £410,000 per annum. Emily's salary has been positioned below that of the other Executive Directors' salaries to reflect that Emily is stepping up into the role of Executive Director. This reflects shareholder guidance and best practice where an Executive Director is new in the role. The Committee intends to align Emily's salary with the other Executive Directors over the next three years as her role and experience develops.

It is currently intended that Emily's salary will be increased to £450,000 per annum with effect from 1 January 2022 and then aligned with the other Executive Directors' salaries (currently £489,600) from 1 January 2023. These salary increases will remain subject to continued good Group performance and Emily's personal performance in her role. In accordance with our Remuneration Policy, as a newly appointed Executive Director, Emily's pension contribution will be aligned with the wider workforce at 15% of salary. All other aspects of Emily's remuneration package will be aligned with the other Executive Directors.

#### John Burns' retirement and appointment of Mark Breuer as Non-Executive Chairman

As announced on 26 January 2021, John Burns will retire as Non-Executive Chairman on 14 May 2021 and will be succeeded by Mark Breuer. There will be no payment for loss of office on John Burns ceasing to be a Director. Mark was appointed a Non-Executive Director on 1 February 2021 and will commence as Non-Executive Chairman following conclusion of the 2021 AGM. Mark will receive a fee of £250,000 per annum as Non-Executive Chairman. The Committee believes this is an appropriate fee in the context of recruiting a high calibre and experienced individual and taking into account the size and complexity of the Group. It is also in line with the fee received by John Burns as Non-Executive Chairman.

#### Implementation in 2021

The Committee reviewed the performance and development of our Executive Directors during the year and decided to increase Executive Directors' salaries by 2% from 1 January 2021. This increase is in line with the general cost of living increases across the Group. Simon Silver's salary remained unchanged for the period 1 January 2021 to his retirement.

The annual bonus and PSP opportunities and financial performance measures remain largely unchanged for 2021. The exceptions being:

- The constituents of the total return comparator group have been updated to ensure that the comparator group remains appropriate in terms of number of constituents, financial size of constituents and balance of portfolio as regards to asset type and geographical location (see page 155).
- Some changes have been made to strategic targets which make up 25% of the bonus to reflect our evolving strategic priorities. These changes include the reintroduction of tenant retention as a target and the addition of two new ESG-linked measures (energy intensity and accident incident rate). When assessing staff satisfaction scores, the Committee will also consider any variance between genders (see page 157).

The Committee reviewed the Group's share price performance prior to determining award levels for 2021 PSP awards. As the current share price was broadly similar, compared to the share price at the time the 2020 PSP awards were granted (£33.14), the Committee considered it appropriate to award a maximum opportunity of 200% of salary to Executive Directors (in line with the maximum opportunity under the Remuneration Policy). The Committee will take into account any potential windfall gains when determining the vesting outcome.

#### Further engagement

I look forward to receiving your support at our 2021 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 activities. In the meantime, if you would like to discuss any aspect of our Remuneration Policy, please feel free to contact me through the Company Secretary, David Lawler (telephone: +44 (0)20 7659 3000 or email: company.secretary@derwentlondon.com)

#### Claudia Arney

Chair of the Remuneration Committee  
10 March 2021

# Remuneration at a glance

To incentivise our employees to achieve our strategy, we provide market competitive remuneration which is both transparent and aligned with our culture.

## Remuneration Policy and structure summary

Component	Key features
<b>Base salary and benefits</b>	Attract and retain high calibre executives
<b>Pension</b>	17.5% of salary from 1 January 2021 Reduce to 15% of salary by 1 January 2022 (in line with wider workforce levels)
<b>Annual bonus</b>	Maximum opportunity of 150% of salary
<ul style="list-style-type: none"> <li>37.5% Relative TR</li> <li>37.5% Relative TPR</li> <li>25% Strategic</li> </ul>	Linked to key financial and strategic KPIs Any bonus earned in excess of 100% of salary is deferred into shares over three years
<b>LTIP</b>	Maximum opportunity of 200% of salary
<ul style="list-style-type: none"> <li>50% Relative TSR</li> <li>50% Relative TPR</li> </ul>	Linked to key financial KPIs Three-year performance period plus two-year holding period
<b>Shareholding guidelines</b>	200% of salary for all executives Guideline is met by all executives <sup>(iii)</sup> Post-employment guidelines apply

### Notes:

- <sup>(i)</sup> Strong link between performance against strategy and KPIs and reward.  
<sup>(ii)</sup> Supports long-term stewardship and takes into account risk management.  
<sup>(iii)</sup> Excluding Emily Prideaux who was appointed an Executive Director on 1 March 2021. Emily will work towards achieving the shareholding guideline.

## Wider employee and stakeholder considerations

The Committee considers pay policies and practices for employees across the Group, and the stakeholder experience, when making remuneration decisions for Executive Directors.

# 179%

increase in 2020 donations and community funding (£1.1m). Partly funded by Directors waiving 20% of their Q2 salaries and fees

# 25%

contribution to tenants' service charges for the March and June quarters

# 16

flats donated for use by University College Hospital free of charge for 12 months (see page 13)

# 100%

of employees below the Board received their full salaries and benefits during 2020. None were furloughed.

## Reward linked to performance

### Annual bonus earned by Executive Directors

Measure	Threshold	Maximum	Actual	Bonus earned (% max)
Relative TR	37.5%	-20.3%	-1.8%	37.5
Relative TPR	37.5%	-2.4%	0.3%	37.5
Strategic	25.0%			21.3
<b>Total</b>				<b>96.3</b>
<b>After discretion</b>				<b>66.3</b>

The Committee exercised its discretion to reduce the annual bonus payout from 96.3% to 66.3% of maximum opportunity (see page 161).

### PSP earned by Executive Directors

Measure	Threshold	Maximum	Actual	PSP earned (% max)
Relative TSR	50%	(0.5)%	16.7%	32.8
Relative TPR	50%	1.6%	4.5%	48.8
<b>Total</b>				<b>81.6</b>

The Committee considers that these outcomes are fair in the context of our underlying performance and the experience of our shareholders and stakeholders.

## How our KPIs are embedded within the executive remuneration framework

Financial KPIs	Performance measures	Non-financial KPIs
<b>Operational measures</b>	<b>Annual bonus</b>	<b>Operational measures</b>
Total return <span>TR</span>	Relative total return (37.5%) <span>TR</span>	Reversionary percentage
Total property return <span>TPR</span>	Relative total property return (37.5%) <span>TPR</span>	Development potential <span>S</span>
Total shareholder return <span>TSR</span>	Strategic (25%) <span>S</span>	Tenant retention
EPRA earnings per share		Void management <span>S</span>
<b>Gearing measures</b>	<b>PSP</b>	<b>Responsibility measures</b>
Gearing and available resources	Relative total property return (50%) <span>TPR</span>	BREEAM
Interest cover ratio	Relative TSR (50%) <span>TSR</span>	EPC
		Carbon intensity <span>S</span>
		Staff satisfaction <span>S</span>
	Performance against all KPIs is taken into account when assessing underlying business performance	

## Annual report on remuneration

This part of the Directors' remuneration report explains how we have implemented our Remuneration Policy during 2020. The Remuneration Policy in place for the year was approved by shareholders at the 2020 AGM. We have provided a summary of our Remuneration Policy on pages 155 to 158. Our full Remuneration Policy can be found on our website at: [www.derwentlondon.com/investors/governance/board-committees](http://www.derwentlondon.com/investors/governance/board-committees)

This Annual report on remuneration will be subject to an advisory vote at our 2021 AGM on 14 May 2021.

### 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 Chair, Executive Directors and senior management (including the Company Secretary). In doing so, the Committee ensures that the Remuneration Policy is aligned with the Company's key remuneration principles as well as taking into account the principles of clarity, simplicity, risk, predictability, proportionality and alignment to culture set out in the 2018 UK Corporate Governance Code.

<b>Attract, retain and motivate</b>	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 of helping to improve and upgrade the stock of office space in central London, providing above average long-term returns to our shareholders while bringing social and economic benefits to all our stakeholders. External market practice is considered when determining the Directors' Remuneration Policy.
<b>Clarity and simplicity</b>	Ensure that remuneration arrangements are simple and transparent to key stakeholders and take account of pay policies for the wider workforce. Details of the potential values that may be earned through the remuneration arrangements are set out in the Remuneration Policy.
<b>Alignment to strategy and culture</b>	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.
<b>Risk management</b>	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 141). Malus and clawback provisions apply to annual bonus and PSP awards, and the Committee has the means to apply discretion and judgement to vesting outcomes.
<b>Stewardship</b>	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 to support sustainable decision making.
<b>Proportionality and fairness</b>	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 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 Directors' Remuneration Policy to ensure that it is appropriate in this context.

The terms of reference for the Committee can be found on the Company's website at: [www.derwentlondon.com/investors/governance/board-committees](http://www.derwentlondon.com/investors/governance/board-committees) and were last updated in March 2021.

### Committee composition

None of the members who have served on the Committee during the year had any personal interest in the matters decided by the Committee and are all considered to be independent. The Company Secretary acted as Secretary to the Committee.

	Independent	Number of meetings	Attendance
Claudia Arney, Chair	Yes	3	100%
Simon Fraser	Yes	3	100%
Helen Gordon	Yes	2	67% <sup>(i)</sup>
Lucinda Bell	Yes	3	100%

Note:

<sup>(i)</sup> Helen Gordon was unable to attend the March 2020 meeting due to a prior business commitment. Helen read the papers in advance of the meeting and provided her comments to the Committee chair.

### Committee performance evaluation

The 2020 evaluation of the Board, its committees and individual Directors was internally facilitated by Simon Fraser, the Senior Independent Director, in accordance with our three-year cycle of evaluations (see page 121). No significant issues were identified.

### Advisers to the Committee

The Committee has authority to obtain the advice of external independent remuneration consultants. Deloitte LLP have been retained as the Committee's principal consultants since July 2018, following a competitive tender process. Deloitte is one of the founding members of the Remuneration Consulting Group. 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.

## Remuneration Committee report continued

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.
- Review of the Directors' Remuneration Policy.
- Market practice and corporate governance update.

The fees paid to Deloitte for their services to the Committee during the year, based on time and expenses, amounted to £53,640.

A separate team at Deloitte LLP also provided sustainability and health and safety audit assurance consultancy, 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 that provide remuneration advice to the Committee do not have connections with Derwent London or its Directors that may impair their independence. The Committee therefore deem Deloitte capable of providing appropriate, objective and independent advice.

### Shareholder voting and engagement

The Committee's resolutions at the Company's 2020 AGM in respect of the Remuneration Policy and the Annual report on remuneration, received the following votes from shareholders:

	Annual report on remuneration		Remuneration Policy	
Votes cast in favour	88.6m	98.9%	85.6m	95.5%
Votes cast against	1.0m	1.1%	4.0m	4.5%
Votes withheld	0.0m	–	0.0m	–
Total votes cast	89.6m	–	89.6m	–

The Committee was extremely pleased with the level of shareholder support at the 2020 AGM (c.80% of our issued share capital voted); further information on page 175.

The Committee encourages ongoing, open and constructive dialogue with shareholders and their representative bodies. The Committee consulted with major shareholders prior to the 2020 AGM on changes to the Remuneration Policy and total property return performance targets. In response to specific shareholder feedback, the Committee, with the executives agreement, committed to align the level of pensions for the incumbent Executive Directors' with the wider workforce by 1 January 2022. The Committee is very appreciative of the time taken by shareholders to provide their feedback which was taken into account.

### Wider workforce considerations

When making remuneration decisions for Executive Directors, the Committee considers pay policies and practices across the wider workforce.

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 and contains both fixed and performance-based elements. Base salaries are reviewed annually and any increases become effective from 1 January. The Committee is kept informed of salary increases for the wider workforce, as well as any significant changes in practice or policy.

During 2020, despite the Covid-19 pandemic, all of our employees below the Board continued to receive their full salaries and benefits and none were furloughed. Further information on how we supported the health and wellbeing of our employees is on page 51.

We enrol all of our employees into an annual discretionary bonus scheme. Our approach is to reward our employees based on their individual performance and their contribution to the performance of the Group. In 2020, 100% of our workforce below Board level (not subject to probation) received an annual bonus (2019: 100%).

All employees are eligible to participate in our non-contributory occupational pension scheme operated as a Master Trust with Fidelity. Fidelity offer all employees who are members of the pension scheme ongoing support and training opportunities in respect of their pension and investments. Since 1 January 2020, all employees are eligible to receive an employer pension contribution equal to 15% of salary per annum.

In addition, all employees receive private medical insurance, dental care and are invited into a non-contractual healthcare cash plan which offers an affordable way to help with everyday healthcare costs.

In order to align the interests of our employees and those of our shareholders, we operate an Employee Share Option Plan (ESOP). Employees, excluding the Directors, are eligible to join the ESOP subject to performance. The ESOP grants options which are exercisable after three years at a pre-agreed option price. In 2020, we granted 174,300 options to 79% of our employees below the Board and Executive Committee (2019: 142,900 options to 72% of our employees). Further information is on page 199.

In addition, to encourage Group-wide share ownership, the Company operates a HMRC tax efficient Sharesave Plan which was approved by shareholders at the 2018 AGM. The second grant under the Sharesave Plan was made on 9 April 2020 with a take-up rate of 69% of eligible employees saving on average £195.85 per month. This is an increase on the 2019 grant in terms of the number of employees and the average savings amount. The Committee has been pleased with the level of take-up, especially within the context of ongoing uncertainty caused by Brexit and the Covid-19 pandemic. Further information on the Sharesave Plan is on page 168.

We have an open, collaborative and inclusive management structure and engage regularly with our employees on a range of issues including the Group's approach to remuneration. We do this through an appraisal process, structured career conversations, employee surveys, our intranet site, Company presentations, awaydays and our wellbeing programme (see pages 51 and 115). Employee engagement is frequently measured and we have a designated Non-Executive Director, Dame Cilla Snowball, who chairs the Responsible Business Committee.

While during the year we have not specifically consulted with employees regarding executive remuneration arrangements, the Committee feels that there is sufficient channels by which employee feedback on a range of matters can be fed into the Board and would take relevant feedback into account as appropriate.

## 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 2020 AGM on pages 155 to 158. In addition, we have set out how the Remuneration Policy will be implemented in 2021. Our full Remuneration Policy can be found on our website at: [www.derwentlondon.com/investors/governance/board-committees](http://www.derwentlondon.com/investors/governance/board-committees)

Element	How operated	Maximum opportunity	Implementation for 2021																				
<b>Base salary</b>	<p>Normally reviewed annually.</p> <p>Factors taken into account include:</p> <ul style="list-style-type: none"> <li>the role, experience and performance of the individual and the Company;</li> <li>economic conditions;</li> <li>pay and conditions throughout the business; and</li> <li>practice in companies with similar business characteristics.</li> </ul>	No maximum but increases will normally be consistent with the policy applied to the workforce generally (in percentage of salary terms).	<p>With effect from 1 January 2021, Executive Directors' salaries (excluding Simon Silver's) were increased by 2% which is consistent with the increase received across the wider workforce.</p> <table border="1"> <thead> <tr> <th>Executive Director</th> <th>2021 salary (£'000)</th> <th>2020 salary (£'000)</th> </tr> </thead> <tbody> <tr> <td>Paul Williams, CEO</td> <td>612.0</td> <td>600.0</td> </tr> <tr> <td>Damian Wisniewski, CFO</td> <td>489.6</td> <td>480.0</td> </tr> <tr> <td>Simon Silver</td> <td>581.0</td> <td>581.0</td> </tr> <tr> <td>Nigel George</td> <td>489.6</td> <td>480.0</td> </tr> <tr> <td>David Silverman</td> <td>489.6</td> <td>480.0</td> </tr> </tbody> </table>	Executive Director	2021 salary (£'000)	2020 salary (£'000)	Paul Williams, CEO	612.0	600.0	Damian Wisniewski, CFO	489.6	480.0	Simon Silver	581.0	581.0	Nigel George	489.6	480.0	David Silverman	489.6	480.0		
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<b>Benefits</b>	<p>Include, but are not limited to, private medical insurance, car and fuel allowance and life assurance.</p> <p>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.</p>	Set at a level which the Committee considers to be appropriate taking into account the overall cost to the Company in securing the benefits, individual circumstances, benefits provided to the wider workforce and market practice.	<p>Emily Prideaux was appointed to the Board on 1 March 2021 and will receive a base salary of £410,000 per annum.</p> <p>Benefits will continue to include a fully expensed car or car allowance, private medical insurance and life assurance.</p>																				
<b>Pension</b>	Executive Directors participate in the Company's defined contribution pension scheme or may receive cash payments in lieu of contributions (e.g. where contributions would exceed either the lifetime or annual contribution limits).	<p>Maximum Company contribution or cash supplement (or a mix of both) for current Executive Directors will be aligned with the contribution available to the wider workforce as follows:</p> <ul style="list-style-type: none"> <li>From 1 January 2020, 20% of salary;</li> <li>From 1 January 2021, 17.5% of salary; and</li> <li>From 1 January 2022, 15% of salary.</li> </ul> <p>The maximum Company contribution (or cash payment in lieu) for a newly appointed Executive Director will be aligned with the contribution available to wider workforce (currently 15% of salary).</p>	<p>Pension contribution for the current Executive Directors (Paul Williams, Damian Wisniewski, Nigel George and David Silverman) was reduced to 17.5% of salary from 1 January 2021.</p> <p>Emily Prideaux was appointed to the Board on 1 March 2021. Emily's pension contribution is 15% of base salary. For any new Executive Directors appointed to the Board, pension allowance will be limited to a maximum of 15% of salary which is in line with the pension opportunity received across a significant proportion of the wider workforce.</p>																				
<b>Annual bonus</b>	<p>Bonuses up to 100% of salary are paid as cash. Amounts in excess of 100% are deferred into shares for three years subject to continued employment.</p> <p>Dividend equivalents may accrue on deferred shares. Such amounts will normally be paid in shares.</p> <p>Malus and clawback provisions apply (see note 1 on page 156).</p> <p>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.</p>	Maximum opportunity of up to 150% of salary may be awarded in respect of a financial year.	<p>Maximum opportunity: 150% of salary for all Executive Directors.</p> <p>Performance metrics and weightings (as a percentage of maximum opportunity):</p> <ul style="list-style-type: none"> <li>Total return versus a comparator group of real estate companies (37.5%)</li> <li>Total property return versus the MSCI IPD Central London Offices (CLO) Index (37.5%)</li> <li>Strategic objectives (25%)</li> </ul> <p>The total return and total property return targets are set out below.</p> <table border="1"> <thead> <tr> <th></th> <th>Vesting (% of total return award)</th> </tr> </thead> <tbody> <tr> <td>Total return vs real estate comparator group</td> <td></td> </tr> <tr> <td>Below median</td> <td>0%</td> </tr> <tr> <td>Median</td> <td>22.5%</td> </tr> <tr> <td>Upper quartile</td> <td>100%</td> </tr> </tbody> </table> <p>Straight-line vesting occurs between these points</p> <p>The comparator group comprises of Big Yellow Group plc, The British Land Company plc, Capital &amp; Counties Properties plc, CLS Holdings plc, Great Portland Estates plc, Hammerson plc, Helical plc, Landsec plc, LondonMetric Property plc, Segro plc, Shaftesbury plc, UK Commercial Property, Unite Group plc and Workspace Group plc. The Committee reviewed the comparator group during the year to ensure that it remained of an appropriate size following the delisting of Intu Properties. The Committee decided that it was appropriate to add LondonMetric Property plc, UK Commercial Property, CLS Holdings plc and Unite Group plc to the comparator group.</p> <table border="1"> <thead> <tr> <th></th> <th>Vesting (% of total return award)</th> </tr> </thead> <tbody> <tr> <td>TPR vs the MSCI IPD CLO Index</td> <td></td> </tr> <tr> <td>Below Index</td> <td>0%</td> </tr> <tr> <td>Index</td> <td>22.5%</td> </tr> <tr> <td>Index + 2%</td> <td>100%</td> </tr> </tbody> </table> <p>Straight-line vesting occurs between these points</p> <p>The strategic targets, ranges and weightings for the 2021 annual bonus are disclosed in note 2 on page 157.</p>		Vesting (% of total return award)	Total return vs real estate comparator group		Below median	0%	Median	22.5%	Upper quartile	100%		Vesting (% of total return award)	TPR vs the MSCI IPD CLO Index		Below Index	0%	Index	22.5%	Index + 2%	100%
	Vesting (% of total return award)																						
Total return vs real estate comparator group																							
Below median	0%																						
Median	22.5%																						
Upper quartile	100%																						
	Vesting (% of total return award)																						
TPR vs the MSCI IPD CLO Index																							
Below Index	0%																						
Index	22.5%																						
Index + 2%	100%																						

## Remuneration Committee report continued

Element	How operated	Maximum opportunity	Implementation for 2021																
<b>Long-term incentives</b>	<p>Award of performance shares which vest after three years subject to performance measures set by the Committee and continued employment.</p> <p>Awards will be subject to a two-year post-vesting holding period.</p> <p>Dividend equivalents may accrue on performance shares. Such amounts will normally be paid in shares.</p> <p>Malus and clawback provisions apply (see note 1 below).</p> <p>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.</p>	Maximum opportunity of up to 200% of salary may be awarded in respect of a financial year.	<p>Maximum opportunity: 200% of salary for all Executive Directors.</p> <p>Performance metrics and weightings (as a percentage of maximum opportunity):</p> <ul style="list-style-type: none"> <li>Total shareholder return versus the constituents of the FTSE 350 Super Sector Real Estate Index (50%).</li> <li>Total property return versus the MSCI IPD UK All Property Index (50%).</li> </ul> <p>The total return and total property return targets are set out below.</p> <table border="1"> <thead> <tr> <th>TSR vs FTSE 350 Super Sector Real Estate Index</th> <th>Vesting (% of total return award)</th> </tr> </thead> <tbody> <tr> <td>Below median</td> <td>0%</td> </tr> <tr> <td>Median</td> <td>22.5%</td> </tr> <tr> <td>Upper quartile</td> <td>100%</td> </tr> </tbody> </table> <p>Straight-line vesting occurs between these points</p> <table border="1"> <thead> <tr> <th>Annualised TPR vs the MSCI IPD UK All Property Index</th> <th>Vesting (% of total return award)</th> </tr> </thead> <tbody> <tr> <td>Below Index</td> <td>0%</td> </tr> <tr> <td>Index</td> <td>22.5%</td> </tr> <tr> <td>Index + 2%</td> <td>100%</td> </tr> </tbody> </table> <p>Straight-line vesting occurs between these points</p>	TSR vs FTSE 350 Super Sector Real Estate Index	Vesting (% of total return award)	Below median	0%	Median	22.5%	Upper quartile	100%	Annualised TPR vs the MSCI IPD UK All Property Index	Vesting (% of total return award)	Below Index	0%	Index	22.5%	Index + 2%	100%
TSR vs FTSE 350 Super Sector Real Estate Index	Vesting (% of total return award)																		
Below median	0%																		
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Annualised TPR vs the MSCI IPD UK All Property Index	Vesting (% of total return award)																		
Below Index	0%																		
Index	22.5%																		
Index + 2%	100%																		
<b>Share ownership guidelines</b>	<p>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.</p> <p>Post-employment: Executive Directors who step down from the Board are required to retain a holding in 'guideline shares' equal to:</p> <ul style="list-style-type: none"> <li>200% of salary (or their actual shareholding at the point of departure if lower) for the first 12 months following stepping down as an Executive Director.</li> <li>100% of salary (or their actual shareholding at the point of departure if lower) for the subsequent 12 months.</li> </ul> <p>'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.</p>	n/a	<p>As at 10 March 2021, all of our Executive Directors have achieved the within-employment guideline (see page 168) except Emily Prideaux who was appointed an Executive Director on 1 March 2021. Emily will work towards achieving the shareholding guideline.</p>																

### Note 1: Malus and clawback

Malus and clawback provisions apply to annual bonus, deferred bonus and performance shares over the following time periods:

	Malus	Clawback
<b>Annual bonus</b>	To such time as payment is made.	Up to two years following payment.
<b>Deferred bonus</b>	To such time as the award vests.	No clawback provisions apply (as malus provisions apply for three years from the date of award).
<b>Performance shares</b>	To such time as the award vests.	Up to two years following vesting.

Malus and clawback may apply in the following circumstances:

- Material misstatement of financial results.
- An error in assessing performance conditions which has led to an overpayment.
- Dismissal due to gross misconduct.
- Serious reputational damage (for bonuses and PSP awards granted in 2020 onwards).
- Corporate failure (for bonuses and PSP awards granted in 2020 onwards).

**Note 2: Strategic targets for the 2021 annual bonus**

The strategic targets for the 2021 annual bonus will be broadly the same as those used for the 2020 annual bonus (see page 161). For the 2021 annual bonus we have reintroduced tenant retention as a target and added two new ESG-linked measures (energy intensity and accident incident rate). When assessing staff satisfaction scores, the Committee will consider any variance between genders.

Performance measure	Target range <sup>(a)</sup>	Maximum award
<b>Void management</b> This is measured by the Group's average EPRA vacancy rate over the year.	8% to 2%	5.0%
<b>Tenant retention</b> This is measured by the percentage of tenants that remain in their space when their lease expires.	50% to 75%	5.0%
<b>Staff satisfaction</b> Staff surveys are used to assess this measure. In assessing this target the Committee will consider any variance in staff satisfaction scores between genders.	80% to >95% of staff to be satisfied or better	2.5%
<b>Accident incident rate</b> This is calculated based on the number of RIDDOR injuries during the year multiplied by 100,000 and divided by the number of site workers.	>0% to 5% reduction	2.5%
<b>Portfolio development potential</b> This is measured by the percentage of the Group's portfolio by area, where a potential development scheme has been identified.	35% to 50%	2.5%
<b>Net Zero Carbon Pathway targets</b> These measures have been set to be consistent with our ambition to be net zero carbon by 2030.		
<b>Carbon intensity</b> This is measured by emissions intensity per m <sup>2</sup> of landlord-controlled floor area across our managed like-for-like portfolio.	-5% to -10%	5.0%
<b>Energy intensity</b> This is measured by energy consumption (kWh) per m <sup>2</sup> of landlord-controlled floor area across our managed like-for-like portfolio.	-2% to -4%	2.5%
		<b>25%</b>

## Notes:

<sup>(a)</sup> The references above show the link between our strategic objectives and our annual bonus targets (our five strategic objectives can be found on pages 34 to 41).

<sup>(b)</sup> Payout accrues on a straight-line basis, between threshold and maximum performance.

**Outside appointments for Executive Directors**

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. During 2020, our Executive Directors did not receive fees for their external appointments. Further information on our Executive Directors' external appointments is provided on pages 106 and 107.

**Payments to past Directors and for loss of office**

No payments were made to past Directors or in respect of loss of office during 2020. The impact of Simon Silver's retirement on his remuneration (i.e. treatment of outstanding PSP awards) is disclosed on page 151.

**Service contracts and letters of appointment****Executive Directors**

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	Notice period	Service contract expiry date
Paul Williams, CEO	22 November 2018		
Damian Wisniewski, CFO	10 July 2019	12 months' notice to the Executive Director and 6 months' notice from the Executive Director	Rolling service contract with no fixed contract end date
Nigel George	10 July 2019		
Emily Prideaux	26 February 2021		
David Silverman	14 August 2019		

**Non-Executive Directors**

Non-Executive Directors are appointed for initial three-year terms which thereafter may be extended, subject to re-election at each AGM.

	Appointment date to the Board	Current tenure as at 1 January 2021	Date of latest appointment letter	Appointment letter expiry date
John Burns <sup>(a)</sup>	25 May 1984	36 years, 7 months	17 May 2019	14 May 2021
Mark Breuer <sup>(a)</sup>	1 February 2021	n/a	25 January 2021	1 February 2024
Simon Fraser <sup>(a)</sup>	1 September 2012	8 years, 4 months	8 August 2018	1 September 2021
Richard Dakin <sup>(a)</sup>	6 August 2013	7 years, 5 months	6 August 2019	6 August 2022
Claudia Arney	18 May 2015	5 years, 7 months	8 August 2018	31 May 2021
Dame Cilla Snowball	1 September 2015	5 years, 4 months	8 August 2018	31 August 2021
Helen Gordon	1 January 2018	3 years	4 November 2020	31 December 2023
Lucinda Bell	1 January 2019	2 years	8 August 2018	1 January 2022

## Note:

<sup>(a)</sup> Further information on Chairman and Non-Executive Director succession is on pages 124 and 126.



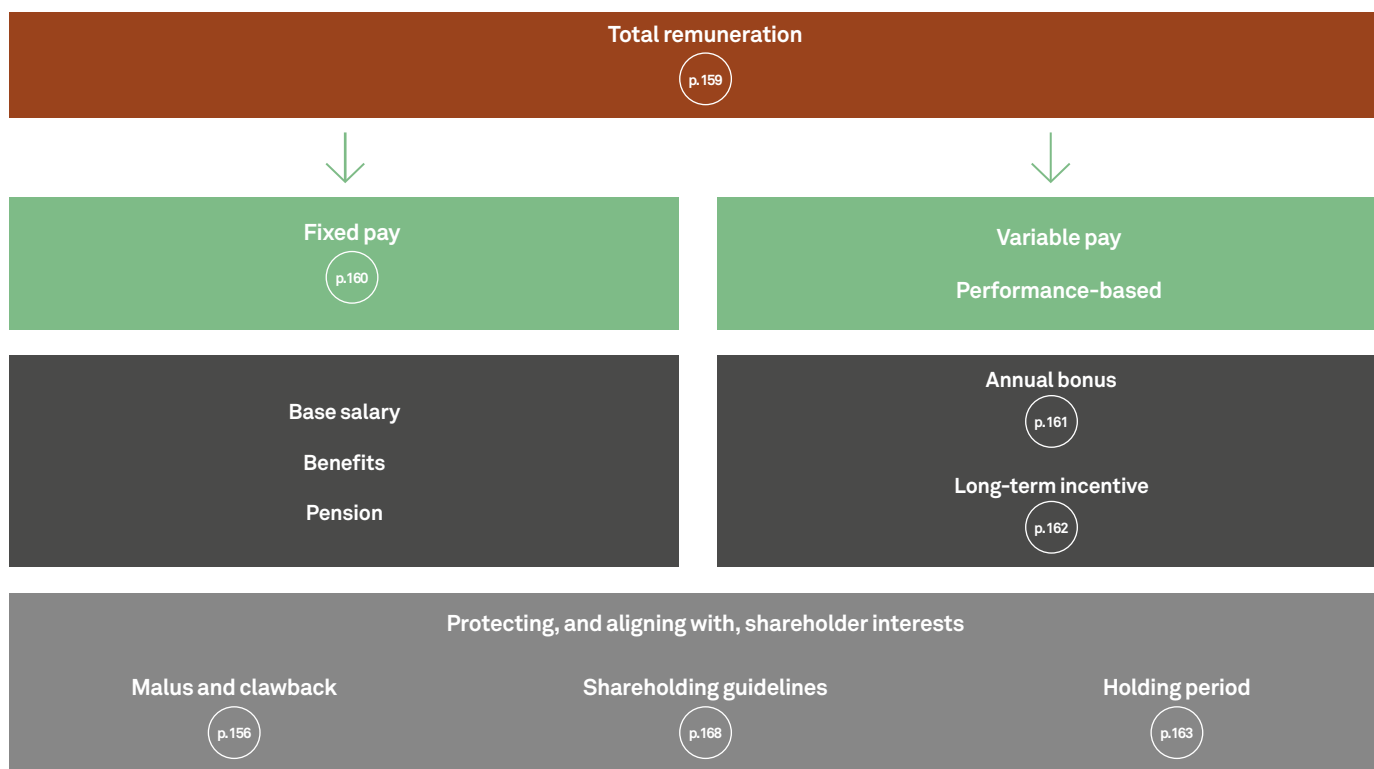
## Remuneration Committee report continued

### Summary table for the Chairman and Non-Executive Directors

	Operation	Implementation for 2021												
<b>Chairman</b>	<p>The remuneration of the Chairman is set by the Board (excluding the Chairman).</p> <p>The Chairman receives an annual fee and benefits limited to the use of a driver, a secretarial provision and office costs. Non-significant benefits may be provided if considered appropriate.</p> <p>The Chairman does not receive pension or participate in incentive arrangements.</p>	<p>John Burns will continue to receive a Chairman fee of £250,000 per annum until his retirement from the Board on 14 May 2021.</p> <p>With effect from 14 May 2021, Mark Breuer will take over the role of Non-Executive Chairman. His inclusive Chairman fee from this date will be £250,000 per annum. Mark will not receive the use of a driver or contributions to his office costs.</p>												
<b>Non-Executive Directors</b>	<p>The remuneration for Non-Executive Directors is set by the Executive Directors.</p> <p>Non-Executive Directors receive a base fee plus additional fees for Committee chairmanship, Committee membership and for the Senior Independent Director.</p> <p>Non-Executive Directors may be eligible to receive benefits including, but not limited to, secretarial provision and travel costs.</p> <p>Non-Executive Directors do not receive pension contributions or participate in incentive arrangements.</p>	<p>The base fee for Non-Executive Directors remains unchanged from 2020. The last increase made to Non-Executive Director fees was with effect from 1 January 2019.</p> <table border="1"> <thead> <tr> <th></th> <th>2021 fee (£'000)</th> </tr> </thead> <tbody> <tr> <td>Non-Executive Director fees</td> <td></td> </tr> <tr> <td>Base fee</td> <td>47.5</td> </tr> <tr> <td>Committee chair</td> <td>7.5</td> </tr> <tr> <td>Senior Independent Director</td> <td>10.0</td> </tr> <tr> <td>Committee membership fee</td> <td>4.0</td> </tr> </tbody> </table> <p>In addition to their chairmanship fee, a Committee chair also receives the Committee membership fee.</p>		2021 fee (£'000)	Non-Executive Director fees		Base fee	47.5	Committee chair	7.5	Senior Independent Director	10.0	Committee membership fee	4.0
	2021 fee (£'000)													
Non-Executive Director fees														
Base fee	47.5													
Committee chair	7.5													
Senior Independent Director	10.0													
Committee membership fee	4.0													

### Executive Directors' remuneration in 2020

Remuneration for Executive Directors comprises the following elements:



## Total remuneration in 2020 (audited)

The table below sets out the remuneration paid to each Director for the financial years ended 31 December 2020 and 31 December 2019 as a single figure. A full breakdown of fixed pay and pay for performance in 2020 can be found on pages 160 to 164.

### Executive Directors

(£'000)	Fixed pay				Pay for performance				Other items in the nature of remuneration <sup>(vi)</sup>	Total remuneration
	Salary <sup>(i)</sup>	Taxable benefits	Pension and life assurance <sup>(ii)</sup>	Subtotal	Bonus <sup>(v)</sup>		Performance LTIPs <sup>(iii)(iv)</sup>	Subtotal		
					Cash	Deferred				
<b>2020</b>										
Paul Williams, CEO	600	23	135	758	597	–	772	1,369	3	2,130
Damian Wisniewski, CFO	480	23	107	610	478	–	772	1,250	1	1,861
Simon Silver	581	51	146	778	578	–	1,015	1,593	–	2,371
Nigel George	480	22	107	609	478	–	772	1,250	3	1,862
David Silverman	480	21	106	607	478	–	772	1,250	3	1,860
<b>Former Executive Director</b>										
John Burns	–	–	–	–	–	–	472	472	–	472
<b>2019</b>										
Paul Williams, CEO	543	24	123	690	543	247	618	1,408	2	2,100
Damian Wisniewski, CFO	463	23	102	588	463	210	618	1,291	2	1,881
Simon Silver	581	52	154	787	581	264	813	1,658	–	2,445
Nigel George	463	23	105	591	463	210	618	1,291	2	1,884
David Silverman	463	22	103	588	463	210	618	1,291	2	1,881
<b>Former Executive Director</b>										
John Burns <sup>(vii)</sup>	260	21	59	340	260	118	681	1,059	–	1,399

### Non-Executive Directors

(£'000)	2020			2019		
	Fees	Taxable benefits	Total	Fees	Taxable benefits	Total
John Burns <sup>(viii)</sup>	250	–	250	158	–	158
Simon Fraser	77	–	77	77	–	77
Richard Dakin	67	–	67	67	–	67
Claudia Arney	71	–	71	71	–	71
Dame Cilla Snowball	67	–	67	67	–	67
Helen Gordon	56	–	56	56	–	56
Lucinda Bell <sup>(ix)</sup>	71	–	71	67	–	67

#### Notes:

- <sup>(i)</sup> In response to the Covid-19 pandemic, Directors base salaries and fees were subject to a voluntary 20% waiver for the three month period between 1 April 2020 and 30 June 2020 (see page 160). The waived remuneration was used for charitable donations and sponsorships, further information on pages 52 and 53. The salaries and fees disclosed for 2020 are before the voluntary 20% waiver.
- <sup>(ii)</sup> 2020 pension contributions were calculated based on salaries before the voluntary 20% waiver.
- <sup>(iii)</sup> Performance LTIPs for 2020 relate to the 2018 PSP awards which will vest on 6 March 2021 and for which the performance conditions related to the year ended 31 December 2020. The value is based on an estimate of expected vesting of 81.6% and the average share price over the last three months of the financial year ended 31 December 2020 of £29.80. This amount includes the value of additional shares awarded in respect of dividend equivalents. For details of the amount attributable to share price appreciation see page 162.
- <sup>(iv)</sup> In the 2019 Annual Report, the potential value of 2017 PSP awards vesting for which the performance conditions related to the year ended 31 December 2019 was calculated using the average share price for the three months ended 31 December 2019, being £36.22. The 2019 Performance LTIP figures in the table above, have been restated to reflect the actual number of 2017 PSP awards which vested on 20 March 2020 using the share price on the day of vesting (being, £27.61). The restated value provides a difference of (£8.61) per vested share in comparison to the estimates contained in the 2019 Annual Report on page 154. Further details of vesting is provided on page 169.
- <sup>(v)</sup> The 2017 PSP awards which vested on 20 March 2020 were granted on 20 March 2017 when the share price was £27.00. Between grant and the vesting date, the share price had slightly increased to £27.61 which equated to an increase in value of each vesting share equivalent to £0.61. The proportion of the value disclosed in the single figure attributable to share price growth is therefore 2.3%. The Remuneration Committee did not exercise discretion in respect of the share price appreciation.
- <sup>(vi)</sup> Included in the column for 'other items in the nature of remuneration' is the grant under the Derwent London Sharesave Plan made on 9 April 2020. These have been calculated based on the middle market share price on the date of grant being £36.14 minus the value of the awards at the option price which was £27.53. Further information on the Derwent London Sharesave Plan is on page 168.
- <sup>(vii)</sup> For the period 1 January 2019 to 17 May 2019, John Burns received a pro rata base salary as Chief Executive equivalent to £677,000 per annum. John Burns' annual bonus and LTIP vesting for 2019 were both subject to a pro rata reduction, further information is provided on pages 157 and 158 of the 2019 Annual Report.
- <sup>(viii)</sup> For the period 18 May 2019 to 31 December 2019, John Burns' fees as Non-Executive Chair were £250,000 per annum subject to a pro rata reduction. In order to undertake his duties, John Burns is also provided with a driver and secretary, together with a contribution to his office running costs.
- <sup>(ix)</sup> Lucinda Bell was appointed to the Board on 1 January 2019. From 17 May 2019, Lucinda Bell became Chair of the Audit Committee and a member of the Remuneration Committee following Stephen Young's retirement from the Board.
- <sup>(x)</sup> The Committee exercised its discretion to reduce the 2020 annual bonus payout from 96.3% to 66.3% of maximum opportunity (see page 160).

## Remuneration Committee report continued

### Fixed pay in 2020

#### Base salaries and fees

In light of the changes to salaries made during 2019, which are outlined on page 155 of the 2019 Annual Report, the Executive Directors did not receive a salary increase on 1 January 2020 (the wider workforce increase was 4.7%). In response to the Covid-19 pandemic, Directors base salaries and fees were subject to a voluntary 20% waiver for the three month period between 1 April 2020 and 30 June 2020.

	2020 base salary/fee	20% waiver	Actual 2020 base salary/fee
<b>Executive Directors</b>			
Paul Williams, CEO	600,000	30,000	570,000
Damian Wisniewski, CFO	480,000	24,000	456,000
Simon Silver	581,000	29,050	551,950
Nigel George	480,000	24,000	456,000
David Silverman	480,000	24,000	456,000
<b>Non-Executive Directors</b>			
John Burns	250,000	12,500	237,500
Simon Fraser	77,000	3,850	73,150
Richard Dakin	67,000	3,350	63,650
Claudia Arney	71,000	3,550	67,450
Dame Cilla Snowball	67,000	3,350	63,650
Helen Gordon	55,500	2,775	52,725
Lucinda Bell	71,000	3,550	67,450

#### Benefits

Executive Directors are entitled to a car and fuel allowance, private medical insurance and life assurance. Further details of the taxable benefits paid in 2020 can be found in the table below.

	Car and fuel allowance	Private medical insurance	Total 2020 taxable benefits
<b>Executive Directors</b>			
Paul Williams, CEO	£16,000	£7,534	£23,534
Damian Wisniewski, CFO	£16,000	£6,837	£22,837
Simon Silver	£39,232	£12,289	£51,521
Nigel George	£16,000	£6,161	£22,161
David Silverman	£16,000	£4,990	£20,990

#### Pension and life assurance

In addition to life assurance, Executive Directors (except David Silverman) received a cash supplement of up to 20% of salary (calculated based on the salary before the voluntary 20% waiver). David Silverman received £5,500 paid into the Group's Fidelity Master Trust pension scheme with the remainder of his entitlement paid as a cash supplement. As noted on page 155, Executive Director pension provision will be aligned with the contribution available to the wider workforce as follows: 17.5% of salary from 1 January 2021; and 15% of salary from 1 January 2022.

There was no change in the life assurance received by the Executive Directors in 2020. The change in the annual cost of these benefits is due to increases in life assurance premiums.

### Pay for performance

#### Determination of 2020 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 2020 performance, the annual bonus payout for Executive Directors was 96.3% of the maximum potential (2019: 97%; 2018: 68.5%).

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 page 151.

The Committee recognised that whilst the Group has performed well relative to our REIT peer group, shareholders have been impacted by the Group's absolute financial and share price performance during the year, due to the disruption caused by Covid-19 on the business and real estate sector. With this in mind, the Committee exercised its discretion to reduce the annual bonus payout from 96.3% to 66.3% of maximum opportunity (30.0% reduction). The Committee considers that this outcome is fair in the context of our underlying performance and the experience of our shareholders and stakeholders.

**2020 annual bonus outcome**

Bonus payable for financial-based performance	75.0%
Bonus payable for strategic target performance	21.3%
<b>Total bonus payable based on performance</b>	<b>96.3%</b>
Discretion applied by the Committee	(30.0)%
<b>Total bonus payable for 2020 (% of the maximum)</b>	<b>66.3%</b>

**Financial-based metrics**

Performance measure	Weighting % of bonus	Basis of calculation	Threshold <sup>(ii)</sup> %	Maximum <sup>(iii)</sup> %	Actual %	Payable %
Total return	37.5	Total return versus other major real estate companies <sup>(i)</sup>	-20.3	-1.8	-1.8	37.5
Total property return (TPR)	37.5	Versus the MSCI IPD Quarterly Central London Offices Total Return Index	-2.4	-0.4	0.3	37.5
<b>Bonus payable for financial-based performance</b>						<b>75.0</b>

## Notes:

<sup>(i)</sup> The major real estate companies contained in the comparator group for the 2020 annual bonus are: Big Yellow Group plc, The British Land Company plc, Capital & Counties Properties plc, Great Portland Estates plc, Hammerson plc, Helical plc, Intu Properties plc, Landsec plc, Segro plc, Shaftesbury plc and Workspace Group plc.

<sup>(ii)</sup> For achieving the threshold performance target, i.e. at the MSCI IPD Index or median total return against our sector peers, 22.5% of the maximum bonus opportunity will become payable.

<sup>(iii)</sup> 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 <sup>(ii)</sup>	Link to strategic objectives <sup>(i)</sup>	Target range <sup>(iii)</sup>	Maximum award	2020 achievement	Proportion awarded for 2020
<b>Void management</b> This is measured by the Group's average EPRA vacancy rate over the year.	1.2	7% to 1%	5.0%	1.8%	4.3%
<b>Portfolio development potential</b> This is measured by the percentage of the Group's portfolio by area, where a potential development scheme has been identified.	1.	35% to 50%	2.5%	43%	1.3%
<b>Unexpired lease term</b> This is measured by the 'topped-up' weighted average unexpired lease term of the Group's portfolio, including pre-let developments.	1.2	6 to 9 years	5.0%	7.9 years	3.2%
<b>Carbon intensity<sup>(iv)</sup></b> This is measured by emissions intensity per m <sup>2</sup> of landlord-controlled floor area across our managed like-for-like portfolio.	4.	-5 to -10	5.0%	-27	5.0%
<b>Staff satisfaction</b> Staff surveys are used to assess this measure.	3.	80% to >95% of staff to be satisfied or better	2.5%	96.3%	2.5%
<b>Route map to net zero carbon</b> Subject to external verification that it meets the Better Buildings Partnership Climate Change Commitment and best practice guidance.	4.	Published during 2020	5.0%	Published on 28 July 2020. See page 28	5.0%
				<b>25%</b>	<b>21.3%</b>

## Notes:

<sup>(i)</sup> Success against our strategic objectives is measured using our KPIs (see pages 42 to 45) 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 34 to 41).

<sup>(ii)</sup> Payout accrues on a straight-line basis, between threshold and maximum performance.

<sup>(iii)</sup> Achievement of the carbon intensity target could potentially have been affected by the Covid-19 pandemic. This was taken into account in the downward discretion applied by the Committee (see page 151).

<sup>(iv)</sup> The strategic targets for the 2021 annual bonus are available in note 2 on page 157.

**Key****Strategic objectives**

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

## Remuneration Committee report continued

The total bonus for each executive is therefore:

	Bonus payable		Cash bonus payable £'000	Deferred bonus	
	% of maximum	% of salary		£'000	% of salary
<b>Executive Directors</b>					
Paul Williams, CEO	66.3	99.5	597	–	–
Damian Wisniewski, CFO	66.3	99.5	478	–	–
Simon Silver	66.3	99.5	578	–	–
Other Executive Directors <sup>(i)</sup>	66.3	99.5	478	–	–

Note:

<sup>(i)</sup> Other Executive Directors are Nigel George and David Silverman whose base salary and subsequently, annual bonus payout, will be identical.

In accordance with our Remuneration Policy, bonuses of up to 100% of base salary are paid as cash. Amounts in excess of 100% are deferred into shares and released after three years.

### Performance Share Plan (PSP) vesting of awards

As shown in the table below, the PSP awards granted in 2018 will vest on 8 March 2021 at 81.6% of maximum opportunity.

Performance measure	Weighting % of award	Basis of calculation	Threshold <sup>(ii)</sup> %	Maximum <sup>(iii)</sup> %	Actual %	% vesting/ estimated vesting
Total property return (TPR)	50	MSCI IPD Quarterly UK All Property Total Return Index	1.6	4.6	4.5	48.8
Total shareholder return (TSR)	50	FTSE 350 Super Sector Real Estate Index <sup>(i)</sup>	(0.5)	41.7	16.7	32.8
						<b>81.6</b>

Notes:

<sup>(i)</sup> The constituents of the FTSE 350 Super Sector Real Estate Index as at the start of the Performance Period (i.e. 1 January 2018).

<sup>(ii)</sup> For achieving the threshold performance target, i.e. at the MSCI IPD Index or median TSR against our sector peers, 22.5% of the maximum award will vest.

<sup>(iii)</sup> 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 +3%.

Given the strong returns delivered for shareholders over the past three years, and taking into account the discretion applied to reduce the vesting outcome of the 2020 annual bonus, the Committee considered that the PSP vesting outcome was appropriate. Therefore, the vesting for each executive will be:

	Number of awards granted	Number of shares vesting based on performance (81.6%)	Dividend equivalents <sup>(i)</sup> (number of shares)	Total number of shares vesting	Total estimated value of award on vesting
<b>Executive Directors</b>					
Paul Williams, CEO	29,104	23,749	2,164	25,913	772,208
Damian Wisniewski, CFO	29,104	23,749	2,164	25,913	772,208
Simon Silver	38,263	31,223	2,845	34,068	1,015,227
Other Executive Directors <sup>(ii)</sup>	29,104	23,749	2,164	25,913	772,208
<b>Former Executive Director</b>					
John Burns <sup>(iii)</sup>	44,586	14,506	1,322	15,828	471,675

Notes:

<sup>(i)</sup> In accordance with the PSP rules, the Remuneration Committee has discretion to allow PSP participants to receive the benefit of any dividends paid on vesting shares between the grant date and the vesting date in the form of additional vesting shares.

<sup>(ii)</sup> Other Executive Directors are Nigel George and David Silverman, who were granted an identical number of awards under the PSP grant in 2018.

<sup>(iii)</sup> John Burns' award was subject to a pro rata reduction for the period 17 May 2019 to the end of the performance period and is subject to the normal holding period of two years.

The value of the vesting awards is based on the average share price over the last three months of the financial year ended 31 December 2020 being £29.80. The estimated value of the vesting awards has been included within the 'single figure' total remuneration table on page 159.

The Company's share price rose by £0.32 between the grant date (6 March 2018) and the end of the performance period (31 December 2020) from £29.48 to £29.80. The proportion of the value disclosed in the single figure attributable to share price growth is therefore 1.1%. The Remuneration Committee did not consider that it was necessary to exercise discretion in respect of share price fluctuations since grant.

### 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. An overview of the holding periods for awards granted since 2016 has been provided below.

Grant	Grant date	Performance period	Vesting date	Holding period	Holding period ceases
2016 Grant	4 April 2016	1 January 2016 to 31 December 2018	4 April 2019	Two years	4 April 2021
2017 Grant	20 March 2017	1 January 2017 to 31 December 2019	20 March 2020	Two years	20 March 2022
2018 Grant	6 March 2018	1 January 2018 to 31 December 2020	8 March 2021	Two years	8 March 2023
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
2020 Grant	13 March 2020	1 January 2020 to 31 December 2022	13 March 2023	Two years	13 March 2025

Overall, the Committee considers that the Remuneration Policy has operated as it intended during 2020 and that the pay outcomes are aligned with the experience of shareholders and other stakeholders.

### Grant of PSP awards

On 13 March 2020, the Committee made an award under the Group's 2014 PSP to Executive Directors on the following basis:

	Number of shares awarded	Face value of award £
Paul Williams, CEO	36,210	1,199,999
Damian Wisniewski, CFO	28,968	960,000
Simon Silver	35,063	1,161,988
Other Executive Directors <sup>(i)</sup>	28,968	960,000

Note:

<sup>(i)</sup> Other Executive Directors are Nigel George and David Silverman, who were granted identical number of awards under the PSP grant in March 2020.

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 £33.14 (note: a share price of £32.53 was used to determine the level of PSP awards granted in March 2019). The performance period will run over three financial years and, dependent upon the achievement of the performance conditions, the awards will vest on 13 March 2023 and will be subject to a two-year holding period as outlined in the table above.

50% of the award vests according to the Group's relative TSR performance versus the constituents of the FTSE 350 Super Sector Real Estate Index with the following vesting profile:

TSR performance of the Company relative to the TSR of the constituents of the FTSE 350 Super Sector Real Estate Index tested over three-year performance period ending 31 December 2022	Vesting (% of TSR part of award)
Below Median	0%
Median	22.5%
Upper quartile and above	100%
Straight-line vesting occurs between these points	

50% of the award vests according to the Group's TPR versus the MSCI IPD Quarterly UK All Property Total Return Index with the following vesting profile:

Annualised TPR versus the MSCI IPD Quarterly UK All Property Index tested over three years	Vesting (% of TSR part of award)
Below Index	0%
At Index	22.5%
Index + 2%	100%
Straight-line vesting occurs between these points	

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.

## Remuneration Committee report continued

### Grant of Sharesave Plan options

On 9 April 2020, the Company granted options under the Derwent London Sharesave Plan. The three-year contract for the options started on 1 June 2020. These options are exercisable at a price of £27.53 per share from 1 June 2023 and are not subject to any performance conditions.

Executive Directors	Monthly saving amount	Number of shares under option	Option price	Market price at grant	Value of award <sup>(i)</sup>
Paul Williams, CEO	£250	326	£27.53	36.14	£2,806.86
Damian Wisniewski, CFO	£125	163	£27.53	36.14	£1,403.43
Other Executive Directors <sup>(ii)</sup>	£250	326	£27.53	36.14	£2,806.86

Notes:

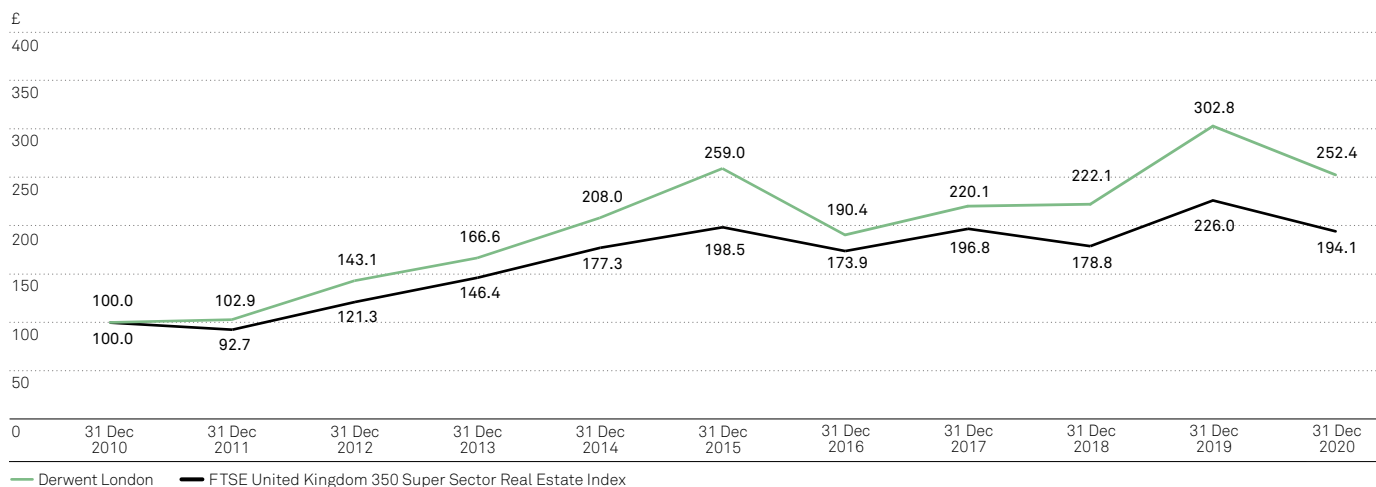
<sup>(i)</sup> The value of the award is based on the middle market share price on the grant date minus the option price. Further information on the Derwent London Sharesave Plan is on pages 154 and 168.

<sup>(ii)</sup> Other Executive Directors are Nigel George and David Silverman.

### Pay for performance comparison

The graph below shows the value on 31 December 2020 of £100 invested in Derwent London on 31 December 2010 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: Datastream (Thomson Reuters)

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

Financial year ending	31/12/2011	31/12/2012	31/12/2013	31/12/2014	31/12/2015	31/12/2016	31/12/2017	31/12/2018	31/12/2019 <sup>(i)(ii)(iii)</sup>	31/12/2020
Chief Executive	John Burns	John Burns	John Burns	John Burns	John Burns	John Burns	John Burns	John Burns	John Burns	Paul Williams
Total remuneration (single figure) (£'000)	2,387	2,721	2,478	2,648	2,529	1,403	1,681	2,219	1,399	2,100
Annual bonus (% of maximum)	90.0	85.4	95.0	92.6	74.2	23.3	53.6	68.5	97.0	66.3
Long-term variable pay (% of maximum)	50.0	83.8	55.2	50.0	65.7	24.9	26.5	46.0	65.75	81.6

Notes:

<sup>(i)</sup> Total remuneration for 2019 has been restated to reflect the actual number of 2017 PSP awards which vested on 20 March 2020 using the share price on the day of vesting (being, £27.61). The restated value provides a difference of (£8.61) per vested share in comparison to the estimates contained in the 2019 Annual Report which were based on the average three month share price for the year ended 31 December 2019 which was £36.22. Further details of total remuneration is provided on page 159.

<sup>(ii)</sup> 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 Chief Executive.

<sup>(iii)</sup> Paul Williams' 2019 total remuneration is in respect of his tenure as Chief Executive from 17 May 2019. His salary, bonus and PSP has been subject to a pro rata time reduction.

## 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.

	2020
Total issued share capital as at 31 December 2020	111.9 m
<b>Investment Association share limits (in any consecutive 10-year period):</b>	
Current dilution for all share plans	2.2%
Headroom relative to 10% limit	7.8%
5% for executive plans – current dilution for discretionary (executive) plans	1.2%
Headroom relative to 5% limit	3.8%

## 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 2020, the Chief Executive's total remuneration as a ratio against the full-time equivalent remuneration of UK employees is detailed in the table below:

	Base salary	Total remuneration	CEO pay ratio
<b>Year ended 31 December 2020</b>			
25th percentile	£47,000	£62,499	34:1
50th percentile	£64,000	£86,463	25:1
75th percentile	£95,266	£137,452	15:1
<b>Year ended 31 December 2019</b>			
25th percentile	£40,993	£63,211	40:1
50th percentile	£68,462	£89,274	28:1
75th percentile	£67,500	£153,828	17:1
<b>Year ended 31 December 2018</b>			
25th percentile	£45,057	£58,237	38:1
50th percentile	£59,250	£76,842	29:1
75th percentile	£75,000	£148,867	15:1

Notes:

<sup>(i)</sup> Total remuneration includes one-off employee gains received through the exercise of options granted under the Employee Share Option Plan (see pages 154 and 199).

<sup>(ii)</sup> Chief Executive remuneration for the year ended 31 December 2020 is Paul Williams' 2020 'single figure' (see page 159), before the voluntary 20% salary waiver.

<sup>(iii)</sup> Chief Executive remuneration for the year ended 31 December 2019 is based on the aggregated total remuneration earned by John Burns and Paul Williams in respect of their tenures as Chief Executive during 2019. Their total remuneration figures have been restated to reflect the actual number of 2017 PSP awards which vested on 20 March 2020 using the share price on the day of vesting (see page 169). The impact of the restatement on the CEO pay ratio for the year ended 31 December 2019 was that it reduced from 44:1 for the 25th percentile, from 31:1 for the 50th percentile, and from 18:1 for the 75th percentile. The restated CEO pay ratio, based on the actual total remuneration received by John Burns and Paul Williams in 2019, is included within the above table.

<sup>(iv)</sup> 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 employer pension contributions, life assurance and the healthcare cash plan.

<sup>(v)</sup> The CEO pay ratio has been rounded to the nearest whole number.

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; rank the data and identify employees whose remuneration places them at the 25th, 50th and 75th percentile).

Due to the uncertainty and difficulties arising from Covid-19, there has been a general decrease in incentive remuneration payout for all employees, including the Executive Directors. The Remuneration Committee also exercised its discretion to reduce the 2020 annual bonus payout (see page 151). As a significant proportion of executive remuneration is dependent upon performance and incentive payouts, this has decreased the CEO pay comparator for 2020. The Board have confirmed that the ratio is consistent with the Company's wider policies on employee pay, reward and progression.



## Remuneration Committee report continued

### Relative importance of the 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 2019 to 2020.

£m	2020	2019	% change
Staff costs <sup>(i)</sup>	29.2	27.8	4.9%
Distributions to shareholders	82.2	75.6	8.7%
Net asset value attributable to equity shareholders <sup>(ii)</sup>	4,263	4,421	(3.6)%

Notes:

<sup>(i)</sup> Staff costs includes salaries, employer pension contributions, social security costs and share-based payment expenses relating to equity-settled schemes.

<sup>(ii)</sup> 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). Further information, including how this figure is calculated, is on page 75.

### Percentage increase in remuneration

The table below shows the percentage change in the salary or fees, benefits and annual bonus from 2019 to 2020 for each of the Directors who served during 2020 compared to that for an average employee.

% change	2019 to 2020		
	Salary/Fees	Benefits <sup>(iii)</sup>	Bonus
<b>Average employee<sup>(i)</sup></b>	<b>+4.7%</b>	<b>(6.2)%</b>	<b>(21.0)%</b>
<b>Executive Directors<sup>(ii)</sup></b>			
Paul Williams, CEO	+10.5%	+0.1%	(24.4)%
Damian Wisniewski, CFO	+3.7%	(1.4)%	(29.0)%
Simon Silver	–	(1.7)%	(31.6)%
Nigel George	+3.7%	(3.9)%	(29.0)%
David Silverman	+3.7%	(1.7)%	(29.0)%
<b>Non-Executive Directors</b>			
John Burns	(40)%	(100)%	(100)%
Simon Fraser	0%	–	–
Richard Dakin	0%	–	–
Claudia Arney	0%	–	–
Dame Cilla Snowball	0%	–	–
Helen Gordon	0%	–	–
Lucinda Bell	+6%	–	–

Notes:

<sup>(i)</sup> The annual percentage change of the average remuneration of the Company's employees, calculated on a full-time equivalent basis.

<sup>(ii)</sup> The Directors remuneration used to calculate the percentage change is taken from the 'single figure' table on page 159.

<sup>(iii)</sup> Benefits includes all taxable benefits (including car allowance, private medical and dental etc).

### Salary/fees

- The average employee salary increased by 4.7% in comparison to 3.7% for most of the Executive Directors, except Paul Williams. Paul Williams' salary was increased from £442,000 to £600,000 effective from his appointment as CEO on 17 May 2019.
- The 3.7% rise in base salaries for Nigel George, David Silverman and Damian Wisniewski relates to the increase received due to the restructuring of the executive team and the increase in responsibilities, effective from 17 June 2019. None of the Executive Directors received a salary increase effective from 1 January 2020.

### Benefits

- There was no change in the benefits received by the average employee or the Executive Directors in 2020. The change in the annual cost is due to the cost of purchasing private medical and life insurance.

### Bonus

- The 2020 bonus for the average employee and Executive Directors was lower than 2019 due to the current economic situation. Despite achieving the pre-set performance measures at 96.3%, the Committee exercised its discretion to reduce the 2020 annual bonus for Executive Directors to 66.3%, a 30.0% reduction. The average employee bonus from 2019 to 2020, reduced by 21.0%.

### Non-Executive Directors

- John Burns stepped down as Chief Executive on 17 May 2019, following which he has served as Non-Executive Chairman. The percentage change in fees for John Burns therefore incorporates both his salary received as Chief Executive and fees received as Non-Executive Chairman in 2019.
- Lucinda Bell became Audit Committee Chair from 17 May 2019 following Stephen Young stepping down from the Board.

## Schedule to the annual report on remuneration

(unaudited unless otherwise indicated)

### Directors' interests (audited)

#### Directors' interests in shares

Details of the Directors' interests in shares are provided in the table below.

	Number at 31 December 2020					Number at 31 December 2019				
	Beneficially held	Deferred shares	Conditional shares	Share options	Total	Beneficially held	Deferred shares	Conditional shares	Share options	Total
<b>Executive Directors</b>										
Paul Williams, CEO <sup>(i)</sup>	72,576	7,655	99,201	674	180,106	60,632	363	93,841	348	155,184
Damian Wisniewski, CFO <sup>(ii)</sup>	51,952	6,545	85,246	511	144,254	40,105	363	87,128	348	127,944
Simon Silver <sup>(iii)</sup>	121,518	8,234	109,046	–	238,798	132,767	476	114,533	–	247,776
Nigel George <sup>(i)</sup>	75,416	6,545	85,246	674	167,881	63,472	363	87,128	348	151,311
David Silverman <sup>(i)</sup>	48,664	6,545	85,246	674	141,129	36,720	363	87,128	348	124,559
<b>Total</b>	<b>370,126</b>	<b>35,524</b>	<b>463,985</b>	<b>2,533</b>	<b>872,168</b>	<b>333,696</b>	<b>1,928</b>	<b>469,758</b>	<b>1,392</b>	<b>806,774</b>
<b>Non-Executive</b>										
John Burns <sup>(iv)</sup>	271,549	3,850	44,586	–	319,985	432,595	556	91,836	–	524,987
Simon Fraser	2,000	–	–	–	2,000	2,000	–	–	–	2,000
Richard Dakin	–	–	–	–	–	–	–	–	–	–
Claudia Arney	2,500	–	–	–	2,500	2,500	–	–	–	2,500
Dame Cilla Snowball	–	–	–	–	–	–	–	–	–	–
Helen Gordon <sup>(v)</sup>	918	–	–	–	918	906	–	–	–	906
Lucinda Bell	1,000	–	–	–	1,000	1,000	–	–	–	1,000
<b>Total</b>	<b>277,967</b>	<b>3,850</b>	<b>44,586</b>	<b>–</b>	<b>326,403</b>	<b>438,987</b>	<b>556</b>	<b>91,836</b>	<b>–</b>	<b>531,379</b>

There have been no other changes to the above interests between 31 December 2020 and 10 March 2021.

#### Notes:

<sup>(i)</sup> Paul Williams, Nigel George and David Silverman each acquired 22,394 shares from the PSP 2017 grant which vested on 20 March 2020. The vesting shares included dividend equivalents in the form of 2,111 additional shares. To satisfy the tax liability arising, they each sold 10,547 shares immediately upon vesting at an average share price of £27.61 per share. On 20 March 2020, Paul Williams, Nigel George and David Silverman each acquired 185 shares under the Company's deferred bonus scheme when they were released from the 2019 deferral. To satisfy the tax liability arising, they each sold 88 shares immediately upon their release at an average share price of £27.61 per share. On 9 April 2020, they were each granted 326 share options under the Derwent London Sharesave Plan, further information on page 168.

<sup>(ii)</sup> Damian Wisniewski acquired 22,394 shares from the PSP 2017 grant which vested on 20 March 2020. The vesting shares included dividend equivalents in the form of 2,111 additional shares. To satisfy the tax liability arising, Damian sold 10,547 shares immediately upon vesting at an average share price of £27.61 per share. Damian Wisniewski acquired and immediately sold 185 shares under the Company's deferred bonus scheme when they were released from the 2019 deferral on 20 March 2020. These shares were sold at an average price of £27.61 per share. On 9 April 2020, Damian was granted 163 share options under the Derwent London Sharesave Plan, further information on page 168.

<sup>(iii)</sup> Simon Silver acquired 29,436 shares from the PSP 2017 grant which vested on 20 March 2020. The vesting shares included dividend equivalents in the form of 2,775 additional shares. To satisfy the tax liability arising, Simon sold 13,273 shares immediately upon vesting at an average share price of £27.61 per share. Simon Silver acquired and immediately sold 243 shares under the Company's deferred bonus scheme when they were released from the 2019 deferral on 20 March 2020. These shares were sold at an average price of £27.61 per share. On 17 December 2019, Simon transferred 18,742 shares to a UK registered charity for nil consideration. On 16 March 2020, Simon purchased 3,500 shares at an average share price of £29.32. On 23 November 2020, Simon sold 12,170 shares at an average sale price of £31.82.

<sup>(iv)</sup> John Burns acquired 24,662 shares from the PSP 2017 grant which vested on 20 March 2020. The vesting shares included dividend equivalents in the form of 2,326 additional shares. To satisfy the tax liability arising, John sold 11,121 shares immediately upon vesting at an average share price of £27.61 per share. On 20 March 2020, John Burns acquired 284 shares under the Company's deferred bonus scheme when they were released from the 2019 deferral. To satisfy the tax liability arising, John sold 129 shares immediately upon their release at an average share price of £27.61 per share. On 17 December 2019, John transferred 11,742 shares to a UK registered charity for nil consideration. On 16 November 2020, John sold 163,000 shares at an average sale price of £32.89.

<sup>(v)</sup> During 2020, Helen Gordon reinvested her dividend to purchase an additional 12 shares.

## Remuneration Committee report continued

### Directors' shareholding guideline

Executive Directors are subject to within-employment and post-employment shareholding guidelines (see page 156). The within-employment shareholding guideline for the year ended 31 December 2020 expects all Executive Directors to work towards holding shares in Derwent London plc equivalent to 200% of base salary. As at 31 December 2020, all Executive Directors have exceeded the within-employment shareholding guideline.

Executive Director	Beneficially held shares	2020 salary <sup>(i)</sup>	Within-employment shareholding guideline		
			Target (% of base salary)	Achieved	Value of beneficially held shares <sup>(ii)</sup>
Paul Williams, CEO	72,576	£600,000	200%	374%	£2,246,953
Damian Wisniewski, CFO	51,952	£480,000	200%	335%	£1,608,434
Simon Silver	121,518	£581,000	200%	648%	£3,762,197
Nigel George	75,416	£480,000	200%	486%	£2,334,879
David Silverman	48,664	£480,000	200%	314%	£1,506,637

Notes:

<sup>(i)</sup> The base salaries shown in the table above are as at 31 December 2020. Further information on fixed pay during 2020 is provided on page 160.

<sup>(ii)</sup> The value of the Executive Directors' beneficially held shares has been calculated using the average closing share price during the year ended 31 December 2020 of £30.96.

All Executive Committee members granted PSP awards are expected to work towards holding shares in Derwent London plc equivalent to 50% of base salary. There is no shareholding guideline for Non-Executive Directors. The share ownership guidelines for Executive Directors and Executive Committee members requires 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.

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 19% of his base salary.

### Sharesave Plan (audited)

To encourage Group-wide share ownership, the Company operates a HMRC tax efficient Sharesave Plan which was approved by shareholders at the 2018 AGM (further information on page 154). The first grant under the Sharesave Plan was in 2019. The outstanding Sharesave options held by Directors are set out in the table below:

	At grant		During the year					Market price at date of exercise (£)	Value at exercise £'000	Maturity date
	Date of grant	Option price	1 January 2020 (number)	Granted <sup>(i)</sup> (number)	Exercised (number)	Lapsed (number)	31 December 2020 (number)			
<b>Executive Directors</b>										
Paul Williams, CEO	30/04/2019	25.80	348	–	–	–	348		01/06/2022	
	09/04/2020	27.53	–	326	–	–	326		01/06/2023	
			<b>348</b>	<b>326</b>	–	–	<b>674</b>			
Damian Wisniewski, CFO	30/04/2019	25.80	348	–	–	–	348		01/06/2022	
	09/04/2020	27.53	–	163	–	–	163		01/06/2023	
			<b>348</b>	<b>163</b>	–	–	<b>511</b>			
Nigel George	30/04/2019	25.80	348	–	–	–	348		01/06/2022	
	09/04/2020	27.53	–	326	–	–	326		01/06/2023	
			<b>348</b>	<b>326</b>	–	–	<b>674</b>			
David Silverman	30/04/2019	25.80	348	–	–	–	348		01/06/2022	
	09/04/2020	27.53	–	326	–	–	326		01/06/2023	
			<b>348</b>	<b>326</b>	–	–	<b>674</b>			
<b>Other employees</b>										
Other employees	30/04/2019	25.80	18,814	–	–	(744)	18,070		01/06/2022	
	09/04/2020	27.53	–	21,589	–	(326)	21,263		01/06/2023	
			<b>18,814</b>	<b>21,589</b>	–	<b>(1,070)</b>	<b>39,333</b>			
<b>Total</b>			<b>20,206</b>	<b>22,730</b>	–	<b>(1,070)</b>	<b>41,866</b>			

Note:

<sup>(i)</sup> On 9 April 2020, the Company granted options over 22,730 shares under the Derwent London Sharesave Plan. The three-year contract for the Options started on 1 June 2020. These Options are exercisable at a price of £27.53 per share from 1 June 2023 and are not subject to any performance conditions.

## Long-term incentive plans (audited)

### Performance Share Plan (PSP)

The outstanding PSP awards held by Directors are set out in the table below:

	At grant		During the year					Market price at date of vesting (£)	Value vested £'000	Earliest vesting date
	Date of grant	Market price at date of grant (£)	1 January 2020	Granted <sup>(iii)</sup>	Vested <sup>(ii)</sup>	Lapsed	31 December 2020			
			(number)	(number)	(number)	(number)	(number)			
<b>Executive Directors</b>										
Paul Williams, CEO	20/03/2017	27.00	30,850	–	(22,394)	(8,456)	–	27.61	618	20/03/2020
	06/03/2018	29.48	29,104	–	–	–	29,104			08/03/2021
	12/03/2019	32.53	27,174	–	–	–	27,174			12/03/2022
	14/08/2019	29.42	6,713	–	–	–	6,713			14/08/2022
	13/03/2020	33.14	–	36,210	–	–	36,210			13/03/2023
			<b>93,841</b>	<b>36,210</b>	<b>(22,394)</b>	<b>(8,456)</b>	<b>99,201</b>			
Damian Wisniewski, CFO	20/03/2017	27.00	30,850	–	(22,394)	(8,456)	–	27.61	618	20/03/2020
	06/03/2018	29.48	29,104	–	–	–	29,104			08/03/2021
	12/03/2019	32.53	27,174	–	–	–	27,174			12/03/2022
	13/03/2020	33.14	–	28,968	–	–	28,968			13/03/2023
			<b>87,128</b>	<b>28,968</b>	<b>(22,394)</b>	<b>(8,456)</b>	<b>85,246</b>			
Simon Silver	20/03/2017	27.00	40,550	–	(29,436)	(11,114)	–	27.61	813	20/03/2020
	06/03/2018	29.48	38,263	–	–	–	38,263			08/03/2021
	12/03/2019	32.53	35,720	–	–	–	35,720			12/03/2022
	13/03/2020	33.14	–	35,063	–	–	35,063			13/03/2023
			<b>114,533</b>	<b>35,063</b>	<b>(29,436)</b>	<b>(11,114)</b>	<b>109,046</b>			
Nigel George	20/03/2017	27.00	30,850	–	(22,394)	(8,456)	–	27.61	618	20/03/2020
	06/03/2018	29.48	29,104	–	–	–	29,104			08/03/2021
	12/03/2019	32.53	27,174	–	–	–	27,174			12/03/2022
	13/03/2020	33.14	–	28,968	–	–	28,968			13/03/2023
			<b>87,128</b>	<b>28,968</b>	<b>(22,394)</b>	<b>(8,456)</b>	<b>85,246</b>			
David Silverman	20/03/2017	27.00	30,850	–	(22,394)	(8,456)	–	27.61	618	20/03/2020
	06/03/2018	29.48	29,104	–	–	–	29,104			08/03/2021
	12/03/2019	32.53	27,174	–	–	–	27,174			12/03/2022
	13/03/2020	33.14	–	28,968	–	–	28,968			13/03/2023
			<b>87,128</b>	<b>28,968</b>	<b>(22,394)</b>	<b>(8,456)</b>	<b>85,246</b>			
<b>Former Executive Directors</b>										
John Burns	20/03/2017	27.00	47,250	–	(24,662)	(22,588)	–	27.61	681	20/03/2020
	06/03/2018	29.48	44,586	–	–	–	44,586			08/03/2021
			<b>91,836</b>	<b>–</b>	<b>(24,662)</b>	<b>(22,588)</b>	<b>44,586</b>			
<b>Other employees</b>										
Other employees	21/03/2017	27.00	42,640	–	(21,690)	(20,950)	–	27.61	542	20/03/2020
	06/03/2018	29.48	42,484	–	–	–	42,484			08/03/2021
	12/03/2019	32.53	40,407	–	–	–	40,407			12/03/2022
	13/03/2020	33.14	–	43,895	–	–	43,895			13/03/2023
			<b>125,531</b>	<b>43,895</b>	<b>(21,690)</b>	<b>(20,950)</b>	<b>126,786</b>			
<b>Total</b>			<b>687,125</b>	<b>202,072</b>	<b>(165,364)</b>	<b>(88,476)</b>	<b>635,357</b>		<b>4,508</b>	

#### Notes:

<sup>(i)</sup> The PSP award granted on 20 March 2017 vested on 20 March 2020 at a vesting level of 65.75%. The value of the vesting awards was based on the middle market share price on the vesting date and is inclusive of dividend equivalents in the form of additional vesting shares (see note ii for further details).

<sup>(ii)</sup> In accordance with the PSP rules, the Remuneration Committee has discretion to allow PSP participants to receive dividend equivalents upon the vesting of their awards, which is equivalent to the value of any dividends paid on those shares between the grant date and the vesting date. For the 2017 PSP grant, dividend equivalents were in the form of additional vesting shares and equated to dividends paid between March 2017 and March 2020. The dividend equivalent shares have been included in the table above, within the number of vesting awards, and equates to 2,326 shares for John Burns, 2,775 shares for Simon Silver and 2,111 shares each for the other Executive Directors.

<sup>(iii)</sup> The PSP awards granted on 13 March 2020 will vest on 13 March 2023. The performance targets attached to these awards are detailed on page 162.

	31/12/2020	31/12/2019	01/01/2019
Weighted average exercise price of PSP awards	–	–	–
Weighted average remaining contracted life of PSP awards	<b>1.19 years</b>	1.20 years	1.22 years

At each year end, none of the outstanding awards were exercisable. The weighted average exercise price of awards that either vested or lapsed in 2020 was £nil (2019: £nil). The weighted average market price of awards vesting in 2020 was £27.65 (2019: £32.18).

## Remuneration Committee report continued

### Deferred Bonus Plan

Details of the deferred bonus shares held by the Directors are set out in the table below:

	At grant			During the year				Market price at date of release (£)	Value at release £'000	Release dates
	Date of grant	Market price at date of grant (£)	Original Grant (number)	1 January 2020 (number)	Deferred <sup>(ii)</sup> (number)	Released <sup>(i) (ii)</sup> (number)	31 December 2020 (number)			
<b>Executive Directors</b>										
Paul Williams, CEO	20/03/2019	32.50	363	363	–	(182)	181	27.61	5.0	22/03/2021
	13/03/2020	33.03	7,474	–	7,474	–	7,474			15/03/2021 & 14/03/2022
			<b>7,837</b>	<b>363</b>	<b>7,474</b>	<b>(182)</b>	<b>7,655</b>			
Damian Wisniewski, CFO	20/03/2019	32.50	363	363	–	(182)	181	27.61	5.0	22/03/2021
	13/03/2020	33.03	6,364	–	6,364	–	6,364			15/03/2021 & 14/03/2022
			<b>6,727</b>	<b>363</b>	<b>6,364</b>	<b>(182)</b>	<b>6,545</b>			
Simon Silver	20/03/2019	32.50	476	476	–	(238)	238	27.61	6.7	22/03/2021
	13/03/2020	33.03	7,996	–	7,996	–	7,996			15/03/2021 & 14/03/2022
			<b>8,472</b>	<b>476</b>	<b>7,996</b>	<b>(238)</b>	<b>8,234</b>			
Nigel George	20/03/2019	32.50	363	363	–	(182)	181	27.61	5.0	22/03/2021
	13/03/2020	33.03	6,364	–	6,364	–	6,364			15/03/2021 & 14/03/2022
			<b>6,727</b>	<b>363</b>	<b>6,364</b>	<b>(182)</b>	<b>6,545</b>			
David Silverman	20/03/2019	32.50	363	363	–	(182)	181	27.61	5.0	22/03/2021
	13/03/2020	33.03	6,364	–	6,364	–	6,364			15/03/2021 & 14/03/2022
			<b>6,727</b>	<b>363</b>	<b>6,364</b>	<b>(182)</b>	<b>6,545</b>			
<b>Former Executive Directors</b>										
John Burns	20/03/2019	32.50	556	556	–	(278)	278	27.61	7.8	22/03/2021
	13/03/2020	33.03	3,572	–	3,572	–	3,572			15/03/2021 & 14/03/2022
			<b>4,128</b>	<b>556</b>	<b>3,572</b>	<b>(278)</b>	<b>3,850</b>			
<b>Other employees</b>										
Other employees	13/03/2020	33.03	1,834	–	1,834	–	1,834			15/03/2021 & 14/03/2022
			<b>1,834</b>	<b>–</b>	<b>1,834</b>	<b>–</b>	<b>1,834</b>			
<b>Total</b>			<b>42,452</b>	<b>2,484</b>	<b>39,968</b>	<b>(1,244)</b>	<b>41,208</b>		<b>34.5</b>	

Notes:

<sup>(i)</sup> The 2018 annual bonus in excess of 100% of salary was deferred on 20 March 2019 and will be released in two tranches; 50% of the award was released 12 months after deferral (on 20 March 2020) and the remaining balance will be released after 24 months (on 22 March 2021). See note ii for information on the release of shares on 20 March 2020.

<sup>(ii)</sup> In accordance with the Annual Bonus Plan rules, the Remuneration Committee has discretion to allow participants to receive dividend equivalents upon the release of their deferred bonus shares, which is equivalent to the value of any dividends paid on those shares between the deferral date and the release date. The dividend equivalents are in the form of additional shares. The dividend equivalent shares added to the released shares on 20 March 2020 are excluded from the above table, but equated to 6 shares for John Burns, 5 shares for Simon Silver and 4 shares each for the other Executive Directors.

<sup>(iii)</sup> The 2019 annual bonus in excess of 100% of salary was deferred on 13 March 2020 and will be released in two tranches; 50% of the award will be released 12 months after deferral (on 15 March 2021) and the remaining balance after 24 months (on 14 March 2022).