

REMUNERATION COMMITTEE REPORT



Claudia Arney
Chair of the Remuneration Committee

2022 FOCUS AREAS

- Remuneration Policy review and consultation with major shareholders and proxy voting agencies
- Review the Group's share-based incentive schemes for the wider workforce to ensure they remain appropriate and effective for talent retention
- Operation of the 2022 annual bonus and grant of 2022 Performance Share Plan (PSP) awards
- Continue to keep under review the effectiveness and relevance of performance conditions and comparator groups for variable remuneration

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 2021. The Annual report on remuneration, describing how the Remuneration Policy has been applied for the year ended 31 December 2021 and how we intend to implement policy for 2022, is provided on pages 175 to 193.

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 177 to 180. A copy of the complete Remuneration Policy can be found on our website at: www.derwentlondon.com/investors/governance/board-committees

Linking Executive Directors' remuneration with our purpose 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 (see page 1).

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 174.

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 2021

Based on performance against the financial and strategic targets, the incentive outcomes for 2021 were as follows:

- An annual bonus vesting of 30.9% of the maximum opportunity (equivalent to 46.4% of base salary) (see page 183).
- A PSP award vesting of 18.1% of maximum opportunity (see page 185).

The Committee considered the formulaic vesting outcomes against broader perspectives including: underlying business performance and affordability; the experience of shareholders; and the experience of employees and other stakeholders.

The Group's 2021 TPR performance was 6.3% compared to the MSCI IPD Quarterly Central London Offices Total Return Index of 5.9%. The Group's TSR performance for the years 2019 to 2021 was 24.1% compared to the median of the FTSE 350 Supersector Real Estate Index of 12%.

The Group has completed a number of key acquisitions during 2021. The acquisitions add to our extensive pipeline and offer considerable opportunities for asset management and medium- to longer-term development; and are therefore a measure of the executive leadership team's strong lead indicator performance.

As disclosed via RNS on 10 August 2021, whilst the Lazari Investments transaction provides a key long-term development opportunity, the Group's portfolio valuation was adversely affected by the transaction and this has impacted the Group's Total Return and TPR performance for 2021.

The Committee also noted the following:

- The Group raised the 2021 interim dividend by 4.6% to 23.00 pence per share and the proposed 2021 final dividend has been increased by 2.0% to 53.5 pence per share.
- No employees were furloughed or made redundant during 2020 or 2021.
- The Company has not received government support or loans.
- The average salary increase for eligible employees was 5.5% in 2021 and at least 3.2% from 1 January 2022.
- All eligible employees received a bonus for 2021.
- We continued to support our tenants, providing relief on rent where required.

The Group has continued to perform strongly in difficult circumstances and has made strategic decisions during the year which will provide longer-term growth opportunities, which is testament to the quality and commitment of our executive leadership team. Nevertheless, circa 90% of the Executive Directors' incentive opportunity is based on relative performance against Real Estate peers and the Committee determined that it was not appropriate to apply discretion to adjust the formulaic outcome.

David Silverman's departure from the Board and treatment of outstanding incentives

As announced on 14 October 2021, David Silverman will step down as an Executive Director and leave the Group on 14 April 2022. There will be no payment for loss of office in respect of David's departure. David will continue to receive his salary, benefits and pension until his leaving date. David was eligible for a bonus in respect of the year ended 31 December 2021 and will be treated as a good leaver in respect of his outstanding PSP awards (which will be capable of vesting at the normal time subject to performance and pro-rating for time served, and any amounts that vest will be subject to a two-year holding period). David will also be required to hold shares following his departure in accordance with the Group's post-employment shareholding guidelines. Further information is set out on page 178.

Implementation in 2022

The Committee reviewed the performance and development of our Executive Directors during the year and, with the exception of David Silverman and Emily Prideaux, decided to increase Executive Directors' salaries by 3% from 1 January 2022. All eligible employees received at least a 3.2% salary increase from 1 January 2022. David Silverman's salary will remain unchanged for the period 1 January 2022 to his leaving date.

Emily Prideaux was appointed an Executive Director on 1 March 2021. Emily's salary was positioned below the other Executive Directors on appointment to reflect that she was stepping up into the role of an Executive Director. As detailed on page 151 of the 2020 Report & Accounts, Emily's salary has been increased by 9.8% to £450,000 with effect from 1 January 2022. The Committee intends to further align Emily's salary with the other Executive Directors by 1 January 2023, subject to good Group and personal performance.

Pension contribution for Paul Williams, Damian Wisniewski, Nigel George and David Silverman were reduced to 15% of salary from 1 January 2022, to be aligned with the wider workforce. Pension contribution for Emily Prideaux was set at 15% of salary on her appointment as Executive Director.

The annual bonus and PSP opportunities and financial performance measures remain largely unchanged for 2022. Minor changes have been made to strategic targets which make up 25% of the bonus. We will use the Group's accident frequency rate in respect to development projects as our accident rate metric,

our carbon intensity and energy intensity targets will be assessed on a rolling three-year reduction, and our target range for void management has been expanded to 10% to 2% (previously, 8% to 2%) (see page 179).

The Committee reviewed the Group's share price performance prior to determining award levels for the 2022 PSP grant. As the share price on 22 February 2022 was broadly similar to the share price at the time the 2021 PSP awards were granted (£33.16), 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.

The Board reviewed the Non-Executive Director fees during the year (without the Non-Executive Directors being present) and decided to increase the base fee by £5,000 to £52,500, the committee chair fee by £2,500 to £10,000, and the committee membership fee by £1,000 to £5,000. The Board considers this level of fees appropriate for a company of our size and complexity. The last increase to Non-Executive Director base fees was with effect from 1 January 2019 and the last increase to the committee chair and membership fees were with effect from 1 January 2015.

Remuneration Policy review

The current Remuneration Policy was approved by shareholders at the 2020 AGM and is now approaching the end of its three-year term. During the coming year, the Committee will conduct a comprehensive review of its remuneration arrangements to ensure it remains closely aligned with the Company's strategic aims, purpose, attitude to risk and culture, and will seek consultation with our major shareholders on any proposed changes.

On promotion to Chief Executive in May 2019, Paul Williams' salary was positioned towards the lower end of market for a company of our size and below that of his predecessor's salary. This reflected that Paul was stepping up into the role of Chief Executive. As detailed on page 121 of the 2019 Report & Accounts, the Committee committed to keep Paul's salary level under review as he develops and gains experience in the role; and may award an increase above the wider workforce average to move his salary level closer to the market rate. Therefore, as part of the Remuneration Policy review, the Committee will also review Paul's salary to ensure that it is appropriately positioned against the market, taking into account his experience and performance in the role since appointment.

Ongoing and transparent dialogue with our shareholders is important to us and informs the Committee's thinking on remuneration matters. I therefore encourage all of our shareholders to engage with us during the review process.

Further engagement

I look forward to receiving your support at our 2022 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).

The Directors' remuneration report has been approved by the Board of Directors and signed on its behalf by:

Claudia Arney

Chair of the Remuneration Committee
23 February 2022

REMUNERATION AT A GLANCE

We are transparent about our pay practices which aim to incentivise our employees to achieve our strategy and generate sustainable value for our stakeholders. Our Remuneration Policy was supported by 95.5% of our shareholders.

REWARD LINKED TO PERFORMANCE

Annual bonus earned by Executive Directors

Measure	Threshold	Maximum	Actual	Bonus earned (% max)
Relative TR	37.5%	7.7%	22.9%	5.8%
Relative TPR	37.5%	5.9%	7.9%	6.3%
Strategic	25.0%			16.4
Total				30.9

PSP earned by Executive Directors

Measure	Threshold	Maximum	Actual	PSP earned (% max)
Relative TSR	50%	12.0%	71.2%	24.1%
Relative TPR	50%	4.9%	7.9%	4.6%
Total				18.1

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

WIDER STAKEHOLDER CONSIDERATIONS

The Committee considers pay policies and practices for employees, as well as feedback from key stakeholders, when making remuneration decisions for Executive Directors.

- 100% of employees below the Board received full salaries and benefits during 2021. None were furloughed
- All eligible employees received at least a 3.2% salary increase from 1 January 2022
- 2.8% increase to the dividend in 2021
- Total charitable donations and funds of £704,000
- Held our first Stakeholder Day on 29 September (see page 134)

SUMMARY OF OUR REMUNERATION POLICY AND REMUNERATION STRUCTURE

Component	Key features
Base salary and benefits	Attract and retain high calibre executives
Pension	From 1 January 2022, 15% of salary (in line with the wider workforce)
Annual bonus	Maximum opportunity of 150% of salary
— 37.5% Relative TR	Linked to key financial and strategic KPIs
— 37.5% Relative TPR	Any bonus earned in excess of 100% of salary is deferred into shares over three years
— 25% Strategic	
LTIP	Maximum opportunity of 200% of salary
— 50% Relative TSR	Linked to key financial KPIs
— 50% Relative TPR	Three-year performance period plus two-year holding period
Shareholding guidelines	200% of salary for all executives
	Guideline is met by all executives ⁽¹⁾
	Post-employment guidelines apply

During the coming year, the Committee will conduct a comprehensive review of its remuneration arrangements to ensure it remains closely aligned with the Company's strategic aims, purpose, attitude to risk and culture, and will seek consultation with our major shareholders on any proposed changes.

Notes:

- ⁽¹⁾ Excluding Emily Prideaux who was appointed an Executive Director on 1 March 2021. Emily is working towards achieving the shareholding guideline (see page 191)

HOW OUR KPIs ARE EMBEDDED WITHIN THE EXECUTIVE REMUNERATION FRAMEWORK

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

ANNUAL REPORT ON REMUNERATION

(unaudited unless otherwise indicated)

This part of the Directors' remuneration report explains how we have implemented our Remuneration Policy during 2021. The Remuneration Policy in place for the year was approved by shareholders at the 2020 AGM on 15 May. We have provided a summary of our Remuneration Policy on pages 177 to 180. Our full Remuneration Policy can be found on our website at: www.derwentlondon.com/investors/governance/board-committees

This Annual report on remuneration will be subject to an advisory vote at our 2022 AGM on 13 May 2022.

Role of the Remuneration Committee

The role of the Committee is to determine and recommend to the Board the Remuneration Policy for Executive Directors, and set the remuneration for the Chairman, Executive Directors and 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.

Attract, retain and motivate	Support an effective pay for performance culture which enables the Company to attract, retain and motivate Executive Directors who have the skills and experience necessary to deliver the Group's purpose (see page 1). External market practice is considered when determining the Directors' Remuneration Policy.
Clarity and simplicity	Ensure that remuneration arrangements are simple and transparent to key stakeholders and take account of pay policies for the wider workforce. Details of the maximum potential values that may be earned through the remuneration arrangements are set out in the summary of our Remuneration Policy on pages 177 to 180.
Alignment to strategy and culture	Align remuneration with the Group's objectives and long-term strategy and reflect our culture through a balanced mix of short- and long-term performance-related pay and ensure that performance metrics remain effectively aligned with strategy.
Risk management	Promote long-term sustainable performance through sufficiently stretching performance targets, whilst ensuring that the incentive framework does not encourage Executive Directors to operate outside the Group's risk appetite (see page 101). 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.
Stewardship	Promote long-term shareholdings by Executive Directors that support alignment with long-term shareholder interests. Executive Directors are subject to within-employment and post-employment shareholding guidelines. Once PSP awards have vested there is a two-year holding period during which Executive Directors are not able to sell their shares to support sustainable making.
Proportionality and fairness	Total remuneration should fairly reflect the performance delivered by the Executive Directors and the Group. The Committee takes into account underlying business performance and the experience of shareholders and other stakeholders when determining vesting outcomes, ensuring that poor performance is not rewarded. The Committee considers the approach to wider workforce pay and policies when determining the Remuneration Policy to ensure that it is appropriate in this context.

Committee composition and performance

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.

Claudia Arney will reach her ninth anniversary on the Board in 2024. Sanjeev Sharma will join the Committee from 1 March 2022 to ensure he has the knowledge to succeed Claudia Arney as Chair, in accordance with the UK Corporate Governance Code.

	Independent	Number of meetings	Attendance ⁽ⁱ⁾
Claudia Arney, Chair	Yes	2	100%
Simon Fraser ⁽ⁱⁱ⁾	Yes	1	100%
Helen Gordon	Yes	2	100%
Lucinda Bell	Yes	2	100%

Notes:

⁽ⁱ⁾ Percentages are based on the meetings entitled to attend for the 12 months ended 31 December 2021.

⁽ⁱⁱ⁾ Simon Fraser stepped down from the Board on 31 October 2021. Simon attended 100% of the Committee meetings he was entitled to attend prior to his retirement date.

The Committee's role and responsibilities are set out in the terms of reference, which were last updated in February 2022 and are available on the Company's website at: www.derwentlondon.com/investors/governance/board-committees

The 2021 evaluation of the Board, its committees and individual Directors, was internally facilitated by Mark Breuer, the Chairman of the Board, in accordance with our three-year cycle of evaluations (see page 141). The review confirmed that the Committee continues to operate effectively, with no significant matters raised.

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.

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.
- Market practice and corporate governance updates.
- Benchmarking of Non-Executive Director fees.
- Remuneration arrangements for a departing Executive Director.

The fees paid to Deloitte for their services to the Committee during the year, based on time and expenses, amounted to £41,700.

REMUNERATION COMMITTEE REPORT CONTINUED

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 recent AGMs in respect of the Remuneration Policy and the Annual report on remuneration, received the following votes from shareholders:

	Annual report on remuneration (2021 AGM)		Remuneration Policy (2020 AGM)	
Votes cast in favour	88.9m	95.0%	85.6m	95.5%
Votes cast against	4.7m	5.0%	4.0m	4.5%
Votes withheld	0.0m	0.0%	0.0m	0.0%
Total votes cast	93.6m	–	89.6m	–

The Committee was extremely pleased with the level of shareholder support at the 2021 AGM (c.84.7% of our issued share capital voted). 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 feedback was taken into account (see page 154 of the 2020 Report & Accounts for details).

The current Remuneration Policy was approved by shareholders at the 2020 AGM and is now approaching the end of its three-year term. During 2022, the Committee will conduct a comprehensive review of its remuneration arrangements to ensure it remains closely aligned with the Company's strategic aims, purpose, attitude to risk and culture, and will seek consultation with our major shareholders on any proposed changes.

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.

As part of the Remuneration Policy review being conducted during 2022, the Committee will consider the Group's share-based incentive schemes for the wider workforce to ensure they remain appropriate and effective for talent retention.

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 56.

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 2021, 100% of our workforce below Board level (not subject to probation) received an annual bonus (2020: 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. 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 2021, we granted 198,800 options to 78% of our employees below the Board and Executive Committee (2020: 174,300 options to 79% of our employees). Further information is on page 221.

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 third grant under the Sharesave Plan was made on 15 April 2021, with employees saving on average £177 per month. 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. As at 1 January 2022, 118 employees are saving into our Sharesave Plan (72.4% of our employees). Further information on the Sharesave Plan is on page 191.

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 28, 29, 125 and 135). Employee engagement is frequently measured and we have a designated Non-Executive Director, Dame Cilla Snowball, who chairs the Responsible Business Committee.

The Committee considers that there are sufficient channels for employees to discuss a range of matters, including executive remuneration, with the Board. The Committee considers pay and conditions across the Group, as well as any employee feedback when making decisions on executive remuneration.

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 177 to 180. There has been no deviation in the implementation of the Remuneration Policy during 2021. In addition, we have set out how the Remuneration Policy will be implemented in 2022. Our full Remuneration Policy can be found on our website at: www.derwentlondon.com/investors/governance/board-committees

Element	How operated	Maximum opportunity	Implementation for 2022																	
Base salary	Normally reviewed annually. Factors taken into account include:	No maximum, but increases will normally be consistent with the policy applied to the workforce generally (in percentage of salary terms).	With effect from 1 January 2022, Executive Directors salaries (excluding Emily Prideaux and David Silverman) were increased by 3%. All eligible employees received at least a 3.2% salary increase from 1 January 2022.																	
	<ul style="list-style-type: none"> — the role, experience and performance of the individual and the Company; — economic conditions; — pay and conditions throughout the business; and — practice in companies with similar business characteristics. 		<table border="1"> <thead> <tr> <th>Executive Director</th> <th>2022 salary £'000</th> <th>2021 salary £'000</th> </tr> </thead> <tbody> <tr> <td>Paul Williams, CEO</td> <td>630.4</td> <td>612.0</td> </tr> <tr> <td>Damian Wisniewski, CFO</td> <td>504.3</td> <td>489.6</td> </tr> <tr> <td>Emily Prideaux⁽ⁱ⁾</td> <td>450.0</td> <td>410.0</td> </tr> <tr> <td>Nigel George</td> <td>504.3</td> <td>489.6</td> </tr> <tr> <td>David Silverman⁽ⁱⁱ⁾</td> <td>489.6</td> <td>489.6</td> </tr> </tbody> </table> <p>Notes:</p> <p>⁽ⁱ⁾ Emily Prideaux was appointed an Executive Director on 1 March 2021. Emily's salary was positioned below the other Executive Directors on appointment. As detailed on page 151 of the 2020 Report & Accounts, Emily's salary has been increased by 9.8% to £450,000 with effect from 1 January 2022. The Committee intends to further align Emily's salary with the other Executive Directors by 1 January 2023, subject to good Group and personal performance.</p> <p>⁽ⁱⁱ⁾ David Silverman did not receive a salary increase effective from 1 January 2022. He will continue to receive a base salary of £489,600 until he steps down from the Board on 14 April 2022 (further information on page 179).</p>	Executive Director	2022 salary £'000	2021 salary £'000	Paul Williams, CEO	630.4	612.0	Damian Wisniewski, CFO	504.3	489.6	Emily Prideaux ⁽ⁱ⁾	450.0	410.0	Nigel George	504.3	489.6	David Silverman ⁽ⁱⁱ⁾	489.6
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Benefits	Include, but are not limited to, private medical insurance, car and fuel allowance and life assurance. Executive Directors may participate in the Sharesave Plan and any other all-employee plans on the same basis as other employees, up to HMRC approved limits.	Set at a level which the Committee considers to be appropriate taking into account the overall cost to the Company in securing the benefits, individual circumstances, benefits provided to the wider workforce and market practice.	Benefits will continue to include a fully expensed car or car allowance, private medical insurance and life assurance.																	
Pension	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).	Maximum Company contribution or cash supplement (or a mix of both) for Executive Directors from 1 January 2022 is aligned with the contribution available to the wider workforce (currently 15% of salary).	Company contribution and/or cash supplement equal to 15% of salary for all Executive Directors.																	
Annual bonus	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. Dividend equivalents may accrue on deferred shares. Such amounts will normally be paid in shares. Malus and clawback provisions apply (see note 1 on page 178). The Committee has discretion to adjust the payment outcome if it is not deemed to reflect the underlying financial or non-financial performance of the business, the performance of the individual or the experience of shareholders or other stakeholders over the performance period.	Maximum opportunity of up to 150% of salary may be awarded in respect of a financial year.	<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"> — Total return versus a comparator group of real estate companies (37.5%) — Total property return versus the MSCI IPD Central London Offices (CLO) Index (37.5%) — Strategic objectives (25%) <p>The total return and total property return targets are set out below.</p> <table border="1"> <thead> <tr> <th>Total return vs real estate comparator group</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> <p>The comparator group comprises of Big Yellow Group plc, The British Land Company plc, Capital & 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 and confirmed that it remained appropriate.</p> <table border="1"> <thead> <tr> <th>TPR vs the MSCI IPD CLO 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> <p>The strategic targets, ranges and weightings for the 2022 annual bonus are disclosed in note 2 on page 179.</p>	Total return vs real estate comparator group	Vesting (% of total return award)	Below median	0%	Median	22.5%	Upper quartile	100%	TPR vs the MSCI IPD CLO Index	Vesting (% of total return award)	Below Index	0%	Index	22.5%	Index + 2%	100%	
Total return vs real estate comparator group	Vesting (% of total return award)																			
Below median	0%																			
Median	22.5%																			
Upper quartile	100%																			
TPR vs the MSCI IPD CLO Index	Vesting (% of total return award)																			
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REMUNERATION COMMITTEE REPORT CONTINUED

Element	How operated	Maximum opportunity	Implementation for 2022																
Long-term incentives	<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"> — Total shareholder return versus the constituents of the FTSE 350 Super Sector Real Estate Index (50%) — Total property return versus the MSCI IPD UK All Property Index (50%) <p>The total shareholder 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 TSR 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 TSR 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 TSR 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%																		
Share ownership guidelines	<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"> — 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. — 100% of salary (or their actual shareholding at the point of departure if lower) for the subsequent 12 months. <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 23 February 2022, all of our Executive Directors have achieved the within-employment guideline (see page 191) except Emily Prideaux, who was appointed an Executive Director on 1 March 2021. Emily will work towards achieving the shareholding guideline.</p> <p>On 14 April 2022, David Silverman will cease to be a Director and employee of the Group. It is anticipated that David Silverman will be deemed to hold in excess of 200% of salary in 'guideline shares' on leaving Derwent London and will therefore be required to retain a shareholding in accordance with the post-employment share ownership guidelines.</p> <p>The Committee will monitor David's compliance with the post-employment share ownership guidelines.</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
Annual bonus	To such time as payment is made.	Up to two years following payment.
Deferred bonus	To such time as the award vests.	No clawback provisions apply (as malus provisions apply for three years from the date of award).
Performance shares	To such time as the award vests.	Up to two years following vesting.

Malus and clawback may apply in the following circumstances:

1. Material misstatement of financial results.
2. An error in assessing performance conditions which has led to an overpayment.
3. Dismissal due to gross misconduct.
4. Serious reputational damage.
5. Corporate failure.

Note 2: Strategic targets for the 2022 annual bonus

The strategic targets for the 2022 annual bonus will be broadly the same as those used for the 2021 annual bonus (see page 184). For the 2022 annual bonus, we will use the Group's accident frequency rate as our accident rate metric, our carbon intensity and energy intensity targets will be assessed on a rolling three-year reduction, and our target range for void management has been expanded to 10% to 2% (previously, 8% to 2%).

Performance measure ⁽ⁱ⁾	Target range ⁽ⁱⁱ⁾	Maximum award
Void management This is measured by the Group's average EPRA vacancy rate over the year.	10% to 2%	5.0%
Tenant retention This is measured by the percentage of tenants that remain in their space when their lease expires.	50% to 75%	5.0%
Staff satisfaction Staff surveys are used to assess this measure. In assessing this target the Committee will consider any variance in staff satisfaction scores between genders.	80% to >95% of staff to be satisfied or better	2.5%
Accident rate⁽ⁱⁱⁱ⁾ For 2022, this will be our Accident Frequency Rate, which is calculated based on the number of development RIDDOR injuries during the year multiplied by 1,000,000 and divided by 'work hours'.	65% to 75% of the latest industry benchmark	2.5%
Portfolio development potential This is measured by the percentage of the Group's portfolio by area, where a potential development scheme has been identified. Net Zero Carbon Pathway targets: These measures have been set to be consistent with our ambition to be net zero carbon by 2030.	35% to 50%	2.5%
Carbon intensity^(iv) This is measured by emissions intensity per m ² of landlord-controlled floor area across our managed like-for-like portfolio, against the rolling three-year average.	-5% to -10%	5.0%
Energy intensity^(iv) This is measured by energy consumption (kWh) per m ² of landlord-controlled floor area across our managed like-for-like portfolio, against the rolling three-year average.	-2% to -4%	2.5%
		25%

Notes:

⁽ⁱ⁾ The link between the performance measures and our strategic objectives is shown in the table on page 184.

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

⁽ⁱⁱⁱ⁾ In 2021, we used Accident Incident Rate (see page 184). Our Accident Frequency Rate (AFR) for 2021 was 1.26 (2020: 2.72) a reduction of 53.7%. AFR is subject to independent assurance from Deloitte.

^(iv) For the 2022 bonus, the three-year average to 31 December 2022 will be compared against the three-year average to 31 December 2021.

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 2021, our Executive Directors did not receive fees for their external appointments. Further information on our Executive Directors' external appointments is provided on pages 126 and 127.

Payments to past Directors and for loss of office (audited)

Simon Silver retired as an Executive Director on 26 February 2021. The impact of Simon Silver's retirement on his remuneration was disclosed on page 151 of the 2020 Report & Accounts. Simon Silver remained eligible to earn a pro rata bonus for the 2021 financial year. His PSP awards granted on 12 March 2019 and 13 March 2020 remain capable of vesting in accordance with their normal vesting timetable, subject to the achievement of the relevant performance conditions and a pro rata reduction for the period 26 February 2021 to the end of the performance period. Details of Simon Silver's 2021 bonus earned and 2019 PSP award expected vesting outcome are disclosed on pages 184 and 185 respectively.

David Silverman will step down from the Board on 14 April 2022 and the table below discloses how this will impact on his remuneration. There will be no payment for loss of office in respect of David's departure. David will continue to receive his salary, benefits and pension until his leaving date. The table below provides information on the treatment of his annual bonus and PSP arrangements.

Element	Agreed treatment
Annual bonus	<ul style="list-style-type: none"> — Annual bonus for the year ended 31 December 2021 will be paid in March 2022 based on performance against targets and is detailed on page 184. — David Silverman will not be eligible to receive a bonus in respect of the period 1 January to 14 April 2022.
PSP awards	<p>David Silverman will not be eligible to receive a PSP grant in 2022.</p> <p>In respect of his outstanding PSP awards, they will:</p> <ul style="list-style-type: none"> — Vest in accordance to their normal vesting timetable, subject to the achievement of the relevant performance conditions; — Be subject to the normal two-year holding period; and — Will be subject to a pro rata reduction for the period 14 April 2022 to the end of the performance period
Sharesave options	All outstanding Sharesave options will lapse on his leaving date (see page 191).
Post-employment shareholding guidelines	It is anticipated that David Silverman will be deemed to hold in excess of 200% of salary in 'guideline shares' on leaving Derwent London and will therefore be required to retain a shareholding in accordance with the post-employment shareholding guidelines (see pages 178 and 191).

REMUNERATION COMMITTEE REPORT CONTINUED

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 six 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 ⁽ⁱ⁾	14 August 2019		

Note:

⁽ⁱ⁾ David Silverman will step down from the Board on 14 April 2022 (further information on page 179).

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 2022	Date of latest appointment letter	Appointment letter expiry date
Mark Breuer	1 February 2021	11 months	25 January 2021	1 February 2024
Richard Dakin ⁽ⁱ⁾	6 August 2013	8 years, 5 months	5 August 2019	6 August 2022
Claudia Arney	18 May 2015	6 years, 7 months	5 May 2021	18 May 2024
Dame Cilla Snowball	1 September 2015	6 years, 4 months	9 August 2021	31 August 2024
Helen Gordon	1 January 2018	4 years	4 November 2020	31 December 2023
Lucinda Bell	1 January 2019	3 years	11 November 2021	1 January 2025
Sanjeev Sharma	1 October 2021	3 months	6 August 2021	1 October 2024

Note:

⁽ⁱ⁾ Richard Dakin will reach his ninth anniversary on the Derwent London Board during 2022. It is anticipated that he will step down as a Director by the end of 2022. Further information on Non-Executive Director succession is on page 146.

Summary table for the Chairman and Non-Executive Directors

	Operation	Implementation for 2022															
Chairman	<p>The remuneration of the Chairman is set by the Board (excluding the Chairman).</p> <p>The Chairman receives an annual fee.</p> <p>The Chairman may be eligible to receive benefits including, but not limited to, the use of a driver, secretarial provision, office costs and travel costs.</p> <p>The Chairman does not receive pension contributions or participate in incentive arrangements.</p>	<p>Mark Breuer's inclusive Chairman fee is £250,000 per annum and remains unchanged from 2021. Mark does not receive the benefits of a driver or contributions to his office costs.</p>															
Non-Executive Directors	<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>With effect from 1 January 2022, the Board have approved the following increases to Non-Executive Director fees (see page 173):</p> <table border="1"> <thead> <tr> <th>Non-Executive Director fees</th> <th>2022 fee £'000</th> <th>2021 fee £'000</th> </tr> </thead> <tbody> <tr> <td>Base fee</td> <td>52.5</td> <td>47.5</td> </tr> <tr> <td>Committee chair</td> <td>10.0</td> <td>7.5</td> </tr> <tr> <td>Senior Independent Director</td> <td>10.0</td> <td>10.0</td> </tr> <tr> <td>Committee membership fee</td> <td>5.0</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> <p>The Non-Executive Director base fee and Senior Independent Director fee were last increased with effect from 1 January 2019. The committee chair and membership fees were last increased with effect from 1 January 2015.</p>	Non-Executive Director fees	2022 fee £'000	2021 fee £'000	Base fee	52.5	47.5	Committee chair	10.0	7.5	Senior Independent Director	10.0	10.0	Committee membership fee	5.0	4.0
Non-Executive Director fees	2022 fee £'000	2021 fee £'000															
Base fee	52.5	47.5															
Committee chair	10.0	7.5															
Senior Independent Director	10.0	10.0															
Committee membership fee	5.0	4.0															

Total remuneration in 2021 (audited)

The table below sets out the remuneration paid to each Director for the financial years ended 31 December 2021 and 31 December 2020 as a single figure. A full breakdown of fixed pay and pay for performance in 2021 can be found on pages 182 to 185.

Executive Directors

£'000	Fixed pay				Pay for performance (variable pay)				Other items in the nature of remuneration ^(vi)	Total remuneration
	Salary ⁽ⁱ⁾	Taxable benefits	Pension and life assurance ⁽ⁱⁱ⁾	Subtotal	Bonus		Performance LTIPs ^{(iii)(iv)}	Subtotal		
					Cash	Deferred				
2021										
Paul Williams, CEO	612	23	121	756	284	–	222	506	–	1,262
Damian Wisniewski, CFO	490	23	95	608	227	–	178	405	1	1,014
Emily Prideaux ^(vii)	342	15	57	414	159	–	48	207	3	624
Nigel George	490	22	97	609	227	–	178	405	–	1,014
David Silverman	490	21	96	607	227	–	178	405	–	1,012
Former Executive Director										
Simon Silver ^(viii)	97	11	22	130	43	–	153	196	–	326
2020										
Paul Williams, CEO	600	23	135	758	597	–	856	1,453	3	2,214
Damian Wisniewski, CFO	480	23	107	610	478	–	856	1,334	1	1,945
Simon Silver	581	51	146	778	578	–	1,125	1,703	–	2,481
Nigel George	480	22	107	609	478	–	856	1,334	3	1,946
David Silverman	480	21	106	607	478	–	856	1,334	3	1,944
Former Executive Director										
John Burns	–	–	–	–	–	–	523	523	–	523

Non-Executive Directors

£'000	2021			2020		
	Fees	Taxable benefits	Total	Fees	Taxable benefits	Total
Mark Breuer ^(ix)	173	–	173	–	–	–
Richard Dakin	67	–	67	67	–	67
Claudia Arney	71	–	71	71	–	71
Cilla Snowball	67	–	67	67	–	67
Helen Gordon	57	–	57	56	–	56
Lucinda Bell	71	–	71	71	–	71
Sanjeev Sharma ^(x)	15	–	15	–	–	–
Former Non-Executive Directors						
John Burns ^(xi)	93	–	93	250	–	250
Simon Fraser ^(xii)	61	–	61	77	–	77

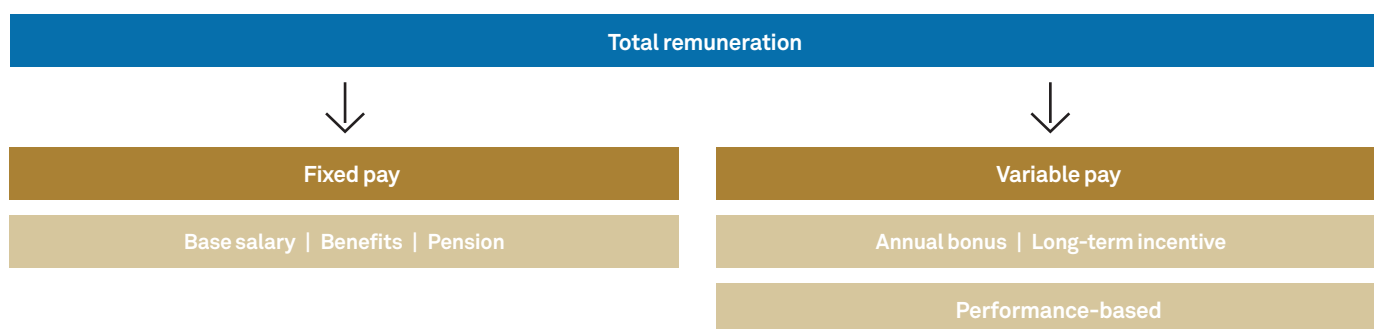
Notes:

- ⁽ⁱ⁾ 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. The waived remuneration was used for charitable donations and sponsorships. The salaries and fees disclosed for 2020 are before the voluntary 20% waiver.
- ⁽ⁱⁱ⁾ 2020 pension contributions were calculated based on salaries before the voluntary 20% waiver.
- ⁽ⁱⁱⁱ⁾ Performance LTIPs for 2021 relate to the 2019 PSP awards which will vest on 14 March 2022 and 15 August 2022 and for which the performance conditions related to the year ended 31 December 2021. The value is based on an estimate of expected vesting of 18.1% and the average share price over the last three-months of the financial year ended 31 December 2021 of £33.90. 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 185.
- ^(iv) In the 2020 Report & Accounts, the potential value of 2018 PSP awards vesting for which the performance conditions related to the year ended 31 December 2020 was calculated using the average share price for the three-months ended 31 December 2020, being £29.80. The 2020 Performance LTIP figures in the table above have been restated to reflect the actual number of 2018 PSP awards which vested on 16 March 2021 using the share price on the day of vesting (being, £33.03). The restated value provides a difference of £3.23 per vested share in comparison to the estimates contained in the 2020 Report & Accounts on page 159. Further details of vesting is provided on page 193.
- ^(v) The 2018 PSP awards which vested on 16 March 2021 were granted on 6 March 2018 when the share price was £29.48. Between grant and the vesting date, the share price had increased to £33.03 which equated to an increase in value of each vesting share equivalent to £3.55. The proportion of the value disclosed in the single figure attributable to share price growth is therefore 10.7%. The Remuneration Committee did not exercise discretion in respect of the share price appreciation.
- ^(vi) Included in the column for 'other items in the nature of remuneration' is the grant under the Derwent London Sharesave Plan made on 15 April 2021. These have been calculated based on the middle market share price on the date of grant being £33.57 minus the value of the awards at the option price which was £25.93. Further information on the Derwent London Sharesave Plan is on page 186.
- ^(vii) Emily Prideaux was appointed an Executive Director on 1 March 2021. The remuneration for 2021, is the actual remuneration paid to Emily Prideaux since her appointment.
- ^(viii) 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. Simon was eligible to earn a bonus for the period to 26 February 2021 on a pro rata daily basis (see page 184). Simon's 2019 PSP awards will vest in accordance with the normal timetable on 14 March 2022, subject to performance, and a pro rata reduction for the period 26 February 2021 to the end of the performance period (see page 185).
- ^(ix) For the period 1 February 2021 to 14 May 2021, Mark Breuer as Chairman Designate received a base fee of £47,500 per annum and a committee membership fee of £4,000 per annum. From 14 May 2021, Mark Breuer took over the role of Non-Executive Chairman. His inclusive Chairman fee from this date was £250,000 per annum.
- ^(x) Sanjeev Sharma was appointed a Non-Executive Director on 1 October 2021. The fees for 2021, are the actual fees paid to Sanjeev Sharma since his appointment.
- ^(xi) For the period 1 January 2021 to 14 May 2021, John Burns' fees as Non-Executive Chairman was £250,000 per annum subject to a pro rata reduction. In order to undertake his duties, John Burns was also provided with a driver and secretary, together with a contribution to his office running costs.
- ^(xii) Simon Fraser stepped down from the Board on 31 October 2021. The fees for 2021 shown in the table above are the actual fees paid to Simon Fraser until his retirement date.

REMUNERATION COMMITTEE REPORT CONTINUED

Executive Directors' remuneration in 2021

Remuneration for Executive Directors comprises the following elements:



Fixed pay in 2021 (audited)

Base salaries and fees

Salaries for the Executive Directors were increased by 2.0% with effect from 1 January 2021, which was in line with the cost of living increase awarded to the wider workforce (see page 189). Emily Prideaux was appointed an Executive Director on 1 March 2021; from her appointment, Emily's base salary was £410,000 per annum.

During 2020, 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 and 30 June 2020. The comparison base salary for 2020 detailed in the table below is the Directors' base salaries before the 20% waiver. The actual base salaries paid to Directors during 2020 is detailed on page 160 of the 2020 Report & Accounts.

	2021 base salary/fee	2020 base salary/fee
Executive Directors		
Paul Williams, CEO	£612,000	£600,000
Damian Wisniewski, CFO	£489,600	£480,000
Emily Prideaux ⁽ⁱ⁾	£341,667	–
Nigel George	£489,600	£480,000
David Silverman	£489,600	£480,000
Former Executive Directors		
Simon Silver ⁽ⁱⁱ⁾	£96,833	£581,000
Non-Executive Directors		
Mark Breuer ⁽ⁱ⁾	£172,605	–
Richard Dakin	£67,000	£67,000
Claudia Arney	£71,000	£71,000
Cilla Snowball	£67,000	£67,000
Helen Gordon	£57,167	£55,500
Lucinda Bell	£71,000	£71,000
Sanjeev Sharma ⁽ⁱ⁾	£14,875	–
Former Non-Executive Directors		
John Burns ⁽ⁱⁱⁱ⁾	£92,742	£250,000
Simon Fraser ^(iv)	£60,679	£77,000

Notes:

⁽ⁱ⁾ Mark Breuer, Emily Prideaux and Sanjeev Sharma were appointed to the Board on 1 February, 1 March and 1 October 2021, respectively. The base salaries shown in the table above are the actual fees/salary paid to them for the periods they were Directors.

⁽ⁱⁱ⁾ Simon Silver's salary remained unchanged at £581,000 per annum for the period 1 January 2021 until his retirement date on 26 February 2021.

⁽ⁱⁱⁱ⁾ John Burns' fee remained unchanged at £250,000 per annum for the period 1 January 2021 until his retirement date on 14 May 2021.

^(iv) From May 2021, Simon Fraser's fee reduced from £77,000 to £69,500 per annum as Mark Breuer succeeded him as Chair of the Nominations Committee. Simon Fraser stepped down from the Board on 31 October 2021.

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 2021 can be found in the table below.

	Car and fuel allowance	Private medical insurance	Total 2021 taxable benefits
Executive Directors			
Paul Williams, CEO	£16,000	£7,487	£23,487
Damian Wisniewski, CFO	£16,000	£6,791	£22,791
Emily Prideaux ⁽ⁱ⁾	£13,334	£2,267	£15,601
Nigel George	£16,000	£6,161	£22,161
David Silverman	£16,000	£4,943	£20,943
Former Executive Directors			
Simon Silver ⁽ⁱⁱ⁾	£9,081	£1,983	£11,064

Notes:

⁽ⁱ⁾ Emily Prideaux was appointed an Executive Director on 1 March 2021, therefore her benefits shown in the table above are for the period 1 March to 31 December 2021.

⁽ⁱⁱ⁾ The benefits which Simon Silver received remained unchanged for the period 1 January 2021 until his retirement date on 26 February 2021.

Pension and life assurance

Paul Williams, Damian Wisniewski, Nigel George and Simon Silver each received a cash supplement of 17.5% of salary. David Silverman and Emily Prideaux received £4,000 and £3,333, respectively, into the Group's Fidelity Master Trust pension scheme with the remainder of their entitlement paid as a cash supplement. No other Directors are accruing benefits under a money purchase pension scheme.

From 1 January 2022, the Executive Director pension provision has been aligned with the contribution available to the wider workforce at 15% of salary.

There was no change in the life assurance benefits received by the Executive Directors in 2021. The change in the annual cost is due to increases in life assurance premiums.

Pay for performance (audited)

Determination of 2021 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 2021 performance, the annual bonus payout for Executive Directors is 30.9% of the maximum potential (2020: 96.3%; 2019: 97%; 2018: 68.5%). The Committee exercised its discretion to reduce the 2020 annual bonus payout by 30.0% (from 96.3% to 66.3%).

The Committee considered the formulaic performance outcome alongside broader perspectives including: underlying business performance and affordability; the experience of shareholders; and the experience of employees and other stakeholders. Points specifically considered are set out in the Chair's Annual statement on pages 172 and 173. The Committee determined that it was not appropriate to apply discretion to adjust the formulaic outcome.

2021 annual bonus outcome

Bonus payable for financial-based performance	14.5%
Bonus payable for strategic target performance	16.4%
Total bonus payable for 2021 (% of the maximum)	30.9%

Financial-based metrics

Performance measure	Weighting % of bonus	Basis of calculation	Threshold ⁽ⁱ⁾ %	Maximum ⁽ⁱⁱ⁾ %	Actual %	Payable %
Total return	37.5	Total return versus other major real estate companies ⁽ⁱ⁾	7.7	22.9	5.8	0.0
Total property return (TPR)	37.5	Versus the MSCI IPD Quarterly Central London Offices Total Return Index	5.9	7.9	6.3	14.5
Total bonus payable for financial-based metrics						14.5

Notes:

⁽ⁱ⁾ The major real estate companies contained in the comparator group for the 2021 annual bonus are: Big Yellow Group plc, The British Land Company plc, Capital & 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.

⁽ⁱⁱ⁾ 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.

⁽ⁱⁱⁱ⁾ 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%.

REMUNERATION COMMITTEE REPORT CONTINUED

Strategic targets

Performance measure	Link to strategic objectives ⁽ⁱ⁾	Target range ⁽ⁱⁱ⁾	Maximum award	2021 achievement	Proportion awarded for 2021
Void management: This is measured by the Group's average EPRA vacancy rate over the year.	1. 2.	8% to 2%	5.0%	1.6%	5.0%
Tenant retention: This is measured by the percentage of tenants that remain in their space when their lease expires.	1. 2.	50% to 75%	5.0%	77%	5.0%
Staff satisfaction⁽ⁱⁱⁱ⁾: Staff surveys are used to assess this measure. In assessing this target, the Committee will consider any variance in staff satisfaction scores between genders.	3.	80% to >95% of staff to be satisfied or better	2.5%	90.5%	1.8%
Accident incident rate^(iv): This is calculated based on the number of development RIDDOR injuries during the year, multiplied by 100,000 and divided by the number of site workers (inductions).	4.	>0% to 5% reduction	2.5%	72.2% reduction	2.5%
Portfolio development potential: This is measured by the percentage of the Group's portfolio by area, where a potential development scheme has been identified.	1.	35% to 50%	2.5%	47.6%	2.1%
Net Zero Carbon Pathway targets: These measures have been set to be consistent with our ambition to be net zero carbon by 2030.					
Carbon intensity^(v): This is measured by emissions intensity per m ² of landlord-controlled floor area across our managed like-for-like portfolio.	4.	-5% to -10%	5.0%	-1%	0.0%
Energy intensity^(vi): This is measured by energy consumption (kWh) per m ² of landlord-controlled floor area across our managed like-for-like portfolio.	4.	-2% to -4%	2.5%	+2%	0.0%
			25%		16.4%

Notes:

⁽ⁱ⁾ Success against our strategic objectives is measured using our KPIs (see pages 44 to 49) 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 32 to 43).

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

⁽ⁱⁱⁱ⁾ The variance between genders in responses to the employee survey was taken into account by the Committee when determining the payout for staff satisfaction. The results of the employee survey showed a 0.7% variance between genders, with female satisfaction being at 95.6% and male satisfaction at 94.9%.

^(iv) Our accident incident rate in 2021 was 34.23 (2020: 123.3) a reduction of 72.2%. For the 2022 annual bonus, the target will change to accident frequency rate (see note 2 on page 179). Our accident frequency rate for 2021 was 1.26 (2020: 2.72) a reduction of 53.7% (see page 66).

^(v) Achievement of the carbon and energy intensity targets have been affected primarily by the Covid-19 pandemic. As building occupation rose throughout 2021 following the release of lockdown restrictions, there was a subsequent increase in energy consumption compared to the significant reduction in 2020 (see page 74).

^(vi) The strategic targets for the 2022 annual bonus are available in note 2 on page 179.

The total bonus for each executive is therefore:

	Bonus payable		Cash bonus payable £'000	Deferred bonus	
	% of maximum	% of salary		£'000	% of salary
Executive Directors					
Paul Williams, CEO	30.9	46.4	284	–	–
Damian Wisniewski, CFO	30.9	46.4	227	–	–
Emily Prideaux ⁽ⁱ⁾	30.9	46.4	159	–	–
Nigel George	30.9	46.4	227	–	–
David Silverman	30.9	46.4	227	–	–
Former Executive Directors					
Simon Silver ⁽ⁱⁱ⁾	30.9	46.4	44	–	–

Notes:

⁽ⁱ⁾ Emily Prideaux earned a bonus equal to £159,400 in respect of her role as an Executive Director (1 March to 31 December 2021) and this amount is disclosed in the table above. Emily Prideaux also earned a bonus equal to £40,600 in respect of her role prior to being appointed as an Executive Director (1 January to 28 February 2021). Her total bonus earned in respect of 2021 was therefore £200,000.

⁽ⁱⁱ⁾ Simon Silver retired as an Executive Director on 26 February 2021 and his bonus payout was calculated on a pro rata daily basis for the period 26 February 2021 to the end of the performance period.

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, subject to continued employment.

Performance Share Plan (PSP) vesting of awards

The Group granted share-based awards under the PSP on 12 March 2019 and 14 August 2019. The grant made in August 2019 was only to Paul Williams to reflect his increase in salary (from £442,000 to £600,000), following his promotion to Chief Executive on 17 May 2019. The March and August 2019 grants were subject to the same performance conditions over a three-year performance period which ended on 31 December 2021.

As shown in the table below, the PSP awards granted in 2019 will vest on 14 March 2022 and 15 August 2022 at 18.1% of maximum opportunity.

Performance measure	Weighting % of award	Basis of calculation	Threshold ⁽ⁱ⁾ %	Maximum ⁽ⁱⁱⁱ⁾ %	Actual %	% vesting/ estimated vesting
Total property return (TPR)	50	MSCI IPD Quarterly UK All Property Total Return Index	4.9	7.9	4.6	0.0
Total shareholder return (TSR)	50	FTSE 350 Super Sector Real Estate Index ⁽ⁱⁱ⁾	12.0	71.2	24.1	18.1

Notes:

⁽ⁱ⁾ The constituents of the FTSE 350 Super Sector Real Estate Index as at the start of the Performance Period (i.e. 1 January 2019).

⁽ⁱⁱ⁾ 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.

⁽ⁱⁱⁱ⁾ 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%.

The Committee determined that it was not appropriate to apply discretion to adjust the formulaic outcome. Therefore, the vesting for each executive will be:

	Number of awards granted	Number of shares vesting based on performance (18.1%)	Dividend equivalents ⁽ⁱ⁾ (number of shares)	Total number of shares vesting	Total estimated value of award on vesting	Value on vesting attributable to share price growth
Executive Directors						
Paul Williams, CEO (March)	27,174	4,918	335	5,253	£178,077	£7,197
(August)	6,713	1,214	84	1,298	£44,003	£5,815
(Total)	33,887	6,132	419	6,551	£222,080	£13,012
Damian Wisniewski, CFO	27,174	4,918	335	5,253	£178,077	£7,197
Emily Prideaux ⁽ⁱⁱ⁾	7,377	1,334	91	1,425	£48,308	£1,952
Nigel George	27,174	4,918	335	5,253	£178,077	£7,197
David Silverman	27,174	4,918	335	5,253	£178,077	£7,197
Former Executive Director						
Simon Silver ⁽ⁱⁱⁱ⁾	35,720	4,229	288	4,517	£153,127	£6,188

Notes:

⁽ⁱ⁾ 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. The dividend equivalents for Paul Williams' August award is an estimate and the actual number of shares will not be known until the 2021 Final Dividend is paid on 1 June 2022.

⁽ⁱⁱ⁾ Emily Prideaux's PSP award was granted in respect of her role prior to being appointed an Executive Director.

⁽ⁱⁱⁱ⁾ Simon Silver's award was subject to a pro rata reduction for the period 26 February 2021 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 2021, being £33.90. The estimated value of the vesting awards has been included within the 'single figure' total remuneration table on page 181.

The Company's share price was £32.53 and £29.42 at the point of grant, respectively, (March and August 2019). Based on the average share price over the last three months of the financial year ended 31 December 2021, being £33.90, the Company's share price has risen by £1.37 and £4.48, since the March and August grant dates, respectively. The proportion of the value disclosed in the single figure attributable to share price growth is therefore 5.9% for Paul Williams and 4.0% for the other Executive Directors (the actual value attributable to share price growth is contained in the table above). The Remuneration Committee did not consider that it was necessary to exercise discretion in respect of share price fluctuations since grant.

Overall, the Committee considers that the Remuneration Policy has operated as it intended during 2021 and that the pay outcomes are aligned with the experience of shareholders and other stakeholders.

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.

Grant	Grant date	Performance period	Vesting date	Holding period	Holding period ceases
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
2021 Grant	12 March 2021	1 January 2021 to 31 December 2023	12 March 2024	Two years	12 March 2026

REMUNERATION COMMITTEE REPORT CONTINUED

Grant of PSP awards

On 12 March 2021, 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	36,911	£1,223,969
Damian Wisniewski, CFO	29,529	£979,182
Emily Prideaux	24,728	£819,980
Nigel George	29,529	£979,182
David Silverman	29,529	£979,182

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 £33.16 (note: a share price of £33.14 was used to determine the level of PSP awards granted in March 2020). The performance period will run over three financial years and, dependent upon the achievement of the performance conditions, the awards will vest on 12 March 2024 and will be subject to a two-year holding period as outlined in the table on page 185.

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 2023	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.

Grant of Sharesave Plan options

On 15 April 2021, the Company granted options under the Derwent London Sharesave Plan. The three-year contract for the Options started on 1 June 2021. These Options are exercisable at a price of £25.93 per share from 1 June 2024 and are not subject to any performance conditions.

Executive Directors	Monthly saving amount	Number of shares under option	Option price	Market price at grant	Face value of award ⁽ⁱ⁾	Value of award ⁽ⁱⁱ⁾
Damian Wisniewski, CFO	£125	173	£25.93	£33.57	£5,808	£1,322
Emily Prideaux	£250	347	£25.93	£33.57	£11,649	£2,651

Notes:

⁽ⁱ⁾ The face value of the award is based on the middle market share price on the grant date multiplied by the number of shares under option.

⁽ⁱⁱ⁾ 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 page 191.

Managing shareholder dilution

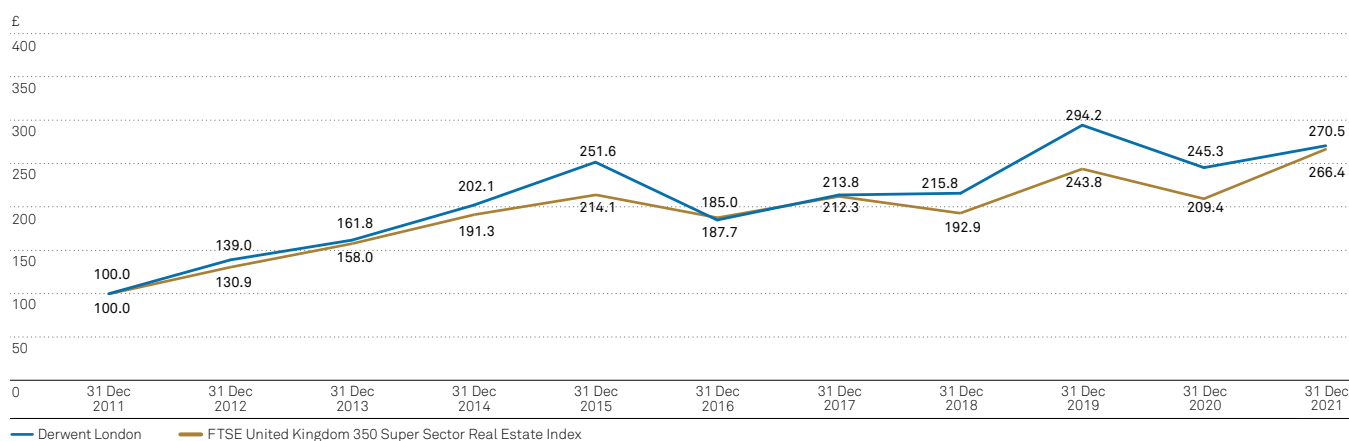
The table below sets out the available dilution capacity for the Company's employee share plans based on the limits set out in the rules of those plans that relate to issuing new shares.

	2021
Total issued share capital as at 31 December 2021	112.2 m
Investment Association share limits (in any consecutive ten-year period):	
Current dilution for all share plans	2.3%
Headroom relative to 10% limit	7.7%
5% for executive plans – current dilution for discretionary (executive) plans	1.2%
Headroom relative to 5% limit	3.8%

Pay for performance comparison

The graph below shows the value on 31 December 2021 of £100 invested in Derwent London on 31 December 2011, 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	31/12/2012	31/12/2013	31/12/2014	31/12/2015	31/12/2016	31/12/2017	31/12/2018	31/12/2019 ⁽ⁱ⁾⁽ⁱⁱ⁾	31/12/2020 ⁽ⁱⁱⁱ⁾	31/12/2021	
Chief Executive	John Burns	John Burns	John Burns	John Burns	John Burns	John Burns	John Burns	John Burns	Paul Williams	Paul Williams	Paul Williams
Total remuneration (single figure) (£'000)	2,721	2,478	2,648	2,529	1,403	1,681	2,219	1,399	2,100	2,214	1,262
Annual bonus (% of maximum)	85.4	95.0	92.6	74.2	23.3	53.6	68.5	97.0	97.0	66.3	30.9
Long-term variable pay (% of maximum)	83.8	55.2	50.0	65.7	24.9	26.5	46.0	65.75	65.75	81.6	18.1

Notes:

⁽ⁱ⁾ 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.

⁽ⁱⁱ⁾ 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.

⁽ⁱⁱⁱ⁾ Total remuneration for 2020 has been restated to reflect the actual number of 2018 PSP awards which vested on 16 March 2021 using the share price on the day of vesting (being, £33.03). The restated value provides a difference of £3.23 per vested share in comparison to the estimates contained in the 2020 Report & Accounts which were based on the average three-month share price for the year ended 31 December 2020, which was £29.80. Further details of total remuneration is provided on page 181.

REMUNERATION COMMITTEE REPORT CONTINUED

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 2021, 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
Year ended 31 December 2021			
25th percentile	£48,500	£67,908	19:1
50th percentile	£63,750	£90,289	14:1
75th percentile	£91,750	£143,168	9:1
Year ended 31 December 2020			
25th percentile	£47,000	£62,499	35:1
50th percentile	£64,000	£86,463	26:1
75th percentile	£95,266	£137,452	16:1
Year ended 31 December 2019			
25th percentile	£40,993	£63,211	40:1
50th percentile	£68,462	£89,274	28:1
75th percentile	£67,500	£153,828	17:1
Year ended 31 December 2018			
25th percentile	£45,057	£58,237	38:1
50th percentile	£59,250	£76,842	29:1
75th percentile	£75,000	£148,867	15:1

Notes:

- ⁽ⁱ⁾ Total remuneration includes one-off employee gains received through the exercise of options granted under the Employee Share Option Plan (see pages 176 and 221).
- ⁽ⁱⁱ⁾ Chief Executive remuneration for the year ended 31 December 2021 is Paul Williams' 2021 'single figure' (see page 181).
- ⁽ⁱⁱⁱ⁾ Chief Executive remuneration for the year ended 31 December 2020 is Paul Williams' 2020 'single figure' (see page 181), before the voluntary 20% salary waiver. Paul's total remuneration has been restated to reflect the actual number of 2018 PSP awards which vested on 16 March 2021, using the share price on the day of vesting (see page 193). The impact of the restatement on the CEO pay ratio for the year ended 31 December 2020 was that it increased from 34:1 for the 25th percentile, from 25:1 for the 50th percentile, and from 15:1 for the 75th percentile. The restated CEO pay ratio, based on the actual total remuneration received by Paul Williams in 2020, is included within the above table.
- ^(iv) 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.
- ^(v) 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.
- ^(vi) 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). This method was used due it being the most accurate way of calculating the ratio.

The Board have confirmed that the ratio is consistent with the Company's wider policies on employee pay, reward and progression.

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 2020 to 2021.

£m	2021	2020	% change
Staff costs ⁽ⁱ⁾	27.7	29.2	(5.4)
Distributions to shareholders	84.6	82.2	2.8
Net asset value attributable to equity shareholders ⁽ⁱⁱ⁾	4,442	4,263	4.0

Notes:

- ⁽ⁱ⁾ Staff costs includes salaries, employer pension contributions, social security costs and share-based payment expenses relating to equity-settled schemes.
- ⁽ⁱⁱ⁾ 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 89.

Percentage increase in remuneration

The table below shows the percentage change in the salary or fees, benefits and annual bonus, for each of the Directors compared to that for an average employee, for the periods 2019 to 2020 and 2020 to 2021.

% change	2020 to 2021			2019 to 2020		
	Salary/Fees	Benefits	Bonus	Salary/Fees	Benefits	Bonus
Average employee⁽ⁱ⁾	+0.3	(3.7)	+22.5	+4.7	(6.2)	(21.0)
Executive Directors⁽ⁱⁱ⁾⁽ⁱⁱⁱ⁾						
Paul Williams, CEO ^(iv)	+2.0	(0.2)	(52.5)	+10.5	+0.1	(24.4)
Damian Wisniewski, CFO	+2.0	(0.2)	(52.5)	+3.7	(1.4)	(29.0)
Simon Silver (until 26 February 2021) ^(v)	n/a	n/a	n/a	–	(1.7)	(31.6)
Nigel George	+2.0	0.0	(52.5)	+3.7	(3.9)	(29.0)
David Silverman	+2.0	(0.2)	(52.5)	+3.7	(1.7)	(29.0)
Emily Prideaux (from 1 March 2021) ^(vi)	n/a	n/a	n/a	n/a	n/a	n/a
Non-Executive Directors						
John Burns (until 14 May 2021) ^(vii)	n/a	–	–	(40)	(100)	(100)
Mark Breuer (from 1 February 2021) ^(viii)	n/a	–	–	–	–	–
Simon Fraser (until 31 October 2021) ^(ix)	n/a	–	–	0.0	–	–
Richard Dakin	0.0	–	–	0.0	–	–
Claudia Arney	0.0	–	–	0.0	–	–
Cilla Snowball	0.0	–	–	0.0	–	–
Helen Gordon	+3.0	–	–	0.0	–	–
Lucinda Bell ^(x)	0.0	–	–	+6.0	–	–
Sanjeev Sharma (from 1 October 2021) ^(xi)	n/a	–	–	–	–	–

Notes:

⁽ⁱ⁾ The annual percentage change is calculated based on the mean employee pay for employees of Derwent London plc, the parent company of the Group, and not those employed by other subsidiary companies, on a full-time equivalent basis.

⁽ⁱⁱ⁾ The Directors' remuneration used to calculate the percentage change is taken from the 'single figure' table on page 181.

⁽ⁱⁱⁱ⁾ Benefits include all taxable benefits (including car allowance, private medical and dental etc.).

^(iv) From 2019 to 2020, 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.

^(v) Simon Silver retired as an Executive Director on 26 February 2021 and therefore the percentage change in remuneration for 2020 to 2021 is not applicable.

^(vi) Emily Prideaux was appointed an Executive Director on 1 March 2021 and therefore the percentage change in remuneration is not applicable.

^(vii) John Burns stepped down as Chief Executive on 17 May 2019, following which he served as Non-Executive Chairman until his retirement on 14 May 2021. The percentage change in fees in 2019 therefore incorporates both his salary received as Chief Executive and fees received as Non-Executive Chairman. The percentage change in remuneration for 2020 to 2021 is not applicable.

^(viii) Mark Breuer was appointed to the Board as Chairman Designate on 1 February 2021 and then took over the role of Chairman from 14 May 2021. Therefore the percentage change in remuneration is not applicable.

^(ix) Simon Fraser stepped down as a Non-Executive Director on 31 October 2021 and therefore the percentage change in remuneration for 2020 to 2021 is not applicable.

^(x) Lucinda Bell became Audit Committee Chair from 17 May 2019.

^(xi) Sanjeev Sharma was appointed a Non-Executive Director on 1 October 2021 and therefore the percentage change in remuneration is not applicable.

Salary/fees

- The average employee salary increase includes employees who were not eligible for a salary increase (i.e. new joiners and leavers, depending on the date of joining or leaving the Group). The average 2021 salary increase for eligible employees (excluding promotions) was 5.5%.
- There was no change in the underlying fees payable to Non-Executive Directors during 2021. The change for Helen Gordon relates to her appointment as Senior Independent Director effective from 31 October 2021. The last increase to Non-Executive Director base fees was with effect from 1 January 2019 and the last increase to the committee chair and membership fees were with effect from 1 January 2015. The Board has approved an increase to Non-Executive Director fees effective from 1 January 2022 (see page 180).

Benefits

There was no change in the benefits received by the average employee or the Executive Directors in 2021 or 2020. The change in the annual cost is due to the cost of purchasing private medical and life insurance.

Bonus

- The 2021 bonus for the Executive Directors reduced further from 2020, by 52.5%. In comparison, the average employee bonus increased by 22.5%.
- The 2020 bonus for the average employee and Executive Directors was lower than 2019 due to the impact of the Covid-19 pandemic on the business and the wider economy. 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%.

REMUNERATION COMMITTEE REPORT CONTINUED

Directors' interests (audited)

Directors' interests in shares

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

	Number at 31 December 2021					Number at 31 December 2020				
	Beneficially held	Deferred shares	Conditional shares ^(vi)	Share options ^(vii)	Total	Beneficially held	Deferred shares	Conditional shares	Share options	Total
Executive Directors										
Paul Williams, CEO ⁽ⁱ⁾	86,383	3,737	107,008	674	197,802	72,576	7,655	99,201	674	180,106
Damian Wisniewski, CFO ⁽ⁱⁱ⁾	65,661	3,182	85,671	684	155,198	51,952	6,545	85,246	511	144,254
Nigel George ⁽ⁱⁱⁱ⁾	90,948	3,182	85,671	674	180,475	75,416	6,545	85,246	674	167,881
David Silverman ⁽ⁱⁱⁱ⁾	64,196	3,182	85,671	674	153,723	48,664	6,545	85,246	674	141,129
Emily Prideaux ^(iv)	5,322	–	41,157	3,267	49,746	–	–	–	–	–
Total	312,510	13,283	405,178	5,973	736,944	248,608	27,290	354,939	2,533	633,370
Non-Executive Directors										
Mark Breuer ^(v)	7,000	–	–	–	7,000	–	–	–	–	–
Richard Dakin	–	–	–	–	–	–	–	–	–	–
Claudia Arney	2,500	–	–	–	2,500	2,500	–	–	–	2,500
Cilla Snowball	–	–	–	–	–	–	–	–	–	–
Helen Gordon ^(vi)	938	–	–	–	938	918	–	–	–	918
Lucinda Bell	1,000	–	–	–	1,000	1,000	–	–	–	1,000
Sanjeev Sharma	–	–	–	–	–	–	–	–	–	–
Total	11,438	–	–	–	11,438	4,418	–	–	–	4,418

There have been no other changes to the above interests between 31 December 2021 and 23 February 2022.

Notes:

- ⁽ⁱ⁾ Paul Williams acquired 25,913 shares from the PSP 2018 grant which vested on 16 March 2021. The vesting shares included dividend equivalents in the form of 2,164 additional shares. To satisfy the tax liability arising, Paul Williams sold 12,204 shares immediately upon vesting at an average share price of £33.03 per share. Paul Williams acquired and immediately sold 3,830 shares under the Company's deferred bonus scheme when they were released from the 2020 deferral on 16 March 2021. These shares were sold at an average price of £33.03 per share. On 23 March 2021, Paul Williams acquired 188 shares under the Company's deferred bonus scheme when they were released from the 2019 deferral. To satisfy the tax liability arising, Paul Williams sold 90 shares immediately upon their release at an average share price of £32.02 per share.
- ⁽ⁱⁱ⁾ Damian Wisniewski acquired 25,913 shares from the PSP 2018 grant which vested on 16 March 2021. The vesting shares included dividend equivalents in the form of 2,164 additional shares. To satisfy the tax liability arising, Damian Wisniewski sold 12,204 shares immediately upon vesting at an average share price of £33.03 per share. Damian Wisniewski acquired and immediately sold 3,261 shares under the Company's deferred bonus scheme when they were released from the 2020 deferral on 16 March 2021. These shares were sold at an average price of £33.03 per share. Damian Wisniewski acquired and immediately sold 188 shares under the Company's deferred bonus scheme when they were released from the 2019 deferral on 23 March 2021. These shares were sold at an average price of £32.02 per share. On 15 April 2021, Damian Wisniewski was granted 173 share options under the Derwent London Sharesave Plan, further information on page 186.
- ⁽ⁱⁱⁱ⁾ Nigel George and David Silverman each acquired 25,918 shares from the PSP 2018 grant which vested on 16 March 2021. The vesting shares included dividend equivalents in the form of 2,164 additional shares. To satisfy the tax liability arising, they each sold 12,204 shares immediately upon vesting at an average share price of £33.03 per share. On 16 March 2021, Nigel George and David Silverman each acquired 3,261 shares under the Company's deferred bonus scheme when they were released from the 2020 deferral. To satisfy the tax liability arising, they each sold 1,536 shares immediately upon their release at an average share price of £33.03 per share. On 23 March 2021, Nigel George and David Silverman each acquired 188 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 90 shares immediately upon their release at an average share price of £32.02 per share.
- ^(iv) Emily Prideaux was appointed an Executive Director on 1 March 2021, Emily's awards include those that were granted prior to her appointment. Emily Prideaux acquired 6,037 shares from the PSP 2018 grant which vested on 16 March 2021. The vesting shares included dividend equivalents in the form of 501 additional shares. To satisfy the tax liability arising, Emily Prideaux sold 2,844 shares immediately upon vesting at an average share price of £33.03 per share. On 15 April 2021, Emily Prideaux was granted 347 share options under the Derwent London Sharesave Plan, further information on page 186.
- ^(v) On 11 March 2021, Mark Breuer purchased 4,000 shares at an average share price of £33.12. Mark Breuer purchased a further 3,000 shares on 18 May 2021 at an average share price of £33.78.
- ^(vi) During 2021, Helen Gordon reinvested her dividend to purchase an additional 20 shares.
- ^(vii) Conditional shares are those which are subject to performance conditions. For further information on the Performance Share Plan see pages 185, 186 and 193.
- ^(viii) Share options principally relate to the Sharesave Plan (see pages 186 and 191) and are unvested. For Emily Prideaux only, she has outstanding Employee Share Option Plan (ESOP) awards which were granted in respect of her role prior to being appointed an Executive Director

Directors' shareholding guideline

Executive Directors are subject to within-employment and post-employment shareholding guidelines (see page 178). The within-employment shareholding guideline for the year ended 31 December 2021 expects all Executive Directors to work towards holding shares in Derwent London plc equivalent to 200% of base salary. As at 31 December 2021, all Executive Directors have exceeded the within-employment shareholding guideline, except Emily Prideaux who was appointed an Executive Director from 1 March 2021. Emily Prideaux is working towards achieving the within-employment shareholding guideline.

Executive Directors	Beneficially held shares	2021 salary ⁽ⁱ⁾	Within-employment shareholding guideline		
			Target (% of base salary)	Achieved	Value of beneficially held shares ⁽ⁱⁱ⁾
Paul Williams, CEO	86,383	£612,000	200%	482%	£2,949,980
Damian Wisniewski, CFO	65,661	£489,600	200%	458%	£2,242,323
Nigel George	90,948	£489,600	200%	634%	£3,105,874
David Silverman	64,196	£489,600	200%	448%	£2,192,293
Emily Prideaux	5,322	£410,000	200%	44%	£181,746

Notes:

⁽ⁱ⁾ The base salaries shown in the table above are as at 31 December 2021. Further information on fixed pay during 2021 is provided on page 182.

⁽ⁱⁱ⁾ The value of the Executive Directors' beneficially held shares has been calculated using the average closing share price during the year ended 31 December 2021 of £34.15.

All other employees 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 all PSP recipients (including Executive Directors) 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 24% 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 191). The outstanding Sharesave options held by Directors are set out in the table below:

	At Grant		During the year				31 December 2021 (number)	Market price at date of exercise £	Value at exercise £'000	Maturity date
	Date of Grant	Option price £	1 January 2021 (number)	Granted (number)	Exercised (number)	Lapsed (number)				
Executive Directors										
Paul Williams, CEO	30/04/2019	25.80	348	-	-	-	348			01/06/2022
	09/04/2020	27.53	326	-	-	-	326			01/06/2023
			674	-	-	-	674			
Damian Wisniewski, CFO	30/04/2019	25.80	348	-	-	-	348			01/06/2022
	09/04/2020	27.53	163	-	-	-	163			01/06/2023
	15/04/2021	25.93	-	173	-	-	173			01/06/2024
			511	173	-	-	684			
Nigel George	30/04/2019	25.80	348	-	-	-	348			01/06/2022
	09/04/2020	27.53	326	-	-	-	326			01/06/2023
			674	-	-	-	674			
David Silverman	30/04/2019	25.80	348	-	-	-	348			01/06/2022
	09/04/2020	27.53	326	-	-	-	326			01/06/2023
			674	-	-	-	674			
Emily Prideaux	15/04/2021	25.93	-	347	-	-	347			01/06/2024
			-	347	-	-	347			
Other employees										
Other employees	30/04/2019	25.80	18,070	-	-	(1,080)	16,990			01/06/2022
	09/04/2020	27.53	21,263	-	-	(978)	20,285			01/06/2023
	15/04/2021	25.93	-	13,394	-	(104)	13,290			01/06/2024
			39,333	13,394	-	(2,162)	50,565			
Total			41,866	13,914	-	(2,162)	53,618			

Note:

⁽ⁱ⁾ On 15 April 2021, the Company granted options over 13,914 shares under the Derwent London Sharesave Plan. The three-year contract for the Options started on 1 June 2021. These Options are exercisable at a price of £25.93 per share from 1 June 2024 and are not subject to any performance conditions.

REMUNERATION COMMITTEE REPORT CONTINUED

Long-term incentive plans (audited)

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	Earliest release dates
	Date of award	Market price at date of grant £	Original Grant (number)	1 January 2021 (number)	Deferred (number)	Released (number)	31 December 2021 (number)			
Executive Directors										
Paul Williams, CEO	20/03/2019	32.50	363	182	–	(182)	–	32.02	6	20/03/2020 & 22/03/2021
	13/03/2020	33.03	7,474	7,474	–	(3,737)	3,737	33.03	123	15/03/2021 & 14/03/2022
			7,837	7,656	–	(3,919)	3,737			
Damian Wisniewski, CFO	20/03/2019	32.50	363	182	–	(182)	–	32.02	6	20/03/2020 & 22/03/2021
	13/03/2020	33.03	6,364	6,364	–	(3,182)	3,182	33.03	105	15/03/2021 & 14/03/2022
			6,727	6,546	–	(3,364)	3,182			
Nigel George	20/03/2019	32.50	363	182	–	(182)	–	32.02	6	20/03/2020 & 22/03/2021
	13/03/2020	33.03	6,364	6,364	–	(3,182)	3,182	33.03	105	15/03/2021 & 14/03/2022
			6,727	6,546	–	(3,364)	3,182			
David Silverman	20/03/2019	32.50	363	182	–	(182)	–	32.02	6	20/03/2020 & 22/03/2021
	13/03/2020	33.03	6,364	6,364	–	(3,182)	3,182	33.03	105	15/03/2021 & 14/03/2022
			6,727	6,546	–	(3,364)	3,182			
Former Executive Directors										
John Burns	20/03/2019	32.50	556	278	–	(278)	–	32.02	9	20/03/2020 & 22/03/2021
	13/03/2020	33.03	3,572	3,572	–	(1,786)	1,786	33.03	59	15/03/2021 & 14/03/2022
			4,128	3,850	–	(2,064)	1,786			
Simon Silver	20/03/2019	32.50	476	238	–	(238)	–	32.02	8	20/03/2020 & 22/03/2021
	13/03/2020	33.03	7,996	7,996	–	(3,998)	3,998	33.03	132	15/03/2021 & 14/03/2022
			8,472	8,234	–	(4,236)	3,998			
Other employees										
Other employees	13/03/2020	33.03	1,834	1,834	–	(917)	917	33.03	30	15/03/2021 & 14/03/2022
			1,834	1,834	–	(917)	917			
Total			42,452	41,212	–	(21,228)	19,984		700	

Notes:

- ⁽ⁱ⁾ The 2019 annual bonus in excess of 100% of salary was deferred into shares on 13 March 2020 and will be released in two tranches, 50% on or after 15 March 2021 and the remaining 50% on or after 14 March 2022. On 16 March 2021, the Directors chose to sell all, or a proportion, of their released shares (which included a number to discharge the relevant tax obligations), in all cases at an average price of £33.03 per share. Further information is in the notes to the Directors' interests in shares table on page 190.
- ⁽ⁱⁱ⁾ The 2018 annual bonus in excess of 100% of salary was deferred into shares on 20 March 2019 and was released in two tranches, 50% on 20 March 2020 and the remaining 50% on 23 March 2021. On 23 March 2021, the Directors chose to sell all, or a proportion, of their released shares (which included a number to discharge the relevant tax obligations), in all cases at an average price of £32.02 per share. Further information is in the notes to the Directors' interests in shares table on page 190.
- ⁽ⁱⁱⁱ⁾ 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 16 March 2021 and 23 March 2021 are excluded from the above table. For the shares released on 16 March 2021, the additional dividend equivalent shares equated to 11 shares for John Burns, 8 shares for Simon Silver and 6 shares each for the other Executive Directors. For the shares released on 16 March 2021, the additional dividend equivalent shares equated to 45 shares for John Burns, 93 for Paul Williams, 100 shares for Simon Silver and 79 shares each for the other Executive Directors.

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 (inclusive of dividend equivalents) £'000	Earliest vesting date
	Date of award	Market price at date of grant £	1 January 2021 (number)	Granted (number)	Vested (number)	Lapsed (number)	31 December 2021 (number)			
Executive Directors										
Paul Williams, CEO	06/03/2018	29.48	29,104	-	(25,913)	(3,191)	-	33.03	856	06/03/2021
	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
	12/03/2021	33.16	-	36,911	-	-	36,911			12/03/2024
			99,201	36,911	(25,913)	(3,191)	107,008			
Damian Wisniewski, CFO	06/03/2018	29.48	29,104	-	(25,913)	(3,191)	-	33.03	856	06/03/2021
	12/03/2019	32.53	27,174	-	-	-	27,174			12/03/2022
	13/03/2020	33.14	28,968	-	-	-	28,968			13/03/2023
	12/03/2021	33.16	-	29,529	-	-	29,529			12/03/2024
			85,246	29,529	(25,913)	(3,191)	85,671			
Nigel George	06/03/2018	29.48	29,104	-	(25,913)	(3,191)	-	33.03	856	06/03/2021
	12/03/2019	32.53	27,174	-	-	-	27,174			12/03/2022
	13/03/2020	33.14	28,968	-	-	-	28,968			13/03/2023
	12/03/2021	33.16	-	29,529	-	-	29,529			12/03/2024
			85,246	29,529	(25,913)	(3,191)	85,671			
David Silverman	06/03/2018	29.48	29,104	-	(25,913)	(3,191)	-	33.03	856	06/03/2021
	12/03/2019	32.53	27,174	-	-	-	27,174			12/03/2022
	13/03/2020	33.14	28,968	-	-	-	28,968			13/03/2023
	12/03/2021	33.16	-	29,529	-	-	29,529			12/03/2024
			85,246	29,529	(25,913)	(3,191)	85,671			
Emily Prideaux	06/03/2018	29.48	6,784	-	(6,037)	(747)	-	33.03	199	06/03/2021
	12/03/2019	32.53	7,377	-	-	-	7,377			12/03/2022
	13/03/2020	33.14	9,052	-	-	-	9,052			13/03/2023
	12/03/2021	33.16	-	24,728	-	-	24,728			12/03/2024
			23,213	24,728	(6,037)	(747)	41,157			
Former Executive Directors										
John Burns	06/03/2018	29.48	44,586	-	(15,828)	(28,758)	-	33.03	523	06/03/2021
			44,586	-	(15,828)	(28,758)	-			
Simon Silver	06/03/2018	29.48	38,263	-	(34,068)	(4,195)	-	33.03	1,125	06/03/2021
	12/03/2019	32.53	35,720	-	-	-	35,720			12/03/2022
	13/03/2020	33.14	35,063	-	-	-	35,063			13/03/2023
			109,046	-	(34,068)	(4,195)	70,783			
Other employees										
Other employees	06/03/2018	29.48	35,700	-	(28,053)	(7,647)	-	33.03	927	06/03/2021
	12/03/2019	32.53	33,030	-	-	-	33,030			12/03/2022
	13/03/2020	33.14	34,843	-	-	-	34,843			13/03/2023
	12/03/2021	33.16	-	31,654	-	-	31,654			12/03/2024
			103,573	31,654	(28,053)	(7,647)	99,527			
Total			635,357	181,880	(187,638)	(54,111)	575,488		6,198	

Notes:

⁽ⁱ⁾ The PSP award granted on 6 March 2018 vested on 16 March 2021 at a vesting level of 81.6%. The value of the vesting awards was based on the 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).

⁽ⁱⁱ⁾ 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 2018 PSP grant, dividend equivalents were in the form of additional vesting shares and equated to dividends paid between March 2018 and March 2021. The dividend equivalent shares have been included in the table above, within the number of vesting awards, and equate to 1,322 shares for John Burns, 2,845 shares for Simon Silver and 2,164 shares each for the other Executive Directors.

⁽ⁱⁱⁱ⁾ The PSP awards granted on 12 March 2021 will vest on 12 March 2024. The performance targets attached to these awards are detailed on page 186.

	31/12/2021	31/12/2020	31/12/2019
Weighted average exercise price of PSP awards	-	-	-
Weighted average remaining contracted life of PSP awards	1.20 years	1.19 years	1.20 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 2021 was £'nil (2020: £'nil). The weighted average market price of awards vesting in 2021 was £33.03 (2020: £27.65).