

31 October 2019

DERWENT LONDON FIRST UK REIT TO SIGN GREEN REVOLVING CREDIT FACILITY

Derwent London (“Derwent”), the largest London-focused Real Estate Investment Trust (“REIT”), has agreed and signed a new five-year £450 million revolving credit facility (“RCF”) from HSBC UK, Barclays and NatWest.

The financing includes a ‘green’ tranche of £300 million, making it the first revolving credit facility provided to a UK REIT that meets the LMA Green Loan Principles (“Green Loan Principles”).

The green tranche is available to fund activities that satisfy the criteria set out in Derwent’s newly established ‘Green Finance Framework’ (the “Framework”). This describes the Group’s sustainability objectives and outlines how Derwent intends to fund projects that will deliver first class working, amenity and outdoor spaces, improved energy efficiency and reduced consumption of natural resources. These include the development or refurbishment of commercial and residential buildings such as 80 Charlotte Street W1 and Soho Place W1 that target and receive minimum third-party verified green building certification, resulting in measurable improvements and positive environmental impacts. The Framework has been externally reviewed to ensure compliance with the Green Loan Principles.

Derwent London will be required to publish an independently verified report annually confirming that the green loans and the Framework continue to satisfy the requirements of the Green Loan Principles. Derwent London will also provide qualitative and quantitative environmental performance reporting of eligible projects in its annual Responsibility Report.

Paul Williams, Chief Executive of Derwent London, said: “Sustainability is fundamental to our business at Derwent London, and it helps drive the creation of some of London’s most innovative office space. In the last five years we have invested over £750 million and this facility will support the next generation of Derwent’s buildings while recognising our social and environmental obligations to all our stakeholders.”

Damian Wisniewski, Chief Financial Officer of Derwent London, stated: “Linking part of our financing to our projects’ green credentials is an important step towards understanding how we can help reduce our impact upon climate change. This new five-year facility will also increase our weighted average debt maturity.”

David Stephens, HSBC UK’s Head of Corporate Real Estate, London, added: “HSBC UK are delighted to act as the joint mandated lead arranger, facility agent and the green loan coordinator for this facility. Derwent has an established and proven track record in developing sustainable buildings and this is core to the business’s strategy. This funding demonstrates the growing demand for green financing and the continued focus on sustainability across the real estate sector. The funding is a further example of our commitment and dedication to the green loan market, which we are determined to support and develop.”

Natalya Tueva, HSBC UK’s Director of Sustainable Finance, explained: “According to the International Energy Agency, buildings consume 36 per cent of the world’s energy and contribute up to 40 per cent of greenhouse gas emissions. Our financing will support Derwent’s commitment to maximising positive social and environmental impacts through continuous improvement and responsible design, delivery and operation. HSBC is committed to helping businesses transition to a lower carbon economy having a public commitment to provide \$100bn of sustainable financing and investment by 2025.”

Dennis Watson, Head of Real Estate at Barclays Corporate Banking, said: “Derwent’s focus on design and sustainability is in line with our view on how good real estate should be managed, and we have built a strong relationship with the company over many years. Providing this facility will help Derwent deliver their strategy, and the loan structure will reward the sustainable activities. Our Barclays’ Green Product Framework is a great example of our commitment to providing more sustainable and innovative lending solutions to our clients. We’re confident that this will be the first of many facilities we’ll be able to provide that meet the Green Loan Principles and help accelerate the transition to a greener economy.”

Commenting on the transaction, **Charlie Foster, Managing Director Large Corporate Commercial Real Estate at NatWest added:** “We are proud to continue our support of Derwent in providing the first Green RCF to a UK REIT. This transaction emphasises NatWest’s commitment to supporting sustainably financed projects across all sectors, with an increasing focus on real estate highlighted by this transaction.”

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Notes to editors

LMA Green Loan Principles were drawn up by the Loan Market Association (LMA) and Asia Pacific Loan Market Association (APLMA) in December 2018, with the support of the International Capital Market Association (ICMA).

Derwent London plc

Derwent London plc owns 84 buildings in a commercial real estate portfolio predominantly in central London valued at £5.4 billion (including joint ventures) as at 30 June 2019, making it the largest London-focused real estate investment trust (REIT).

Our experienced team has a long track record of creating value throughout the property cycle by regenerating our buildings via development or refurbishment, effective asset management and capital recycling. We typically acquire central London properties off-market with low capital values and modest rents in improving locations, most of which are either in the West End or the Tech Belt. We capitalise on the unique qualities of each of our properties – taking a fresh approach to the regeneration of every building with a focus on anticipating tenant requirements and an emphasis on design.

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

As part of our commitment to lead the industry in mitigating climate change, in October 2019, Derwent London became the first UK REIT to sign a Green Revolving Credit Facility. At the same time, we also launched our Green Finance Framework and signed the Better Buildings Partnership’s climate change commitment.

Landmark schemes in our 5.7 million sq ft portfolio include Brunel Building W2, White Collar Factory EC1, Angel Building EC1, 1-2 Stephen Street W1, Horseferry House SW1 and Tea Building E1.

In 2019 to date, the Group has won EG Offices Company of the Year, the CoStar West End Deal of the Year for Brunel Building and Westminster Business Council's Best Achievement in Sustainability award. In 2013 the Company launched a voluntary Community Fund and has to date supported 89 community projects in Fitzrovia and the Tech Belt.

The Company is a public limited company, which is listed on the London Stock Exchange and incorporated and domiciled in the UK. The address of its registered office is 25 Savile Row, London, W1S 2ER.

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

HSBC UK

HSBC UK serves around 14.5 million customers across the UK, supported by 32,000 colleagues. HSBC UK offers a complete range of retail banking and wealth management to personal and private banking customers, as well as commercial banking for small to medium businesses and large corporates.

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. HSBC serves customers worldwide from offices in 65 countries and territories in our geographical regions: Europe, Asia, North America, Latin America, and Middle East and North Africa. With assets of US\$2,751bn at 30 June 2019, HSBC is one of the world's largest banking and financial services organisations.

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Barclays

Barclays is a transatlantic consumer and wholesale bank offering products and services across personal, corporate and investment banking, credit cards and wealth management, with a strong presence in our two home markets of the UK and the US.

With over 325 years of history and expertise in banking, Barclays operates in over 40 countries and employs 82,000 people. Barclays moves, lends, invests and protects money for customers and clients worldwide.

For further information about Barclays, please visit our website barclays.com

NatWest

NatWest serves customers in England and Wales, supporting them with their personal, private, and business banking needs. NatWest helps customers at all stages in their lives, from opening student accounts, to buying their first home, setting up a business, and saving for retirement.

Alongside a wide range of banking services, NatWest offers businesses specialist sector knowledge in areas such as sustainable energy, commercial property and technology, as well as access to specialist entrepreneurial support.

NatWest has been running MoneySense, an impartial financial education programme for 5–18 year-olds, for more than 25 years.

Forward-looking statements

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

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