



DERWENT LONDON

Derwent London plc
Annual Results 2025
Announcement

Derwent London plc (“Derwent London” / “the Group”)
RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025
Improving business momentum and positive outlook

Paul Williams, Chief Executive of Derwent London, said:

“We had an active 2025, with new lettings of £11.3m signed at 10% ahead of ERV and a record year of asset management activity. 2026 has started with strong momentum. We have completed £1.5m of new leases and are under offer on £14.4m of rent, including all of the offices at Network W1, with negotiations ongoing on an additional £4.4m across the portfolio. We have also exchanged contracts on disposals totalling £33m, with a further c.£240m under offer.

The investment market recovery has continued into 2026, with liquidity improving, particularly for larger lot sizes, and occupational dynamics remain strong. London is the HQ capital of Europe, attracting significantly more investment than any other European city and driving demand for offices against the current shortage of new space. This supports expectations for sustained rental growth, and our portfolio ERV guidance has been increased to 4% to 7% for 2026.

In 2025, our Total Accounting Return (TAR) increased to 5.0%. Looking ahead, we are targeting £1bn of disposals over the next three years and expect our TAR to reach 7% to 10% per annum as we redeploy proceeds into a range of accretive opportunities. We are forecasting 25% to 30% growth in EPRA earnings per share by 2030, driven mainly by the capture of growing reversion and the leasing of our developments.”

Key financial highlights

	2025	2024	Change
Income statement			
Gross rental income	£218.3m	£214.8m	1.6%
EPRA EPS ¹	98.4p	106.5p	(7.6)%
Dividend	81.5p	80.5p	1.2%
IFRS result before tax	£161.5m	£116.0m	39.2%
Balance sheet	Dec-25	Dec-24	
EPRA NTA per share ¹	3,225p	3,149p	2.4%
Total accounting return	5.0%	3.2%	-
Net debt	£1,450m	£1,483m	-
Total property portfolio	£4,915m	£4,861m	-

	2025	2024
Leverage		
EPRA LTV	29.4%	29.9%
Net debt/EBITDA	9.0x	9.3x
Interest cover	3.1x	3.9x
Cash and undrawn debt	£627m	£487m
Valuation		
Valuation movement	1.7%	0.2%
Equivalent yield	5.71%	5.73%
ERV growth	4.0%	4.3%
Total property return	5.5%	4.1%

¹ Explanations of how EPRA figures are derived from IFRS are shown in note 26.

Operational activity

- £11.3m of new leases, 9.9% above ERV in 2025
- £1.5m of new leases YTD 2026, with £14.4m under offer (including all of the offices at Network) and £4.4m in negotiations
- £58.9m of asset management, 6.4% uplift in rents; a record year of activity
- £216.1m of disposals; £33m exchanged YTD 2026 with a further c.£240m under offer
- 25 Baker Street W1 completed and offices fully pre-let, 11.3% ungeared IRR

Financial highlights

- Increase in total accounting return to 5.0%, with NTA up 2.4% to 3,225p

- EPRA EPS of 98.4p after the effect of mid-year refinancing, but excludes 3.7p of trading profits

Outlook

- 2026 portfolio ERV growth of 4% to 7%
- Target acceleration in disposals to £1bn over next three years
- Near-term reduction in EPRA earnings until Network income commences, with growth anticipated in H2 2026 and into 2027; 25% to 30% growth expected by 2030
- Total accounting return outlook of 7% to 10% over the coming years

Webcast and conference call

There will be a live webcast together with a conference call for investors and analysts at 10.00 GMT today.

To participate in the call or to access the webcast, please register at www.derwentlondon.com

A recording of the webcast will also be made available following the event on www.derwentlondon.com

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CHAIRMAN'S STATEMENT

We are targeting an acceleration in disposals now the investment market is improving to ensure the alignment of our portfolio to evolving market trends and to provide capital for accretive reinvestment. The Group's focus is on delivering sustainable long-term returns for shareholders through active portfolio management and development of high quality, design-led offices in the most connected and vibrant parts of London.

Development is a core part of our business model which has contributed to consistent outperformance of our benchmark, the MSCI Central London Office Index. At a time when the sector's cost of capital is elevated, however, we recognise the importance of balancing investment in future growth with actions that enhance returns and shareholder value over the near-term. While maintaining an appropriate level of leverage, disposal proceeds will be selectively reinvested into a combination of development projects, acquisitions where the strategic and financial rationale is clear, and share buybacks.

Succession planning has been, and remains, an important focus throughout the year. Shortly after year-end, Chief Executive Paul Williams announced his decision to retire. He will remain in his role until his successor is in place. Paul has made a substantial contribution to the business over the last 38 years, and there will be time to celebrate his many successes. A comprehensive recruitment process is underway.

Executive Director Nigel George had previously announced his decision to retire. Nigel steps down from the Board on 31 March 2026 and will continue as an employee for between 12 and 24 months, supporting a number of key projects. On behalf of the Board, I would like to thank Nigel for his dedication and contribution to Derwent London over many years.

Together with Damian Wisniewski, Chief Financial Officer, Emily Prideaux, Executive Director, and the senior management team, the Board is confident in the depth of experience and is fully focused on delivering the Group's strategy.

The Board is pleased to confirm a 0.5p per share increase in the final dividend to 56.0p, taking the full year dividend to 81.5p, a 1.2% uplift. This is consistent with our dividend policy and represents the 18th consecutive year of growth. Dividend cover remains healthy at c.1.2 times based on EPRA earnings. The final dividend will be paid on 29 May 2026 to shareholders on the register at 24 April 2026.

The London office market continued to strengthen in 2025, and momentum has accelerated into 2026. The business is well-positioned to benefit from this improvement. We have strong conviction in the medium-term outlook for earnings growth and total accounting return.

CHIEF EXECUTIVE STATEMENT

Portfolio activity – positive momentum

The London office sector faces a significant shortage of supply, particularly for well-located, good quality buildings and demand remains strong. Rents for these buildings have continued to grow and yields have stabilised. In addition, investment liquidity has been improving, particularly for larger lot sizes, supported by increasingly favourable credit conditions.

Our capital values increased by 1.7% overall in 2025, led by the West End, and developments again made a significant contribution. We also continued to capture the growing reversion with new leases signed nearly 10% ahead of ERV.

New leases of £11.3m completed in 2025, with open-market lettings agreed 9.9% ahead of December 2024 ERV. This includes £2.7m of Flex lettings, where demand remains strong. Operational momentum has stepped up into 2026. We have completed £1.5m of new leases and are under offer on £14.4m of rent, which includes all of the offices at Network W1. In addition, we are in negotiations on a further £4.4m across the portfolio.

Asset management activity on £58.9m of income is almost 30% higher than the previous peak in 2019. This included accretive major rent reviews at Brunel Building W2 and 80 Charlotte Street W1, reflecting strong rental growth, which we expect to continue, since the buildings completed. We also completed several successful lease regears with longstanding occupiers such as Adobe at White Collar Factory EC1 and Burberry at Horseferry House SW1. These transactions are evidence of the continued strong demand for our buildings and the quality of our occupier relationships.

We secured vacant possession at several properties ahead of project commencement, including Holden House W1, Middlesex House W1 and Greencoat & Gordon House SW1. Excluding these, our EPRA vacancy rate increased to 4.1% but remains low.

Overall disposal proceeds increased in 2025 to £216.1m. This included the sales of 4 & 10 Pentonville Road N1 and Francis House SW1 for a combined £80.1m, as well as £135.9m from trading disposals at 25 Baker Street W1.

With liquidity in the investment market improving, we are increasing the pace of disposals with a target of £1bn over the next three years. In 2026, we have exchanged contracts for the sale of 80-85 Tottenham Court Road W1 for £32.6m and are under offer on a further c.£240m.

Property valuations and financial performance – ERV upgrade

Development valuations were up 7.6% at 25 Baker Street W1, Network W1 and Holden House W1, while the standing portfolio delivered an uplift of 0.8%. ERV growth in the year of 4.0% was in line with our guidance. Our 2026 outlook is increased to 4% to 7%, from 3% to 6% in 2025.

The portfolio equivalent yield was stable at 5.71% (2024: 5.73%) but, excluding 25 Baker Street, it increased by 5bp. After allowing for additional future capex into the portfolio, underlying capital values rose by an overall 1.7% in 2025.

Our total property return of 5.5% outperformed the MSCI Central London Office Quarterly Index by 69bp. EPRA NTA was up 2.4% to 3,225p per share resulting in a total accounting return (TAR) of 5.0%. This is an increase from 3.2% in 2024, following the inflection in values in mid-year.

Earnings form a key component of our TAR. Positive rental performance and cost efficiencies were offset by increased interest costs, following the refinancing at higher rates in the middle of the year and slightly higher average net debt levels. As a result, and in line with guidance, EPRA earnings reduced to 98.4p per share from 106.5p in 2024. Adjusted earnings, which include trading profits of £4.2m associated with 25 Baker Street, were 102.1p per share.

Our approach to capital allocation

Our business model is underpinned by capital recycling. Property disposals are currently our primary source of incremental funding and with liquidity improving, we are targeting an acceleration in sales over the next three years. Properties will be considered for sale where we believe the capital can be deployed more accretively, or where our asset management plans are largely complete. In addition, we will also look to crystallise development profits.

As the cost of capital increased across the sector during 2025, we have reviewed our approach to capital allocation. Out of the £1bn of target disposals, we have earmarked c.£500m for future development capex and, after taking account of the acquisition of Old Street Quarter EC1 for £239m in late-2027, this leaves a surplus of c.£250m for redeployment into other opportunities. These include acquisitions where the rationale is compelling and potential share buybacks which are an important tool to enhance both NAV and earnings per share over the short-term.

Development has been and remains an important driver of value creation and earnings accretion, having made a positive contribution to total accounting return every year since 2010. By investing in locations with strong fundamentals, we are significantly outperforming our appraisals, and our recent projects are good examples of this. However, we have always taken a disciplined approach and there have been several examples of projects we have chosen to sell rather than deliver ourselves.

Project pipeline

In 2025, property yields were stable and ERV growth outperformed build cost inflation. We started demolition works at Holden House W1 (133,500 sq ft redevelopment) last year where future capex is £135m. Greencoat & Gordon House SW1 (107,800 sq ft comprehensive refurbishment) and 50 Baker Street W1 (236,000 sq ft redevelopment) are proposed to commence later this year. Our appraisals show attractive yields on completion and minimum 10% ungeared IRRs, with rental growth expected to increase these further given the strength of the respective sub-markets.

Old Street Quarter EC1 represents a significant long-term regeneration opportunity. During the year we formed a strategic partnership with Related Argent to progress a best-in-class mixed-use, living-led project. The masterplan will be structured to provide flexibility through to delivery, including potential joint ventures, forward funding and plot sales. We are working towards a planning application later this year.

Strong London market

London maintains its status as Europe's business capital, and we are optimistic about the office market outlook, which is underpinned by strong fundamentals. We are entering a period of very low new supply while demand remains robust, sector diverse and increasingly focused on best-in-class space. This imbalance supports rental growth and continued improvement in investment activity.

One of London's key economic strengths is its diverse office demand and ability to attract both blue-chip corporates and high growth innovators, supported by leading levels of venture capital investment, including a top three global position for AI venture capital and Europe's largest concentration of generative AI businesses. While we recognise the ongoing debate around AI, we believe London's depth of talent, culture of innovation and global connectivity will allow the city to harness AI as a net positive for long term occupational demand and economic growth.

Confident outlook and guidance

Our underlying valuation ERV has grown by around 8% over the last two years and our guidance for 2026 is up from 2025 to 4% to 7%.

Rental growth is expected to continue to exceed cost inflation, supported by income from recently completed projects. We anticipate a near-term reduction in EPRA earnings, followed by growth in H2 2026 and into 2027.

Looking ahead, we forecast 25% to 30% growth in EPRA earnings by 2030 from 2025 levels. This will be driven by project completions, capture of rental reversion and cost efficiencies as well as disciplined capital allocation.

Assuming investment yields remain stable, we anticipate delivering a total accounting return of 7% to 10% per annum over the coming years.

LONDON MARKET

See Appendix 1 for supporting graphs

Occupational market

Occupational activity across London continues to strengthen, reflected in elevated levels of viewings and sustained demand from a broad range of business sectors. Looking ahead, sentiment remains positive, with 80% of take-up in 2025 reflecting growth/expansion moves and occupiers increasingly focused on securing space in well-connected, central locations.

With a supply crunch anticipated in coming years and a strong level of demand, competition for best-in-class, sustainable buildings with good amenity and close proximity to the Elizabeth line or other transport hubs will drive rental growth. We are already seeing this growth spreading more broadly in respect of price point and location, reflecting a deeper, more balanced market which we expect to continue.

Supply constraints remain a structural characteristic of the market. With limited new stock under construction, pre-letting activity remains solid and grade A vacancy rates across central London are sub-2%. This imbalance between supply and demand is significant and scarcity of space of the quality the market is looking for is expected to become more pronounced over the coming years.

In this environment, we will see a continuation in the trend of occupiers renewing where the space works for their businesses. For occupiers, the 'stay put' option removes uncertainty and cost. For landlords, it supports income security and creates opportunities to extend lease lengths, enhance occupancy and capture rental growth.

	Central London	West End	City
Take-up (sq ft)	11.4m	3.2m	5.2m
Relative to LTA	0%	(14)%	(3)%
Space under offer (sq ft)	3.5m	1.0m	1.4m
Active demand (sq ft)	9.8m	-	-
Relative to LTA	22%	-	-
Vacancy (%)	7.2	6.0	8.8
Relative to LTA	+98bp	+211bp	+68bp
Grade A vacancy (%)	1.9	1.7	1.8
Committed development to 2030 (sq ft)	11.1m	3.3m	4.9m
% pre-let to 2030	47%	38%	52%

Source: CBRE

Investment market

Transactional activity in central London strengthened markedly during 2025, with investment volumes rising to £7.1bn, a 46% increase year-on-year, with improved liquidity evident across core City and West End locations.

The average lot size also increased materially, with 20 transactions in excess of £100m, almost double the level seen in 2024. This re-emergence of demand for larger assets has improved pricing transparency, providing additional evidence across different sub-markets. Prime assets in the West End continue to command sharper pricing, while good quality, income-producing buildings outside the core are also attracting interest.

Investor sentiment was more cautious earlier in the year but improved towards the year end. The absence of material policy changes affecting commercial property in the Autumn Budget helped restore confidence, while ongoing geopolitical uncertainty has further reinforced London's position as one of the world's leading locations for long-term capital. Against this backdrop, a broader range of investors have been active in the market.

Looking ahead, more favourable credit market conditions and continued expectations of rental growth, combined with improving liquidity and clearer pricing, are expected to support investment activity through 2026. Demand remains focused on core-plus and value-add opportunities, where strong occupational fundamentals and supply-demand imbalances offer the potential for attractive returns.

While appetite for core income remains more selective, the gap in pricing between core and higher-returning strategies continues to narrow. Against this backdrop, conditions are increasingly supportive for disciplined capital recycling and selective value realisation.

	Central London	West End	City
Transaction volumes (£bn)	7.1	3.4	3.1
<i>Relative to LTA</i>	<i>(37)%</i>	<i>(12)%</i>	<i>(35)%</i>
No. of deals >£100m	20	7	10
Average lot size (£m)	52	53	61
<i>Relative to LTA</i>	<i>(7)%</i>	<i>15%</i>	<i>(8)%</i>
Prime yields (%)	-	4.0	5.5
<i>Movement during 2025</i>	-	<i>0bp</i>	<i>(25)bp</i>

Source: CBRE

VALUATION

See Appendix 2 for supporting graphs and tables

The Group's investment portfolio was valued at £5.1bn as at 31 December 2025, up from £5.0bn at the end of 2024. Including development properties, the underlying portfolio valuation increased by 1.7% with a surplus for the year of £67.5m which, after accounting adjustments of £10.8m, produced an overall increase of £56.7m.

Portfolio ERV growth, on an EPRA basis, was 4.0% over the year, in line with guidance. Following a period where property yields increased significantly, the portfolio's true equivalent yield, on an EPRA basis, was stable in 2025 at 5.71% (31 December 2024: 5.73%). However, excluding the impact of 25 Baker Street W1, which completed in H2, the equivalent yield increased marginally by 5bp. The EPRA initial yield was 4.0% (December 2024: 4.3%) which, after allowing for the expiry of rent frees and contractual uplifts, rises to 5.1% on a 'topped-up' basis (December 2024: 5.2%).

Our central London properties, representing 98% of the portfolio, were up 1.5%. Values in the West End increased 2.2%, outperforming the City Borders which declined slightly, at -0.9%. While the West End remains our strongest market, occupational demand is broadening across sub-markets, as cost and value become more important. The balance of the portfolio, our Scottish holdings, was up 13.1% following project completions and leasing activity.

We were on-site at three West End developments during the year. At 25 Baker Street W1, the offices and three of the retail units were pre-let with a further two retail units leased post-completion in Q3. At Network W1, the offices are now under offer ahead of project completion which is expected imminently. Remaining capital expenditure to complete these two developments totals £19m. At Holden House W1, demolition commenced in Q3. These three properties were valued at £709.1m as at 31 December 2025, representing 14% of the portfolio's valuation (December 2024: 12%). Adjusting for capital expenditure during the year, their values increased by 7.6%. Excluding these projects, the underlying portfolio valuation increased 0.8%.

The portfolio valuation uplift of 1.7% outperformed both the MSCI Central London Office Quarterly Index, which was up 1.1%, and the UK All Property Quarterly Index, which increased by 1.0%.

The stabilisation in valuation yields across the London office market contributed to a 5.5% total property return for our portfolio over the year. This compares to 4.8% for the MSCI Central London Offices Quarterly Index and 6.0% for the UK All Property Index.

Portfolio valuation performance

	Valuation Dec 2025 £m	Valuation movement ¹ 2025 %	True equivalent yield ² Dec 2025 %	Yield shift ² 2025 bp	ERV growth ² 2025 %
West End	3,801.0	2.2	5.42	(5)	4.8
City Borders	1,178.7	(0.9)	6.34	2	1.7
Central London	4,979.7	1.5	5.69	(2)	3.8
Provincial	114.2	13.1	6.97	(25)	15.9
Portfolio	5,093.9	1.7	5.71	(2)	4.0
On-site developments ³	709.1	7.6	-	-	-
Investment portfolio (ex-developments)	4,384.8	0.8	-	-	-

¹ Underlying – properties held throughout the year. ² On EPRA basis. ³ Three on-site developments in 2025: 25 Baker Street W1 (completed August 2025), Network W1 (completing imminently) and Holden House W1.

Portfolio reversion

Our contracted annualised cash rent roll as of 31 December 2025 was £194.8m, with £53.5m of contracted uplifts, primarily from rent-free expiries and fixed uplifts. Under IFRS, these contracted uplifts are straight-lined in the income statement. Our annualised accounting rent roll was £210.4m. With a headline ERV of £335.3m, the components of our £87.0m valuation reversionary potential are:

- **Major projects:** £40.2m of project ERV on a headline basis, or £32.2m on an accounting basis. This comprises the two on-site developments at Network W1 (100% of office space under offer) and Holden House W1 with an ERV of £28.9m. In addition to the developments, there are two large West End refurbishments at Greencoat & Gordon House SW1 and Middlesex House W1 with a combined ERV of £11.3m.
- **Refurbishment projects:** £17.4m of potential headline income from smaller projects (£13.9m accounting basis). These include rolling refurbishments at 1-2 Stephen Street W1 and Tea Building E1, as well as 1 Page Street SW1 where we are exploring alternative uses.
- **EPRVA vacancy:** £11.2m of 'available to let' space (£8.9m accounting basis). This includes recently refurbished space at 1 Oliver's Yard EC1, 1-2 Stephen Street W1 and 90 Whitfield Street W1. Overall, this equates to a vacancy rate of 4.1%.
- **Reviews and expiries:** £18.2m (£15.9m accounting basis) is from future reviews (£6.2m) and expiries (£12.0m, of which £6.3m relates to near-term project commencements, mainly at 50 Baker Street W1 and 20 Farringdon Road EC1), less future fixed uplifts above the current ERV.

LEASING & ASSET MANAGEMENT

See Appendix 3 for supporting graphs

Leasing

In 2025, we completed £11.3m of new lettings across 233,400 sq ft, comprising 54 transactions, with open-market rents agreed 9.9% ahead of December 2024 ERV. Demand was resilient across the portfolio, broadly split between the West End and City Borders, and across HQ and Flex. Excluding pre-lets, leasing volumes for the year were in line with the Group's long-term average, demonstrating the underlying consistency of demand for the portfolio through the cycle.

Since the start of 2026, operational momentum has stepped up. We have completed £1.5m of new leases and are under offer on £14.4m of rent, which includes all of the offices at Network W1. In addition, we are in negotiations on a further £4.4m across the portfolio.

Leasing activity in 2025 to date

	Let			Performance vs Dec 2024 ERV (%)	
	Area '000 sq ft	Income £m pa	WAULT ¹ Years	Open market	Overall ²
H1 2025	99.4	4.3	4.6	8.4	-10.9
H2 2025	134.0	7.0	6.1	10.7	9.9
2025	233.4	11.3	5.5	9.9	0.9
Of which: F+F ³	46.2	2.7	2.4	3.6	3.6

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

Principal lettings in 2025

Property	Tenant	Area sq ft	Rent £ psf	Total annual rent £m	Lease term Years	Lease break Year	Rent free equivalent Months
The White Chapel Building E1	BE Offices	23,600	48.60	1.1	9.7	-	22
90 Whitfield Street W1	Validus Risk Management	11,800	91.50	1.1	10	7	18, plus 6 if no break
230 Blackfriars Road SE1	TP Bennett ¹	14,600	49.50	0.7	3.7	1.7	0, plus 3 if no break
90 Whitfield Street W1	BMJ	6,500	86.50	0.6	6.2	4.2	10, plus 4 if no break
Morelands EC1	Ingeus ¹	8,400	67.40	0.6	2.4	-	2
Morelands EC1	Exigere	8,200	70.00	0.6	5.2	-	13
White Collar Factory EC1	Adobe	13,400	39.50	0.5	13.3	8.3	17, plus 12 if no break
1-5 Maple Place W1	Union Maritime ¹	5,900	68.20	0.4	5	3	4, plus 3 if no break
230 Blackfriars Road SE1	Quantspark	7,300	45.00	0.3	5	2	6, plus 3 if no break
25 Baker Street W1	Notto	3,300	89.90	0.3	10	-	15
1-2 Stephen Street W1	Sainsbury's	4,600	65.40	0.3	15	10	9
1 Oxford Street W1	Donutelier	900	286.40	0.3	15	10	6

¹ Space leased on a 'Furnished + Flexible' basis

Asset management activity

We had a record year of asset management in 2025 with £58.9m of completed transactions, nearly 30% above the previous strongest year (2019). The Group's main focus has been to capture reversion, extend income and align lease profiles with asset strategies and future development plans. On average, the 74 transactions delivered a 6.4% uplift in rent.

This exceptional level of activity was driven by early and proactive engagement with occupiers. Our relationship-led approach enables us to structure transactions that balance flexibility with longer-term income visibility, while mitigating void risk and capital expenditure.

Rent reviews totalled £37.4m and we saw strong reversion captured with reviews settled on average 7.3% ahead of the previous rent.

Key transactions include:

- **Horseferry House SW1:** a lease regear was completed with Burberry, extending the lease term from 2038 to 2043 (without breaks) and increasing the unexpired term to 17.6 years. The 2033 open market rent review and 2038 expiry were replaced with new five-yearly fixed uplifts, improving income visibility and providing greater certainty over future cash flows.
- **White Collar Factory EC1:** a major lease regear with Adobe, extending the lease term and increasing their total space by 25% to 67,000 sq ft. The transaction aligned Adobe's leases to expire in 2038, with a tenant-only break in 2033, improving the income profile of the building, increasing the WAULT to break to 8.3 years. This was Adobe's fourth expansion since they first took occupation in 2017.
- **80 Charlotte Street W1:** BCG's rent review across levels 4-8 (163,700 sq ft) secured an uplift of 8.4% against the previous rent and a 5.1% premium compared to the December 2024 ERV.
- **Brunel Building W2:** 2025 saw the completion of the first round of rent reviews since the building completed. The average uplift across all occupiers was 5.1% compared to the headline rent.

Asset management

	Number	Area '000 sq ft	Previous rent £m pa	New rent ¹ £m pa	Uplift %	New rent vs Dec 2024 ERV %
Overall						
Rent reviews	22	448.8	34.9	37.4	7.3	5.1
Lease renewals	39	157.2	5.5	5.7	3.4	-0.4
Lease regears	13	303.2	15.0	15.8	5.6	-0.6
Total	74	909.2	55.3	58.9	6.4	3.0
Activity excluding short-term development facilitation transactions						
Lease renewals	37	149.0	5.4	5.6	3.5	2.1
Lease regears	11	297.1	14.8	15.7	5.9	0.1

¹ Headline rent, shown prior to lease incentives

The weighted average unexpired lease term (WAULT) to break across the portfolio is 6.0 years and the 'topped-up' WAULT (adjusted for pre-lets and rent-free periods) is 7.0 years.

Portfolio vacancy

The EPRA vacancy rate increased by 100bp through 2025 to 4.1% (December 2024: 3.1%), with an ERV of £11.2m. In addition, there is a further £57.6m of rent classified as project space, split £40.2m at major projects and £17.4m at smaller refurbishments. In total, 71% of breaks/expiries were retained or re-let prior to the end of the year, excluding space taken back for projects and disposals. This is below the Group's 10-year average of 83% because units with a passing rent of £3.3m were vacated during Q4, leaving insufficient time to complete our asset improvement plans prior to year-end.

DEVELOPMENTS AND REFURBISHMENTS

See Appendix 4 for supporting tables

We successfully completed our major development at 25 Baker Street W1 in H2 2025 and Network W1 is due to complete imminently, delivering high quality buildings into well-connected central London locations. At Holden House W1, which began in August 2025, good progress is being made with demolition, and strip-out works have just commenced at Greencoat & Gordon House SW1. Preparatory work continues for 50 Baker Street W1 with a proposed start in 2026.

Looking forward, Holden House, Greencoat & Gordon House and Middlesex House are expected to deliver a combined ungeared IRR of >10% and a yield on completion of >6.5%. At 50 Baker Street, we forecast an ungeared IRR of >12%. Located in strong occupier sub-markets, we are confident that we will outperform appraisal rents in the increasingly supply-constrained market, driving an increase in profitability.

The timing and phasing of future commitments will be considered within the context of our capital allocation framework, ensuring disciplined and flexible deployment of capital.

Completed/near completion projects – 439,200 sq ft

- **25 Baker Street W1** (298,000 sq ft) – office-led scheme in Marylebone: the office element 100% pre-let. Physical completion was achieved on programme; practical completion was slightly delayed to August 2025 due to timing of sign off by the Building Safety Regulator. With fit-out works progressing the first tenants are now in occupation, following lease commencements from September 2025. The scheme made a positive contribution to earnings in 2025. In addition, 24 of the 41 private residential units have been sold. Completion marks an important milestone in realising value from this major development, with a profit on cost of 21%, yield on completion of 7.5% and ungeared IRR of 11.3%.
- **Network W1** (141,200 sq ft) – office-led scheme in Fitzrovia: completion is due imminently. All of the office space is under offer.

Major projects – 291,300 sq ft

- **Holden House W1** (on-site H2 2025; 133,500 sq ft) – office-led scheme in Fitzrovia: good progress is being made on demolition works at this retained façade development. Kier has been appointed under a pre-construction services agreement for the main construction works. Located opposite the Dean Street Elizabeth line station, this scheme is well-located to benefit from current occupational trends and we are confident in its leasing prospects. Completion is expected in H2 2028.
- **Middlesex House W1** (on-site H1 2026; 50,000 sq ft) – office-led scheme in Fitzrovia: early strip-out works underway and the main contractor has been appointed, with construction works commencing in H1 2026. The scheme, where we are appraising a managed solution as part of the repositioned product, is targeting completion in February 2027.
- **Greencoat & Gordon House SW1** (proposed H1 2026 start; 107,800 sq ft) – comprehensive refurbishment: vacant possession is imminent and works are proposed to commence on site in H1 2026. Following successful leasing campaigns at the adjacent 6-8 Greencoat Place and Francis House, as well as the lack of competing heritage supply in Victoria, we are confident that there will be strong occupier demand. Completion is anticipated in H2 2027.

50 Baker Street W1 – 236,000 sq ft (proposed 2026 start)

- Office-led scheme in Marylebone: preparatory work continues for this high quality redevelopment located adjacent to 25 Baker Street, which is already reversionary. Detailed designs are progressing, a new long headlease was agreed in 2025 with The Portman Estate, the freeholder, and contractors have been engaged, as the scheme advances towards proposed commencement in the middle of 2026. Marylebone is one of London's strongest sub-markets and there is demonstrable demand for large floorplates which are in short supply in the West End.

Schemes

	Total	Network W1	Holden House W1	Greencoat & Gordon House SW1	50 Baker Street W1
Status		Imminent completion	On site	Proposed	Proposed
Type of scheme		Development	Development	Major refurbishment	Development
Commencement		H1 2022	H2 2025	H1 2026	2026
Completion		Feb 2026	H2 2028	H2 2027	H2 2029
Office (sq ft)	561,100	136,300	113,000	107,800	204,000
Residential (sq ft)	14,000	-	-	-	14,000
Retail (sq ft)	43,400	4,900	20,500	-	18,000
Total area (sq ft)	618,500	141,200	133,500	107,800	236,000
Est. future capex ¹ (£m)		9	135	52	TBC
Total cost ² (£m)		242	290	151	TBC
ERV (c.£ psf)		100	110	80	TBC
ERV (£m pa)		13.7	15.2	9.6	TBC
Embodied carbon intensity (kgCO _{2e} /sqm) – estimate ³		c.530	c.590	<250	c.530
BREEAM rating (target)		Outstanding	Outstanding	Excellent	Outstanding ⁴
NABERS rating (target)		4.5 Star or above	5 Star or above	-	5 Star or above ⁴
Green finance		Elected	Elect in 2026 (target)	To be elected	To be elected

¹ As at 31 December 2025. ² Comprising book value at commencement, capex, fees and notional interest on land, voids and other costs. ³ Embodied carbon intensity estimate as at stage 4. ⁴ On main commercial building.

Future development projects – Four schemes totalling c.1.2m sq ft

The Group's medium to longer-term pipeline extends to c.1.2m sq ft across four major schemes. We are actively exploring alternative, including living-led uses, to maximise long-term value potential at several of these properties. Where appropriate, we will consider working with specialist partners.

- **20 Farringdon Road EC1** (167,000 sq ft) – potential to commence in H1 2027: an office-led repositioning and comprehensive refurbishment adjacent to Farringdon Elizabeth line station.
- **Blue Star House SW9** (86,100 sq ft) – potential to commence in 2027: working with living specialist Astir, resolution to grant planning consent was obtained in H2 2025 for a hotel-led redevelopment with supporting workspace and public realm, designed to extend the existing structure and optimise the site's potential.
- **Old Street Quarter EC1** (750,000+ sq ft) – potential to commence from 2028. The acquisition of this 2.5-acre island site is scheduled to complete from late 2027 (for £239m), conditional on delivery by the vendor of the new eye hospital at St Pancras and subsequent vacant possession. A strategic partnership with Related Argent has been formed to masterplan a flexible mixed-use, living-led campus-style redevelopment, targeting an increase in floor area of approximately 80%, which can be delivered in phases. A planning application is targeted for H1 2027.
- **230 Blackfriars Road SE1** (200,000+ sq ft) – potential to commence from 2030. Early feasibility work indicates capacity for a substantial mixed-use redevelopment of the existing 1970s building. There is potential to more than triple the current floor area, subject to regearing of the headlease.

Refurbishments

Alongside major projects, phased or rolling refurbishment is an important part of our approach to ensuring our buildings remain competitive as occupier requirements evolve. These projects are designed to deliver attractive rental uplifts, enhanced amenity and improved EPC ratings. Annual capital expenditure on rolling refurbishments is typically between £25-50m.

- Works completed at 1 Oliver's Yard EC1 (31,000 sq ft) in 2025, with upgrades to the courtyard, reception, workspace and amenities. The refurbishment has significantly improved product quality and rental performance, with space previously achieving £60 psf now targeting an ERV in excess of £70 psf. Further works on 25,000 sq ft are expected in 2026.
- Works continue at 1-2 Stephen Street W1 (27,200 sq ft), where the rolling refurbishment programme has driven a step-change in rental performance, with ERVs on this space ranging from £87.50 to £97.50 psf, compared with previous passing rents of c.£73 psf.

Lochfauld solar park, Scotland

Lochfauld solar park is a c.100-acre, 18.4 MW solar development forming part of the Group's Scottish portfolio and is an important component of our Net Zero Carbon Pathway. Once operational, the park is expected to generate c.40% of the London managed portfolio's electricity requirements, materially reducing reliance on external supplies.

During 2025, the majority of the construction and installation phases were completed. All solar panels have been installed, together with the supporting frames, cabling and the on-site electrical systems required for grid connection. Associated site infrastructure, including access roads, drainage and security systems, has also been completed. With these elements in place, power-on and energisation is expected in H1 2026.

Based on the current development appraisal, the project is expected to deliver an attractive yield on cost in excess of 9%, with net annual income of c.£1.5m after operating costs. The development delivers both a compelling financial return and long-term strategic value as part of the Group's sustainability and decarbonisation objectives.

DISPOSALS AND ACQUISITIONS

Disposals

Disposals in 2025 totalled £216.1m. The principal transactions in the year were:

- **4 & 10 Pentonville Road N1:** sold with vacant possession for £26.0m, broadly in line with book value;
- **25 Baker Street W1 – Residential:** completion on the sale of 24 of the 41 private residential units, plus the affordable residential for a total of £118.1m;
- **25 Baker Street W1 – Retail:** as part of our strategic collaboration with The Portman Estate, we have completed works at the Loxton Walk retail, with £17.8m of proceeds received in 2025; and
- **Francis House SW1:** sold for £54.1m (after agreed deductions), broadly in line with the December 2024 book value, reflecting a net initial yield of 4.9%.

Since the start of 2026, we have exchanged contracts for the disposal of 80-85 Tottenham Court Road W1 for consideration of £32.6m, a 6.5% premium to the December 2025 book value. The property is being sold with vacant possession and completion is scheduled for June 2026. In addition, we are under offer on a further c.£240m of disposals.

Acquisitions

There were only £6.0m of acquisitions in 2025, principally the completion of the headlease regear at Morelands EC1 along with the simultaneous acquisition of the adjacent 74 Goswell Road EC1 for a combined £5.0m (before costs).

SUSTAINABILITY

9% reduction in energy intensity

Following an 8% reduction in energy intensity (EUI) in 2024, we have delivered a further 9% reduction to 125 kWh/sqm in 2025 (2024: 137 kWh/sqm). Total energy consumption was also down 6% to 48.7m kWh (2024: 51.8m kWh), with gas 22% lower and electricity down 1%. Gas has reduced from 37% of total energy in 2020 to 21% in 2025 following portfolio decarbonisation activity and delivery of new all-electric developments. There are several drivers behind the reduction in energy consumption, including the full year benefit of initiatives implemented in 2024:

- installation of air source heat pumps at 1-2 Stephen Street W1 last year and Charlotte Building W1 in 2025, as well as removal of gas at 9-10 Rathbone Place W1;
- ongoing occupier engagement, with a focus on reducing out-of-hours usage; and
- continued roll-out of shorter plant run-times.

We published an update to our Net Zero Carbon Pathway in December. Our CRREM-aligned 2030 energy intensity target of 123 kWh/sqm is equivalent to a 26% reduction compared to our 2019 baseline of 166 kWh/sqm.

The Government's 2025 carbon conversion factors were released in early July. Electricity factors are 15% lower compared to 2024 as further progress has been made decarbonising the UK's electricity grid. Applying these factors to our 2025 consumption, our location-based operational GHG emissions (Scopes 1, 2 and 3, excluding embodied carbon) reduced by 16% to 10,434 tCO₂e compared to 2024.

72% of our portfolio rated EPC A or B

To ensure compliance with evolving EPC legislation, we have a clear programme of upgrade works phased over the coming years. With 72% of our portfolio already rated EPC A or B (including 25 Baker Street W1 and Network W1) and a further 16% rated EPC C, we remain very well placed ahead of potential legislation changes in future.

Panel installation complete at Scottish solar park

See 'Developments and refurbishments' section for detailed update.

Circular economy embedded across portfolio

We have made good progress on the circular economy, in collaboration with Material Index, to optimise re-use across our portfolio, whilst brokering or donating opportunities to the wider circular economy market. Since we formalised our circular economy strategy, c.500 tonnes of material have been donated or brokered. To date, our rolling refurbishments have achieved an average 44% retention and on-site re-use rate.

A focus on low carbon concrete

In June 2024, we led the formation of a UK developer-led, industry wide initiative, the Accelerating Concrete-Decarbonisation Group (AC-DG), to accelerate the adoption and commercialisation of market-ready, viable low carbon concrete mixes. Significant progress has been made to date, with prototyping works due to begin in 2026 on several innovative low carbon mixes. Over the medium-term, these have the potential to reduce concrete carbon emissions by up to 70%.

In addition, Derwent London is a founding signatory of the Advanced Market Commitment (AMC), a government funded initiative aligned with the AC-DG. The aim of the AMC is to signal to the supply chain that low carbon concrete is a priority for industry. Derwent London has committed to procure at least 5% of concrete in line with AMC requirements.

FINANCE REVIEW

Financial highlights

	Dec 2025	Dec 2024
Total net assets	£3,615.3m	£3,539.8m
EPRA NTA per share	3,225p	3,149p
EPRA NDV per share	3,302p	3,261p
Property portfolio at fair value	£5,093.9m	£5,041.1m
Gross property and other income	£406.3m	£276.9m
Net rental income	£190.0m	£189.6m
IFRS profit before tax	£161.5m	£116.0m
EPRA earnings per share (EPS)	98.4p	106.5p
Interim and final dividend per share	81.50p	80.5p
EPRA LTV ratio	29.4%	29.9%
Net interest cover ratio	3.1x	3.9x
Net debt/EBITDA	9.0x	9.3x

Introduction

Derwent London produced a solid financial performance in 2025 amid an increasingly encouraging backdrop for the London office sector. Our total accounting return for the year rose to 5.0% helped by a small rise in property income and portfolio valuations up by 1.7%. IFRS earnings per share increased by 39% to 143.5p and administrative expenses were reduced by 4.9% compared to 2024. Our development projects continued to add value and, looking ahead, we expect development returns and the subsequent growth from recently-completed schemes to continue to outperform. An increased level of disposals in 2025 of £216.1m included £135.9m of trading sales, helping boost operating cashflow strongly. It also led to reductions in borrowings and net debt with net debt/EBITDA falling back to 9.0 times and EPRA loan-to-value ratio to 29.4%.

However, we know that there is more to do in 2026. With over £270m already exchanged or under offer in 2026 to date, we are targeting higher disposals into a more receptive investment market and have clear parameters for capital allocation into development and refurbishment projects. The cost of capital in our sector appears to have risen in 2025 and sets a high bar for real estate investment. This demands ever more vigilant cost analysis and discipline, meaning that some of our projects which were previously viable may now require alternative strategies. We are also looking at other forms of capital allocation that can bring nearer-term upside.

For 2026, we are targeting further reductions in our cost base through process efficiencies and reducing irrecoverable property costs. Furthermore, substantial refinancing in 2025 has prepared us for the repayment of £230m of relatively expensive fixed rate debt in early 2026; however, the higher interest rates post refinancing in June 2025 caused EPRA earnings to decline in H2 2025. We now expect our average spot interest rate to fall slightly during 2026 and then remain relatively stable until 2031.

Our well-located and amenity-rich product remains in strong demand in an increasingly supply-constrained market and we are expecting rents to continue outpacing costs for some time. After a dip in H1 2026 before rent at Network W1 is recognised in the income statement, we see EPRA earnings returning to growth in 2027 with our outlook for 2030 around 25-30% higher. The medium-term outlook for the Group's total accounting return (TAR) is also the strongest for some time, helped by the rental growth outlook, improving development returns and stable investment yields.

Property and other income

Gross property and other income increased substantially to £406.3m for the year ended 31 December 2025 from £276.9m in 2024. This was mainly due to trading property proceeds of £118.1m (2024: £3.7m) from the sale of 24 out of 41 apartments at George Street W1, part of our 25 Baker Street W1 scheme. The related profit on sale was £4.2m after allowing for the cost of affordable housing. Additional proceeds of £17.8m (2024: £nil) came from the disposal of trading stock on retail units already passed over to the freeholder on re-gearing of the headlease.

Gross rental income also increased, rising to £218.3m from £214.8m in 2024 with 25 Baker Street contributing £5.4m of new rent. Other lettings and reviews were approximately matched by units becoming vacant including Middlesex House W1, Greencoat and Gordon House SW1 and Holden House W1 where schemes commenced or are planned. Surrender premiums fell to £0.3m from £2.7m the year before.

Irrecoverable service charge costs were unchanged at £6.6m but other property costs rose to £19.8m from £18.2m in 2024. Most of this increase came from £1.5m of additional legal and letting costs plus £0.7m of marketing costs, the latter principally at Holden House.

Impairment charges in relation to planning costs at Old Street Quarter EC1 increased to £1.4m from £0.2m in 2024 with a further charge of £0.5m (2024: £0.2m) relating to receivables. We have seen continued strong rental and service charge collection rates exceeding 99% through the last year.

Taking account of these costs, net rental income increased marginally to £190.0m from £189.6m in 2024. Taking further account of surrender premiums, the trading profits noted earlier, dilapidation receipts, other property income and management fees, net property and other income increased to £199.6m from £198.3m in 2024.

See Appendix 5 for graph showing movement in gross rental income

Administrative expenses and EPRA cost ratios

As noted last year, managing our costs and looking for efficiencies was a particular focus in 2025 and will continue to be so in 2026. As a result, the Group's administrative expenses fell to £39.1m from £41.1m a year earlier, the 4.9% decrease coming mainly from a 4.7% drop in staff costs despite increases averaging 5.9% for staff and 3.5% for directors. Out of £28.3m (2024: £29.7m) of staff costs, £2.7m (2024: £2.5m) of internal costs were capitalised in accordance with IAS16 and £2.7m (2024: £2.7m) was recovered via service charges. Total average headcount increased by eight, though five of these are recovered in full or in part via service charges.

Our EPRA cost ratio excluding direct vacancy costs increased to 22.4% (2024: 21.7%) and, including direct vacancy costs, the figure increased marginally to 27.3% from 27.0% in 2024.

Other income statement items

After accounting adjustments which mainly comprise straight-lining lease incentives and grossing up headlease liabilities, the revaluation surplus on investment properties which passed through the income statement increased to £52.2m after a small deficit of £2.7m in 2024. In addition, the revaluation surplus for our head office was £4.5m in 2025 (2024: £2.9m); this was subject to a deferred tax adjustment of £1.1m (2024: 0.6m) as it is outside the REIT regime with both of these amounts included within the consolidated statement of comprehensive income rather than the income statement.

In addition to the trading activity noted earlier, we disposed of two investment properties during the year with combined proceeds of £80.2m. This was split £26.0m for the freehold interest in 4&10 Pentonville Road N1 and £54.1m for the freehold in Francis House SW1 and gave rise to a small combined loss on disposal of £2.2m after costs. In 2024, investment property disposal proceeds were slightly higher at £87.5m and provided a £2.1m net profit on disposal.

The profit from operations therefore increased to £210.5m in 2025 from £156.4m in the prior year.

The other main income statement items are finance income and costs. The net finance cost for 2025 increased to £48.4m (2024: £39.6m) partly due to higher average borrowings in 2025 but more impacted by the increase in our weighted average interest rate following the mid-year refinancing. Also included in finance costs in 2025 was a £1.2m settlement cost for an interest rate hedge taken out in connection with the £250m bond issue in June. Given the volatility at the time, we opted to hedge but rates fell through the period when pricing was at risk giving rise to this charge; we will get the benefit of slightly lower rates through the 7-year period of these 5.25% bonds. In 2025, we capitalised interest on projects totalling £14.1m (2024: £11.2m).

The Group's interest rate swaps also terminated in 2025 and showed a fair value loss on derivative financial instruments of £0.6m (2024: £2.3m loss).

There was no contribution from joint ventures this year but the prior year included a £1.5m profit from our share of the 50 Baker Street joint venture up to the point of termination in October 2024.

IFRS profit before tax and EPRA earnings per share

The IFRS profit before tax, which includes fair value movements such as the property revaluation passing through the income statement, increased to £161.5m (2024: £116.0m) and IFRS diluted earnings per share rose to 143.5p (2024: 102.9p).

EPRA earnings per share adjust for the fair value movements and certain other items. As previously guided, they were lower in 2025 at 98.4p per share (2024: 106.5p) largely as a result of the higher interest rates following refinancing during the year. Note that the £4.2m trading profits on residential apartment sales at George Street are excluded from EPRA's definition of earnings. Providing these apartments and affordable housing was an important and necessary part of our development activity at this mixed use scheme and adding these profits back for 2025 takes adjusted earnings per share to 102.1p.

A table showing a reconciliation of the IFRS and adjusted results to EPRA earnings per share is included in note 26.

Like-for-like rental income

Like-for-like (LFL) gross rental income increased by 2.4% in 2025, showing the impact of rental uplifts being captured on new lettings and reviews but also reflecting slightly higher vacancy across the portfolio. LFL net rental income was up 1.4% and LFL net property income, which takes account of dilapidations and other property income, was up 1.2%.

Taxation

The Group's tax charge for 2025 was £0.4m (2024: £0.1m). This was due to movements in deferred tax as a result of the utilisation of previously recognised tax losses and a reduction in the deferred tax asset on share based payments.

As in previous years, the majority of our income was exempt from corporation tax as it is derived from a qualifying property rental business under the UK REIT regime. The related requirement to pay a PID (property income distribution) meant that £11.0m (2024: £9.8m) of withholding tax was paid to HMRC instead.

Derwent London's principles of good governance extend to a responsible approach to taxation. Our tax affairs are led by an experienced Head of Tax, we have a low tax risk tolerance and continue to retain the low-risk status which HMRC granted in the Business Risk Review in July 2023. We have an open dialogue with HMRC in relation to our tax affairs, work collaboratively with them to ensure that we pay the correct amount of tax on time and engage proactively with them on proposed changes to legislation.

Our statement of tax principles is available on our website www.derwentlondon.com/investors/governance/tax-principles and is approved by the Board in line with the Group's long-term values, culture and strategy.

Dividend

Our policy aims for progressive annual increases but a payout well-covered by EPRA earnings after taking account of our duties to other stakeholders. The board is recommending another 0.5p per share increase in the final dividend to 56.0p, of which 40.0p will be a PID and the balance of 16.0p as a conventional dividend to be paid in May 2026. The Company's ISIN reference is GB0002652740.

Our dividend policy remains unchanged and this year's proposed final dividend will make this the 18th year of consecutive increases in our interim/final dividends since the formation of Derwent London plc in 2007. We also paid special dividends in 2017 and 2018.

This will take the total dividend for the year to 81.5p, a 1.2% increase over the previous year. Dividends paid and declared in relation to 2025 earnings were 1.2 times covered by EPRA earnings and 1.3 times by adjusted earnings.

Net asset values and total return for the year

Derwent London's total net assets increased during 2025 to end the year at £3,615m, up 2.1% from £3,540m in 2024. EPRA Net Tangible Assets (NTA), our main net asset performance measure, increased to 3,225p per share on a diluted basis from 3,149p a year earlier. The principal movements during the year were our recurring income as measured by EPRA earnings, the revaluation surplus and overall profit from disposals less ordinary dividends and PID paid in the year.

	2025	2024
	p	p
Opening EPRA NTA	3,149	3,129
Revaluation movement	51	(8)
Profit on disposals	2	2
EPRA earnings	98	106
Ordinary dividends paid	(81)	(80)
Other	6	-
Closing EPRA NTA	3,225	3,149

Adding back dividends paid, our total accounting return (TAR) for 2025 was 5.0%, indicating a further improvement in conditions for our sector after several challenging years. In 2024, when valuation declines started to reverse, our TAR was 3.2% following negative returns in both 2022 and 2023. Most of these valuation impacts came from yield adjustments as the era of quantitative easing ended after a sustained period of very low interest rates. Modest rental growth continued during this time and has accelerated for the better-quality space in which we specialise while yields have essentially stabilised.

EPRA Net Disposal Value (NDV), which takes account of a positive £96.6m fair value adjustment from our fixed rate debt and bonds, increased to 3,302p per share from 3,261p at 31 December 2024.

See Appendix 5 for graph showing movement in EPRA net tangible assets per share

Property portfolio and other fixed assets

Our property portfolio is externally valued at six-monthly intervals by Knight Frank and, at 31 December 2025, the fair value increased to £5,094m from £5,041m a year earlier. We are required to make adjustments from fair value to carrying value for accounting purposes to recognise tenant incentives through earnings on a straight-line basis. In addition, letting costs are spread over the life of each lease and headlease liabilities are grossed up. After these adjustments, the total property carrying value was £4,915m at 31 December 2025 (2024: £4,861m).

Property additions in 2025 totaled £178.6m (2024: £242.0m), mostly made up of capital expenditure of £156.1m (2024: £182.1m) and capitalised interest and overheads of £16.5m (2024: £12.9m). The majority of expenditure in 2025 was incurred on the two large development projects at 25 Baker Street W1 and Network W1, costs on these alone totaling £82.6m. As these two projects were close to their maximum cumulative levels in 2025, capitalised interest was relatively high at £14.1m (2024: £11.2m) and we expect it to fall back considerably in 2026.

The combined carrying value of the property disposals noted above increased to £186.7m from 82.9m in 2024. Other property, plant and equipment increased to £68.1m from £52.0m in December 2024, the main reason being additions at our Lochfauld solar park in 2025 of £9.7m plus a transfer from prepayments of £2.5m as the costs now meet the criteria for recognition as fixed assets. Also included in this category is the owner-occupied property comprising our head office at 25 Savile Row W1, where the carrying value at 31 December 2025 was £53.5m (2024: £49.0m).

Old Street Quarter EC1

We are due to acquire this substantial Old Street site no earlier than mid-2027 subject to the vendor providing vacant possession. The agreed acquisition price is £239m less the £3m deposit paid at exchange. Including the deposit, we have now incurred costs associated with master-planning, design and planning application preparation totaling £12.0m net of impairment. In 2025, after a detailed review, we impaired a further £1.4m of these costs. At the point of acquisition, the balance of these costs will be allocated and included within investment property at fair value together with the remaining

acquisition price paid. We are now working with our strategic development partner, Related Argent, to optimise our plans for this unique site. This will influence the future fair value at the point of acquisition and beyond.

Cash flow, borrowings and net debt

The cashflow generated from our operations increased substantially in 2025 due mainly to the sale of apartments at George Street W1, part of the 25 Baker Street scheme. The net cash from these sales received by the Group in 2025 was £115.8m after costs but including a small affordable housing receipt. We also received £17.8m in 2025 on the disposal of trading stock to the freeholder in relation to the same scheme. These expected cash inflows were explained in previous reports, offsetting the related cash outflows included as a deduction against operating cashflow in the last few years as we built out the trading properties and trading stock. Partly as a result, the net cash from operating activities shown within the consolidated cash flow statement increased from £64.6m in 2024 to £228.0m in 2025. We expect further sales to complete in 2026 but the figure will be substantially lower than in 2025.

Having issued new £250m unsecured bonds in June 2025, we ended 2025 with a higher cash balance than usual at £131.7m. Of this amount, £29.3m related to tenant rent deposits and £25.2m to service charge balances so the unrestricted cash available to the Group was £77.2m (2024: £15.4m).

Property disposals in 2025 brought net debt down to £1.45bn from £1.48bn in 2024, with net debt to EBITDA falling to 9.0 times (2024: 9.3 times) and EPRA loan-to-value ratio to 29.4% (2024: 29.9%). Both these 2025 year-end figures are within our target ranges. Year-end borrowings were marginally higher than 2024 at £1.49bn because we had no further revolving credit facilities to pay down. However, borrowings have fallen back in early 2026 as £55m of fixed rate private placement notes were repaid at maturity using the excess cash. Note that borrowings shown as current liabilities at the year end included these USPP notes and the £175m LMS bonds due in March 2026.

At 31 December 2025, available cash and undrawn facilities increased to £627m (2024: £487m). This figure will reduce in Q1 2026 as the £230m of USPP notes and bonds reach maturity.

See Appendix 5 for table showing debt facilities and reconciliation to borrowings and net debt

Debt and financing

Debt markets generally continued their improving trend through most of 2025, helped by a gradual reduction in UK base rates, moderating (but sticky) inflation and a reasonable UK growth outlook. Business and economic uncertainty was, however, a continuing theme through 2025 particularly in the middle part of the year leading up to the late November budget.

Speculation remained as to where the 5- and 10-year gilt rates will eventually settle. Volatility has continued with the range of 5-year rates around 80bp over 2025, for example, but the general trend is modestly downwards. UK base rates, currently 3.75%, are also expected to fall to around 3.5% by the end of 2026. At 31 December 2025, the 5-year gilt was 3.9% but the 10-year remained stubbornly higher at 4.4%. Meanwhile, the 5-year SONIA swap continues to show a worthwhile benefit over the equivalent gilt and was as low as 3.6% at year-end.

Credit spreads in the bond market have also been relatively attractive and the banking market remains competitive for borrowers of good investment-grade credit-quality. In May, we maintained a Fitch issuer-default rating of BBB+ and A- for our senior unsecured debt rating, both with a stable outlook. Keeping our credit rating secure is a key business priority and we now target an EPRA LTV ratio below 30% and net debt/EBITDA below 9.5 times.

2025 was an active year for refinancing due partly to the maturity of £175m of convertible bonds last June but also because we opted to take advantage of the relatively favourable conditions in the bond and bank debt markets.

A new £115m unsecured term/revolving credit facility was signed with HSBC in February 2025. It comprised an £82.5m two-year term loan with a one-year extension option plus a £32.5m revolving component.

The next transaction was to issue £250m of 7-year unsecured bonds with a semi-annual coupon of 5.25% in June. After a short roadshow, there was strong demand for the bonds, the margin at issuance was a competitive 105bp and the bonds have traded well on the secondary market. As at the year end, the implied interest rate was 4.97% reflecting a tightening of the spread to 95bp.

Also in June, our £175m unsecured convertible bonds were repaid upon maturity at par and the £100m unsecured term loan arranged in 2024 with NatWest was extended by one year to a June 2028 maturity.

Refinancing activity continued in the second half. The Group's £450m unsecured revolving credit facility (RCF) provided by our three longstanding UK relationship banks, Barclays, HSBC and NatWest, was refinanced with a new four-year term to July 2029 plus two one-year extension options. Pricing was similar to the previous facility, which had been due to reach maturity in October 2026. These banking relationships are highly valued by us.

Our environmental sustainability criteria are well established and set out in our 'green finance framework' which was first published back in 2019. The green agenda is now firmly embedded in our corporate culture. Following discussions with our lenders, we decided to simplify the structure and classify the entire £450m RCF as a conventional (ie non-green) facility. Our £350m 2031 'green' bonds remain and we report in the section below under our green finance framework as usual.

Following the extension of the main Group RCF, we cancelled the two £32.5m revolving credit tranches that formed part of the bilateral facilities arranged with Barclays and HSBC, thereby reducing future non-utilisation fees. The two £82.5m term loans remain and, at 31 December 2025, the HSBC loan had a maturity date of February 2027 but this was extended after the year-end to February 2028.

In 2026 to date, we have repaid £55m of US Private Placement Notes which matured on 31 January and will redeem the £175m LMS secured bonds in March 2026. Both were classified as current liabilities at the year end. I would like to thank our USPP noteholders and longstanding bond holders, some of whom have held these bonds for many years, for their support. The LMS bonds have a coupon of 6.5% and we therefore expect our weighted average interest rate to fall to less than 4.0% by the end of Q1 2026.

Due to the refinancing carried out in 2025, it was inevitable that our weighted average interest rate would increase. At the year end, the rate was 4.06%, an increase from 3.53% at 31 December 2024 but slightly lower than the 4.11% at 30 June 2025. At the year end, 82% of our debt was at fixed rates (2024: 85%) and the weighted average maturity of borrowings was 4.2 years (2024: 4.0 years).

Internal controls, assurance and the regulatory environment

During the year, we continued to strengthen our internal control environment, including the successful implementation of a new payroll system. We are also more than a year into the design and build of enhanced business processes and controls for our new finance system, scheduled to go live in late 2026. Across both the finance transformation and wider business change initiatives, we are increasingly leveraging advanced technologies, including AI, to streamline processes, improve operational efficiency and further enhance financial and operational controls.

We have maintained our approach to assurance, obtaining independent external assurance for areas of higher risk. This includes limited assurance over selected sustainability and health and safety data and reasonable assurance over green finance disclosures, external audits of service charge costs and our twice-yearly external property valuations. We also receive useful oversight of key business risks through our Internal Audit function.

We achieved re-accreditation of our Cyber Essentials Plus certification during the year, supported by independent verification of key cyber security controls and this remains an area of elevated focus for us.

In response to the new 'failure to prevent fraud' offence introduced under the Economic Crime and Corporate Transparency Act 2023, we have reviewed and strengthened our anti-fraud procedures, providing a strong foundation for preventing and detecting fraud. Having defined and assessed our material controls over the past two years, we are well positioned to comply with Provision 29 of the revised UK Corporate Governance Code for the current financial year which commenced on 1 January 2026.

Reporting under the Green Finance Framework

Derwent London's Green Finance Framework (the Framework) has been prepared to align with the Loan Market Association (LMA) Green Loan Principles 2021 and International Capital Market Association (ICMA) Green Bond Principles 2021 guidance document. It has previously been externally reviewed and a Second Party Opinion (SPO) was obtained. The latest version of the Framework and the accompanying SPO are available on our website at www.derwentlondon.com.

Out of total debt facilities of £2.0bn, Green Financing Transactions (GFTs) now comprise only the £350m Green Bonds issued in 2021. This follows the refinancing in July 2025 of our main £450m revolving credit facility which previously included a £300m 'green' tranche.

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

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

Green project	80 Charlotte Street W1	1 Soho Place W1	The Featherstone Building EC1	25 Baker Street W1	Network W1
Expected completion date	Completed in 2020	Completed in 2022	Completed in 2022	2025	2026
Category for eligibility	Green building, criterion 1 of section 3.1 of the Framework (excludes Asta House and Charlotte Apartments)	Green building, criterion 1 of section 3.1 of the Framework	Green building, criterion 1 of section 3.1 of the Framework	Green building, criterion 1 and 2 of section 3.1 of the Framework (excludes retail and refurbished residential)	Green building, criterion 1 of section 3.1 of the Framework
Impact reporting indicator	Building certification achieved (system & rating)	Building certification achieved (system & rating)	Building certification achieved (system & rating)	Building certification achieved (system & rating)	Building certification achieved (system & rating)
Green credentials¹	Achieved: BREEAM Excellent EPC B LEED Gold	Achieved: BREEAM Outstanding EPC B LEED Gold	Achieved: BREEAM Outstanding EPC A LEED Platinum	25 Baker Street offices² Achieved: BREEAM Outstanding EPC A Expected: LEED Gold, on target 30 Gloucester Place² offices Achieved: BREEAM Excellent EPC A Private residential Expected: Home Quality Mark 4 Stars, on target	Achieved: BREEAM Outstanding (design stage) Expected: BREEAM Outstanding (post-construction), on target LEED Gold, on target EPC A, on target

¹ Green EGP credentials disclosed in accordance with the Framework and the Green Finance Basis of Reporting, available on our website and within the Responsibility Report. ² The development includes 206,000 sq ft of offices at 25 Baker Street and 12,000 sq ft of offices at 30 Gloucester Place.

Qualifying 'green' expenditure

The qualifying expenditure for each project as at 31 December 2025 is presented in the table below. This includes a 'look back' component, capturing capital expenditure incurred on projects prior to the point at which they received formal designation as an EGP. It also includes capital expenditure incurred on projects prior to October 2019, when the Group executed its first GFT.

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

25 Baker Street, which commenced on site in 2021, reached practical completion in H2 2025. Certain development costs were disposed of to the freeholder in 2025 and a number of the private residential units were also sold. In accordance with section 3.3 of the Framework, the expenditure allocated to these elements have been removed from the qualifying expenditure.

Cumulative expenditure on each EGP as at the reporting date

EGP	Look back expenditure £m	Subsequent expenditure		Disposals/ transfer £m	Cumulative expenditure £m
		Q4 2019 – FY 2024 £m	2025 £m		
80 Charlotte Street W1	185.6	52.6	-	-	238.2
1 Soho Place W1	57.5	167.1	-	-	224.6
The Featherstone Building EC1	29.1	69.2	-	-	98.3
25 Baker Street W1	26.5	219.2	46.8	(86.6)	205.9
Network W1	23.8	47.4	42.1	-	113.3
	322.5	555.5	88.9	(86.6)	880.3

The total qualifying expenditure incurred in 2025 was £88.9m. As at 31 December 2025, the cumulative qualifying expenditure on the EGPs amounted to £880.3m, after deducting £86.6m of previously eligible expenditure related to the 25 Baker Street scheme.

In July 2025, the Group refinanced its £450m RCF, which included a £300m 'green tranche', with a new 'non-green' RCF. At the time of refinancing, the amount drawn on the 'green tranche' was £28.5m. Following this transaction, drawn borrowings from GFTs at 31 December 2025 comprised solely the £350m Green Bonds issued in 2021.

In line with the requirements of the Framework, the total cumulative qualifying expenditure on EGPs (£880.3m) therefore exceeds the amount of drawn borrowings from all GFTs (£350m).

PRINCIPAL RISKS AND UNCERTAINTIES

RISK MANAGEMENT AND INTERNAL CONTROLS

We have identified certain principal risks and uncertainties that could prevent the Group from achieving its strategic objectives and have assessed how these risks could best be mitigated, where possible, through a combination of internal controls, risk management and the purchase of insurance cover.

As a predominantly London-based Group, we are particularly sensitive to factors which impact upon central London's growth and demand for office space. Whilst central London continues to experience strong occupational demand, occupiers are proceeding with caution particularly over the cost of relocation and ongoing operating expenses. Most office values increased moderately during the year, supported by rental growth and generally stable investment yields. Demand for both tenant occupation and investment ownership continues to be focused on high quality, amenity-rich, well-located buildings.

Financial risks for the Group have reduced in 2025 with the arrangement of new £250m unsecured 7-year bonds and the refinancing of the Group's main £450m corporate Rolling Credit Facility. During the year, the UK economy recorded slow growth supported by the easing of interest rates and moderating inflation. Gilt yields have continued to remain relatively high but generally reduced in the year alongside the cost of borrowing.

The Group continues to monitor the risk of rising tariffs, global trade tensions and ongoing uncertainty of domestic policy.

The principal risks and uncertainties facing the Group in 2026 are set out on the following pages with the potential impact and the mitigating actions and controls in place. These risks are reviewed and updated on a regular basis and were last formally assessed by the Board on 24 February 2026.

The Group's approach to the management and mitigation of these risks is included in the 2025 Report & Accounts. The Board has confirmed that its risk appetite and key risk indicators remain appropriate.

Strategic risks

The Group's business model and/or strategy does not create the anticipated shareholder value or fails to meet investors' and other stakeholders' expectations.

Risk, effect and progression	Controls and mitigation
1. Market impact on Group's strategy	
<p>The Group's reliance on the successful execution of its strategy and maintaining its ability to respond appropriately to internal and external factors including changing work practices, occupational demand, economic and property cycles.</p>	<ul style="list-style-type: none">• The Board maintains a formal schedule of matters which are reserved solely for its approval. These matters include decisions relating to the Group's strategy, capital structure, financing, capital allocation, major property acquisition or disposal, the Group's risk appetite and the authorisation of capital expenditure above certain limits.• An annual strategic review (including the five-year forecast) and budget is prepared for Board approval alongside two-year rolling forecasts which are prepared during the year.• The Credit Committee's terms of reference have been revised during 2025 to focus on assessing and monitoring the financial strength of potential and existing occupiers. The Group's diverse and high quality occupier base provides resilience against occupier default.• The Board has an ongoing strategy to extend income through lease renewals and regears. The Group seeks to de-risk developments through the use of fixed price contracts prior to the commencement of works on site and appointing contractors appropriate to the project's scale and complexity as well as by often securing pre-lets.

- We develop properties in central locations where there is good potential for future occupier demand and connectivity, such as along the Elizabeth line.
- A regular review of the portfolio and identification of opportunities to dispose of non-core assets which are not anticipated to produce required returns.
- Maintain sufficient headroom against all key financial ratios and covenants, with a particular focus on interest cover and net debt/EBITDA.

Financial risks

The main financial risk is that the Group becomes unable to meet its financial obligations. The probability of this occurring is low due to our significant covenant headroom, modest leverage and strong credit metrics. Financial risks can arise from movements in the financial markets in which we operate and inefficient management of capital resources.

Risk, effect and progression

Controls and mitigation

2. Refinancing risks

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

- Continue to review market conditions for long-term fixed rate debt and engage with existing and potential debt providers.
- Early and frequent engagement with existing and potential lenders to maintain long-term relationships.
- Preparation of five-year cash flow and annual budgets support the Group in raising finance in advance of requirements.
- The Group's financial position is reviewed at Executive Committee and Board meetings with an update on leverage metrics and capital markets from the CFO.
- Annual review with a credit rating agency with whom we maintain a frequent dialogue.
- Regular updates with our advisers to understand debt market trends. This includes looking at new forms of debt, considering whether security should be offered and the appropriate terms.
- Recycling of capital is a key assumption in our annual budget and is updated in each rolling forecast.

3. Income decline

The Group's income declines due to external factors, many of which are outside of its control, including:

- geopolitical and macroeconomic factors;
- recession;
- occupier default or failure;
- demand for office space;
- the 'grey' market in office space (i.e. occupier controlled vacant space); and
- current proposals by UK Government to prohibit upward only rent reviews.

- The Credit Committee, chaired by the CEO or CFO, conducts detailed reviews of all prospective occupiers and monitors the financial strength of our existing occupiers.
- The Group maintains a diverse range of occupiers. We focus on letting our buildings to large and established businesses (headquarter spaces) where the risk of default is lower, compared with SMEs.
- A 'tenants on watch' register is maintained and regularly reviewed by the Executive Directors and the Board.
- The Leasing team monitors the vacancy rate closely with a specific focus on upcoming vacancies.
- Ongoing dialogue is maintained with occupiers to understand their concerns, requirements and future plans.
- Active in-house rent collection, with regular reports to the Executive Directors on day 1, 7, 14 and 21 of each rent collection cycle.
- The Group's robust interest cover ratio and moderate net debt/EBITDA reduces the likelihood that a fall in rental income has a significant impact.
- Rent deposits or guarantees are obtained where considered appropriate.

4. Fall in property values

The economic and geopolitical environment could have an adverse impact on property values and heighten the risk of a fall in property values.

- The Group's mainly unsecured financing makes management of our financial covenants more straightforward.
- The Group's moderate loan-to-value ratio reduces the likelihood that falls in property values will have a significant impact.
- The impact of valuation yield changes on the Group's financial covenants and performance is monitored regularly and subject to sensitivity analysis to ensure that adequate headroom is preserved.
- The impact of valuation yield changes and rent levels are considered when potential projects are appraised.
- The Group produces a budget, five-year strategic review and three rolling forecasts each year which contain detailed sensitivity analyses, including the effect of changes to valuation yields.

Operational risks

The Group suffers either a financial loss or adverse consequences due to processes being inadequate or not operating correctly, human factors or other external events.

Risk	Controls and mitigation
5. Reduced development returns	
Returns from the Group's developments and refurbishments may be adversely impacted due to:	
<ul style="list-style-type: none">• Increased construction costs• Skilled labour shortages• Movement in valuation yields• Contractor or subcontractor default• Delays on delivery due to poor contractor performance• Building Safety Regulator sign off where applicable• Unexpected 'on-site' issues• Adverse letting conditions	<ul style="list-style-type: none">• We use known 'Tier 1' contractors on our major projects with whom we have established working relationships and regularly work with tried and tested subcontractors.• Prior to construction beginning on site, we conduct thorough site investigations and surveys to reduce the risk of unidentified issues, including investigating the building's history and adjacent buildings/sites.• Engagement with the Building Safety Regulator to mitigate time required for Building Control approval.• Adequately appraise investments, through: (a) benchmarking development costs; (b) following a procurement process that is designed to minimise uncertainty around costs and includes the use of highly regarded quantity surveyors; and (c) value engineering opportunities.• We collaborate with the supply chain through the main contractor and engage in pre-construction service agreements (PCsAs) as well as against an agreed target, cost and programme.• Contractors are paid promptly and are encouraged to pay subcontractors promptly. Payments to contractors are in place to incentivise the achievement of project timescales, with damages agreed in the event of delay/cost overruns.• Regular on-site supervision by a dedicated Project Manager who monitors contractor performance and identifies problems at an early stage, thereby enabling remedial action to be taken.• Post-completion reviews are carried out for all major developments to ensure that improvements to the Group's procedures are identified and implemented.

6. Cyber-attack on our IT systems

The Group may be subject to a cyber attack that results in it being unable to use its information systems and/or losing data.

- Our IT systems are protected by anti-virus software, 24/7/365 threat hunting, security incident detection and response, security anomaly detection and firewalls that are frequently updated.
- The Group's Business Continuity Plan and cyber security incident response procedures are regularly reviewed and tested.
- Security measures are regularly reviewed by the DIT team and during the year cyber insurance was put in place to support the strategy in mitigating the financial impact of cyber attacks.
- Independent internal and external penetration/vulnerability tests and audits are regularly conducted to assess the effectiveness of the Group's security and the Cyber Essentials Plus Certification has been obtained.
- Multi-Factor Authentication is in place for all users with access to our systems.
- The Group's data is regularly backed up and securely replicated off site.
- A gap analysis of the Cyber Governance Code of Practice was performed and enhancements were made to the Group's security posture during the year, with additional controls implemented as required.
- Regular staff awareness and training programmes.

7. Cyber-attack on our buildings

The portfolio is exposed to potential cyber threats targeting building IT infrastructure, Operational Technology systems, and Internet of Things devices. Such incidents could adversely affect occupiers and result in significant operational disruption.

- Our IT systems are protected by advanced endpoint protection software, 24/7/365 threat hunting, security incident detection and response, security anomaly detection, vulnerability management, firewalls and infrastructure that is regularly updated.
- Frequent staff awareness and training programmes. Building Managers are included in cyber security awareness training and phishing simulations.
- Cyber security incident response procedures are regularly reviewed and tested.
- Physical segregation between the building's core IT infrastructure and occupiers' corporate IT networks as well as between buildings across the portfolio.
- Multi-Factor Authentication, network segmentation and security standardisation.
- Unlimited support by our Managed Detection and Response team is provided in the event of a malware incident.
- Independent security penetration testing on both internal and externally facing systems.
- A gap analysis of the Cyber Governance Code of Practice was performed and enhancements were made to the Group's security posture with additional controls implemented as required.
- Cyber insurance is in place to support the strategy in responding to the risk of cyber attacks.

8. Our resilience to climate change

The Group fails to respond appropriately, and sufficiently, to climate-related risks or fails to benefit from the potential opportunities.

- Our SBTi (Science Based Targets initiative) targets are aligned to a challenging 1.5°C climate scenario in line with our net zero carbon ambition.
- We are progressing the construction of an 18.4 MW solar park at Lochfauld (Scotland), with energisation anticipated in 2026.
- The Executive Directors receive regular updates and presentations at both the Executive Committee and Sustainability Committee meetings on environmental and sustainability performance and management matters, as well as progress against our pathway to becoming net zero carbon by 2030.
- Industry leadership through both the Circular Economy initiative and Accelerating Concrete-Decarbonisation Group.
- Periodic multi-scenario climate risk assessments (physical and transition risks), supported by third party experts, to identify risks and agree mitigation plans.
- Clear disclosure in Group results, Annual Report and Responsibility Report/Data Report of key data and performance points which are internally reviewed and subject to external assurance.

9. Health and safety (H&S)

A major incident occurs at a development scheme, a managed property or at head office which leads to significant injuries, harm, or fatal consequences.

- Periodic review of relevant health, safety and fire management policies and arrangements.
- Ensure the Group has a competent and qualified (CMIOSH) H&S team, whose performance is monitored and reviewed by the CEO, and the H&S and Risk Committees.
- Check the H&S competence of our main contractors and service partners is verified by the H&S team prior to their appointment, based on risk profile of the project and/or delivery.
- Ensure our principal designers and principal contractors submit suitable design stage reviews, pre-construction information, construction phase plans, site management plans (logistics, security, fire etc.) before works commence.
- The H&S team, with the support of external advisers and audits, ensures our Construction (Design and Management) (CDM) client duties are executed at all project stages and are monitored on a monthly basis (on construction sites).
- The Board, Risk Committee and Executive Directors receive frequent updates and presentations on key H&S matters, including 'Significant Incidents', legislation updates, and H&S performance trends across the development and managed portfolio.
- The H&S team work closely with HR on employee health and safety proactive measures (such as the Health & Wellbeing Strategy and Plan) and reactive measures (such as workplace adjustments, returning to work for new/expectant mothers and workplace assessments).

10. Non-compliance with law and regulations

The Group breaches legislation that forms the regulatory framework within which the Group operates.

- The Board and Risk Committee receive regular reports identifying upcoming legislative/regulatory changes. External advice is taken on any new legislation, if required.
- Managing our properties to ensure they are compliant with the proposed Minimum Energy Efficiency Standards (MEES) legislation for Energy Performance Certificates (EPCs).
- Ongoing staff training and awareness programmes.
- Group policies and procedures dealing with all key legislation are available on the Group's intranet.
- Quarterly review of our anti-bribery and corruption procedures by the Risk Committee.
- A Group whistleblowing system ('Speak-up') for staff is maintained to report wrongdoing anonymously.
- A review of our procedures against the Home Office's guide in response to the new offence of 'failure to prevent fraud' was introduced under the Economic Crime and Corporate Transparency Act 2023.

11. Digital transformation risk

Systems fail to be implemented or do not deliver the anticipated benefits due to:

- lack of clear scope and strategic focus;
- inadequate skills, resource and transfer of knowledge;
- underestimation of investment;
- lack of project management and governance;
- inadequate support from management;
- inadequate communication to stakeholders; or
- neglecting the impact on stakeholders and importance of change management.

- Project scope and objectives are clearly defined, documented, approved and communicated to all stakeholders.
- Before project approval, the costs of implementation are budgeted, alongside the preparation of a detailed resource plan, to ensure adequate contingency in case of delays.
- Budget contingency is monitored throughout the project and reported to the Executive Committee and Board/Committees, as required.
- Project management resource is assigned to larger projects, and they are required to follow good governance and internal project management processes.
- Provide clear and regular communication about key projects to the whole business, throughout the project, with support and leadership from the executive team.

Financial instruments – risk management

The Group is exposed to a range of financial risks through its activities, in particular credit risk, market risk and liquidity risk. These risks arise naturally from the Group's use of financial instruments in managing a large, London-focused property portfolio, and the Group's framework for identifying, assessing and managing such risks remains well established. Further quantitative information in respect of these risks is presented throughout these financial statements.

While the overall risk profile has not changed materially from the prior year, the environment in which the Group operates continues to evolve. The Group's approach therefore reflects both prevailing market conditions and its long-term strategic priorities.

Financial instrument risk arises mainly from the Group's use of trade receivables, accrued income relating to lease incentives, cash deposits, trade and other payables, floating rate bank facilities, private placement notes, secured and unsecured bonds and interest rate derivatives. The Board is responsible for setting the overarching risk management objectives, with day-to-day monitoring and implementation delegated to the executive management team. The objective continues to be the conservative management of risk while maintaining the flexibility required to pursue value-accretive development and investment opportunities.

Credit risk

Credit risk principally arises from amounts owed by tenants, reflecting the Group's position as a major central London landlord. It is the Group's policy to assess the creditworthiness of prospective tenants before entering into lease contracts. The Board's Credit Committee assesses each new tenant, drawing on financial statements, external ratings where available and, in some cases, forecast information and bank or trade references. Where appropriate, the Group may seek a rent deposit or guarantee. Existing tenant exposure is reviewed periodically, with additional focus on sectors experiencing structural pressures or where creditworthiness may be more variable. The Group has historically experienced low levels of tenant default, reflecting the strength of its tenant base and the effectiveness of its credit assessment and monitoring processes.

While the Group operates predominantly in central London and is therefore exposed to some geographical concentration risk, this is mitigated by the broad range of tenants across multiple industry sectors. In accordance with IFRS 9, trade receivables are assessed using an expected credit loss model, while lease incentive receivables are reviewed under IAS 36.

Credit risk arising from cash balances is controlled by depositing funds only with institutions that meet minimum investment-grade criteria and by keeping maturities short. Across all financial assets, the carrying amounts recognised in the balance sheet represent the maximum exposure to credit risk.

Market risk

Market risk principally reflects the Group's exposure to movements in interest rates, given its mix of fixed and floating-rate funding. The Group regularly monitors its interest rate exposure and performs sensitivity analysis to assess the potential effect of reasonably possible shifts in interest rates on profit and net assets. A 50-basis point shift in interest rates would result in an increase or decrease in profit or loss and net assets of £1.3m (2024: £1.1m).

It is the Group's policy to maintain a significant proportion of expected borrowings at fixed rates, typically in the range of 60% to 85%, achieved through a combination of fixed-rate debt and floating-to-fixed interest rate swaps. At 31 December 2025, 82% of the Group's debt was fixed (2024: 85%), in line with policy.

From time to time, when preparing for a public bond issuance, the Group may also make use of gilt locks to effectively hedge movements in the underlying gilt yield between launch and pricing, thereby providing certainty over the coupon payable on the forthcoming issuance. This forms part of the Group's broader interest rate risk management strategy and complements the use of interest rate swaps and fixed-rate funding.

All variable-rate borrowings continued to be denominated in Sterling. When raising new long-term funding, the Group generally prefers fixed-rate structures to support cashflow predictability and capital planning.

Liquidity risk

Liquidity risk arises from the need to meet the Group's financial obligations as they fall due, including interest payments, scheduled loan repayments and working capital requirements of the business.

The Group manages liquidity risk by maintaining appropriate headroom on its committed revolving bank facilities and by spreading debt maturity dates across a range of lenders. Cash flows and projected loan balances are monitored regularly by the executive management team as part of the Group's forecasting process, with forward-looking assessments covering a range of scenarios, including downside cases.

The Group also supports liquidity stability by fixing interest rates (and therefore cash flows) on a substantial portion of long-term borrowings. At the balance sheet date, the Group's projections indicated that it held sufficient liquidity to meet its obligations under all reasonably foreseeable scenarios.

Capital management

The Group's capital structure comprises equity and net debt. Consistent with the strategy applied in recent years, the principal objectives of capital management are to ensure the Group remains financially robust and efficient, while being able to continue as a going concern.

Capital is monitored using key measures such as NAV gearing, loan-to-value ratio, interest cover and net debt/EBITDA, all of which are defined within the list of definitions at the end of this announcement and are derived in note 27.

The Group also maintains significant uncharged property, reflecting its predominantly unsecured financing structure. At 31 December 2025, there was £4.8bn (2024: £4.7bn) of uncharged property. This provides flexibility to raise some future secured finance if required and supports a diversified approach to funding. Adjustments to the capital structure are considered in the context of market conditions, financial covenants and the Group's future development and acquisition plans. Potential actions include varying dividend levels (within REIT rules), returning capital to shareholders, issuing or redeeming debt or disposing of assets to reduce gearing.

Directors' responsibilities

The Directors are responsible for preparing the 2025 Report & Accounts and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under Company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' remuneration report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

Paul M. Williams
Chief Executive

Damian M.A. Wisniewski
Chief Financial Officer

25 February 2026

GROUP INCOME STATEMENT

	Note	2025 £m	2024 £m
Gross property and other income	5	406.3	276.9
Net property and other income	5	199.6	198.3
Administrative expenses		(39.1)	(41.1)
Revaluation surplus/(deficit)	10	52.2	(2.7)
(Loss)/profit on disposal	6	(2.2)	1.9
Profit from operations		210.5	156.4
Finance income	7	2.1	0.3
Finance costs	7	(50.5)	(39.9)
Movement in fair value of derivative financial instruments		(0.6)	(2.3)
Share of results of joint ventures	8	-	1.5
Profit before tax		161.5	116.0
Tax charge	9	(0.4)	(0.1)
Profit for the year		161.1	115.9
Basic earnings per share	26	143.53p	103.24p
Diluted earnings per share	26	143.51p	102.93p

GROUP STATEMENT OF COMPREHENSIVE INCOME

	Note	2025 £m	2024 £m
Profit for the year		161.1	115.9
Actuarial losses on defined benefit pension scheme		-	(0.4)
Revaluation surplus of owner-occupied property	10	4.5	2.9
Deferred tax charge on revaluation	20	(1.1)	(0.6)
Other comprehensive income that will not be reclassified to profit or loss		3.4	1.9
Total comprehensive income relating to the year		<u>164.5</u>	<u>117.8</u>

GROUP BALANCE SHEET

	Note	2025 £m	2024 £m
Non-current assets			
Investment property	10	4,828.6	4,670.1
Property, plant and equipment	11	68.1	52.0
Pension scheme surplus		1.8	1.8
Other receivables	14	203.2	201.0
		5,101.7	4,924.9
Current assets			
Trading property	10	32.9	115.7
Trading stock	12	-	17.5
Trade and other receivables	15	46.7	57.8
Derivative financial instruments	18	-	0.6
Corporation tax asset		0.7	0.4
Cash and cash equivalents	22	131.7	71.4
		212.0	263.4
Non-current assets held for sale	16	-	25.7
Total assets		5,313.7	5,214.0
Current liabilities			
Borrowings	18	231.6	194.1
Leasehold liabilities	18	0.5	0.4
Trade and other payables	17	168.0	174.7
Provisions		0.1	0.2
		400.2	369.4
Non-current liabilities			
Borrowings	18	1,255.0	1,269.4
Leasehold liabilities	18	40.5	34.2
Provisions		0.4	0.4
Deferred tax	20	2.3	0.8
		1,298.2	1,304.8
Total liabilities		1,698.4	1,674.2
Total net assets		3,615.3	3,539.8
Equity			
Share capital		5.6	5.6
Share premium		196.6	196.6
Other reserves		947.3	943.2
Retained earnings		2,465.8	2,394.4
Total equity		3,615.3	3,539.8

GROUP STATEMENT OF CHANGES IN EQUITY

	Attributable to equity shareholders				Total equity £m
	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	
At 1 January 2025	5.6	196.6	943.2	2,394.4	3,539.8
Profit for the year	-	-	-	161.1	161.1
Other comprehensive income	-	-	3.4	-	3.4
Share-based payments	-	-	0.7	1.2	1.9
Dividends paid	-	-	-	(90.9)	(90.9)
At 31 December 2025	5.6	196.6	947.3	2,465.8	3,615.3

	Attributable to equity shareholders				Total equity £m
	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	
At 1 January 2024	5.6	196.6	939.3	2,367.3	3,508.8
Profit for the year	-	-	-	115.9	115.9
Other comprehensive income/(expense)	-	-	2.3	(0.4)	1.9
Share-based payments	-	-	1.6	1.4	3.0
Dividends paid	-	-	-	(89.8)	(89.8)
At 31 December 2024	5.6	196.6	943.2	2,394.4	3,539.8

GROUP CASH FLOW STATEMENT

	Note	2025 £m	2024 £m
Operating activities			
Cash generated from operations	19	272.5	102.6
Interest received		1.3	0.3
Interest and other finance costs paid		(45.5)	(38.3)
Tax paid in respect of operating activities		(0.3)	-
Net cash from operating activities		228.0	64.6
Investing activities			
Acquisition of properties		(13.7)	(47.0)
Capital expenditure ¹		(149.1)	(139.9)
Disposal of investment properties		79.1	85.5
Purchase of property, plant and equipment		(10.0)	(1.6)
Indirect taxes (paid)/received in respect of investing activities		(3.0)	1.1
Net cash used in investing activities		(96.7)	(101.9)
Financing activities			
Proceeds of bond issue		247.9	-
Net movement in revolving bank loans		(110.5)	26.5
Drawdown of term bank loans		82.5	182.5
Payment of arrangement fees		(3.9)	(0.7)
Repayment of other loan		(20.0)	-
Repayment of secured loan		-	(83.0)
Repayment of unsecured convertible bond		(175.0)	-
Settlement of derivative		(1.2)	-
Dividends paid	21	(90.8)	(89.6)
Net cash (used in)/from financing activities		(71.0)	35.7
Increase/(decrease) in cash and cash equivalents in the year		60.3	(1.6)
Cash and cash equivalents at the beginning of the year	22	71.4	73.0
Cash and cash equivalents at the end of the year	22	131.7	71.4

¹ Finance costs of £14.1m (2024: £11.2m) are included in capital expenditure (see note 7).

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation

The financial information set out in this announcement has been extracted from the audited consolidated financial statements for the year ended 31 December 2025 and does not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006.

The consolidated financial statements and this announcement were approved by the Board of Directors on 25 February 2026. The auditors have reported on the consolidated financial statements for the year ended 31 December 2025 under section 495 of the Companies Act 2006. The auditors' report is unqualified and does not contain a statement under section 498(2) or (3) of the Companies Act 2006. The Company's statutory financial statements for the year ended 31 December 2024 have been filed with the Registrar of Companies and those for the year ended 31 December 2025 will be filed following the Company's Annual General Meeting.

The financial statements have been prepared in accordance with UK-adopted International Accounting Standards, (the "applicable framework"), and have been prepared in accordance with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties, the revaluation of property, plant and equipment, assets held for sale, pension scheme, and financial assets and liabilities held at fair value through profit and loss.

These financial statements have been presented in Pounds Sterling, which is the functional currency of the Group, to the nearest million.

As with most other UK property companies and real estate investment trusts ('REITs'), the Group presents many of its financial measures in accordance with the guidance criteria issued by the European Public Real Estate Association ('EPRA'). These measures, which provide consistency across the sector, are all derived from the IFRS figures in note 26.

Going concern

The Board continues to adopt the going concern basis in preparing these consolidated financial statements. In considering this requirement, the Directors have taken into account the following:

- The Group's latest rolling forecast for the next two years, in particular the cash flows, borrowings and undrawn facilities, including the 'severe but plausible' downside case.
- The headroom under the Group's financial covenants.
- The risks included on the Group's risk register that could impact on the Group's liquidity and solvency over the 12 months from the date of signing these financial statements.
- The risks on the Group's risk register that could be a threat to the Group's business model and capital adequacy.

The Directors have considered the relatively long-term and predictable nature of the income receivable under the tenant leases, the Group's year-end loan-to-value ratio for 2025 of 29.4%, the interest cover ratio of 306%, the £627m total of undrawn facilities and cash and the fact that the average maturity of borrowings was 4.2 years at 31 December 2025. In the latter part of the year, the gradual easing of cost inflation and interest rates has been considered. The likely impact of climate change has been incorporated into the Group's forecasts which have also taken account of a programme of EPC upgrades across the portfolio. Based on the year end position, rental income would need to decline by 53% and property values would need to fall by 51% before breaching its financial covenants.

In February 2026, £55m of US private placement notes were repaid upon maturity. These notes, together with the £175m 6.5% secured bonds maturing in March 2026, are classified as current liabilities as at 31 December 2025. This has resulted in the Group being in a net current liabilities position. However, the Group has significant liquidity to fund its ongoing operations and, as noted above, has access to £627m of available undrawn facilities and cash as at 31 December 2025. Additionally, in January 2026, the Group's £82.5m unsecured term loan, originally due to mature in February 2027, was extended by one year to February 2028. This provides the Directors with a reasonable expectation that the Group will be able to meet these current liabilities as they fall due.

Having due regard to these matters and after making appropriate enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least 12 months from the date of signing of these consolidated financial statements and, therefore, the Directors continue to adopt the going concern basis in their preparation.

2. Changes in accounting policies

The accounting policies used by the Group in these condensed financial statements are consistent with those applied in the Group's financial statements for the year to 31 December 2024, as amended to reflect the adoption of new standards, amendments and interpretations which became effective in the year as shown below.

New standards adopted during the year

The following standards, amendments and interpretations were effective for the first time for the Group's current accounting period and had no material impact on the financial statements.

IAS 21 (amended) – Lack of Exchangeability.

Standards in issue but not yet effective

The following standards, amendments and interpretations were in issue at the date of approval of these financial statements but were not yet effective for the current accounting period and have not been adopted early. Based on the Group's current circumstances the Directors do not anticipate that their adoption in future periods will have a material impact on the financial statements of the Group.

IFRS 7 and IFRS 9 (amended) – Classification and Measurement of Financial Instruments;

IFRS 7 and IFRS 9 (amended) – Contracts referencing Nature-dependent Electricity;

IFRS 19 – Subsidiaries without Public Accountability: Disclosures.

IFRS 18 – Presentation and Disclosure in Financial Statements was in issue at the date of approval of these financial statements but not yet effective for the current reporting period and has not been adopted early. This standard will impact the presentation of individual line items within the Group's consolidated financial statements, including related disclosures. The standard will be applied for reporting periods beginning on or after 1 January 2027 and will also apply to comparative information. The Directors are currently assessing the detailed implications.

3. Significant judgments, key assumptions and estimates

The preparation of financial statements in accordance with the applicable framework requires the use of certain significant accounting estimates and judgements. It also requires management to exercise judgement in the process of applying the Group's accounting policies. Not all of these accounting policies require management to make difficult, subjective or complex judgements or estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates. The following is intended to provide an understanding of the policies that management consider critical because of the level of complexity, judgement or estimation involved in their application and their impact on these consolidated financial statements.

Significant judgement

Compliance with the REIT taxation regime

As a REIT, the Group benefits from tax advantages. Income and chargeable gains on the qualifying property rental business are exempt from corporation tax. Income that does not qualify as property income within the REIT rules is subject to corporation tax in the normal way. There are a number of tests that are applied annually, and in relation to forecasts, to ensure the Group remains well within the limits allowed within those tests. The Group met all the criteria in 2025 in each case, thereby ensuring its REIT status is maintained. The Directors intend that the Group should continue as a REIT for the foreseeable future.

Key sources of estimation uncertainty

Property portfolio valuation

The Group uses the valuation carried out by external valuers as the fair value of its property portfolio. The valuation considers a range of assumptions including future rental income, investment yields, anticipated outgoings and maintenance costs, future development expenditure and appropriate discount rates. The external valuers also make reference to market evidence of transaction prices for similar properties and take into account the impact of climate change and related environmental, social and governance considerations. More information is provided in note 10, including sensitivity disclosures.

4. Segmental information

IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal financial reports about components of the Group that are regularly reviewed by the chief operating decision makers (which in the Group's case are the four Executive Directors who are assisted by the other 13 members of the Executive Committee) in order to allocate resources to the segments and to assess their performance.

The internal financial reports received by the Group's Executive Committee contain financial information at a Group level as a whole and there are no reconciling items between the results contained in these reports and the amounts reported in the financial statements. These internal financial reports include IFRS figures but also report non-IFRS figures for the EPRA earnings and net asset value. Reconciliations of each of these figures to their statutory equivalents are detailed in note 26. Additionally, information is provided to the Executive Committee showing gross property income and property valuation by individual property. Therefore, for the purposes of IFRS 8, each individual property is considered to be a separate operating segment in that its performance is monitored individually.

The Group's property portfolio includes investment property, owner-occupied property and trading property and comprised 96% office buildings¹ by value at 31 December 2025 (2024: 95%). The Directors consider that these individual properties have similar economic characteristics and therefore have been aggregated into a single reportable segment. The remaining 4% (2024: 5%) represented a mixture of retail, residential and light industrial properties, as well as land, each of which is de minimis in its own right and below the quantitative threshold in aggregate. Therefore, in the view of the Directors, there is one reportable segment under the provisions of IFRS 8.

All of the Group's properties are based in the UK. No geographical grouping is contained in any of the internal financial reports provided to the Group's Executive Committee and, therefore, no geographical segmental analysis is required by IFRS 8. However, geographical analysis is included in the tables below to provide users with additional information regarding the areas contained in the strategic report. The majority of the Group's properties are located in London (West End central, West End borders/other and City borders), with the remainder in Scotland (Provincial).

¹Some office buildings have an ancillary element such as retail or residential.

Gross property income

	2025			2024		
	Office buildings £m	Other £m	Total £m	Office buildings £m	Other £m	Total £m
West End central	130.2	2.1	132.3	126.9	2.2	129.1
West End borders/other	14.6	-	14.6	17.0	-	17.0
City borders	66.5	0.8	67.3	66.3	0.7	67.0
Provincial	-	4.4	4.4	-	4.5	4.5
Gross property income (excl. joint venture)	211.3	7.3	218.6	210.2	7.4	217.6
Share of joint venture gross property income ¹	-	-	-	1.9	-	1.9
	211.3	7.3	218.6	212.1	7.4	219.5

¹ See note 8 for further details.

A reconciliation of gross property income to gross property and other income is given in note 5.

Property portfolio

	2025			2024		
	Office buildings £m	Other £m	Total £m	Office buildings £m	Other £m	Total £m
Carrying value						
West End central	3,298.3	81.6	3,379.9	3,172.5	164.3	3,336.8
West End borders/other	262.9	-	262.9	288.8	-	288.8
City borders	1,153.0	6.2	1,159.2	1,136.5	6.1	1,142.6
Provincial	-	113.0	113.0	-	92.3	92.3
	<u>4,714.2</u>	<u>200.8</u>	<u>4,915.0</u>	<u>4,597.8</u>	<u>262.7</u>	<u>4,860.5</u>
Fair value						
West End central	3,445.3	82.5	3,527.8	3,307.7	165.4	3,473.1
West End borders/other	273.2	-	273.2	301.7	-	301.7
City borders	1,172.5	6.2	1,178.7	1,167.3	6.1	1,173.4
Provincial	-	114.2	114.2	-	92.9	92.9
	<u>4,891.0</u>	<u>202.9</u>	<u>5,093.9</u>	<u>4,776.7</u>	<u>264.4</u>	<u>5,041.1</u>

A reconciliation between the fair value and carrying value of the portfolio is set out in note 10.

5. Property and other income

	2025 £m	2024 £m
Gross rental income	218.3	214.8
Surrender premiums received	0.3	2.7
Other property income	-	0.1
	<hr/>	<hr/>
Gross property income	218.6	217.6
Trading property sales proceeds ¹	118.1	3.7
Trading stock sales proceeds ¹	17.8	-
Service charge income ¹	46.9	50.5
Other income ¹	4.9	5.1
	<hr/>	<hr/>
Gross property and other income	406.3	276.9
	<hr/>	<hr/>
Gross rental income	218.3	214.8
Movement in impairment of receivables	(0.5)	(0.2)
Movement in impairment of prepayments	(1.4)	(0.2)
Service charge income ¹	46.9	50.5
Service charge expenses	(53.5)	(57.1)
	<hr/>	<hr/>
Property costs	(19.8)	(18.2)
	<hr/>	<hr/>
Net rental income	190.0	189.6
Trading property sales proceeds ¹	118.1	3.7
Trading property cost of sales	(113.9)	(3.7)
Profit on trading property disposals	4.2	-
Trading stock sales proceeds ¹	17.8	-
Trading stock cost of sales	(17.8)	-
Result on trading stock disposals	-	-
Other property income	-	0.1
Other income ¹	4.9	5.1
Net surrender premiums received	0.3	2.7
Dilapidation receipts	0.2	0.8
	<hr/>	<hr/>
Net property and other income	199.6	198.3
	<hr/>	<hr/>

¹ In line with IFRS 15 Revenue from Contracts with Customers, the Group recognised a total of £187.7m (2024: £59.3m) of other income, trading property sales proceeds, trading stock sales proceeds and service charge income within Gross property and other income.

Gross rental income includes £3.7m (2024: £6.3m) relating to rents recognised in advance of cash receipts. It also includes £0.5m (2024: £0.4m) received in relation to DL/Lounges. Other income includes £0.6m (2024: £0.5m) received from customer services. Property costs includes £2.9m (2024: £2.9m) in relation to DL/ Lounges and customer services. It also includes amounts in relation to non-recoverable service charge costs associated with vacant units during periods of refurbishment.

In 2025, the Group disposed of all its trading stock which was sold under development agreements to the freeholder upon completion.

Trading property sales proceeds relates to the sale of 24 residential apartments for £115.8m and the affordable residential units for £2.3m

In October 2024, the Group acquired the remaining 50% interest of the Derwent Lazari Baker Street Limited Partnership. From that point forward, the results were consolidated in the table above. See note 8 for further details.

6. (Loss)/profit on disposal

	2025 £m	2024 £m
Investment property		
Gross disposal proceeds	80.2	87.5
Costs of disposal	(1.6)	(0.7)
Net disposal proceeds	<u>78.6</u>	<u>86.8</u>
Carrying value	(76.9)	(79.3)
Adjustment for lease costs and rents recognised in advance	(3.9)	(5.4)
(Loss)/profit on disposal of investment property	<u>(2.2)</u>	<u>2.1</u>
Artwork		
Gross disposal proceeds	-	-
Costs of disposal	-	(0.2)
Net disposal proceeds	<u>-</u>	<u>(0.2)</u>
Carrying value	-	-
Loss on disposal of artwork	<u>-</u>	<u>(0.2)</u>
(Loss)/profit on disposal of investment property and artwork	<u>(2.2)</u>	<u>1.9</u>

Included within gross disposal proceeds for 2025 is £26.0m relating to the disposal of the Group's freehold interest in 4&10 Pentonville Road N1 in January 2025, and £54.1m relating to the disposal of the Group's freehold interest in Francis House SW1 in October 2025.

7. Finance income and finance costs

	2025	2024
	£m	£m
Finance income		
Net interest received on defined benefit pension scheme asset	0.1	0.1
Bank interest receivable	2.0	0.2
	<hr/>	<hr/>
Finance income	2.1	0.3
	<hr/>	<hr/>
Finance costs		
Bank loans	(15.0)	(6.1)
Non-utilisation fees	(2.3)	(1.9)
Unsecured convertible bonds	(1.8)	(4.0)
Unsecured green bonds	(6.7)	(6.7)
Unsecured bonds	(7.6)	-
Secured bonds	(11.4)	(11.4)
Unsecured private placement notes	(15.6)	(15.6)
Secured loan	-	(2.7)
Amortisation of issue and arrangement costs	(2.8)	(2.6)
Amortisation of the fair value of the secured bonds	1.7	1.6
Obligations under headleases	(1.7)	(1.3)
Settlement of derivative financial instrument	(1.2)	-
Other	(0.2)	(0.4)
	<hr/>	<hr/>
Gross finance costs	(64.6)	(51.1)
Less: interest capitalised	14.1	11.2
	<hr/>	<hr/>
Finance costs	(50.5)	(39.9)
	<hr/>	<hr/>

Finance costs of £14.1m (2024: £11.2m) have been capitalised on development projects including trading stock and trading properties, in accordance with IAS 23 Borrowing Costs, using the Group's average cost of borrowings during each quarter. Total finance costs paid to 31 December 2025 were £59.6m (2024: £49.5m) of which £14.1m (2024: £11.2m) out of a total of £149.1m (2024: £139.9m) was included in capital expenditure on the property portfolio in the Group cash flow statement under investing activities.

Prior to the issue of the £250m unsecured bonds in June 2025 (see note 18 for more information) the Group entered into derivative contracts to hedge against movements in UK government bond yields during the period between launch and pricing of the bond. As hedge accounting was not applied, the resulting loss on settlement of the derivative financial instrument of £1.2m has been recognised in finance costs. This is included in the Group cash flow statement under financing activities.

8. Share of results of joint ventures

	2025 £m	2024 £m
Net property income	-	1.9
Administrative expenses	-	(0.1)
Revaluation surplus	-	7.3
	<hr/>	<hr/>
	-	9.1
Impairment of additional deferred consideration	-	(7.6)
	<hr/>	<hr/>
	-	1.5
	<hr/>	<hr/>

In October 2024, the Group acquired the remaining 50% interest of the Derwent Lazari Baker Street Limited Partnership. From this point forward, the results were consolidated into the results of the Group.

9. Tax charge

	2025 £m	2024 £m
Corporation tax		
UK corporation tax and income tax in respect of results for the year	-	-
	<hr/>	<hr/>
Corporation tax charge	-	-
	<hr/>	<hr/>
Deferred tax		
Origination and reversal of temporary differences	0.4	0.1
	<hr/>	<hr/>
Deferred tax charge	0.4	0.1
	<hr/>	<hr/>
Tax charge	0.4	0.1
	<hr/>	<hr/>

A deferred tax charge of £0.4m has passed through the Group income statement (2024: charge of £0.1m). More information regarding deferred tax can be found in note 20.

The main rate of corporation tax for 2025 was 25.0% (2024: 25.0%). The difference between the main rate and the tax charge for the group are explained below:

	2025	2024
	£m	£m
Profit before tax	<u>161.5</u>	<u>116.0</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 25.0% (2024: 25.0%)	40.4	29.0
Difference between tax and accounting profit on disposals	1.3	(2.1)
REIT exempt income	(19.4)	(23.7)
Revaluation (surplus)/deficit attributable to REIT properties	(13.7)	1.2
Expenses and fair value adjustments not allowable for tax purposes	1.9	3.6
Capital allowances	(10.5)	(8.2)
Other differences	0.4	0.3
Tax charge	<u>0.4</u>	<u>0.1</u>

10. Property portfolio

	Freehold £m	Leasehold £m	Total investment property £m	Owner- occupied property £m	Assets held for sale £m	Trading property £m	Total property portfolio £m
Carrying value							
At 1 January 2025	3,209.7	1,460.4	4,670.1	49.0	25.7	115.7	4,860.5
Acquisitions	0.2	5.8	6.0	-	-	-	6.0
Capital expenditure	92.9	38.5	131.4	-	-	24.7	156.1
Interest capitalisation and staff costs	7.4	6.8	14.2	-	-	2.3	16.5
Additions	100.5	51.1	151.6	-	-	27.0	178.6
Disposals	(51.2)	-	(51.2)	-	(25.7)	(109.8)	(186.7)
Revaluation	57.3	(5.1)	52.2	4.5	-	-	56.7
Movement in grossing up of headlease liabilities	-	5.9	5.9	-	-	-	5.9
At 31 December 2025	3,316.3	1,512.3	4,828.6	53.5	-	32.9	4,915.0
At 1 January 2024	3,280.5	1,270.9	4,551.4	46.1	-	60.0	4,657.5
Acquisitions	-	47.0	47.0	-	-	-	47.0
Capital expenditure	82.0	42.8	124.8	-	-	57.3	182.1
Interest capitalisation and staff costs	3.4	7.5	10.9	-	-	2.0	12.9
Additions	85.4	97.3	182.7	-	-	59.3	242.0
Disposals	(78.7)	(0.6)	(79.3)	-	-	(3.6)	(82.9)
Transfer from joint venture	-	44.4	44.4	-	-	-	44.4
Transfers	(25.7)	-	(25.7)	-	25.7	-	-
Revaluation	(51.8)	49.1	(2.7)	2.9	-	-	0.2
Movement in grossing up of headlease liabilities	-	(0.7)	(0.7)	-	-	-	(0.7)
At 31 December 2024	3,209.7	1,460.4	4,670.1	49.0	25.7	115.7	4,860.5

	Freehold £m	Leasehold £m	Total investment property £m	Owner- occupied property £m	Assets held for sale £m	Trading property £m	Total property portfolio £m
Adjustments from fair value to carrying value							
At 31 December 2025							
Fair value	3,472.0	1,535.1	5,007.1	53.5	-	33.3	5,093.9
Revaluation of trading property	-	-	-	-	-	(0.4)	(0.4)
Lease incentives and costs included in receivables	(155.7)	(61.8)	(217.5)	-	-	-	(217.5)
Grossing up of headlease liabilities	-	39.0	39.0	-	-	-	39.0
Carrying value	3,316.3	1,512.3	4,828.6	53.5	-	32.9	4,915.0
At 31 December 2024							
Fair value	3,374.1	1,475.7	4,849.8	49.0	26.0	116.3	5,041.1
Selling costs relating to assets held for sale	-	-	-	-	(0.3)	-	(0.3)
Revaluation of trading property	-	-	-	-	-	(0.6)	(0.6)
Lease incentives and costs included in receivables	(164.4)	(48.4)	(212.8)	-	-	-	(212.8)
Grossing up of headlease liabilities	-	33.1	33.1	-	-	-	33.1
Carrying value	3,209.7	1,460.4	4,670.1	49.0	25.7	115.7	4,860.5

The property portfolio is subject to semi-annual external valuations and was revalued at 31 December 2025 by external valuers on the basis of fair value in accordance with The RICS Valuation – Professional Standards, which takes account of the properties’ highest and best use. When considering the highest and best use of a property, the external valuers will consider its existing and potential uses which are physically, legally and financially viable. Where the highest and best use differs from the existing use, the external valuers will consider the costs and the likelihood of achieving and implementing this change in arriving at the property valuation. There were no such instances in either 2025 or 2024.

The external valuations for the portfolio at December 2025 were carried out by Knight Frank LLP.

Knight Frank valued the portfolio at £5,093.9m (2024: £5,041.1m). Of the properties revalued, £53.5m (2024: £49.0m) relating to owner-occupied property was included within property, plant and equipment and £33.3m (2024: £116.3m) was in relation to trading property.

The total fees, including the fee for this assignment, earned by Knight Frank (or other companies forming part of the same group of companies within the UK) from the Group is less than 5.0% of their total UK revenues.

Staff and associated costs directly attributable to the management of major schemes are capitalised, based on the proportion of time spent on each relevant scheme.

In October 2024, the Group acquired the remaining 50% interest of the Derwent Lazari Baker Street Partnership (the 'joint venture') from Lazari Investments Limited ('Lazari'). Following the acquisition, the Group's 50% interest in the joint was consolidated into the Group's property portfolio.

Net zero carbon and EPC compliance

The Group published its pathway to net zero carbon in July 2020 and has set 2030 as its target date to achieve this. £88.9m (year to 31 December 2024: £123.9m) of eligible 'green' capital expenditure, in accordance with the Group's Green Finance Framework, was incurred in the year to 31 December 2025 on the major developments at 80 Charlotte Street W1, 1 Soho Place W1, The Featherstone Building EC1, 25 Baker Street W1 and Network W1. In addition, the Group continues to hold carbon credits to support certain externally validated green projects to offset embodied carbon.

To quantify one of the impacts of climate change on the valuation, an independent third-party assessment was carried out in 2021 to estimate the cost of EPC upgrades across the portfolio. Following a review of the latest scope changes in building regulation, subsequent inflation, disposals, and work carried out to date, the estimated amount was £73.7m at the end of 2025. Of this amount, a specific deduction of £31m was included in the 31 December 2025 external valuation. In addition, further amounts have been allowed for in the expected costs of future refurbishment projects.

Reconciliation of revaluation surplus/(deficit)

	2025 £m	2024 £m
Total revaluation surplus/(deficit)	67.5	(1.8)
Less:		
Lease incentives and costs	(8.7)	(7.2)
Assets held for sale selling costs	-	(0.3)
Trading property revaluation adjustment	(2.0)	9.1
Other	(0.1)	0.4
	56.7	0.2
IFRS revaluation surplus	56.7	0.2
Reported in the:		
Revaluation surplus/(deficit)	52.2	(2.7)
Group income statement	52.2	(2.7)
Group statement of comprehensive income	4.5	2.9
	56.7	0.2

Historical cost

	2025 £m	2024 £m
Investment property	3,856.1	3,746.4
Owner-occupied property	19.6	19.6
Assets held for sale	-	28.8
Trading property	42.9	132.9
	3,918.6	3,927.7
Total property portfolio	3,918.6	3,927.7

Sensitivity of measurement to variations in the significant unobservable inputs

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy of the Group's property portfolio, together with the impact of significant movements in these inputs on the fair value measurement, are shown below:

Unobservable input	Impact on fair value measurement of significant increase in input	Impact on fair value measurement of significant decrease in input
Gross ERV	Increase	Decrease
Net initial yield	Decrease	Increase
Reversionary yield	Decrease	Increase
True equivalent yield	Decrease	Increase

There are inter-relationships between these inputs as they are partially determined by market conditions. An increase in the reversionary yield may accompany an increase in gross ERV and would mitigate its impact on the fair value measurement.

A sensitivity analysis was performed to ascertain the impact on the fair value of a 25 basis point shift in true equivalent yield and a £2.50 per sq ft shift in ERV on the property valuations. The Group believes this captures the range of variations in these key valuation assumptions. The results are shown in the tables below:

	West End central £m	West End borders/other £m	City borders £m	Provincial commercial £m	Total £m
At 31 December 2025					
True equivalent yield					
+25bp	(125.8)	(9.6)	(44.8)	(2.6)	(181.2)
-25bp	138.2	10.3	48.5	2.8	197.8
ERV					
+£2.50 psf	116.8	13.4	51.2	10.5	197.2
-£2.50 psf	(116.8)	(13.4)	(51.2)	(10.5)	(197.2)

At 31 December 2024¹

True equivalent yield					
+25bp	(127.1)	(10.7)	(44.6)	(1.8)	(182.6)
-25bp	139.7	11.5	48.2	1.9	199.3
ERV					
+£2.50 psf	102.9	14.4	51.6	8.9	179.2
-£2.50 psf	(102.9)	(14.4)	(51.6)	(8.9)	(179.2)

¹ These amounts have been re-presented from percentages to pound sterling (£).

11. Property, plant and equipment

	Owner-occupied property £m	Solar park £m	Other £m	Total £m
At 1 January 2025	49.0	-	3.0	52.0
Additions	-	9.7	0.2	9.9
Depreciation	-	-	(0.8)	(0.8)
Transfers	-	2.5	-	2.5
Revaluation	4.5	-	-	4.5
At 31 December 2025	53.5	12.2	2.4	68.1
At 1 January 2024	46.1	-	3.8	49.9
Additions	-	-	0.3	0.3
Depreciation	-	-	(1.0)	(1.0)
Revaluation	2.9	-	(0.1)	2.8
At 31 December 2024	49.0	-	3.0	52.0
Net book value				
Cost or valuation	53.5	12.2	9.6	75.3
Accumulated depreciation	-	-	(7.2)	(7.2)
At 31 December 2025	53.5	12.2	2.4	68.1
Net book value				
Cost or valuation	49.0	-	9.4	58.4
Accumulated depreciation	-	-	(6.4)	(6.4)
At 31 December 2024	49.0	-	3.0	52.0

'Solar park' at 31 December 2025 represents £12.2m of expenditure in relation to the Group's c.100 acre, 18.4MW solar park in Scotland. Of the total £12.2m of costs, £2.5m was transferred in the period from prepayments as the costs now meet the criteria for recognition within Property, plant and equipment (see note 15). Planning consent for this project was received in June 2023 with completion anticipated in 2026.

Artwork £0.7m (2024 £0.7m) is included within 'Other' and is periodically valued by Bonhams on the basis of fair value using their extensive market knowledge. The latest valuation was carried out in December 2024. In accordance with IFRS 13 Fair Value Measurement, the artwork is deemed to be classified as Level 3.

12. Trading stock

	2025 £m	2024 £m
Tradina stock	17.8	17.5
Disposals (see note 5)	<u>(17.8)</u>	<u>-</u>
	<u>-</u>	<u>17.5</u>

Trading stock related to capitalised development expenditure incurred which was due to be transferred under development agreements to the freeholder upon completion. This was included in trading stock, as opposed to trading property, as the Group did not have an ownership interest in the property.

In 2025, upon completion, the trading stock was disposed of to the freeholder.

13. Investments

At 31 December 2025 the Group had a 50% interest in two (2024: two) joint venture vehicles, Dorrington Derwent Holdings Limited and Primister Limited.

In October 2024, the Group acquired the remaining 50% interest of the Derwent Lazari Baker Street Partnership from Lazari Investments Limited, which was accounted for as an asset acquisition. This resulted in full ownership of the assets and liabilities of the partnership.

	2025 £m	2024 £m
At 1 January	-	35.8
Deferred consideration and fees on initial formation of joint venture	-	7.6
Revaluation surplus	-	7.3
Other profit from operations	-	1.8
Transfer to investment property (see note 10)	-	(44.4)
Transfer to assets and liabilities	-	(0.5)
Impairment of additional deferred consideration	-	(7.6)
At 31 December	<u>-</u>	<u>-</u>

The Group's share of its investments in joint ventures is represented by the following amounts in the underlying joint venture entities.

	2025		2024	
	Joint ventures £m	Group share £m	Joint ventures £m	Group share £m
Net property income	-	-	3.8	1.9
Administrative expenses	-	-	(0.3)	(0.1)
Revaluation surplus	-	-	14.6	7.3
Share of results of underlying joint ventures	-	-	18.1	9.1
Impairment of additional deferred consideration		-		(7.6)
Group share of results of joint ventures		<u>-</u>		<u>1.5</u>

14. Other receivables (non-current)

	2025 £m	2024 £m
Rents recognised in advance	176.9	173.6
Initial direct letting costs	14.3	14.4
Prepayments	12.0	13.0
	203.2	201.0

Other receivables includes £176.9m (2024: £173.6m) after impairments relating to rents recognised in advance as a result of spreading tenant lease incentives over the expected terms of their respective leases. This includes rent-free and reduced rent periods, capital contributions in lieu of rent-free periods and contracted rent uplifts. In addition, £14.3m (2024: £14.4m) relates to the spreading effect of the initial direct costs of letting over the same term. Together with £26.3m (2024: £24.8m), which was included as accrued income within trade and other receivables (see note 15), these amounts totalled £217.5m at 31 December 2025 (2024: £212.8m).

Prepayments represent £12.0m (2024: £13.0m) of costs incurred in relation to Old Street Quarter EC1. This was after a £2.2m (2024: £0.8m) impairment in accordance with IAS 36 Impairment of Assets. In May 2022, the Group entered into a conditional contract to acquire the freehold of Old Street Quarter island site. The site is being sold by Moorfields Eye Hospital NHS Foundation Trust and UCL, together the Oriel joint initiative ("Oriel"). Completion is subject to delivery by Oriel of a new hospital and subsequent vacant possession of the site, which is anticipated no earlier than late 2027. At that point, the site and the prepaid design and planning costs incurred will be included in investment property, subject to semi-annual external valuations.

The total movement in tenant lease incentives is shown below:

	2025 £m	2024 £m
At 1 January	195.6	194.1
Amounts taken to income statement	3.7	6.3
Capital incentives granted	5.6	-
Movement in lease incentive impairment	(0.1)	0.3
Disposal of investment properties	(4.2)	(4.9)
Write off to bad debt	(0.4)	(0.2)
	200.2	195.6
Amounts included in trade and other receivables (see note 15)	(23.3)	(22.0)
At 31 December	176.9	173.6

15. Trade and other receivables

	2025 £m	2024 £m
Trade receivables	4.4	13.3
Other receivables	1.0	3.2
Prepayments ¹	13.8	15.4
Accrued income		
Rents recognised in advance	23.3	22.0
Initial direct letting costs	3.0	2.8
Other	1.2	1.1
	<u>46.7</u>	<u>57.8</u>

¹ In 2025, £2.5m in relation to the Group's solar park on its Scottish land, was transferred to 'Solar park' within Property, plant and equipment (see note 11).

Trade receivables are split as follows:

	2025 £m	2024 £m
less than three months due	4.2	12.9
between three and six months due	0.2	0.2
between six and twelve months due	-	0.2
	<u>4.4</u>	<u>13.3</u>

Trade receivables are stated net of impairment.

The Group has £4.1m (2024: £4.6m) of provision for bad debts as shown below. £1.7m (2024: £2.4m) is included in trade receivables, £0.4m (2024: £0.4m) in accrued income and £2.0m (2024: £1.8m) in prepayments and accrued income within other receivables (non-current) (note 14).

Provision for bad debts

	2025 £m	2024 £m
At 1 January	4.6	4.6
Trade receivables provision	0.1	0.7
Lease incentive provision	0.4	(0.4)
Service charge provision	0.1	(0.2)
Released	(1.1)	(0.1)
At 31 December	<u>4.1</u>	<u>4.6</u>

The provision for bad debts is split as follows:

	2025 £m	2024 £m
less than three months due	0.5	0.9
between three and six months due	0.2	0.5
between six and twelve months due	0.5	0.5
over twelve months due	2.9	2.7
	<u>4.1</u>	<u>4.6</u>

16. Non-current assets held for sale

	2025 £m	2024 £m
Transferred from investment properties (see note 10)	-	25.7
	<u>-</u>	<u>25.7</u>

In January 2025, the Group completed the disposal of its freehold interest in 4 & 10 Pentonville N1, disclosed as a non-current asset held for sale as at December 2024.

17. Trade and other payables

	2025 £m	2024 £m
Trade payables	8.0	0.6
Other payables	1.0	3.6
Other taxes	1.2	7.3
Accruals	56.2	57.2
Deferred income	47.0	50.0
Tenant rent deposits	29.3	27.9
Service charge balances	25.3	28.1
	<u>168.0</u>	<u>174.7</u>

Deferred income primarily relates to rents received in advance.

18. Net debt and derivative financial instruments

	2025		2024	
	Book value £m	Fair value £m	Book value £m	Fair value £m
Current liabilities				
Other loans	-	-	20.0	20.0
6.5% secured bonds	176.6	175.7	-	-
2.68% unsecured private placement notes	55.0	54.9	-	-
1.5% unsecured convertible bonds 2025	-	-	174.1	171.6
	231.6	230.6	194.1	191.6
Non-current liabilities				
6.5% secured bonds 2026	-	-	178.1	176.7
1.875% unsecured green bonds 2031	347.6	298.3	347.2	281.2
5.25% unsecured bonds	247.5	255.2	-	-
Unsecured private placement notes 2026 - 2034	398.7	349.3	453.6	391.3
Unsecured bank loans	261.2	265.0	290.5	293.0
Borrowings	1,486.6	1,398.4	1,463.5	1,333.8
Derivative financial instruments expiring in less than one year	-	-	(0.6)	(0.6)
Total borrowings and derivative financial instruments	1,486.6	1,398.4	1,462.9	1,333.2
Reconciliation to net debt:				
Borrowings and derivative financial instruments	1,486.6		1,462.9	
Adjustments for:				
Leasehold liabilities	41.0		34.6	
Derivative financial instruments	-		0.6	
Cash at bank excluding restricted cash (see note 22)	(77.2)		(15.4)	
Net debt	1,450.4		1,482.7	

The fair values of the Group's bonds have been estimated on the basis of quoted market prices, representing Level 1 fair value measurement as defined by IFRS 13 Fair Value Measurement.

The unsecured private placement notes were determined by discounting the contractual cash flows by the replacement rate. The replacement rate is the sum of the current underlying Gilt rate plus the market implied margin. These represent Level 2 fair value measurement.

At 31 December 2024, the derivative financial instruments consisted of interest rate swaps. The fair values of the Group's outstanding interest rate swaps were estimated using the mid-point of the yield curves prevailing on the reporting date and represented the net present value of the differences between the contracted rate and the valuation rate when applied to the projected balances for the period from the reporting date to the contracted expiry dates. These represented Level 2 fair value measurement. These were fully settled in the year.

During 2025, the Group entered into derivative contracts to hedge against movements in UK government bond yields in relation to the issuance of the £250m unsecured bonds in June 2025. These were fully settled on pricing of the bond.

The fair values of the Group's bank loans are approximately the same as their carrying amount, after adjusting for the unamortised arrangement fees, and also represent Level 2 fair value measurement.

The fair values of the following financial assets and liabilities are the same as their carrying amounts:

- Cash and cash equivalents.
- Trade receivables, other receivables and accrued income included within trade and other receivables.
- Trade payables, other payables and accruals included within trade and other payables.
- Leasehold liabilities.

There have been no transfers between Level 1 and Level 2 or Level 2 and Level 3 in either 2025 or 2024.

In June 2024, the Group signed an agreement for an unsecured term loan facility of £100m. The loan is for a three-year term and has two one-year extension options. In June 2025, the Group exercised the first extension option.

At 31 December 2024, other loans consisted of a £20m interest-free loan from a third party providing development consultancy services on the residential element of the 25 Baker Street W1 development. This was fully repaid in 2025. The agreement provides for a profit share on completion of the sales which, under IFRS 9 Financial Instruments, has been deemed to have a carrying value of £nil at 31 December 2025 (2024: £nil). The carrying value of the loan at 31 December 2025 was £nil (2024: £20.0m).

In December 2024, the Group signed an agreement for an unsecured facility of £115m, consisting of an £82.5m term loan and £32.5m revolving credit facility (RCF). The facility is for an initial two-year term and has two one-year extension options. In December 2025, the Group exercised the first extension option. The £32.5m RCF was cancelled in July 2025.

In February 2025, the Group signed an agreement for an unsecured facility of £115m, consisting of an £82.5m term loan and £32.5m revolving credit facility (RCF). The facility is for an initial two-year term and has a one-year extension option. The £32.5m RCF was cancelled in July 2025.

In June 2025, Derwent London plc issued £250m of unsecured bonds on a 7-year term maturing in 2032. The unsecured instrument pays a coupon of 5.25% and the effective interest rate is 5.338%. This represents an issue discount of £1.3m. The unsecured bonds were initially recognised at fair value, net of the unamortised discount and issue costs of £0.8m, and are subsequently measured at amortised cost.

In June 2025, the Group's 1.5% unsecured convertible bonds matured and were repaid, without any conversion to equity.

In July 2025, the Group amended and extended its principal £450m unsecured RCF, which was due to expire in October 2026. The facility, signed with the Group's core relationship banks, is structured as an initial four-year term with two one-year extension options. The facility is due to expire in July 2029.

As at 31 December 2025, the Group's secured bonds 2026 were secured by a floating charge over a number of the Group's subsidiary companies which contained £339.9m (2024: £376.3m) of the Group's properties.

The Group continue to maintain significant headroom on all financial covenants.

Unsecured bank borrowings are accounted for at amortised cost. At 31 December 2025, there was £nil (2024: £110.5m) drawn on the RCFs, £265.0m (2024: £182.5m) drawn on term loans and the combined unamortised arrangement fees were £3.8m (2024: £2.5m), resulting in the carrying value being £261.2m (2024: £290.5m).

As all main corporate facilities were refinanced or amended recently, the fair values of the Group's bank loans are deemed to be approximately the same as their carrying amount, after adjusting for the unamortised arrangement fees, and represent Level 2 fair value measurement.

19. Cash generated from operations

The table below shows the reconciliation of cash generated from operations.

	2025 £m	2024 £m
Profit from operations	210.5	156.4
Adjustment for non-cash items:		
Revaluation (surplus)/deficit	(52.2)	2.7
Depreciation	0.8	1.0
Lease incentive/cost spreading	(4.3)	(6.8)
Share based payments	2.0	3.1
Ground rent adjustment	0.5	0.7
Adjustment for other items:		
Loss/(profit) on disposal	2.2	(1.9)
Profit on disposal of trading property and trading stock	(4.2)	-
Changes in working capital:		
Decrease/(increase) in receivables balance	7.3	(8.8)
Increase in payables balance	5.4	9.5
Decrease/(increase) in trading property and trading stock	104.5	(53.3)
Cash generated from operations	<u>272.5</u>	<u>102.6</u>

Cash generated from operations included £115.8m (2024: £3.6m) cash inflows from disposal of trading properties and £17.8m cash inflows (2024: £nil) in relation to disposals of trading stock. It also included £12.1m (2024: £43.0m) cash outflows in relation to expenditure on trading properties and £0.6m (2024: £9.8m) cash outflows in relation to expenditure on trading stock.

20. Deferred tax

	Revaluation £m	Other £m	Total £m
At 1 January 2025	3.5	(2.7)	0.8
Charged to the income statement	(0.1)	0.5	0.4
Charged to other comprehensive income	1.1	-	1.1
At 31 December 2025	<u>4.5</u>	<u>(2.2)</u>	<u>2.3</u>
At 1 January 2024	2.8	(2.7)	0.1
Charged to the income statement	0.1	-	0.1
Charged to other comprehensive income	0.6	-	0.6
At 31 December 2024	<u>3.5</u>	<u>(2.7)</u>	<u>0.8</u>

Deferred tax on the balance sheet revaluation is calculated on the basis of the chargeable gains that would crystallise on the sale of the property portfolio at each balance sheet date. The calculation takes account of any available indexation on the historical cost of the properties. Due to the Group's REIT status, deferred tax is only provided at each balance sheet date on properties outside the REIT regime.

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences where the Directors believe it is probable that these assets will be recovered.

21. Dividend

	Payment date	Dividend per share			2025 £m	2024 £m
		PID p	Non-PID p	Total p		
Current year						
2025 final dividend ¹	29 May 2026	40.00	16.00	56.00	-	-
2025 interim dividend	10 October 2025	25.50	-	25.50	28.6	-
		<u>65.50</u>	<u>16.00</u>	<u>81.50</u>		
Prior year						
2024 final dividend	30 May 2025	45.50	10.00	55.50	62.3	-
2024 interim dividend	11 October 2024	25.00	-	25.00	-	28.1
		<u>70.50</u>	<u>10.00</u>	<u>80.50</u>		
2023 final dividend	31 May 2024	39.00	16.00	55.00	-	61.7
Dividends as reported in the Group statement of changes in equity					90.9	89.8
2025 interim dividend withholding tax					(4.0)	-
2024 interim dividend withholding tax					3.9	(3.9)
2023 interim dividend withholding tax					-	3.7
Dividends paid as reported in the Consolidated cash flow statement					90.8	89.6

¹ Subject to shareholder approval at the AGM on 15 May 2026.

22. Cash and cash equivalents

	2025 £m	2024 £m
Cash at bank	77.2	15.4
Cash held in restricted accounts		
Tenant rent deposits	29.3	27.9
Service charge balances	25.2	28.1
	131.7	71.4

23. Capital commitments and contingent liabilities

Contracts for capital expenditure entered into by the Group at 31 December 2025 and not provided for in the accounts relating to the construction, development or enhancement of the Group's investment properties amounted to £85.5m (2024: £101.0m), whilst that relating to the Group's trading properties amounted to £7.6m (2024: £29.3m). At 31 December 2025 and 31 December 2024, there were no material contractual obligations for the purchase, repair or maintenance of investment or trading properties.

In May 2022, the Group entered into a conditional contract to acquire the freehold of Old Street Quarter island site. The site is being sold by Moorfields Eye Hospital NHS Foundation Trust and UCL, together the Oriel joint initiative ("Oriel"). Consideration for the site has been agreed as £239m before costs. Completion is subject to delivery by Oriel of a new hospital and subsequent vacant possession of the site, which is anticipated no earlier than late 2027. In addition to the note 14 disclosure of the impairment assessment under IAS 36 Impairment of Assets for costs incurred to date, the conditional contract has also been assessed under IAS 37 Provisions, Contingent Liabilities and Contingent Assets, and it has been determined that no adjustments are required to the year-end financial statements. This will continue to be monitored through to completion of the acquisition of the site.

24. Post balance sheet events

In January 2026, the Group exercised its option to extend the £82.5m unsecured term loan, originally set to mature in February 2027, by one year to February 2028.

In February 2026, £55m of US private placement notes were repaid upon maturity.

In February 2026, the Group exchanged on the disposal of its freehold interest in 80 Tottenham Court Road, W1 for £32.6m before costs.

25. Related parties

There have been no related party transactions for the year ended 31 December 2025 that have materially affected the financial position or performance of the Group. All related party transactions are materially consistent with those disclosed by the Group in its financial statements.

26. EPRA performance measures

Unaudited unless stated otherwise.

As with most other UK property companies and real estate investment trusts ('REITs'), the Group presents many of its financial measures in accordance with the guidance criteria issued by the European Public Real Estate Association ('EPRA'). These measures, which provide consistency across the sector, are all derived from the IFRS figures.

Number of shares

	Earnings per share Weighted average		Net asset value per share At 31 December	
	2025 Audited '000	2024 Audited '000	2025 Audited '000	2024 Audited '000
For use in basic measures	112,241	112,258	112,236	112,258
Dilutive effect of share-based payments	13	342	12	323
For use in diluted measures	112,254	112,600	112,248	112,581

For the year ended 31 December 2024, the Group did not recognise the dilutive impact of the conversion of the £175m unsecured convertible bonds 2025 ('1.5% convertible bonds 2025') on its earnings per share (EPS) or net asset value (NAV) per share metrics as, based on the share price at the end of that year, the bonds were not expected to convert. In 2025, the £175m unsecured convertible bonds 2025 ('1.5% convertible bonds 2025') were repaid in full with no share conversion, resulting in no dilutive impact on the Group's earnings per share (EPS) or net asset value (NAV) per share metrics.

The following tables set out reconciliations between the IFRS and EPRA earnings for the year and earnings per share. The adjustments made between the figures are as follows:

- A – Disposal of investment and trading property (including the Group's share in joint ventures), and associated tax.
- B – Revaluation movement on investment property, in joint ventures and other interests, write-down of trading property and associated deferred tax.
- C – Fair value movement and termination income relating to derivative financial instruments.
- D – Non-operating and exceptional items.

Earnings and earnings per share (audited)

	IFRS £m	Adjustments				EPRAs basis £m
		A £m	B £m	C £m	D £m	
Year ended 31 December 2025						
Net property and other income	199.6	(4.2)	1.4	-	-	196.8
Total administrative expenses	(39.1)	-	-	-	0.4	(38.7)
Revaluation surplus	52.2	-	(52.2)	-	-	-
Loss on disposal	(2.2)	2.2	-	-	-	-
Net finance costs	(48.4)	-	-	1.2	-	(47.2)
Movement in fair value of derivative financial instruments	(0.6)	-	-	0.6	-	-
Profit before tax	161.5	(2.0)	(50.8)	1.8	0.4	110.9
Tax charge	(0.4)	-	(0.1)	-	-	(0.5)
Earnings attributable to equity shareholders	161.1	(2.0)	(50.9)	1.8	0.4	110.4
Earnings per share	143.53p					98.36p
Diluted earnings per share	143.51p					98.35p

In addition to EPRA earnings per share, an adjusted earnings per share is presented below to add back the profit from the disposal of the trading properties (see note 5), following the sale of the residential apartments at 100 George Street W1, which are excluded from EPRA earnings.

	£m
Earnings attributable to equity shareholders	110.4
Profits from the disposal of trading properties	4.2
Adjusted earnings attributable to equity shareholders	114.6
Adjusted earnings per share	102.10p

During the year, the Group commenced an IT transformation project to implement a new finance system. In accordance with EPRA Best Practices Recommendations (September 2024), the associated costs have been excluded from EPRA earnings per share.

	IFRS £m	Adjustments				EPRA basis £m
		A £m	B £m	C £m	D £m	
Year ended 31 December 2024						
Net property and other income	198.3	-	0.2	-	-	198.5
Total administrative expenses	(41.1)	-	-	-	-	(41.1)
Revaluation deficit	(2.7)	-	2.7	-	-	-
Profit on disposal	1.9	(1.9)	-	-	-	-
Net finance costs	(39.6)	-	-	-	-	(39.6)
Movement in fair value of derivative financial instruments	(2.3)	-	-	2.3	-	-
Share of results of joint ventures	1.5	-	0.3	-	-	1.8
Loss before tax	116.0	(1.9)	3.2	2.3	-	119.6
Tax charge	(0.1)	-	-	-	-	(0.1)
Earnings attributable to equity shareholders	115.9	(1.9)	3.2	2.3	-	119.5
Earnings per share	103.24p					106.45p
Diluted earnings per share	102.93p					106.13p

EPRA Net Asset Value metrics (audited)

	2025 £m	2024 £m
Net assets attributable to equity shareholders	3,615.3	3,539.8
Adjustment for:		
Revaluation of trading properties	0.4	0.6
Deferred tax on revaluation surplus ¹	2.3	1.8
Fair value of derivative financial instruments	-	(0.6)
Fair value adjustment to secured bonds	1.8	3.4
EPRA Net Tangible Assets	3,619.8	3,545.0
Number of shares	112.2	112.6
Per share measure - diluted	3,225p	3,149p
Net assets attributable to equity shareholders	3,615.3	3,539.8
Adjustment for:		
Revaluation of trading properties	0.4	0.6
Fair value adjustment to secured bonds	1.8	3.4
Mark-to-market of fixed rate debt	96.6	133.6
Unamortised issue and arrangement costs	(7.9)	(6.0)
EPRA Net Disposal Value	3,706.2	3,671.4
Number of shares	112.2	112.6
Per share measure - diluted	3,302p	3,261p
Net assets attributable to equity shareholders	3,615.3	3,539.8
Adjustment for:		
Revaluation of trading properties	0.4	0.6
Deferred tax on revaluation surplus	4.5	3.5
Fair value of derivative financial instruments	-	(0.6)
Fair value adjustment to secured bonds	1.8	3.4
Purchasers' costs ²	346.4	342.8
EPRA Net Reinstatement Value	3,968.4	3,889.5
Number of shares	112.2	112.6
Per share measure - diluted	3,535p	3,455p

¹ Only 50% of the deferred tax on the revaluation surplus is excluded.

² Includes Stamp Duty Land Tax. Total costs assumed to be 6.8% of the portfolio's fair value.

Cost ratios

	2025 £m	2024 £m
Administrative expenses	39.1	41.1
Write-off/impairment of receivables	0.5	0.2
Other property costs	17.9	16.7
Dilapidation receipts	(0.2)	(0.8)
Net service charge costs	6.6	5.3
Management fees received less estimated profit element	(4.9)	(5.1)
Share of joint ventures' expenses	-	0.3
	<hr/>	<hr/>
EPRA costs (including direct vacancy costs) (A)	59.0	57.7
Direct vacancy costs	(10.5)	(11.3)
	<hr/>	<hr/>
EPRA costs (excluding direct vacancy costs) (B)	48.5	46.4
	<hr/>	<hr/>
Gross rental income	218.3	214.8
Ground rent	(1.9)	(1.5)
Service charge components of rental income	-	(1.3)
Share of joint ventures' rental income less ground rent	-	2.0
	<hr/>	<hr/>
Adjusted gross rental income (C)	216.4	214.0
	<hr/>	<hr/>
EPRA cost ratio (including direct vacancy costs) (A/C)	27.3%	27.0%
	<hr/>	<hr/>
EPRA cost ratio (excluding direct vacancy costs) (B/C)	22.4%	21.7%
	<hr/>	<hr/>

In addition to the two EPRA cost ratios, the Group has calculated an additional cost ratio based on its property portfolio fair value to recognise the 'total return' nature of the Group's activities.

	2025 £m	2024 £m
Property portfolio at fair value (D)	5,093.9	5,041.1
	<hr/>	<hr/>
Portfolio cost ratio (A/D)	1.2%	1.1%
	<hr/>	<hr/>

Property-related capital expenditure

	2025			2024		
	Group (excl. Joint ventures)	Joint ventures (50% share)	Total Group	Group (excl. Joint ventures)	Joint ventures (50% share)	Total Group
	£m	£m	£m	£m	£m	£m
Acquisitions	6.0	-	6.0	47.0	-	47.0
Development	129.8	-	129.8	136.2	3.3	139.5
Investment properties						
Incremental lettable space	0.3	-	0.3	2.5	-	2.5
No incremental lettable space	26.4	-	26.4	45.3	-	45.3
Tenant incentives	2.3	-	2.3	0.3	-	0.3
Capitalised interest	13.8	-	13.8	10.7	-	10.7
Total capital expenditure	178.6	-	178.6	242.0	3.3	245.3
Conversion from accrual to cash basis	2.5	-	2.5	(12.1)	-	(12.1)
Total capital expenditure on a cash basis	181.1	-	181.1	229.9	3.3	233.2

27. Gearing and interest cover

NAV gearing

	2025 £m	2024 £m
Net debt	1,450.4	1,482.7
Net assets	3,615.3	3,539.8
NAV gearing	40.1%	41.9%

Loan-to-value ratio

	2025 £m	2024 £m
Group loan-to-value ratio		
Net debt	1,450.4	1,482.7
Fair value adjustment of secured bonds	(1.8)	(3.4)
Unamortised discount on unsecured bonds	2.3	1.3
Unamortised issue and arrangement costs	7.9	6.0
Leasehold liabilities	(41.0)	(34.6)
	<hr/>	<hr/>
Drawn debt net of cash (A)	1,417.8	1,452.0
	<hr/>	<hr/>
Fair value of property portfolio (B)	5,093.9	5,041.1
	<hr/>	<hr/>
Group loan-to-value ratio (A/B)	27.8%	28.8%
	<hr/>	<hr/>
EPRA loan-to-value ratio		
Drawn debt net of cash (A)	1,417.8	1,452.0
Debt with equity characteristics	-	(20.0)
Adjustment for hybrid debt instruments	-	0.6
Net payable adjustment	81.2	72.7
	<hr/>	<hr/>
Adjusted debt (C)	1,499.0	1,505.3
	<hr/>	<hr/>
Fair value of property portfolio (B)	5,093.9	5,041.1
	<hr/>	<hr/>
EPRA loan-to-value ratio (C/B)	29.4%	29.9%
	<hr/>	<hr/>

Net interest cover ratio

	2025	2024
	£m	£m
Group net interest cover ratio		
Net property and other income	199.6	198.3
Adjustments for:		
Other income	(4.9)	(5.1)
Other property income	-	(0.1)
Surrender premiums received	(0.3)	(2.7)
Profit on disposal of trading properties	(4.2)	-
Adjusted net property income	<u>190.2</u>	<u>190.4</u>
Finance income	(2.1)	(0.3)
Finance costs	50.5	39.9
	<u>48.4</u>	<u>39.6</u>
Adjustments for:		
Finance income	2.1	0.3
Other finance costs	(1.4)	(0.4)
Amortisation of fair value adjustment to secured bonds	1.7	1.6
Amortisation of issue and arrangement costs	(2.8)	(2.6)
Finance costs capitalised	14.1	11.2
Net interest payable	<u>62.1</u>	<u>49.7</u>
Group net interest cover ratio	<u>306%</u>	<u>383%</u>
Proportionally consolidated net interest cover ratio		
Adjusted net property income	190.2	190.4
Share of joint ventures' net property income	-	1.9
Adjusted net property income including share of joint ventures	<u>190.2</u>	<u>192.3</u>
Net interest payable	<u>62.1</u>	<u>49.7</u>
Proportionally consolidated net interest cover ratio	<u>306%</u>	<u>387%</u>

Net debt to EBITDA

	2025 £m	2024 £m
Net debt (A)	1,450.4	1,482.7
Profit for the year	161.1	115.9
Add back: tax charge	0.4	0.1
Profit before tax	<u>161.5</u>	<u>116.0</u>
Add back: net finance charges	48.4	39.6
Add back: movement in fair value of derivative financial instruments	0.6	2.3
	<u>210.5</u>	<u>157.9</u>
Add back: loss/(profit) on disposal	2.2	(1.9)
Add back: revaluation (surplus)/deficit	(52.2)	2.7
Add back: share of joint venture revaluation movement/impairment (note 8)	-	0.3
Add back: depreciation	0.8	1.0
Add back: IT transformation project costs	0.4	-
EBITDA (B)	<u>161.7</u>	<u>160.0</u>
Net debt to EBITDA (A/B)	<u>9.0</u>	<u>9.3</u>

28. Total accounting return

	2025 p	2024 p
EPRA Net Tangible Assets on a diluted basis		
At end of year	3,225	3,149
At start of year	(3,149)	(3,129)
Increase	<u>76</u>	<u>20</u>
Dividend per share	81	80
Increase including dividend	<u>157</u>	<u>100</u>
Total accounting return	<u>5.0%</u>	<u>3.2%</u>

29. List of definitions

Building Research Establishment Environmental Assessment Method (BREEAM)

An environmental impact assessment method for non-domestic buildings. Performance is measured across a series of ratings; Good, Very Good, Excellent and Outstanding.

Capital return

The annual valuation movement arising on the Group's portfolio expressed as a percentage return on the valuation at the beginning of the year adjusted for acquisitions and capital expenditure.

Company Voluntary Arrangement (CVA)

An insolvency procedure allowing a company with debt problems or that is insolvent to reach a voluntary agreement with its creditors to repay its debt over a fixed period.

Diluted figures

Reported results adjusted to include the effects of potential dilutive shares issuable under the Group's share option schemes and the convertible bonds.

Earnings/earnings per share (EPS)

Earnings represent the profit or loss for the year attributable to equity shareholders and are divided by the weighted average number of ordinary shares in issue during the financial year to arrive at earnings per share.

EBITDA

Earnings before interest, tax, depreciation and amortisation.

Energy Performance Certificate (EPC)

An EPC is an asset rating detailing how energy efficient a building is, rated by carbon dioxide emission on a scale of A-G, where an A rating is the most energy efficient. They are legally required for any building that is to be put on the market for sale or rent.

Estimated rental value (ERV)

This is the external valuers' opinion as to the open market rent which, on the date of valuation, could reasonably be expected to be obtained on a new letting or rent review of a property.

European Public Real Estate Association (EPRA)

A not-for-profit association with a membership of Europe's leading property companies, investors and consultants which strives to establish best practices in accounting, reporting and corporate governance and to provide high-quality information to investors. EPRA's Best Practices Recommendations includes guidelines for the calculation of the following performance measures which the Group has adopted.

- EPRA Earnings Per Share

Earnings from operational activities.

- EPRA Loan-to-value (LTV)

Debt divided by the property value. Debt is equal to drawn facilities less cash, adjusted with equity characteristics, adding back the equity portion of hybrid debt instruments and including net payables if applicable. Property value is equal to the fair value of the property portfolio including net receivables if applicable.

- EPRA Net Reinstatement Value (NRV) per share

NAV adjusted to reflect the value required to rebuild the entity and assuming that entities never sell assets. Assets and liabilities, such as fair value movements on financial derivatives are not expected to crystallise in normal circumstances and deferred taxes on property valuation surpluses are excluded.

- EPRA Net Tangible Assets (NTA) per share

Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.

- EPRA Net Disposal Value (NDV) per share

Represent the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.

- **EPRAs capital expenditure**

The total expenditure incurred on the acquisition, enhancement, and development of investment properties. This can include amounts spent on any investment properties under construction or related development projects, as well as the amounts spent on the completed (operational) investment property portfolio. Capitalised finance costs included in the financial statements are also presented within this total. The costs are presented on both an accrual and a cash basis, for both the Group and the proportionate share of joint ventures.

- **EPRAs Cost Ratio (including direct vacancy costs)**

EPRAs costs as a percentage of gross rental income less ground rent (including share of joint venture gross rental income less ground rent). EPRAs costs include administrative expenses, other property costs, net service charge costs and the share of joint ventures' overheads and operating expenses (net of any service charge costs), adjusted for service charge costs recovered through rents and management fees.

- **EPRAs Cost Ratio (excluding direct vacancy costs)**

Calculated as above, but with an adjustment to exclude direct vacancy costs.

- **EPRAs Net Initial Yield (NIY)**

Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the EPRAs property portfolio, increased by estimated purchasers' costs.

- **EPRAs 'topped-up' Net Initial Yield**

This measure incorporates an adjustment to the EPRAs NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and stepped rents).

- **EPRAs Vacancy Rate**

Estimated rental value (ERV) of immediately available space divided by the ERV of the EPRAs portfolio.

In addition, the Group has adopted the following recommendation for investment property reporting.

- **EPRAs like-for-like rental income growth**

The growth in rental income on properties owned throughout the current and previous year under review. This growth rate includes revenue recognition and lease accounting adjustments but excludes properties held for development in either year and properties acquired or disposed of in either year.

Fair value adjustment

An accounting adjustment to change the book value of an asset or liability to its market value.

Ground rent

The rent payable by the Group for its leasehold properties. Under IFRS, a liability is recognised using the discounted payments due. Fixed lease payments made are allocated between the interest payable and the reduction in the outstanding liability. Any variable payments are recognised in the income statement in the period to which it relates.

Headroom

This is the amount left to draw under the Group's loan facilities (i.e. the total loan facilities less amounts already drawn).

Interest rate swap

A financial instrument where two parties agree to exchange an interest rate obligation for a predetermined amount of time. These are generally used by the Group to convert floating rate debt to fixed rates.

Key Performance Indicators (KPIs)

Activities and behaviours, aligned to both business objectives and individual goals, against which the performance of the Group is annually assessed.

Lease incentives

Any incentive offered to occupiers to enter into a lease. Typically the incentive will be an initial rent-free or half rent period, stepped rents, or a cash contribution to fit-out or similar costs.

Loan-to-value ratio (LTV)

Drawn debt net of cash divided by the fair value of the property portfolio. Drawn debt is equal to drawn facilities less unrestricted cash and the unamortised equity element of the convertible bonds.

Mark-to-market

The difference between the book value of an asset or liability and its market value.

MSCI Inc. (MSCI IPD)

MSCI Inc. is a company that produces independent benchmarks of property returns. The Group measures its performance against both the Central London Offices Index and the UK All Property Index.

National Australian Built Environment Rating System (NABERS)

This is a building performance rating system which provides an energy performance benchmark using a simple star rating system on a 1-6 scale. This helps property owners understand and communicate a building's performance versus other similar buildings to occupiers. Ratings are validated on an annual basis.

NAV gearing

Net debt divided by net assets.

Net assets per share or net asset value (NAV)

Equity shareholders' funds divided by the number of ordinary shares in issue at the balance sheet date.

Net debt

Borrowings plus bank overdraft less unrestricted cash and cash equivalents.

Net debt to EBITDA

Net Debt to EBITDA is the ratio of gross debt less unrestricted cash to earnings before interest, tax, depreciation and amortisation (EBITDA).

Net effective rent

Net effective rent is the actual rental income a landlord receives after adjusting for all concessions, incentives, and rental uplifts over the term of the lease, spread over the full lease term. It reflects the true economic value of a lease.

Net interest cover ratio

Net property income, excluding all non-core items divided by interest payable on borrowings and non-utilisation fees.

Property income distribution (PID)

Dividends from profits of the Group's tax-exempt property rental business under the REIT regulations.

Non-PID

Dividends from profits of the Group's taxable residual business.

Real Estate Investment Trust (REIT)

The UK Real Estate Investment Trust ("REIT") regime was launched on 1 January 2007. On 1 July 2007, Derwent London plc elected to convert to REIT status.

The REIT legislation was introduced to provide a structure which closely mirrors the tax outcomes of direct ownership in property and removes tax inequalities between different real estate investors. It provides a liquid and publicly available vehicle which opens the property market to a wide range of investors.

A REIT is exempt from corporation tax on qualifying income and gains of its property rental business providing various conditions are met. It remains subject to corporation tax on non-exempt income and gains e.g. interest income, trading activity and development fees.

REITs must distribute at least 90% of the Group's income profits from its tax exempt property rental business, by way of dividend, known as a property income distribution (PID). These distributions can be subject to withholding tax at 20%.

If the Group distributes profits from the non-tax exempt business, the distribution will be taxed as an ordinary dividend in the hands of the investors (non-PID).

Rent reviews

Rent reviews take place at intervals agreed in the lease (typically every five years) and their purpose is usually to adjust the rent to the current market level at the review date. For upwards only rent reviews, the rent will either remain at the same level or increase (if market rents are higher) at the review date.

Reversion

The reversion is the amount by which ERV is higher than the rent roll of a property or portfolio. The reversion is derived from contractual rental increases, rent reviews, lease renewals and the letting of space that is vacant and available to occupy or under development or refurbishment.

Scrip dividend

Derwent London plc sometimes offers its shareholders the opportunity to receive dividends in the form of shares instead of cash. This is known as a scrip dividend.

Task Force on Climate-related Financial Disclosures (TCFD)

Set up by the Financial Stability Board (FSB) in response to the G20 Finance Ministers and Central Bank Governors request for greater levels of decision-useful, climate-related information; the TCFD was asked to develop climate-related disclosures that could promote more informed investment, credit (or lending), and insurance underwriting decisions. In turn, this would enable stakeholders to understand better the concentrations of carbon-related assets in the financial sector and the financial system's exposures to climate-related risks.

'Topped-up' rent

Annualised rents generated by the portfolio plus rent contracted from expiry of rent-free periods and uplifts agreed at the balance sheet date.

Total property return (TPR)

Total property return is a performance measure calculated by the MSCI IPD and defined in the MSCI Global Methodology Standards for Real Estate Investment as 'the percentage value change plus net income accrual, relative to the capital employed'.

Total accounting return (TAR)

The movement in EPRA Net Tangible Assets per share on a diluted basis between the beginning and the end of each financial year plus the dividend per share paid during the year expressed as a percentage of the EPRA Net Tangible Assets per share on a diluted basis at the beginning of the year.

Total shareholder return (TSR)

The growth in the ordinary share price as quoted on the London Stock Exchange plus dividends per share received for the year, expressed as a percentage of the share price at the beginning of the year.

Transmission and distribution (T&D)

The emissions associated with the transmission and distribution losses in the grid from the transportation of electricity from its generation source.

Underlying portfolio

Properties that have been held for the whole of the year (i.e. excluding any acquisitions or disposals made during the year).

Underlying valuation increase/decrease

The valuation increase/decrease on the underlying portfolio.

Yields

- Net initial yield

Annualised rental income based on cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased by estimated purchasers' costs.

- Reversionary yield

The anticipated yield to which the net initial yield will rise once the rent reaches the estimated rental values.

- True equivalent yield

The constant capitalisation rate which, if applied to all cash flows from the portfolio, including current rent, reversions to valuers' estimated rental value and such items as voids and expenditures, equates to the **valuation having taken into account notional purchasers' costs. Rent is assumed to be received quarterly in advance.**

- Yield shift

A movement in the yield of a property asset, or like-for-like portfolio, over a given period. Yield compression is a commonly-used term for a reduction in yields.

30. Copies of this announcement will be available on the Company's website, www.derwentlondon.com, from the date of this statement. Copies will also be available from the Company Secretary, Derwent London plc, 25 Savile Row, London, W1S 2ER.

Notes to editors

Derwent London plc

Derwent London plc owns a commercial real estate portfolio predominantly in central London valued at £5.1 billion as at 31 December 2025, making it the largest London office-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 redevelopment 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 City Borders. 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.

We are frequently recognised in industry awards for the quality, design and innovation of our projects. Landmark buildings in our 5.3 million sq ft portfolio include 25 Baker Street W1, 1 Soho Place W1, 80 Charlotte Street W1, Brunel Building W2, White Collar Factory EC1, Angel Building EC1 and Tea Building E1.

As part of our commitment to lead the industry in mitigating climate change, Derwent London has committed to becoming a net zero carbon business by 2030, publishing its pathway to achieving this goal in 2020. Our science-based carbon targets have been validated by the Science Based Targets initiative (SBTi). In 2013, we launched a voluntary Community Fund which to date has supported 200 community projects in central London.

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 LinkedIn.

Forward-looking statements

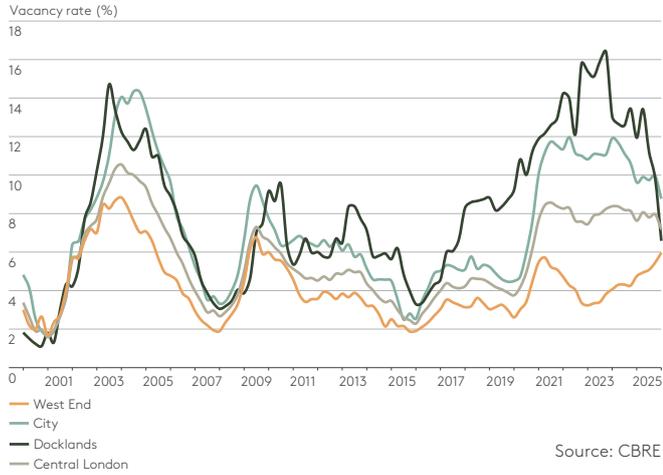
This document contains certain forward-looking statements about the future outlook of Derwent London. By their nature, any statements about future outlook involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. Actual results, performance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

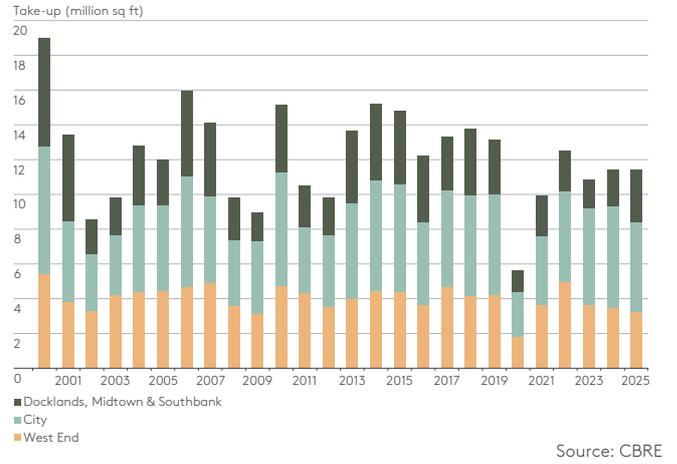
APPENDIX 1

Our market

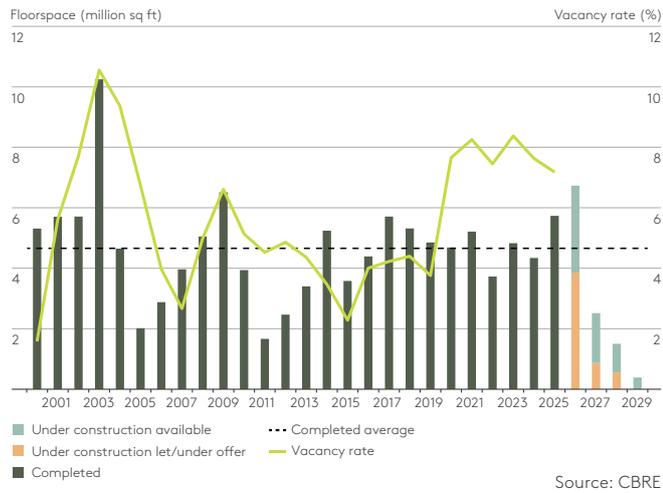
Available space by sub-market



Central London office take-up



Central London development pipeline



Central London office investment transactions



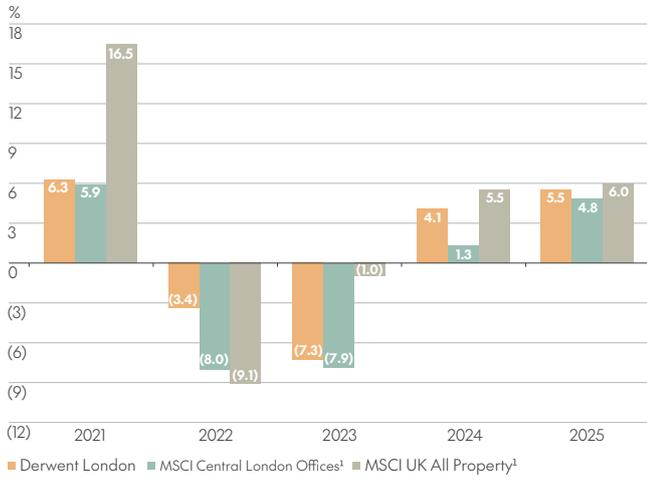
Central London office yields



APPENDIX 2

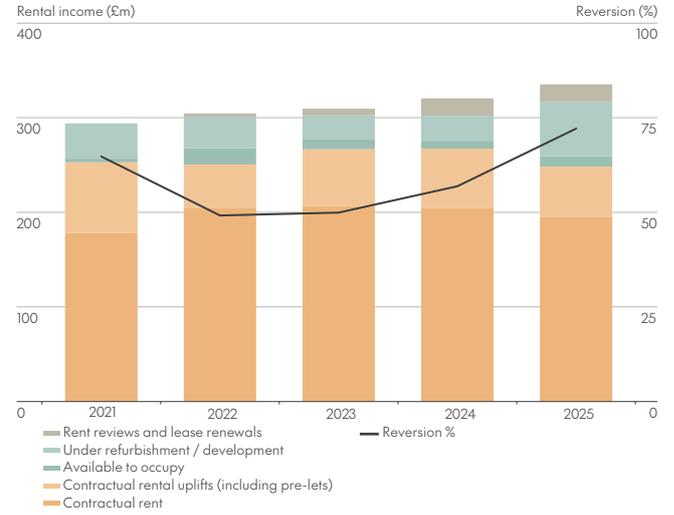
Valuation

Total property return

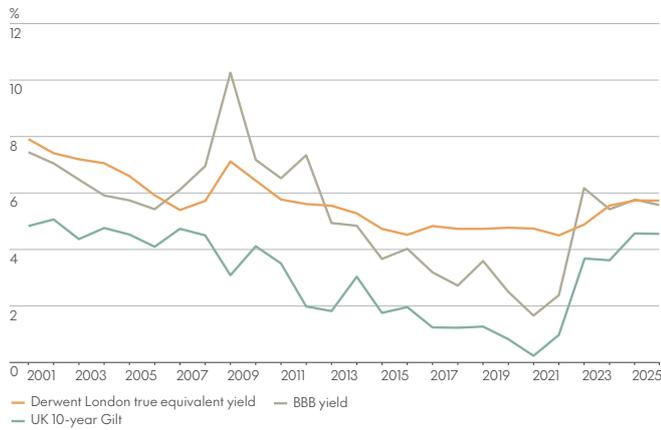


¹ Quarterly Index.

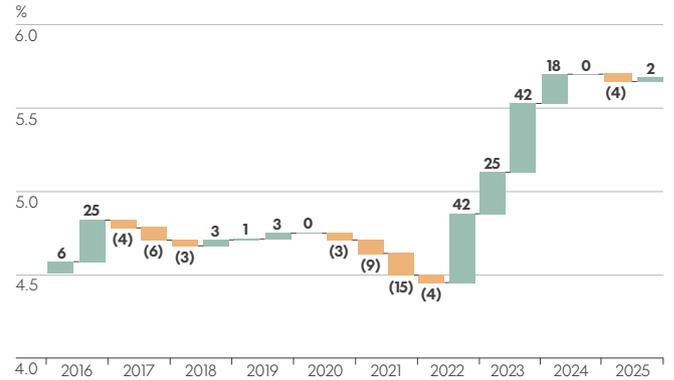
Portfolio income potential



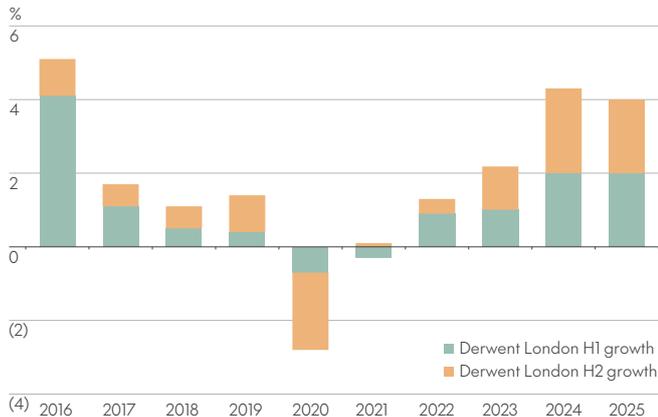
Valuation yields



True equivalent yield



Rental value growth



APPENDIX 2 continued

Valuation continued

Portfolio statistics – valuation

	Valuation £m	Weighting %	Valuation ¹ performance %	Let floor area ² '000 sq ft	Vacant available floor area '000 sq ft	Vacant refurbishment floor area '000 sq ft	Vacant project floor area '000 sq ft	Total floor area '000 sq ft
West End								
Central	3,527.8	69	2.5	2,277	70	186	433	2,966
Borders	273.2	6	(1.5)	366	11	0	0	377
	3,801.0	75	2.2	2,643	81	186	433	3,343
City								
Borders	1,178.7	23	(0.9)	1,310	172	82	0	1,564
Central London	4,979.7	98	1.5	3,953	253	268	433	4,907
Provincial	114.2	2	13.1	309	42	0	0	351
Total portfolio 2025	5,093.9	100	1.7	4,262	295	268	433	5,258
2024	5,041.1	100	0.2	4,745	242	194	175	5,356

¹ Underlying – properties held throughout the year.

² Includes pre-lets.

Rental income profile

	Accounting rental uplift £m pa	Accounting rent £m pa	Headline rental uplift £m pa	Headline rent £m pa
Annualised contracted rental income, net of ground rents		210.4		194.8
Contractual rental increases across the portfolio	-		53.5	
Letting 295,000 sq ft available floor area	8.9		11.2	
Completion and letting 268,000 sq ft of refurbishments	13.9		17.4	
Completion and letting 433,000 sq ft of major projects	32.2		40.2	
Anticipated rent review and lease renewal reversions	15.9		18.2	
Portfolio reversion		70.9		140.5
Potential portfolio rental value		281.3		335.3

Portfolio statistics – rental income

	Net contracted rental income per annum £m	Average rental income £ per sq ft	Vacant space rental value per annum £m	Lease reversion per annum ¹ £m	Portfolio estimated rental value per annum £m	Average unexpired lease length ² Years
West End						
Central	108.3	48.43	57.1	56.0	221.4	7.8
Borders	18.1	49.50	0.3	0.8	19.2	4.4
	126.4	48.58	57.4	56.8	240.6	7.3
City						
Borders	65.5	50.83	10.7	12.2	88.4	3.7
Central London	191.9	49.33	68.1	69.0	329.0	6.1
Provincial	2.9	9.36	0.7	2.7	6.3	3.3
Total portfolio 2025	194.8	46.42	68.8	71.7	335.3	6.0³
2024	204.3	43.65	34.9	81.3	320.5	5.9

¹ Contracted uplifts, rent reviews/lease renewal reversion and pre-lets.

² Lease length weighted by rental income at year end and assuming tenants break at first opportunity.

³ 7.0 years after adjusting for 'topped-up' rents and pre-lets.

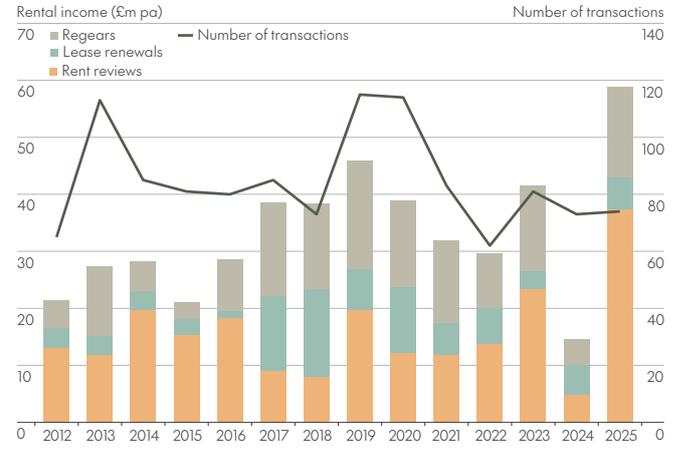
APPENDIX 3

Leasing & asset management

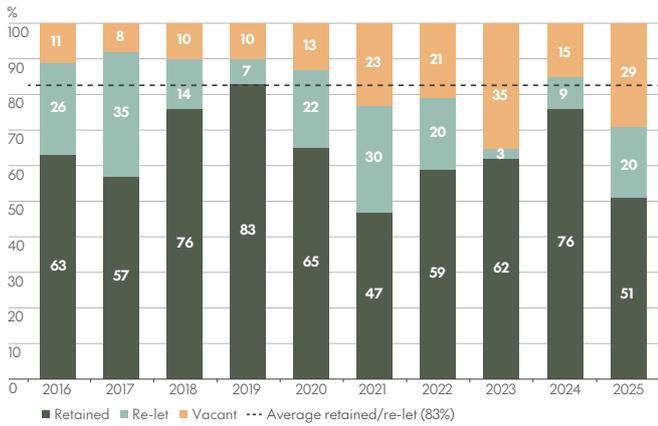
Leasing analysis



Asset management activity



Lease expiry and break analysis



Average unexpired lease length



APPENDIX 4

Development and refurbishment

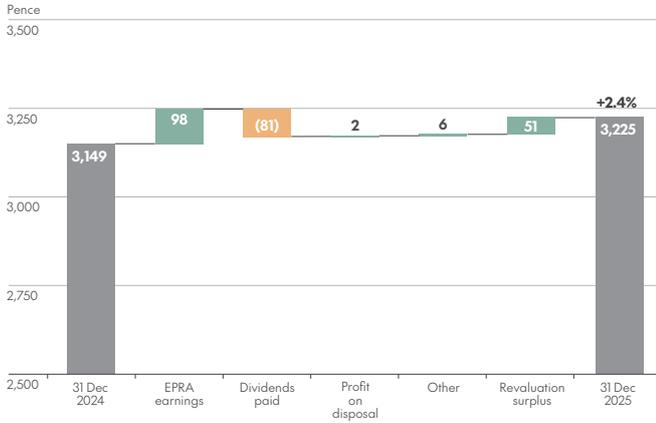
Project summary

Property	Pre scheme area '000 sq ft	Proposed area '000 sq ft	2026 capex £m	2027 capex £m	2028+ capex £m	Total capex to complete £m	Delivery date	Current office c.ERV £ psf
On-site major projects								
25 Baker Street W1 (completed)	143	298	10	-	-	10	H2 2025	103
Network W1	70	141	9	-	-	9	H1 2026	100
Holden House W1	91	134	25	56	54	135	H2 2028	110
Middlesex House W1	51	50	18	2	-	20	H1 2027	80
Greencoat & Gordon House SW1	108	108	31	21	-	52	H2 2027	80
	463	731	93	79	54	226		
Other on-site projects								
Scotland	-	-	3	-	-	3		
Planning and design	-	-	7	6	-	13		
Other	-	-	33	15	10	58		
	-	-	43	21	10	74		
Total on-site projects	463	731	136	100	64	300		
Capitalised interest	-	-	3	5	6	14		
Capitalised staff costs	-	-	3	3	3	9		
Total including interest	463	731	142	108	73	323		
Consented								
50 Baker Street W1	122	236						
Blue Star House SW9	53	86						
	175	322						
Other pipeline								
Under appraisal	572	572						
Future appraisal	989	989						
Pipeline	2,199	2,614						

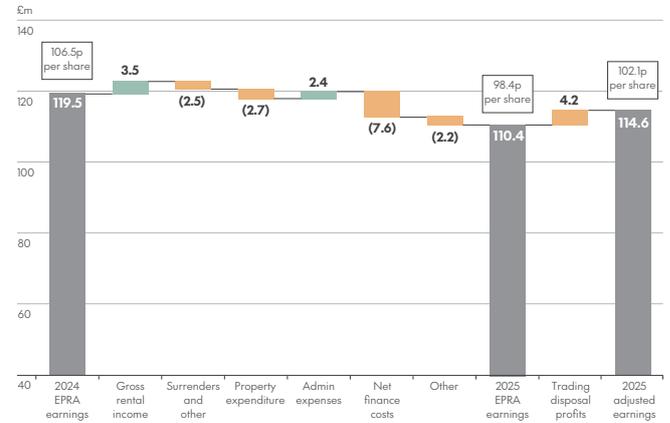
APPENDIX 5

Finance

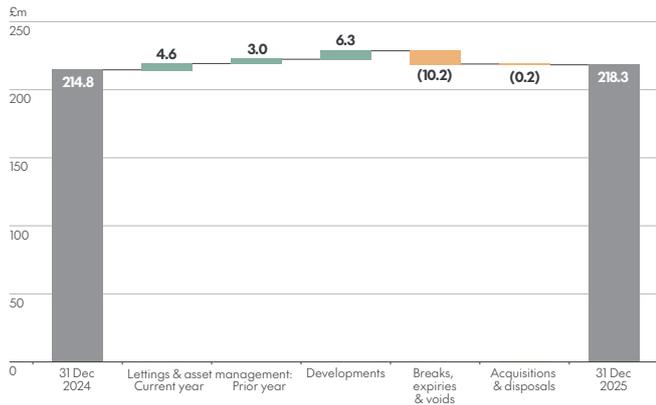
EPRA net tangible assets per share



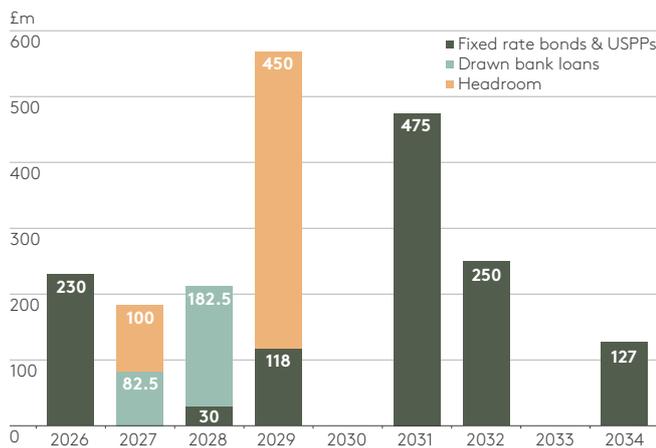
EPRA Earnings



Movement in gross rental income



Proforma maturity profile of debt facilities¹



¹ Includes facility extension of £82.5m term loan, exercised in January 2026.

APPENDIX 5 continued

Finance continued

Debt facilities and reconciliation to borrowings and net debt at 31 December 2025

	Drawn £m	Undrawn £m	Total £m	Maturity
Secured bonds	175.0	–	175.0	2026
Green bonds	350.0	–	350.0	2031
Non-green bonds	250.0	–	250.0	2032
Private placement notes	455.0	–	455.0	2026 – 2034
Non-bank debt	1,230.0	–	1,230.0	
Revolving credit facility	–	100.0	100.0	2027
Revolving credit facility	–	450.0	450.0	2029
Term loan	82.5	–	82.5	2027
Term loan	82.5	–	82.5	2028 ¹
Term loan	100.0	–	100.0	2028
Committed bank facilities	265.0	550.0	815.0	
Debt facilities	1,495.0	550.0	2,045.0	
Acquired fair value of secured bonds less amortisation	1.8			
Unamortised discount on unsecured bonds	(2.3)			
Unamortised issue and arrangement costs	(7.9)			
Borrowings	1,486.6			
Leasehold liabilities	41.0			
Cash and cash equivalents	(77.2)			
Net debt	1,450.4			

¹ Maturity following the facility extension in January 2026.

Debt: key stats

	Dec 2025	Dec 2024
Hedging profile (%)		
Fixed	82	80
Swaps	0	5
	82	85
Percentage of debt that is unsecured (%)	88	88
Percentage of non-bank debt (%)	82	80
Weighted average interest rate for the year (%)	3.8	3.3
Weighted average interest rate (%)	4.06	3.53
Weighted average maturity of facilities (years)	4.0	3.4
Weighted average maturity of borrowings (years)	4.2	4.0
Undrawn facilities and unrestricted cash (£m)	627	487
Uncharged properties (£m)	4,754	4,665