

REMUNERATION COMMITTEE REPORT



CLAUDIA ARNEY

Chair of the Remuneration Committee

2023 FOCUS AREAS

- Ensure the 2023 Remuneration Policy is effectively implemented following shareholder approval in May 2023
- Operation of the 2023 annual bonus and grant of 2023 Performance Share Plan (PSP) awards
- Continue to keep wider workforce remuneration arrangements under review, taking these into account when considering remuneration arrangements for Executive Directors
- Continue to keep under review the effectiveness and relevance of performance conditions and comparator groups for variable remuneration

COMMITTEE MEMBERSHIP DURING 2022

	Independent	Number of meetings	Attendance ¹
Claudia Arney	Yes	4	100%
Lucinda Bell	Yes	4	100%
Helen Gordon	Yes	4	100%
Sanjeev Sharma ²	Yes	3	100%

¹ Percentages are based on the meetings Directors were entitled to attend for the 12 months ended 31 December 2022.

² Sanjeev Sharma joined the Committee on 1 March 2022.

ANNUAL STATEMENT

Dear Shareholder,

As Chair of the Remuneration Committee and on behalf of the Board, I am pleased to present our report on Directors' remuneration for 2022. This includes:

- My **Annual statement** as Chair of the Remuneration Committee (pages 190 to 193);
- Our new **Directors' Remuneration Policy** which will be subject to a binding shareholder vote at the 2023 AGM (pages 194 to 202); and
- The **Annual report on remuneration** (pages 203 to 223), describing how the Remuneration Policy has been applied for the year ended 31 December 2022 and how we intend to implement policy for 2023.

The Remuneration Committee report (excluding the Directors' Remuneration Policy) will be subject to an advisory shareholder vote at the 2023 AGM.

Linking Executive Directors' remuneration with our purpose and strategy

Our Remuneration Policy is designed to be simple and transparent and to promote effective stewardship that is vital to the delivery of the Group's purpose and strategy. Further details, including how our KPIs are embedded within the remuneration framework and how remuneration aligns with our values, is set out on page 205. Derwent London values openness and transparency. To this end the Committee strives to provide clarity on how pay and performance is reported at Derwent London and how decisions made by the Committee support our purpose and strategic direction of the Group and take into account the experience of key stakeholders.

Performance outcomes in 2022

Annual bonus: In line with recent years, the annual bonus is subject to relative total return performance (37.5%), relative total property return performance (37.5%) and strategic performance (25%).

Total return performance is measured against a comparator group of real estate companies (see page 215 for details). A robust methodology for assessing the Group's total return performance against the comparator group has been applied consistently for a number of years which includes, for a number of the comparators, an estimate of performance to 31 December 2022. However, in light of current volatility and uncertainty in respect of property valuations, the Committee has decided to delay the assessment of the performance of the total return performance of the comparator group until more published information is available. The Committee has therefore not yet determined the Group's relative performance and vesting outcome as at the date of this report. The Committee will determine the vesting outcome of the relative total return element in the coming months, when it has greater clarity in respect of comparator group total return performance.

Full details of the vesting outcome of the total return element (which may range between 0% and 100% of maximum) and total bonus earned in respect of 2022 will be disclosed in the 2023 Report & Accounts.

The Group's 2022 total property performance was -3.4% compared to the MSCI Quarterly Central London Offices Total Return Index of -8.02% and the relative total property return element therefore vested in full (see page 215). 17.6% of the strategic element vested based on performance against strategic targets (see page 216). The Executive Directors therefore earned a bonus equal to 82.7% of salary based on the relative total property return and strategic elements only and this will be paid in March 2023. As noted above, the relative total return element is still to be assessed by the Committee. Therefore, the Executive Directors may ultimately earn a bonus up to 139% of salary depending on the vesting outcome of the relative total return element.

Performance Share Plan: The PSP award granted in 2020 will lapse in full based on the outcome of the relative total shareholder return and relative total property return performance metrics. The Committee considered the formulaic vesting outcomes against broader perspectives including: underlying business performance and affordability; the experience of shareholders; and the experience of employees and other stakeholders.

The Group has continued to perform strongly relative to Central London office-based real estate peers in the face of continued economic and geopolitical uncertainty. The Group raised the 2022 interim dividend by 4.4% to 24p per share and the proposed 2022 final dividend has been increased by 1.9% to 54.50p per share.

The Committee has introduced a dedicated section within this report which incorporates several disclosures to demonstrate the Committee's belief that remuneration arrangements for Executive Directors are fair and appropriate in the context of pay policies and practice across the wider workforce. The following is noted in particular:

- All eligible employees received a bonus for 2022.
- In October 2022, the Directors approved the payment of a one-off gross non-pensionable payment of £1,000 to all employees (not under notice) with a full-time equivalent base salary of £55,000 or less. The payment was aimed to offer additional help to employees where it was believed the economic burden of the current 'cost of living crisis' would be most challenging.

The Group has continued to perform strongly in difficult circumstances which is testament to the quality and commitment of our executive leadership team. However, the Committee also recognises that shareholders have been impacted by the Group's absolute share price performance during the year. Therefore, on balance, the Committee considered the vesting outcome of the annual bonus and PSP awards to be appropriate and no discretion was applied to adjust the formulaic outcome.

Remuneration Policy review

Our current Remuneration Policy, which was approved by shareholders at our 2020 AGM (with a vote in favour of 95.5%), is approaching the end of its three-year term. During 2022, the Committee has undertaken a comprehensive review of the executive remuneration framework which included consultation with 20 major shareholders representing c.64% of our issued share capital and three proxy agencies.

In its review, the Committee considered a range of incentive frameworks including restricted shares. The Committee concluded that the current Policy and incentive framework (comprising an annual bonus and PSP) continues to support our purpose, the delivery of our business strategy and the creation of shareholder value. Therefore, no significant changes are proposed. One refinement has been proposed to the Policy which is to strengthen the annual bonus deferral requirements.

Under the current Policy, Executive Directors are required to defer any annual bonus earned above 100% of salary into shares for three years. Under the new Policy, Executive Directors will be required to defer any annual bonus earned above 75% of salary into shares for three years. This refinement means that any bonus earned above target performance (i.e. 50% of maximum) will be deferred, with 50% of the bonus total deferred at maximum performance. In addition, until the within-employment shareholding guideline is met, Executive Directors are required to retain at least half of any deferred bonus shares or PSP shares which vest (net of tax).

The Committee considers that this approach strikes an appropriate balance between moving more towards market practice and recognising that Executive Directors already have significant shareholdings in excess of 200% of salary (with the exception of Emily Prideaux, who was appointed as an Executive Director on 1 March 2021 and is working towards achieving the within-employment shareholding guideline of 200% of salary).

The Committee also considered the performance metrics under the annual bonus and PSP as part of the Policy review. Staying ahead of the sustainability curve and delivering on its net zero carbon commitments is a fundamental part of Derwent London's long-term strategy. The Committee therefore considers it appropriate to introduce sustainability performance metrics (embodied carbon reduction and energy intensity reduction) within the PSP. Further details are provided on pages 192 and 212.

The Committee is very appreciative of the time taken by shareholders to engage on the Policy review and proposed salary increases for Paul Williams and Emily Prideaux, and is pleased with the level of support received from shareholders on the proposals.

REMUNERATION COMMITTEE REPORT continued

ANNUAL STATEMENT continued

Implementation in 2023

Base salaries and fees: On promotion to Chief Executive in May 2019, Paul Williams' salary was set at £600,000. His salary was positioned towards the lower end of market practice for a company of our size and complexity and below that of his predecessor. Paul's salary on appointment reflected that he was stepping up into the role of Chief Executive. As noted in the 2019 Report & Accounts and again in last year's Report & Accounts, the Committee committed to keep Paul's salary level under review as he developed and gained experience in the role with a view to moving his salary level closer to the market rate over time.

Since appointment, Paul's salary has been increased by 2% from 1 January 2021 and 3% from 1 January 2022, which was in line with and below the increases awarded to the wider workforce respectively. In light of the Covid-19 pandemic, the Committee did not consider that it was appropriate to make a more material change at either of these points in time.

The Board believes that Paul has performed very strongly since his appointment, skilfully navigating the Group through the Covid-19 pandemic and more latterly the challenging economic environment, and the Board believes that his experience and performance is comparable with an experienced Chief Executive.

The Committee therefore increased Paul's base salary from £630,400 to £680,000 (7.8% increase) with effect from 1 January 2023. Paul's salary is now positioned in line with his predecessor's salary from 2019 which was £677,000 when he stepped down from the role.

While this decision was not driven by benchmarking, the Committee considered the salary positioning against market data to ensure it was appropriate. Following the increase, Paul's salary and his total compensation opportunity is positioned between lower quartile and median compared to other FTSE 250 companies of a similar size and complexity and at around median compared to our real estate peers. The Committee concluded that this positioning was appropriate.

Emily Prideaux was appointed to the Board on 1 March 2021 with a base salary of £410,000 and this increased to £450,000 with effect from 1 January 2022. Emily's salary was positioned below that of the other Executive Directors' salaries to reflect that she was stepping up into an Executive Director role; with the intention that Emily's salary would align with the other Executive Directors' salaries over three years as her role and experience develops. Emily has continued to perform exceptionally well in her role as an Executive Director and therefore the Committee intends to align her salary with the other Executive Directors' salaries by 1 January 2024, subject to continued strong performance.

As part of this alignment, the Committee increased Emily's salary to £492,500 (9.4% increase) with effect from 1 January 2023.

The Committee increased Damian Wisniewski's and Nigel George's salaries from £504,300 to £524,500 (4% increase) with effect from 1 January 2023. The average increase for the wider workforce was 6.1%.

There will be no increase to the Non-Executive Director fees in 2023.

Annual bonus: The annual bonus and PSP opportunities and financial performance measures remain largely unchanged for 2023. Minor changes have been made to the strategic targets which make up 25% of the bonus (see page 211).

PSP: As noted on page 191, the Committee proposes to introduce embodied carbon reduction and energy intensity reduction performance metrics within the PSP (both of which are major pillars in Derwent London's Net Zero Carbon Pathway), alongside relative total shareholder return and total property return. The embodied carbon and energy intensity reduction targets will align with the business' science-based targets to achieve net zero by 2030.

The Committee is cognisant that key business decisions can unintendedly impact embodied carbon and energy intensity reduction performance, given there are various nuances to measuring performance under the science-based targets legislation. In recognition that we are still developing our approach, it is intended that the performance metrics are introduced on a phased basis as follows:

- **2023 PSP:** Total Shareholder Return (50%), Total Property Return (40%), embodied carbon and energy intensity reduction (10%). See page 212 for details of targets.
- **2024 and 2025 PSP:** Total Shareholder Return (50%), Total Property Return (30%), embodied carbon and energy intensity reduction (20%).

This balance of performance metrics reflects Derwent London's continued focus on delivering above average long-term returns to shareholders, together with our commitment to sustainability and ambition to be a net zero carbon business by 2030.

The Committee reviewed the Group's share price performance prior to determining award levels for the 2023 PSP grant. As the share price on 24 February 2023 was not materially different to the share price at the time the 2022 PSP awards were granted (£29.36), the Committee considered it appropriate to award a maximum opportunity of 200% of salary to Executive Directors (in line with the maximum opportunity under the Remuneration Policy).

Further engagement

I look forward to receiving your support at our 2023 AGM, where I will be available to respond to any questions shareholders may have on this report. In the meantime, if you would like to discuss any aspect of the Committee's activities, please contact me through the Company Secretary, David Lawler (telephone: **+44 (0)20 7659 3000** or email: company.secretary@derwentlondon.com).

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

CLAUDIA ARNEY
Chair of the Remuneration Committee
27 February 2023

Our remuneration principles

The Committee ensures that the remuneration arrangements for Executive Directors are aligned with our key remuneration principles which are detailed below, as well as taking into account the principles of clarity, simplicity, risk, predictability, proportionality and alignment to culture set out in the 2018 UK Corporate Governance Code.

Attract, retain and motivate	Support an effective pay for performance culture which enables the Company to attract, retain and motivate Executive Directors who have the skills and experience necessary to deliver the Group's purpose.
Clarity and simplicity	Ensure that remuneration arrangements are simple and transparent to key stakeholders and take account of pay policies for the wider workforce. Details of the maximum potential values that may be earned through the remuneration arrangements are set out in the Remuneration Policy on pages 194 to 196.
Alignment to strategy and culture	Align remuneration with the Group's objectives and long-term strategy and reflect our culture through a balanced mix of short- and long-term performance-related pay and ensure that performance metrics remain effectively aligned with strategy.
Risk management	Promote long-term sustainable performance through sufficiently stretching performance targets, whilst ensuring that the incentive framework does not encourage Executive Directors to operate outside the Group's risk appetite (see page 115). Malus and clawback provisions apply to annual bonus and PSP awards, and the Committee has the means to apply discretion and judgement to vesting outcomes.
Stewardship	Promote long-term shareholdings by Executive Directors that support alignment with long-term shareholder interests. Executive Directors are subject to within-employment and post-employment shareholding guidelines. Once PSP awards have vested there is a two-year holding period during which Executive Directors are not able to sell their shares to support sustainable decision making.
Predictability	The 'Remuneration scenarios for Executive Directors' on page 199 indicate the potential values that may be earned through the remuneration structure.
Proportionality and fairness	Total remuneration should fairly reflect the performance delivered by the Executive Directors and the Group. The Committee takes into account underlying business performance and the experience of shareholders, employees and other stakeholders when determining vesting outcomes, ensuring that poor performance is not rewarded. The Committee considers the approach to wider workforce pay and policies when determining the Remuneration Policy to ensure that it is appropriate in this context.

Relative importance of the Company's spend on pay

In order to give shareholders an understanding of how total expenditure on remuneration (for all employees) compares to certain core financial dispersals of the Company, the table below demonstrates the relative importance of the Company's spend on employee pay for the period 2021 to 2022.

£m	2022	2021	% change
Staff costs ¹	26.0	27.7	(6.5%)
Distributions to shareholders	87.0	84.6	+2.8%
Net asset value attributable to equity shareholders ²	4,076	4,442	(8.2%)

¹ Staff costs includes salaries, employer pension contributions, social security costs and share-based payment expenses relating to equity-settled schemes.

² Net asset value attributable to equity shareholders was chosen as it is a key determinate of the Group's total return and is used by management to measure our progress. We base our total return calculation on EPRA net tangible assets (NTA).

REMUNERATION COMMITTEE REPORT continued

DIRECTORS' REMUNERATION POLICY

The following part of the report sets out the Remuneration Policy for the Group (Policy). This Policy will be put forward to shareholders for their binding approval at the AGM on 12 May 2023 and will apply to payments made from this date. Further details regarding the operation of the Policy for the 2023 financial year can be found on pages 210 to 212.

Executive Director policy table

The policy table below sets out the key elements of the remuneration package for Executive Directors.

Element	Purpose and link to strategy	How operated	Maximum opportunity	Performance measures
Base salary	To recruit, retain and motivate high calibre executives. Reflects experience and importance to the business.	Normally reviewed annually. Any increase is normally effective from 1 January. Factors taken into account in the review include: <ul style="list-style-type: none"> the role, experience and performance of the individual and the Company; pay and conditions throughout the business; and practice in companies with similar business characteristics. 	While there is no maximum salary or salary increase, increases will normally be consistent with the policy applied to the workforce generally (in percentage of salary terms). Increases above this level may be awarded in certain circumstances such as, but not limited to: <ul style="list-style-type: none"> where there is a change in role or responsibility; an Executive Director's development or performance in role (e.g. to align a new hire's salary with the market over time); and where there is a significant change in the size and/or complexity of the Group. 	A broad assessment of personal and corporate performance is considered as part of the salary review.
Benefits	To provide a market competitive benefits package to help recruit and retain high calibre executives and to support their wellbeing.	Benefits include, but are not limited to, private medical insurance, car and fuel allowance and life assurance. Executive Directors may participate in the Sharesave Plan and any other all-employee plans on the same basis as other employees up to HMRC approved limits. In certain circumstances, the Committee may also approve additional one-off or ongoing allowances or benefits relating to the relocation of an Executive Director as may be required to perform the role. The Committee has the ability to reimburse reasonable business-related expenses and any tax thereon. The Committee may introduce other benefits if it is considered appropriate to do so.	Whilst there is no prescribed maximum cost of providing benefits, the value of benefits is set at a level which the Committee considers to be appropriate taking into account relevant factors including but not limited to the overall cost to the Company in securing the benefits, individual circumstances, benefits provided to the wider workforce and market practice.	None.
Pension	To provide an appropriate level of retirement benefit.	The Company operates a defined contribution pension scheme. Executive Directors may receive cash payments in lieu of contributions where considered appropriate (for example where contributions would exceed either the lifetime or annual contribution limits).	The maximum Company contribution or cash supplement (or a mix of both) for Executive Directors is aligned with the contribution available to the majority of the wider workforce (currently 15% of salary).	None.

Element	Purpose and link to strategy	How operated	Maximum opportunity	Performance measures
Annual bonus	<p>To incentivise the annual delivery of stretching financial targets and strategic goals. Financial performance measures reflect metrics relevant to the business.</p>	<p>Bonus awards are based on performance measures set by the Committee (typically measured over a financial year) against key financial measures and strategic objectives, and continued employment.</p>	<p>Maximum opportunity of up to 150% of salary may be awarded in respect of a financial year.</p> <p>Bonuses up to 75% of salary are paid as cash. Amounts in excess of 75% are deferred into shares for three years subject to continued employment.</p> <p>The Committee may decide to pay the entire bonus in cash where the amount to be deferred into shares would, in the opinion of the Committee, be so small it is administratively burdensome to apply deferral.</p> <p>Dividend equivalents may accrue on deferred shares. Such amounts will normally be paid in shares.</p> <p>Malus and clawback provisions apply (see table on page 197).</p> <p>The Committee has discretion to adjust the payment outcome if it is not deemed to reflect the underlying financial or non-financial performance of the business, the performance of the individual or the experience of shareholders or other stakeholders over the performance period.</p>	<p>At least 75% of the annual bonus will be based on financial measures with up to 25% based on strategic objectives.</p> <p>Financial measures</p> <p>Up to 22.5% of each bonus element will be payable for threshold performance, with full payout for maximum performance. No amount is payable for achieving below threshold performance.</p> <p>Strategic objectives</p> <p>Vesting will apply on a scale between 0% and 100% based on the Committee's assessment of the extent to which performance against the strategic objectives has been met.</p> <p>Performance measures are reviewed annually reflecting the Group's strategy and metrics relevant to the business.</p>
Long-term incentives	<p>To align the long-term interests of the executives with those of the Group's shareholders.</p> <p>To incentivise value creation over the long-term and support stewardship.</p>	<p>Award of performance shares which vest after three years subject to performance measures set by the Committee and continued employment.</p> <p>Awards will be subject to a two-year post-vesting holding period.</p> <p>Dividend equivalents may accrue on performance shares. Such amounts will normally be paid in shares.</p> <p>Malus and clawback provisions apply (see table on page 197).</p> <p>The Committee has discretion to adjust the vesting outcome if it is not deemed to reflect appropriately the underlying financial or non-financial performance of the business, the performance of the individual or the experience of shareholders or other stakeholders over the performance period.</p>	<p>Maximum opportunity of up to 200% of salary may be awarded in respect of a financial year.</p>	<p>Performance measures and their weightings are reviewed annually reflecting the Group's strategy and metrics relevant to the business. Details of the performance measures for the 2023 awards are set out on page 212.</p> <p>Up to 22.5% of each element of an award vests for achieving threshold performance, with full vesting for achieving maximum performance. No award vests for achieving below threshold performance.</p>

REMUNERATION COMMITTEE REPORT continued

DIRECTORS' REMUNERATION POLICY continued

Element	Purpose and link to strategy	How operated	Maximum opportunity	Performance measures
Share ownership guidelines	To provide alignment with the long-term interests of shareholders and support stewardship.	<p>Within-employment: Executive Directors are expected to build up and retain a shareholding equal to 200% of salary. Until the shareholding guideline is met, 50% of any deferred bonus awards or PSP awards vesting (net of tax) normally must be retained.</p> <p>Post-employment: Executive Directors who step down from the Board are normally expected to retain a holding in 'guideline shares' equal to:</p> <ul style="list-style-type: none"> • 200% of salary (or their actual shareholding at the point of stepping down if lower) for the first 12 months following stepping down as an Executive Director. • 100% of salary (or their actual shareholding at the point of stepping down if lower) for the subsequent 12 months. <p>'Guideline shares' do not include shares that the Executive Director has purchased or which have been acquired pursuant to deferred share awards or PSP awards which vested before 1 January 2020. Unless the Committee determines otherwise, an Executive Director or former Executive Director shall be deemed to have disposed of shares which are not 'guideline shares' before 'guideline shares'.</p> <p>The Committee retains discretion to waive this guideline if it is not considered to be appropriate in the specific circumstance.</p>	n/a	n/a

Non-Executive Director policy table

The policy table below sets out the key elements of the remuneration package for Non-Executive Directors.

	Operation	Determination of fees
Chairman	<p>The remuneration of the Chairman is set by the Board (excluding the Chairman).</p> <p>The Chairman receives an annual fee and may be eligible to receive benefits including but not limited to secretarial provision and travel costs. Non-significant benefits may be provided if considered appropriate.</p> <p>The Chairman does not receive pension or participate in incentive arrangements.</p>	<p>Fees are set taking into account:</p> <ul style="list-style-type: none"> • The time commitment and responsibilities expected for the roles. • Pay and conditions throughout the business. • Practice in companies with similar business characteristics.
Non-Executive Directors	<p>The remuneration for Non-Executive Directors is set by the Executive Directors.</p> <p>Non-Executive Directors receive a base fee plus additional fees for committee chairmanship, committee membership and for the Senior Independent Director. Additional fees may be paid to reflect additional Board or committee responsibilities or time commitment as appropriate.</p> <p>Non-Executive Directors may be eligible to receive benefits including but not limited to secretarial provision and travel costs.</p> <p>Non-Executive Directors do not receive pension contributions or participate in incentive arrangements.</p>	<p>Fees are reviewed periodically. Overall fees paid to the Chairman and Non-Executive Directors will remain within the limits set by the Company's Articles of Association.</p>

Information supporting the Policy

Malus and clawback

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

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

Malus and clawback may apply in the following circumstances:

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

Choice of performance measures

The performance measures used for the annual bonus and PSP awards reflect the short- and long-term financial and strategic priorities of the business, and are aligned with performance measures used by our real estate sector peers.

A significant proportion of annual bonus and PSP awards are subject to performance relative to the real estate sector. This helps support an incentive framework whereby Executive Directors may be fairly and equitably rewarded for outperforming peers and delivering shareholder value in a cyclical market. For relative performance measures, performance targets are set each year relative to the real estate comparator group.

For strategic measures, targets are set taking into account the Group's strategic plan. Maximum vesting will only occur for what the Committee considers to be outstanding performance.

Details of the performance measures for the 2023 annual bonus and PSP awards are set out on pages 211 and 212.

The Committee retains the ability to adjust or set different performance measures or targets if events occur (such as a change in strategy, a material acquisition and/or divestment of a Group business or a change in prevailing market conditions) which cause the Committee to determine that the performance measures and/or targets are no longer appropriate and the amendment is required so that they achieve their original purpose and are not materially less difficult to satisfy.

Share awards may be adjusted in the event of a variation of share capital or a demerger, delisting, special dividend or other event that may affect the Company's share price.

Legacy arrangements

The Committee retains discretion to make any remuneration payment and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) which are outside of the Policy set out here:

- Where the terms of the payment were agreed before 16 May 2014 (the date the Company's first shareholder-approved policy came into force) or this Policy came into effect (provided that the terms of the payment were consistent with the shareholder approved Directors' Remuneration Policy in force at the time they were agreed).
- Where the terms of the payment were agreed at a time when the relevant individual was not a Director of the Company (or other persons to whom the Policy set out above applies), and in the opinion of the Committee, the payment was not in consideration of the individual becoming a Director of the Company or such other person.
- To satisfy contractual arrangements under legacy remuneration arrangements.

For these purposes 'payments' includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' no later than at the time the award is granted. This Policy applies equally to any individual who is required to be treated as a Director under the applicable regulations. The Executive Directors' legacy arrangements include unvested PSP awards (see page 219). Emily Prideaux holds unexercised ESOP options which were granted to her prior to her becoming an Executive Director (see page 222).

REMUNERATION COMMITTEE REPORT continued

DIRECTORS' REMUNERATION POLICY continued

Changes to the Directors' Remuneration Policy and summary of decision making process

The Committee has undertaken a comprehensive review of the executive remuneration framework and concluded that it continues to support the delivery of our business strategy and the creation of shareholder value. Consequently, we are not proposing any significant changes to the framework.

There is one refinement to the Policy which is to strengthen the annual bonus deferral requirements. Under the Policy, Executive Directors will be required to defer any annual bonus earned above 75% of salary into shares for three years. Under the 2020 Policy, Executive Directors were required to defer any annual bonus earned above 100% of salary into shares for three years. Other minor changes have been made to the wording of the Policy to simplify and aid its operation, to increase clarity and to align with market practice.

In determining the Policy, the Committee followed a robust process which included discussions on the content of the Policy at four Remuneration Committee meetings during 2022. The Committee considered input from management and our independent advisers, and consulted with major shareholders.

Management did not take part in any decision making discussions as regards changes to the Policy or executive remuneration framework in order to avoid any conflicts of interest.

Factoring our stakeholders into our decisions

Engaging with our shareholders

The Committee actively seeks dialogue with shareholders and values their input. As part of the Policy review, a comprehensive shareholder consultation was undertaken and the Committee carefully considered the feedback received from major shareholders and proxy voting agencies as part of its decision making. The Committee is very appreciative of the time taken by shareholders to provide their feedback.

On an ongoing basis, any feedback received from shareholders is considered as part of the Committee's annual review of remuneration. The Committee will also discuss voting outcomes at the relevant Committee meeting and will consult with shareholders if and when making any significant changes to the way the Remuneration Policy is implemented.

Component	2020 Remuneration Policy	2023 Remuneration Policy
Base salary and benefits	Attract and retain high calibre executives	No change
Pension	In line with the contributions available for the majority of the wider workforce (currently 15% of salary)	No change
Annual bonus	Maximum opportunity of 150% of salary Linked to key financial and strategic KPIs: <ul style="list-style-type: none"> • 37.5% Relative TR • 37.5% Relative TPR • 25% Strategic 	No change
	Any bonus earned in excess of 100% of salary is deferred into shares over three years	We are strengthening bonus deferral such that amounts in excess of 75% of salary are deferred into shares over three years
LTIP	Maximum opportunity of 200% of salary Three-year performance period plus two-year holding period Performance metrics and weighting: <ul style="list-style-type: none"> • 50% Relative TSR • 50% Relative TPR 	No change Proposed performance metrics and weighting: <ul style="list-style-type: none"> • 2023: Relative TSR (50%), Total Property Return (40%) and embodied carbon reduction and energy intensity reduction (10%). • 2024 and 2025: Relative TSR (50%), Total Property Return (30%) and embodied carbon reduction and energy intensity reduction (20%). Discretion is retained to vary the metrics as appropriate.
Shareholding guidelines	200% of salary for all executives Post-employment guidelines apply	No change

Engaging with our employees

We have an open, collaborative and inclusive management structure and engage regularly with our employees on a variety of issues. We do this through a range of one-way and two-way channels including appraisals, employee surveys, our intranet site, Company presentations, awaydays and our wellbeing programme. Employees are therefore provided with the means to engage on a range of matters, including the Group's approach to executive remuneration, how executive remuneration aligns with the Group's pay policy and how the structure of executive remuneration compares to wider workforce remuneration.

Furthermore, we set out within the Remuneration Committee report, the remuneration structure for the wider workforce which is similar to that of our Executive Directors and contains both fixed and performance-based elements (see page 207). The Committee considers pay across the Group, as well as any employee feedback, when making decisions on executive remuneration.

- EMPLOYEE ENGAGEMENT / See page 144
- EMPLOYEES ON A COMMITTEE / See page 184
- REMUNERATION IN CONTEXT / See page 207

REMUNERATION SCENARIOS FOR EXECUTIVE DIRECTORS

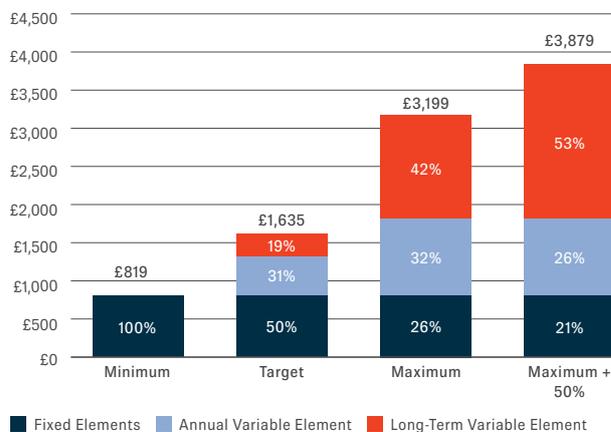
The Committee aims to provide a significant part of the Executive Directors' total remuneration through variable pay and the adjacent diagrams illustrate the remuneration opportunity provided to the Executive Directors for various indicative levels of performance.

For the purpose of this analysis, the following assumptions have been made:

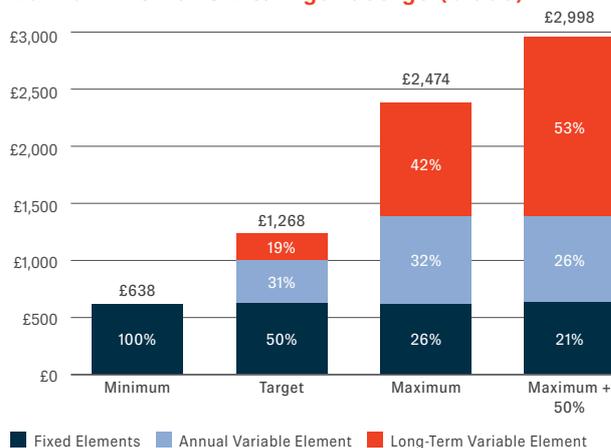
Minimum performance	Fixed remuneration only
On target performance	Fixed remuneration 50% of the annual bonus is earned 22.5% of the PSP vests
Maximum performance	Fixed remuneration 100% of the annual bonus is earned 100% of the PSP vests
Maximum performance + 50% share price growth	As per the maximum performance illustration, but also assumes for the purposes of the PSP that share price increases by 50% over the performance period

1 'Fixed remuneration' includes salary, pension and other benefits.
 2 Salary levels applying on 1 January 2023.
 3 Pension is based on the salary and pension policy applying from 1 January 2023.
 4 Benefit levels are assumed to be the same as disclosed in the single figure for 2022.

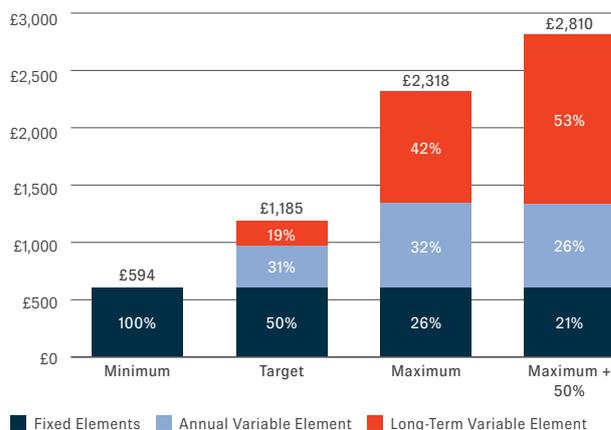
Paul Williams (£'000)



Damian Wisniewski & Nigel George (£'000)



Emily Prideaux (£'000)



REMUNERATION COMMITTEE REPORT continued

DIRECTORS' REMUNERATION POLICY continued

Recruitment and promotion policy

The remuneration of a new Executive Director will normally include salary, benefits, pension and participation in the annual bonus and PSP arrangements in accordance with the policy for Executive Directors' remuneration. In addition, the Committee has discretion to include any other remuneration component or award which it feels is appropriate taking into account the specific circumstances of the recruitment, subject to the principles and limits set out below. The key terms and rationale for any such component would be disclosed as appropriate in the Directors' remuneration report for the relevant year.

Policy

Salary	<p>Salary will be set taking into account the individual's experience and skills, prevailing market rates in companies of comparable size and complexity and internal relativities.</p> <p>Where appropriate the Committee may set the initial salary below the market level (e.g. if the individual has limited PLC board experience or is new to the role), with the intention to make phased pay increases over a number of years, which may be above those of the wider workforce, to achieve the desired market positioning. These increases will be subject to continued development in the role.</p>
Buy-out awards	<p>Where an individual forfeits outstanding variable pay opportunities or contractual rights at a previous employer as a result of appointment, the Committee may offer compensatory payments or awards, in such form as the Committee considers appropriate, taking into account all relevant factors including the form of awards, expected value and vesting time frame of forfeited opportunities. When determining any such 'buy-out', the guiding principle would be that awards would generally be on a 'like-for-like' basis unless this is considered by the Committee not to be practical or appropriate.</p> <p>Where possible the buy-out award will be accommodated under the Company's existing incentive plans, but it may be necessary to utilise the exemption provided in the Listing Rules. Shareholders will be informed of any such payments in the following year's Annual report on remuneration.</p>
Maximum level of variable remuneration	<p>The Committee will not offer non-performance-related variable remuneration and the maximum level of variable remuneration which may be granted (excluding buy-out awards) is 350% of salary, which is in line with the current maximum limit under the annual bonus and PSP.</p>
Other elements of remuneration	<p>Other elements may be included in the following circumstances:</p> <ul style="list-style-type: none"> • An interim appointment being made to fill an Executive Director role on a short-term basis. • If exceptional circumstances require that the Chair or a Non-Executive Director takes on an executive function on a short-term basis. • If an Executive Director is recruited at a time in the year when it would be inappropriate to provide an annual bonus or PSP award for that year. Subject to the limit on variable remuneration set out above, the quantum in respect of the period employed during the year may be transferred to the subsequent year. • If the Executive Director is required to relocate, reasonable relocation, travel and subsistence payments may be provided (either via one-off or ongoing payments or benefits).

In the case of an internal appointment, any ongoing remuneration obligations or variable pay element awarded in respect of the prior role shall be allowed to continue according to its original terms, adjusted as relevant to take into account the appointment.

Fees payable to a newly appointed Chair or Non-Executive Director will be in line with the fee policy in place at the time of appointment.

Service contracts and compensation for loss of office

Executive Directors' service contracts do not have a fixed expiry date, however, they are terminable either by the Company providing 12 months' notice or by the executive providing six months' notice. Further details are set out in the Annual report on remuneration on page 202. The principles on which the determination of compensation for loss of office will be approached are set out below.

Policy	
Payments in lieu of notice	<p>Service contracts include a payment in lieu of notice clause which provides that payments may be made in monthly phased payments throughout the notice period which include pro-rated salary, benefits and pension only.</p> <p>Payments in lieu of notice are subject to mitigation.</p>
Annual bonus	<p>The extent to which any bonus will be paid out will be determined in accordance with the annual bonus plan rules. Executive Directors must normally be in employment on the payment date to receive an annual bonus. However, if an Executive Director leaves as a 'good leaver', the Executive Director will normally be considered for a bonus payment.</p> <p>It is the Committee's policy to ensure that any bonus payment reflects the departing Executive Director's performance. Unless the Committee determines otherwise, any bonus payment will be paid at the usual time following the determination of performance measures and be subject to a pro rata reduction for time served during the performance period.</p>
Deferred bonus shares	<p>The extent to which any unvested awards will vest will be determined in accordance with the deferred bonus plan rules.</p> <p>Unvested awards will normally lapse on cessation of employment. However, if an Executive Director leaves as a 'good leaver', the awards will continue and will normally vest at the normal vesting date. In exceptional circumstances, the Committee may decide that the Executive Director's deferred share awards will vest at the date of cessation of employment.</p>
PSP	<p>The extent to which any unvested awards will vest will be determined in accordance with the PSP rules.</p> <p>Unvested awards will normally lapse on cessation of employment. However, if an Executive Director leaves as a 'good leaver', other than by reason of death, their unvested awards will continue and will normally remain capable of vesting at the normal vesting date. To the extent that awards vest, a two-year holding period would then normally apply. In exceptional circumstances, the Committee may decide that the Executive Director's awards will vest and be released early at the date of cessation of employment or at some other time (e.g. following the end of the performance period).</p> <p>If a participant dies, their unvested award will normally vest (and in the case of an award subject to a holding period, be released) on the date of their death.</p> <p>In all cases, vesting will depend on the extent to which the performance measures have been satisfied and will be subject to a pro rata reduction of the awards for time served from the grant date to the date of cessation of employment (although the Committee has discretion to disapply time pro rating if the circumstances warrant it).</p> <p>If an Executive Director leaves for any reason (other than summary dismissal) after an award has vested but before it has been released (i.e. during a holding period), their award will ordinarily continue to be released at the normal release date. In exceptional circumstances, the Committee may decide that the participant's award will be released early at the date of cessation of employment.</p>
Change of control	<p>Deferred bonus shares will vest in full in the event of a change of control or substantial exit.</p> <p>PSP awards will vest early in the event of change of control or substantial exit. The level of vesting will be determined taking into account the extent to which performance measures are satisfied at the date of the relevant event and, unless the Committee determines otherwise, awards will be pro rated for time served from the grant date to the date of the relevant event.</p>
Other payments	<p>In appropriate circumstances, payments may also be made in respect of items such as accrued holiday, outplacement and legal fees.</p> <p>Awards under the Sharesave Plan may vest and, where relevant, be exercised in the event of cessation of employment or change of control in accordance with the Sharesave Plan rules. The terms applying to any buyout awards on cessation of employment or change of control would be determined when the award is granted. Such terms would normally be consistent with the principles outlined above.</p> <p>The Committee reserves the right to make payments by way of settlement of any claim arising in connection with the cessation of employment.</p>

'Good leavers' includes: cessation of employment by reason of death, retirement, injury, ill health, disability, redundancy, transfer of employment outside of the Group, or any other reason as determined by the Committee.

REMUNERATION COMMITTEE REPORT continued

DIRECTORS' REMUNERATION POLICY continued

Chairman and Non-Executive Directors

The Chairman and Non-Executive Directors do not have service contracts but are appointed for initial three-year terms which thereafter may be extended, subject to re-election, at each AGM. Details are set out in the table below.

External appointments

Executive Directors may accept a non-executive role at another company with the approval of the Board (see page 146). The Executive Director is entitled to retain any fees paid for these services.

Service contracts and letters of appointment

Executive Directors

Executive Directors' service contracts do not have a fixed expiry date, however, they are terminable either by the Company providing 12 months' notice or by the executive providing six months' notice.

	Date of service contract
Paul Williams	22 November 2018
Damian Wisniewski	10 July 2019
Nigel George	10 July 2019
Emily Prideaux	26 February 2021

Non-Executive Directors

Non-Executive Directors are appointed for initial three-year terms which thereafter may be extended, subject to re-election at each AGM. Further information on Non-Executive Director tenure and succession is on pages 153 and 154 of the Nominations Committee report.

	Date of latest appointment letter	Latest appointment letter expiry date
Mark Breuer	25 January 2021	1 February 2024
Claudia Arney ²	5 May 2021	18 May 2024
Dame Cilla Snowball	9 August 2021	31 August 2024
Helen Gordon	4 November 2020	31 December 2023
Lucinda Bell	9 November 2021	1 January 2025
Sanjeev Sharma	6 August 2021	1 October 2024

¹ Richard Dakin will step down from the Board on 28 February 2023.

² Claudia Arney intends to step down as a Director at the end of 2023 in advance of reaching her ninth anniversary on the Derwent London Board. Further information on Non-Executive Director succession is on page 154.

REMUNERATION AT A GLANCE

We are transparent about our pay practices which aim to incentivise our employees to achieve our strategy and generate sustainable value for our stakeholders.

Reward linked to performance

Annual bonus earned by Executive Directors

Measure	Threshold	Maximum	Actual	Bonus earned (% max)
Relative TR	37.5%	–	–	See note 1
Relative TPR	37.5%	(8.0)	(6.0)	(3.4)
Strategic	25%			17.6
Total				55.1

1 As noted on page 190 the vesting outcome of the total return element is still to be determined by the Committee. Full details of the vesting outcome of the total return element and total bonus earned in respect of 2022 will be disclosed in the 2023 Report & Accounts.

PSP earned by Executive Directors

Measure	Threshold	Maximum	Actual	PSP earned (% max)
Relative TSR	50%	(17.7)%	(0.8)%	(33.2)%
Relative TPR	50%	1.19%	3.19%	0.99%
Total				0.0

The Committee considers that these outcomes are fair in the context of our underlying performance and the experience of our shareholders and stakeholders. We provided further information on how our remuneration arrangements align with our strategy, purpose, values and performance on page 205.

Remuneration Policy review

During 2022, the Committee conducted a comprehensive review of its remuneration arrangements to ensure it remains closely aligned with the Company's strategic aims, purpose, attitude to risk and culture.

We engaged with 20 major shareholders representing c.64% of our issued share capital. Following consultation, we are not proposing any significant changes to our Remuneration Policy (a summary of the proposed changes is on page 198).

Related information is on the following pages:

- PURPOSE, CULTURE AND VALUES / See page 140
- REMUNERATION POLICY REPORT / See page 194

Remuneration clearly linked to sustainability outcomes

Our Remuneration Policy has been designed to support our strategy by aligning our performance-based pay with our strategic objectives and Net Zero Carbon Pathway. Under the 2023 Remuneration Policy, ESG-related metrics will be included in both elements of variable remuneration for the Executive Directors (annual bonus and LTIP). Further information on how remuneration supports our strategy and helps us to achieve our purpose is on page 205.

Related information is on the following pages:

- RESPONSIBILITY / See page 50
- NET ZERO CARBON / See page 27

Wider stakeholder considerations

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

+6.1%

average increase for the wider workforce effective from 1 January 2023

£1,000

one-off payment for eligible employees to provide support with the 'cost of living crisis'

+2.6%

increase to the dividend in 2022

97.5%

of votes cast in favour of our Annual report on remuneration at the 2022 AGM

£354k

amounts committed by the Sponsorship and Donations Committee in 2022

REMUNERATION COMMITTEE REPORT continued

ANNUAL REPORT ON REMUNERATION

(unaudited unless otherwise indicated)

The Annual report on remuneration (pages 203 to 223) explains how we have implemented our Remuneration Policy during 2022. The Remuneration Policy in place for the year was approved by shareholders at the 2020 AGM and is available to download from our website at: www.derwentlondon.com/investors/governance/board-committees

Role of the Remuneration Committee

The role of the Committee is to determine and recommend to the Board the Remuneration Policy for Executive Directors, and set the remuneration for the Chairman, Executive Directors and senior management (including the Company Secretary). In doing so, the Committee has due regard for the remuneration arrangements available to the entire workforce (see page 207) and ensures that our Remuneration Policy supports our strategy, the achievement of our purpose and is aligned with our values (see page 205). We detail the Group's key remuneration principles, which inform our remuneration structure, on page 193.

Committee composition and performance

None of the members who have served on the Committee during the year had any personal interest in the matters decided by the Committee and are all considered to be independent (see page 190). The Company Secretary acted as Secretary to the Committee.

Claudia Arney is approaching her ninth anniversary on the Board and will step down as a Director in advance of the 2024 AGM. In preparation for the transition of Committee Chairmanship to Sanjeev Sharma, Sanjeev joined the Committee on 1 March 2022. As a result, Sanjeev will have more than 12 months' experience on a remuneration committee prior to becoming Committee Chair, in accordance with the 2018 UK Corporate Governance Code.

The 2022 evaluation of the Board, its committees and individual Directors was externally facilitated by Manchester Square Partners LLP, in accordance with our three-year cycle of evaluations (see page 149). The review confirmed that the Committee continues to operate effectively, with no significant matters raised.

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

Shareholder voting

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

	Annual report on remuneration (2022 AGM)		Remuneration Policy (2020 AGM)	
Votes cast in favour	93.6m	97.5%	85.6m	95.5%
Votes cast against	2.4m	2.5%	4.0m	4.5%
Votes withheld	0.0m	0.0%	0.0m	0.0%
Total votes cast	96.0m		89.6m	

The Committee was extremely pleased with the level of shareholder support at the 2022 AGM. The Committee encourages ongoing, open and constructive dialogue with shareholders and their representative bodies. During the year, the Committee conducted a comprehensive review of its remuneration arrangements to ensure it remained fit for purpose (see page 198).

Advisers to the Committee

The Committee has authority to obtain the advice of external independent remuneration consultants. Deloitte LLP have been appointed as the Committee's principal consultants since July 2018, following a competitive tender process. Deloitte is one of the founding members of the Remuneration Consulting Group. The Committee has been fully briefed on Deloitte's compliance with the voluntary code of conduct in respect of the provision of remuneration consulting services.

During the year under review, Deloitte provided independent assistance to the Committee in respect of, among other things, the following matters:

- Review of the Directors' Remuneration Policy.
- Performance assessment against annual bonus and PSP targets.
- Benchmarking of Chief Executive Officer remuneration.
- Market practice and corporate governance updates.

The fees paid to Deloitte for their services to the Committee during the year, based on time and expenses, amounted to £124,500.

Separate teams at Deloitte LLP also provided sustainability and health and safety assurance, corporate tax consultancy and employment tax consultancy services to the Group. The Committee took this work into account and, due to the nature and extent of the work performed, concluded that it did not impair Deloitte's ability to advise the Committee objectively and free from influence. It is the view of the Committee that the Deloitte engagement team which provide remuneration advice to the Committee does not have connections with Derwent London or its Directors that may impair its independence. The Committee therefore deems Deloitte capable of providing appropriate, objective and independent advice.

ALIGNING REMUNERATION WITH STRATEGY AND PERFORMANCE

How remuneration supports our strategy and helps us to achieve our purpose

Our Remuneration Policy is designed to be simple and transparent and to promote effective stewardship that is vital to the delivery of the Group’s purpose and strategy.

Sustainability is an integral part of the Group’s strategy; it differentiates us from our peers and ensures we continue to adapt. We seek to create above average long-term returns for our shareholders, retain and develop our talented workforce, design ‘long-life, loose-fit, low carbon’ space, and work towards achieving our net zero carbon ambitions. Further information on our strategy is on pages 38 to 44.

Our Remuneration Policy has been designed to support our strategy by aligning our performance-based pay with our strategic objectives and Net Zero Carbon Pathway. Our ability to provide above average returns to our shareholders is a substantial element of our PSP and is worth 50%. Our total shareholder return is ranked against the FTSE 350 Super Sector Real Estate Index and vesting of this element only occurs if we reach or exceed median. We also have ESG-related metrics within both elements of variable remuneration for Executive Directors (annual bonus and PSP). Further information on the rationale for the Committee’s chosen strategic performance targets is on page 211.

How our remuneration aligns with our values

Our core values are reflected in our remuneration arrangements in the following ways:

<p>We build long-term relationships</p> <p>We seek to create long-term collaborative relationships with our occupiers and employees. The annual bonus contains strategic targets for tenant retention and staff satisfaction. A staff satisfaction metric helps the Committee, and the Board, monitor the wellbeing of the wider workforce and gauge our ability to retain key talent.</p>	<p>We lead by design</p> <p>Leading the industry in achieving net zero carbon is a fundamental part of Derwent London’s long-term strategy. The Committee has introduced embodied carbon reduction and energy intensity reduction performance metrics into the PSP.</p>	<p>We act with integrity</p> <p>In the annual bonus, our staff satisfaction metric includes a gender variance underpin which links to the Group’s diversity and inclusion focus. The inclusion of a health and safety target in the annual bonus strengthens oversight and ensures that health and safety standards continue to be a priority.</p>
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How our KPIs are embedded within the executive remuneration framework

Success against our strategic objectives is measured using a range of financial and non-financial key performance indicators (KPIs), which are largely embedded within the executive remuneration framework as illustrated by the chart below. Further information on our KPIs is on pages 45 to 49.

KPIs	
Financial	Non-financial
Total return B	Reversionary percentage
Total property return ¹ P B	Development potential B
Total shareholder return P	Tenant retention B
EPRA earnings per share	Void management B
Gearing & available resources	BREEAM ratings
Interest cover ratio	Energy Performance Certificates (EPCs)
	Energy intensity P
	Carbon intensity P
	Accident Frequency Rate (AFR) B
	Staff satisfaction B

B Annual Bonus **P** Performance Share Plan

¹ Total Property Return (TPR) performance for the annual bonus is measured against the MSCI Quarterly Central London Offices Total Return Index (see page 215) whereas performance under the Performance Share Plan is our annualised TPR versus the MSCI Quarterly UK All Property Index tested over three years (see page 218).

Related information is on the following pages:

- PURPOSE, CULTURE AND VALUES / See page 140
- OUR PERFORMANCE / See page 45
- OUR STRATEGY / See page 38

REMUNERATION COMMITTEE REPORT continued

ANNUAL REPORT ON REMUNERATION continued

Pay for performance comparison

The graph below shows the value on 31 December 2022 of £100 invested in Derwent London on 31 December 2013, compared to that of £100 invested in the FTSE 350 Super Sector Real Estate Index. The other points plotted are the values at intervening financial year ends. This index has been chosen by the Committee as it is considered the most appropriate benchmark against which to assess the relative performance of the Company for this purpose.

Total shareholder return (TSR)



Source: Datastream (Thomson Reuters)

Note: The TSR chart data is based on the 30-day average over the period 2 December to 31 December for each year.

Remuneration of the Chief Executive

The table below shows the remuneration earned by the Chief Executive over the last ten years. As noted on page 190 the vesting outcome of the relative total return element of the 2022 annual bonus is still to be determined by the Committee. The 2022 total remuneration and annual bonus earned (% of maximum) figures are therefore based on the vesting outcome of the relative total property return and strategic elements of the 2022 bonus only. Full details of the vesting outcome of the total return element (which may range between 0% and 100% vesting) and total bonus earned in respect of 2022 will be disclosed in the 2023 Report & Accounts.

Financial year ending	31/12/2013	31/12/2014	31/12/2015	31/12/2016	31/12/2017	31/12/2018	31/12/2019 ^{1,2,3}	31/12/2020	31/12/2021	31/12/2022
Chief Executive	John Burns	Paul Williams	Paul Williams	Paul Williams						
Total remuneration (single figure) (£000)	2,478	2,648	2,529	1,403	1,681	2,219	1,399	2,100	2,214	1,238
Annual bonus (% of maximum)	95.0	92.6	74.2	23.3	53.6	68.5	97.0	97.0	66.3	30.9
Long-term variable pay (% of maximum)	55.2	50.0	65.7	24.9	26.5	46.0	65.75	65.75	81.6	18.1
										1,284
										55.1
										0.0

1 Paul Williams' 2019 total remuneration is in respect of his tenure as Chief Executive from 17 May 2019. His salary, bonus and PSP were subject to a pro rata time reduction.

2 The annual bonus (% of maximum) and long-term variable pay (% of maximum) for John Burns in 2019 is based on remuneration in the role of the Chief Executive.

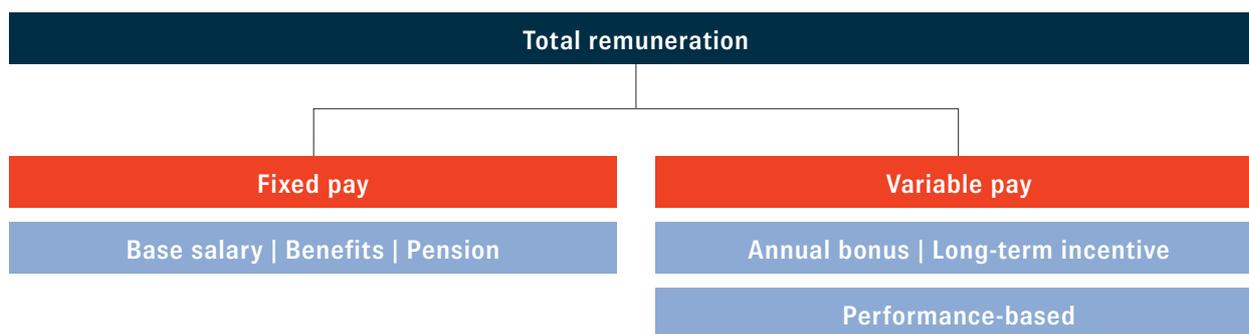
3 Total remuneration for 2022 has been restated to reflect the actual number of 2019 PSP awards which vested on 14 March 2022 and 16 August 2022 using the actual share prices on the day of vesting. The restated value for the March and August awards, based on the actual share prices of £30.91 and £27.14, respectively, provides a difference of approximately £(2.99) and £(6.76) per vested share in comparison to the estimates contained in the 2021 Report & Accounts which were based on the average three-month share price for the year ended 31 December 2021, which was £33.90. Further details of total remuneration is provided on page 213.

REMUNERATION DECISIONS IN CONTEXT

The Committee is kept informed of salary increases for the wider workforce, as well as any significant changes in practice or policy, which is taken into consideration when making remuneration decisions for Executive Directors. The Committee has introduced this dedicated section (pages 207 to 209) which incorporates several disclosures to demonstrate the Committee’s belief that remuneration arrangements for Executive Directors are fair and appropriate in the context of pay policies and practices across the wider workforce.

Executive Directors’ remuneration

Remuneration for Executive Directors comprise the following elements:



Remuneration structure for the wider workforce

The remuneration structure for our wider workforce is similar to that of our Executive Directors and contains both fixed and performance-based elements.

Element	How operated
Base salary	We value and appreciate our employees and aim to provide market competitive remuneration and benefit packages in order to continue to be seen as an employer of choice. Base salaries are reviewed annually and any increases normally become effective from 1 January.
Benefits	All employees receive private medical insurance, dental care and are invited into a non-contractual healthcare cash plan which offers an affordable way to help with everyday healthcare costs. In 2022, we introduced an Electric Car Salary Sacrifice Scheme which allows any member of staff to lease a new electric car in a tax efficient way.
Pension	All employees are eligible to participate in our non-contributory occupational pension scheme operated as a Master Trust with Fidelity. Fidelity offers all employee members of the pension scheme ongoing support and training opportunities in respect of their pension and investments. All employees (including Executive Directors) are eligible to receive an employer pension contribution equal to 15% of salary per annum.
Annual bonus	We enrol all of our employees into an annual discretionary bonus scheme. We reward our employees based on their individual performance and their contribution to the performance of the Group. In 2022, 100% of our workforce below Board level (not subject to probation) received an annual bonus (2021: 100%).
Long-term incentive	In order to align the interests of our employees and those of our shareholders, we operate an Employee Share Option Plan (ESOP). Employees, excluding the Directors, are eligible to join the ESOP subject to performance. The ESOP grants options which are exercisable after three years at a pre-agreed option price. In 2022, we granted 249,950 options to 93% of our employees below the Board and Executive Committee (2021: 198,800 options to 78% of our employees). Further information is on pages 257 and 258.
Sharesave Plan	To encourage Group-wide share ownership, the Company operates a HMRC tax efficient Sharesave Plan which was approved by shareholders at the 2018 AGM. The fourth grant under the Sharesave Plan was made on 21 September 2022, with employees saving on average £118 per month. As at 1 January 2023, 127 employees are saving into our Sharesave Plan (c.72% of eligible employees).

Salary increases and cost of living considerations

Taking into account the inflationary increases in the UK, the average increase in base salaries for the wider workforce was 6.1%, effective from 1 January 2023. In October 2022, the Directors approved the payment of a one-off gross non-pensionable payment of £1,000 to all employees (not under notice) with a full-time equivalent base salary of £55,000 or less. The payment was aimed to offer additional help to employees where it was believed the economic burden of the current ‘cost of living crisis’ would be most challenging. Derwent London has been London Living Wage Foundation accredited since 2017.

REMUNERATION COMMITTEE REPORT continued

ANNUAL REPORT ON REMUNERATION continued

Percentage change in remuneration

The table below shows the annual percentage change in the salary or fees, benefits and annual bonus, for each of the Directors compared to that for an average employee, from 2019 to 2022. The Directors' remuneration used to calculate the percentage change is taken from the 'single figure' table on page 213. As noted on page 190, the vesting outcome of the relative total return element of the 2022 annual bonus is still to be determined by the Committee. The annual percentage change in bonus between 2021 and 2022 has therefore been calculated based on the vesting outcome of the relative total property return and strategic elements only for the 2022 bonus. Full details of the vesting outcome of the total return element (which may range between 0% and 100% vesting) and total bonus earned in respect of 2022 will be disclosed in the 2023 Report & Accounts.

% change	2021 to 2022			2020 to 2021			2019 to 2020		
	Salary/Fees	Benefits ¹¹	Bonus ¹²	Salary/Fees	Benefits	Bonus	Salary/Fees	Benefits	Bonus
Average employee ¹	+1.4% ²	(9.9)%	(24.5)%	+0.3%	(3.7)%	+22.5%	+4.7%	(6.2)%	(21.0)%
Executive Directors									
Paul Williams	+3.0%	(7.0)%	+84%	+2.0%	(0.2)%	(52.5)%	+10.5% ³	+0.1%	(24.4)%
Damian Wisniewski	+3.0%	+1.0%	+84%	+2.0%	(0.2)%	(52.5)%	+3.7%	(1.4)%	(29.0)%
Nigel George	+3.0%	+0.7%	+84%	+2.0%	(0.0)%	(52.5)%	+3.7%	(3.9)%	(29.0)%
Emily Prideaux ⁴	+9.8%	+20.0%	+133%	n/a	n/a	n/a	n/a	n/a	n/a
Former Executive Directors									
David Silverman	n/a ⁵	n/a	n/a	+2.0%	(0.2)%	(52.5)%	+3.7%	(1.7)%	(29.0)%
Non-Executive Directors⁶									
Mark Breuer ⁷	0%	-	-	n/a	-	-	n/a	-	-
Richard Dakin	+15.7%	-	-	0%	-	-	0%	-	-
Claudia Arney	+16.2%	-	-	0%	-	-	0%	-	-
Cilla Snowball	+15.7%	-	-	0%	-	-	0%	-	-
Helen Gordon	+10.7%	-	-	+3.0% ⁸	-	-	0%	-	-
Lucinda Bell	+16.2%	-	-	0%	-	-	+6.0% ⁹	-	-
Sanjeev Sharma ¹⁰	+13.5%	-	-	n/a	-	-	n/a	-	-

Average employee calculation

- The annual percentage change for the average employee is calculated based on the mean employee pay for employees of Derwent London plc, the parent company of the Group, and not those employed by other subsidiary companies, on a full-time equivalent basis. The average employee salary increase includes employees who were not eligible for a salary increase (i.e. new joiners and leavers, depending on the date of joining or leaving the Group).
- The average employee salary figures for 2021 to 2022 has been impacted by a 13% increase in our workforce (from 163 to 184 employees). The average actual increase in base salaries for all employees effective from 1 January 2022 was c.3.2%.

Executive Director base salaries

- Paul Williams' salary was increased from £442,000 to £600,000 effective from his appointment as CEO on 17 May 2019.
- Emily Prideaux was appointed an Executive Director on 1 March 2021 and therefore the percentage change in remuneration for 2019 to 2020 and 2020 to 2021 is not applicable. Emily's percentage change in annual bonus from 2021 to 2022 reflects that her 2021 annual bonus was for the period 1 March to 31 December 2021 only. As detailed on page 177 of the 2021 Report & Accounts, Emily's salary was increased by 9.8% to £450,000 with effect from 1 January 2022.
- David Silverman did not receive a salary increase effective from 1 January 2022 as he stepped down from the Board on 14 April 2022.

Non-Executive Director fees

- The fees payable to Non-Executive Directors were increased effective from 1 January 2022 (the previous increase to Non-Executive Director base fees was with effect from 1 January 2019 and the previous increase to the committee chair and membership fees were with effect from 1 January 2015).
- Mark Breuer was appointed to the Board as Chairman Designate on 1 February 2021 and then took over the role of Chairman from 14 May 2021. Therefore, the percentage change in remuneration for 2019 to 2020 and 2020 to 2021 is not applicable.
- The percentage change in fee for 2020 to 2021 for Helen Gordon relates to her appointment as Senior Independent Director effective from 31 October 2021.
- The percentage change in fee for 2019 to 2020 for Lucinda Bell relates to her appointment as Audit Committee Chair from 17 May 2019.
- Sanjeev Sharma was appointed a Non-Executive Director on 1 October 2021 and therefore the percentage change in remuneration for 2019 to 2020 and 2020 to 2021 is not applicable.

Benefits

- There has been no change in the benefits received by the average employee or the Executive Directors. The change in the annual cost is due to the cost of purchasing private medical and life insurance. Non-Executive Directors and the Chairman did not receive taxable benefits during the relevant years.

Bonus

- The 24.5% reduction in annual bonus for employees from 2021 to 2022 is calculated based on the mean average. The actual 2022 bonus pot for employees was 8% lower than in 2021. The percentage change in annual bonus has been impacted by the 13% increase in our workforce in 2022 (from 163 to 184 employees).

Chief Executive pay ratio

As Derwent London has less than 250 employees, we are not required to disclose the CEO pay ratio. However, given our commitment to high standards of transparency and corporate governance, the Committee considers it appropriate to disclose the CEO pay ratio voluntarily. For the years ended 31 December 2018 to 31 December 2022, the Chief Executive's total remuneration as a ratio against the full-time equivalent remuneration of UK employees is detailed in the table below.

As noted on page 190 the vesting outcome of the relative total return element of the 2022 annual bonus is still to be determined by the Committee. The 2022 total remuneration figure for the Chief Executive and CEO pay ratio is therefore based on the vesting outcome of the relative total property return and strategic elements of the 2022 bonus only. Full details of the vesting outcome of the total return element (which may range between 0% and 100% vesting) and total bonus earned in respect of 2022 will be disclosed in the 2023 Report & Accounts.

	Employee remuneration ⁵		CEO pay ratio ⁶
	Base salary	Total remuneration	
Year ended 31 December 2022^{1,2}			
25th percentile	£45,219	£60,909	21:1
50th percentile	£56,000	£81,266	16:1
75th percentile	£80,000	£124,481	10:1
Year ended 31 December 2021			
25th percentile	£48,500	£67,908	19:1
50th percentile	£63,750	£90,289	14:1
75th percentile	£91,750	£143,168	9:1
Year ended 31 December 2020³			
25th percentile	£47,000	£62,499	35:1
50th percentile	£64,000	£86,463	26:1
75th percentile	£95,266	£137,452	16:1
Year ended 31 December 2019⁴			
25th percentile	£40,993	£63,211	40:1
50th percentile	£68,462	£89,274	28:1
75th percentile	£67,500	£153,828	17:1
Year ended 31 December 2018			
25th percentile	£45,057	£58,237	38:1
50th percentile	£59,250	£76,842	29:1
75th percentile	£75,000	£148,867	15:1

1 Employee remuneration at each percentile has been impacted by a 13% increase in our workforce (from 163 to 184 employees) in the year ended 31 December 2022.

2 Chief Executive remuneration for the year ended 31 December 2022 is Paul Williams' 2022 'single figure' (see page 213).

3 Chief Executive remuneration for the year ended 31 December 2020 is Paul Williams' 2020 'single figure' (see page 181 of the 2021 Report & Accounts), before the voluntary 20% salary waiver.

4 Chief Executive remuneration for the year ended 31 December 2019 is based on the aggregated total remuneration earned by John Burns and Paul Williams in respect of their tenures as Chief Executive during 2019.

5 The workforce comparison is based on the payroll data for the period 1 January to 31 December for all employees (including the Chief Executive but excluding the Non-Executive Directors) and includes salary, employer pension contributions, life assurance and the healthcare cash plan, annual bonuses earned in respect of the year and one-off gains received through the exercise of options granted under the Employee Share Option Plan (see pages 207, 257 and 258).

6 The CEO pay ratio has been rounded to the nearest whole number.

For each year, the Company has calculated the ratio in line with the reporting regulations using 'Method A' (determine total full-time equivalent remuneration for all UK employees for the relevant financial year as at 31 December; rank the data and identify employees whose remuneration places them at the 25th, 50th and 75th percentile). This method was used due to being the most accurate way of calculating the ratio. The Board has confirmed that the ratio is consistent with the Company's wider policies on employee pay, reward and progression.

Further information on the remuneration structure for our wider workforce is on the following pages:

➤ [SHARESAVE PLAN / See page 220](#)

➤ [EMPLOYEE SHARE OPTION PLAN / See pages 257 and 258](#)

➤ [OUR EMPLOYEES / See page 59](#)

REMUNERATION COMMITTEE REPORT continued

ANNUAL REPORT ON REMUNERATION continued

IMPLEMENTATION OF REMUNERATION POLICY FOR 2023

Base salaries

With effect from 1 January 2023, the Executive Directors' salaries (excluding Emily Prideaux and Paul Williams) were increased by 4% to £524,500. The average salary increase for the wider workforce was 6.1%.

Since Paul Williams' appointment to CEO in May 2019, the Committee has disclosed its commitment to keep Paul's salary level under review as he developed and gained experience in the role with a view to moving his salary level closer to the market rate over time. As a result of its latest review, the Committee approved a 7.8% increase to Paul's salary from 1 January 2023. Further information in respect of the Committee's rationale is on pages 191 and 192.

The Committee approved a 9.4% increase to Emily Prideaux's salary from 1 January 2023, as part of a phased alignment with the other Executive Directors' salaries. The Committee intends to fully align Emily's salary with the other Executive Directors' salaries by 1 January 2024 subject to continued strong performance. Further information is on page 192.

	2023 salary £'000	2022 salary £'000	% increase
Average employee			6.1
Executive Directors			
Paul Williams	680.0	630.4	7.8
Damian Wisniewski	524.5	504.3	4.0
Nigel George	524.5	504.3	4.0
Emily Prideaux	492.5	450.0	9.4

Chairman and Non-Executive Director fees

Mark Breuer's inclusive Chairman fee for 2023 is £250,000 per annum and remains unchanged from 2022. In light of the changes made to Non-Executive Director fees effective from 1 January 2022, there will be no change to the Non-Executive Director fees in 2023.

	2023 fee £'000	2022 fee ¹ £'000	% increase
Board Chairman fee	250.0	250.0	0.0
Non-Executive Director fees			
Base fee	52.5	52.5	0.0
Committee Chair	10.0	10.0	0.0
Senior Independent Director	10.0	10.0	0.0
Committee membership fee	5.0	5.0	0.0

¹ The fees payable to Non-Executive Directors were increased effective from 1 January 2022: the base fee increased by £5,000 to £52,500, the committee chair fee increased by £2,500 to £10,000, and the committee membership fee increased by £1,000 to £5,000.

In addition to their chairmanship fee, a Committee Chair also receives the Committee membership fee. The Senior Independent Director fee was last increased with effect from 1 January 2019.

Richard Dakin will step down from the Board on 28 February 2023. Richard will receive his normal fees for the period 1 January 2023 until his leaving date. There will be no payment for loss of office in respect of Richard's departure.

Benefits and pension

Benefits will continue to include a fully expensed car or car allowance, private medical insurance and life assurance. Company pension contribution and/or cash supplement for the Executive Directors remains aligned with the majority of the wider workforce (currently at 15% of salary).

Annual bonus

The maximum bonus potential for Executive Directors for 2023 is 150% of salary. In line with recent years, bonuses are subject to the following performance metrics:

Performance measure	Weighting % of bonus	Targets
Total return	37.5	Performance measured against a comparator group of real estate companies. Targets and amounts vesting for threshold and maximum performance are outlined on page 215.
Total property return	37.5	Performance measured against the MSCI Quarterly Central London Offices Total Return Index. Targets and amounts vesting for threshold and maximum performance are outlined on page 215.
Strategic targets	25.0	The Committee believes that the strategic targets (see table below) provide an appropriate balance against strategic priorities which drive net rental income and future development opportunities, and continued focus on health and safety and workplace culture.

2023 strategic targets

The number of strategic targets for 2023 have been reduced (compared to 2022) to simplify our remuneration arrangements and to reflect that climate-related targets have been introduced within the PSP (see page 212).

Accident rate has been expanded to capture all of the Group's activities including development, construction projects and the managed portfolio and contains a 'performance underpin', whereby pay-out for this element will only be achieved if each Executive Director completes a health and safety Leadership Tour during 2023.

Performance measure	Link to strategic objectives ¹	Target range ²	Maximum award
Void management This is measured by the Group's average EPRA vacancy rate over the year.	1.2.	10% to 2%	5.0%
Tenant retention This is measured by the percentage of tenants that remain in their space when their lease expires or the space is re-let during the reporting period.	1.2.	50% to 75%	5.0%
Staff satisfaction Staff surveys are used to assess this measure. In assessing this target the Committee will consider any variance in staff satisfaction scores between genders.	3.	80% to 90%	4.0%
Accident rate The Group's Accident Frequency Rate which is calculated based on total development, construction projects and managed portfolio RIDDOR injuries and incidents during the year, multiplied by 1,000,000, and divided by 'total work exposure hours'. This target is also conditional on each Executive Director completing a health and safety Leadership Tour during 2023.	4.	4.4 to 2.1	4.0%
Portfolio development potential This is measured by the percentage of the Group's portfolio by area where a potential development scheme has been identified, including committed acquisitions.	1.	35% to 50%	7.0%
			25%

¹ Success against our strategic objectives is measured using our KPIs (see pages 45 to 49) and rewarded through our incentive schemes and annual bonus. The references above show the link between our strategic objectives and our annual bonus targets (further information on our five strategic objectives can be found on pages 38 to 44).

² Payout accrues on a broadly straight-line basis, between threshold and maximum performance.

Bonus deferral

Under the new Remuneration Policy, Executive Directors will be required to defer any annual bonus earned above 75% of salary into shares for three years. This refinement means that any bonus earned above target performance (i.e. 50% of maximum) will be deferred, with 50% of the bonus total deferred at maximum performance. In addition, until the within-employment shareholding guideline is met, Executive Directors are required to retain at least half of any deferred bonus shares or PSP shares which vest (net of tax).

REMUNERATION COMMITTEE REPORT continued

ANNUAL REPORT ON REMUNERATION continued

Long-term incentives

The maximum PSP award potential for Executive Directors for 2023 is 200% of salary.

As noted on pages 191 and 192, staying ahead of the sustainability curve, and delivering on our net zero carbon commitments, is a fundamental part of Derwent London's long-term strategy. The Committee has therefore introduced embodied carbon reduction and energy intensity reduction performance metrics into the PSP, alongside relative Total Shareholder Return and Total Property Return as follows:

- Total Shareholder Return (50%)
- Total Property Return (40%)
- Embodied carbon and energy intensity reduction (10%)

This balance of performance metrics reflects Derwent London's continued focus on delivering above average long-term returns to shareholders, together with our commitment to sustainability and ambition to be a net zero carbon business by 2030.

The targets for Total Shareholder Return and Total Property Return remains the same as for the 2022 PSP awards detailed on page 218. However, for PSP awards granted in 2023 and subsequent years, the Committee will exclude agencies and/or services-based organisations from the TSR comparator group, as they have different business models compared to Derwent London and other real estate companies.

The embodied carbon and energy intensity reduction targets are aligned with the business' science-based milestone targets to achieve net zero by 2030 and are as follows:

Measure	Weighting % of PSP	Threshold	Maximum ³
Embodied carbon ¹ (new-build commercial office)	5%	600 kg CO ₂ e/m ²	500 kg CO ₂ e/m ²
Energy intensity ² reduction (managed properties)	5%	average energy intensity of 129 kWh/m ² across 2023, 2024 and 2025	average energy intensity of 126 kWh/m ² across 2023, 2024 and 2025

¹ Calculated based on an overall weighted average embodied carbon performance for all live projects during the performance period.

² Energy intensity is assessed based on the end of year energy (gas and electricity) consumption of the managed portfolio.

³ Vesting accrues on a straight-line basis, between threshold (22.5% of maximum) and maximum performance.

Our embodied carbon and energy intensity performance will be independently assured by an external third party. During consultation on the new Remuneration Policy, a shareholder requested clarity on the impact of carbon offsets on the new performance metrics. We can confirm that the purchasing of carbon offsets would not affect the outcome of the embodied carbon or energy intensive reduction performance metrics.

Related information is on the following pages:

➤ NET ZERO CARBON / See page 27

➤ STREAMLINED ENERGY AND CARBON REPORTING (SECR) DISCLOSURE / See page 69

➤ ENVIRONMENTAL / See page 52

EXECUTIVE DIRECTORS' REMUNERATION IN 2022

Total remuneration (audited)

The table below sets out the remuneration paid to each Director for the financial years ended 31 December 2022 and 31 December 2021 as a single figure. A full breakdown of fixed pay and pay for performance in 2022 can be found on pages 214 to 221. As noted on page 190 the vesting outcome of the relative total return element of the 2022 annual bonus is still to be determined by the Committee. The 2022 bonus figure is therefore based on the vesting outcome of the relative total property return and strategic elements only. Full details of the vesting outcome of the total return element (which may range between 0% and 100% vesting) and total bonus earned in respect of 2022 will be disclosed in the 2023 Report & Accounts.

Executive Directors

(£'000)	Fixed pay				Pay for performance						Total remuneration
	Salary	Taxable benefits	Pension and life assurance	Subtotal	Bonus			Other items in the nature of remuneration ⁴	Subtotal		
					Cash	Deferred	Performance LTIPs ^{1,2,3}				
2022											
Paul Williams	630	22	109	761	521	–	–	521	2	1,284	
Damian Wisniewski	504	23	86	613	417	–	–	417	2	1,032	
Nigel George	504	22	88	614	417	–	–	417	2	1,033	
Emily Prideaux	450	19	76	545	372	–	–	372	2	919	
Former Executive Director											
David Silverman	141	6	25	173	–	–	–	–	–	173	
2021											
Paul Williams	612	23	121	756	284	–	198	482	–	1,238	
Damian Wisniewski	490	23	95	608	227	–	162	389	1	998	
Nigel George	490	22	97	609	227	–	162	389	–	998	
Emily Prideaux ⁵	342	15	57	414	159	–	44	203	3	620	
David Silverman	490	21	96	607	227	–	162	389	–	996	

Non-Executive Directors

(£'000)	2022			2021		
	Fees	Taxable benefits	Total	Fees	Taxable benefits	Total
Mark Breuer ⁶	250	–	250	173	–	173
Richard Dakin	78	–	78	67	–	67
Claudia Arney	83	–	83	71	–	71
Cilla Snowball	78	–	78	67	–	67
Helen Gordon	77	–	77	57	–	57
Lucinda Bell	83	–	83	71	–	71
Sanjeev Sharma ⁷	72	–	72	15	–	15

1 Performance LTIPs for 2022 relate to the 2020 PSP awards for which the performance conditions related to the year ended 31 December 2022. As the performance conditions have not been satisfied, the 2020 PSP awards will lapse on 13 March 2023 (see page 217).

2 In the 2021 Report & Accounts, the potential value of 2019 PSP awards which vested on 14 March 2022 and on 16 August 2022, for which the performance conditions related to the year ended 31 December 2021, was calculated using the average share price for the three months ended 31 December 2021, being £33.90. The 2021 Performance LTIPs figures in the table above have been restated to reflect the actual number of 2019 PSP awards which vested during 2022 using the share price on the day of vesting. The restated value for the March and August awards, based on the actual share prices of £30.91 and £27.14, respectively, provides a difference of £(2.99) and £(6.76) per vested share in comparison to the estimates contained in the 2021 Report & Accounts. Further details of vesting is provided on page 219.

3 The share price for the March and August awards was £32.53 and £29.42, respectively. Between grant and the vesting dates of 14 March 2022 and 16 August 2022, the share price had fallen to £30.91 and £27.14, respectively, which equated to a reduction in the value of each vesting share equivalent to £1.62 and £2.28. None of the value disclosed in the single figure is therefore attributable to share price growth.

4 Included in the column for 'other items in the nature of remuneration' is the grant under the Derwent London Sharesave Plan made on 21 September 2022. These have been calculated based on the middle market share price on the date of grant being £23.26 minus the value of the awards at the option price which was £19.61. Further information on the Derwent London Sharesave Plan is on page 220.

5 Emily Prideaux was appointed an Executive Director on 1 March 2021. The remuneration for 2021 is the actual remuneration paid to Emily Prideaux for the period 1 March 2021 to 31 December 2021.

6 For the period 1 February 2021 to 14 May 2021, Mark Breuer as Chairman Designate received a base fee of £47,500 per annum and a committee membership fee of £4,000 per annum. From 14 May 2021, Mark Breuer took over the role of Non-Executive Chairman. His inclusive Chairman fee from this date was £250,000 per annum.

7 Sanjeev Sharma was appointed a Non-Executive Director on 1 October 2021. The fees for 2021 shown in the table above are the actual fees paid to Sanjeev Sharma for the period 1 October 2021 to 31 December 2021.

REMUNERATION COMMITTEE REPORT continued

ANNUAL REPORT ON REMUNERATION continued

Payments to former Directors and for loss of office

No payments were made in respect of loss of office during 2022. As disclosed in the 2021 Report & Accounts, PSP awards granted on 13 March 2020 to former Executive Directors Simon Silver and David Silverman remained capable of vesting (see page 217). For the period 1 March 2021 to 31 December 2022, Simon Silver was employed as an adviser reporting to Paul Williams and was paid a salary of £150,000 per annum for this role. Simon's contract has been extended to 31 December 2023 for which he will receive a salary of £50,000 per annum.

Fixed pay in 2022 (audited)

Base salaries and fees

Salaries for the Executive Directors were increased by 3.0% with effect from 1 January 2022 (with the exception of Emily Prideaux). All eligible employees received at least a 3.2% salary increase from 1 January 2022.

Emily Prideaux was appointed an Executive Director on 1 March 2021. Emily's salary was positioned below the other Executive Directors on appointment. As detailed on page 177 of the 2021 Report & Accounts, Emily's salary was increased by 9.8% to £450,000 (from £410,000) with effect from 1 January 2022. Further information on the intended phased alignment of Emily's salary with the other Executive Directors' salaries is on page 192.

The fees payable to Non-Executive Directors were increased effective from 1 January 2022 (see page 210).

	2022 base salary/fee	2021 base salary/fee
Executive Directors		
Paul Williams	£630,400	£612,000
Damian Wisniewski	£504,300	£489,600
Nigel George	£504,300	£489,600
Emily Prideaux ³	£450,000	£341,667
Former Executive Director		
David Silverman ²	£141,231	£489,600
Non-Executive Directors		
Mark Breuer ³	£250,000	£172,605
Richard Dakin	£77,500	£67,000
Claudia Arney	£82,500	£71,000
Cilla Snowball	£77,500	£67,000
Helen Gordon ¹	£76,666	£57,167
Lucinda Bell	£82,500	£71,000
Sanjeev Sharma ^{1,3}	£71,666	£14,875

1 Helen Gordon and Sanjeev Sharma were appointed members of the Risk and Remuneration Committee, respectively, on 1 March 2022.

2 David Silverman did not receive a salary increase effective from 1 January 2022. He received a base salary of £489,600 per annum until he stepped down from the Board on 14 April 2022. The 2022 base salary shown in the table above is the actual salary paid to David Silverman for the period 1 January to 14 April 2022.

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

Benefits

Executive Directors are entitled to a car and fuel allowance, private medical insurance and life assurance. Further details of the taxable benefits paid in 2022 can be found in the table below.

	Car and fuel allowance	Private medical insurance	Total 2022 taxable benefits
Executive Directors			
Paul Williams	£16,000	£5,852	£21,852
Damian Wisniewski	£16,000	£7,011	£23,011
Nigel George	£16,000	£6,318	£22,318
Emily Prideaux	£16,000	£2,722	£18,722
Former Executive Director			
David Silverman ¹	£4,615	£1,649	£6,264

1 David Silverman stepped down from the Board on 14 April 2022, therefore his benefits shown in the table above are for the period 1 January to 14 April 2022.

Pension and life assurance

Paul Williams, Damian Wisniewski and Nigel George each received a cash supplement of 15% of salary. Emily Prideaux and David Silverman received £4,000 and £1,333 respectively, into the Group's defined contribution scheme, being the Fidelity Master Trust pension scheme, with the remainder of their entitlement paid as a cash supplement. No other Directors are accruing benefits under a money purchase pension scheme.

There was no change in the life assurance benefits received by the Executive Directors in 2022. The change in the annual cost is due to changes in life assurance premiums.

Pay for performance (audited)

Determination of 2022 annual bonus outcome

The performance measures set for the year under review were a combination of financial-based metrics (worth 75% of the bonus potential) and strategic targets (worth 25% of the bonus potential). The maximum bonus potential for Executive Directors is 150% of salary.

Total return performance is measured against a comparator group of real estate companies (see footnote 1 below for details). A robust methodology for assessing the Group's total return performance against the comparator group has been applied consistently for a number of years which includes, for a number of the comparators, an estimate of performance to 31 December 2022. However, in light of current volatility and uncertainty in respect of property valuations, the Committee has decided to delay the assessment of the performance of the total return performance of the comparator group until more published information is available. The Committee has therefore not yet determined the Group's relative performance and vesting outcome as at the date of this report.

The Committee will determine the vesting outcome of the relative total return element in the coming months, when it has greater clarity in respect of comparator group total return performance. Full details of the vesting outcome of the relative total return element (which may range between 0% and 100% of maximum) and total bonus earned in respect of 2022 will be disclosed in the 2023 Report & Accounts.

Based on performance against the total property return and strategic targets, the Executive Directors each earned a bonus equal to 82.7% of salary. The Executive Directors may ultimately earn a bonus up to 139% of salary depending on the vesting outcome of the relative total return element.

2022 annual bonus outcome

Bonus payable for financial-based performance (see below)	37.5% out of 37.5%
Bonus payable for strategic target performance (see page 216)	17.6% out of 25%

The Committee considered the formulaic performance outcome alongside broader perspectives including: underlying business performance and affordability; the experience of shareholders; and the experience of employees and other stakeholders. Points specifically considered are set out in the Chair's Annual statement on pages 190 and 191.

The Committee determined that it was not appropriate to apply discretion to adjust the formulaic outcome.

Financial-based metrics

Performance measure	Weighting % of bonus	Basis of calculation	Threshold ² %	Maximum ³ %	Actual %	Payable %
Total return	37.5	Total return versus other major real estate companies ¹	–	–	–	Not determined
Total property return (TPR)	37.5	Versus the MSCI Quarterly Central London Office Total Return Index	(8.0)	(6.0)	(3.4)	37.5
Total bonus payable for financial-based metrics						37.5

1 The major real estate companies contained in the comparator group for the 2022 and 2023 annual bonus are: Big Yellow Group plc, The British Land Company plc, Capital & Counties Properties plc, CLS Holdings plc, Great Portland Estates plc, Hammerson plc, Helical plc, Landsec plc, LondonMetric Property plc, Segro plc, Shaftesbury plc, UK Commercial Property, Unite Group plc and Workspace Group plc.

2 For achieving the threshold performance target, i.e. at the MSCI Index or median total return against our sector peers, 22.5% of the maximum bonus opportunity will become payable.

3 Total return payout accrues on a straight-line basis between the threshold level for median performance and maximum payment for upper quartile performance or better. For TPR, the payout accrues on a straight-line basis between the threshold level for Index performance and maximum payment for Index +2%.

REMUNERATION COMMITTEE REPORT continued

ANNUAL REPORT ON REMUNERATION continued

Strategic targets

Performance measure	Link to strategic objectives ¹	Target range ²	Maximum award	2022 achievement	Proportion awarded for 2022
Void management This is measured by the Group's average EPRA vacancy rate over the year	1.2.	10% to 2%	5.0%	6.4%	2.3%
Tenant retention This is measured by the percentage of tenants that remain in their space when their lease expires or the space is re-let during the reporting period	1.2.	50% to 75%	5.0%	79.0%	5.0%
Staff satisfaction Staff surveys are used to assess this measure. In assessing this target the Committee will consider any variance in staff satisfaction scores between genders ³	3.	80% to >95% of staff to be satisfied or better	2.5%	88.5%	1.4%
Accident rate The Accident Frequency Rate, which is calculated based on the number of development RIDDOR injuries during the year multiplied by 1,000,000 and divided by 'work hours'	4.	65% to 75% of the latest industry benchmark ⁴	2.5%	>75% of the latest industry benchmark	0.0%
Portfolio development potential This is measured by the percentage of the Group's portfolio by area where a potential development scheme has been identified	1.	35% to 50%	2.5%	43.2%	1.4%
Carbon intensity This is measured by emissions intensity per m ² of landlord-controlled floor area across our managed like-for-like portfolio, against the rolling three-year average	4.	-5% to -10%	5.0%	-16%	5.0%
Energy intensity This is measured by energy consumption (kWh) per m ² of landlord-controlled floor area across our managed like-for-like portfolio, against the rolling three-year average	4.	-2% to -4%	2.5%	-13%	2.5%
			25%		17.6%

1 Success against our strategic objectives is measured using our KPIs (see pages 45 to 49) and rewarded through our incentive schemes and annual bonus. The references above show the link between our strategic objectives and our annual bonus targets (further information on our five strategic objectives can be found on pages 38 to 44).

2 Payout accrues on a broadly straight-line basis, between threshold and maximum performance.

3 The variance between genders in response to employee surveys is taken into account by the Committee when determining the payout for staff satisfaction. In 2022, the results showed a 3.0% variance between genders, with female satisfaction being at 90.3% and male satisfaction at 87.3%.

4 The latest industry benchmark for AFR relates to the financial year ending 31 March 2022, as the majority of our peers have a March year end.

In accordance with our current Remuneration Policy, bonuses of up to 100% of base salary are paid as cash. Amounts in excess of 100% are deferred into shares and released after three years, subject to continued employment. The total bonus for each Executive Director based on performance against the total property return and strategic elements is therefore:

	Bonus payable as % of salary	Cash bonus payable (£'000)	Deferred bonus	
			£'000	% of salary
Executive Directors				
Paul Williams	82.7	521	–	–
Damian Wisniewski	82.7	417	–	–
Nigel George	82.7	417	–	–
Emily Prideaux	82.7	372	–	–

1 David Silverman was not eligible to receive a bonus in respect of the period 1 January to 14 April 2022 (the date that he stepped down as an Executive Director).

Performance Share Plan (PSP) (audited)

Vesting of PSP awards

The Group granted share-based awards under the PSP on 13 March 2020. The grant was subject to performance conditions over a three-year performance period which ended on 31 December 2022. As shown in the table below, the PSP awards granted in 2020 will not vest, and will lapse in full on 13 March 2023.

Overall, the Committee considers that the Remuneration Policy has operated as it intended during 2022 and that the pay outcomes are aligned with the experience of shareholders, employees and other stakeholders. The Committee determined that it was not appropriate to apply discretion to adjust the formulaic outcome.

Performance measure	Weighting % of award	Basis of calculation	Threshold ² %	Maximum ³ %	Actual %	% vesting/ estimated vesting
Total property return (TPR)	50	MSCI Quarterly UK All Property Total Return Index	1.19	3.19	0.99	0.0
Total shareholder return (TSR)	50	FTSE 350 Super Sector Real Estate Index ¹	(17.7)	(0.8)	(33.2)	0.0

1 The constituents of the FTSE 350 Super Sector Real Estate Index as at the start of the Performance Period (i.e. 1 January 2020).

2 For achieving the threshold performance target, i.e. at the MSCI Index or median TSR against our sector peers, 22.5% of the maximum award will vest.

3 For TSR (which is calculated based on a three-month weekday average Return Index excluding UK public holidays ended on: (1) the day before the performance period start date; and (2) the performance period end date) vesting accrues on a straight-line basis between the threshold level for median performance and maximum level for upper quartile performance or better. For TPR, vesting accrues on a straight-line basis between the threshold level for Index performance and maximum level for Index +2%.

Therefore, the vesting for each Executive Director will be:

Executive Directors	Number of awards granted	Number of shares vesting based on performance (0.0%)
Paul Williams	36,210	–
Damian Wisniewski	28,968	–
Nigel George	28,968	–
Emily Prideaux ¹	9,052	–
Former Executive Directors²		
Simon Silver	35,063	–
David Silverman	28,968	–

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

2 As disclosed in the 2021 Report & Accounts, PSP awards granted on 13 March 2020 to former Executive Directors Simon Silver and David Silverman remained capable of vesting, subject to performance. Awards for Simon Silver and David Silverman would have been subject to a pro rata reduction to take into account time served during the vesting period and be subject to the normal holding period of two years.

Holding period

In accordance with the PSP rules, vested awards are subject to a two-year holding period whereby at least the after-tax number of vested shares must be retained by the executive for a minimum of two years from the point of vesting. As the 2020 Grant will lapse in full, it has been removed from the table below.

Grant	Grant date	Performance period	Vesting date	Holding period	Holding period ceases
2018 Grant	6 March 2018	1 January 2018 to 31 December 2020	8 March 2021	Two years	8 March 2023
2019 Grants	12 March 2019 14 August 2019	1 January 2019 to 31 December 2021	12 March 2022 14 August 2022	Two years	12 March 2024 14 August 2024
2021 Grant	12 March 2021	1 January 2021 to 31 December 2023	12 March 2024	Two years	12 March 2026
2022 Grant	9 March 2022	1 January 2022 to 31 December 2024	9 March 2025	Two years	9 March 2027

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Grant of PSP awards

On 9 March 2022, the Committee made an award under the Group's 2014 PSP to Executive Directors on the following basis:

Executive Directors	Number of shares awarded	Face value of award £
Paul Williams	42,942	1,260,777
Damian Wisniewski	34,352	1,008,575
Nigel George	34,352	1,008,575
Emily Prideaux	30,653	899,972

Awards were granted as nil-cost options and equivalent to 200% of base salary, with 22.5% of the award vesting at threshold performance. The share price used to determine the level of the awards was the closing share price on the day immediately preceding the grant date of £29.36. The performance period will run over three financial years ending on 31 December 2024 and, dependent upon the achievement of the performance conditions, the awards will vest on 9 March 2025 and will be subject to a two-year holding period as outlined in the table on page 217.

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

TSR performance of the Company relative to the TSR of the constituents of the FTSE 350 Super Sector Real Estate Index tested over three-year performance period ending 31 December 2024	Vesting (% of TSR part of award)
Below Median	0%
Median	22.5%
Upper quartile and above	100%
Straight-line vesting occurs between these points	

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

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

The Committee has discretion to reduce the extent of vesting in the event that it considers that performance against either measure is inconsistent with underlying financial performance and/or the experience of key stakeholders. At least the after-tax number of vested shares must be retained for a minimum holding period of two years. To the extent that awards vest, the Committee has discretion to allow the Executive Directors to receive the benefit of any dividends paid over the vesting period in the form of additional vesting shares.

	31/12/2022	31/12/2021	31/12/2020
Weighted average exercise price of PSP awards	–	–	–
Weighted average remaining contracted life of PSP awards	1.19 years	1.20 years	1.19 years

The weighted average exercise price of awards that either vested or lapsed in 2022 was £nil (2021: £nil). The weighted average market price of awards which vested for current and former Executive Directors during 2022 was £30.69 (2021: £33.03). At the year end, Damian Wisniewski's 2019 PSP award remained exercisable and is comprised of 5,253 shares (see pages 219 and 228).

Outstanding PSP awards (audited)

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

At Grant			During the year					Market price at date of vesting £	Value vested (inclusive of dividend equivalents) £'000	Earliest vesting date
Date of award	Market price at date of grant £	1 January 2022 (number)	Granted ³ (number)	Vested ^{1,2} (number)	Lapsed (number)	31 December 2022 (number)				
Executive Directors										
Paul Williams	12/03/2019	32.53	27,174	–	(5,253)	(21,921)	–	30.90	162	12/03/2022
	14/08/2019	29.42	6,713	–	(1,300)	(5,413)	–	27.14	35	14/08/2022
	13/03/2020	33.14	36,210	–	–	–	36,210			13/03/2023
	12/03/2021	33.16	36,911	–	–	–	36,911			12/03/2024
	09/03/2022	29.36	–	42,942	–	–	42,942			09/03/2025
			107,008	42,942	(6,553)	(27,334)	116,063			
Damian Wisniewski	12/03/2019	32.53	27,174	–	–	(21,921)	5,253	30.90	162	12/03/2022
	13/03/2020	33.14	28,968	–	–	–	28,968			13/03/2023
	12/03/2021	33.16	29,529	–	–	–	29,529			12/03/2024
	09/03/2022	29.36	–	34,352	–	–	34,352			09/03/2025
			85,671	34,352	–	(21,921)	98,102			
Nigel George	12/03/2019	32.53	27,174	–	(5,253)	(21,921)	–	30.90	162	12/03/2022
	13/03/2020	33.14	28,968	–	–	–	28,968			13/03/2023
	12/03/2021	33.16	29,529	–	–	–	29,529			12/03/2024
	09/03/2022	29.36	–	34,352	–	–	34,352			09/03/2025
			85,671	34,352	(5,253)	(21,921)	92,849			
Emily Prideaux	12/03/2019	32.53	7,377	–	(1,435)	(5,942)	–	30.90	44	12/03/2022
	13/03/2020	33.14	9,052	–	–	–	9,052			13/03/2023
	12/03/2021	33.16	24,728	–	–	–	24,728			12/03/2024
	09/03/2022	29.36	–	30,653	–	–	30,653			09/03/2025
			41,157	30,653	(1,435)	(5,942)	64,433			
Former Executive Directors										
David Silverman	12/03/2019	32.53	27,174	–	(5,253)	(21,921)	–	30.90	162	12/03/2022
	13/03/2020	33.14	28,968	–	–	–	28,968			13/03/2023
	12/03/2021	33.16	29,529	–	–	–	29,529			12/03/2024
			85,671	–	(5,253)	(21,921)	58,497			
Simon Silver	12/03/2019	32.53	35,720	–	(4,517)	(31,203)	–	30.90	140	12/03/2022
	13/03/2020	33.14	35,063	–	–	–	35,063			13/03/2023
			70,783	–	(4,517)	(31,203)	35,063			
Other employees										
Other employees	12/03/2019	32.53	33,030	–	(5,937)	(27,093)	–	30.90	183	12/03/2022
	13/03/2020	33.14	34,843	–	–	–	34,843			13/03/2023
	12/03/2021	33.16	31,654	–	–	–	31,654			12/03/2024
	09/03/2022	29.36	–	61,199	–	–	61,199			09/03/2025
			99,527	61,199	(5,937)	(27,093)	127,696			
Total			575,488	203,498	(28,948)	(157,335)	592,703		1,050	

1 The PSP awards granted on 12 March 2019 and 14 August 2019 vested on 14 March 2022 and 14 August 2022, respectively, at a vesting level of 18.1%. The value of the vesting awards was based on the share price on the vesting date and is inclusive of dividend equivalents in the form of additional vesting shares (see note 2 for further details). In accordance with the PSP rules, Damian Wisniewski has not yet exercised his vested awards (5,253 shares). The 5,253 shares are being held by the Company and will not accrue dividend equivalents. Damian Wisniewski has until the 10th anniversary of grant to exercise these shares.

2 In accordance with the PSP rules, the Remuneration Committee has discretion to allow PSP participants to receive dividend equivalents upon the vesting of their awards, which is equivalent to the value of any dividends paid on those shares between the grant date and the vesting date. For the March 2019 PSP grant, dividend equivalents were in the form of additional vesting shares and equated to dividends paid between March 2019 and March 2022. The dividend equivalent shares have been included in the table above, within the number of vesting awards, and equates to 91 shares for Emily Prideaux, 288 shares for Simon Silver and 335 shares each for the other Executive Directors. For the August 2019 PSP grant, dividend equivalents were in the form of additional vesting shares and equated to dividends paid between August 2019 and August 2022. The dividend equivalent shares have been included in the table above, within the number of vesting awards, and equates to 86 shares for Paul Williams.

3 The PSP awards granted on 9 March 2022 will vest on 9 March 2025. The performance targets attached to these awards are detailed on page 218.

REMUNERATION COMMITTEE REPORT continued

ANNUAL REPORT ON REMUNERATION continued

Sharesave Plan (audited)

Grant of Sharesave options

To encourage Group-wide share ownership, the Company has operated a HMRC tax efficient Sharesave Plan since the 2018 AGM. On 21 September 2022, the Company granted options under the Derwent London Sharesave Plan. The three-year contract for the Options started on 1 November 2022. These Options are exercisable at a price of £19.61 per share from 1 November 2025 and are not subject to any performance conditions.

Executive Directors	Monthly saving amount	Number of shares under option	Option price	Market price at grant	Value of award ¹
Paul Williams	£250	458	£19.61	£23.26	£1,672
Damian Wisniewski	£250	458	£19.61	£23.26	£1,672
Nigel George	£250	458	£19.61	£23.26	£1,672
Emily Prideaux	£250	458	£19.61	£23.26	£1,672

¹ The value of the award is based on the middle market share price on the grant date minus the option price.

Outstanding Sharesave options

The outstanding Sharesave options held by Directors and employees are set out in the table below:

	At Grant		During the year				Maturity date	Market price at date of exercise £	Value of award at exercise £'000	
	Date of award	Option price £	1 January 2022 (number)	Granted (number)	Exercised ¹ (number)	Lapsed (number)				31 December 2022 (number)
Executive Directors										
Paul Williams	30/04/2019	25.80	348	-	(348)	-	-	01/06/2022	29.32	1
	09/04/2020	27.53	326	-	-	-	326	01/06/2023		
	21/09/2022	19.61	-	458	-	-	458	01/11/2025		
			674	458	(348)	-	784			
Damian Wisniewski	30/04/2019	25.80	348	-	(348)	-	-	01/06/2022	29.32	1
	09/04/2020	27.53	163	-	-	-	163	01/06/2023		
	15/04/2021	25.93	173	-	-	-	173	01/06/2024		
	21/09/2022	19.61	-	458	-	-	458	01/11/2025		
			684	458	(348)	-	794			
Nigel George	30/04/2019	25.80	348	-	(348)	-	-	01/06/2022	29.32	1
	09/04/2020	27.53	326	-	-	-	326	01/06/2023		
	21/09/2022	19.61	-	458	-	-	458	01/11/2025		
			674	458	(348)	-	784			
Emily Prideaux	15/04/2021	25.93	347	-	-	-	347	01/06/2024		
	21/09/2022	19.61	-	458	-	-	458	01/11/2025		
			347	458	-	-	805			
Former Executive Director										
David Silverman	30/04/2019	25.80	348	-	-	(348)	-	01/06/2022		
	09/04/2020	27.53	326	-	-	(326)	-	01/06/2023		
			674	-	-	(674)	-			
Other employees										
	30/04/2019	25.80	16,990	-	(15,527)	(1,324)	139	01/06/2022		
	09/04/2020	27.53	20,285	-	-	(5,574)	14,711	01/06/2023		
	15/04/2021	25.93	13,290	-	-	(4,020)	9,270	01/06/2024		
	21/09/2022	19.61	-	33,133	-	(916)	32,217	01/11/2025		
			50,565	33,133	(15,527)	(11,834)	56,337			
Total			53,618	34,965	(16,571)	(12,508)	59,504			

¹ On 1 June 2022, the Options granted on 30 April 2019 became capable of exercise at a price of £25.80 per share. On the same date, and on various allotment dates during the six-month exercise period, the Company allotted 16,571 shares, in aggregate, to participants who chose to exercise their Option.

Deferred Bonus Plan (audited)

Executive Directors are required to defer any annual bonus earned above 100% of salary into shares for three years. Under the new Remuneration Policy, the Committee has strengthened the annual bonus deferral requirements (see page 191). Details of the deferred bonus shares held by Directors and employees are set out in the table below:

	At Grant			During the year				Market price at date of release £	Value at release £'000	Release dates
	Date of award	Market price at date of grant £	Original Grant (number)	1 January 2022 (number)	Deferred (number)	Released ^{1,2} (number)	31 December 2022 (number)			
Executive Directors										
Paul Williams	13/03/2020	33.03	7,474	3,737	-	(3,737)	-	30.90	115	15/03/2021 & 14/03/2022
			7,474	3,737	-	(3,737)	-			
Damian Wisniewski	13/03/2020	33.03	6,364	3,182	-	(3,182)	-	30.90	98	15/03/2021 & 14/03/2022
			6,364	3,182	-	(3,182)	-			
Nigel George	13/03/2020	33.03	6,364	3,182	-	(3,182)	-	30.90	98	15/03/2021 & 14/03/2022
			6,364	3,182	-	(3,182)	-			
Former Executive Directors										
John Burns	13/03/2020	33.03	3,572	1,786	-	(1,786)	-	30.90	55	15/03/2021 & 14/03/2022
			3,572	1,786	-	(1,786)	-			
Simon Silver	13/03/2020	33.03	7,996	3,998	-	(3,998)	-	30.90	124	15/03/2021 & 14/03/2022
			7,996	3,998	-	(3,998)	-			
David Silverman	13/03/2020	33.03	6,364	3,182	-	(3,182)	-	30.90	98	15/03/2021 & 14/03/2022
			6,364	3,182	-	(3,182)	-			
Other employees	13/03/2020	33.03	1,834	917	-	(917)	-	30.90	28	15/03/2021 & 14/03/2022
			1,834	917	-	(917)	-			
Total			39,968	19,984	-	(19,984)	-		616	

1 The 2019 annual bonus in excess of 100% of salary was deferred into shares on 13 March 2020 and was released in two tranches, 50% on 15 March 2021 and the remaining 50% on 14 March 2022. On 14 March 2022, the Directors chose to sell all, or a proportion, of their released shares (which included a number to discharge the relevant tax obligations), in all cases at an average price of £30.90 per share. Further information is in the notes to the Directors' interests in shares table on page 222.

2 In accordance with the Annual Bonus Plan rules, the Remuneration Committee has discretion to allow participants to receive dividend equivalents upon the release of their deferred bonus shares, which is equivalent to the value of any dividends paid on those shares between the deferral date and the release date. The dividend equivalents are in the form of additional shares. The dividend equivalent shares added to the released shares on 14 March 2022 are excluded from the above table. For the shares released on 14 March 2022, the additional dividend equivalent shares equated to 122 shares for John Burns, 273 shares for Simon Silver, 255 shares for Paul Williams and 217 shares each for the other Executive Directors.

Managing shareholder dilution

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

	2022
Total issued share capital as at 31 December 2022	112.3m
Investment Association share limits (in any consecutive 10-year period):	
Current dilution for all share plans	2.3%
Headroom relative to 10% limit	7.7%
5% for executive plans – current dilution for discretionary (executive) plans	1.2%
Headroom relative to 5% limit	3.8%

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Directors' interests in shares (audited)

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

	Number at 31 December 2022					Number at 31 December 2021				
	Beneficially held	Deferred shares	Conditional shares ⁷	Share options ⁸	Total	Beneficially held	Deferred shares	Conditional shares	Share options	Total
Executive Directors										
Paul Williams ¹	95,497	–	116,063	784	212,344	86,383	3,737	107,008	674	197,802
Damian Wisniewski ²	69,095	–	98,102	794	167,991	65,661	3,182	85,671	684	155,198
Nigel George ³	100,046	–	92,849	784	193,679	90,948	3,182	85,671	674	180,475
Emily Prideaux ⁴	6,081	–	64,433	3,725	74,239	5,322	–	41,157	3,267	49,746
Total	270,719	–	371,447	6,087	648,253	312,510	13,283	405,178	3,053	736,944
Non-Executive Directors										
Mark Breuer	7,000	–	–	–	7,000	7,000	–	–	–	7,000
Richard Dakin	–	–	–	–	–	–	–	–	–	–
Claudia Arney	2,500	–	–	–	2,500	2,500	–	–	–	2,500
Cilla Snowball	–	–	–	–	–	–	–	–	–	–
Helen Gordon ⁵	961	–	–	–	961	938	–	–	–	938
Lucinda Bell	1,000	–	–	–	1,000	1,000	–	–	–	1,000
Sanjeev Sharma ⁶	1,261	–	–	–	1,261	–	–	–	–	–
Total	12,722	–	–	–	12,722	11,438	–	–	–	11,438

There have been no other changes to the above interests between 31 December 2022 and 27 February 2023.

- Paul Williams acquired 5,253 shares from the PSP (March) 2019 grant which vested on 14 March 2022. The vesting shares included dividend equivalents in the form of 335 additional shares. To satisfy the tax liability arising, Paul sold 2,474 shares immediately upon vesting at an average share price of £30.90 per share. On 14 March 2022, Paul Williams acquired 3,992 shares under the Company's deferred bonus scheme when they were released from the 2020 deferral. To satisfy the tax liability arising, Paul sold 1,881 shares immediately upon their release at an average share price of £30.90 per share. On 1 June 2022, Paul Williams acquired 348 shares at an Option price of £25.80 pursuant to the Derwent London Sharesave Plan (see page 220). Paul Williams acquired 1,300 shares from the PSP (August) 2019 grant which vested on 15 August 2022, the vesting shares included dividend equivalents in the form of 86 additional shares. On 21 September 2022, Paul Williams was granted 458 share options under the Derwent London Sharesave Plan. On 11 October 2022, Paul Williams purchased 2,576 shares at an average share price of £19.26.
- Damian Wisniewski became entitled to exercise 5,253 shares from the PSP 2019 grant which vested on 14 March 2022. The vesting shares included dividend equivalents in the form of 335 additional shares. In accordance with the PSP rules, Damian Wisniewski has not yet exercised his vested awards (5,253 shares). The 5,253 shares are being held by the Company and will not accrue dividend equivalents. Damian Wisniewski has until the 10th anniversary of grant to exercise these shares. On 14 March 2022, Damian Wisniewski acquired 3,399 shares under the Company's deferred bonus scheme when they were released from the 2020 deferral. To satisfy the tax liability arising, Damian sold 1,601 shares immediately upon their release at an average share price of £30.90 per share. On 1 June 2022, Damian Wisniewski acquired 348 shares at an Option price of £25.80 pursuant to the Derwent London Sharesave Plan (see page 220). On 21 September 2022, Damian Wisniewski was granted 458 share options under the Derwent London Sharesave Plan. On 11 October 2022, Damian Wisniewski purchased 1,288 shares at an average share price of £19.26.
- Nigel George acquired 5,253 shares from the PSP 2019 grant which vested on 14 March 2022. The vesting shares included dividend equivalents in the form of 335 additional shares. To satisfy the tax liability arising, Nigel sold 2,474 shares immediately upon vesting at an average share price of £30.90 per share. On 14 March 2022, Nigel George acquired 3,399 shares under the Company's deferred bonus scheme when they were released from the 2020 deferral. To satisfy the tax liability arising, Nigel sold 1,601 shares immediately upon their release at an average share price of £30.90 per share. On 1 June 2022, Nigel George acquired 348 shares at an Option price of £25.80 pursuant to the Derwent London Sharesave Plan (see page 220). On 21 September 2022, Nigel George was granted 458 share options under the Derwent London Sharesave Plan. On 11 October 2022, Nigel George purchased 2,576 shares at an average share price of £19.26.
- Emily Prideaux was appointed an Executive Director on 1 March 2021, Emily's awards includes those that were granted prior to her appointment. Emily Prideaux acquired 1,435 shares from the PSP 2019 grant which vested on 14 March 2022. The vesting shares included dividend equivalents in the form of 91 additional shares. To satisfy the tax liability arising, Emily sold 676 shares immediately upon vesting at an average share price of £30.90 per share. On 21 September 2022, Emily Prideaux was granted 458 share options under the Derwent London Sharesave Plan, further information on page 220.
- During 2022, Helen Gordon reinvested her dividend to purchase an additional 23 shares.
- On 11 August 2022, Sanjeev Sharma purchased 1,261 shares at an average share price of £26.98.
- Conditional shares are those which are subject to performance conditions. For further information on the Performance Share Plan see pages 217 to 219.
- Share options principally relate to the Sharesave Plan (see page 220) and are unvested. For Emily Prideaux only, she has outstanding Employee Share Option Plan (ESOP) awards which were granted in respect of her role prior to being appointed an Executive Director.

Directors' shareholding guideline

Executive Directors are subject to within-employment and post-employment shareholding guidelines (see page 196). The within-employment shareholding guideline for the year ended 31 December 2022 expects all Executive Directors to work towards holding shares in Derwent London plc equivalent to 200% of base salary.

As at 31 December 2022, all Executive Directors have exceeded the within-employment shareholding guideline, except Emily Prideaux who was appointed an Executive Director from 1 March 2021. Emily Prideaux is working towards achieving the within-employment shareholding guideline.

Executive Directors	Beneficially held shares	2022 salary ¹	Target	Achieved	Value of beneficially held shares ²
			(% of base salary)		
Paul Williams	95,497	£630,400	200%	417%	£2,627,122
Damian Wisniewski	69,095	£504,300	200%	377%	£1,900,803
Nigel George	100,046	£504,300	200%	546%	£2,752,265
Emily Prideaux	6,081	£450,000	200%	37%	£167,288

1 The base salaries shown in the table above are as at 31 December 2022. Further information on fixed pay during 2022 is provided on page 213.

2 The value of the Executive Directors' beneficially held shares has been calculated using the average closing share price during the year ended 31 December 2022 of £27.51.

All other employees granted PSP awards are expected to work towards holding shares in Derwent London plc equivalent to 50% of base salary. The share ownership guidelines for all PSP recipients (including Executive Directors) requires them to retain at least half of any deferred bonus shares or performance shares which vest (net of tax) until the guideline is met. Only wholly-owned shares will count towards the guideline. There is no shareholding guideline for Non-Executive Directors.

Within-employment shareholding guideline

The chart below highlights the value of each Executive Director's beneficially held shares at 31 December 2022, as a percentage of base salary. Due to the relatively large shareholdings of our Executive Directors, a small change in our share price would have a material impact on their wealth. For example, a 5% drop in our share price would result in a loss of value for our Chief Executive, Paul Williams, equivalent to approximately 21% of his base salary.

