

1 July 2025

Dear shareholder,

**STRICTLY PRIVATE AND CONFIDENTIAL
DERWENT LONDON PLC – EXECUTIVE DIRECTORS’ REMUNERATION ARRANGEMENTS**

I am writing to you, in my capacity as Remuneration Committee Chair of Derwent London plc, in connection with the forthcoming renewal of our Directors’ Remuneration Policy. Our current Policy was approved by shareholders at our 2023 AGM (with a vote in favour of 95%) and is approaching the end of its three-year term. A new Policy will be put to shareholders for approval at the 2026 AGM.

PROPOSED CHANGES UNDER THE NEW DIRECTORS’ REMUNERATION POLICY

Policy review objectives

The Committee has undertaken a thorough review of the Group’s Policy and incentive structure built around the following objectives:

- The incentive structure should support an effective pay for performance culture, rewarding the delivery of the Group’s strategy and strong market outperformance, and promote long-term sustainable decision making throughout the property cycle.
- The total remuneration package should be competitively positioned against the market and, together with the incentive structure, appropriately incentivise current Executive Directors, who are highly regarded in the market, and ensure that the Group can attract highly talented and experienced Executive Directors in the future.
- The incentive structure should operate effectively throughout the property cycle and deliver actual outcomes to Executive Directors that are competitive and fairly reflect Group performance (on an absolute basis and relative to peers), individual performance, and the experience of shareholders over the longer-term.

Proposed change to the long-term incentive structure

Derwent has operated a Performance Share Plan (PSP) for several years for Executive Directors and broader Executive Committee members. The Committee believes that a PSP should continue to form a key part of the incentive structure. It supports an effective pay for performance culture and maximum vesting can only be achieved for the delivery of strong market outperformance.

The Committee also recognises the importance of long-term incentive structures that, within a cyclical sector, effectively support management to build up their shareholding, thereby fostering stewardship and the long-term decision making which is critical in our industry as well as strengthening alignment

with shareholder interests, and act as an effective retention mechanism. In this regard, the Committee discussed moving from the PSP to operating only a Restricted Share Plan (RSP) (i.e. a share award which vests subject to continued employment and underpins; and not subject to performance metrics). The Committee concluded that operating only a RSP would not be consistent with the policy review objectives (in particular, it would not support a pay for performance culture), nor be in the best interest of shareholders.

Instead, after careful consideration, the Committee is proposing to introduce a hybrid LTIP structure whereby both PSP awards and RSP awards are granted to Executive Directors and broader Executive Committee members, with the PSP element forming a significant proportion of the overall opportunity under the hybrid structure (see below regarding proposed opportunity).

The Committee is mindful that hybrid structures in the UK are currently relatively uncommon. However, the Committee is also cognisant that the UK remuneration landscape is evolving to allow for more tailored structures, provided that there is a clear and demonstrable link to: (i) the business and talent strategy of the company; and (ii) the long-term interests of shareholders. Indeed, the Investment Association Principles on Remuneration were substantially re-written in October 2024, with an emphasis on flexibility for companies to adopt pay structures to best suit their business and strategy, whilst continuing to foster good practice and alignment with shareholder expectations.

The Committee has approached the review of the long-term incentive structure with this mindset. The Committee firmly believes that the proposed hybrid structure strikes a balance between:

- continuing to incentivise Executive Directors and the broader Executive Committee to deliver the Group's strategy and strong market outperformance (via the PSP award); with
- fostering stewardship and long-term decision making by supporting management to build-up their shareholdings and acting as an effective retention mechanism throughout the property cycle (via the RSP award).

Award opportunity

The maximum PSP opportunity under the current Policy is 200% of salary. The Committee considers this to be a market competitive PSP opportunity taking into account Derwent's size and complexity, and it has therefore been used as a basis for determining the proposed quantum under the hybrid structure.

We also believe that the PSP element should form the significant proportion of the overall opportunity under the hybrid structure, in order to continue to support a pay for performance culture.

The following quantum is therefore proposed:

- A PSP award with a maximum opportunity equal to 150% of salary.
- An RSP award with an opportunity equal to 25% of salary.
- Meaning an overall maximum opportunity equal to 175% of salary under the hybrid structure.

The RSP award opportunity has been discounted by 50% compared to the equivalent PSP opportunity¹, in line with guidance set out in the Investment Association's Principles on Remuneration and general shareholder expectations.

PSP award: performance metrics

The 2025 PSP metrics (and weightings) are:

- Total Shareholder Return (TSR) vs the FTSE 350 Super Sector Real Estate Index (excluding agencies) (50%)
- Total Property Return (TPR) vs the MSCI UK All Property Index (40%)
- Embodied carbon reduction (5%)
- Energy intensity reduction (5%)

For 2026, we propose to change the TPR comparator from the MSCI UK All Property Index to the MSCI UK All Office Index.

Derwent is a central London office-focused REIT and therefore the Committee firmly believes that the MSCI UK All Office Index provides closer alignment with our strategic focus and key competitors. In proposing the change in TPR comparator, we have also been mindful that:

- Different TPR comparators will continue to apply under the annual bonus (MSCI Central London Offices Index) and the PSP element (MSCI UK All Office Index).
- Executive Directors will continue to be incentivised to outperform the UK real estate market more generally under the annual bonus and the PSP element. The annual bonus will continue to include a Total Return performance metric (30% of the award) vs a peer group made up of real estate companies operating across different asset classes and regions. The PSP element will continue to include a TSR performance metric (50% of the award) vs a peer group also made up of real estate companies operating across different asset classes and regions.

It is proposed that 10% of the PSP element will continue to be based on environmental performance, which will comprise solely of an embodied carbon reduction metric. This recognises that reducing the embodied carbon of developments will have the greatest positive environmental impact and is fully within Derwent's control.

In summary, the proposed 2026 PSP metrics (and weightings) are:

- Total Shareholder Return (TSR) vs the FTSE 350 Super Sector Real Estate Index (excluding agencies) (50%)
- Total Property Return (TPR) vs the MSCI UK All Office Index (40%)
- Embodied carbon reduction (10%)

¹ The remaining PSP opportunity (200% of salary – 150% of salary = 50% of salary) is converted to an RSP award with a 25% of opportunity based on a 50% discount (50% of salary x 50% discount = 25% of salary).

RSP award underpins

The vesting of RSP awards will be subject to underpins that safeguard the financial stability of the business and provide sufficient focus on corporate governance and health and safety responsibilities. If the Committee considers that the underpins have not been met, then it would consider whether it is appropriate to scale back the vesting (including to nil vesting if considered appropriate) of the RSP awards.

The proposed underpins for the 2026 RSP awards are as follows:

- No breach of financial covenants.
- Satisfactory underlying performance.
- No material failure in corporate governance or health and safety resulting in significant reputational damage and/or financial loss.

Furthermore, the Committee will have discretion to reduce the vesting level of the RSP awards (as well as the PSP awards) if it is not reflective of the Group's overall financial or non-financial performance of the business, individual performance, or the experience of shareholders or other stakeholders during the vesting period.

ANNUAL BONUS

No changes are proposed to the annual bonus opportunity, performance metrics or deferral requirements. A summary of the proposed Policy for 2026, and its implementation, is set out in Appendix 1.

NEXT STEPS

The Committee believes that the proposed changes to the long-term incentive structure are consistent with our policy review objectives and are in the best interests of the Group's shareholders.

As a significant shareholder in the Company, I would like to arrange a call with you to discuss the proposed changes and any feedback you may have. Alternatively, if you are supportive of the changes and have no feedback, and wish to confirm this by email, please send this to David Lawler (email: David.Lawler@derwentlondon.com).

Yours sincerely,

Sanjeev Sharma

Chair of the Remuneration Committee

APPENDIX 1: SUMMARY OF REMUNERATION ARRANGEMENTS

An overview of the key pay elements of the proposed Policy and how they compare to the current Policy are summarised in the table below.

Element	2023 Remuneration Policy	Proposed 2026 Remuneration Policy
Pension		
Maximum opportunity	In line with the contributions available for the majority of the wider workforce (currently 15% of salary).	No change.
Annual bonus		
Maximum opportunity	150% of salary.	No change.
Threshold opportunity	22.5% of maximum.	No change.
Performance metrics weighting	At least 75% based on financial targets, with the balance based on strategic objectives. <i>2025 implementation:</i> <ul style="list-style-type: none"> Total Property Return vs MSCI Central London Offices Index (45%) Total Return vs bespoke group of real estate peers (30%) Strategic objectives (25%) 	The majority of the award is based on financial targets, with the balance based on non-financial objectives. <i>2026 implementation (no change):</i> <ul style="list-style-type: none"> Total Property Return vs MSCI Central London Offices Index (45%) Total Return vs bespoke group of real estate peers (30%) Strategic objectives (25%)
Deferral	Any amount earned in excess of 75% of salary is deferred into shares, which are released after three years subject to continued employment	No change.
Dividend equivalents	Dividend equivalents may accrue on deferred shares during the deferral period.	No change.
Malus and clawback provisions	Material misstatement of financial results, an error in assessing performance metrics which has led to an overpayment, dismissal due to gross misconduct, serious reputational damage and corporate failure.	No change.

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Element	2023 Remuneration Policy	Proposed 2026 Remuneration Policy
Long-term incentive		
Form of award	PSP award	Hybrid: PSP award and RSP award
Maximum opportunity	PSP award: 200% of salary.	PSP award: 150% of salary. RSP award: 25% of salary. <i>RSP award is discounted by 50% vs PSP award equivalent.</i> Total long-term incentive opportunity of 175% of salary.
Threshold opportunity	PSP award: 22.5% of maximum.	PSP award: 22.5% of maximum. No change. RSP award: n/a
PSP award performance metrics weightings	Performance metrics and their weightings are reviewed annually, reflecting the Group's strategy and metrics relevant to the business. <i>2025 implementation:</i> <ul style="list-style-type: none"> Total Shareholder Return vs the FTSE 350 Super Sector Real Estate Index (excluding agencies) (50%) Total Property Return vs the MSCI UK All Property Index (40%) Embodied carbon reduction (5%) Energy intensity reduction (5%) 	No change to Policy. <i>2026 implementation:</i> <ul style="list-style-type: none"> Total Shareholder Return vs the FTSE 350 Super Sector Real Estate Index (excluding agencies) (50%) Total Property Return vs the MSCI UK All Office Index (40%) Embodied carbon reduction (10%)
RSP award performance underpins	n/a	Performance underpins will be determined by the Committee, which will be designed to protect the financial stability of the business and provide sufficient focus on governance and health and safety. <i>2026 implementation:</i> <ul style="list-style-type: none"> No breach of financial covenants Satisfactory underlying performance No material failure in corporate governance or health and safety resulting in significant reputational damage and/or financial loss

Element	2023 Remuneration Policy	Proposed 2026 Remuneration Policy
Holding period	A holding period of two years is required on vested awards.	No change.
Dividend equivalents	Dividend equivalents may accrue on awards during the performance / vesting period and holding period.	No change.
Malus and clawback provisions	Material misstatement of financial results, an error in assessing performance metrics which has led to an overpayment, dismissal due to gross misconduct, serious reputational damage and corporate failure.	No change.
Shareholding guidelines		
Within-employment	Executive Directors are expected to build up and maintain a shareholding equal to 200% of salary.	No change.
Post-employment	Executive Directors are normally expected to retain a shareholding equal to: <ul style="list-style-type: none"> • 200% of salary (or actual shareholding at the point of departure if lower) for the first 12 months following departure; • 100% of salary (or actual shareholding at the point of departure if lower) for the subsequent 12 months. 	No change.

27 October 2025

Dear shareholder,

I would like to follow up on my letter sent to shareholders and proxy agencies on 1 July 2025. The purpose of the letter was to seek feedback on the proposed changes to our Remuneration Policy in advance of it being subject to shareholder approval at our May 2026 AGM.

Firstly, I wanted to thank all shareholders and proxy agencies that have engaged with us during this process. We have found this to be a very informative exercise with good engagement, accompanied by the exchange of information and views.

It is pleasing to have received a high degree of support for the proposed changes to our Remuneration Policy. Whilst the use of hybrid long-term incentive structures is currently relatively uncommon in the UK, shareholders largely understood our strategic rationale for introducing a hybrid structure, and were particularly supportive of that: (1) the RSP element is a modest proportion (c.15%) of the overall LTIP potential; and (2) we are adhering to the 50% discount (in terms of PSP to RSP conversion) expected by shareholders and as set out under the Investment Association's revised Principles on Remuneration.

From the series of calls held, a minority of shareholders asked us to elaborate further on the rationale and context that supports the proposed introduction of the hybrid structure. Such additional rationale and context was easier to discuss in our calls than could realistically be covered in a letter. Further explanation is therefore provided below.

A hybrid structure better supports a durable 'future fit' reward framework:

Our current PSP supports an effective pay for performance culture and we therefore believe it should continue to form a key part of the incentive structure.

Critically, we believe our long-term incentive must also address the challenges of operating in a cyclical sector and against a backdrop of continued market uncertainty. In particular, the long-term incentive should enable the delivery of stable and competitive reward outcomes to executives, ones which fairly reflect performance and the ongoing execution of Derwent London's strategy throughout the cycle. By this we mean, it needs to be sustainable and competitive in terms of reward outcomes, and not just competitive 'by design' in terms of reward opportunity.

One could argue that the relative performance metrics (TSR and TPR) within the current PSP help protect against the cyclical nature of the sector. We agree that, in theory, this does provide some protection, and we have considered the performance metrics as part of the Policy review and are proposing a change to the TPR comparator group (as noted in my previous letter). However, relative performance metrics are still imperfect and have practical challenges. For example, comparator group selection. Derwent London is a central London office-focused REIT. Our TSR and TPR

comparator groups used in recent years include real estate companies operating in different geographies across the UK and asset classes, meaning they are impacted by different economic headwinds and tailwinds. This can then adversely impact Derwent London's relative performance against comparator group constituents.

Furthermore, operational and strategic decisions taken by management today are to support long-term sustainable value creation and may not yield immediate shareholder returns or increases in NAV, particularly in a subdued market. The three-year performance period attached to PSP awards, whilst reflective of standard market practice in the UK, can often be misaligned with the longer-term nature of Derwent London's strategy.

These challenges are, in our opinion, evidenced by the outcomes of the last three PSP awards (2020, 2021 and 2022 grants). Derwent London has continued to perform strongly relative to central London office-based real estate peers (for 2024: the Group's TPR performance was 4.1% compared to the MSCI Quarterly Central London Offices Index of 1.3%) in the face of a subdued market and continued economic uncertainty. This is testament to the execution of the strategy over multiple years, the performance and commitment of our leadership team and the quality of the portfolio they have assembled.

Despite this, each of the awards have not paid out, which the Remuneration Committee considers does not fairly reflect the long-term underlying performance of the executives and the business in progressing the execution of our strategy.

UK remuneration landscape and market prevalence of Hybrid/RSP:

We appreciate hybrid long-term incentive structures are currently relatively uncommon in the UK, particularly where organisations have limited US exposure.

However, the UK remuneration landscape is evolving and there has been an accelerated pace of change in remuneration proposals over the last 12 months. There is evidence of there being greater openness from shareholder and proxy agencies to consider proposals on a case-by-case basis and to support more tailored structures, providing that there is a clear and demonstrable link to: (1) the business and talent strategy of the company; and (2) the long-term interests of shareholders. We continue to approach the Policy review with this mindset and the Remuneration Committee strongly believes that the proposed hybrid structure is the right approach for Derwent London given our sector and the market context for the reasons stated in my previous letter.

There are 20 hybrid structures already operating in the FTSE 350 and we strongly expect this will increase during the 2026 AGM season. There are also examples of UK real estate companies operating pure RSPs:

- Great Portland Estates operates a RSP with an executive opportunity equal to 150% of salary.
- Hammerson operates a RSP with an executive opportunity equal to 100% of salary.

We strongly believe in a pay for performance culture and do not consider that a pure RSP structure is right for Derwent London. We have chosen to retain the majority of the LTIP as performance based (150% of salary, equivalent to c.85% of the overall LTIP potential) with the RSP being a modest proportion (25% of salary, equivalent to c.15% of the overall LTIP potential).

In summary the proposed hybrid structure strikes the right balance between:

- continuing to incentivise executives to deliver the Group's strategy and strong market outperformance (via PSP awards); and
- fostering stewardship and long-term decision making by supporting executives to build-up their shareholdings, fairly rewarding executives for performance in executing the strategy, and acting as an effective retention mechanism throughout the cycle (via RSP awards).

Role of Remuneration Committee & discretionary underpins:

The Remuneration Committee retains a broad use of discretion to reduce (to potentially nil) the payouts of either/or both the annual bonus and LTIP where we feel the formulaic payouts do not reflect underlying performance or our shareholders' experience. We believe this, together with the underpins that were outlined in my previous letter, provide sufficient safeguards to ensure alignment of all stakeholders' interests, particularly the interests of our shareholders.

The Remuneration Committee has exercised discretion in recent years, when for example in 2020 it reduced the formulaic outcome of the annual bonus from 96.3% to 66.3% of maximum as the Committee considered the payout did not reflect how shareholders and other stakeholders had been impacted by the disruption of Covid-19.

We appreciate our recent share price performance, along with others in our sector, has lagged but we remain confident in our strategy and the abilities of the senior team at Derwent in executing it. The ability to apply discretion, the proposed underpins for the relatively modest RSP element and that the significant majority of the LTIP remains based on challenging performance targets ensures that for reward outcomes there are robust checks and balances with clear alignment to shareholders interests and experience.

Succession:

The Derwent London Board, Remuneration and Nomination Committees have rightly been very focused on our Policy review objectives (as set out in my previous letter) and all of our seven remuneration principles (included in Appendix 1) in arriving at our new proposals. Our first remuneration principle of 'attract, retain and motivate' is particularly important in supporting an effective pay for performance culture which enables the Group to attract, retain and motivate Executive Directors who have the skills and experience necessary to deliver the Group's purpose. Over the coming years we have a number of Executive Directors who will be considering retirement. Most recently, the retirement of Nigel George was announced on 12 August 2025.

Our remuneration structure therefore needs to not only support the retention of and be incentivising to our senior talent but also ensure that we can attract highly regarded and experienced Executive Directors in the near future, in order to best support future Board succession. Therefore, subject to approval of the new Remuneration Policy at the 2026 AGM, we will also operate the hybrid long-term incentive structure for the Executive Committee (although at a lower grant level) to ensure they are incentivised on the same basis as our Executive Directors and to better support them to build-up their shareholdings.

Next Steps:

The Remuneration Committee will formally decide whether to proceed with presenting the new Policy in its present guise, or amended, at its December 2025 meeting. At present, for the reasons articulated in both this letter and my previous letter, and reflecting on the feedback received from shareholders to date, the Remuneration Committee is minded to recommend to the Board and shareholders the new Policy in its present guise. However, we will see if any further feedback is received from shareholders prior to December in response to this letter before formally deciding.

I hope you find this letter to be informative and a demonstration of our commitment to engage and consult with our shareholders in a fully transparent manner. If you require any further information or clarification on this matter, please do not hesitate to contact me via David Lawler, Derwent London Company Secretary: david.lawler@derwentlondon.com

Yours sincerely,

Sanjeev Sharma

Chair of the Remuneration Committee

Appendix 1: Derwent London's remuneration principles

The Committee ensures that the remuneration arrangements for Executive Directors are aligned with our key remuneration principles which are detailed below.

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.
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.
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 (net of tax) to support sustainable decision making.
Predictability	Details of the maximum potential values that may be earned through the remuneration arrangements are set out in the summary of our Remuneration Policy.
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.

Appendix 2: Proposed Remuneration Policy

An overview of the key pay elements of the proposed Policy and how they compare to the current Policy are summarised in the table below.

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Pension		
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Threshold opportunity	22.5% of maximum.	No change.
Performance metrics weighting	At least 75% based on financial targets, with the balance based on strategic objectives. <i>2025 implementation:</i> <ul style="list-style-type: none"> Total Property Return vs MSCI Central London Offices Index (45%) Total Return vs bespoke group of real estate peers (30%) Strategic objectives (25%) 	The majority of the award is based on financial targets, with the balance based on non-financial objectives. <i>2026 implementation (no change):</i> <ul style="list-style-type: none"> Total Property Return vs MSCI Central London Offices Index (45%) Total Return vs bespoke group of real estate peers (30%) Strategic objectives (25%)
Deferral	Any amount earned in excess of 75% of salary is deferred into shares, which are released after three years subject to continued employment	No change.
Dividend equivalents	Dividend equivalents may accrue on deferred shares during the deferral period.	No change.
Malus and clawback provisions	Material misstatement of financial results, an error in assessing performance metrics which has led to an overpayment, dismissal due to gross misconduct, serious reputational damage and corporate failure.	No change.
Long-term incentive		
Form of award	PSP award	Hybrid: PSP award and RSP award

Element	2023 Remuneration Policy	Proposed 2026 Remuneration Policy
Maximum opportunity	PSP award: 200% of salary.	PSP award: 150% of salary. RSP award: 25% of salary. <i>RSP award is discounted by 50% vs PSP award equivalent.</i> Total long-term incentive opportunity of 175% of salary.
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RSP award performance underpins	n/a	Performance underpins will be determined by the Committee, which will be designed to protect the financial stability of the business and provide sufficient focus on governance and health and safety. <i>2026 implementation:</i> <ul style="list-style-type: none"> No breach of financial covenants Satisfactory underlying performance No material failure in corporate governance or health and safety resulting in significant reputational damage and/or financial loss
Holding period	A holding period of two years is required on vested awards.	No change.
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Element	2023 Remuneration Policy	Proposed 2026 Remuneration Policy
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Within-employment	Executive Directors are expected to build up and maintain a shareholding equal to 200% of salary.	No change.
Post-employment	Executive Directors are normally expected to retain a shareholding equal to: <ul style="list-style-type: none"> • 200% of salary (or actual shareholding at the point of departure if lower) for the first 12 months following departure; • 100% of salary (or actual shareholding at the point of departure if lower) for the subsequent 12 months. 	No change.