Statement of Tax Principles

DERWENT
LONDON

DERWENT
LONDON

Statement of Tax Principles

Introduction

Derwent London plc is the largest central London office focused Real Estate Investment Trust (REIT) with a design-led, innovative central London office portfolio. About three quarters are in the West End, with key ownerships in Fitzrovia, Marylebone, Victoria, Soho, Paddington and Mayfair, with just under a quarter in the City Borders. The balance is located in Scotland.

Our commercial properties also include mixed-use buildings (which may incorporate a retail or residential element) purchased for the purpose of land assembly to provide future development opportunities, including the provision of affordable housing to meet relevant planning requirements. The registered ownership of the portfolio is within the various Derwent London subsidiaries. We take our obligations as a taxpayer very seriously, and work to ensure that, across the wide range of taxes that we deal with, we have the governance and risk management processes in place to allow us to meet all our continuing tax obligations.

As a large business and employer, we account for and pay a wide range of taxes including Corporation Tax, VAT, Stamp Duty Land Tax, Pay As You Earn income tax and National Insurance for our employees, and environmental taxes. As a REIT, we are exempt from Corporation Tax on both property rental income and gains on the disposal of most of our investment properties (and shares in property investment companies) used in our UK property rental business. The principle behind REIT taxation is that the incidence of taxation on property rental income and gains should be at investor level only. We are required by tax legislation to distribute to our shareholders at least 90% of our rental profits[1] as property income distributions. These distributions (and any gains that are distributed) are subject to withholding tax depending on each shareholder's status, as if they were in receipt of a share of the property income or gains directly, rather than as ordinary dividends. Our investors also pay tax according to their status on gains made when they sell their shares.

[1] As computed for tax purposes

Risk Management and Governance arrangements in relation to taxation

The governance of our business is led by the Board of Directors, who are committed to ensuring that Derwent London continues to meet its business, financial and sustainability objectives. The Board of Directors also has overall responsibility for governance, risk management and any decisions made in relation to taxation.

All of our property activities are located in the UK. We are committed to ensuring we pay the right amount of tax in the UK when it falls due. Our tax strategy is focused on four key objectives: maintaining our REIT status; ensuring that we meet all of our UK tax compliance, filing and payment obligations; fulfilling the Senior Accounting Officer (SAO) obligations in relation to ensuring that our tax accounting arrangements are appropriate; and continuing to be considered by HM Revenue & Customs (HMRC), the UK's taxing authority, as a business with a low risk status.

Responsibility for the Group's tax affairs is delegated to the Head of Tax who reports to the Chief Financial Officer and the Board. This includes consideration of the tax consequences of all significant commercial transactions as part of our due diligence.

Appropriate and regular oversight is also provided by the Audit Committee and, when appropriate, the Risk Committee[2], each of which publishes a report as part of Derwent London plc's wider Annual Report.

Our Tax team are qualified and experienced tax professionals who frequently engage with development of tax legislation by responding to Government consultations and through membership of relevant committees of the British Property Federation, Chartered Institute of Taxation, HMRC Land and Property Liaison Group and HMRC Construction Forum.

Derwent London is dedicated to conducting its business in an honest and ethical manner. The Company has a zero-tolerance approach to dishonesty of any kind, including any tax evasion or the facilitation of tax evasion by its staff, subcontractors or any other of its associates. The Company has an appropriate policy and risk assessment in relation to the corporate offenses of failure to prevent the criminal facilitation of tax evasion, contained in Part 3 of the Criminal Finances Act 2017, with ongoing review and training provided to employees by the Head of Tax and the Tax team.

The level of risk in relation to taxation that we are prepared to accept

Our low tolerance attitude towards tax risk is primarily governed by the Board's objectives to retain our REIT status and our low-risk rating from HMRC. We do not undertake transactions when the primary purpose is tax planning.

Additionally, when considering tax risk, the Board takes into account the views of our stakeholders (including our employees, investors and commercial partners) as well as the likely views and perceptions of third parties such as HMRC and the general public.

[2] Board Committees - Governance - Investors - Derwent London

Our attitude towards tax planning

All tax planning that we undertake considers any tax reliefs or opportunities available to us that are clearly within the spirit of the legislation and related HMRC guidance. Our approach is that any tax planning we undertake should not compromise either our REIT status or our low risk status with HMRC.

We seek tax advice from external advisers in the normal course of our business on a range of matters, primarily to audit our controls and processes across all taxes, provide advice on transactions and to check any tax disclosures within our Annual Report[3]. We retain significant in-house tax knowledge, utilising this expertise in the management of our tax-related obligations and maintaining a robust internal review process. This helps ensure that we meet our filing obligations and other tax requirements, in line with the objectives which underlie the Board's tax strategy.

Our approach towards our dealings with taxing authorities

As a large business in the UK within the UK tax authority's Large Business Directorate, Derwent London plc is assigned a customer compliance manager (CCM) within HMRC. We have an open relationship with our CCM, communicating on a regular basis through a combination of email, telephone and face to face meetings. We aim to be open, helpful and transparent in our dealings with HMRC. We seek to anticipate any tax risks at an early stage, including clarifying areas of uncertainty with HMRC as they become evident. We consider this collaborative approach to our relationship with the UK taxing authority to be fundamental to delivering our Board led tax strategy.

Summary

It has been a priority over recent years to maintain and develop our tax strategy and risk management framework, which has led to our achieving each of the Board's four tax strategy objectives. We are committed to maintaining this in future.

Approved by the Board and is signed on its behalf by:

Paul Atkins

Paul Atkins, Head of Tax
December 2025

Note: This document is produced by Derwent London plc on behalf of all qualifying group entities pursuant to paragraph16 (2), Schedule Finance Act 2016 for the financial year ending 31 December 2025.

[3] 2024 – Results & Reports – Investors – Derwent London