

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should seek your own advice from a stockbroker, solicitor, accountant or other professional adviser.**

**If you have sold or otherwise transferred all of your shares, please pass this document together with the accompanying documents to the purchaser or transferee, or to the person who arranged the sale or transfer, so they can pass these documents to the person who now holds the shares.**

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# DERWENT LONDON

**Derwent London plc**

*(incorporated and registered in England and Wales under number 1819699)*

## **NOTICE OF ANNUAL GENERAL MEETING**

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Notice of the Annual General Meeting of the Company to be held at The Westbury, Bond Street, Mayfair, London W1S 2YF on Friday 16 May 2014 at 11.00a.m. is set out on pages 6 to 10 of this circular.

Whether or not you propose to attend the Annual General Meeting, please complete and submit a Form of Proxy in accordance with the instructions printed on the enclosed form. The Form of Proxy must be received by 11.00a.m. on 14 May 2014.

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## PART I

### LETTER FROM THE CHAIRMAN OF DERWENT LONDON PLC

# Derwent London plc

*(Incorporated and registered in England and Wales under number 1819699)*

Directors:

Robert Rayne (Chairman)  
John Burns (Chief Executive Officer)  
Simon Silver (Executive Director)  
Damian Wisniewski (Finance Director)  
Paul Williams (Executive Director)  
Nigel George (Executive Director)  
David Silverman (Executive Director)  
Stuart Corbyn (Non-Executive Director)  
Robert Farnes (Non-Executive Director)  
June de Moller (Non-Executive Director)  
Stephen Young (Non-Executive Director)  
Simon Fraser (Non-Executive Director)  
Richard Dakin (Non-Executive Director)

Registered and Head Office:

25 Savile Row  
London  
W1S 2ER  
020 7659 3000

17 April 2014

Dear Shareholder,

#### **Notice of Annual General Meeting**

I am pleased to be writing to you with details of our Annual General Meeting (“AGM”) which we are holding at The Westbury, Bond Street, Mayfair, London W1S 2YF on 16 May 2014 at 11.00a.m. The formal notice of AGM is set out on pages 6 to 10 of this document.

If you would like to vote on the resolutions but are unable to attend the AGM, please fill in the Form of Proxy sent to you with this notice and return it to our Registrars as soon as possible. They must receive it by 11.00a.m. on 14 May 2014.

#### **Re-election of Directors**

In accordance with the provisions of the UK Corporate Governance Code, all the Directors will be putting themselves forward for election or re-election this year. Following a formal performance evaluation, I can confirm that each director’s performance continues to be effective and to demonstrate commitment to the role.

#### **Final dividend**

Shareholders are being asked to approve a final dividend of 25.75 pence per ordinary share for the year ended 31 December 2013. Of this amount, 23.50 pence will be paid as a Property Income Distribution (“PID”) with the balance of 2.25 pence paid as a conventional (“Non-PID”) dividend. If you approve the recommended final dividend, this will be paid on 13 June 2014 to all ordinary shareholders who were on the register of members on 9 May 2014.

### **Scrip Dividend Scheme**

A Scrip Dividend alternative will be available for both the PID and the Non-PID element of the final dividend. If you wish to participate in the Scrip Dividend Scheme and have not previously completed and returned a mandate form, you should do so by 5.00p.m. on 22 May 2014.

Scrip dividends enable shareholders to increase their holding in the Company in a simple manner, without incurring any dealing costs or stamp duty. The Scrip Dividend alternative also provides the Company with the ability to reinvest the cash in the business.

Details of the Scrip Dividend Scheme and a mandate form can be found in the investors section of the Company's website at [www.derwentlondon.com](http://www.derwentlondon.com).

### **Appointment of new Auditors**

Following a competitive tender process, it is proposed that PricewaterhouseCoopers LLP be appointed as auditor of the Group with effect from the conclusion of the AGM. The incumbent auditor, BDO LLP chose not to participate in the tender process and has provided a 'Statement of Circumstances' confirming its resignation as auditor. A copy of the 'Statement of Circumstances' is set out in Part III of this document.

### **New Long Term Incentive Plan**

Resolution 20 seeks authority from shareholders for the implementation of a new long-term incentive arrangement for the Company's executive Directors and senior management.

The proposed Derwent London plc Performance Share Plan 2014 (the "2014 Plan") would replace the Company's existing performance share plan (the "2004 Plan") which will expire on 20 May 2014.

The 2014 Plan has been developed by the Remuneration Committee of the Board of Directors (the "Committee") and as per the 2004 Plan will provide for discretionary annual share-based awards ordinarily vesting three years from grant, subject to continued service and to the extent to which objective performance criteria are met over a three year measurement period.

In conjunction with the operation of the 2014 Plan, taking into account recent developments in best practice, the Committee proposes to introduce a minimum holding period to be observed by Executive Directors in relation to any shares vesting under the 2014 Plan, requiring them, as a minimum, to retain the after tax number of such shares for a holding period of two years from time of vesting.

A summary of the principal terms of the 2014 Plan together with details of the performance conditions proposed for the first awards thereunder is set out in Part IV of this document.

Explanatory notes on all the business to be considered at this year's AGM appear on pages 11 to 14 of this document.

The Directors consider that all the resolutions to be put to the meeting are in the best interests of the Company and its shareholders as a whole and unanimously recommend that you vote in favour of all resolutions, as they intend to do in respect of their own shareholdings.

Yours sincerely,



Chairman

*Inspection of documents*

*The following documents will be available for inspection at the registered office of the Company from 17 April 2014 until the time of the AGM and at The Westbury, Bond Street, Mayfair, London W1S 2YF from 15 minutes before the AGM until it ends:*

- *Copies of the executive Directors' service contracts.*
- *Copies of the letters of appointment of the non-executive Directors.*
- *Draft rules of the Derwent London plc Performance Share Plan 2014.*

## **PART II**

### **Derwent London plc NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the thirtieth Annual General Meeting of Derwent London plc will be held at The Westbury, Bond Street, Mayfair, London W1S 2YF at 11.00a.m. on 16 May 2014. You will be asked to consider and pass the resolutions below. Resolutions 22 to 24 (inclusive) will be proposed as special resolutions. All other resolutions will be proposed as ordinary resolutions.

1. To receive the report of the Directors and the accounts for the year ended 31 December 2013 and the independent auditor's report thereon.
2. To approve the Directors' Remuneration Policy as set out on pages 92 to 99 of the Company's 2013 Annual Report and Accounts.
3. To approve the Annual Statement by the Chairman of the Remuneration Committee and the Annual Report on Directors' Remuneration for the financial year ended 31 December 2013, as set out on pages 90 to 91 and 100 to 109 respectively of the Company's 2013 Annual Report and Accounts.
4. To declare a final dividend of 25.75 pence per ordinary share for the year ended 31 December 2013, which shall be paid on 13 June 2014 to shareholders who are members at the close of business on 9 May 2014. This shall be paid in cash except in the case of ordinary shares in respect of which a valid election to participate in the Company's Scrip Dividend Scheme is held, in which case the final dividend will be paid in new fully paid ordinary shares in the Company instead of cash.
5. To re-elect Mr R.A. Rayne as a Director.
6. To re-elect Mr J.D. Burns as a Director.
7. To re-elect Mr S.P. Silver as a Director.
8. To re-elect Mr D.M.A. Wisniewski as a Director.
9. To re-elect Mr N.Q. George as a Director.
10. To re-elect Mr D.G. Silverman as a Director.
11. To re-elect Mr P.M. Williams as a Director.
12. To re-elect Mr S.A. Corbyn as a Director.
13. To re-elect Mr R.A. Farnes as a Director.
14. To re-elect Mrs J. de Moller as a Director.
15. To re-elect Mr S.G. Young as a Director.
16. To re-elect Mr S. Fraser as a Director.
17. To elect Mr R. Dakin as a Director.
18. That PricewaterhouseCoopers LLP be appointed as independent auditor to the Company to hold office from the conclusion of the AGM until the conclusion of next year's AGM.
19. To authorise the Directors to determine the independent auditor's remuneration.

20. That the rules of the Derwent London plc Performance Share Plan 2014 described in Part IV of this document and produced in near final draft to this meeting and, for the purposes of identification, initialed by the Chairman, be approved and the Directors be authorised to:

- (a) make such modifications to the 2014 Plan as they may consider appropriate to take account of the requirements of best practice and for the implementation of the 2014 Plan and to adopt the 2014 Plan as so modified and to do all such other acts and things as they may consider necessary, desirable or appropriate to implement the 2014 Plan; and
- (b) establish further plans based on the 2014 Plan but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further plans are treated as counting against the limits on individual or overall participation in the 2014 Plan.

21. That the Board be generally and unconditionally authorised under section 551 of the Companies Act 2006 to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company:

- (A) up to a nominal amount of £1,708,630 (such amount to be reduced by any allotments or grants made under paragraph (B) below in excess of such sum); and
- (B) comprising equity securities (as defined in section 560(1) of the Companies Act 2006) up to a nominal amount of £3,417,261 (such amount to be reduced by any allotments or grants made under paragraph (A) above) in connection with an offer by way of a rights issue:
  - (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
  - (ii) to holders of other equity securities as required by the rights of those securities or as the Board otherwise considers necessary,

and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter,

such authorities to apply until the end of next year's AGM (or, if earlier, until the close of business on 16 August 2015) but, in each case, during this period the Company may make offers and enter into agreements which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority ends and the Board may allot shares or grant rights to subscribe for or convert securities into shares under any such offer or agreement as if the authority had not ended.

22. That if resolution 21 is passed, the Board be given power to allot equity securities (as defined in section 560(1) of the Companies Act 2006) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such power to be limited:

- (A) to the allotment of equity securities and sale of treasury shares for cash in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under paragraph (B) of resolution 21, by way of a rights issue only):
  - (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
  - (ii) to holders of other equity securities, as required by the rights of those securities or, as the Board otherwise considers necessary,

and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter;

- (B) in the case of the authority granted under paragraph (A) of resolution 21 and/or in the case of any sale of treasury shares for cash, to the allotment of equity securities or sale of treasury shares in connection with a scrip dividend scheme or similar arrangement implemented in accordance with the Articles of Association of the Company; and
- (C) in the case of the authority granted under paragraph (A) of resolution 21 and/or in the case of any sale of treasury shares for cash, to the allotment (otherwise than under paragraphs (A) and (B) above) of equity securities or sale of treasury shares up to a nominal amount of £256,294,

such power to apply until the end of next year's AGM (or, if earlier, until the close of business on 16 August 2015) but, in each case, during this period the Company may make offers and enter into agreements which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the power ends and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not ended.

23. That the Company be authorised for the purposes of section 701 of the Companies Act 2006 to make one or more market purchases (as defined in section 693(4) of the Companies Act 2006) of its ordinary shares of 5 pence each, provided that:

- (A) the maximum number of ordinary shares hereby authorised to be purchased is 10,251,784;
- (B) the minimum price which may be paid for an ordinary share is 5 pence and the maximum price which may be paid for an ordinary share is the highest of:
  - (I) an amount equal to 5 per cent. above the average market value of an ordinary share for the five business days immediately preceding the day on which that ordinary share is contracted to be purchased; and
  - (II) the higher of the price of the last independent trade and the highest current independent bid on the trading venues where the purchase is carried out at the relevant time,

in each case, exclusive of expenses;

such authority to apply until the end of next year's AGM (or, if earlier, 16 August 2015) but in each case so that during this period the Company may enter into a contract to purchase ordinary shares which would, or might be, completed or executed wholly or partly after the authority ends and the Company may purchase ordinary shares pursuant to any such contract as if the authority had not ended.

24. That a general meeting other than an AGM may be called on not less than 14 clear days' notice.

By order of the Board



T. J. Kite, ACA  
Company Secretary

Registered Office:

Derwent London plc  
25 Savile Row  
London W1S 2ER  
Registered in England and Wales No. 1819699

17 April 2014

## Notes

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A Form of Proxy which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a Form of Proxy and believe that you should have one, or if you require additional forms, please contact Equiniti on 0871 384 2192. Calls to this number are charged at 8p per minute plus network extras. The Equiniti overseas helpline number is +44 (0)121 415 7593. Lines are open 8.30a.m. to 5.30p.m., Monday to Friday.
2. To be valid any Form of Proxy or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA or at [www.sharevote.co.uk](http://www.sharevote.co.uk), in each case no later than 11.00a.m. on 14 May 2014.
3. The return of a completed Form of Proxy, other such instrument or any CREST Proxy Instruction (as described in paragraph 9 below) will not prevent a shareholder attending the AGM and voting in person if he/she wishes to do so.
4. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
5. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
6. To be entitled to attend and vote at the AGM (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company at 6.00p.m. on 14 May 2014 (or, in the event of any adjournment, on the date which is two days before the time of the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting. In the case of a joint shareholder, only the vote of the most senior shareholder present (in person or by proxy) at the AGM (as determined by the order in which the names are listed on the register of members) shall be accepted.
7. As at 4 April 2014 (being the latest practicable date prior to the publication of this notice) the Company's issued share capital consists of 102,517,842 ordinary shares, carrying one vote each. The Company holds no treasury shares, and, therefore, the total voting rights in the Company as at 4 April 2014 are 102,517,842.
8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
9. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via [www.euroclear.com](http://www.euroclear.com)). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to an instruction

given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by 11.00a.m. on 14 May 2014. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

10. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
11. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
12. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
13. Under section 527 of the Companies Act 2006 members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual report and accounts were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.
14. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
15. A copy of this notice, and other information required by section 311A of the Companies Act 2006, can be found in the investors section of the Company's website at [www.derwentlondon.com](http://www.derwentlondon.com).
16. You may not use any electronic address provided either in this notice of meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purpose other than those expressly stated.

## **EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING**

The notes on the following pages give an explanation of the proposed resolutions.

Resolutions 1 to 21 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 22 to 24 (inclusive) are proposed as special resolutions. This means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

### **Resolution 1: Directors' report and accounts**

For each financial year, the Directors must present the Directors' report, the audited accounts and the independent auditor's report to shareholders at a general meeting. Those to be presented at the AGM are in respect of the year ended 31 December 2013.

### **Resolution 2: The Directors' Remuneration Policy**

Under section 439A of the Companies Act 2006, the Director's Remuneration Policy must be approved by shareholders. The Directors' Remuneration Policy is set out in the first part of the Directors' Remuneration Report, on pages 92 to 99 of the 2013 Annual Report and Accounts.

If approved by shareholders the policy is intended to be valid for a period of three years from the date of the AGM barring any unforeseen requirement to change the policy before then. Once the policy is effective, the Company will not be able to make remuneration payments to a prospective or current director, or loss of office payments to a current or past director, unless any such payment is consistent with the approved policy or has otherwise been approved by shareholders.

### **Resolution 3: Annual Report on Directors' Remuneration**

Under section 439 of the Companies Act 2006, the Company is required to seek the approval of shareholders of its annual report on remuneration practice, which details the remuneration of the directors for the year under review.

Resolution 3 seeks shareholder approval for the Annual Report on Directors' Remuneration (including the Annual Statement by the Chairman of the Remuneration Committee) as set out on pages 90 to 91 and 100 to 109 of the 2013 Annual Report and Accounts. The vote on the Annual Report on Directors' Remuneration will be advisory.

### **Resolution 4: Dividend**

Shareholders are being asked to approve a final dividend of 25.75 pence per ordinary share for the year ended 31 December 2013. Of this amount, 23.50 pence will be paid as a PID with the balance of 2.25 pence paid as a conventional dividend.

### **Resolutions 5 to 17: Election and re-election of Directors**

Mr R Dakin has been appointed as a non-executive Director since the last AGM and is standing for election. Mr R.A. Farnes has served on the Board as non-executive Directors for more than nine years. Following the annual appraisal programme for the Directors, the Chairman is satisfied that Mr R.A. Farnes is independent and continues to be effective and show commitment to his role. Biographies of the Directors are given on page 76 of the 2013 Annual Report and Accounts.

In accordance with the provisions of the UK Corporate Governance Code all Directors of Derwent London plc will be presenting themselves for election or re-election.

### **Resolutions 18 and 19: Auditor**

The Company is required to appoint auditors at each general meeting at which its report and accounts are presented to shareholders. On the recommendation of the Audit Committee, following a competitive tender process led by the Audit Committee, and the resignation of BDO LLP as auditor at the conclusion of this AGM. Resolution 18 proposes the appointment of PricewaterhouseCoopers LLP as auditor (to hold office until the conclusion of next year's AGM). In accordance with normal practice, resolution 19 authorises the Board to determine the auditors' remuneration. You are asked to approve the appointment of PricewaterhouseCoopers LLP and, following normal practice, to authorise the Board to determine the remuneration of the auditor.

BDO LLP carried out the audit for the year ended 31 December 2013 and the Directors wish to record their appreciation for the audit services provided by BDO LLP to the Group. As resigning auditor, BDO LLP has provided the Company with a 'Statement of Circumstances' confirming that it resigns as auditor with effect from the conclusion of the 2014 AGM. A copy of the 'Statement of Circumstances' is set out in Part III of this document.

### **Resolution 20: New Long Term Incentive Plan**

Resolution 20 seeks authority from shareholders for the implementation of a new long-term incentive arrangement for the Company's executive Directors and senior management.

The proposed Derwent London plc Performance Share Plan 2014 (the "2014 Plan") would replace the Company's existing performance share plan (the "2004 Plan") which will expire on 20 May 2014.

A summary of the principal terms of the 2014 Plan together with details of the performance conditions proposed for the first awards thereunder is set out in Part IV of this document.

A copy of the draft rules of the 2014 plan will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays and English public holidays excepted) from 17 April 2014 until the time of the Annual General Meeting and at the place of the Annual General Meeting for at least 15 minutes prior to and during the AGM.

### **Resolution 21: Authority to allot relevant securities**

Paragraph (A) of this resolution would give the Directors the authority to allot ordinary shares or grant rights to subscribe for or convert any securities into ordinary shares up to an aggregate nominal amount equal to £1,708,630 (representing 34,172,614 ordinary shares of 5 pence each). This amount represents approximately one-third of the issued ordinary share capital (excluding treasury shares) of the Company as at 4 April 2014, the latest practicable date prior to publication of this notice.

In line with guidance issued by the Association of British Insurers, paragraph (B) of this resolution would give the Directors authority to allot ordinary shares or grant rights to subscribe for or convert any securities into ordinary shares in connection with a rights issue in favour of ordinary shareholders up to an aggregate nominal amount equal to £3,417,261 (representing 68,345,228 ordinary shares of 5 pence each), as reduced by the nominal amount of any shares issued under paragraph (A) of this resolution. This amount (before any reduction) represents approximately two-thirds of the issued ordinary share capital (excluding treasury shares) of the Company as at 4 April 2014, the latest practicable date prior to publication of this notice.

The authorities sought under paragraphs (A) and (B) of this resolution will expire at the earlier of 16 August 2015 and the conclusion of the AGM of the Company held in 2015.

The Directors have no present intention to exercise either of the authorities sought under this resolution, other than to allot ordinary shares as share dividends instead of cash dividends and following the exercise of options and awards under the Company's share schemes. However, if they do exercise the authorities, the Directors intend to follow ABI recommendations concerning their use (including as regards the Directors standing for re-election in certain cases).

As at 4 April 2014, the latest practicable date prior to the publication of this notice, no ordinary shares are held by the Company in treasury.

**Resolution 22: Disapplication of pre-emption rights**

This resolution will be proposed as a special resolution, which requires a 75 per cent. majority of the votes to be cast in favour. It would give the Directors the authority to allot ordinary shares (or sell any ordinary shares which the Company elects to hold in treasury) for cash without first offering them to existing shareholders in proportion to their existing shareholdings.

This authority would, as in previous years, be limited to allotments or sales in connection with pre-emptive offers and offers to holders of other equity securities if required by the rights of those shares or as the Board otherwise considers necessary, in connection with a scrip dividend scheme or similar arrangement where the scrip election is made after the declaration (but before payment) of a final dividend, or otherwise up to an aggregate nominal amount of £256,294 (representing 5,125,892 ordinary shares of 5 pence each). This aggregate nominal amount represents approximately 5 per cent. of the issued ordinary share capital of the Company as at 4 April 2014, the latest practicable date prior to publication of this notice. In respect of this aggregate nominal amount, the Directors confirm their intention to follow the provisions of the Pre-Emption Group's statement of principles regarding cumulative usage of authorities within a rolling 3-year period where the principles provide that usage in excess of 7.5 per cent. should not take place without prior consultation with shareholders.

The authority will expire at the earlier of 16 August 2015 and the conclusion of the AGM of the Company held in 2015.

**Resolution 23: Authority to undertake market purchase of own shares**

Resolution 23 is another special resolution and renews the Directors' authority granted by the shareholders at previous AGMs to make market purchase up to 10 per cent of the Company's issued ordinary shares (excluding any treasury shares).

The Company may make purchases of its own shares if, having taken account of all major factors such as the effect on earnings and net asset value per share, gearing levels and alternative investment opportunities, such purchases are considered to be in the Company's and shareholders' best interests while maintaining an efficient capital structure.

If the Company purchases any of its ordinary shares pursuant to resolution 23, the Company may cancel these shares or hold them in treasury. Such decision will be made by the Directors at the time of purchase. The minimum price, exclusive of expenses, which may be paid for an ordinary share is 5 pence. The maximum price, exclusive of expenses, which may be paid for an ordinary share is the highest of: (i) an amount equal to 5 per cent. above the average market value for an ordinary share for the five business days immediately preceding the date of the purchase; and (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venues where the purchase is carried out the relevant time.

At last year's AGM, the Company was given authority to make market purchases of up to 10,195,518 shares. No shares have been purchased by the Company in the market since then.

Options to subscribe for a total of 1,019,495 shares, being 0.99 per cent. of the issued ordinary share capital (excluding treasury shares), were outstanding at 4 April 2014 (being the latest practicable date prior to the publication of this notice). If the existing authority given at the 2013 AGM and the authority being sought under resolution 23 were to be fully used, these would represent 1.24 per cent. of the Company's issued ordinary share capital (excluding treasury shares) at that date.

The Directors do not have any current plans to exercise the authority to be granted pursuant to resolution 23. The Directors will exercise this authority only when to do so would be in the best interest of the Company, and of its shareholders generally.

The authority will expire at the earlier of 16 August 2015 and the conclusion of the AGM of the Company held in 2015.

**Resolution 24: Notice of general meetings**

Changes made to the Companies Act 2006 by the Shareholders' Rights Regulations increase the notice period required for general meetings of the Company to 21 days unless shareholders approve a shorter notice period, which cannot however be less than 14 clear days. AGMs will continue to be held on at least 21 clear days' notice.

Before the Shareholders' Rights Regulations came into force, the Company was able to call general meetings other than an AGM on 14 clear days' notice without obtaining such shareholder approval. In order to preserve this ability, resolution 24, which is a special resolution, seeks such approval. The approval will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed.

The shorter notice period would not be used as a matter of routine for such meetings, but only where the flexibility is merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole.

Note that the changes to the Companies Act 2006 mean that, in order to be able to call a general meeting on less than 21 clear days' notice, the Company must make a means of electronic voting available to all shareholders for that meeting.

**PART III**  
**STATEMENT OF CIRCUMSTANCES BDO LLP**



The Directors  
Derwent London plc  
25 Savile Row  
London W1S 2ER

15 April 2014

Dear Sirs

**Derwent London plc**

We are writing to notify you that we do not intend to seek reappointment as auditors of the above named company at the forthcoming annual general meeting when our term of office expires.

In accordance with Section 519, we detail the following circumstances connected with our ceasing to hold office as auditors of Derwent London plc which we consider should be brought to the attention of members and/or creditors of the company.

We had acted as the company's auditors since 1985, and since this time the audit had not been subject to tender. During 2013, the company commenced a competitive tender process. Due to the likely forthcoming regulation regarding maximum length of audit tenure and the impact to the perception of independence we declined to participate in the tender process.

Yours faithfully

A handwritten signature in black ink that reads 'BDO LLP'.

BDO LLP

## **PART IV**

# **EXPLANATORY NOTES TO THE PROPOSED DERWENT LONDON PLC PERFORMANCE SHARE PLAN 2014**

### **Operation**

The Remuneration Committee of the Board of Directors (the "Committee") will supervise the operation of the 2014 Plan (hereinafter the "Plan").

### **Eligibility**

Any employee (including an executive Director) of the Company and its subsidiaries will be eligible to participate in the Plan at the discretion of the Committee.

It is currently anticipated that participation in the Plan will be limited to the Company's executive Directors and selected senior management.

### **Grant of awards**

The Committee may grant awards to acquire ordinary shares in the Company ("Shares") within six weeks following the Company's announcement of its results for any period. The Committee may also grant awards within six weeks of shareholder approval of the Plan or at any other time when the Committee considers there are sufficiently exceptional circumstances which justify the granting of awards.

The Committee may grant awards as conditional share awards or nil (or nominal) cost options. The Committee may also decide to grant cash-based awards of an equivalent value to share-based awards or to satisfy share-based awards in cash, although it does not currently intend to do so.

An award may not be granted more than 10 years after shareholder approval of the Plan.

No payment is required for the grant of an award. Awards are not transferable, except on death. Awards are not pensionable.

### **Individual limit**

An employee may not receive awards in any financial year over Shares having a market value in excess of 200% of their annual base salary in that financial year.

In the case of the first awards under the Plan, it is proposed that all Directors would each be granted awards equating to 200% of base salary.

### **Performance conditions**

The vesting of awards will be subject to performance conditions set by the Committee.

For the first awards granted under the Plan, one-half of each award will be subject to a performance condition based on the Company's total shareholder return ("TSR") performance over three financial years, commencing with the financial year in which the award is granted (the "Performance Period").

The Company's TSR performance over the Performance Period will be compared to the TSR performance of the following companies (the "Comparator Group") over the same period:

Big Yellow Group plc	Land Securities plc
British Land plc	Quintain Estates and Development plc
Capital & Regional plc	Segro plc
Capital & Counties plc	Shaftesbury plc
Great Portland Estates plc	St. Modwen Properties plc
Hammerson plc	Workspace Group plc
Intu Properties plc	

No part of such half of each award will vest unless the Company's TSR performance ranks at least equal to the median TSR performance of the Comparator Group, with full vesting of such part only if the Company's TSR ranks at least equal to upper quartile TSR performance as follows:

<b>Rank of the Company's TSR relative to the TSR of the members of the Comparator Group</b>	<b>Percentage of the total number of Shares subject to the TSR measure that will vest</b>
Upper quartile or above	100%
Between median and upper quartile	On a straight line basis between 22.5% and 100%
Median	22.5%
Below median	0%

Three month averaging periods prior to the start and end of the Performance Period will apply for the purposes of such TSR calculations.

The other half of the first awards will be subject to a performance condition measuring the Company's total property return ("TPR") over the Performance Period relative to the TPR performance of the properties in the IPD Central London Offices Total Return Index (the "Index") over the same period. The Company's TPR will be expressed as an annualised figure ("Annualised TPR") for the purposes of direct comparison against the annualised figures of the Index.

No part of such half of each award will vest unless the Company's Annualised TPR over the Performance Period is at least equal to median TPR of the properties comprised in the Index ("Index TPR"), with full vesting where the Company's Annualised TPR is equal to or in excess of Index TPR plus 5% as follows:

<b>Company's Annualised TPR over the Performance Period compared to Index TPR over the Performance Period</b>	<b>Percentage of the total number of Shares subject to the TPR measure that will vest</b>
Equal to or greater than Index TPR +5%	100%
Between equal to Index TPR + 2.5% p.a. and Index TPR + 5% p.a.	On a straight line basis between 75% and 100%
Between equal to Index TPR + and Index TPR + 2.5% p.a.	On a straight line basis between 22.5% and 75%
Less than Index TPR	0%

Regardless of TSR and/or TPR performance however, the Committee shall retain discretion to scale back the level of vesting that would otherwise result (to such extent, including to nil, as the Committee determines appropriate) if it considers that the Company's TSR and/or TPR performance over the measurement period as relevant was inconsistent with of the Company's underlying financial performance.

Within the scope of such approved director remuneration policy from time to time, the Committee can set different performance conditions from those described above for future awards to the Company's Executive Directors and senior management provided that, in the reasonable opinion of the Committee, the new targets are not materially less challenging in the circumstances than the conditions described above.

The Committee can set different performance conditions from those described above in the case of awards to other employees.

The Committee may also amend the performance conditions applying to existing awards if an event has occurred which causes the Committee to consider that it would be appropriate to amend the performance conditions, provided the Committee considers the varied conditions are fair and reasonable and not materially less challenging than the original conditions would have been but for the event in question.

### **Vesting of awards**

Awards normally vest three years after grant to the extent that the applicable performance conditions (see above) have been satisfied and provided the participant is still employed in the Company's group. Options are then exercisable up until the day before the tenth anniversary of grant (or such earlier date determined by the Committee at the time of grant), unless they lapse earlier.

### **Dividend equivalents**

The Committee may decide that participants will receive a payment (in cash and/or Shares) on or shortly following the vesting of their awards, of an amount equivalent to the dividends payable on vested shares between the date of grant and the vesting of an award. This amount may assume the reinvestment of dividends.

### **Leaving employment**

As a general rule, an award will lapse upon a participant ceasing to hold employment or be a director within the Company's group. However, if a participant ceases to be an employee or a director because of ill-health, injury or disability, retirement, redundancy, his employing Company or the business for which he works being sold out of the Company's group or in other circumstances at the discretion of the Committee, then his award will normally vest on the date when it would have vested if he had not ceased such employment or office. The extent to which an award will vest in these situations will depend upon two factors: (i) the extent to which the performance conditions have, in the opinion of the Committee, been satisfied over the original three year performance measurement period, and (ii) pro rating of the award to reflect the reduced period of time between its grant and vesting, although the Committee can decide not to pro-rate an award if it regards it as inappropriate to do so in the particular circumstances.

Alternatively, if a participant ceases to be an employee or director in the Company's group for one of the "good leaver" reasons specified above, the Committee can decide that his award will vest when he leaves, subject to: (i) the performance conditions measured at that time; and (ii) pro-rating by reference to the time of cessation as described above. Such treatment will also apply in the case of death.

### **Corporate events**

In the event of a takeover or winding up of the Company (not being an internal corporate reorganisation) all awards will vest early subject to: (i) the extent that the performance conditions have been satisfied at that time; and (ii) the pro-rating of the awards to reflect the reduced period of time between their grant and vesting, although the Committee can decide not to pro-rate an award if it regards it as inappropriate to do so in the particular circumstances.

In the event of an internal corporate reorganisation awards will be replaced by equivalent new awards over shares in a new holding Company if the Committee decides that awards should not vest on the basis which would apply in the case of a takeover.

If a demerger, special dividend or other similar event is proposed which, in the opinion of the Committee, would affect the market price of Shares to a material extent, then the Committee may decide that awards will vest on such basis as it decides. Such vesting will still be subject to the performance conditions and, if deemed appropriate, to a pro rata reduction.

### **Participants' rights**

Awards settled in Shares will not confer any shareholder rights until the awards have vested or the options have been exercised as relevant and the participants have received their Shares.

### **Rights attaching to Shares**

Any Shares allotted when an award vests or is exercised will rank equally with Shares then in issue (except for rights arising by reference to a record date prior to their allotment).

### **Variation of capital**

In the event of any variation of the Company's share capital or in the event of a demerger, payment of a special dividend or similar event which materially affects the market price of the Shares, the Committee may make such adjustment as it considers appropriate to the number of Shares subject to an award and/or the exercise price payable (if any).

### **Overall Plan limits**

The Plan may operate over new issue Shares, treasury shares or Shares purchased in the market.

In any ten calendar year period, the Company may not issue (or grant rights to issue) more than:

- (a) 10 per cent. of the issued ordinary share capital of the Company under the Plan and any other employee share plan adopted by the Company; and
- (b) 5 per cent. of the issued ordinary share capital of the Company under the Plan and any other executive share plan adopted by the Company.

Treasury shares will count as new issue Shares for the purposes of these limits unless institutional investors decide that they need not count.

### **Clawback**

The Committee may decide prior to the later of (i) two years following the vesting of an award and (ii) the publication of the Company's second set of audited accounts following the vesting of an award, that the award will be subject to clawback where there has been a material misstatement in the Company's financial results or an error in assessing any applicable performance condition resulting in a greater level of vesting of an award than deserved or in the event of cessation of service resulting from misconduct.

The clawback may be satisfied by way of a reduction in the amount of any future bonus, a subsisting award, the vesting of any subsisting award or future share awards and/or a requirement to make a cash payment.

### **Alterations to the Plan**

The Committee may, at any time, amend the Plan in any respect, provided that the prior approval of shareholders is obtained for any amendments that are to the advantage of participants in respect of the rules governing eligibility, limits on participation, the overall limits on the issue of Shares or the transfer of treasury shares, the basis for determining a participant's entitlement to, and the terms of, the Shares or cash to be acquired and the adjustment of awards.

The requirement to obtain the prior approval of shareholders will not, however, apply to any minor alteration made to benefit the administration of the Plan, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any Company in the Company's group. Shareholder approval will also not be required for any amendments to any performance condition applying to an award, provided that the amendments are made within the scope of the powers of amendment in relation to performance conditions referred to earlier in this summary.

### **Overseas plans**

The shareholder resolution to approve the Plan will allow the Board to establish further plans for overseas territories, any such plan to be similar to the Plan, but modified to take account of local tax, exchange control or securities laws, provided that any Shares made available under such further plans are treated as counting against the limits on individual and overall participation in the Plan.

