



ANNUAL RESULTS 2015
DERWENT LONDON PLC

CONTENTS

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INTRODUCTION AND OVERVIEW

John Burns

HIGHLIGHTS

ANOTHER STRONG SET OF RESULTS

- NAV growth +21.6%
- EPRA EPS +25.0%
- Dividend per share +9.5%

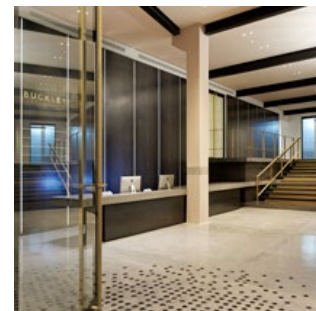
PERFORMANCE AND OPERATIONS

- £27.1m pa of lettings in 2015 with another £10.1m¹ pa in 2016 to date
- 226,000 sq ft of major development completions - 82% profit on cost
- 80 Charlotte Street W1 and Brunel Building W2 commenced

¹ £9.2m pa net

FINANCIAL HIGHLIGHTS

- LTV 17.8% at 31 December 2015
- Interest cover ratio increased to 362%
- £105m of USPP funding signed in February 2016

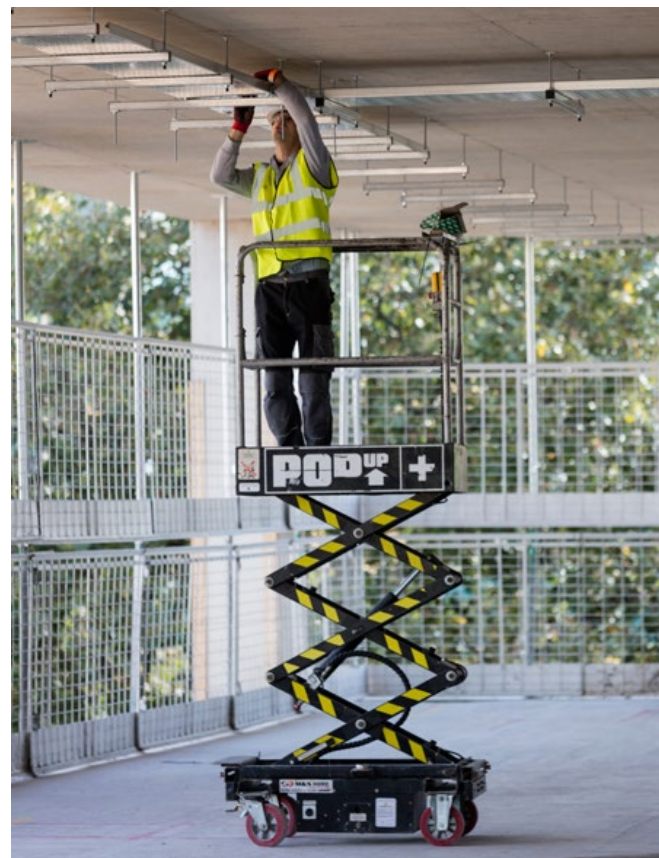


CENTRAL LONDON OFFICE OUTLOOK FOR 2016

	Estimates for our portfolio	Market factors
Rents	5 - 8% ERV growth	<ul style="list-style-type: none">■ Current demand - Derwent London has let £10.1m pa YTD■ London's economic growth estimated at greater than 2% pa■ Central London's low vacancy rate - 2.5% in Dec 2015■ Central London development demand - 40% of space under construction is pre-let or under offer
Yields	No change	<ul style="list-style-type: none">■ Central London remains one of the most liquid global commercial property markets■ CBRE estimate £4.5bn under offer at the start of 2016■ Yield gap with bonds remains at average levels■ Interest rate rises likely to be deferred■ London still has safe haven status

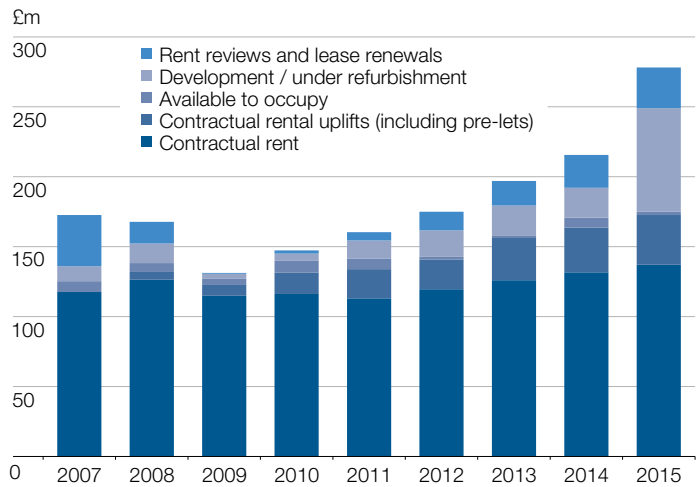
POTENTIAL EXTERNAL RISKS

- Global economic slowdown
- Global stockmarkets
- Geopolitical uncertainties continue
- London specific:
 - Mayoral election - 5 May 2016
 - EU referendum - 23 June 2016
 - New business rates - 1 April 2017



DERWENT LONDON'S SUBSTANTIAL GROWTH OPPORTUNITIES (1)

1. INCREASING POTENTIAL INCOME



December 2015		£m
Contractual rent		137.1
Reversion		141.0
Portfolio ERV		278.1

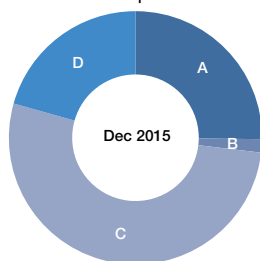
DERWENT LONDON'S SUBSTANTIAL GROWTH OPPORTUNITIES (2)

2. REVERSION ANALYSIS

In December 2015:

- A. 25% contractual / 'topped-up' income

↳ £172.6m pa



- B. 2% available to occupy

- C. 52% development / refurbishment

↳ 25% 2016-17 delivery

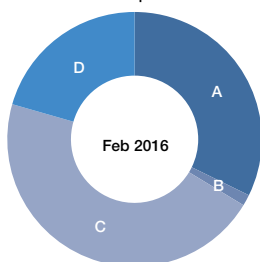
↳ 27% 2019 delivery

- D. 21% rent reviews / lease renewals

In February 2016:

- A. 32% contractual / 'topped-up' income

↳ £181.8m pa



- B. 1% available to occupy

- C. 46% development / refurbishment

↳ 19% 2016-17 delivery

↳ 27% 2019 delivery

- D. 21% rent reviews / lease renewals

3. POTENTIAL IMPACT FROM DEVELOPMENTS AND REFURBISHMENTS

In December 2015:

Income	£m	
'Topped-up' rent	172.6	
Project reversion	74.0	
	246.6	+43%

Assets	£m	
Portfolio value	4,989	
Total project cost	569	
	5,558	+11%

RESULTS AND FINANCIAL REVIEW

Damian Wisniewski

HEADLINE NUMBERS

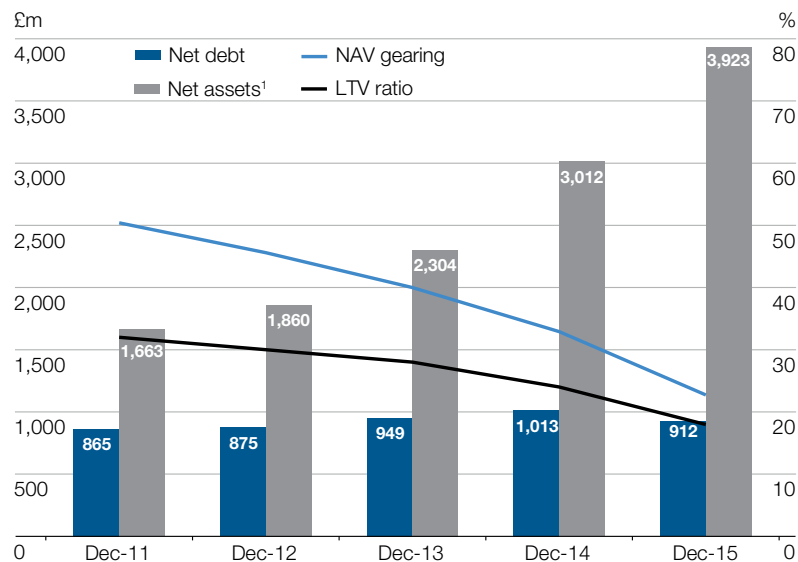
	Dec 2015	Dec 2014	% change
Total portfolio at fair value	£4,954.5m	£4,168.1m	18.9
EPRA net asset value per share ¹	3,535p	2,908p	21.6
EPRA triple NAV per share ¹	3,463p	2,800p	23.7
Gross property income	£152.0m	£138.4m	9.8
EPRA profit before tax ²	£81.6m	£62.3m	31.0
EPRA earnings per share	71.34p	57.08p	25.0
Profit for the year	£777.2m	£749.8m	3.7
Total dividend per share	43.40p	39.65p	9.5
Recommended final dividend per share	30.80p	28.00p	10.0
Net debt	£911.7m	£1,013.3m	(10.0)
Loan-to-value (LTV) ratio	17.8%	24.0%	n/a
NAV gearing	22.8%	32.9%	n/a
Net interest cover ratio	362%	286%	n/a

¹ On a diluted basis ² See Appendix 4 for reconciliation to IFRS profit before tax

NAV GROWTH

- EPRA NAV per share up 21.6%:
 - 3,535p from 2,908p
 - Split 10.9% / 10.7% in H1 / H2
- Equity shareholders' funds increased to £3,923m
- Net debt decreased by 10.0%:
 - £911.7m from £1,013.3m
 - £175m of bonds converted into new shares in January 2015
 - Acquisitions and capex £362.6m
 - Disposal proceeds £277.2m
- LTV and NAV gearing ratios reduced due to valuation increases and lower net debt/ conversion of £175m 2016 bonds

DEBT, NET ASSETS AND GEARING



¹ Attributable to equity shareholders

EPRA NAV MOVEMENT

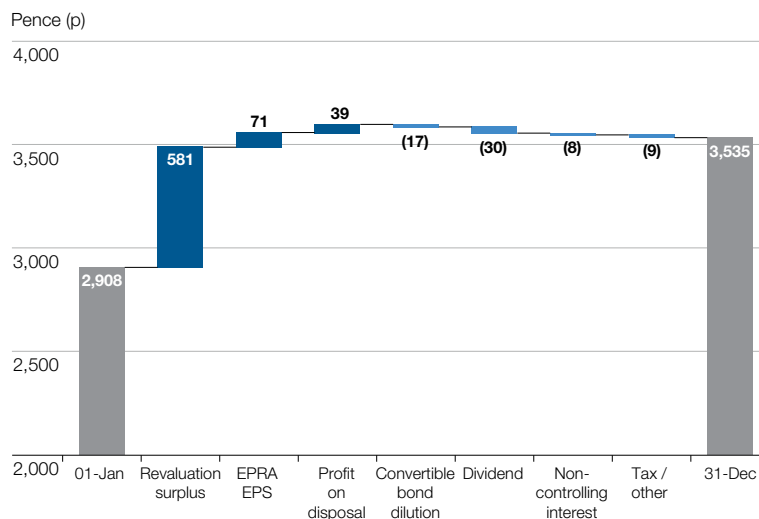
Revaluation surplus:

Income statement	£650.0m	
Comprehensive income ¹	£1.4m	
Per accounts	£651.4m	
Trading property ²	(£3.3m)	
EPRA surplus ³	£648.1m	581p

Profit on disposal:

Wedge House SE1	£15.2m	
Portobello Dock W10	£12.3m	
Davidson Building WC2	£11.4m	
Other	£1.3m	
Investment properties	£40.2m	
Queens W2	£2.0m	
The Corner House W1	£1.2m	
Trading properties	£3.2m	
Total profit on disposal	£43.4m	39p

EPRA NAV PER SHARE



¹ Surplus from owner-occupied part of 25 Savile Row

² Adjusted through EPRA NAV

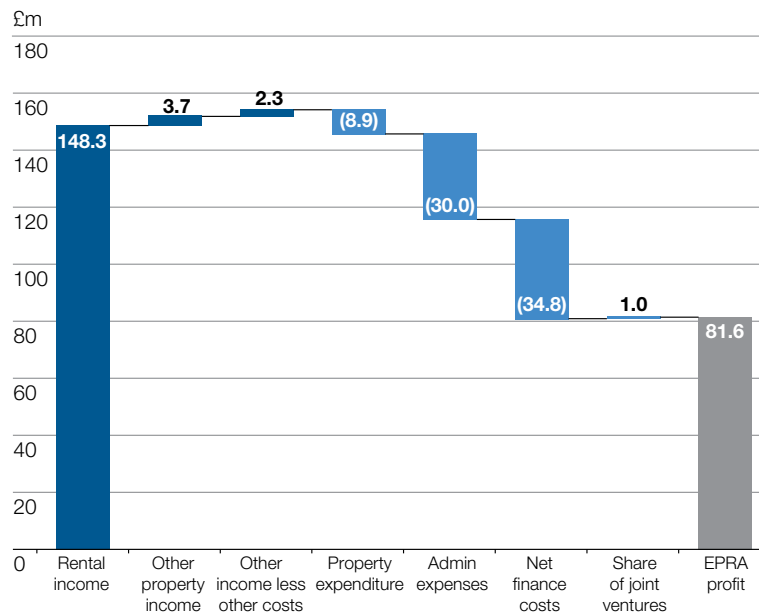
³ Excludes £3.6m Group share of revaluation in joint ventures - see Appendix 3

EPRA PROFIT BEFORE TAX¹

- EPRA profit £81.6m, up 31% from £62.3m in 2014
- Excludes £3.2m profit on sale of trading property
- Property income & outgoings covered on pages 12-13
- Admin costs up 7%, mainly due to higher staff costs
- Net finance costs:

	2015 £m	2014 £m
Interest	35.9	42.5
Capitalised interest	(5.0)	(5.3)
	30.9	37.2
Fees and costs	3.8	5.6
Other	0.1	(0.4)
Net finance costs	34.8	42.4

EPRA PROFIT BEFORE TAX



2014	136.7	1.7	2.0	(8.2)	(28.1)	(42.4)	0.6	62.3
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¹ An explanation of EPRA adjustments is provided in Appendix 5

GROSS PROPERTY INCOME

■ Acquisitions include:

20 Farringdon Road EC1	£2.9m
Angel Square EC1 (Nov 2014)	£0.9m

■ Disposals include:

22 Kingsway WC2	£2.5m
Mark Square House EC2	£1.2m
9 and 16 Prescott Street E1	£0.9m

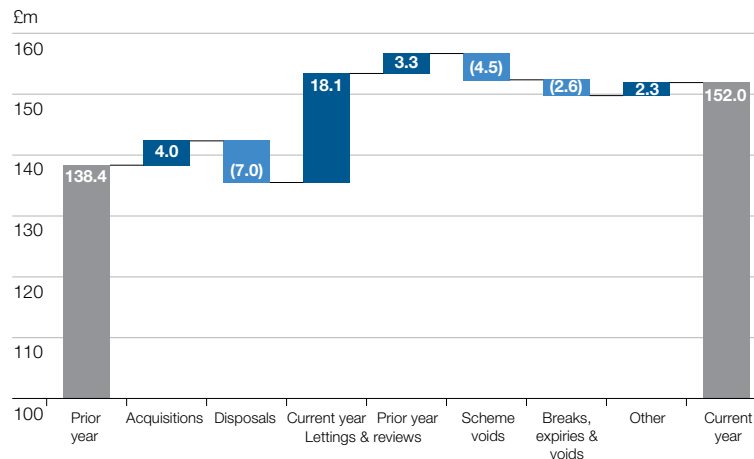
■ Lettings and reviews include:

1-2 Stephen Street W1	£4.1m
40 Chancery Lane WC2	£2.4m
Turnmill EC1	£2.2m
Angel Square EC1	£2.0m
Middlesex House W1	£1.1m

■ Scheme voids include:

80 Charlotte Street W1	£1.3m
The Copyright Building W1	£1.3m
Holden House W1	£1.1m

MOVEMENTS IN GROSS PROPERTY INCOME 2015



	2015 £m	2014 £m	Increase £m
Rental income	136.7	129.7	7.0
SIC15 lease incentives & IAS17 fixed uplifts	11.6	7.0	4.6
Gross rental income	148.3	136.7	11.6
Other property income ¹	3.7	1.7	2.0
Gross property income	152.0	138.4	13.6

¹ 2015: Compensation from contractors for lost rental income in connection with the late delivery of schemes

2014: Includes surrender premiums received net of write-off of lease incentive balances and rights of light receipts

PROPERTY OUTGOINGS, EPRA RENTAL INCOME AND COST RATIOS

PROPERTY OUTGOINGS

	2015 £m	2014 £m
Property outgoings	9.2	7.6
Ground rents	0.4	0.4
Surrender premiums paid	-	0.4
Dilapidation receipts	(0.7)	(0.2)
	8.9	8.2

→ Increase due to higher rent review fees, rates payable and capped service charge

EPRA COST RATIOS

	2015 %	2014 %
EPRA - including direct vacancy costs	24.3	24.2
EPRA - excluding direct vacancy costs	22.3	22.9
Portfolio cost ratio ¹	0.7	0.8

EPRA LIKE-FOR-LIKE RENTAL INCOME²

	Rental income Gross	Net	Net property income
Compared with 2014	5.0%	5.2%	4.4%

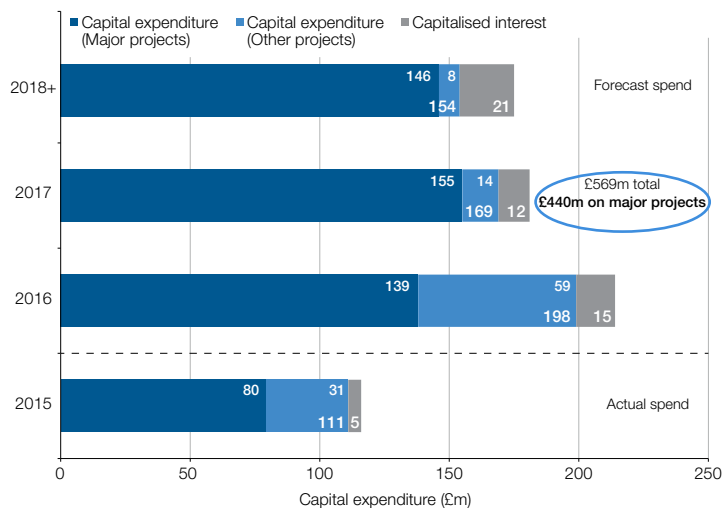
¹ EPRA costs including direct vacancy costs on an annualised basis as a percentage of portfolio fair value

² See Appendix 6 for detailed reconciliation of like-for-like rental income

CASH FLOW

- Decrease in net debt by £101.6m to £911.7m

FORECAST CAPITAL EXPENDITURE¹



NET CASH FLOW MOVEMENTS

	2015 £m	2014 £m	
Cash from operations	76.0	65.6	↑15.9%
Acquisitions	(246.2)	(92.4)	
Capex	(85.4)	(84.4)	
Disposal proceeds	277.2	121.2	
Dividends paid	(34.9)	(36.2)	
Other cash flow movements	(6.1)	(2.8)	
Increase in net borrowing	(50.4)	(57.8)	
Bond conversion	170.5	-	
Other non cash flow items	(18.5)	(6.3)	
Decrease/(increase) in net debt	101.6	(64.1)	

¹ Further details of forecast capital expenditure can be found in Appendix 29

PROFORMA IMPACT OF MAJOR SCHEMES

- Assumes no disposals and no further lettings other than those already contracted
- Shows impact of committed capital expenditure and schemes commencing

	Dec 2015	Committed capex ¹	Contracted income on schemes	Schemes commencing ²	Proforma
Gross property income	£152m		£16m	(£3m)	£165m
Net property income (adjusted)	£139m		£16m	(£21m)	£134m
Interest cost ³	£38m	£12m ⁴			£50m
Net interest cover ratio	362%				266%
Portfolio fair value	£4,954m	£468m			£5,422m
Drawn debt net of cash	£884m	£468m			£1,352m
Loan-to-value ratio	17.8%				24.9%

¹ £440m for major schemes plus £28m for The White Chapel Building and 20 Farringdon Road. See page 14 and Appendix 29

² Income lost and increase in void costs from schemes commencing ³ Annualised ⁴ Assuming a marginal interest rate of 2.5%

DEBT SUMMARY

- £175m of 2.75% convertible bonds 2016 redeemed early and converted into new ordinary shares in January 2015
- A new £75m unsecured and fully revolving facility arranged with Wells Fargo was partially drawn down in July 2015:
 - £90m secured facility with Wells Fargo cancelled and £70m debt repaid at the same time
 - As a result, uncharged properties increased from £3.0bn to £3.4bn and the overall cost of debt fell by 15-20bp
- Extended the Group's £550m unsecured revolving bank facility by 12 months to January 2021
- £105m long-term fixed rate unsecured US private placement funding signed on 19 February 2016:
 - £30m at 3.46% to May 2028
 - £75m at 3.57% to May 2031

	Dec 2015	Dec 2014
Total facilities	£1,161m	£1,351m
Net debt	£912m	£1,013m
Unutilised facilities	£262m	£321m
Percentage of unsecured debt	68%	65%
Uncharged properties	£3,709m	£2,718m
Uncharged properties % of portfolio	75%	65%
Percentage of non-bank debt	57%	66%
Gearing:		
LTV ratio	17.8%	24.0%
NAV	22.8%	32.9%
Net interest cover ratio	362%	286%

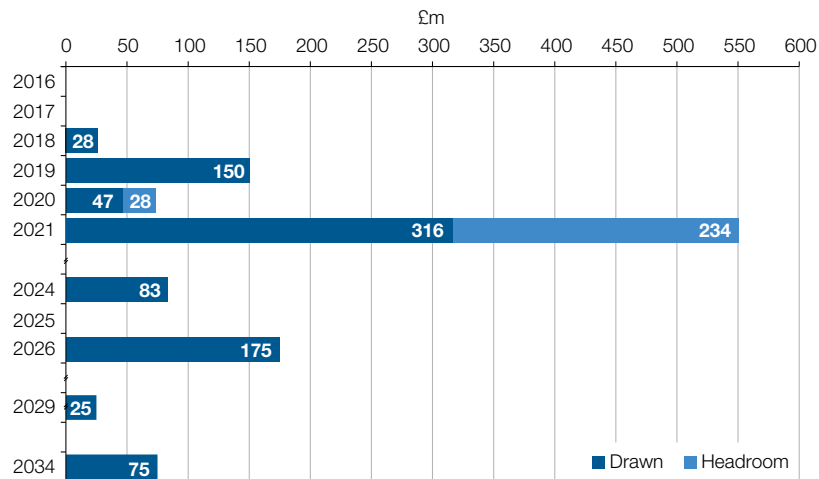
DEBT FACILITIES

	Dec 2015	Dec 2014
Average interest rate (spot) ¹	3.68%	3.78%
Average interest rate (spot) ²	3.93%	4.22%
Proportion of drawn facilities at fixed rate or hedged	85%	94%
Average maturity of facilities	6.8 years	6.2 years
Average maturity of borrowings	7.3 years	6.6 years

	Dec 2015	Dec 2014
Unsecured bank loans	£363m	£249m
Secured bank loans	£28m	£98m
Unsecured bonds and non-bank loans	£250m	£425m
Secured bonds and non-bank loans	£258m	£258m
Total facilities drawn	£899m	£1,030m

¹ Cash basis ² IFRS basis

MATURITY PROFILE OF DEBT FACILITIES



VALUATION AND PORTFOLIO ANALYSIS

Nigel George

VALUATION

Strong capital growth throughout 2015:

- Underlying 16.5% (2014: 20.4%, 2013: 12.6%)
- City Borders outperformed at 22.5% (2014: 26.3%)

Five developments delivered excellent performance:

- Valued at £457.5m (+31.5% in 2015):
 - Completed: 40 Chancery Lane WC2, Turnmill EC1 and 73 Charlotte Street W1
 - On site: White Collar Factory EC1, The Copyright Building W1

	Portfolio valuation £m	Joint venture valuation £m ¹	Total £m	H1 2015 valuation movement %	H2 2015 valuation movement %	Full year valuation movement %
West End	3,250.7	12.4	3,263.1	8.2	6.0	14.6
City Borders ²	1,336.4	21.6	1,358.0	11.1	10.5	22.5
Central London	4,587.1	34.0	4,621.1	9.0	7.3	16.8
Provincial	100.1	-	100.1	1.0	0.3	1.3
Underlying	4,687.2	34.0	4,721.2	8.8	7.1	16.5
Acquisitions	267.3	-	267.3	(0.5)	3.9	3.7
Investment portfolio	4,954.5	34.0	4,988.5	8.6	7.0	15.7

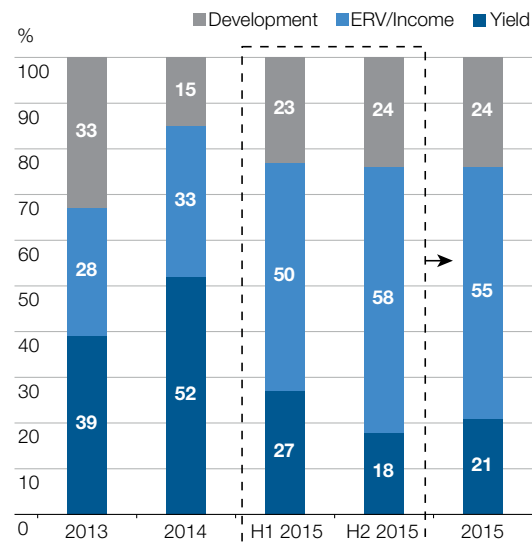
¹ 50% joint venture interests in 9 and 16 Prescott Street E1 and Porters North N1 ² Principally properties in the Tech Belt - Appendix 25

VALUATION PERFORMANCE AND DRIVERS

Our total property return was ahead of benchmarks:

■ Derwent London	19.9%	(2014: 25.1%)
■ IPD Central London Offices ¹	19.7%	(2014: 23.5%)
■ IPD All Property ¹	13.1%	(2014: 17.9%)

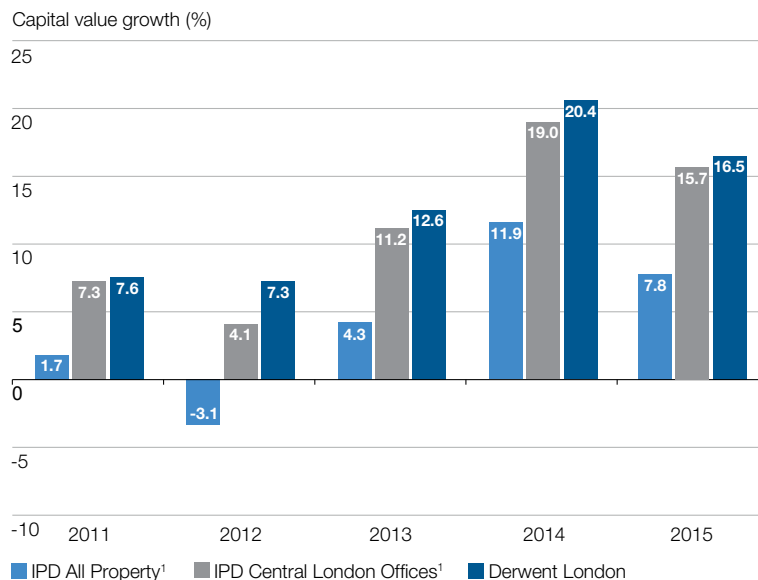
DRIVERS OF VALUATION SURPLUS



¹ Quarterly Index

Derwent London plc Annual Results 2015

VALUATION PERFORMANCE



RENTAL VALUE GROWTH

- Underlying rental growth of 11.8% in 2015:
- Highest growth in City Borders (Tech Belt) at 15.2% with 10.8% achieved in the West End
- Strong rental growth performance:

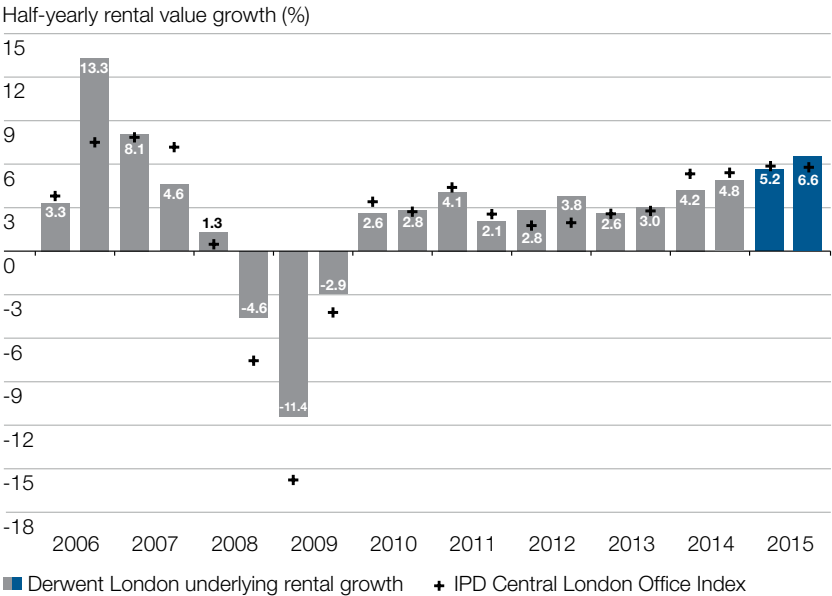
Tech Belt

- Tea Building 27.9%
- Angel Square 21.9%
- Morelands 16.3%

West End

- Middlesex House 20.2%
- Charlotte Building 15.5%

RENTAL VALUE GROWTH

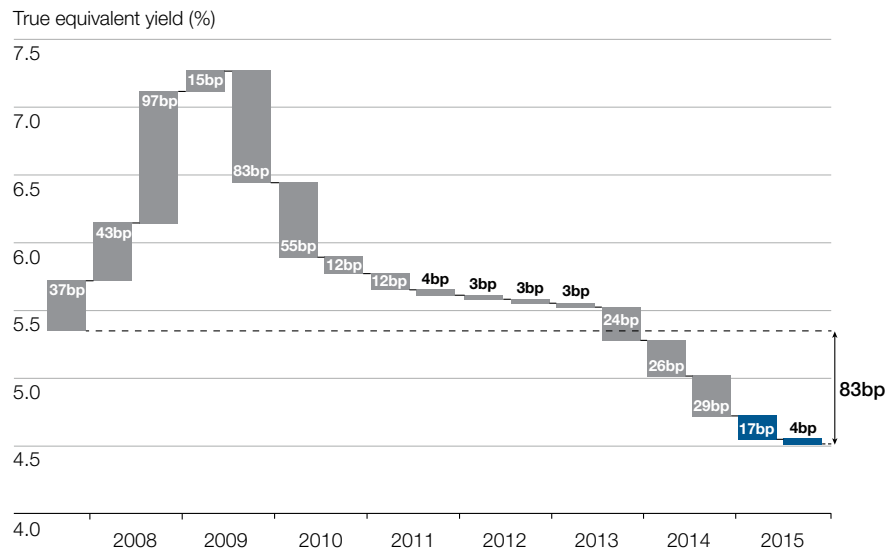


MOVEMENT IN YIELDS

EPRA yields

- Net initial yield 3.1% (Dec 2014: 3.4%):
 - 'Topped-up' net initial yield 3.8% (Dec 2014: 4.0%)
- True equivalent yield 4.52% (Dec 2014: 4.73%):
 - 21 basis points reduction in 2015
 - 83 basis points below previous cycle low
- Net reversionary yield 4.6% (Dec 2014: 4.9%)

TRUE EQUIVALENT YIELD MOVEMENT¹



¹ Post H2 2010 portfolio on an EPRA basis

CONTEXT TO YIELD MOVEMENT

- There is a spread of 256bp between true equivalent yield and 10-year Gilt:

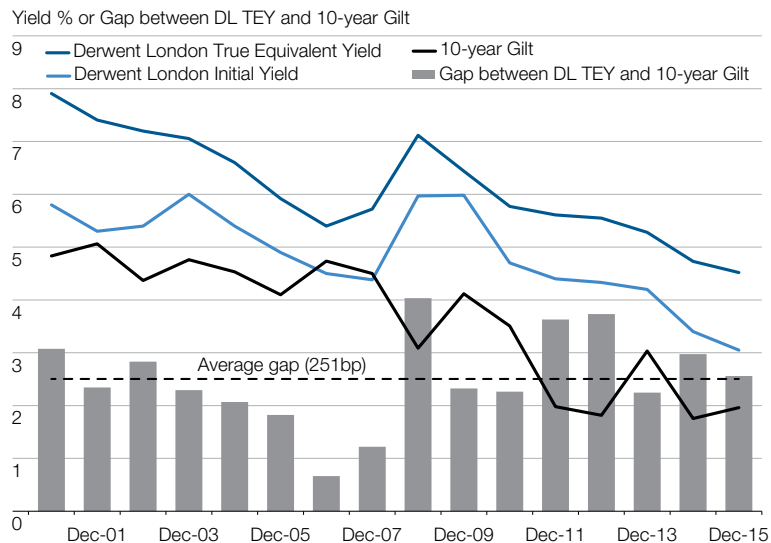
- A low interest rate rise horizon
- Positive rental growth outlook

- Undemanding capital values²:

- Central London £910 psf
- West End Central £1,015 psf
- Tech Belt £802 psf

- Average lease length increased to 7.0 years (Dec 2014: 6.6 years)

VALUATION YIELDS¹



¹ Post H2 2010 portfolio on an EPRA basis ² Excludes 1.0m sq ft of on-site developments - Appendix 29

PORTFOLIO INCOME POTENTIAL - REVERSION

- Net income of £137.1m with ERV of £278.1m

- Significant income potential of £141.0m¹:

- 25% (£35.5m) locked in, including:

1-2 Stephen Street	£5.4m
1 Page Street	£3.0m
40 Chancery Lane	£2.8m
White Collar Factory (pre-let)	£4.9m

- Available space to be occupied £2.4m:

- EPRA vacancy rate 1.3% (Dec 2014 4.1%)

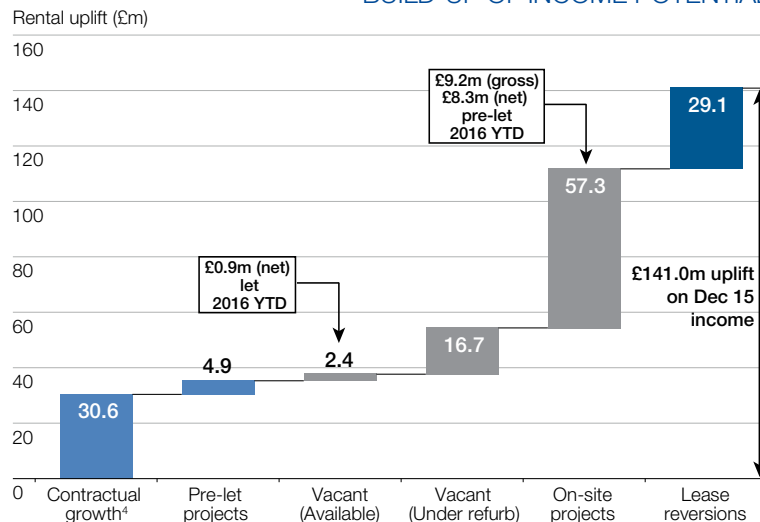
- Refurbishments of £16.7m - 2016 delivery:

The White Chapel Building	£9.5m
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- On-site projects vacant ERV (Dec 2015) of £57.3m (net):

	ERV	Delivery
White Collar Factory ²	£11.6m	2016
The Copyright Building ³	£7.0m	2017
80 Charlotte Street	£23.9m	2019
Brunel Building	£14.8m	2019

BUILD-UP OF INCOME POTENTIAL



¹ Requires additional capex of £569m as set out in Appendix 29

² Including 2015 pre-lets, total ERV £16.5m

³ 81% pre-let in Q1 2016

⁴ Under IFRS this is spread over the length of the leases

CENTRAL LONDON OFFICE RENTAL VALUES

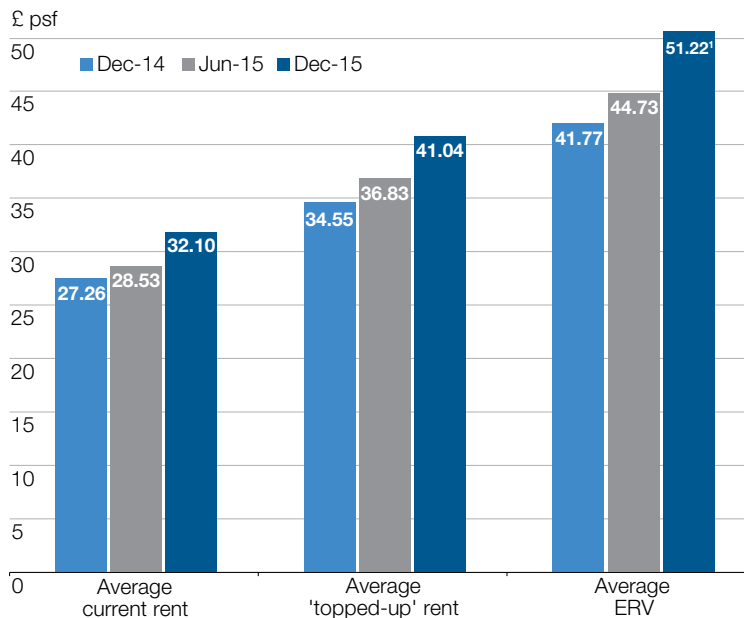
84% of portfolio income from central London offices:

- Potential to drive rents

'Topped-up' rents	2015	2014
<£30 psf	9%	18%
£30-£40 psf	18%	22%
£40-£50 psf	29%	31%
£50-£60 psf	32%	18%
>£60 psf	12%	11%

	'Topped-up' rent £ psf	ERV £ psf
Central London offices:	41.04	51.22
Core income	45.28	51.91
On-site projects	58.35	66.33
Potential projects	28.66	39.15

CENTRAL LONDON OFFICE RENT PROFILE



¹ Includes ERV of recently commenced schemes of 80 Charlotte Street and Brunel Building

PORTFOLIO SUMMARY

On site:

White Collar Factory EC1
The Copyright Building W1
80 Charlotte Street W1
Brunel Building W2

Consented:

1 Oxford Street W1
Monmouth House EC1
Balmoral Grove N7

Under appraisal:

Network Building W1
19-35 Baker Street W1
Premier House SW1
Holden House W1
20 Farringdon Road EC1
Angel Square EC1

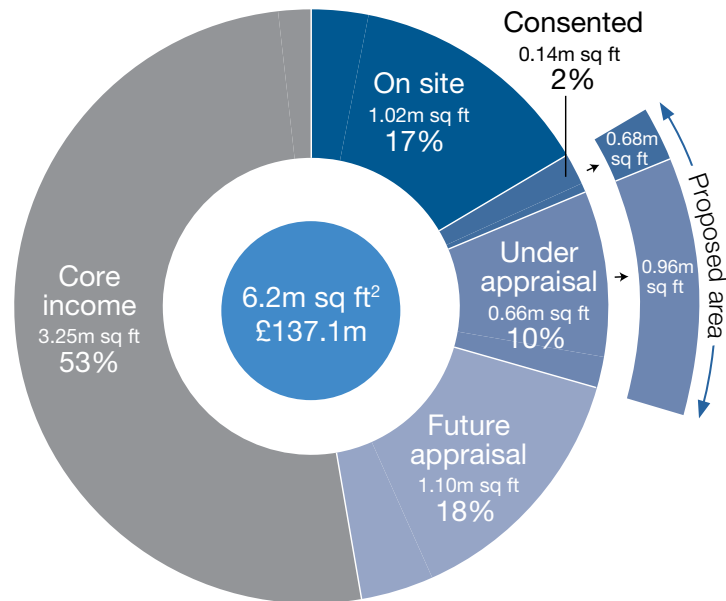
Future appraisal¹:

The White Chapel Building E1
Bush House WC2
19 Charterhouse Street EC1
Francis House SW1

Core income²:

Angel Building EC1
1 Oliver's Yard EC1
Tea Building E1
1-2 Stephen Street W1
Horseferry House SW1
Johnson Building EC1
8 Fitzroy Street W1
1 Page Street SW1
Qube W1
Greencoat & Gordon SW1
The Buckley Building EC1
Morelands EC1

Net income £m	Vacant ERV net		
	Available £m	Refurbishment £m	Development £m
(0.3)	-	-	57.3
2.1	-	0.3	-
17.6	0.6	4.5	-
13.0	-	9.5	-
104.7	1.8	2.4	-
137.1	2.4	16.7	57.3



¹ Principal properties ² Comprises 5.2m sq ft of existing buildings plus 1.0m sq ft of on-site developments

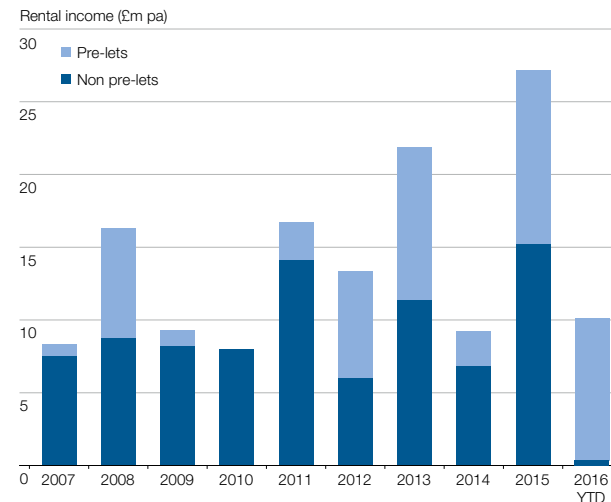
PORTFOLIO MANAGEMENT

Paul Williams

LETTINGS HIGHLIGHTS

- A record year for letting activity:
 - £27.1m pa of income
 - 523,800 sq ft
 - 79 transactions
- Strong performance against ERV:
 - 10.8% above Dec 2014 ERV
 - 14.3% above for open market transactions
 - H2 lettings: +22.3% on Dec 2014 ERV and +12.9% on Jun 2015 ERV
- A strong start to 2016 with 132,300 sq ft let at a rent of £10.1m pa (gross) / £9.2m pa (net):
 - £7.4m pa (gross) to Capita at The Copyright Building W1
 - £1.8m pa to Adobe at White Collar Factory EC1
- EPRA vacancy rate decreased from 4.1% at the start of 2015 to 1.3% at year end

LETTING ACTIVITY



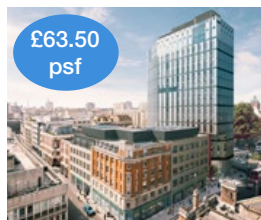
LETTING PERFORMANCE

	Let		Performance against Dec 14 ERV	
	Area sq ft	Income £m pa	Open market	Overall
H1	322,600	16.4	9.3%	4.3%
H2	201,200	10.7	21.2%	22.3%
2015	523,800	27.1	14.3%	10.8%

CAPTURING THE REVERSION ACROSS THE PORTFOLIO

A number of lettings in 2015/2016 have raised the rental tone of properties across central London:

OLD STREET



White Collar Factory EC1

- Adobe
- 28,600 sq ft
- £70 psf minimum uplift

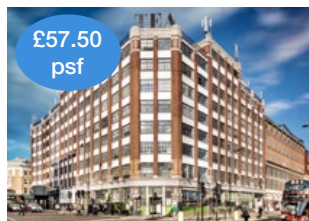
CLERKENWELL



20 Farringdon Road EC1

- Moo Print
- 33,500 sq ft
- £49.50 psf minimum uplift

SHOREDITCH



Tea Building E1

- Transferwise
- 23,950 sq ft

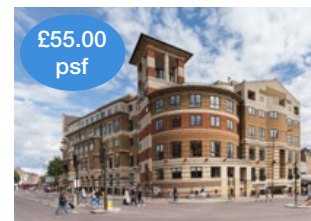
CLERKENWELL



Morelands EC1

- Spark44
- 5,370 sq ft
- £60 psf minimum uplift

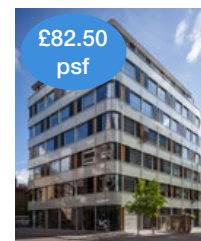
ISLINGTON



Angel Square EC1

- DrEd
- 4,740 sq ft

FITZROVIA



Charlotte Building W1

- Kingston Smith
- 5,960 sq ft
- £85 psf minimum uplift

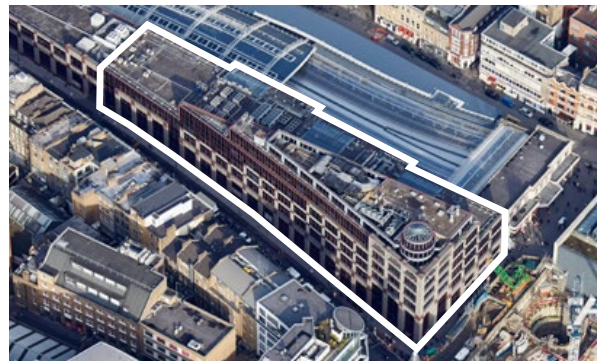
LETTING PROGRESS ON OUR RECENT ACQUISITIONS

Angel Square EC1



- 126,900 sq ft - acquired in Q4 2014
- Light touch refurbishment undertaken (Capex £6m)
- 100% let or under offer:
 - 109,000 sq ft of pre-lets - Expedia (57,600 sq ft), The Office Group (40,700 sq ft) and three other tenants
 - 8,000 sq ft renewed / retained
 - 9,900 sq ft under offer
 - Rents range from £35 - £55 psf
- Acquisition income doubled to £4.8m¹

20 Farringdon Road EC1



- 170,600 sq ft - acquired in Q1 2015
- 25,700 sq ft ground floor re-let at £42.50 psf / £1.1m pa - previous income of £2 pa (peppercorn)
- 88,000 sq ft refurbishment underway with completion in Q4 2016 (Capex £11m):
 - 33,500 sq ft let at £1.5m pa / £45 psf
 - 54,500 sq ft to let at ERV £2.6m pa / c.£50 psf
- £3.2m pa (net) income on acquisition
- £6.5m pa ERV (net)

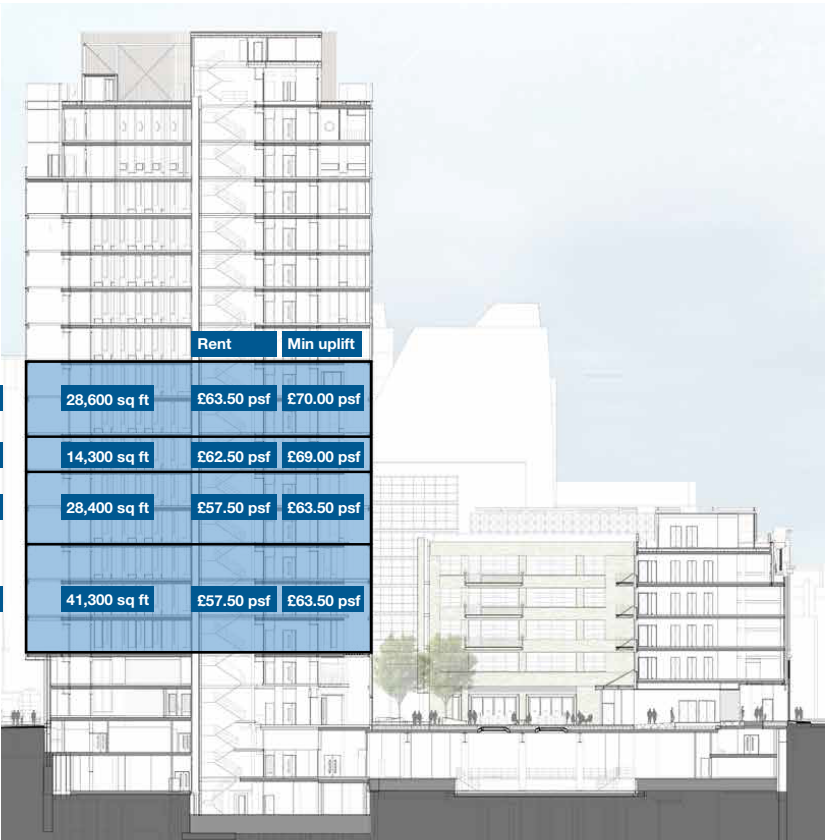
¹ After expiry of rent free periods and assuming under offer completes

PRE-LETTING OUR DEVELOPMENT PIPELINE

White Collar Factory EC1

- 293,000 sq ft development (ERV £16.5m):
 - 112,600 sq ft pre-let (38%):
 - £6.7m pa rental income
 - In negotiations on further lettings
- Completes Q4 2016

Q1 2016	Adobe	£1.8m pa
Q3 2015	BGL	£0.9m pa
Q3 2015	AKT II	£1.6m pa
Q2 2015	The Office Group	£2.4m pa



PRE-LETTING OUR DEVELOPMENT PIPELINE

The Copyright Building, 30 Berners Street W1

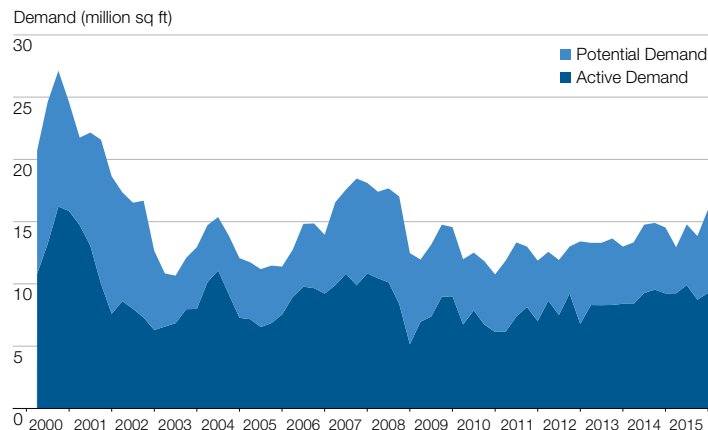
- 107,150 sq ft office and retail development
- Office element of 87,150 sq ft pre-let to Capita:
 - 20-year lease, no breaks
 - Rental incentives equate to 34 months rent free
 - £7.4m pa gross rent (£6.5m pa net)
 - £86 psf average office rent
- To facilitate Capita's back-to-back move to The Copyright Building, the Group has made a payment to their landlord to extend their lease
- Scheme completes H2 2017
- 20,000 sq ft of retail to be let



ACTIVE DEMAND IN THE MARKET

- Total occupier demand for central London offices stood at 16.0m sq ft at the year end:
 - Up from 14.5m sq ft at the start of 2015
 - 7% higher than the long-term average
- Active demand increased from 8.7 to 9.3m sq ft over Q4:
 - Broadly the same as a year ago (9.2m sq ft)
 - 5% above the long-term average

OCCUPIER DEMAND



Source: JLL

- Large active requirements from a wide range of occupiers:

McKinsey&Company

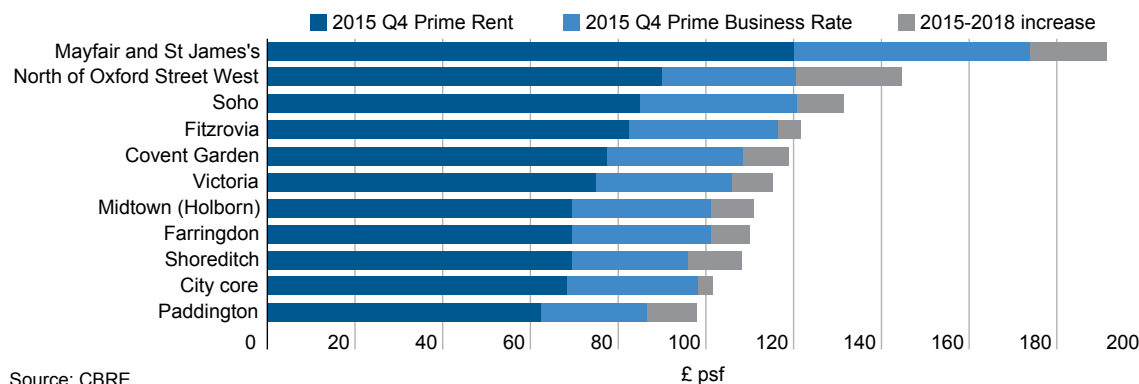


L'ORÉAL®



BUSINESS RATES

- 1 April 2017 - implementation of business rates revaluation, based on rental values at 1 April 2015
- CBRE expects London to see the greatest rate rise:
 - A 40% increase on prime offices, equating to a 10.8% rise in occupancy cost (rent plus rates)
- 81% of our portfolio falls within a recent CBRE rates study. Of which:
 - 85% below average increase: 4.4% Fitzrovia (36% of Derwent London portfolio), 8.6% Farringdon, 8.8% Soho, 8.8% Victoria and 9.6% Midtown
 - 15% above average increase: 19.9% North of Oxford Street West, 13.1% Paddington and 12.8% Shoreditch



Source: CBRE

PROJECTS

Simon Silver

DELIVERING OUR PIPELINE

Developments

- 226,000 sq ft completed in 2015:
 - Turnmill EC1 - Q1
 - Tottenham Court Walk W1 - Q2
 - 40 Chancery Lane WC2 - Q3
 - 73 Charlotte Street W1 - Q3
- 1,018,000 sq ft on site:
 - White Collar Factory EC1
 - The Copyright Building W1
 - 80 Charlotte Street W1
 - Brunel Building W2
- 680,000 sq ft of planning consents:
 - 1 Oxford Street W1
 - Monmouth House EC1
 - Balmoral Grove N7

Refurbishments

- 270,000 sq ft at The White Chapel Building E1

40 Chancery Lane WC2



2015 COMPLETIONS

Four schemes totalling 226,000 sq ft completed over the year:



Turnmill EC1

- 70,500 sq ft office and retail
- Tenants: Publicis Groupe, Sosharu, Albion
- Rental income: £3.5m pa



Tottenham Court Walk W1

- 38,000 sq ft retail
- Tenants: DF Mexico, Hotel Chocolat, Leon, Marie Claire, Oasis, Planet Organic, T2 and Waterstones
- Rental income: £2.2m pa



40 Chancery Lane WC2

- 102,000 sq ft office and retail
- Tenant: Publicis Groupe
- Rental income: £4.8m pa (net)



73 Charlotte Street W1

- 15,500 sq ft residential and office
- Tenant: Coda Post Production (office)
- Rental income: £0.1m pa

2016 COMPLETION: WHITE COLLAR FACTORY EC1

- 293,000 sq ft scheme due to complete in Q4 2016:
 - 237,000 sq ft 16-storey office tower
 - Additional office campus, restaurants, residential and a new public square
- 38% pre-let
- Capex to complete £62m



2017 COMPLETION: THE COPYRIGHT BUILDING W1

- 107,150 sq ft development:
 - 87,150 sq ft of offices, including reception (100% pre-let)
 - 20,000 sq ft of retail (to let)
- ERV £7.0m (net)
- Capex to complete £49m
- Completion H2 2017



RECENT START: 80 CHARLOTTE STREET W1

- Commenced 380,000 sq ft development in H2 2015:
 - 321,000 sq ft offices
 - 45,000 sq ft residential
 - 14,000 sq ft retail
- ERV £23.9m – Offices c.£75 psf
- Capex to complete £207m
- Completion H1 2019



RECENT START: BRUNEL BUILDING W2

- Commenced 240,000 sq ft office development in January 2016
- ERV £14.8m (net) - Offices c.£62.50 psf
- Capex to complete £122m
- Completion H1 2019



ADDING VALUE THROUGH THE PLANNING PROCESS: MONMOUTH HOUSE EC1



Existing:

- Two buildings totalling 69,000 sq ft **1**
- Rental income of £1.7m pa
- Opposite our ownerships of White Collar Factory **2** and 1 Oliver's Yard **3**



Proposed:

- Resolution to grant planning permission obtained in February 2016 for a 125,000 sq ft office development
- 81% floor area uplift
- Scheme could commence in 2019

ADDING VALUE THROUGH THE PLANNING PROCESS: 1 OXFORD STREET W1

- Agreement signed in July 2015 with Crossrail for a new 150-year lease
- We have paid £2m and Crossrail will receive a further £5m on release of the site, with the residual £48m paid on practical completion:
 - Crossrail will also receive a 5% ground rent and 16% of development profit
- Two striking buildings positioned above the Tottenham Court Road Crossrail and London Underground Station:
 - 204,000 sq ft offices
 - 37,000 sq ft retail
 - 34,000 sq ft theatre
 - New public realm to link Charing Cross Road and Soho Square
- Scheme could start in Q1 2018
- One of the best redevelopment sites along the Crossrail route



INVESTMENT ACTIVITY

David Silverman

PRINCIPAL ACQUISITIONS IN 2015

Property	Date	Area sq ft	Total cost £m	£ psf	Net yield %	Net rental income £m	£ psf	Lease length years
20 Farringdon Road EC1	Q1	170,600	92.7	545	3.5	3.2	27 ¹	2
50 Oxford Street W1 ²	Q3	6,050	14.5	2,395	2.6	0.4	74	3
The White Chapel Building E1 ³	Q4	255,000	139.3	545	-	-	-	-
Total		431,650	246.5	570	-	3.6	-	-



20 FARRINGDON ROAD EC1



50 OXFORD STREET W1

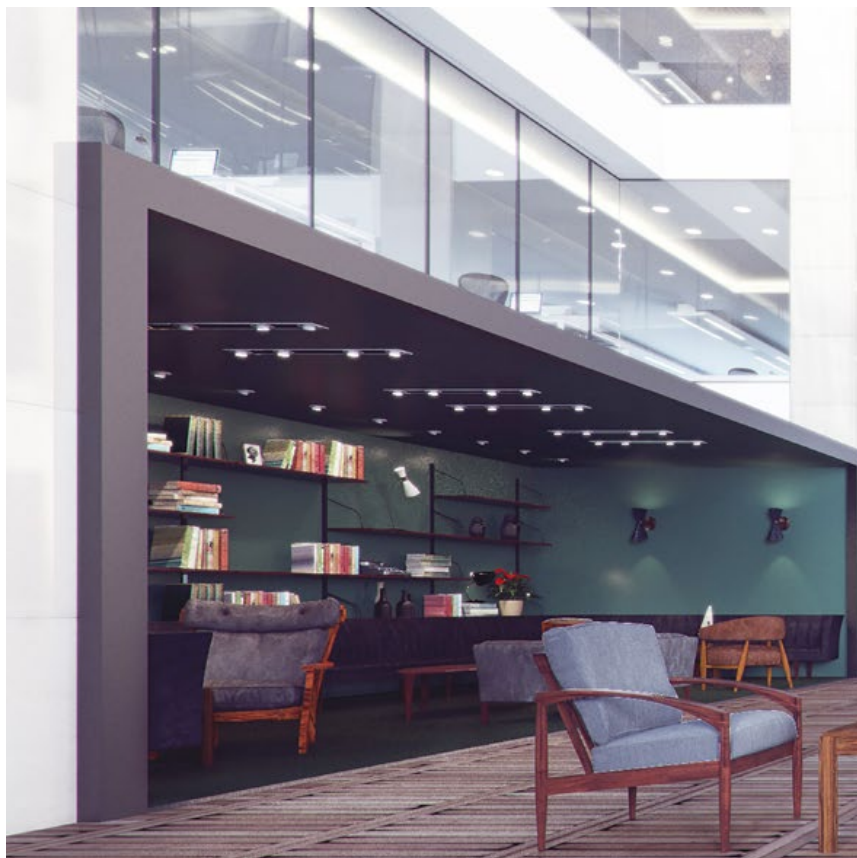


THE WHITE CHAPEL BUILDING E1

¹ Excluded 26,200 sq ft ground floor offices let at a peppercorn rent ² Includes 36-38 and 42-44 Hanway Street W1

³ Previously known as Aldgate Union. Excludes 30,500 sq ft lower ground floor that completed in Q1 2016

ACQUISITION: THE WHITE CHAPEL BUILDING E1



- 255,000 sq ft office acquired in Dec 2015
- Rebranded from Aldgate Union
- Light touch refurbishment underway with a capex of £18m:
 - ERV of £9.5m
- Further 30,500 sq ft lower ground floor acquired in Jan 2016 for £12.0m after costs



CREATING A NEW DESTINATION: THE WHITE CHAPEL BUILDING

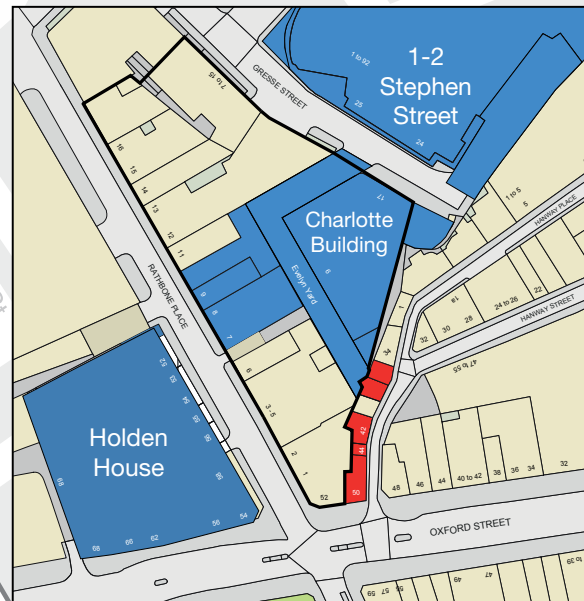
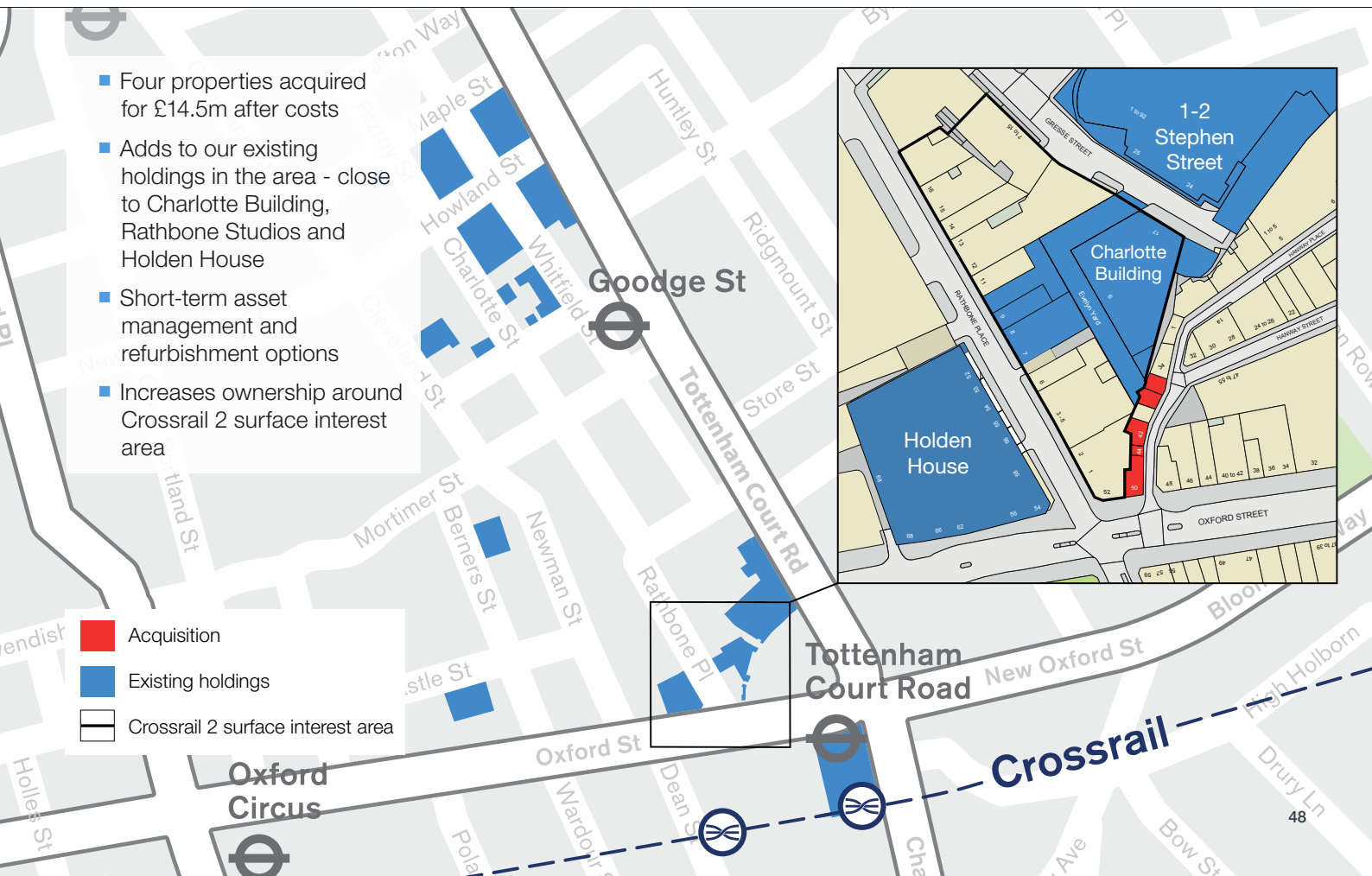
- Phase 1 (200,000 sq ft) - Remodelled and enlarged reception area, refurbishment of floors 1-7 and introduction of a number of new amenities:
 - ERV £45 psf
 - Delivery Q4 2016
- Phase 2 (70,000 sq ft) - Integration of ground and lower ground floors following additional acquisition



ACQUISITION: 50 OXFORD STREET W1

- Four properties acquired for £14.5m after costs
- Adds to our existing holdings in the area - close to Charlotte Building, Rathbone Studios and Holden House
- Short-term asset management and refurbishment options
- Increases ownership around Crossrail 2 surface interest area

- Acquisition
- Existing holdings
- Crossrail 2 surface interest area



PRINCIPAL INVESTMENT DISPOSALS

Recycling capital - six principal properties sold in 2015 for £247.8m after costs:

- Rental income of £9.2m pa

Property	Date	Area sq ft	Net proceeds		Net yield to purchaser %	Net surplus Dec 2014 %
			£m	£ psf		
22 Kingsway WC2	Q1	91,400	64.1	700	4.4	(2)
Mark Square House EC2	Q1	61,700	31.9	515	4.4	0
9 and 16 Prescott Street E1 (50% interest)	Q1	53,700 ¹	18.7 ¹	350	3.2	3
Davidson Building WC2	Q4	43,100	65.4	1,520	3.9	21
Wedge House, 40 Blackfriars Road SE1	Q4	38,700	33.0	855	-	86
Portobello Dock W10	Q4	52,600	34.7	660	3.6	54
		341,200	247.8	725	3.5	18.4

- The Corner House W1 (part of 73 Charlotte Street) and Queens W2 - £23.7m of apartments sold in 2015:
 - Since year end, three apartments sold at £6.1m, only two remain at The Corner House

¹ Joint venture

DISPOSALS: H2 2015



DAVIDSON BUILDING WC2

- £65.4m after costs
- 43,100 sq ft offices / retail
- Four floors recently refurbished and let to high quality tenants in 2015 at £72.50 - £80 psf
- Limited scope for further added value



PORTOBELLO DOCK W10

- £34.7m after costs
- 52,600 sq ft mixed-use scheme that completed in 2008
- Fully let with tenants including Innocent Drinks and Tom Dixon
- Planning permission granted to convert a 10,900 sq ft office to residential



WEDGE HOUSE SE1

- £33.0m after costs
- 38,700 sq ft vacant offices
- Planning permission for a 110,000 sq ft hotel and office scheme
- Derwent London retained as development manager during the construction

SUMMARY

John Burns

SUMMARY

Our market

- London economic growth slowing
- ERV growth estimate of 5-8% in 2016 for our portfolio
- Low valuation yields supported by low interest rates:
 - Expected to remain firm in 2016

Derwent London

- Significant reversionary potential of £141.0m pa:
 - 25% contractual - now 32%
 - 52% from developments/refurbishments
- £10.1m pa of new lettings captured in 2016 YTD
- Strong financial base:
 - Enhanced by USPP raising £105m



APPENDICES

APPENDICES

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APPENDIX 1 - GROUP BALANCE SHEET

	Dec 2015 £m	Dec 2014 £m
Investment property	4,832.3	4,041.0
Owner-occupied property	36.1	24.8
Investments in joint ventures	30.7	7.4
Other non-current assets	94.8	81.3
	4,993.9	4,154.5
Other current assets and liabilities	(73.7)	(58.4)
Trading property	10.5	24.0
Cash and cash equivalents	6.5	14.8
Financial liabilities - current	-	(170.5)
	(56.7)	(190.1)
Financial liabilities - non-current	(918.2)	(857.6)
Other non-current liabilities	(23.6)	(31.1)
	(941.8)	(888.7)
Total net assets	3,995.4	3,075.7
Non-controlling interest	(72.9)	(63.5)
Attributable to equity shareholders	3,922.5	3,012.2

APPENDIX 2 - NET ASSET VALUE PER SHARE

	£m	Dec 2015 Diluted p	£m	Dec 2014 Diluted p
Net assets attributable to equity shareholders	3,922.5		3,012.2	
Conversion of unsecured convertible bonds	140.2		170.5	
Net assets for diluted NAV	4,062.7	3,501	3,182.7	2,864
Revaluation of trading properties	1.4		4.1	
Fair value of secured bonds	(27.2)		(36.4)	
Fair value of unsecured bonds	-		(14.2)	
Fair value of fixed rate secured loan	(0.3)		(1.1)	
Fair value of fixed rate unsecured private placement notes	(9.1)		(11.1)	
Unamortised issue and arrangement costs	(8.7)		(11.9)	
EPRA triple NAV	4,018.8	3,463	3,112.1	2,800
Fair value of bonds and costs	45.3		74.7	
Deferred tax on revaluation surplus	8.7		7.2	
Fair value of derivatives	17.6		25.2	
Fair value adjustment to secured bonds on acquisition less amortisation	15.0		16.0	
Non-controlling interest in respect of the above	(3.7)		(3.2)	
EPRA NAV	4,101.7	3,535	3,232.0	2,908

APPENDIX 3 - GROUP INCOME STATEMENT

			Year ended Dec 2015 £m		Year ended Dec 2014 £m
Gross property income			152.0		138.4
Profit on disposal of trading properties			3.2		3.9
Other income less other costs			2.3		2.0
Property outgoings			(8.9)		(8.2)
Net property and other income			148.6		136.1
Total administrative expenses	Admin expenses (30.0)			(28.1)	
	Cash-settled options -		↔ (30.0)	↔ (0.3)	↔ (28.4)
Revaluation surplus	H1 339.8			316.7	
	H2 310.2		↔ 650.0	↔ 350.4	↔ 667.1
Profit on disposals	Property Investment 40.2			28.2	
	-		↔ 40.2	↔ 2.0	↔ 30.2
Net finance costs			(34.8)		(42.4)
Loan issue costs write-off			(0.3)		-
Joint venture (JV) results	JV revaluation 3.6			1.9	
	Other JV profit 1.0		↔ 4.6	↔ 0.6	↔ 2.5
Derivatives fair value adjustment			7.6		(9.4)
Financial derivative termination costs			(6.4)		(2.0)
IFRS profit before tax¹			779.5		753.7
Tax charge			(2.3)		(3.9)
IFRS profit for the year			777.2		749.8

¹ A reconciliation of the IFRS profit before tax to the EPRA profit before tax is shown in Appendix 4

APPENDIX 4 - RECONCILIATION OF IFRS AND EPRA PROFITS

Reconciliation of IFRS profit before tax to EPRA profit before tax

	Year ended Dec 2015 £m	Year ended Dec 2014 £m
IFRS profit before tax	779.5	753.7
Revaluation surplus	(650.0)	(667.1)
Joint venture revaluation surplus	(3.6)	(1.9)
Profit on disposal of properties and investments	(40.2)	(30.2)
Profit on disposal of trading properties	(3.2)	(3.9)
Derivatives fair value adjustment	(7.6)	9.4
Financial derivative termination costs	6.4	2.0
Loan arrangement costs written off	0.3	-
Movement in cash-settled share options	-	0.3
EPRA profit before tax	81.6	62.3

APPENDIX 5 - EXPLANATION OF EPRA ADJUSTMENTS

	2015 IFRS £m	Adjustments			2015 EPRA £m	2014 EPRA £m
		A £m	B £m	C £m		
Net property and other income	148.6	(3.2)			145.4	132.2
Total administrative expenses	(30.0)				(30.0)	(28.1)
Revaluation surplus	650.0		(650.0)		-	-
Profit on disposal of investment property	40.2	(40.2)			-	-
Net finance costs	(35.1)			0.3	(34.8)	(42.4)
Derivatives fair value adjustment	7.6			(7.6)	-	-
Financial derivative termination costs	(6.4)			6.4	-	-
Share of results of joint ventures	4.6		(3.6)		1.0	0.6
Profit before tax	779.5	(43.4)	(653.6)	(0.9)	81.6	62.3
Tax charge	(2.3)		1.4		(0.9)	(1.7)
Profit for the year	777.2	(43.4)	(652.2)	(0.9)	80.7	60.6
Non-controlling interest	(11.0)	0.4	8.4	0.2	(2.0)	(2.0)
Profit for the year attributable to equity shareholders	766.2	(43.0)	(643.8)	(0.7)	78.7	58.6
Earnings per share	694.53p				71.34p	57.08p

A – Disposal of investment and trading property and associated deferred tax and non-controlling interest

B – Revaluation surplus on investment property and in joint ventures and associated deferred tax and non-controlling interest

C – Loan issue costs written off, fair value movement and termination costs relating to derivative financial instruments and associated non-controlling interest

APPENDIX 6 - EPRA LIKE-FOR-LIKE RENTAL INCOME

	Properties owned throughout the year £m	Acquisitions £m	Disposals £m	Development property £m	Total £m
2015					
Rental income	114.9	6.4	3.5	23.5	148.3
Property expenditure	(4.5)	(0.5)	(0.8)	(3.8)	(9.6)
Net rental income	110.4	5.9	2.7	19.7	138.7
Profit on disposal of trading properties	-	-	3.2	-	3.2
Other ¹	2.7	-	0.6	3.4	6.7
Net property income	113.1	5.9	6.5	23.1	148.6
2014					
Rental income	109.4	0.4	9.7	17.2	136.7
Property expenditure	(4.5)	-	(0.7)	(2.8)	(8.0)
Net rental income	104.9	0.4	9.0	14.4	128.7
Profit on disposal of trading properties	-	-	3.9	-	3.9
Other ¹	3.4	-	-	0.1	3.5
Net property income	108.3	0.4	12.9	14.5	136.1
Increase based on gross rental income	5.0%				8.5%
Increase based on net rental income	5.2%				7.8%
Increase based on net property income	4.4%				9.2%

¹ Includes surrender premiums paid or received, dilapidation receipts and other income

APPENDIX 7 - DEBT FACILITIES

	£m	£m	Maturity
6.5% secured bonds		175	March 2026
3.99% secured loan		83	October 2024
1.125% unsecured convertible bonds		150	July 2019
4.41% unsecured private placement notes		25	January 2029
4.68% unsecured private placement notes		75	January 2034
Committed bank facilities			
Term - secured	28		June 2018
Bilateral revolving credit - unsecured	75		July 2020
Club revolving credit - unsecured	550		January 2021
		653	
At 31 December 2015		1,161	

- £105m of unsecured fixed rate US private placement funding was signed on 19 February 2016:
 - £30m at 3.46% to May 2028
 - £75m at 3.57% to May 2031

APPENDIX 8 - NET DEBT

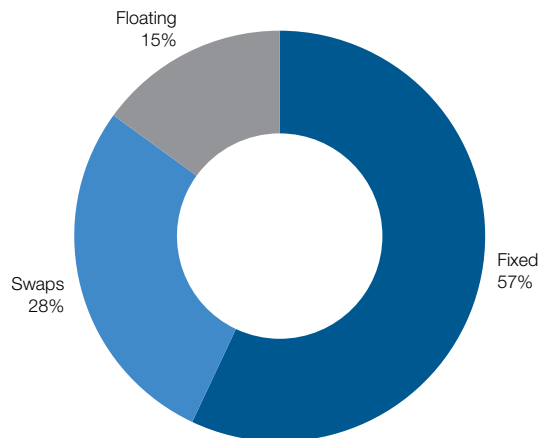
	Dec 2015 £m	Dec 2014 £m
Financial liabilities - current	-	170.5
Financial liabilities - due after more than 1 year	918.2	857.6
Acquired fair value of secured bonds less amortisation	(15.0)	(16.0)
Equity component of unsecured bonds	12.6	22.3
Unwinding of discount of unsecured bonds	(4.9)	(9.4)
Unamortised issue and arrangement costs	10.8	13.3
Leasehold liabilities	(23.2)	(8.3)
Facilities - drawn	898.5	1,030.0
Facilities - undrawn	262.5	321.0
Total debt facilities	1,161.0	1,351.0

	Dec 2015 £m	Dec 2014 £m
Financial liabilities	918.2	1,028.1
Cash and cash equivalents	(6.5)	(14.8)
Net debt	911.7	1,013.3

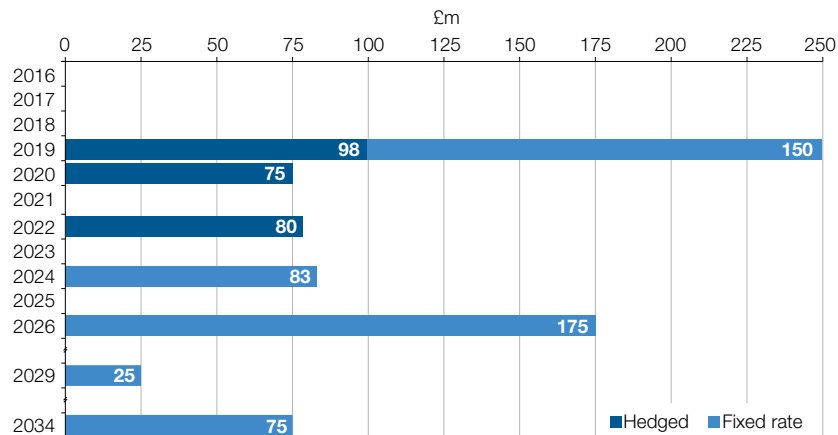
APPENDIX 9 - FIXED RATES AND HEDGING

	Dec 2015	Dec 2014
Proportion of drawn facilities at fixed rates or hedged via swaps	85%	94%
Weighted average duration of swaps ¹	4.6 years	4.0 years
Mark-to-market cost of swaps	£17.6m	£25.2m
Weighted average duration of fixed rate instruments	9.3 years	7.7 years

PROFORMA HEDGING PROFILE



MATURITY PROFILE OF FIXED RATES AND SWAPS¹



¹ Excludes £70m forward start swap from March 2016 to March 2020

APPENDIX 10 - VALUATION PERFORMANCE BY VILLAGE

	Valuation Dec 2015 £m	Weighting Dec 2015 %	Valuation movement 2015 ¹ %
West End Central			
Fitzrovia ²	1,779.0	36	14.8
Victoria	576.6	12	15.1
Baker Street/Marylebone	203.8	4	11.9
Soho/Covent Garden	105.6	2	9.3
Mayfair	86.0	2	2.7
Paddington	67.0	1	6.3
	2,818.0	57	13.8
West End Borders			
Islington/Camden	471.0	9	19.8
West End	3,289.0	66	14.6
City Borders			
Clerkenwell	550.8	11	16.5
Old Street	397.4	8	35.4
Shoreditch/Whitechapel	353.7	7	24.8
Holborn	294.7	6	15.2
Other	2.8	-	9.1
	1,599.4	32	22.5
Central London	4,888.4	98	16.8
Provincial	100.1	2	1.3
Investment portfolio	4,988.5	100	16.5

¹ Underlying - properties held throughout the period ² Includes Euston and North of Oxford Street

APPENDIX 11 - RENTAL VALUE GROWTH

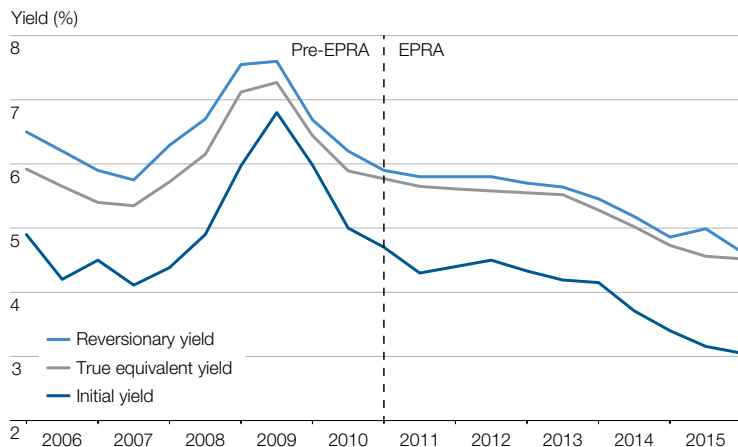
RENTAL VALUE GROWTH¹

	2014 %	H1 2015 %	H2 2015 %	2015 %
West End	8.4	5.0	5.8	10.8
City Borders	11.3	6.3	8.9	15.2
Central London	9.2	5.3	6.7	12.0
Provincial	3.8	2.9	0.4	3.3
Underlying	9.0	5.2	6.6	11.8

¹ On EPRA portfolio

APPENDIX 12 - VALUATION YIELDS

YIELD PROFILE¹



EPRA INITIAL YIELDS

	Net initial yield %	'Topped-up' initial yield %
West End	3.1	3.6
City Borders	2.9	3.8
Central London	3.0	3.7
Provincial	6.1	6.1
EPRA portfolio	3.1	3.8

TRUE EQUIVALENT YIELDS²

	Dec 2014 %	H1 2015 movement basis points	Jun 2015 %	H2 2015 movement basis points	Dec 2015 %
West End	4.57	(14)	4.43	(5)	4.38
City Borders	5.00	(22)	4.78	(8)	4.70
Central London	4.69	(17)	4.52	(4)	4.48
Provincial	6.45	(8)	6.37	(5)	6.32
Underlying	4.73	(17)	4.56	(4)	4.52

¹ Six-monthly data ² On EPRA portfolio

APPENDIX 13 - PORTFOLIO STATISTICS BY VILLAGE

	Valuation £m	Weighting %	Floor area ¹ '000 sq ft	Vacant floor area '000 sq ft	Net contracted rental income £m pa	Average rental income £ psf	Vacant space rental value £m pa	Rent review/ lease renewal reversion £m pa	Total reversion £m pa	Estimated rental value £m pa
West End Central										
Fitzrovia ²	1,779.0	36	1,952	560	46.7	24.22	35.5	17.6	53.1	99.8
Victoria	576.6	12	588	44	17.5	32.26	1.0	8.0	9.0	26.5
Baker Street/Marylebone	203.8	4	198	1	7.7	39.40	0.1	2.0	2.1	9.8
Soho/Covent Garden	105.6	2	161	-	2.7	16.67	-	0.4	0.4	3.1
Mayfair	86.0	2	42	1	1.3	31.51 ³	-	2.1	2.1	3.4
Paddington	67.0	1	252	242	-	26.43	14.8	0.2	15.0	15.0
	2,818.0	57	3,193	848	75.9	32.78	51.4	30.3	81.7	157.6
West End Borders										
Islington/Camden	471.0	9	584	45	17.7	32.93	0.8	5.6	6.4	24.1
	471.0	9	584	45	17.7	32.93	0.8	5.6	6.4	24.1
West End	3,289.0	66	3,777	893	93.6	32.81	52.2	35.9	88.1	181.7
City Borders										
Clerkenwell	550.8	11	652	55	15.3	26.31	2.4	10.6	13.0	28.3
Old Street	397.4	8	548	210	6.9	20.36	11.6	8.1	19.7	26.6
Shoreditch/Whitechapel	353.7	7	558	261	7.3	24.60	10.2	4.7	14.9	22.2
Holborn	294.7	6	293	-	9.0	32.32	-	5.0	5.0	14.0
Other	2.8	-	1	1	-	-	-	-	-	-
City Borders	1,599.4	32	2,052	527	38.5	25.81	24.2	28.4	52.6	91.1
Central London	4,888.4	98	5,829	1,420	132.1	30.38	76.4	64.3	140.7	272.8
Provincial	100.1	2	340	4	5.0	14.80	-	0.3	0.3	5.3
Investment portfolio	4,988.5	100	6,169	1,424	137.1	29.28	76.4	64.6	141.0	278.1

¹ Includes 1.0m sq ft of on-site developments ² Includes Euston and North of Oxford Street

³ If owner occupied area (part 25 Savile Row W1) is excluded the average rental income is £54.75 psf

APPENDIX 14 - PORTFOLIO INCOME POTENTIAL - REVERSION

	£m	Rent uplift pa £m	Rent pa £m
Contracted rental income at Dec 2015, net of ground rents			137.1
Contractual rental uplifts			
1-2 Stephen Street W1	5.4		
1 Page Street SW1	3.0		
40 Chancery Lane WC2	2.8 ¹		
20 Farringdon Road EC1	2.5 ¹		
Turnmill EC1	2.1		
Other	14.8	30.6	
Vacant space²			
Available to occupy	2.4		
Under refurbishment	16.7	19.1	
Lease reversions			
Anticipated rent reviews and lease renewals		29.1	78.8
			215.9
Four on-site developments (non-EPRA)³			
Pre-let element	4.9		
On-site	57.3		62.2
Estimated rental value			278.1

¹ Net income after deduction of ground rents ² Detailed in Appendix 15 ³ Capex to complete £440m excluding capitalised interest - see Appendix 29

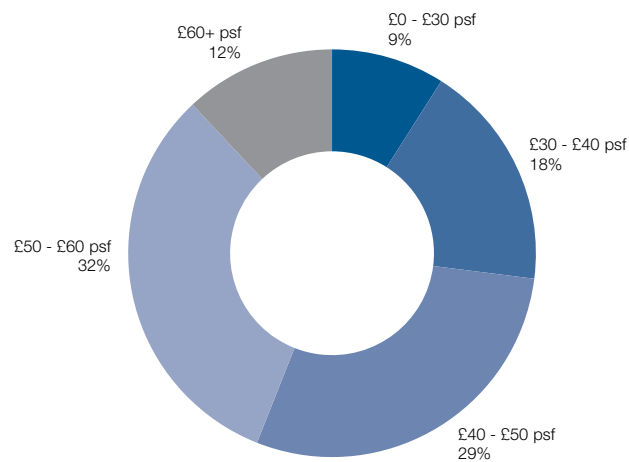
APPENDIX 15 - AVAILABLE SPACE AND PROJECTS

	Vacant area '000 sq ft	Pre-let area '000 sq ft	Total area '000 sq ft	Gross vacant ERV £m pa	Ground rent £m pa	Net vacant ERV £m pa	Pre-let rent ERV £m pa	Total net ERV £m pa	Comment
Available to occupy (EPRA)									
Angel Square EC1	13	-	13	0.6	-	0.6	-	0.6	9,900 sq ft under offer @ £0.5m pa
Greencoat & Gordon House SW1	30	-	30	0.3	-	0.3	-	0.3	22,000 sq ft under offer @ £0.3m pa
43 Whitfield Street W1	6	-	6	0.3	-	0.3	-	0.3	6,000 sq ft let in Q1 @ £0.3m pa
Other	20	-	20	1.2	-	1.2	-	1.2	
	69		69	2.4	-	2.4		2.4	
Under refurbishment									
The White Chapel Building E1 ¹	242	-	242	9.5	-	9.5	-	9.5	A further 28,000 sq ft to be added
20 Farringdon Road EC1	54	-	54	2.6	0.2	2.4	-	2.4	
Network Building W1	34	-	34	2.1	-	2.1	-	2.1	
9 Prescott Street E1	18	-	18	0.7	-	0.7	-	0.7	Derwent London's 50% interest
Other	73	-	73	2.0	-	2.0	-	2.0	
	421	-	421	16.9	0.2	16.7	-	16.7	
On-site developments (non-EPRA)									
White Collar Factory EC1	209	84	293	11.6	-	11.6	4.9	16.5	28,600 sq ft pre-let in Q1 @ £1.8m pa
The Copyright Building W1	105 ²	-	105	8.0	1.0	7.0	-	7.0	87,150 sq ft pre-let in Q1 @ £7.4m pa ³
80 Charlotte Street W1	380	-	380	23.9	-	23.9	-	23.9	
Brunel Building W2	240	-	240	15.2	0.4	14.8	-	14.8	
	934	84	1,018	58.7	1.4	57.3	4.9	62.2	
Total	1,424	84	1,508	78.0	1.6	76.4	4.9	81.3	

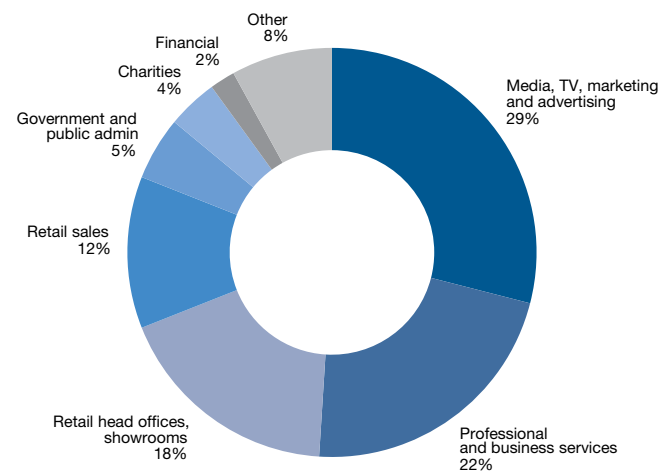
¹Phase 1 refurbishment ²Excludes reception area ³Gross rent, 12.5% ground rent payable

APPENDIX 16 - RENT AND TENANT BANDING

CENTRAL LONDON 'TOPPED-UP'
OFFICE RENT BANDING¹



PROFILE OF TENANTS'
BUSINESS SECTOR²



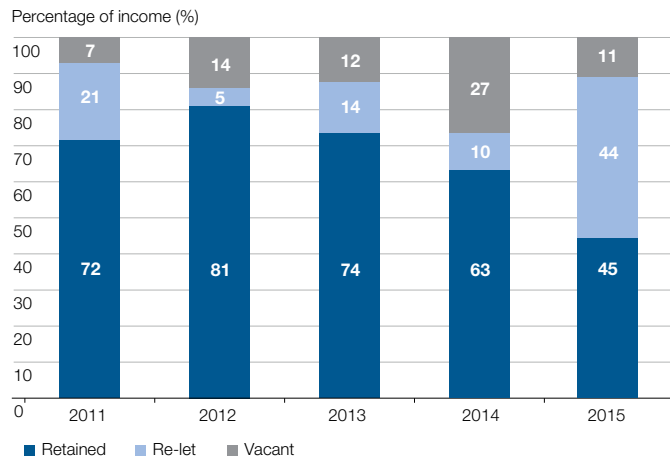
¹ Expressed as a percentage of annualised rental income after expiry of rent free periods and stepped rents

² Expressed as a percentage of annualised rental income of the whole portfolio

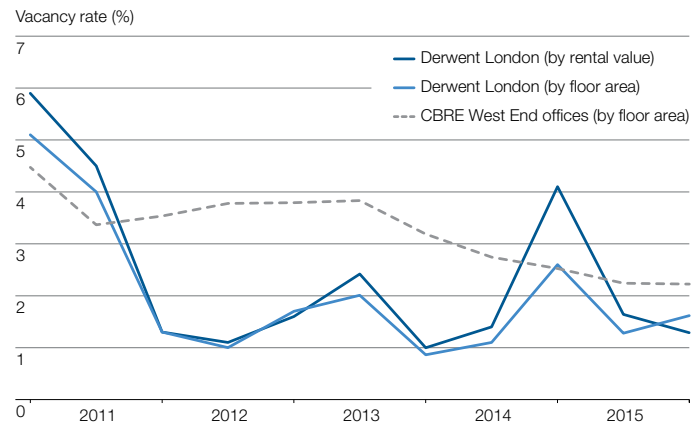
APPENDIX 17 - LEASE EXPIRIES AND BREAKS / VACANCY RATES

- £17.0m of income subject to breaks / expiries in 2015:
 - £5.7m taken into projects
 - 89% of remainder retained or re-let
- EPRA vacancy rate of 1.3%² at the year end – down from 4.1% at the start of 2015
- Vacant space ERV totals £2.4m pa
- Portfolio average lease length 7.0 years

LEASE EXPIRY AND BREAK ANALYSIS¹



EPRA VACANCY RATES



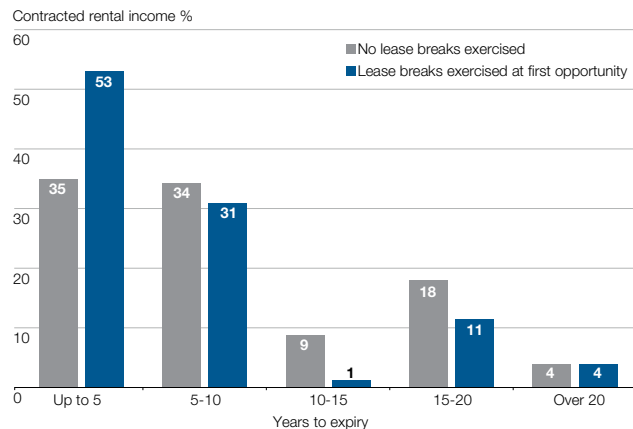
¹ As at end of reporting period ² Calculated as space immediately available to occupy

APPENDIX 18 - LEASE EXPIRY PROFILE AND LEASE LENGTH

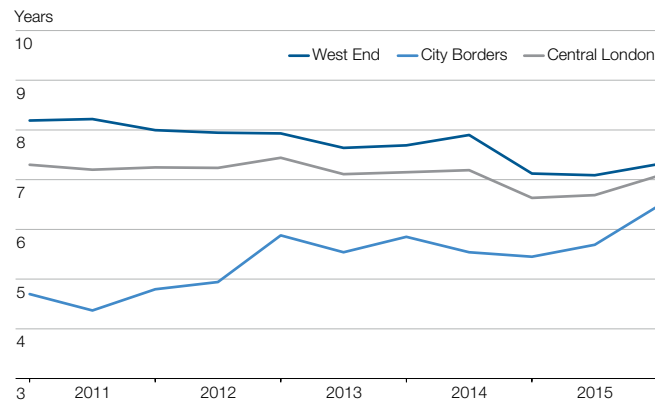
EXPIRIES AND BREAKS AS A PERCENTAGE OF PORTFOLIO INCOME¹

	West End	City Borders	Provincial	2016	2017	2018	2019	2020	Total
Expiries	3	2	-	5	2	12	6	7	32
Holding over	-	-	-	-	-	-	-	-	-
Rolling breaks	2	-	-	2	-	1	-	-	3
Single breaks	-	1	-	1	4	5	5	3	18
	5	3	-	8	6	18	11	10	53

PROFILE OF RENTAL INCOME EXPIRY¹



AVERAGE UNEXPIRED LEASE LENGTH²



¹ Based upon annualised contracted rental income of £137.1m

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

APPENDIX 19 - CENTRAL LONDON OFFICE DEMAND

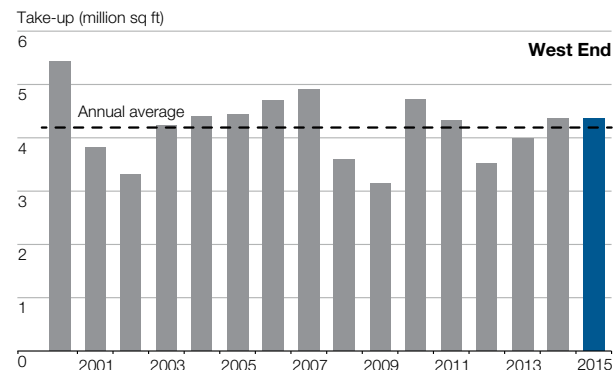
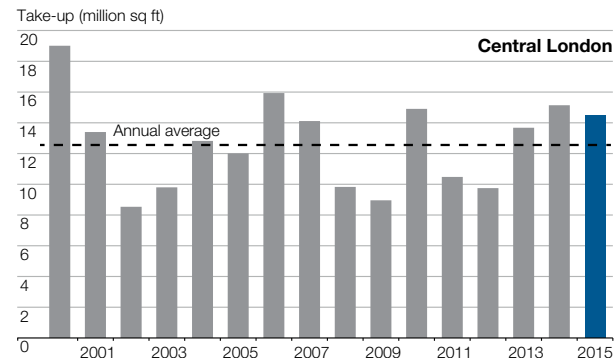
Market statistics

- Central London take-up of 14.5m sq ft in 2015:
 - 14% above the annual average (since 2000)
 - 3% below 2014
- West End take-up of 4.4m sq ft:
 - 4% above average and the same as 2014
- Prime rents increased in 2015:
 - +17.6% in Holborn / Midtown to £80 psf
 - +10.0% in Fitzrovia to £82.50 psf
 - +8.7% in Paddington to £62.50 psf
 - +6.7% in Mayfair/St James's to £120 psf

Derwent London's view

- Good demand for our space and across the wider market
- Increasing number of pre-lets
- Diverse tenant demand

OFFICE TAKE-UP



Source: CBRE

APPENDIX 20 - CENTRAL LONDON OFFICE SUPPLY

Market statistics

Falling and low levels of available space across the capital in 2015:

- Central London vacancy rate of 2.5% (3.4% Dec 2014) against 5.3% long-term average
- West End rate of 2.2% (2.5% Dec 2014) against 4.4% average

Below average completions in 2015 in both central London and the West End:

- Six months ago CBRE forecasted 5.6m sq ft of central London 2015 deliveries - actual completions 46% lower

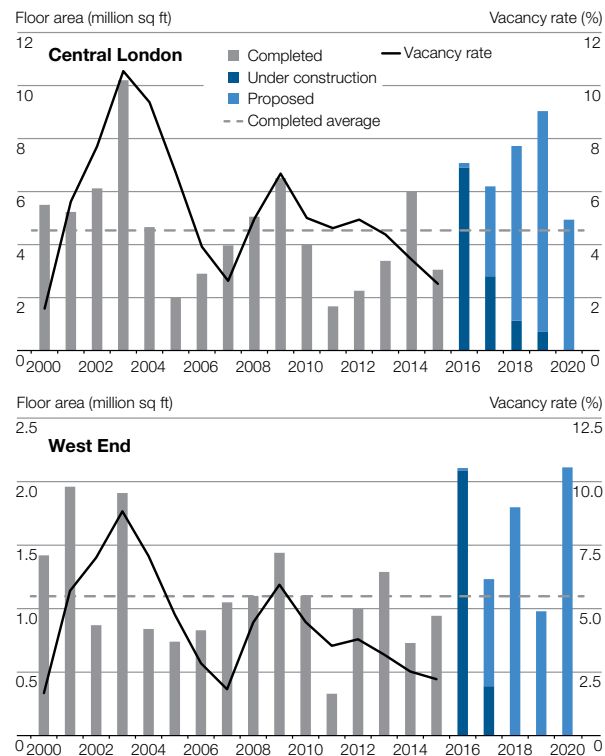
Above average annual development completions forecast for the next three years:

- Central London: 7.1m sq ft (+56%) in 2016
- West End: 2.1m sq ft (+92%) in 2016

Derwent London's view

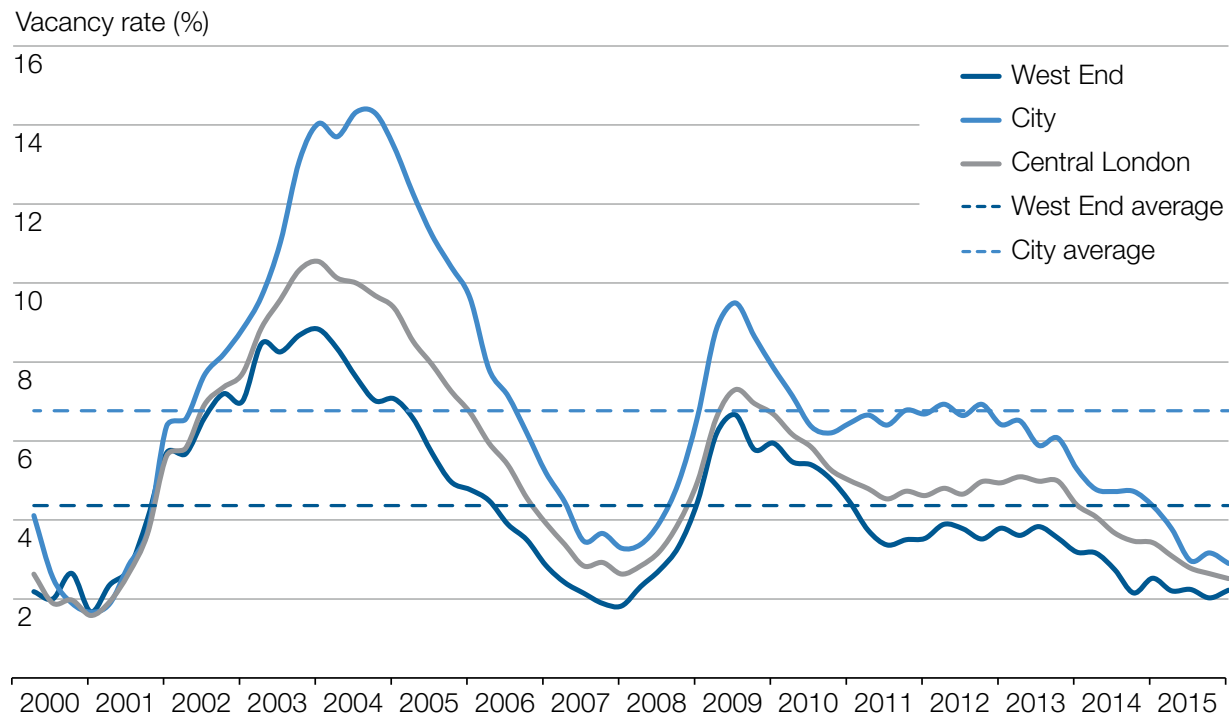
- Continued supply-demand imbalance in favour of landlords
- Supply forecast to increase but limited impact on vacancy rate
- Positive rental outlook

OFFICE DEVELOPMENT PIPELINE



Source: CBRE

APPENDIX 21 - CENTRAL LONDON OFFICE VACANCY



APPENDIX 22 - CENTRAL LONDON OFFICE RENTAL GROWTH



APPENDIX 23 - CENTRAL LONDON OFFICE INVESTMENT MARKET

Strong demand in 2015

- Central London office investment market saw £16.2bn of transactions:
 - 40% above long-term average of £11.6bn although 12% below 2014
 - Overseas investors accounted for 58%, down from 69% in 2014
 - Prime yields down 25bp to 3.5% in West End and 4.0% in City

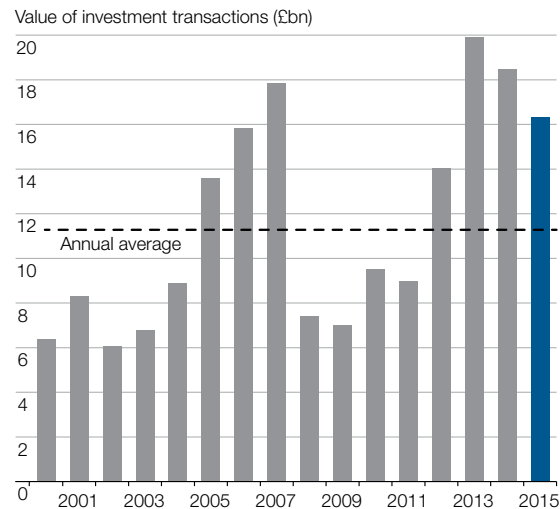
Outlook for 2016

- Levels of demand still strong
- CBRE estimate £4.5bn under offer at the start of the year
- UK interest rates unlikely to rise in the short-term
- Rental growth still expected to be good but slower than 2015
- Specific concerns over EU Referendum and business rates

Impact on Derwent London

- Yields for our product to remain firm
- Expect to make investment sales of at least £100m this year

CENTRAL LONDON OFFICE INVESTMENT



Source: CBRE

APPENDIX 24 - PROPERTY SWAP IN H1 2015

20 Farringdon Road EC1



- Acquired 20 Farringdon Road for £92.7m:

- 170,600 sq ft of offices and retail

- Sold 22 Kingsway, Mark Square House and a 50% interest in 9 & 16 Prescott Street for £114.7m:

- 206,800 sq ft of offices

22 Kingsway WC2



Mark Square House EC2



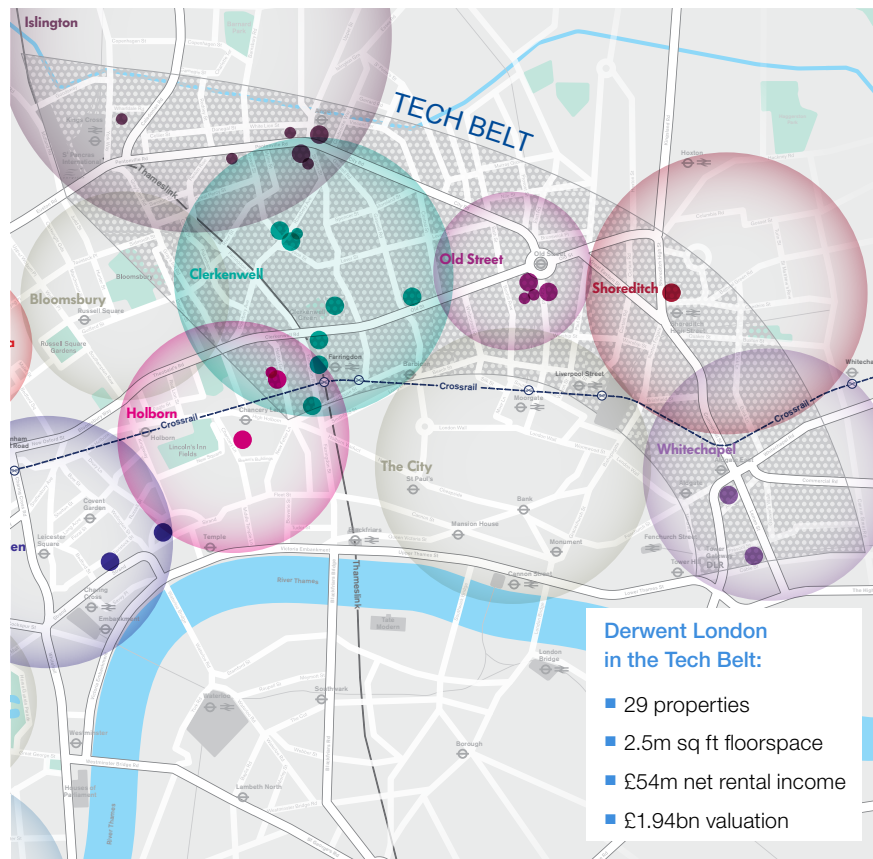
9 & 16 Prescott Street E1



APPENDIX 25 - THE TECH BELT

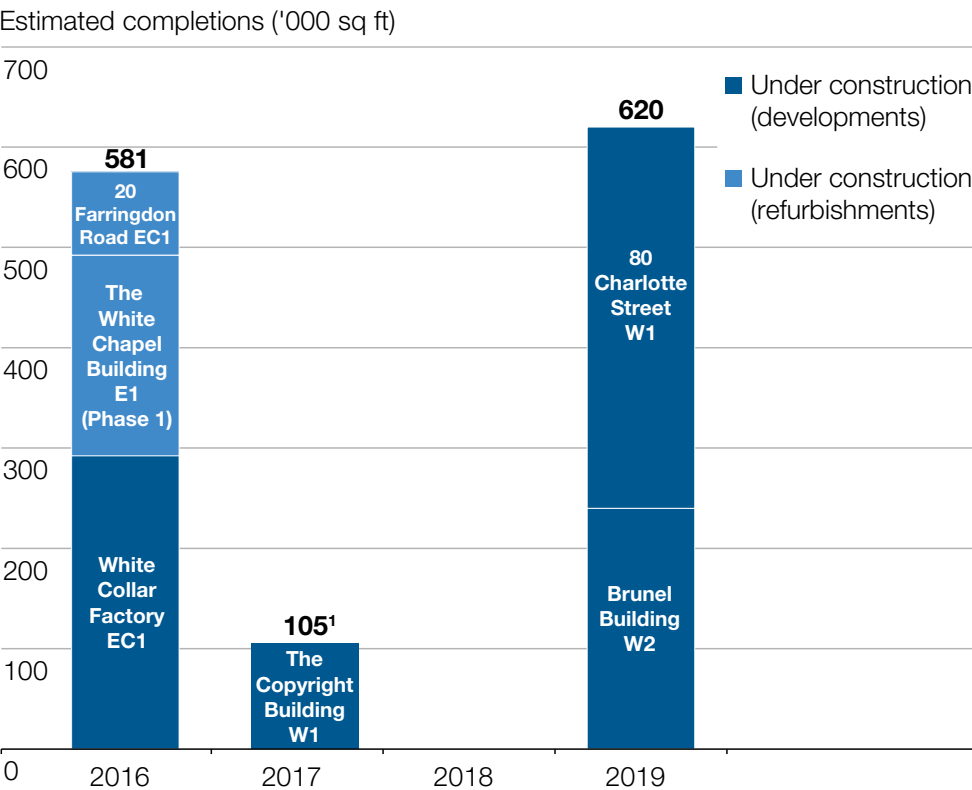
Tech Belt

- Stretches in an arc from King's Cross to Whitechapel with White Collar Factory at the epicentre
- Almost 1,800 offices with a floorspace of 25.6m sq ft¹
- Popular home for the creative and tech industries
- Strong rental growth and yield compression across the Tech Belt in 2015
- Prime office rents²:
 - King's Cross £82.50 psf (+18% 2015)
 - Angel £67 psf
 - Clerkenwell £65 (18% 2015)
 - Shoreditch/Old Street £65 psf (+24% 2015)
 - Aldgate £55 psf (+16% pa)
- Prime office yields²:
 - City eastern fringe 4.5% (5.25% Dec 2014)
 - City northern fringe 4.5% (4.75% Dec 2014)



¹ CoStar ² Bilfinger GVA

APPENDIX 26 - CURRENT PIPELINE



¹ Excludes reception area

APPENDIX 27 - COMPLETED DEVELOPMENTS - PROFIT ON COST



Completed		Q1 2015	Q3 2015	Q3 2015
Commercial area (sq ft)	174,400	70,500	102,000	1,900
Residential area (sq ft)	13,600	-	-	13,600
Est. future capex (£m)	4	-	4	-
Total cost (£m) ¹	116	34	61	21
Income (£ psf)	-	55.00	65.00	-
Income (£m pa)	8.4	3.5	4.8 ²	0.1

Summary	£m
End value	211
Less: Total cost ¹	116
Project surplus	95

■ Profit on cost 82%

■ Yield on cost 8.9%³

¹ Comprising book value at commitment, capex, fees and notional interest on land, voids and other costs

² As a long leasehold interest, ERV is net of the 18% ground rent

³ Assumes the residential value reduces the total costs

APPENDIX 28 - CURRENT PROJECTS - PROFIT ON COST



Completion		Q4 2016	H2 2017	H1 2019	H1 2019
Commercial area (sq ft)	965,000	285,000	105,000	335,000	240,000
Residential area (sq ft)	53,000	8,000	-	45,000 ²	-
Est. future capex (£m)	440	62	49	207	122
Total cost (£m) ¹	999	190	124	447	238
ERV (£ psf)	-	c.60.00	c.80.00	c.75.00	c.62.50
ERV (£m pa)	62.2	16.5	7.0 ³	23.9	14.8 ⁴

Summary	£m
End value	1347
Less: Total cost ¹	999
Project surplus	348
Less: Booked to Dec 2015	147
Surplus to come	201
Profit on total cost	35%
Profit to come on total cost	20%
Yield on cost⁶	6.7%

Sensitivity⁵ - project surplus (£m) and profit on cost (%)

		Valuation yield		
		+0.25%	Base	-0.25%
Rent	-£2.50 psf	£242m 24%	£305m 31%	£375m 38%
	Base	£283m 28%	£348m 35%	£421m 42%
	+£2.50 psf	£323m 32%	£391m 39%	£466m 47%

¹ Comprising book value at commitment, capex, fees and notional interest on land, voids and other costs. 80 Charlotte Street W1 land value as at December 2011, following receipt of planning permission and Brunel Building, 55-65 North Wharf Road W2 land value as at June 2015 ² Private residential 35,000 sq ft and affordable housing 10,000 sq ft ³ As a long leasehold interest, ERV is net of 12.5% ground rent ⁴ As a long leasehold interest, ERV is net of 2.5% ground rent ⁵ Sensitivity applies to non pre-let commercial floor areas

⁶ Assumes the residential value reduces the total costs

APPENDIX 29 - PROJECT SUMMARY - ON SITE

Property	Current net income £m pa	Pre scheme area '000 sq ft	Proposed area '000 sq ft	2016 capex £m	2017 capex £m	2018+ capex £m	Total capex to complete £m	Delivery date	Current office c.ERV psf
On-site developments									
White Collar Factory EC1	-	124	293	60	2	-	62	Q4 2016	£60
The Copyright Building W1	(0.2)	86	105 ¹	28	20	1	49	H2 2017	£80
80 Charlotte Street W1	-	234	380	22	99	86	207	H1 2019	£75
Brunel Building W2	(0.1)	78	240	29	34	59	122	H1 2019	£62.50
	(0.3)	522	1,018	139	155	146	440		
General									
The White Chapel Building E1	-	255	242	18	-	-	18	Q4 2016	£45
20 Farringdon Road EC1	-	88	88	10	-	-	10	Q4 2016	£50
Planning and design	-	-	-	9	8	1	18		
Other	-	-	-	22	6	7	35		
		343	330	59	14	8	81		
Total									
	-	-	-	198	169	154	521		
Capitalised interest									
	-	-	-	15	12	21	48		
Total including interest									
	(0.3)	865	1,348	213	181	175	569		

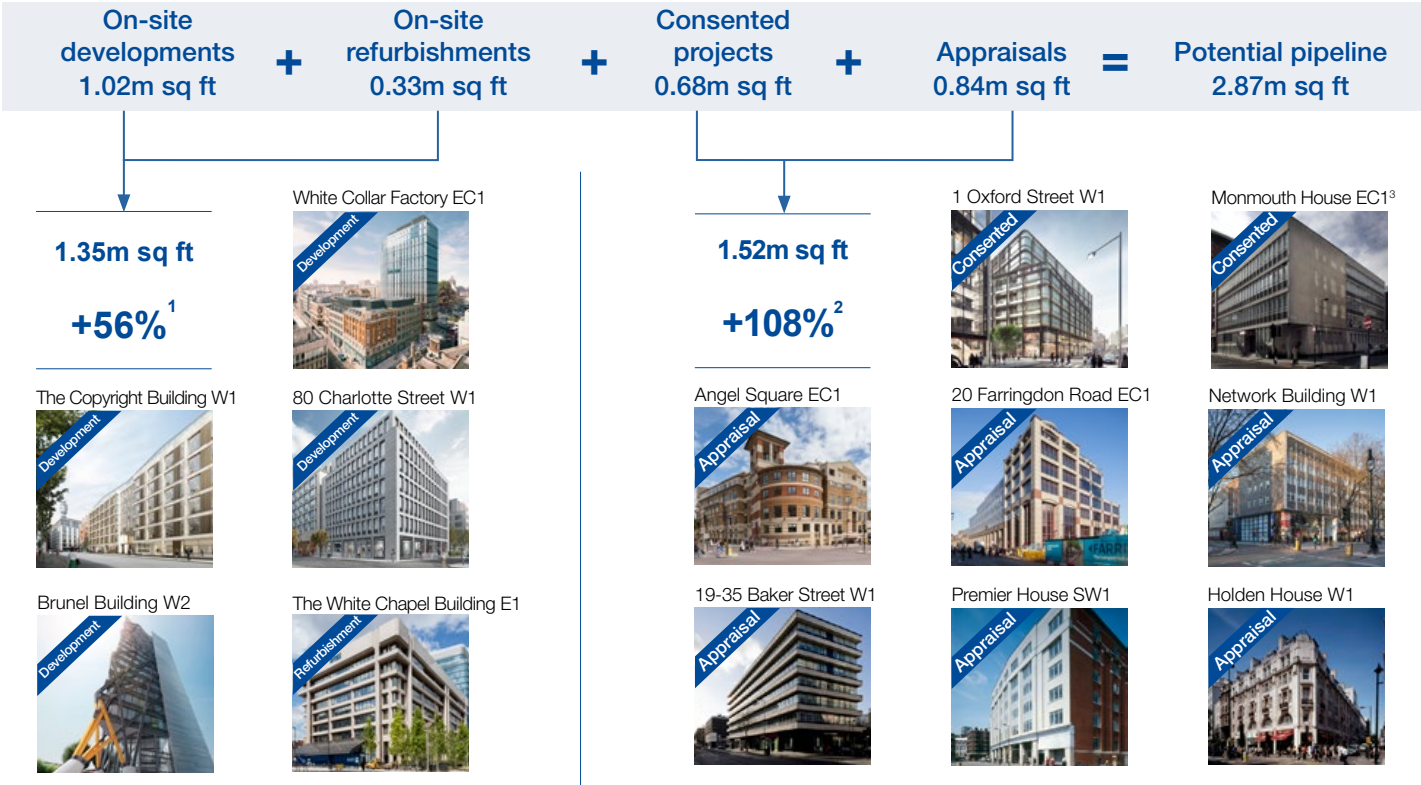
¹ Excludes reception area

APPENDIX 30 - PROJECT SUMMARY - FUTURE SCHEMES

Property	Current net income £m pa	Pre scheme area '000 sq ft	Proposed area '000 sq ft	Earliest possession year	Comment
Consented					
1 Oxford Street W1	-	-	275	2018	Offices, retail and theatre
Monmouth House ¹ EC1	1.7	69	125	2017	Opposite White Collar Factory - Feb 2016 consent
Balmoral Grove N7	0.4	67	280	-	Sale exchanged
	2.1	136	680		
Appraisals²					
19-35 Baker Street W1	5.4	146	250	2018	Joint venture - 55% Derwent London interest
Premier House SW1	2.2	62	80	2018	
Angel Square EC1	2.9	127	190	2020	
20 Farringdon Road EC1	1.0	171	200	2021	
Network Building W1	1.4	64	100	2021	
Holden House W1	4.7	91	137	TBC	
	17.6	661	957		
Adjustments for JVs	(2.4)	(66)	(113)		19-35 Baker Street W1
	15.2	595	844		
Consented and appraisals	17.3	731	1,524		
On-site projects	(0.3)	865	1,348		Appendix 29
Pipeline	17.0	1,596	2,872		

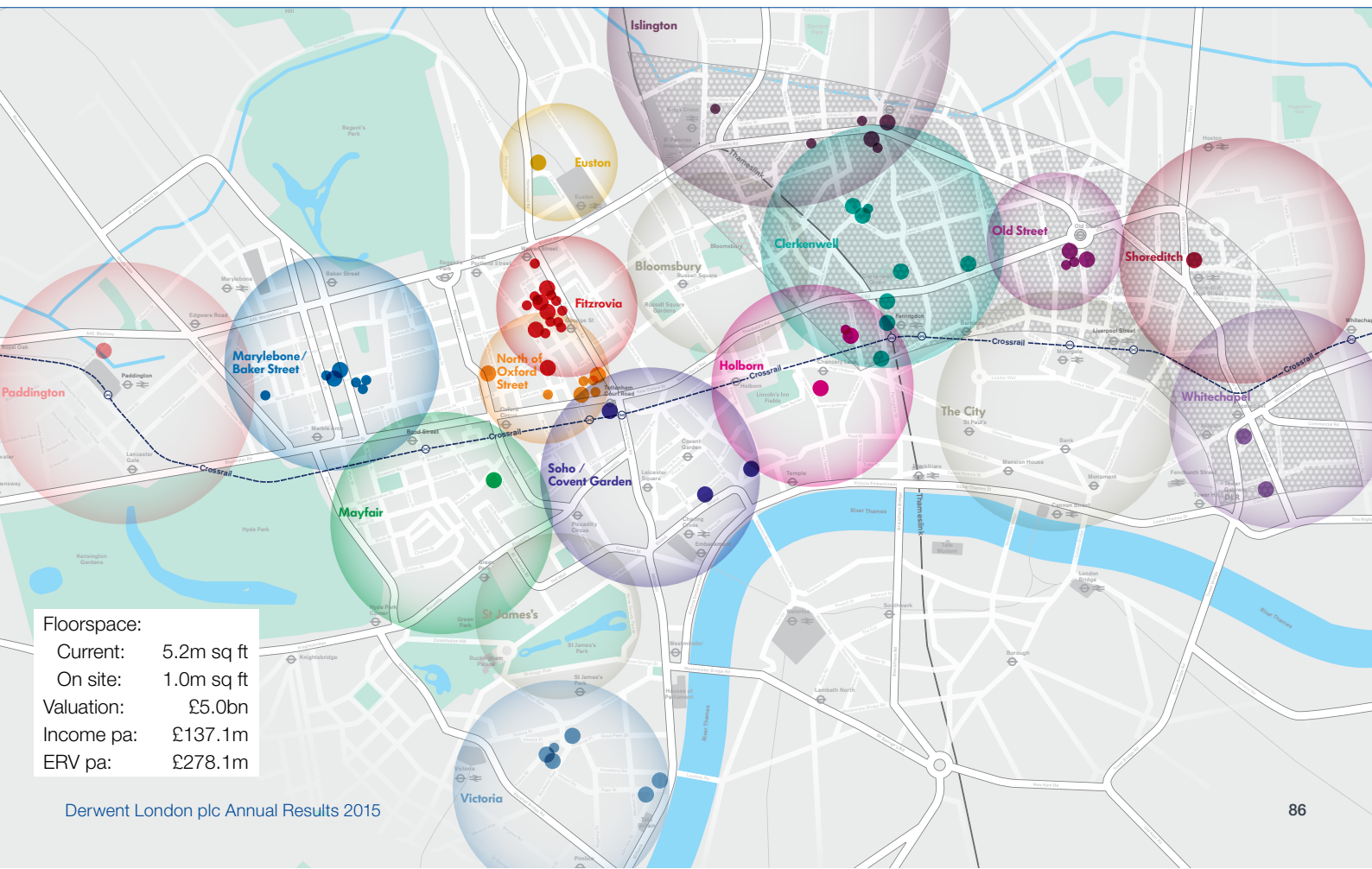
¹ Includes 19-23 Featherstone Street EC1 ² Areas proposed are estimated from initial studies

APPENDIX 31 - PROJECT PIPELINE



¹ Uplift on previous floorspace ² Uplift on existing floorspace ³ Includes 19-23 Featherstone Street EC1

APPENDIX 32 - PORTFOLIO MAP



Floorspace:

Current: 5.2m sq ft

On site: 1.0m sq ft

Valuation: £5.0bn

Income pa: £137.1m

ERV pa: £278.1m

APPENDIX 33 - MANAGEMENT STRUCTURE - EXECUTIVE TEAM

John Burns*	Chief Executive Officer
Damian Wisniewski*	Finance Director
Simon Silver*	Property Director
Nigel George*	Property Director
Paul Williams*	Property Director
David Silverman*	Property Director
Tim Kite*	Company Secretary
Richard Baldwin*	Head of Development
Simon Taylor*	Head of Asset Management
Celine Thompson*	Head of Leasing
Quentin Freeman	Head of Investor & Corporate Communications
David Westgate	Head of Tax
Rick Meakin	Group Financial Controller

* Members of Executive Committee

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