



DERWENT LONDON

Interim Results 2019

CONTENTS

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INTRODUCTION AND OVERVIEW

PAUL WILLIAMS



GOOD PROGRESS IN THE FIRST HALF

- Total return 3.3%:
 - NAV per share +2.0%
- Interim dividend raised 9.9%
- New lettings £18.1m:
 - 7.5% above Dec 2018 ERV
- Added 410,000 sq ft of development:
 - Soho Place W1
 - The Featherstone Building EC1
- EPRA vacancy rate down to 1.6%
- Disposals of £76.9m, 6.9% above book value
- Debt maturity extended to 8.2 years

Brunel Building W2

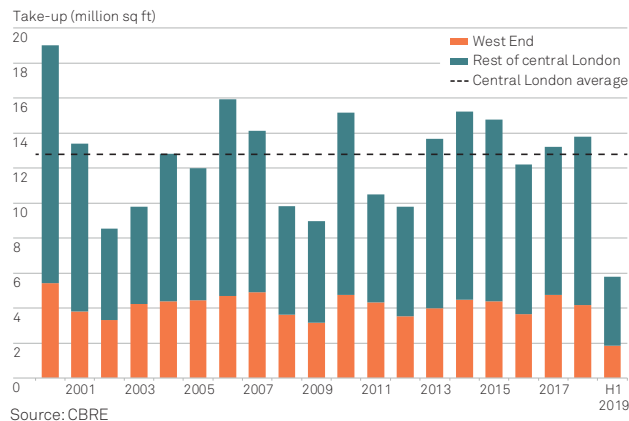


CENTRAL LONDON OCCUPIER DEMAND

Central London take-up

- 5.8m sq ft of central London take-up in H1 2019:
 - 9.0% below the half year average
 - Business services represented 28% of take-up, banking and finance 25% and creative industries 17%
 - Flexible offices, part of business services, accounted for 17% of take-up, similar to the levels seen in the last two years

CENTRAL LONDON OFFICE TAKE-UP



Active ongoing demand

- Active demand increased 9% in H1 from 8.9m sq ft to 9.7m sq ft, 9% above average and the highest for a year

Adecco

APOLLO

babylon

BainCapital

Close Brothers

EVERCORE

IPG MEDIABRANDS

JLL

WE ARE
MACMILLAN.
CANCER SUPPORT

monzo

NETFLIX

skyscanner

SUPPLY REMAINING CONSTRAINED

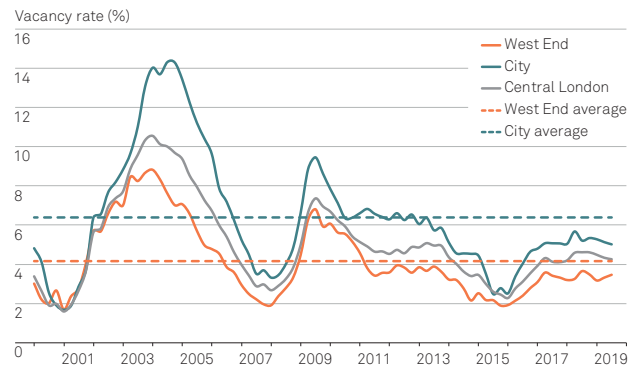
Existing supply

- Completions of 1.8m sq ft in H1, 24% below average
- Central London vacancy rate of 4.2% at the half year:
 - Down from 4.5% six months earlier
 - Below long term average (LTA) of 5.1%
- West End at 3.5%, 4.2% LTA
- City at 5.0%, 6.4% LTA

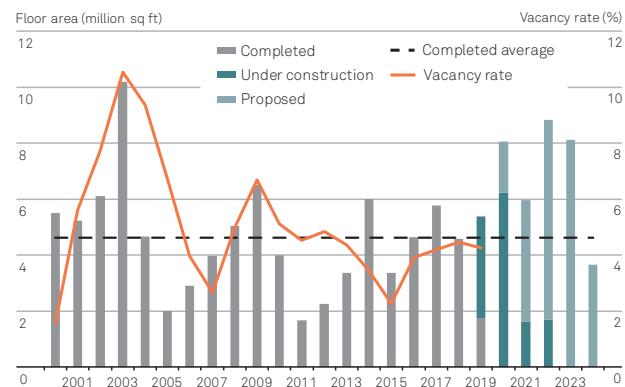
Future supply

- 3.6m sq ft to complete in H2
- Committed schemes to 2022 total 13.1m sq ft:
 - Already 61% pre-let

CENTRAL LONDON OFFICE AVAILABILITY



CENTRAL LONDON OFFICE DEVELOPMENT PIPELINE



CENTRAL LONDON OFFICE INVESTMENT MARKET

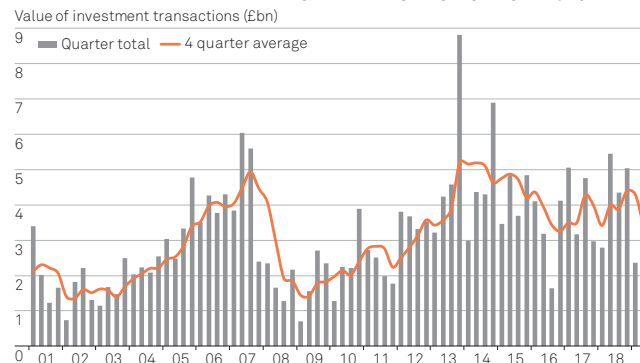
First half activity

- CBRE reported £4.2bn of central London transactions in H1:
 - 32% below the half year average
 - UK investors more active with 40% market share in H1 (2018: 25%)
- Prime yields unchanged at 30 Jun 2019:
 - West End: 3.75%
 - City: 4.0%
- Good demand for 'value-add' product

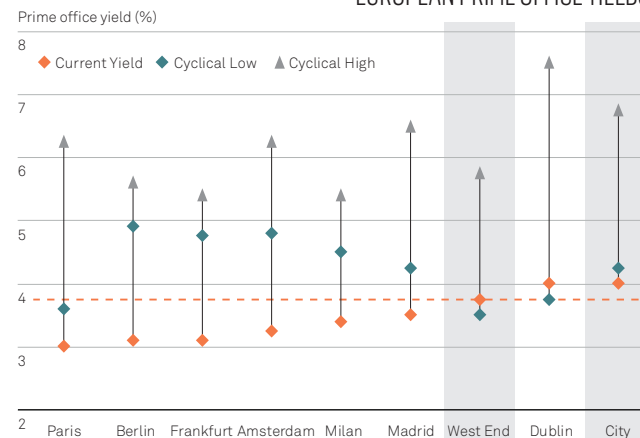
Supportive factors

- London economy proving robust
- Low interest rates
- London office yields now higher than European peers
- c.£32bn of equity available in the market looking for investment opportunities

CENTRAL LONDON OFFICE INVESTMENT



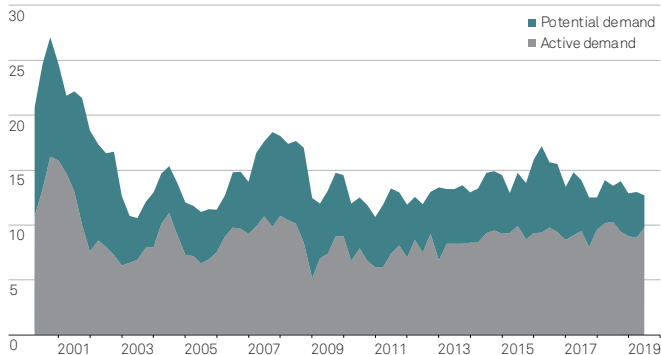
EUROPEAN PRIME OFFICE YIELDS



CENTRAL LONDON OFFICE OUTLOOK

CENTRAL LONDON OFFICE DEMAND

Demand (million sq ft)



Source: JLL

Rents

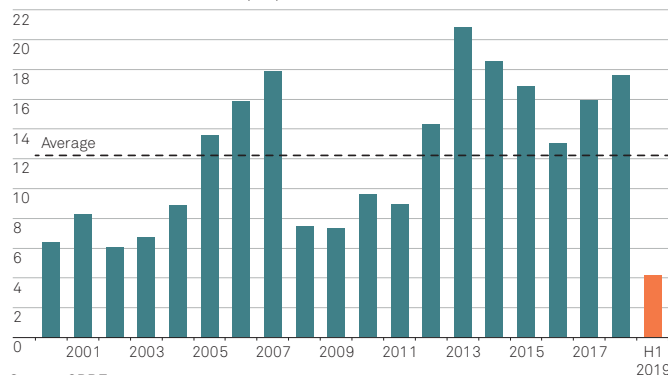
- Ongoing political and economic uncertainty
- Market supply remains manageable
- Below average vacancy rates
- Good levels of demand from a wide range of occupiers

DL view¹: ERV 2019 estimate unchanged at +1% to -2%

¹ Assumes no major political or economic change

CENTRAL LONDON OFFICE INVESTMENT

Value of investment transactions (£bn)



Source: CBRE

Yields

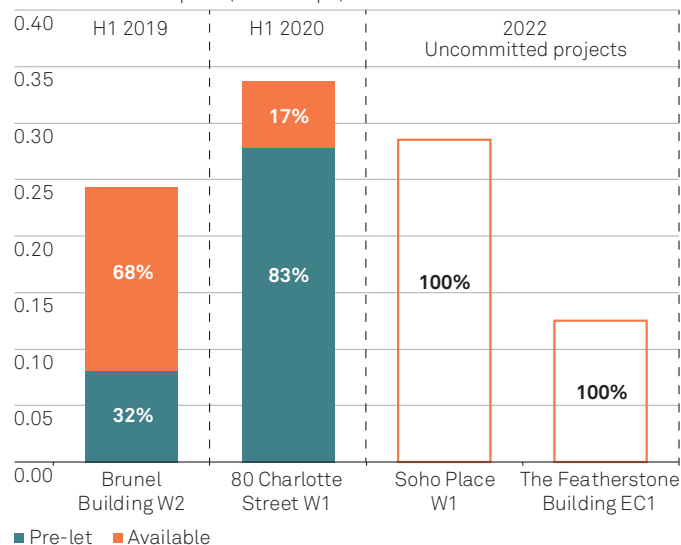
- Significant quantity of money sitting on the sidelines
- Property yields attractive relative to alternatives
- UK investors active
- Good appetite for 'value-add' opportunities

DL view¹: Firm investment yields expected in 2019

PROGRESSING OUR OPPORTUNITIES

DEVELOPMENT COMPLETIONS - JUN 2018

Commercial floorspace (million sq ft)



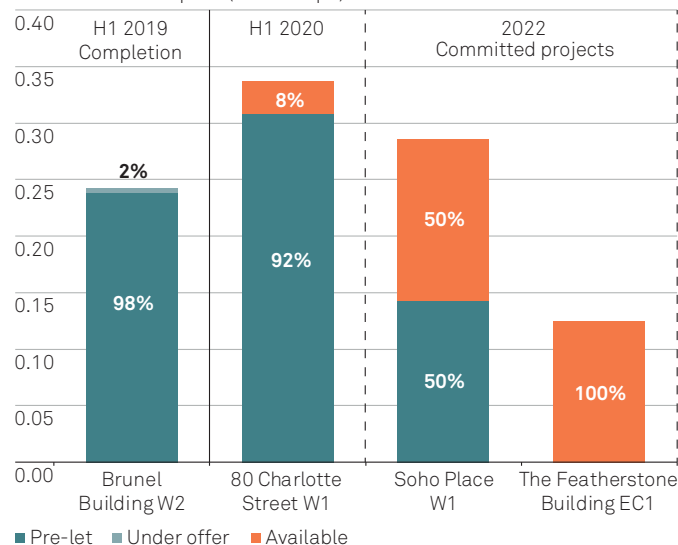
Jun 2018 – Two projects on site

- ERV £42.0m on 623,000 sq ft
- Pre-let £27.1m on 354,100 sq ft
- Capex to complete £200m
- Available to let £14.9m

Derwent London plc Interim Results 2019

DEVELOPMENT COMPLETIONS - AUG 2019

Commercial floorspace (million sq ft)



Aug 2019 – Three projects on site

- ERV £56.4m on 790,000 sq ft
- Pre-let £33.7m on 451,350 sq ft
- Capex to complete £401m (from 30 Jun)
- Available to let £22.7m

Change

- +34%
- +24%
- +101%
- +52%

• Appendices 30 to 34

PROGRESSING THE BUSINESS

Derwent London's business characteristics

- Innovative design-led projects
- Reversionary portfolio let at middle-market rents
- Growing earnings and dividend stream
- Talented team
- Responsible ethos to society and the environment
- Strong and flexible financing

Recent initiatives

- Changes to senior management roles:
 - Nigel George adds responsibility for the development department to his role
 - David Silverman adds responsibility for the leasing, asset and property management teams to his role
 - Simon Silver to head regeneration, commissioning our architects and brand identity
 - Damian Wisniewski has taken on additional strategic and operational responsibilities
- Looking at measures needed for the Group to achieve net zero carbon target by 2030
- Exploring ways of providing enhanced amenities and services for our occupiers
- Recycling assets to invest in our development programme
- Seeking fresh opportunities both internally and externally

RESULTS AND FINANCIAL REVIEW

DAMIAN WISNIEWSKI



HEADLINE NUMBERS

| | Jun 2019 | % change | Dec 2018 | Jun 2018 |
|--|-----------|----------|-----------|-----------|
| Net asset value (NAV) | £4,349.7m | 2.0* | £4,263.4m | £4,197.1m |
| EPRA NAV per share ^{1,2} | 3,852p | 2.0* | 3,776p | 3,713p |
| EPRA triple NAV per share ^{1,2} | 3,758p | 1.7* | 3,696p | 3,626p |
| EPRA total return | 3.3% | n/a | 5.3% | 3.1% |
| | | | | |
| Gross property income | £93.6m | (12.6) | £196.0m | £107.1m |
| Gross rental income | £93.1m | 7.1 | £175.1m | £86.9m |
| Net rental income | £86.3m | 7.1 | £161.1m | £80.6m |
| EPRA earnings per share ² | 51.34p | (23.3) | 113.07p | 66.93p |
| Underlying earnings per share | 51.34p | (0.8) | 99.08p | 51.77p |
| Profit for the period | £129.6m | (2.1) | £218.9m | £132.4m |
| Interim dividend per share | 21.00p | 9.9 | 19.10p | 19.10p |
| | | | | |
| Net debt | £1,003.5m | 4.9* | £956.9m | £821.5m |
| Loan-to-value (LTV) ratio | 17.6% | n/a | 17.2% | 15.2% |
| NAV gearing | 23.1% | n/a | 22.4% | 19.6% |
| Net interest cover ratio | 454% | n/a | 491% | 514% |

* Compared with Dec 2018

¹ On a diluted basis ² Reconciliations to IFRS figures in Appendices 2 and 5

EPRA NAV MOVEMENT

- EPRA NAV per share up 2.0% to 3,852p from 3,776p, after the payment of 47p of dividends

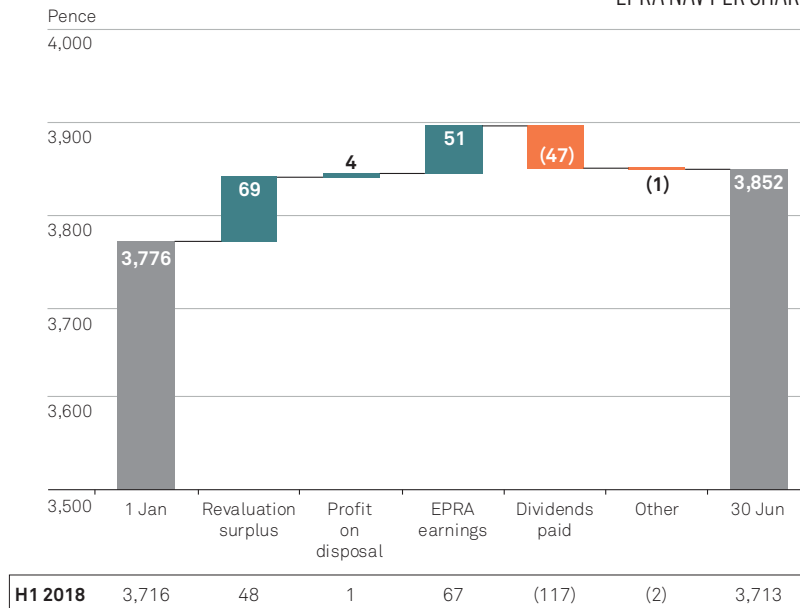
- Total accounting return (EPRA basis) of 3.3%

- Revaluation surplus:

| | |
|--|---------------|
| Investment properties | £75.0m |
| Owner-occupied property | (£0.5m) |
| Trading property adjustment ¹ | £1.6m |
| Joint ventures (Group share) | £0.9m |
| | <u>£77.0m</u> |
| | 69p |

- The revaluation surplus includes 48p per share relating to Brunel Building W2
- Revaluation surplus on three developments (White Collar Factory EC1, Brunel Building W2 and 80 Charlotte Street W1) has added 240p per share to NAV since the start of 2016
- EPRA earnings of 51p per share, or £57.3m (see slide 12)

EPRA NAV PER SHARE

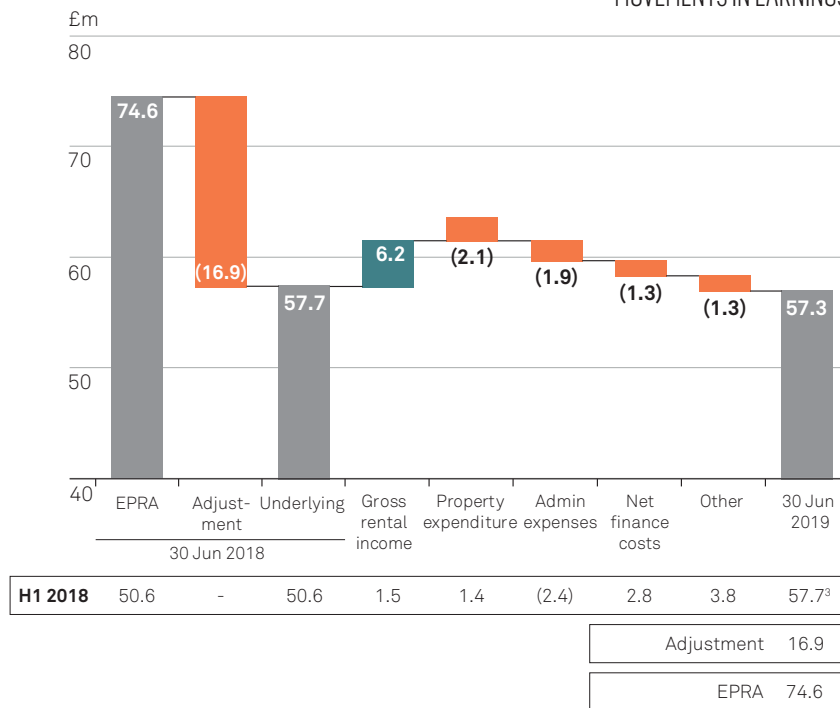


¹ Asta House W1 residential units and Welby House SW1

EPRA AND UNDERLYING EARNINGS¹

- Two adjustments to prior period EPRA earnings to derive underlying earnings:
 - £1.1m of surrender premiums received were deferred to H2 2018
 - Access rights receipt of £15.8m was excluded
- EPRA and underlying earnings were £57.3m in H1 2019, 23% lower than H1 2018 on an EPRA basis or 0.7% on an underlying basis
- Gross rental income up by £6.2m, or 7.1% (see slide 13)
- Property expenditure increased mainly due to dilapidations receipts in 2018 of £1.6m
- Admin costs up 13% due to rise in staff costs
- EPRA cost ratio², at 23.3%, unchanged from 2018

MOVEMENTS IN EARNINGS



¹ An explanation of EPRA adjustments is provided in Appendix 5 ² Including direct vacancy costs ³ Underlying earnings in H1 2018

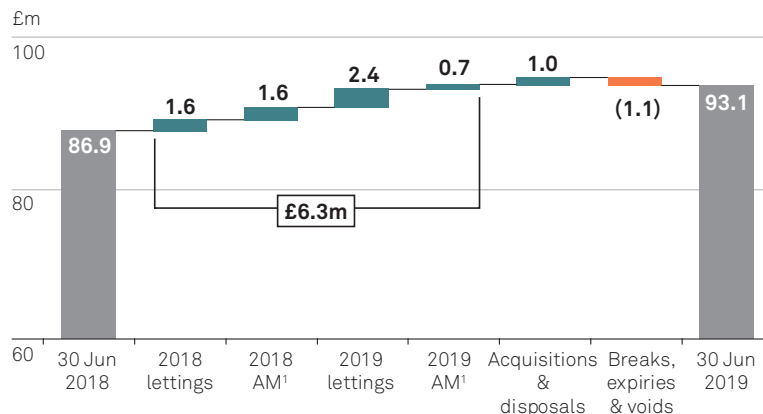
GROSS RENTAL INCOME

- Gross rental income increased by 7.1% to £93.1m in H1 2019
- Lettings and asset management (reviews, regears and renewals) include:

| | 2019 lettings & AM ¹ | 2018 lettings & AM ¹ |
|------------------------------|---------------------------------------|---------------------------------------|
| Tea Building E1 | £0.8m | £0.2m |
| 25 Savile Row W1 | £0.5m | £0.3m |
| Brunel Building W2 | £0.5m | - |
| The White Chapel Building E1 | - | £1.3m |
| Horseferry House SW1 | - | £0.5m |
| Johnson Building EC1 | - | £0.5m |

- Like-for-like net rental income increased by 3.2% and 5.2% compared with H1 and H2 2018, respectively²

MOVEMENTS IN GROSS RENTAL INCOME



- Reconciliation of gross rental income to gross property income:

| | H1 2019 £m | H1 2018 £m | Variance £m |
|------------------------------|---------------|---------------|----------------|
| Gross rental income | 93.1 | 86.9 | 6.2 |
| Surrender premiums received | 0.5 | 2.5 | (2.0) |
| Rights of access receipt | - | 15.8 | (15.8) |
| Rights of lights receipt | - | 1.9 | (1.9) |
| Gross property income | 93.6 | 107.1 | (13.5) |

¹ Asset management ² See Appendix 6 for reconciliation of like-for-like income

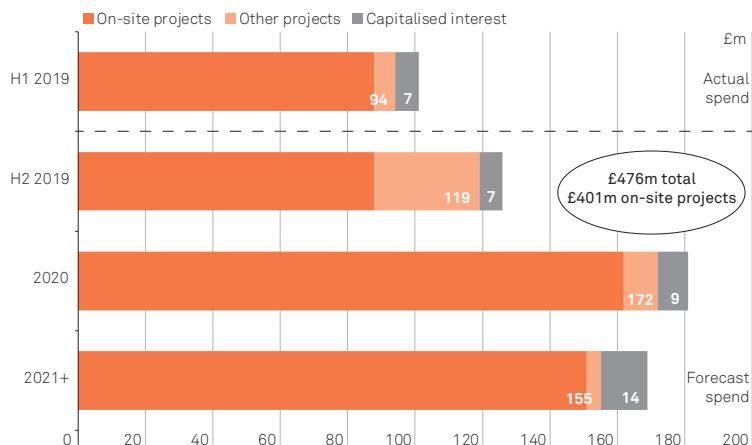
CASH FLOW

- Increase in net debt of £46.6m to £1,003.5m
- Decrease in cash from operations due to letting fees paid in H1 2019 and prior period benefitted from £22.1m of premiums and other property income received

NET CASH FLOW MOVEMENTS

| | H1 2019 £m | H1 2018 £m |
|----------------------------------|---------------|----------------|
| Cash from operations | 42.9 | 72.1 |
| Acquisitions | (20.7) | (12.9) |
| Capex | (62.9) | (76.5) |
| Reimbursement of capex | 1.2 | 15.2 |
| Disposal proceeds | 57.9 | - |
| JV dividend and loan repayment | 28.8 | - |
| Bond redemption premium | (8.5) | - |
| Ordinary dividend paid | (50.4) | (45.3) |
| Special dividend paid | - | (83.6) |
| Other cash flow movements | (1.6) | 13.2 |
| Increase in net borrowing | (51.7) | (120.1) |
| Leasehold liabilities | (1.0) | (41.9) |
| Other non-cash flow items | 6.1 | (1.6) |
| Increase in net debt | (46.6) | (163.6) |

FORECAST CAPITAL EXPENDITURE



PROFORMA IMPACT OF MAJOR PROJECTS AND DISPOSALS

- Assumes no further lettings other than those already contracted
- Shows impact of estimated remaining capital expenditure on both completed and on-site projects

| | Jun 2019 | PROFORMA IMPACT OF COMPLETED PROJECTS AND DISPOSALS | | | | PROFORMA IMPACT OF ON-SITE PROJECTS | | | |
|---------------------------------|--------------|---|-------------------------|------------------------------|--------------|--|-------------------|-------------------------|--------------|
| | | Capex and contracted income ¹ | Void costs ² | Sale of The Buckley Building | Proforma 1 | Capex and site acquisition cost ³ | Contracted income | Void costs ² | Proforma 2 |
| Gross property income | £186m | £14m | | (£5m) | £195m | | £28m | | £223m |
| Net property income (adjusted) | £173m | £13m | (£1m) | (£5m) | £180m | | £28m | (£10m) | £198m |
| Interest cost | £38m | | | (£2m) ⁴ | £36m | £9m ⁴ | | | £45m |
| Net interest cover ratio | 454% | | | | 500% | | | | 440% |
| Portfolio fair value | £5,361m | £7m | | (£95m) | £5,273m | £401m | | | £5,674m |
| Drawn debt net of cash | £941m | £7m | | (£100m) | £848m | £401m | | | £1,249m |
| Loan-to-value ratio | 17.6% | | | | 16.1% | | | | 22.0% |

¹ Brunel Building W2 ² Void costs upon completion of project ³ See Appendix 34 for capex. Includes remaining Soho Place site acquisition cost and profit share to Crossrail
⁴ Assuming a marginal interest rate of 2.25%

DEBT SUMMARY

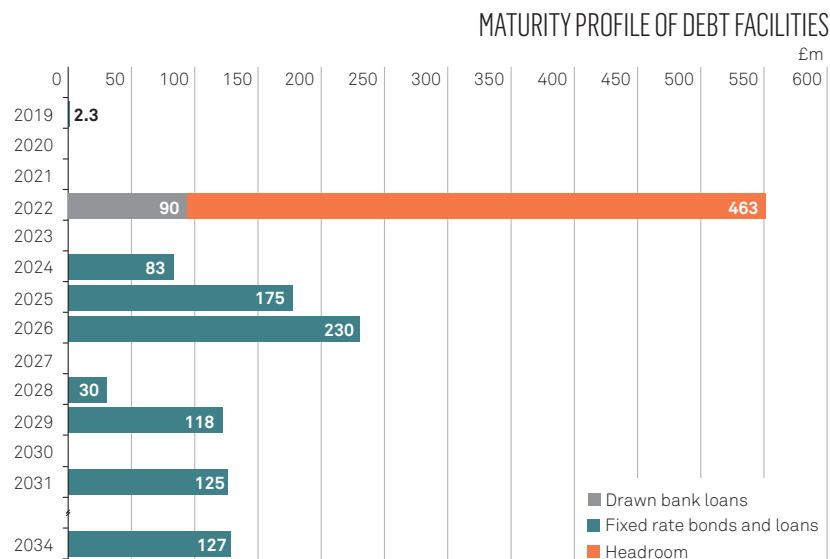
- £250m US private placement (USPP) notes drawn in Jan 2019, with a weighted average interest rate of 2.89% and maturity of 10.8 years
- Repurchase of 2019 convertible bonds and new issue in Jun 2019:
 - £147.7m of the £150m convertible bonds due to mature in Jul 2019 were redeemed at a premium of £8.5m¹; overall interest cost 2.1% pa over 6 years
 - £175m 1.5% 2025 convertible bonds issued with a conversion price of £44.96 per share
 - IFRS required these bonds to be bifurcated, resulting in an effective interest rate of 2.3% and an equity uplift of £7.5m
- Substantial headroom under financial covenants as at 30 Jun 2019:
 - Values could fall by 68% without breaching the gearing covenant
 - Property income could fall by 70% before breaching the interest cover covenant

| | Jun 2019 | Dec 2018 |
|-------------------------------------|----------|----------|
| Total facilities | £1,443m | £1,166m |
| Unutilised facilities and cash | £495m | £274m |
| Percentage (%) of unsecured debt | 71% | 69% |
| Uncharged properties | £4,329m | £4,117m |
| Uncharged properties % of portfolio | 81% | 79% |
| Net debt | £1,004m | £957m |
| Gearing: | | |
| LTV ratio | 17.6% | 17.2% |
| NAV gearing | 23.1% | 22.4% |
| Net interest cover ratio | 454% | 491% |

¹ Premium of £8.5m split, with £7.7m recognised in the income statement (excluded from EPRA and underlying earnings) and £0.8m taken to equity

DEBT FACILITIES

| | Jun 2019 | Dec 2018 |
|--|-----------|-----------|
| Average spot interest rate (cash basis) | 3.56% | 3.43% |
| Average spot interest rate (IFRS basis) | 3.70% | 3.68% |
| Marginal interest rate | 1.50% | 1.60% |
| Percentage of drawn facilities at fixed rate or hedged | 94% | 70% |
| Average maturity of facilities | 6.4 years | 5.3 years |
| Average maturity of borrowings | 8.2 years | 5.9 years |



VALUATION AND PORTFOLIO ANALYSIS

NIGEL GEORGE



VALUATION

Investment portfolio valued at £5.4bn

- Underlying capital growth 1.9% H2 2018: 0.9%:
 - West End 2.9% H2 2018: 1.5%
 - City Borders 0.5% H2 2018: 0.4%
- MSCI IPD Central London Offices¹ 0.1%
- Valuation themes:

| Tenure | |
|---------------------|---|
| Freehold | ↔ |
| Leasehold | ↓ |
| Occupational leases | |
| Long term | ↔ |
| Short term | ↓ |

Four developments drove performance

- Valued at £899m, uplift of 13.6%:
 - Brunel Building W2 (98% let)² 21.4%
 - 80 Charlotte Street W1 (92% pre-let) 7.2%
 - Soho Place W1 (50% pre-let) 27.6%
 - The Featherstone Building EC1 1.8%
- Excluding developments, portfolio down 0.2%

| | Portfolio valuation £m | Joint venture valuation £m ³ | Total £m | H1 2019 valuation movement % |
|-----------------------------|---------------------------|--|----------------|---------------------------------|
| West End | 3,308.0 | - | 3,308.0 | 2.9 |
| City Borders ⁴ | 1,941.2 | 1.8 | 1,943.0 | 0.5 |
| Central London | 5,249.2 | 1.8 | 5,251.0 | 2.0 |
| Provincial | 91.7 | - | 91.7 | (2.2) |
| Underlying | 5,340.9 | 1.8 | 5,342.7 | 1.9 |
| Acquisitions | 20.0 | - | 20.0 | (4.6) |
| Investment portfolio | 5,360.9 | 1.8 | 5,362.7 | 1.9 |

¹ Quarterly index ² Completed in Q2 2019 ³ 50% joint venture interest in 16 Prescott Street E1 ⁴ Principally properties in the Tech Belt - Appendix 37

PROPERTY RETURN

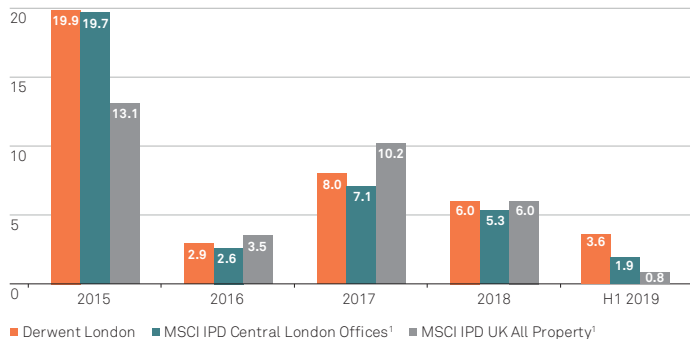
Total property returns H1 2019

- Derwent London 3.6%
- MSCI IPD Central London Offices¹ 1.9%
- MSCI IPD UK All Property¹ 0.8%

TOTAL PROPERTY RETURN PERFORMANCE

Total property return (%)

25



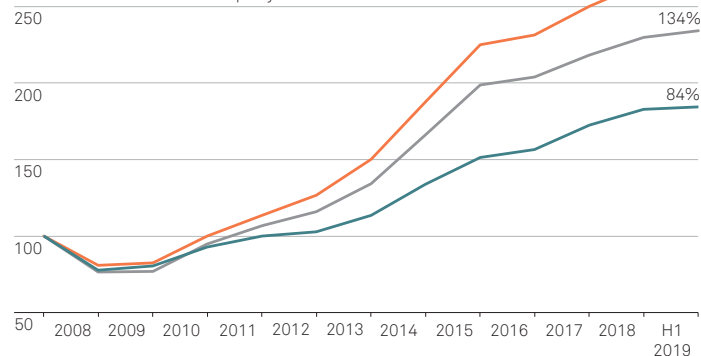
CUMULATIVE TOTAL PROPERTY RETURN

Index (31 Dec 2007=100)

300 — Derwent London

250 — MSCI IPD Central London Offices

200 — MSCI IPD UK All Property



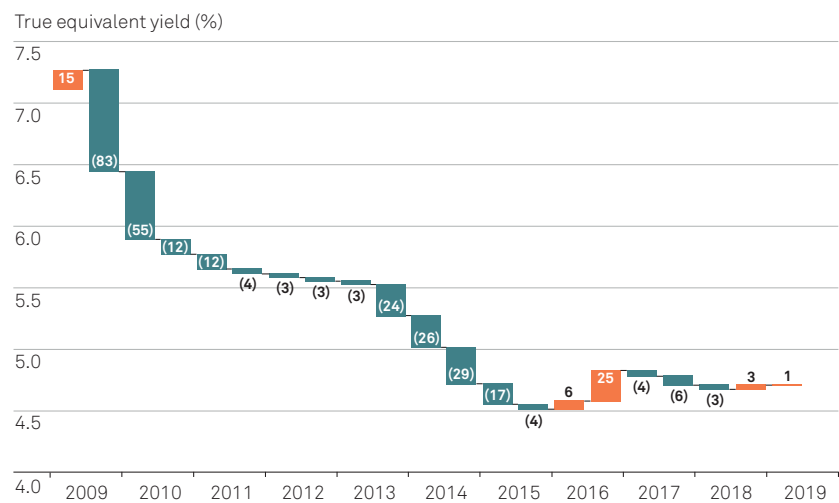
¹ Quarterly Index

MOVEMENT IN YIELDS

EPRA yields

- Net initial yield 3.3% (Dec 2018: 3.4%):
 - ‘Topped-up’ net initial yield 4.7% (Dec 2018: 4.6%)
 - Locking in the reversion
- True equivalent yield 4.74% (Dec 2018: 4.73%)
- Net reversionary yield 4.9% (Dec 2018: 4.9%)

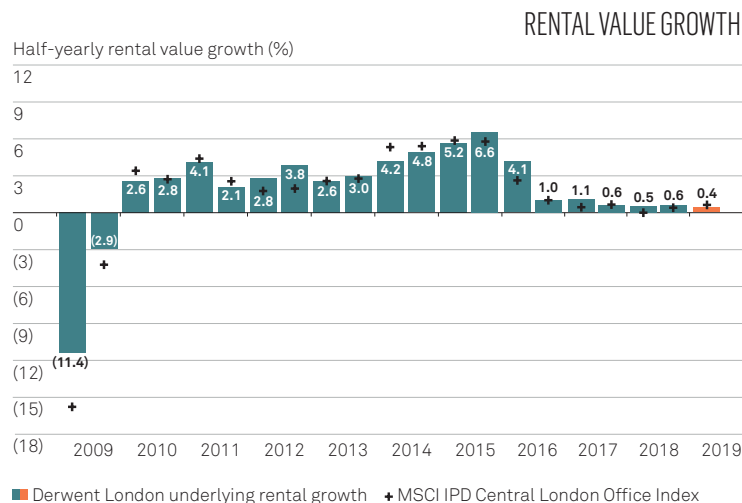
TRUE EQUIVALENT YIELD MOVEMENT¹



¹ Post H2 2010 portfolio on an EPRA basis
Derwent London plc Interim Results 2019

RENTAL VALUE GROWTH

- Underlying rental growth of 0.4%:
 - City Borders 0.9%
 - West End 0.0%
- Good demand for pre-lets and mid-market priced office space
- Average 'topped-up' office rent £56.31 psf¹ (Dec 2018: £53.25 psf)
- Cumulative rental growth of 58% since 2007, outperforming the 41% from the MSCI IPD Central London Office benchmark



| Central London offices | Portfolio % ² | Passing rent £ psf ¹ | 'Topped-up' rent £ psf ¹ | ERV £ psf ³ |
|------------------------|--------------------------|---------------------------------|-------------------------------------|------------------------|
| Core income | 57 | 36.32 | 59.85 | 58.76 |
| Potential projects | 29 | 36.68 | 40.33 | 46.35 |
| | 86 | 36.43 | 53.82 | 55.00 |
| On-site developments | 14 | - | 82.64 | 79.67 |
| Total | 100 | - | 56.31 | 58.45 |

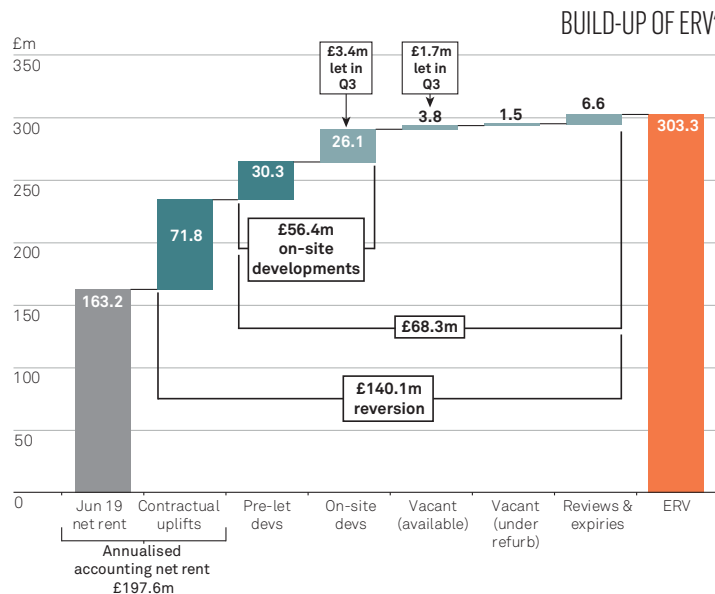
¹ Occupied office area ² Portfolio area - see Appendix 19 ³ Total office area

BUILD-UP OF PORTFOLIO ERV

- Portfolio reversion of £140.1m¹:
 - £71.8m (51%) contracted, including:
 - Brunel Building W2 £15.1m
 - Angel Building EC1 £11.0m
 - White Collar Factory EC1 £8.3m
 - £68.3m of further reversion:
 - £30.3m of pre-lets on developments:

| | Let £m | Vacant £m | ERV £m |
|-------------------------------|-------------------|------------------|-------------|
| 80 Charlotte Street W1 | 20.9 ² | 4.7 ³ | 25.6 |
| Soho Place W1 | 9.4 | 13.4 | 22.8 |
| The Featherstone Building EC1 | - | 8.0 | 8.0 |
| | 30.3 | 26.1 | 56.4 |

- £31.4m from vacant:
 - Under development/refurbishment £27.6m
 - Available £3.8m
- £6.6m from anticipated rent reviews and lease renewals



| | Dec 2018 | 159.5 | 55.3 | 31.9 | 10.8 | 4.1 | 1.7 | 11.1 | 274.4 |
|--|----------|-------|------|------|------|-----|-----|------|-------|
|--|----------|-------|------|------|------|-----|-----|------|-------|

¹ Requires additional capex as set out in Appendix 34 ² Initial rent on Arup space £9.7m pa, subject to 2.25% annual uplifts for the first 15 years

³ Further £3.4m pre-let to BCG in Q3 2019 taking total development let to £33.7m and vacant down to £22.7m ⁴ Before lease incentives

LEASING, ASSET MANAGEMENT & INVESTMENT

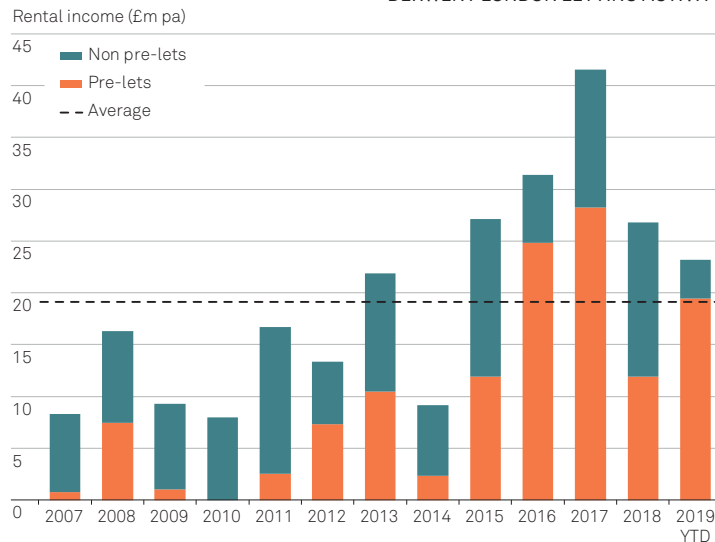
DAVID SILVERMAN



LETTING ACTIVITY 2019

- 272,200 sq ft of lettings in H1 at a rent of £18.1m pa:
 - Major pre-let to G-Research at Soho Place W1 for £9.7m pa
 - Office lettings concluded at Brunel Building W2
 - Transactions 7.5% ahead of Dec 2018 ERV
- A further 78,000 sq ft in H2 to date at £5.1m pa:
 - BCG committed to 40,650 sq ft of option space at 80 Charlotte Street W1 at £82.50 psf or £3.4m pa
- Transactions YTD:
 - 350,200 sq ft
 - £23.2m pa of rental income
 - 31 lettings

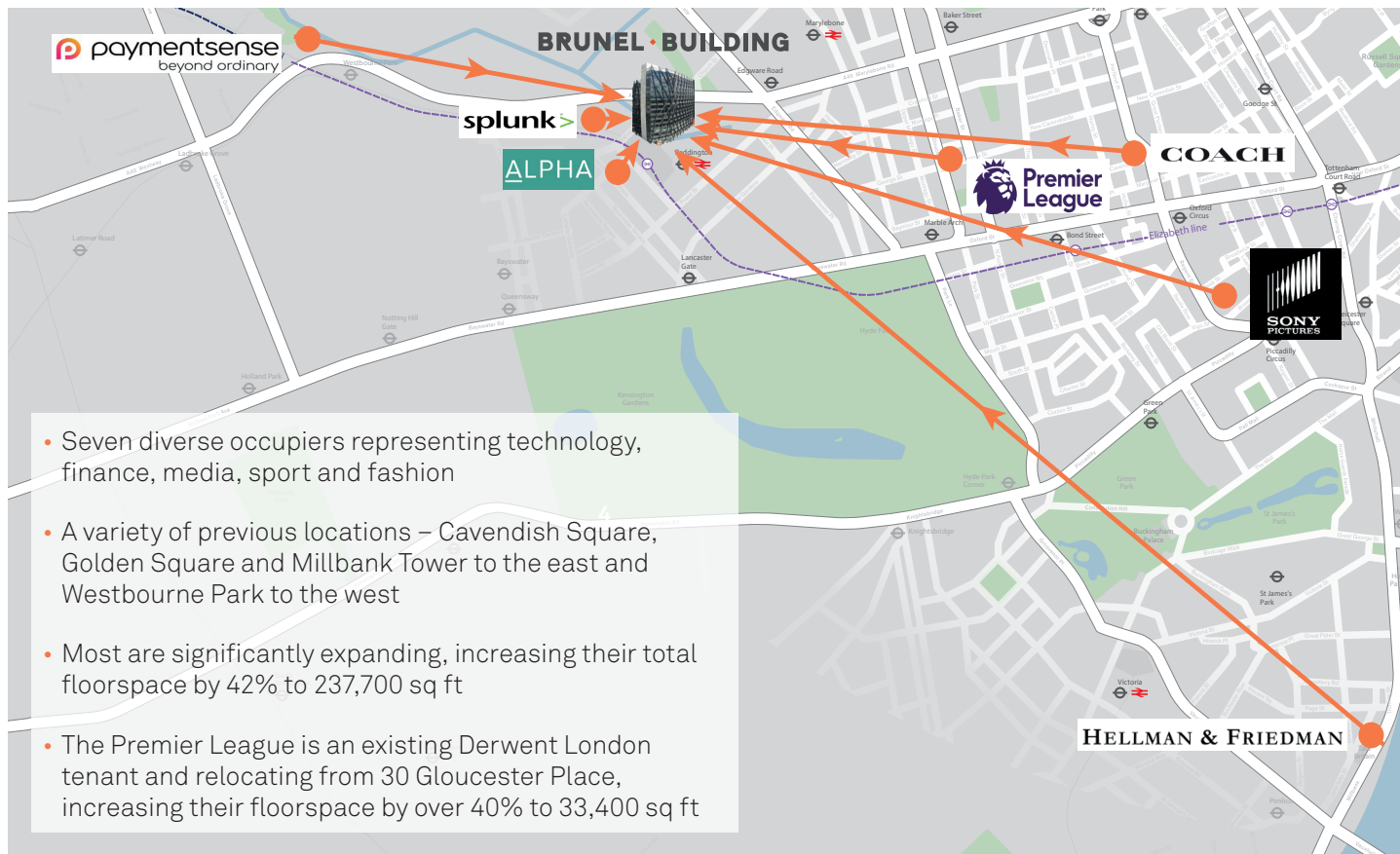
DERWENT LONDON LETTING ACTIVITY



Major lettings:



BRUNEL BUILDING W2: A PRODUCT DRIVEN MARKET



DERWENT LONDON PLUG AND PLAY SPACE

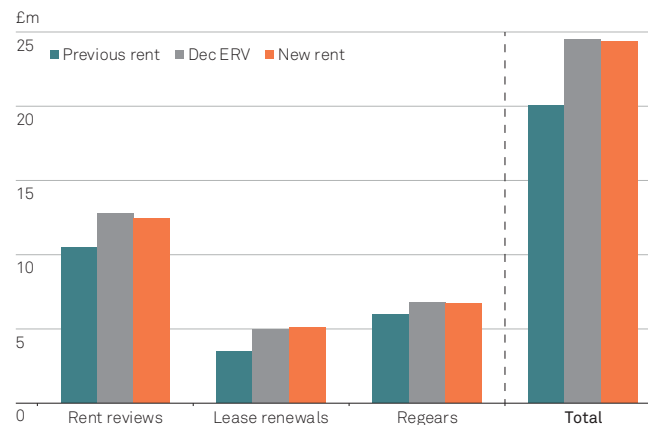
- Meeting occupiers' space requirements in a swift and convenient way
- The units are fully fitted out, vary in size and available on flexible terms – not fully serviced
- To date nine units, totalling 20,300 sq ft, have been rolled out with an average size of 2,250 sq ft:
 - Located at Morelands EC1, Hardwick Street EC1 and 90 Whitfield Street W1
- Achieve a premium to ERV with no rent free periods
- Potential to grow our Plug and Play offering strategically across our villages



ASSET MANAGEMENT ACTIVITIES

- 478,000 sq ft of lease renewals, rent reviews and lease regears completed in H1 2019
- Income up 21.4%, from £20.1m pa to £24.3m
- Performance against previous rent:
 - Lease renewals +46.8%
 - Rent reviews +18.5%
 - Lease regears +11.7%
- Vacancy rate of 1.6% at 30 Jun 2019, down from 1.8% at the start of the year

ASSET MANAGEMENT H1 2019



ASSET MANAGEMENT H1 2019

| | Area '000 sq ft | Previous rent £m pa | New rent £m pa | Uplift % | Income vs Dec 18 ERV % |
|----------------|--------------------|------------------------|-------------------|-------------|---------------------------|
| Rent reviews | 253 | 10.6 | 12.5 | 18.5 | (2.2) |
| Lease renewals | 94 | 3.5 | 5.1 | 46.8 | 4.0 |
| Lease regears | 131 | 6.0 | 6.7 | 11.7 | (1.0) |
| Total | 478 | 20.1 | 24.3 | 21.4 | (0.6) |

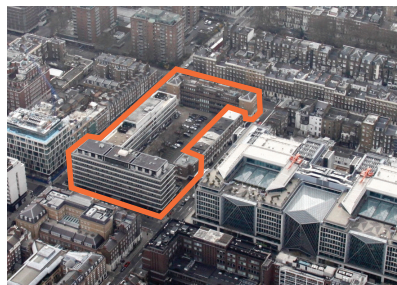
ASSET MANAGEMENT: 19-35 BAKER STREET W1

Current position

- 143,000 sq ft of existing buildings held in a joint venture (JV) with The Portman Estate (DL share 55%)
- 71-year leasehold interest with a nominal ground rent
- Full planning permission granted in Mar 2019:
 - 293,000 sq ft scheme containing offices, residential and retail

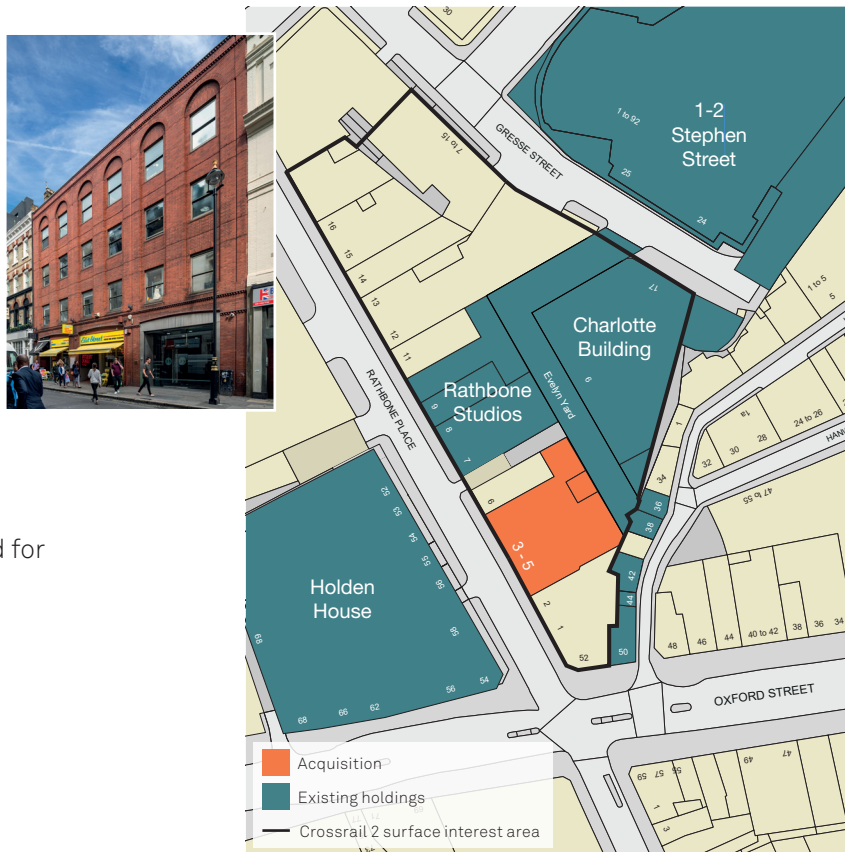
Regear

- Option agreement to demerge the JV:
 - DL to be granted a 129-year lease at 19-35 Baker Street and 154-year lease at George Street
 - Initial gearing of 2.5% rising to 6% on the 29th anniversary of the development
 - Facilitates the future redevelopment – earliest possession Sep 2021



ACQUISITION H1 2019: 3-5 RATHBONE PLACE W1

- £21.0m acquisition after costs:
 - 17,800 sq ft office, retail and leisure
 - £0.9m pa rental income
 - 4.2% net initial yield
- Close to existing holdings:
 - Rathbone Studios, 7-10 Rathbone Place
 - Holden House
 - Charlotte Building
 - 50 Oxford Street and 36-38 and 42-44 Hanway Street
- Potential future scheme as location earmarked for Crossrail 2 redevelopment



DISPOSALS 2019 YTD



Premier House SW1

- £50.0m before costs in Q1:
 - 10% premium to Dec 2018 book value (BV)
 - 60,700 sq ft freehold office
 - Vacant possession just prior to sale
- Limited scope for additional area



9 Prescott Street E1

- £53.8m before costs in Q2:
 - 2% premium to Dec 2018 BV
 - 50:50 joint venture (DL share £26.9m)
 - 97,000 sq ft office building
 - £2.3m pa rental income
- 40% of the building refurbished in 2016



The Buckley Building EC1

- £103.0m sale exchanged in Q3:
 - 5% premium to Dec 2018 BV¹
 - 85,100 sq ft freehold office
 - £4.9m pa rental income
- Mature asset with limited scope to add value

¹ Based upon a disposal price net of costs and potential 'top-ups' of £99.6m

PROJECTS

SIMON SILVER



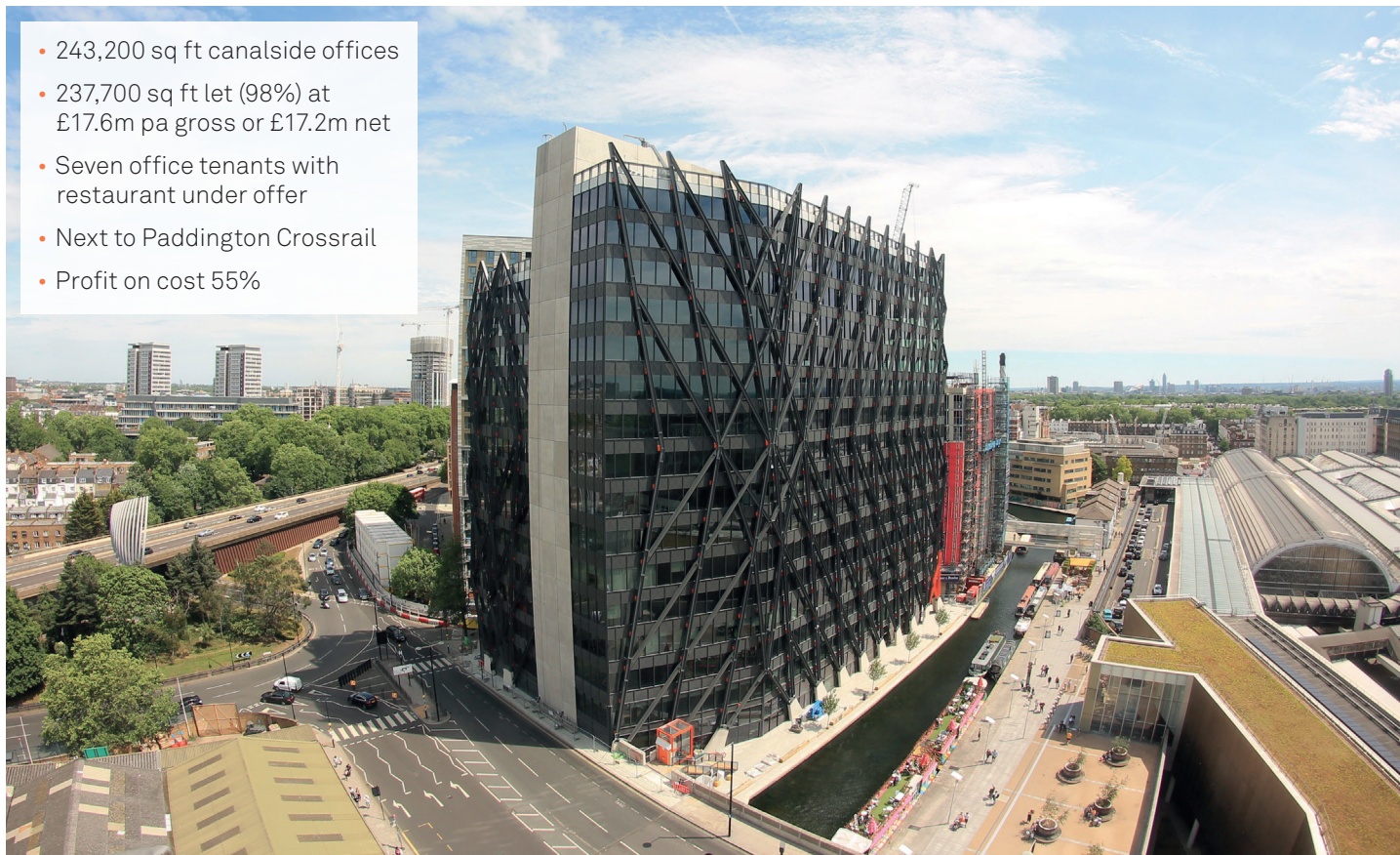
PROJECT UPDATE: A BUSY START TO THE YEAR

- One major completion:
 - Brunel Building W2 – 243,200 sq ft – Offices 100% let and remaining 5,500 sq ft retail unit under offer
- Three major projects on site:
 - 80 Charlotte Street W1 – 380,000 sq ft mixed-use scheme
 - Soho Place W1 – 285,000 sq ft of offices, retail and a theatre
 - The Featherstone Building EC1 – 125,000 sq ft of offices and retail
- Two further projects with full planning permission:
 - 19-35 Baker Street W1 – 293,000 sq ft mixed-use
 - Holden House W1 – 150,000 sq ft retail/office



H1 2019 COMPLETION: BRUNEL BUILDING W2

- 243,200 sq ft canalside offices
- 237,700 sq ft let (98%) at £17.6m pa gross or £17.2m net
- Seven office tenants with restaurant under offer
- Next to Paddington Crossrail
- Profit on cost 55%





GOOD PROGRESS: 80 CHARLOTTE STREET W1



- 380,000 sq ft mixed-use scheme
- Commercial space 92% pre-let at £24.3m pa
- Completion H1 2020
- Capex to complete £69m

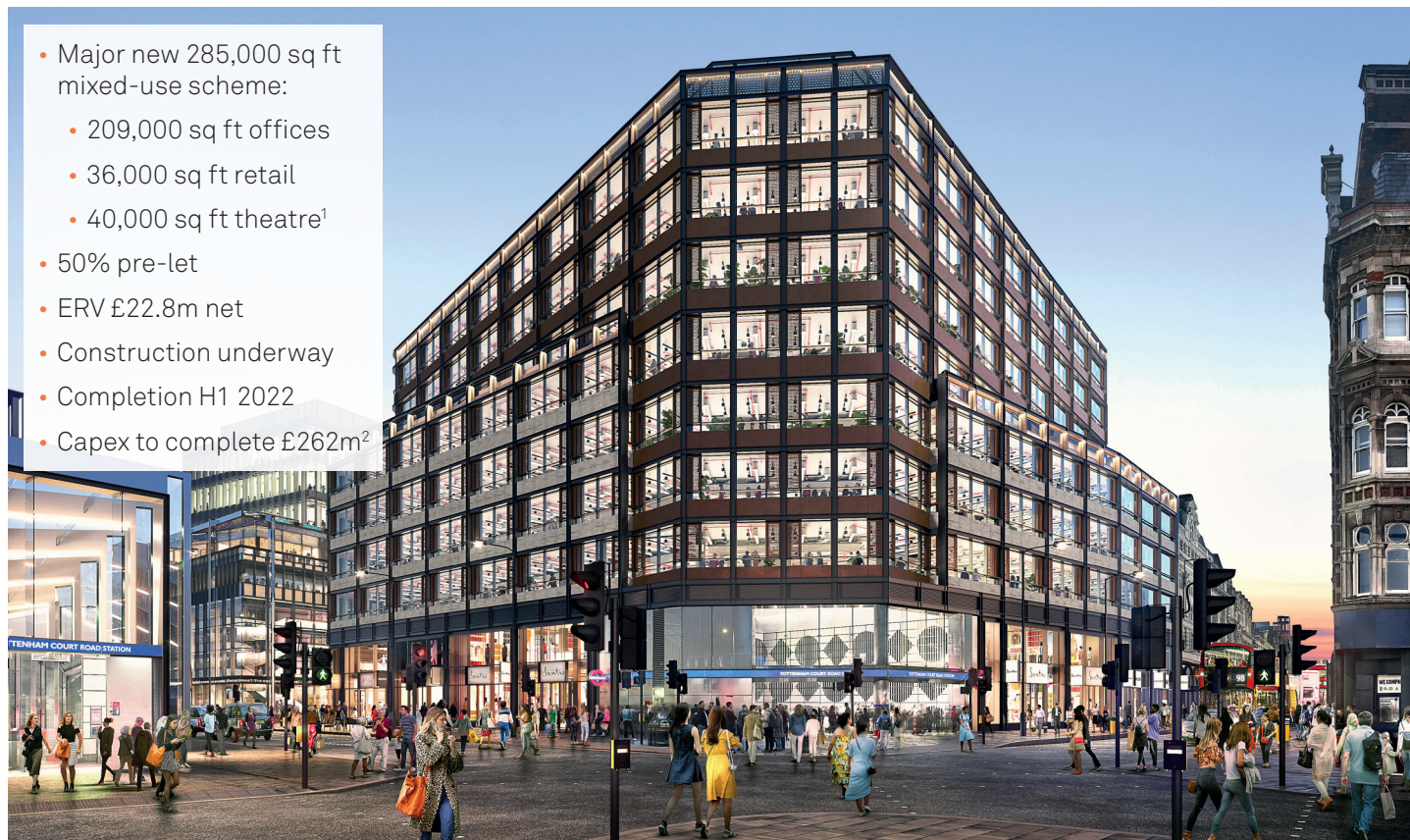






H1 2019 START: SOHO PLACE W1

- Major new 285,000 sq ft mixed-use scheme:
 - 209,000 sq ft offices
 - 36,000 sq ft retail
 - 40,000 sq ft theatre¹
- 50% pre-let
- ERV £22.8m net
- Construction underway
- Completion H1 2022
- Capex to complete £262m²



¹ Pre-let at a nominal ground rent ² Includes remaining site acquisition cost and 16% profit share payaway to freeholder Crossrail



H1 2019 START: THE FEATHERSTONE BUILDING EC1

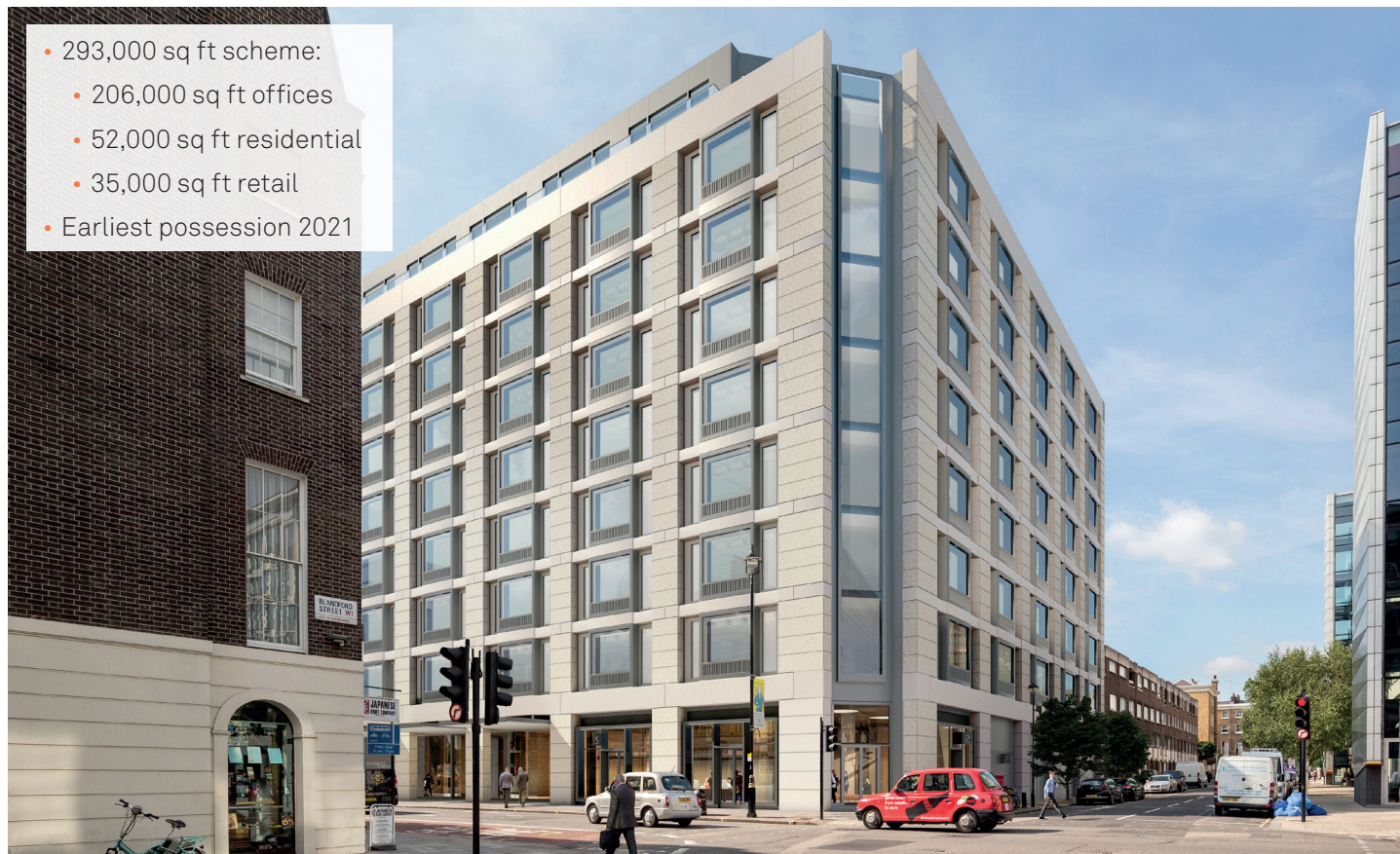
- 125,000 sq ft of offices and retail
- Demolition finishes early September
- ERV £8m
- Completion H1 2022
- Capex to complete £70m





19-35 BAKER STREET W1

- 293,000 sq ft scheme:
 - 206,000 sq ft offices
 - 52,000 sq ft residential
 - 35,000 sq ft retail
- Earliest possession 2021





Perfumery

Delecta

Perfumery

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LOOKING TO THE FUTURE

CONSENTED

Existing 0.23m sq ft
Proposed 0.44m sq ft



19-35 Baker Street W1



Holden House W1

UNDER APPRAISAL

Existing 0.28m sq ft



Francis House SW1



Network Building W1



Angel Square EC1

FUTURE APPRAISAL

Existing 1.13m sq ft



Bush House WC2



20 Farringdon Road EC1



19 Charterhouse Street EC1

SUMMARY

PAUL WILLIAMS



OUR MARKET

- Ongoing economic and political uncertainty
- Good occupier demand with lower investment activity
- ERV guidance: +1% to -2% in 2019
- Investment yields expected to remain firm in 2019

DERWENT LONDON

- Derwent London product attractive to occupiers and investors
- Development ERV £56.4m – 60% pre-let
- Robust financial position
- Dividend growth in 2019 of c.10%

APPENDICES



APPENDICES

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APPENDIX 1 - GROUP BALANCE SHEET

| | Jun 2019 £m | Dec 2018 £m | Jun 2018 £m |
|--|------------------|----------------|----------------|
| Investment property | 5,179.0 | 5,028.2 | 4,857.0 |
| Owner-occupied property | 46.5 | 47.0 | 47.0 |
| Investment in joint ventures | 2.8 | 29.1 | 41.6 |
| Other non-current assets | 144.3 | 129.5 | 115.2 |
| | 5,372.6 | 5,233.8 | 5,060.8 |
| Other current assets and liabilities | (54.8) | (44.1) | (63.5) |
| Trading property | 40.6 | 36.3 | 28.5 |
| Cash and cash equivalents | 31.5 | 18.3 | 21.4 |
| Borrowings – current | (2.3) | (148.4) | - |
| | 15.0 | (137.9) | (13.6) |
| Borrowings – non-current | (971.0) | (766.1) | (786.9) |
| Other non-current liabilities | (66.9) | (66.4) | (63.2) |
| | (1,037.9) | (832.5) | (850.1) |
| Total net assets | 4,349.7 | 4,263.4 | 4,197.1 |
| Non-controlling interest | (58.8) | (61.5) | (63.3) |
| Attributable to equity shareholders | 4,290.9 | 4,201.9 | 4,133.8 |

APPENDIX 2 - NET ASSET VALUE PER SHARE

| | £m | Jun 2019 Diluted p | £m | Dec 2018 Diluted p |
|---|----------------|--------------------------|----------------|--------------------------|
| Net assets attributable to equity shareholders | 4,290.9 | 3,833 | 4,201.9 | 3,759 |
| Revaluation of trading properties net of tax | 2.1 | | 0.8 | |
| Fair value of secured bonds | (36.5) | | (35.3) | |
| Fair value of unsecured convertible bonds 2019 | - | | (3.6) | |
| Fair value of unsecured convertible bonds 2025 | 3.3 | | - | |
| Fair value of fixed rate secured loan | (5.1) | | (4.0) | |
| Fair value of fixed rate unsecured private placement notes | (37.7) | | (22.2) | |
| Unamortised issue and arrangement costs | (10.6) | | (6.5) | |
| EPRA triple NAV | 4,206.4 | 3,758 | 4,131.1 | 3,696 |
| Fair value of bonds and costs | 86.6 | | 71.6 | |
| Deferred tax on revaluation surplus | 3.2 | | 3.6 | |
| Fair value of derivatives | 4.9 | | 3.6 | |
| Fair value adjustment to secured bonds on acquisition less amortisation | 11.2 | | 11.8 | |
| Non-controlling interest in respect of the above | (0.8) | | (0.9) | |
| EPRA NAV | 4,311.5 | 3,852 | 4,220.8 | 3,776 |

APPENDIX 3 - GROUP INCOME STATEMENT

| | Half year ended Jun 2019 £m | Year ended Dec 2018 £m | Half year ended Jun 2018 £m |
|---|---|--|--|
| Gross property income | 93.6 | 196.0 | 107.1 |
| Write-down on trading properties | - | (0.2) | (0.2) |
| Other income | 1.7 | 2.9 | 1.2 |
| Property outgoings | (6.8) | (12.8) | (4.7) |
| Net property and other income | 88.5 | 185.9 | 103.4 |
| Administrative expenses | (17.1) | (32.3) | (15.2) |
| Revaluation surplus | 75.0 | 83.4 | 54.0 |
| Profit on disposal of investment properties | 4.7 | 5.2 | 0.1 |
| Net finance costs | (12.8) | (23.5) | (11.5) |
| Bond redemption premium | (7.8) | - | - |
| Joint venture (JV) results | <div> <div> JV revaluation 0.9 Profit on disposal of JV property 0.8 Other JV profit 0.3 </div> <div> 2.0 </div> </div> | <div> <div> (0.1) 1.3 0.9 </div> <div> 2.1 </div> </div> | <div> <div> 0.1 1.3 0.5 </div> <div> 1.9 </div> </div> |
| Derivatives fair value movement | (1.3) | 4.3 | 3.1 |
| Financial derivative termination costs | (1.2) | (3.5) | (1.8) |
| IFRS profit before tax | 130.0 | 221.6 | 134.0 |
| Tax charge | (0.4) | (2.7) | (1.6) |
| IFRS profit for the period | 129.6 | 218.9 | 132.4 |
| Attributable to: | | | |
| Equity shareholders ¹ | 131.8 | 222.3 | 134.0 |
| Non-controlling interest | (2.2) | (3.4) | (1.6) |
| | 129.6 | 218.9 | 132.4 |

¹ A reconciliation of the IFRS profit attributable to shareholders to the EPRA and underlying earnings is shown in Appendix 4

APPENDIX 4 - IFRS PROFIT AND EPRA/UNDERLYING EARNINGS

| | Half year ended Jun 2019 £m | Year ended Dec 2018 £m | Half year ended Jun 2018 £m |
|---|--------------------------------------|---------------------------------|--------------------------------------|
| IFRS profit for the year attributable to shareholders | 131.8 | 222.3 | 134.0 |
| Revaluation surplus | (75.0) | (83.4) | (54.0) |
| Joint venture revaluation (surplus)/deficit | (0.9) | 0.1 | (0.1) |
| Profit on disposal of properties | (4.7) | (5.2) | (0.1) |
| Profit on disposal of share of associate's properties | (0.8) | (1.3) | (1.3) |
| Write-down of trading property | - | 0.2 | 0.2 |
| Derivatives fair value movement | 1.3 | (4.3) | (3.1) |
| Financial derivative termination costs | 1.2 | 3.5 | 1.8 |
| Bond redemption premium | 7.8 | - | - |
| Tax adjustment | (0.2) | (0.4) | (0.2) |
| Non-controlling interest in respect of the above | (3.2) | (5.4) | (2.6) |
| EPRA earnings | 57.3 | 126.1 | 74.6 |
| Deduction for access rights receipt and premiums | - | (15.6) | (16.9) |
| Underlying earnings | 57.3 | 110.5 | 57.7 |

APPENDIX 5 - EXPLANATION OF EPRA ADJUSTMENTS

| | H1 2019 IFRS £m | Adjustments | | | H1 2019 EPRA basis £m | H1 2018 EPRA basis £m |
|---|-----------------------|--------------|---------------|-------------|--------------------------------|--------------------------------|
| | | A £m | B £m | C £m | | |
| Net property and other income | 88.5 | | | | 88.5 | 103.6 |
| Administrative expenses | (17.1) | | | | (17.1) | (15.2) |
| Revaluation surplus | 75.0 | | (75.0) | | - | - |
| Profit on disposal of investment property | 4.7 | (4.7) | | | - | - |
| Net finance costs | (12.8) | | | | (12.8) | (11.5) |
| Bond redemption premium | (7.8) | | | 7.8 | - | - |
| Derivatives fair value movement | (1.3) | | | 1.3 | - | - |
| Financial derivative termination costs | (1.2) | | | 1.2 | - | - |
| Share of results of joint ventures | 2.0 | (0.8) | (0.9) | | 0.3 | 0.5 |
| Profit before tax | 130.0 | (5.5) | (75.9) | 10.3 | 58.9 | 77.4 |
| Tax charge | (0.4) | - | (0.2) | - | (0.6) | (1.8) |
| Profit for the period | 129.6 | (5.5) | (76.1) | 10.3 | 58.3 | 75.6 |
| Non-controlling interest | 2.2 | - | (3.2) | - | (1.0) | (1.0) |
| Earnings attributable to equity shareholders | 131.8 | (5.5) | (79.3) | 10.3 | 57.3 | 74.6 |
| Earnings per share | 118.09p | | | | 51.34p | 66.93p |

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

B – Write-down of trading properties and revaluation on investment property and in joint ventures, and associated deferred tax and non-controlling interest

C – Fair value movement and termination costs relating to derivative financial instruments, associated non-controlling interest and the bond redemption premium

APPENDIX 6 - RECONCILIATION OF LIKE-FOR-LIKE INCOME TO IFRS INCOME

| | Total £m | Development property £m | Acquisitions & disposals £m | Properties owned throughout the period £m | Like-for-like movement to H1 2019 |
|----------------------------|--------------|-------------------------------|-----------------------------------|--|---|
| H1 2019 | | | | | |
| Gross rental income | 93.1 | (2.7) | (1.7) | 88.7 | |
| Property expenditure | (6.8) | 1.3 | 0.2 | (5.3) | |
| Net rental income | 86.3 | (1.4) | (1.5) | 83.4 | |
| Other | 2.2 | - | - | 2.2 | |
| Net property income | 88.5 | (1.4) | (1.5) | 85.6 | |
| H1 2018 | | | | | |
| Gross rental income | 86.9 | (0.3) | (1.1) | 85.5 | 3.7% |
| Property expenditure | (6.3) | 1.6 | - | (4.7) | |
| Net rental income | 80.6 | 1.3 | (1.1) | 80.8 | 3.2% |
| Other property income | 17.7 | - | - | 17.7 | |
| Other | 5.1 | 0.2 | - | 5.3 | |
| Net property income | 103.4 | 1.5 | (1.1) | 103.8 | (17.5%) |
| H2 2018 | | | | | |
| Gross rental income | 88.2 | (0.7) | (1.8) | 85.7 | 3.5% |
| Property expenditure | (7.7) | 1.3 | - | (6.4) | |
| Net rental income | 80.5 | 0.6 | (1.8) | 79.3 | 5.2% |
| Other | 2.0 | - | - | 2.0 | |
| Net property income | 82.5 | 0.6 | (1.8) | 81.3 | 5.3% |

APPENDIX 7 - DEBT FACILITIES

| | Drawn £m | Undrawn £m | Total £m | Maturity |
|---|--------------|---------------|----------------|--------------|
| 3.99% secured loan | 83.0 | - | 83.0 | October 2024 |
| 6.5% secured bonds | 175.0 | - | 175.0 | March 2026 |
| 1.125% unsecured convertible bonds 2019 | 2.3 | - | 2.3 | July 2019 |
| 1.5% unsecured convertible bonds 2025 | 175.0 | - | 175.0 | June 2025 |
| 2.68% unsecured private placement notes | 55.0 | - | 55.0 | January 2026 |
| 3.46% unsecured private placement notes | 30.0 | - | 30.0 | May 2028 |
| 4.41% unsecured private placement notes | 25.0 | - | 25.0 | January 2029 |
| 2.87% unsecured private placement notes | 93.0 | - | 93.0 | January 2029 |
| 2.97% unsecured private placement notes | 50.0 | - | 50.0 | January 2031 |
| 3.57% unsecured private placement notes | 75.0 | - | 75.0 | May 2031 |
| 4.68% unsecured private placement notes | 75.0 | - | 75.0 | January 2034 |
| 3.09% unsecured private placement notes | 52.0 | - | 52.0 | January 2034 |
| Non-bank loans | 890.3 | - | 890.3 | |
| Bilateral term – secured | 28.0 | - | 28.0 | July 2022 |
| Bilateral revolving credit – unsecured | 9.0 | 66.0 | 75.0 | July 2022 |
| Club revolving credit – unsecured | 53.0 | 397.0 | 450.0 | January 2022 |
| Committed bank facilities | 90.0 | 463.0 | 553.0 | |
| At 30 Jun 2019 | 980.3 | 463.0 | 1,443.3 | |

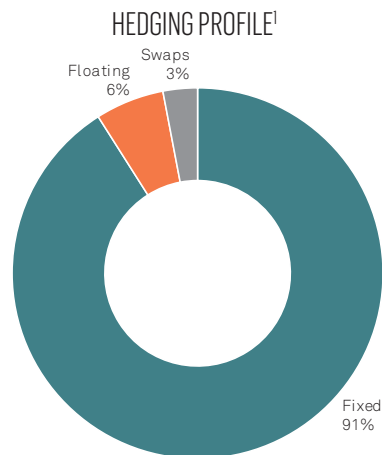
APPENDIX 8 - NET DEBT

| | Jun 2019 £m | Dec 2018 £m |
|--|----------------|----------------|
| Borrowings – current | 2.3 | 148.4 |
| Borrowings – non-current | 971.0 | 766.1 |
| Acquired fair value of secured bonds less amortisation | (11.2) | (11.8) |
| Equity component of unsecured bonds | 7.9 | 12.6 |
| Unwinding of discount of unsecured bonds | (0.3) | (11.3) |
| Unamortised issue and arrangement costs | 10.6 | 6.5 |
| Facilities – drawn | 980.3 | 910.5 |
| Facilities – undrawn | 463.0 | 255.5 |
| Total debt facilities | 1,443.3 | 1,166.0 |

| | Jun 2019 £m | Dec 2018 £m |
|---------------------------|----------------|----------------|
| Borrowings | 973.3 | 914.5 |
| Leasehold liabilities | 61.7 | 60.7 |
| Cash and cash equivalents | (31.5) | (18.3) |
| Net debt | 1,003.5 | 956.9 |

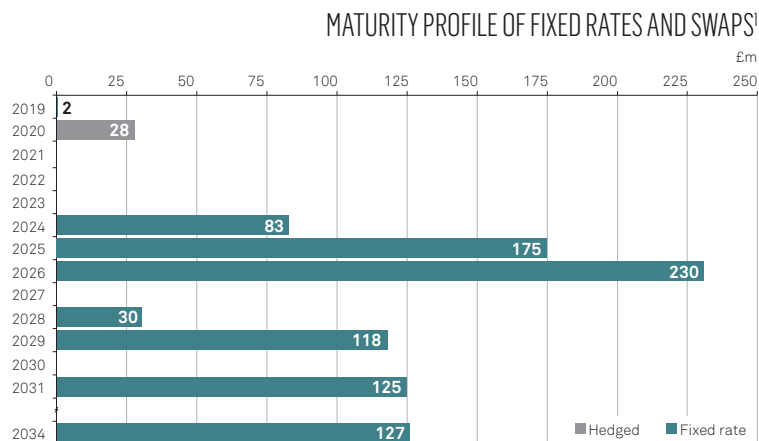
APPENDIX 9 - FIXED RATES AND HEDGING

| | Jun 2019 | Dec 2018 |
|---|-----------|-----------|
| Proportion of drawn facilities at fixed rates or hedged | 94% | 70% |
| Weighted average duration of swaps ¹ | 0.7 years | 1.2 years |
| Mark-to-market cost of swaps and forward-start swaps | £4.9m | £3.6m |
| Weighted average duration of fixed rate instruments | 8.8 years | 7.2 years |



¹ Excludes the following forward-start swaps:

| Principal £m | Rate % | Start date | Expiry date |
|-----------------|-----------|----------------|-------------|
| 70.0 | 3.99 | September 2019 | March 2020 |
| 40.0 | 2.45 | October 2019 | July 2022 |
| 75.0 | 1.36 | July 2019 | April 2025 |



APPENDIX 10 - VALUATION PERFORMANCE BY VILLAGE

| | Valuation Jun 2019 £m | Weighting Jun 2019 % | Valuation movement H1 2019 ¹ % |
|-----------------------------|-----------------------------|----------------------------|--|
| West End Central | | | |
| Fitzrovia ² | 1,688.4 | 31 | 1.4 |
| Victoria | 468.5 | 9 | (0.2) |
| Paddington | 327.9 | 6 | 21.4 |
| Baker Street/Marylebone | 161.4 | 3 | (4.5) |
| Soho/Covent Garden | 123.6 | 2 | 19.9 |
| Mayfair | 96.6 | 2 | 0.9 |
| | 2,866.4 | 53 | 3.4 |
| West End Borders | | | |
| Islington/Camden | 461.6 | 9 | (0.2) |
| West End | 3,328.0 | 62 | 2.9 |
| City Borders | | | |
| Clerkenwell | 629.7 | 12 | 0.7 |
| Old Street | 585.4 | 11 | 1.0 |
| Shoreditch/Whitechapel | 442.7 | 8 | 0.9 |
| Holborn | 283.0 | 5 | (1.9) |
| Other | 2.2 | - | - |
| City Borders | 1,943.0 | 36 | 0.5 |
| Central London | 5,271.0 | 98 | 2.0 |
| Provincial | 91.7 | 2 | (2.2) |
| Investment portfolio | 5,362.7 | 100 | 1.9 |

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

APPENDIX 11 - RENTAL VALUE GROWTH

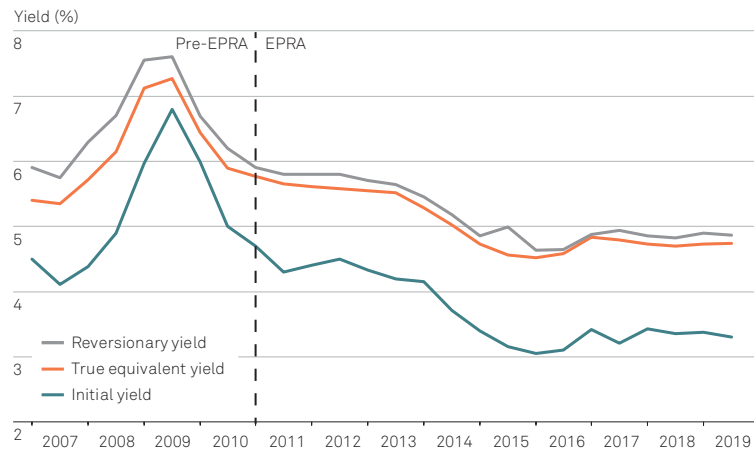
RENTAL VALUE GROWTH¹

| | H1 2018 % | H2 2018 % | 2018 % | H1 2019 % |
|-----------------------|--------------|--------------|------------|--------------|
| West End | 0.4 | 0.2 | 0.6 | 0.0 |
| City Borders | 0.6 | 1.4 | 2.0 | 0.9 |
| Central London | 0.5 | 0.7 | 1.2 | 0.4 |
| Provincial | 0.1 | (4.4) | (4.3) | 0.6 |
| Underlying | 0.5 | 0.6 | 1.1 | 0.4 |

¹ On EPRA portfolio

APPENDIX 12 - VALUATION YIELDS

YIELD PROFILE¹



EPRA INITIAL YIELDS

| | Net initial yield % | 'Topped-up' initial yield % |
|-----------------------|---------------------|-----------------------------|
| West End | 3.2 | 4.6 |
| City Borders | 3.3 | 4.7 |
| Central London | 3.2 | 4.6 |
| Provincial | 6.7 | 7.2 |
| EPRA portfolio | 3.3 | 4.7 |

TRUE EQUIVALENT YIELDS²

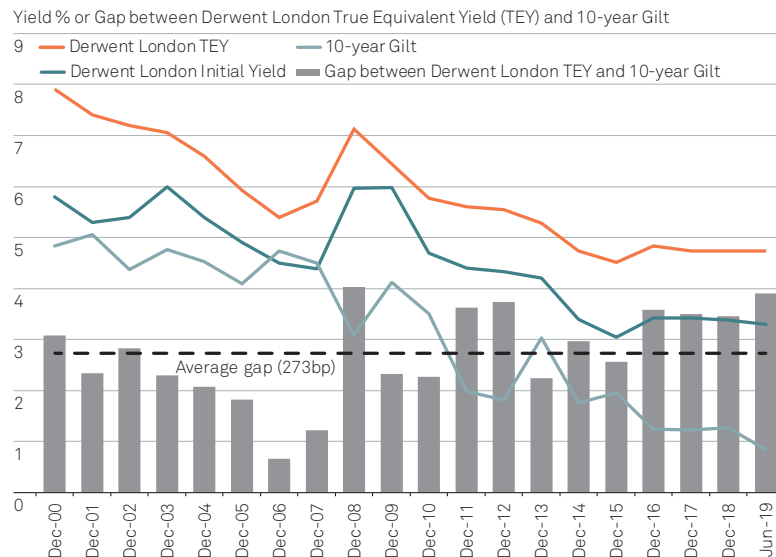
| | Dec 2018 % | H1 2019 movement basis points | Jun 2019 % |
|-----------------------|-------------|-------------------------------|-------------|
| West End | 4.62 | 2 | 4.64 |
| City Borders | 4.79 | - | 4.79 |
| Central London | 4.69 | 1 | 4.70 |
| Provincial | 7.68 | 32 | 8.00 |
| Underlying | 4.73 | 1 | 4.74 |

¹ Six-monthly data ² On EPRA portfolio

APPENDIX 13 - CONTEXT TO YIELD MOVEMENT

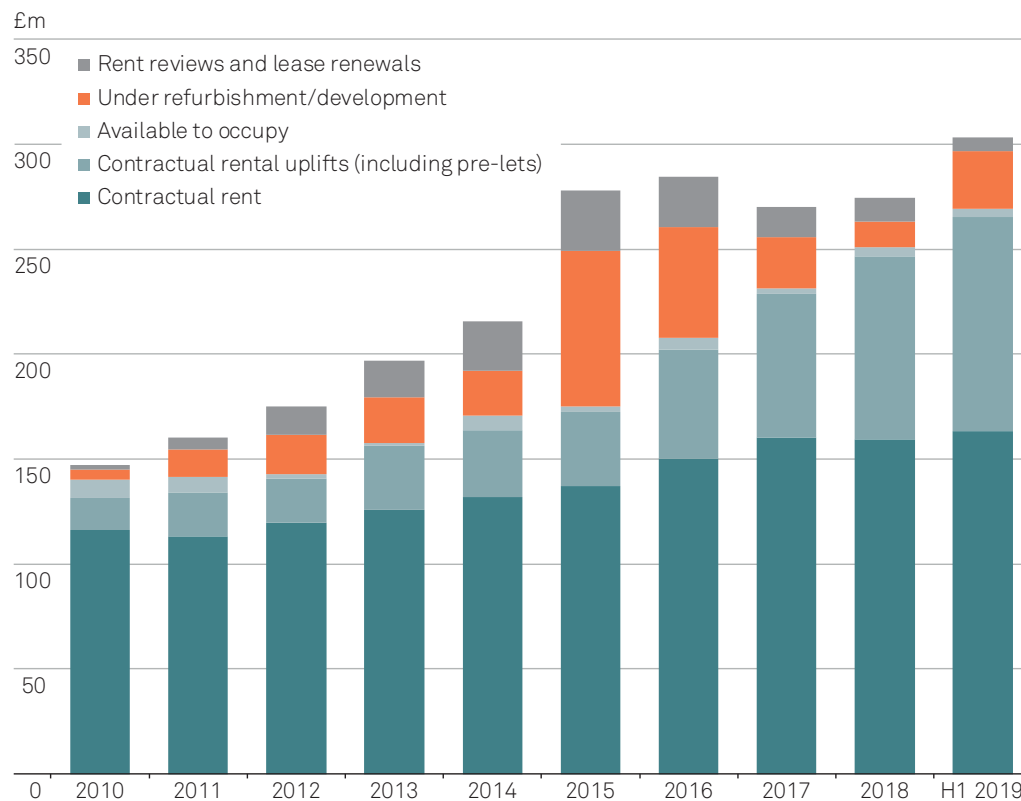
- Spread between true equivalent yield and 10-year Gilt moved out to 390bp:
 - Average gap 273bp
 - Gilt yield declined from 1.27% at the start of the year to 0.84% at the half year
 - Investor activity weakened in H1
- Capital values²:
 - Central London £1,006 psf:
 - West End £1,040 psf
 - City Borders £964 psf

VALUATION YIELDS¹



¹ Post H2 2010 portfolio on an EPRA basis ² Excludes 0.79m sq ft of on-site developments - Appendix 34

APPENDIX 14 - EVOLUTION OF PORTFOLIO ERV



APPENDIX 15 - 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 | Lease reversion ⁵ £m pa | Total reversion £m pa | Estimated rental value £m pa |
|-----------------------------|-----------------|----------------|---|---------------------------------------|--|--------------------------------------|---|--|-----------------------------|---------------------------------------|
| West End Central | | | | | | | | | | |
| Fitzrovia ² | 1,688.4 | 31 | 1,391 | 124 | 50.8 | 40.44 | 6.3 | 30.6 | 36.9 | 87.7 |
| Victoria | 468.5 | 9 | 524 | 3 | 18.0 | 34.64 | 0.1 | 5.8 | 5.9 | 23.9 |
| Paddington | 327.9 | 6 | 243 | 5 | 2.4 | 10.42 ³ | 0.2 | 14.7 | 14.9 | 17.3 |
| Baker Street/Marylebone | 161.4 | 3 | 194 | 1 | 6.9 | 35.86 | 0.2 | 2.5 | 2.7 | 9.6 |
| Soho/Covent Garden | 123.6 | 2 | 393 | 142 | - | 0.10 | 13.4 | 9.5 | 22.9 | 22.9 |
| Mayfair | 96.6 | 2 | 43 | - | 0.6 | 13.61 ⁴ | - | 3.7 | 3.7 | 4.3 |
| | 2,866.4 | 53 | 2,788 | 275 | 78.7 | 31.56 | 20.2 | 66.8 | 87.0 | 165.7 |
| West End Borders | | | | | | | | | | |
| Islington/Camden | 461.6 | 9 | 494 | 3 | 12.7 | 25.92 | 0.1 | 12.8 | 12.9 | 25.6 |
| West End | 3,328.0 | 62 | 3,282 | 278 | 91.4 | 30.64 | 20.3 | 79.6 | 99.9 | 191.3 |
| City Borders | | | | | | | | | | |
| Clerkenwell | 629.7 | 12 | 649 | 6 | 24.0 | 39.26 | 0.1 | 7.5 | 7.6 | 31.6 |
| Old Street | 585.4 | 11 | 605 | 147 | 16.8 | 36.65 | 8.6 | 9.8 | 18.4 | 35.2 |
| Shoreditch/Whitechapel | 442.7 | 8 | 549 | 12 | 16.7 | 31.12 | 0.7 | 7.1 | 7.8 | 24.5 |
| Holborn | 283.0 | 5 | 295 | 40 | 9.5 | 38.88 | 1.7 | 4.1 | 5.8 | 15.3 |
| Other | 2.2 | - | - | - | - | - | - | - | - | - |
| City Borders | 1,943.0 | 36 | 2,098 | 205 | 67.0 | 36.27 | 11.1 | 28.5 | 39.6 | 106.6 |
| Central London | 5,271.0 | 98 | 5,380 | 483 | 158.4 | 32.81 | 31.4 | 108.1 | 139.5 | 297.9 |
| Provincial | 91.7 | 2 | 347 | 9 | 4.8 | 14.09 | - | 0.6 | 0.6 | 5.4 |
| Investment portfolio | 5,362.7 | 100 | 5,727 | 492 | 163.2 | 31.61 | 31.4 | 108.7 | 140.1 | 303.3 |

¹ Includes 0.79m sq ft of on-site developments ² Includes North of Oxford Street ³ Contracted rent of £74.01 psf after incentives ⁴ Contracted rent of £104.16 psf after incentives ⁵ Contractual uplifts, rent review/lease renewal reversion and pre-lets

APPENDIX 16 - BUILD-UP OF PORTFOLIO ERV

| | £m | Rent uplift pa £m | Rent pa £m |
|--|------|----------------------|---------------|
| Contracted rental income, net of ground rents | | | 163.2 |
| Contractual rental uplifts | | | |
| Brunel Building W2 | 15.1 | | |
| Angel Building EC1 | 11.0 | | |
| White Collar Factory EC1 | 8.3 | | |
| Horseferry House SW1 | 5.2 | | |
| The White Chapel Building E1 | 4.3 | | |
| 1 Oliver's Yard EC1 | 3.7 | | |
| Other | 24.2 | 71.8 | |
| Vacant space¹ | | | |
| Available to occupy | 3.8 | | |
| Under refurbishment | 1.5 | 5.3 | |
| Lease reversions | | | |
| Anticipated rent reviews and lease renewals | | 6.6 | 83.7 |
| | | | 246.9 |
| Three on-site developments (non-EPRA)² | | | |
| Pre-let element | 30.3 | | |
| Available | 26.1 | | 56.4 |
| Estimated rental value | | | 303.3 |

¹ Detailed in Appendix 17 ² Capex to complete £401m excluding capitalised interest – see Appendix 34

APPENDIX 17 - AVAILABLE SPACE AND PROJECTS

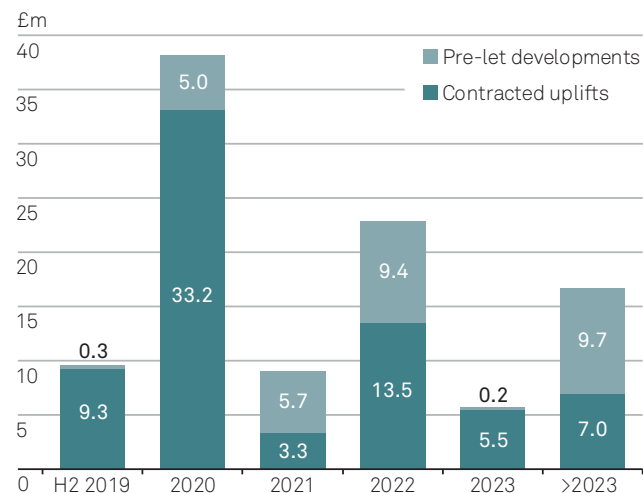
| | Vacant area '000 sq ft | Pre-let area '000 sq ft | Total area '000 sq ft | Gross vacant ERV £m pa | Ground rent £m pa | Net vacant ERV £m pa | Pre-let net rent ERV £m pa | Total net ERV £m pa | Comment |
|--|---------------------------------|----------------------------------|--------------------------------|---------------------------------|-------------------------|-------------------------------|-------------------------------------|------------------------------|---|
| Available to occupy (EPRA) | | | | | | | | | |
| Johnson Building EC1 | 39 | - | 39 | 1.7 | - | 1.7 | - | 1.7 | 36,100 sq ft let in Q3 2019 at £1.7m pa |
| 90 Whitfield Street W1 | 11 | - | 11 | 0.7 | - | 0.7 | - | 0.7 | 3,100 sq ft under offer at £0.2m pa |
| White Collar Factory EC1 | 16 | - | 16 | 0.4 | - | 0.4 | - | 0.4 | 14,300 sq ft under offer at £0.4m pa |
| Brunel Building W2 | 5 | - | 5 | 0.2 | - | 0.2 | - | 0.2 | 5,500 sq ft under offer at £0.2m pa |
| Other | 27 | - | 27 | 0.8 | - | 0.8 | - | 0.8 | |
| | 98 | - | 98 | 3.8 | - | 3.8 | - | 3.8 | |
| Under refurbishment | | | | | | | | | |
| Tea Building E1 | 12 | - | 12 | 0.7 | - | 0.7 | - | 0.7 | |
| 90 Whitfield Street W1 | 6 | - | 6 | 0.4 | - | 0.4 | - | 0.4 | |
| Other | 9 | - | 9 | 0.4 | - | 0.4 | - | 0.4 | |
| | 27 | - | 27 | 1.5 | - | 1.5 | - | 1.5 | |
| On-site developments (non-EPRA) | | | | | | | | | |
| 80 Charlotte Street W1 ¹ | 100 | 280 | 380 | 4.7 | - | 4.7 | 20.9 | 25.6 | 40,650 sq ft let in Q3 2019 at £3.4m pa |
| Soho Place W1 | 142 | 143 | 285 | 14.0 | 0.6 | 13.4 | 9.4 | 22.8 | |
| The Featherstone Building EC1 | 125 | - | 125 | 8.0 | - | 8.0 | - | 8.0 | |
| | 367 | 423 | 790 | 26.7 | 0.6 | 26.1 | 30.3 | 56.4 | |
| Total | 492 | 423 | 915 | 32.0 | 0.6 | 31.4 | 30.3 | 61.7 | |

¹ Includes residential areas

APPENDIX 18 - TIMING OF THE REVERSION

- £102.1m of the reversion contracted:
 - Fixed rental uplifts £71.8m
 - Pre-let developments £30.3m

CONTRACTUAL UPLIFTS AND PRE-LETS

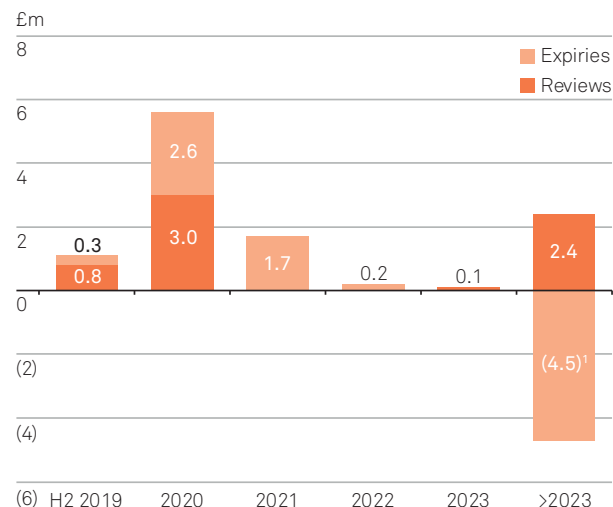


¹ Predominantly due to contracted uplifts reverting to Jun 2019 ERV at lease expiry

Derwent London plc Interim Results 2019

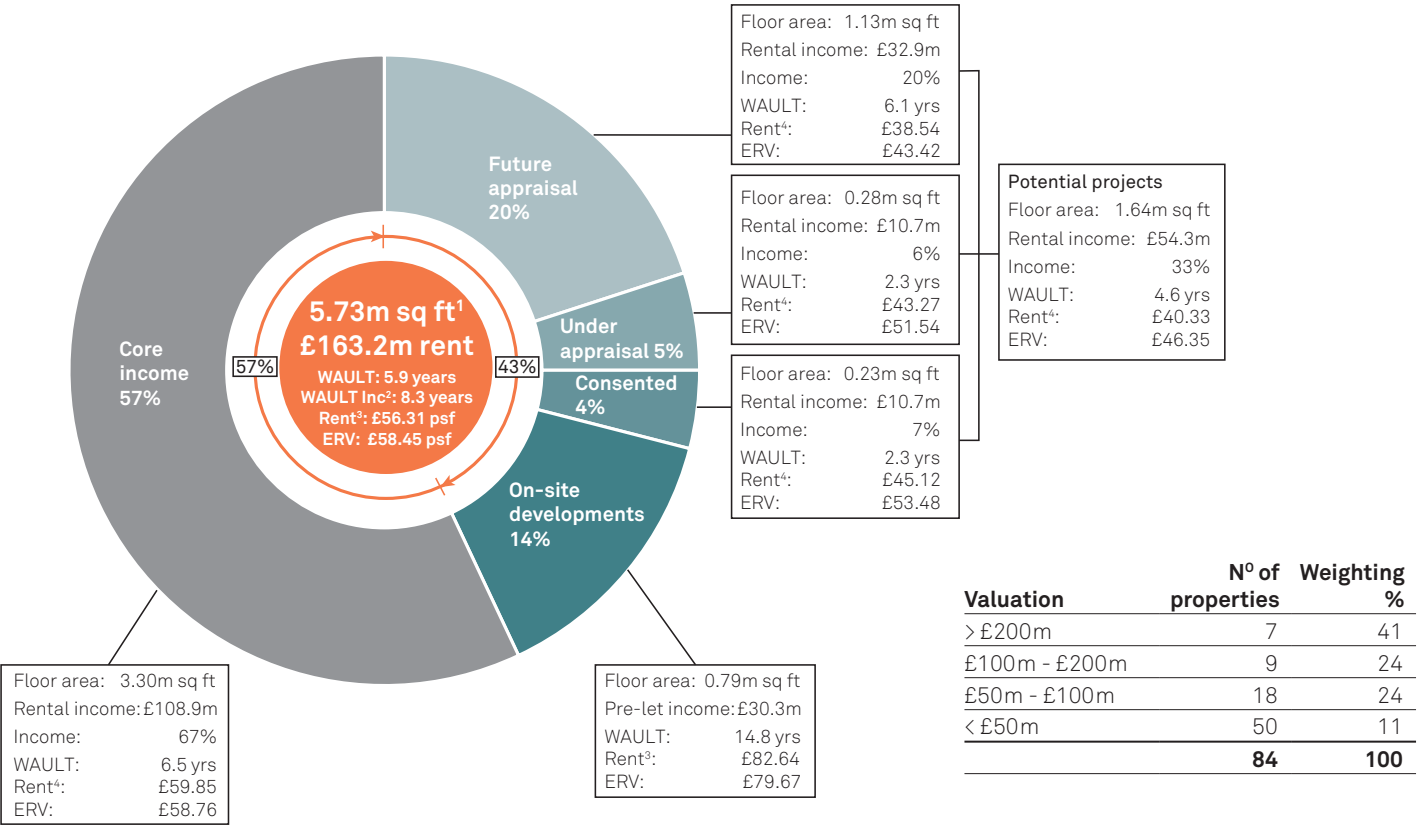
- £6.6m of the reversion from reviews and expiries

REVIEWS AND EXPIRIES



| | £47 | £45 | £54 | £51 | £57 | £63 |
|-----------------|-----|-----|-----|-----|-----|------|
| Rent psf | | | | | | |
| ERV psf | £53 | £54 | £57 | £53 | £58 | £56 |
| Uplift % | 13 | 20 | 6 | 4 | 2 | (11) |

APPENDIX 19 - PORTFOLIO SUMMARY

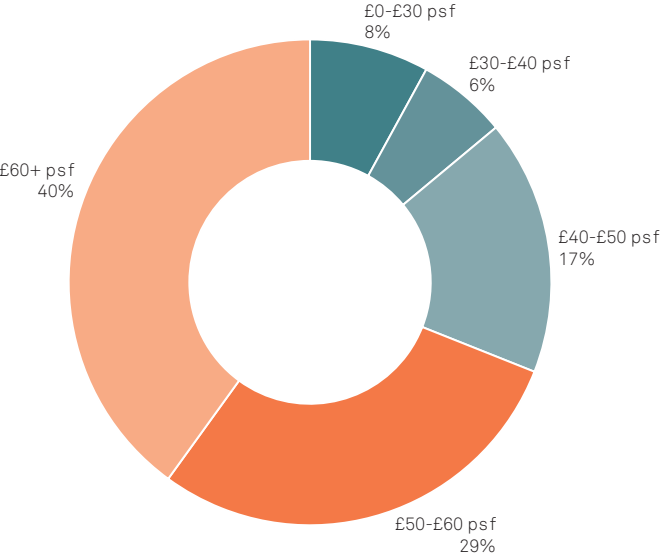


¹ Comprises 4.94m sq ft of existing buildings plus 0.79m sq ft of on-site developments

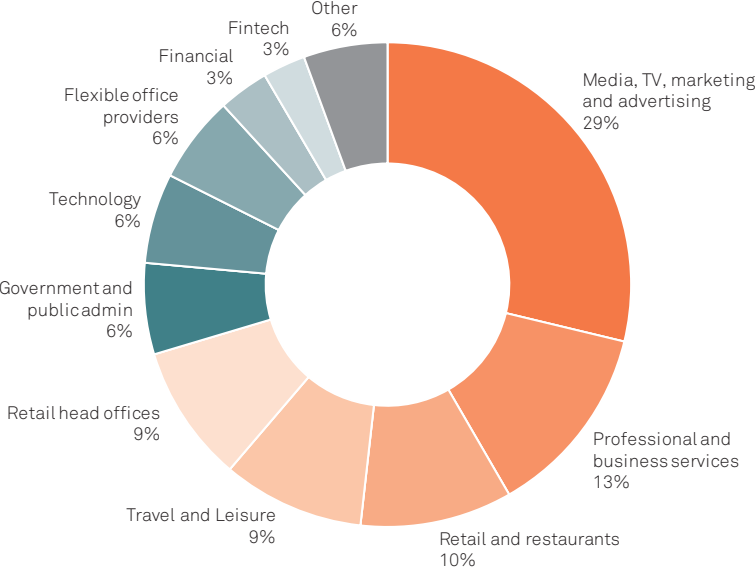
² After adjusting for 'topped-up' rents and pre-lets - Appendix 24 ³ 'Topped-up' office rent including development pre-lets ⁴ 'Topped-up' office rent

APPENDIX 20 - RENT AND TENANT BANDING

CENTRAL LONDON 'TOPPED-UP'
OFFICE RENT BANDING¹



PROFILE OF TENANTS'
BUSINESS SECTOR²



¹ Based on floor area ² Based on annualised rental income

APPENDIX 21 - MAJOR TENANTS



BURBERRY



THE
OFFICE
GROUP

WPP Group plc



FREMANTLEMEDIA
ENTERPRISES



splunk>



TelecityGroup



ticketmaster®



sage

Pre-lets:



BCG

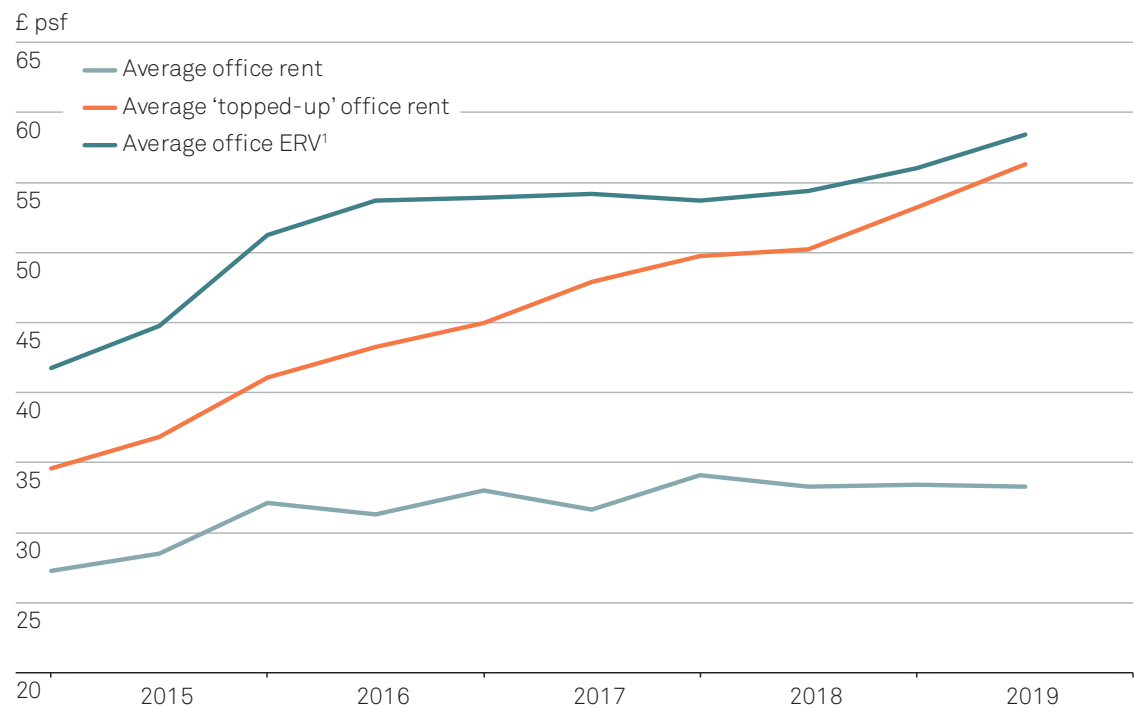
ARUP

'Topped-up' income¹ %

| | | Existing | Pre-let |
|--------------|-----------------------------|-------------|---------|
| 01 | Expedia | 6.8 | - |
| 02 | Burberry | 5.5 | - |
| 03 | Publicis Groupe | 4.2 | - |
| 04 | G-Research | - | 4.0 |
| 05 | The Boston Consulting Group | - | 3.9 |
| 06 | Arup | 0.1 | 3.6 |
| 07 | Government | 3.7 | - |
| 08 | The Office Group | 2.6 | - |
| 09 | WPP Group | 2.2 | - |
| 10 | Sony Pictures | 1.8 | - |
| 11 | FremantleMedia Group | 1.7 | - |
| 12 | The Doctors Laboratory | 1.5 | - |
| 13 | VCCP | 1.5 | - |
| 14 | Splunk | 1.4 | - |
| 15 | Premier League | 1.3 | - |
| 16 | Telecity Group | 1.2 | - |
| 17 | Adobe | 1.2 | - |
| 18 | Ticketmaster | 1.1 | - |
| 19 | Mother London | 1.1 | - |
| 20 | Sage | 1.0 | - |
| Total | | 51.4 | |

¹ Derwent London share

APPENDIX 22 - DERWENT LONDON CENTRAL LONDON OFFICE RENT PROFILE



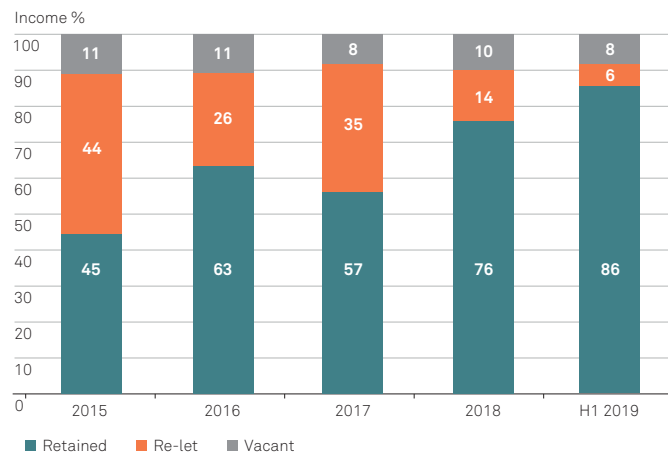
¹ Includes ERV of on-site schemes

APPENDIX 23 - LEASE EXPIRIES, BREAKS AND VACANCY RATES

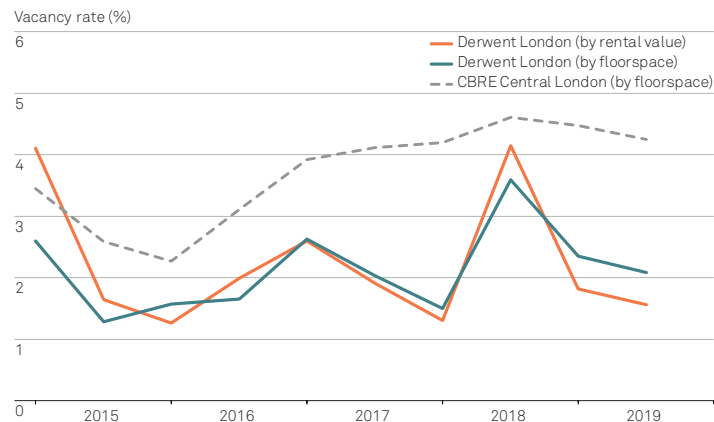
- £7.4m of income subject to breaks/expiries in H1 2019:
 - £2.2m from assets disposed
 - 92% of remainder retained or re-let

- EPRA vacancy rate of 1.6%² at the half year (1.8% in Dec 2018, 4.2% in Jun 2018):
 - Group's 10-year average of 2.4%

LEASE EXPIRY AND BREAK ANALYSIS¹



EPRA VACANCY RATES



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

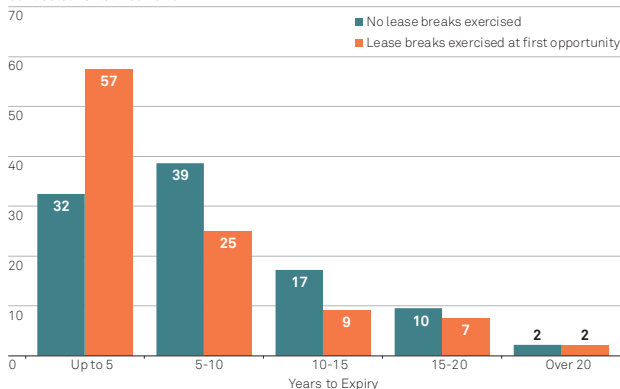
APPENDIX 24 - LEASE EXPIRY PROFILE AND LEASE LENGTH

EXPIRIES AND BREAKS AS A PERCENTAGE OF PORTFOLIO INCOME¹

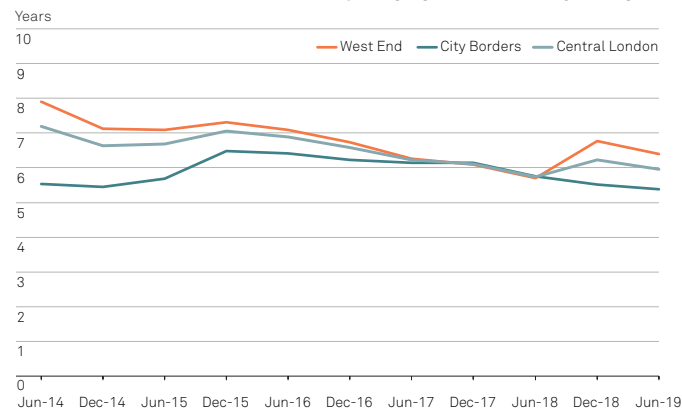
| | West End | City Borders | Provincial | H2 2019 | 2020 | 2021 | 2022 | 2023 | Total |
|----------------|----------|--------------|------------|---------|------|------|------|------|-------|
| Expiries | 1 | 0 | 0 | 1 | 6 | 11 | 4 | 3 | 25 |
| Rolling breaks | 1 | 0 | 0 | 1 | 1 | 4 | 0 | 0 | 6 |
| Single breaks | 0 | 0 | 0 | 0 | 5 | 10 | 5 | 6 | 26 |
| | 2 | 0 | 0 | 2 | 12 | 25 | 9 | 9 | 57 |

PROFILE OF RENTAL INCOME EXPIRY¹

Contracted rental income %



AVERAGE UNEXPIRED LEASE LENGTH²



- Average lease length 5.9 years (Dec 2018: 6.1 years):
 - 8.3 years after adjusting for 'topped-up' rents and pre-lets (Dec 2018: 8.2 years)

¹ Based upon annualised contracted rental income of £163.2m ² Lease length weighted by rental income and assuming tenants break at first opportunity

APPENDIX 25 - CENTRAL LONDON OFFICE DEMAND

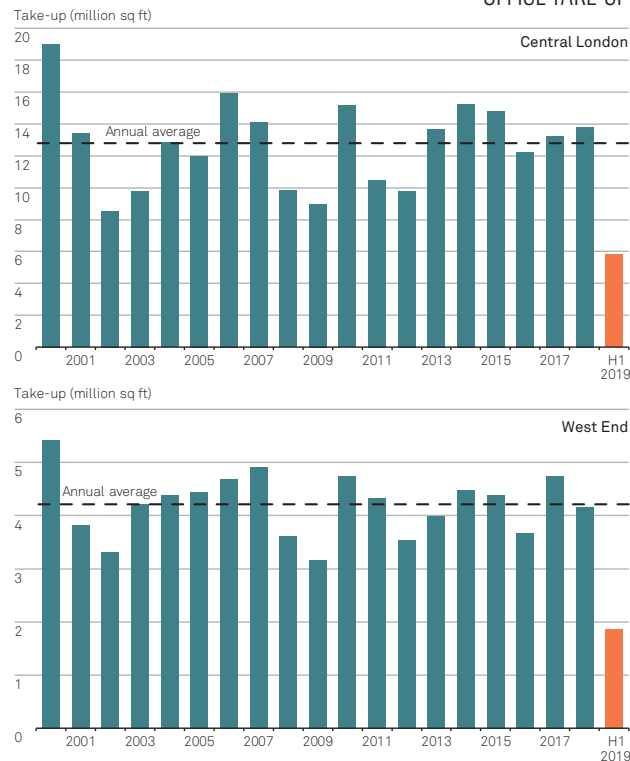
Market statistics

- Central London office take-up of 5.8m sq ft in H1 2019:
 - 9.0% below the half year average
 - 9.1% below H1 2018
 - 28% business services, 25% banking & finance, 17% creative industries, 9% public sector, 8% professional
- 4.1m sq ft under offer, one third above average and only the fourth time in 10 years that it has exceeded 4m sq ft
- West End H1 take-up was 11.4% below average at 1.9m sq ft

Derwent London's view

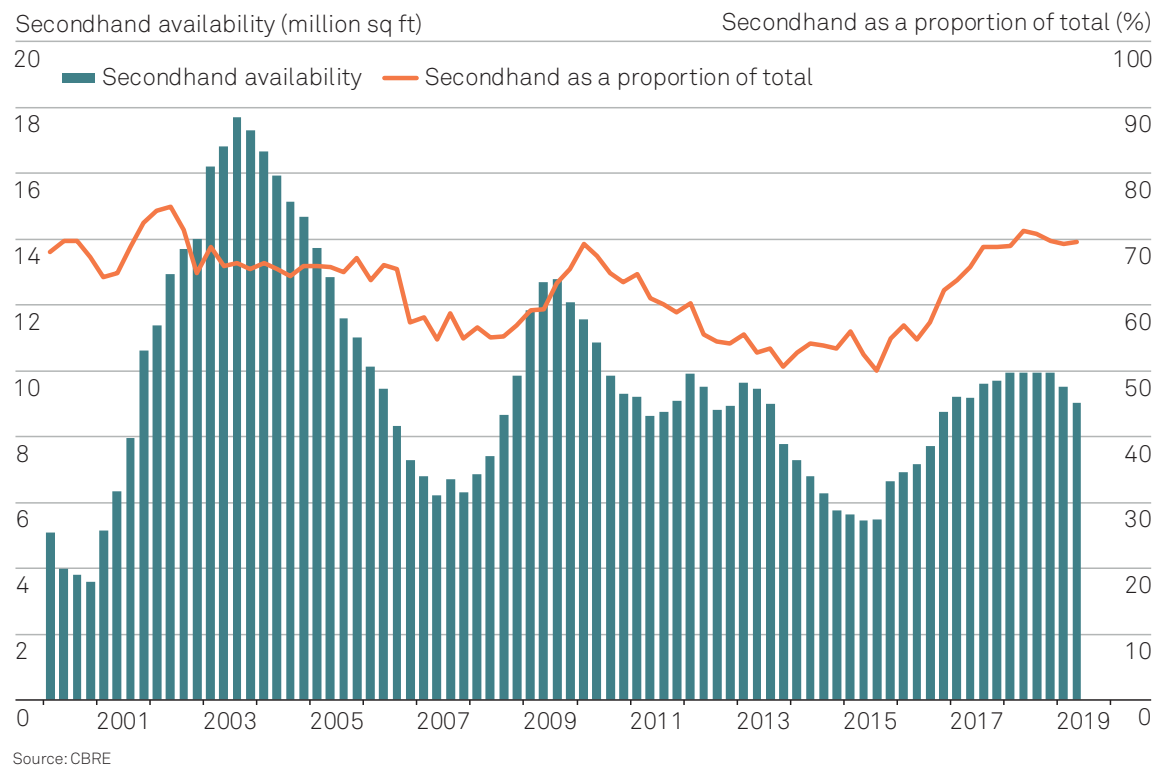
- Active pre-letting market, particularly in the West End
- Rents and incentives stable

OFFICE TAKE-UP



Source: CBRE

APPENDIX 26 - CENTRAL LONDON OFFICE SECONDHAND SPACE AVAILABILITY



APPENDIX 27 - CENTRAL LONDON OFFICE SUPPLY

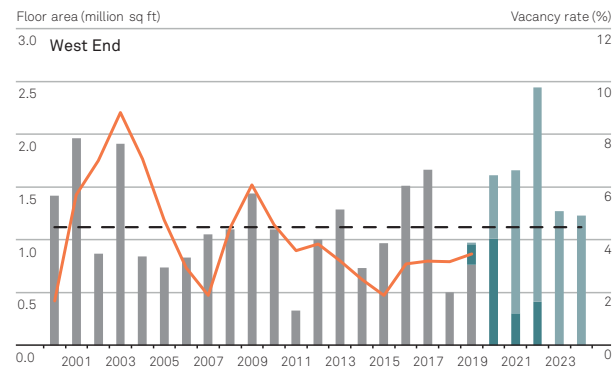
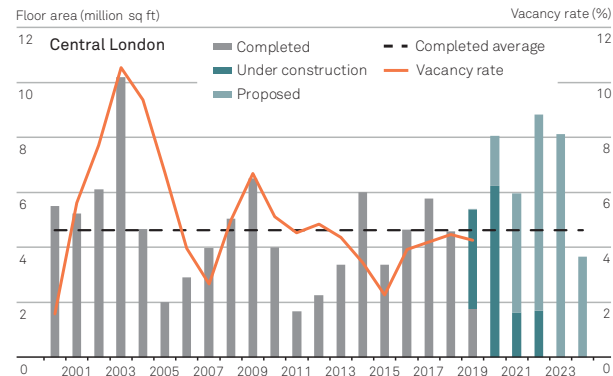
Market statistics

- Vacancy rate stable - 4.2% at 30 June 2019, down from 4.5% at the start of the year:
 - Well below the long term average (LTA) of 5.1%
 - West End at 3.5% (4.2% LTA)
 - City at 5.0% (6.4% LTA)
- 1.8m sq ft of completions in H1, 24% below the LTA
- Future central London office pipeline:
 - Committed 13.1m sq ft: 3.6m sq ft H2 2019, 6.2m sq ft 2020, 1.6m sq ft 2021, 1.7m sq ft 2022:
 - 61% pre-let
 - Potential 26.5m sq ft in next 3.5 years: 3.6m sq ft H2 2019, 8.1m sq ft 2020, 6.0m sq ft 2021, 8.8m sq ft 2022

Derwent London's view

- Continued pre-letting success at our developments
- Limited availability in near term completions

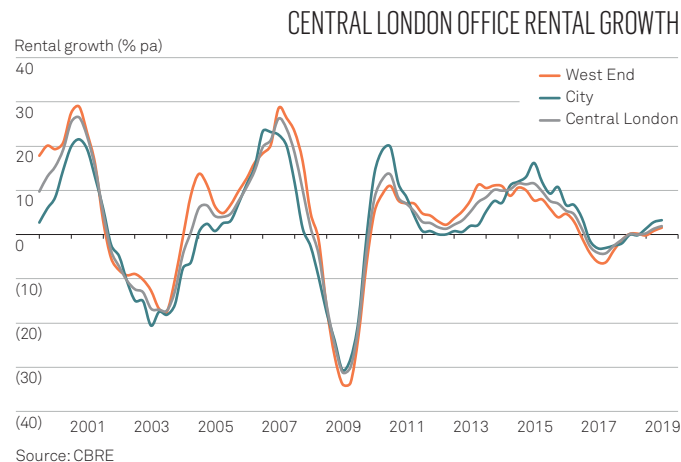
OFFICE DEVELOPMENT PIPELINE



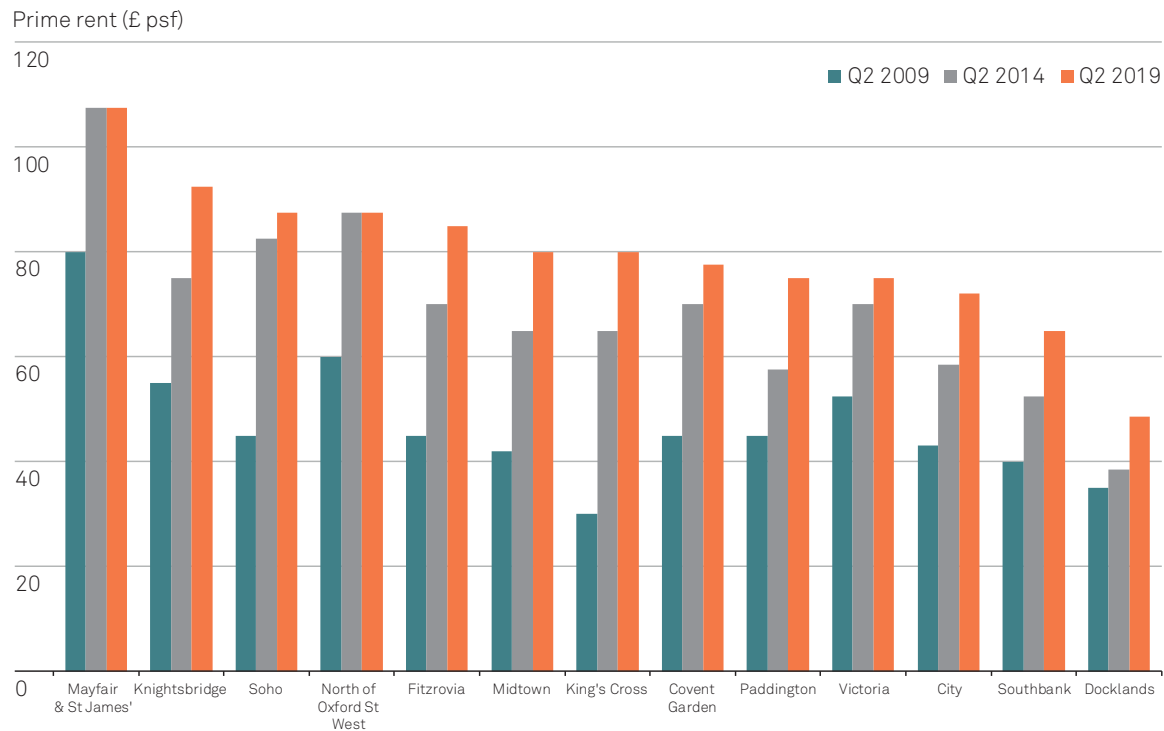
Source: CBRE

APPENDIX 28 - CENTRAL LONDON OFFICE RENTAL GROWTH

- CBRE's prime office rent index at 30 June was 1.9% pa for central London with 3.2% pa in the City and 1.5% pa in the West End
- Since the EU referendum, CBRE prime sub-area rental growth performance has widely varied:
 - Paddington: +11.1% to £75 psf
 - Southbank: +4.0% to £65 psf
 - Fitzrovia: +3.0% to £85 psf
 - City: +2.9% to £72 psf
 - Midtown and King's Cross: No change at £80 psf
 - Victoria: -9.1% to £75 psf
 - Mayfair/St James': -10.4% to £107.50 psf
- JLL expect prime rental growth to stay positive for each of the next five years (2019-2023 inclusive) averaging 2.1% pa for both the City and the West End



APPENDIX 29 - CENTRAL LONDON PRIME OFFICE RENTS BY SUB-AREA



Source: CBRE

APPENDIX 30 - SOHO PLACE W1

- 285,000 sq ft office, retail and theatre scheme split between two buildings:
 - 102,600 sq ft pre-let to G-Research at £9.7m pa (£94.70 psf average) for 15 years (no breaks)
 - 40,000 sq ft theatre pre-let on a long lease at £0.1m pa to Nimax



APPENDIX 31 - BRUNEL BUILDING W2

- 243,200 sq ft project completed in H1 2019

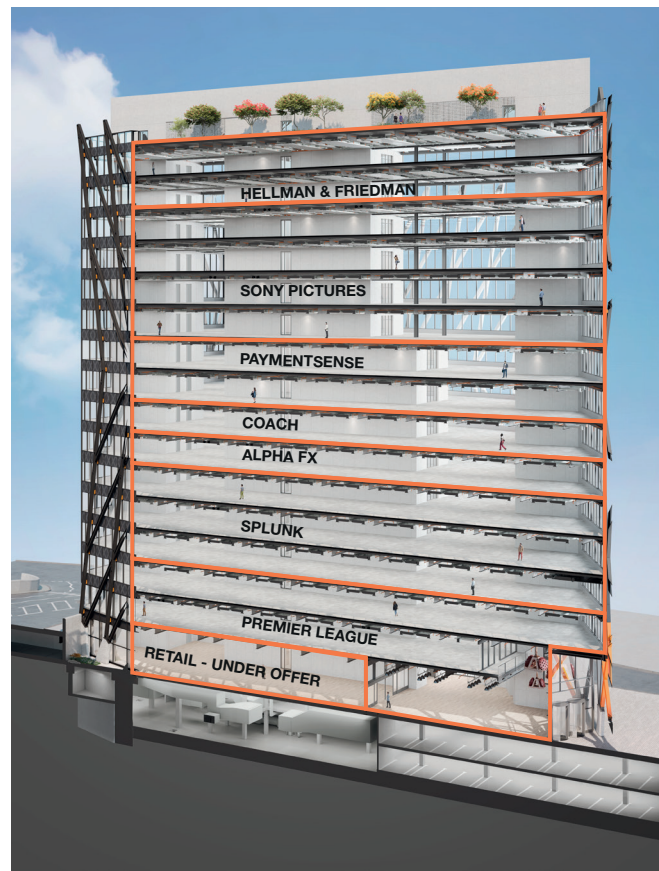
- Offices:

- 237,700 sq ft
- 100% let at £17.6m pa (gross):

| | | Rent £m pa | Area sq ft |
|------|--------------------|---------------|----------------|
| 2018 | Sony Pictures | 4.9 | 68,200 |
| | Premier League | 2.2 | 33,400 |
| | Hellman & Friedman | 1.8 | 20,500 |
| | Coach | 1.2 | 16,500 |
| | Alpha FX | 1.2 | 16,500 |
| 2019 | Paymentsense | 2.6 | 33,000 |
| | Splunk | 3.7 | 49,600 |
| | Total | 17.6 | 237,700 |

- Restaurant:

- 5,500 sq ft
- Under offer



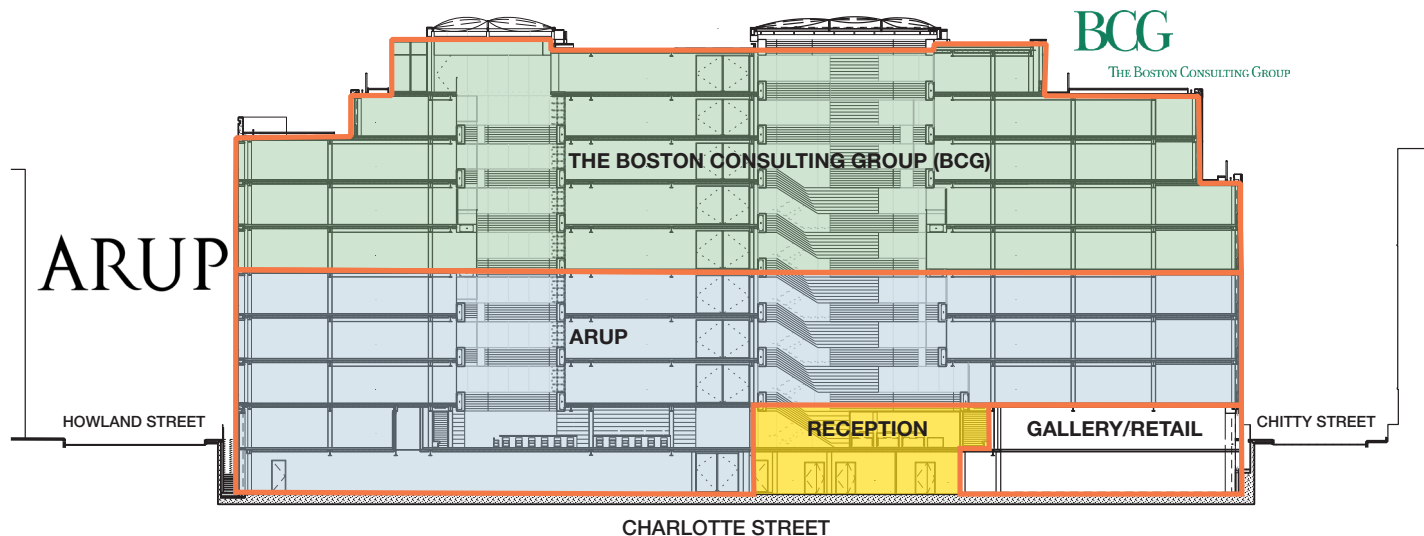
APPENDIX 32 - 80 CHARLOTTE STREET W1 (ISLAND SITE)

ARUP

- 133,600 sq ft pre-let in 2017
- £9.7m pa with annual increases of 2.25% for the first 15 years
- Average rent of £75 psf on main office floors
- 20-year lease, no breaks

THE BOSTON CONSULTING GROUP

- 123,500 sq ft pre-let in Q3 2017 plus 40,650 sq ft in Q3 2019 (option space)
- £13.9m pa
- Average rent of £85 psf
- 15-year lease, break in year 12



APPENDIX 33 - ON-SITE DEVELOPMENTS: PROFIT ON COST

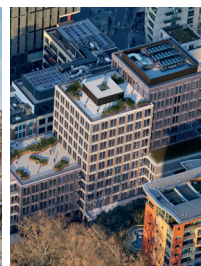
80
CHARLOTTE
STREET.



Soho Place
W1



THE
FEATHERSTONE
BUILDING



| Summary | |
|-------------------------------------|-------------|
| End value | 1,296 |
| Less: Total cost ¹ | 1,061 |
| Project surplus | 235 |
| Less: Booked to Jun 19 | 84 |
| Surplus to come | 151 |
| Profit on total cost | 22% |
| Profit to come on total cost | 14% |
| Yield on cost | 5.7% |



Sensitivity⁶ - project surplus (£m)
and profit on cost (%)

| | | Valuation yield | | |
|------|------------|-----------------|----------------------|--------------|
| | | +0.25% | Base | -0.25% |
| Rent | -£5.00 psf | £145m 14% | £207m 20% | £276m 26% |
| | Base | £172m 16% | £235m 22% | £306m 29% |
| | +£5.00 psf | £198m 19% | £263m 25% | £336m 31% |
| | | | | |

| Completion | | H1 2020 | H1 2022 | H1 2022 |
|-----------------------------------|---------|----------------------|----------------------|----------------------|
| Commercial area (sq ft) | 745,000 | 335,000 | 285,000 ² | 125,000 ³ |
| Residential area (sq ft) | 45,000 | 45,000 ⁴ | - | - |
| Est. future capex (£m) | 401 | 69 | 262 | 70 |
| Total cost (£m) ¹ | 1,061 | 508 | 411 | 142 |
| ERV (£ psf) | - | c.80.00 | c.90.00 | c.70.00 |
| ERV (£m pa) | 56.4 | 25.6 | 22.8 | 8.0 |
| Pre-let area ⁵ (sq ft) | 410,700 | 268,100 ⁷ | 142,600 ⁸ | - |
| Pre-let income (£m pa) | 30.3 | 20.9 ⁷ | 9.4 ⁹ | - |

¹ Comprising book value at commencement, capex, fees and notional interest on land, voids and other costs. Soho Place includes a 16% profit share payaway to freeholder Crossrail ² 209,000 sq ft office, 36,000 sq ft retail, 40,000 sq ft theatre ³ 110,000 sq ft office, 13,000 sq ft workspace, 2,000 sq ft retail ⁴ Private residential 35,000 sq ft and affordable housing 10,000 sq ft ⁵ Commercial area ⁶ Sensitivity applied to non pre-let commercial floor areas ⁷ Pre-let as at Jun 2019. Q3 40,650 sq ft pre-let would add £3.4m pa ⁸ Includes 40,000 sq ft theatre ⁹ Long leasehold, net of 4% ground rent

APPENDIX 34 - PROJECT SUMMARY: CURRENT PROJECTS

| Property | Current net income £m pa | Pre scheme area '000 sq ft | Proposed area '000 sq ft | H2 2019 capex £m | 2020 capex £m | 2021+ capex £m | Total capex to complete £m | Delivery date | Current office c.ERV psf |
|---------------------------------|-----------------------------|-------------------------------|-----------------------------|---------------------|------------------|-------------------|-------------------------------|---------------|-----------------------------|
| On site | | | | | | | | | |
| 80 Charlotte Street W1 | - | 234 | 380 | 40 | 29 | - | 69 | H1 2020 | £80.00 |
| Soho Place W1 | - | - | 285 | 38 | 101 | 123 | 262 ¹ | H1 2022 | £90.00 |
| The Featherstone Building EC1 | - | - | 125 | 10 | 32 | 28 | 70 | H1 2022 | £70.00 |
| | - | 234 | 790 | 88 | 162 | 151 | 401 | | |
| Other | - | - | - | 31 | 10 | 4 | 45 | | |
| Total | | 234 | 790 | 119 | 172 | 155 | 446 | | |
| Capitalised interest | - | - | - | 7 | 9 | 14 | 30 | | |
| Total including interest | - | 234 | 790 | 126 | 181 | 169 | 476 | | |

¹ Includes remaining site acquisition cost and 16% profit share payaway to freeholder Crossrail

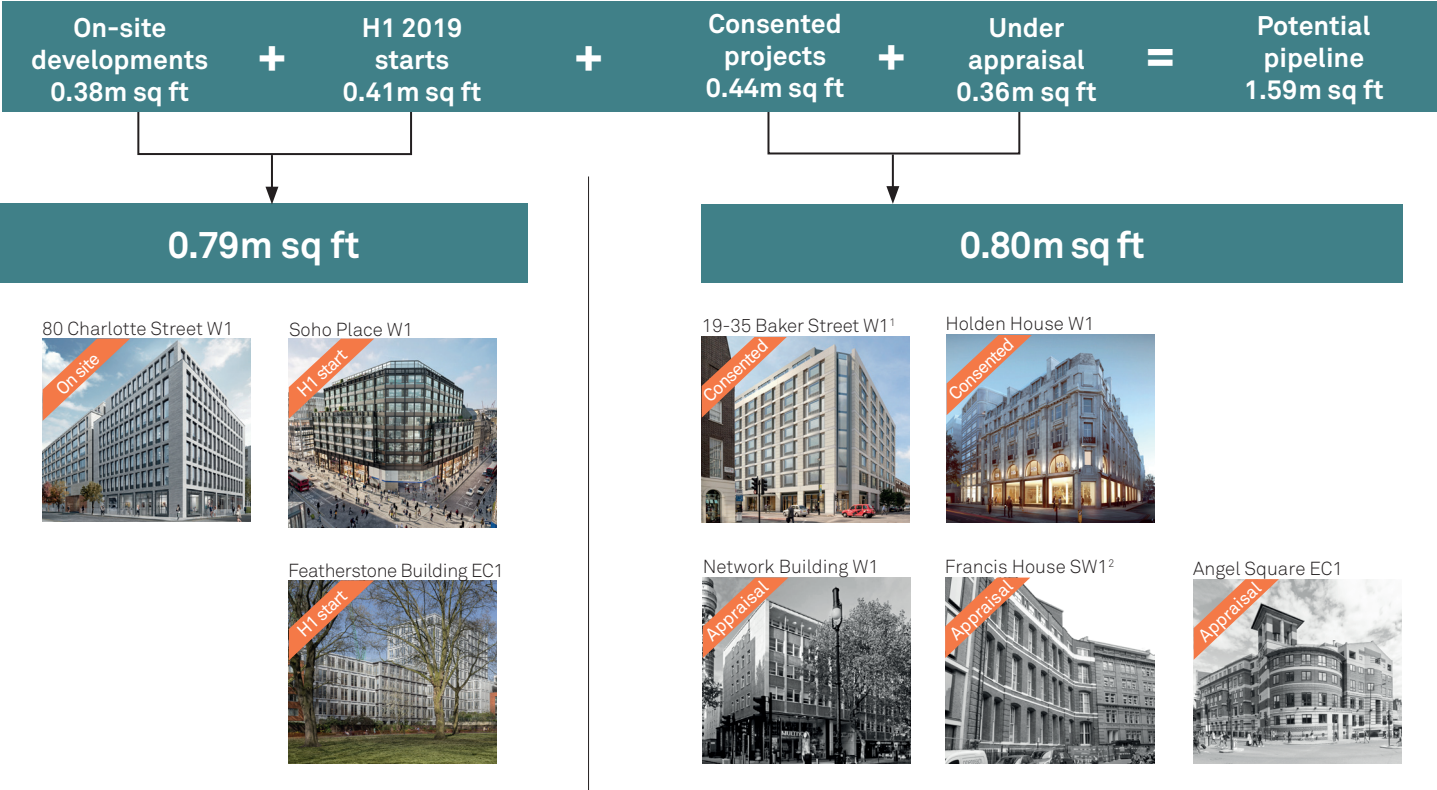
APPENDIX 35 - PROJECT SUMMARY: FUTURE PROJECTS

| Property | Current net income £m pa | Pre-scheme area '000 sq ft | Proposed area '000 sq ft | Earliest possession year | Comment |
|--------------------------------------|-----------------------------|-------------------------------|-----------------------------|--------------------------|------------------------------------|
| Consented | | | | | |
| 19-35 Baker Street W1 ¹ | 4.2 | 143 | 293 | 2021 | Joint venture - The Portman Estate |
| Holden House W1 | 6.6 | 90 | 150 | 2021 | Eastern end of Oxford Street |
| | 10.8 | 233 | 443 | | |
| Adjustment for JV | (1.9) | (64) | - | | 19-35 Baker Street W1 |
| | 8.9 | 169 | 443 | | |
| Under appraisal² | | | | | |
| Network Building W1 | 3.7 | 64 | 100 | 2021 | |
| Francis House SW1 ³ | 2.3 | 86 | 130 | TBC | |
| Angel Square EC1 | 4.7 | 126 | 126 | TBC | Rolling refurbishment |
| | 10.7 | 276 | 356 | | |
| Consented and under appraisal | | | | | |
| On site | - | 234 | 790 | | Appendix 34 |
| Pipeline | 19.6 | 679 | 1,589 | | |

¹ Includes 88-100 George Street, 30 Gloucester Place and 69-85 Blandford Street ² Areas proposed are estimated from initial studies

³ Includes 6-8 Greencoat Place

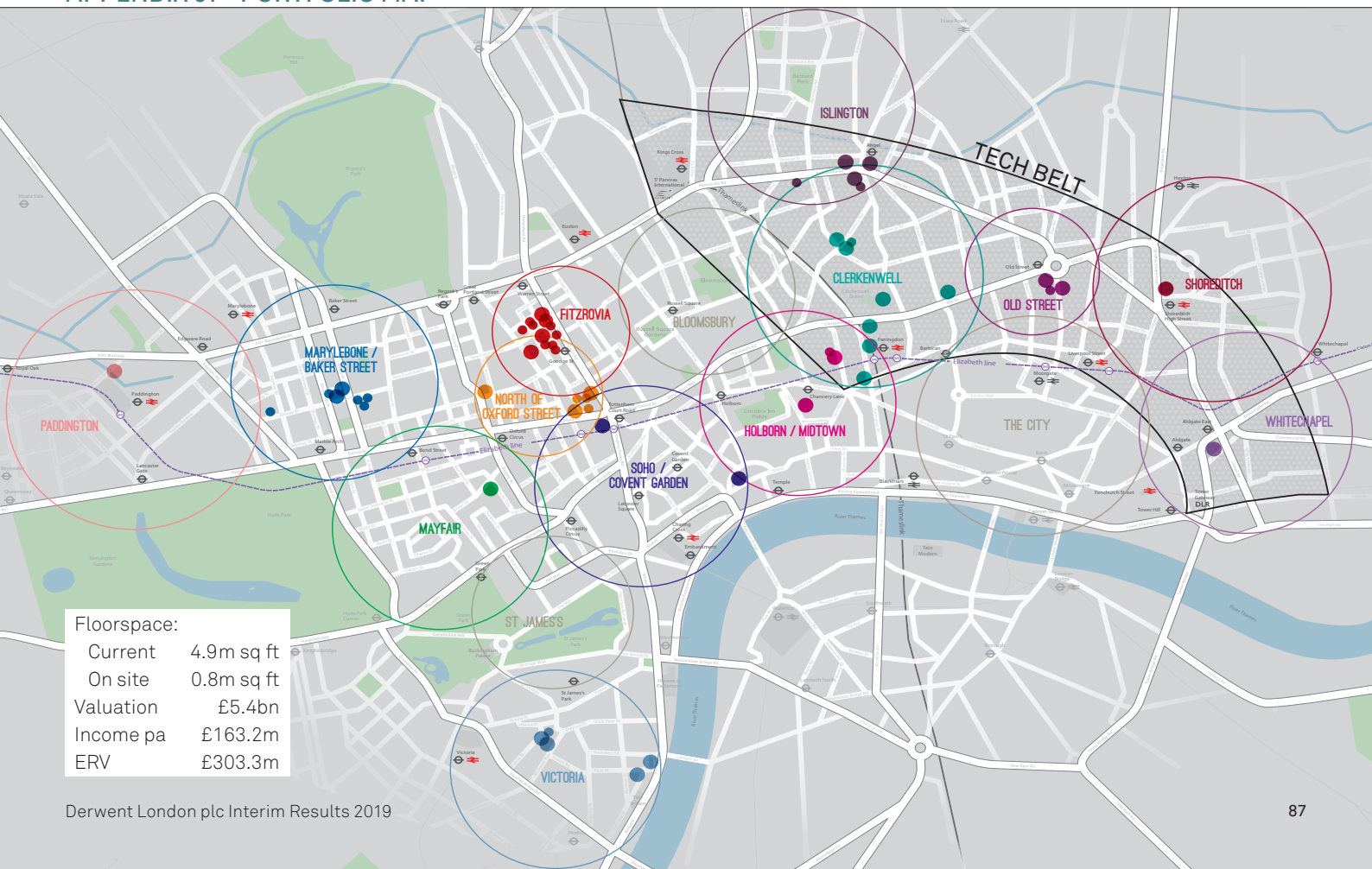
APPENDIX 36 - PROJECT PIPELINE



¹ Includes 88-100 George Street, 30 Gloucester Place and 69-85 Blandford Street

² Includes 6-8 Greencoat Place

APPENDIX 37 - PORTFOLIO MAP



Floorspace:

| | |
|-----------|------------|
| Current | 4.9m sq ft |
| On site | 0.8m sq ft |
| Valuation | £5.4bn |
| Income pa | £163.2m |
| ERV | £303.3m |

APPENDIX 38 - EXECUTIVE COMMITTEE AND SENIOR MANAGEMENT

| | |
|--------------------|---|
| Paul Williams* | Chief Executive |
| Damian Wisniewski* | Chief Financial Officer |
| Simon Silver* | Property Director |
| Nigel George* | Property Director |
| David Silverman* | Property Director |
| David Lawler* | Company Secretary |
| Richard Baldwin* | Head of Development |
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