Derwent London plc

Annoucement 2024

DERWENT LONDON

27 February 2025

Derwent London plc ("Derwent London" / "the Group")
RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024
RENTAL GROWTH DRIVING TOTAL RETURNS

Paul Williams, Chief Executive of Derwent London, said:

"*We have delivered another strong leasing performance, with £18.9m of new rent signed over 12% above ERV. Alongside pre-letting the remaining office space at 25 Baker Street W1, our activity was well distributed across the portfolio. Growth in rental values doubled to 4.3%, the highest level since 2016, and valuations recovered in the second half as yields stabilised, delivering a positive total return of 3.2%*

Over the last few years, we have strategically reshaped our portfolio and we are well positioned for the future. Having secured resolution to grant planning consent for a major scheme at 50 Baker Street W1, in Q4 we acquired our JV partner's 50% stake for £44.4m (before costs), equivalent to an attractive £370 psf on the consented area. This adds a further c.£100m of capex to our near-term development pipeline.

London is a leading global city, attracting a broad occupier base. Business leaders across sectors want their teams in the office and London's workplaces are busy. As specialists, we understand evolving market requirements, and our distinctive brand and the spaces we deliver have strong appeal.

Our regeneration-led business model has helped us consistently outperform the central London office index by an average 170bp per annum over the last 10 years, and by 280bp in 2024. Investment volumes are forecast to recover over the coming year, and we expect portfolio ERV growth of 3% to 6% in 2025 which will further drive the Group's reversionary profile. Together with development profits from our c.2m sq ft pipeline, this gives us confidence in our total return outlook."

	2024	2023	Change
Income statement			
Gross rental income	£214.8m	£212.8m	0.9%
EPRA EPS	106.5p	102.0p	4.4%
Dividend	80.5p	79.5p	1.3%
IFRS profit/(loss) before tax	£116.0m	£(475.9)m	-
Balance sheet	**Dec-24**	**Dec-23**	
EPRA NTA per share[1]	3,149p	3,129p	0.6%
Total return	3.2%	-11.7%	-
Net debt	£1,483m	£1,357m	-
Total property portfolio	£4,861m	£4,658m	-

[1] Explanations of how EPRA figures are derived from IFRS are shown in note 26.

	2024	2023
Leverage		
EPRA LTV	29.9%	27.9%
Interest cover	3.9x	4.1x
Net debt/EBITDA	9.3x	8.8x
Cash and undrawn debt	£487m	£480m
Valuation		
Valuation movement	+0.2%	-10.6%
Equivalent yield	5.73%	5.55%
ERV growth	4.3%	2.1%
Total property return	4.1%	-7.3%

Portfolio highlights

- ERV growth of 4.3% (2023: 2.1%), driving portfolio reversion
- Equivalent yield stable in H2 at 5.73%, up 18bp overall in 2024
- Portfolio valuation growth of 0.2% in 2024; H2 valuations up 1.9%

Operational activity

- £18.9m of new leases, with open market lettings 12.3% above ERV and 8.0 year WAULT (to break), including £4.5m of 'Furnished + Flexible' leases with a 2.6 year WAULT
- 25 Baker Street W1 offices now fully pre-let on rents 16.5% ahead of appraisal ERV with 13.5 year WAULT
- Acquisition of JV partner's interest at 50 Baker Street W1, for £44.4m (pre-costs)

Financial highlights

- Return to a positive total return of 3.2%, with NTA up 0.6% to 3,149p
- EPRA EPS up 4.4% to 106.5p; dividend per share increased to 80.5p

Outlook

- Positive rental outlook with portfolio ERV guidance for 2025 of 3% to 6%
- Total return outlook the strongest for several years assuming yields remain stable

Webcast and conference call

There will be a live webcast together with a conference call for investors and analysts at 08.30 GMT today.

To participate in the call or to access the webcast, please register at www.derwentlondon.com

A recording of the webcast will also be made available following the event on www.derwentlondon.com

For further information, please contact:

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CHAIRMAN'S STATEMENT

- Market conditions increasingly favourable
- Long-term track record of total property return outperformance against the central London office index
- A balanced portfolio between core income properties and those with regeneration potential

The Group has a clear and differentiated business model, established over 40 years, adding value through regeneration and delivering high quality, design-led sustainable offices. We have a proven track record, with a disciplined approach to capital recycling. We have consistently outperformed the MSCI Central London Office Index and in 2024 our total property return was a strong 280bp outperformance of the index.

The occupational market in London remains positive. Demand is broadening and activity is more evenly spread across sub-markets than in recent years. While businesses continue to prioritise prime offices in well-connected, central locations, there has been an increase in demand for space at more accessible price points. Our development pipeline and portfolio are well-aligned with these market trends. Our overall ERV was up £10.9m to £320.5m. This includes the substantial uplift in our mark-to-market reversion to £18.3m, from £7.1m at December 2023, driven by ERV growth.

Over the coming years we intend to maintain the pace of investment into our portfolio to ensure our buildings remain strategically well-placed. Our 2m sq ft regeneration pipeline will deliver attractive returns and the scale of the projects provides good optionality. In addition, the volume of refurbishments continues to rise, giving us the opportunity to drive rents.

Our portfolio remains under continual review. We will recycle assets to maximise our return on capital and ensure we retain sufficient financial headroom to take advantage of investment opportunities that are emerging.

Our focus is on offering innovative workspaces that meet London's diverse demand. Like our portfolio, this ranges from large, long-term HQ spaces to smaller 'Furnished + Flexible' units. We are dedicated to delivering best-in-class offices under our distinctive brand and our unique DL/Member offering plays a key role in providing real additional value to our occupiers.

EPRA earnings in 2024 of 106.5p per share were up 4.4% and I am therefore pleased to confirm a 0.5p increase in the final dividend to 55.5p, resulting in a 1.3% increase in the full year dividend to 80.5p per share in line with our progressive and well covered policy. It will be paid on 30 May 2025 to shareholders on the register of members at 25 April. The 2024 interim and final dividends were covered 1.32 times by EPRA earnings.

We dedicate considerable time and resources to the ongoing development of our people to prepare for succession at all levels across the business and the Nominations Committee continues to plan for senior succession. We have a strong pool of talent from which to draw.

During 2024, a number of changes were made to the Board. Claudia Arney stepped down after nine years as Non-Executive Director. She was succeeded as Chair of the Remuneration Committee by Sanjeev Sharma. The Board was pleased to welcome Rob Wilkinson and Madeleine McDougall as Non-Executive Directors in the year. Dame Cilla Snowball will retire by no later than the 2025 AGM after her nine-year term and be succeeded by Madeleine as Chair of the Responsible Business Committee. The Board thanks both Claudia and Cilla for their valuable contribution to the business and wishes them well for the future.

With our great team, strong portfolio and more positive market outlook, we are optimistic for the future.

CEO STATEMENT

- Strong total return outlook
- ERV growth across market as occupier demand broadens
- Substantial increase in reversionary potential
- Delivering 0.9m sq ft into supply-constrained market

London's enduring appeal

London is a leading global city which continuously adapts and evolves. With unrivalled international connectivity and world-leading universities, it is Europe's tech and innovation hub attracting more venture capital investment than any other European city. Appealing to talent across a variety of sectors, it supports a highly skilled workforce. It is a city with all the elements for a promising and strong future: ongoing growth in office-based jobs, GDP expected to maintain its outperformance, and an enduring competitive advantage which appeals to a broad range of businesses. We are excited about the outlook for London and the office sector despite the volatile macroeconomic environment.

The importance of the office is widely endorsed by companies across sectors, as they place increasing emphasis on ensuring their talent is primarily in the workplace. High quality, well-located space across a broadening variety of price points is being prioritised, which aligns well with our portfolio.

London's occupational market was strong in 2024, with take-up in line with longer term levels and active demand rising significantly in the year. At the same time, the vacancy rate for high quality London offices is very low and the medium-term development pipeline is constrained. In 2024, we delivered another successful leasing performance and portfolio ERV growth more than doubled year on year to 4.3%, the highest level since 2016. We expect this positive activity to continue.

The investment market was subdued last year. Sentiment improved in the first half, with inflation and long-term interest rates reducing, optimism leading up to the General Election and UK GDP forecasts being revised upwards. However, Q4 saw a reversal in sentiment as concerns around growth and inflation re-emerged.

In spite of this, and in line with our guidance, property yields stabilised, following two years of substantial outward movement. Investment activity is expected to increase in 2025, with a rise in the number of assets being brought to the market and more investors looking to invest in the sector.

Our strategic focus

We are specialists in the London market, with clear insight into how businesses see London from a global perspective. The evolving market and occupier mindset present both challenges and opportunities. We are well-positioned to capitalise on these shifts and are proactively responding to them.

Our commercial decisions around capital allocation and operational models will impact returns over several of years. As such, we focus on the short and long-term implications of our actions. We continue to review market opportunities while remaining committed to capital recycling (both buying and selling) at the optimal price and timing, ensuring we deliver good returns.

We continuously review the portfolio to ensure it is fit for the future and over the last five years have made disposals totalling £824m. Combined with acquisitions of £484m and capex of £848m, our portfolio has been reshaped to fewer but higher quality buildings. We have been disciplined and strategically focused with our capital allocation.

With higher quality, greener buildings today, this reshaping has helped deliver a more resilient valuation performance through the recent downturn. Our total property return has outperformed the MSCI benchmark by 170bp pa over the last 10 years, and by 280bp in 2024.

Operationally, our approach is to reflect the market and offer spaces that appeal to a broad range of businesses, without assuming 'one size fits all'. Inspiring and innovative architecture and design, sustainability, and a holistic approach to our overall product and offering are integral to everything we do when shaping our portfolio.

For larger buildings with bigger floorplates, we deliver HQ space which attracts more established businesses on long leases. For units under 10,000 sq ft, we will likely offer Furnished and Flexible units to attract smaller occupiers who are often willing to pay higher rents for this more straightforward, short-term solution. Our focus is on maintaining a well-balanced mix across the portfolio. This approach ensures a robust WAULT, sustainable profit margins and helps us manage our operational costs. The unique Derwent London offering, regardless of scale, is backed by a personal approach, exceptional service, and further enhanced by our DL/ Member benefits.

Portfolio activity

In 2024 we achieved further operational success, signing £18.9m of new leases and bringing the total rent agreed over the past two years to £47.3m. Open market lettings in 2024 averaged 12.3% ahead of December 2023 ERV and included the pre-letting of the remaining office space at 25 Baker Street W1. With a high rate of retention and reletting, coupled with commencement of rolling refurbishment work at several properties, our EPRA vacancy rate reduced from 4.0% at December 2023 to 3.1%. Since the year-end, a further £1.2m has been let and £2.2m is under offer.

Our leasing activity was well-distributed across the portfolio. Geographically, activity was split between the West End at 53% and City Borders at 43%, with pre-letting accounting for 47%.

Lease length is an important KPI for us, with a long WAULT supporting our risk capacity for speculative development. Including pre-lets, the average term (to break) for new leases signed in the year was 8.0 years, slightly ahead of the portfolio's 6.8 year 'topped up' WAULT.

We completed disposals totalling £89.1m (after costs) in the year. At £76.6m, Turnmill EC1 was the principal disposal, reflecting a capital value of £1,100 psf and a 4.9% initial yield. In addition, the sale of the recently vacated 4 & 10 Pentonville Road N1 completed shortly after year-end for £25.7m.

Capital expenditure for the year totalled £207m, one of the highest levels on record. Alongside our two major on-site projects, the number of rolling refurbishments increased in the year, as we upgrade environmental performance and drive rents. We expect a higher volume of refurbishment over the coming years.

Marylebone has been proven as a strong West End office market. This further justified our acquisition of our JV partner's 50% stake at 50 Baker Street W1. This c.240,000 sq ft development is expected to start in H1 2026. The consideration of £44.4m (before costs) reflects a valuation of c.£370 psf on the consented area, an attractive discount to recent market evidence. With a forecast shortage of supply when the development completes, we expect this project to deliver an attractive return.

Property valuations and financial performance

Underlying capital values, before accounting adjustments, increased 0.2% in 2024, supporting a 0.6% uplift in NTA to 3,149p per share and a positive total return (also known as total accounting return) of 3.2%. This masks a notable shift through the year, however, with valuations up 1.9% in H2, more than offsetting the 1.7% reduction in H1. The portfolio equivalent yield was unchanged through H2 at 5.73%, having increased 18bp in the first half. Reversion growth and development profits were the main drivers of the second half valuation performance. Our 4.1% total property return again outperformed the MSCI benchmark of 1.3%.

Our higher quality buildings continued to outperform. Properties valued at ≥£1,500 psf rose in value by 3.5%, while those valued at ≤£1,000 psf declined 3.8%. The value of our on-site developments increased 15.1% reflecting completion of the pre-letting campaign at 25 Baker Street and further progress on delivery.

With a structural shortage of space across the London office market, and particularly in the West End, that meets the evolving requirements of occupiers, we are confident in the ongoing rental prospects for our portfolio. The pace of rental value growth in our portfolio more than doubled in 2024 to 4.3% compared to 2.1% in 2023. Rental reversion from reviews and expiries increased substantially from £7.1m at December 2023 to £18.3m at the end of 2024 which will drive future growth in our gross rental income and marks the start of the new cycle.

Earnings are an important component of our total return. In recent years, we have delivered relatively strong EPRA earnings despite many of our costs rising more quickly than rental income. We are now seeing a general reduction in the rate of cost inflation. It is worth noting that the lumpy nature of our development projects causes short-term movement in earnings as they complete and capitalisation of interest stops. Combined with a gradual increase in our average interest rate as near-term debt is refinanced, this may impact our EPRA earnings in 2025. Trading profits from the sales of the private residential units at 25 Baker Street W1, which are excluded from the definition of EPRA earnings, are expected to offset this.

Dynamic London office market

Central London take-up increased each quarter in 2024 aligning with longer term levels. A total of 11.3m sq ft was leased. There is significant pent-up demand across a wide variety of requirements, with active demand up 30% over the year to 12.8m sq ft. London's office vacancy rate in 2024 reduced from 8.6% to 7.5%, a decline of c.4m sq ft.

Occupier requirements are focused on well-connected core locations where existing supply is low and new supply is constrained. As a result, businesses with larger space needs are engaging earlier to maximise the available options.

We believe the West End is well-positioned for the medium and longer term. Reasons include the broad occupier base and its more restrictive planning backdrop which limits the amount of new space being delivered. While we expect the City to benefit from a near-term increase in demand, it is likely to remain more cyclical than the West End which has historically demonstrated more sustained growth.

2.0m sq ft regeneration pipeline

Regeneration sits at the heart of our business model and we have a long and successful track record of creating high quality space in the right locations. Our pipeline extends to approximately 2.0m sq ft across eight major projects, which includes:

- On-site projects totalling 437,000 sq ft (completion in 2025); the combined development yield is 6.1%, which would rise to 6.3% if a similar level of ERV outperformance is achieved on the remaining speculative space. Our new yield on completion metric, of 6.9% for these projects, replaces notional finance costs with actual capitalised interest and is more in line with the methodology used by our peers;

- Next phase of projects totalling 481,300 sq ft which are expected to complete over the next three to four years; and

- Longer term projects of c.1.1m sq ft.

To maximise value on our longer term projects such as Old Street Quarter EC1, we will explore the appropriate balance of uses, including residential and other 'living' sectors.

Additionally, we have an ambitious programme of refurbishments. Upgrading the physical space and improving the environmental performance (EPC rating) will deliver attractive rental uplifts at these smaller projects. Examples include 1-2 Stephen Street W1, Middlesex House W1 and 1 Oliver's Yard EC1.

Recognising our employees

In January 2025, we were delighted to achieve the National Equality Standard (NES) for the second consecutive time, achieving a score in the top 5% of accredited organisations in the UK. Our continued work to raise the bar has also been recognised in the latest Britain's Most Admired Companies awards where we came second in the real estate sector. Acknowledging the hard work of our talented workforce, there were 15 internal promotions in 2024, including two promotions to the Executive Committee: Matt Cook, Head of Digital Innovation & Technology, and Julie Schutz, Head of Internal Audit.

Outlook and guidance

The market outlook for London office rental values is positive with increases forecast across all sub-markets. Our valuation ERV growth rose to 4.3% in 2024, and our guidance for 2025 is in the range of 3% to 6% across our portfolio. Initially, this will further drive our rental reversion, with uplifts in passing rent captured over the following years as rent reviews and new lettings occur.

We operate a total return business model. Whilst we expect to see a gradual increase in our average cost of debt as we refinance over the next year or so, ERV-led capital value growth and development surpluses will be the main drivers of our performance over the next couple of years, with earnings expected to respond thereafter.

Assuming yields remain stable, our total return outlook is the strongest it has been for several years, supported by ongoing investment into the portfolio in a robust occupier market.

CENTRAL LONDON OFFICE MARKET

See *Appendix 1 for supporting graphs*

- Take-up of 11.3m sq ft in line with long-term average; substantial pent-up demand
- Looming supply shortfall
  - Vacancy rate down 4m sq ft, to 7.5%; Grade A vacancy much lower at 1.3% in West End
  - Speculative development of 8.4m sq ft over next four years; <9 months' supply
- Investment market subdued in 2024; forecast to improve in 2025

Occupational market

Over the next five years, economic growth in London is forecast to outperform the UK by c.40bp annually. This is expected to support an annual increase of c.40,000 new office-based jobs, in turn giving business the confidence it needs to support ongoing investment in London.

Occupier demand is strong with a rise in the number of businesses upsizing. Recent data from Cushman & Wakefield showed that for the ten largest London office lettings in 2024, there was a 47% average increase in space taken compared to the existing footprint. This was corroborated by data from CBRE which shows the number of expansions continuing to rise.

Take-up in 2024 was positive and active occupier demand is elevated whilst vacancy continues to reduce and the medium-term development pipeline is constrained. Consequently, larger businesses are launching new requirements at an ever earlier stage.

Overall take-up rose 4% to 11.3m sq ft, in line with the 10-year average. At 3.5m sq ft, West End take-up reduced 6% as space under offer rose 11% to 0.9m sq ft. In the City, take-up increased 3% to 5.8m sq ft, but under offers declined 20% to 0.9m sq ft. Across London, active demand rose 30% to 12.8m sq ft, the highest level on record, although transactions are generally taking longer to complete.

Vacancy across London reduced by 4m sq ft to 7.5%, or 1.9% for Grade A. Within this, the West End remains well-placed with a Grade A vacancy rate of 1.3% (5.0% overall) with the City at 2.0% (or 9.5% overall). The cyclical increase in demand from the banking and finance and business services sectors has supported a 3m sq ft reduction in City availability to 8.0m sq ft.

Across London, 14.5m sq ft of committed developments are forecast to complete by 2028, of which 6.1m sq ft is pre-let or under offer (42%, rising to 51% for 2025 completions) and 8.4m sq ft remains speculative. Based on average take-up over the last 10 years, this is equivalent to less than nine months' supply. 2025 is expected to see a spike in deliveries (8.8m sq ft), but over the medium term, the pace of completions slows significantly.

Looking ahead, the outlook is promising. We are pleased to observe positive activity throughout London, with rental growth now anticipated across most sub-markets. The trend toward quality continues, and competition for the highest-quality spaces is emerging, further bolstering strong rental growth. In addition, we are witnessing increased demand for good quality space at more accessible price points. Businesses across all sectors in London are back in the office, and with corporate mandates becoming more common, we are seeing a rise in businesses seeking additional space to accommodate this shift.

Investment market

The macroeconomic backdrop remained uncertain in 2024. The positive sentiment which started to emerge in the middle part of the year reversed in Q4, with long-term interest rates rising to their highest level since the Global Financial Crisis in 2008-09. Ongoing uncertainty meant that many investors remained on the sidelines and potential vendors chose to hold on to buildings until market conditions improve. This resulted in the lowest transactional volume recorded across central London in the last 25 years (£4.9bn vs a long-term average of c.£11.4bn).

Q4 saw the return of a number of institutional investors to the central London office market, following recent price corrections, having not been active for several years. Well-located assets of up to £150m, with Value-Add and Core-Plus business plans, continue to attract good investor demand, principally due to the favourable occupational market and strong rental growth prospects. However, Knight Frank now also reports around £5bn of capital for core assets, as a consequence of the growing perception that pricing has levelled out.

Demand remained focused on the sub-£100m market, with an average lot size across central London of c.£33m (against a long-term average of closer to £80m). There were only 11 deals in excess of £100m. The West End proved more resilient against the challenging economic backdrop, recording £3.1bn of transactions or four times that of the City at £0.8bn. This can partly be attributed to its smaller average lot sizes and lower reliance on debt, but also its broader investor appeal.

Current investment availability sits at around £4.1bn, according to CBRE. With more pricing datapoints starting to emerge and rising demand, it is hoped that the market will see an increase in stock levels over the course of 2025. However, with around £20bn of equity targeting London, CBRE estimates an imbalance between demand and supply.

Prime yields were unchanged in both the West End and City in 2024 at 4.0% and 5.75%, respectively.

VALUATION

See Appendix 2 for supporting graphs and tables

- ERV growth of 4.3%
- Equivalent yield 5.73%, up 18bp in H1 and stable in H2
- Underlying capital values up 0.2% in 2024 – quality continues to outperform
- Valuation recovery in H2 (+1.9%) on ERV growth and development profits

The Group's investment portfolio was valued at £5.0bn as at 31 December 2024 compared to £4.9bn at the end of 2023. Supported by our on-site developments and growth in reversion, the underlying portfolio valuation increased 1.9% in H2, with capital value growth, before accounting adjustments, of 0.2% overall in the year. This recovery follows a 10.6% decline in 2023. There was a deficit for the year of £1.8m which, after accounting adjustments of £2.0m, produced an overall increase of £0.2m.

Take-up in London was 4% higher compared to 2023 and returned to longer term levels. In particular, demand remains strongest for modern, well-located, high-quality space with good amenities. Including further pre-lets at our 25 Baker Street W1 development, we had another strong year for lettings, with open-market leases signed on average 12.3% above December 2023 ERV. This fed through to our EPRA rental values which were up 4.3% over the year, an improvement on the 2.1% increase in 2023 and the strongest annual growth figure since 2016.

Our portfolio EPRA true equivalent yield was stable in H2 at 5.73%, having risen 18bp in H1. The EPRA initial yield was unchanged year on year at 4.3% and after allowing for the expiry of rent-free periods and contractual uplifts, rises to 5.2% on a 'topped-up' basis (December 2023: 5.2%).

The valuation of our central London properties, which represent 98% of the portfolio, was flat with growth in the West End of 1.2% offsetting the City Borders where values were down 3.4%. The latter was impacted by weaker rental value growth and a slower leasing market. The balance of the portfolio, our Scottish holdings, was up 11.6% driven by positive asset management and leasing activity at Strathkelvin Retail Park.

Further progress was made at our two on-site West End developments, 25 Baker Street W1 and Network W1. Valued at £597.2m, they represent 12% of the portfolio (December 2023: 8%). After adjusting for capital expenditure, the valuation uplift was 15.1%. The main drivers of this strong performance were construction progress, completion of the office pre-letting campaign at 25 Baker Street at rents 16.5% above appraisal ERV, and the release of development surpluses. 25 Baker Street is due to complete in H1 2025 with Network to follow later in the year. On a combined basis, a further £100m of capital expenditure is required. Excluding these two projects, the portfolio valuation decreased by 1.5% on an underlying basis.

Our portfolio valuation increase of 0.2% outperformed the MSCI Quarterly Index for Central London Offices which was down 2.6%. This was mainly due to the strong valuation uplifts at our on-site developments. The wider UK All Property Index increased by 0.4%.

Our portfolio falls into two main categories: core income and future opportunities. The core income element comprises buildings which have generally been upgraded into modern, amenity rich space. These properties typically have a higher capital value per square foot and, as illustrated below, remained more resilient. The future opportunities segment of the portfolio are mostly our lower value properties which offer refurbishment or redevelopment, often with the ability to add additional floor area.

Valuation movement by capital value banding

Capital value banding (£ psf)	Weighting by value (%)	Capital value change (%)
≥£1,500	22	3.5
£1,000 - £1,499	21	(1.5)
<£1,000	45	(3.8)
Sub-total	**88**	**(1.5)**
On-site developments	12	15.1
Portfolio	**100**	**0.2**

Following two years of valuation declines, valuation yields stabilised during H2 driving a total property return of 4.1% in 2024. This compares to the MSCI Quarterly Index of 1.3% for Central London Offices and 5.5% for UK All Property.

Further details on the progress of our projects are in the 'Development and refurbishments' section below.

Portfolio reversion

Our contracted annualised cash rent roll as at 31 December 2024 was £204.3m, a decrease of 1.1% over the last twelve months, which is principally due to the disposal of Turnmill EC1. With a portfolio ERV of £320.5m there is £116.2m of potential reversion, an increase of 12.7% compared to the £103.1m at December 2023. The main components within this are:

- **Contracted uplifts**: £42.3m which is contracted through a combination of rent-free expiries and fixed uplifts, the majority of which is already straight-lined in the income statement under IFRS accounting standards; our IFRS accounting rent roll at 31 December 2024 was £210.7m;

- **On-site developments**: £34.4m from two on-site developments at the current ERV, of which £20.7m or 60% is pre-let, up from £15.6m or 47% a year ago;

- **Smaller projects**: £12.8m of refurbishment projects (2023: £7.5m). These spaces will generally be upgraded during 2025;

- **EPRA vacancy**: £8.4m of ‘available to let’ space. Since year end, £3.4m of this space has been let or is under offer; and

- **Reviews and expiries**: £18.3m is from future reviews and expiries less future fixed uplifts. This has increased substantially from the £7.1m at December 2023, principally reflecting the acceleration in rental value growth seen during the year.

LEASING AND ASSET MANAGEMENT

See Appendix 4 for supporting graphs and tables

- £18.9m of new leases in 2024; 6.2% above December 2023 ERV
    - 12.3% above ERV excluding short-term development lettings
    - Includes £5.3m of pre-lets at 25 Baker Street W1 offices, now 100% pre-let
    - Further £1.2m has completed in H1 2025 to date, with £2.2m currently under offer
- EPRA vacancy rate down 90bp through 2024 to 3.1%

Lettings

In 2024, we maintained positive momentum in our letting activity as occupiers continued to prioritise quality buildings in well-connected London locations for an office-centric workforce. In total, £18.9m of new leases were signed covering 324,700 sq ft. Demand was more balanced when compared to the prior year, reflective of a broader recovery across the market.

- **Location**: At 43%, the City Borders represented a greater proportion of overall lettings against 2023. This was primarily driven by £3.3m of lettings at The White Chapel Building E1 where occupancy increased from 60% to 77% in the year and 87% including space under offer. Open market leases in the West End and City Borders averaged 12.1% and 7.6% ahead of December 2023 ERV, respectively (excluding pre-lets and short-term development-linked deals).

- **Pre-lets**: At 25 Baker Street W1, the office element is now fully pre-let ahead of completion in H1 2025, with 2024 pre-lets of £5.3m signed at a 27.2% premium to the appraisal ERV. Overall, non pre-lets accounted for 53% of total lettings compared to 43% in 2023, demonstrating the enduring demand for our high-quality buildings in the right locations.

- **'Furnished + Flexible'**: £4.5m of 'Furnished + Flexible' transactions were agreed, with open market deals averaging 12.5% above December 2023 ERV. This represents a 33% increase in letting volumes for these smaller, fully-fitted units compared to 2023. We operate c.190,000 sq ft of 'Furnished + Flexible' units, with c.100,000 sq ft under review and expected to be delivered in the coming years in accordance with occupier demand.

Since the start of 2025, we have agreed a further £1.2m of new leases and there is £2.2m under offer. The latter includes the conditional agreement for lease on the pavilion and lower ground floors at The White Chapel Building E1.

Leasing in 2024

	Let			Performance against Dec 2023 ERV (%)	
	Area '000 sq ft	**Income £m pa**	**WAULT[1] yrs**	**Open market**	**Overall[2]**
H1 2024	138.9	8.8	7.3	10.3	7.8
H2 2024	185.8	10.1	8.6	14.4	4.8
2024	**324.7**	**18.9**	**8.0**	**12.3**	**6.2**
Of which: F+F[3]	67.9	4.5	2.6	12.5	0.9

[1] Weighted average unexpired lease term (to break)
[2] Includes short-term lettings at properties earmarked for redevelopment
[3] 'Furnished + Flexible'

Leasing by type in 2024

Type	Area '000 sq ft	Income £m pa	Performance vs Dec 2023 ERV %
Pre-let	154.7	8.8	14.8
Non pre-let – open market	126.3	8.6	9.9

Principal lettings in 2024

Property	Tenant	Area sq ft	Rent £ psf	Total annual rent £m	Lease term Years	Lease break Year	Rent-free equivalent Months
H1 2024							
25 Baker Street W1	Cushman & Wakefield	17,100	107.50	1.8	15	-	34
The White Chapel Building E1	Pay UK	27,000	52.50	1.4	10	5	22, plus 5 if no break
The White Chapel Building E1	PLP Architecture	22,300	50.00	1.1	10	-	24
The White Chapel Building E1	Breast Cancer Now	14,700	51.00	0.8	10	5	20, plus 10 if no break
The Featherstone Building EC1	incident.io[1]	6,900	86.70	0.6	2	-	1
Tea Building E1	Buttermilk[1]	7,300	66.50	0.5	4	3	2, plus 2 if no break
One Oxford Street W1	Starbucks	4,200	98.10	0.4	15	10	12
230 Blackfriars Road SE1	Hello! Magazine[1]	7,300	52.50	0.4	5.5	-	14
H2 2024							
1-2 Stephen Street W1	Envy	19,200	61.00	1.2	15	10	24, plus 12 if no break
20 Farringdon Road EC1	Lumon Pay[1]	18,100	45.00	0.8	2.25	-	7.5
25 Baker Street W1	Sculptor Capital	7,200	107.50	0.8	10	5	12, plus 12 if no break
The Featherstone Building EC1	Wiz Cloud[1]	5,800	89.50	0.5	3	2	-
One Oxford Street W1	Kiko Milano	2,900	168.50	0.5	10	6	12
One Oxford Street W1	Aldo	2,700	169.70	0.5	10	6	14
Tea Building E1	Cleo AI	6,900	65.00	0.5	1	-	-
Strathkelvin Retail Park, Scotland	Home Bargains	35,100	13.00	0.5	15	-	12
230 Blackfriars Road SE1	Instant Offices	7,300	44.00	0.3	5.3	3	14
Strathkelvin Retail Park, Scotland	Aldi	21,600	15.00	0.3	20	-	9
3-5 Rathbone Place W1	Saltus Partners[1]	3,900	88.00	0.3	5	3	1.5

Table excludes a confidential pre-let at 25 Baker Street W1
[1] Space leased on a 'Furnished + Flexible' basis

Asset management

As demand for Grade A space continues to outpace supply, we are engaged with a number of occupiers already planning for lease breaks/expiries over the coming years. Relocation costs are an important consideration for businesses assessing occupational strategies in the current environment and we work collaboratively with tenants to help them make informed decisions around their office requirements.

At the start of 2024, 10% of passing rent was subject to break or expiry in the year. After adjusting for disposals and space taken back for larger schemes, 85% of income exposed to breaks and expiries was retained or re-let by year end. This is in line with our 10-year average of 84%.

Overall, asset management activity in 2024 totalled £14.5m. Rent reviews were settled on average 10.9% ahead of the previous rent, reflecting the acceleration in rental growth. Excluding development-linked deals, rent reviews, lease regears and renewals were agreed 4.1% above previous income and 4.5% ahead of December 2023 ERV.

The key transactions were:

- **25 Savile Row W1**: three rent reviews (18,700 sq ft) settled on average 16.8% ahead of the previous rent, and 14.4% above the December 2023 ERV.
- **1-2 Stephen Street W1**: as part of a wider asset management transaction, we relocated Envy Post Production from Holden House W1 ahead of its redevelopment to 1-2 Stephen Street (19,200 sq ft) at a rent of £1.2m pa (£61 psf), 13.5% above the December 2023 ERV. This letting was for a 15-year term with a break at year 10.
- **Strathkelvin Retail Park, Scotland**: as part of our upgrade plans to future-proof the retail park and improve the public realm, several leasing deals (including to Aldi and Home Bargains) were agreed and two rent reviews were completed, with the latter on average 13.2% ahead of the previous rent.

In addition to a focus on capturing reversionary value through rent reviews and lease renewals, our asset management team plays an important role in aligning lease profiles to facilitate commencement of regeneration projects. In 2024, there were 25 development-linked deals at buildings which form the next phase of our pipeline, commencing from 2025 onwards.

Asset management in 2024

	Number	Area '000 sq ft	Previous rent £m pa	New rent[1] £m pa	Uplift %	New rent vs Dec 2023 ERV %
All activity						
Rent reviews	12	70.9	4.5	5.0	10.9	8.2
Lease renewals	48	212.3	5.3	5.1	-4.3	-3.1
Lease regears	13	81.2	4.5	4.4	-2.1	-2.0
Total	**73**	**364.4**	**14.3**	**14.5**	**1.2**	**0.9**
Activity excluding 50 Baker Street development facilitation activity						
Lease renewals	25	185.2	4.2	4.2	-0.1	3.6
Lease regears	11	71.7	4.0	4.0	0.9	1.2

[1] Headline rent, shown prior to lease incentives.

The weighted average unexpired lease term (WAULT) to break across the portfolio is 5.9 years, split 7.0 years in the West End and 3.8 years in the City Borders. Our 'topped-up' WAULT (adjusted for pre-lets and rent-free periods) is 6.8 years.

Vacancy

The EPRA vacancy rate decreased by 90bp through 2024 to 3.1% (December 2023: 4.0%) with an ERV of £8.4m. There is a further £9.7m of rent classified as project space.

Rent and service charge collection

Rent and service charge collection rates remain high at 99% for the December 2024 quarter.

Property management

In 2024, in addition to operational management and customer service, a particular focus of the property management team has been on driving sustainability and net zero carbon initiatives.

Activities included a programme of enhanced metering to improve data collection, continuous review of building services to ensure optimisation, and investment in new technologies to support reductions in energy consumption. At 1-2 Stephen Street W1, the team is leading the M&E lifecycle replacement project and the installation of air source heat pumps which forms part of our journey to net zero. A programme of decarbonisation projects across the portfolio has been developed to continue this work into 2025 and onwards. Coupled with our Intelligent Buildings platform, we achieved a significant decrease in energy consumption across the portfolio in 2024.

As well as further contract negotiations, the team continued to focus on costs in the face of rising wages and inflation to minimise building service charges. Use of new technologies, such as drones and robotics, has assisted in reducing overall labour costs and is a continuing area of focus for 2025.

INVESTMENT AND REGENERATION

Developments

- £207m of project expenditure
- Two major projects on-site – 25 Baker Street W1 (298,000 sq ft) and Network W1 (139,000 sq ft)
    - 60% pre-let/sold
    - 25 Baker Street offices 100% pre-let, 16.5% ahead of appraisal ERV
    - Combined 6.1% yield on cost and 15% development profit
- Medium and longer term pipeline totals c.1.6m sq ft
    - Additional programme of smaller refurbishments

Acquisitions and disposals

- Acquisition of remaining 50% stake in 50 Baker Street W1 for £44.4m (£370 psf) before costs
- Total disposals £89.1m; major sale was Turnmill EC1 (Q2: £76.6m; 4.9% yield)

In 2024, the London office investment market remained slow following a challenging few years. Nonetheless, we remain disciplined in our capital recycling strategy and anticipate selling more of our buildings over the coming years as the market recovers and more attractive acquisition opportunities emerge. Our approach to capital recycling has helped us maintain a robust balance sheet throughout market volatility, ensuring we are well-positioned as investment opportunities arise.

The Group's capital allocation decisions in 2024 were centred on its development and refurbishment pipeline with £207m of capital expenditure incurred in the year. Including on-site schemes, our regeneration pipeline extends to c.2.0m sq ft across eight major projects which will be delivered over the coming decade.

We remain committed to owning a portfolio balanced between core income properties and those that offer future regeneration potential. At 31 December 2024, the portfolio was split 53% 'core income' and 47% 'future opportunity'. This excludes Old Street Quarter EC1 where our conditional acquisition is expected to complete from 2027 and which offers significant potential to create a mixed-use campus.

We expect to maintain annual capital expenditure in the range of £150m to £200m, with a rising contribution from rolling refurbishments.

Developments and refurbishments

Major on-site projects – 437,000 sq ft (60% pre-let/sold)

We continue to make good progress at both our on-site West End development projects, 25 Baker Street W1 and Network W1, which together total 437,000 sq ft. We currently expect a combined 15% development profit and 6.1% yield on cost (6.9% yield on completion), which could rise to 6.3% if a similar ERV beat is achieved on the remaining speculative space.

- **25 Baker Street W1** (298,000 sq ft) – our office-led scheme in Marylebone is expected to complete later in H1 2025. It features 218,000 sq ft of best-in-class offices, 28,000 sq ft of new destination retail surrounding a central landscaped courtyard (which is being delivered for the freeholder, The Portman Estate) and 52,000 sq ft of residential, of which 45,000 sq ft is private. Reflecting the strength of occupier demand in the area, the offices are now 100% pre-let at an average headline rent of £104 psf, a 16.5% premium over the appraisal ERV. Additionally, the sale of the residential units is progressing well, with contracts exchanged on 16 of the 41 private units for £83.0m. This reflects an average capital value of £3,750 psf, substantially ahead of the appraisal value.

- **Network W1** (139,000 sq ft) – an office-led scheme in Fitzrovia, targeted for completion in H2 2025, comprising 134,000 sq ft of adaptable offices and 5,000 sq ft of retail. The façade is nearing completion and the project remains on programme. We have adopted a number of circular economy measures including the reconditioning and re-use of raised access flooring, among others, helping reduce the embodied carbon intensity to c.530 $kgCO_2e$/sqm. We are engaged with several potential occupiers across a range of sectors and with a variety of requirements and are confident in the quality of the space we are delivering against the backdrop of a constrained development pipeline in the West End, especially in Fitzrovia.

Major on-site development pipeline

Project	Total	25 Baker Street W1	Network W1
Completion		H1 2025	H2 2025
Office (sq ft)	352,000	218,000	134,000
Residential (sq ft)	52,000	52,000	-
Retail (sq ft)	33,000	28,000	5,000
Total area (sq ft)	**437,000**	**298,000**	**139,000**
Est. future capex[1] (£m)	100	50	50
Total cost[2] (£m)	742	493	249
ERV (c.£ psf)		100	95
ERV (£m pa)	34.4	21.3[3]	13.1
Pre-let/sold area (sq ft)	262,200	262,200[4]	-
Pre-let income (£m pa, net)	20.7	20.7	-
Embodied carbon intensity ($kgCO_2e/sqm$)[5]		c.600	c.530
Target BREEAM rating		Outstanding[6]	Outstanding
Target NABERS rating		4 Star or above[6]	4 Star or above
Green Finance		Elected[6]	Elected

[1] As at 31 December 2024. [2] Comprising book value at commencement, capex, fees and notional interest on land, voids and other costs. 25 Baker Street W1 includes a profit share to freeholder, The Portman Estate. [3] Long leasehold, net of 2.5% ground rent. [4] Includes five office pre-lets, 15 private residential units at year end (plus one further sale in early 2025), the pre-sold affordable housing plus the courtyard retail and Gloucester Place offices pre-sold to The Portman Estate. [5] Embodied carbon intensity estimate as at mid-stage 5. [6] On main commercial building.

Future regeneration projects – Six schemes totalling c.1.6m sq ft

In addition to our on-site projects, our medium to longer term pipeline extends to c.1.6m sq ft across six design-led, amenity rich projects.

Medium-term pipeline – all in the West End

- **Holden House W1** (133,500 sq ft) – due to commence in H2 2025: we are progressing our plans for this 'behind the façade' project with a higher office weighting and improved sustainability credentials.
- **50 Baker Street W1** (c.240,000 sq ft) – expected to commence in H1 2026: in Q4 2024 we acquired Lazari Investments 50% stake in the joint venture to take full control of the project. This leasehold property is located on The Portman Estate and headlease regear negotiations are making positive progress. Resolution to grant planning consent was secured in H2 2024.
- **Greencoat & Gordon House SW1** (107,800 sq ft) – expected to commence in H1 2026: originally a Victorian warehouse, we will comprehensively refurbish the space celebrating its heritage architecture, for delivery into a supply constrained market in 2028.

Long-term pipeline

- **20 Farringdon Road EC1** (166,300 sq ft) – due to commence in H1 2027: a number of refurbishment options are being appraised following early-stage design surveys. The project is expected to commence in 2027.
- **Old Street Quarter EC1** (c.750,000 sq ft) – expected to commence from 2028: Our £239m acquisition of this 2.5-acre island site is expected to complete from 2027, conditional on delivery by the vendor of the new eye hospital at St Pancras and subsequent vacant possession of the existing site. Our studies suggest there is potential for a significant mixed-use campus development, potentially incorporating both office and 'living' components.
- **230 Blackfriars Road SE1** (c.200,000 sq ft) – expected to commence from 2030: our early appraisals show capacity for a substantial development of this 1970s building, more than three times the existing floor area.

Rolling refurbishments

Rolling refurbishments comprise a greater proportion of our pipeline as we upgrade our portfolio to meet the evolving needs of an increasingly selective occupier base. These projects will provide the enhanced amenity occupiers are prioritising and ensure compliance with evolving government EPC requirements, as well as delivering attractive rental uplifts. Our project pipeline includes 1-2 Stephen Street W1, Middlesex House W1 and 1 Oliver's Yard EC1.

Acquisitions and disposals

Shortly before the end of the year, the Group acquired the remaining 50% holding in 50 Baker Street W1 from its JV partner, Lazari Investments. The consideration, before costs, was £44.4m or £370 psf.

Disposal activity in 2024 totalled £89.1m after costs with a further £25.7m transacting just after year end. The two principal transactions were:

- **Turnmill EC1** for £76.6m, a capital value of £1,100 psf; and
- **4 & 10 Pentonville Road N1** for £25.7m, a capital value of £470 psf, to an owner-occupier. Contracts were exchanged in Q4 but the disposal completed shortly after year end.

Principal activity in 2024

Property	Date	Area sq ft	Total after costs £m	Net yield %	Net rental income £m pa
Acquisitions					
50 Baker Street W1 (50% share)	Q4	61,000	47.0[1]	4.2	2.0
Disposals					
Turnmill EC1	Q2	70,300	76.6	4.9	4.0
4 & 10 Pentonville Road N1	Q4[2]	54,800	25.7	-	-

[1] £44.4m before costs. [2] Exchange of contracts only; completed in January 2025

SUSTAINABILITY

- Energy intensity reduced by 8% to 137 kWh/sqm
- Forward purchase of c.114,000 carbon offsets for £34/tonne
- Good progress on delivery of Scottish solar park
- 69% of portfolio has EPC 'A' or 'B'

Reduction in energy intensity and operational carbon emissions

Energy consumption in 2024 reduced by 9% across the London managed portfolio to 51.8m kWh (2023: 56.7m kWh). Consequently, energy intensity was 8% lower at 137 kWh/sqm (2023: 149 kWh/sqm), supporting ongoing progress towards our 2030 target of 90 kWh/sqm. Our operational carbon footprint reduced 14% in the year to 12,357 tCO2e (2023: 14,370 tCO2e).

This successful reduction was achieved through continued collaboration between our property management and sustainability teams, an ongoing programme of occupier engagement as well as completion of several building upgrade initiatives. These included installation of the first phase of air source heat pumps at 1-2 Stephen Street W1, part of our portfolio decarbonisation strategy, and retrofitting specialist equipment to boilers at six buildings enhancing efficiency.

Self generating electricity – making progress with solar park delivery

Following receipt of planning consent in 2023 for a c.100 acre 18.4MW solar park on our land in Scotland, delivery is now underway. On completion, the electricity generated is expected to be in excess of 40% of our London managed portfolio's usage, on an annualised basis.

Embodied carbon – reducing and offsetting our emissions

As part of our Net Zero Carbon pathway, we have set stretching targets to reduce the embodied carbon footprint of our regeneration activity. New builds completing from 2025 are targeting an embodied carbon intensity of ≤600 $kgCO_2e$/sqm, which reduces to ≤500 $kgCO_2e$/sqm from 2030. We have committed to offset the residual embodied carbon using verified carbon removal offset schemes.

In 2024, we revised our embodied carbon recognition policy for major projects to spread emissions over the duration of the construction phase, with offsets similarly phased to more closely align with the timing of emissions. Previously, a project's emissions were recognised (and offset) in the year of completion. We estimate annual embodied carbon emissions of c.15,000 tCO_2e over the coming years. As part of our strategic planning, in the year we forward-purchased verified credits, on a phased basis, equivalent to c.114,000 tCO_2e for a total amount of £3.9m or c.£34/tCO_2e.

Significant progress was made towards decarbonising our regeneration activity in 2024. First, we formalised our circular economy approach, establishing a cross-business working group to identify materials and parts for re-use onsite or elsewhere either across the managed portfolio or, working with a new third party partner, elsewhere. Examples of circular economy in action across our portfolio include the refurbishment and re-use of raised access flooring, re-use of steel (where appropriate), use of cement replacements in concrete, retention and re-use or recycling of MEP components, and re-use of glass.

Additionally, we created a developer-led cross-industry working group with the objective of accelerating delivery of lower carbon concrete products to market, by facilitating collaboration and information sharing across the concrete supply chain from manufacturers to structural engineers, main contractors and clients. Very positive feedback has been received following the 'Accelerating Concrete-Decarbonisation Group' workshops held to date.

69% of our portfolio now rated EPC A or B

In 2021, we outlined a c.£100m phased programme of works to ensure compliance with evolving EPC legislation (Minimum Energy Efficiency Standards, MEES), of which £86m is remaining. As at December 2024, 69% of the portfolio was rated A or B (including projects at 25 Baker Street W1 and Network W1) in line with expected 2030 legislation, which compares to the wider London office market at sub-30%. A further c.18% are rated C, taking our compliance with expected 2027 legislation (EPC C or above) to 87%. The remainder of the portfolio is rated D or E, in line with current MEES requirements.

FINANCE REVIEW

Financial highlights

	Dec 2024	Dec 2023
Total net assets	£3,539.8m	£3,508.8m
EPRA NTA per share	3,149p	3,129p
EPRA NDV per share	3,261p	3,243p
Property portfolio at fair value	£5,041.1m	£4,844.7m
Gross property and other income	£276.9m	£265.9m
Net rental income	£189.6m	£186.2m
IFRS profit/(loss) before tax	£116.0m	(£475.9m)
EPRA earnings per share (EPS)	106.5p	102.0p
Interim and final dividend per share	80.5p	79.5p
EPRA LTV ratio	29.9%	27.9%
NAV gearing	41.9%	38.7%
Net interest cover ratio	3.9x	4.1x
Net debt/EBITDA	9.3x	8.8x

Introduction

It was good to see Derwent London return to a positive total return in 2024 after two years of valuation declines. Property investment yields moved out substantially in 2022 and 2023 but firmed in H1 2024 and hardly moved from that point to the end of the year. This was supported by the strongest growth we have seen in our rental values since 2016. Overall cost inflation has also moderated in most respects.

As a result, our outlook for total returns over the next few years from our well-designed and amenity-rich office space in many of London's best locations is more positive than for some time.

In recent months, concerns over global politics, UK economic growth and the government's funding deficit have grown, raising uncertainty levels and elevating yields for government bonds. This is notable particularly at the longer end of the curve though pressure has eased in the last few weeks. It remains to be seen whether gilt pricing reads through to more widespread yield adjustments. Long-term debt costs have been affected too and rose in Q4 2024 and into early 2025, just as UK base rates continue to fall. We will examine our response to this in the 'debt and financing' section later on.

We continue to invest in our people, the green agenda, Intelligent Buildings, amenity and governance, as well as the core asset management and development business. Over the past few years, the cost of our platform has grown more quickly than our rental income; cost control and efficiency are therefore continuing areas of focus for us into 2025.

Over the last year, we believe we have again successfully balanced value creation with relatively resilient recurring earnings and dividend growth. Our high-quality product remains in demand and Derwent London's leverage is comfortable. Looking into 2025 and beyond, while near-term refinancing will bring higher interest costs, we see attractive total returns and will continue to recycle capital as we gradually renew or refurbish our office portfolio. We may also consider other use classes where we believe this provides stronger returns.

Net asset values and total return for the year

Our property values increased in H2 2024 to reverse the first half decline of 1.7%. This helped bring Derwent London's IFRS net asset value to £3,540m at the year end, a 0.9% increase over the year, from £3,509m at 31 December 2023. EPRA net tangible asset (NTA) value per share increased accordingly to 3,149p from 3,129p at 31 December 2023 and we delivered a positive total return (ie EPRA NTA growth plus dividends per share) of 3.2%. In 2023, the total return was -11.7% and, in 2022, -6.3%.

	2024 P	2023 P
Opening EPRA NTA	3,129	3,632
Revaluation movement	(8)	(516)
Profit on disposals	2	1
EPRA earnings	106	102
Ordinary dividends paid	(80)	(79)
Share of joint venture revaluation movement/impairment	-	(8)
Other	-	(3)
Closing EPRA NTA	**3,149**	**3,129**

EPRA Net Disposal Value (NDV), which takes account of the £137m positive fair value impact of fixed rate debt and bonds over their book values, also increased, rising to 3,261p per share against 3,243p per share as at 31 December 2023.

Property portfolio at fair value

The fair value of the wholly-owned property portfolio, which is externally valued by Knight Frank, increased to £5.0bn at 31 December 2024 from £4.8bn a year earlier. For accounting purposes, we make adjustments from fair value to carrying value, the main ones being to recognise the rent-free incentives through earnings on a straight-line basis, spreading letting costs over the life of each lease and grossing up headlease liabilities. After these adjustments, the total property fair value split across the various balance sheet categories was as follows:

	Dec 24 £m	Dec 23 £m
Investment property	4,670.1	4,551.4
Non-current assets held for sale	25.7	-
Owner-occupied property	49.0	46.1
Trading property	115.7	60.0
Property carrying value	4,860.5	4,657.5
Accrued income (non-current)	173.6	173.9
Accrued income (current)	22.0	20.2
Unamortised direct letting costs (non-current)	14.4	14.5
Unamortised direct letting costs (current)	2.8	2.4
Grossing up of headlease liabilities	(33.1)	(33.6)
Revaluation of trading property	0.6	9.8
Other	0.3	-
Fair value of property portfolio	**5,041.1**	**4,844.7**
Fair value of properties held in joint venture (50%)	**-**	**33.8**

Property acquisitions in 2024 totalled £47.0m including costs, related to the acquisition of Lazari Investments Ltd's 50% interest in the 50 Baker Street W1 project in October 2024. This terminated our joint venture arrangement with them and the remaining 50% share already owned by us was therefore transferred at fair value of £44.4m from investments to wholly owned investment property. At 31 December 2023, the carrying value of our joint venture investments was £35.8m, the revaluation surplus in 2024 up to the transfer date being due mainly to approval for a new larger scheme in August 2024. The uplift in fair value on planning was largely offset by an increase of £7.6m, including costs of £0.3m, in the deferred consideration due to the vendor for the original acquisition. This amount was conditional on planning and re-gearing of the headlease and so had previously been disclosed as a contingent liability. We expect to pay the £7.3m deferred consideration in H1 2025.

Capital expenditure invested across the wholly-owned portfolio in 2024 totalled £182.2m (2023: £152.3m) plus capitalised interest and staff costs of £12.9m (2023: £6.3m). Interest capitalised increased to £10.7m in 2024 (2023: £6.3m) as we are nearing completion of the major developments at 25 Baker Street W1 and Network W1; as a result, the cumulative costs upon which interest is capitalised have increased significantly compared to 2023.

The carrying value of property disposals made in 2024 increased to £82.9m from £64.0m in 2023 but remained lower than usual. Principal disposals during the year were Turnmill EC1 in June and Asta House W1 in July. In addition, 4 & 10 Pentonville Road N1 exchanged in late 2024 and was therefore shown at the year-end within 'assets held for sale' at £25.7m; the sale completed in January 2025.

Owner-occupied property comprises our head office at 25 Savile Row W1. It is included within 'property, plant and equipment' at £49.0m (2023: £46.1m) together with £3.0m (2023: £3.8m) of leasehold improvements, furniture, equipment and artwork.

Trading property at the year-end increased significantly to £115.7m from £60.0m in 2023. This relates mainly to the 41 residential apartments which are being built for sale at 100 George Street W1, part of our large 25 Baker Street scheme. We have made further good sales progress through 2024 and have now exchanged contracts on 16 units totalling £83.0m with completion due later in the year. We anticipate that the apartment completion dates will be spread between 2025 and 2026, with a smaller proportion in 2026. Note that trading property disposals are not included within the definition of EPRA earnings per share but will bolster IFRS earnings.

The accrued income through incentive periods at 31 December 2024 rose slightly to £195.6m (2023: £194.1m), the non-current portion being £173.6m (2023: £173.9m) and the current amount being £22.0m (2023: 20.2m).

Other balance sheet items

As noted last year, we are due to deliver certain retail elements at the 25 Baker Street project on completion to the freeholder at a pre-agreed price. This is classified as 'trading stock' rather than property as we no longer hold any interest in the related real estate. Amounts incurred to 31 December 2024 were £17.5m (2023: £8.9m).

Non-current receivables included the £173.6m of rent recognised in advance of cash receipts (2023: £173.9m) referred to earlier. The remaining non-current receivables were £14.4m (2023: £14.5m) of initial direct letting fees and £13.0m (2023: £12.6m) of design and planning fees relating to the Old Street Quarter EC1 scheme. We are due to acquire this substantial Old Street site no earlier than 2027 once the vendor provides vacant possession. At that point, these costs will be allocated and included within investment property at fair value. We are working through various masterplanning options, the outcome of which will influence the determination of fair value at the point of acquisition.

Trade and other current receivables increased to £57.8m at 31 December 2024 (2023: £42.7m), mainly due to higher prepayments across a number of categories, some of which will reverse relatively quickly in 2025. Prepayments also include £1.8m of carbon credits, £1.7m of which were acquired in 2024, plus £2.5m of costs incurred so far at the Lochfaulds solar farm site. Other receivables also include £22.0m (2023: £20.2m) of rental income accrued through incentive periods under IFRS 16 and classified as a current asset and other amounts included £2.8m of deferred initial direct letting fees.

Property and other income

Gross property and other income increased to £276.9m in the year ended 31 December 2024 from £265.9m in 2023. Gross rental income rose by 0.9% to £214.8m from £212.8m and surrender premiums increased to £2.7m from £0.1m in 2023 due mainly to the early surrender of leases at 4 & 10 Pentonville Road in advance of the disposal of the building. The rental movements in 2024 were relatively balanced, £11.5m of additional rent coming from lettings and regears in 2023 and 2024 while rents fell by £7.6m as a result of space being vacated or taken back for refurbishments. Acquisitions and disposals also reduced rental income by a net £1.9m.

See Appendix 6 for graph showing movement in gross rental income

Net rental income also increased, rising to £189.6m in 2024 from £186.2m in 2023. Irrecoverable service charge costs were £6.6m, the same in 2024 as in 2023 and, though other property costs have increased slightly from £17.4m in 2023 to £18.2m in 2024, impairments fell back from £2.6m to 0.4m over the same periods. Adding back surrender premiums, dilapidation receipts, other property income and management fees, net property and other income rose by 4.1% to £198.3m from £190.5m in the prior year.

The trading property sale proceeds of £3.7m (2023: £nil) came mainly from Welby House SW1. As noted earlier, we have now exchanged contracts on 16 apartments totalling £83.0m (including car parking and storage) at 100 George Street W1, part of the 25 Baker Street W1 project. As the sales complete from mid-2025 onwards, proceeds and the related profits from this trading activity will be recognised in the IFRS income statement as property trading activity. Note that these results will not be included in EPRA earnings as trading property income is excluded from the definition of EPRA earnings.

Irrecoverable service charges reduced in H1 2024 ending the year at £6.6m, the same as in 2023. Capped service charges increased in H2 2024 due mainly to EPC upgrade works at 1-2 Stephen Street W1. A more detailed breakdown of service charge costs is set out below:

	H1 2024 £m	H2 2024 £m	2024 £m	H1 2023 £m	H2 2023 £m	2023 £m
Service charges						
Voids	1.5	1.6	**3.1**	2.1	1.8	**3.9**
Inclusive service charge	0.5	0.7	**1.2**	0.3	0.2	**0.5**
Capped service charge	0.5	1.0	**1.5**	1.0	0.1	**1.1**
Balancing service charge & other	0.3	0.5	**0.8**	1.1	0.0	**1.1**
	2.8	3.8	**6.6**	4.5	2.1	**6.6**

Other irrecoverable property expenditure also increased to £18.2m in 2024 from £17.4m in 2023. The increase was due to running costs at our occupier lounges and other enhanced customer services where costs increased by £1.5m from 2023. This followed the opening of DL/28 in late 2023 and other improved catering facilities across the portfolio in early 2024. Note that the associated income from letting rooms and selling food and drinks also increased to £0.9m in 2024 (2023: £0.3m), split between rent and other income.

A full breakdown of other property costs is as follows:

	H1 2024 £m	H2 2024 £m	2024 £m	H1 2023 £m	H2 2023 £m	2023 £m
Property costs						
Legal and letting costs	2.1	2.0	**4.1**	2.2	2.4	**4.6**
Rates	2.0	1.7	**3.7**	1.1	1.7	**2.8**
Ground rent	1.0	0.5	**1.5**	1.2	1.1	**2.3**
Marketing costs	0.4	0.3	**0.7**	1.0	0.7	**1.7**
Lounges & customer service costs	1.2	1.7	**2.9**	0.3	1.1	**1.4**
Repairs	0.6	0.4	**1.0**	0.7	0.4	**1.1**
Other	2.0	2.3	**4.3**	2.1	1.4	**3.5**
	9.3	8.9	**18.2**	8.6	8.8	**17.4**

Taken together, the irrecoverable service charge and property costs were £24.8m in 2024, equivalent to 11.5% of gross rental income.

Rent collection has been very strong in 2024 and our impairment reviews saw some previous amounts reversed while certain new provisions were made, mainly for the smaller retail and hospitality tenants. The overall impairment booked in 2024 was low at £0.2m for receivables. A further £0.2m of the carrying value of prepaid costs at Old Street Quarter EC1 was impaired, following a detailed review in accordance with IAS 36.

Administrative expenses and EPRA cost ratios

Administrative expenses increased by 5.1% in 2024 to £41.1m from £39.1m in 2023. Base salaries for staff increased by an average of 6% in 2024 and by 3% for directors. Total headcount also increased by two. In addition, with a strong outperformance against our property return benchmarks in 2024, we have increased the bonus provision by £2.2m compared to the prior year. £2.5m of internal staff costs were capitalised for the first time in 2024 in accordance with IAS 16.

Our EPRA cost ratios have declined very slightly in the year but remain an area of focus. Including direct vacancy costs, the cost ratio fell from 27.3% in 2023 to 27.0% and, excluding direct vacancy costs, the ratio was 21.7% (2023: 22.3%).

Other income statement items

There was a small deficit of £2.7m on the wholly owned investment portfolio's revaluation in 2024 but this was offset by a revaluation surplus on the Group's owner occupied property at 25 Savile Row W1 of £2.9m. After deferred tax of £0.6m, the net £2.3m passes through 'other comprehensive income' in the statement of changes in equity. The overall movement is a significant turnaround from the £581.5m deficit recognised in the income statement in 2023 and the £87.2m deficit in H1 2024. The final revaluation movement in the year was our 50% share of the 50 Baker Street joint venture. This showed a surplus of £7.3m (2023: deficit of £9.2m) offset by £7.6m of additional deferred consideration, inclusive of costs. This arose in relation to the original 50% interest and was conditional on planning. All these figures are stated after accounting adjustments.

The profit on disposal totalling £1.9m (2023: £1.2m) comprised £2.1m on the £87.5m gross proceeds from the sales of Turnmill EC1 and Asta House W1 offset by a £0.2m loss on the disposal of artwork.

Finance income fell to £0.3m from £0.9m in 2023. Net finance costs also fell slightly to £39.9m from £40.4m in 2023. As noted earlier, the decrease was due mainly to higher capitalised interest of £11.2m in 2024, £10.7m on the wholly-owned property portfolio and £0.5m on current asset prepayments and stock. Capitalised income in 2023 totalled £6.5m when the projects under construction had lower cumulative development costs.

The Group's interest rate swaps saw a fair value loss on derivative financial instruments of £2.3m in 2024 (2023: £2.1m loss).

Up to the point of transfer into the wholly owned property portfolio, our joint venture with Lazari Investments Ltd at 50 Baker Street W1 showed an overall profit of £1.5m.

IFRS profit before tax and EPRA earnings per share

The IFRS profit before tax, which includes fair value movements such as the property revaluation passing through the income statement, was £116.0m against a loss before tax of £475.9m in 2023. IFRS diluted earnings per share were 102.9p (2023: -424.3p).

EPRA earnings per share, which adjust for the fair value movements and certain other items, were 106.5p per share (2023: 102.0p). The main reason for the improvement was the increase in net property and other income. A table showing a reconciliation of the IFRS results to EPRA earnings per share is included in note 26.

Like-for-like rental income

Like-for-like (LFL) gross rental income was up 2.6% over the year, LFL net rental income was up 4.3% and LFL net property income, which takes account of dilapidations and other property income, was up 5.9%.

Internal controls, assurance and the regulatory environment

Internal controls and business processes have remained areas of focus. We have made good progress in developing digital workflows for a number of key financial and non-financial processes and have appointed an implementation partner to work with us on the detailed design of our new finance system. With newer and more advanced technology now available, this should help us streamline business processes and improve efficiency, all of which will have a positive impact on the financial control environment. We anticipate that this project will complete in late 2026.

We continue to obtain independent and external assurance in higher risk areas from a range of providers. Consistent with last year, in addition to the annual external audit, the principal ones are assurance over selected sustainability, health and safety and green finance disclosures, service charge audits, a twice-yearly external valuation and internal audits covering a range of key business risks. We also obtained Cyber Essentials Plus certification in 2024, which included independent verification of our cyber security procedures.

We remain on-track to achieve compliance with the internal controls related elements of the revised UK Corporate Governance Code for our financial year commencing 1 January 2026. This will require the Board to include a declaration in the annual report explaining how it has monitored and reviewed the effectiveness of the internal control framework, and its conclusion as to the effectiveness of material controls.

Taxation

The tax charge for the year ended 31 December 2024 was £0.1m (2023: £nil). This arose from deferred tax movements which resulted in a net deferred tax charge of £0.1m.

As in previous years, the majority of our income was exempt from corporation tax as it is derived from a qualifying property rental business under the UK REIT regime but £9.8m of withholding tax was paid to HMRC relating to property income distributions (PIDs) (2023: £9.7m).

Derwent London's principles of good governance extend to a responsible approach to tax. Derwent London has a low tolerance of tax risk and continues to retain its low risk status which HMRC granted in the Business Risk Review in July 2023. Our statement of tax principles is available on our website www.derwentlondon.com/investors/governance/tax-principles and is approved by the Board in line with the Group's long-term values, culture and strategy.

Borrowings, net debt and cash flow

Having acquired control of 50 Baker Street and with continued capital investment across our high-quality portfolio combined with relatively low property disposals, group borrowings increased to £1.46bn at 31 December 2024 from £1.34bn a year earlier. The increase came from drawings under bank facilities but available cash and undrawn facilities have increased to £487m at the December 2024 year-end from £480m a year earlier.

During the year, the £175m convertible bonds due in June 2025 were reclassified as current liabilities, the other main current liability being the £20m loan from Native Land in connection with the residential at 25 Baker Street.

Taking account of leasehold liabilities, derivative financial instruments and unrestricted cash, net debt also rose to £1.48bn at 31 December 2024 compared with £1.36bn a year earlier.

This took the Group's EPRA loan-to-value ratio to 29.9% from 27.9% in December 2023 and 29.0% in June 2024. It continues to be one of the lower ratios in the sector. Interest cover remained strong at 3.9 times but has fallen from 4.1 times in 2023 due to higher borrowings and a rise in our average interest rate. Our debt covenant is 1.45 times. Net debt to EBITDA also increased a little to 9.3 times from 8.8 times a year earlier and we anticipate that this will move back to 9.0 or below during 2025.

A further £52.8m (2023: £24.7m) of cash was invested during 2024 in our apartments for sale at 100 George Street W1 (held as trading properties) and the related retail being passed to the freeholder (trading stock). As a result and in accordance with IAS 7, cash generated from operations fell to £102.6m in 2024 from £135.3m in 2023. The cash outflows into trading stock and properties will cease in mid-2025 to be replaced by inflows from trading property and stock disposals. Adjusting for this, the cash generated from other continuing operations was much closer to prior years, at £155.4m in 2024 and £160.0m in 2023.

Debt and financing

Lending conditions improved again through 2024 and there was funding readily available in all our core markets, whether bond issuance, convertible bonds, private placements or bank facilities. Pricing for long-term debt has, however, been unpredictable and we therefore opted to put in place three facilities with our core UK relationship lending banks, all of whom have provided very strong support, while we wait for longer-term debt pricing to moderate.

At the start of 2024, three or four cuts in UK base rate were widely predicted over the year ahead but, as a result of more persistent inflation, rates fell less quickly than expected. As a reminder, having started rising from a low of 0.1% in late 2021, the base rate peaked at 5.25% in August 2023. The first 25bp base rate cut finally came in August 2024 with a second following in November to take the year end rate to 4.75%. Another widely expected 25bp cut was announced in February 2025.

Uncertainty over the longer-term rates outlook has been fuelled by stickier inflation, geopolitical events and widespread elections, including the General Election in the UK in July 2024. This has seen economic confidence vary over recent months. When combined with a shift in government borrowing targets, gilt yields rose significantly over Q4 2024 and into January 2025, before moderating a little in the last few weeks. These effects were particularly notable at the longer end of the curve, the 30-year gilt peaking at just over 5.4% in January.

At the same time, credit spreads in the bond market came down significantly in the second half of 2024. For us, it is the all-in debt cost that dictates our actions. The implied yields on our own 2031 unsecured bonds ranged from just under 5.0% to 5.6% through 2024 and ended the year at 5.4%. The spread on those bonds also varied significantly, from a high of 169bp in January 2024 to a low of 106bp at the year end. In January 2025, those spreads fell again and have been hovering just below 100bp in 2025 to date.

The 12-year secured loan of £83m at 3.99% from Mass Mutual/Barings matured in October 2024 and was repaid in full. As a result, the security was released and increased our unencumbered assets by £240m. We opted to refinance in June 2024 with a new £100m 3-year unsecured facility from NatWest and wait for the cost of long-term fixed rate debt to moderate. On top of the 3-year term, this new bank facility has two 1-year extension options and we applied the £75m 1.36% interest rate swaps to this loan with the remaining £25m at floating rates. This brought the current blended cost for this loan to c.3.5% at year-end.

As long-term rates moved upwards in the last quarter of the year, our response was to arrange a new £115m 2-year unsecured loan facility (£82.5m term and £32.5m revolving) with Barclays which was signed in December 2024. It has two 1-year extension options and flexible arrangement fees. This was followed by a £115m 2-year unsecured loan facility (also with an £82.5m term and £32.5m revolving portion) from HSBC in February 2025. This loan also has flexible up-front fees plus a year's extension option.

The margins on all three bank facilities are competitive and, importantly, are based off floating SONIA rates, which continue to fall, rather than the gilt. There has been a notable increase in the gap between swap and gilt rates over recent months; for example, at year-end, the 10-year gilt was 55bp higher than the equivalent swap and the 20-year gilt was 82bp higher than its equivalent swap rate. At the right time, we remain keen to lock into more long-term fixed rate debt.

Looking forward, we have two sets of bonds due to mature over the next 14 months as well as £55m of US private placement notes. First, the £175m convertible bonds fall due in June 2025 but, with the share price at a substantial discount to net asset value, it is unlikely that we will put in place further convertible debt for now. We like convertibles as a product in a mixed debt portfolio but they need to offer both attractive pricing and reasonable levels of dilution should they convert. The current bonds pay cash interest at 1.5% pa but it is the IFRS rate of 2.3% which passes through the income statement and impacts our earnings.

The second set of bonds maturing are the £175m secured LMS bonds in March 2026. These were arranged by London Merchant Securities in 2001 and pay a fixed coupon of 6.5%, a level above current market. Should both sets of bonds be refinanced at, say 5.25%, this would add c.£3m pa to our current annual interest charges. Note also that our £75m of interest rate swaps at 1.36% expire in April 2025.

As a result of the higher proportion of floating rate borrowings after repayment of the £83m 3.99% fixed rate loan in October, the weighted average interest rate of Group borrowings on a cash basis increased to 3.42%. It was 3.17% in December 2023 and 3.15% in June 2024. The IFRS interest rate, which makes adjustments in relation to the convertible and unsecured 2031 green bonds, increased similarly to 3.53% at year-end (2023: 3.29%). At 31 December 2024, 80% (2023: 94%) of our debt was at fixed rates, 5% (2023: 4%) was hedged by £75m of swaps maturing in April 2025, and the balance of 15% (2023: 2%) was at floating rates. The weighted average maturity of our borrowings was 4.0 years at 31 December 2024 (2023: 5.0 years).

Derwent London remains in a strong financial position, evidenced by Fitch confirming an unchanged credit rating in May 2024 at BBB+ for the main issuer default rating and A- for our senior unsecured debt rating, both with a stable outlook.

See Appendix 6 for table showing debt facilities and reconciliation to borrowings and net debt

Reporting under the Green Finance Framework

Derwent London's Green Finance Framework (the Framework) has been prepared in line with the Loan Market Association (LMA) Green Loan Principles and International Capital Market Association (ICMA) Green Bond Principles guidance document, has been externally reviewed and a second party opinion (SPO) obtained. The latest Framework and SPO are available on our website at www.derwentlondon.com.

Out of our total debt facilities of £1.9bn, £650m satisfy our definition of Green Financing Transactions (GFTs). The GFTs comprise the £350m Green Bond issuance in 2021 and a £300m 'green' tranche included within our main corporate £450m revolving credit facility which was arranged in 2019. Together these are used to fund qualifying green expenditure.

In 2024, we appointed Pricewaterhouse Coopers LLP to replace the previous assurance provider and provide an independent reasonable assurance opinion on our green finance metrics.

In accordance with the reporting requirements set out in the Framework, we are disclosing the Eligible Green Projects (EGPs) that have benefitted from our GFTs, and the allocation of drawn funds to each project.

The projects eligible for funds from the GFTs are as follows:

Green project	80 Charlotte Street W1	1 Soho Place W1	The Featherstone Building EC1	25 Baker Street W1	Network W1
Expected completion date	Completed in 2020	Completed in 2022	Completed in 2022	2025	2025
Category for eligibility	Green building, criterion 1 of section 3.1 of the Framework (excludes Asta House and Charlotte Apartments)	Green building, criterion 1 of section 3.1 of the Framework	Green building, criterion 1 of section 3.1 of the Framework	Green building, criterion 1 and 2 of section 3.1 of the Framework (excludes retail and refurbished residential)	Green building, criterion 1 of section 3.1 of the Framework
Impact reporting indicator	Building certification achieved (system & rating)	Building certification achieved (system & rating)	Building certification achieved (system & rating)	Building certification achieved (system & rating)	Building certification achieved (system & rating)
Green credentials[1]	**Achieved:** BREEAM Excellent EPC B LEED Gold	**Achieved:** BREEAM Outstanding EPC B LEED Gold	**Achieved:** BREEAM Outstanding EPC A LEED Platinum	**25 Baker Street offices[2]** **Achieved:** BREEAM Outstanding (design stage) **Expected:** BREEAM Outstanding (post-construction), on target EPC A, on target LEED Gold, on target **30 Gloucester Place[2] offices** **Achieved:** BREEAM Excellent (design stage) **Expected:** BREEAM Excellent (post-construction), on target EPC B, on target **Private residential** **Expected:** Home Quality Mark 4 Stars, on target	**Achieved:** **BREEAM** Outstanding (design stage) **Expected:** BREEAM Outstanding (post-construction), on target LEED Gold, on target EPC A, on target

[1] Green EGP credentials disclosed in accordance with the Framework and the Green Finance Basis of Reporting, available on our website and within the Responsibility Report.
[2] The development includes 206,000 sq ft of offices at 25 Baker Street and 12,000 sq ft of offices at 30 Gloucester Place.

Qualifying 'green' expenditure

The qualifying expenditure as at 31 December 2024 for each project is set out in the table below. This includes an element of 'look back' capital expenditure on projects in which expenditure had been incurred prior to management's approval of the project as an EGP. This also includes capital expenditure on projects which had already been incurred as at October 2019, when the Group's first GFT was executed.

Costs which form part of the initial project appraisal or which are associated with delivering the project through to practical completion are included within the eligible green expenditure of the project. Costs incurred following completion are generally excluded unless specifically elected as green projects.

80 Charlotte Street, 1 Soho Place, and The Featherstone Building are all completed projects and are fully operational. 25 Baker Street and Network, which commenced on site in 2021 and 2022 respectively, are both due to reach practical completion in 2025.

Cumulative spend on each EGP as at the reporting date

		Subsequent spend		
EGP	**Look back spend £m**	**Q4 2019 – FY 2023 £m**	**2024 Spend £m**	**Cumulative Spend £m**
80 Charlotte Street W1	185.6	52.5	0.1	238.2
1 Soho Place W1	57.5	165.9	1.2	224.6
The Featherstone Building EC1	29.1	68.4	0.8	98.3
25 Baker Street W1	26.5	132.1	87.1	245.7
Network W1	23.8	12.7	34.7	71.2
	322.5	**431.6**	**123.9**	**878.0**

The total qualifying expenditure incurred in 2024 was £123.9m and the cumulative qualifying expenditure on the EGPs at 31 December 2024 was £878.0m.

Drawn borrowings from GFTs as at 31 December 2024 were £437.0m, which comprised the £350m Green Bonds and £87m drawn under the green tranche of the RCF. Therefore, there was £213m undrawn under the £300m green tranche of the RCF, all of which is available to fund future cash flow requirements of the Group.

A requirement under the Framework and the facility agreement is for there to be an excess of qualifying spend on EGPs over the amount of drawn borrowings from all GFTs.

See Appendix 6 for graph showing green borrowings and qualifying expenditure

Dividend

Our dividend policy has been consistent for many years and aims for progressive increases but to maintain a payout well-covered by EPRA earnings. Our obligations to other stakeholders are also taken into account and in addition we consider any other IFRS realised gains and losses which do not form part of EPRA earnings. The board is recommending another 0.5p per share increase in the final dividend to 55.5p. It will be paid in May 2025 with 45.5p as a PID and the balance of 10.0p as a conventional dividend. The Company's ISIN reference is GB0002652740.

This will take the total dividend for the year to 80.5p, a 1.3% increase over 2023. Dividends paid and declared in relation to 2024 earnings were 1.3 times covered by EPRA earnings.

PRINCIPAL RISKS AND UNCERTAINTIES

RISK MANAGEMENT AND INTERNAL CONTROLS

We have identified certain principal risks and uncertainties that could prevent the Group from achieving its strategic objectives and have assessed how these risks could best be mitigated, where possible, through a combination of internal controls, risk management and the purchase of insurance cover.

As a predominantly London-based Group, we are particularly sensitive to factors which impact upon central London's growth and demand for office space. Sentiment at the start of 2024 was positive. Inflation was falling, UK GDP forecasts were being revised upwards and long-term interest rates were reducing. However, concerns around inflation and growth re-emerged towards the end of the year and the longer term interest rate curve moved upwards. It is not clear how long the current higher interest rate environment will persist and therefore what impact it may have on property yields. However, the favourable demand/supply imbalance for high quality office space supports a more positive ERV performance.

The availability of financing for good quality covenants has generally improved through 2024 but the cost of long-term debt has been volatile. Lenders continue to favour existing relationship borrowers. During 2024, new facilities have been established with NatWest and Barclays. A further facility was put in place with HSBC in February 2025. We continue to review market conditions for long-term fixed rate debt and engage with new and existing debt providers.

Like many businesses, we are monitoring the potential impact heightened geopolitical tensions could have on global supply chains, commodity price inflation, market uncertainty and deglobalisation. Geopolitical instability continues to be an emerging risk for the Group.

The principal risks and uncertainties facing the Group in 2025 are set out on the following pages with the potential impact and the mitigating actions and controls in place. These risks are reviewed and updated on a regular basis and were last formally assessed by the Board on 24 February 2025.

The Group's approach to the management and mitigation of these risks is included in the 2024 Report Accounts. The Board has confirmed that its risk appetite and key risk indicators remain appropriate.

Strategic risks

The Group's business model and/or strategy does not create the anticipated shareholder value or fails to meet investors' and other stakeholders' expectations.

Risk, effect and progression	Controls and mitigation
1. Failure to implement the Group's strategy	
The Group's success depends on implementing its strategy and responding appropriately to internal and external factors including changing work practices, occupational demand, economic and property cycles.	• The Board maintains a formal schedule of matters which are reserved solely for its approval. These matters include decisions relating to the Group's strategy, capital structure, financing, any major property acquisition or disposal, the risk appetite of the Group and the authorisation of capital expenditure above the delegated authority limits. • Frequent strategic and financial reviews. An annual strategic review and budget is prepared for Board approval alongside two-year rolling forecasts which are prepared during the year. • The Credit Committee assesses and monitors the financial strength of potential and existing occupiers. The Group's diverse and high quality occupier base provides reasonable resilience against occupier default. • Maintain income from properties until development commences and have an ongoing strategy to extend income through lease renewals and regears. Developments are derisked through pre-lets. • Maintain sufficient headroom for all the key financial ratios and covenants, with a particular focus on interest cover. • Develop properties in central locations where there is good potential for future demand, such as near the Elizabeth Line.

Financial risks

The main financial risk is that the Group becomes unable to meet its financial obligations. The probability of this occurring is low due to our significant covenant headroom, modest leverage and strong credit metrics. Financial risks can arise from movements in the financial markets in which we operate and inefficient management of capital resources.

Risk, effect and progression	Controls and mitigation
2. Refinancing risks	
The risk that the Group is unable to raise finance in a cost-effective manner that optimises the capital structure of the Group.	• Early and frequent engagement with existing and quality potential lenders to maintain long-term relationships. • Preparation of five-year cash flow and annual budgets enable the Group to raise finance in advance of requirements. • The Group's financial position is reviewed at Executive Committee and Board meetings with an update on leverage metrics and capital markets from the CFO. • Annual review with credit rating agency with whom we maintain a dialogue. • Regular updates with our advisers to understand debt market trends. This includes looking at new forms of debt, considering whether security should be offered and the appropriate term. • Recycling of capital is a key assumption in our annual budget and is updated in each rolling forecast.
3. Income decline	
The risk that the Group's income declines due to external factors which are outside of its control, such as: macroeconomic factors; recession; demand for office space; the 'grey' market in office space (i.e. occupier controlled vacant space); and occupier default or failure.	• The Credit Committee, chaired by the CEO or CFO, conducts detailed reviews of all prospective occupiers and monitors the financial strength of our existing occupiers. • The Group maintains a diverse range of occupiers. We focus on letting our buildings to large and established businesses (headquarter spaces) where the risk of default is lower, rather than SMEs. • A 'tenants on watch' register is maintained and regularly reviewed by the Executive Directors and the Board. • Ongoing dialogue is maintained with occupiers to understand their concerns, requirements and future plans. • Active in-house rent collection, with regular reports to the Executive Directors on day 1, 7, 14 and 21 of each rent collection cycle. • The Group's loan-to-value ratio and high Interest Cover Ratio reduces the likelihood that a fall in rental income has a significant impact on our business continuity. • Regular review of the lease expiry profile. • Rent deposits are held where considered appropriate.
4. Fall in property values	
The potential adverse impact of the economic and political environment on property yields has heightened the risk of a fall in property values.	• The Group's mainly unsecured financing makes management of our financial covenants more straightforward. • The Group's loan-to-value ratio and high Interest Cover Ratio reduces the likelihood that falls in property values have a significant impact on our business continuity. • The impact of valuation yield changes on the Group's financial covenants and performance is monitored regularly and subjected to sensitivity analysis to ensure that adequate headroom is preserved.

Risk	Controls and mitigation
	• The impact of valuation yield changes is considered when potential projects are appraised. • The Group produced a budget, five-year strategic review and three rolling forecasts during the year which contain detailed sensitivity analyses, including the effect of changes to valuation yields.

Operational risks

The Group suffers either a financial loss or adverse consequences due to processes being inadequate or not operating correctly, human factors or other external events.

Risk	Controls and mitigation
5. Reduced development returns	
Returns from the Group's developments may be adversely impacted due to: increased construction costs and interest rates; labour and material shortages; movement in valuation yields; contractor or subcontractor default; delays on delivery due to poor contractor performance; unexpected 'on-site' issues; and adverse letting conditions.	• We use known 'Tier 1' contractors with whom we have established working relationships and regularly work with tried and tested sub-contractors. • Prior to construction beginning on site, we conduct thorough site investigations and surveys to reduce the risk of unidentified issues, including investigating the building's history and adjacent buildings/sites. • Engagement with the Building Safety Regulator to mitigate time required for Building Control approval. • Adequately appraise investments, including through: (a) the benchmarking of development costs; and (b) following a procurement process that is properly designed (to minimise uncertainty around costs) and that includes the use of highly regarded quantity surveyors. • Contractors are paid promptly and are encouraged to pay subcontractors promptly. Payments to contractors are in place to incentivise the achievement of project timescales, with damages agreed in the event of delay/cost overruns. • Regular on-site supervision by a dedicated Project Manager who monitors contractor performance and identifies problems at an early stage, thereby enabling remedial action to be taken. • Post-completion reviews are carried out for all major developments to ensure that improvements to the Group's procedures are identified, implemented and lessons learned.
6. Cyber-attack on our IT systems	
The Group may be subject to a cyber attack that results in it being unable to use its information systems and/or losing data.	• Our IT systems are protected by anti-virus software, 24/7/365 threat hunting, security incident detection and response, security anomaly detection and firewalls that are frequently updated. • The Group's Business Continuity Plan and cyber security incident response procedures are regularly reviewed and tested. • Security measures are regularly reviewed by the DIT team. • Independent internal and external penetration/ vulnerability tests and audits are regularly conducted to assess the effectiveness of the Group's security. • Multi-Factor Authentication is in place for access to our systems. • The Group's data is regularly backed up and securely replicated off-site. • Frequent staff awareness and training programmes.

7. Cyber-attack on our buildings

The Group is exposed to cyber attacks on its properties which may result in data breaches or significant disruption to IT-enabled occupier services.

- Our IT systems are protected by anti-virus software, 24/7/365 threat hunting, security incident detection and response, security anomaly detection, a vulnerability management, security penetration testing and firewalls that are frequently updated.
- Frequent staff awareness and training programmes. Building Managers are included in any cyber security awareness training and phishing simulations.
- The Group's cyber security incident response procedures are regularly reviewed and tested.
- Physical segregation between the building's core IT infrastructure and occupiers' corporate IT networks.
- Physical segregation of IT infrastructure between buildings across the portfolio.
- Sophos Rapid Response team provides unlimited support to our Cyber Incident Response Team in the event of a cyber attack.

8. Reputational Damage

The Group fails to respond appropriately, and sufficiently, to climate-related risks or fails to benefit from the potential opportunities.

- Our SBTi targets are aligned to a challenging 1.5°C climate scenario in line with our net zero carbon ambition.
- We are progressing the construction of a 18.4 MW solar park at Lochfaulds (Scotland), with delivery anticipated in 2026.
- The Board and Executive Directors receive regular updates and presentations on environmental and sustainability performance and management matters, as well as progress against our pathway to becoming net zero carbon by 2030.
- Undertake periodic multi-scenario climate risk assessments (physical and transition risks) to identify risks and agree mitigation plans.
- Production of an annual Responsibility Report with key data and performance points which are internally reviewed and subject to external assurance.

9. Health and safety (H&S)

A major incident occurs at a managed property or development scheme which leads to significant injuries, harm or fatal consequences.

- Relevant and effective health, safety and fire management policies and procedures.
- The Group has a competent and qualified (CMIOSH) H&S team, whose performance is monitored and reviewed by the CEO, and the H&S and Risk Committees.
- The H&S competence of our main contractors and service partners is verified by the H&S team prior to their appointment.
- Our main contractors must submit suitable Construction Phase Plans, Site Management and Logistics Plans and Fire Management Plans, before works commence.
- The H&S team, with the support of external appointments and audits, ensures our Construction (Design and Management)(CDM) client duties are executed and monitored on a monthly basis.
- The Board, Risk Committee and Executive Directors receive frequent updates and presentations on key H&S matters, including 'Significant Incidents', legislation updates, and H&S performance trends across the development and managed portfolio.

10. Non-compliance with law and regulations

The Group breaches any of the legislation that forms the regulatory framework within which the Group operates.

- The Board and Risk Committee receive regular reports prepared by the Group's legal advisers identifying upcoming legislative/regulatory changes. External advice is taken on any new legislation, if required.
- Managing our properties to ensure they are compliant with the Minimum Energy Efficiency Standards (MEES) for Energy Performance Certificates (EPCs).
- A Group whistleblowing system ('Speak-up') for staff is maintained to report wrongdoing anonymously.
- Ongoing staff training and awareness programmes.
- Group policies and procedures dealing with all key legislation are available on the Group's intranet.
- Quarterly review of our anti-bribery and corruption procedures by the Risk Committee.

11. Change management systems

Projects fail to be implemented or do not deliver the anticipated benefits due to: lack of clear scope and strategy; underestimation of investment; lack of project management and governance; inadequate support from management; inadequate communication to stakeholders; and neglecting the impact on stakeholders and importance of change management.

- Project scope and objectives are clearly defined, documented, approved and communicated to all stakeholders.
- Before project approval, the costs of implementation is budgeted, alongside the preparation of a detailed resource plan, to ensure adequate contingency in case of unforeseen delays.
- Budget contingency is monitored throughout the project and reported to the Executive Committee and Board/Committees, as required.
- For each project there is project management resource assigned who are required to follow good governance and internal project management processes.
- We provide clear and consistent communication about key projects to the whole business, throughout the project, with support and leadership from the executive team.

Financial instruments – risk management

The Group is exposed through its operations to the following financial risks:

- credit risk;
- market risk; and
- liquidity risk.

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. The following describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years. The Group's EPRA loan-to-value ratio has increased to 29.9% as at 31 December 2024 but remains moderate.

Principal financial instruments
The principal financial instruments used by the Group, from which financial instrument risk arises, are trade receivables, accrued income arising from the spreading of lease incentives, cash at bank, trade and other payables, floating rate bank loans, fixed rate loans and private placement notes, secured and unsecured bonds and interest rate swaps.

General objectives, policies and processes
The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority to executive management for designing and operating processes that ensure the effective implementation of the objectives and policies.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's flexibility and its ability to maximise returns. Further details regarding these policies are set out below:

Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from lease contracts in relation to its property portfolio. It is Group policy to assess the credit risk of new tenants before entering into such contracts. The Board has a Credit Committee which assesses each new tenant before a new lease is signed. The review includes the latest sets of financial statements, external ratings when available and, in some cases, forecast information and bank or trade references. The covenant strength of each tenant is determined based on this review and, if appropriate, a deposit or a guarantee is obtained. The Committee also reviews existing tenant covenants from time to time.

Impairment calculations have been carried out on trade receivables and lease incentive receivables, applying IFRS 9 and IAS 36, respectively. In addition, the Credit Committee has reviewed its register of tenants at higher risk, particularly in the retail or hospitality sectors, those in administration or CVA and the top 50 tenants by size with the remaining occupiers considered on a sector by sector basis.

As the Group operates predominantly in central London, it is subject to some geographical concentration risk. However, this is mitigated by the wide range of tenants from a broad spectrum of business sectors.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with a minimum rating of investment grade are accepted. This risk is also reduced by the short periods that money is on deposit at any one time.

The carrying amount of financial assets recorded in the financial statements represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk arises for the Group from its use of variable interest bearing instruments (interest rate risk).

The Group monitors its interest rate exposure on at least a quarterly basis. Sensitivity analysis performed to ascertain the impact on profit or loss and net assets of a 50 basis point shift in interest rates would result in an increase of £1.1m (2023: £0.1m) or decrease of £1.1m (2023: £0.1m).

It is currently Group policy that generally between 60% and 85% of external Group borrowings (excluding finance lease payables) are at fixed rates. Where the Group wishes to vary the amount of external fixed rate debt it holds (subject to it being generally between 60% and 85% of expected Group borrowings, as noted above), the Group makes use of interest rate derivatives to achieve the desired interest rate profile. Although the Board accepts that this policy neither protects the Group entirely from the risk of paying rates in excess of current market rates nor eliminates fully cash flow risk associated with variability in interest payments, it considers that it achieves an appropriate balance of exposure to these risks. At 31 December 2024, the proportion of fixed debt held by the Group was within this range at 85% (2023: 98%). During both 2024 and 2023, the Group's borrowings at variable rate were denominated in sterling.

The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. When the Group raises long-term borrowings, it is generally at fixed rates.

Liquidity risk
Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient headroom in its loan facilities to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain committed facilities to meet the expected requirements. The Group also seeks to reduce liquidity risk by fixing interest rates (and hence cash flows) on a portion of its long-term borrowings. This is further explained in the 'market risk' section above.

Executive management receives rolling three-year projections of cash flow and loan balances on a regular basis as part of the Group's forecasting processes. At the balance sheet date, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

The Group's loan facilities and other borrowings are spread across a range of banks and financial institutions so as to minimise any potential concentration of risk. The liquidity risk of the Group is managed centrally by the finance department.

Capital disclosures
The Group's capital comprises all components of equity (share capital, share premium, other reserves and retained earnings).

The Group's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern so that it can continue to provide above average long-term returns for shareholders; and
- to provide an above average annualised total return to shareholders.

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may vary the amount of dividends paid to shareholders subject to the rules imposed by its REIT status. It may also seek to redeem bonds, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in its industry, the Group monitors capital on the basis of NAV gearing and loan-to-value ratio. During 2024, the Group's strategy, which was unchanged from 2023, was to maintain the NAV gearing below 80% in normal circumstances. These two gearing ratios, as well as the net interest cover ratio, are defined in the list of definitions at the end of this announcement and are derived in note 27.

The Group is also required to ensure that it has sufficient property assets which are not subject to fixed or floating charges or other encumbrances. Most of the Group's debt is unsecured and, accordingly, there was £4.7bn (2023: £4.2bn) of uncharged property as at 31 December 2024.

Directors' responsibilities

The Directors are responsible for preparing the Report and Accounts 2024 and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 “Reduced Disclosure Framework”, and applicable law).

Under Company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group’s and Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors’ Remuneration report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

Paul M. Williams
Chief Executive

Damian M.A. Wisniewski
Chief Financial Officer

26 February 2025

GROUP INCOME STATEMENT

	Note	**2024 £m**	2023 £m
Gross property and other income	5	**276.9**	265.9
Net property and other income	5	**198.3**	190.5
Administrative expenses		**(41.1)**	(39.1)
Revaluation deficit	11	**(2.7)**	(581.5)
Profit on disposal	6	**1.9**	1.2
Profit/(loss) from operations		**156.4**	(428.9)
Finance income	7	**0.3**	0.9
Finance costs	7	**(39.9)**	(40.4)
Movement in fair value of derivative financial instruments		**(2.3)**	(2.1)
Financial derivative termination income	8	**-**	1.8
Share of results of joint ventures	9	**1.5**	(7.2)
Profit/(loss) before tax		**116.0**	(475.9)
Tax charge	10	**(0.1)**	(0.5)
Profit/(loss) for the year		**115.9**	(476.4)
Basic earnings/(loss) per share	26	**103.24p**	(424.25p)
Diluted earnings/(loss) per share	26	**102.93p**	(424.25p)

GROUP STATEMENT OF COMPREHENSIVE INCOME

	Note	**2024 £m**	2023 £m
Profit/(loss) for the year		**115.9**	(476.4)
Actuarial losses on defined benefit pension scheme		**(0.4)**	(0.7)
Revaluation surplus/(deficit) of owner-occupied property	11	**2.9**	(3.9)
Deferred tax (charge)/credit on revaluation	21	**(0.6)**	1.0
Other comprehensive income/(expense) that will not be reclassified to profit or loss		**1.9**	(3.6)
Total comprehensive income/(expense) relating to the year		**117.8**	(480.0)

GROUP BALANCE SHEET

	Note	**2024 £m**	2023 £m
Non-current assets			
Investment property	11	**4,670.1**	4,551.4
Property, plant and equipment	12	**52.0**	49.9
Investments	14	**-**	35.8
Derivative financial instruments	19	**-**	2.9
Pension scheme surplus		**1.8**	2.0
Other receivables	15	**201.0**	201.0
		4,924.9	4,843.0
Current assets			
Trading property	11	**115.7**	60.0
Trading stock	13	**17.5**	8.9
Trade and other receivables	16	**57.8**	42.7
Corporation tax asset		**0.4**	0.4
Derivative financial instruments	19	**0.6**	-
Cash and cash equivalents	23	**71.4**	73.0
		263.4	185.0
Non-current assets held for sale	17	**25.7**	-
Total assets		**5,214.0**	5,028.0
Current liabilities			
Borrowings	19	**194.1**	102.9
Leasehold liabilities	19	**0.4**	0.4
Trade and other payables	18	**174.7**	148.0
Provisions		**0.2**	0.1
		369.4	251.4
Non-current liabilities			
Borrowings	19	**1,269.4**	1,233.2
Leasehold liabilities	19	**34.2**	34.2
Provisions		**0.4**	0.3
Deferred tax	21	**0.8**	0.1
		1,304.8	1,267.8
Total liabilities		**1,674.2**	1,519.2
Total net assets		**3,539.8**	3,508.8
Equity			
Share capital		**5.6**	5.6
Share premium		**196.6**	196.6
Other reserves		**943.2**	939.3
Retained earnings		**2,394.4**	2,367.3
Total equity		**3,539.8**	3,508.8

GROUP STATEMENT OF CHANGES IN EQUITY

	Attributable to equity shareholders				
	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total equity £m
At 1 January 2024	5.6	196.6	939.3	2,367.3	3,508.8
Profit for the year	-	-	-	115.9	115.9
Other comprehensive income/(expense)	-	-	2.3	(0.4)	1.9
Share-based payments	-	-	1.6	1.4	3.0
Dividends paid	-	-	-	(89.8)	(89.8)
At 31 December 2024	**5.6**	**196.6**	**943.2**	**2,394.4**	**3,539.8**

	Attributable to equity shareholders				
	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total equity £m
At 1 January 2023	5.6	196.6	941.9	2,931.4	4,075.5
Loss for the year	-	-	-	(476.4)	(476.4)
Other comprehensive expense	-	-	(2.9)	(0.7)	(3.6)
Share-based payments	-	-	0.3	1.7	2.0
Dividends paid	-	-	-	(88.7)	(88.7)
At 31 December 2023	5.6	196.6	939.3	2,367.3	3,508.8

GROUP CASH FLOW STATEMENT

	Note	**2024 £m**	2023 £m
Operating activities			
Cash generated from operations	20	**102.6**	135.3
Interest received		**0.3**	0.8
Interest and other finance costs paid		**(38.3)**	(38.1)
Distributions from joint ventures		**-**	0.3
Tax paid in respect of operating activities		**-**	(1.3)
Net cash from operating activities		**64.6**	97.0
Investing activities			
Acquisition of properties		**(47.0)**	(3.8)
Capital expenditure[1]		**(139.9)**	(151.5)
Disposal of investment properties		**85.5**	65.4
Repayment of joint venture loans		**-**	0.6
Purchase of property, plant and equipment		**(1.6)**	(0.7)
Indirect taxes received/(paid) in respect of investing activities		**1.1**	(8.0)
Net cash used in investing activities		**(101.9)**	(98.0)
Financing activities			
Net movement in revolving bank loans		**26.5**	84.0
Drawdown of term bank loans		**182.5**	-
Payment of loan arrangement fees		**(0.7)**	-
Proceeds from other loan		**-**	0.3
Repayment of secured bank loan		**(83.0)**	-
Financial derivative termination income	8	**-**	1.8
Dividends paid	22	**(89.6)**	(88.7)
Net cash from/(used) in financing activities		**35.7**	(2.6)
Decrease in cash and cash equivalents in the year		**(1.6)**	(3.6)
Cash and cash equivalents at the beginning of the year	23	**73.0**	76.6
Cash and cash equivalents at the end of the year	23	**71.4**	73.0

[1] Finance costs of £11.2m (2023: £6.5m) are included in capital expenditure (see note 7).

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation

The financial statements have been prepared in accordance with UK-adopted International Accounting Standards, (the "applicable framework"), and have been prepared in accordance with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties, the revaluation of property, plant and equipment, assets held for sale, pension scheme, and financial assets and liabilities held at fair value through profit and loss.

These financial statements have been presented in Pounds Sterling, which is the functional currency of the Group, to the nearest million.

Going concern

The Board continues to adopt the going concern basis in preparing these consolidated financial statements. In considering this requirement, the Directors have taken into account the following:

- The Group's latest rolling forecast for the next two years, in particular the cash flows, borrowings and undrawn facilities, including the 'severe but plausible' downside case.
- The headroom under the Group's financial covenants.
- The risks included on the Group's risk register that could impact on the Group's liquidity and solvency over the 12 months.
- The risks on the Group's risk register that could be a threat to the Group's business model and capital adequacy.

The Directors have considered the relatively long-term and predictable nature of the income receivable under the tenant leases, the Group's year-end loan-to-value ratio for 2024 of 29.9%, the interest cover ratio of 387%, the £487m total of undrawn facilities and cash and the fact that the average maturity of borrowings was 4.0 years at 31 December 2024. The impact of the current economic situation, interest rates and cost inflation on the business and its occupiers has been considered. The likely impact of climate change has been incorporated into the Group's forecasts which have also taken account of a programme of EPC upgrades across the portfolio. Based on the year end position, rental income would need to decline by 62% and property values would need to fall by 50% before breaching its financial covenants.

The £175m unsecured convertible bond, which matures in June 2025, is a current liability and therefore the Group is in a net current liabilities position. However, the Group has significant liquidity to fund its ongoing operations and, as noted above, has access to £487m of available undrawn facilities and cash as at year end. In addition, a new £115m unsecured term/revolving bank facility was signed in February 2025, which provides the Directors with a reasonable expectation that the Group will be able to meet these current liabilities as they fall due.

Having due regard to these matters and after making appropriate enquiries, the Directors have reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least 12 months from the date of signing of these consolidated financial statements and, therefore, the Directors continue to adopt the going concern basis in their preparation.

2. Changes in accounting policies

The accounting policies used by the Group in these condensed financial statements are consistent with those applied in the Group's financial statements for the year to 31 December 2023, as amended to reflect the adoption of new standards, amendments and interpretations which became effective in the year as shown below.

New standards adopted during the year

The following standards, amendments and interpretations were effective for the first time for the Group's current accounting period. They did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

IAS 1 (amended) – Classification of liabilities as current or non-current, Non-current Liabilities with Covenants;
IAS 7 and IFRS 7 (amended) – Supplier Finance Arrangements;
IFRS 16 (amended) – Lease Liability in a Sale and Leaseback.

Standards in issue but not yet effective

The following standards, amendments and interpretations were in issue at the date of approval of these financial statements but were not yet effective for the current accounting period and have not been adopted early. Based on the Group's current circumstances the Directors do not anticipate that their adoption in future periods will have a material impact on the financial statements of the Group, with the exception of IFRS 18 where the Directors are assessing its potential impact.

IAS 21 (amended) – The Effects of Changes in Foreign Exchange rates;
IFRS 7 and IFRS 9 (amended) – Classification and Measurement of Financial Instruments;
IFRS 10 and IAS 28 (amended) – Sale or Contribution of Assets between an investor and its Associate or Joint Venture;
IFRS 18 – Presentation and Disclosure in Financial Statements';
IFRS 19 – Subsidiaries without Public Accountability: Disclosures.

3. Significant judgments, key assumptions and estimates

The preparation of financial statements in accordance with the applicable framework requires the use of certain significant accounting estimates and judgements. It also requires management to exercise judgement in the process of applying the Group's accounting policies. Not all of these accounting policies require management to make difficult, subjective or complex judgements or estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates. The following is intended to provide an understanding of the policies that management consider critical because of the level of complexity, judgement or estimation involved in their application and their impact on these consolidated financial statements.

Significant judgements

Compliance with the real estate investment trust (REIT) taxation regime

As a REIT, the Group benefits from tax advantages. Income and chargeable gains on the qualifying property rental business are exempt from corporation tax. Income that does not qualify as property income within the REIT rules is subject to corporation tax in the normal way. There are a number of tests that are applied annually, and in relation to forecasts, to ensure the Group remains well within the limits allowed within those tests.

The Group met all the criteria in 2024 in each case, thereby ensuring its REIT status is maintained. The Directors intend that the Group should continue as a REIT for the foreseeable future.

Key sources of estimation uncertainty

Property portfolio valuation

The Group uses the valuation carried out by external valuers as the fair value of its property portfolio. The valuation considers a range of assumptions including future rental income, investment yields, anticipated outgoings and maintenance costs, future development expenditure and appropriate discount rates. The external valuers also make reference to market evidence of transaction prices for similar properties and take into account the impact of climate change and related Environmental, Social and Governance considerations. More information is provided in note 11.

Other areas of estimation

Impairment testing of trade receivables and other financial assets

Trade receivables and accrued rental income recognised in advance of receipt are subject to impairment testing under IFRS 9 and IAS 36, respectively. This accrued rental income arises due to the spreading of rent-free and reduced rent periods, capital contributions and contracted rent uplifts in accordance with IFRS 16 Leases.

Impairment testing of trade receivables and other financial assets is no longer considered a key source of estimation uncertainty as the Group no longer deems that the inherent uncertainty is likely to have a material impact within the next 12 months. Accordingly, the associated sensitivities and balances have not been disclosed.

Due to their size, the lease incentive receivables (non-current) of £173.6m and lease incentive receivables (current) of £22.0m, net of impairments, remain an area of estimation uncertainty for the Group.

4. Segmental information

IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal financial reports about components of the Group that are regularly reviewed by the chief operating decision makers (which in the Group's case are the four executive Directors who are assisted by the other 13 members of the Executive Committee) in order to allocate resources to the segments and to assess their performance.

The internal financial reports received by the Group's Executive Committee contain financial information at a Group level as a whole and there are no reconciling items between the results contained in these reports and the amounts reported in the financial statements. These internal financial reports include IFRS figures but also report non-IFRS figures for the EPRA earnings and net asset value. Reconciliations of each of these figures to their statutory equivalents are detailed in note 26. Additionally, information is provided to the Executive Committee showing gross property income and property valuation by individual property. Therefore, for the purposes of IFRS 8, each individual property is considered to be a separate operating segment in that its performance is monitored individually.

The Group's property portfolio includes investment property, owner-occupied property and trading property and comprised 95% office buildings[1] by value at 31 December 2024 (2023: 96%). The Directors consider that these individual properties have similar economic characteristics and therefore have been aggregated into a single reportable segment. The remaining 5% (2023: 4%) represented a mixture of retail, residential and light industrial properties, as well as land, each of which is de minimis in its own right and below the quantitative threshold in aggregate. Therefore, in the view of the Directors, there is one reportable segment under the provisions of IFRS 8.

All of the Group's properties are based in the UK. No geographical grouping is contained in any of the internal financial reports provided to the Group's Executive Committee and, therefore, no geographical segmental analysis is required by IFRS 8. However, geographical analysis is included in the tables below to provide users with additional information regarding the areas contained in the strategic report. The majority of the Group's properties are located in London (West End central, West End borders/other and City borders), with the remainder in Scotland (Provincial).

[1] Some office buildings have an ancillary element such as retail or residential.

Gross property income

	2024			2023		
	Office buildings £m	Other £m	**Total £m**	Office buildings £m	Other £m	Total £m
West End central	126.9	2.2	**129.1**	123.7	1.7	125.4
West End borders/other	17.0	-	**17.0**	17.3	-	17.3
City borders	66.3	0.7	**67.0**	65.2	0.5	65.7
Provincial	-	4.5	**4.5**	-	4.5	4.5
Gross property income (excl. joint venture)	210.2	7.4	**217.6**	206.2	6.7	212.9
Share of joint venture gross property income	1.9	-	**1.9**	2.2	-	2.2
	212.1	7.4	**219.5**	208.4	6.7	215.1

A reconciliation of gross property income to gross property and other income is given in note 5.

Property portfolio

	2024			2023		
	Office buildings £m	Other £m	**Total £m**	Office buildings £m	Other £m	Total £m
Carrying value						
West End central	3,172.5	164.3	**3,336.8**	2,945.4	99.2	3,044.6
West End borders/other	288.8	-	**288.8**	302.3	-	302.3
City borders	1,136.5	6.1	**1,142.6**	1,228.8	6.7	1,235.5
Provincial	-	92.3	**92.3**	-	75.1	75.1
Group (excl. joint venture)	4,597.8	262.7	**4,860.5**	4,476.5	181.0	4,657.5
Share of joint venture	-	-	**-**	34.0	-	34.0
	4,597.8	262.7	**4,860.5**	4,510.5	181.0	4,691.5
Fair value						
West End central	3,307.7	165.4	**3,473.1**	3,068.1	109.5	3,177.6
West End borders/other	301.7	-	**301.7**	318.4	-	318.4
City borders	1,167.3	6.1	**1,173.4**	1,266.3	6.7	1,273.0
Provincial	-	92.9	**92.9**	-	75.7	75.7
Group (excl. joint venture)	4,776.7	264.4	**5,041.1**	4,652.8	191.9	4,844.7
Share of joint venture	-	-	**-**	33.8	-	33.8
	4,776.7	264.4	**5,041.1**	4,686.6	191.9	4,878.5

A reconciliation between the fair value and carrying value of the portfolio is set out in note 11.

5. Property and other income

	2024 £m	2023 £m
Gross rental income	**214.8**	212.8
Surrender premiums received	**2.7**	0.1
Other property income	**0.1**	-
Gross property income	**217.6**	212.9
Trading property sales proceeds[1]	**3.7**	-
Service charge income[1]	**50.5**	48.5
Other income[1]	**5.1**	4.5
Gross property and other income	**276.9**	265.9
Gross rental income	**214.8**	212.8
Movement in impairment of receivables	**(0.2)**	(2.0)
Movement in impairment of prepayments	**(0.2)**	(0.6)
Service charge income[1]	**50.5**	48.5
Service charge expenses	**(57.1)**	(55.1)
	(6.6)	(6.6)
Property costs	**(18.2)**	(17.4)
Net rental income	**189.6**	186.2
Trading property sales proceeds[1]	**3.7**	-
Trading property cost of sales	**(3.7)**	-
Profit on trading property disposals	**-**	-
Other property income	**0.1**	-
Other income[1]	**5.1**	4.5
Surrender premiums received	**2.7**	0.1
Dilapidation receipts	**0.8**	0.1
Write-down of trading property	**-**	(0.4)
Net property and other income	**198.3**	190.5

[1] In line with IFRS 15 Revenue from Contracts with Customers, the Group recognised a total of £59.3m (2023: £53.0m) of other income, trading property sales proceeds and service charge income within gross property and other income.

Gross rental income includes £6.3m (2023: £5.9m) relating to rents recognised in advance of cash receipts.

Other income relates to fees and commissions earned from tenants in relation to the management of the Group's properties and was recognised in the Group income statement in accordance with the delivery of services.

Property costs include amounts in relation to non-recoverable service charge costs associated with vacant units during periods of refurbishment. These amounts are not significant and were previously capitalised in the carrying value of the property.

6. Profit on disposal

	2024 £m	2023 £m
Investment property		
Gross disposal proceeds	**87.5**	66.3
Costs of disposal	**(0.7)**	(0.7)
Net disposal proceeds	**86.8**	65.6
Carrying value	**(79.3)**	(64.0)
Adjustment for lease costs and rents recognised in advance	**(5.4)**	(0.4)
Profit on disposal of investment property	**2.1**	1.2
Artwork		
Gross disposal proceeds	**-**	-
Costs of disposal	**(0.2)**	-
Net disposal proceeds	**(0.2)**	-
Carrying value	**-**	-
Loss on disposal of artwork	**(0.2)**	-
Profit on disposal	**1.9**	1.2

Included within gross disposal proceeds for 2024 is £77.4m relating to the disposal of the Group's freehold interest in Turnmill EC1 in June 2024, and £8.5m relating to the disposal of the Group's freehold interest in Asta House W1 in July 2024.

7. Finance income and finance costs

	2024 £m	2023 £m
Finance income		
Net interest received on defined benefit pension scheme asset	**(0.1)**	(0.1)
Bank interest receivable	**(0.2)**	(0.8)
Finance income	**(0.3)**	(0.9)
Finance costs		
Bank loans	**6.1**	1.1
Non-utilisation fees	**1.9**	2.2
Unsecured convertible bonds	**4.0**	3.9
Unsecured green bonds	**6.7**	6.7
Secured bonds	**11.4**	11.4
Unsecured private placement notes	**15.6**	15.6
Secured loan	**2.7**	3.3
Amortisation of issue and arrangement costs	**2.6**	2.6
Amortisation of the fair value of the secured bonds	**(1.6)**	(1.5)
Obligations under headleases	**1.3**	1.3
Other	**0.4**	0.3
Gross finance costs	**51.1**	46.9
Less: interest capitalised	**(11.2)**	(6.5)
Finance costs	**39.9**	40.4

Finance costs of £11.2m (2023: £6.5m) have been capitalised on development projects including trading stock and trading properties, in accordance with IAS 23 Borrowing Costs, using the Group's average cost of borrowings during each quarter. Total finance costs paid to 31 December 2024 were £49.5m (2023: £44.6m) of which £11.2m (2023: £6.5m) out of a total of £139.9m (2023: £151.5m) was included in capital expenditure on the property portfolio in the Group cash flow statement under investing activities.

8. Financial derivative termination income

The Group incurred no costs or income in the year to 31 December 2024 (2023: income of £1.8m net receipts) deferring or terminating interest rate swaps.

9. Share of results of joint ventures

	2024 **£m**	2023 £m
Net property income	**1.9**	2.2
Administrative expenses	**(0.1)**	(0.2)
Revaluation surplus/(deficit)	**7.3**	(9.2)
	9.1	(7.2)
Impairment of additional deferred consideration	**(7.6)**	-
	1.5	(7.2)

The share of results of joint ventures for the year ended 31 December 2024 includes the Group's 50% share in the Derwent Lazari Baker Street Limited Partnership up 31 October 2024, when the Group acquired the remaining interest in the partnership. See note 14 for further details of the Group's joint ventures.

10. Tax charge

	2024 **£m**	2023 £m
Corporation tax		
UK corporation tax and income tax in respect of results for the year	**-**	-
Corporation tax charge	**-**	-
Deferred tax		
Origination and reversal of temporary differences	**0.1**	0.5
Deferred tax charge	**0.1**	0.5
Tax charge	**0.1**	0.5

A deferred tax charge of £0.1m has passed through the Group income statement (2023: charge of £0.5m). More information regarding deferred tax can be found in note 21.

The main rate of corporation tax for 2024 was 25.0% (2023: 23.5%). The difference between the main rate and the tax charge for the group are explained below:

	2024 £m	2023 £m
Profit/(loss) before tax	**116.0**	(475.9)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 25.00% (2023: 23.50%)[1]	**29.0**	(111.8)
Difference between tax and accounting profit on disposals	**(2.1)**	6.1
REIT exempt income	**(23.7)**	(20.8)
Revaluation deficit attributable to REIT properties	**1.2**	131.7
Expenses and fair value adjustments not allowable for tax purposes	**3.6**	2.1
Capital allowances	**(8.2)**	(7.6)
Other differences	**0.3**	0.8
Tax charge	**0.1**	0.5

[1] Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2021 (on 24 May 2021) and include increasing the main rate to 25% effective on or after 1 April 2023. Deferred taxes at the balance sheet date have been measured using the enacted tax rate and this is reflected in these financial statements.

11. Property portfolio

	Freehold £m	Leasehold £m	Total investment property £m	Owner-occupied property £m	Assets held for sale £m	Trading property £m	Total property portfolio £m
Carrying value							
At 1 January 2024	3,280.5	1,270.9	4,551.4	46.1	-	60.0	4,657.5
Acquisitions	-	47.0	47.0	-	-	-	47.0
Capital expenditure	82.0	42.8	124.8	-	-	57.3	182.1
Interest capitalisation and staff costs	3.4	7.5	10.9	-	-	2.0	12.9
Additions	85.4	97.3	182.7	-	-	59.3	242.0
Disposals	(78.7)	(0.6)	(79.3)	-	-	(3.6)	(82.9)
Transfers from joint venture	-	44.4	44.4	-	-	-	44.4
Transfers	(25.7)	-	(25.7)	-	25.7	-	-
Revaluation	(51.8)	49.1	(2.7)	2.9	-	-	0.2
Movement in grossing up of headlease liabilities	-	(0.7)	(0.7)	-	-	-	(0.7)
At 31 December 2024	**3,209.7**	**1,460.4**	**4,670.1**	**49.0**	**25.7**	**115.7**	**4,860.5**
At 1 January 2023	3,700.5	1,301.5	5,002.0	50.0	54.2	39.4	5,145.6
Acquisitions	3.8	-	3.8	-	-	-	3.8
Capital expenditure	59.8	72.5	132.3	-	-	20.0	152.3
Interest capitalisation	1.1	4.2	5.3	-	-	1.0	6.3
Additions	64.7	76.7	141.4	-	-	21.0	162.4
Disposals	(7.3)	(2.5)	(9.8)	-	(54.2)	-	(64.0)
Revaluation	(477.4)	(104.1)	(581.5)	(3.9)	-	-	(585.4)
Write-down of trading property	-	-	-	-	-	(0.4)	(0.4)
Movement in grossing up of headlease liabilities	-	(0.7)	(0.7)	-	-	-	(0.7)
At 31 December 2023	3,280.5	1,270.9	4,551.4	46.1	-	60.0	4,657.5

	Freehold £m	Leasehold £m	Total investment property £m	Owner-occupied property £m	Assets held for sale £m	Trading property £m	Total property portfolio £m
Adjustments from fair value to carrying value							
At 31 December 2024							
Fair value	**3,374.1**	**1,475.7**	**4,849.8**	**49.0**	**26.0**	**116.3**	**5,041.1**
Selling costs relating to assets held for sale	-	-	-	-	(0.3)	-	(0.3)
Revaluation of trading property	-	-	-	-	-	(0.6)	(0.6)
Lease incentives and costs included in receivables	(164.4)	(48.4)	(212.8)	-	-	-	(212.8)
Grossing up of headlease liabilities	-	33.1	33.1	-	-	-	33.1
Carrying value	**3,209.7**	**1,460.4**	**4,670.1**	**49.0**	**25.7**	**115.7**	**4,860.5**
At 31 December 2023							
Fair value	3,450.0	1,278.8	4,728.8	46.1	-	69.8	4,844.7
Revaluation of trading property	-	-	-	-	-	(9.8)	(9.8)
Lease incentives and costs included in receivables	(169.5)	(41.5)	(211.0)	-	-	-	(211.0)
Grossing up of headlease liabilities	-	33.6	33.6	-	-	-	33.6
Carrying value	3,280.5	1,270.9	4,551.4	46.1	-	60.0	4,657.5

Reconciliation of fair value

	2024 £m	2023 £m
Portfolio including the Group's share of joint ventures	**5,041.1**	4,878.5
Less: joint ventures	**-**	(33.8)
IFRS property portfolio	**5,041.1**	4,844.7

The property portfolio is subject to semi-annual external valuations and was revalued at 31 December 2024 by external valuers on the basis of fair value in accordance with The RICS Valuation – Professional Standards, which takes account of the properties' highest and best use. When considering the highest and best use of a property, the external valuers will consider its existing and potential uses which are physically, legally and financially viable. Where the highest and best use differs from the existing use, the external valuers will consider the costs and the likelihood of achieving and implementing this change in arriving at the property valuation. There were no such instances in the year.

The valuation reports produced by the external valuers are based on information provided by the Group such as current rents, terms and conditions of lease agreements, service charges and capital expenditure. This information is derived from the Group's financial and property management systems and is subject to the Group's overall control environment. In addition, the valuation reports are based on assumptions and valuation models used by the external valuers. The assumptions are typically market related, such as yields and discount rates, and are based on their professional judgement and market observation and take into account the impact of climate change and related Environmental, Social and Governance considerations. Each property is considered a separate asset class based on the unique nature, characteristics and risks of the property.

The external valuations for the portfolio at December 2024 were carried out by Knight Frank LLP.

Knight Frank valued properties at £5,041.1m (2023: £4,807.9m) and other valuers at £nil (2023: £36.8m), giving a combined value of £5,041.1m (2023: £4,844.7m). Of the properties revalued, £49.0m (2023: £46.1m) relating to owner-occupied property was included within property, plant and equipment and £116.3m (2023: £69.8m) was in relation to trading property.

The total fees, including the fee for this assignment, earned by Knight Frank (or other companies forming part of the same group of companies within the UK) from the Group is less than 5.0% of their total UK revenues.

In October 2024, the Group acquired the remaining 50% interest of the Derwent Lazari Baker Street Partnership (the 'joint venture') from Lazari Investments Limited ('Lazari') for £47.0m. The joint venture held an interest in three leasehold properties, 38-52, 54-60 and 66-70 Baker Street W1. The fair value of the properties at the date of acquisition was £88.8m. The £47.0m included in 'acquisitions' (see table above) comprises £44.4m for the fair value of Lazari's 50% share in the properties, £2.2m in acquisition costs, and £0.4m in carrying value adjustments for the gross-up of headlease liabilities. Following the acquisition, the Group's 50% interest in the joint venture shown as a £44.4m 'transfer from investments' in the table above, has been consolidated in the Group's property portfolio. See note 14 for further details.

Certain internal staff and associated costs directly attributable to the management of major schemes are capitalised, based on the proportion of time spent on each relevant scheme. These costs are capitalised from the date the Group determines it is probable that the development will progress until the date of practical completion and can be measured reliably.

Net zero carbon and EPC compliance
The Group published its pathway to net zero carbon in July 2020 and has set 2030 as its target date to achieve this. £123.9m (year to 31 December 2023: £102.4m) of eligible 'green' capital expenditure, in accordance with the Group's Green Finance Framework, was incurred in the year to 31 December 2024 on the major developments at 80 Charlotte Street W1, 1 Soho Place W1, The Featherstone Building EC1, 25 Baker Street W1 and Network W1. In addition, the Group continues to hold carbon credits to support certain externally validated green projects to offset embodied carbon. In addition, the Group continues to utilise carbon credits to support certain externally validated green projects to offset embodied carbon. During the year, the Group paid £1.7m for carbon credits and holds £1.8m in prepayments at year end.

To quantify one of the impacts of climate change on the valuation, an independent third-party assessment was carried out in 2021 to estimate the cost of EPC upgrades across the portfolio. Following a review of the latest scope changes in building regulation, subsequent inflation, disposals, and work carried out to date, the estimated amount was £86m at 31 December 2024. Of this amount, a specific deduction of £41m was included in the 31 December 2024 external valuation. In addition, further amounts have been allowed for in the expected costs of future refurbishment projects.

Reconciliation of revaluation surplus/(deficit)

	2024 £m	2023 £m
Total revaluation deficit	**(1.8)**	(583.3)
Less:		
Share of joint ventures	**-**	9.3
Lease incentives and costs	**(7.2)**	(5.8)
Assets held for sale selling costs	**(0.3)**	-
Trading property revaluation adjustment	**9.1**	(5.2)
Other	**0.4**	(0.8)
IFRS revaluation surplus/(deficit)	**0.2**	(585.8)
Reported in the:		
Revaluation deficit	**(2.7)**	(581.5)
Write-down of trading property	**-**	(0.4)
Group income statement	**(2.7)**	(581.9)
Group statement of comprehensive income	**2.9**	(3.9)
	0.2	(585.8)

Historical cost

	2024 £m	2023 £m
Investment property	**3,746.4**	3,602.6
Owner-occupied property	**19.6**	19.6
Assets held for sale	**28.8**	-
Trading property	**132.9**	81.8
Total property portfolio	**3,927.7**	3,704.0

Sensitivity of measurement to variations in the significant unobservable inputs

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy of the Group's property portfolio, together with the impact of significant movements in these inputs on the fair value measurement, are shown below:

Unobservable input	Impact on fair value measurement of significant increase in input	Impact on fair value measurement of significant decrease in input
Gross ERV	Increase	Decrease
Net initial yield	Decrease	Increase
Reversionary yield	Decrease	Increase
True equivalent yield	Decrease	Increase

There are inter-relationships between these inputs as they are partially determined by market conditions. An increase in the reversionary yield may accompany an increase in gross ERV and would mitigate its impact on the fair value measurement.

A sensitivity analysis has been performed to ascertain the impact of a 25 basis point shift in true equivalent yield and a £2.50 per sq ft shift in ERV on the property valuations. The Group believes this captures the range of variations in these key valuation assumptions. The results are shown in the tables below:

At 31 December 2024	West End central[1]	West End borders/other	City borders	Provincial commercial	Total
True equivalent yield					
+25bp	(4.5%)	(3.5%)	(3.8%)	(3.4%)	(4.2%)
-25bp	5.0%	3.8%	4.1%	3.6%	4.6%
ERV					
+£2.50 psf	3.6%	4.8%	4.4%	14.8%	4.1%
-£2.50 psf	(3.6%)	(4.8%)	(4.4%)	(14.8%)	(4.1%)

At 31 December 2023					
True equivalent yield					
+25bp	(4.7%)	(3.7%)	(3.9%)	(2.3%)	(4.3%)
-25bp	5.2%	4.0%	4.3%	2.4%	4.7%
ERV					
+£2.50 psf	3.8%	4.8%	4.6%	18.8%	4.3%
-£2.50 psf	(3.8%)	(4.8%)	(4.6%)	(18.8%)	(4.3%)

[1] Includes the Group's share of joint ventures.

12. Property, plant and equipment

	Owner-occupied property £m	Artwork £m	Other £m	Total £m
At 1 January 2024	46.1	0.8	3.0	49.9
Additions	-	-	0.3	0.3
Depreciation	-	-	(1.0)	(1.0)
Revaluation	2.9	(0.1)	-	2.8
At 31 December 2024	**49.0**	**0.7**	**2.3**	**52.0**
At 1 January 2023	50.0	0.8	3.5	54.3
Additions	-	-	0.6	0.6
Depreciation	-	-	(1.1)	(1.1)
Revaluation	(3.9)	-	-	(3.9)
At 31 December 2023	46.1	0.8	3.0	49.9
Net book value				
Cost or valuation	49.0	0.7	8.7	58.4
Accumulated depreciation	-	-	(6.4)	(6.4)
At 31 December 2024	**49.0**	**0.7**	**2.3**	**52.0**
Net book value				
Cost or valuation	46.1	0.8	8.4	55.3
Accumulated depreciation	-	-	(5.4)	(5.4)
At 31 December 2023	46.1	0.8	3.0	49.9

The artwork is periodically valued by Bonhams on the basis of fair value using their extensive market knowledge. The latest valuation was carried out in December 2024. In accordance with IFRS 13 Fair Value Measurement, the artwork is deemed to be classified as Level 3.

The historical cost of the artwork in the Group at 31 December 2024 was £0.9m (2023: £0.9m). See note 11 for the historical cost of owner-occupied property.

13. Trading stock

	2024 £m	2023 £m
Trading stock	**17.5**	8.9

Trading stock relates to capitalised development expenditure incurred which is due to be transferred under development agreements to a third party upon completion. This has been included in trading stock, as opposed to trading property, as the Group does not have an ownership interest in the property.

14. Investments

At 31 December 2024 the Group had a 50% interest in two (2023: four) joint venture vehicles, Dorrington Derwent Holdings Limited and Primister Limited.

In October 2024, the Group acquired the remaining 50% interest of the Derwent Lazari Baker Street Partnership from Lazari Investments Limited, this was accounted for as an asset acquisition. This resulted in full ownership of the assets and liabilities of the partnership.

As part of the acquisition of the Group's initial 50% interest in the Derwent Lazari Baker Street Partnership in 2021, additional deferred consideration of £7.3m was agreed, subject to certain conditions being satisfied in relation to planning and regearing of the headlease. This has previously been disclosed as a contingent liability as the conditions had not been met and the outcome was uncertain.

In August 2024, resolution to grant planning was received and, as a result, this amount is now being accrued for as deferred consideration, along with fees of £0.3m (total £7.6m). This was recognised as an addition to the Group's investment in the joint venture, with settlement expected in 2025.

Following the acquisition of the remaining 50%, the initial 50% interest held by the Group was transferred from investments at fair value of £44.4m to investment property (see note 11) and the remaining assets and liabilities of £0.5m have been consolidated in the Group's balance sheet. The £7.6m deferred consideration was impaired as it does not form part of the fair value of the properties being transferred.

	2024 £m	2023 £m
At 1 January	**35.8**	43.9
Deferred consideration and fees on initial formation of joint venture	**7.6**	-
Revaluation surplus/(deficit)	**7.3**	(9.2)
Other profit from operations	**1.8**	2.0
Transfer to investment property (see note 11)	**(44.4)**	-
Transfer to assets and liabilities	**(0.5)**	-
Impairment of additional deferred consideration	**(7.6)**	-
Repayment of joint venture loans	**-**	(0.6)
Distributions received	**-**	(0.3)
At 31 December	**-**	35.8

The Group's share of its investments in joint ventures is represented by the following amounts in the underlying joint venture entities.

	2024		2023	
	Joint ventures £m	**Group share £m**	Joint ventures £m	Group share £m
Non-current assets	**-**	**-**	67.9	33.9
Current assets	**-**	**-**	7.2	3.6
Current liabilities	**-**	**-**	(2.8)	(1.4)
Non-current liabilities	**-**	**-**	(121.0)	(60.5)
Net liabilities	**-**	**-**	(48.7)	(24.4)
Loans provided to joint ventures		**-**		60.2
Total investment in underlying joint ventures		**-**		35.8
Net property income	**3.8**	**1.9**	4.4	2.2
Administrative expenses	**(0.3)**	**(0.1)**	(0.4)	(0.2)
Revaluation surplus/(deficit)	**14.6**	**7.3**	(18.4)	(9.2)
Share of results of underlying joint ventures	**18.1**	**9.1**	(14.4)	(7.2)
Impairment of additional deferred consideration		**(7.6)**		-
Group share of results of joint ventures		**1.5**		(7.2)

15. Other receivables (non-current)

	2024 £m	2023 £m
Rents recognised in advance	**173.6**	173.9
Initial direct letting costs	**14.4**	14.5
Prepayments	**13.0**	12.6
	201.0	201.0

Other receivables includes £173.6m (2023: £173.9m) after impairments relating to rents recognised in advance as a result of spreading tenant lease incentives over the expected terms of their respective leases. This includes rent free and reduced rent periods, capital contributions in lieu of rent free periods and contracted rent uplifts. In addition, £14.4m (2023: £14.5m) relates to the spreading effect of the initial direct costs of letting over the same term. Together with £24.8m (2023: £22.6m), which was included as accrued income within trade and other receivables (see note 16), these amounts totalled £212.8m at 31 December 2024 (2023: £211.0m).

Prepayments represent £13.0m (2023: £12.6m) of costs incurred in relation to Old Street Quarter EC1, stated net of a £0.8m (2023: £0.6m) impairment in accordance with IAS 36 Impairment of Assets. In May 2022, the Group entered into a conditional contract to acquire the freehold of Old Street Quarter island site. The site is being sold by Moorfields Eye Hospital NHS Foundation Trust and UCL, together the Oriel joint initiative ("Oriel"). Completion is subject to delivery by Oriel of a new hospital at St Pancras and subsequent vacant possession of the site, which is anticipated no earlier than 2027.

The total movement in tenant lease incentives is shown below:

	2024 £m	2023 £m
At 1 January	**194.1**	188.8
Amounts taken to income statement	**6.3**	5.9
Movement in lease incentive impairment	**0.3**	0.5
Disposal of investment properties	**(4.9)**	(0.3)
Write off to bad debt	**(0.2)**	(0.8)
	195.6	194.1
Amounts included in trade and other receivables (see note 16)	**(22.0)**	(20.2)
At 31 December	**173.6**	173.9

16. Trade and other receivables

	2024 £m	2023 £m
Trade receivables	**13.3**	10.4
Other receivables	**3.2**	2.0
Prepayments	**15.4**	6.9
Accrued income		
Rents recognised in advance	**22.0**	20.2
Initial direct letting costs	**2.8**	2.4
Other	**1.1**	0.8
	57.8	42.7

Trade receivables are split as follows:

	2024 £m	2023 £m
less than three months due	**12.9**	10.3
between three and six months due	**0.2**	0.1
between six and twelve months due	**0.2**	-
	13.3	10.4

Trade receivables are stated net of impairment.

In response to the Group's climate change agenda, costs of £2.5m (2023: £1.1m) were incurred in relation to a c.100 acre, 18.4MW solar park on its Scottish land and have been included within prepayments. Resolution to grant planning consent for this project was received in 2022. Additionally, during 2024 the Group paid £1.7m for carbon credits, bringing the total included in prepayments to £1.8m.

The Group has £4.6m (2023: £4.6m) of provision for bad debts as shown below. £2.4m (2023: £1.9m) is included in trade receivables, £0.4m (2023: £0.5m) in accrued income and £1.8m (2023: £2.2m) in prepayments and accrued income within other receivables (non-current) (note 15).

Provision for bad debts

	2024 £m	2023 £m
At 1 January	**4.6**	5.0
Trade receivables provision	**0.7**	0.5
Lease incentive provision	**(0.4)**	-
Service charge provision	**(0.2)**	0.7
Released	**(0.1)**	(1.6)
At 31 December	**4.6**	4.6

The provision for bad debts are split as follows:

	2024 £m	2023 £m
less than three months due	**0.9**	0.7
between three and six months due	**0.5**	0.3
between six and twelve months due	**0.5**	0.8
over twelve months due	**2.7**	2.8
	4.6	4.6

17. Non-current assets held for sale

	2024 £m	2023 £m
Transferred from investment properties (see note 11)	**25.7**	-

In October 2024, the Group exchanged contracts for the disposal of its freehold interest in 4 & 10 Pentonville Road N1. The property was valued at £26.0m as at 31 December 2024. In accordance with IFRS 5 Non-current Assets Held for Sale, this property was recognised as a non-current asset held for sale and, after deducting selling costs of £0.3m, the carrying value was £25.7m (see note 11). The transaction completed in January 2025 for £26.0m before costs.

18. Trade and other payables

	2024 £m	2023 £m
Trade payables	**0.6**	0.7
Other payables	**3.6**	3.6
Other taxes	**7.3**	3.3
Accruals	**57.2**	30.5
Deferred income	**50.0**	50.8
Tenant rent deposits	**27.9**	27.0
Service charge balances	**28.1**	32.1
	174.7	148.0

Deferred income primarily relates to rents received in advance.

19. Net debt and derivative financial instruments

	2024		2023	
	Book value £m	**Fair value £m**	Book value £m	Fair value £m
Current liabilities				
Other loans	**20.0**	**20.0**	20.0	20.0
3.99% secured loan 2024	**-**	**-**	82.9	81.8
1.5% unsecured convertible bonds 2025	**174.1**	**171.6**	-	-
	194.1	**191.6**	102.9	101.8
Non-current liabilities				
1.5% unsecured convertible bonds 2025	**-**	**-**	172.1	164.7
6.5% secured bonds 2026	**178.1**	**176.7**	179.6	178.1
1.875% unsecured green bonds 2031	**347.2**	**281.2**	346.8	279.0
Unsecured private placement notes 2026 - 2034	**453.6**	**391.3**	453.5	399.0
Unsecured bank loans	**290.5**	**293.0**	81.2	84.0
	1,269.4	**1,142.2**	1,233.2	1,104.8
Borrowings	**1,463.5**	**1,333.8**	1,336.1	1,206.6
Derivative financial instruments expiring in less than one year	**(0.6)**	**(0.6)**	-	-
Derivative financial instruments expiring in greater than one year	**-**	**-**	(2.9)	(2.9)
Total borrowings and derivative financial instruments	**1,462.9**	**1,333.2**	1,333.2	1,203.7

	2024	2023
Reconciliation to net debt:		
Borrowings and derivative financial instruments	**1,462.9**	1,333.2
Adjustments for:		
Leasehold liabilities	**34.6**	34.6
Derivative financial instruments	**0.6**	2.9
Cash at bank excluding restricted cash (see note 23)	**(15.4)**	(13.9)
Net debt	**1,482.7**	1,356.8

The fair values of the Group's bonds have been estimated on the basis of quoted market prices, representing Level 1 fair value measurement as defined by IFRS 13 Fair Value Measurement.

The fair values of the unsecured private placement notes were determined by discounting the contractual cash flows by the replacement rate. The replacement rate is the sum of the current underlying Gilt rate plus the market implied margin. These represent Level 2 fair value measurement.

The fair values of the Group’s outstanding interest rate swaps have been estimated by using the mid-point of the yield curves prevailing on the reporting date and represent the net present value of the differences between the contracted rate and the valuation rate when applied to the projected balances for the period from the reporting date to the contracted expiry dates. These represent Level 2 fair value measurement.

The fair value of the Group’s bank loans is approximately the same as their carrying amount, after adjusting for the unamortised arrangement fees, and also represent Level 2 fair value measurement.

The fair value of the following financial assets and liabilities are the same as their carrying amounts:

- Cash and cash equivalents.
- Trade receivables, other receivables and accrued income included within trade and other receivables.
- Trade payables, other payables and accruals included within trade and other payables.
- Leasehold liabilities.

There have been no transfers between levels in either 2024 or 2023.

In June 2024, Derwent London plc signed an agreement for an unsecured term loan facility of £100m. As of 31 December 2024, the Group had fully drawn all funds from this facility. The loan is for a three-year term and has two one-year extension options.

In December 2024, Derwent London plc signed an agreement for an unsecured facility of £115m, consisting of a £82.5m term loan and £32.5m RCF. As of 31 December 2024, the Group had fully drawn all funds from the term loan facility. The loan is for a two-year term and has two one-year extension options.

Unsecured bank borrowings are accounted for at amortised cost. At 31 December 2024, there was £110.5m (2023: £84.0m) drawn on the RCFs, £182.5m (2023: £nil) drawn on term loans and the combined unamortised arrangement fees were £2.5m (2023: £2.8m), resulting in the carrying value being £290.5m credit balance (2023: £81.2m).

Other loans consist of a £20.0m (2023: £20.0m) interest-free loan with no fixed repayment date from a third-party providing development consultancy services on the residential element of the 25 Baker Street W1 development. The loan will be repaid from the sale proceeds of these residential apartments after completion of the scheme. The agreement provides for a profit share on completion of the sales which, under IFRS 9 Financial Instruments, has been deemed to have a carrying value of £nil at 31 December 2024 (2023: £nil). The carrying value of the loan at 31 December 2024 was £20.0m (2023: £20.0m).

The secured bonds 2026 were secured by a floating charge over a number of the Group’s subsidiary companies which contained £376.3m (31 December 2023: £395.9m) of the Group’s properties.

20. Cash generated from operations

The table below shows the reconciliation of cash generated from operations.

	2024 **£m**	2023 £m
Profit/(loss) from operations	**156.4**	(428.9)
Adjustment for non-cash items:		
Revaluation deficit	**2.7**	581.5
Depreciation	**1.0**	1.1
Lease incentive/cost spreading	**(6.8)**	(6.6)
Share based payments	**3.1**	2.5
Ground rent adjustment	**0.7**	0.3
Adjustment for other items:		
Profit on disposal	**(1.9)**	(1.2)
Changes in working capital:		
Increase in receivables balance	**(8.8)**	(3.7)
Increase in payables balance	**9.5**	17.5
Increase in trading property and trading stock	**(53.3)**	(27.2)
Cash generated from operations	**102.6**	135.3

Cash generated from operations includes £3.6m (2023: £nil) cash inflows from disposal of trading properties, £43.0m (2023: £19.2m) cash outflows in relation to expenditure on trading properties and £9.8m (2023: £5.5m) cash outflows in relation to expenditure on trading stock.

21. Deferred tax

	Revaluation £m	Other £m	Total £m
At 1 January 2024	2.8	(2.7)	0.1
Charged to the income statement	0.1	-	0.1
Charged to other comprehensive income	0.6	-	0.6
At 31 December 2024	**3.5**	**(2.7)**	**0.8**
At 1 January 2023	3.7	(3.1)	0.6
Charged to the income statement	0.1	0.4	0.5
Charged to other comprehensive income	(1.0)	-	(1.0)
At 31 December 2023	2.8	(2.7)	0.1

Deferred tax has been recognised at the main rate of corporation tax of 25.0% which is the rate enacted for the purposes of IAS 12 on the basis of the expected timing of the realization of the deferred tax.

Deferred tax on the balance sheet revaluation deficit/surplus is calculated on the basis of the chargeable gains that would crystallise on the sale of the property portfolio at each balance sheet date. The calculation takes account of any available indexation on the historical cost of the properties. Due to the Group’s REIT status, deferred tax is only provided at each balance sheet date on properties outside the REIT ring-fence. As a result, the Group has recognised an increase in the deferred tax liability on owner-occupied property of £0.6m through other comprehensive income.

A deferred tax charge has been recognised through the income statement of £0.1m. This is due to a £1.0m reduction in the deferred tax asset in relation to share-based payments and other temporary timing differences, offset by an increase in the deferred tax asset of £0.9m in respect of tax losses which the Directors believe will be recovered in the future.

22. Dividend

	Payment date	Dividend per share PID p	Non-PID p	Total p	**2024 £m**	2023 £m
Current year						
2024 final dividend[1]	30 May 2025	45.50	10.00	55.50	**-**	-
2024 interim dividend	11 October 2024	25.00	-	25.00	**28.1**	-
		70.50	10.00	80.50		
Prior year						
2023 final dividend	31 May 2024	39.00	16.00	55.00	**61.7**	-
2023 interim dividend	13 October 2023	24.50	-	24.50	**-**	27.5
		63.50	16.00	79.50		
2022 final dividend	2 June 2023	38.50	16.00	54.50	**-**	61.2
Dividends as reported in the Group statement of changes in equity					**89.8**	88.7
2024 interim dividend withholding tax	14 January 2025				**(3.9)**	-
2023 interim dividend withholding tax	12 January 2024				**3.7**	(3.7)
2022 interim dividend withholding tax	13 January 2023				**-**	3.7
Dividends paid as reported in the Consolidated cash flow statement					**89.6**	88.7

[1] Subject to shareholder approval at the AGM on 16 May 2025.

23. Cash and cash equivalents

	2024 £m	2023 £m
Cash at bank	**15.4**	13.9
Cash held in restricted accounts		
Tenant rent deposits	**27.9**	27.0
Service charge balances	**28.1**	32.1
	71.4	73.0

24. Post balance sheet events

In January 2025, the Group completed the disposal of its freehold interest in 4 & 10 Pentonville N1 for £26.0m before costs. At 31 December 2024, in line with IFRS 5, this property was classified as a non-current asset held for sale, see note 17.

Following the bank facility signed in December 2024, the Group signed a new £115 million unsecured bank facility in February 2025. The new facility bears interest at compounded SONIA plus a margin and includes an £82.5m term loan and a £32.5m revolving credit facility. The new facility is for an initial two-year term and includes one extension option.

25. Related parties

There have been no related party transactions for the year ended 31 December 2024 that have materially affected the financial position or performance of the Group. All related party transactions are materially consistent with those disclosed by the Group in its financial statements.

26. EPRA performance measures

Unaudited unless stated otherwise.

As with most other UK property companies and real estate investment trusts ('REITs'), the Group presents many of its financial measures in accordance with the guidance criteria issued by the European Public Real Estate Association ('EPRA'). These alternative performance measures, which provide consistency across the sector, are all derived from the IFRS figures.

Number of shares

	Earnings per share Weighted average		Net asset value per share At 31 December	
	2024 Audited '000	2023 Audited '000	**2024 Audited '000**	2023 Audited '000
For use in basic measures	**112,258**	112,291	**112,258**	112,291
Dilutive effect of share-based payments	**342**	243	**323**	257
For use in diluted measures	**112,600**	112,534	**112,581**	**112,548**

The £175m unsecured convertible bonds 2025 ('1.5% convertible bonds 2025') have an initial conversion price set at £44.96.

The Group recognises the effect of conversion of the bonds if they are both dilutive and, based on the share price, likely to convert. For the year ended 31 December 2023 and 2024, the Group did not recognise the dilutive impact of the conversion of the 2025 bonds on its earnings per share (EPS) or net asset value (NAV) per share metrics as, based on the share price at the end of each year, the bonds were not expected to convert.

The following tables set out reconciliations between the IFRS and EPRA earnings for the year and earnings per share. The adjustments made between the figures are as follows:

A – Disposal of investment and trading property (including the Group's share in joint ventures), and associated tax.
B – Revaluation movement on investment property, in joint ventures and other interests, write-down of trading property and associated deferred tax.
C – Fair value movement and termination income relating to derivative financial instruments.

Earnings and earnings per share (audited)

		Adjustments			EPRA
	IFRS	A	B	C	basis
	£m	£m	£m	£m	£m
Year ended 31 December 2024					
Net property and other income	198.3	-	0.2	-	198.5
Total administrative expenses	(41.1)	-	-	-	(41.1)
Revaluation deficit	(2.7)	-	2.7	-	-
Profit on disposal of investments	1.9	(1.9)	-	-	-
Net finance costs	(39.6)	-	-	-	(39.6)
Movement in fair value of derivative financial instruments	(2.3)	-	-	2.3	-
Share of results of joint ventures	1.5	-	0.3	-	1.8
Profit before tax	116.0	(1.9)	3.2	2.3	119.6
Tax charge	(0.1)	-	-	-	(0.1)
Earnings attributable to equity shareholders	**115.9**	**(1.9)**	**3.2**	**2.3**	**119.5**
Earnings per share	**103.24p**				**106.45p**
Diluted earnings per share	102.93p				106.13p

		Adjustments			EPRA
	IFRS	A	B	C	basis
	£m	£m	£m	£m	£m
Year ended 31 December 2023					
Net property and other income	190.5	-	1.0	-	191.5
Total administrative expenses	(39.1)	-	-	-	(39.1)
Revaluation deficit	(581.5)	-	581.5	-	-
Profit on disposal of investments	1.2	(1.2)	-	-	-
Net finance costs	(39.5)	-	-	-	(39.5)
Movement in fair value of derivative financial instruments	(2.1)	-	-	2.1	-
Financial derivative termination income	1.8	-	-	(1.8)	-
Share of results of joint ventures	(7.2)	-	9.2	-	2.0
Loss before tax	(475.9)	(1.2)	591.7	0.3	114.9
Tax charge	(0.5)	-	0.1	-	(0.4)
(Loss)/earnings attributable to equity shareholders	(476.4)	(1.2)	591.8	0.3	114.5
(Loss)/earnings per share	(424.25p)				101.97p
Diluted (loss)/earnings per share	(424.25p)				101.75p

The diluted loss per share for the year to 31 December 2023 was restricted to a loss of 424.25p per share, as the loss per share cannot be reduced by dilution in accordance with IAS 33 Earnings per Share.

EPRA Net Asset Value metrics (audited)

	2024 £m	2023 £m
Net assets attributable to equity shareholders	**3,539.8**	3,508.8
Adjustment for:		
Revaluation of trading properties	**0.6**	9.8
Deferred tax on revaluation surplus[1]	**1.8**	1.4
Fair value of derivative financial instruments	**(0.6)**	(2.9)
Fair value adjustment to secured bonds	**3.4**	5.0
EPRA Net Tangible Assets	**3,545.0**	3,522.1
Per share measure - diluted	**3,149p**	3,129p
Net assets attributable to equity shareholders	**3,539.8**	3,508.8
Adjustment for:		
Revaluation of trading properties	**0.6**	9.8
Fair value adjustment to secured bonds	**3.4**	5.0
Mark-to-market of fixed rate debt	**133.6**	133.4
Unamortised issue and arrangement costs	**(6.0)**	(7.4)
EPRA Net Disposal Value	**3,671.4**	3,649.6
Per share measure - diluted	**3,261p**	3,243p
Net assets attributable to equity shareholders	**3,539.8**	3,508.8
Adjustment for:		
Revaluation of trading properties	**0.6**	9.8
Deferred tax on revaluation surplus	**3.5**	2.8
Fair value of derivative financial instruments	**(0.6)**	(2.9)
Fair value adjustment to secured bonds	**3.4**	5.0
Purchasers' costs[2]	**342.8**	329.4
EPRA Net Reinstatement Value	**3,889.5**	3,852.9
Per share measure - diluted	**3,455p**	3,423p

[1] Only 50% of the deferred tax on the revaluation surplus is excluded.

[2] Includes Stamp Duty Land Tax. Total costs assumed to be 6.8% of the portfolio’s fair value.

Cost ratios

	2024 £m	2023 £m
Administrative expenses	**41.1**	39.1
Write-off/impairment of receivables	**0.2**	2.0
Other property costs	**16.7**	15.2
Dilapidation receipts	**(0.8)**	(0.1)
Net service charge costs	**6.6**	6.6
Service charge costs recovered through rents but not separately invoiced	**(1.3)**	(0.9)
Management fees received less estimated profit element	**(5.1)**	(4.5)
Share of joint ventures' expenses	**0.3**	0.4
EPRA costs (including direct vacancy costs) (A)	**57.7**	57.8
Direct vacancy costs	**(11.3)**	(10.4)
EPRA costs (excluding direct vacancy costs) (B)	**46.4**	47.4
Gross rental income	**214.8**	212.8
Ground rent	**(1.5)**	(2.2)
Service charge components of rental income	**(1.3)**	(0.9)
Share of joint ventures' rental income less ground rent	**2.0**	2.4
Adjusted gross rental income (C)	**214.0**	212.1
EPRA cost ratio (including direct vacancy costs) (A/C)	**27.0%**	27.3%
EPRA cost ratio (excluding direct vacancy costs) (B/C)	**21.7%**	22.3%

In addition to the two EPRA cost ratios, the Group has calculated an additional cost ratio based on its property portfolio fair value to recognise the 'total return' nature of the Group's activities.

Property portfolio at fair value (D)	**5,041.1**	4,844.7
Portfolio cost ratio (A/D)	**1.1%**	1.2%

Property-related capital expenditure

	2024			2023		
	Group (excl. Joint ventures)	**Joint ventures (50% share)**	**Total Group**	Group (excl. Joint ventures)	Joint ventures (50% share)	Total Group
	£m	**£m**	**£m**	£m	£m	£m
Acquisitions	47.0	-	47.0	3.8	-	3.8
Development	136.2	3.3	139.5	127.3	0.6	127.9
Investment properties						
Incremental lettable space	2.5	-	2.5	-	-	-
No incremental lettable space	45.3	-	45.3	25.0	-	25.0
Tenant incentives	0.3	-	0.3	-	-	-
Capitalised interest	10.7	-	10.7	6.3	-	6.3
Total capital expenditure	**242.0**	**3.3**	**245.3**	162.4	0.6	163.0
Conversion from accrual to cash basis	(12.1)	-	(12.1)	12.1	0.1	12.2
Total capital expenditure on a cash basis	**229.9**	**3.3**	**233.2**	174.5	0.7	175.2

27. Gearing and interest cover

NAV gearing

	2024 £m	2023 £m
Net debt	**1,482.7**	1,356.8
Net assets	**3,539.8**	3,508.8
NAV gearing	**41.9%**	38.7%

Loan-to-value ratio

	2024 £m	2023 £m
Group loan-to-value ratio		
Net debt	**1,482.7**	1,356.8
Fair value adjustment of secured bonds	**(3.4)**	(5.0)
Unamortised discount on unsecured green bonds	**1.3**	1.5
Unamortised issue and arrangement costs	**6.0**	7.4
Leasehold liabilities	**(34.6)**	(34.6)
Drawn debt net of cash (A)	**1,452.0**	1,326.1
Fair value of property portfolio (B)	**5,041.1**	4,844.7
Group loan-to-value ratio (A/B)	**28.8%**	27.4%
Proportionally consolidated loan-to-value ratio		
Drawn debt net of cash (A)	**1,452.0**	1,326.1
Share of cash and cash equivalents joint ventures	**-**	(2.2)
Drawn debt net of cash including Group's share of joint ventures (C)	**1,452.0**	1,323.9
Fair value of property portfolio (B)	**5,041.1**	4,844.7
Share of fair value of property portfolio of joint ventures	**-**	33.8
Fair value of property portfolio including Group's share of joint ventures (D)	**5,041.1**	4,878.5
Proportionally consolidated loan-to-value ratio (C/D)	**28.8%**	27.1%
EPRA loan-to-value ratio		
Drawn debt net of cash including Group's share of joint ventures (C)	**1,452.0**	1,323.9
Debt with equity characteristics	**(20.0)**	(20.0)
Adjustment for hybrid debt instruments	**0.6**	2.0
Net payable adjustment	**72.7**	57.2
Adjusted debt (E)	**1,505.3**	1,363.1
Fair value of property portfolio including Group's share of joint ventures (D)	**5,041.1**	4,878.5
EPRA loan-to-value ratio (E/D)	**29.9%**	27.9%

Net interest cover ratio

	2024 £m	2023 £m
Group net interest cover ratio		
Net property and other income	**198.3**	190.5
Adjustments for:		
Other income	**(5.1)**	(4.5)
Other property income	**(0.1)**	-
Surrender premiums received	**(2.7)**	(0.1)
Write-down of trading property	**-**	0.4
Adjusted net property income	**190.4**	186.3
Finance income	**(0.3)**	(0.9)
Finance costs	**39.9**	40.4
Adjustments for:		
Finance income	**0.3**	0.9
Other finance costs	**(0.4)**	(0.3)
Amortisation of fair value adjustment to secured bonds	**1.6**	1.5
Amortisation of issue and arrangement costs	**(2.6)**	(2.6)
Finance costs capitalised	**11.2**	6.5
Net interest payable	**49.7**	45.5
Group net interest cover ratio	**383%**	409%
Proportionally consolidated net interest cover ratio		
Adjusted net property income	**190.4**	186.3
Share of joint ventures' net property income	**1.9**	2.2
Adjusted net property income including share of joint ventures	**192.3**	188.5
Net interest payable	**49.7**	45.5
Proportionally consolidated net interest cover ratio	**387%**	414%

Net debt to EBITDA

	2024 £m	2023 £m
Net debt	**1,482.7**	1,356.8
Profit/(loss) for the year	**115.9**	(476.4)
Add back: tax charge	**0.1**	0.5
Profit/(loss) before tax	**116.0**	(475.9)
Add back: net finance charges	**39.6**	39.5
Add back: movement in fair value of derivative financial instruments	**2.3**	2.1
Add back: financial derivative termination income	**-**	(1.8)
	157.9	(436.1)
Add back: profit on disposal of investment property	**(1.9)**	(1.2)
Add back: revaluation deficit	**2.7**	581.5
Add back: share of joint venture revaluation movement/impairment (note 9)	**0.3**	9.2
Add back: depreciation	**1.0**	1.1
EBITDA (B)	**160.0**	154.5
Net debt to EBITDA (A/B)	**9.3**	8.8

28. Total return

	2024 p	2023 p
EPRA Net Tangible Assets on a diluted basis		
At end of year	**3,149**	3,129
At start of year	**(3,129)**	(3,632)
Increase/(decrease)	**20**	(503)
Dividend per share	**80**	79
Increase/(decrease) including dividend	**100**	(424)
Total return	**3.2%**	(11.7%)

29. List of definitions

Building Research Establishment Environmental Assessment Method (BREEAM)
An environmental impact assessment method for non-domestic buildings. Performance is measured across a series of ratings; Good, Very Good, Excellent and Outstanding.

Capital return
The annual valuation movement arising on the Group's portfolio expressed as a percentage return on the valuation at the beginning of the year adjusted for acquisitions and capital expenditure.

Company Voluntary Arrangement (CVA)
An insolvency procedure allowing a company with debt problems or that is insolvent to reach a voluntary agreement with its creditors to repay its debt over a fixed period.

Diluted figures
Reported results adjusted to include the effects of potential dilutive shares issuable under the Group's share option schemes and the convertible bonds.

Earnings/earnings per share (EPS)
Earnings represent the profit or loss for the year attributable to equity shareholders and are divided by the weighted average number of ordinary shares in issue during the financial year to arrive at earnings per share.

EBITDA
Earnings before interest, tax, depreciation and amortisation.

Energy Performance Certificate (EPC)
An EPC is an asset rating detailing how energy efficient a building is, rated by carbon dioxide emission on a scale of A-G, where an A rating is the most energy efficient. They are legally required for any building that is to be put on the market for sale or rent.

Estimated rental value (ERV)
This is the external valuers' opinion as to the open market rent which, on the date of valuation, could reasonably be expected to be obtained on a new letting or rent review of a property.

European Public Real Estate Association (EPRA)
A not-for-profit association with a membership of Europe's leading property companies, investors and consultants which strives to establish best practices in accounting, reporting and corporate governance and to provide high-quality information to investors. EPRA's Best Practices Recommendations includes guidelines for the calculation of the following performance measures which the Group has adopted.

- **EPRA Earnings Per Share**

Earnings from operational activities.

- **EPRA Loan-to-value (LTV)**

Debt divided by the property value. Debt is equal to drawn facilities less cash, adjusted with equity characteristics, adding back the equity portion of hybrid debt instruments and including net payables if applicable. Property value is equal to the fair value of the property portfolio including net receivables if applicable.

- **EPRA Net Reinstatement Value (NRV) per share**

NAV adjusted to reflect the value required to rebuild the entity and assuming that entities never sell assets. Assets and liabilities, such as fair value movements on financial derivatives are not expected to crystallise in normal circumstances and deferred taxes on property valuation surpluses are excluded.

- **EPRA Net Tangible Assets (NTA) per share**

Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.

- **EPRA Net Disposal Value (NDV) per share**

Represent the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.

- **EPRA capital expenditure**

The total expenditure incurred on the acquisition, enhancement, and development of investment properties. This can include amounts spent on any investment properties under construction or related development projects, as well as the amounts spent on the completed (operational) investment property portfolio. Capitalised finance costs included in the financial statements are also presented within this total. The costs are presented on both an accrual and a cash basis, for both the Group and the proportionate share of joint ventures.

- **EPRA Cost Ratio (including direct vacancy costs)**

EPRA costs as a percentage of gross rental income less ground rent (including share of joint venture gross rental income less ground rent). EPRA costs include administrative expenses, other property costs, net service charge costs and the share of joint ventures' overheads and operating expenses (net of any service charge costs), adjusted for service charge costs recovered through rents and management fees.

- **EPRA Cost Ratio (excluding direct vacancy costs)**

Calculated as above, but with an adjustment to exclude direct vacancy costs.

- **EPRA Net Initial Yield (NIY)**

Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the EPRA property portfolio, increased by estimated purchasers' costs.

- **EPRA 'topped-up' Net Initial Yield**

This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent free periods (or other unexpired lease incentives such as discounted rent periods and stepped rents).

- **EPRA Vacancy Rate**

Estimated rental value (ERV) of immediately available space divided by the ERV of the EPRA portfolio.

In addition, the Group has adopted the following recommendation for investment property reporting.

- **EPRA like-for-like rental income growth**

The growth in rental income on properties owned throughout the current and previous year under review. This growth rate includes revenue recognition and lease accounting adjustments but excludes properties held for development in either year and properties acquired or disposed of in either year.

Fair value adjustment

An accounting adjustment to change the book value of an asset or liability to its market value.

Ground rent

The rent payable by the Group for its leasehold properties. Under IFRS, a liability is recognised using the discounted payments due. Fixed lease payments made are allocated between the interest payable and the reduction in the outstanding liability. Any variable payments are recognised in the income statement in the period to which it relates.

Headroom

This is the amount left to draw under the Group's loan facilities (i.e. the total loan facilities less amounts already drawn).

Interest rate swap

A financial instrument where two parties agree to exchange an interest rate obligation for a predetermined amount of time. These are generally used by the Group to convert floating rate debt to fixed rates.

Key Performance Indicators (KPIs)

Activities and behaviours, aligned to both business objectives and individual goals, against which the performance of the Group is annually assessed.

Lease incentives

Any incentive offered to occupiers to enter into a lease. Typically the incentive will be an initial rent free or half rent period, stepped rents, or a cash contribution to fit-out or similar costs.

Loan-to-value ratio (LTV)

Drawn debt net of cash divided by the fair value of the property portfolio. Drawn debt is equal to drawn facilities less unrestricted cash and the unamortised equity element of the convertible bonds.

Mark-to-market

The difference between the book value of an asset or liability and its market value.

MSCI Inc. (MSCI IPD)

MSCI Inc. is a company that produces independent benchmarks of property returns. The Group measures its performance against both the Central London Offices Index and the UK All Property Index.

National Australian Built Environment Rating System (NABERS)

This is a building performance rating system which provides an energy performance benchmark using a simple star rating system on a 1-6 scale. This helps property owners understand and communicate a building's performance versus other similar buildings to occupiers. Ratings are validated on an annual basis.

NAV gearing

Net debt divided by net assets.

Net assets per share or net asset value (NAV)
Equity shareholders' funds divided by the number of ordinary shares in issue at the balance sheet date.

Net debt
Borrowings plus bank overdraft less unrestricted cash and cash equivalents.

Net debt to EBITDA
Net Debt to EBITDA is the ratio of gross debt less unrestricted cash to earnings before interest, tax, depreciation and amortisation (EBITDA).

Net interest cover ratio
Net property income, excluding all non-core items divided by interest payable on borrowings and non-utilisation fees.

Property income distribution (PID)
Dividends from profits of the Group's tax-exempt property rental business under the REIT regulations.

Non-PID
Dividends from profits of the Group's taxable residual business.

Real Estate Investment Trust (REIT)
The UK Real Estate Investment Trust ("REIT") regime was launched on 1 January 2007. On 1 July 2007, Derwent London plc elected to convert to REIT status.

The REIT legislation was introduced to provide a structure which closely mirrors the tax outcomes of direct ownership in property and removes tax inequalities between different real estate investors. It provides a liquid and publicly available vehicle which opens the property market to a wide range of investors.

A REIT is exempt from corporation tax on qualifying income and gains of its property rental business providing various conditions are met. It remains subject to corporation tax on non-exempt income and gains e.g. interest income, trading activity and development fees.

REITs must distribute at least 90% of the Group's income profits from its tax exempt property rental business, by way of dividend, known as a property income distribution (PID). These distributions can be subject to withholding tax at 20%.

If the Group distributes profits from the non-tax exempt business, the distribution will be taxed as an ordinary dividend in the hands of the investors (non-PID).

Rent reviews
Rent reviews take place at intervals agreed in the lease (typically every five years) and their purpose is usually to adjust the rent to the current market level at the review date. For upwards only rent reviews, the rent will either remain at the same level or increase (if market rents are higher) at the review date.

Reversion
The reversion is the amount by which ERV is higher than the rent roll of a property or portfolio. The reversion is derived from contractual rental increases, rent reviews, lease renewals and the letting of space that is vacant and available to occupy or under development or refurbishment.

Scrip dividend
Derwent London plc sometimes offers its shareholders the opportunity to receive dividends in the form of shares instead of cash. This is known as a scrip dividend.

Task Force on Climate-related Financial Disclosures (TCFD)
Set up by the Financial Stability Board (FSB) in response to the G20 Finance Ministers and Central Bank Governors request for greater levels of decision-useful, climate-related information; the TCFD was asked to develop climate-related disclosures that could promote more informed investment, credit (or lending), and insurance underwriting decisions. In turn, this would enable stakeholders to understand better the concentrations of carbon-related assets in the financial sector and the financial system's exposures to climate-related risks.

'Topped-up' rent
Annualised rents generated by the portfolio plus rent contracted from expiry of rent free periods and uplifts agreed at the balance sheet date.

Total property return (TPR)
Total property return is a performance measure calculated by the MSCI IPD and defined in the MSCI Global Methodology Standards for Real Estate Investment as 'the percentage value change plus net income accrual, relative to the capital employed'.

Total return (TR) or total accounting return (TAR)
The movement in EPRA Net Tangible Assets per share on a diluted basis between the beginning and the end of each financial year plus the dividend per share paid during the year expressed as a percentage of the EPRA Net Tangible Assets per share on a diluted basis at the beginning of the year.

Total shareholder return (TSR)
The growth in the ordinary share price as quoted on the London Stock Exchange plus dividends per share received for the year, expressed as a percentage of the share price at the beginning of the year.

Transmission and distribution (T&D)
The emissions associated with the transmission and distribution losses in the grid from the transportation of electricity from its generation source.

Underlying portfolio
Properties that have been held for the whole of the year (i.e. excluding any acquisitions or disposals made during the year).

Underlying valuation increase/decrease
The valuation increase/decrease on the underlying portfolio.

Well to tank (WTT)
The emissions associated with extracting, refining and transporting raw fuel to the vehicle, asset or process under scrutiny.

Yields

- **Net initial yield**

Annualised rental income based on cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased by estimated purchasers' costs.

- **Reversionary yield**

The anticipated yield to which the net initial yield will rise once the rent reaches the estimated rental values.

- **True equivalent yield**

The constant capitalisation rate which, if applied to all cash flows from the portfolio, including current rent, reversions to valuers' estimated rental value and such items as voids and expenditures, equates to the valuation having taken into account notional purchasers' costs. Rent is assumed to be received quarterly in advance.

- **Yield shift**

A movement in the yield of a property asset, or like-for-like portfolio, over a given period. Yield compression is a commonly-used term for a reduction in yields.

30. Copies of this announcement will be available on the Company's website, www.derwentlondon.com, from the date of this statement. Copies will also be available from the Company Secretary, Derwent London plc, 25 Savile Row, London, W1S 2ER.

Notes to editors

Derwent London plc

Derwent London plc owns 62 buildings in a commercial real estate portfolio predominantly in central London valued at £5.0 billion as at 31 December 2024, making it the largest London office-focused real estate investment trust (REIT).

Our experienced team has a long track record of creating value throughout the property cycle by regenerating our buildings via redevelopment or refurbishment, effective asset management and capital recycling. We typically acquire central London properties off-market with low capital values and modest rents in improving locations, most of which are either in the West End or the Tech Belt. We capitalise on the unique qualities of each of our properties – taking a fresh approach to the regeneration of every building with a focus on anticipating tenant requirements and an emphasis on design. Reflecting and supporting our long-term success, the business has a strong balance sheet with modest leverage, a robust income stream and flexible financing.

We are frequently recognised in industry awards for the quality, design and innovation of our projects. Landmark buildings in our 5.4 million sq ft portfolio include 1 Soho Place W1, 80 Charlotte Street W1, Brunel Building W2, White Collar Factory EC1, Angel Building EC1, 1-2 Stephen Street W1, Horseferry House SW1 and Tea Building E1.

As part of our commitment to lead the industry in mitigating climate change, Derwent London has committed to becoming a net zero carbon business by 2030, publishing its pathway to achieving this goal in July 2020. Our science-based carbon targets validated by the Science Based Targets initiative (SBTi). In 2013 the Company launched a voluntary Community Fund which has to date supported 180 community projects in central London.

The Company is a public limited company, which is listed on the London Stock Exchange and incorporated and domiciled in the UK. The address of its registered office is 25 Savile Row, London, W1S 2ER.

For further information see www.derwentlondon.com or follow us on LinkedIn

Forward-looking statements

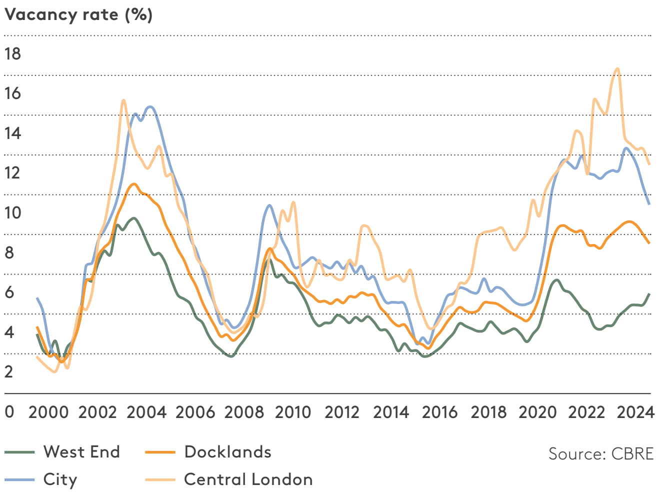
This document contains certain forward-looking statements about the future outlook of Derwent London. By their nature, any statements about future outlook involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. Actual results, performance or outcomes may differ materially from any results, performance or outcomes expressed or implied by such forward-looking statements.

No representation or warranty is given in relation to any forward-looking statements made by Derwent London, including as to their completeness or accuracy. Derwent London does not undertake to update any forward-looking statements whether as a result of new information, future events or otherwise. Nothing in this announcement should be construed as a profit forecast.

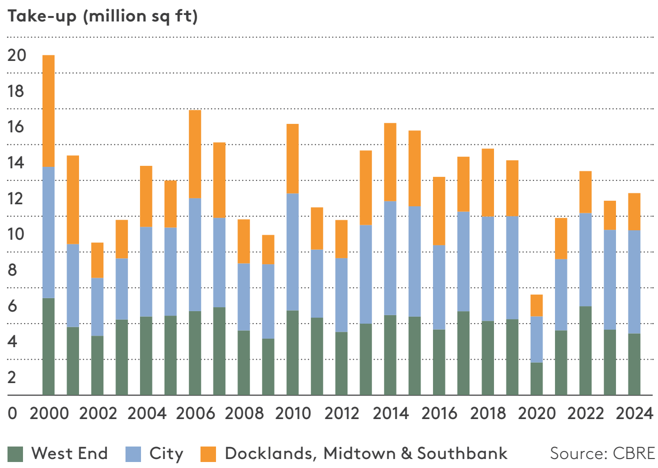
APPENDIX 1

Our market

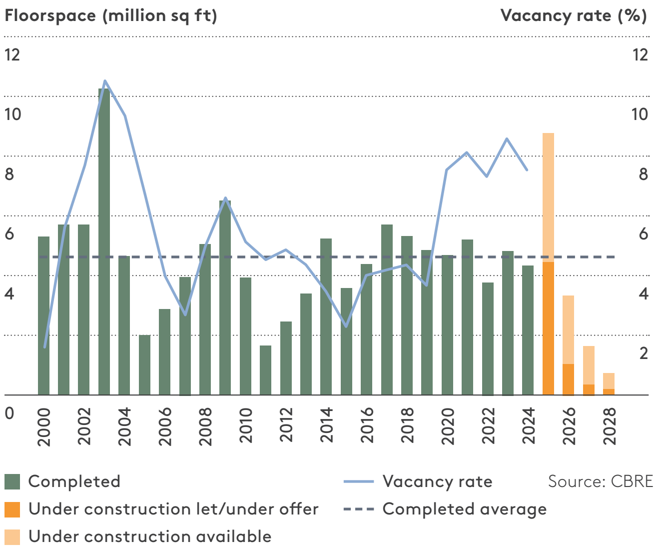
Available space by sub-market



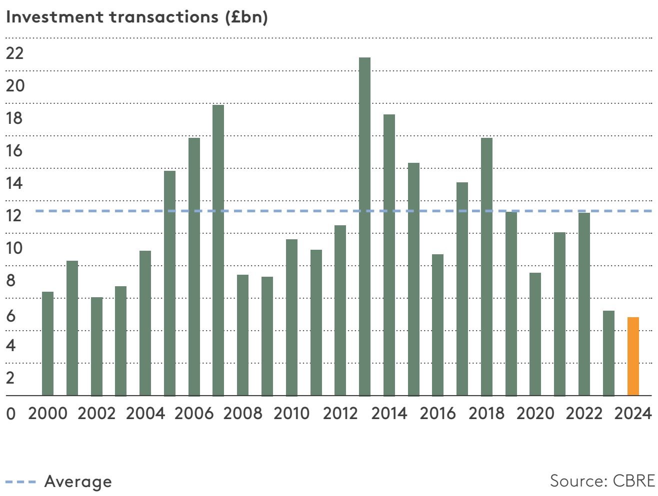
Central London office take-up



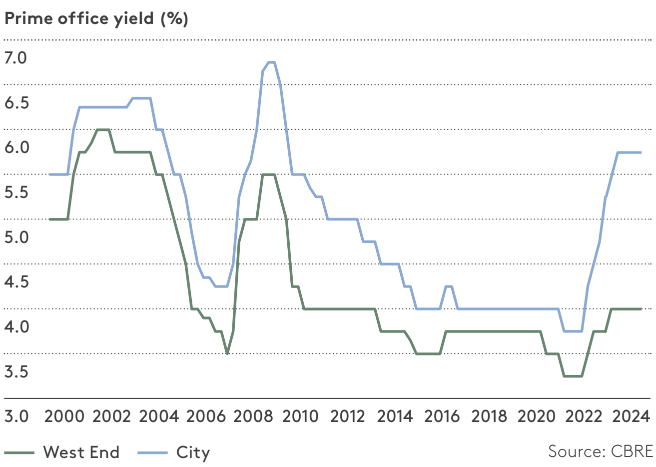
Central London development pipeline



Central London office investment transactions



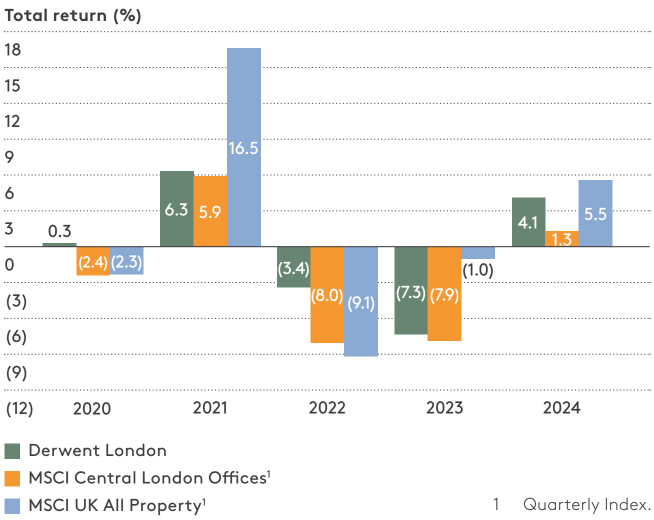
Central London office yields



APPENDIX 2

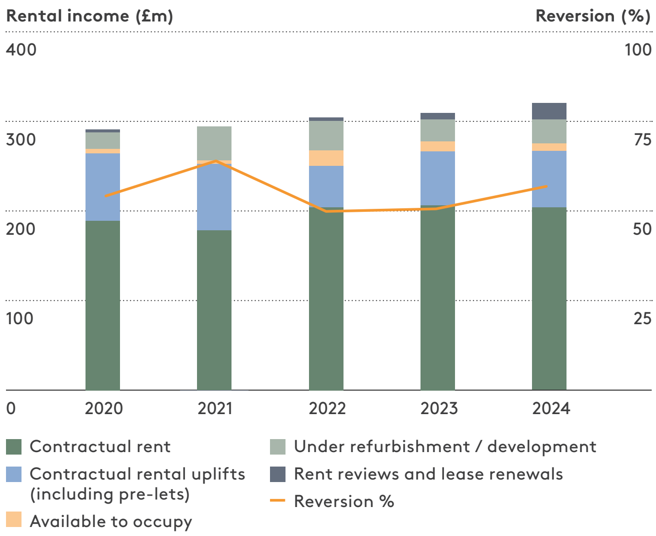
Valuation

Total property return

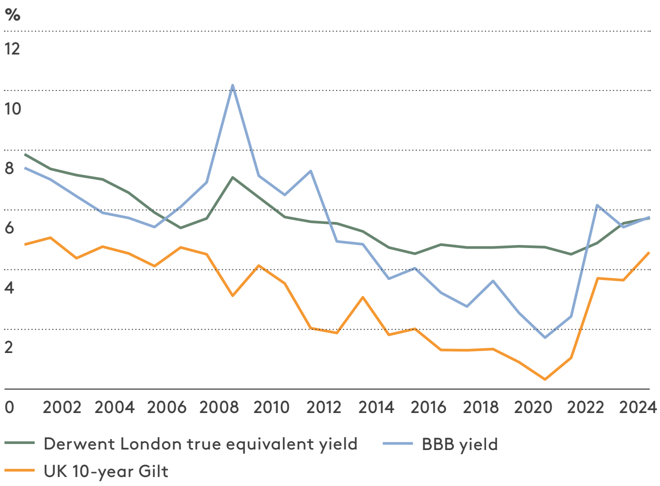


1 Quarterly Index.

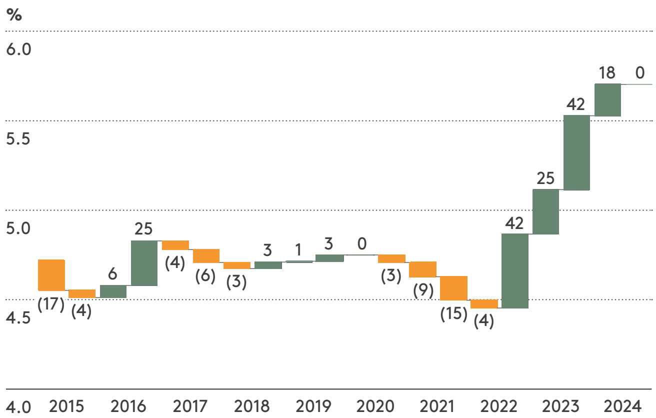
Portfolio income potential



Valuation yields



True equivalent yield



Rental value growth

Valuation continued

Portfolio statistics – valuation

		Valuation £m	Weighting %	Valuation[1] performance %	Let floor area[2] '000 sq ft	Vacant available floor area '000 sq ft	Vacant refurbishment floor area '000 sq ft	Vacant project floor area '000 sq ft	Total floor area '000 sq ft
West End									
Central		3,473.1	69	1.8	2,749	38	78	175	3,040
Borders		301.7	6	(5.5)	354	22	53	0	429
		3,774.8	75	1.2	3,103	60	131	175	3,469
City									
Borders		1,173.4	23	(3.4)	1,334	165	63	0	1,562
Central London		4,948.2	98	0.0	4,437	225	194	175	5,031
Provincial		92.9	2	11.6	308	17	0	0	325
Total portfolio	**2024**	**5,041.1**	**100**	**0.2**	**4,745**	**242**	**194**	**175**	**5,356**
	2023	4,878.5	100	(10.6)	4,753	284	121	236	5,394

1 Underlying – properties held throughout the year.
2 Includes pre-lets.

Rental income profile

	Rental uplift £m	Rental per annum £m
Annualised contracted rental income, net of ground rents		204.3
Contractual rental increases across the portfolio	42.3	
Contractual rental from pre-lets on developments[1]	20.7	
Letting 242,000 sq ft available floor area	8.4	
Completion and letting 194,000 sq ft of refurbishments	12.8	
Completion and letting 175,000 sq ft of developments	13.7	
Anticipated rent review and lease renewal reversions	18.3	
Portfolio reversion		116.2
Potential portfolio rental value		**320.5**

1 204,300 sq ft of pre-lets in addition to 57,900 sq ft pre-sold, at 25 Baker Street W1.

Portfolio statistics – rental income

		Net contracted rental income per annum £m	Average rental income £ per sq ft	Vacant space rental value per annum £m	Lease reversion per annum[1] £m	Portfolio estimated rental value per annum £m	Average unexpired lease length[2] Years
West End							
Central		116.0	42.86	22.9	67.1	206.0	7.2
Borders		18.2	51.70	3.7	0.4	22.3	5.6
		134.2	43.87	26.6	67.5	228.3	7.0
City							
Borders		65.5	49.83	8.0	13.2	86.7	3.8
Central London		199.7	45.66	34.6	80.7	315.0	5.9
Provincial		4.6	14.82	0.3	0.6	5.5	1.8
Total portfolio	**2024**	**204.3**	**43.65**	**34.9**	**81.3**	**320.5**	**5.9**[3]
	2023	206.5	44.42	35.8	67.3	309.6	6.5

1 Contracted uplifts, rent reviews/lease renewal reversion and pre-lets.
2 Lease length weighted by rental income at year end and assuming tenants break at first opportunity.
3 6.8 years after adjusting for 'topped-up' rents and pre-lets.

APPENDIX 3

Disposals

Principal disposals in 2024

Property	Date	Area sq ft	Total after costs £m	Net yield %	Net rental income £m pa
Turnmill EC1	Q2	70,300	76.6	4.9	4.0
4 & 10 Pentonville Road N1	Q4[1]	54,800	25.7	–	–

1 Exchange of contracts only; completed in January 2025.

APPENDIX 4

Leasing, asset management & property management

Principal lettings in 2024

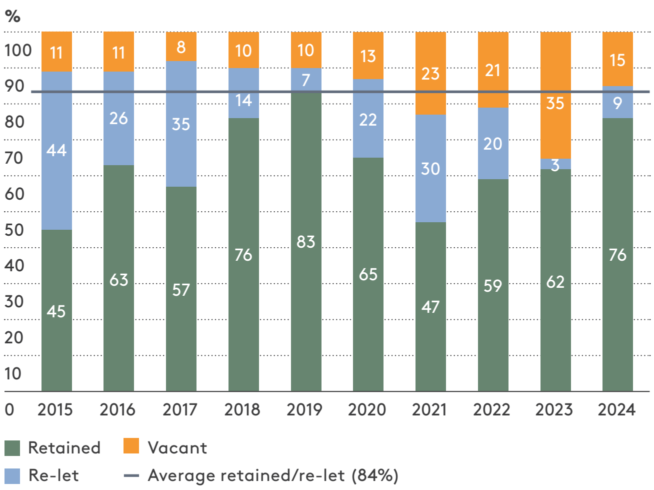
Property	Tenant	Area sq ft	Rent £ psf	Total annual rent £m	Lease term Years	Lease break Year	Rent-free equivalent Months
H1 2024							
25 Baker Street W1	Cushman & Wakefield	17,100	107.50	1.8	15	–	34
The White Chapel Building E1	Pay UK	27,000	52.50	1.4	10	5	22, plus 5 if no break
The White Chapel Building E1	PLP Architecture	22,300	50.00	1.1	10	–	24
The White Chapel Building E1	Breast Cancer Now	14,700	51.00	0.8	10	5	20, plus 10 if no break
The Featherstone Building EC1	incident.io[1]	6,900	86.70	0.6	2	–	1
Tea Building E1	Buttermilk[1]	7,300	66.50	0.5	4	3	2, plus 2 if no break
One Oxford Street W1	Starbucks	4,200	98.10	0.4	15	10	12
230 Blackfriars Road SE1	Hello! Magazine[1]	7,300	52.50	0.4	5.5	–	14
H2 2024							
1-2 Stephen Street W1	Envy	19,200	61.00	1.2	15	10	24, plus 12 if no break
20 Farringdon Road EC1	Lumon Pay[1]	18,100	45.00	0.8	2.25	–	7.5
25 Baker Street W1	Sculptor Capital	7,200	107.50	0.8	10	5	12, plus 12 if no break
The Featherstone Building EC1	Wiz Cloud[1]	5,800	89.50	0.5	3	2	–
One Oxford Street W1	Kiko Milano	2,900	168.50	0.5	10	6	12
One Oxford Street W1	Aldo	2,700	169.70	0.5	10	6	14
Tea Building E1	Cleo AI	6,900	65.00	0.5	1	–	–
Strathkelvin Retail Park, Scotland	Home Bargains	35,100	13.00	0.5	15	–	12
230 Blackfriars Road SE1	Instant Offices	7,300	44.00	0.3	5.3	3	14
Strathkelvin Retail Park, Scotland	Aldi	21,600	15.00	0.3	20	–	9
3-5 Rathbone Place W1	Saltus Partners[1]	3,900	88.00	0.3	5	3	1.5

Table excludes a confidential pre-let at 25 Baker Street W1.

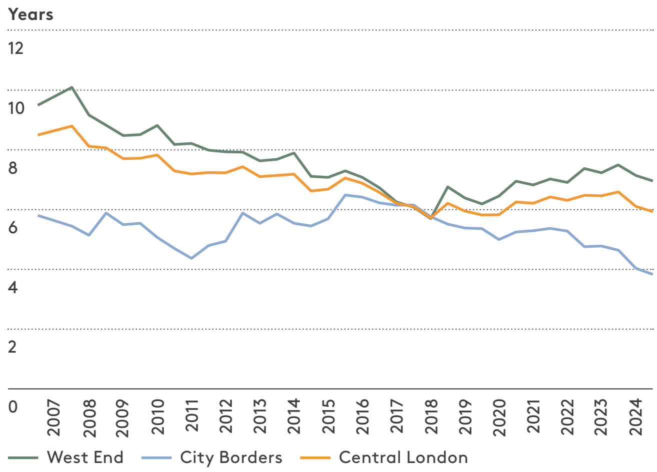
1 Space leased on a 'Furnished + Flexible' basis.

Leasing, asset management & property management continued

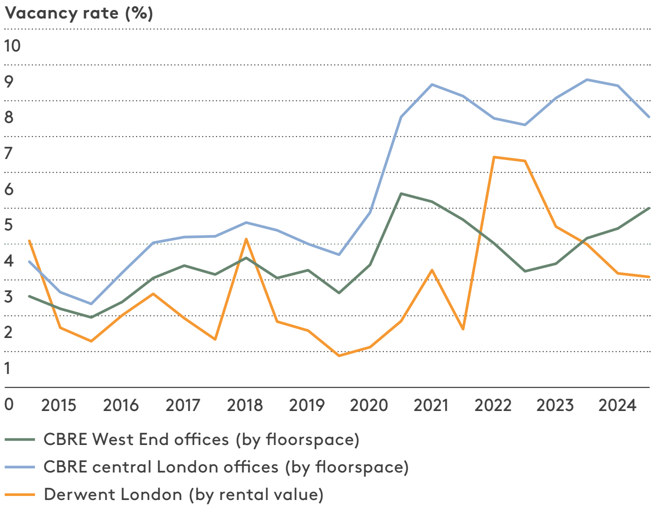
Lease expiry and break analysis



Average unexpired lease length



Ten-year vacancy trend



APPENDIX 5

Development and refurbishment

Project summary: current projects

Property	Current net income £m pa	Pre scheme area '000 sq ft	Proposed area '000 sq ft	2025 capex £m	2026 capex £m	2027+ capex £m	Total capex to complete £m	Delivery date	Current office c.ERV psf
On-site major developments									
25 Baker Street W1[1]	–	143	298	45	5	–	50	H1 2025	£100
Network W1	–	70	139	44	6	–	50	H2 2025	£95
	–	**213**	**437**	**89**	**11**	**–**	**100**		
Other on-site projects									
Strathkelvin Retail Park (Scotland)	0.9	108	130	12	–	–	12	H1 2025	
Lochfaulds solar park (Scotland)	–	–	–	10	5	–	15	H1 2026	
Other	–	80	80	15	–	–	15		
	0.9	**188**	**210**	**37**	**5**	**–**	**42**		
Major developments – 2025 starts									
Holden House W1	4.4	91	134	13	26	111	150		
	5.3	**492**	**781**	**139**	**42**	**111**	**292**		
Other									
Refurbishments[2]	–	–	–	27	58	27	112		
Planning and design[3]	–	–	–	23	2	–	25		
Other[2]	–	–	–	4	44	11	59		
	–	**–**	**–**	**54**	**104**	**38**	**196**		
	5.3	**492**	**781**	**193**	**146**	**149**	**488**		
Capitalised interest	–	–	–	11	3	11	25		
Capitalised staff costs	–	–	–	3	3	3	9		
Total	**5.3**	**492**	**781**	**207**	**152**	**163**	**522**		

1 Includes profit share payments and expenditure on trading property/stock.
2 Includes EPC upgrades.
3 Includes 50 Baker Street W1 and Old Street Quarter EC1.

Project summary: future projects

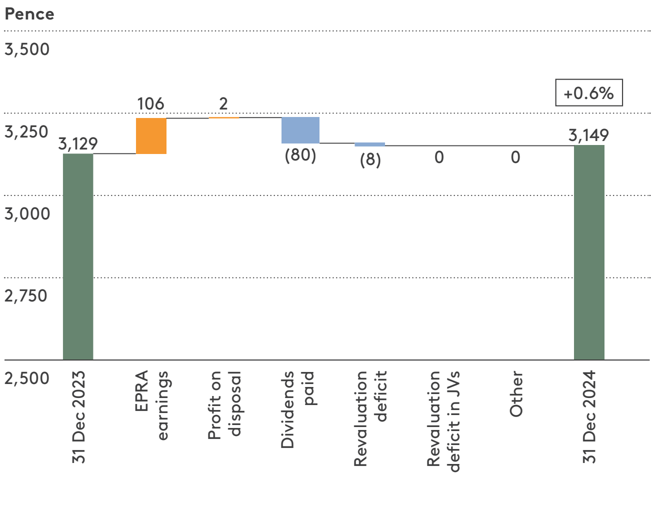
Property	Current net income £m pa	Pre- scheme area '000 sq ft	Proposed area '000 sq ft	Earliest possession year	Comment
Consented					
50 Baker Street W1	4.1	122	240	2026	
	4.1	**122**[1]	**240**		
Under appraisal[2]					
Middlesex House W1	3.2	51	50	2025	Excludes lower ground offices
Greencoat & Gordon House SW1	6.2	108	108	2026	Excludes basement gym
20 Farringdon Road EC1	4.6	166	166	2027	
Other[3]	13.1	398	398		Based on pre-scheme area
	27.1	**723**	**722**		
Consented and under appraisal	**31.2**	**845**	**962**		
Future appraisal[4]	29.9	966	966		Based on pre-scheme area
Current and 2025 major projects	5.3	492	781		
Pipeline	**66.4**	**2,303**	**2,709**		

1 Including Holden House W1 consented pre-scheme area 213,000 sq ft.
2 Areas proposed are estimated from initial studies.
3 Includes refurbishment opportunities at 80-85 & 88-94 Tottenham Court Road W1, 1 Oliver's Yard EC1 and Blue Star House SW9.
4 Includes redevelopment/refurbishment opportunities at 230 Blackfriars Road SE1, 1-2 Stephen Street W1 and 250 Euston Road NW1.

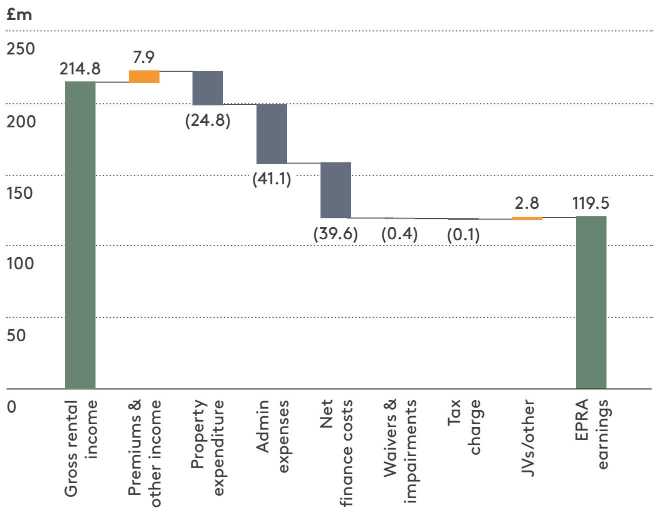
APPENDIX 6

Finance

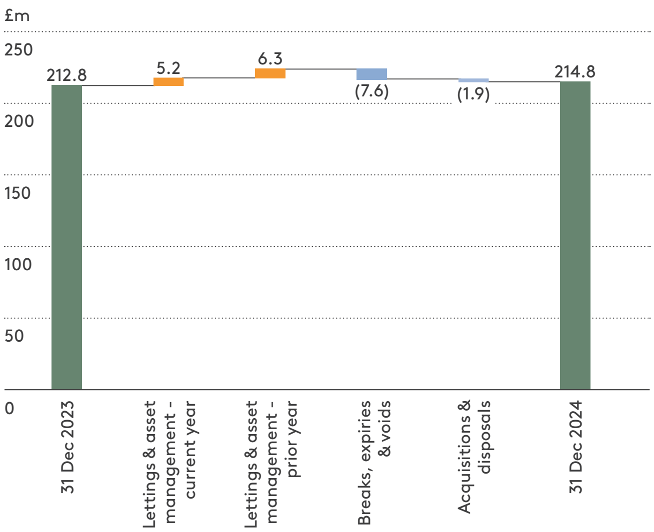
EPRA net tangible assets per share



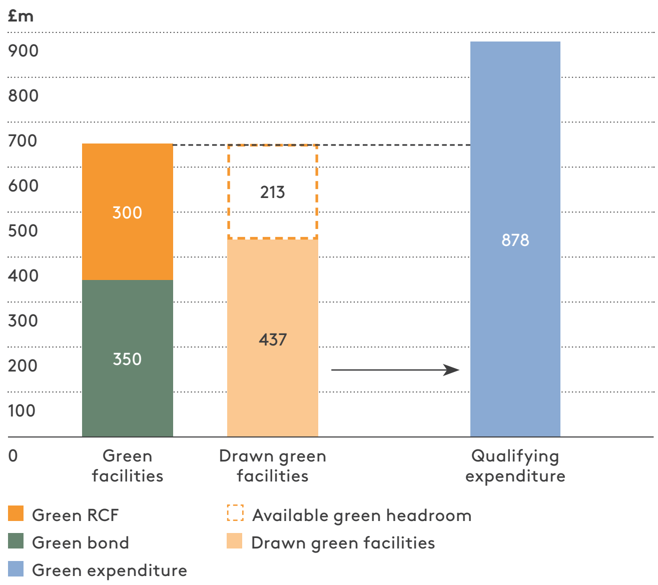
EPRA Earnings



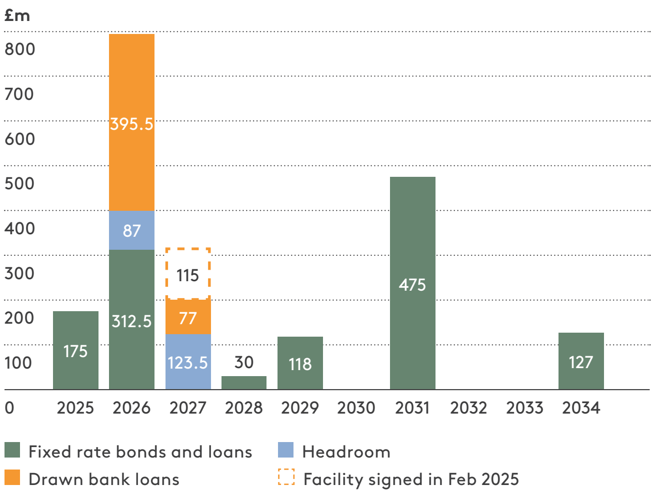
Movement in gross rental income



Green borrowings and qualifying expenditure



Maturity profile of debt facilities



Finance continued

Debt facilities and reconciliation to borrowings and net debt at 31 December 2024

	Drawn £m	Undrawn £m	Total £m	Maturity
Convertible bonds	**175.0**	**–**	**175.0**	**2025**
Secured bonds	**175.0**	**–**	**175.0**	**2026**
Green bonds	**350.0**	**–**	**350.0**	**2031**
Private placement notes	**455.0**	**–**	**455.0**	**2026 – 2034**
Other loans	**20.0**	**–**	**20.0**	**n/a**
Non-bank debt	**1,175.0**	**–**	**1,175.0**	
Club revolving credit	**87.0**	**363.0**	**450.0**	**2026**
Bilateral term loan/revolving credit	**82.5**	**32.5**	**115.0**	**2026**
Bilateral term loan	**100.0**	**-**	**100.0**	**2027**
Bilateral revolving credit	**23.5**	**76.5**	**100.0**	**2027**
Committed bank facilities	**293.0**	**472.0**	**765.0**	
Debt facilities	**1,468.0**	**472.0**	**1,940.0**	
Acquired fair value of secured bonds less amortisation	**3.4**			
Unamortised discount on green bonds	**(1.3)**			
Equity adjustment to convertible bonds less amortisation	**(0.6)**			
Unamortised issue and arrangement costs	**(6.0)**			
Borrowings	**1,463.5**			
Leasehold liabilities	**34.6**			
Cash and cash equivalents	**(15.4)**			
Net debt	**1,482.7**			

Debt: key stats

	Dec 2024	Dec 2023
Hedging profile (%)		
Fixed	**80**	94
Swaps	**5**	4
	85	98
Percentage of debt that is unsecured (%)	**88**	81
Percentage of non-bank debt (%)	**80**	92
Weighted average interest rate - cash basis (%)	**3.42**	3.17
Weighted average interest rate - IFRS basis (%)	**3.53**	3.29
Weighted average maturity of facilities (years)	**3.4**	4.5
Weighted average maturity of borrowings (years)	**4.0**	5.0
Undrawn facilities and unrestricted cash (£m)	**487**	480
Uncharged properties (£m)	**4,665**	4,202