



**Derwent London plc**

Interim Results 2025

Announcement



**Derwent London plc (“Derwent London” / “the Group”)  
UNAUDITED RESULTS FOR SIX MONTHS ENDED 30 JUNE 2025  
POSITIONED FOR GROWTH**

**Paul Williams, Chief Executive of Derwent London, said:**

“We have completed £13.8m of leasing, renewals and regears since the start of 2025, with open-market lettings agreed 10.5% ahead of ERV, and with a further £3.8m under offer. Highlights include Adobe expanding and extending its occupation at White Collar Factory, the offices at The White Chapel Building now fully leased, and excellent uplifts achieved on rent reviews at Brunel Building.

The fundamentals of the letting market continue to strengthen, with demand well above the long-term average and a significant supply shortage at the top end. Central London office rents are growing and values continue to recover, reflected in the improving investment market.

Derwent London is a total return business. Over the last five years, we have outperformed the total property return of the MSCI Central London Office index by 230bp per annum. In addition, we beat the index by 120bp in the first half of this year. Looking forward, our total accounting return outlook is the strongest it has been for several years with yields past their peak, and we reiterate our 2025 rental guidance of 3% to 6%, with further growth to follow.

Through ongoing strategic asset recycling, we are optimising our portfolio to deliver sustained long-term value. Our balance sheet is well-positioned, with over £200m disposals completed or contracted to complete this year. Proceeds will be reinvested into developments where we expect attractive returns on investment. We recently started on site at our next West End project, Holden House, and plan to commence 50 Baker Street, where we have agreement for a new headlease, and Greencoat & Gordon House in early 2026.”

**Key highlights**

We have positive momentum across all areas of the business.

- £13.8m of leasing, renewals and regears YTD; open-market leasing transactions 10.5% above ERV
- EPRA vacancy rate low at 3.7% (Dec 2024: 3.1%)
- Underlying capital growth of 1.2% (H1 2024: -1.7%; FY 2024: +0.2%)
- ERV growth of 2.0% (H1 2024: 2.0%; FY 2024: 4.3%)
- Equivalent yield 5.69% (Dec 2024: 5.73%)
- Significant refinancing activity in YTD

**Key financial highlights**

Income statement	H1 2025	H1 2024	Change
Gross rental income	£109.1m	£107.5m	1.5%
Net rental income	£94.0m	£95.0m	-1.1%
EPRA EPS <sup>1</sup>	52.2p	52.7p	-0.9%
Dividend	25.5p	25.0p	2.0%
IFRS result before tax	£94.0m	£(27.2)m	-
Total return	3.0%	(1.0)%	-

Balance sheet and leverage	Jun-25	Dec-24
EPRA NTA per share <sup>1</sup>	3,187p	3,149p
Net debt	£1.55bn	£1.48bn
EPRA LTV <sup>1</sup>	30.5%	29.9%
Interest cover	3.2x	3.9x
Net debt/EBITDA	9.7x	9.3x
Cash and undrawn debt	£604m	£487m

<sup>1</sup> Explanations of how EPRA figures are derived from IFRS are shown in note 25.

**Webcast and conference call**

There will be a live webcast together with a conference call for investors and analysts at 09:00 BST today.

To participate in the call or to access the webcast, please register at [www.derwentlondon.com](http://www.derwentlondon.com)

A recording of the webcast will also be made available following the event on [www.derwentlondon.com](http://www.derwentlondon.com)

**For further information, please contact:****Derwent London**

Tel: +44 (0)20 3478 4217 (Robert Duncan)

**Brunswick Group**

Tel: +44 (0)20 7404 5959

Paul Williams, Chief Executive

Damian Wisniewski, Chief Financial Officer

Robert Duncan, Head of Investor Relations

Nina Coad

Peter Hesse

---

## CHIEF EXECUTIVE STATEMENT

### KEY THEMES AND OUTLOOK

#### ERV-led capital growth

Rents continue to grow across central London office markets. Alongside stable investment yields, this is supporting capital growth and we are seeing attractive returns on our developments and refurbishments. Our total property return in H1 was 3.1%, a further outperformance of the MSCI Central London Office Index at 1.9%. In addition, our total accounting return (TAR) was 3.0%, and 7.3% over the last 12 months.

ERVs across our portfolio increased by 2.0% in H1 2025 and 4.3% over the past year. This is feeding through into higher property valuations, and will be followed by a positive impact on earnings as we capture the resulting reversion through development, refurbishment and asset management activity. As at 30 June 2025, our total reversion was £114.3m, a 55% uplift over the current passing rent roll of £208.9m.

#### Improving investment market liquidity

The global economy and geopolitical backdrop remains volatile, impacting on the market's cost of capital. Despite this, investment volumes nearly doubled in the first half and there was a broadening in the range of investors, supported by London's enduring appeal and positive rental growth outlook. With good liquidity in lending markets, volumes are expected to continue to improve.

#### Results overview

EPRA earnings in H1 were broadly unchanged at 52.2p per share (H1 2024: 52.7p), with the small decline in net rental income as vacant possession has been secured for future projects offset by a reduction in administrative expenses. However, finance costs increased with borrowings and interest rates both higher on average. After payment of the 56p per share final dividend, underlying capital growth of 1.2% resulted in an increase in NTA per share over the six months to 3,187p from 3,149p at 31 December 2024. The interim dividend has been raised by 2.0% to 25.5p per share where it remains well covered by EPRA earnings.

Following further investment in the portfolio, net debt has increased to £1.55bn and EPRA LTV to 30.5% as at 30 June 2025. We completed £35m of investment and trading sales in the first half and have a further c.£180m of disposals contracted which are expected to complete in H2 as we continue to reshape our portfolio.

#### Outlook

Derwent London is a total return business. Over the last five years, we have outperformed the total property return of the MSCI Central London Office index by 230bp per annum, and by 120bp in H1 2025. Earnings will naturally be impacted over the near-term by higher interest rates and as we secure vacant possession ahead of commencing further value-enhancing development projects. This positions us for stronger long-term growth. Taking account of development profits and ERV-led capital growth with yields now stable, our TAR outlook is the strongest it has been for several years. We reiterate our ERV guidance for 2025 at 3% to 6% on average across our portfolio, with further rental increases expected to follow.

### ROBUST OCCUPATIONAL MARKET AND POSITIVE RENTAL OUTLOOK

Supply of the right space is constrained at a time of high demand with 78% of new leases being expansion-led in the year to date. Businesses want high quality, well-designed buildings with best-in-class amenity and sustainability credentials. Location is important in real estate decisions and occupiers are focused on those which are well-connected, particularly along the Elizabeth line. This plays to our strengths with over 80% of our portfolio within a 10-minute walk of a station.

#### An active period for portfolio leasing and asset management

Since the start of 2025, we have completed £13.8m of new leases and renewals/regears across the portfolio, including Furnished + Flexible, with open-market leasing transactions averaging 10.5% above December 2024 ERV. We have an additional £3.8m of rent under offer. One transaction to highlight was at White Collar Factory EC1, where Adobe increased its occupational footprint by 25% and reaffirmed its long-term commitment to the building, extending its lease to 2038 (with a break in 2033).

Our relationship-driven approach and well-positioned portfolio means we have maintained a high retention/re-let rate in H1 at 78%. With active demand close to historic highs, limited supply and rising fit-out and occupational costs, some occupiers are exploring the 'stay put' option. For landlords like us, this reduces both void periods and leasing incentives, thereby creating additional value.

## **INVESTMENT MARKET IMPROVING**

Liquidity in the London investment market is improving after two relatively slow years. Volumes in H1 were up significantly, reaching c.70% of the preceding 12-month total. There are several reasons for this:

- London is a key global investment location, attracting a wide range of capital;
- the strength of the occupational market and rising rents are giving investors greater confidence; and
- as financing rates reduce, leverage is expected to become accretive to returns again.

### **Our strategic reshaping**

We have had another successful period of recycling in H1 2025, with completed investment property disposals of £26m and trading disposals of £9m, plus c.£180m of contracted sales expected to complete through H2. This includes Francis House SW1 and c.70% (by value) of the private residential units at our 25 Baker Street W1 development where contracts have been exchanged. In the preceding five-years, we sold c.£825m of assets, ranging from recently completed buildings let on long leases to properties in locations where the outlook for returns had changed. Over the same period, we have successfully delivered, or are on site at, c.1.5m sq ft of class-leading developments.

As the market improves, we will continue to recycle out of assets where the capital can be better deployed into our higher returning development pipeline and other opportunities.

## **OUR NEXT PHASE OF PROJECTS**

Our on-site projects, at 25 Baker Street W1 and Network W1, plus Holden House W1 which commenced this month, are currently projected to deliver a combined 15% profit on cost and 6.6% yield on completion (based on capitalised interest through the development phase).

- At 25 Baker Street (298,000 sq ft), practical completion awaits sign off by the Building Safety Regulator but is expected imminently.
- At Network (139,000 sq ft), which is due to complete by the end of the year, discussions with potential occupiers are ongoing.
- At Holden House (133,500 sq ft), a best-in-class West End project opposite the Elizabeth line, demolition enabling work has commenced and a contractor has been appointed under a Pre-Construction Services Agreement. Completion is due in H2 2028.

We have also made good progress advancing our next two projects, which are expected to commence in H1 2026 and together total 343,800 sq ft.

- At 50 Baker Street W1 (236,000 sq ft), we have agreement for a new 125-year headlease (from scheme completion) with The Portman Estate and a contractor has been appointed under a Pre-Construction Services Agreement.
- At Greencoat & Gordon House SW1 (107,800 sq ft), we are in detailed discussions with our preferred contractor for this comprehensive refurbishment.

Looking at the next phase of developments, we have further projects totalling a combined c.1.2m sq ft. These include 20 Farringdon Road EC1, Blue Star House SW9 where we are close to submitting a planning application for change of use to a hotel, Old Street Quarter EC1 and 230 Blackfriars Road SE1. These projects offer a range of opportunities, from comprehensive office refurbishment to mixed-use urban regeneration.

We continue to upgrade the core portfolio with several significant refurbishments totalling over 100,000 sq ft. These include 1 Oliver's Yard EC1, 1-2 Stephen Street W1 and Middlesex House W1, where we anticipate good rental uplifts. As well as improving the quality of the offices and adding amenity space, removal of gas supplies and EPC improvement works are also being undertaken.

## **WELL-PLACED BALANCE SHEET**

### **Significant refinancing activity YTD**

We have been active in a range of debt markets since the start of the year:

- new £115m two-year unsecured loan facility with HSBC with a one-year extension option;
- new £250m 7-year unsecured bonds;
- extension of £100m unsecured term loan with NatWest to June 2028; and
- extension of main £450m unsecured syndicated revolving credit facility into new four-year term with two one-year extension options.

In addition, we repaid the £175m convertible bonds in June and have subsequently cancelled two short-term £32.5m revolving credit facilities.

## **BOARD CHANGES**

We have announced today that Nigel George has informed the Board of his intention to retire and stand down from the Board on 31 March 2026. Nigel will remain a full-time employee until August 2026, following which he will continue to support the business as a consultant working on a number of Group projects. Nigel joined the Group in 1988 and was appointed as Director in 1998, during which time he has been integral to the Group's investment acquisitions and disposals, and was a leading member of the team that secured the merger with LMS in 2007. The Board wishes to extend its gratitude to him for his dedication and service in developing the Derwent London brand and its reputation.

---

## CENTRAL LONDON OFFICE MARKET

### **Occupational market (source: CBRE)**

Leasing activity in H1 2025 was 5.2m sq ft across central London, in line with both H1 2024 and the 10-year average. The West End saw take-up increase by 38% to 1.7m sq ft but reduce in the City by 24% to 2.2m sq ft. Overall, space under offer was 0.2m sq ft lower at 3.0m sq ft.

Active demand remains elevated at 11.7m sq ft, 45% above the five-year average. The supply-demand imbalance across London remains significant, with only 11.8m sq ft of space under construction and expected to complete by 2029, broadly equivalent to one year's demand. Of this, 4.7m sq ft, or 40%, is already pre-let, rising to nearly 60% for projects completing this year.

Overall vacancy is 7.8%, with the West End at 5.2% and the City at 9.7%. According to CBRE, nearly two-thirds of current available supply is secondhand. As the flight to quality continues, new Grade A vacancy rates remain low in both the West End (1.4%) and the City (2.0%).

### **Investment market (source: CBRE)**

Transaction activity increased to £3.3bn in H1, nearly 70% of the total in 2024. At the same time, the average lot size of £60m was more in line with the longer-term average having fallen to just £33m last year. Transaction activity in H1 2025 was dominated by overseas investors, comprising over 70% of the volume. This is in line with the 10-year average, having dropped to 41% last year.

Total investor demand in H1 reached £21.4bn with Europe and Asia each accounting for 35%, followed by North America (18%) and the Middle East (13%).

According to CBRE, prime yields in the West End remained at 4.0% for the eighth consecutive quarter, compared to the City which saw a 25bp tightening to 5.5%, the first tightening this cycle.

---

## VALUATION

The Group's investment portfolio was valued at £5.2bn as at 30 June 2025 compared to £5.0bn at the end of 2024. Including development properties, the underlying portfolio valuation increased by 1.2% and there was a surplus for the half year of £51.2m which, after accounting adjustments of £8.5m, produced an overall increase of £42.7m.

Our EPRA rental values were up 2.0% in H1 2025, while the portfolio's true equivalent yield, on an EPRA basis, moved in by 4bp, from 5.73% to 5.69%, the first tightening since June 2022. The EPRA initial yield increased marginally to 4.4% (December 2024: 4.3%) which, after allowing for the expiry of rent frees and contractual uplifts, rises to 5.2% on a 'topped-up' basis (December 2024: 5.2%).

The valuation of our central London properties, which represent 98% of the portfolio, increased by 1.1%. The West End was up 1.6%, while the City Borders were slightly down, at -0.3%. Here the leasing market has been somewhat weaker with higher vacancy. The balance of the portfolio, our Scottish holdings, was up 6.2% following strong leasing and asset management activity.

Our two on-site West End developments, 25 Baker Street W1 and Network W1, are both nearing completion. Valued at £663.7m, they represent 13% of the portfolio (December 2024: 12%) and after adjusting for capital expenditure, the valuation uplift was 4.3%. At 25 Baker Street we have finished the building and await Building Control sign off so the pre-let leases can complete. All of the offices and the majority of the ancillary retail is pre-let. Network is progressing well with delivery anticipated at the end of the year. A further £62m of capital expenditure is required to conclude these two projects. Excluding these, the underlying portfolio valuation was up 0.8%.

Our portfolio valuation movement of 1.2% outperformed the MSCI Quarterly Index for Central London Offices which was up by 0.1%. The wider UK All Property Index increased by 0.6%.

The general stabilisation in valuation yields across our sector resulted in a 3.1% total property return for our portfolio in H1. This compares to the MSCI Quarterly Index of 1.9% for Central London Offices and 3.0% for UK All Property.

The Government is seeking to prohibit upward only rent reviews in new leases as part of its English Devolution and Community Empowerment Bill. It remains very early days in the process with consultation likely to follow. The market may consider other alternative rent review models.

### Portfolio reversion

Our contracted annualised cash rent roll as of 30 June 2025 was £208.9m, a 2.3% increase over the last six months, mainly from contracted uplifts coming through. With a portfolio ERV of £323.2m there is £114.3m of potential reversion. The components within this are:

- **Contracted uplifts:** £37.0m which is rental income contracted through a combination of rent-free expiries and fixed uplifts, all of which is already straight-lined in the income statement under IFRS accounting standards; our IFRS accounting rent roll at 30 June 2025 was £207.3m;
- **On-site developments:** £34.5m from the two on-site developments at current ERV, of which £21.0m or 61% is pre-let;
- **Smaller projects:** £11.9m of refurbishment projects, which include 1-2 Stephen Street W1, 1 Oliver's Yard EC1 and 90 Whitfield Street W1;
- **Vacant:** £10.4m of 'available to let' space, which equates to an EPRA vacancy rate of 3.7%; and
- **Reviews and expiries:** £20.5m is from future reviews and expiries. This has increased from £18.3m at December 2024, as the market rental growth seen during the period feeds through into reversion.

## LEASING & ASSET MANAGEMENT

Since the start of the year, we have continued to see good levels of portfolio activity with £13.8m of leasing, renewals and regears completed, which includes £6.0m of lettings, 10.5% ahead of December 2024 ERV. Rent reviews of £16.7m also completed in the first half, delivering meaningful uplifts and supporting our strategy to capture reversion. In addition, there is a further £3.8m of rent under offer.

Key activity in the period:

- **White Collar Factory EC1:** Major lease extension and expansion with Adobe increasing its total space by 25% to 67,000 sq ft and extending its commitment to 2038 (with a break in 2033). Rent on the new space was agreed 25% ahead of the December 2024 ERV.
- **The White Chapel Building E1:** Following the letting to BE Offices in early Q3, the offices are now 100% leased.
- **25 Baker Street W1:** Pre-let three of the six retail units to premium F&B operators Notto and Atis.
- **Brunel Building W2:** Sony Pictures' rent review resulted in a 13.5% uplift over the previous rent and a 10.4% outperformance of ERV.

### Leasing activity

New lettings have been agreed in the year to date of £6.0m, on average 10.5% ahead of December 2024 ERV (excluding short term development-linked deals), with a further £3.1m of rent currently under offer.

Our 'Furnished + Flexible' offering continues to attract occupiers prioritising agility and quality. Since the start of the year, we have leased 18,000 sq ft, at a combined rent of £1.2m, on average 8.1% above December 2024 ERV. We currently operate c.220,000 sq ft of 'Furnished + Flexible' units, equating to 4% of our portfolio, with a further c.130,000 sq ft under review and expected to be delivered in accordance with occupier demand.

Amenity continues to be a key driver in occupier decision-making, with our DL/Lounges increasingly influencing leasing and retention outcomes.

We expect continued healthy activity across our portfolio in the second half based on ongoing discussions with potential occupiers.

### Leasing activity in 2025 to date

	Let			Performance vs Dec 2024 ERV (%)	
	Area '000 sq ft	Income £m pa	WAULT <sup>1</sup> Years	Open-market	Overall <sup>2</sup>
H1 2025	99.4	4.3	4.6	8.4	-10.9
H2 to date	30.9	1.7	9.2	15.3	15.3

<sup>1</sup> Weighted average unexpired lease term (to break)

<sup>2</sup> Includes short-term lettings at properties earmarked for redevelopment

## Principal lettings in 2025 to date

Property	Tenant	Area sq ft	Rent £ psf	Total annual rent £m	Lease term Years	Lease break Year	Rent free equivalent Months
The White Chapel Building E1	BE Offices	23,600	48.60	1.1	9.7	-	22
90 Whitfield Street W1	BMJ	6,500	86.50	0.6	6.2	4.2	10, plus 4 if no break
Morelands EC1	Ingeus <sup>1</sup>	8,400	67.40	0.6	2.4	-	2
White Collar Factory EC1	Adobe	13,400	39.50	0.5	13.3	8.3	17, plus 12 if no break
1-5 Maple Place W1	Union Maritime <sup>1</sup>	5,900	68.20	0.4	5	3	4, plus 3 if no break
230 Blackfriars Road SE1	Quantspark	7,300	45.00	0.3	5	2	6, plus 3 if no break
25 Baker Street W1	Notto	3,300	89.90	0.3	10	-	15
1-2 Stephen Street W1	Sainsbury's	4,600	65.40	0.3	15	10	9
1 Oxford Street W1	Donutelier	875	286.40	0.3	15	10	6

<sup>1</sup> Space leased on a 'Furnished + Flexible' basis

## Asset management activity

There was significant asset management activity in H1 2025, with rent review and renewal discussions a key value driver. In total, 35 asset management transactions completed, with a revised rent roll of £24.4m, increasing income by 4.7% and were 1.9% above December 2024 ERV. This included 12 rent reviews totalling £16.7m, settled on average 5.4% above previous rents and outperforming ERV by 3.6%. In addition, there was a further £5.5m under offer at the end of the period.

As we prepare the next phase of our development pipeline for delivery, we have agreed several short-term deals at Greencoat & Gordon House SW1 and 50 Baker Street W1. Excluding these, lease regears were agreed 3.2% above previous rent and lease renewals were 4.6% ahead.

## Asset management

	Number	Area '000 sq ft	Previous rent £m pa	New rent <sup>1</sup> £m pa	Uplift %	New rent vs Dec 2024 ERV %
<b>Overall</b>						
Rent reviews	13	217.4	15.8	16.7	5.4	3.6
Lease renewals	12	81.0	2.2	2.3	4.6	-0.9
Lease regears	10	124.2	5.3	5.4	2.6	-1.9
<b>H1 total</b>	<b>35</b>	<b>422.6</b>	<b>23.3</b>	<b>24.4</b>	<b>4.7</b>	<b>1.9</b>
<b>H1 excluding short-term transactions</b>						
Lease renewals	11	76.8	2.2	2.3	4.6	2.6
Lease regears	8	118.1	5.1	5.3	3.2	-0.1

<sup>1</sup> Headline rent, shown prior to lease incentives

## Portfolio vacancy

As at H1, the EPRA vacancy rate remained low at 3.7% with an ERV of £10.4m, reflecting the scarcity of space in our portfolio. In addition, space with an ERV of £11.9m was under refurbishment. In total, 78% of breaks/expiries were retained or re-let prior to the end of H1, excluding space taken back for projects and disposals, broadly in line with longer-term levels. The Group's WAULT (to break) remains attractive at 5.6 years, rising to 6.7 years when 'topped-up' for incentives and pre-lets.

## DEVELOPMENTS AND REFURBISHMENTS

We maintained good momentum across our development pipeline in H1 2025, with £83.9m of project expenditure. As 25 Baker Street W1 and Network W1 near completion, we are advancing the next phase of schemes. Holden House W1 started on site earlier this month, agreement for a new headlease at 50 Baker Street W1 in August 2025, and the construction contract tender is underway at Greencoat & Gordon House SW1.

### Major on-site projects – 570,500 sq ft

Our two on-site projects plus Holden House, are expected to deliver at least a combined 15% development profit and 6.6% yield on completion. With supply of premium space tightening, we anticipate strong rental growth to continue.

- **25 Baker Street W1** (298,000 sq ft) – an office-led scheme in Marylebone: we await sign off by the Building Safety Regulator in order to achieve practical completion, expected imminently. 100% of the office element plus three of the six retail units have been pre-let. In addition, the sale of the residential units is progressing well, with contracts exchanged on 23 of the 41 private units for £113.1m. This reflects an average capital value of £3,676 psf, ahead of the appraisal value.
- **Network W1** (139,000 sq ft) – an office-led scheme in Fitzrovia: scheduled for completion later this year, comprising 134,000 sq ft of adaptable offices and 5,000 sq ft of retail. Super-structure works are nearing completion. Leasing discussions are ongoing with several parties.
- **Holden House W1** (133,500 sq ft) – an office-led scheme in Fitzrovia: commenced in H2 2025, this retained façade development is located on the corner of Oxford Street and Rathbone Place, opposite the Elizabeth line. Contractors have been appointed for the demolition and we are progressing main contract negotiations.

### Major on-site development projects

Project	Total	25 Baker Street W1	Network W1	Holden House W1
Completion		H2 2025	H2 2025	H2 2028
Office (sq ft)	465,000	218,000	134,000	113,000
Residential (sq ft)	52,000	52,000	-	-
Retail (sq ft)	53,500	28,000	5,000	20,500
<b>Total area (sq ft)</b>	<b>570,500</b>	<b>298,000</b>	<b>139,000</b>	<b>133,500</b>
Est. future capex <sup>1</sup> (£m)	209	42	20	147
Total cost <sup>2</sup> (£m)	1,036	497	249	290
ERV (c.£ psf)	-	100	95	105
ERV (£m pa)	49.4	21.3 <sup>3</sup>	13.2	14.9
Pre-let area (sq ft)	275,400	275,400 <sup>4</sup>	-	-
Pre-let income (£m pa, net)	21.0	21.0	-	-
Embodied carbon intensity (kgCO <sub>2</sub> e/sqm) – estimate <sup>5</sup>		c.600	c.530	c.590
BREEAM rating (target)		Outstanding <sup>6</sup>	Outstanding	Outstanding
NABERS rating (target)		4 Star or above <sup>6</sup>	4.5 Star or above	5 Star or above
Green finance		Elected <sup>6</sup>	Elected	To be elected

<sup>1</sup> As at 30 June 2025. <sup>2</sup> 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. <sup>3</sup> Long leasehold, net of 2.5% ground rent. <sup>4</sup> Includes five office and three retail units pre-let, 22 private residential units at 30 June 2025 (plus one further sale in H2), the pre-sold affordable housing plus the courtyard retail and Gloucester Place offices pre-sold to The Portman Estate. <sup>5</sup> Embodied carbon intensity estimate as at mid-stage 5. <sup>6</sup> On main commercial building.

### **Future development projects – Six schemes totalling c.1.5m sq ft**

In addition to our on-site projects, our medium to longer-term pipeline extends to c.1.5m sq ft across six design-led, amenity-rich projects.

**Greencoat & Gordon House SW1** (107,800 sq ft) – commencing in H1 2026: originally a Victorian warehouse, this building will undergo a comprehensive refurbishment that celebrates its heritage architecture and will be delivered into a supply constrained market in 2027. The construction tender process is underway with preferred parties selected, and we expect to appoint the main contractor in Q4 2025.

**50 Baker Street W1** (c.236,000 sq ft) – expected to commence in H2 2026: following planning approval in August 2024, we have agreed a new 125-year headlease (from scheme completion) with The Portman Estate. The AHMM-designed scheme will deliver high quality offices, retail, and residential space with class-leading sustainability credentials, including low embodied carbon of c.530 kgCO<sub>2</sub>e/sqm and a target 5-star NABERS UK rating.

**20 Farringdon Road EC1** (166,300 sq ft) – due to commence in 2027: A Buckley Gray Yeoman designed repositioning and comprehensive refurbishment of the building which sits adjacent to Farringdon Elizabeth line station. The scheme will include a new reception, significantly enhanced amenity and refurbished office floors incorporating sustainability improvements.

**Blue Star House SW9** (c.86,100 sq ft) – a proposed development comprising a 341-room hotel with ancillary offices. A planning application is expected to be submitted in Q3 2025. The scheme retains the existing building frame, with a new-build extension to maximise the site's potential.

**Old Street Quarter EC1** (c.750,000 sq ft) – acquisition of this 2.5-acre island site is scheduled to complete from late 2027 (conditional on delivery by the vendor of the new eye hospital at St Pancras and subsequent vacant possession), when the balance of the £239m purchase price will be payable. We are exploring a mixed-use campus, with a planning application targeted for H2 2026.

**230 Blackfriars Road SE1** (c.200,000 sq ft) – our early studies show capacity for a substantial redevelopment of this 1970s building, potentially more than tripling the existing floor area, subject to regearing of the headlease.

### **Refurbishments**

Rolling refurbishments continue to represent a growing share of capital expenditure as we upgrade the portfolio. These projects are designed to deliver attractive rental uplifts, enhanced amenity and improved EPC ratings. We expect to maintain annual capital expenditure of c.£50m on refurbishment projects.

Works are ongoing at 1 Oliver's Yard EC1 (31,500 sq ft) and 1-2 Stephen Street W1 (27,200 sq ft), with phased completions expected through the remainder of 2025. At Middlesex House W1 (49,700 sq ft), the main contractor has been selected to deliver the scheme, with works scheduled to commence later this year.

### **ACQUISITIONS AND DISPOSALS**

Key disposal activity in 2025 to date, including contracted sales, is as follows:

- **4 & 10 Pentonville Road N1**: sold with vacant possession for £26.0m;
- **25 Baker Street W1 – Residential**: contracts exchanged on 23 of the 41 private residential units for £113.1m, with completion expected in H2;
- **25 Baker Street W1 – Retail**: As part of our strategic collaboration with The Portman Estate, we have partially completed works at Loxton Walk retail, with £6.8m of proceeds received in H1 and a further £10.9m due in H2; and
- **Francis House SW1**: contracts exchanged for £54.1m (after agreed deductions), broadly in line with the December 2024 book value. The sale price reflects a net initial yield of 4.9%. Completion is scheduled for Q4 2025.

There were £6.1m of acquisitions in the period. The key transaction was the completion of the headlease regeared at Morelands EC1, and the simultaneous acquisition of 74 Goswell Road EC1 for a combined £5.5m (before costs).

---

## SUSTAINABILITY

### Further reduction in energy intensity

Following an 8% reduction in energy intensity in 2024, a further 8% reduction to 67 kWh/sqm has been achieved in H1 2025 (H1 2024: 73 kWh/sqm). Total energy consumption was down 9% to 25.4m kWh (H1 2024: 27.7m kWh), with gas 21% lower and electricity down 3%. There are several drivers behind this reduction, including the full year benefit of initiatives implemented in 2024:

- continued roll-out of shorter plant run-times;
- installation of air source heat pumps at 1-2 Stephen Street W1 last year; and
- ongoing occupier engagement, with a focus on reducing out-of-hours usage.

DEFRA's 2025 carbon conversion factors were released in early July. Electricity factors are 15% lower compared to 2024 as further progress has been made decarbonising the UK's electricity grid. Applying these factors to our H1 consumption, our location-based GHG emissions for gas and electricity reduced by 18% to c.4,500 tCO<sub>2</sub>e compared to H1 2024.

### Panel installation underway at Scottish solar park

Significant progress has been made in the delivery of our c.100 acre 18.4MW solar park in Scotland. With site preparation and infrastructure works completed earlier this year, delivery and fitting of the panels commenced this quarter. Works are progressing in line with programme and electricity generation is expected to commence in H1 2026. We expect this to cover in excess of 40% of our London managed portfolio's consumption.

### Progressing circular economy initiatives

We continue to develop our approach to the circular economy, in partnership with Material Index, to optimise re-use across our portfolio, whilst brokering or donating opportunities to the wider circular economy market. To date, our rolling refurbishments have achieved an average 35% retention and on-site re-use rate. We are also working with CollectEco to donate furniture to a variety of community-based initiatives.

### 70% of our portfolio rated EPC A or B

To ensure compliance with evolving EPC legislation, we have a clear programme of upgrade works phased over the coming years. With 70% of our portfolio already rated EPC A or B (including on-site projects at 25 Baker Street W1 and Network W1), we remain very well placed ahead of potential 2030 legislation. This compares to the wider London office market at sub-30%.

---

## FINANCIAL REVIEW

### Total accounting return, EPRA NTA, EPS and refinancing activity

Derwent London produced a total accounting return (TAR) for the first half of 2025 of 3.0% or 94p per share, the result of resilient EPRA earnings of 52.2p per share (H1 2024: 52.7p) and a positive 46p per share revaluation movement. After allowing for the 2024 final dividend per share of 56p paid in the first half, EPRA net tangible assets (NTA) per share were up 1.2% to 3,187p from 3,149p as at 31 December 2024.

This positive outcome for H1 2025 contrasts with the first half of 2024 when the TAR was -1.0%. Investment yields started to firm towards the end of H1 2024 and have barely moved since, evidenced by the positive TAR of 4.2% in H2 2024. When added to the current period's figure, the return over the 12 months to 30 June 2025 was 7.3%, our strongest 12-month result since 2017. As noted elsewhere in this interim report, there are also encouraging signs that our TAR outlook should remain strong over the medium term.

In the first half, we continued to invest in our projects with capital expenditure of £83.9m. Both of the large on-site projects are now approaching completion and we recently commenced demolition at Holden House W1. This will be followed in early 2026 by Greencoat and Gordon House SW1 and our 50 Baker Street W1 redevelopment where the headlease has now been re-gearred with the freeholder. In addition, we are carrying out a raft of upgrades and refurbishments across the portfolio which should produce attractive returns as rents re-set for the high-quality space we specialise in. However, in the short term, we expect this activity to have an impact on EPRA earnings due to lower occupancy levels.

In 2025 to date, we have also refinanced a significant part of our debt book, arranging longer-term fixed rate bonds to replace the convertible bonds that matured in June 2025 and extending flexible bank facilities with our longstanding relationship banks.

### Property income and costs

Gross property and other income rose slightly in the first half of 2025 to £141.0m from £139.9m in H1 2024. Gross rental income was up by 1.5% to £109.1m (H1 2024: £107.5m), trading property sales proceeds were £2.4m (H1 2024: £3.7m) and the Group also disposed of £6.8m of cumulative retail costs at 25 Baker Street W1 to the freeholder. These have previously been held as trading stock and the balance is due to be transferred in the second half. Service charge income fell back to £20.3m from £26.0m in H1 2024 after a further easing in energy costs and a number of refurbishment projects across the portfolio taking buildings out of service charge.

Net rental income was slightly lower at £94.0m in H1 2025 (H1 2024: £95.0m) following an increase in irrecoverable service charge and property costs. Service charge void costs increased to £4.1m from £2.8m in H1 2024 due mainly to ongoing works at 1-2 Stephen Street W1, 1 Oliver's Yard EC1 and Middlesex House W1. Property costs also increased from £9.3m in H1 2024 to £10.4m; this was due mainly to running costs at our DL/28 and DL/78 lounges and the DL/Service food and beverage offer. This cost increased to £1.8m in H1 compared to £1.2m in H1 2024, partly offset by £0.5m of rent and F&B income (H1 2024: £0.4m).

Rent and service charge receipts have remained strong in 2025. Impairment charges in relation to rents receivable reduced as a result to £0.1m in H1 2025 from £0.3m in H1 2024. We have also recognised a further £0.5m impairment charge relating to the Old Street Quarter EC1 prepaid planning costs as we develop our masterplan for this future development site.

EPRA like-for-like gross rental income, which excludes the effect of acquisitions, disposals and developments, increased 3.1% compared to H1 2024 and like-for-like net rental income was up 1.9% compared with H1 2024 after the higher property costs.

No surrender premiums were recognised in the first half of 2025 but a small dilapidations receipt and other income brought net property and other income to £96.6m, down marginally from £97.7m in H1 2024.

## Other income statement items

Administrative expenses decreased to £17.5m from £19.8m in H1 2024. This was partly due to lower bonus and incentive provisions but also reflects an added allocation of employee costs to our capital projects. These lower administrative expenses have also helped bring our EPRA cost ratios down to 25.8% in H1 2025 (H1 2024: 26.6%) including direct vacancy costs and 19.4% (H1 2024: 21.7%) excluding direct vacancy costs.

The revaluation surplus on wholly-owned investment properties recognised in the income statement was £38.2m in H1 2025, a significant improvement over the £87.2m deficit seen in the first half of 2024. In addition, the Group's owner-occupied office at Savile Row showed a £4.5m gain (H1 2024: £2.0m deficit). EPRA NTA also takes account of an upward revaluation of £8.6m following strong sales of the residential units contracted to date at 100 George Street W1.

Capital recycling in H1 2025 gave rise to a loss after costs of £0.1m on the £26.0m sale of 4&10 Pentonville Road N1 which completed in January.

These transactions helped take our H1 profit from operations to £117.2m after the £7.8m loss in H1 2024.

Finance costs increased to £22.8m in the first half (H1 2024: 19.8m) due to the impact of higher average borrowings as well as rising average interest rates. Finance costs are stated after capitalised interest of £8.4m, up from £5.0m in H1 2024 as cumulative project expenditure was substantially higher this year. We expect the amount of interest capitalised in H2 2025 to fall as projects complete and new ones commence.

After finance income of £0.2m and movements on interest rate swaps of £0.6m, the IFRS profit before tax for the half year was £94.0m compared to a loss of £27.2m in H1 2024.

EPRA earnings, which exclude fair value movements, were £58.6m in H1 2025, a small reduction from £59.2m in H1 2024 due mainly to the higher finance costs noted earlier.

## Project expenditure

In the first half, acquisitions were £6.1m (H1 2024: nil) and capital expenditure on the investment portfolio totalled £69.6m (H1 2024: £73.7m) plus capitalised interest/costs of £7.8m (H1 2024: £4.0m). In addition, £1.4m (H1 2024: £25.1m) plus capitalised interest/costs of £1.8m (H1 2024: £0.8m) was incurred on the residential trading property at 25 Baker Street. A further £0.2m of capitalised interest was incurred on the retail costs held as trading stock being transferred to The Portman Estate. We also hold £5.6m of fixed assets relating to the Lochfaulds solar park north of Glasgow, which includes a transfer from prepayments. Finally, prepaid development expenditure on the Old Street Quarter site, due to be acquired by the Group no earlier than late 2027, reduced slightly to £12.5m (30 June 2024: £12.7m and 31 December 2024: £13.0m) after an additional £0.5m impairment charge. Total expenditure across all these project categories in H1 2025 was £83.9m.

## Significant refinancing activity in 2025 to date

Liquidity in the lending markets has been notably strong so far in 2025 and we have taken advantage of these relatively favourable conditions with substantial refinancing activity.

As previously reported, we signed a new £115m unsecured term/revolving credit facility with HSBC in February 2025; this was made up of an £82.5m two-year term loan with a one-year extension option plus a £32.5m revolving component.

In June 2025, we issued £250m of 7-year unsecured bonds with a semi-annual coupon of 5.25% following confirmation in May 2025 by Fitch of an unchanged credit rating for the Group: the 'issuer default' rating remains at BBB+ and the 'senior unsecured' rating at A-. There was good demand for the bonds, the margin at issuance was a competitive 105bp and trading on the secondary market has been strong.

Also in June, our £175m unsecured convertible bonds were repaid at par. We continue to favour convertible bonds as part of a diversified capital structure and it is likely that the market reception to a new issue would currently be enthusiastic. However, we believe that conditions may be more attractive in the future for us and our stakeholders. The £100m unsecured term loan arranged in 2024 with NatWest was also extended by one year to June 2028.

In July 2025, the Group's £450m unsecured revolving credit facility (RCF) was refinanced with a new four-year term to July 2029 plus two one-year extension options. Pricing on this facility is broadly the same as for the previous facility, which had been due to reach maturity in October 2026. The lenders remain Barclays, HSBC and NatWest with whom we have excellent and longstanding relationships.

We remain committed to the environmental sustainability criteria set out in our 'green finance framework' with the green agenda firmly embedded in our corporate culture. As the green RCF structure contained in the previous facility remained almost unique six years after being arranged, following discussions with our lenders, we opted to classify the full £450m as a conventional RCF. Our £350m 2031 'green' bonds remain and we report in the section below under our green finance framework as usual.

Following the extension of the main Group RCF, we have now cancelled the two £32.5m revolving credit tranches that formed part of the bilateral facilities arranged with Barclays and HSBC, thereby reducing future non-utilisation fees. The two £82.5m term loans remain unchanged.

Looking ahead to H1 2026 maturities, we have £55m of Private Placement Notes due in January 2026, followed by the £175m LMS secured bonds in March 2026. Both are now classified as current liabilities and will be repaid in due course using available headroom.

### **Net debt summary**

Group net debt increased slightly in the first half to £1.55bn as at 30 June 2025 from £1.37bn at 30 June 2024 and £1.48bn at 31 December 2024. Our debt covenants remain very comfortable.

EPRA loan-to-value ratio was up slightly to 30.5% from 29.0% in June 2024 and 29.9% in December 2024. Net debt to EBITDA at 30 June 2025 was also slightly higher at 9.7 times but the recently announced sale of Francis House SW1 for a net £54.1m plus the contracted sales of residential units at 100 George Street should bring this ratio back down in the second half.

Total borrowing facilities were £2.1bn at the half year providing us with £604m of available cash and undrawn facilities (31 December 2024: £487m).

Our £75m 1.36% interest rate swaps expired in April 2025 and, with the repayment of £175m of 1.5% convertible bonds in June, the weighted average cash interest rate increased at 30 June 2025 to 4.08%, up from 3.42% at 31 December 2024. The weighted average term of our debt was 4.5 years and interest cover remains robust at 3.2 times for the half year against our debt covenant of 1.45 times.

## Qualifying expenditure under our Green Finance Framework

The qualifying expenditure as at 30 June 2025 for each Eligible Green Project (EGP) is summarised below:

Project	Look-back spend £m	Subsequent spend		Disposal/ transfer £m	Cumulative spend £m
		Q4 2019 – FY 2024 £m	H1 2025 spend £m		
80 Charlotte Street W1	185.6	52.6	-	-	238.2
1 Soho Place W1	57.5	167.1	-	-	224.6
The Featherstone Building EC1	29.1	69.2	-	-	98.3
25 Baker Street W1	26.5	219.2	16.1	(11.9)	249.9
Network W1	23.8	47.4	29.8	-	101.0
	<b>322.5</b>	<b>555.5</b>	<b>45.9</b>	<b>(11.9)</b>	<b>912.0</b>

Following £45.9m of qualifying capital expenditure incurred in H1 2025 and the disposal of trading stock associated with the 25 Baker Street scheme, cumulative qualifying expenditure on EGPs totalled £912.0m as at 30 June 2025.

80 Charlotte Street, 1 Soho Place, and The Featherstone Building have been complete for some time and are fully operational. 25 Baker Street, which commenced on site in 2021, is expected to reach practical completion shortly. Network, which commenced in 2022, is scheduled to complete in late H2 2025.

As at 30 June 2025, total drawn borrowings from Green Financing Transactions amounted to £392m. This includes £42m from the green tranche of the Group's revolving credit facility (which was refinanced in July 2025) and the £350m Green Bonds which mature in 2031.

### Dividend

The interim dividend has been increased by 2.0% to 25.5p per share from 25.0p in 2024 and remains well covered by EPRA earnings. It will be paid as a PID on 10 October 2025 to shareholders on the register as at 5 September 2025. As required, the Board has considered our other stakeholder obligations when setting this dividend.

## 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. While the economic background is characterised by continuing elevated levels of political uncertainty and some cost inflation, economic and employment growth is expected in London over the next few years. In addition, after a period of evolving working practices following the pandemic, many occupiers have been taking longer-term decisions in relation to their office space needs. As a result, sentiment in our sector has improved steadily over the last year or so with 2024 showing the highest level of ERV growth in central London for several years. The strongest growth was seen for high-quality, well-located amenity-rich buildings in central locations.

ERV growth is forecast to remain at or slightly above these levels in 2025 and beyond due to a favourable supply/demand position. Supply continues to be impacted by the high cost of new construction and fit-out, planning obstacles/costs and relatively high financing rates.

The impact of AI on employment and demand is hard to predict but there is evidence that recruitment in certain sectors has been reducing as companies look to understand how future working practices may adapt.

UK base rate cuts to date have been slower than anticipated but we have now seen five cuts since mid-2024. This has reduced the cost of short-term borrowing and should help buoy many SME businesses who have experienced multiple cost pressures. Longer-term interest rates have been more volatile but have also been moderating slightly. However, medium and long-term gilt rates have remained substantially above their respective swap rates, increasing the cost of financing for borrowers in the capital markets.

Finance has, however, been widely available and liquidity in the markets that we operate in has been very robust in 2025. As a result, Derwent London issued £250m of 7-year unsecured bonds at 5.25% in June 2025 and has subsequently extended its £450m unsecured revolving credit facilities with a new 4-year term and two one-year extension options. This is evidence of the strong support from banks and other lenders for borrowers with good credit quality.

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 8 August 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 (including the five year forecast) and budget is prepared for Board approval alongside two-year rolling forecasts which are prepared during the year.
- During the year the Credit Committee processes and remit have been reviewed. These assess and monitor 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 de-risked through pre-lets. The Group de-risks developments through the use of fixed price contracts and often secures pre-lets.
- Maintain sufficient headroom against all the key ratios and financial covenants, with a particular focus on interest cover.
- Develop properties in central locations where there is good potential for future occupier 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
<b>2. Refinancing risks</b>	
<p>The risk that the Group is unable to raise finance in a cost-effective manner that optimises the capital structure of the Group.</p>	<ul style="list-style-type: none"><li>• Early and frequent engagement with existing and potential lenders to maintain long-term relationships.</li><li>• Preparation of five-year cash flow and annual budgets support the Group in raising finance in advance of requirements.</li><li>• 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.</li><li>• Annual review with credit rating agency with whom we maintain a dialogue.</li><li>• 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.</li><li>• Recycling of capital is a key assumption in our annual budget and is updated in each rolling forecast.</li></ul>
<p>Gradual rise in overall interest costs incurred as debt refinanced over the next few years, with a consequent impact on earnings and interest cover.</p>	
<b>3. Income decline</b>	
<p>The risk that the Group's income declines due to external factors which are outside of its control, such as:</p> <ul style="list-style-type: none"><li>• macroeconomic factors;</li><li>• recession;</li><li>• demand for office space;</li><li>• the 'grey' market in office space (i.e. occupier controlled vacant space);</li><li>• occupier default or failure; and</li><li>• current proposals by UK Government to prohibit upward only rent reviews.</li></ul>	<ul style="list-style-type: none"><li>• 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.</li><li>• 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.</li><li>• A 'tenants on watch' register is maintained and regularly reviewed by the Executive Directors and the Board.</li><li>• Ongoing dialogue is maintained with occupiers to understand their concerns, requirements and future plans.</li><li>• Active in-house rent collection, with regular reports to the Executive Directors on day 1, 7, 14 and 21 of each rent collection cycle.</li><li>• The Group's loan-to-value ratio and strong interest cover ratio reduces the likelihood that a fall in rent income has a significant impact on our business continuity.</li><li>• Regular review of the lease expiry profile.</li><li>• Rent deposits or guarantees are obtained where considered appropriate.</li></ul>
<p>Adverse macroeconomic conditions could lead to a general property market contraction and a decline in rental values and Group income, which could impact on property valuation yields. In the event of occupier default, we could incur impairments and write-offs of trade receivables and/or IFRS 16 lease incentive receivable balances (which arise from the accounting requirement to spread any rent-free incentives given to an occupier over the respective lease term), in addition to a loss of rental income.</p>	

#### 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.

A fall in property values will have an impact on the Group's net asset value and gearing levels.

- The Group's mainly unsecured financing makes management of our financial covenants more straightforward.
- The Group's loan-to-value ratio reduces the likelihood that falls in property values and income 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.
- The impact of valuation yield changes is considered when potential projects are appraised.
- The Group produces a budget, five-year strategic review and three rolling forecasts during each 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, effect and progression

#### 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.

Any significant delay in completing the development projects may result in financial penalties or a reduction in the Group's targeted financial returns and a deferral of rental income.

- 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.

Such an attack could severely restrict the ability of the Group to operate, lead to an increase in costs and/or require a significant diversion of management time, in addition to potential reputational damage.

- 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 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 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.

A major cyber attack against the Group or its properties could negatively impact the Group's business, reputation and operating results.

- 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. Our resilience to climate change

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

This could lead to reputational damage, loss of income and/or a reduction in property values. In addition, there is a risk that the cost of construction materials and providing energy, water and other services to occupiers will rise.

- 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 at both the Executive Committee and Sustainability Committee meetings on environmental and sustainability performance and management matters, as well as progress against our pathway to becoming net zero carbon by 2030.
- Our SBTi targets are aligned to a challenging 1.5°C climate scenario in line with our net zero carbon ambition.
- Undertake periodic multi-scenario climate risk assessments (physical and transition risks), supported by third party experts, to identify risks and agree mitigation plans.
- Clear disclosure in Group results, Annual Report and Responsibility Report/data download of 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.

A major health and safety incident could cause loss of life, life-changing injuries, significant business interruption, Company or Director fines or imprisonment, reputational damage, and/or loss of our licences to operate.

- Review relevant and effective health, safety, and fire management policies and procedures.
- Ensure 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.
- Check the H&S competence of our main contractors and service partners is verified by the H&S team prior to their appointment.
- Ensure our Principal 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, ensure 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 Group's cost base could increase and management time could be diverted. This could lead to damage to our reputation and/or loss of our licence to operate.

- 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).
- 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.
- A Group whistleblowing system ('Speak-up') for staff is maintained to report wrongdoing anonymously.

## 11. Updating management and financial 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 failure could lead to increased costs, diversion of management time or errors in financial accounting and reporting. Depending on the project, it could adversely impact upon our wider stakeholders (such as delayed payments or inaccurate financial reporting etc.) and reputation.

- Project scope and objectives are clearly defined, documented, approved and communicated to all stakeholders.
- Before project approval, the costs of implementation are 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.

## 12. 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 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. Largely due to an increase in net debt, the Group's EPRA loan-to-value ratio has increased to 30.5% as at 30 June 2025.

### 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).

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), it 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 30 June 2025, the proportion of fixed debt held by the Group was within this range at 80% (31 December 2024: 85%). During both 2025 and 2024, 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, where appropriate. 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 two-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 support for its other stakeholders; and
- to provide an above average annualised total accounting 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 2025, the Group's strategy, which was unchanged from 2024, was to maintain the NAV gearing below 80% in normal circumstances. These two gearing ratios, as well as the interest cover ratio and net debt to EBITDA, are defined in the list of definitions at the end of this announcement and are derived in note 26.

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 £4.8bn of uncharged property as at 30 June 2025.

## Statement of Directors' responsibilities

The Directors' confirm that, to the best of their knowledge, these condensed interim financial statements have been prepared in accordance with UK-adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- An indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- Material related-party transactions in the first six months of the financial year and any material changes in the related-party transactions described in the last Annual Report.

The Directors are listed in the Derwent London plc Annual Report of 31 December 2024 and a list of the current Directors is maintained on the Derwent London plc website: [www.derwentlondon.com](http://www.derwentlondon.com). The maintenance and integrity of the Derwent London website is the responsibility of the Directors.

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

11 August 2025

## GROUP CONDENSED INCOME STATEMENT

	Note	Half year to 30.06.2025 Unaudited £m	Half year to 30.06.2024 Unaudited £m	Year to 31.12.2024 Audited £m
Gross property and other income	5	141.0	139.9	276.9
Net property and other income	5	96.6	97.7	198.3
Administrative expenses		(17.5)	(19.8)	(41.1)
Revaluation surplus/(deficit)	10	38.2	(87.2)	(2.7)
(Loss)/profit on disposal	6	(0.1)	1.5	1.9
Profit/(loss) from operations		117.2	(7.8)	156.4
Finance income	7	0.2	0.2	0.3
Finance costs	7	(22.8)	(19.8)	(39.9)
Movement in fair value of derivative financial instruments		(0.6)	(0.9)	(2.3)
Share of results of joint ventures	8	-	1.1	1.5
Profit/(loss) before tax		94.0	(27.2)	116.0
Tax credit/(charge)	9	0.5	(0.3)	(0.1)
Profit/(loss) for the period		94.5	(27.5)	115.9
Basic earnings per share	25	84.18p	(24.50p)	103.24p
Diluted earnings per share	25	83.92p	(24.50p)	102.93p

**GROUP CONDENSED STATEMENT OF COMPREHENSIVE INCOME**

		<b>Half year to 30.06.2025 Unaudited £m</b>	Half year to 30.06.2024 Unaudited £m	Year to 31.12.2024 Audited £m
	Note			
Profit/(loss) for the period		<b>94.5</b>	(27.5)	115.9
Actuarial losses on defined benefit pension scheme		-	-	(0.4)
Revaluation surplus/(deficit) of owner-occupied property	10	<b>4.5</b>	(2.0)	2.9
Deferred tax (charge)/credit on revaluation	20	<b>(1.1)</b>	0.5	(0.6)
Other comprehensive income/(expense) that will not be reclassified to profit or loss		<b>3.4</b>	(1.5)	1.9
Total comprehensive income/(expense) relating to the period		<b>97.9</b>	(29.0)	117.8

## GROUP CONDENSED BALANCE SHEET

	Note	30.06.2025 Unaudited £m	30.06.2024 Unaudited £m	31.12.2024 Audited £m
<b>Non-current assets</b>				
Investment property	10	4,791.4	4,471.1	4,670.1
Property, plant and equipment	11	61.8	47.5	52.0
Investments	13	-	36.9	-
Deferred tax	20	-	0.1	-
Pension scheme surplus		1.8	2.0	1.8
Other receivables	14	199.3	199.6	201.0
		<b>5,054.3</b>	<b>4,757.2</b>	<b>4,924.9</b>
<b>Current assets</b>				
Trading property	10	116.6	82.3	115.7
Trading stock	12	10.7	13.0	17.5
Trade and other receivables	15	58.0	51.5	57.8
Derivative financial instruments	18	-	2.0	0.6
Corporation tax asset		0.7	0.4	0.4
Cash and cash equivalents	22	91.7	83.2	71.4
		<b>277.7</b>	<b>232.4</b>	<b>263.4</b>
Non-current assets held for sale	16	-	-	25.7
<b>Total assets</b>		<b>5,332.0</b>	<b>4,989.6</b>	<b>5,214.0</b>
<b>Current liabilities</b>				
Borrowings	18	252.4	276.1	194.1
Leasehold liabilities	18	0.4	0.4	0.4
Trade and other payables	17	169.0	178.6	174.7
Provisions		0.2	0.1	0.2
		<b>422.0</b>	<b>455.2</b>	<b>369.4</b>
<b>Non-current liabilities</b>				
Borrowings	18	1,298.6	1,080.6	1,269.4
Leasehold liabilities	18	34.0	34.0	34.2
Provisions		0.2	0.3	0.4
Deferred tax	20	1.4	-	0.8
		<b>1,334.2</b>	<b>1,114.9</b>	<b>1,304.8</b>
<b>Total liabilities</b>		<b>1,756.2</b>	<b>1,570.1</b>	<b>1,674.2</b>
<b>Total net assets</b>		<b>3,575.8</b>	<b>3,419.5</b>	<b>3,539.8</b>
<b>Equity</b>				
Share capital		5.6	5.6	5.6
Share premium		196.6	196.6	196.6
Other reserves		945.7	937.9	943.2
Retained earnings		2,427.9	2,279.4	2,394.4
<b>Total equity</b>		<b>3,575.8</b>	<b>3,419.5</b>	<b>3,539.8</b>

## GROUP CONDENSED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity shareholders				Total equity £m
	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	
At 1 January 2025	5.6	196.6	943.2	2,394.4	3,539.8
Profit for the period	-	-	-	94.5	94.5
Other comprehensive income	-	-	3.4	-	3.4
Share-based payments	-	-	(0.9)	1.3	0.4
Dividends paid	-	-	-	(62.3)	(62.3)
<b>At 30 June 2025 (unaudited)</b>	<b>5.6</b>	<b>196.6</b>	<b>945.7</b>	<b>2,427.9</b>	<b>3,575.8</b>
At 1 January 2024	5.6	196.6	939.3	2,367.3	3,508.8
Loss for the period	-	-	-	(27.5)	(27.5)
Other comprehensive expense	-	-	(1.5)	-	(1.5)
Share-based payments	-	-	0.1	1.3	1.4
Dividends paid	-	-	-	(61.7)	(61.7)
<b>At 30 June 2024 (unaudited)</b>	<b>5.6</b>	<b>196.6</b>	<b>937.9</b>	<b>2,279.4</b>	<b>3,419.5</b>
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)
<b>At 31 December 2024 (audited)</b>	<b>5.6</b>	<b>196.6</b>	<b>943.2</b>	<b>2,394.4</b>	<b>3,539.8</b>

## GROUP CONDENSED CASH FLOW STATEMENT

		Half year to 30.06.2025 Unaudited £m	Half year to 30.06.2024 Unaudited £m	Year to 31.12.2024 Audited £m
	Note			
Operating activities				
Cash generated from operations	19	73.6	58.7	102.6
Interest received		0.2	0.2	0.3
Interest and other finance costs paid		(14.9)	(15.5)	(38.3)
Tax paid in respect of operating activities		(0.1)	-	-
<b>Net cash from operating activities</b>		<b>58.8</b>	43.4	64.6
Investing activities				
Acquisition of properties		(13.7)	-	(47.0)
Capital expenditure <sup>1</sup>		(72.9)	(67.5)	(139.9)
Disposal of investment properties		25.6	73.0	85.5
Purchase of property, plant and equipment		(3.2)	(0.2)	(1.6)
Indirect taxes (paid)/received in respect of investing activities		(0.2)	1.7	1.1
<b>Net cash (used in)/from investing activities</b>		<b>(64.4)</b>	7.0	(101.9)
Financing activities				
Net proceeds of bond issue		247.9	-	-
Net movement in revolving bank loans		(68.5)	19.3	26.5
Drawdown of term bank loans		82.5	-	182.5
Payment of arrangement fees		(0.7)	-	(0.7)
Repayment of secured loan		-	-	(83.0)
Repayment of unsecured convertible bonds		(175.0)	-	-
Settlement of derivative financial instruments		(1.2)	-	-
Dividends paid	21	(59.1)	(59.5)	(89.6)
<b>Net cash from/(used in) financing activities</b>		<b>25.9</b>	(40.2)	35.7
Increase/(decrease) in cash and cash equivalents in the period		20.3	10.2	(1.6)
Cash and cash equivalents at the beginning of the period		71.4	73.0	73.0
<b>Cash and cash equivalents at the end of the period</b>	22	<b>91.7</b>	83.2	71.4

<sup>1</sup> Finance costs of £8.4m (half year to 30 June 2024: £5.0m; year to 31 December 2024: £11.2m) have been included in capital expenditure (see note 7).

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Basis of preparation

The financial information for the half year to 30 June 2025 and the half year to 30 June 2024 was not subject to an audit but has been subject to a review in accordance with the International Standard on Review Engagements (UK and Ireland) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Auditing Practices Board.

The comparative financial information presented herein for the year to 31 December 2024 does not constitute the Group's statutory accounts, but is derived from those accounts. The Group's statutory accounts for the year to 31 December 2024 have been delivered to the Registrar of Companies. The Auditors' report on those accounts was unmodified, did not draw attention to any matters by way of an emphasis of matter and did not contain any statement under Section 498 of the Companies Act 2006.

The financial information in these condensed consolidated interim financial statements is that of the holding company and all of its subsidiaries (the 'Group'). The Group's condensed consolidated interim financial statements have been prepared in accordance with UK-adopted IAS 34 and the Disclosure Guidance and Transparency Rules sourcebook of the UK's Financial Conduct Authority and should be read in conjunction with the Annual Report and Accounts for the year to 31 December 2024, which 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. All financial statements referred to in this report 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.

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 measures, which provide consistency across the sector, are all derived from the IFRS figures in note 25.

#### Going concern

Under Provision 30 of the UK Corporate Governance Code 2024, the Board needs to report whether the business is a going concern. In considering this requirement, the Directors have taken into account the following:

- The Group's latest rolling forecast for the period to 31 December 2026, 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 following approval of these interim financial statements.
- 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 EPRA loan-to-value ratio of 30.5%, the interest cover ratio of 323%, the £604m total of undrawn facilities and unrestricted cash and the fact that the average maturity of borrowings was 4.5 years at 30 June 2025. The impact of the current economic situation, interest rates and cost inflation on the business and its occupiers have 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 Group's position at half year, rental income would need to decline by 56% and property values would need to fall by 49% before breaching its financial covenants.

£55m of US private placement notes and the £175m 6.5% secured bond, which mature in January 2026 and March 2026, respectively, are now current liabilities. This has resulted in the Group being in a net current liabilities position. However, the Group has significant liquidity to fund its ongoing operations and, as noted above, has access to £604m of available undrawn facilities and cash as at 30 June 2025. In addition, the Group's £450m unsecured revolving credit facility, originally set to mature in October 2026, was extended in July 2025 for a new four-year term, which provides the Directors with a reasonable expectation that the Group will be able to meet these current liabilities as they fall due. Please refer to note 23 for further detail.

The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the financial review. In addition, the Group's risks and risk management processes can be found within the risk management and internal controls.

Having due regard to these matters and after making appropriate enquiries, the Directors have a 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 condensed consolidated interim financial statements and, therefore, the Directors continue to adopt the going concern basis in their preparation.

## **2. Changes in accounting standards**

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 2024, 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 period**

The following standards, amendments and interpretations were effective for the first time for the Group's current accounting period and had no material impact on the financial statements.

IAS 21 (amended) – The Effects of Changes in Foreign Exchange rates.

### **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.

IFRS 7 and IFRS 9 (amended) – Classification and Measurement of Financial Instruments;

IFRS 7 and IFRS 9 (amended) – Contracts referencing Nature-dependent Electricity;

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 condensed financial statements.

### **Significant judgement**

#### **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 and is forecast to meet all the criteria in 2025, thereby ensuring its REIT status is maintained. The Directors intend that the Group should continue as a REIT for the foreseeable future.

### **Key source 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 10, including sensitivity disclosures.

#### 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 maker (which in the Group's case are the four executive Directors 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 the IFRS figures but also report the non-IFRS figures for the EPRA Earnings and Net Asset Value metrics. Reconciliations of each of these figures to their statutory equivalents are detailed in note 25. 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 94% office buildings\* in central London by value (30 June 2024: 96%; 31 December 2024: 95%). The Directors consider that these individual properties have similar economic characteristics and therefore have been aggregated into a single operating segment. The remaining 6% (30 June 2024: 4%; 31 December 2024: 5%) 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. The majority of the Group's properties are located in London (West End central, West End borders/outer and City borders), with the remainder in Scotland (Provincial).

\* Some office buildings have an ancillary element such as retail or residential.

## Gross property income

	Office buildings £m	Other £m	Total £m
<b>Half year to 30 June 2025</b>			
West End central	64.4	1.2	<b>65.6</b>
West End borders/other	7.2	-	<b>7.2</b>
City borders	33.7	0.5	<b>34.2</b>
Provincial	-	2.1	<b>2.1</b>
<b>Total</b>	<b>105.3</b>	<b>3.8</b>	<b>109.1</b>
<b>Half year to 30 June 2024</b>			
West End central	62.3	1.1	63.4
West End borders/other	8.4	-	8.4
City borders	33.2	0.4	33.6
Provincial	-	2.4	2.4
Gross property income (excl. joint venture)	103.9	3.9	107.8
Share of joint venture gross property income	1.2	-	1.2
<b>Total</b>	<b>105.1</b>	<b>3.9</b>	<b>109.0</b>
<b>Year to 31 December 2024</b>			
West End central	126.9	2.2	129.1
West End borders/other	17.0	-	17.0
City borders	66.3	0.7	67.0
Provincial	-	4.5	4.5
Gross property income (excl. joint venture)	210.2	7.4	217.6
Share of joint venture gross property income	1.9	-	1.9
<b>Total</b>	<b>212.1</b>	<b>7.4</b>	<b>219.5</b>

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

## Property portfolio

	Carrying value			Fair value		
	Office buildings £m	Other £m	Total £m	Office buildings £m	Other £m	Total £m
<b>30 June 2025</b>						
West End central	3,278.4	165.8	<b>3,444.2</b>	3,416.8	175.6	<b>3,592.4</b>
West End borders/other	259.4	-	<b>259.4</b>	270.4	-	<b>270.4</b>
City borders	1,147.3	6.2	<b>1,153.5</b>	1,176.1	6.2	<b>1,182.3</b>
Provincial	-	104.4	<b>104.4</b>	-	105.0	<b>105.0</b>
<b>Total</b>	<b>4,685.1</b>	<b>276.4</b>	<b>4,961.5</b>	<b>4,863.3</b>	<b>286.8</b>	<b>5,150.1</b>
<b>30 June 2024</b>						
West End central	2,959.4	123.8	3,083.2	3,088.9	129.2	3,218.1
West End borders/other	292.7	-	292.7	307.0	-	307.0
City borders	1,136.4	6.1	1,142.5	1,168.4	6.1	1,174.5
Provincial	-	79.1	79.1	-	79.7	79.7
Group (excl. joint venture)	4,388.5	209.0	4,597.5	4,564.3	215.0	4,779.3
Share of joint venture	34.8	-	34.8	34.7	-	34.7
<b>Total</b>	<b>4,423.3</b>	<b>209.0</b>	<b>4,632.3</b>	<b>4,599.0</b>	<b>215.0</b>	<b>4,814.0</b>
<b>31 December 2024</b>						
West End central	3,172.5	164.3	3,336.8	3,307.7	165.4	3,473.1
West End borders/other	288.8	-	288.8	301.7	-	301.7
City borders	1,136.5	6.1	1,142.6	1,167.3	6.1	1,173.4
Provincial	-	92.3	92.3	-	92.9	92.9
<b>Total</b>	<b>4,597.8</b>	<b>262.7</b>	<b>4,860.5</b>	<b>4,776.7</b>	<b>264.4</b>	<b>5,041.1</b>

A reconciliation between the fair value and carrying value of the portfolio is set out in note 10.

## 5. Property and other income

	Half year to 30.06.2025 £m	Half year to 30.06.2024 £m	Year to 31.12.2024 £m
Gross rental income	109.1	107.5	214.8
Surrender premiums received	-	0.2	2.7
Other property income	-	0.1	0.1
<b>Gross property income</b>	<b>109.1</b>	<b>107.8</b>	<b>217.6</b>
Trading property sales proceeds <sup>1</sup>	2.4	3.7	3.7
Trading stock sales proceeds <sup>1</sup>	6.8	-	-
Service charge income <sup>1</sup>	20.3	26.0	50.5
Other income <sup>1</sup>	2.4	2.4	5.1
<b>Gross property and other income</b>	<b>141.0</b>	<b>139.9</b>	<b>276.9</b>
Gross rental income	109.1	107.5	214.8
Movement in impairment of receivables	(0.1)	(0.3)	(0.2)
Movement in impairment of prepayments	(0.5)	(0.1)	(0.2)
Service charge income <sup>1</sup>	20.3	26.0	50.5
Service charge expenses	(24.4)	(28.8)	(57.1)
	(4.1)	(2.8)	(6.6)
Property costs	(10.4)	(9.3)	(18.2)
<b>Net rental income</b>	<b>94.0</b>	<b>95.0</b>	<b>189.6</b>
Trading property sales proceeds <sup>1</sup>	2.4	3.7	3.7
Trading property cost of sales	(2.3)	(3.7)	(3.7)
Profit on disposal of trading properties	0.1	-	-
Trading stock sales proceeds <sup>1</sup>	6.8	-	-
Trading stock cost of sales	(6.8)	-	-
Result on disposal of trading stock	-	-	-
Other property income	-	0.1	0.1
Other income	2.4	2.4	5.1
Net surrender premiums received	-	0.2	2.7
Dilapidation receipts	0.1	-	0.8
<b>Net property and other income</b>	<b>96.6</b>	<b>97.7</b>	<b>198.3</b>

<sup>1</sup> In line with IFRS 15 Revenue from Contracts with Customers, the Group recognised £31.9m (half year to 30 June 2024: £32.1m; year to 31 December 2024: £59.3m) of other income, trading property sales proceeds, trading stock proceeds and service charge income within gross property and other income.

Gross property income includes £0.2m (half year to 30 June 2024: £3.8m; year to 31 December 2024: £6.3m) relating to rents recognised in advance of cash receipts.

Gross rental income includes £0.2m (half year to 30 June 2024: £0.2m; year to 31 December 2024: £0.4m) received in relation to DL/ Lounges. Other income includes £0.3m (half year to 30 June 2024: £0.2m; year to 31 December 2024: £0.5m) received from customer services.

Property costs includes £1.8m (half year to 30 June 2024: £1.2m; year to 31 December 2024: £2.9m) in relation to DL/ Lounges and customer services.

Other income relates to fees and commissions earned from tenants in relation to the management of the Group's properties and customer services. This 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.

In October 2024, the Group acquired the remaining 50% interest of the Derwent Lazari Baker Street Limited Partnership. From that point forward, the results were consolidated in the table above. See note 8 for further details.

In April 2025, the Group part disposed of its trading stock which was transferred under development agreements to a third party upon completion.

## 6. (Loss)/profit on disposal

	Half year to 30.06.2025 £m	Half year to 30.06.2024 £m	Year to 31.12.2024 £m
<b>Investment property</b>			
Gross disposal proceeds	26.0	77.9	87.5
Costs of disposal	(0.4)	(0.8)	(0.7)
Net disposal proceeds	25.6	77.1	86.8
Carrying value	(25.7)	(70.4)	(79.3)
Adjustment for lease costs and rents recognised in advance	-	(5.2)	(5.4)
(Loss)/profit on disposal of investment property	(0.1)	1.5	2.1
<b>Artwork</b>			
Gross disposal proceeds	-	-	-
Costs of disposal	-	-	(0.2)
Net disposal proceeds	-	-	(0.2)
Carrying value	-	-	-
Loss on disposal of artwork	-	-	(0.2)
(Loss)/profit on disposal	(0.1)	1.5	1.9

Included within gross disposal proceeds for the period to 30 June 2025 is £26.0m relating to the disposal of the Group's freehold interest in 4 & 10 Pentonville Road N1, which completed in January 2025.

## 7. Finance income and finance costs

	Half year to 30.06.2025 £m	Half year to 30.06.2024 £m	Year to 31.12.2024 £m
Finance income			
Net interest received on defined benefit pension scheme asset	-	-	(0.1)
Bank interest receivable	(0.1)	(0.1)	(0.2)
Other	(0.1)	(0.1)	-
<b>Finance income</b>	<b>(0.2)</b>	<b>(0.2)</b>	<b>(0.3)</b>
Finance costs			
Bank loans	7.6	2.1	6.1
Non-utilisation fees	1.2	0.9	1.9
Unsecured convertible bonds	1.8	2.0	4.0
Unsecured green bonds	3.4	3.4	6.7
Unsecured bonds	0.9	-	-
Secured bonds	5.7	5.7	11.4
Unsecured private placement notes	7.8	7.8	15.6
Secured loan	-	1.7	2.7
Amortisation of issue and arrangement costs	1.6	1.3	2.6
Amortisation of the fair value of the secured bonds	(0.8)	(0.8)	(1.6)
Obligations under headleases	0.7	0.6	1.3
Settlement of derivative financial instrument	1.2	-	-
Other	0.1	0.1	0.4
<b>Gross interest costs</b>	<b>31.2</b>	<b>24.8</b>	<b>51.1</b>
Less: interest capitalised	(8.4)	(5.0)	(11.2)
<b>Finance costs</b>	<b>22.8</b>	<b>19.8</b>	<b>39.9</b>

Finance costs of £8.4m (half year to 30 June 2024: £5.0m; year to 31 December 2024: £11.2m) have been capitalised on development projects, in accordance with IAS 23 Borrowing Costs, using the Group's average cost of borrowing during each quarter.

Total finance costs paid to 30 June 2025 were £24.5m (half year to 30 June 2024: £20.6m; year to 31 December 2024: £49.5m) of which £8.4m (half year to 30 June 2024: £5.0m; year to 31 December 2024: £11.2m) out of a total of £72.9m (half year to 30 June 2024: £67.5m; year to 31 December 2024: £139.9m) was included in capital expenditure on the property portfolio in the Group cash flow statement under investing activities. For the settlement of the derivative financial instrument, £1.2m was included in the Group cash flow statement under financing activities.

Prior to the issue of the £250m unsecured bonds in June 2025 (see note 18 for more information) the Group entered into derivative contracts to hedge against movements in UK government bond yields during the period between launch and pricing of the bond. As hedge accounting was not applied, the resulting loss on settlement of the derivative financial instrument of £1.2m has been recognised in finance costs.

## 8. Share of results of joint ventures

	Half year to 30.06.2025 £m	Half year to 30.06.2024 £m	Year to 31.12.2024 £m
Net property income	-	1.2	1.9
Administrative expenses	-	(0.1)	(0.1)
Revaluation surplus	-	-	7.3
	-	1.1	9.1
Impairment of additional deferred consideration	-	-	(7.6)
Share of results of joint ventures	-	1.1	1.5

In October 2024, the Group acquired the remaining 50% interest of the Derwent Lazari Baker Street Limited Partnership. From this point forward, the results were consolidated into the results of the Group.

## 9. Tax (credit)/charge

	Half year to 30.06.2025 £m	Half year to 30.06.2024 £m	Year to 31.12.2024 £m
Deferred tax			
Origination and reversal of temporary differences	(0.5)	0.3	0.1
Tax (credit)/charge	(0.5)	0.3	0.1

In addition to the tax credit of £0.5m (half year to 30 June 2024: charge of £0.3m; year to 31 December 2024: charge of £0.1m) that passed through the Group income statement, a deferred tax charge of £1.1m (half year to 30 June 2024: credit of £0.5m; year to 31 December of 2024: charge of £0.6m) was recognised in the Group statement of comprehensive income. See note 20 for further details.

The effective rate of tax for the half year to 30 June 2025 is lower (half year to 30 June 2024: lower; year to 31 December 2024: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	<b>Half year to 30.06.2025</b>	Half year to 30.06.2024	Year to 31.12.2024
	<b>£m</b>	£m	£m
Profit/(loss) before tax	<b>94.0</b>	(27.2)	116.0
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 25% (2024: 25%)	<b>23.5</b>	(6.8)	29.0
Difference between tax and accounting profit on disposals	-	(0.4)	(2.1)
REIT exempt income	<b>(11.2)</b>	(11.3)	(23.7)
Revaluation (surplus)/deficit attributable to REIT properties	<b>(10.6)</b>	22.5	1.2
Expenses and fair value adjustments not allowable for tax purposes	<b>3.2</b>	-	3.6
Capital allowances	<b>(4.5)</b>	(3.9)	(8.2)
Other differences	<b>(0.9)</b>	0.2	0.3
Tax (credit)/charge	<b>(0.5)</b>	0.3	0.1

## 10. Property portfolio

### Carrying value

	Freehold £m	Leasehold £m	Total investment property £m	Owner- occupied property £m	Assets held for sale £m	Trading property £m	Total property portfolio £m
At 1 January 2025	3,209.7	1,460.4	4,670.1	49.0	25.7	115.7	4,860.5
Acquisitions	0.2	5.9	6.1	-	-	-	6.1
Capital expenditure	54.1	15.5	69.6	-	-	1.4	71.0
Interest capitalisation and staff costs	3.2	4.6	7.8	-	-	1.8	9.6
Additions	57.5	26.0	83.5	-	-	3.2	86.7
Disposals	-	-	-	-	(25.7)	(2.3)	(28.0)
Revaluation	33.6	4.6	38.2	4.5	-	-	42.7
Movement in grossing up of headlease liabilities	-	(0.4)	(0.4)	-	-	-	(0.4)
<b>At 30 June 2025</b>	<b>3,300.8</b>	<b>1,490.6</b>	<b>4,791.4</b>	<b>53.5</b>	<b>-</b>	<b>116.6</b>	<b>4,961.5</b>
At 1 January 2024	3,280.5	1,270.9	4,551.4	46.1	-	60.0	4,657.5
Capital expenditure	35.4	38.3	73.7	-	-	25.1	98.8
Interest capitalisation	0.9	3.1	4.0	-	-	0.8	4.8
Additions	36.3	41.4	77.7	-	-	25.9	103.6
Disposals	(69.8)	(0.6)	(70.4)	-	-	(3.6)	(74.0)
Revaluation	(71.4)	(15.8)	(87.2)	(2.0)	-	-	(89.2)
Movement in grossing up of headlease liabilities	-	(0.4)	(0.4)	-	-	-	(0.4)
At 30 June 2024	3,175.6	1,295.5	4,471.1	44.1	-	82.3	4,597.5
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)
Transfer 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

## Adjustments from fair value to carrying value

	Freehold £m	Leasehold £m	Total investment property £m	Owner- occupied property £m	Assets held for sale £m	Trading property £m	Total property portfolio £m
<b>At 30 June 2025</b>							
<b>Fair value</b>	<b>3,462.9</b>	<b>1,507.9</b>	<b>4,970.8</b>	<b>53.5</b>	<b>-</b>	<b>125.8</b>	<b>5,150.1</b>
Revaluation of trading property	-	-	-	-	-	(9.2)	(9.2)
Lease incentives and costs included in receivables	(162.1)	(50.2)	(212.3)	-	-	-	(212.3)
Grossing up of headlease liabilities	-	32.9	32.9	-	-	-	32.9
<b>Carrying value</b>	<b>3,300.8</b>	<b>1,490.6</b>	<b>4,791.4</b>	<b>53.5</b>	<b>-</b>	<b>116.6</b>	<b>4,961.5</b>
<b>At 30 June 2024</b>							
<b>Fair value</b>	<b>3,340.5</b>	<b>1,307.7</b>	<b>4,648.2</b>	<b>44.1</b>	<b>-</b>	<b>87.0</b>	<b>4,779.3</b>
Revaluation of trading property	-	-	-	-	-	(4.7)	(4.7)
Lease incentives and costs included in receivables	(164.9)	(45.3)	(210.2)	-	-	-	(210.2)
Grossing up of headlease liabilities	-	33.1	33.1	-	-	-	33.1
<b>Carrying value</b>	<b>3,175.6</b>	<b>1,295.5</b>	<b>4,471.1</b>	<b>44.1</b>	<b>-</b>	<b>82.3</b>	<b>4,597.5</b>
<b>At 31 December 2024</b>							
<b>Fair value</b>	<b>3,374.1</b>	<b>1,475.7</b>	<b>4,849.8</b>	<b>49.0</b>	<b>26.0</b>	<b>116.3</b>	<b>5,041.1</b>
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
<b>Carrying value</b>	<b>3,209.7</b>	<b>1,460.4</b>	<b>4,670.1</b>	<b>49.0</b>	<b>25.7</b>	<b>115.7</b>	<b>4,860.5</b>

## Reconciliation of fair value

	<b>30.06.2025</b> <b>£m</b>	30.06.2024 £m	31.12.2024 £m
Portfolio including the Group's share of joint ventures	<b>5,150.1</b>	4,814.0	5,041.1
Less: joint ventures	-	(34.7)	-
<b>IFRS property portfolio</b>	<b>5,150.1</b>	<b>4,779.3</b>	<b>5,041.1</b>

The property portfolio is subject to semi-annual external valuations and was revalued at 30 June 2025 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 entire portfolio at June 2025 were carried out by Knight Frank LLP.

Knight Frank valued the properties at £5,150.1m (30 June 2024: £4,779.3m; 31 December 2024: £5,041.1m). Of the properties revalued, £53.5m (30 June 2024: £44.1m; 31 December 2024: £49.0m) relating to owner-occupied property was included within property, plant and equipment and £125.8m (30 June 2024: £87.0m; 31 December 2024: £116.3m) was included within trading property.

The total fees, including the fee for this assignment, earned by Knight Frank LLP (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 year end December 2024 reconciliation 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 abovementioned table, has been consolidated in the Group's property portfolio. See note 13 for further details.

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.

### **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. £45.9m (half year to 30 June 2024: £75.8m; year to 31 December 2024: £123.9m) of eligible 'green' capital expenditure, in accordance with the Group's Green Finance Framework, was incurred in the half year to 30 June 2025 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.

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 30 June 2025. Of this amount, a specific deduction of £35m was included in the 30 June 2025 external valuation. In addition, further amounts have been allowed for in the expected costs of future refurbishment projects.

## Reconciliation of revaluation surplus/(deficit)

	Half year to 30.06.2025 £m	Half year to 30.06.2024 £m	Year to 31.12.2024 £m
Total revaluation surplus/(deficit)	51.2	(89.8)	(1.8)
Lease incentives and costs	0.5	(4.4)	(7.2)
Assets held for sale selling costs	-	-	(0.3)
Trading property revaluation adjustment	(8.6)	5.1	9.1
Other	(0.4)	(0.1)	0.4
IFRS revaluation surplus/(deficit)	42.7	(89.2)	0.2
Reported in the:			
Revaluation surplus/(deficit)	38.2	(87.2)	(2.7)
Group income statement	38.2	(87.2)	(2.7)
Group statement of comprehensive income	4.5	(2.0)	2.9
	42.7	(89.2)	0.2

## 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 was performed to ascertain the impact on the fair value of a 25 basis point shift in true equivalent yield and a £2.50 psf 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:

	West End central	West End borders/other	City borders	Provincial commercial	Total
True equivalent yield					
+25bp	(4.5%)	(3.5%)	(3.8%)	(3.3%)	(4.2%)
-25bp	5.0%	3.8%	4.1%	3.6%	4.6%
ERV					
+£2.50 psf	3.6%	4.8%	4.4%	16.6%	4.1%
-£2.50 psf	(3.6%)	(4.8%)	(4.4%)	(16.6%)	(4.1%)

## 11. Property, plant and equipment

	Owner-occupied property £m	Plant and machinery £m	Other £m	Total £m
At 1 January 2025	49.0	-	3.0	52.0
Additions	-	3.1	0.1	3.2
Transfer from prepayments	-	2.5	-	2.5
Depreciation	-	-	(0.4)	(0.4)
Revaluation	4.5	-	-	4.5
<b>At 30 June 2025</b>	<b>53.5</b>	<b>5.6</b>	<b>2.7</b>	<b>61.8</b>
At 1 January 2024	46.1	-	3.8	49.9
Additions	-	-	0.1	0.1
Depreciation	-	-	(0.5)	(0.5)
Revaluation	(2.0)	-	-	(2.0)
At 30 June 2024	44.1	-	3.4	47.5
At 1 January 2024	46.1	-	3.8	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	-	3.0	52.0
Net book value				
Cost or valuation	53.5	5.6	9.5	68.6
Accumulated depreciation	-	-	(6.8)	(6.8)
<b>At 30 June 2025</b>	<b>53.5</b>	<b>5.6</b>	<b>2.7</b>	<b>61.8</b>
Net book value				
Cost or valuation	44.1	-	9.3	53.4
Accumulated depreciation	-	-	(5.9)	(5.9)
At 30 June 2024	44.1	-	3.4	47.5
Net book value				
Cost or valuation	49.0	-	9.4	58.4
Accumulated depreciation	-	-	(6.4)	(6.4)
At 31 December 2024	49.0	-	3.0	52.0

'Plant and machinery' at 30 June 2025 represents £5.6m of expenditure in relation to the Group's c.100 acre, 18.4MW solar park in Scotland. Of the total £5.6m of costs, £2.5m was transferred in the period from prepayments as the costs now meet the criteria for recognition within Property, plant and equipment (see note 15). Planning consent for this project was received in June 2023 with completion anticipated in 2026.

Artwork, which is included within 'Other', 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.

## 12. Trading stock

	30.06.2025	30.06.2024	31.12.2024
	£m	£m	£m
Trading stock	17.5	13.0	17.5
Disposal (see note 5)	(6.8)	-	-
	10.7	13.0	17.5

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.

## 13. Investments

At 30 June 2025, the Group had a 50% interest in two (30 June 2024: three; 31 December 2024: two) 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, which was accounted for as an asset acquisition. This resulted in full ownership of the assets and liabilities of the partnership.

	30.06.2025	30.06.2024	31.12.2024
	£m	£m	£m
At 1 January	-	35.8	35.8
Deferred consideration and fees on initial formation of joint venture	-	-	7.6
Revaluation surplus (see note 8)	-	-	7.3
Other profit from operations	-	1.1	1.8
Transfer to investment property (see note 10)	-	-	(44.4)
Transfer to assets and liabilities	-	-	(0.5)
Impairment of additional deferred consideration	-	-	(7.6)
	-	36.9	-

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

	Joint ventures			Group share		
	30.06.2025	30.06.2024	31.12.2024	30.06.2025	30.06.2024	31.12.2024
	£m	£m	£m	£m	£m	£m
Non-current assets	-	69.8	-	-	34.8	-
Current assets	-	7.5	-	-	3.8	-
Current liabilities	-	(2.9)	-	-	(1.4)	-
Non-current liabilities	-	(121.0)	-	-	(60.5)	-
Net liabilities	-	(46.6)	-	-	(23.3)	-
Loans provided to joint ventures	-			-	60.2	-
Total investment in underlying joint ventures	-	(46.6)	-	-	36.9	-
Net property income	-	2.4	3.8	-	1.2	1.9
Administrative expenses	-	(0.2)	(0.3)	-	(0.1)	(0.1)
Revaluation surplus	-	-	14.6	-	-	7.3
Share of results of underlying joint ventures	-	2.2	18.1	-	1.1	9.1
Impairment of additional deferred consideration				-	-	(7.6)
Share of results in joint ventures				-	1.1	1.5

#### 14. Other receivables (non-current)

	30.06.2025	30.06.2024	31.12.2024
	£m	£m	£m
Rents recognised in advance	172.7	172.3	173.6
Initial direct letting costs	14.1	14.6	14.4
Prepayments	12.5	12.7	13.0
	199.3	199.6	201.0

Other receivables include £172.7m (30 June 2024: £172.3m; 31 December 2024: £173.6m) 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, £14.1m (30 June 2024: £14.6m; 31 December 2024: £14.4m) relates to the spreading effect of the initial direct costs of letting over the same term. Together with £25.5m (30 June 2024: £23.3m; 31 December 2024: £24.8m), which was included as accrued income within trade and other receivables (see note 15), these amounts totalled £212.3m at 30 June 2025 (30 June 2024: £210.2m; 31 December 2024: £212.8m).

Prepayments represent £12.5m (30 June 2024: £12.7m; 31 December 2024: £13.0m) of costs incurred in relation to Old Street Quarter EC1. This was after a £1.3m (30 June 2024: £0.7m; 31 December 2024: £0.8m) 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 Oriel's receipt of final Treasury approval (received in February 2023), 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:

	<b>30.06.2025</b>	30.06.2024	31.12.2024
	<b>£m</b>	£m	£m
At 1 January	<b>195.6</b>	194.1	194.1
Amounts taken to income statement	<b>(0.2)</b>	3.8	6.3
Movement in lease incentive impairment	<b>(0.2)</b>	0.1	0.3
Disposal of investment properties	-	(4.7)	(4.9)
Write off to bad debt	-	(0.1)	(0.2)
	<b>195.2</b>	193.2	195.6
Amounts included in trade and other receivables (see note 15)	<b>(22.5)</b>	(20.9)	(22.0)
At period end	<b>172.7</b>	172.3	173.6

## 15. Trade and other receivables

	<b>30.06.2025</b>	30.06.2024	31.12.2024
	<b>£m</b>	£m	£m
Trade receivables	<b>14.8</b>	8.7	13.3
Other receivables	<b>4.3</b>	5.7	3.2
Prepayments	<b>13.2</b>	12.8	15.4
Accrued income			
Rents recognised in advance	<b>22.5</b>	20.9	22.0
Initial direct letting costs	<b>3.0</b>	2.4	2.8
Other	<b>0.2</b>	1.0	1.1
	<b>58.0</b>	51.5	57.8

### Trade receivables are split as follows:

less than three months due	<b>13.0</b>	8.3	12.9
between three and six months due	<b>1.2</b>	0.2	0.2
between six and twelve months due	<b>0.6</b>	0.2	0.2
	<b>14.8</b>	8.7	13.3

Trade receivables are stated net of impairment.

In 2025, costs of £2.5m in relation to the Group's solar park on its Scottish land, were transferred to 'Plant and machinery' within Property, plant and equipment (see note 11). Previously these costs were included within prepayments.

The Group has £3.7m (30 June 2024: £4.7m; 31 December 2024: £4.6m) of provision for bad debts as shown below. £1.3m has been included in trade receivables, £0.5m in accrued income and £1.9m in prepayments and accrued income within other receivables (non-current). See note 14.

	<b>30.06.2025</b>	30.06.2024	31.12.2024
	<b>£m</b>	£m	£m
<b>Provision for bad debts</b>			
At 1 January	<b>4.6</b>	4.6	4.6
Trade receivables provision	<b>(0.2)</b>	0.3	0.7
Lease incentive provision	<b>0.2</b>	(0.2)	(0.4)
Service charge provision	<b>-</b>	0.2	(0.2)
Released	<b>(0.9)</b>	(0.2)	(0.1)
At period end	<b>3.7</b>	4.7	4.6

**The provision for bad debts has been split as follows:**

less than three months due	<b>0.6</b>	0.9	0.9
between three and six months due	<b>0.3</b>	0.2	0.5
between six and twelve months due	<b>0.4</b>	0.8	0.5
greater than twelve months due	<b>2.4</b>	2.8	2.7
	<b>3.7</b>	4.7	4.6

**16. Non-current assets held for sale**

	<b>30.06.2025</b>	30.06.2024	31.12.2024
	<b>£m</b>	£m	£m
Transfer from investment property (see note 10)	<b>-</b>	-	25.7
	<b>-</b>	-	25.7

In January 2025, the Group completed the disposal of its freehold interest in 4 & 10 Pentonville N1, disclosed as a non-current asset held for sale as at December 2024.

**17. Trade and other payables**

	<b>30.06.2025</b>	30.06.2024	31.12.2024
	<b>£m</b>	£m	£m
Trade payables	<b>8.2</b>	8.0	0.6
Other payables	<b>1.3</b>	3.0	3.6
Other taxes	<b>5.3</b>	5.5	7.3
Accruals	<b>41.8</b>	49.7	57.2
Deferred income	<b>51.7</b>	49.5	50.0
Tenant rent deposits	<b>29.3</b>	26.5	27.9
Service charge balances	<b>31.4</b>	36.4	28.1
	<b>169.0</b>	178.6	174.7

Deferred income primarily related to rents received in advance.

## 18. Net debt and derivative financial instruments

	30.06.2025		30.06.2024		31.12.2024	
	Book value £m	Fair value £m	Book Value £m	Fair value £m	Book value £m	Fair value £m
<b>Current liabilities</b>						
Other loans	20.0	20.0	20.0	20.0	20.0	20.0
6.5% secured bonds	177.4	177.0	-	-	-	-
2.68% unsecured private placement notes	55.0	54.0	-	-	-	-
3.99% secured loan	-	-	83.0	82.4	-	-
1.5% unsecured convertible bonds	-	-	173.1	168.2	174.1	171.6
	<b>252.4</b>	<b>251.0</b>	276.1	270.6	194.1	191.6
<b>Non-current liabilities</b>						
6.5% secured bonds	-	-	179.0	176.5	178.1	176.7
1.875% unsecured green bonds	347.4	292.4	347.0	276.4	347.2	281.2
5.25% unsecured bonds	247.3	254.2	-	-	-	-
Unsecured private placement notes	398.7	344.0	453.6	391.3	453.6	391.3
Unsecured bank loans	305.2	307.0	101.0	104.0	290.5	293.0
	<b>1,298.6</b>	<b>1,197.6</b>	1,080.6	948.2	1,269.4	1,142.2
Borrowings	<b>1,551.0</b>	<b>1,448.6</b>	1,356.7	1,218.8	1,463.5	1,333.8
Derivative financial instruments expiring in less than one year	-	-	(2.0)	(2.0)	(0.6)	(0.6)
Total borrowings and derivative financial instruments	<b>1,551.0</b>	<b>1,448.6</b>	1,354.7	1,216.8	1,462.9	1,333.2
<b>Reconciliation to net debt:</b>						
Borrowings and derivative financial instruments	<b>1,551.0</b>		1,354.7		1,462.9	
Adjustments for:						
Leasehold liabilities	<b>34.4</b>		34.4		34.6	
Derivative financial instruments	-		2.0		0.6	
Cash at bank excluding restricted cash (see note 22)	<b>(30.6)</b>		(20.3)		(15.4)	
Net debt	<b>1,554.8</b>		1,370.8		1,482.7	

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 3.99% secured loan, which was repaid in October 2024, and 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 interest rate swaps, which matured in April 2025, were 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 values of the Group's bank loans are approximately the same as their carrying amount, after adjusting for the unamortised arrangement fees, and also represent Level 2 fair value measurement.

The fair values 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 Level 1 and Level 2 or Level 2 and Level 3 in either 2025 or 2024.

In February 2025, Derwent London plc signed an agreement for an unsecured bank facility of £115m, consisting of an £82.5m term loan and a £32.5m revolving credit facility (RCF). As of 30 June 2025, the Group had fully drawn all funds from the term loan facility. The loan is for a two-year term and has a one-year extension option.

In June 2025, Derwent London plc issued £250m of unsecured bonds on a 7-year term maturing in 2032. The unsecured instrument pays a coupon of 5.25% and the effective interest rate is 5.338%. This represents an issue discount of £1.3m. The unsecured bonds were initially recognised at fair value, net of the unamortised discount and issue costs of £0.8m, and are subsequently measured at amortised cost.

In June 2025, the Group's 1.5% unsecured convertible bonds matured and were repaid, without any conversion to equity, as the strike price of £44.96 exceeded Derwent London plc's spot share price.

Unsecured bank borrowings are accounted for at amortised costs. At 30 June 2025, there was £307.0m (30 June 2024: £104.0m; 31 December 2024: £293.0m) drawn on the RCFs and term loans and the unamortised arrangement fees were £1.8m (30 June 2024: £3.0m; 31 December 2024: £2.5m), resulting in the carrying value being £305.2m (30 June 2024: £101.0m; 31 December 2024: £290.5m).

Other loans consist of a £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, which is now expected in H2 2025. 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 30 June 2025 (30 June 2024: £nil; 31 December 2024: £nil). The carrying value of the loan at 30 June 2025 was £20.0m (30 June 2024: £20.0m; 31 December 2024: £20.0m).

The 6.5% secured bonds are secured by floating charges over a number of the Group's subsidiary companies which contained £343.0m (30 June 2024: £384.4m; 31 December 2024: £376.3m) of the Group's properties.

The Group continue to maintain significant headroom on all financial covenants.

## 19. Cash generated from operations

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

	Half year to 30.06.2025 £m	Half year to 30.06.2024 £m	Year to 31.12.2024 £m
Profit/(loss) from operations	117.2	(7.8)	156.4
Adjustment for non-cash items:			
Revaluation (surplus)/deficit	(38.2)	87.2	2.7
Depreciation	0.4	0.5	1.0
Lease incentive/cost spreading	0.2	(4.1)	(6.8)
Share based payments	0.6	1.6	3.1
Ground rent adjustment	0.2	0.2	0.7
Adjustment for other items:			
Loss/(profit) on disposal	0.1	(1.5)	(1.9)
Changes in working capital:			
Increase in receivables balance	(3.8)	(3.3)	(8.8)
(Decrease)/increase in payables balance	(8.6)	12.3	9.5
Decrease/(increase) in trading property and trading stock	5.5	(26.4)	(53.3)
Cash generated from operations	73.6	58.7	102.6

Cash generated from operations included £1.9m cash inflows (half year to 30 June 2024: £3.6m; year to 31 December 2024: £3.6m) from disposal of trading property and £6.8m cash inflows (half year to 30 June 2024: £nil; year to 31 December 2024: £nil) in relation to disposals of trading stock. It also included £10.2m cash outflows (half year to 30 June 2024: £17.3m; year to 31 December 2024: £43.0m) in relation to expenditure on trading properties and £0.2m cash outflows (half year to 30 June 2024: £4.9m; year to 31 December 2024: £9.8m) in relation to expenditure on trading stock.

## 20. Deferred tax

	Revaluation £m	Other £m	Total £m
At 1 January 2025	3.5	(2.7)	0.8
Credited to the income statement	(0.1)	(0.4)	(0.5)
Charged to other comprehensive income	1.1	-	1.1
<b>At 30 June 2025</b>	<b>4.5</b>	<b>(3.1)</b>	<b>1.4</b>
At 1 January 2024	2.8	(2.7)	0.1
Charged to the income statement	-	0.3	0.3
Credited to other comprehensive income	(0.5)	-	(0.5)
At 30 June 2024	2.3	(2.4)	(0.1)
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

Deferred tax on the balance sheet revaluation 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 regime.

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences where the Directors believe it is probable that these assets will be recovered.

## 21. Dividend

	Payment date	Dividend per share			Half year to 30.06.2025 £m	Half year to 30.06.2024 £m	Year to 31.12.2024 £m
		PID p	Non- PID p	Total p			
<b>Current period</b>							
2025 interim dividend	10 October 2025	25.5	-	25.5	-	-	-
Prior year							
2024 final dividend	30 May 2025	45.5	10.0	55.5	<b>62.3</b>	-	-
2024 interim dividend	11 October 2024	25.0	-	25.0	-	-	28.1
		<u>70.5</u>	<u>10.0</u>	<u>80.5</u>			
2023 final dividend	31 May 2024	39.0	16.0	55.0	-	61.7	61.7
Dividends as reported in the Group statement of changes in equity					<b>62.3</b>	61.7	89.8
<hr/>							
2024 final dividend withholding tax	12 July 2025				<b>(7.1)</b>	-	-
2024 interim dividend withholding tax	14 January 2025				<b>3.9</b>	-	(3.9)
2023 final dividend withholding tax	12 July 2024				-	(5.9)	-
2023 interim dividend withholding tax	12 January 2024				-	3.7	3.7
Dividends paid as reported in the Group cash flow statement					<b>59.1</b>	59.5	89.6

## 22. Cash and cash equivalents

	30.06.2025 £m	30.06.2024 £m	31.12.2024 £m
Cash at bank	<b>30.6</b>	20.3	15.4
Cash held in restricted accounts			
Tenant rent deposits	<b>29.3</b>	26.5	27.9
Service charge balances	<b>31.8</b>	36.4	28.1
	<b>91.7</b>	83.2	71.4

### 23. Post balance sheet events

In July 2025, the Group exchanged contracts for the disposal of its freehold interest in Francis House SW1 for a consideration of £55.5m (before transaction costs), less a £1.3m surrender premium in relation to the basement space. Completion is expected in late 2025.

In July 2025, the Group extended its £450m unsecured revolving credit facility, originally due to mature in October 2026, for a new four-year term. The amended facility also includes two one-year extension options.

In July 2025, the Group also cancelled the two £32.5 million revolving credit tranches that formed part of the bilateral facilities arranged with Barclays in December 2024 and HSBC in February 2025. The two £82.5 million term loan components of these facilities remain in place.

In August 2025, the Group agreed a new 125-year headlease (from scheme completion) for the 50 Baker Street W1 development with the freeholder, The Portman Estate.

### 24. Related party disclosure

There have been no related party transactions during the half year to 30 June 2025 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 for the year ended 31 December 2024.

### 25. EPRA performance measures

#### Number of shares

	Earnings per share measures			Net asset value per share measures		
	Weighted average for the period ended			At period ended		
	30.06.2025	30.06.2024	31.12.2024	30.06.2025	30.06.2024	31.12.2024
	<b>Unaudited</b>	Unaudited	Audited	<b>Unaudited</b>	Unaudited	Audited
	<b>'000</b>	'000	'000	<b>'000</b>	'000	'000
For use in basic measures	<b>112,258</b>	112,258	112,258	<b>112,258</b>	112,258	112,258
Dilutive effect of share-based payments	<b>346</b>	336	342	<b>380</b>	359	323
For use in other diluted measures	<b>112,604</b>	112,594	112,600	<b>112,638</b>	112,617	112,581

The following tables set out reconciliations between the IFRS and EPRA Earnings for the period 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 and in joint ventures and other interests, and associated deferred tax.
- C – Fair value movement and settlement costs relating to derivative financial instruments.
- D – Non-operating and exceptional items.

**Earnings and earnings per share**

	IFRS £m	Adjustments				EPRA basis £m
		A £m	B £m	C £m	D £m	
<b>Half year to 30 June 2025 (unaudited)</b>						
Net property and other income	96.6	(0.1)	0.5	-	-	97.0
Administrative expenses	(17.5)	-	-	-	0.1	(17.4)
Revaluation surplus	38.2	-	(38.2)	-	-	-
Loss on disposal of investment property	(0.1)	0.1	-	-	-	-
Net finance costs	(22.6)	-	-	1.2	-	(21.4)
Movement in fair value of derivative financial instruments	(0.6)	-	-	0.6	-	-
Earnings before tax	94.0	-	(37.7)	1.8	0.1	58.2
Tax credit	0.5	-	(0.1)	-	-	0.4
<b>Earnings attributable to equity shareholders</b>	<b>94.5</b>	<b>-</b>	<b>(37.8)</b>	<b>1.8</b>	<b>0.1</b>	<b>58.6</b>
<b>Earnings per share</b>	<b>84.18p</b>					<b>52.20p</b>
Diluted earnings per share	83.92p					52.04p

During the year, the Group commenced an IT transformation project to implement a new finance system. In accordance with EPRA Best Practices Recommendations (September 2024), the associated costs have been excluded from EPRA EPS.

## Earnings and earnings per share

	IFRS £m	A £m	Adjustments			EPRA basis £m
			B £m	C £m	D £m	
Half year to 30 June 2024 (unaudited)						
Net property and other income	97.7	-	0.1	-	-	97.8
Administrative expenses	(19.8)	-	-	-	-	(19.8)
Revaluation deficit	(87.2)	-	87.2	-	-	-
Profit on disposal of investment property	1.5	(1.5)	-	-	-	-
Net finance costs	(19.6)	-	-	-	-	(19.6)
Movement in fair value of derivative financial instruments	(0.9)	-	-	0.9	-	-
Share of results of joint ventures	1.1	-	-	-	-	1.1
Loss before tax	(27.2)	(1.5)	87.3	0.9	-	59.5
Tax charge	(0.3)	-	-	-	-	(0.3)
(Loss)/earnings attributable to equity shareholders	(27.5)	(1.5)	87.3	0.9	-	59.2
(Loss)/earnings per share	(24.50p)					52.74p
Diluted (loss)/earnings per share	(24.50p)					52.58p

The diluted loss per share for the period to 30 June 2024 was restricted to a loss of 24.50p per share, as the loss per share cannot be reduced by dilution in accordance with IAS 33, Earnings per Share.

	IFRS £m	A £m	Adjustments			EPRA basis £m
			B £m	C £m	D £m	
Year to 31 December 2024 (audited)						
Net property and other income	198.3	-	0.2	-	-	198.5
Administrative expenses	(41.1)	-	-	-	-	(41.1)
Revaluation deficit	(2.7)	-	2.7	-	-	-
Profit on disposal of investment property	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
Earnings 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

**EPRA net asset value metrics**

	<b>30.06.2025</b>	30.06.2024	31.12.2024
	<b>Unaudited</b>	Unaudited	Audited
	<b>£m</b>	£m	£m
Net assets attributable to equity shareholders	3,575.8	3,419.5	3,539.8
Adjustments for:			
Revaluation of trading properties	9.2	4.7	0.6
Deferred tax on revaluation surplus <sup>1</sup>	2.3	1.2	1.8
Fair value of derivative financial instruments	-	(2.0)	(0.6)
Fair value adjustment to secured bonds	2.6	4.3	3.4
<b>EPRA Net Tangible Assets</b>	<b>3,589.9</b>	3,427.7	3,545.0
<b>Per share measure - diluted</b>	<b>3,187p</b>	3,044p	3,149p
Net assets attributable to equity shareholders	3,575.8	3,419.5	3,539.8
Adjustments for:			
Revaluation of trading properties	9.2	4.7	0.6
Fair value adjustment to secured bonds	2.6	4.3	3.4
Mark-to-market of fixed rate debt	108.5	141.9	133.6
Unamortised issue and arrangement costs	(6.1)	(7.0)	(6.0)
<b>EPRA Net Disposal Value</b>	<b>3,690.0</b>	3,563.4	3,671.4
<b>Per share measure - diluted</b>	<b>3,276p</b>	3,164p	3,261p
Net assets attributable to equity shareholders	3,575.8	3,419.5	3,539.8
Adjustments for:			
Revaluation of trading properties	9.2	4.7	0.6
Deferred tax on revaluation surplus	4.5	2.3	3.5
Fair value of derivative financial instruments	-	(2.0)	(0.6)
Fair value adjustment to secured bonds	2.6	4.3	3.4
Purchasers' costs <sup>2</sup>	350.2	325.0	342.8
<b>EPRA Net Reinstatement Value</b>	<b>3,942.3</b>	3,753.8	3,889.5
<b>Per share measure - diluted</b>	<b>3,500p</b>	3,333p	3,455p

<sup>1</sup> Only 50% of the deferred tax on the revaluation surplus is excluded.

<sup>2</sup> Includes Stamp Duty Land Tax. Total costs assumed to be 6.8% of the portfolio's fair value.

**Cost ratios (unaudited)**

	Half year to 30.06.2025 £m	Half year to 30.06.2024 £m	Year to 31.12.2024 £m
Administrative expenses	17.5	19.8	41.1
Write-off/impairment of receivables	0.1	0.3	0.2
Other property costs	9.4	8.3	16.7
Dilapidation receipts	(0.1)	-	(0.8)
Net service charge costs	4.1	2.8	6.6
Service charge costs recovered through rents but not separately invoiced	(1.0)	(0.5)	(1.3)
Management fees received less estimated profit element	(2.4)	(2.4)	(5.1)
Share of joint ventures' expenses	-	0.2	0.3
<b>EPRA Costs (including direct vacancy costs) (A)</b>	<b>27.6</b>	28.5	57.7
Direct vacancy costs	(6.8)	(5.2)	(11.3)
<b>EPRA Costs (excluding direct vacancy costs) (B)</b>	<b>20.8</b>	23.3	46.4
Gross rental income	109.1	107.5	214.8
Ground rent	(1.0)	(1.0)	(1.5)
Service charge components of rental income	(1.0)	(0.5)	(1.3)
Share of joint ventures' rental income less ground rent	-	1.2	2.0
<b>Adjusted gross rental income (C)</b>	<b>107.1</b>	107.2	214.0
<b>EPRA Cost Ratio (including direct vacancy costs) (A/C)</b>	<b>25.8%</b>	26.6%	27.0%
<b>EPRA Cost Ratio (excluding direct vacancy costs) (B/C)</b>	<b>19.4%</b>	21.7%	21.7%
In addition to the EPRA Cost Ratios, the Group has calculated an additional cost ratio based on its property portfolio fair value to recognise the 'total accounting return' nature of the Group's activities.			
Property portfolio at fair value (D)	5,150.1	4,779.3	5,041.1
<b>Portfolio cost ratio (A/D) - annualised</b>	<b>1.1%</b>	1.2%	1.1%

**Property-related capital expenditure (unaudited)**

	Half year to 30.06.2025 £m	Half year to 30.06.2024 £m	Year to 31.12.2024 £m
<b>Group (excluding joint ventures)</b>			
Acquisitions	6.1	-	47.0
Development	56.1	80.0	136.2
Investment properties			
Incremental lettable space	0.2	0.8	2.5
No incremental lettable space	16.0	18.0	45.3
Tenant incentives	-	-	0.3
Capitalised interest	8.3	4.8	10.7
<b>Total capital expenditure (excl. Joint ventures)</b>	<b>86.7</b>	103.6	242.0
<b>Joint ventures (50% share)</b>			
Development	-	0.8	3.3
<b>Total capital expenditure</b>	<b>86.7</b>	104.4	245.3
Conversion from accrual to cash basis			
Group (excluding joint ventures)	10.1	(18.8)	(12.2)
Joint ventures (50% share)	-	(0.1)	0.1
<b>Total capital expenditure on a cash basis</b>	<b>96.8</b>	85.5	233.2

**26. Gearing and interest cover****NAV gearing**

	Note	30.06.2025 £m	30.06.2024 £m	31.12.2024 £m
Net debt	18	1,554.8	1,370.8	1,482.7
Net assets		3,575.8	3,419.5	3,539.8
NAV gearing		43.5%	40.1%	41.9%

## Loan-to-value ratio

	Note	30.06.2025 £m	30.06.2024 £m	31.12.2024 £m
<b>Group loan-to-value</b>				
Net debt	18	1,554.8	1,370.8	1,482.7
Fair value adjustment of secured bonds		(2.6)	(4.3)	(3.4)
Unamortised discount on unsecured green bonds		1.2	1.4	1.3
Unamortised discount on unsecured bonds		1.3	-	-
Unamortised issue and arrangement costs		6.1	7.0	6.0
Leasehold liabilities	18	(34.4)	(34.4)	(34.6)
Drawn debt net of cash (A)		1,526.4	1,340.5	1,452.0
Fair value of property portfolio (B)	10	5,150.1	4,779.3	5,041.1
Loan-to-value ratio (A/B)		29.6%	28.0%	28.8%
<b>Proportionally consolidated loan-to-value</b>				
Drawn debt net of cash (A)		1,526.4	1,340.5	1,452.0
Share of cash and cash equivalents in joint ventures		-	(2.2)	-
Drawn debt net of cash including Group's share of joint ventures (C)		1,526.4	1,338.3	1,452.0
Fair value of property portfolio (B)		5,150.1	4,779.3	5,041.1
Share of fair value of property portfolio of joint venture		-	34.7	-
Fair value of property portfolio including Group's share of joint venture (D)		5,150.1	4,814.0	5,041.1
Proportionally consolidated loan-to-value (C/D)		29.6%	27.8%	28.8%
<b>EPRA loan-to-value</b>				
Drawn debt net of cash including Group's share of joint ventures (C)		1,526.4	1,338.3	1,452.0
Debt with equity characteristics		(20.0)	(20.0)	(20.0)
Adjustment for hybrid debt instruments		-	1.3	0.6
Net payables adjustment		62.9	75.6	72.7
Adjusted debt (E)		1,569.3	1,395.2	1,505.3
Fair value of property portfolio including Group's share of joint venture (D)		5,150.1	4,814.0	5,041.1
EPRA loan-to-value (E/D)		30.5%	29.0%	29.9%

## Net interest cover ratio

	Note	Half year to 30.06.2025 £m	Half year to 30.06.2024 £m	Year to 31.12.2024 £m
<b>Group net interest cover ratio</b>				
Net property and other income	5	96.6	97.7	198.3
Adjustments for:				
Other income	5	(2.4)	(2.4)	(5.1)
Other property income	5	-	(0.1)	(0.1)
Net surrender premiums	5	-	(0.2)	(2.7)
Profit on disposal of trading properties	5	(0.1)	-	-
Adjusted net property income		94.1	95.0	190.4
Finance income	7	(0.2)	(0.2)	(0.3)
Finance costs	7	22.8	19.8	39.9
		22.6	19.6	39.6
Adjustments for:				
Finance income	7	0.2	0.2	0.3
Other finance costs	7	(1.3)	(0.1)	(0.4)
Amortisation of fair value adjustment to secured bonds	7	0.8	0.8	1.6
Amortisation of issue and arrangement costs	7	(1.6)	(1.3)	(2.6)
Finance costs capitalised	7	8.4	5.0	11.2
		29.1	24.2	49.7
Net interest cover ratio		323%	393%	383%
<b>Proportionally consolidated net interest cover ratio</b>				
Adjusted net property income		94.1	95.0	190.4
Share of joint ventures' net property income		-	1.2	1.9
Adjusted net property income including share of joint ventures		94.1	96.2	192.3
Net interest payable		29.1	24.2	49.7
Proportionally consolidated net interest cover ratio		323%	398%	387%

## Net debt to EBITDA

	Note	Half year to 30.06.2025 £m	Half year to 30.06.2024 £m	Year to 31.12.2024 £m
<b>Net debt to EBITDA</b>				
Net debt (A)	18	1,554.8	1,370.8	1,482.7
Profit/(loss) for the period		94.5	(27.5)	115.9
Add back: tax (credit)/charge	9	(0.5)	0.3	0.1
Profit/(loss) before tax		94.0	(27.2)	116.0
Add back: net finance charges	7	22.6	19.6	39.6
Add back: movement in fair value of derivative financial instruments		0.6	0.9	2.3
		117.2	(6.7)	157.9
Add back: loss/(profit) on disposal of investment property	6	0.1	(1.5)	(1.9)
Add back: revaluation (surplus)/deficit	10	(38.2)	87.2	2.7
Add back: share of joint venture revaluation deficit	8	-	-	0.3
Add back: depreciation	11	0.4	0.5	1.0
EBITDA for the period		79.5	79.5	160.0
EBITDA - prior 6 month period		80.5	83.7	n/a
EBITDA - rolling 12 months (B)		160.0	163.2	160.0
Net debt to EBITDA (A/B)		9.7	8.4	9.3

## 27. Total accounting return

	Half year to 30.06.2025 p	Half year to 30.06.2024 p	Year to 31.12.2024 p
EPRA Net Tangible Assets on a diluted basis			
At end of period	3,187	3,044	3,149
At start of period	(3,149)	(3,129)	(3,129)
Increase/(decrease)	38	(85)	20
Dividend per share	56	55	80
Increase/(decrease) adding back dividend	94	(30)	100
Total accounting return	3.0%	(1.0%)	3.2%

## 28. List of definitions

### **Better Buildings Partnership (BBP)**

The BBP is a collaboration of the UK's leading commercial property owners who are working together to improve the sustainability of existing commercial building stock.

### **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.

### **EBITDA**

Earnings before interest, tax, depreciation and amortisation.

### **Earnings/earnings per share (EPS)**

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

### **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 ratio (LTV)**

Debt divided by the property value. Debt is equal to drawn facilities less cash, adjusted for debt 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**

Represents 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.

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

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

### **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 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, introduced into the UK, 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. 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 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 period plus the dividend per share paid during the period 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 period, 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 period (i.e. excluding any acquisitions or disposals made during the period).

## **Underlying valuation increase**

The valuation increase on the underlying portfolio.

## **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, which the net initial yield will rise to 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.

**29.** Copies of this announcement will be available on the company's website, [www.derwentlondon.com](http://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.

# Independent review report to Derwent London plc

## Report on the condensed consolidated interim financial statements

### Our conclusion

We have reviewed Derwent London plc's condensed consolidated interim financial statements (the "interim financial statements") in the Interim Results 2025 Announcement of Derwent London plc for the 6 month period ended 30 June 2025 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:

- the Group Condensed Balance Sheet as at 30 June 2025;
- the Group Condensed Income Statement and Group Condensed Statement of Comprehensive Income for the period then ended;
- the Group Condensed Cash Flow Statement for the period then ended;
- the Group Condensed Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Interim Results 2025 Announcement of Derwent London plc have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

### Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Interim Results 2025 Announcement and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

### Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern.

# **Responsibilities for the interim financial statements and the review**

## **Our responsibilities and those of the directors**

The Interim Results 2025 Announcement, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Interim Results 2025 Announcement in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the Interim Results 2025 Announcement, including the interim financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the Interim Results 2025 Announcement based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP  
Chartered Accountants  
London  
11 August 2025

---

## Notes to editors

### Derwent London plc

Derwent London plc owns a commercial real estate portfolio predominantly in central London valued at £5.2 billion as at 30 June 2025, 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 City Borders. 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 5.3 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 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](http://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.