DERWENT LONDON

9 May 2012

Derwent London plc (“Derwent London” / “the Group”)

INTERIM MANAGEMENT STATEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2012

ROBUST LETTINGS AND PLANNING PROGRESS CONTINUE

Highlights

- Lettings:
    - 23 lettings in the year to date of £8.0m pa over 210,300 sq ft (19,540m²) of floorspace
    - 1 Page Street SW1 pre-let to Burberry at £5.3m pa, the year end estimated rental value
    - Open market lettings in the year to date, excluding Page Street which was agreed in 2011 but completed in the first quarter, were 6.7% above estimated rental values at 31 December 2011

- Projects:
    - Planning consents achieved year to date have been very significant and total 571,400 sq ft (52,990m²)
        - 1 Oxford Street W1 – 275,000 sq ft (25,500m²) major mixed-use scheme
        - 1 Page Street SW1 – 127,000 sq ft (11,800m²) office refurbishment
        - Riverwalk House SW1 – 121 residential units totalling 148,000 sq ft (13,700m²)
        - 96-98 Bishop’s Bridge Road W2 – 16 residential units totalling 21,400 sq ft (1,990m²)
    - Current projects total 455,300 sq ft (42,300m²), including Turnmill at 63 Clerkenwell Road EC1 which commenced in April
    - Planning consents now held for 1.8m sq ft (163,600m²) of future projects
    - Joint venture signed with Grosvenor with intention to redevelop 1-5 Grosvenor Place SW1

- Finance:
    - Loan to value ratio reduced from 32.0% to 30.6% as at 31 March 2012
    - Weighted average cost of debt reduced to 4.71% at 31 March 2012 on an IFRS basis and 4.44% on a cash basis

John Burns, Chief Executive Officer of Derwent London, commented:

"Robust lettings progress continued into the first quarter of 2012 with £6.8m of transactions, including the pre-letting of 1 Page Street to Burberry. The rental levels achieved endorse our positive rental growth expectations for 2012. A sizeable proportion of our tenant enquiries and completed lettings continues to come from the growing TMT and other creative sectors. We have moved forward with our pipeline of current and future schemes and won further major planning consents. We are now on-site at Turnmill and on schedule to commence 40 Chancery Lane in the second half of the year."

For further information, please contact:

Derwent London Tel: +44 (0)20 7659 3000	John Burns, Chief Executive Officer Damian Wisniewski, Finance Director Louise Rich, Head of Investor Relations
Brunswick Group Tel: +44 (0)20 7404 5959	Kate Holgate Elizabeth Adams

Market overview

The central London office market continued to outperform the UK property market in the first quarter of 2012 with much of the positive performance due to the strength of the West End where over three quarters of our portfolio is located. Surveyors CBRE reported that take-up in the West End was in line with the quarterly average and the vacancy rate remained below trend. Their prime West End rent index increased by 1.2% over the quarter. Investment demand was strong, especially from overseas buyers at the top-end of the market, and office yields remained broadly unchanged. Investment transactions in central London totalled £3.7bn, the highest quarterly figure since the fourth quarter of 2010.

In the first quarter of the year, the Investment Property Databank (IPD) Index for central London offices showed a capital growth of 0.8% as a result of rental growth of 0.4% and slight equivalent yield compression. This outperformed the IPD All Property Index which had a capital value decline of 0.7%. The Group's portfolio is valued in December and June and was therefore not valued during this period. Our valuers, CBRE, have however commented that the Group's letting and asset management activity means that it is likely to have outperformed the IPD central London office index over the quarter.

Portfolio management

The Group started 2012 with a very low level of available space and has continued to make further progress by capturing significant pre-lets and securing lettings at rental levels above year end estimated rental values.

During the first quarter, the largest letting transaction was the pre-let of the entire 127,000 sq ft (11,800m^2) at 1 Page Street SW1 to Burberry at a rent of £5.3m pa, rising to a minimum of £5.7m pa after five years. The Group concluded a further 14 lettings in the quarter at a rent of £1.5m pa and over floorspace of 49,000 sq ft (4,550m^2).

This activity included BrandOpus pre-letting 15,400 sq ft (1,430m^2) at Central Cross, 1 Stephen Street W1 for £0.65m pa and Krow Communications taking 7,300 sq ft (680m^2) at Morelands Buildings EC1 for £0.27m pa. The Stephen Street pre-let represents approximately two thirds of the first phase of our refurbishment of this property. This includes a completely remodelled office entrance which will help rebrand the building and involves conversion to offices of the ground and lower ground space that was previously used as studios or storage. BrandOpus will pay £52.50 per sq ft (£565 per m^2) on the ground floor.

Since 31 March 2012, the Group has concluded a further eight lettings over 34,300 sq ft (3,190m^2) at a rent of £1.2m pa. This includes Viacom pre-letting 13,700 sq ft (1,270m^2) at 35 Kentish Town Road NW1 for £0.4m pa and takes lettings in the year to date to 23 transactions with a rental income of £8.0m pa and a floorspace of 210,300 sq ft (19,540m^2).

Open market lettings for the year to date were at rents 1.7% above estimated rental values at 31 December 2011. Excluding the letting to Burberry, which was under offer at the year end and therefore completed at the estimated rental value at that date, the margin increases to 6.7%.

On an EPRA basis, the Group's space available to let is 0.8% by estimated rental value, down from 1.3% at the start of the year.

We also concluded 12 lease renewals and rent reviews in the quarter at a total rent of £1.6m pa on a floorspace of 39,200 sq ft (3,640m²). The new rent is 12.0% higher than the income that the space was producing at the start of the year.

Projects

Derwent London continues to progress its future schemes and has received four important planning consents since the beginning of 2012:

- 1 Oxford Street W1 – in April the 275,000 sq ft (25,500m²) mixed-use scheme at Tottenham Court Road station was granted planning permission. It is the Group's intention to exercise its option to acquire the site, which was compulsorily purchased by Crossrail in 2009, following the completion of the upgrade works, expected to be in 2017.

- 1 Page Street SW1 – our refurbishment and extension plans were approved in April.

- Riverwalk House, Millbank SW1 – in March we received planning permission for a high specification riverside residential redevelopment of 121 units. The consent also included 232-242 Vauxhall Bridge Road SW1 for affordable housing. The sale of both properties for £77.3m is expected to complete in the third quarter, with the Group participating in a profit overage thereafter.

- 96-98 Bishop's Bridge Road W2 – planning permission was granted in February for 16 residential units and ground floor retail space together totalling 21,400 sq ft (1,990m²) at this former cinema. Construction will start in early 2013.

We were on site at five principal projects totalling 338,000 sq ft (31,400m²) at the quarter end. These had a year end estimated net rental value of £13m pa and are 47% pre-let by floor area. The schemes are:

- 1 Page Street SW1 – 127,000 sq ft (11,800m²) office building pre-let to Burberry earlier this year and due to be handed over to the tenant in mid 2013.

- Buckley Building, 49 Clerkenwell Green EC1 – 85,000 sq ft (7,900m²) office refurbishment and extension due to complete in the fourth quarter of 2012.

- 4 & 10 Pentonville Road N1 – 55,000 sq ft (5,110m²) office refurbishment, located opposite our highly successful Angel Building, due to complete in the third quarter of 2012.

- Central Cross, 1-2 Stephen Street W1 (Phases 1 & 2) – Phase 1 is a 23,000 sq ft (2,140m²) ground and lower ground floor refurbishment with delivery due in late 2013. Two thirds of this space has been pre-let. Phase 2 is a 21,000 sq ft (1,950m²) refurbishment of the first floor of 1 Stephen Street.

- Morelands Buildings, 5-27 Old Street EC1 – 27,000 sq ft (2,510m²) office refurbishment and roof extension, the latest phase of works at this 90,000 sq ft (8,400m²) building, due to complete around December 2012. 17,800 sq ft (1,650m²) has been pre-let.

The Group is also on site at a further 47,300 sq ft (4,390m²) of smaller refurbishments.

Since the quarter end, vacant possession has been obtained and work commenced at Turnmill, 63 Clerkenwell Road EC1. Construction of a new-build 70,000 sq ft (6,500m²) office and retail development is due to complete in mid 2014.

In February 2012 we exchanged contracts with our freeholder to restructure and extend our Chancery Lane WC2 interests into a new 128-year lease. We intend to start on site in the second half of 2012. The new 100,000 sq ft (9,300m²) six-storey office building is expected to be completed by the end of 2014.

In addition to the projects where we are on-site, our pipeline of consented planning permissions totals a further 1.8m sq ft (163,600m²) including 80 Charlotte Street W1, 55-65 North Wharf Road W2, City Road Estate EC1,1 Oxford Street W1 and Riverwalk House SW1. This does not include 132-142 Hampstead Road NW1 where we now propose a light touch refurbishment, due to the likelihood that the building will be compulsorily purchased to make way for HS2, the high speed rail link between London and Birmingham. A summary of our project pipeline is set out in the appendix.

Joint venture at Grosvenor Place

On 1 March 2012 Derwent London and Grosvenor announced that they had restructured their leases and established a joint venture to work towards the redevelopment of 1-5 Grosvenor Place SW1. Under the agreement Derwent London's leases were restructured into a new 150-year term at a ground rent of 5% of rental income. Grosvenor holds the freehold. Simultaneously Derwent London sold 50% of its ownership to Grosvenor and received £60m. This transaction protects value through the new headlease and unlocks the opportunity for the joint venture to undertake a major mixed-use redevelopment of over 260,000 sq ft (24,200m²).

Disposals

In April 2012, the Group exchanged contracts to sell the Triangle Centre in Scotland for £16.8m before costs, a price 6.8% above the December 2011 book value. This 75,500 sq ft (7,010m^2) shopping centre, located at Bishopbriggs just north of Glasgow, is fully let at £1.3m pa.

Finance

As a result of the £60m receipt from Grosvenor in the first quarter, net debt decreased to £810.6m from £864.5m at the 2011 year end. This has reduced the Group's loan to value ratio from 32.0% to 30.6% and increased total secured but undrawn bank facilities to £474.1m at 31 March 2012 with £625.0m of uncharged properties at the same date. Capital expenditure in the first quarter totalled £13.2m.

Following the drawdown of the new loan facilities and changes to our interest rate swaps in January 2012, all of which were set out in the 2011 Report and Accounts, the weighted average cost of debt on an IFRS basis fell from 4.91% at the year end to 4.71% at 31 March 2012. Using the cash coupon of 2.75% for the convertible bond, the weighted average cost of debt fell from 4.65% to 4.44% at 31 March 2012. We have reduced the level of swaps by £60m in the period but, due to the reduction in net debt, the proportion of debt that was at fixed rates or hedged fell only slightly from 98% at the year end to 97%.

Rent collection for the March quarter was prompt with 95.4% received within 14 days of the due date. We have now completed two of the four quarters of 2012 with negligible bad debts.

The final dividend for 2011 of 21.90p per share, of which 18.10p will be a Property Income Distribution, will be paid on 15 June 2012 to shareholders on the register at 18 May 2012. A scrip alternative has once again been offered to shareholders.

Outlook

The year to date has seen strong performance from within our London villages with further lettings at improved rents and good progress on our project pipeline with almost 40% of our projects on site pre-let. We believe that the arrival of Crossrail is starting to play an important part in the decision-making process of prospective tenants and that the Derwent London portfolio is well placed to capture this demand. We continue to assess potential additions to the portfolio. Our central London focus and the nature of the space that we offer provide us with continued resilience in the face of the economic difficulties being experienced more widely within the UK.

Appendix - Project pipeline

Property	Proposed area sq ft	Proposed area m^2
Projects on site		
1 Page Street SW1	127,000	11,800
Buckley Building, 49 Clerkenwell Green EC1	85,000	7,900
Turnmill, 63 Clerkenwell Road EC1	70,000	6,500
4 & 10 Pentonville Road N1	55,000	5,110
Central Cross, 1-2 Stephen Street W1 – Phases 1 & 2	44,000	4,090
Morelands Building, 5-27 Old Street EC1	27,000	2,510
Other	47,300	4,390
	455,300	**42,300**
Planning consents*		
80 Charlotte Street W1	367,000	34,100
55-65 North Wharf Road W2	313,000	29,100
City Road Estate EC1	289,000	26,800
1 Oxford Street W1	275,000	25,500
Riverwalk House & 232-242 Vauxhall Bridge Road SW1	175,000	16,300
60 Commercial Road E1	122,000	11,300
40 Chancery Lane WC2	100,000	9,300
Wedge House, 30-40 Blackfriars Road SE1	80,000	7,400
96-98 Bishop's Bridge Road W2	21,400	1,990
Other	19,000	1,770
	1,761,400	**163,560**

* Excluding 132-142 Hampstead Road NW1 where there is planning consent for a 265,000 sq ft (24,600 m^2) mixed-use scheme. This site is expected to be compulsorily purchased as part of the construction of HS2.

Disclaimer

This document includes statements that are forward-looking in nature. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Derwent London plc to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Any such forward-looking statements speak only as of the date of this document and Derwent London plc does not undertake to update forward-looking statements to reflect events or circumstances after that date. Information contained in this document relating to the Group should not be relied upon as an indicator of future performance.

Notes to editors

Derwent London plc is the largest central London focused REIT with an investment portfolio of £2.6bn as at 31 December 2011. The Group is one of London's most innovative office specialist property regenerators and investors and is well known for its design-led philosophy and creative management approach to development.

Derwent London's core strategy is to acquire and own a portfolio of central London property that has reversionary rents and significant opportunities to enhance and extract value through refurbishment, regeneration and redevelopment. The Group owns and manages an investment portfolio of 5.4 million sq ft (501,000m^2), as at 31 December 2011, of which 96% is located in central London, with a specific focus on the West End and the areas bordering the City of London. Landmark schemes by Derwent London include Angel Building EC1, Arup Phases II & III W1, Qube W1, Horseferry House SW1, Johnson Building EC1, Davidson Building WC2 and Tea Building E1.

Derwent London came fifth overall in the 2011 Management Today awards for 'Britain's Most Admired Companies' and has also recently won the Estates Gazette Property Company of the Year – Offices award. In 2011, Angel Building was shortlisted for the RIBA Stirling Prize following its RIBA London 2011 award and has also won numerous accolades from organisations such as the British Council for Offices, the British Construction Industry and New London Architecture. The Maple & Fitzroy development in Fitzrovia W1, which was completed in September 2010, also won a 2011 RIBA London and New London Architecture award.

For further information see www.derwentlondon.com