

DIRECTORS' REPORT



TIMOTHY KITE
COMPANY SECRETARY

The Directors present their annual report and audited financial statements for the year ended 31 December 2014.

A review of the development of the Group's business during the year, the principal risks and uncertainties facing the Group and its future prospects is included in the Chairman's statement and the strategic report earlier in this report.

As noted in the Chairman's letter on Corporate Governance above, Robert Farnes is not deemed independent under the criteria given in provision B.1.1. of the Code having served on the Board for more than nine years. The Board has therefore specifically considered his independence.

Along with a number of institutional investors the Board does not believe that length of service is necessarily a complete or accurate guide to a Director's independence and therefore it has reviewed the manner in which Robert carried out his duties during the year. In the Board's opinion, he has shown commitment to his role and the effective manner in which he applies his experience and exercises his judgement continues to demonstrate an independent state of mind.

Despite the Board having no reservations about his independence, in accordance with best practice Robert will not be standing for re-election at the Company's forthcoming Annual General Meeting (AGM).

In addition, in November 2014, Richard Dakin was appointed Managing Director of Capital Advisors Limited, a wholly owned subsidiary of CBRE Limited and became a member of their UK Management Board.

CBRE is one of the world's leading property services advisory firms offering many different property services with its global headquarters in Los Angeles. The Group uses their services as a valuer, investment adviser and agent. In view of this continuing relationship, the Board has considered the impact of his new

The Board

At the end of the year the Board consisted of:

Seven non-executive Directors:

Robert Rayne	Chairman
Stuart Corbyn	Senior Independent Director
Robert Farnes	
Stephen Young	
June de Moller	
Simon Fraser	
Richard Dakin	

Six executive Directors:

John Burns	Chief Executive Officer
Simon Silver	
Damian Wisniewski	
Nigel George	
Paul Williams	
David Silverman	

role on Richard's independence as a non-executive Director. Having considered the lines of reporting and responsibilities in CBRE and after seeking additional assurance from them that, in their view, his independence is not compromised, the Board has concluded that Richard remains independent both in character and judgement.

It has been agreed that Richard will not take part in any considerations of the valuation of the Group's property portfolio at either Board or Committee level. In addition, he will have no involvement in any discussions or decisions regarding the appointment of CBRE or the fees paid to them.

The Group's Nominations Committee continues to monitor the composition, independence and balance of the Board to ensure that the non-executive Directors are able to effectively challenge the views of the executive Directors. As part of this process the Committee has appointed an independent recruitment agency to assist with the process of recruiting a non-executive Director to replace Robert Farnes.

An important element of assessing the composition of the Board involves considering its diversity, having particular regard to the requirements concerning gender diversity included in the 2012 revision of the Code. The Board's overriding aim is for it to have the correct balance of skills, experience, length of service and knowledge of the Group to deliver the Group's strategy whilst recognising the importance of diversity and the requests made by Lord Davies of Abersoch through the BIS. The Board does not intend to apply 'positive discrimination' in its appointments and would stress that these will continue to be made based purely on merit having given due regard to the benefits of diversity in its widest sense and the extent to which the applicant can provide the set of skills identified at the start of the process. Within this environment, the Nominations Committee's aim is for an additional female Director to be the next appointment to the Board.

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The Board currently includes one female (8%) and the gender mix throughout the Group is illustrated in the diagrams on page 75.

Taking all factors into account the Directors believe that the Board has an appropriate balance of skills, experience, knowledge and independence to deliver the Group's strategy and to satisfy the requirements of good corporate governance.

The Board is responsible for setting the Group's strategic aims, for ensuring that adequate resources are available to meet its objectives and for reviewing management performance. A formal list of matters reserved for the Board is maintained which includes decisions relating to strategy and management, structure and capital, internal control and corporate governance, major contracts, certain external communications and Board membership. The list is reviewed periodically. The full Board met six times during the year and six meetings are scheduled for 2015. Extra meetings will be arranged if necessary. The Executive Committee which consists of the executive Directors plus four of the Group's senior managers met 11 times throughout the year. Both bodies are provided with comprehensive papers in a timely manner to ensure that they are fully briefed on matters to be discussed at these meetings.

Directors' attendance at Board and Executive Committee meetings during the year was as follows:

	Full Board	Executive Committee
Number of meetings	6	11
Executive		
John Burns	6	11
Simon Silver	6	11
Damian Wisniewski	6	11
Paul Williams	6	11
Nigel George	6	11
David Silverman	6	11
Non-executive		
Robert Rayne	4	–
Stuart Corbyn	6	–
Richard Dakin	6	–
June de Moller	6	–
Robert Farnes	5	–
Simon Fraser	6	–
Stephen Young	5	–

A formal schedule, which has been approved by the Board, sets out the division of responsibilities between the Chairman, who is responsible for the effectiveness of the Board and the Chief Executive Officer, who is responsible for the day-to-day operations of the business.

The Board maintains a number of Board Committees. The terms of reference of each Committee are available on the Group's website www.derwentlondon.com. Set out below are details of the membership and duties of the four principal committees that operated throughout 2014.

- – attended
- o – not attended

Remuneration Committee

Membership and attendance

Simon Fraser	Chairman	•	•	•	•
Stuart Corbyn		•	•	o	•
June de Moller		•	o	o	•
Stephen Young		•	•	•	•

The Committee is responsible for establishing the Group's remuneration policy and individual remuneration packages for the executive Directors and selected senior executives. There were four meetings of the Committee in 2014 and the report of its activities is set out on pages 93 to 110.

Nominations Committee

Membership and attendance

Stuart Corbyn	Chairman	•	•	•	•
June de Moller		•	•	•	•
Robert Farnes	(until Dec 2014)	•	•	•	•
Simon Fraser		•	•	•	•
Richard Dakin	(from July 2014)	n/a	•	•	•

The Committee's responsibilities include identifying external candidates for appointment as Directors and, subsequently, recommending their appointment to the Board. If requested, the Committee will make a recommendation concerning an appointment to the Board from within the Group. The Committee met four times during 2014 and the report of the Nominations Committee is on page 111.

Risk Committee

Membership and attendance

Richard Dakin	Chairman from August 2014	•	•	•	•
June de Moller	Chairman until August 2014	•	•	•	•
Stephen Young		•	•	•	o
John Burns		•	•	•	•
Damian Wisniewski		•	•	•	•

The Committee's main responsibility is to review the effectiveness of the Group's internal control and risk management systems. It met three times during the year and the Committee's report is on page 112.

Audit Committee

Membership and attendance

Stephen Young	Chairman	•	•	•	o
Stuart Corbyn		•	•	•	•
Richard Dakin		•	•	•	•
Simon Fraser		•	•	•	•

The Committee is responsible for reviewing, and reporting to the Board on, the Group's financial reporting and for maintaining an appropriate relationship with the Group's Auditor. The Committee met four times during 2014 and the report of the Audit Committee is on pages 114 and 115.

Performance evaluation

With regard to the requirement of provision B.6.2 of the Code an independent third party was again used to facilitate the annual review of the effectiveness of the Board and its Committees. This is the second time that an external review has been carried out since the internal assessment carried out in 2012.

The review took the form of a confidential, online survey which was completed by all the Directors and the Company Secretary. The survey covered the processes and performance of the Board, the Committees and the Chairman with particular focus on risk management and Board information. The performance of individual Directors was assessed by the Remuneration Committee as part of the salary review process.

The facilitator prepared reports for each body which were considered by the Chairman as well as the chairmen of the relevant Committees. As a result of the review, the structure and content of the Board packs prepared for each Board meeting is to be reviewed to ensure that it is still an effective format to provide the Directors with the appropriate information.

Last year's review highlighted a requirement for the non-executive Directors to have a greater input into the strategy of the Group. A separate session was arranged to facilitate this and the 2014 review shows that the issue has been successfully addressed.

As a result of this evaluation, the Board is satisfied that the structure, mix of skills and operation of the Board continues to be satisfactory and appropriate for the Group. In addition, the Chairman is satisfied that the non-executive Directors, whom are standing for re-election at the AGM, continue to be effective and show a high level of commitment to their roles. In forming this assessment, the Chairman paid particular attention to those Directors that had served on the Board for more than six years.

The performance of the Chairman was assessed by the non-executive Directors under the leadership of the Senior Independent Director using the responses to that section of the survey.

Appointment and replacement of Directors

Appointment of a Director from outside the Group is on the recommendation of the Nominations Committee, whilst internal promotion is a matter decided by the Board unless it is considered appropriate for a recommendation to be requested from the Nominations Committee.

The Board shall consist of not less than two Directors and not more than 15. Shareholders may vary the minimum and/or maximum number of Directors by passing an ordinary resolution. Other than as required by the shareholding guideline monitored by the Remuneration Committee, a Director shall not be required to hold any shares in the Company. Directors may be appointed by the Company by ordinary resolution or by the Board. A Director appointed

by the Board holds office only until the next AGM of the Company and is then eligible for re-appointment. The Board or any Committee authorised by the Board may from time to time appoint one or more Directors to hold any employment or executive office for such period and on such terms as they may determine and may also revoke or terminate any such appointment.

The articles provide that, at every AGM of the Company, any Director who has been appointed by the Board since the last AGM, or who held office at the time of the two preceding AGMs and who did not retire at either of them, or who has held office with the Company, other than employment or executive office, for a continuous period of nine years or more at the date of the meeting, shall retire from office and may offer himself for re-appointment by the members. However, in accordance with Provision B.7.1 of the Code the Company subjects all Directors to annual re-election and therefore at the next AGM all the Directors, other than Robert Farnes who is retiring at the end of the meeting, will retire and, being eligible, offer themselves for re-election. Biographies of all the Directors are given on page 79.

The Company may by special resolution remove any Director before the expiration of his period of office. The office of a Director shall be vacated if:

- he resigns or offers to resign and the Board resolves to accept such offer; his resignation is requested by all of the other Directors and all of the other Directors are not less than three in number;
- he is or has been suffering from mental or physical ill health and the Board resolves that his office be vacated;
- he is absent without the permission of the Board from meetings of the Board (whether or not an alternate Director appointed by him attends) for six consecutive months and the Board resolves that his office is vacated;
- he becomes bankrupt or enters into an agreement with his creditors generally;
- he is prohibited by a law from being a Director;
- he ceases to be a Director by virtue of the Companies Acts; or
- he is removed from office pursuant to the Company's articles.

If considered appropriate, new Directors are provided with external training that addresses their role and duties as a Director of a quoted public company. Existing Directors monitor their own continued professional development and are encouraged to attend courses that keep their market and regulatory knowledge up to date. In addition, any training and development requirements are discussed during the one-to-one meetings between the Chairman and the Directors.

All Directors have access to the services of the Company Secretary and any Director may instigate an agreed procedure whereby independent professional advice may be sought at the Company's expense. Directors' and officers' liability insurance is maintained by the Company.

DIRECTORS' REPORT

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Powers of the Directors

Subject to the Company's articles, the Companies Act and any directions given by the Company by special resolution, the business of the Company will be managed by the Board who may exercise all the powers of the Company, whether relating to the management of the business of the Company or not. In particular, the Board may exercise all the powers of the Company to borrow money, to guarantee, to indemnify, to mortgage or charge any of its undertaking, property, assets (present and future) and uncalled capital and to issue debentures and other securities and to give security for any debt, liability or obligation of the Company or of any third party.

Directors

The Directors of the Company during the year and their interests in the share capital of the Company, including deferred shares and shares over which options have been granted under the performance share plan, are shown below. All of these interests are held beneficially.

There have been no changes in any of the Directors' interests between the year end and 26 February 2015.

The Directors do not participate in the Executive Share Option Scheme. During the year, a conditional grant of 195,385 shares was made to Directors under the Performance Share Plan (PSP) whilst 128,091 shares vested to the Directors from an earlier conditional award at a zero exercise price. The remaining 102,959 shares of this award made to Directors lapsed.

Other than as disclosed in note 37 the Directors have no interest in any material contracts of the Company.

Conflicts of interest

The Company's articles permit the Directors to regulate conflicts of interest. The Board operates a policy for managing and, where appropriate, approving conflicts or potential conflicts of interest whereby Directors are required to notify the Company as soon as they become aware of a situation that could give rise to a conflict or potential conflict of interest. The register of potential conflicts of interest is regularly reviewed by the Risk Committee and the Board is satisfied that this policy has operated effectively throughout the period.

Communication with shareholders

The Company recognises the importance of clear communication with shareholders. Regular contact with institutional shareholders and fund managers is maintained, principally by the executive Directors, by giving presentations and organising visits to the Group's property assets. The Board receives regular reports of these meetings which include a summary of any significant issues raised by the shareholders. The annual report, which is available to all shareholders, reinforces this communication. The Group's website www.derwentlondon.com, which includes the presentations made to analysts at the time of the Group's interim and full year results, together with the social media channels that the Group uses, provide additional sources of information for shareholders. Websites for specific developments are used to help explain the Group's current activities to shareholders in more detail. The AGM provides an opportunity for shareholders to question the Directors and, in particular, the chairmen of each of the Board Committees. An alternative channel of communication to the Board is available through Stuart Corbyn, the Senior Independent Director.

	Ordinary shares of 5p each		Options and deferred shares	
	31 Dec 14	31 Dec 13	31 Dec 14	31 Dec 13
R.A. Rayne ¹	4,409,295	4,409,295	–	66,730
J.D. Burns	738,244	790,272	163,203	177,460
S.P. Silver	294,887	352,576	139,963	152,215
N.Q. George	47,550	37,179	89,222	92,171
P.M. Williams	44,551	39,180	90,084	92,171
D.G. Silverman	16,469	15,585	85,737	83,969
D.M.A. Wisniewski	21,781	13,794	90,084	91,185
S.A. Corbyn	1,000	1,000	–	–
R.D.C. Dakin	–	–	–	–
J. de Moller	2,985	2,985	–	–
R.A. Farnes	5,628	6,138	–	–
S.W.D. Fraser	–	–	–	–
S.G. Young	1,000	1,000	–	–
J.C. Ivey (retired 31 December 2013)	n/a	79,072	–	–

¹ Includes shares held by the Rayne Foundation and the Rayne Trust, both of which R.A. Rayne is a trustee.

Risk management and internal control

The principal risks and uncertainties facing the Group in 2015 together with the controls and mitigating factors are set out on pages 22 to 27. Details of the price, credit, liquidity and cash flow risks that are inherent in the Group's business are given in note 24 on pages 152 and 153. The key elements of the Group's internal control framework which is designed to manage and control the Group's risks are:

- an approved schedule of matters reserved for decision by the Board and the Executive Committee supported by defined responsibilities and levels of authority;
- the day-to-day involvement of the executive Directors in all aspects of the Group's business;
- a comprehensive system of financial reporting and forecasting including both sensitivity and variance analysis;
- maintenance, updating and regular review by the Risk Committee of the Group's risk register; and
- a formal whistleblowing policy.

The effectiveness of this system and the operation of the key components thereof have been reviewed for the accounting year and the period to the date of approval of the financial statements.

The Board was able to assess the effectiveness of the controls through the close day-to-day involvement of the executive Directors in the operation of many of the controls and the various reports that the Board receives which enable any significant control failure to be identified.

The Board has considered the need for an internal audit function but continues to believe that this is unnecessary given the size and complexity of the Group.

Report and accounts

The Board has considered the Group's report and accounts and, taking into account the recommendation of the Audit Committee, is satisfied that, taken as a whole, it is fair, balanced and understandable and provides the information necessary for the shareholders to assess the Company's performance, business model and strategy.

Share capital

As at 25 February 2014, the Company's issued share capital comprised a single class of 5p ordinary shares. Details of the ordinary share capital and shares issued during the year can be found in note 27 to the financial statements.

Derwent London shares held by the Group

At 31 December 2014 the Group held 38,223 Derwent London shares in order to deliver the deferred bonus shares to the Directors when the deferral periods expire. Movements on the holding of these shares are detailed below:

Transaction	Number of 5p ordinary shares	Percentage of issued share capital %	Price £	Aggregate consideration £
Holding at 1 January 2013	42,895	0.042		700,063
Acquired on 27 March 2013	18,316	0.018	21.39	391,779
Maximum holding during 2013	61,211	0.060		1,091,842
Disposed on 4 April 2013	(27,775)	(0.027)	21.50	(597,162)
Holding at 31 December 2013	33,436	0.033		494,680
Disposal on 2 April 2014	(24,275)	(0.024)	27.34	(663,678)
Acquired on 7 April 2014	29,062	0.028	26.97	783,802
Maximum holding during 2014 and holding as at 31 December 2014	38,223	0.037		614,804

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Rights and restrictions attaching to shares

The Company can issue shares with any rights or restrictions attached to them as long as this is not restricted by any rights attached to existing shares. These rights or restrictions can be decided either by an ordinary resolution passed by the shareholders or by the Directors as long as there is no conflict with any resolution passed by the shareholders. These rights and restrictions will apply to the relevant shares as if they were set out in the articles. Subject to the articles, the Companies Act and other shareholders' rights, unissued shares are at the disposal of the Board.

Variation of rights

If the Companies Act allows this, the rights attached to any class of shares can be changed if it is approved either in writing by shareholders holding at least three-quarters of the issued shares of that class by amount (excluding any shares of that class held as treasury shares) or by a special resolution passed at a separate meeting of the holders of the relevant class of shares. This is called a 'class meeting'.

All the articles relating to general meetings will apply to any such class meeting, with any necessary changes. The following changes will also apply:

- a quorum will be present if at least two shareholders who are entitled to vote are present in person or by proxy who own at least one-third in amount of the issued shares of the class (excluding any shares of that class held as treasury shares);
- any shareholder who is present in person or by proxy and entitled to vote can demand a poll; and
- at an adjourned meeting, one person entitled to vote and who holds shares of the class, or his proxy, will be a quorum.

The provisions of this article will apply to any change of rights of shares forming part of a class. Each part of the class which is being treated differently is treated as a separate class in applying this article.

The rights conferred upon the holders of any shares shall not, unless otherwise expressly provided in the rights attaching to those shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* with them.

No person holds securities in the Company carrying special rights with regard to control of the Company.

Voting

Shareholders will be entitled to vote at a general meeting whether on a show of hands or a poll, as provided in the Companies Act. Where a proxy is given discretion as to how to vote on a show of hands this will be treated as an instruction by the relevant shareholder to vote in the way in which the proxy decides to exercise that discretion. This is subject to any special rights or restrictions as to voting which are given to any shares or upon which any shares may be held at the relevant time and to the articles.

If more than one joint holder votes (including voting by proxy), the only vote which will count is the vote of the person whose name is listed first on the register for the share.

Restrictions on voting

Unless the Directors decide otherwise, a shareholder cannot attend or vote shares at any general meeting of the Company or upon a poll or exercise any other right conferred by membership in relation to general meetings or polls if he has not paid all amounts relating to those shares which are due at the time of the meeting, or if he has been served with a restriction notice (as defined in the articles) after failure to provide the Company with information concerning interests in those shares required to be provided under the Companies Act.

The Company is not aware of any agreements between shareholders that may result in restrictions on voting rights.

Restrictions on transfer of securities in the Company

There are no restrictions on the transfer of securities in the Company, except:

- that certain restrictions may from time to time be imposed by laws and regulations (for example, insider trading laws); and
- pursuant to the Listing Rules of the Financial Conduct Authority whereby certain employees of the Company require the approval of the Company to deal in the Company's ordinary shares.

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities.

Powers in relation to the Company issuing or buying back its own shares

The Directors were granted authority at the last AGM held in 2014 to allot relevant securities up to a nominal amount of £1,708,630. That authority will apply until the conclusion of this year's AGM. At this year's AGM shareholders will be asked to grant an authority to allot relevant securities (i) up to a nominal amount of £1,844,352 and (ii) up to a nominal amount of £3,688,705 (after deducting from such limit any relevant securities allotted under (i)), in connection with an offer by way of a rights issue, (the 'section 551 authority'), such section 551 authority to apply until the end of next year's AGM.

A special resolution will also be proposed to renew the Directors' power to make non-pre-emptive issues for cash in connection with rights issues and otherwise up to a nominal amount of £553,306. A further special resolution will be proposed to renew the Directors' authority to repurchase the Company's ordinary shares in the market. The authority will be limited to a maximum of 11,066,114 ordinary shares and the resolution sets the minimum and maximum prices which may be paid.

Substantial shareholders

In addition to those of the Directors disclosed on page 86, the Company has been notified of the following interests in the issued ordinary share capital as at 25 February 2015.

	Number of shares	Percentage of issued share capital
Invesco Inc	5,242,406	4.74
Blackrock Investment Management (UK) Ltd	5,143,432	4.65
Standard Life Investments	4,284,390	3.87
Lady Jane Rayne	3,593,838	3.25
Withers Trust Corporation Ltd	3,593,146	3.25

Significant agreements

There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid, except that, under the rules of the Group's share-based remuneration schemes some awards may vest following a change of control.

Some of the Group's banking arrangements are terminable upon a change of control of the Company.

As a REIT, a tax charge may be levied on the Company if it makes a distribution to another company which is beneficially entitled to 10% or more of the shares or dividends in the Company or controls 10% or more of the voting rights in the company, (a substantial shareholder), unless the Company has taken reasonable steps to avoid such a distribution being made. The Company's articles give the Directors power to take such steps, including the power:

- to identify a substantial shareholder;
- to withhold the payment of dividends to a substantial shareholder; and
- to require the disposal of shares forming part of a substantial shareholding.

There is no person with whom the Group has a contractual or other arrangement which is essential to the business of the Company.

Amendment of articles of association

Unless expressly specified to the contrary in the articles of the Company, the Company's articles may be amended by a special resolution of the Company's shareholders.

Fixed assets

The Group's freehold and leasehold investment properties were professionally revalued at 31 December 2014, resulting in a surplus of £683.8m, before deducting the lease incentive adjustment of £11.9m. The freehold and leasehold properties are included in the Group balance sheet at a carrying value of £4,089.8m. Further details are given in note 16 of the financial statements.

Post balance sheet events

Details of post balance sheet events are given in note 35 of the financial statements.

Going concern

Under Provision C.1.3 of the UK Corporate Governance Code, 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 next two years in particular the cash flows, borrowings and undrawn facilities. Sensitivity analysis is included within these forecasts.
- 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 next 12 months.
- The risks on the Group's Risk Register that could be a threat to the Group's business model and capital adequacy.

The Group's risks and risk management processes are set out on pages 22 to 27.

Having due regard to these matters and after making appropriate enquiries, the Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. Therefore, the Board continues to adopt the going concern basis in preparing the financial statements.

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware and that each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information.

Auditors

Having been appointed during the year, PricewaterhouseCoopers LLP has expressed its willingness to continue in office and accordingly, resolutions to reappoint it and to authorise the Directors to determine its remuneration will be proposed at the AGM. These are resolutions 16 and 17 set out in the notice of meeting.

DIRECTORS' REPORT CONTINUED

Our carbon footprint

We present below our annual GHG (greenhouse gas) emissions profile for 2014 compared to our 2013 baseline. In addition there are a set of intensity ratios appropriate for our business, both of which align with the requirements of the Companies Act 2006 (Strategic and Directors' Report Regulations 2013).

We have seen reductions in our overall CO₂e/m² intensity of 9.7% (this excludes Scope 1 fugitive emissions).

For further analysis and detail on our GHG emissions please see our 2014 annual sustainability report, which can be found at www.derwentlondon.com/sustainability.

Whole portfolio carbon generation

			2014 tCO ₂ e	2013 tCO ₂ e	% change
Scope 1	Energy-use	Gas (total building)	2,295	3,691	(37.8)
		Oil (total building)	78	62	25.8
	Travel	Fuel use in Derwent London company cars for business travel	19	19	–
	Fugitive emissions	Refrigerant emissions	774	1,000	(22.6)
Scope 2	Energy-use	Electricity use – generation (landlord-controlled areas and Derwent London occupied floor area)	5,527	6,978	(20.8)
Scope 3	Energy-use	Electricity use – WTT Generated Scope 3 Indirect GHG (landlord-controlled areas and Derwent London occupied floor area)	842	1,063	(20.8)
		Electricity use – T&D Direct & WTT T&D Indirect (landlord-controlled areas and Derwent London occupied floor area)	557	703	(20.8)
		Gas (total building)	308	496	(37.9)
		Oil (total building)	16	12	25.0
	Travel	Fuel use in Derwent London company cars for business travel WTT	4	4	–
		Business air travel WTT	5	3	66.7
		Business air travel	41	24	70.8
Water	Water use (total building)	46	44	4.5	
Total	All	All	10,512	14,098	(25.4)
Out of scope	Energy-use	Biomass use (total building)	26	22	18.2

Intensity

tCO ₂ e/£m turnover (Scopes 1 and 2 only, excluding Scope 1 fugitive emissions)	62.81	89.29	(29.7)
tCO ₂ e/m ² (Scopes 1 and 2 only, excluding Scope 1 fugitive emissions)	0.028	0.031	(9.7)

Data notes

Reporting period	1 January 2014 to 31 December 2014
Baseline year	2013 (restated)
Boundary (consolidation approach)	Operational control
Alignment with financial reporting	The only variation is that the GHG emission data presented does not account for single-let properties or properties for which we do not have management control, and therefore cannot be responsible for. This is because we have no control or influence over the utility consumption in these buildings. However, the rental income of these properties is included in our consolidated financial statements.
Reporting method	The Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard.
Emissions factor source	Defra, May 2014 – www.ukconversionfactorscarbonsmart.co.uk
Independent assurance	Public limited assurance provided by Deloitte LLP over all Scope 1 and 2 GHG emissions data.
Data changes and restatements	We have restated our 2013 baseline emissions figures in response to changes made by Defra to the suite of UK conversion factors.

Annual General Meeting

The notice of meeting contained in the circular to shareholders that accompanies the report and accounts includes four resolutions to be considered as special business.

Resolution 18 is an ordinary resolution to renew the authority of the Directors under Section 551 of the Companies Act 2006 to allot shares. Paragraph A of the resolution gives the Directors authority to allot ordinary shares up to an aggregate nominal amount of £1,844,352 which represents about one-third of the issued ordinary share capital (excluding treasury shares) of the Company as at the latest practicable date prior to the publication of this document.

In line with guidance issued by the Investment Association, paragraph B of the resolution gives the Directors authority to allot ordinary shares in connection with a rights issue in favour of ordinary shareholders up to an aggregate nominal amount of £3,688,705, as reduced by the nominal amount of any shares issued under paragraph A of the resolution. This amount (before any reduction) represents approximately two-thirds of the issued ordinary share capital (excluding treasury shares) of the Company as at the latest practicable date prior to the publication of this document.

The Directors have no present intention of issuing shares except on the exercise of options under the Company's share option scheme, on the vesting of shares under the Company's performance share plan or in connection with the scrip dividend scheme. The authority will expire at the conclusion of next year's AGM or, if earlier, the close of business on 15 August 2016.

Resolution 19 is a special resolution to renew the Directors' authority under Sections 571 and 573 of the Companies Act 2006. The resolution empowers the Directors to allot shares or sell treasury shares for cash in connection with pre-emptive offers and the scrip dividend scheme (where the scrip election is made after the declaration (but before payment) of a final dividend) with modifications to the requirements set out in Section 561 of the Companies Act 2006. The resolution further empowers the Directors to allot or, in the case of treasury shares, sell shares for cash, otherwise than on a pre-emptive basis, up to an aggregate nominal value of £553,306 which is equivalent to approximately 10% of the issued share capital as at the latest practicable date prior to the publication of this document provided that, unless the proceeds of such allotment or sale are to be applied in connection with an acquisition or specified capital investment, this authority is limited to 5% of the issued share capital.

In respect of this aggregate nominal amount, the Directors confirm their intention to follow the provisions of the Pre-emption Group's Statement of Principles regarding cumulative usage of authorities within a rolling three-year period, which provide that usage in excess of 7.5% (excluding in connection with an acquisition or specified capital investment) should not take place without prior consultation with shareholders.

Allotments made under the authorisation in paragraph B of resolution 18 would be limited to allotments by way of a rights issue (subject to the right of the Board to impose necessary or appropriate limitations to deal with, for example, fractional entitlements and regulatory matters).

The authority will expire at the conclusion of next year's AGM or, if earlier, the close of business on 15 August 2016.

Resolution 20 is a special resolution to renew the authority enabling the Company to purchase its own shares. This authority enables the Directors to act quickly, if, having taken account of all major factors such as the effect on earnings and net asset value per share, gearing levels and alternative investment opportunities, such purchases are considered to be in the Company's and shareholders' best interest while maintaining an efficient capital structure. The special resolution gives the Directors authority to purchase up to 10% of the Company's ordinary shares and specifies the maximum and minimum prices at which shares may be bought. The authority will expire at the conclusion of next year's AGM or, if earlier, the close of business on 15 August 2016.

The Companies Act 2006 permits the Company to hold any such repurchased shares in treasury, with a view to possible re-issue at a future date, as an alternative to immediately cancelling them. Accordingly, if the Company purchases any of its shares pursuant to resolution 20, the Company may cancel those shares or hold them in treasury. Such a decision will be made by the Directors at the time of purchase on the basis of the Company's and shareholders' best interests. As at the date of the notice of meeting, the Company held no shares in treasury.

The total number of options to subscribe for ordinary shares outstanding at 26 February 2015 was 953,460 which represented 0.86% of the issued share capital (excluding treasury shares) at that date. If the Company were to purchase the maximum number of ordinary shares permitted by this resolution, the options outstanding at 26 February 2015 would represent 1.07% of the issued share capital (excluding treasury shares).

Resolution 21 is required to reflect the implementation of the Shareholder Rights Directive which, in the absence of a special resolution to the contrary, increased the notice period for general meetings of the Company to 21 days. The Company is currently able to call general meetings (other than an AGM) on 14 clear days' notice and would like to preserve this ability. The shorter notice period would not be used as a matter of routine, but only where the flexibility is merited by the business of the meeting and it is thought to be to the advantage of the shareholders as a whole. The approval will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed.

Approved by the Board and signed on its behalf by:

TIMOTHY J. KITE ACA
COMPANY SECRETARY

26 FEBRUARY 2015