

11 July 2014

Derwent London plc ("Derwent London" / "the Group")

Derwent London pre-lets 28,000 sq ft at 1+2 Stephen Street W1 to Freud Communications Limited for new West End Headquarters



Derwent London has pre-let 28,000 sq ft of newly refurbished offices at 1+2 Stephen Street to leading public relations firm, Freud Communications Limited ('freuds').

freuds is taking a self-contained unit on the lower floors at 1 Stephen Street, comprising its own entrance on part ground together with mezzanine and first floor. The lease is for a term of 15 years at an initial rent of £65 per sq ft with a fixed increase to £75 per sq ft after five years and an open market upward-only rent review at year ten. The initial rent is £1.8m pa, rising to £2.1m pa after five years. There is a tenant break at year 10 and incentives equivalent to an 18-month rent free period, together with a further six months if the break is not exercised.

1+2 Stephen Street is a 267,300 sq ft office and retail building fronting Tottenham Court Road and is within 200m of the new Tottenham Court Road Crossrail station which is currently under construction and due for completion in 2017.

Derwent London purchased the block in 2010 and is undertaking a repositioning of the entire building, the first phase of which comprises a comprehensive refurbishment of 102,000 sq ft of office space and the entire redevelopment of the ground floor streetscape. The new entrance at 1 Stephen Street, together with the refurbishment of 18,000 sq ft of studio space (pre-let to BrandOpus), was completed in late 2013. The refurbishment of the freuds space will be completed by mid-August with the remaining office space due to finish by mid-October.

Following the letting to freuds, 45% of the refurbished space has been pre-let. The remaining office space will include the penthouse floors at 1 Stephen Street totalling 16,000 sq ft with a 2,000 sq ft roof terrace. In addition, there is 40,000 sq ft at 2 Stephen Street with a further two roof terraces, which could be let either as a self-contained building or on a floor by floor basis.

The second phase which comprises the regeneration of the retail element of the building facing Tottenham Court Road is also now underway, with 40,000 sq ft of re-configured, double-height units due to be completed in the second quarter of 2015.

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

"We are pleased to welcome communications specialist freuds to our regenerated 1+2 Stephen Street. This letting is a further demonstration of the strength of the West End market and the growing attraction of Fitzrovia."

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Notes to editors

Derwent London plc owns a portfolio of commercial real estate predominantly in central London valued at £3.4bn as at 31 December 2013, making us the largest London-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 development or refurbishment, effective asset management and capital recycling.

We typically acquire properties off-market with low capital values and modest rents in improving locations, most of which are either in the West End or the Tech Belt. We capitalise on the unique qualities of each of our properties – taking a fresh approach to the regeneration of every building with a focus on anticipating tenant requirements and an emphasis on design.

Reflecting and supporting our long-term success, the business has a strong balance sheet with modest leverage, a robust income stream and flexible financing.

Landmark schemes in our portfolio of 5.7 million sq ft as at 31 December 2013 include Angel Building EC1, The Buckley Building EC1, White Collar Factory EC1, 1-2 Stephen Street W1, Horseferry House SW1 and Tea Building E1.

In 2014 to date the Group has won the Property Week 'Developer of the Year' and has been shortlisted for awards by Architects' Journal and RICS.

In 2013 Derwent London topped the real estate sector for the fourth year in a row and came tenth overall in the Management Today awards for 'Britain's Most Admired Companies'. During the year the Group was also awarded EPRA Gold for corporate and sustainability reporting, two OAS awards and AJ Retrofit and NLA awards.

For further information see www.derwentlondon.com or follow us on Twitter at @derwentlondon.