

13 June 2013

## **Derwent London pre-lets two major developments at Turnmill EC1 and 40 Chancery Lane WC2 to Publicis Groupe for a combined annual rent of £8.8 million**

Derwent London plc (“Derwent London”/“the Group”) announces that it has pre-let all the office accommodation, totalling 155,600 sq ft (14,460m<sup>2</sup>), at Turnmill, 63 Clerkenwell Road EC1 and 40 Chancery Lane WC2, two of its current schemes. The space has been let to agencies within Publicis Groupe, one of the world’s leading communications groups.

At Turnmill, the office rent will be £3.1 million per annum on 58,200 sq ft (5,410m<sup>2</sup>) leaving 12,300 sq ft (1,140m<sup>2</sup>) of retail space to be let with a December 2012 estimated rental value (ERV) of £0.4 million. At 40 Chancery Lane, the office rent will be £5.7 million per annum on 97,400 sq ft (9,050m<sup>2</sup>), which leaves 4,400 sq ft (410m<sup>2</sup>) of retail space to be let with a December 2012 ERV of £0.1 million. Derwent London’s share of the office rent, after deducting a ground rent, will be £7.8 million per annum.

Both leases are for a term of 20 years with rent reviews every five years and a rent-free period equivalent to 32 months. There is a tenant’s break in year 18 which, if exercised, will result in a penalty becoming payable.

Derwent London is currently on site at both developments and they are expected to be handed to Publicis Groupe for fit out in July 2014.



Turnmill, 63 Clerkenwell Road EC1

Turnmill is a 70,500 sq ft (6,550m<sup>2</sup>) new office and retail development on a prominent corner site, which the Group holds freehold, opposite Farringdon station, where a Crossrail interchange is under construction. The office space is arranged over the five upper floors, with a ground floor reception.

40 Chancery Lane will be a 101,800 sq ft (9,460m<sup>2</sup>) seven-storey building located on a large Midtown corner site. The Group holds a 128-year headlease with a ground rent equal to 18% of the rent received. It has the right to reduce this gearing to 10% through the payment of a premium to the freeholder.



40 Chancery Lane WC2

Whilst Turnmill and 40 Chancery Lane are being completed, agencies of Publicis Groupe, will continue to occupy their existing offices at Derwent London's 80 Charlotte Street W1. Therefore, the start of the Group's 385,000 sq ft (35,800m<sup>2</sup>) redevelopment of this property is now likely to commence in the first half of 2015 with completion scheduled for the second half of 2017.

Derwent London is on site at projects totalling over 400,000 sq ft (37,200m<sup>2</sup>), including Turnmill and 40 Chancery Lane. Over the next 12 months the Group will start construction of a further 345,500 sq ft (32,050m<sup>2</sup>) with our White Collar Factory offices at Old Street EC1, retail space at 18-30 Tottenham Court Road W1 complementing our current office scheme at 1-2 Stephen Street W1 (together 127,000 sq ft/ 11,800m<sup>2</sup>) and a residential development at 73 Charlotte Street W1.

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

"We are delighted that Publicis Groupe has chosen to remain a tenant of the Group and to occupy two of our new developments. Their decision endorses the quality of our product, the rising attractions of London's vibrant Tech Belt and the broadening of the tenant base in Midtown. These transactions will mean that we have pre-let 74% of the projects where we are on site. Our next major project will start early next year at White Collar Factory, in the

heart of the Tech Belt, which leaves a further 1.9 million sq ft of potential development for delivery before 2020.”

Celine Thompson, Head of Leasing at Derwent London, said:

“TMT and other creative companies are playing an increasingly important role in the central London office market. They are attracted to our distinctive, design-led spaces which offer high quality working environments and provide good value for money. Turnmill and 40 Chancery Lane will be exciting, well-located properties providing exactly this type of accommodation.”

Publicis Groupe was represented by DTZ whilst Jones Lang LaSalle, BNP Paribas and Ingleby Trice acted for Derwent London at 40 Chancery Lane and CBRE and Pilcher Hershman at Turnmill.

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**Notes to editors**

**Derwent London**

Derwent London owns a portfolio of commercial real estate predominantly in central London valued at £2.9bn as at 31 December 2012, making us the largest London-focused real estate investment trust (REIT).

Our experienced team has a proven record of value creation through development, refurbishment and asset management activities. We take a fresh approach to each building, adopting a design-led and tenant-led philosophy. We focus on buildings with reversionary mid-market rents, particularly those in improving locations around the West End and the City borders.

The business is grounded on a strong balance sheet with modest leverage, a robust income stream and flexible financing.

Landmark schemes in our portfolio of 5.4 million sq ft (505,800m<sup>2</sup>) as at 31 December 2012 include Angel Building EC1, Buckley Building EC1, Qube W1, Horseferry House SW1 and Tea Building E1.

Derwent London came seventh overall in the 2012 Management Today awards for ‘Britain’s Most Admired Companies’, topping the real estate sector for the third year in a row. Earlier in 2012 the Group won the Estates Gazette Property Company of the Year – Offices award. Last year the Tea Building also won a RIBA regional award and an AJ Retrofit award for the ‘Green Tea’ refurbishment to improve the environmental performance of the building.

For further information see [www.derwentlondon.com](http://www.derwentlondon.com) or follow us on Twitter at @derwentlondon.