

7 January 2014

Derwent London announces the acquisition of 22 Kingsway WC2 for £59m

In December 2013 Derwent London plc ("Derwent London") completed the acquisition of 22 Kingsway WC2 in London's Midtown from Harel Insurance & Finance Group and Clal Insurance Group for £59.3m after costs.



The block comprises an eight-storey freehold office building with a net internal area of 91,400 sq ft (8,490m²). It is let to King's College London under a lease expiring in September 2025. The passing rent of £3.0m per annum, equating to an average rent of £32.80 per sq ft (£353 per m²), offers good reversionary prospects. The next rent review is in September 2015 and there is a tenant's break option in April 2021.

In addition the consideration includes the freehold interest of the Peacock Theatre on Portugal Street WC2. The theatre has a gross internal area of 44,000 sq ft (4,090m²) and is let to the London School of Economics on a lease expiring 2054 at £1 per annum.

Excluding the theatre, this transaction reflects a capital value of £647 per sq ft (£6,964 per m²) and a purchaser's net initial yield of 5.1%.

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

"The off-market purchase of this prominent block provides an attractive initial yield, with good prospects for growth on review next year. With the continued improvement of Covent Garden and the wider Midtown area, 22 Kingsway offers regeneration opportunities in the longer term."

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Notes to editors

Derwent London

Derwent London plc owns a portfolio of commercial real estate predominantly in central London valued at £3.1bn as at 30 June 2013, 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 5.5 million sq ft (510,600m²) as at 30 June 2013 include Angel Building EC1, The Buckley Building EC1, Qube W1, Horseferry House SW1 and Tea Building E1.

In 2013 Derwent London came tenth overall in the Management Today awards for 'Britain's Most Admired Companies', topping the real estate sector for the fourth year in a row. 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.