

28 February 2017

**Derwent London plc (“Derwent London” / “the Group”)
Arup anchors Derwent London's Fitzrovia flagship**

A UK subsidiary of Arup Group has signed an agreement to pre-let 133,600 sq ft at Derwent London’s 80 Charlotte Street W1, on completion of the development in the second half of 2019. Simultaneously, the Group has agreed a conditional put and call option to sell 8 Fitzroy Street W1 for £197m to Arup, who occupy the entire building, with completion expected on 23 June 2017.

At 80 Charlotte Street, Arup has agreed a 20-year lease on the first to third floors as well as part of the ground and lower ground floor space. The initial annual rent of £9.74m represents £75 per sq ft on the main office floors. The rent will rise by 2.25% per annum for the first 15 years, at which point there is an upward only open market review. In return, Arup will receive rental incentives equivalent to 33 months’ rent free. After allowing for the impact of indexation, the average rent over the first five years is in line with our June and December 2016 ERVs. Arup also has an option to take the 40,700 sq ft fourth floor.



80 Charlotte Street W1 is the Group's largest current development totalling 380,000 sq ft of mixed office, residential and retail use¹. Arup will take 41% of the main building which comprises 309,000 sq ft offices and 14,000 sq ft of retail space. This is designed to be multi-let with separate entrances and large, flexible floorplates with extensive terraces. There will also be a new publicly accessible pocket park.

8 Fitzroy Street W1 is a freehold property comprising 147,900 sq ft fully let to Arup until 2033. The rent is £7.2m, and is subject to annual stepped increases until 2021 when there would be an upward only open market rent review. The disposal price reflects a purchaser's net initial yield of 3.4% and is at a 2.8% premium before costs to the property's book value in December 2016.

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

"We are delighted to continue our long standing and close relationship with Arup in this mutually beneficial transaction. We have been able to facilitate the upgrade of Arup's London headquarters and Arup will be the first occupier anchoring our major 80 Charlotte Street development. This complex transaction further de-risks Derwent London's development programme, and is evidence of our asset management and letting skills, the desirability of our product and the advantage of owning a cluster of property in an attractive location."

David Whittleton, Deputy Chair and Group COO of Arup Group, commented:

"This innovative deal offers real benefits to both Derwent and Arup, and was possible because of the strong and trusting relationship developed between our firms over many years. Arup is very pleased to have been able to secure its London future in quality space in the rapidly improving Fitzrovia area, where the firm has been based since inception, at attractive and predictable costs. We look forward to many more collaborations in the years ahead."

JLL, Pilcher Hershman and CBRE acted for Derwent London. Strutt & Parker acted for Arup.

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¹Notes on 80 Charlotte Street W1

The 80 Charlotte Street development totals 380,000 sq ft in three properties. The largest building comprises 309,000 sq ft of offices and 14,000 sq ft retail. The two other buildings are 67 Whitfield Street W1, which has 14,000 sq ft of private residential space, and 53-65 Whitfield Street W1 which consists of 12,000 sq ft of offices, 21,000 sq ft of private residential and 10,000 sq ft of affordable residential space.

Notes to editors

Derwent London plc

Derwent London plc owns a portfolio of commercial real estate predominantly in central London valued at £5.0 billion (including joint ventures) as at 31 December 2016, making it 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 central London 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 6.0 million sq ft portfolio 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 2016, the Group won the Estates Gazette National Company of the Year and London awards as well as awards from Architects' Journal, British Council for Offices, Civic Trust and RIBA and achieved EPRA Gold for corporate and sustainability reporting.

As part of its wider sustainability programme, in 2013 Derwent London launched a dedicated £250,000 voluntary Community Fund and, in 2016, made a further commitment of £300,000 for the next three years for Fitzrovia and the Tech Belt.

The Company is a public limited company, which is listed on the London Stock Exchange and incorporated and domiciled in the UK. The address of its registered office is 25 Savile Row, London, W1S 2ER.

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

About Arup

Arup is the creative force at the heart of many of the world's most prominent projects in the built environment and across industry. From 92 offices in 40 countries our 12,000 planners, designers, engineers and consultants deliver innovative projects across the world with creativity and passion. www.arup.com

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Forward-looking statements

This document contains certain forward-looking statements about the future outlook of Derwent London. By their nature, any statements about future outlook involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. Actual results, performance or outcomes may differ materially from any results, performance or outcomes expressed or implied by such forward-looking statements.

No representation or warranty is given in relation to any forward-looking statements made by Derwent London, including as to their completeness or accuracy. Derwent London does not undertake to update any forward-looking statements whether as a result of new information, future events or otherwise. Nothing in this announcement should be construed as a profit forecast.