

5 May 2022

Derwent London plc (“Derwent London” / “the Group”) Exchange of conditional contract to acquire City Road Island EC1

Derwent London is pleased to announce that it has exchanged a conditional contract to acquire the freehold of City Road Island EC1, the site of the Moorfields Eye Hospital and the UCL Institute of Ophthalmology.

The site is being sold by Moorfields Eye Hospital NHS Foundation Trust and UCL, together the Oriel joint initiative (“Oriel”), for £239m¹ before costs. This is subject to receipt of final Treasury approval, which is expected in H2 2022. Completion is also conditional on delivery by Oriel of the new eye hospital at St Pancras and subsequent vacant possession of City Road Island which is anticipated in early 2027.

Derwent London has appointed architects AHMM alongside a full professional team and will undertake significant community engagement as part of its regeneration plans. This important 2.5 acre site, with its c.400,000 sq ft of existing buildings, is located in the heart of the Tech Belt where the Group has substantial holdings. Our early appraisals show the site has potential to deliver a major 750,000+ sq ft campus with generous public realm and strong environmental credentials.



Paul Williams, Chief Executive of Derwent London, said:

“We are delighted to have secured such an important central London regeneration opportunity in the heart of the Tech Belt, where we aim to deliver the next generation of distinctive ‘long-life, loose-fit, low carbon’ commercial space.”

Martin Kuper, Chief Executive of Moorfields Eye Hospital NHS Foundation Trust said:

“This is an important step forward for our plans for Oriel, a new eye care, research and education centre. The sale of our City Road Island, which is conditional on Treasury approval of Oriel, is a key element of our funding strategy. All proceeds will be reinvested in the new centre to secure the long-term future of world-leading eye care, research and education in a way that represents value for money and benefits our patients. We will continue to maintain our strong links with Islington Council as plans for City Road Island progress.”

Professor Alan Thompson, Dean of the UCL Faculty of Brain Sciences, said:

“This is a significant step towards realising the Oriel joint initiative. Oriel will bring together UCL’s formidable research base with Moorfields’ world-class healthcare delivery in one integrated centre of research, education and care.”

Robert Duffton, Chief Executive, Moorfields Eye Charity, said:

“We’re very pleased to reach this significant milestone in achieving Oriel which helps to secure investment in the new world-leading centre for eye health integrating research, patient care and education in a state-of-the-art building and benefitting people on a global scale. Philanthropy has a critical role to play in realising Oriel. We’re very grateful to donors who have committed their support and to those interested in hearing more.”

Initial impact on earnings and NAV

Derwent London is disclosing the following additional information for Listing Rules purposes.

On completion the acquisition is expected to have a marginal impact on the Group’s earnings.

The £239m¹ consideration to be paid by the Group on completion of the acquisition is in line with the market valuation for the estate which does not yet benefit from planning consent and will be paid from undrawn debt facilities and cash. The contract also contains potential overage arrangements that may be payable based on the planning consent that is achieved and/or any future disposal of the site within an agreed time period. The potential amounts payable in relation to such overage arrangements are subject to an aggregate cap, with such cap also including the purchase consideration to be paid on completion.

¹ The exact amount depends on the terms of the planning consent obtained as at the point of completion of the acquisition, with £239m being the base consideration.

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Notes to editors

Derwent London plc

Derwent London plc owns 77 buildings in a commercial real estate portfolio predominantly in central London valued at £5.7 billion as at 31 December 2021, 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.

As part of our commitment to lead the industry in mitigating climate change, Derwent London has committed to becoming a net zero carbon business by 2030, publishing its pathway to achieving this goal in July 2020. In 2019 the Group became the first UK REIT to sign a Revolving Credit Facility with a ‘green’ tranche. At the same time, we also launched our Green Finance Framework and signed the Better Buildings Partnership’s climate change commitment. The Group is a member of the ‘RE100’ which recognises Derwent London as an influential company, committed to 100% renewable power by purchasing renewable energy, a key step in becoming a net zero carbon business. Derwent London is one of only a few property companies worldwide to have science-based carbon targets validated by the Science Based Targets initiative (SBTi).

Landmark buildings in our 5.6 million sq ft portfolio include 80 Charlotte Street W1, Brunel Building W2, White Collar Factory EC1, Angel Building EC1, 1-2 Stephen Street W1, Horseferry House SW1 and Tea Building E1.

In January 2022 we were proud to announce that we had achieved the National Equality Standard – the UK's highest benchmark for equality, diversity and inclusion. In April 2022, Derwent London won the BCO Best Commercial Workplace award for 80 Charlotte Street. In October 2021, the Group won EG's UK Company of the Year award and in January 2022 came top of the Property Sector and 38th position overall in Management Today's Britain's Most Admired Companies awards 2021. In 2020 the Group won several awards for Brunel Building with the most prominent being the BCO Best Commercial Workplace award. In 2019 the Group won EG Offices Company of the Year, the CoStar West End Deal of the Year for Brunel Building and Westminster Business Council's Best Achievement in Sustainability award. In 2013 the Company launched a voluntary Community Fund and has to date supported well over 100 community projects in the West End 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

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.