

28 February 2023

Derwent London plc (“Derwent London” / “the Group”)
STRONG LEASING START TO 2023

Derwent London is pleased to announce that we have signed 10 leases since the start of 2023 for combined rent of £14.7m. This includes the first pre-let at 25 Baker Street W1 and the third major occupier for The Featherstone Building EC1.

The average lease term to break (WAULT) of these transactions is 13.4 years. On a proforma basis our operational EPRA vacancy rate would reduce to 5.0%, from 6.4% at December 2022.

Transaction details

25 Baker Street W1

PIMCO, the global investment management company, has pre-let 106,100 sq ft on levels five to nine at our 25 Baker Street W1 on-site development (298,000 sq ft). The rent of £11.0m equates to an average £103 psf. The lease is for a 15-year term without breaks. The project does not complete until H1 2025.

The project’s strong sustainability credentials played an important role in PIMCO’s decision. This includes being a net zero carbon building, with a target of BREEAM Outstanding and our first NABERS-rated building. PIMCO has an option to expand to include level four (24,700 sq ft) which can be exercised up to 12 months prior to practical completion. The commercial element of 25 Baker Street is now 56% pre-let/sold, excluding the pre-completion expansion option. The courtyard retail and Gloucester Place offices have been pre-sold to the freeholder, The Portman Estate.

The Featherstone Building EC1

Buro Happold, the global engineering consultancy, has leased 31,100 sq ft on levels 5 to 8 at The Featherstone Building EC1. The rent is £2.3m or £74 psf, in line with December 2022 ERV. The lease is for 15 years with a break at year 10 (and a break at year five on level eight).

Buro Happold is taking space in Old Street, recognising the role this high-quality, net zero carbon space with our second occupier amenity DL/28.Old Street, will have on its ability to retain and attract talent. The location will also strengthen connectivity to its design partners and supply chain. The building is now 59% let by area, with only three floors remaining to be leased.

Paul Williams, Chief Executive of Derwent London, said:

“Over the last few months, there has been a marked increase in confidence and occupier engagement with a busy start to the year. We have agreed £14.7m of new rent from high quality occupiers, which includes a substantial de-risking of 25 Baker Street two years ahead of completion. These lettings demonstrate the importance of well-designed space with strong amenity, environmental credentials and connectivity. There is good further occupier interest across our portfolio.”

Justin Phillips, Partner and London Office Director of Buro Happold, said:

“We are delighted to be taking space in The Featherstone Building, a move that reaffirms our commitment to London. The building strongly aligns with our environmental commitments and provides a place to express our design and consulting capability. With growth in mind, we will design the space for and with our employees, to foster internal and external collaboration, innovation and to be a creative and enjoyable space.”

Key letting terms

| Property | Tenant | Area sq ft | Rent £ psf | Total annual rent £m | Lease term Years | Lease break Year | Rent free equivalent Months |
|-------------------------------|--------------|----------------|--------------|----------------------|------------------|------------------|-----------------------------|
| 25 Baker Street W1 | PIMCO | 106,100 | 103.40 | 11.0 | 15 | - | 37 |
| The Featherstone Building EC1 | Buro Happold | 31,100 | 74.40 | 2.3 | 15 | 10 ¹ | 24, plus 12 if no break |
| Other | | 25,400 | 53.90 | 1.4 | - | - | |
| 2023 YTD | | 162,600 | 90.10 | 14.7 | - | - | |

¹ There is an additional break at year five on level eight subject to a 12-month rent penalty payable by the tenant

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Notes to editors

Derwent London plc

Derwent London plc owns 70 buildings in a commercial real estate portfolio predominantly in central London valued at £5.4 billion as at 31 December 2022, 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 has science-based carbon targets validated by the Science Based Targets initiative (SBTi).

Landmark buildings in our 5.5 million sq ft portfolio include 1 Soho Place W1, 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 October 2022, 80 Charlotte Street won the BCO's Best National Commercial Workplace award 2022. 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 2013 the Company launched a voluntary Community Fund which has to date supported over 150 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.