DERWENT
LONDON

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Derwent London plc ("Derwent London" / "the Group")

DERWENT LONDON AGREES PROPERTY SWAP TO BOOST FARRINGDON EXPOSURE AND FORMS WHITECHAPEL JOINT VENTURE

Derwent London plc has exchanged contracts with LaSalle Investment Management ("LaSalle"), to acquire a minimum 175-year long leasehold of 20 Farringdon Road, Clerkenwell EC1 in London's Tech Belt.

In return Derwent London will dispose of two properties: 22 Kingsway WC2 and Mark Square House EC2, and a 50% interest in a new joint venture at 9 and 16 Prescot Street E1 to LaSalle. The price of the acquisition is £88.0m before costs, and the combined disposal proceeds are £115.3m. Derwent London will receive the balance of £27.3m in cash before costs.

20 Farringdon Road is a prominent corner property, adjacent to the site of the new Farringdon Crossrail station and opposite 19 Charterhouse Street EC1, which the Group acquired in November 2013. The six-storey property totals 170,600 sq ft comprising 141,400 sq ft of offices, 5,700 sq ft ancillary space, 1,200 sq ft retail, and a 22,300 sq ft gym. The passing rent is £3.6m per annum or £3.2m per annum net of the 10% ground rent. The ground floor offices (26,200 sq ft) are let at a peppercorn with a break in December 2015. The average rent on the other office floors is c.£27 per sq ft with leases expiring between 2015 and 2022. The net initial yield is 3.4%, which reflects a capital value of £545 per sq ft after costs.

The acquisition has significant near term potential to raise the rental income, as well as representing a substantial development opportunity in the medium term.

The two outright disposals of 22 Kingsway WC2 (91,400 sq ft) and Mark Square House EC2 (61,700 sq ft) will raise £96.6m before costs, which is a 10% uplift on December 2013 values. It also represents a premium to June 2014 values. The combined rent was £4.5m per annum, which represents a net initial yield to the purchaser of 4.4% (or a capital value of £670 per sq ft).

In addition both partners will take a 50% share in a joint venture being established to hold 9 and16 Prescot Street E1. These two properties have been sold to the joint venture for £37.4m which represents a net initial yield to the purchaser of 4.9% or £370 per sq ft. In the short term these properties are income producing, but longer term there are redevelopment opportunities across the whole site.

9 Prescot Street is a 98,500 sq ft office building, which following recent management activity is let to two tenants. Barts Health NHS Trust occupies the lower five floors, comprising 60,000 sq ft, on a five-year lease for a rent inclusive of service charge of £1.5m pa. The Co-operative Bank ("Co-op"), whose lease over the whole building was due to expire this year, now lease the top three floors. In total the Co-op occupy 36,600 sq ft, where the lease will break later this year. The joint venture intends to refurbish this space once it becomes available.

16 Prescot Street is an 8,800 sq ft restaurant let at £9 per sq ft. The lease expires in 2021.

John Burns, Chief Executive Officer, commented:

"We are pleased to have secured a major potential project adjacent to the site of Farringdon Crossrail station in the heart of Clerkenwell, an area where we already have substantial interests. In return we have sold two smaller properties, and have established a joint venture in Whitechapel. Both Clerkenwell and Whitechapel are being transformed by the impact of Crossrail and creative industry occupiers, and we look forward to working with our new partner, LaSalle Investment Management, to maximise these opportunities."

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Notes to editors

Derwent London plc
Derwent London plc owns a portfolio of commercial real estate predominantly in central London valued at £3.7 billion as at 30 June 2014, 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 portfolio of 5.7 million sq ft as at 30 June 2014 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 December 2014 Derwent London topped the real estate sector for the fifth year in a row and was placed ninth overall in the Management Today awards for 'Britain's Most Admired Companies'. Also in 2014 the Group won the Property Week 'Developer of the Year' and the RICS London Commercial Award, and was shortlisted for awards by Architects' Journal, BCO, NLA and OAS. The Group was also awarded EPRA Gold for corporate and sustainability reporting.

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.