

WELL PLACED: CROSSRAIL

The opening of Crossrail in 2018 will significantly improve transport into London. 200 million passengers are expected to travel on it each year with 24 trains per hour running between Paddington and Whitechapel during peak times. Derwent London owns property all along the central section of the line, most notably near Tottenham Court Road and Farringdon stations.

Portfolio distribution

62%

20%

Distance from Crossrail station

■ < 400 metres

■ < 800 metres



Paddington

At 55-65 North Wharf Road W2 there is planning permission to build 240,000 sq ft (22,300m²) of offices and 73,000 sq ft (6,800m²) of residential accommodation and retail space. The site is one of the best locations within Paddington Basin yet to be developed. It is ideally placed, directly opposite one of the entrances to the station.

In 2013 we signed an option agreement with the freeholder and head leaseholder that will provide us with a 999-year headlease and enable us to proceed with the office development. The head leaseholder will be responsible for the residential element.

55-65 North Wharf Road W2
240,000 SQ FT



Tottenham Court Road station - North

Derwent London has substantial holdings north of Oxford Street within easy reach of Tottenham Court Road station.

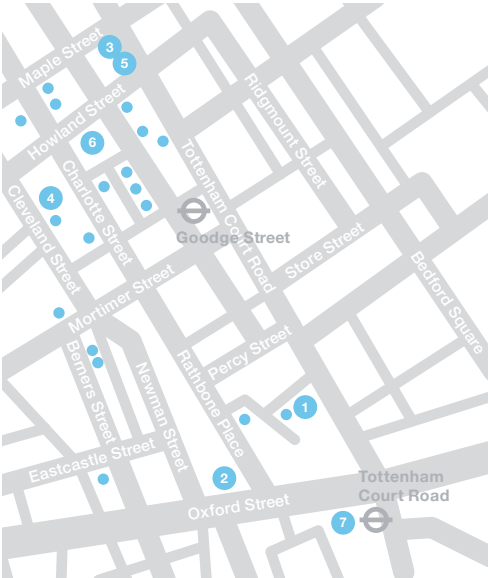
At 1-2 Stephen Street we are regenerating the building with a new entrance together with the refurbishment of the offices above. The next phase will be to extend the retail units on the Tottenham Court Road side of this building to create a new and improved double-height frontage for the existing colonnade. The arrival of Crossrail should make this area a shopping destination to rival the western end of Oxford Street.

Holden House and Charlotte Building are also close by, with our other properties further north in Fitzrovia such as Qube, Network Building and Middlesex House a short walk away.

Later this year we start the redevelopment of 80 Charlotte Street, our largest project to date, to create 385,000 sq ft (35,800m²) of offices and residential space less than 800m from the Crossrail interchange.

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- 1 1-2 Stephen Street W1
254,500sq FT
- 2 Holden House W1
90,800sq FT
- 3 Qube W1
109,900sq FT
- 4 Middlesex House W1
64,600sq FT
- 5 Network Building W1
64,100sq FT
- 6 80 Charlotte Street W1 (proposed)
385,000sq FT
- 7 1 Oxford Street W1 (proposed)
275,000sq FT



Bond Street

Tottenham Court Road



Tottenham Court Road station - South

We also hold property south of Oxford Street. Derwent London intends to exercise its option to buy back 1 Oxford Street W1 in 2017 following completion of works on the Tottenham Court Road Crossrail station. In April 2012 we received permission to build offices, retail units and a new theatre in a 275,000 sq ft (25,500m²) scheme above the station.



- A 55-65 North Wharf Road:**
Aerial view of proposed office development opposite Paddington station.
- B 1 Oxford Street:**
View of proposed theatre and offices from Charing Cross Road.
- C 80 Charlotte Street:**
Proposed view of offices.

Farringdon

Farringdon station is on course to become one of the busiest stations in London once Crossrail is complete. Thanks to the additional presence of the Thameslink line, commuters will be able to access Heathrow, Gatwick, London City, and Luton airports as well as the Eurostar terminal at St Pancras directly.

We are well placed to benefit from the ascent in the fortunes of this area with redevelopments underway at Turnmill and 40 Chancery Lane, refurbishments at Buckley Building and Morelands Buildings as well as the now well-established Johnson Building.

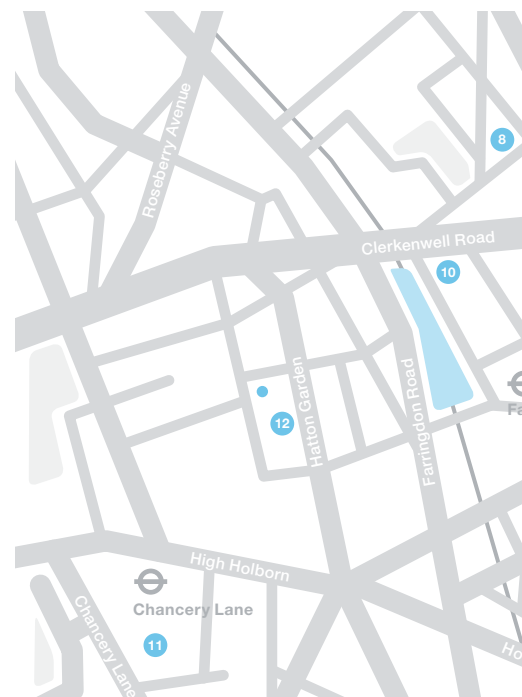
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- 8** Buckley Building, 49 Clerkenwell Green EC1
85,000SQ FT
- 9** Morelands Buildings, 5-27 Old Street EC1
90,100SQ FT
- 10** Turnmill, 63 Clerkenwell Road EC1
70,000SQ FT
- 11** 40 Chancery Lane WC2
100,000SQ FT
- 12** Johnson Building, 77 Hatton Garden EC1
157,200SQ FT



“Crossrail is a fundamental game changer. It is the largest civil-engineering project in Europe... None of London’s peer group has seen anything like it. We are trading entirely new stock renewal ground.”

CBRE





D Turnmill:
Proposed view from Clerkenwell Road.

E Tea Building:
Easy walking distance to Liverpool Street Crossrail station.



Liverpool Street

The Liverpool Street Crossrail station will have additional entrances at Moorgate station. This puts our White Collar Factory and 1 Oliver's Yard holdings at Old Street, as well as the Tea Building in Shoreditch, in easy proximity – making the area more accessible for overseas visitors, as well as providing a straightforward commute for employees.

Tea Building E1

259,400sq FT

White Collar Factory,
City Road EC1 (proposed)

289,000sq FT

1 Oliver's Yard EC2

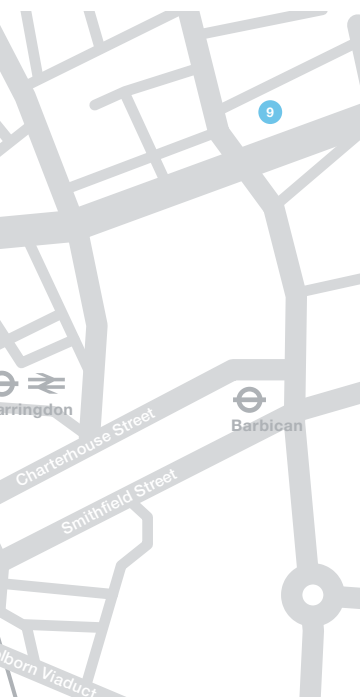
186,000sq FT

Barbican

Liverpool Street

Moorgate

Shenfield /
Abbey Wood ▶



EFFECTIVE RELATIONSHIPS

Strong relationships in all parts of our business are an important component of our continued success and assist us in adding value to the portfolio.

Tenants

We understand our tenants' requirements and maintain communication from the very start of their interest in a property and throughout their occupation, building extremely close relationships.

A reversionary rental profile with low passing rents is a key characteristic of our portfolio, providing prospects for income growth and value enhancement. We aim to capitalise on these opportunities and work with our tenants to accommodate expansion, contraction and lease regears wherever possible. During 2012 we regared leases at 1 Oliver's Yard and 8 Fitzroy Street, increasing the rent and, at Oliver's Yard, the length of the leases. This has led to strong increases in the respective value of these properties and greater security of income and tenure for both Derwent London and our tenants.

1 Oliver's Yard EC2

Sage Publications (40,300 sq ft/3,740m²)

- Leases extended from two to seven years
- Annual stepped increases introduced taking the rent from £1.0m (£25 per sq ft) to £1.4m (£36 per sq ft)
- December 2011 ERV (£28.50 per sq ft)

TelecityGroup (68,700 sq ft/6,380m²)

- Leases extended from five to 25 years
- Rent increases introduced taking rent from £1.8m to £2.3m (£45 per sq ft on best space) and 2.5% compound increases every five years thereafter

Resulting valuation increase

17%





8 Fitzroy Street W1

- Let to Arup (148,000 sq ft/13,750m²) until 2033
- £6.2m pa (£45 per sq ft on a typical floor)

Before

- Five-yearly upward-only rent reviews

After

- Annual stepped increases to £8.4m pa (£60 per sq ft) by 2021
- Upward only rent review in 2021
- Thereafter rent increases annually by 2.5%
- Rental income by expiry of at least £11.0m pa (£80 per sq ft)

Resulting valuation increase

5%



1. 1 Oliver's Yard EC2:
View from City Road

2. 1 Oliver's Yard EC2:
New upgraded reception

3. 8 Fitzroy Street W1:
Atrium

4. 40 Chancery Lane WC2:
Proposed street level view

Unique opportunities

We treat each building as a unique opportunity. While our approach to every property is consistent, the solution for each will be different. Through innovative ideas we look to add floorspace and thereby value.

We keep in close contact with the freeholders of our leasehold properties and discuss the plans for these buildings to ensure that the maximum value is extracted.

Three developments were unlocked in the past year, all of which involved lengthy negotiations with the respective freeholders to achieve the optimal solution.



40 Chancery Lane WC2

The development value of this site was unlocked in February 2012 through a regear with our freeholder, Colville Estates. The existing buildings have been demolished and the scheme is scheduled to be delivered at the end of 2014 incurring capital expenditure to complete of £34m.

70,600sq FT to
100,000sq FT

42% uplift

	Previous ownerships			Current ownerships	
	Area sq ft	Colville Estates	Derwent London	Colville Estates	Derwent London
40-43 Chancery Lane (A)	53,800	Freehold	17-year leasehold expiring 2029	Freehold	128-year leasehold
44-45 Chancery Lane (B)	9,700	Freehold	No interest		
20-21 Took's Court (C)	7,100	No interest	Freehold		
	70,600				

55-65 North Wharf Road W2

Planning permission was secured for these leasehold offices near Paddington station in January 2008 to provide 240,000 sq ft (22,300m²) of offices and 73,000 sq ft (6,800m²) of residential accommodation and retail space.

Derwent London has entered into an option agreement with the freeholder and the head leaseholder.

On exercise of the option, the freeholder will grant us a 999-year lease over the site of the office element and surrounding public realm. At the same time the freeholder will grant the head leaseholder a 999-year lease over the site of the residential element. We will pay a ground rent of 2.5% of the rent of the office element and will undertake to build the basement box of the combined office and residential elements.

The head leaseholder will pay a £5m contribution towards the cost of this box. Once this has been completed we will build the offices (building A below) and the head leaseholder will be responsible for the residential element (building B below).

This option agreement enables the redevelopment of 55-65 North Wharf Road. The existing buildings of 78,000 sq ft (7,250m²) are currently fully occupied under leases which have rolling breaks from June 2014.

78,000sq FT to
240,000sq FT
208% uplift



5. 40 Chancery Lane WC2: Proposed courtyard

6. 40 Chancery Lane WC2: Site plan

7. 55-65 North Wharf Road W2: Proposed new office building

8. 55-65 North Wharf Road W2: Site plan

9. 1-5 Grosvenor Place SW1 Existing building



1-5 Grosvenor Place SW1

Originally built in the 1960s, these 168,000 sq ft (15,600m²) buildings were comprehensively refurbished in the late 1990s/early 2000s. In 2012, Derwent London and Grosvenor announced a joint venture to work towards the redevelopment of the entire site. The Group restructured its headleases into a new 150-year term and sold 50% of this interest to Grosvenor for £60m. The existing buildings occupy an under-utilised flagship site of 1.5 acres and offer a unique opportunity to undertake a substantial mixed-use redevelopment in a highly prominent location. Whilst we progress redevelopment plans, we are maintaining income through short-term, flexible lettings. We have appointed advisors with our joint venture partner, Grosvenor, and are working up a development plan with a view to submitting the planning application in the next 12 months.

MAKING A DIFFERENCE: SOCIO-ECONOMIC IMPACT AT THE ANGEL BUILDING

Following the final letting at the Angel Building, Derwent London commissioned a study to evaluate the socio-economic impact of the regeneration of the building on key local stakeholders.

The project

We took a tired, 1980s building of 162,000 sq ft (15,050m²) set back from the road and hidden behind trees and shrubs and transformed it into a thriving hub. We added substantially more floorspace and reconnected the frontage with the streetscape. A striking new façade was clad in a high-performance, double-glazed system with solar shading and restaurants and retail units on the ground floor.

The completed building has attracted a number of awards, including being shortlisted for the prestigious RIBA Stirling prize.

Size

262,000sq FT

Saved in the retained structure
7,400
tonnes CO₂e



- 1 Reflection of the London skyline**
- 2 Before:** Looking south west to the building prior to conversion.
- 3 After:** Same view after the reinvention of the building was complete.
- 4 Angel Kitchen:** The atrium contains a bustling café used by tenants and visitors alike.

Sustainable design features

- Concrete: clever reuse with new concrete using pulverised fuel ash from power stations
- Lifts: use 50% less energy than conventional systems
- Timber: sourced from sustainably managed sources
- Displacement ventilation system: uses heat recovery to generate 44% less CO₂ than fan coil system
- DALI lighting system: sensors adapt to changing daylight and occupancy
- Biomass boilers: can provide 50% of the heating
- Rainwater harvesting and waterless urinals
- Biodiversity: mature trees were retained and additional trees planted
- Cycles: spaces for over 200 with showers and changing facilities



Fostering economic prosperity

The building, which had been vacant for a number of years, now holds around 1,700 employees, who each spend an average of £620 per year in the vicinity. According to the report this led to a 19% increase in revenue to local businesses. In addition during construction around 60 new local jobs were created or supported.

1,700

Employees

“Love the communal spaces, particularly the roof terrace, the smooth exposed concrete and well-chosen artworks.”

Employee
Cancer Research UK

Enhancing the public realm

£935,000 was invested in the public realm through section 106 payments. This included increasing the number of trees and opening up the area in front of the building, providing an attractive pavement area with cafés and plenty of bustling street life.

Public realm investment

£935,000





Awards

The Angel Building has won many awards for the quality of its architecture and design.

- 2011 RIBA Stirling prize shortlist
- AIA Excellence in Design Award
- BCO National Refurbished/Recycled Workplace Award 2011 and the BCI Judges' Special Award 2011. New London Award 2011
- BCO Refurbished/Recycled Workplace Award 2011
- RIBA London Award 2011
- Rejuvenation category of the Concrete Society Awards 2011
- Offices category of the 3RAwards 2011
- New London Architecture Award 2011



Well-being for occupiers

Employees like working in the building. The study found that employees felt 50% more engaged and positive and enjoyed work relationships 20-25% more than in their previous buildings. Light public spaces, well-designed informal spaces with well-chosen artwork all contributes to this sense of well-being.

Local business revenue increased by

19%



5 Café society:

Enjoying the sun outside Jamie's Italian.

6 Roof terrace:

Accessible for all tenants with great views across London.

7 Entrance to the atrium:

Artwork by Teresita Fernández is in the background.

“Overall this scheme has transformed what was a very dreary building which provided very little socio-economic benefits and did little for its context or the setting of historic buildings, into something that is a very positive asset to the area, and which has raised the standard of office and associated public realm provision for Islington. It is also an exemplar of what can be achieved by retro-fit.”

Alec Forshaw
Conservation Planning Officer

Enhancing local communities

According to the study, local residents' well-being has increased by up to 5% since the building was completed, given the improved accessibility and economic mix that the building provides. Crime in the immediate area has fallen by over 35%.

Fall in local crime

35%



8 Atrium:

Seating area for informal meetings.

9 Enhanced public realm:

Extensive planting as part of regeneration.



“Interior is excellent... green forecourt is pleasant.”

Local resident