

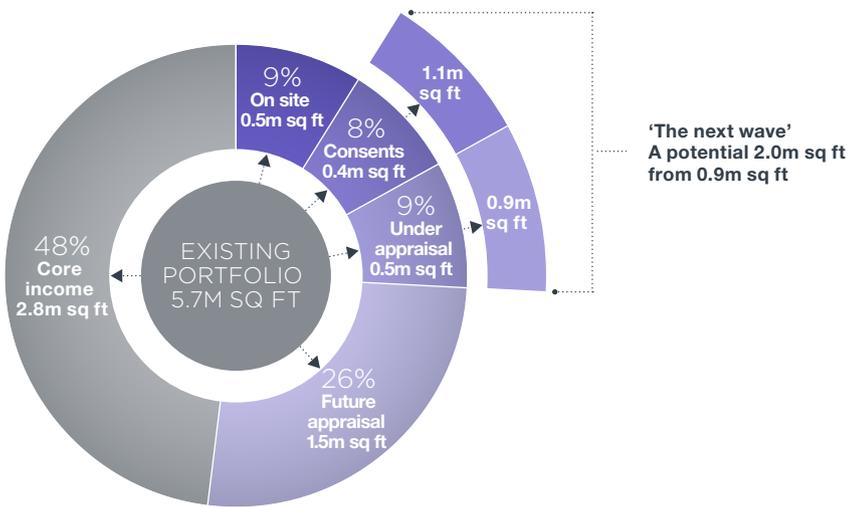
CREATING VALUE ACROSS THE PORTFOLIO

The potential for value creation exists across the whole of the Derwent London portfolio.

At the year end we were on site with five schemes totalling 0.5 million sq ft. The 'next wave' of projects consists of five consented schemes of 1.1 million sq ft as well as projects at seven major properties where we have drawn up plans for schemes. In addition to these, we also have several more properties identified for future schemes in the longer term.

However, there is also significant value in the 'core income' properties within the portfolio. Of the £83.9m reversion in the portfolio at the end of the year, £32.0m (38%) is contracted. In addition, we actively 'work' these properties to obtain additional value and examples of these activities are discussed opposite.

Portfolio composition (by area)



We don't believe in a 'one size fits all' approach. We aspire to create innovative and aesthetically striking spaces. We work piece by piece, and we think laterally when several buildings are clustered together.

We appreciate the different characters and cultures of London's villages, and we can map a distinctive future for each of them. Our continuing goal is to provide arenas for new ideas and communities to thrive in.

We have always strived to do better and think smarter, learning from the past, looking to be progressive and to challenge conventions.

Our overriding aim is to deliver space that maximises quality as well as quantity. We want to provide enjoyable and efficient space for our tenants – offices that are bright and comfortable, cost-effective in use and energy efficient – that ultimately provides them with what they want.

With sustainability in mind, we also ensure that buildings are adaptable, so that they can cope with any long-term change of building use and have the ability to be continually refurbished over time rather than face costly demolition.



CORE INCOME



TEA BUILDING E1

We converted this former warehouse into one of the most iconic office buildings in the Tech Belt. It is also home to Shoreditch House, and the property has continued to evolve as we have rolled-out our 'Green Tea' programme giving the building 21st century sustainability credentials.



1-2 STEPHEN STREET W1

FremantleMedia is one of the largest tenants in the portfolio, occupying the 3rd-7th floors at 1-2 Stephen Street, paying an annual rent of £3.2m.

They have recently consolidated their occupation from 116,500 sq ft to 83,400 sq ft in order to accommodate their business requirements. This has given us the opportunity to refurbish the 8th, 9th and 10th floors which total 27,000 sq ft.

Additionally, the tenant has reduced their lease term, from an expiry of December 2024 to October 2019, on a lease outside the provisions of the Landlord and Tenant Act 1954. This will give us the opportunity to carry out a comprehensive refurbishment five years earlier than expected.

MIDDLESEX HOUSE W1

NCP were a tenant in the basement of Middlesex House paying £0.2m pa. Following the surrender of NCP's lease we gained planning permission for the change of use from car park to office space and pre-let the 12,200 sq ft to Make architects at a rent of £0.5m pa.

We are installing underfloor heating and a garden area, and enclosing what was previously the open air ramp to the car park to create lettable office space. The works are due to complete in Q2 2015.

The design is distinctive and in keeping with the industrial feel of the building whilst converting a low value car park to higher value office space.



GREENCOAT & GORDON HOUSE SW1

VCCP have been expanding over the last three years and their space requirements in Greencoat House have significantly increased. Since the beginning of 2014 they have taken on an additional 9,300 sq ft taking their total occupation up to c.40,000 sq ft at a rent of £1.6m pa. Recent lettings were achieved at new levels for the buildings of £57.50 per sq ft.

“Derwent London puts a lot of energy into beautiful architecture with deliberate detail and in natural and sustainable materials.”

RON BAKKER
PARTNER, PLP ARCHITECTURE



ON SITE



TOTTENHAM COURT WALK W1

Village: Fitzrovia
Type: Retail
Scheme size: 38,000 sq ft
Completion date: Q2 2015
Architect: ORMS
Capital expenditure to complete: £4m

This project has created larger double-height retail units by both extending outwards under the existing colonnade and by converting part of the basement car park. The new units will benefit from both the increasing appeal of the eastern end of Oxford Street as well as the opening of Crossrail in 2018. When the project completes in the next couple of months the tenant offer will change from the previous electronics retailers to a vibrant mix of restaurants and retail.





WHITE COLLAR FACTORY, OLD STREET EC1

Village: Old Street
 Type: Offices/Residential/Retail
 Scheme size: 293,000 sq ft
 Completion date: Q3 2016
 Architect: AHMM
 Capital expenditure to complete: £94m

White Collar Factory is an original concept for the design and construction of new office buildings that combines the adaptability of well-built industrial spaces with best practice in modern office design. It is located on Old Street, at the epicentre of London's burgeoning 'Tech Belt'. Dubbed 'Silicon Roundabout' or 'Tech City' by business leaders and politicians alike, the area around Old Street roundabout is home to hundreds of locally-grown initiatives.

Great offices make for great organisations. White Collar Factory has been designed with the understanding that a good working environment can help generate productivity, attract talent and retain valuable employees. Our knowledge of what makes talented people tick has enabled us to create space that balances their personal well-being with the demands of business.

The nature of the work for many creative companies requires collaboration between different departments, resulting in a requirement for fluid office layouts which are designed to increase the opportunities for interaction. In some cases, up to half of a company's office space is dedicated to common areas, with larger firms placing considerable emphasis on creating a range of areas within the workspace to provide many different work environments which staff can utilise more productively.

This development is about more than a single White Collar Factory building. There is also a mix of low-rise refurbished and new buildings clustered around a new public space which should create a vibrant and thriving urban campus, designed to attract companies of all shapes and sizes for a diverse business community. Old Street Yard could also offer flexible accelerator space, enabling start-ups and small businesses to establish themselves in London's technology hub, giving them the space to develop and grow.

By building a like-minded community of ambitious young businesses and established players, Old Street Yard should act as a breeding ground for innovation, collaboration and creativity.

White Collar Factory's design is people-centric, putting occupiers in charge of their environment and empowering them to play an active role in the building's operation. By bringing together sustainable architecture, a great location, a sense of light and space, and campus-wide facilities, White Collar Factory offers a dynamic working environment for employers and employees alike.

Five simple principles

These ensure that the overall need for artificial lighting, heating and cooling is reduced, while flexibility and adaptability are nurtured. The result is a more sustainable, affordable and future proof workspace: an office for the 21st Century. It puts people in full control of their work environment.

High ceilings

High ceilings look and feel great; they allow for greater flexibility of fit-out and improve comfort levels by enabling better ventilation and more daylight.

Concrete core cooling

The innovative approach to environmental control exploits natural daylight and ventilation, while concrete core cooling uses simple chilled water to transform the structure itself into a radiant cooling source.

Windows that open

Openable windows put people in charge of their environment. The common-sense facades minimise solar gain by ensuring that south-facing walls have a lower percentage of glazing than north-facing walls.

Flexible occupation

The well-designed floor-plates futureproof the building for occupiers' changing needs, allowing easy and quick sub-division of space and high density occupation.

Stays cool, stays warm

Using exposed, fair-faced, concrete minimises our carbon footprint. Concrete thermal mass efficiently absorbs and releases heat to regulate the building's temperature naturally.



73 CHARLOTTE STREET W1

Village: Fitzrovia
 Type: Residential/Offices
 Scheme size: 15,500 sq ft
 Completion date: Q3 2015
 Architect: DSDHA
 Capital expenditure to complete: £7m

Work started on site at 73 Charlotte Street in 2013 to create 11 residential units, two of which are affordable, and 1,900 sq ft of offices. We expect to market the apartments before completion later in the year.

CARBON EFFICIENCY

White Collar Factory will produce 25% less carbon than a typical office building, which equates to a saving of 162 tonnes of CO₂ every year.

Equivalent to:

32
 homes' annual
 CO₂ emissions

650,000
 miles in a London taxi

Source: Arup



THE NEXT WAVE: CONSENTED SCHEMES

At the year end we had consents for over one million sq ft of development, which on completion would add 600,000 sq ft of additional space to our portfolio. We expect to start 485,000 sq ft in 2015, which will add 165,000 sq ft to our lettable area.



80 CHARLOTTE STREET W1

Village: Fitzrovia
Type: Offices/Residential/Retail
Scheme size: 380,000 sq ft
Completion date: 2018
Architect: Make
Capital expenditure: £175m

The regeneration of 80 Charlotte Street will be Derwent London's largest scheme to date. The main development occupies a 1.4 acre island site in the heart of our Fitzrovia estate and will provide 321,000 sq ft of offices and 45,000 sq ft of residential units as well as retail space of 14,000 sq ft.

The design for the 80 Charlotte Street block aims to retain the majority of the existing buildings, breathing new life into the existing spaces and creating a new identity with a strong sense of place. The retained sections of the buildings will be refurbished internally and, together with new additional floors, provide a range of flexible and highly efficient office spaces to satisfy the requirements of the

modern occupier. In addition, a self-contained residential element will be introduced as well as further floors at roof level to provide fantastic skyline offices, set back from the street frontage with private terraces.

Retaining a large proportion of the existing building is environmentally and socially sustainable, reducing the quantity of materials and energy required and minimising pollution and disruption for local residents and businesses. Long-term sustainability strategies will be developed to incorporate opening windows, natural ventilation and heat recovery systems.

The development will harmonise with its setting in Fitzrovia; enhancing activity and interest at street level by offering an enriched mix of uses across all of the site's frontages and offering the local community a new area of public realm.

THE COPYRIGHT BUILDING W1

Village: Fitzrovia
Type: Offices/Retail
Scheme size: 105,000 sq ft
Completion date: 2017
Architect: Piercy & Company
Capital expenditure: £51m

In October 2014, we secured planning consent for a seven-storey building of 105,000 sq ft offices and retail. The development will occupy a prime position at the northern end of Berners Street in close proximity to our other Fitzrovia holdings. The building has been designed for multi-let or single occupancy with a number of 'soft spots' included so as to allow tenants to interconnect between floors. Having agreed terms with the freeholder work is already in hand.



"Work culture evolves and can involve different teams collaborating together for only a short period of time. There is a strong emphasis on creating fluid workspaces with a variety of collaborative areas as it helps stimulate creativity."

SIMON JORDAN
MANAGING DIRECTOR, JUMP STUDIOS



55-65 NORTH WHARF ROAD W2

Village: Paddington
 Type: Offices
 Scheme size: 240,000 sq ft
 Completion date: 2018
 Architect: Fletcher Priest
 Capital expenditure: £118m

Early in 2013, Derwent London secured an option to regear the leasehold structure at this site, thereby unlocking the consented development. We are looking to secure possession later in 2015 prior to a potential start in 2016. This is a prime location adjacent to Paddington station where a Crossrail interchange will join the existing main line and underground links in 2018. When complete this will be a striking building containing a column-free environment for tenants with extensive views over London.

1 OXFORD STREET W1

Village: Soho
 Type: Offices/retail/theatre
 Scheme size: 275,000 sq ft
 Completion date: c.2020
 Architect: AHMM

The Group has consent to develop 275,000 sq ft of office, retail and theatre space. We have an option to acquire the site from TfL, who are currently developing it as the main Tottenham Court Road Crossrail station.





THE NEXT WAVE: UNDER APPRAISAL

We are actively investigating potential schemes at seven properties which could provide 0.9m sq ft of space, an uplift of 88% on the existing space.



WEDGE HOUSE SE1

Village: Southbank
Type: Hotel/offices
Scheme size: 110,000 sq ft
Completion date: 2017
Architect: Lifschutz Davidson Sandilands

We had a consent to build an 80,000 sq ft office building. However, in January 2015, we submitted a planning application with Hoxton, a hotel operator, to develop a mixed-use project comprising a 68,000 sq ft hotel and 42,000 sq ft of offices.

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19-35 BAKER STREET W1

Village: Baker Street/Marylebone
Type: Mixed-use
Scheme size: c.250,000 sq ft

The Group has a 55% interest in the 146,000 sq ft collection of buildings. Our partner is the Portman Estate. Early work is in preparation for vacant possession in 2018. Preliminary studies show that the site could support a development of around 250,000 sq ft.

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HOLDEN HOUSE W1



NETWORK BUILDING W1



MONMOUTH HOUSE EC1



BALMORAL GROVE N7



PREMIER HOUSE SW1



FUTURE POTENTIAL

In addition to the projects described above and on the previous pages, there are opportunities to add value at a number of other properties. Such initiatives would be likely to commence after 2020. At the year end these properties total 1.5m sq ft of existing space, or 26% of the portfolio. This brings the total of the portfolio that is either already under development or has potential for development to 52% or 2.9m sq ft.



19 CHARTERHOUSE STREET EC1

This 63,700 sq ft property in the Tech Belt was acquired in 2013. It is currently let for educational use at £26.50 per sq ft on a lease expiring in 2025. It is a prominent corner building opposite the entrance to Farringdon Crossrail station and our recent 20 Farringdon Road purchase.

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BUSH HOUSE, SOUTH WEST WING WC2

This freehold 108,000 sq ft office building is fully let until 2028 at a rent of only £25,000 p.a. (£0.23 per sq ft). It is located in an area currently seeing substantial regeneration.

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20 FARRINGDON ROAD EC1



FRANCIS HOUSE SW1



HENRY WOOD HOUSE W1



ANGEL SQUARE EC1

Like Angel Square, we believe the purchase of 20 Farringdon Road offers short-term management and repositioning potential, with longer term redevelopment angles.