

# RESIDENTIAL LEASING POLICY (excluding Eaton Square)

## INTRODUCTION

### What is the Residential Leasing Policy?

This policy is to provide clarification of Grosvenor's current position on the leasing options open to residents. The objective of this publication is to provide certainty to residents and advisors alike.

### Why have such a policy?

Pursuing an enfranchisement claim through the statutory process can bring with it uncertainties for both parties. Where residents have qualified under the Leasehold Reform Acts (LRA), Grosvenor has, for some time implemented a policy of discussing these types of transactions on a voluntary basis with the hope to simplify and expedite the process to be more efficient for all.

The policy is intended to provide alternative options to residents in addition to any rights they may have under the LRA rules. If residents choose to investigate or take up a voluntary lease extension or freehold transfer their rights under the LRA rules remain unaffected and a statutory notice could still be served.

## THE RESIDENTIAL LEASING POLICY

The following table sets out residents' options under this policy against those conveyed by the Leasehold Reform Acts.

*Table 1*

Property Type	Rights conveyed under Leasehold Reform Acts	Grosvenor Leasing Policy Options	Conditions to be satisfied for the Leasing Policy to apply
House	Acquire freehold	Acquire freehold	<ul style="list-style-type: none"> <li>• Qualification under the LRA rules</li> <li>• 5 years of existing lease remaining</li> </ul>
Flat *	Acquire 90 year extension to existing lease term at nil rent	Acquire new 125 year term (maximum) at nil rent	<ul style="list-style-type: none"> <li>• Qualification under LRA rules</li> <li>• Underlease expires at the same time as headlease</li> <li>• 5 years of existing lease remaining</li> </ul>
Blocks of Flats	Collectively enfranchise	None	<ul style="list-style-type: none"> <li>• Not covered by voluntary Leasing Policy. Residents able to rely on statutory provisions.</li> </ul>

\* Notes:

- 1) Existing leases held directly from Grosvenor will be surrendered and renewed on similar lease terms, with the exception of modification to reflect modern practice.
- 2) Where the qualifying lease has been granted by a non-Grosvenor party an overriding lease will be granted.
- 3) In all voluntary cases concerning a flat the new lease will be for a maximum of 125 years.
- 4) To qualify under the LRA rules the existing lease must originally have been granted for a term longer than 21 years and the property must have been owned (and registered at the Land Registry) for a period of 2 years.

**RESIDENTIAL LEASING POLICY (excluding Eaton Square) (continued)**

**Conditions of Residential Leasing Policy**

- The above policy is limited to qualifying leases under the Leasehold Reform Acts only. Any property that does not qualify for enfranchisement will not be offered voluntary terms for either the freehold or a lease extension.
- Quoted terms will be personal to the registered lessee, and open for acceptance for a limited period of time. We will not discuss these terms or complete an agreed transaction with any third party.
- In the event that discussions on a voluntary transaction do not lead to an agreement your right to serve notice under the Leasehold Reform Acts remains unaffected. Where a formal notice of this type is received all previous, or outstanding, terms that may have been offered or agreed will immediately be withdrawn.
- Terms will not be quoted on a voluntary basis where the existing lease is in the last 5 years of the term.

In addition the following further options are available:

*Table II*

Property Type	Rights under Leasehold Reform Acts	Grosvenor Leasing Policy Options	Conditions
House/Flat	No statutory rights	'Buy out' rent liability to nil rent in exchange for one-off payment	<ul style="list-style-type: none"> <li>• Available where there is a direct relationship between Grosvenor and the lessee. For example, occupational leases and head leases granted by Grosvenor.</li> <li>• A formal deed of variation will be needed.</li> </ul>
	No statutory rights	Surrender existing lease in exchange for a 20 year un-enfranchisable premium lease for nil ground rent	<ul style="list-style-type: none"> <li>• A positive or negative premium payment may be due.</li> <li>• The usual service charge and repair provisions will continue to apply.</li> </ul>
Headlease	No statutory rights	Grosvenor may take a surrender of headlease	<ul style="list-style-type: none"> <li>• Property to be in repair and service charge accounts approved in advance.</li> </ul>

**RESIDENTIAL LEASING POLICY (excluding Eaton Square) (continued)**

**Timetable for Grosvenor Leasing Policy Options**

Subject to checking the lease qualifies under this policy, we will consider the application for a voluntary transaction within two weeks of the date of an inspection.

It will be necessary for us/our external consultants to prepare a valuation of the price payable within this time.

Terms quoted will be open for acceptance for six weeks from the date they are made. The parties agree to complete the transaction within six weeks of draft papers being issued by our solicitors.

**COSTS**

Under a Leasehold Reform Act claim the Landlord is entitled to recover its reasonable legal and valuation costs from the claimant.

Under this voluntary leasing policy Grosvenor will absorb valuation costs, but will look to the resident to reimburse our reasonable legal fees, including any abortive costs, incurred in documenting the transaction once solicitors have been instructed.

We will not charge a valuation fee for quoting terms on a voluntary basis as above. However we will charge for any subsequent valuation for quotation within a 24 month period from the date of our last offer. This fee will be £3,000 plus VAT.

**NOTES**

- This is a generic policy. All terms agreed individually will be subject to contract until formally documented.
- Under current legislation a lease from us which was originally granted for a term of less than 21 years will normally not have a statutory right to a lease extension.
- This policy will operate from 1 January 2008 until 1 January 2010, but may be subject to review during this period.
- All freehold transfers will be subject to the Grosvenor Mayfair or Belgravia Estate Management Scheme. Copies are available upon request.
- This leasing policy is not intended to cover either our valuation approach or general Estate management issues. Nor is it applicable to Eaton Square, which is covered by the Eaton Square Leasing Policy effective from 1<sup>st</sup> January 2008.
- The Grosvenor leasing policy options will not be offered if there are arrears of rent or other payments under the lease, or if there are on-going breaches of any other covenants in the lease such as repair or user clauses.
- Independent valuation advice will be taken by Grosvenor

**CONTACTS**

For more information and specific advice in connection with your existing lease, please contact your Grosvenor Office Contact.

If you would like us to quote terms in line with this policy a written request will be required to initiate the process. This letter should confirm details of your existing lease and length of ownership.

Reviewed October 2008