

RETAIL & LEISURE LEASING POLICY

INTRODUCTION

Grosvenor recognises that retailers and leisure operators need to be able to respond to today's highly competitive and fast changing business environment. These occupiers require greater flexibility in the leasing of property.

This leasing policy applies to all new retail and leisure tenancies in Grosvenor's Mayfair and Belgravia London portfolio. It delivers a flexible approach to the letting of shops with lease terms tailored to individual tenant needs; a key element is choice.

In applying this policy we will work closely to The Code for Leasing Business Premises in England and Wales 2007. However, full alignment is not possible due to the historic foundation of the estate and broader estate management considerations.

Our objective is to work in partnership with our retailers to deliver products and services which match their requirements. Where properties are held in joint ventures we will encourage our partners to adopt our policy and code.

GROSVENOR CODE

- The standard length of lease is 15 years with upward only rent reviews at 5 year intervals or 10 years with annual RPI percentage increases subject to a specified minimum percentage. We will offer alternative lengths upon request and price them accordingly. Rent is payable monthly in advance by Direct Debit.
- Tenant break clauses are available and will be priced upon request.
- Lettings may be inside or outside the security of tenure provisions of the Landlord and Tenant Act 1954.
- Turnover based rents and upwards and downwards rent reviews (with the initial rent as the minimum throughout the term of the lease) will be priced upon request.
- Where a shop is required for development and we cannot offer a lease renewal we will try to find alternative space within our London estate portfolio.
- We will use plain English legal documents where possible. For short leases (5 years or less) of part of a building we will use a document based on the British Property Federation short term lease.
- Our objective is to present all our service charge accounts and invoices clearly and promptly.
- We aim to meet our occupiers approximately one year before the expiry of their lease (and three months prior to conventional rent reviews) to discuss the process and to advise whether the negotiations will be handled by our own staff or by a consultant surveyor acting on our behalf.
- Grosvenor promotes the British Property Federation's Code for Leasing Business Premises and information can be found at www.lettingbusinesspremises.co.uk
- We value our relationships with our occupiers and welcome regular feedback. We will provide a named person as a regular contact at Grosvenor and aim to meet occupiers at least once a year.
- If we employ a managing agent we will provide occupiers with full details of the role to be carried out by the agents.
- This policy is at present intended to operate from 1 January 2008 to 31 May 2010, but may be subject to review during this period.

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

Reviewed October 2008