

20 April 2005

DECLARATION ON SUB-LETTING

The aforementioned signatories agree that effective from negotiations starting after 30th April 2005, all new occupational leases that we grant that permit subletting, will permit sub-lettings at the market rent at the time for the premises to be sub-let. Accordingly, from that date we will not use occupational leases that contain a provision requiring sublettings (whether of the whole or part) to be at the higher of the passing or reserved rent and the market rent.

Additionally, from that date, we will agree to a tenant's request that a provision requiring sub-lettings to be at the higher of the passing or reserved rent and the market rent will be waived to permit sublettings at the market rent, save in the following exceptional circumstances:

- i. Where the landlord is prevented by an existing contractual arrangement such as with a provider of finance;
- ii. Where the landlord is prevented by a superior lease;
- iii. Where it can be shown in the original lease negotiation or renegotiation that some value was given in exchange for the tenant agreeing not to sub-let at below the passing or reserved rent (e.g. for sale and leasebacks);
- iv. Where the rent at the last rent review was agreed at a lower level because of the existence of this provision;
- v. Where the tenant has refused the landlord's request to enter a variation to the lease removing the restriction on sub-letting below the passing rent.

We wish this to become standard policy for the commercial property industry and would call on other owners and investors to follow suit.

For more information, contact Ian Fletcher at the British Property Federation, tel: 020 7802 0112 or email: ifletcher@bpf.org.uk

Subletting Declaration

The following companies are signatories to the Declaration.

Associated Property Owners Ltd

Aviva Investors

British Land Company PLC

Capital & Regional Plc

Chainbow Holdings plc

Chantry Development Finance Limited

Close Investments Ltd

Crown Estate

Cundall Partnership

Derwent London plc

Development Securities Plc

Dorrington PLC

E-rail Ltd

Eskmuir Properties Plc

Frogmore

Gade Investments Limited

Grainger plc

Great Peter Properties Ltd

Great Portland Estates PLC

Grosvenor

Hammerson plc

Hollins Murray Group Ltd

Howard De Walden Estates

Land Securities PLC

Legal & General Assurance Society Limited

National Grid Property Holdings Ltd

Oak Holdings Ltd

Prudential Property Investment Managers Ltd

Redevco UK

Romar Investments Limited

Rutland Group

SEGRO

Simmons & Hawker Ltd

South Kensington Estates Group

St Martins Property Corporation Ltd

The Duchy of Lancaster

Threadneedle Property Investments Limited

Trevor Osborne Property Group Ltd

Trinity College Cambridge

Warner Estate Holdings Plc

Workspace Group PLC

Subletting Declaration

The following companies, while not being full signatories, have agreed to promote the Declaration

Allsop & Co

Aon Ltd

CB Richard Ellis

CMS Cameron McKenna LLP

Denton Wilde Sapte

Drivers Jonas

Fletcher King Plc

Freshfields Bruckhaus Deringer LLP

Goodman Property Investors

Jones Lang LaSalle

Kirkpatrick & Lockhart Preston Gates Ellis LLP

Knight Frank

LaSalle Investment Management

Lawrence Graham

Hogan Lovells LLP

Orchard Street Investment Management LLP

Ratcliffes

Savills plc

Simmons & Simmons

Turley Associates

Wragge & Co