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GROSVENOR AND DERWENT LONDON FORMALISE PARTNERSHIP TO REDEVELOP LANDMARK WEST END SITE



Grosvenor and Derwent London are pleased to announce that, following signature of their Memorandum of Understanding in October 2011, they have restructured their leases and established a joint venture to work towards the redevelopment of 1-5 Grosvenor Place, London SW1. The existing properties occupy a site of over 1.5 acres, at Hyde Park Corner, which offers the opportunity to undertake a substantial mixed-use redevelopment, to include a luxury hotel, office and residential uses. Architects are in the process of being selected.

The existing buildings comprise mainly offices and extend to 168,000 sq ft (15,600m²), with the potential to increase the floor area significantly upon

redevelopment. They are currently fully occupied with lease breaks in 2014 and 2016, at a gross income of £6.2m per annum.

Under the agreement Derwent London's leases, which were due to expire in 2063 and 2084, have been restructured into a new 150-year term at a ground rent of 5% of rental income. Grosvenor hold the freehold. Simultaneously Derwent London has sold 50% of its ownership to Grosvenor and received £60m.

John Burns, Chief Executive at Derwent London, commented:

"We are delighted to have formalised our joint venture with Grosvenor. Having assembled the ownership of this site over many years, this initiative unlocks the opportunity for a substantial redevelopment in one of the best locations in the West End. We look forward to working with the Grosvenor team, with their vast experience in the area."

Giles Clarke, Grosvenor Britain & Ireland's Executive Director with responsibility for its London estate, said:

"Signing this deal with Derwent London means we can now start working up detailed plans for this important site. This is one of the most exciting development opportunities currently available in prime central London."

Derwent London will continue its asset management role at the site with Grosvenor managing the development.

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Notes to editors

About Grosvenor

Grosvenor is a privately owned property group with offices in 18 of the world's most dynamic cities. It has four regional investment & development businesses in Britain & Ireland, the Americas, Australia and Asia Pacific; an international fund management business, which operates across these markets and in continental Europe; and a portfolio of indirect investments. As at 31 December 2010, the Group had total assets under management of £10.9bn. Unusually for a private company, Grosvenor publishes a full Annual Report & Accounts, available at: www.grosvenor.com

Grosvenor Britain & Ireland's strategy emphasises the creation and management of successful places, with a particular focus on high-end residential and mixed-use. The core portfolio comprises 300 acres of Mayfair and Belgravia in London, which first came into the Grosvenor family in 1677. Ownership and active management of its London estate remains at the heart of Grosvenor Britain & Ireland's strategy. Investment assets comprise the largest part of its portfolio. Grosvenor Britain & Ireland also undertakes development across London, and in selected city centres around the UK. As at 31 December 2010, Grosvenor Britain & Ireland had assets under management of £3.5bn.

About Derwent London plc

Derwent London plc is the largest central London focused REIT with an investment portfolio of £2.6bn as at 31 December 2011. The Group is one of London's most innovative office specialist property regenerators and investors and is well known for its design-led philosophy and creative management approach to development.

Derwent London's core strategy is to acquire and own a portfolio of central London property that has reversionary rents and significant opportunities to enhance and extract value through refurbishment, regeneration and redevelopment. The Group owns and manages an investment portfolio of 5.4 million sq ft (501,000m²), as at 31 December 2011, of which 96% is located in central London, with a specific focus on the West End and the areas bordering the City of London. Landmark schemes by Derwent London include Angel Building EC1, Arup Phases II & III W1, Qube W1, Horseferry House SW1, Johnson Building EC1, Davidson Building WC2 and Tea Building E1.

Derwent London came fifth overall in the 2011 Management Today awards for 'Britain's Most Admired Companies' and has also recently won the Estates Gazette Property Company of the Year – Offices award. In 2011, Angel Building was shortlisted for the RIBA Stirling Prize following its RIBA London 2011 award and has also won numerous accolades from organisations such as the British Council for Offices, the British Construction Industry and New London Architecture. The Maple & Fitzroy development in Fitzrovia W1, which completed in September 2010, also won a 2011 RIBA London and New London Architecture award.

For further information see www.derwentlondon.com