



Real Estate Highlights
Winter 2016/Spring 2017

Welcome to our TLT Real Estate Newsletter, designed to bring you the latest news and highlight some legal developments that may impact you across a range of sectors. We have also included details of some of the landmark deals our team has worked on in recent months, along with training and event opportunities that may be of interest to you.

We do hope you find the newsletter informative. As always, please let us know if you would like

further information on any of the features in the newsletter. We would also welcome your feedback and any suggestions or requests for topics to cover in future publications.



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Legislative update: what's on the horizon?

The Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 (MEES)

What is it?

From April 2018, it will be unlawful to grant a new tenancy of premises with an EPC rating of below E, unless an exemption applies. For commercial properties, this prohibition will be extended to existing tenancies from April 2023.

What does it mean in practice?

If a landlord lets a commercial property in breach of the regulations, it will not affect the validity or enforceability of the tenancy. However, the landlord may be liable to pay a fine.

- For a breach of less than 3 months – the greater of £5,000 and rateable value, subject to a maximum of £50,000 plus the publication penalty (the publication on the register of the landlord and details of the breach, for a minimum of 12 months); and

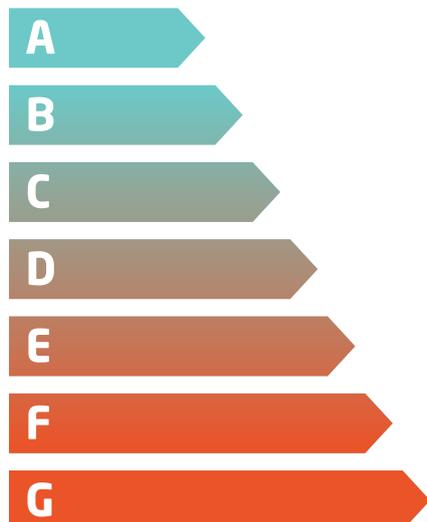
- For a breach of more than 3 months - the greater of £10,000 and 20% of rateable value, subject to a maximum of £150,000 plus the publication penalty.

Affected property types: Most commercial lettings such as large industrial warehouses (with air conditioning or temperature control), leisure centres, offices, restaurants and retail outlets.

Why do landlords need to consider MEES now?

- The EPC rating will have an impact on property value and may affect a lenders decision to finance
- Breaching MEES could be costly (financially and reputationally)
- Carrying out works could infringe tenant's rights and may result in a hefty bill

However, there are a number of situations in which MEES do not apply, along with exemptions whereby landlords can still let premises despite the low EPC rating.



Whilst the information above relates solely to commercial properties, MEES regulations may also apply to domestic properties. For more information on this and on MEES in general, please visit our dedicated webpage www.tltsolicitors.com/MEES where you can also find information on the events and training we offer on the topic.

Lease renewals and business rates review - what is the link?

On 1 April 2017 new ratings valuation lists will come into effect in England and Wales. The new rateable values were released on 30 September 2016 and are based on the rental value of properties on 1 April 2015. These are the values that will be used to calculate business rates bills from 1 April 2017.

According to the Government, the majority of ratepayers will see a decrease in their rates. Those facing increases will benefit from transitional relief (the structure of which is yet to be confirmed).

What is the effect on lease renewals?

Where a lease renewal is opposed under grounds (e), (f) and (g) of the Landlord and Tenant Act 1954, the rateable value of the property is used as the basis for the calculation of statutory compensation.

The rateable value used is that in force at the date on which the landlord's notice under section 25, or section 26(6), is served.

As landlords will want to minimise the statutory compensation payable:

- If the rateable value of the property is going to increase on 1 April 2017, the landlord should, where possible, serve the section 25 notice, or section 26 counter-notice, before 1 April 2017.
- If, on the other hand, the rateable value will be going down, it would be beneficial to serve the notice on or after 1 April 2017.

Tenants should also be mindful of changes in the rateable value:

- If the rateable value is going to increase, serving the section 26 request for a new tenancy on or after 1 April

2017 will result in higher compensation if the landlord opposes the renewal on grounds (e), (f) or (g).

- If the rateable value is going to decrease, and there is any risk that the landlord will oppose a new lease, where possible, the tenant should serve the section 26 request before 31 January. This will prevent the landlord from serving a counter-notice on or after 1 April 2017.
- A tenant under a LTA 1954 protected lease, who is considering appealing the new rateable value of its property, should think about whether this will benefit it in the long run. The tenant will need to balance the benefit of lower rates against the reduced compensation payable if the landlord opposes a lease renewal under grounds (e), (f) and (g).

Will the transitional provisions make any difference?

The way in which the transitional relief will work has not yet been determined. Two options were proposed in the Government consultation, which closed on 26 October 2016. The response should be published shortly. However, as statutory compensation is calculated using the rateable value shown in the valuation list, whether or not transitional relief is available will be immaterial.

Whether you are a landlord or a tenant, you should be thinking about the changes to the rateable value of premises and the impact that this will have on the service of section 25 and section 26 notices. Failure to take the changes into account could lead to you paying more, or receiving less, statutory compensation than you had anticipated.

The Heat Network (Metering and Billing) Regulations 2014 - do you comply?

From 31 December 2016, where it is cost effective and technically feasible to do so, heat suppliers in buildings with communal heating systems have

been under a duty to install meters to measure individual consumption. Failure to comply could result in a fine.

The Digital Economy Bill - what are the implications?

The Digital Economy Bill is expected to be passed in Spring 2017. This will make changes to the current Electronic Communications Code. We are likely to see a

strengthening of the rights of communications operators, and a limit on the amount that landowners can charge for the grant of rights to operators to install equipment.

Neighbourhood Planning Bill

The Neighbourhood Planning Bill is currently making its way through Parliament. The Bill contains measures relating to planning and compulsory purchase. The Government has stated that the aims of the bill are to (1) identify and free up more land to build homes on to give communities as much certainty as possible about when and where development will take place; and

(2) speed up the delivery of new homes, in particular by reducing the time it takes to get from planning permission being granted to building work happening on the site and new homes being delivered.

We will be monitoring the progress of the Bill and reporting on its implications. Please visit www.ttsolicitors.com for the latest news and insights.

Deals - 2016 at a glance

Throughout 2016, we completed a number of significant deals across all three UK legal jurisdictions. We've highlighted some of these below. Should you

have any legal requirements where you believe our experience might be valuable, please do get in touch with us.

TLT advised:



City Link Developments in the development and sale of the Linthouse Business Park in Glasgow



Inchcape on the sale of the Leeds Jaguar Dealership



Kremlin Associates on the purchase of an historic Belfast building for hotel development



Las Iguanas on securing a premises licence for its first restaurant in Dorset



Low Carbon on its successful response to the National Grid Enhanced Frequency Response tender for battery storage projects



Matthew Clark on the acquisition, development and funding of over 100,000 sq ft high-specification warehouse & distribution facilities in Bedford & Yorkshire



Savills on its investment in Yopa, one of the UK's growing online hybrid estate agents



UKAR on the transfer of title of approximately 90,000 mortgage securities UK wide



Vets 4 Pets/Pets at Home in connection with their national expansion



Warrington Borough Council on several real estate investments



WE Link on the sale of a 61MW solar farm in Swindon



WHSmith on its deal with The Post Office for franchises and concessions throughout the UK

Training, events and publications

Commercial Leases Seminar

In October 2016, we ran our annual commercial leases seminar series covering topics such as landlords' and tenants' rights, guarantors, rent reviews, MEES, data protection and under-lettings of part. The events were a resounding success and a number of our clients and contacts requested further in-house training and workshops for their teams.

If you would be interested in hearing more about any of these topics or arranging a training session, please contact Lauren Stanley, Business Development Manager on +44 (0)333 006 0859 or lauren.stanley@ttsolicitors.com

TLT's Retail Growth Strategies Report 2017

From Brexit to business rates, find out how 100 of the UK's leading retailers plan to grow their businesses in 2017. Our report is based on an in-depth survey of senior management carried out by Conlumino. It covers six key areas:

- Trading and investment plans
- Retail property
- Supply chain and logistics
- Technology and data
- Staffing
- Government and regulation

The report includes exclusive interviews with the Head of Retail and Wholesale at Barclays, COO at Graze, CIO at WHSmith, Head of Business Rates at Gerald Eve, Director at Barker Proudlove and Head of Executive Search at Moon Consulting.

To download the full report, please visit www.ttsolicitors.com/news-and-insights/hot-topics/retail-report-2017/

Events

1 March 2017: Property Case Highlights Talk*

Limited number of places available, London

14 - 17 March 2017: MIPIM

The premier real estate event in the calendar! TLT is sponsoring the event this year and we would love to see you there. If you would like to arrange a meeting, please contact Maria Connolly on maria.connolly@ttsolicitors.com in the first instance.

TLT in association with Peter Brett Associates Developer Masterclass Programme*

An introduction to compulsory purchase

21 March, London; 30 March, Bristol

Improving development through technology

4 May, Bristol

'Planning for housing: What will they think of next?'

9 May, London

Interpretation of planning permissions

20 June, London

Viability appraisals - their use in a plan-led system

22 June, Bristol

10 May 2017: All Energy

Join us for lunch on our stand, G48, between 12pm and 2pm to collect your copy of the Clean Energy Pipeline report which analyses project finance and M&A trends in the UK's renewable energy sector – the only report of its kind in the UK.

Planning for Successful Development*

11 May, Manchester; 17 May, London; 24 May, Bristol.

* To book a place on these events, please contact georgia.barker@ttsolicitors.com

About us

We are one of the UK's largest real estate teams, with over 100 property lawyers advising on transactions across all three UK jurisdictions. We provide practical, commercial advice and support to a range of clients including corporate occupiers, institutional investors, property agents, developers, landowners,

banks, funds, lenders, public bodies and individuals. Our team includes complementary practice areas such as dispute resolution, construction, planning, environmental, licensing and tax to provide clients with a comprehensive service that fully meets their needs.

Meet our new partners



Judith Allen

Judith has extensive experience in all areas of Northern Irish property law having advised a broad range of both public and private sector clients for over 13 years on the full range of property matters including commercial letting, landlord and tenant disputes, acquisitions and disposals, property finance and institutional investment work.

Judith continues to advise all major financial institutions and insolvency practitioners within the jurisdiction on the property aspects of complex insolvencies and consensual restructures.

Judith is dual-qualified in Northern Ireland and the Republic of Ireland

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Matthew Cox

Matthew acts for landlords and tenants in the retail sector, advising them on issues such as asset management and the sale and purchase of commercial premises. He has helped a range of retailers including well known high-street brands.

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Jason Juden

Jason has extensive experience advising property companies, institutional owners, occupiers, developers and retailers on the whole range of traditional property litigation issues including rent review, dilapidations, forfeiture, rights of light, easements, alienation, the LTA 1954 and tenant-related insolvency.

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Richard Turnbull

Richard specialises in the property aspects of energy transactions, with experience in onshore and offshore wind, wave and tidal, biomass, solar, hydro and energy from waste developments having acted for developers, landowners and funders.

Richard's primary focus is Scottish energy work although he also works on transactions in England & Wales.

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