



# Maples Teesdale

solicitors

Autumn 2006

Welcome to the latest edition of the Maples Teesdale newsletter – inside you will find Partners' opinions on current marketplace and property issues.

You'll have already noticed that we have a new logo, but this represents just a part of the new Maples Teesdale corporate image. Over the past few months we have taken an in depth look at our image with the help of design consultants Quiddity Media. We felt we needed to create an image more in keeping with the core property marketplace in which we practice.

Maples Teesdale primarily focuses on work within the Commercial Property sector, providing a complete range of services for our clients.

The old logo was reflective of the firm when it was a general legal practice and with our specialisation within the commercial property sector we wanted a new, fresher image. We started with an online questionnaire to canvas the opinions of our staff on our current image, perceptions of the firm and how we viewed our competitors' 'brands'.

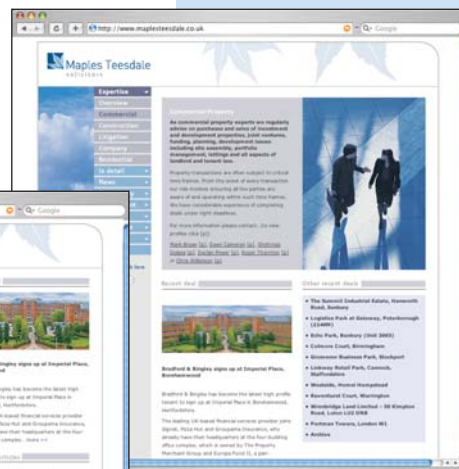
The results were very informative and helped not only steer the look and feel of the identity but to address issues such as the use of recycled and sustainable resources – highly important for a business that generates high volumes of printed material.

Maples Teesdale are proud of our heritage and, whilst moving on, we wanted to retain links to the maple leaf as this is still the key icon in our logo – albeit with a new look. Much midnight oil was burnt creating, and agreeing, the icon, typography, colour palettes and layout of our logo and documents!

Our designers worked in conjunction with our IT and Office departments to ensure we had an identity that could be reproduced accurately across a whole range of platforms – day to day correspondence, the internet and our client extranet – as well as being practical to implement.

A major part of our new identity has been to redesign our website which, whilst containing comprehensive information about the firm needed its layout and navigation made more user friendly.

The new design also allows us to easily update the site giving us the scope to include more market comment which we hope will be useful to our clients as well as the industry in general – we invite you take a look at [www.maplesteesdale.co.uk](http://www.maplesteesdale.co.uk).



## CORPORATE BRANDING



Examples of our new Headed Paper and Business Cards

# Views...

## Roger Thornton – Partner

**It has recently come to light that the Government's plans for a Planning Gain Supplement ("PGS") may be abandoned. The PGS is a development tax, through which the Government hopes to capture a "modest" proportion of the uplift in land value following the grant of planning permission. There has been concern from the property industry.**

One of the main concerns is the fact that the PGS payment is to be paid centrally to the Government. The Government states that a "significant proportion" of that money will be spent on the area from which it originates, but many think that not to be the case.

*"It now seems that the Government may introduce a "roof tax."*

## David Stevens – Partner

**The recent spate of Creditors Voluntary Arrangements ("CVAs") is concerning many landlords and rightly so given their potential impact on future rental income and investment value.**

The electrical retailer PowerHouse went into a CVA in March 2006 and has now entered into administration. It seems that the arrangement has resulted in the closure of 31 loss-making stores, with continued trading at the remaining profitable stores. Under the agreement it appears that landlords were offered 6 months rent on the affected stores equating to approximately 28p in every pound owed to the them. It is also likely that the amount of future rent due to certain landlords has been reduced by the CVA. The terms of the CVA also apparently seek to limit the landlords' rights to sue for arrears of rent and other breaches of covenant and, most significantly, to pursue guarantors (including PowerHouse's parent company, Pacific Retail Group).

It now seems the Government may introduce a "roof tax". This tax requires developers to pay the local planning authority a tariff on new developments. Under this system, 10% of the tariff will be paid by the developer once they obtain reserved matters approval, and a further 15% paid once development starts. The remaining 75% will be paid on completion of each phase of development. Unlike the PGS the contribution goes to the local planning authority and the whole contribution is not paid "up front" on the grant of planning permission.

The select committee is due to meet in October to report back on the PGS proposals, and hopefully clarify this area of law.



The PowerHouse landlords (who include Land Securities, Hammerson, Prudential, Morley and British Land) are seeking to challenge the CVA on the grounds that their claims have been wrongly valued and/or on the basis that the proposals unfairly prejudice them. The trial, which was originally planned for October, may now slip to March 2007 but the outcome is eagerly awaited, in the hope that it will provide much needed guidance in this area.



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# ...and NEWS



## Paying rent monthly rather than quarterly?

A few months ago the British Retail Consortium threatened to “name and shame” landlords that did not agree with their demands for monthly rent payments. Backed by such heavyweight retailers as Next, Arcadia, Boots and B&Q the BRC stated that traditional quarter day payments are “at odds with modern business practice”. It is claimed that the traditional practice results in large cash flow problems for retailers, and small retailers have complained that it limits their growth. The BRC recently revealed that it is now backed by 80,000 retailers and has the support of 50 MPs.

The British Property Federation has hit back against the campaign by advising its members not to cave into the demands. It states that the BRC gave little warning of its intention to launch its campaign and has destabilized the relationship between landlord and tenant. It is also argued that the switch from quarterly to monthly payments will result in an increase in costs for landlords as there will be an inevitable rise in administrative costs for switching from collecting rent 4 times a year to 12. However, landlords have stated that they will look at each tenant’s position individually when they are in difficulties.

It seems that this saga will rumble on for some time.

### Denis Marshall – Partner

#### Special Purpose Vehicles (“SPV’s”)

**Denis Marshall has been acting on a number of sales of companies owning single properties (Special Purpose Vehicles (“SPV’s”)). This is a very effective way of reducing Stamp Duty Land Tax (SDLT) for property purchases.**

By purchasing the shares in the SPV, rather than the underlying property, the purchaser pays stamp duty at 0.5% rather than stamp duty land tax at up to 4%. This year’s Budget saw the abolition of the SDLT exemption for property transfers into offshore property unit trusts, so schemes for avoiding SDLT have become increasingly artificial and expensive. Any simpler way of avoiding SDLT is therefore attractive.

The effective rate of stamp duty can be much lower than 0.5% where the original acquisition of the property by the SPV was funded by debt, as would normally be the case. If, for example, the SPV’s acquisition cost was £10 million and the SPV is later sold for £12 million, the purchaser will

actually pay £10 million to refinance the SPV’s debt and £2 million for the shares, so only £2 million will be subject to stamp duty. The resulting stamp duty will be £10,000, compared to SDLT of £480,000 if the purchaser had purchased the property.



However, the sale of a company is usually more complex than the sale of the underlying property, even if the company has no other assets, so the professional costs will be higher. For example, the sale agreement should always require the purchase price to be adjusted by reference to completion accounts, so that there will effectively be an apportionment of income and outgoings as at the completion date and deduction of any outstanding liabilities.

***“This year’s Budget saw the abolition of the SDLT exemption for property transfers into offshore property unit trusts...”***

### Paul Matcham – Partner

#### 2006 has been a busy year for our Construction and Engineering Group.

**We are involved in a number of high profile projects, including;**

- a major scheme in Savile Row to provide extensive office and retail space.
- negotiating Development Management Agreements for 2 major schemes to be undertaken in the London Bridge area.
- acting for a major land owner in Birmingham in connection with 3 extensive demolition and redevelopment schemes.
- a project involving the construction of 40 hotels.

- acting for a major bank in the forward funding of developments in London’s Docklands comprising 97 apartments and in Swansea for 42 apartments.
- redevelopment of 2 college campuses in Dartford and Gravesend.
- construction of a new teaching block at an educational college in Reading.
- a new mixed-use scheme for a former warehouse facility in Luton’s prime industrial area.
- construction and redevelopment of a number of new warehouses, industrial units, residential, office and retail accommodation in various UK sites.

# In brief...

## Charities

We have been involved in several "challenges" for charity this year including the **London Marathon...**



which followed last year's challenge to raise money for **Action Medical Research**. This involved a team climbing the 3 highest peaks in the British Isles and "**Racing the Sun**" which combined a 50 mile bike ride through Cumbrian countryside, climbing Helvellyn and a 2 mile canoe trip across Lake Thirlmere!



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We continue to have articles published in the property and the legal press – most recently a comment by David Stevens on the delay of the Powerhouse high court trial. We also continue to issue legal bulletins to clients and contacts on relevant new developments in the property sector.



We were pleased with the latest edition of the **Legal 500 – Guide to the UK legal profession**.

We are highly regarded for development and investment work, leasehold enfranchisement, construction, property finance and property litigation.

The editorial comment notes a "consistent City level service" and a "professional and commercial service".

### Nominations & Shortlists

Maples Teesdale was nominated and shortlisted for **The Legal Business "Boutique Firm of the Year Award"**. Legal Business said of the firm, "As a result of a focused and successful attack, this firm now represents a plethora of high profile companies in complex commercial property and construction matters." Quoting one of our clients, Legal Business went on to say that the firm has "a robust negotiating style and brings intellectual capital to the table. They are thinking, creative lawyers who solve problems."

We were nominated and shortlisted for the **Trainee Solicitors' Group Training and Recruitment Award for Best Small Firm Trainer of the Year 2005**. Nominations were made by trainees and newly qualified solicitors who were invited to complete an online survey assessing their own experiences of training.



### Property Events

We continue to be involved in various property events. We recently hosted a table at the prestigious annual **Investment Property Forum (IPF)** dinner held at the Grosvenor House Hotel in London. We regularly support and provide speakers for the **Cambridge University Land Society (CULS)**. We are also represented at committee level within the **British Property Federation (BPF)**.

### Community

In the last six months Maples Teesdale has become involved with **LawWorks** for Community Groups, a pro bono project which provides free advice to community groups and small not-for-profit organisations through a network of volunteer lawyers.

So far we have been involved in projects ranging from advising on the interpretation of rent review provisions, negotiating the transfer of an allotment site and offering advice on a tenant's liability for repair following damage caused by recent break-ins.

For more information on LawWorks for Community Groups see [www.lawworks.org.uk](http://www.lawworks.org.uk)

### Projects

#### HOLBORN COMMUNITY ASSOCIATION

We contribute at committee level to the **Holborn Community Association**, a charity providing facilities and services for the local Holborn community.