

He claims that switching from quarterly payments to monthly payments would lead to increased costs for landlords. This is because processing 12 rental demands a year instead of four would require extra staff and resources.

'It becomes a more management-intensive operation,' he says. 'There are cost implications. There is a huge accountancy process.'

Dykes claims landlords already give retail tenants slack by not charging interest on late payments. This would change under a monthly system, he says.

'If we were going to do [monthly payments], we would insist upon direct debit payments,' says Dykes. 'If money isn't cleared on the due date, we would be racking up interest.'

QUARTER DAY RECKONING

And there could be further legal obstacles. Caroline Green, head of retail and commercial property at law firm Browne Jacobson, believes property legislation would have to be changed to reflect the switch from quarter day to monthly payments.

'There are a whole range of protections for tenants for relief against forfeiture, which are

in place because of the quarter day system,' she says. 'If we switched to monthly rent payments, it may be felt that the balance has altered and those protections are no longer necessary.'

Charles Woollam, partner at Donaldsons, adds: 'Landlords would be looking for greater legal powers to end leases if there was a switch to monthly payments.'

The British Property Federation says that while it is willing to talk to the consortium, it is not going to change its position in advising members to resist calls for monthly payment.

Liz Peace, the British Property Federation's chief executive, says landlords are not the villains of the piece: 'Tenants have always tried it on as much as landlords. It is important to see it in that context. Duplicity isn't one way.'

Peace says the consortium's campaign was unexpected, and is disappointed that retailers did not mention it at the Owners and Occupiers Forum, which was set up to improve landlord and tenant communication.

'I thought the campaign was ill-timed and badly handled,' she says. 'But we are always willing to talk. I hope that we can continue to have constructive discussions.' ■

POWERHOUSE HIGH COURT TRIAL DELAYED

LANDLORDS EMBROILED IN LEGAL action against retailer PowerHouse have suffered a setback. The five-day High Court trial, originally planned for October, now looks unlikely to happen before March 2007.

Two groups of landlords are fighting a company voluntary arrangement (CVA), which PowerHouse struck with its creditors in February. Under the deal, the retailer effectively avoided liability for its leases.

The first group of landlords comprises Prudential, Land Securities, Hammerson, London Merchant Securities, BMW (UK) Trustees and Richminster Properties.

The second group comprises Morley Fund Management, BTW Shiells, Save and Prosper Pensions, and Slough Estates.

'We are trying to bring [the trial] forward,' says Steven Dykes, head of retail at London Merchant Securities. 'The current situation leaves us in limbo.'

Under a CVA, a company can make its creditors an offer - PowerHouse, for example, has offered 28p in the pound. The creditors can accept this if 75% of them agree to a vote.

The voting right of each creditor is proportionate to the money it is owed, and this is the crucial point for landlords. The administrator could value the landlord's holding by how much the lease is worth, which will usually give it an unassailable voting block.

Alternatively, it could be calculated just on rent arrears, leaving the landlord to compete with the other creditors.

'The calculation is very significant,' says David Stevens, head of litigation at law firm Maples Teesdale.

'The administrator has considerable discretion to value it as the rent in arrears rather than what will be owed in the future.'

Roland Nevett, director of retail warehousing at LandSecs, adds: 'It would set a dangerous precedent for both landlords and tenants if the PowerHouse CVA was allowed to go ahead. Landlords would need other ways to protect their positions.'

RETAILERS IN ADMINISTRATION SINCE CHRISTMAS 2005

Store	Date of administration
UNWINS	DECEMBER
MVC	DECEMBER
ADJUSTBETTER/FORMINSTER (KOOKAI)	DECEMBER
GREENS SUPERSTORES	JANUARY
HPI JEWELLERS	JANUARY
SOCK SHOP	JANUARY
PAST TIMES	JANUARY
QS	FEBRUARY
ACTIVE LEISURE (QUIKSILVER)	FEBRUARY
FIELD AND TREK (QUIKSILVER)	FEBRUARY
GIZMONDO	FEBRUARY
SILVERSCREEN	MARCH
BARON JON	MARCH
BASEBUY/URBAN DETAIL (EISENEGGER AND FOXHOLE)	MARCH
DEWHURST	MARCH
DB ACTIF AND ACTIF RETAIL (ELLE)	APRIL
WADE SMITH	APRIL
MODA IN PELLE	APRIL
SOLUTION	JUNE
MORGAN	JUNE
PLANMARK DEVELOPMENTS (NIKE)	JUNE
MILLER BROS	JUNE
MIKEY	JULY
BENJYS	JULY

SOURCE: DONALDSONS

