

BUSINESS RATES ADVICE

For Property Owners

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EXPERIENCED ADVISORS

Proactive management of business rates is an important part of any commercial property ownership and investment strategy. It assists in minimising expenditure and ensures the best returns on capital.

In the following pages, we demonstrate the successful results we have achieved for clients at each stage of the property's life cycle. The cases readily prove that even controversial issues like the changes in the empty rate legislation can effectively be mitigated against with the right rating strategy. We are proud of our track record and welcome an opportunity to discuss your requirements.

OUR AIM IS TO ACTIVELY
MITIGATE YOUR RATE LIABILITY
AT EVERY STAGE OF THE
PROPERTY CYCLE, ULTIMATELY
PLACING YOUR COMPANY IN A
BETTER FINANCIAL POSITION.

RATING ADVICE

At every stage of the property lifecycle

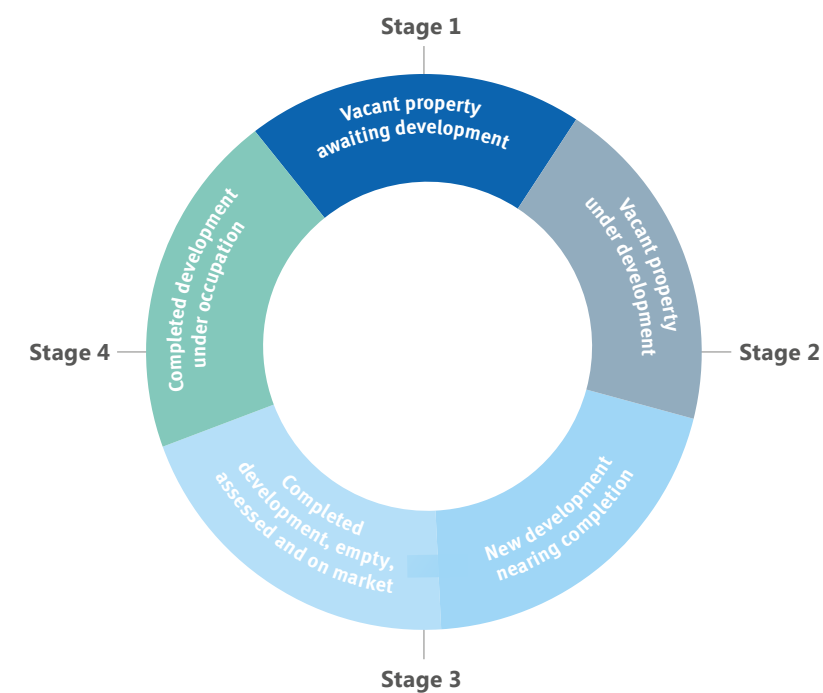
Business Rates advice is now an important component of any commercial property investment strategy. Recognising and implementing the right rating strategy at each stage of the property life cycle will assist in ensuring that the best returns on capital can be achieved.

To be effective, rating advice must continue to reflect the constantly changing economic and political landscape. The advice needs to be innovative and proactive to maximise opportunities to mitigate rates at all stages. We have built a highly specialist team of rating advisers who embody these ideals which we believe deliver a cut above our competitors in this industry.

Our strategic advice throughout the property's life cycle can:

- ♦ Mitigate empty rate liability on voids whilst the property is awaiting development
- ♦ Mitigate liability during the development works
- ♦ Ensure the development is not assessed for rates until let
- ♦ Enhance the scope for rental growth by ensuring rating valuation basis is as low as possible

Rating advice at every stage of the property lifecycle



Business Rates Advice for Property Owners

Track Record

Stage 1: Mitigation of empty rates



Client: British Land
Address: 8-10 Baker Street, London
Details: 90,000 sq ft of mixed retail and office development space forming part of a redevelopment scheme, currently awaiting planning permission.
Action: Knight Frank implemented a strategy involving intermittent occupation to secure rates exemption, appealing basis and deleting retail units on the ground floor.
Outcome: Savings £1,200,000



Client: Henderson Global Investors
Address: One Knightsbridge Green, London
Details: 50,000 sq ft of vacant office space subject to adjacent building works.
Action: We provided a strategy using intermittent occupation to secure rates exemption, appealing basis and securing allowances for disturbance from building works.
Outcome: Savings £900,000

Stage 2: Mitigation of rates during development works



Client: Quinlan Private
Address: Senator House, Queen Victoria Street, London
Details: 150,000 sq ft refurbishment of a 1980's development. The Valuation Officer refused to delete the assessments on the grounds that the refurbishment was no more than repair works, which can be ignored under the rating legislation.
Action: We were successful in securing the deletion by establishing that the building had changed sufficiently and the works completed were a significant improvement.
Outcome: Savings £1,340,000



Client: Minerva
Address: Seagas House, Ellis House & Link House, Croydon
Details: 110,000 sq ft redevelopment of vacant 1960's office block space in central Croydon. The joint development project with the local council was consequently put on hold due to funding issues. The Compulsory Purchase Order subsequently lapsed resulting in significant empty rates.
Action: We established that the buildings were beyond economic repair and all three hereditaments were deleted from the Rating List.
Outcome: Savings £500,000

Stage 3: Mitigation of rates on new, vacant developments



Client: RO Development
Address: One Hemel Hempstead, Hertfordshire
Details: 98,000 sq ft of vacant, Grade A office development space. The vacant floors were bought into rating list and empty rates were incurred.
Action: The Knight Frank Business Rates team carried out a case review and uncovered that no completion notice for rating purposes had been served by the Council. A report from the Building Consultancy team emphasised that the costs of fitting-out to a CAT B would be considerable, the assessment was consequently deleted.
Outcome: Savings £300,000



Client: Bruntwood Estates
Address: Ex-Royal Mail Sorting Office, St Andrews Street, Manchester
Details: The council served a completion notice to bring the completed, yet un-let development into rating. Consequently the client faced an empty rate liability.
Action: We appealed the notice on the grounds that the development was not yet 'substantially complete', as is required under the legislation. We were successful in winning the appeal on behalf of our client.
Outcome: Savings £700,000

Stage 4: Limit voids to ensure rating valuation basis is as low as possible



Client: Workspace Group
Address: Barley Mow, Chiswick, London
Details: We were instructed to provide advice to all our client's tenants across their 100 business centre portfolio.
Action: We were successful in securing empty rate relief during voids and appealed any excessive assessments from the 2005 Ratings List. This particular case required a presentation at the Valuation Tribunal, who consequently ruled in favour of the client, reducing both workspace and rateable values by an average of 20%.
Outcome: Savings £600,000



Client: BRE/Vintners' Place LP
Address: Vintners & Thames House, Upper Thames Street, London
Details: 266,000 sq ft of multi-let office space situated on the banks of the River Thames. Special features include an atrium with a coffee shop and a fitness centre and swimming pool for the exclusive use of the occupiers. Knight Frank was instructed to review all rating assessments.
Action: We established that the fitness centre was exclusive to the tenants which meant that we were able to reduce the assessment by 98%. The landlord's store assessments were deleted and the tenants' office basis was reduced by 25%.



"We have used Knight Frank's rating service over the last 10 years and we have always been impressed at their professionalism and the level of savings they have secured. We have no hesitation in recommending them."

Tony Grimes
Head of Facilities
Investec

"For Henderson Global Investors, active management of Business Rates is one of the key components in controlling our accommodation cost base. We use Knight Frank, and have for many years, because of the results they achieve on our behalf. They are proactive, innovative and consistent, and we believe, the Number One firm for Business Rates."

Fred Kinahan
Head of Facilities Management
Henderson Global Investment

"I would like to take this opportunity to commend the Knight Frank Rating Team for the outstanding efficiency, quality of service and professionalism that they have demonstrated. From the moment Knight Frank were retained on the portfolio there has been nothing but admiration for the manner in which they have dealt with effectively managing and mitigating our rates liability. It has been an absolute pleasure working with the team and I look forward to this partnership continuing long into the future."

Maz Osman
Senior Asset Manager
Quintain Estates and Developments

A partnership approach

With over 110 years of experience, Knight Frank is the world's leading, independent real estate consultancy.

Through our alliance with US based Newmark Grubb Knight Frank, our global network extends across over 370 offices in 48 countries and we have more than 13,700 professionals handling in excess of US\$800 billion (£500 million) worth of prime commercial, residential and agricultural real estate per annum.

Working with private individuals, developers, investors, banks, corporate occupiers and public sector bodies, we provide a range of agency, investment, property management and professional consultancy services, which are supported by our dedicated market research teams.

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