



VACANT —
— SPACE MANAGEMENT
Solutions for **your** empty buildings



VACANT SPACE MANAGEMENT

Since 2010 **Vacant Space Management (VSM)** have been providing ethical and cost effective solutions for Landlords to mitigate holding costs and create income in empty buildings.

Holding vacant properties is a drain on resources. Not only is there a lack of income, the costs associated with empty commercial property such as increased insurance premiums and security coupled with ever rising business rates liabilities increase the problem.

But by far the most punitive of all these costs is Empty Property Rates, the charging of full business rates on vacant commercial properties, which has been legislated since 2008.

VSM execute bespoke strategies to both mitigate costs and where possible, create income for landlords.

With the introduction of Council rate retention, increasingly, empty property rates mitigation is being challenged as avoidance and therefore in order to succeed, the application of any strategy must meet stringent criteria. Our strength is our attention to detail resulting in the consistent reduction of client's costs.

VSM have to date provided interim solutions for over 10m sq. ft. of commercial property on behalf of pension funds, property companies and private landlords.

This has been achieved by combining the qualities of entrepreneurial spirit and the many years of commercial real estate experience of the VSM directors.

We believe there's a solution for every building.

Vacant Space Management Ltd.

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VACANT SPACE MANAGEMENT

You're in safe hands alongside a number of VSM past and present clients;

The  **Blackstone Group**[®]


QUINTAIN

LONDON & REGIONAL
PROPERTIES

 **FROGMORE**
PROPERTY. PROPERLY.[®]


AVIVA
INVESTORS


CONYGAR

UK&EUROPEAN
INVESTMENTS


INTERNOS
GLOBAL INVESTORS


TISHMAN SPEYER

daejan HOLDINGS

 **Imperial
Tobacco**

SEGRO
SLOUGH ESTATES GROUP

VSM MITIGATING EMPTY PROPERTY RATES

CHARITY OCCUPATION & CHARITY HUBS

A large proportion of our service is the delivery of bona fide charity occupations providing an ethical and socially responsible use whilst also mitigating holding costs. Obviously, the main reduction is on Empty Property Rates, **anywhere between 80-100% in savings**, but additionally Landlords can benefit from lower insurance and security costs.



Amongst the nationwide charity organisations that VSM work with, we are primary property providers to Centric Community Projects (CCP), a nationwide registered charity who operate charity hubs in office buildings and retail premises across the UK.

They have provided space for over 1,200 charities, offering them office, exhibition, storage, meeting, rehearsal and training facilities for their operations.



The Methodology

A registered charity occupying commercial premises is entitled to 80% mandatory reduction in their business rates*.

The installation of a charity into Landlords premises and subsequent grant of 80% charity rate relief results in a pro-rata reduction of the Landlord's liability.

VSM work alongside CCP www.centricprojects.org who act as the lead charity "umbrella" tenant of the property, offering space to smaller charities, community interest groups and not for profit organisations who will in turn occupy by way of a Tenancy at Will.

For smaller premises such as shops and small offices, through CCP, we provide a single charity to occupy the premises.

*There is the potential to obtain 100% through the grant of a further 20% discretionary relief available to charities, funded from Councils own budgets.



VSM MITIGATING EMPTY PROPERTY RATES



Technical Details

The Tenant

The proposed tenant would be CCP who would utilise at least half of the premises floor area for offices, trading, meeting, display, training areas, storage, etc. through allocating the space to smaller charity and community organisations.

The Lease

- The general terms of an occupational lease for the Charity tenancy are;
- Lease (for a suitable term according to Landlords preference) outside Landlord & Tenant Act at a peppercorn rent.
- Mutual break option at any time on 30 days' notice.
- The Landlord indemnifies the Tenant for the payment of business rates and all outgoings for the term of the Lease.
- This will include the Landlord continuing to pay for utilities but the charity agrees a contribution in the event of a material increase of these costs.
- The charity tenant undertakes to maintain the premises in no worse condition than at the beginning of the Lease as evidenced by a photographic Schedule of Condition.

We have standard forms of lease and Tenancy at Will, but Landlords may wish to employ their own form to incorporate these general terms.

Our Fees

VSM charges a fee of 20%-25% of the EPR saving achieved (depending on the size of the premises rateable value) which only become payable on presentation to the Landlord of documentary evidence of the savings.

VSM will administer the accounting function, liaising with the Council and the grant of business rates relief on all the vacant parts of the building.

VSM MITIGATING EMPTY PROPERTY RATES

CHARITY EXHIBITION

A registered charity occupying commercial premises is entitled to 80% mandatory business rate relief.

Additionally, **charities receive 100% EPR relief on their premises when they are vacant**, as long as when that premises is next in use, it is by that charity (or another charity).



The Methodology

Centric Community Projects (CCP) sponsors and promotes a number of touring exhibitions by other charities, along with working with universities and colleges across the country.

The touring exhibitions and presentations are held for between one and two weeks every three months.

For the period that the exhibition is open to the public which is normally 5 hours a day for 5 days each of the two weeks, the premises are managed and attended by contracted personnel on behalf of CCP.

Providing the necessary criteria are met, holding a program of charity exhibitions in empty commercial premises can deliver **EPR savings in excess of 95% pa**, as full rate relief will be granted during the periods when the premises are empty between exhibitions i.e. subject to when next in use being by a charity.



VSM MITIGATING EMPTY PROPERTY RATES



Technical Details

The Tenant

The proposed tenant would be CCP who would utilise at least half of the premises floor area for the display of the exhibition.

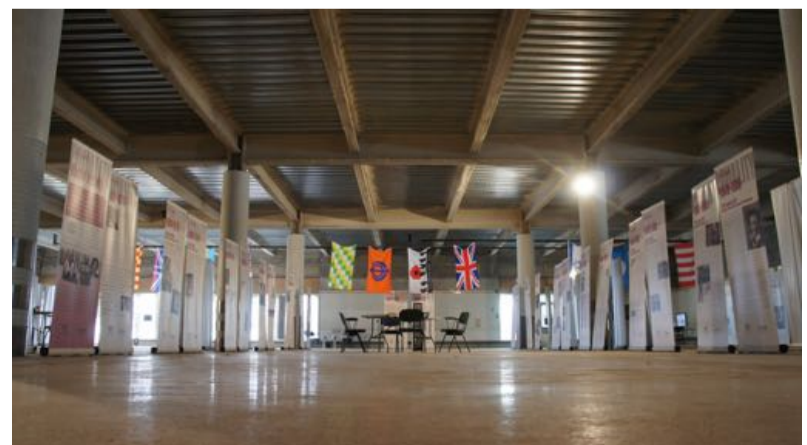
The Lease

- The general terms of an occupational Lease for the Charity tenancy are;
- Lease (for a suitable term according to Landlords preference) outside Landlord & Tenant Act at a peppercorn rent.
- Mutual break option at any time on 30 days' notice.
- The Landlord indemnifies the Tenant for the payment of business rates and all outgoings for the term of the Lease.
- The Landlord continues to pay for utilities (however due to the nature of the use these would remain for much of the time, not far above existing levels).
- The charity tenant undertakes to maintain the premises in no worse condition than at the beginning of the Lease as evidenced by a photographic Schedule of Condition.

Our Fees

VSM charges a fee of 20%-25% of the EPR saving achieved (depending on the size of the premises rateable value) which only become payable on presentation to the Landlord of documentary evidence of the savings.

VSM will administer the accounting function, liaising with the Council and the grant of business rates relief on all the vacant parts of the building.



VSM MITIGATING EMPTY PROPERTY RATES

INTERMITTENT OCCUPATION

When a commercial premises falls vacant, an initial period of empty property rate (EPR) relief is granted of 3 months, or 6 months in the case of industrial or warehouse properties.

After this initial period of grace, EPR is charged at 100% of the occupied rate.

By occupying the premises for a period of 43 days or more, the EPR relief clock is effectively "reset" to provide a further 3 months of exemption (6 months for industrial/warehouse).

At the end of the 3 or 6 month period of EPR relief, the process can be repeated.



The Methodology

Intermittent Occupation is particularly effective where a Landlord requires minimum use and intrusion of the premises.

The premises are used for either short-term storage or for the display and commercial sale of imported art works.

The storage is by way of low value goods stored in sealed plastic containers (as seen in the accompanying photographs).

In the case of the art showroom occupation, these are generally open for viewing **by appointment only**.



VSM MITIGATING EMPTY PROPERTY RATES



Technical Details

The Tenant

The tenant for intermittent occupation would be one of our associated companies, which depending on the type of property, would utilise and occupy for either short-term storage or the display and commercial sale of imported works of art.

The Lease

The Lease is for 6 months less a day (therefore outside the Landlord and Tenant act) at a nominal rent of £1 per month

Landlords and Tenants break option at any time on 7 days' notice.

The Landlord pays for Business Rates, utilities and all other expenses for the first 7 weeks only, after which these costs would become the Tenants responsibility.

Outcomes and Benefits

If the Tenant trades for 7 weeks and doesn't generate enough business interest, they break the Lease and vacate. The Landlord then receives 3 months of EPR relief (6 months in the case of industrial/warehouse premises).

At the end of the 3 (or 6) month period of EPR relief granted, should the premises remain empty, the process is repeated, delivering an annualised saving of 65% of the EPR liability. This is calculated on 7 weeks of rates paid by the Landlord followed by 13 weeks of nil payments, comprising a cycle of 20 weeks, resulting in 65% relief (13/20ths).

In the case of industrial/warehouse properties the annualised saving is 78.9% (26/33rds).

Our Fees

VSM charges a fee of 20%-25% of the EPR saving achieved (depending on the size of the premises rateable value) which only become payable on presentation to the Landlord of documentary evidence of the savings.

VSM will administer the accounting function, liaising with the Council and the grant of business rates relief on all the vacant parts of the building.

VSM MITIGATING EMPTY PROPERTY RATES

PROPERTY GUARDIANS

Empty buildings become an easy target for squatters, vandals and thieves. Installing live-in guardians is a solution to protect against these risks. A responsible and responsive human presence helps avoid costly repair and maintenance bills by promptly alerting property owners to any issues/risks of dilapidation or destruction in their properties. Guardians are now recognised as an acceptable and effective method of securing vacant premises and can provide up to a 90% saving of the cost of using traditional security methods.

In certain circumstances, the occupations of premises by live in Guardians for security purposes can also provide the mitigation of empty property rates.

The specific areas used and occupied by the Guardians can be reclassified for Council Tax rather than Business Rates, which generally reduces the liability.



VSM MITIGATING EMPTY PROPERTY RATES



The Guardians

We recruit carefully vetted individuals, in full time employment, typically aged 25-45 and ensure that only reliable, security conscious and socially responsible people legally occupy clients property.

If the Council Tax payable by the Guardians shows a saving against the normally charged EPR, an application is made to the VOA to remove the property from commercial listing whilst confirmation is made to the local council for the property to be registered for Council Tax.

The Licence

Non-exclusive licences are granted to Guardians to occupy the property provided it is watertight and has a supply of electricity and cold water. Where required we fit temporary bathroom & kitchen facilities, which are removed prior to the building being handed back to our client. Upon termination of the agreement between VSM and the client for the premises, the licence to the Guardian automatically terminates. We carry out regular (and unscheduled) inspections to ensure the premises are being well maintained and the Guardians are complying with their contractual rules and regulations. Landlords also receive a report setting out the findings of our inspections.

Outcomes and Benefits

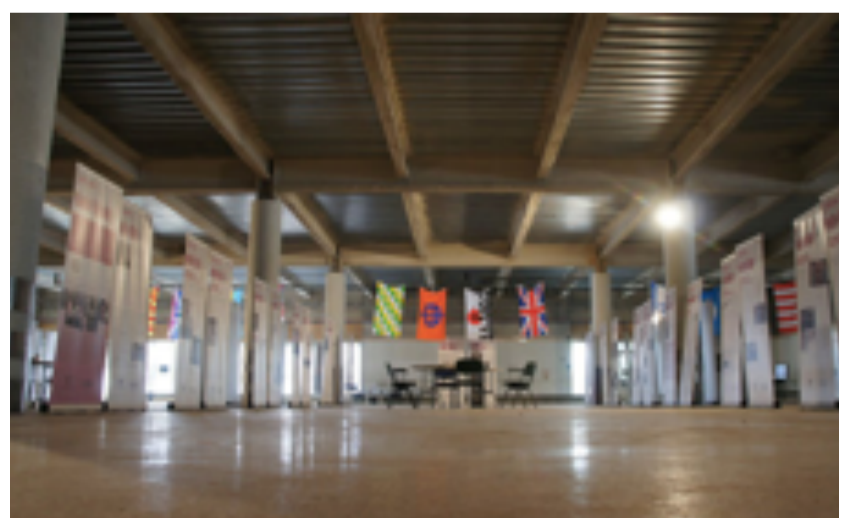
Not only can this be a financially effective rates mitigation solution, but can also provide up to a 90% saving of the cost of using traditional security methods. It is an efficient and cost effective deterrent to squatters, vandals, trespassers and other anti-social threats to vacant property. A responsible and responsive human presence helps avoid costly repair and maintenance bills by promptly alerting property owners to any issues/risks of dilapidation and destruction in their properties.

Guardians are universally recognised as an acceptable and effective method of securing vacant premises.

CENTRIC COMMUNITY PROJECTS (registered charity 1150611)

Centric Community Projects (CCP) are a nationwide charity space provider. They operate by taking vacant space from landlords and after operating a stringent pre-approval process, allow other charity, community groups and not for profit organisations to use the premises under a Tenancy at Will.

Over 1,200 charities including Age Concern, Barnardos, British heart Foundation, Guide Dogs, Mencap, Mind, Oxfam and RNIB have been supported by this network.



CENTRIC COMMUNITY PROJECTS



"On behalf of Came Women and Girls development organisation, I would like to express our sincere thanks for giving us free storage space at 120 Bridge Road Chertsey. Using the storage, we have been able to store and ship things to Cameroon, have made material donations to blind children in Buea, helped women living with disability and HIV/AIDS in Douala, assisted orphans in Limbe and Kumbo as well as helping the poor communities in Cameroon."

Margaret Nyuydzewira, CHAIR



"Thank you Centric, landlords, and everyone who's played a part in establishing this fantastic community resource in Brighton. You've made a crucial difference to the development of our charity and the health and well-being of a large number of people in need"

Gary Pargeter
Project Manager Lunch Positive





VSM CASE STUDIES

Case Study 1: Retail Warehouse Wembley, London

A large Plc developer client owned a retail park which was earmarked for a full redevelopment. Two of the units were vacant (previously leased to MFI and Allied Carpets).

VSM were able to arrange the occupation of both units by two national charities until the redevelopment process was started. One unit was used for the sale of donated sports equipment and training courses whilst the other was a charity art gallery displaying and selling donated art works and providing ancillary studio and workspace.

Savings for the Landlord were £162,000 pa for two years.

Case Study 2: Industrial and Office Park Dartford, Kent

Our client owned a new build office and light industrial park. Working on their behalf we installed art exhibitions in the office units and storage in the small industrial units. Where there were long term voids we were also able to install charity occupiers to increase the annual savings.

Through a combination of mitigation strategies we achieved optimum savings without disturbing the clients marketing and sale process.

Annual savings for the Landlord were £197,500.

Case Study 3: Retail Space Downham Market, Norfolk

The property has been a long term vacant for a REIT client of ours who specialises in community shopping. Via CCP the shop was let on a charity lease to the West Norfolk Deaf Association who cleaned up the shop with bespoke decor and returned back to the community a place to be proud of.

The Landlord made savings of over 90% of the liable EPR each year.



VSM CASE STUDIES

Case Study 4: Office Block **Milton Keynes**

Through the acquisition of a large portfolio, our clients inherited a large office building of some 100,000 square feet of which all but 18,000 was vacant and awaiting to be refurbished for subsequent letting.

We installed an “umbrella” charity that then shared and managed the use of the building for charitable and not for profit purposes, instituting several community projects some of which involved the local authority. Milton Keynes Council at the time were aggressively challenging all forms of empty property rate mitigation. However, after negotiation and discussion with VSM, full charity rate relief was granted for all areas of the premises.

Savings for the Landlord were £237,000 pa over a two and a half year period.

Case Study 5: Shopping Centre **Stratford-Upon-Avon**

Our clients were redeveloping their shopping centre and several of the units were vacant whilst pre-lets are agreed for the new scheme and subsequent redevelopment.

VSM installed charity and arts groups into 6 vacant shop units including a closed supermarket and maintained the charity occupation of all units, ensuring the occupation of additional units as they fell vacant, until the site was ready for contractors to commence work.

Annual savings for the Landlord were £149,000.

Case Study 6: CIL mitigation **Suffolk**

Working on behalf of our client we installed a trading business into a previously empty industrial premises. Initially the planning authority claimed a £1.1M CIL charge for the intended site redevelopment development. However, for the appeal to the Valuation Tribunal VSM were able to provide some 200 pages of evidence resulting in winning the appeal and the reduction of the CIL liability from £1,100,000 to just under £100,000

Community Infrastructure saving for the Developer: £1,000,000

VSM BUSINESS RATES RECOVERY

BUSINESS RATES AUDITING

At VSM we pride ourselves on being the market leader in business rates mitigation advice to owners and occupiers of commercial premises.

By choosing VSM as your business rates audit partner, you will be giving your business the best opportunity to secure the largest possible rebate from your historic business rates liabilities.

A VSM rating audit is a unique service that delivers business rates refunds through the forensic analysis of historic rates bills.

We examine business rates liabilities going back as far as the 1990's and look for errors that have gone undetected. For example, errors such as:

- Incorrect application of transitional relief
- Transitional certificates not being issued
- Material change in circumstance allowances not applied
- Failure to apply charitable relief
- Rateable Value reductions not carried out
- Unenforceable backdated rates bills
- A rating audit sits completely independently from that of a conventional rates appeal. This allows VSM to work alongside your existing rating agent to help maximise your business rates saving and secure repayments.

The Key features of a VSM rating audit are:

- The opportunity to audit as far back as 1990, unlike an appeal which can only be lodged on the current rating list
- Savings are often returned within 6 to 8 weeks
- No conflict of interest with any retained rating agent as a forensic rating audit sits aside from the conventional rating appeal process.
- VSM carry out all the factual based negotiating meaning minimal input from the client
- No fees are charged unless a rebate is secured
- A dedicated auditor will manage your case from start to finish

The key to a successful rating audit lies in the quality of the data sourced and how it is presented!

Our market intelligence and extensive rating knowledge gained over the past decade, from working in the complex rating audit environment, makes VSM Business Rates Recovery the perfect choice of partner for your rating audit.

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VSM COMMUNITY INFRASTRUCTURE LEVY

ABOUT COMMUNITY INFRASTRUCTURE LEVY AND ITS MITIGATION

Community Infrastructure Levy (“CIL”) has been introduced under the Community Infrastructure Regulations 2010 (and subsequent amendments). It is a system for raising funds from developers towards the cost of infrastructure works in a local authority area and is intended to be a fairer system than the individual negotiation of section 106 payments.

Each local planning authority decides their charging rates, which range from zero (for desired development in a particular area) up to £750 per square metre (for residential development in some areas of Kensington & Chelsea). Most local authorities have now adopted CIL or are in the process of finalising their charging rates.

The method of charge is set at a rate per square metre of the gross internal area of a building for which permission is given, with certain permitted deductions. One such deduction is a notional offset of the area of buildings previously on the site with the effect of reducing the amount of CIL payable accordingly. To qualify for the deduction, the building must **“contain a part that has been in lawful use for a continuous period of at least six months within the period of three years ending on the day planning permission first permits the chargeable development”**.

In situations where a building has not been in lawful use for the minimum six-month period within the three years prior to planning permission being granted, VSM are able to organise a business operation to run for the required minimum six-month period. This does of course delay the planning process by at least the six months, however the CIL savings can be significant when measured against the cost of such a delay.

VSM maintain their knowledge base of CIL and Empty Property Rates legislation through ensuring awareness of enacted legislative changes and the effects of case law.

Additionally we have been instrumental in the successful planning appeal by our client resulting in a CIL reduction of £1m, the largest by far, appeal to date.