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**Steven Cox** +44.(0)20.7360.8213 steven.cox@klgates.com

Bonny Hedderly +44.(0)20.7360.8192 bonny.hedderly@klgates.com



## **NEW JOINERS**



Matthew T. Harris
Partner
Nashville

Matthew Harris represents clients in real estate investment trusts and other public and private entities, including private developers and investors. in connection with development acquisitions, dispositions, and real estate financing regionally and nationally. Mr. Harris also has broad experience in industrial, distribution center leasing and development, and office leasing projects, including office headquarter projects. Mr. Harris also has decades of experience representing health care companies in connection with facility development, acquisitions, dispositions, and ground leasing, including having managed all real estate in connection with a tax free spinoff transaction resulting in the creation of two public hospital companies. Mr. Harris also has knowledge in wireless telecommunications real estate, and he has extensive experience in representing clients before boards of zoning appeals and planning commissions in Tennessee in pursuing project entitlements.



Richard L. Pensinger
Partner
Nashville

Richard Pensinger is a member of the Real Estate practice group. He represents clients in the acquisition, sale, and leasing of commercial real estate, particularly in the wireless telecommunications, health care, automotive, and

restaurant industries. For more than two decades, Mr. Pensinger has represented a leading wireless telecommunications provider in the development, leasing, acquisition, and disposition of network real estate assets throughout the United States. This representation has included numerous complex, large-scale wireless market acquisitions, as well as the negotiation of distributed antenna system agreements involving significant public venues.



Christian A. Schütz Of Counsel Nashville

Christian Schütz is a member of the Real Estate practice group. Prior to joining the firm, Mr. Schütz served as of counsel at a large U.S. law firm. Through this role, he focused his practice on real estate, finance, and economic development. Mr. Schütz represents clients in and has experience with complex commercial real estate transactions throughout the United States, including acquisitions and dispositions, greenfield and brownfield development, financing, construction, and leasing of investment grade properties, manufacturing plants, apartment and land investments, and economic incentive transactions.



**W. Lee Taylor, III** *Counsel*Nashville

Lee Taylor is a member of the Real Estate practice group. Prior to joining the firm, Mr. Taylor served

as of counsel at a Nashville law firm where he focused his practice in the representation of a leading wireless telecommunications company. Mr. Taylor handles matters related to the development, leasing, and acquisition of network facilities throughout the United States. His extensive experience in commercial real estate law includes transactional matters involving the sale, leasing, and financing of commercial real estate properties, and payment-in-lieu-of-tax transactions.



**Alec Kibblewhite**Senior Associate
Sydney

Alec Kibblewhite is an environmental and planning lawyer who focuses on the oil and gas, energy, mining, and infrastructure sectors. He has worked in corporate roles in aviation, including substantial work on environmental policy and new sustainable commercial ventures. He has also spent time working as a policy adviser in government, primarily advising on environmental issues. Mr. Kibblewhite's background in commercial roles guides his delivery of clear, outcome-focused advice to assist clients to reach their strategic aims by cutting through complex environmental regulatory and legal issues.



Philipp Liu
Associate
Munich

Philipp Liu is an associate in the firm's Munich office. He is a member of the Real Estate practice group.

#### Jacopo Rugginenti

*Associate* Milan

Jacopo Rugginenti is an administrative lawyer. His professional activity is focused on urban development, town planning, building, energy and environmental law, land expropriation, local authorities' legal systems, and public procurement. Mr. Rugginenti guarantees his assistance to companies and public administrations, throughout extrajudicial activity (drafting legal opinions and advising along administrative procedures), as well as during judicial controversies at the administrative and civil courts.



**Elodie Seddoh** Associate Paris

Elodie Seddoh is a member of the Real Estate practice group in Paris. Prior to joining the firm, Ms. Seddoh served as an associate for the France office of a London-based law firm that provides legal services to a wide range of indigenous and internationally headquartered businesses. Through this role, Ms. Seddoh focused her practice on real estate, particularly in the areas of investment, asset management, construction, and property development for different types of assets (logistic, residential assets, offices, or hotels). Ms. Seddoh also formerly served as an associate for the France office of a multinational law firm.



James Kane Trainee Solicitor London

James Kane will qualify into the Real Estate practice group in September.

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# REAL ESTATE IMPLICATIONS OF THE ECONOMIC CRIME (TRANSPARENCY AND ENFORCEMENT) ACT 2022

#### **SUMMARY**

We have previously informed you about the new Economic Crime (Transparency and Enforcement) Act 2022 (ECTEA) in our recent article, Real Estate Ownership and the Implications of the Economic Crime (Transparency and Enforcement) Act.

During the summer (12 July 2022), the government announced that the new Register of Overseas Entities (ROE) created under the ECTEA would come into force on 1 August 2022. The parts of ECTEA that create the ROE have now been implemented.

The ECTEA requires overseas entities (OEs) that own UK property or are intending to acquire property in the United Kingdom to register with Companies House, unless they are exempt, and to provide information about their beneficial owners or managing officers and to update this information annually. There are complex rules which determine whether someone is a registrable beneficial owner. To summarize briefly, a person will be registrable if, in relation to the OE, they (or a trust or firm which they control) own more than 25% of the shares or voting rights, have the right to appoint or remove a majority of the board of directors, or they have significant influence or control over the OE.

It will, in some circumstances, be difficult to determine who the registrable beneficial owners are, particularly where ownership structures are complex in nature. The process is more challenging because of requirements that the information submitted about the registered beneficial owners has to be in English and must be independently verified by a UK-based agent that is supervised under the Money Laundering, Terrorist Financing, and Transfer of Funds Regulations 2017. The verification obligations are also complex and whilst lawyers are permitted to act as verification agents, the Law Society of England and Wales has cautioned against doing so. This means that there is a current period of uncertainty whilst external verification providers emerge.

On registration at the ROE, Companies House allocates a unique OE ID (the OE ID) for each OE. The new register is part of the UK Government's strategy to combat economic crime, while ensuring that businesses that are legitimate continue to be able to transact in the United Kingdom. There will be severe sanctions for those who do not comply, including restrictions on buying, selling, transferring, leasing, or charging their land in the United Kingdom.





#### WHAT SHOULD CLIENTS DO NOW?

Failure to comply with the ECTEA promptly may well expose OEs and their officers to criminal sanctions.

If you are, or any company in your group is, an OE and own, have recently disposed of, or are contemplating any transaction in relation to affected real estate, you should give consideration now to whether you need to register with Companies House, and collect the information needed in relation to beneficial ownership.

You must then decide who you should use to provide the required verification statement to Companies House, and obtain any confirmations needed from the beneficial owners.

### WHAT REAL ESTATE TRANSACTIONS DOES THE ECTEA APPLY TO?

The ECTEA 2022 applies to the following types of applications and dispositions:

- Transfers of a qualifying estate to an OE;
- Transfers of a qualifying estate by an OE;
- Registrable leases for a term of more than seven years from the date of grant to an OE, which are granted out of a qualifying estate;
- Registrable charges by an OE;
- Applications for first registration of a qualifying estate where the applicant is an OE; and
- Adverse possession applications to register an OE as proprietor of a qualifying estate.

OEs must provide a valid OE ID or, if applicable, specify which permitted exception (see exceptions and exemptions) they are relying on when applying to register a disposition by an OE caught by the ECTEA.

The ECTEA amends the Land Registration Act 2002 (LRA 2002) by inserting a new Schedule 4A. This comes into force on 5 September 2022, five weeks after the ECTEA 2022 provisions commenced which

permit OEs to apply for an OE ID. The provisions of Schedule 4A LRA 2002 will prevent HM Land Registry from registering an OE as proprietor of a 'qualifying estate' unless the OE has first obtained an OE ID. In some instances, an OE will need an OE ID before it makes a disposition.

For the purposes of ECTEA and Schedule 4A to LRA 2002, "qualifying estate" means a freehold estate in land or a leasehold estate in land granted for a term of more than seven years from the date of the grant.

The Land Registry has issued a guide (Practice Guide 78) which sets out how to comply with the ECTEA when applying to register an OE as proprietor of a qualifying estate, or a disposition by an OE of a qualifying estate. There have been some amendments to Land Registry documents and forms, which will impact on transactions due to the drafting changes of the prescribed forms and prescribed form of lease to allow for the OE ID to be provided or for confirmation when this is not required.

## THE TRANSITIONAL PERIOD, TIMESCALES

The ECTEA provides a transitional period beginning on 1 August 2022 and ending on 31 January 2023 during which OEs can dispose of their property without having to register with Companies House, although section 42 of the ECTEA 2022 provides for details of the disposition and beneficial ownership of the OE to be given to Companies House.

Any OEs which already own affected real estate will have six months from 1 August 2022 to register. This obligation also applies to OEs that have disposed of affected real estate since 28 February 2022 and they are required to disclose such disposals as part of their registration.

OEs wishing to acquire affected real estate after 5 September 2022 will also need to register before they can become the registered legal owner of that real estate.



# APPLICATIONS TO REGISTER AN OE AS PROPRIETOR MADE BETWEEN 1 AUGUST 2022 AND 5 SEPTEMBER 2022

If an application is lodged to register an OE between 1 August 2022 and 4 September 2022 (inclusive) it is not necessary to provide an OE ID, but a restriction will be added to the title of the OE on or after 5 September 2022. This is because Schedule 4A places an obligation on the Land Registrar to enter a restriction where an OE is registered as proprietor on or after 1 August 2022. The restriction will take effect immediately from when it is entered. If the OE has obtained an OE ID during this period, it may be included with an application and it will be entered in the register.

#### **IMPACT ON TRANSACTIONS**

In broad terms, UK Land Registries will refuse to register certain property transactions (including sales and purchases, long term leases, and the grant of security over affected real estate) unless the relevant

OEs are registered on the Register. OEs and their officers may also commit a criminal offence if they attempt to dispose of affected real estate without being registered.

This is likely to present significant challenges to some transactions in the coming months, and parties will need to be mindful to ensure that contractual documents reflect the possible pitfalls (such as failure to register at Companies House). Drafting will need to be incorporated to address any concerns.

#### TRANSACTION SCENARIOS

If you are a UK entity but considering entering a transaction with an OE which will involve affected real estate then you will need to determine whether the OE should be registered. If the OE needs to be, but is not, the OE will not be able to become the registered legal owner of the affected real estate and this could have adverse consequences for you. Care will need to be taken with drafting when dealing with OEs.

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A restriction may appear on the title register after exchange. If the completion date falls after the transitional period ends in January 2023, registration of the transaction will not be possible without compliance with the restriction.

If a seller transfers a property to the buyer in breach of the ECTEA (where the seller is an OE not registered in the ROE at Companies House), then this is a criminal offence by the seller and the completion money may be the proceeds of crime.

#### FURTHER RESOURCES AND GUIDANCE

- Economic Crime (Transparency and Enforcement) Act 2022
- Register of Overseas Entities (Verification and Provision of Information) Regulations
- Register of Overseas Entities (Delivery, Protection and Trust Services) Regulations 2022

#### **AUTHORS**

**Christian Maior** 

+44.(0)20.7360.8232 christian.major@klgates.com

Jonathan Lawrence

+44.(0)20.7360.8242 jonathan.lawrence@klgates.com

**Bonny Hedderly** 

+44.(0)20.7360.8192 bonny.hedderly@klgates.com

#### FIRM NEWS

#### **K&L GATES ADDS FOUR-PARTNER. MULTI-OFFICE RENEWABLE ENERGY TEAM**

25 May 2022

Kansas City, MO - Global law firm K&L Gates LLP has added a team of four high-profile partners with substantial experience in the renewable energy sector, continuing a path of strategic growth that has included the addition of more than 120 new partners and of counsel since the start of 2020 and the opening of new offices in Nashville and Luxembourg in 2021. The group—which brings a deep bench in mergers and acquisitions, real estate, and project development for renewable energy matters and is joined by two associates—comes to K&L Gates from Husch Blackwell LLP's Kansas City, Missouri, and Austin, Texas offices and is expected to be followed by additional lawyers in the coming weeks.

#### LEARN MORE



#### **K&L GATES DEEPENS REAL ESTATE GROUP** WITH ADDITION OF NASHVILLE TRIO

10 February 2022

Nashville – Global law firm K&L Gates LLP has expanded its real estate group with the addition of partners Matthew T. Harris and Richard L. Pensinger and of counsel Christian A. Schütz in the firm's Nashville office, which recently celebrated the one-year anniversary of its establishment and now includes more than 40 lawyers. They join K&L Gates from Baker Donelson and are among the nearly 110 partners and of counsel the firm has welcomed across its platform since the beginning of 2020.

LEARN MORE

#### **K&L GATES EARNS TOP RATING IN HRC'S CORPORATE EQUALITY INDEX FOR 12TH CONSECUTIVE YEAR**

4 February 2022

Seattle - Global law firm K&L Gates LLP has earned a top score of 100 points on the Human Rights Campaign (HRC) Foundation's 2022 Corporate Equality Index (CEI), the nation's foremost benchmarking survey and report measuring corporate policies and practices related to LGBTQ+ workplace equality. This marks the 12th consecutive time that K&L Gates has achieved a top score, also receiving the designation as a Best Places to Work for LGBTQ Equality by the organization for satisfying all of the CEI's criteria.

LEARN MORE





#### **UPCOMING — 20 SEPTEMBER** 2022 – REAL ESTATE **BREAKFAST SEMINAR**

Our annual Real Estate Breakfast Seminar, an in-person event, will be hosted in our London office near St Paul's Cathedral. We hope you will be able to join us—please find the relevant information and registration on the next page.



#### PROPERTY RACE DAY - 8 JULY 2022

On 8 July, the London Real Estate team attended the Property Race Day at Ascot. The Property Race Day is an established key date on the property calendar, and the principal aim is to raise funds for selected charities. It is the perfect opportunity for networking within the sector while enjoying a day at one of the finest racecourses in the world.

For more information, please contact:

#### **Christian Maior**

Christian.major@klgates.com



#### **EXPO REAL CONFERENCE** OCTOBER 2022

On 4-6 October, members of the European Real Estate team will attend the EXPO REAL conference in Munich, Germany. The conference is Europe's largest real estate and investment trade fair and provides an opportunity to meet with key players in the real estate market in Europe and discuss current trends within the sector. A team of European lawyers from K&L Gates will attend.

For more information, please contact:

#### Anja Rösch

Anja.roesch@klgates.com



#### Annual Real Estate Breakfast Seminar

#### Global Real Estate Trends and Opportunities for 2022/2023

We hope you will be able to join us for our Annual Real Estate Breakfast Seminar this September.

The seminar will include an analysis of:

- Risks, Defensive Hedges and Resilient Opportunities
- European Corporate Real Estate and our capabilities
- Cross Border Real Estate Tax Issues

#### Panellists:

- Sabina Reeves, Global Head of Strategy & Research, Global Chief Economist, CBRE Investment Management
- Mike Phillips, UK Editor, Bisnow
- Philipp Turnwald, Partner, K&L Gates, Munich
- Nicolas Mähner, Partner, K&L Gates, Munich
- Betsy-Ann Howe, Partner, K&L Gates, Sydney

REGISTER













#### 20 September 2022

8:30 a.m. - Registration and breakfast

9:30 a.m. - Seminar commences

10:30 a.m. - Seminar concludes followed

by coffee/networking

#### Location

One New Change London

EC4M 9AF

Map



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#### **OUR COMMITMENT TO THE COMMUNITY**

Helping the community and doing what we can to help support people in need is something very important to us at K&L Gates.

This commitment to pro bono work has been ingrained in K&L Gates culture since our early years, dating back to the legacy firms that gave root to who we are today.

Our lawyers actively engage in a variety of pro bono efforts and work on hundreds of pro bono matters each year.

Over the last year, our lawyers in London helped UK organizations with a variety of property-related issues. Some examples include:

#### Snowflake School

Of counsel Steven D. Cox assisted Snowflake School, a school for children with autism, in acquiring new school premises. He negotiated a lease that included a purchase option and preemption agreement, as well as an agreement with the local planning authority to facilitate the change of use from office to school. Mr. Cox is the pro bono coordinator for the London office. To contact Mr. Cox, email him at steven.cox@klgates.com or call +44.(0)20.7360.8213.

#### • Darlaston Community Garden

Special counsel Chiara Del Frate assisted the Darlaston Community Garden, which organizes workshops and events for schools and disadvantaged individuals with an illegitimate eviction. Ms. Del Frate also helped a UK charity that manages a local community pool and associated facilities with issues related to their right of way and parking areas, and she helped

Jigsaw Thornbury, a charity supporting families who have children with additional needs or disabilities, by assisting them with the letting of their new venue in Bristol.

#### Sensory Trust

London senior associate Serena Totino assisted Sensory Trust, a UK charity that works to enhance health and well-being through sensory experiences and meaningful connections with nature, in negotiating and revising a license agreement with an Italian company that distributes games for children with disabilities internationally. Providing Sensory Trust with legal advice meant that one of their games could be distributed internationally without needing to compromise on their intellectual property rights or future business plans. Ms. Totino also assisted Hope in Depression with drafting agreements that will enable their delivery partners to use their teaching material for courses addressed to people suffering from depression and will allow Hope in Depression to receive donations that will help them to grow their current activities.

As a result of this work and work across our global platform, in 2020 and 2021, our firm has devoted more than 90,000 hours to pro bono cases.





#### **CASE REPORTS**

#### **BUILDING SAFETY ACT**

Changes to the Defective Premises Act 1972 (DPA) – new, increased limitation periods for both historic and future works, with a new s2A expanding the scope of the duties owed (and works covered by) the DPA. On 28 April 2022, the Building Safety Bill received royal assent, becoming the Building Safety Act 2022 (the Act).

Building Safety Regulator (BSR) – the BSR will be put on a statutory footing, although we will need to wait until April 2023 before the BSR actually goes "live." The BSR will be responsible for the regulation of "higher risk" buildings in England and Wales. The full and final description of a "higher risk" building is not yet in place as the government is consulting on this.

Introduction of Building Liability Orders (BLO) and Information Orders (IO) – BLOs extend the scope of liability in respect to building safety claims, so that any associate of a body corporate (company or limited liability partnership) that has a claim brought against it can be made jointly and severally liable. With these orders, the government is trying to prevent parties from escaping liability for defective works because the works were carried out through a subsidiary, shell company, or special-purpose vehicle with little assets. The introduction of this power marks a significant change to the traditional approach to liability of companies carrying out works.

Sue, Fine Powers – Sections 147 to 155 of the Act allow a damages claim to be brought against a manufacturer of construction products whose breaches of the Construction Products Regulations cause a building or dwelling to become unfit for habitation. Liability may be also imposed beyond manufacturers and could include a person who markets or supplies a product and makes a misleading statement in relation to it.

On 28 April 2022, the Building Safety Bill received royal assent, becoming the Building Safety Act 2022 (the Act).

On 28 June 2022, many of the key provisions came into effect, so while not all provisions are in effect, this is definitely of significance to those involved in the construction industry.

Requirements relating to insurance for approved inspectors from the Building Act 1984 – further changes came into force on 28 July 2022.

Social housing complaints to be escalated – from 1 October 2022 these can be escalated to the Housing Ombudsman service directly.

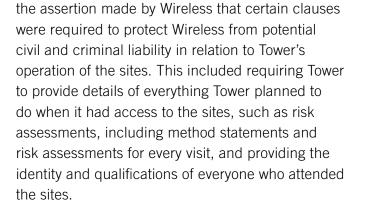
# ON TOWER UK LIMITED V AP WIRELESS (II) UK LIMITED [2022] UKUT 152 (LC)

#### **Summary**

In this case, it was held that landowners are not liable for the safe operation of electronic communications sites on their land. The Upper Tribunal considered whether a site provider could be responsible for the safe operation of the electronic communications equipment on their land under civil or criminal law.

#### **Facts**

AP Wireless (Wireless) could not agree on lease terms with the tenant, telecommunications operator On Tower (Tower), and so they referred matters to the Upper Tribunal. The Upper Tribunal looked at



#### Decision

The Upper Tribunal dismissed Wireless's arguments, finding that:

- There was nothing in the policy of the 2017
   Electronic Communications Code (the Code) to suggest that a site provider that had let a site to an operator would incur civil or criminal liability for the safety of a telecoms site on its land.
- Where a site provider had given exclusive possession to an operator under the Code, and had no control over the site, any fear of civil liability was unrealistic. In those circumstances, liability in negligence or under the occupiers' liability legislation was impossible. A landlord might still have control over land that an operator used, for example, an access that was not demised, and therefore potential liability in relation to it. That was not the case here.
- As to criminal liability under the Health and Safety at Work Act 1974, the duty not to expose employees to risks arose in connection with the employer's conduct of its "undertaking" (meaning enterprise or business in this context). For most site providers, what occurred at a telecommunication site on their land was not part of their undertaking.



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# THE MANCHESTER SHIP CANAL COMPANY LTD V UNITED UTILITIES WATER LTD [2022] EWCA CIV 852, ON 27 JUNE 2022.

#### **Summary**

The Court of Appeal looked at a statutory undertaker's discharges of foul water into canal and whether that constituted a nuisance or trespass.

#### **Facts**

The Manchester Ship Canal Company Ltd (Canal Company) is the owner of the Manchester Ship Canal.

United Utilities Water Limited (United Utilities) is the statutory sewerage undertaker. It owns an extensive network of sewers and drains, including approximately 100 outfalls of various types that discharge directly or indirectly into the Manchester Ship Canal.

The Canal Company appealed against the High Court's June 2021 decision in The Manchester Ship Canal Company Ltd v United Utilities Water Ltd [2021] EWHC 1571. The June 2021 decision covered two separate sets of proceedings that were both determined in a single judgment. The 2021 High Court decision was that:

- The Canal Company had no private law action in trespass or nuisance against United Utilities in relation to discharges into the canal (the 2018 appeal).
- United Utilities had a continued statutory right to drain through five licensed outfalls even if the Canal Company terminated the agreements (the 2010 appeal).

#### **Decision**

On 27 June 2022, the Court of Appeal delivered its judgment in The Manchester Ship Canal Company Ltd v United Utilities Water Ltd [2022] EWCA Civ 852. The court dismissed the 2018 appeal and allowed the 2010 appeal.

#### Comment

This is a topical area right now, and the Good Law Project expressed disappointment in the decision. It had sought to demonstrate the wider context of sewage dumping to the court, including its prevalence and the difficulty of enforcement action against water companies.

# PRETORIA ENERGY COMPANY (CHITTERING) LTD V BLANKNEY ESTATES LTD [2022] EWHC 1467 (CH)

#### Summary

The High Court has held that the wording and drafting history of a heads of terms (HoT) document relating to a proposed lease, along with a lack of completeness in the HoT, made it clear that there was no intention to create legal relations and therefore no binding property lease in place as a result of the HoT.

#### **Facts**

In Pretoria v Blankney, the High Court concluded that a signed document titled "Heads of Terms of Proposed Agreement" did not create a legally binding lease agreement. The judge applied familiar principles, such as was there an intention to create legal relations and had the parties agreed the terms essential for a legally binding agreement? While the decision does not involve new law, the factors taken into account by the judge are worth noting:

 Under the HoT, the parties agreed "not to enter into negotiations with third parties to the detriment of the terms contained herein"



- until after 31 July 2014. Both sides accepted this clause was binding. By including a binding lockout clause, the rest of the HoT had to be nonbinding. The defendant was free to negotiate with third parties after 31 July, which would not be possible if it had already entered into a binding lease with the claimant.
- A previous draft required the parties to adhere "to all the terms, pricing and conditions of these Heads of Terms until the Final Agreement is accepted and signed." By removing this clause from the signed version and replacing it with the lockout clause, the parties were agreeing to a period of exclusive negotiation rather than to making the HoT entirely binding.
- The HoT included site, term, rent, and rent review provisions. While these may have been the essential terms in a routine transaction, such as an office lease, this deal involved leasing land to develop new technology. It was harder to know what terms would need to be implied into a novel transaction. Bespoke drafting was to be expected.
- The HoT stated that the lease would be contracted out of the security of tenure provisions of the Landlord and Tenant Act 1954. This indicated there was no intention to create an agreement for lease through the HoT itself, as the contracting out process must be completed before the tenant is contractually bound to take the lease and the parties had not followed the procedure.

#### **Decision**

The HoT's words and the course of dealing made it clear that the parties did not, objectively, intend to enter into a contract. The absence of any "subject to contract" label did not matter.

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## COMPANY VOLUNTARY ARRANGEMENT REVIEW

At the end of June, a report was published by the Insolvency Service in relation to a review it had commissioned to assess the impact that company voluntary arrangements (CVAs) were having on commercial landlords.

There were three main questions which the report looked to address:

- How do outcomes for landlords in large business CVAs from either the retail trade, accommodation, or food and beverage service activity compare to other creditors?
- Are landlords equitably treated, compared to other creditors, in large business CVAs from the retail trade, accommodation, or food and beverage service activity?

• If such a finding is made, how to identify what specific levers in the framework are causing the issue.

The report provided some analysis but concluded that commercial landlords do not appear to be treated inequitably. The analysis also concluded that the CVA remains an important, cost-effective, and flexible restructuring tool available to debtors to enable to business to survive as a going concern. However, this is not an easy area, and there still remains much commentary on CVAs and their uses and benefits.



K&L Gates is a fully integrated global law firm with lawyers and policy professionals located across five continents. For more information about K&L Gates or its locations, practices, and registrations, visit klgates.com.

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