



The Charter

We intend to be long-term owners of the estate and have adopted a ‘tenants first’ approach, cemented in this Tenants’ Charter, which offers a commitment to engage with all tenants and communities in an open and honest manner. The commitments we set out in our covering letter, Charter and upcoming revised Handbook are the foundation of our promise to tenants that act in good faith and act in accordance with standard tenant obligations.

Being an accessible and responsible landlord

Customer service will be at the heart of our business. We will make it simpler for you to contact us and we will respond quickly to your questions.

- A number of tenants told us they historically had issues contacting their landlord. We have set up several ways for you to get in touch with us around the clock: 24/7 freephone number, email and an online contact form. Please find our contact details below:

Call Centre: 0800 830840

Email: thearchco@civica.co.uk

Website: www.thearchco.com

- We will acknowledge receipt of all enquiries made to our Call Centre within 24h and provide an initial response within two business days. All emergencies will be handled urgently.
- We will confirm when we have completed maintenance works. Within 12 months of publication of this Charter we intend to be able to close all regular requests within a 30-day period. For more complex requests, where a 30-day deadline might not be possible, we will agree a clear timetable for closure with you.
- You will have a dedicated Property Manager who will get to know your business and be on hand for any questions. We will write to every tenant to confirm who their Property Manager is and also provide information online on The Arch Company website.
- We are currently increasing the number of Site Managers across the estate by 15%. We plan to expand the team even further within 12 months of publication of this Charter. We will also increase the number of external Safety Inspectors within six months.
- We recognise that there are a number of different managers looking after your properties. We will put together a glossary of all Arch Company people working across our estate and outline each of their responsibilities in the revised Handbook.
- All communication we deliver to you will be as clear as possible, but our success depends on your feedback and we encourage you to contact us if you have any thoughts or questions.
- If there are instances where we are not doing what we have committed to deliver in this Charter and the Handbook, you will be able to escalate your specific concerns to a new Head of Tenant Relations. Their contact details will be included in the letter you receive confirming your Property Manager’s details.

- We are committed to regularly meeting relevant organisations, such as tenants' and small and medium sized business (SME) groups, to ensure we are constantly evaluating our processes and improving our performance.
- We will survey our tenants every year to get feedback on how we can better support you.

Providing environments that help your business thrive

We will invest in our properties to create the right environment for your arch business

- We are investing to bring more than 600 additional arches back into use to help support local economic activity and increase flexibility as your business grows. Already more than 360 arches are back up and running or being actively marketed across our estate. We are currently investing in refurbishment and building programmes to bring 240 additional arches back into use.
- We are addressing the backlog of maintenance issues that you have told us about. We undertook an inspection of the estate in our first six weeks and instructed immediate works to address specific issues such as cleaning common areas and repairing boundary fencing.
- Over the next six months we are carrying out a formal review of both maintenance and service levels across the estate. Any additional shortcomings we identify we will address through a prioritised programme and we will update tenants and representative groups on our progress in our regular meetings going forward.
- We are planning to invest significant amounts to improve the estate over the coming years. We are evaluating proposed initiatives and will properly manage the areas that you share with other arches, focusing on cleaning, security, and waste collection.
- We will use high-quality trustworthy contractors, who will agree to clear timescales for delivering works, while seeking to minimise disruption to your business. Timescale will likely vary from project to project, but we expect our contractors to give tenants a clear timetable and regular updates on progress against that.
- We will ensure our contractors evidence their qualifications, affiliations to appropriate trade / industry bodies, and knowledge of best practice and industry standards.
- We will share this Charter with all sub-contractors and sub-landlords and recommend they adhere to the same principles.
- Other than for emergency works, we will endeavour to give as much advance notice as possible, but a minimum of two weeks, for any works and Arch Company inspections, that may impact your business operations. This will be in writing, by letter or email.
- If there are any concerns on the progress of these maintenance works, you will be able to escalate your concerns to the Head of Tenant Relations.
- Our Tenants Handbook will set out the process for raising maintenance issues. In each circumstance, we will assess who is responsible for the works required and if necessary, coordinate with Network Rail.

Working in partnership with you

We want to provide spaces and a service that supports diverse and independent businesses

Rents & Leases

- We want to provide spaces and a service that supports your businesses, whilst also achieving market rents through a clear and transparent rent review and lease renewal process.
- We will outline our rent review and lease renewal processes in our updated Handbook. In clear simple language, we will set out the steps of the negotiation process, outline the options available to tenants and sign-post tenants to advisory support available from a number of tenants and SME business groups.
- We know that some tenants might have affordability issues. In these specific cases, we are committing to work with long-standing small businesses, including not-for-profits, on an individual basis to agree suitable rent profiles. These are businesses that have occupied Arch Company properties for 10 years or more; over 1,400, more than 40%, of our tenants are long-standing businesses.
- We may, for example, introduce stepped rent increases, turnover leases or support arch relocation. These options will be included in the revised Handbook but specifically for tenants who evidence affordability issues. We will ask tenants to provide financial information where possible to help us understand their affordability.
- The inherited backlog of rent reviews will take time to work through but we aim to have contacted all affected tenants by the end of 2019, and to have cleared 80% of the backlog within 12 months, other than those cases which are in legal dispute.
- We are in the process of recruiting several new team members to expedite the rent review process and we will keep tenants updated on our progress. We are striving to have timely and efficient rent reviews and lease renewals going forward but this is dependent on clearing the inherited backlog.
- For lease renewals that are contracted out, we will indicate in writing whether we are able to grant a new lease 6 months before the due date and clearly set out next steps with you. We will endeavour to begin formal negotiations at least 3 months before your lease renewal date.
- We will make contact 6 months before any rent review and aim to serve formal notices at least 3 months before the rent review due date.
- It is in our interest as a commercial landlord that our space is as attractive as possible for our tenants. A key part of this, particularly for our small business tenants, is that they have as much certainty as possible about the future of the business which is their livelihood. Therefore, in October 2020 we will review and report upon how we have performed against these commitments on rent review and lease renewal timing with an aim of increasing the level of certainty that we can give to tenants at a point at least 6 months before the lease event.
- We will support tenants who want to be in the arches for the long-term. For new tenants and where leases are up for renewal, we will try to agree leases up to six years and in some cases may be able to extend further. These leases may contain landlord breaks and tenant breaks. We will also work with tenants who prefer shorter-term leases.
- We will set out our estimated fees that will be payable by tenants in writing, by letter or email, and in advance of any transaction.

Notifications

- We want to provide reassurance around how our notices are received, particularly concerning rent reviews. We will ensure that rent review notices are sent recorded delivery and we will set out the process in the revised Handbook.

Preserving communities of diverse independent businesses

- We are sympathetic to enabling family succession of businesses. If the family business succession requires a new lease to be granted to a new person who is not the tenant under the existing tenancy, then it may be subject to headlease constraints. The headlease is the underlying lease between The Arch Company and Network Rail who still retain the freehold for the estate. We will evaluate individual

circumstances on a case by case basis and consult Network Rail to seek to achieve appropriate positive outcomes in these circumstances. We will outline relevant headlease terms in the revised Handbook

- We are proud to be the UK's largest small business landlord and commit to preserving a community of diverse businesses in our portfolio.
- We will report annually on usage of the estate, including on levels of occupancy, numbers of tenants and usage by different types of tenants.
- The first report will be in 12 months' time. We will consult with tenants, Guardians of the Arches and the Federation of Small Businesses (FSB) as to the exact format of the report.

RICS Global and Professional and Ethical Standards

- We fully support the Royal Institution of Chartered Surveyors (RICS) Global and Professional and Ethical Standards. All of our Asset Managers are either RICS qualified or working towards it and therefore adhere to this code of conduct.
- We are committed to fairness and transparency in the management and administration of service charges and have set ourselves the goal of being fully compliant with the RICS Service Charges in Commercial Property Professional Statement by 2020.

Security of Tenure

- Security of Tenure gives tenants the right, in most circumstances, to stay in their premises when their lease ends. A lease granted under the 1954 Landlord and Tenant Act carries this right.
- In today's property market leases are sometimes granted with this right under the 1954 Act, but sometimes landlord and tenant agree to exclude Security of Tenure from the terms of the lease. Both types of letting are legitimate and are common market practice.
- Those existing tenants of The Arch Company that have Security of Tenure will continue to be protected by the 1954 Act renewal rights, and we fully respect tenants' existing rights.
- Unless the relevant new lease being granted is to replace an expired tenancy with Security of tenure, one of the conditions of our purchase of the estate from Network Rail was that any new leases we issue should exclude Security of Tenure. This requirement is to provide appropriate availability of access and recovery for any necessary railway works.
- We will ensure that the following wording is included in correspondence relating to any transaction which would result in a tenant moving from a lease with security of tenure under the Landlord and Tenant Act 1954 to a lease without security of tenure; 'This transaction may affect the security of tenure of your occupation and we recommend that you seek professional advice.'

Credit Control

- We endeavour to work closely with our tenants and they too have a responsibility to ensure they respond to our requests in a timely manner, including paying their rent on time.
- We will have a clear process to proactively and constructively engage with tenants if they are in payment arrears. Bailiff action will only be undertaken if this full process has not succeeded. The process will be outlined in our revised Handbook.
- We have put in place a new system to formally track all credit control correspondence with tenants, providing an audit trail for all communication.

Creating positive social and economic impact

We want to provide spaces where businesses can grow and also want to work with you to make a genuine social and economic impact to your local communities.

- Over the next 12 months we are committed to making some of our currently unused arches across the country available to charities, and community organisations. We are also in discussions with various groups on how we can use some of our vacant arches to provide space for business start-ups.
- We are setting up an Arch Company Social Fund to help support social and charitable initiatives that are important to you and your and local communities. We will also match charitable donations for causes supported by our employees.
- Within the next few months, we will roll-out a programme of networking events and business development training sessions to support the growth of a dynamic and well-connected business community across the arches. We will invite speakers from the many industries represented by our diverse tenant mix.
- We will set up an Environmental working group to establish best practice and improve environmental sustainability across the estate.
- We will produce a new National Directory of Tenant Businesses with the aim of developing a strong network amongst our diverse range of tenants, The Arch Company and shareholder businesses. Participation will be at our tenants' discretion.
- We will keep local authorities updated on our activity, to see where we can work together to support local communities. More details on all of our Community Impact initiatives will be available on The Arch Company website.