

Constructive Negotiating and Transaction Leadership



SBM successfully supported a client to conclude a complex and sensitive lease extension at a highly valued fitness club in Manchester.

Our client's property scenario

The lease under which our client occupied the premises had a relatively short period to run until expiry.

As a large and prominent, under developed plot, the landlord had undertaken significant enabling and preparatory work into how they could enhance the value of the site.

After reviewing the lease documentation, condition surveys, and undertaking significant market research we produced a detailed strategy report to enable the client to make an informed decision about their property needs.

“We worked with our client’s estates and facilities team to demonstrate to the landlord the sophistication and proactivity in their approach to positive, preventive maintenance.”

Challenges

Our client’s lease had a relatively short period to run until expiry and they did not have security of tenure. The landlord had obtained planning consent for the development of two additional commercial units on the site and the creation of a static media tower. This planned development necessitated the transition to a multi tenanted site.

Opening terms had been requested from the landlord for a lease extension. These terms were complex, potentially onerous and had been proposed directly to senior management by the landlord.

Solution

SBM invested considerable time in building a relationship with the landlord and gaining a detailed insight into their commercial drivers and objectives. This allowed us to create some distance between the landlord and our client’s management team.

The landlord was a sophisticated investor and local developer; being able to communicate on a technical level with the landlord was invaluable.

We also took the time to fully understand our client’s business plan and how its property strategy was intertwined with its brand.

We worked with our client’s estates and facilities team to demonstrate the sophistication and proactivity in their approach to positive, preventive maintenance.

SBM’s approach was to break down each of the terms requested by the landlord, model the impact and liability and then work with the landlord to fully understand their commercial drivers. This allowed us to find as much common ground as possible and find constructive solutions to the more challenging aspects of the negotiation.

Result

- ✓ **Our client secured a new 20 year lease at a top performing trading location.**
- ✓ **As the landlord’s concerns were addressed, significant financial liabilities were removed from the finalised terms.**
- ✓ **The relationship with the landlord was reset; the landlord now has visibility of the level of investment made by the tenant.**
- ✓ **Whilst providing distance for our client from the actual negotiations, our immersive transaction management updates allowed them to retain full control at all times.**

SBM expertise applied

-  Detailed understanding of both parties’ positions
-  Effective highly technical negotiations
-  Transaction management of a highly complex set of terms
-  Teamwork

