

Minutes

15th August 2013

Meeting title/subject: 2013/14 Heathrow Guide Price Rents Consultation

Meeting location: Hong Kong Meeting Room, Compass Centre

Present:

John Arbuckle (JA)	Heathrow Airport
Pauline Sharkey (PS)	Heathrow Airport - Minutes
Clive Redding (CR)	LSH on behalf of Virgin Atlantic Airways and DNATA
Andrew Gilling (AG)	AOC Rents Group
Kevin Jones (KJ)	Malaysia Airways
Caroline Dzanob (CD)	PHE
Laura Halle (LH)	CBRE on behalf of British Airways and Singapore
Kibae Kim (KK)	Asiana Airlines
Karen Ehrhart (KE)	CAA
Yiorgos Peroutseas (YP)	Yotel

<i>Minutes:</i>	<i>Action</i>
<p>1. Introduction to Consultation</p> <p>JA welcomed everyone to the consultation meeting to review and discuss the Heathrow Property Rents 2013/2014 Consultation Document.</p> <p>JA recapped on the Property Rents Consultation process for 2013/2014, explaining that the purpose was to set out Heathrow's annual proposal for the level of property rents and invite Heathrow property users to provide views on the proposal.</p> <p>JA reminded all attendees that the closing date for written comments is 13th September 2013. Heathrow will publish the outcome of the consultation by 27th September 2013.</p> <p>JA said he would take everyone through the consultation document and invited questions.</p> <p>AG raised on behalf of the General Secretary of the AOC (Jim Hunter) whether Heathrow intended to issue Minutes for the Meeting given that none had been produced following last year's meeting. JA confirmed it was Heathrow's intention to distribute Minutes. JA talked through the Property Rents Consultation document, outlining Heathrow's proposal to increase property rents for 2013/2014.</p> <p>JA explained that Heathrow is proposing to increase property rents for 2013/2014, the rental formula has produced an overall increase of +2.09% for 2013/14 over 2012/13.</p>	

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<p>2. Consultation Responses</p> <p>AG queried the inclusion of “Check In” Desk frontage rates in this year’s guide prices as Check In Desks were not let by Property and charged based on CUTE. JA confirmed this point and clarified that the consultation document includes the guide price schedules which contains all guide prices and non check-in desk licence fees; however as non check-in desk licence fees are reviewed biennially and were reviewed in 2012, they will not be reviewed this year.</p> <p>CR enquired whether Heathrow would be reviewing the rental formula as it now consults with the wider airport community, including operational tenants other than airlines, who were not involved in the original rent guideline discussions. JA confirmed that Heathrow had no plan to change the rental formula.</p> <p>AG enquired on the process for changing the rental formula which determines the Heathrow property guide prices, in particular the relevant geographical areas from which the IPD figures are collated for example something a little more Heathrow centric, given Airport Industrial building mirror local industrial areas?. JA advised that any suggestions could be made in writing however because Heathrow is regulated and forecasts income over a 5 year regulatory period any change would need to be looked at in this context. AG accepted this but pointed out that IPD geographical area had previously been changed as part of Rents Group consultation in 2003.</p> <p>AG enquired whether questions raised at the meeting also needed to be formally submitted to Heathrow, or whether Heathrow would take these on board as part of the consultation. JA confirmed it would be helpful if feedback on the consultation was put in writing, but would seek to capture any under the Minutes.</p> <p>LH asked whether Heathrow will reply to any written comments which they receive after the closing deadline of 13th September. JA confirmed that all comments on the consultation should be submitted by 13th September. User comments along with Heathrow responses will be contained within the published consultation outcome (excluding commercially confidential information), issued no later than 27th September.</p> <p>AG asked how many invitations had been sent out by Heathrow given the low turnout, albeit peak summer holiday period? JA confirmed that all Property Customers have been sent an e-mail notifying them of the consultation.</p> <p>KK asked whether the 2013/2014 guide prices were relevant to T2. JA confirmed that the guide price rents for T2 would be added to the guide prices in April 2014 prior to the terminal opening in June 2014.</p> <p>Terminal 2 guide price rents in 2013/14 prices are attached for information below:</p>	<p>JA</p>

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		2013/14	
		£/sqft	£/sqm
Terminal 2			
CIP - T2A		£76.62	£824.72
CIP - T2B		£72.80	£783.56
T2A - Landside offices/support accommodation		£67.16	£722.94
T2A - Airside offices/support accommodation		£55.23	£594.46
T2A - Airside apron level support accommodation (Ramp)		£43.30	£466.09
T2B - Airside offices/support accommodation		£52.60	£566.20
T2B - Apron level support accommodation (Ramp)		£42.27	£454.96
3.	Other		
	JA thanked those present for attending the consultation meeting and reminded all that the final date for any written comments is 13 th September, with the outcome of the consultation published by the 27 th September 2013.		