

Some Points to Bear in mind when Negotiating Business Leases

Business Leases for example industrial units or shop units usually need to be progressed quickly but parties should ensure that they consider carefully what they are agreeing before committing themselves as they will be bound by this for the entire term of the Lease even if the other party assigns his interest.

The **Plan** attached to the Lease is crucial. It shows the area of the property, its relationship to the other parts of the Landlord's premises, parking spaces, access and common facilities.

The **Description of the Property** should be accurate. Exactly what is included will affect the repair and other obligations.

It is particularly important to check the authorised **Planning** use and whether the proposed use of the property is consistent with this. Sometimes a change of use application will need to be made.

Repairing Obligations are generally more onerous the longer the term. There may be a service charge for common parts. Tenants should consider a survey or a schedule of condition at the outset.

Insurance is often the responsibility of the Landlord. It is important to know exactly how far this responsibility extends and to what extent the insurance premiums can be recovered from the Tenant and whether this is as additional rent.

If the **Lease Term** is seven years or more it will need to be registered at the Land Registry. Note that there is an automatic right to renew the Lease for another term unless this right is expressly excluded in the Lease.

Stamp Duty Land Tax is chargeable on both premium and rent and is an ongoing liability that needs to be considered at each rent review.

Early Occupation even before all the Lease Terms are agreed can sometimes be effected by means of a temporary licence to occupy.

The **Lease Code 2007** is a recommended code covering provisions for negotiations, rent deposits, rent reviews, service charges, repairs, and other related matters. The code does not have legally binding force unless specifically agreed between the parties.

Further information and fact sheets are available from Alison Fielden & Co. Please contact us at The Gatehouse, Dollar Street, Cirencester, GL7 2AN, telephone 01285 653261 or email alison@alisonfielden.co.uk

We will be happy to help

Alison Fielden & Co
The Gatehouse, Dollar Street, Cirencester, Glos. GL7 2AN 01285 653261