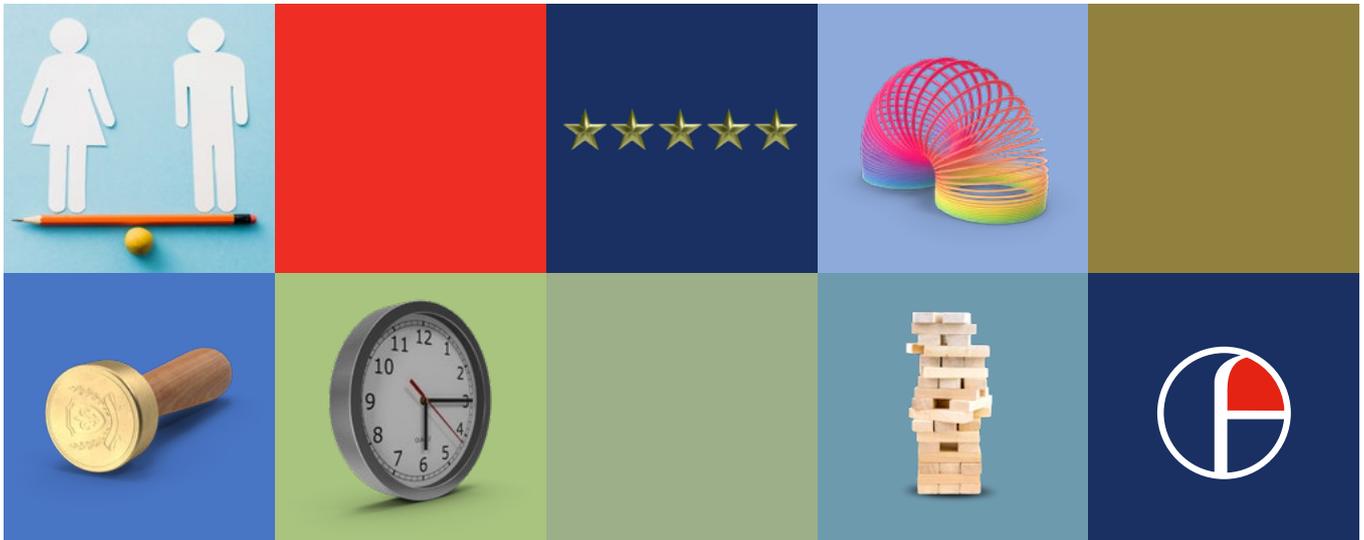


Lease Advisory



Lease Advisory

3. Landlord-tenant relationship
4. Rent reviews
5. The legal bit
6. Lease renewal
7. Lease extension
8. Lease restructure
9. Expert Witness
10. Our promise

CONTENTS

The Landlord-tenant relationship



We know how to optimise relationships

Enlightened landlords know that their tenants' occupational requirements change – especially in a post-pandemic era.

Today, tenants seek:

- Safe environments to work in
- Premises which reflect their brand and corporate personalities
- Versatile accommodation
- High-spec facilities
- A fair and equitable commercial relationship
- That is why Landlord-Tenant relationships are now shaped by informed market intel, shrewd but honest negotiations and a deep understanding of the law – on both sides.

We have been providing a Lease Advisory service for almost 200 years, which is why we know we will secure the optimum result for you, without compromising your relationship.

Rent reviews



Delegate the negotiating to us

Rent reviews are an intrinsic part of renting a workplace – whether you are a landlord or a tenant.

Occurring every three or five years, if conducted professionally, it can be an equitable and beneficial exercise for both parties as the focus is on agreeing a rate which is a fair reflection of current market rates.

The process is defined in the contract and is usually based on either the:

- Retail Price Index (RPI): the rate is adjusted to reflect current inflation rates
- Rental Market: indexed against similar local properties

Every Review is usually triggered by a written notification from the landlord – then the negotiations begin and continue until agreement is reached.

If agreement cannot be reached, the Dispute Resolution clauses in the contract are evoked – the matter is usually referred to a third party or, on very rare occasions, it is settled in court.

Successfully negotiating rent reviews is what we do.

The legal bit



The Landlord and Tenant Act (1954)

The Act provides business tenants the right to security of tenure.

'Inside the Act'

At the end of the contractual term, the tenant has the right to a new lease on the same terms as the old one – subject to 'reasonable' updating and at a current market rate.

It is important to be aware of the following Notices in relation to the Act (which must be served in a prescribed format):

Section 25: the information a landlord has to provide the tenant in order to end the tenancy

Section 26: the information the tenant must provide the landlord, to terminate the lease

'Outside the Act'

The lease will end when it expires i.e. the tenant has no right to remain in the property and can only do so by signing a new lease.

Lease renewal



Knowledge is critical

If you like your workplace and location, why move.

If you have the right to renew the lease (not all tenants do) and you chose to do so, start the process 12-15 months before the lease expires and consider the following:

- What will the rent be
- When will the new lease end
- Are there any onerous terms in the existing contract – perhaps relating to repair, upgrading the facilities, etc

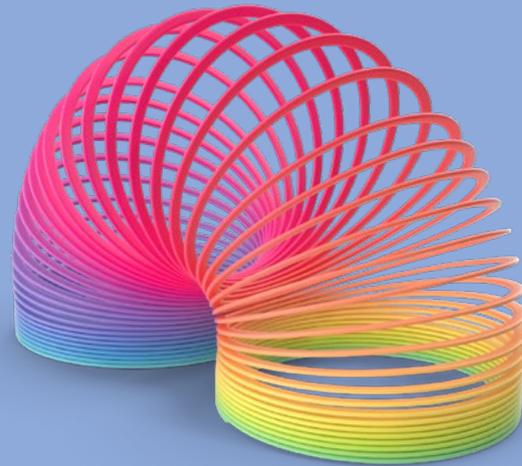
Above all, ensure the new lease is ratified before the lease expiry date.

If negotiating 'Inside the Act' the negotiations timetable has to be adhered to. A protected lease can only be renewed if the tenant remains in occupation and intends to renew the lease.

If negotiating 'Outside the Act' options are limited as you have no right to remain in the property. A new lease will have to be negotiated or, you will have to move out.

This is a complex area – professional advice from a RICS-qualified surveyor is strongly recommended.

Lease extension



If you do not want to move

If your lease is **Inside the Act**, you have a statutory right to extend the term of your lease. This will remove one financial headache.

Your lease will only end if the termination provisions within **Part II of 'The Act'** have been followed.

Therefore when your lease expires, apart from the rent, you will be able to renew your lease on the same terms as specified in the original contract, until either you or your landlord wishes to terminate the tenancy.

If you serve the landlord with a **Section 26 Notice*** – between 6-12 months before the lease expires – you can choose to negotiate on the terms of a new lease.

However, the landlord could serve you with a **Section 25 Notice*** in order to terminate the lease, or trigger negotiations about new terms.

In either instance, we strongly recommend seeking professional advice to ensure you are fully aware of your legal rights, your negotiating position and that your relationship with your landlord remains equitable and is not compromised.

*See the [legal bit](#) for definitions

Lease restructure



Restructure – a chance to recalibrate

Any change in circumstances (such as the recent pandemic) is a catalyst for landlords or tenants to seek a change in the terms of a lease.

The 'restructure' could apply to rent, varying the demise, removing break option clauses, capping/controlling service charges, etc.

Therefore if you are considering a lease restructure, be clear what you want to achieve before you commence negotiating. When an agreement has been reached and the Heads of Terms signed, a Deed of Variation to the original lease will have to be drawn up.

In an uncertain market, restructuring a lease allows tenants to:

- Recalibrate their property strategy for the medium/long term
- Enhance their bargaining position as landlords are reluctant to incur the expense and time to find a new tenant – they would rather negotiate changes to retain an existing one

A successful lease restructure requires good ('market comparables') intel, proven negotiating skills and a deep understanding of the process. This is something which is best left to professionals.

Expert Witness



When you need a real 'Expert'

Leases can sometimes be contentious and disputes prove expensive.

Our team of Expert Witnesses has a reputation for providing expert or technical opinions to help courts and judges reach a decision.

Our evidence is always independent, objective and unbiased.

Whether providing a written report or oral evidence, our team of Expert Witnesses always focus on:

- Facts
- Technical reasoning
- Honest opinion
- Comprehensive commentary on relevant matters

If you are faced with the prospect of legal action, talk to us.

We can help.



Our Promise

Leases are complex documents, steeped in legal precedents, which is why making lease related negotiations is an area best left to proven professionals.

Our objective is simple: secure the best terms for you, in a timely manner, without compromising your landlord-tenant relationship.

If you have an impending lease related issue, call us.

Contact:



Rupert Collis

Head of Commercial Lease Advisory
Rupert.Collis@fishergerman.co.uk
01565 745324



Richard Beaumont

Partner
Richard.Beaumont@fishergerman.co.uk
02077 473183