

Leasing Business Premises: Model Heads of Terms



Note: These Model Heads of Terms follow a similar format to the Code for Leasing Business Premises: Landlord Code.

1.0	Initial information	Lease to be Code compliant: Yes / No.
1.1	Property address	Detailed description (and Land Registry compliant plan if available) and measured area if relevant, e.g. for rent, service charge and rent reviews.
1.2	Landlord	[] (Registered no. []) Registered office: Correspondence address: Contact name: E-mail: Telephone: (Fax): Mobile:
1.3	Tenant	[] (Registered no. []) Registered office: Correspondence address: Contact name: E-mail: Telephone: (Fax): Mobile:
1.4	Rent	£ per annum exclusive of VAT. Payment dates monthly/quarterly. Is the property VAT elected?
1.5	Rent free period (and other Incentives)	
1.6	Type of lease	Head lease or sub lease.
1.7	Landlord's initial works (including timing)	Long stop date by which works must be done. Is the specification agreed/if not who is providing it?
1.8	Tenant's initial works (including timing)	
2.0	Guarantor/rent deposits	(a) Identity of guarantor (if any). (b) Rent deposit amount (if any).
3.0	Lease length, breaks, extensions and rights	
3.1	Lease length and start date	
3.2	Break clauses or renewal rights	(a) Notice periods for exercising? To be at least []. (b) Any break clause payments?
3.3	1954 Act protection	Does the lease have 1954 Act protection?

3.4 Rights

eg. Satellite dish, air conditioning platforms, remote storage areas, signage, etc. Any rights of access, servicing, wayleaves or other matters inc. fire escape.
For car parking – state number and attach plan if relevant.

4.0 Rent reviews

(a) Type (market rent, fixed increases, link to an index?).
(b) How often do reviews occur?
(c) For market rent, are there any unusual disregards or assumptions.
Arbitrator/Expert.

5.0 Assignment and subletting See check box >

	Prohibited	If not prohibited is CNUW	Permitted without consent
Assignment of whole	Yes/No	Yes/No	Yes/No
Sub-Lease whole	Yes/No	Yes/No	Yes/No
Sub-Lease part	Yes/No	Yes/No	Yes/No
Sub-sub-lease	Yes/No	Yes/No	Yes/No
Concession	Yes/No	Yes/No	Yes/No
Group sharing	Yes/No	Yes/No	Yes/No

For sub lettings consider: Maximum number of occupiers, limitations
Code requires sublettings to be at market rent.
CNUW = Consent not to be unreasonably withheld.

6.0 Services and service charge

Provide estimate or actual budgets and confirm proportion. Any special provisions, eg. exclusions special services, e.g. enhanced security?
Any unusual provisions, e.g. sinking fund?

Note: Owners and Occupiers should be aware of the RICS 2006 Code of Practice on Service Charges in Commercial Property and seek to observe its guidance in drafting new leases and on renewals.

7.0 Repairing obligations

7.1 FRI and schedule of condition

(a) is it full repairing; if so
(b) is it the Landlord who repairs and recovers the cost, or the Tenant who repairs at its own cost?;
(c) is there to be a schedule of condition?

7.2 Collateral warranties

Who is giving them?

8.0 Alterations and use

8.1 Alterations See check box >

	Prohibited	If not prohibited is CNUW	Permitted without consent
External	Yes/No	Yes/No	Yes/No
External structural	Yes/No	Yes/No	Yes/No
Internal structural	Yes/No	Yes/No	Yes/No
Internal non structural	Yes/No	Yes/No	Yes/No

Note: Is an agreed form of licence to be attached to lease?

8.2 Permitted use

Specify use and any ability to change use.

9.0 Insurance

(a) Landlord insures and recovers the premium from the Tenant.
(b) Will terrorism be an insured risk?
(c) Mutual break clause on:
• Insured damage?
• Uninsured damage?

11.9 Landlord's agent(s) [] (Registered no. [])
Registered office:
Correspondence address:
Contact name:
E-mail:
Telephone: (Fax:)
Mobile:

11.10 Tenant's agent(s) [] (Registered no. [])
Registered office:
Correspondence address:
Contact name:
E-mail:
Telephone: (Fax:)
Mobile: