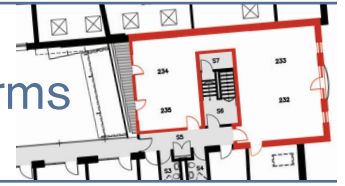


# Leasing Business Premises: Model Heads of Terms



This document is one of three component parts of the Code for Leasing Business Premises in England and Wales 2007

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

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



The Code for Leasing Business Premises is endorsed by the following organisations:



Association of British Insurers

Association of British Insurers [www.abi.org.uk](http://www.abi.org.uk)



British Council for Offices [www.bco.org.uk](http://www.bco.org.uk)



British Property Federation [www.bpf.org.uk](http://www.bpf.org.uk)

**BRITISH RETAIL CONSORTIUM**  
for successful and responsible retailing



British Retail Consortium [www.brc.org.uk](http://www.brc.org.uk)



Confederation of British Industry [www.cbi.org.uk](http://www.cbi.org.uk)



Communities and Local Government [www.communities.gov.uk](http://www.communities.gov.uk)



CoreNet Global [www.corenetglobal.org.uk](http://www.corenetglobal.org.uk)



The Forum of Private Business [www.fpb.org.uk](http://www.fpb.org.uk)



Federation of Small Businesses [www.fsb.org.uk](http://www.fsb.org.uk)



Investment Property Forum [www.ipf.org.uk](http://www.ipf.org.uk)



**The Law Society**

The Law Society of England and Wales [www.lawsociety.org.uk](http://www.lawsociety.org.uk)



The Royal Institution of Chartered Surveyors [www.rics.org](http://www.rics.org)



Llywodraeth Cynulliad Cymru  
Welsh Assembly Government

Welsh Assembly Government [www.wales.gov.uk/index.htm](http://www.wales.gov.uk/index.htm)