

[DATE]

Dear [NAME OF THE GROUP]

FROM: [NAME OF LANDLORD]

TO: [NAME OF TENANT] [and [NAME OF GUARANTOR]]

(A) [NAME OF LANDLORD] intends to grant [NAME OF TENANT] a lease on the following heads of terms. These heads of terms are not intended to create any legally binding obligations. They are subject to contract, completion of formally executed legal documentation and approval by the board of [NAME OF LANDLORD].

(B) These heads of terms are confidential to the intended parties to the proposed lease and to their professional advisors.

(C) The proposed lease may contain further terms as [NAME OF LANDLORD] may require, including additional terms on matters that are covered in this document.

### Agreed terms

#### 1 Landlord

1.1 [NAME]

1.2 Country of incorporation/registration:

1.3 Company number:

1.4 Registered office address:

#### 2 Tenant

2.1 [NAME]

2.2 [Trading as: [TRADING NAME]]

2.3 Country of incorporation/registration:

2.4 Company number:

2.5 Registered office address:

#### 3 Guarantor

3.1 [NAME]

3.2 Country of incorporation/registration:

3.3 Company number:

3.4 Registered office address:

#### 4 Property

4.1 [DESCRIPTION]. [A plan is attached showing the property edged in red].

4.2 The tenant will have the right to use [NUMBER] car park spaces.

## 5 **Term**

5.1 The lease will be for a term of [NUMBER] years beginning on [[DATE] OR the usual quarter day before completion of the lease].

5.2 The [lease will exclude the] security of tenure provisions of Part II of the Landlord and Tenant Act 1954 [will apply].

5.3 [There will be no break clause

OR

The tenant will have the right to break the lease at the end of the [NUMBER] year of the term, provided [the rent due under the lease OR all money due under the lease] has been paid up to that date [and the tenant has [fully OR in all material respects] complied with its obligations in the lease]. To exercise the right to break, the tenant must give the landlord [NUMBER] months' prior written notice. [ANY OTHER TERMS OF THE BREAK CLAUSE.].

## 6 **Rent and rent review**

6.1 The rent will be £[AMOUNT], exclusive of VAT, rates, [service charges,] insurance premiums and all other outgoings.

6.2 In addition to rent, the tenant must also pay VAT (including any VAT on the rent), rates, [service charges,] insurance premiums and all other outgoings.

6.3 [There will be no rent-free period

OR

There will be a rent-free period of [NUMBER] months starting on [the date the lease is completed OR [DATE]].

6.4 The rent will be reviewed with effect from [DATE] and every five years after that date [and in the last year of the term].

6.5 The rent review will be upwards only and on an open market basis.

## 7 **[Rent deposit**

7.1 The tenant will pay a rent deposit of £[AMOUNT], which will be held by the landlord in a separate interest-bearing account.

7.2 The deposit [and all accrued interest] will be repaid to the tenant when it assigns the lease [with the landlord's consent].]

## 8 **[Services and service charge**

8.1 The tenant will pay a service charge. The amount will be [based on the floor area of the property OR calculated as [a fair proportion OR fixed percentage [ ]%] of the total service expenditure].

8.2 [DESCRIPTION OF ANY SERVICE CHARGE CAP ARRANGEMENTS].]

## 9 Insurance

- 9.1 [The landlord will insure the property and the tenant will refund the premiums on demand  
OR

The landlord will insure the [BUILDING/CENTRE/ESTATE], including the property and on demand the tenant will refund a [fair proportion of the total premium OR a proportion of the total premium based on the floor area of the property]].

- 9.2 [The landlord will extend its insurance to terrorist risk (as long as that insurance is available on reasonable terms).]
- 9.3 [The landlord [and the tenant] will be able to terminate the lease if the property is damaged or destroyed by an uninsurable risk so that the tenant cannot occupy the property.]

## 10 Use

- 10.1 The property can only be used as [PERMITTED USE].
- 10.2 The tenant can change the use of the property only with the landlord's prior written consent [which cannot be unreasonably withheld].
- 10.3 [ANY RESTRICTIONS ON HOURS AND DAYS OF ACCESS].

## 11 Assignments and underleases

- 11.1 The tenant can assign the lease with the landlord's prior written consent, which cannot be unreasonably withheld. The tenant will always be required to give an authorised guarantee agreement in respect of any assignee of the lease. [ANY OTHER CONDITIONS OR RESTRICTIONS FOR ASSIGNMENTS].

- 11.2 [The tenant can underlet the whole of the property with the landlord's prior written consent, which cannot be unreasonably withheld [ANY CONDITIONS OR RESTRICTIONS FOR UNDERLETTING]

OR

The tenant cannot underlet the whole of the property].

- 11.3 [The tenant can [DETAILS OF PERMITTED UNDERLETTING OF PARTS]

OR

The tenant cannot underlet any part of the property].

- 11.4 The tenant [can OR cannot] share occupation of the property with any company in the same group of companies as the tenant.

## 12 Repair

- 12.1 The lease will be a full repairing lease [with the tenant responsible for all repairs OR with the tenant directly responsible for all internal repairs and responsible under the service charge for the cost of all other repairs].
- 12.2 [The tenant will not be obliged to repair damage caused by an uninsurable risk.]

## 13 Alterations

13.1 [The tenant cannot make any structural or external alterations to the property

OR

The tenant can make structural or external alterations to the property with the landlord's prior written consent, which cannot be unreasonably withheld].

13.2 [The tenant cannot make any internal alterations to the property

OR

The tenant can make internal alterations to the property with the landlord's prior written consent, which cannot be unreasonably withheld].

13.3 [The tenant cannot put up any signs on the outside of the property or that would be visible from the outside of the property

OR

The tenant can put up signs on the outside of the property or that would be visible from the outside of the property with the landlord's prior written consent, which cannot be unreasonably withheld].

## 14 Tenant's fitting out works

14.1 The tenant must obtain the landlord's written consent before carrying out any fitting-out works to the property. The landlord requires [3] copies of the drawings and specification showing the proposed fitting out works as soon as possible.

14.2 [The tenant's fitting-out works will be paid for by the tenant and will be disregarded at rent review

OR

The landlord will make a contribution of £[AMOUNT] (exclusive of VAT) to the cost of the tenant's fitting-out works, which will not be disregarded on rent review].

## 15 Landlord's works

15.1 [The landlord will carry out the following works to the property prior to the grant of the lease: [DETAILS OF ANY LANDLORD'S WORKS]

15.2 OR

15.3 The property will be let as seen].

## 16 Conditions

16.1 The grant of the lease will be subject to [DETAILS OF CONDITION(S) e.g. SUPERIOR LANDLORD'S WRITTEN CONSENT CONTAINED IN A FORMALLY EXECUTED LICENCE].

## 17 Costs

17.1 [Each party is responsible for its own legal costs in connection with this transaction

17.2 OR

17.3 The tenant will be responsible for the landlord's [reasonable] legal costs in connection with this transaction [subject to a maximum of £[AMOUNT] OR on a full indemnity basis] plus VAT

17.4 OR

17.5 The tenant will contribute £[AMOUNT] plus VAT to the landlord's legal costs in connection with this transaction].

## 18 Conveyancers

18.1 The landlord's conveyancer is [NAME AND ADDRESS], for the attention of [NAME].

18.2 The tenant's conveyancer is [NAME AND ADDRESS], for the attention of [NAME].

Signed by .....

For and on behalf of [LANDLORD COMPANY]

Signed by .....

For and on behalf of [TENANT COMPANY]

Signed by .....

For and on behalf of [GUARANTOR COMPANY]