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Always read the small print

How many times have you heard the saying 'always read the small print'? The importance of doing this should not be underestimated when you are taking on a new lease. It is vital that a Tenant is aware of all the terms and conditions of their lease because once the lease has been signed and completed the tenant is bound by the lease and if there are points that the tenant was not aware of or did not understand in the lease it could end up costing them a lot of time and money.

For instance, some new business owners sometimes enter into a lease under the notion that they will only ever have to pay the base rent. In an ideal world (for the tenant) this would be so. However, in reality a Landlord will always want to include a provision in the lease allowing him to increase the rent periodically. This is done under the rent review clause.

The periods for review may vary from yearly to two or three yearly, depending on what is agreed by the parties during negotiations. For the Tenant it is important that the rent payable on review is settled fairly and reasonably. The Code of Practice for Commercial Leases recommends that the basis of rent review should generally be to open market, but where possible, landlords should offer alternatives, such as upward or downward, with maybe a minimum of the initial rent payable, or maybe index linked.

It must be said that the Code has not had much impact on upward-only reviews, and although it was hoped that the government would assist by introducing legislation to deter the use of upward-only rent review provisions, the government has said that for the time being it will not legislate on this.

If you don't understand any clause in your lease take legal advice and consult a solicitor. Here at Bolt Burdon our commercial property department will be only too happy to assist with your commercial property issues. Please contact Sylvia Abaleke at sylviaabaleke@boltburdon.co.uk or on 020 7288 4738. Alternatively, visit our website at www.boltburdon.co.uk

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