

# RICS Small Business Retail Lease

This Lease is covered by the renewal provisions of the Landlord and Tenant Act 1954

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# RICS Small Business Retail Lease

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Lease of .....

Dated .....

**Landlord** .....

**Tenant** .....

**Guarantor** .....

## Important Notes

- 1 This lease is a legally binding contract between the landlord and the tenant. It is important that both parties take professional advice.
- 2 This document should not be used if the length of the lease is more than five years, nor if the property is not in England and Wales.
- 3 Guidance may be obtained from the explanatory notes, issued separately.
- 4 Further guidance may be obtained from the Code for Leasing Business Premises in England and Wales 2007 at [www.lettingbusinesspremises.co.uk](http://www.lettingbusinesspremises.co.uk)
- 5 No responsibility for loss or damage caused to any person acting or refraining from action as a result of this document or any explanatory notes can be accepted by the authors or the RICS.

## Particulars of lease

**Date** .....

**Landlord** ..... (company registration number) .....  
whose registered office is at .....  
a corporation organised and existing under the laws of .....  
whose principal place of business is at ..... and whose  
address for service in England and Wales is .....  
of .....

**Tenant** ..... (company registration number) whose registered office  
is at ..... of .....

**Guarantor**  None.  
..... (company registration number) whose registered office  
is at ..... of .....

**Property** ..... forming part of the Building shown edged  
..... on the plan attached.

**Building**  Not applicable.  
..... of which the Property forms a part.  
Clause 7.2 applies.

**Deposit**  Not applicable.  
The sum of .....

**Term** A term from and including ..... to and  
including .....

**Rent** The yearly rent of .....  
  
The first payment to be made on the Rent Start Date, being a proportionate amount for  
the period from and including the Rent Start Date to the last day of that month.

**Rent Start Date** .....

**Permitted Use** Use as .....

# Lease terms

## 1 Definitions and interpretation

### 1.1 Definitions

As well as the matters defined in the Particulars, the following definitions apply.

**Common Parts** means any amenities from time to time provided by the Landlord for common use and any fire escape.

**Conduits** means all pipes, wires, conducting media and their ancillary apparatus.

**Fair Proportion** means a fair proportion reasonably determined by the Surveyor.

**Insured Risk** means fire, explosion, lightning, earthquake, storm flood, burst and overflowing pipes and tanks, aircraft, aerial devices and articles dropped therefrom, impact, landslip subsidence, and heave terrorism, malicious damage, riot and civil commotion.

**Interest** means interest both before and after any judgment calculated daily from the due date to the date of payment at the rate of 4 per cent a year above the base rate from time to time of such UK clearing bank as the Landlord may choose.

**Particulars** means the particulars to this Lease.

**Surveyor** means a professionally qualified surveyor appointed by the Landlord, who may be an employee of the Landlord.

### 1.2 Interpretation

1.2.1 Where a party to this Lease includes two or more people, the obligations undertaken by that party are made by those people jointly and severally.

1.2.2 An obligation on the Tenant's part not to do something includes an obligation not to permit or suffer that thing to be done by another person.

1.2.3 The consideration for any supply made by the Landlord under this Lease is exclusive of VAT.

## 2 Letting

The Landlord leases to the Tenant the Property:

- 2.1 for the Term;
- 2.2 with (but not exclusive to the Tenant) the rights mentioned in Clause 3;
- 2.3 except and reserving the rights mentioned in Clause 4.

## 3 Rights granted

The following rights are granted to the Tenant:

- 3.1 The right to use the Common Parts for all proper purposes in connection with the use of the Property.
- 3.2 The right to use the Conduits which are in other property belonging to the Landlord and serve the Property in common with other property.

## 4 Exceptions and reservations

The following rights are excepted and reserved by the Landlord:

- 4.1 The right to use, and connect to, the Conduits forming part of the Property which serve, or are capable of serving, other property.
- 4.2 The right, at reasonable times and on reasonable notice, but in case of emergency without notice, to enter the Property to:
  - 4.2.1 examine and record the condition of the Property;
  - 4.2.2 inspect, repair, maintain or clean other property or Conduits;
  - 4.2.3 make good any default by the Tenant;
  - 4.2.4 exercise any rights under this Lease;
  - 4.2.5 show prospective tenants and buyers around the Property; and
  - 4.2.6 do any other reasonable thing in connection with the Property the Landlord causing as little inconvenience as possible and making good without unreasonable delay any physical damage caused by the entry.

4.3 The right to carry out works to other property, including erecting scaffolding attached to the Property but not, save in emergency, so as to prevent access to the Property.

4.4 All light, support and any other rights enjoyed by any other property.

4.5 The right to display a sale or letting board on the Property as long as it does not obstruct the Tenant's signage or window display.

4.6 The right to:

4.6.1 sell, as agent for the Tenant, any belongings of the Tenant left in the Property for more than five working days after the Term ends; and

4.6.2 keep the net sale proceeds, if the Tenant does not claim them within six months after the Term ends.

## 5 Tenant's obligation to pay the Rent

The Tenant agrees:

- 5.1 To pay to the Landlord the Rent specified in the Particulars.
  - 5.1.1 by equal monthly payments in advance on the first day of each month and proportionately for any period of less than a month;
  - 5.1.2 making the first payment as specified in the Particulars.
- 5.2 If required by the Landlord, to pay the Rent by banker's order or BACS.
- 5.3 Not to claim or exercise any right to legal or equitable set off, or to withhold payment, of any amounts due to the Landlord.

## 6 Tenant's additional obligations

The Tenant agrees:

- 6.1 **Interest**
  - 6.1.1 To pay Interest on:
    - (a) any Rent (including VAT) which remains unpaid after the due date; and
    - (b) any other amount payable to the Landlord under this Lease which is not paid within five working days after the due date.
  - 6.1.2 For the purposes of Clause 6.1.1, an amount shall be treated as unpaid for any period during which there is a breach by the Tenant of the terms of this Lease and the Landlord refuses to accept payment.
- 6.2 **VAT**
  - 6.2.1 To pay to the Landlord any VAT chargeable on the consideration for any supply made by the Landlord under this Lease.
  - 6.2.2 Where the Tenant is to refund any payment made by the Landlord, to pay to the Landlord an amount equal to the VAT payable by the Landlord, except to the extent the Landlord can recover that VAT as input tax.
- 6.3 **Outgoings**
  - 6.3.1 To pay all rates, taxes and other outgoings for the Property, except any tax assessed on the Landlord for its ownership of, rental income from, or dealing with its interest in the Property.
  - 6.3.2 To pay all charges for the Property for electricity, water, telephone and other utilities.
  - 6.3.3 To pay a Fair Proportion of any rates or other outgoings which are payable for any property of which the Property forms a part.
- 6.4 **Repair etc.**
  - 6.4.1 To keep the Property clean, tidy and in no worse state of repair and decoration than that in which it now is or, if this lease is a renewal, was, as evidenced by the Schedule of Condition attached.
  - 6.4.2 Damage by any Insured Risk is excepted from Clause 6.4.1, save to the extent any insurance money is irrecoverable because of the Tenant's default.

- 6.5 Alterations**
- 6.5.1 Not to alter or add to the Property save that the Tenant may:
- place on the exterior of the Property a sign stating the Tenant's name and business, subject to the Landlord's approval of the sign's design, size and position (such approval not to be unreasonably withheld or delayed); and
  - erect internal counters, shelving, partitioning, display cases and other shopfittings and ancillary equipment in the Property subject to such items being removed by the Tenant at the end of the Term with any damage made good.
- 6.5.2 [Subject to Clause 6.5.1] [N][n]ot to place anything (for example, any sign, telecommunications equipment, lighting or canopy) outside, or on the exterior of, the Property.
- 6.6 Default notices**
- 6.6.1 To make good any failure to repair, clean or decorate the Property of which the Landlord has given written notice to the Tenant.
- 6.6.2 To start the necessary work within one month after the Landlord's notice, or sooner if required.
- 6.6.3 If the Tenant fails to:
- comply with Clause 6.6.1 or 6.6.2; or
  - carry out the work diligently
- to pay on demand (as a debt) the cost to the Landlord of carrying out the work.
- 6.7 Use**
- Not to use the Property other than for the Permitted Use
- 6.8 Nuisance etc.**
- 6.8.1 Not to do anything in or outside the Property which might cause a nuisance, damage or injury to the Landlord or others
- 6.8.2 Not to do anything which might overload the floors of the Property, or any Conduits serving the Property.
- 6.8.3 To take all necessary steps to keep the Property free from pests.
- 6.9 Disposal**
- Not to:
- assign, sublet, hold on trust, charge; or
  - part with or share the possession or occupation of the whole or any part of the Property save that the Tenant may assign this Lease with the prior written consent of the Landlord (such consent not to be unreasonably withheld or delayed). Immediately following an assignment the Tenant shall notify the Landlord in writing and at the same time provide a true copy of the assignment
- 6.10 Compliance with statutory requirements**
- 6.10.1 To comply with the requirements of any statute or law affecting the Property or its use.
- 6.10.2 As soon as the Tenant receives any notice affecting the Property from an authority, to:
- supply the Landlord with a copy;
  - comply with the notice; and
  - make such representations about the notice as the Landlord reasonably requires.
- 6.10.3 Immediately to give written notice to the Landlord on becoming aware of any defect in the Property.
- 6.11 Tenant's insurance duties**
- 6.11.1 To comply with all requirements of the insurers about the Property.
- 6.11.2 Not to do anything which could adversely affect any insurance policy covering the Property.
- 6.12 Planning**
- Not to apply for planning permission for the Property save in relation to signage and then only with the prior written consent of the Landlord (such consent not to be unreasonably withheld or delayed).
- 6.13 Yielding up**
- At the end of the Term (however this ends) to:
- deliver all keys of the Property; and
  - yield up the Property with vacant possession to the Landlord and in accordance with the Tenant's obligations under this Lease.
- 6.14 Encroachments and rights**
- So far as possible, to:
- preserve all rights enjoyed by the Property; and
  - help the Landlord prevent anyone gaining any right over the Property.
- 6.15 Landlord's costs**
- To pay on demand, the Landlord's reasonable costs for:
- preparing and serving notices or proceedings under section 146 or 147 of the Law of Property Act 1925 (even if forfeiture is avoided);
  - preparing and serving any schedule of dilapidations;
  - the recovery of any arrears of rent or other sums due from the Tenant;
  - any application for the Landlord's approval (whether approval is granted or refused) except where the Landlord acts unreasonably;
  - remedying any breach by the Tenant of the terms of this Lease.
- 6.16 Deposit**
- 6.16.1 The Tenant shall pay the Deposit to the Landlord on the date of this Lease.
- 6.16.2 The Landlord or the Landlord's agent shall be entitled to hold the Deposit as security against any loss to the Landlord because of the Tenant's default in its obligations under this Lease.
- 6.16.3 After deduction from the Deposit of any sums required to compensate the Landlord for any such default by the Tenant of its obligations under this Lease (which deduction the Tenant irrevocably and by way of security authorises the Landlord or the Landlord's agent to make), any balance remaining shall be payable without interest to the Tenant within 14 days of the end of the Term.
- 6.17 Regulations**
- To comply with all reasonable regulations for the proper management of the Property as are made by the Landlord and notified to the Tenant in writing.
- ## 7 Landlord's obligations
- 7.1 The Landlord agrees that the Tenant may peaceably enjoy the Property without any interruption by the Landlord or any person claiming under the Landlord.
- 7.2 Where applicable as shown in the definition of Building in the Particulars the Landlord shall keep the remainder of the Building in such state of repair as will not interfere with the Tenant's ability to trade from the Property; the Landlord carrying out any necessary repair as soon as reasonably possible on becoming aware.
- 7.3 The Landlord shall insure the [Building] [Property] against the Insured Risks in full reinstatement value with reputable insurers, and shall arrange the reinstatement of the [Building] [Property] as soon as reasonably practicable following damage by an Insured Risk. The obligation to reinstate will not apply where a valid notice has been given under Clause 8 or where the Tenant is in breach of clause 6.11 or where insurance against a particular risk becomes unavailable or only at a cost which is unreasonable in the Landlord's opinion acting reasonably.
- 7.4 On request the Landlord shall give the Tenant details of such insurance

## 8 Damage

If the whole or a substantial part of the Property becomes unfit for use or inaccessible then:

- 8.1 (unless any insurance money has been refused because of the Tenant's default) a Fair Proportion of the Rent shall be suspended until access and fitness for use are restored;
- 8.2 the Landlord or the Tenant may end this Lease by giving notice in writing to the other, in which case any insurance money will belong to the Landlord; but
- 8.3 the Tenant shall not be entitled to end this Lease under Clause 8.2 if the Tenant has caused the damage or vitiated the insurance.

## 9 Forfeiture

If:

- 9.1 any amounts are unpaid 14 days after becoming payable under this Lease (whether formally demanded or not);
- 9.2 there is a breach by the Tenant of any term of this Lease;
- 9.3 the Tenant suffers any enforcement by seizure of assets at the Property; or
- 9.4 anyone takes any step whatsoever towards insolvency of the Tenant then the Landlord may, by re-entering any part of the Property, forfeit this Lease, but without prejudice to any other rights or remedies of the Landlord or the Tenant.

## 10 Guarantor's covenants

The Guarantor agrees, as a primary obligation to the Landlord:

- 10.1 to comply with any term of this Lease with which the Tenant fails to comply;
- 10.2 to be jointly and severally liable with the Tenant to comply with the terms of this Lease;
- 10.3 that the Landlord may proceed against the Guarantor as if the Guarantor was named as the Tenant in this Lease;
- 10.4 to waive any right to require the Landlord to:
  - 10.4.1 proceed against the Tenant; or
  - 10.4.2 follow any other remedy which may be available to the Landlord before proceeding against the Guarantor;
- 10.5 that none of the following shall affect the liability of the Guarantor:
  - 10.5.1 any neglect or delay for any reason of the Landlord in enforcing compliance with the Tenant's duties;
  - 10.5.2 any refusal by the Landlord to accept rent;
  - 10.5.3 any extension of time given by the Landlord to the Tenant;
  - 10.5.4 the transfer of the Landlord's ownership;
  - 10.5.5 any surrender by the Tenant of any part of the Property;
  - 10.5.6 any other matter whereby the Guarantor would be exonerated;
  - 10.5.7 that, if the Tenant becomes insolvent and the trustee in bankruptcy or liquidator disclaims this Lease, the Guarantor shall on demand pay to the Landlord an amount equal to the amounts that would have been payable under this Lease but for the disclaimer.

## 11 Miscellaneous

### 11.1 No implied rights

Nothing in this Lease impliedly grants to the Tenant any rights other than those expressly granted by this Lease.

### 11.2 Exclusion of warranty about use

Nothing in this Lease implies a warranty that the Property may be used for any purpose.

### 11.3 Notices

- 11.3.1 Section 196 of the Law of Property Act 1925 applies to all notices and documents relating to this Lease.

- 11.3.2 Where the expression "Tenant" or "Guarantor" includes more than one person, service on any one of them shall be treated as service on them all.

### 11.4 Third parties

The parties to this Lease do not intend any term of this Lease to be enforceable solely by virtue of the Contracts (Rights of Third Parties) Act 1999 by any person who is not a party.

## 12 Break

- 12.1 The Tenant may bring this Lease to an end on ..... [or any time after that date] by giving not less than ..... [3/6] months' prior written notice to the Landlord without prejudice to the rights of either party in respect of any previous breach of any obligations.
- 12.2 Where this Lease ends following a notice served under clause 8 or 12 the Landlord shall as soon as possible repay the Tenant a due proportion of any rent paid which covers a period after the end of the Lease.

## 13 Disputes

- 13.1 The Landlord and Tenant shall attempt to resolve any dispute arising out of or relating to this Lease by negotiation.
- 13.2 If at any time the Landlord or the Tenant considers that the dispute cannot be resolved by negotiation, one or both may refer the matter to the final and binding decision of an independent expert, who shall proceed in accordance with the "RICS Rules for Expert Determination of Disputes – SME Leases".
- 13.3 If the Landlord and Tenant cannot agree on the identity of an independent expert, then the independent expert shall be appointed by the President of the Royal Institution of Chartered Surveyors on the application of either the Landlord or the Tenant, or both.

## 14 Landlord and Tenant Act 1954

Any statutory right of the Tenant to compensation on vacating the Property is excluded to the extent that the law allows.

**Signed by the parties as a deed and delivered on, but not before, the date of this Lease.**

**Signed** as a deed by .....  
[Limited] [Plc] acting by its secretary .....  
and a director or by two directors .....  
Director .....  
Director/Secretary .....

**Signed** as a deed by .....  
in the presence of: .....

**Signed** as a deed by .....  
.....  
acting by his attorney ..... under  
or pursuant to a Power of .....  
Attorney dated ..... and ..... made  
between ..... and ..... in the presence  
of:.....

**Signed** as a deed by \*\* .....  
[name of company] .....  
acting by a director in the presence of: .....  
Director .....

Signature of witness: .....  
Name of witness: .....  
Address: .....



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