

Your business lease

by Tom FitzPatrick, **FitzPatricks solicitors**

You've chosen the new premises; they look the business, easy for punters, and plenty of parking. All boxes ticked – 'Location, Location, Location'. 'Sign here' – move in at once.

But the three important boxes should read "Location, Location, Lease" because a bad lease or landlord can seriously damage your wealth. Pause first and ponder.

1. Very genuine landlord – wouldn't harm a fly. Fine, but what if s/he sells and you get a difficult landlord – you've heard of these. 'This only happens to others and won't happen to me' – are you sure? Careful.
2. How long should the lease be? For new starts, five years is usually plenty. You will be responsible for the rents and maybe repairs throughout the term – rent £5,000 (+ VAT) = £5,875 a year; 5 years' rent means

£29,375 – 10 years means £58,750, which both assume no rent review. Repairing costs, insurance and service charges will be extra. Remember, even after you sell the lease, you will be responsible for rent and expenses if your buyer's business fails. Besides, you expect your business to flourish, so you may soon need bigger premises.

3. What's a rent review? It usually happens after three or five years and seldom reduces your rent. Bad news if other rents drop, as happened about 15 years ago, when businesses were left with over-sized premises and too much rent. If you have a rent review, consult your

Chartered Surveyor – make sure you are not being over-charged.

4. Repairs: The Landlord will usually want you to repair the premises. Your solicitor should check whether you are taking on the structure, when you need only be responsible for the interior. Your Chartered Surveyor should check on potential repair bills.
5. New or Existing Lease? You can't change an existing lease (though you might reduce the price) but you can negotiate a new lease. An existing lease may have only a year or two to run but it will require you to put the premises in good order at the end of the term. Rent £5,875, repairs £10,000, mini-

mum cost of a year's occupation £15,875. Consult your Chartered Surveyor. You can negotiate rent-free periods and compensation for improvements but do avoid guarantees and landlords' fees. Big Tip: Consult your solicitor before making an offer. Too many landlords say, "We have agreed terms, stop interfering!" when solicitors re-negotiate – end of discussion. Get your offer right first – this saves time and keeps fees down!
For more information and advice on business matters, contact FitzPatricks solicitors tel: 01444 870123. www.fitzpatricks-law.co.uk

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