



- A tenant of business premises will qualify for statutory protection from rent increases and lease expiry under the Landlord and Tenant Act 1954.

- Statutory protection will apply to both leases in writing and instances where rent is paid and no written lease is in place.

- A new lease can be requested using a s.25 notice (landlord) or a s.26 notice (tenant).

- The terms of the new lease will be agreed between the parties and in default via application to the County Court.

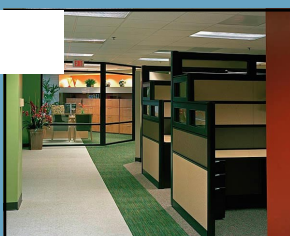
- Rent increases are only possible by service of the relevant notices.

- Leases will continue after expiry on the same terms as before.

- Orme Associates can provide free initial advice on business tenancy renewal.

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Orme Associates

Property Advisers

BUSINESS SECURITY OF TENURE LANDLORD AND TENANT ACT 1954

What We Do

Orme Associates Property Advisers can advise owners or occupiers of business premises on rent increases, lease renewals and compensation for lease termination under the Landlord and Tenant Act 1954.

Introduction

The Landlord and Tenant Act 1954 provides statutory protection to occupiers of business premises. Business tenants have a right to renew at the end of their lease at a new rent, and are protected from rent increases where the lease has expired.

For lease renewals the owner of the property may be able to validly refuse to renew where (i) the landlord wishes to occupy himself, (ii) he intends to re-develop the property or (iii) where there are rent arrears. There are some other statutory grounds for termination but these are the most common.

Some business leases will have been "contracted out" of the provisions of the 1954 Act, any exclusion will appear in the terms of the lease. The validity of any exclusion will depend on events prior to the grant of the lease.

Qualification

Most businesses will have protection under the Landlord and Tenant Act 1954 including the situation where there is no written lease but only the payment of rent.

The tenant (or sub-tenant) must be in occupation however to qualify either personally or via his belongings, or any absence must be temporary.

Contracting Out

A business lease call fall outside of the protections afforded to it by the 1954 Act where the parties agree

to this before the grant of the tenancy.

Any such agreement will only be valid where a prescribed notice has been given to the tenant setting out the implications of contracting out of the 1954 Act protection.

The Process of Renewal/ Rent Increase/Termination

Where a tenancy comes to an end through effluxion of time, providing the tenant does not vacate, the tenancy will continue under the 1954 Act on the same terms as before until the tenant serves a notice to quit on the landlord giving two months notice. This is known as a continuation tenancy.

A tenant can obtain a new lease by serving a s.26 notice on the landlord (providing they had a fixed term tenancy for at least 12 months). Alternatively the landlord may propose a new tenancy (or seek termination of the existing tenancy) by service of a s.25 notice.

The parties are required to agree the terms of a new tenancy including the new rent. Where agreement is not reached an application to the County Court is made and the court will determine the terms.

Where a landlords s.25 notice is served seeking termination of the existing tenancy it is important to take action, as after its expiry (2 months) the tenancy will come to an end.

Tenant not wanting to re-main

If there is a fixed term or a periodic tenancy, the tenant may leave on the term (end date) (fixed term) or on the day before the rent is due (periodic tenancy). Where a continuation tenancy has begun the tenant must give 3 months notice to end the

tenancy.

Tenants right to compensation

Where the landlord is able to oppose a new tenancy because (i) it wishes to occupy itself or (ii) because of re-development, there may be compensation payable to the tenant.

The level of compensation will be 1 x Rateable Value where occupation has been less than 14 years, and for over 14 years, 2 x Rateable Value.

About Andrew Orme

Andrew has 18 years' experience of professional real estate services and operates with a team of two staff members from offices in Liverpool.


Further Information

Contact for further information and advice on Business Lease Renewal:-

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