



# Lease Renewals – Potential Opportunities

Following on from our bulletin about acquiring a new lease, the next logical step is how to deal with a lease end. We will briefly consider some strategies and opportunities associated with the Lease Renewal process. Although part of a Lease Renewal involves the rent, the renewal process differs significantly from a Rent Review including the opportunity to generate soft and hard financial benefits from your existing lease.

**1** Do you wish to renew your lease? If so this decision is best taken a minimum of 12 months ahead of lease expiry. The earlier a decision is made, the stronger your negotiating position will be.

**2** Should you choose to relocate, a minimum of 6 months will be required to identify and acquire suitable alternative premises and negotiate any accrued dilapidations on your existing premises.

**3** Do you have a right to renew your lease? Identifying whether your lease is Protected or Excluded from the Landlord and Tenant Acts will determine the timing and strategy of your lease renewal negotiations.

**4** Has there been a change in your Business's circumstances which require a variation to your existing lease terms? If so, these can potentially be negotiated as part of the lease renewal process.

**5** Does your lease contain break clauses which will not be exercised? If so, this gives the opportunity for an early renewal/re-gear generating hard financial benefits such as reduced rent, rent-free etc.



**1** Unlike a rent review, there is no compulsion on a tenant to renew its lease. A renewal therefore provides the perfect opportunity to re-evaluate the existing premises and whether they remain the right fit for your Business. In order to maximise your negotiating position, this review should take place a minimum of 12 months before lease expiry.

**2** If you choose not to renew your lease, this is likely to require identification of and relocation to suitable alternative premises. Given that it will take a minimum of 6 months to relocate a business, the sooner

premises are identified the better. Should you relocate, the accrued dilapidations on your existing lease would need to be considered.

**3** If you choose to renew your lease, the negotiating strategy and timelines will differ depending on whether your lease is Protected (right of renewal) or Excluded (no right of renewal) from the Landlord and Tenant Acts. Whilst the negotiating position associated with a Protected Tenancy is stronger, this can be mitigated on an Excluded Tenancy if approached correctly.



**4 The Lease Renewal gives an opportunity to vary any existing lease terms which may no longer be appropriate or suit the current requirements of your Business. As such, a lease renewal is not just confined to agreeing a new rent and length of lease.**

**5 Even if your lease expiry is some way off, do you have a break clause in your lease which you will not be exercising? If so, potentially that break can be leveraged to re-gear/renew the lease which gives the opportunity to deliver hard and soft financial benefits.**

**Hopefully the above gives you a flavour of some of the points to bear in mind when considering a lease renewal of your lease. We would be happy to discuss any of these points in more detail with you.**

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