

GUIDE TO LEASING A PROPERTY FOR COMMUNITY USE.

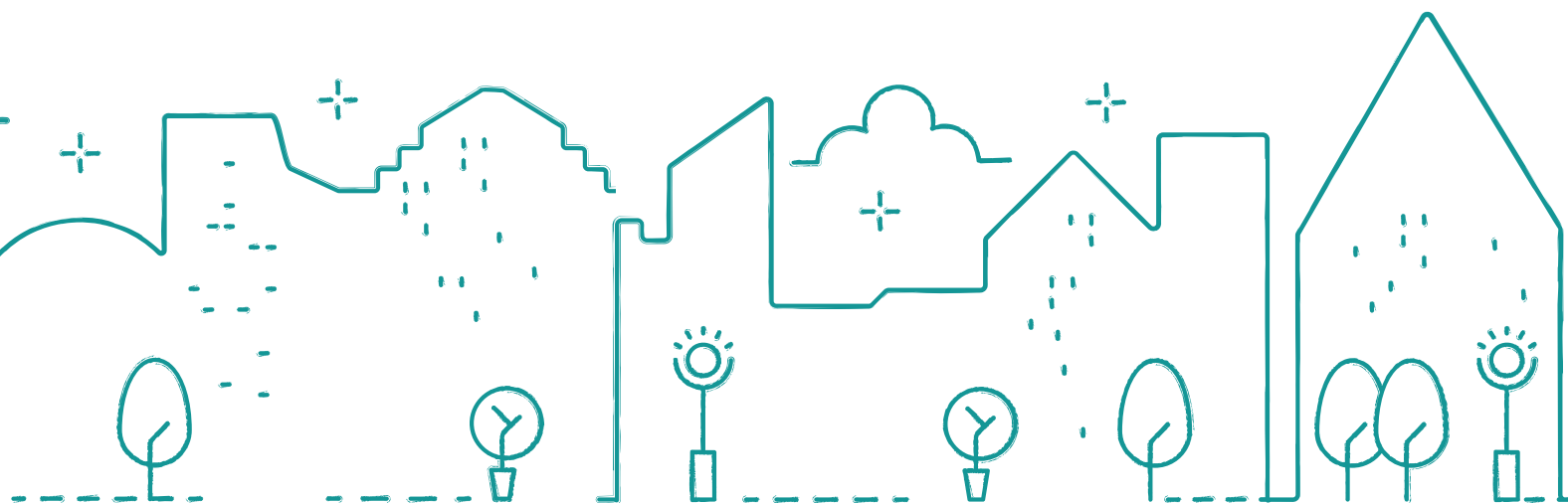


INITIAL CONSIDERATIONS

Before starting your search for a suitable commercial property, these are some of the points you will need to consider: -

- where your organisation needs to be to best serve your target
- group
- what you plan to use the property for
- the space you need to operate in
- the costs involved in leasing the property

Once you have fully considered all these points, you will be in a better position to decide whether you need to lease a property and if so what type of property you should be looking for.

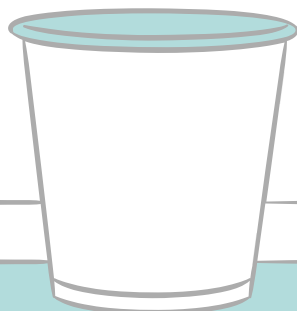


THE SPACE

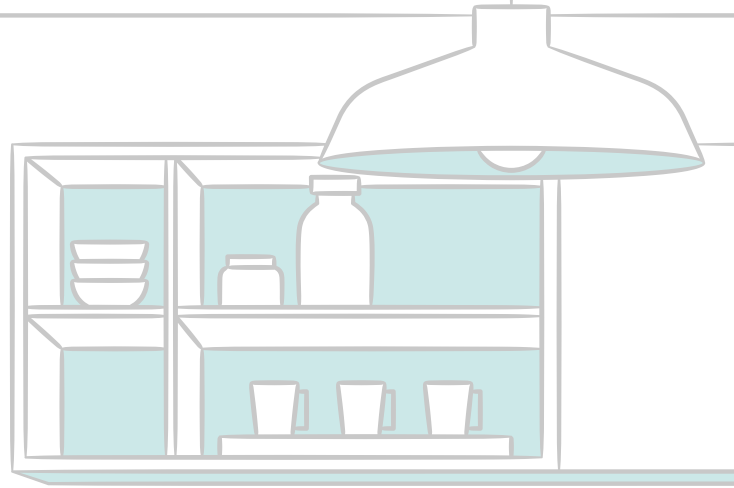
Condition of the property:

You may need to carry out a survey to identify any defects or areas of disrepair if you are taking a lease for the whole property and will be responsible for the interior and exterior of the building.

When the lease term ends, it will be your responsibility to make good any defects and leave the property in good repair and condition. If the property is in a poor state of repair, you may want to consider agreeing a schedule of condition with the landlord. This limits your obligations to repair the property to the standard contained in the schedule.



THE LEASE



Lease of a property:

The term of a lease can vary between 1 to 20 years but usually runs between 3 to 5 years. A short lease with options to renew may be more suitable than a longer lease with break clauses.

Upfront costs for a lease can be relatively low compared to purchasing a property. Under a short-term lease, you will usually only be responsible for the interior with the landlord retaining responsibility for the exterior of the property and the communal parts covered by way of a service charge.

The tenant is responsible for all other outgoings including rent, business rates, Buildings insurance, Public liability insurance, utility bill costs as well as the day to day running of the business/activity.

Heads of Terms:

Once basic terms of the letting have been negotiated, the landlord or the landlord's agent will draw up the Heads of Terms, also known as HOT's. The Heads of Terms are the main details of the proposed letting arrangement. They form the framework of the documentation.



COSTINGS

Costs involved:

You will pay rent under the lease (subject to the space). The lease will include provision for a rent review. Rent reviews are usual in leases of three years or more and an 'upwards only' rent review means that you will not benefit from any decrease in market rent levels.

In addition to the commercial rent, you will be liable for payment of Business Rates. You will also have to pay for utility charges and be responsible for arranging any connections for main services that you require including those for IT.

When taking out a new lease you will be responsible for paying the Council's legal and surveyor's fees

COSTINGS

Deposit or guarantee:

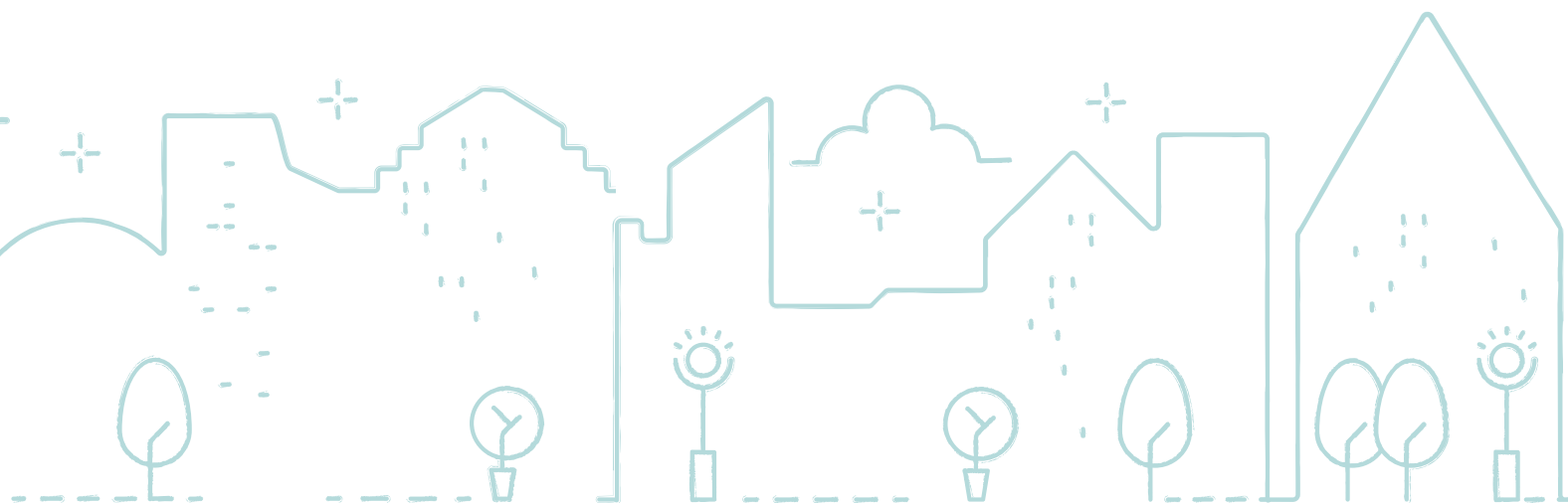
You will be asked to agree to a Deed of Deposit, typically a £1,000 payment in advance which will be held in a non-interest-bearing account. The landlord has the right to withdraw sums from the rent deposit to cover any costs, should the tenant default on any of the lease covenants. This sum will be returned to the tenant at the end of the lease period less any deductions it has been necessary to make.

As a prospective tenant you will be subject to credit and company searches.

Security of tenure If the lease is:

‘excluded’ from Part II provisions of the Landlord and Tenant Act 1954, you will have no automatic right to stay at the end of the lease term. A lease with protection means that you have a right to request a new lease and the landlord can only refuse on certain ground.

Please note the above information is only a general guide, you are advised to seek independent legal advice and to undertake your own due diligence when applying to lease any commercial property.



SERVICE CHARGES AND INSURANCE

If you are taking a lease for part of a building, you may be required to pay a service charge.

It is usual for a landlord to insure the property, but you will be responsible for paying the whole (or a proportion) of the premium and for loss of rent if the property is destroyed or damaged and unfit for occupation and use.

You will be advised to take additional insurance for your contents which are not covered by the building's insurance.

You will also need to take out Public Liability Insurance to cover you against claims from a member of the public who may have suffered injury, death or damage to personal property whilst on your premises or attending an event arranged by you.

