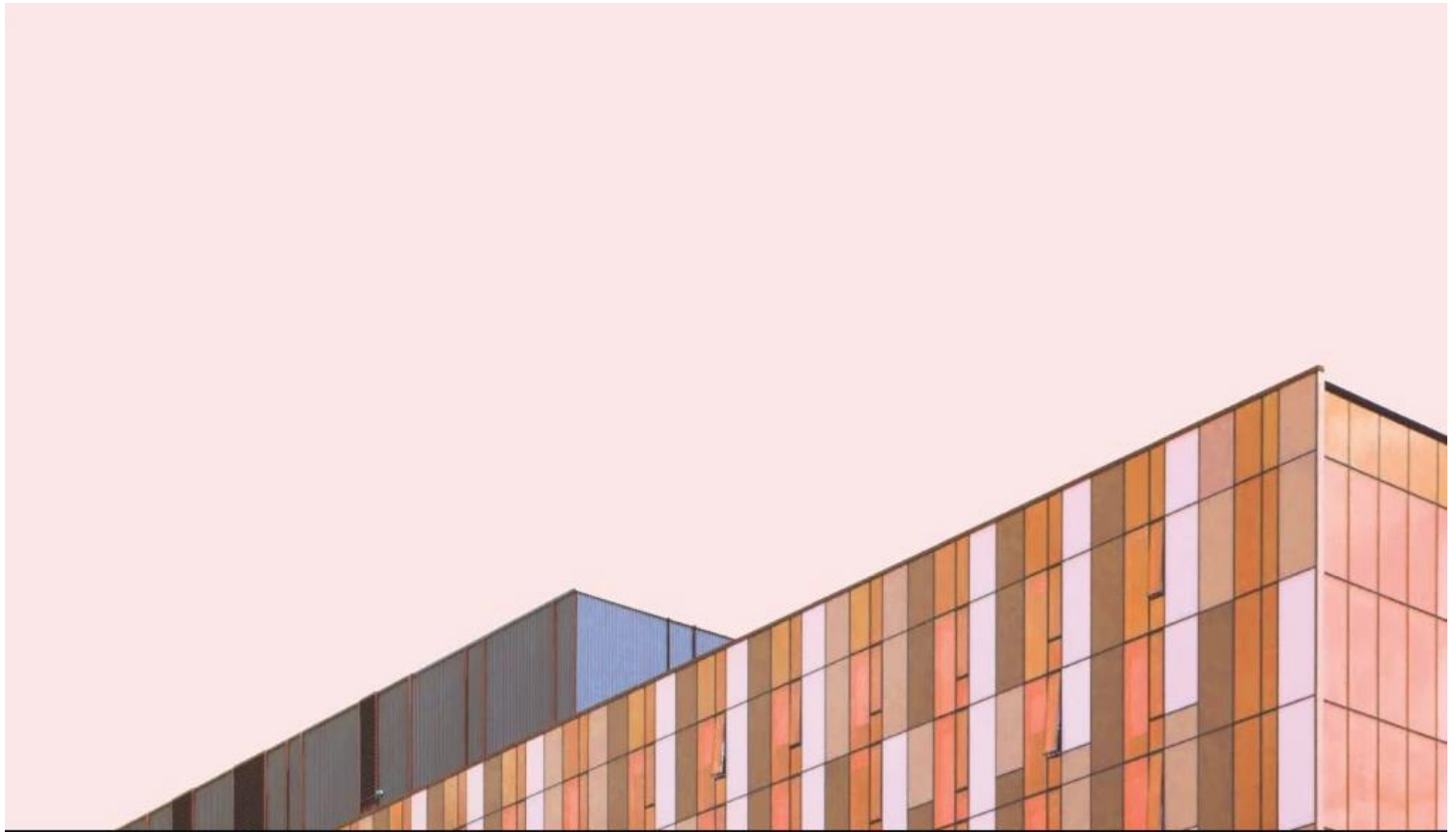


# A Guide to Tenant's Rights under Commercial Leases



**ACKROYD**

Specialist Commercial Solicitors

# Introduction

For commercial tenants the Landlord and Tenant Act 1954 ('the Act') is a key piece of legislation, however, it can appear daunting at first glance we have compiled a brief guide to make the process as clear and simple as possible.

In short, 'The Act' gives business tenants the right to "security of tenure" and regulates the way in which commercial leases can be extended or concluded. It recognises that if business tenants must leave their premises when their lease expires, they risk financial loss due to losing the goodwill they have built up during the term of the lease.

To resolve this, The Act provides security by giving business tenants the right to renew at the end of their current lease and the right to remain in the premises during the renewal process.

For you and your business tenancy to benefit from this, you must first ensure that you are protected.



# A business tenant is protected when:



- The premises are occupied by the tenant for business purposes and therefore the provisions within the Act apply.
- 'Business' is widely defined to include a trade or profession, including a business carried on by an individual, a company or other type of business structure.
- The tenant need not occupy the whole of the premises, nor does the tenant have to use the premises exclusively for business purposes to be protected.

Most tenants of business premises are covered under The Act, unless specific steps are taken to exclude the tenancy, if you are concerned that your business might fall under this category, it is important to seek legal advice.



## How to apply to renew a lease:

1. If your business is secured under the Act, you or your solicitor can formally request a new lease at any time. This can occur on or after the first day of the last year of the term of your existing lease.
2. Make sure that the request complies with the requirements of section 26 of the Act and must state the proposed terms for the new lease including the length of the term and the rent that will be payable under the new lease.
3. As a precaution, anticipate a serving notice from the landlord refusing your lease. This must be delivered within two months and display their intention to rely upon grounds stipulated in the Act.
4. These could include an intent to demolish or rebuild the premises at the end of the term of the current lease or the landlord wishes to use the premises for their own business.
5. If this occurs, the tenant is usually entitled to compensation under the Act if either of those grounds are successfully used by the landlord.
6. At this point, if you can agree new terms with the landlord then this is where the process stops.

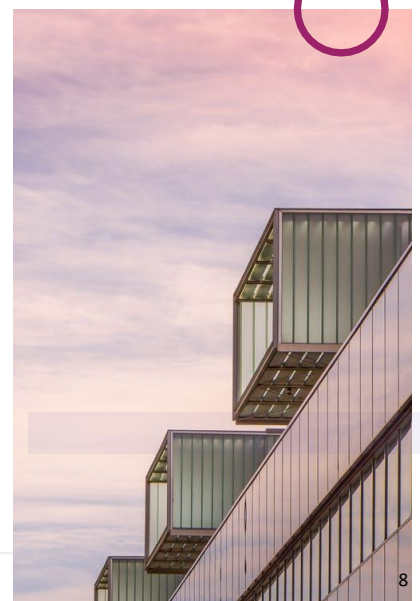


# Starting the landlord renewal process

Landlords are also entitled to start the renewal process by serving a notice under section 25 of the Act.

This will either set out the landlord's proposals for the terms of a new lease or state one or more of the above-mentioned limited grounds as to why the landlord opposes a renewal.

Regardless of outcome, it is vitally important that a tenant seeks legal advice as soon as they receive a section 25 notice, as there are strict deadlines that must be complied with otherwise the security of tenure provided by the Act may be lost





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