

Maple Leaf Case Study – Lease Renewals

Maple Leaf were instructed on behalf of the landlord of a shopping centre to assist in the reorganisation of leases within a market hall area, with a view to undertaking substantial redevelopment of this area in the short to medium term. As well as a number of market hall units, the area included a lease of a large unit that had been occupied for in excess of 15 years by a tenant which was known to want to vacate.

The client's brief was to terminate and renew leases on a flexible basis, enabling them to proceed with the redevelopment works when ready to do so.

Major unit

On instructions from the landlord, the solicitors prepared a notice to terminate this lease at expiry. Upon receiving a copy of the notice to approve, we made amendments to protect our client from automatic liability for substantial statutory compensation and worked with them to identify alternative accommodation that would match the occupying tenant's current acquisition criteria. We were thereby able to offer a feasible alternative unit to the tenant, in accordance with the provisions of the Landlord & Tenant Act 1954. Whilst the tenant did not take up this alternative accommodation, by pursuing this course we successfully saved our client £174,000 in Statutory Compensation that they would otherwise have had to pay.

Market Hall units

Notices to terminate the various leases within the market hall were served and negotiations were entered into to provide temporary lettings, outside of the protection of the Landlord & Tenant Act 1954. In this way we were able to ensure that the landlord could regain vacant possession to carry forward redevelopment work without undue delay. A number of tenants were relocated into alternative premises, which enabled the landlord to demolish two central blocks of 16 units, saving in excess of £75,000 per annum in void rates liability.

There were a number of leases that were not due to expire but upon which rent reviews were due and negotiations were entered into to convert these leases to occupations outside of the protection of the Landlord & Tenant Act 1954. These negotiations were successfully concluded in all cases, enabling the landlord to carry forward his redevelopment plans in the knowledge that vacant possession of all of the units in the area could be secured.

Outcome

We were able to:-

- provide the landlord with a continued income on the basis of flexible leases that would not obstruct their plans to redevelop when ready to do so;
- relocate occupiers to eliminate surplus vacant space, saving the client in excess of £75,000 in annual void rates;

- save the client £174,000 in statutory compensation by dealing with a substantial termination by careful application of the Landlord & Tenant Act 1954 principals.

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