

# UK Real Estate for Start-Up Founders

# What should you be thinking about?

# Grounds for occupation A lease or a licence

#### Lease

- Tenant granted exclusive possession
- Usually a longer form of document
- Tenant's interest can usually be assigned or underlet if tenant's requirements change
- For a certain fixed term (which can include break rights)

#### Licence

- A more flexible basis for occupation
- Licensee does not benefit from exclusive possession and can be relocated
- Licensor has a right to enter any time
- SDLT is not payable and business rates may not be payable
- Shorter form legal documents, may not be negotiable
- Personal to the licensee and cannot be alienated

# **Head of Terms**

### Key points to consider:

- Length of term How flexible do you need this to be? Options for early termination (break rights) or right to renew?
- Rent Any rent free period / concession? Stepped rent? Rent review? (RPI/CPI/Open Market?)
- Yield-Up How will you be required to hand back the premises?
- Alienation What are your options to "dispose" of the lease?
- Alterations What fit-out works will you be undertaking. Are these permitted under the lease and/ or planning?
- Permitted Use Does this cover your proposed use?
- Security Deposit or guarantee?
- Building Services Is there sufficient power supply? Are there other amenities at the building? What services will the landlord provide?

#### **Planning**

- Are there any restrictions on use in the lease?
- Will your occupation require additional planning permission?
- What is the current permitted use of the premises currently?

#### Fit-Out

- Who will carry out the fit out works?
- Who will instruct the contractor and on what basis?
- Who pays for the works?
- Will planning be required?
- Are there any practical considerations i.e. hours of work? Loading and unloading of equipment? Power supply?

### Any questions? Get in touch



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