

Property Advice Factsheet

Lease obligations and lease reviews

This advice factsheet has been prepared in the light of the COVID-19 outbreak. It has been prepared to help micro and small businesses. The retail, leisure and hospitality industries have been particularly badly affected. If you rent your premises from a landlord, and your business has been affected by the COVID-19 outbreak, or you are concerned that it will be, then:

The current outbreak is unprecedented in living memory, and causing huge amounts of disruption. But the obligations in your lease are still there and are not suspended. The Courts are still open and in operation at the time of writing.

- **Rent holiday:** there are at present no measures in place by central government to suspend rent payments for commercial tenants. Unless and until that changes, consider asking for a "rent holiday" and see the GLA's factsheet "How to negotiate a rent holiday".
- **Public health and safety:** although commercial landlords and tenants are not at present under any statutory duty to notify the authorities of cases of COVID-19, they are under obligations to take steps to protect the health and safety of anyone entering the building – including employees and visitors.
- **Landlord regulations:** leases usually allow landlords to impose regulations on tenants. This might include obligations dealing with hygiene, hand-washing, and self-isolation. If you are not already taking these steps, as far as you can, then you need to be doing so. See the Public Health England best practice guidance.
- **Quiet enjoyment:** There are of course limits to the steps that legally have to be taken. If you run a bar or restaurant, the government has not yet insisted that these be closed – although they have advised people to stay away. It seems unlikely therefore that your landlord could insist that a tenant close a bar or restaurant at this time as that would probably be a breach of the covenant of quiet enjoyment. If the government does shut bars and restaurants, that may of course change.
- **Service charges:** landlords are likely to want to recover costs of deep cleaning or waste removal or other emergency measures from tenants. Read your lease carefully to see if you are liable for those costs, and if need be seek legal advice.
- **Lease reviews:** if you are in the middle of a rent review or a statutory lease renewal under the Landlord & Tenant Act 1954, then you may want to discuss a stay or suspension of that process with your landlord and their representatives. The Courts have recently passed emergency rules allowing parties to agree extensions to legal proceedings without the need for Court permission. This is a technical area however and we would recommend that you seek legal advice in relation to it.

UPDATE 1 April 2020: Coronavirus Act 2020 – Business Tenancies

From 26 March 2020 to 30 June 2020 a landlord's right of re-entry or forfeiture arising from non-payment of rent cannot be enforced. No order for possession can be enforced and any order for possession made during that period must take effect after 30 June 2020. This period may be extended by the Government later but has not been as at 1 April 2020. Please note that rent and other sums due under a lease are still payable during this period and this new law does not stop rent reviews or lease renewals from taking place. The guidance in this note is therefore not affected by this change to the law, but we hope you find this information useful.

This factsheet is for general guidance only and should not be relied on as specific legal or professional advice. If in any doubt you should always seek your own independent legal or other professional advice.

The situation is constantly changing. You should continue to seek information from the Government and from the GLA. Measures to assist businesses of all sizes are likely to be announced soon.

PREPARED BY COLMAN COYLE SOLICITORS FOR THE GREATER LONDON AUTHORITY



SUPPORTED BY
MAYOR OF LONDON