

## HEADS OF TERMS – ACQUISITION OF COMMERCIAL LEASE

### Key Features:

This document provides a basic set of Heads of Terms where MOD is acquiring land on a leasehold basis from a commercial landlord. Negotiations and terms may well be led by the landlord and the circumstances of the building or site but these Heads of Terms serve as a checklist, identifying points that MOD may need to make at an early stage.

The items shown in “grey” fields in the Heads of Terms will need to be completed or deleted in every case. Please refer to the legal team if specific assistance is required with any suggested clauses or terms.

It is **not** suitable for:

- MOD owned sites.
- Subleases (where the Landlord may need to impose additional terms to reflect a Headlease).
- Sites where the MOD needs security of tenure. The Heads of Terms assume the Landlord will wish to contract out the lease.
- Sites where MOD needs to obtain planning permission or to carry out works prior to entry into the premises. A conditional agreement for lease may be needed as a precursor to the lease.

## HEADS OF TERMS – ACQUISITION OF A COMMERCIAL LEASE

*Please note that these are non-binding heads of terms intended to record the parties' proposals for a lease. They are not intended to create legal relations and are intended to be **subject to contract**.*

<b>1. Landlord</b>	<b>[Insert Tenant's Name]</b> [Insert Address Line 1] [Insert Address Line 2] [Insert Address Line 3] [Insert Address Line 4 And Postcode]
<b>2. Landlord's Company No. and Registered Office</b> <i>(where Landlord is a company)</i>	[Insert Tenant's Registered Company Number] [Insert Registered Office Address Line 1] [Insert Registered Office Address Line 2] [Insert Registered Office Address Line 3] [Insert Registered Office Address Line 4 And Postcode]
<b>3. Tenant</b>	<b>The Secretary of State for Defence</b> c/o Defence Infrastructure Organisation [Insert Address Line 1] [Insert Address Line 2] [Insert Address Line 3] [Insert Address Line 4 And Postcode]
<b>4. Guarantor</b>	None. As a Central Government department the Tenant does not need to provide a guarantee.
<b>5. Demised premises</b>	Premises consisting of [insert details] as shown edged red on the annexed plan
<b>6. Annual Rent</b>	£0
<b>7. Contractual term</b>	The lease is for a term of [insert term in years] years from [the date of this grant] [insert other] - delete as appropriate[ subject to break provision].
<b>8. Break provisions</b>	[insert details] N/A <input type="checkbox"/>
<b>9. Rent reviews</b>	[insert details] N/A <input type="checkbox"/>
<b>10. Services</b>	[Details]
<b>11. Service Charge</b>	The Tenant pays [ ]% of the costs of providing the services Subject to annual reconciliation

<b>12. Rights granted to the Tenant</b>	<ul style="list-style-type: none"> <li>• Of support and protection</li> <li>• Of access to the demised premises at all times and for all purposes</li> <li>• To enter onto common parts to carry out works</li> <li>• To park up to cars in the car park [edged blue]</li> <li>• [Insert other rights, as applicable]</li> </ul>
<b>13. Rights reserved to the Landlord</b>	<ul style="list-style-type: none"> <li>• Of light, air and protection</li> <li>• To connect into and replace any cabling or service pipes within the boundary the demised premises</li> <li>• [To develop the remainder of the landlord's estate]</li> <li>• To re-route access to the demised premises</li> <li>• To erect scaffolding</li> <li>• To carry out works where works cannot be carried out save by access</li> </ul>
<b>14. Permitted Use</b>	[DETAILS]
<b>15. Alienation</b>	<p>[Consider underletting, assignment, charging, sharing occupation etc]</p> <p>The Tenant may share occupation with other Crown bodies and with servants agents employees and contractors discharging functions on behalf of the Tenant</p>
<b>16. Alterations and Works</b>	<p>[insert details]</p> <p>[Consider need to fit DII cables]</p>
<b>17. Repair</b>	<p>[The Tenant repairs [interior/whole] to a standard of [good and substantial repair/good and tenantable repair].</p> <p>[The Landlord repairs the [interior/exterior] [and any common parts] to a standard of [good and substantial repair/good and tenantable repair/]</p> <p>The Tenant is not responsible for damage caused by an insured risk.</p>
<b>18. Insurance</b>	<ul style="list-style-type: none"> <li>• The Landlord will insure the Premises against normal insurable risks with a reputable insurer including loss of rent</li> <li>• [The Tenant will pay an insurance rent reflecting [% of the insurance premium]</li> <li>• The lease will be terminable if following damage by an insurable risk it cannot be accessed or occupied.</li> </ul>

<b>19. Legal and surveyor's fees</b>	The parties will meet their own
<b>20. Security requirements</b>	The Tenant may control access to the premises including requiring the Landlord its employees servant and agents to comply with local security arrangements when exercising any of the Landlord's reservations
<b>21. Outgoings</b>	The Tenant will pay a [fair proportion [according to user]/[ ]% of the cost of any utilities consumed at the Premises].
<b>22. Landlord and Tenant Act 1954 Part II</b>	The Lease is excluded from the Landlord and Tenant Act 1954 Part II. As such, the Tenant will not have a right to remain in occupation beyond the expiry of the lease term, nor to renew the lease and may not seek compensation if a renewal of the lease is opposed.
<b>23. Other Terms</b>	<ul style="list-style-type: none"> <li>• [Any other Terms?]</li> </ul>
<b>24. Landlord's Solicitors</b>	[DETAILS]
<b>25. Tenant's Solicitors</b>	[DETAILS]