

# COMMERCIAL LEASES

## KEY QUESTIONS FOR PROSPECTIVE TENANTS

Entering into a commercial lease is a significant commitment for tenants. If you are considering entering into a new lease for your business, here are some questions on some of the key issues upon which we typically advise our commercial clients.



1 Which company within your corporate group will be the tenant and assume liability to pay rent and perform the covenants? Does this company's accounts show sufficient financial covenant strength to satisfy a landlord as to its suitability as a tenant?

2 Will an Agreement for Lease be required e.g. if the premises are not ready for occupation?



3 Will the tenant have to provide security? This could be in the form of a personal guarantee or a parent company guarantee and/or a rent deposit or bank guarantee.

4 What is the proposed term of the lease? Will the tenant be entitled to "break" the lease during the term, and if so, upon what conditions?



5 What is the rent per square foot/square metre? Is this in line with the market rent?

6 How often will there be rent reviews? What is the procedure for the tenant to dispute the proposed reviewed rent?



7 Will there be any fit out works required? If so, will there be a rent free period? Also, how will these costs impact on rent reviews?

8 What would be the tenant's liability for repairs i.e. internal only or full repairing and insuring?

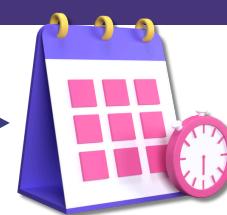


9 What would be the tenant's liability for rates, insurance and service charges and other outgoings?

10 What are the terms and conditions on which the tenant can assign or sublet or share occupation of the premises?



11 At the end of the term, what is the statutory procedure to renew the lease?



Contact us at Hassans for expert legal advice on commercial leases in Gibraltar.