# INDUSTRIAL PROPERTY INVESTMENT FUND (IPIF)

# heads of terms

**(New letting)**

### Insert Property Address

**Date:**

|  |  |
| --- | --- |
| **LANDLORD:** | Legal & General Property Partners (Industrial Fund) Limited and Legal & General Property Partners (Industrial) Nominees Limited |
| **TENANT:** | Tenant’s Name/s:  Company Number: Please obtain from proposed tenant  Tenant’s Registered Address:  Tel:  Contact name: |
| **GUARANTOR:**  (delete as appropriate) | Company/Name:  Company Number:  Registered address: |
| **DEMISE:** | That property known as comprising some ***x*** m² (***x*** ft²) of gross internal accommodation, [including x demised car parking spaces] or [together with the right to use of x car parking spaces].  Obtain parking details from Asset Management Surveyor or Liz Dunsmore/Rachel Clifford can assist. |
| **LEASE:**  (Amend for Scots Law) | The tenant will be granted a new full repairing and insuring lease for a term of ***x*** years to be contracted outside the security of tenure provisions of the Landlord and Tenant Act 1954.  Unless requested otherwise – discuss with Liz. |
| **BREAK OPTION:**  (delete if appropriate) | There will be a **tenant’s/mutual** option to break at the end of the ***x*** year, subject to; a minimum of ***x*** month’s prior written notice, vacant possession, up to date payment of the rent, service charge and insurance.  Delete above as appropriate  Is there a rent penalty for operating break? |
| **RENT:**  (delete annual rent options as appropriate) | The initial rent will be £**xx** per annum exclusive (£**xx** per sq. ft.) to be payable quarterly in advance by standing order.  Or  The agreed rent to be stepped over the term set out below, to be payable quarterly in advance by standing order:-  Year 1 - £**xx** pax (£**xx** per sq. ft.)  Year 2 - £**xx** pax (£**xx** per sq. ft.)  Year 3 - £**xx** pax (£**xx** per sq. ft.)  Year 4 - £**xx** pax (£**xx** per sq. ft.)  Year 5 - £**xx** pax (£**xx** per sq. ft.)    The rents set out above are based on per annum exclusive (pax) figures as shown.  **(Delete above options as required)**  The proposed tenant will ensure that a standing order mandate has been set up with their bank and confirmed this to the Landlord before the lease will be completed.  Payment of rent will commence upon completion of legal formalities **or the date of occupation, whichever is the earlier / the expiry of the rent free period.**  Delete above as appropriate. |
| **RENT FREE PERIOD:** (delete if appropriate) | The tenant will be granted a rent-free period of ***x*** months to commence on the date of occupation, or completion of legal formalities, whichever is the earlier. |
| **RENT REVIEW:** | The lease will be subject to an upward only rent review at the end of every **fifth** year of the term.  Amend as appropriate |
| **RENT DEPOSIT:** | The tenant is to provide a rent deposit equating to***x*** months’ headline rent plus a sum equivalent to VAT (£xx). This rent deposit will be held in the Landlord’s general rent deposit account and will be repayable to the tenant after the expiry of the lease or if sooner, the date of a lawful assignment of the lease or the date upon which the tenant is able to provide three consecutive years’ accounts confirming that the annual pre-tax profits of the tenant exceed a sum equal to three times the annual rent, service charge and insurance premium contribution and total net worth of five times the annual rent, service charge and insurance premium contribution.  Interest for each year will accrue to the account. |
| **SERVICE CHARGE / INSURANCE:** | The tenant will be responsible for paying a fair proportion of the estate service charge and insurance premium. For the current year the service charge is estimated at £**x.**  The insurance quote for the unit is estimated at £**x**.  Please request this figure from a member of the IPIF leasing team.  Details of proposed tenant’s use MUST be provided so AXA can make an assessment). |
| **OUTGOINGS:** | The tenant will be responsible for Business Rates and all other outgoings. |
| **ALIENATION:**  (Amend as appropriate.  Short term leases may not have rights) | The lease will be subject to the following alienation provisions:   1. Underletting  The tenant will be permitted to sublet the entire premises, subject to landlords consent not to be unreasonably withheld. Any underlease must be contracted outside the Landlord and Tenant Act 1954 and be at open market rent. 2. Assignment  The lease will permit an assignment of the whole, subject to landlords’ consent not to be unreasonably withheld. The Landlord may withhold consent if the tenant is in material breach of the lease or if the assignee is unable to comply with the lease or in certain situations where the tenant and assignee are group companies. |
| **ALTERATIONS:** | The tenant will be permitted to undertake internal alterations, subject to landlord’s consent not to be unreasonably withheld.  Any alterations will be subject to a formal licence and full reinstatement at the end of the term, or sooner determination thereof. |
| **SCHEDULE OF CONDITION:**  (Delete paragraph if not agreed) | The tenant’s repairing liability will be limited by way of a fully annotated photographic schedule of condition. The schedule is to be prepared by the tenant at the tenant’s costs and approved by the Landlord. The tenant should ask for a specimen form of schedule of condition if unsure of the Landlord’s requirements. |
| **USE:**  (Amend as appropriate) | The permitted use will be for any use falling within Classes B1(c), B2 or B8 of the Town and Country Planning (Use Classes) Order 1987. Other than the use for any purpose involves the storage of any substance in refrigeration equipment unless such use is wholly ancillary to a use which would otherwise be permitted.  The tenant is responsible for checking with the local planning authority that the premises can lawfully be used for such use as required. |
| **SUSTAINABILITY:** | Each party will agree to comply with environmental sustainability measures to be put in place at the estate provided they are economically viable and do not materially increase the Tenant’s costs which it would be required to incur pursuant to the lease. |
| **ACCOUNTS ADDRESS:**  (If different from Registered Address) | Accounts Address:  Accounts Contact: |
| **LANDLORD’S SOLICITOR:** | Macfarlanes LLP  20 Cursitor Street  London  EC4A 1LT  DX 138 London/Chancery Lane  Tel No: 020 7831 9222  Fax No: 020 7831 9607  Contact: Caroline Matthews  Email: Caroline.Matthews@macfarlanes.com  DD : 020 7849 2698 |
| **LANDLORD’S AGENT** | TBC |
| **TENANT’S SOLICITOR:** | TBC |
| **TENANT’S AGENT:**  (Delete if appropriate) | TBC |
| **TIMESCALE:**  (Amend as appropriate) | The tenant will use all reasonable endeavours to complete the lease within **4** weeks of the receipt of legal documentation by their solicitors.  Standard timetable is 4 weeks but can be amended to reflect circumstances of a deal. |
| **LEGAL & OTHER COSTS:** | Each party will bear their own legal costs involved in granting the lease.  Any additional costs associated with drafting legal documentation relating to the tenants intended use of the premises, such as Licences for Alteration, or Schedules of Condition, will be borne by the tenant. |
| **ABORTIVE COSTS:** | The tenant will provide a cheque for £500 plus VAT made out to **Legal & General Property Limited**, or alternatively their solicitors will provide an undertaking for abortive costs prior to solicitors being instructed and before the draft lease will be distributed. The funds will not be cashed but held on account in the event that the tenant withdraws from the lease and does not proceed to completion.  If the tenant fails to progress the transaction within one week following the receipt of legal documents, the tenant will be liable for the landlord’s aborted legal costs. |
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| **CONDITIONS:**  (Amend and add as appropriate) | The above remains subject to:  (a) Contract.  (b) The landlord’s formal Board Approval.  (c) Confirmation that the financial status of the tenant is acceptable to the landlord.   1. VAT. 2. Completion is subject to all rent due to the end of the quarter being collected by the Landlord’s solicitors. 3. All other terms being as set out in the standard IPIF lease.   **Please note that IPIF's standard lease has been in use since the Fund was incepted in 1997 and was drafted in a fair and concise manner to avoid lease negotiations and to apply to all of the Fund's tenants, which now number approximately 2,000.**  **Consequently amendments to the standard wording will not be accepted except in special, pre-agreed cases where such changes are fundamental to the tenant's use and occupation of the premises.** |