



Jargon Buster

Agent An estate agent specialising in commercial property.

Agreement for lease An obligation to enter into a lease once certain preconditions e.g. completion of works on the premises by the landlord, are satisfied. This takes the form of a written agreement to which a copy of the lease is attached.

Alienation Assigning or subletting a lease.

Assignment The Scottish version of Assignment.

Assignment The transfer of a lease to another party. A correctly executed assignment of the lease passes all associated costs and liabilities onto the new tenant. However, in England and Wales (but not in Scotland), your lease will require you to act as a guarantor for the new tenant. See Authorised Guarantee Agreement (AGA).

Authorised guarantee agreement (AGA) (relevant to England and Wales only) The agreement requiring a tenant to act as a guarantor for the party to whom a lease is assigned. Most modern leases require the tenant to enter into an Authorised Guarantee Agreement with the landlord if the lease is assigned.

Break clause The right to terminate a lease at one or more specified dates. This is usually a right of the tenant. However, if a landlord is contemplating redeveloping a property or occupying it themselves, they may seek a mutual break clause that can be exercised by the landlord or tenant.

Building surveyor A surveyor specialising in building surveys, preparation of schedules of condition or dilapidations and planned maintenance.

Chartered surveyor The generic term for surveyors who have achieved the professional standards set out by the Royal Institute of Chartered Surveyors (RICS).

Commercial property surveyor A surveyor specialising in property agency, rent reviews, lease renewals, landlord and tenant issues and commercial property management.

Conveyance (1) The act of transferring property title from one person to another.

Conveyance (2) The document effecting a property transfer.

Covenant A signed, written agreement between two or more parties – literally a promise.

Demise The extent of the premises.

Demised premises Land or property leased for a term of years.

Dilapidations See '[Schedule of dilapidations](#)'.

Disposition The formal name given in Scotland to Conveyance (2)

Freeholder A property owner who also owns the land on which the property is located. A freeholder owns a property until they choose to sell, whereas a leasehold is for a fixed period of time.

Forfeiture (relevant in England and Wales only) The right of a landlord to terminate the lease early if the tenant fails to comply with the lease. In practice, this right is rarely exercised as a Court will generally give a tenant 'relief from forfeiture' if they remedy the breach of the lease.

Fully repairing and insuring (FRI) lease A lease where the tenant is responsible for repairing, maintaining and insuring the interior and exterior of the premises.

Guarantee To be responsible for another party's obligations under a lease, should that party default.

Guarantor A party that agrees to be responsible for a tenant's obligations under a lease, should the tenant default.

Headlease The lease agreement between a freeholder and his immediate tenant.

Heads of Terms A summary of the key points to be included in a lease that can be set out clearly and simply on no more than two sides of A4.

Interest (in property) A right, legal share, or financial involvement.

Internal repair and decoration only lease A lease where the tenant is responsible for repairing and maintaining only the interior of the premises.

Irritancy (relevant in Scotland only) The right of a landlord to terminate the lease early if the tenant fails to comply with the lease. In contrast to forfeiture in England and Wales, irritancy is a very effective way of a landlord removing a non-complying tenant in Scotland.

Landlord and Tenant Act 1954 (applying to England and Wales only) The act of parliament that gives tenants security of tenure (the right to renew a tenancy on essentially the same terms when it comes to an end) on a commercial lease. Your lease is usually referred to as being 'inside' or 'outside'; the act. Inside means that you will have a right to a new lease when your current lease ends, 'outside means that you will not.

Lease A legal agreement between the landlord and tenant that sets out the terms of the tenancy.

Leaseholder A party that has been granted the right to occupy a property for a given length of time.

Lessee One who leases property from another.

Lessor One who leases property to another.

Licence (1) A contract granting permission to occupy a property. This is usually a less formal and shorter term agreement than a lease.

Licence (2) A landlord's consent. Under a lease, certain actions by a tenant, such as altering the premises or assigning or sub-letting the lease, will require the landlord's consent. When this consent is given, the landlord grants the tenant a licence to undertake the activity.

Licensee A party to whom a licence is granted.

Licensor The party granting the licence.

Managing agent An individual or company that manages a property on behalf of the landlord.

Notices An official mechanism, used by landlords and tenants, to notify one another of certain intentions, such as exercising a break clause, reviewing the rent or terminating the lease. Notices have to be issued in a specified legal form, and in accordance with the lease.

Rateable value An assessment of the value of a property by the Valuation Office Agency, from which business rates are calculated.

Rates relief The range of reductions on rates bills available to charities, small businesses and organisations providing local services, on premises that are partly or completely empty or where a recent revaluation has led to a large change in the rateable value.

Rent deposit A sum of money paid to the landlord at the start of a lease which the landlord will draw on if the tenant defaults on rent or other payments or obligations. The tenant receives the interest that accrues on the rent deposit whilst it is held by the landlord.

Rent deposit deed A contract between the landlord and tenant setting out the terms on which the rent deposit is held.

Rent review The right of the landlord to increase the rent on a property at one or more specified dates during the term of the lease.

Repairing obligations A tenant's obligations to repair and maintain the premises as set out in the lease.

Schedule A document forming part of the lease.

Schedule of condition A record of the state of a property (which can include written documentation and photographs) at the start of a lease which provides the standard against which any disrepair at the end of the lease is measured.

Schedule of dilapidations A notice, prepared by the landlord, setting out where the tenant is in breach of his repairing obligations under the lease. This is usually served close to the end of a lease when a landlord wants a tenant to put the property back into good condition

Security of tenure In England and Wales tenants can have the right to renew a tenancy on essentially the same terms when it comes to an end. In Scotland there is no such general right.

Service charge The fee paid to the landlord (in addition to the rent) to cover some of the costs associated with the operation, maintenance and repair of the common parts of a building.

Serviced office accommodation A Fully equipped office with the option of additional services such as reception.

Sinking fund A sum of money (also known as a reserve or setting aside fund) held by the landlord until he needs to pay for exceptional items such as replacing the roof, lifts or central heating system. Contributions to a sinking fund are usually collected as part of the service charge.

Stamp duty land tax A tax paid on the purchase or lease of land and buildings. Stamp duty land tax replaced stamp duty on 1 December 2003.

Sublease (or underlease) Lease agreement between a tenant and a sub- or undertenant.

Sublet To lease part or all of your premises to another party. With a sublet, the tenant remains responsible for paying rent and all other charges to the landlord. Ideally, the sublease should mirror the tenant's lease so that all responsibilities are passed to the undertenant. Where this is not appropriate, the tenant needs to be aware of, and make provision for, the obligations that are not passed to the undertenant. In general, unless you are viewing property as an investment, assignment / assignation is preferable to subletting because it passes all obligations to the new tenant.

Tenancy The right to occupy land or buildings as provided by the terms of a lease or other agreement.

Tenancy at will Occupation of the premises at the will of the landlord. A tenancy at will has no fixed length and no notice is required to be given by either party to bring the tenancy to an end. A tenancy at will is often a verbal agreement.

Term The duration of the lease.

Title The legal term for an owner's interest in a piece of property.