

RENT REVIEW MEMORANDUM

Guidance Notes



Introduction

This Rent Review Memorandum is used to evidence the revised rent payable by the Tenant under a lease (or sub-lease) following a rent review.

1 Preamble

If there is no Guarantor delete the definition of Guarantor, paragraph (C) in the preamble and any other consequential references.

2 Clause 1 Definitions

Although the PSG does not consider it necessary, you can if you wish refer to all the letting documentation, in which case the definition of "Lease" should be amended accordingly and the letting documentation listed in a schedule.

A brief description of the subjects let (eg "First and Second Floors, Millennium House, 2000 Princes Street, Edinburgh") is all that is required for inclusion in the definition of the Property.

3 Clause 2 Rent Review

The current wording caters for rental increases, nil uplifts and even rental decreases without having to be amended.

4 Clause 3 Costs

Liability for costs will depend on the terms of the lease, which should always be checked and Clause 3.1 amended accordingly. If the Lease is silent on the question of who pays for the costs of extracts, the view taken by the PSG is that these should be borne equally by the parties.

If the original Lease is a lease on which SDLT was paid, additional SDLT will only be chargeable in the relatively rare circumstances where there has been an abnormal increase in the level of rent payable (ie where the annual rent increases after 5 years by more than 5% + RPI annually above the rent used for those year(s) in the original Net Present Value calculation on which SDLT was calculated).

Where the Lease is a lease on which LBTT was paid, although a rent review under the Lease will not trigger an LBTT return (unless the rent review date coincides with one of the triennial anniversaries of the effective date) any change in the rent at rent review must be disclosed in the next return to be made by the tenant, and any additional LBTT due paid at that time.

5 Clause 5 Consent to Registration

There are differing practices as to whether or not a rent review memorandum should be registered in the Books of Council and Session. The PSG's preferred option is for it to be registered but if not, the Rent Review Memorandum should be executed in duplicate.