

Model Commercial Lease

April 2025 Updates

Introduction

We have published version 1.8 of the Model Commercial Lease (**MCL**). This note highlights the changes that we have made.

Version 1.8 incorporates changes to the green leasing provisions adopting some of the new provisions contained in the updated version of the Green Leasing Toolkit published by the Better Buildings Partnership in January 2024. We have published a separate guidance note setting out the approach that we have adopted.

Following a request for them, we have drafted three new food and drink leases that contain turnover rent provisions. These are:

MCL-FOODDRINK-06 - Lease of whole building on an estate for food / drink use (turnover rent)

MCL-FOODDRINK-07 - Lease of part of a building on an estate for food / drink use (turnover rent)

MCL-FOODDRINK-08 - Lease of a unit in a shopping centre for food / drink use (turnover rent)

Insurance

Users of version 1.8 of the MCL should note that we have made an important change to the insurance provisions. Up to version 1.7 of the MCL, all tenant's works were insurable by the landlord once they had been completed with an exception made for the installation of tenant's fixtures. From version 1.8, the insurance of tenant's works is the responsibility of the tenant unless the landlord elects to include them within its insurance. Changes to the repairing and insuring obligations have been made to reflect the new approach.

Where leases have been granted using older versions of the MCL, you may need to adapt version 1.8 to reflect the old insurance provisions. Guidance notes below and in the MCL leases explain the changes that are required to do this.

Changes to the terms of the lease

References to clause numbers below are to those in MCL-OFFICE-02 (lease of part of a building for office use)

- The definition of **"company"** in clause 1.1 now includes references to limited liability partnerships.
- To reflect the new green leasing provisions that we have included, the definition of **"Environmental Performance"** in clause 1.1 has been updated and new defined terms added for **"EPC Rating"**, **"Greenhouse Gas Emissions"**, **"Improving the Environmental Performance"** and **"Waste"**.
- There is a new definition of **"Excluded Tenant's Works"** in clause 1.1 to reflect the new insurance provisions. This can be deleted if you want to maintain the old insurance provisions.
- References to **"External Works"** in the leases of part are no longer optional and the square brackets around them have been removed.
- The definition of **"Premises"** in clause 1.1 has been amended to remove references to "all tenant's fixtures", and "any Permitted Works" and to replace them with "any other parts of the Premises installed or on behalf of the Tenant or any other occupier"

- In clause 4.6, we have deleted the obligation on the Tenant to pay for the costs of works to the Premises to improve their Environmental Performance. These costs were payable only if the Tenant, in its absolute discretion, consented to the works being carried out. In version 1.8 of the MCL, the Landlord has a right to enter to carry out works to improve Environmental Performance (subject to the usual entry safeguards) but the costs of the works will be met by the Landlord unless otherwise agreed with the Tenant.
- In clause 4.9:
 - We have simplified the repairing obligation. The standard repairing obligation is to keep the Premises in “good and substantial repair and condition”. Where the parties want to include a schedule of condition to limit the extent of this repairing obligation, they should include the new clause 4.9.5.
 - The words “and any requirements of the Landlord’s insurers” have been deleted from clause 4.9.1(b).
 - The suspension of the tenant’s repairing obligations where there has been damage by an Insured Risk does not apply where there is damage to “Excluded Tenant’s Works” so that these will always be repairable by the Tenant. If you want to maintain the old insurance provisions, you should delete clause 4.9.6(a)(ii).
- In clause 4.23, there is a new heading to the clause and the tenants’ obligation to comply with title matters on the Landlord’s title is now limited to documents specifically referred to in Schedule 5.
- In clause 5.8.2, the words “be entitled” have been replaced by “have the right”.
- In clause 6.1.2(d)(v), “Part A1 to” is now “Part A1 of”
- In clause 6.4.2(b), we have simplified the opening wording and added an option for service at an overseas address where a party has no known address for service in the United Kingdom.
- In clauses 6.4.4(b) and (c) the references to “lease” are now “Lease”
- In clause 6.11, we have simplified the wording.
- In clause 7.1.2, the word “Original” has been added before the first reference to “Tenant”.
- In the leases of whole, the right to the landlord to enter the premises to review their environmental performance in paragraph 2.1 of Part 2 of Schedule 1 has been expanded to match the corresponding right the leases of part.
- In paragraph 3.2 of Part 2 of Schedule 1, we have made some minor alterations to the wording so that it reads correctly.
- In paragraph 3.3 of Part 2 of Schedule 1, there is a new general right for the Landlord to enter the Premises to carry out works to improve their Environmental Performance.
- In paragraph 3.4 of Part 2 of Schedule 1, the words “is expressly entitled or” have been replaced by “has the express right to do or is”.
- In the definition of “Assumptions” in clause 1 of Schedule 2, the words “and are ready to receive the willing tenant’s fitting-out works” have been added to paragraph (b) of the definition.
- In paragraph 4.1.2 of Schedule 2, the wording has been substantively updated. The main change is that the Landlord is now required to demand any uplift in rent following the conclusion of the rent review.

- In paragraph 2.6 of Part 1 of Schedule 3, the words “will be entitled” are now “may”.
- In paragraph 3.3 of Part 1 of Schedule 3, the word “shall” is now “must”.
- In paragraph 2.1 of Part 2 of Schedule 3, there is a new provision that excludes liability on the part of the Landlord for interruption to the service where the interruption results from works to improve the environmental performance of the building, centre or estate.
- In paragraph 3.1.2 of Part 5 of Schedule 3, the words “is entitled to” are now “may”.
- There is a new paragraph 1 in Schedule 4 that removes any obligation on the Landlord to insure tenant’s works to the Premises unless the Landlord elects to insure them. If you want to preserve the old insurance provisions, this paragraph should be deleted.
- The wording “Nothing in this paragraph 2 imposes any obligation on the Landlord to insure or to reinstate tenant’s fixtures forming part of the Premises or the Building.” in the old paragraph 2.5 of Schedule 4 has been deleted. The wording should be reinstated if you want to maintain the old insurance provisions.
- In clause 2.9 of Schedule 4, the words “will be entitled to” are now “may”.
- In clause 3.5 of Schedule 4, the word “party” is now “the Landlord or the Tenant”.
- In clause 4.5.3 of Schedule 4, the words “will be entitled to” are now “may”.
- In paragraphs 2 and 3 of Schedule 5, the titles matters to which the Lease is subject are now limited to those that “relate to the Tenant’s use and occupation of the Premises or the exercise of the rights granted by this Lease”.
- In paragraph 1 of Schedule 6, there is a new definition of “**Dutyholder Regulations**”. A corresponding change has been made to the licences for alterations.
- In paragraph 2.6.6 of Schedule 6 there is a new obligation on the Tenant to provide information to the Landlord to enable the Landlord to assess the impact of the Tenant’s work on the environmental performance of the Premises and other parts of the Landlords’ property. A corresponding change has been made to the licences for alterations.
- There is a new paragraph 2.8 in Schedule 6 that require the Tenant to comply with the Dutyholder Regulations if they apply to the Tenant’s works. A corresponding change has been made to the licences for alterations.
- Numerous changes have been made to the sustainability provisions in Schedule 7 to reflect the provisions adopted from the Green Leasing Toolkit. These changes are detailed in the separate guidance note on the adoption of the new Green Leasing toolkit.

MCL-LEASECLAUSE-01

To reflect the terms of the new turnover rent leases for food and drink premises, we have made some changes to the standalone turnover rent clauses:

- A new paragraph 7.1.8 includes income from “Deliveroo” type services within the Tenant’s turnover. This clause should be used instead of clause 7.1.7 where there is a food and drink use.
- A new clause 7.4.5 excludes commissions paid by the Tenant to third-party food ordering and delivering services from the Tenant’s turnover.

MCL-LEASECLAUSE-05

We have made some minor changes to the definitions of “Base Figure” and “Current Figure” in the service charge cap clause.

MCL-LICUNDER01 AND 02

The licences to underlet have been updated to add a closing bracket after “...Regulations 2012” in clause 5.4 of both licences.

MCL-LICALTER-01

- A new definition of “**Dutyholder Regulations**” has been added to clause 1.1.
- A new definition of “**Landlord’s Premises**” has been added for use where the Tenant’s lease is a lease of part. References to “Landlord’s Premises” have been added to:
 - the definition of “Consents” in clause 1.1;
 - a new interpretation provision in clause 2.4.6; and
 - clauses 5.1.4, 5.1.7, 5.1.7, 5.1.9, 12.1.3 and 12.1.4.
- Clause 2.4.4 has been added as a new interpretation provision to match the corresponding clause added to version 1.7 of the Lease.
- The obligation on the Tenant in clause 5.5 to insure the tenant’s works until practical completion has been deleted.
- In clause 6.1.6 “provide to” has been changed to “give”.
- A new clause 6.1.7 requires the Tenant to provide the Landlord will the information required to allow the Landlord to assess the impact of the alterations on the environmental performance of the Premises and, if relevant, the Landlord’s Premises.
- The wording in clause 6.1.8 has been updated to match the wording used in the Lease.
- The heading of clause 7 has been changed to “Regulations”
- A new clause 7.2 requires the Tenant to comply with the Dutyholder Regulations if they apply to the alterations.

MCL-LICALTER-02

- A new definition of “**Dutyholder Regulations**” has been added to clause 1.1.
- A new definition of “**Landlord’s Premises**” has been added for use where the Undertenant’s lease is a lease of part. References to “Landlord’s Premises” have been added to:
 - the definition of “Consents” in clause 1.1;
 - a new interpretation provision in clause 2.4.6; and
 - clauses 5.1.4, 5.1.7, 5.1.7, 5.1.8, 5.1.9, 12.1.3 and 12.1.4.
- Clause 2.4.4 has been added as a new interpretation provision to match the corresponding clause added to version 1.7 of the Lease.
- The obligation on the Undertenant in clause 5.5 to insure the tenant’s works until practical completion has been deleted.
- In clause 6.1.6 “provide to” has been changed to “give”.

- A new clause 6.1.7 requires the Undertenant to provide the Landlord and the Tenant with the information required to allow them to assess the impact of the alterations on the environmental performance of the Premises and, if relevant, the Landlord's Premises.
- The wording in clause 6.1.8 has been updated to match the wording used in the Lease.
- The heading of clause 7 has been changed to "Regulations"
- A new clause 7.3 requires the Undertenant to comply with the Dutyholder Regulations if they apply to the alterations.

MCL-LICALTER-04

- The definition of "**Consents**" has been updated to refer to the existing definition of "Landlord's Premises".
- A new definition of "**Dutyholder Regulations**" has been added to clause 1.1.
- Clause 2.4.4 has been added as a new interpretation provision to match the corresponding clause added to version 1.7 of the Lease.
- A new interpretation provision in clause 2.4.6 provides that references to the Landlord's Premises include the Premises.
- A reference to the Landlords' Premises has been added to clause 6.1.4.
- Clauses 6.1.8 and 6.1.9 have been updated to refer to the Landlord's Premises and any adjoining or neighbouring property.
- The obligation on the Tenant in clause 6.5 to insure the tenant's works until practical completion has been deleted.
- In clause 7.1.6 "provide to" has been changed to "give".
- A new clause 7.1.7 requires the Undertenant to provide the Landlord and the Tenant with the information required to allow them to assess the impact of the alterations on the environmental performance of the Premises and, if relevant, the Landlord's Premises.
- The wording in clause 7.1.8 has been updated to match the wording used in the Lease.
- The heading of clause 8 has been changed to "Regulations"
- A new clause 8.2 requires the Undertenant to comply with the Dutyholder Regulations if they apply to the alterations.
- The wording in clauses 13.1.3 and 13.1.4 has been simplified.

MCL-LICALTER-05

- The definition of "**Consents**" has been updated to refer to the existing definition of "Landlord's Premises".
- A new definition of "**Dutyholder Regulations**" has been added to clause 1.1.
- Clause 2.4.4 has been added as a new interpretation provision to match the corresponding clause added to version 1.7 of the Lease.
- A new interpretation provision in clause 2.4.6 provides that references to the Landlord's Premises include the Premises and the Underlet Premises.
- In clause 6.1.7, the square brackets have been removed from "Landlord's"

- Clauses 6.1.8 and 6.1.9 have been updated to refer to the Landlord's Premises and any adjoining or neighbouring property.
- The obligation on the Undertenant in clause 6.5 to insure the tenant's works until practical completion has been deleted.
- In clause 71.6 "provide to" has been changed to "give".
- A new clause 7.1.7 requires the Undertenant to provide the Landlord and the Tenant with the information required to allow them to assess the impact of the alterations on the environmental performance of the Premises and, if relevant, the Landlord's Premises.
- The wording in clause 7.1.8 has been updated to match the wording used in the Lease.
- The heading of clause 8 has been changed to "Regulations"
- A new clause 8.3 requires the Undertenant to comply with the Dutyholder Regulations if they apply to the alterations.
- In clause 12.2, the reference to "Tenants" has been changed to "Tenant's".
- The wording in clauses 13.1.3 and 13.1.4 has been simplified.

MCL-LICALTER-06

- The definition of "**Consents**" has been updated to refer to the existing definition of "Landlord's Premises".
- A new definition of "**Dutyholder Regulations**" has been added to clause 1.1.
- Clause 2.4.4 has been added as a new interpretation provision to match the corresponding clause added to version 1.7 of the Lease.
- A new interpretation provision in clause 2.4.6 provides that references to the Landlord's Premises include the Premises and the Underlet Premises.
- In clause 6.1.8, the square brackets have been removed from "Landlord's"
- Clauses 6.1.9 and 6.1.10 have been updated to refer to the Landlord's Premises and any adjoining or neighbouring property.
- The obligation on the Undertenant in clause 6.5 to insure the tenant's works until practical completion has been deleted.
- In clause 71.6 "provide to" has been changed to "give".
- A new clause 7.1.7 requires the Undertenant to provide the Landlord and the Tenant with the information required to allow them to assess the impact of the alterations on the environmental performance of the Premises and, if relevant, the Landlord's Premises.
- The wording in clause 7.1.8 has been updated to match the wording used in the Lease.
- The heading of clause 8 has been changed to "Regulations"
- A new clause 8.3 requires the Undertenant to comply with the Dutyholder Regulations if they apply to the alterations.
- In clause 12.2, the reference to "Tenants" has been changed to "Tenant's".
- The wording in clauses 13.1.3 and 13.1.4 has been simplified.

MCL-LICALTER-07

- A new definition of “**Dutyholder Regulations**” has been added to clause 1.1.
- Clause 2.4.4 has been added as a new interpretation provision to match the corresponding clause added to version 1.7 of the Lease.
- In clause 5.3.2, “on” has been changed into “onto”.
- The obligation on the Tenant in clause 5.5 to insure the tenant’s works until practical completion has been deleted.
- In clause 6.1.6 “provide to” has been changed to “give”.
- A new clause 6.1.7 requires the Tenant to provide the Landlord will the information required to allow the Landlord to assess the impact of the alterations on the environmental performance of the Landlord’s Premises.
- The wording in clause 6.1.8 has been updated to match the wording used in the Lease.
- The heading of clause 7 has been changed to “Regulations”
- A new clause 7.2 requires the Tenant to comply with the Dutyholder Regulations if they apply to the alterations.

MCL-LICALTER-08

- A new definition of “**Dutyholder Regulations**” has been added to clause 1.1.
- Clause 2.4.4 has been added as a new interpretation provision to match the corresponding clause added to version 1.7 of the Lease.
- The obligation on the Tenant in clause 5.5 to insure the tenant’s works until practical completion has been deleted.
- In clause 6.1.6 “provide to” has been changed to “give”.
- A new clause 6.1.7 requires the Tenant to provide both Landlords will the information required to allow them to assess the impact of the alterations on the environmental performance of their respective premises.
- The wording in clause 6.1.8 has been updated to match the wording used in the Lease.
- The heading of clause 7 has been changed to “Regulations”
- A new clause 7.2 requires the Tenant to comply with the Dutyholder Regulations if they apply to the alterations.

MCL-LICALTER-09

- A new definition of “**Dutyholder Regulations**” has been added to clause 1.1.
- A new definition of “**Landlord’s Premises**” has been added for use where the Tenant’s lease is a lease of part. References to “Landlord’s Premises” have been added to:
 - the definition of “Consents” in clause 1.1;
 - a new interpretation provision in clause 2.4.6; and
 - clauses 5.1.5, 5.1.6, 5.1.7, 10.1.3 and 10.1.5.

- Clause 2.4.4 has been added as a new interpretation provision to match the corresponding clause added to version 1.7 of the Lease.
- A new clause 5.1.9 relates to compliance with the Dutyholder Regulations.
- The insurance confirmation in clause 5.3 has been deleted.
- In clause 6.1.5 "provide to" has been changed to "give".
- A new clause 6.1.6 requires the Tenant to provide the Landlord with the information required to allow the Landlord to assess the impact of the alterations on the environmental performance of the Premises and, if relevant, the Landlord's Premises.
- The wording in clause 6.1.7 has been updated to match the wording used in the Lease.
- The heading of clause 7 has been changed to "Regulations"
- A new clause 7.2 requires the Tenant to comply with the Dutyholder Regulations if they apply to the alterations.