K&L GATES

OVERRIDING INTEREST

Summer 2026

Highlighting developments and issues in the European real estate industry

INSIDE THIS ISSUE:

KEY CONTACTS

Steven D. Cox
+44.20.7360.8213
steven.cox@klgates.com

Bonny Hedderly
+44.20.7360.8192
bonny.hedderly@klgates.com

NEW JOINERS

Zoe Christodoulou

Senior Associate
Melbourne

Zoe Christodoulou has experience in a broad range of real estate transactions including acquisitions and disposals of residential and commercial properties, mixed use "off the plan" developments, vacant land subdivisions, insolvency-related property transactions, and retail and commercial leasing matters.

Zoe advises a range of clients including vendors, purchasers, property developers, landlords and tenants. Zoe also works with lending institutions and corporate advisory clients in relation to the sale of distressed assets.

Nicole L. Conway

Counsel
Harrisburg

Nicole Conway has more than 20 years of experience as both outside counsel and as an in-house legal and business executive. Nicole brings a practical, business-oriented perspective to representing developers, institutional owners, and public and nonprofit entities across the full life cycle of real estate projects.

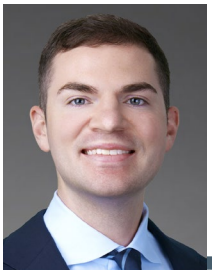
Whitney Jiang

Senior Associate
Sydney

Whitney Jiang focuses on all types of commercial real estate matters, including acquisitions and dispositions, joint ventures, leases and project financing for international and domestic developers, agribusinesses clients and high net worth private clients.

Whitney has considerable experience in handling large-scale commercial transactions, property acquisitions and development projects. She has regularly acted for clients on due diligence reports and finance facility documents, Foreign Investment Review Board (FIRB) applications and represented clients in negotiations and regulatory dealings with Revenue NSW, Australian Securities and Investments Commission (ASIC), the NSW Civil and Administrative Tribunal (NCAT), NSW Fair Trading and the Australian Taxation Office.

Whitney has previously worked in the banking and finance industry, with sound knowledge of the stock market, derivatives, IPOs and share structuring. She also has counselled financial services clients in relation to Australian Financial Licences (AFL) and Australian Prudential Regulation Authority (APRA) regulatory matters.



Alexander B. Kalos

Associate
New York

Alexander Kalos represents clients in a broad range of transactions, including joint ventures, financings, and acquisitions and dispositions across a variety of real estate asset classes.

Kristupas Katilius

Trainee Solicitor
London

Kristupas Katilius was a summer legal worker in the firm's London office prior to joining the practice. Through this role, he carried out various research, file management, collaborative and legal research tasks.

Scott M. Launius

Associate
Seattle

Scott Launius focuses on all aspects of real estate transactions, negotiating and drafting transaction documents (including purchase and sale, due diligence and financing) and advising clients on a broad scope of real estate matters.

Stephen Mc Laughlin

Associate
London

Stephen Mc Laughlin was an associate at a corporate law firm based in Ireland prior to joining the firm. In this role, he gained experience working on a variety of matters, including land acquisitions, office leasing and development financing, for clients which included private equity companies, asset managers and property developers.

ARTICLES OF INTEREST

UPWARDS-ONLY RENT REVIEW BAN: ACT RECEIVES ROYAL ASSENT, BUT COMMENCEMENT DATE STILL AWAITED

SUMMARY

The bill containing a ban on upwards-only rent reviews in commercial leases received Royal Assent on 29 April 2026 and is now the English Devolution and Community Empowerment Act 2026 (the Act).

The ban will not take effect immediately, and a commencement date will be set by future regulations. Market expectation is that this will not be before 2027 or possibly 2028.

The Act includes a ban on upwards-only rent review clauses in new and renewal commercial leases in England and Wales, which are occupied by the tenant for business purposes or which could be occupied for business purposes. These include high street, office, and manufacturing leases, with limited exemptions, such as certain agricultural or mining leases. Please see our previous alert **here**.

ARE EXISTING LEASES AFFECTED?

Existing leases containing upwards-only rent review provisions should generally remain unaffected. Similarly, leases granted pursuant to "an arrangement" in place before the ban comes into force will not be affected. "An arrangement" is not a defined term, so it will likely be interpreted as being wider than a contract and will include options as well as agreements for lease.

However, following a late amendment, certain renewal arrangements entered into on or after 17 March 2026 could be affected. The ban on upwards-only rent reviews would apply not only to rent reviews within a lease, but also to the rent payable at the start of a new lease granted pursuant to what are described as "tenancy renewal arrangements"—essentially put or call renewal options contained in an existing lease. This late amendment means that the ban would apply to the rent payable at the start of a new lease (and rent reviews contained in that new lease) if the relevant renewal option was contained in a lease granted on or after 17 March 2026.

RENT REVIEWS WHICH WOULD BE SUBJECT TO THE BAN

The ban would apply to traditional open-market rent reviews, rent reviews linked to inflation or other index or multiplier, and rents linked to turnover, if the rent payable after the review date is unknown and cannot be ascertained when the lease is entered into. A stepped rent and a rent subject to a fixed increase will be unaffected, as both are ascertainable when the lease is granted.

As inflation rarely falls, commentary suggests that landlords may switch to index-linked reviews, so rent will be linked to the increase in the value of money rather than the value of property, which would not be what the Act envisaged. There is currently no guidance on the Consumer Price Index (CPI) as an alternative to the Retail Price Index and whether, for example, an increase based on CPI with a cap and collar would be compliant. The UK government has promised to consult on cap-and-collar rent reviews, so we will need to wait for the outcome of this consultation. While in principle there should be no objection to caps, it is difficult to see how any form of collar would be consistent with the aims of the Act.

PRACTICAL IMPLICATIONS FOR LANDLORDS AND TENANTS

Revisit Current Deals and Template Drafting

Landlords and tenants should review any live transaction or standard form lease that includes a contractual renewal right. Where that right is granted on or after 17 March 2026, the renewed lease may be caught by the new regime. The parties should therefore address at the outset how rent is to be set on renewal, rather than assuming that an upwards-only market review will remain available.

Think Carefully About Term Length and Rental Structure

The ban may influence how parties approach lease length. Some landlords may prefer shorter terms, giving them a further opportunity to reset the rent on re-letting, rather than relying on an upwards-only review during the term. For longer leases, alternatives such as fixed stepped increases or genuinely upwards and downwards index-linked reviews may become more common, although these may not suit every asset or financing structure.

Reassess Valuation, Funding and Investment Assumptions

Where valuations, lending assumptions or investment appraisals rely on a rent floor at review, those assumptions should be revisited. This will be particularly important for assets where renewal options form part of the expected income profile. Investors, valuers and lenders will also need to consider the emerging distinction between leases protected by existing arrangements and newer leases subject to the ban.

If you would like advice on how to adapt your leasing strategy or a review of your current documentation, please contact our Real Estate practice team.

ENERGY PERFORMANCE CERTIFICATES ENERGY PERFORMANCE CERTIFICATES — UPDATE

INTRODUCTION

On 21 January 2026, the UK government published a partial response to its consultation on the Energy Performance of Buildings regime. The consultation was concerned with proposals on what reformed Energy Performance Certificates (EPCs) will measure and when EPCs will be required. These proposals form part of the key policy decisions about how minimum energy efficiency standards in the private rented sector will be increased. By setting a target of EPC C for all tenancies by 2030, using new EPCs, the government aims to bring more households out of fuel poverty in line with the fuel poverty target. A maximum investment of £10,000 per property is to drive the delivery of fabric measures, smart measures and low carbon heating.

SUMMARY OF PROPOSALS

- For domestic EPCs, the government intends:
  a. To replace the existing single-cost metric with four new headline metrics: energy cost, fabric performance, heating system and smart readiness. The government hopes that the separate metrics will provide more useful information to consumers.
  b. To add a secondary energy demand metric, based on modelled energy use, and to retain a carbon-based metric to provide a snapshot of the modelled emissions produced by the building.
- For nondomestic buildings, the government intends to keep the single carbon-based environmental impact rating.
- The current 10-year validity period will be kept (a reduction to two years had been floated).
- An EPC will be required at the point of marketing rather than, as currently, sale or rent.

Responses to outstanding consultation questions will be published. No date for this has been set. However, the government "is working hard" to deliver new EPCs from October 2026 and while they acknowledge that the timeline is ambitious, we can expect changes to the regulations in the near future.

COMMENT

The focus on domestic properties is understandable. The multiple metrics should allow owners a wider range of retrofit options to improve energy efficiency. There is also a consultation on the Home Energy Model which aims to collect data on the in-use performance of homes. However, there remains a lack of certainty over what changes will be brought in for commercial properties.

NEW TRANSPARENCY REQUIREMENTS FOR CONTRACTUAL CONTROL ARRANGEMENTS OVER LAND

The government has recently published regulations and guidance for a new transparency regime requiring details of certain contractual control arrangements affecting registered land in England and Wales to be disclosed to HM Land Registry. The Provision of Information (Contractual Control) (Registered Land) Regulations 2026 were laid before Parliament on 9 March 2026 and on 8 June 2026, the Government made the Provision of Information (Contractual Control) (Registered Land) Regulations 2026 which form the statutory framework for the new Contractual Controls Register. Contractual controls are rights that give a party the ability to control how and when land is transferred without conferring legal ownership, and they will come into force on 6 April 2027. The changes will be of particular interest to developers, promoters, strategic land investors and landowners who routinely use options, promotion agreements and conditional contracts.

BACKGROUND

For many years, contractual arrangements giving a party future rights over land have largely remained outside the public domain. Whilst notices or restrictions may appear on the register, the nature and extent of the underlying arrangements have often been difficult to ascertain.

The government considers that this lack of transparency can make it more difficult for local authorities, communities and market participants to understand who controls land that may be available for future development. The new regime seeks to address this by requiring prescribed information relating to certain contractual control arrangements to be supplied to HM Land Registry.

WHAT IS A CONTRACTUAL CONTROL ARRANGEMENT?

The regulations apply to a broad range of arrangements that confer rights over future dealings with land, including the following:

- Option agreements.
- Pre-emption rights and rights of first refusal.
- Conditional contracts.
- Promotion agreements.
- Contracts contingent on planning or other future events.
- Other arrangements that give a party a significant degree of control over the future disposal or development of land.

The scope is intentionally broad, and parties should review arrangements carefully rather than assuming that only traditional options are affected. The regime generally applies where the owner holds a qualifying estate, namely the following:

- A registered freehold title.
- A leasehold title with at least 15 years remaining.

WHAT INFORMATION MUST BE PROVIDED?

Although the exact requirements depend on the nature of the arrangement, parties will be required to provide information, including the following:

- Details of the affected land.
- The identity of the beneficiary of the arrangement.
- The nature of the rights granted.
- Relevant dates and duration.
- Prescribed information relating to the contractual control itself.

Some of this information will become publicly available through HM Land Registry records and will be protected on the register by the entry of a notice or a restriction. The information does not include financial or price information, and information is not required for overage or restrictive covenants. Also, if a contractual control right is varied in writing after information has been provided, the grantee must provide information about the variation to HM Land Registry within 60 days of the variation being made. This also includes any assignments of control, which any new grantee must update within 60 days of the assignment period.

WHEN DO THE CHANGES TAKE EFFECT?

The regulations will come into force on 6 April 2027. A transitional period applies to existing arrangements entered into after the regulations are made but before 6 April 2027, when the regime becomes fully operational.

Parties should be aware that notification obligations can arise before that date and may be triggered by specified events during the transitional period. Current guidance indicates that transitional information must be submitted by 6 October 2027.

PRACTICAL IMPLICATIONS FOR THE MARKET

The regulations are likely to have several practical consequences.

Increased Visibility of Strategic Land Positions

Developers, promoters and investors may find that competitors, local authorities and other stakeholders have greater visibility of their land interests and strategic positions.

Due Diligence Considerations

Buyers, funders and joint venture partners will have access to additional information regarding land control arrangements, which may assist with transaction due diligence and risk assessment.

Confidentiality Concerns

Many option and promotion agreements contain commercially sensitive provisions. Whilst the regulations do not require full disclosure of every contractual term, parties should review existing confidentiality provisions and consider whether amendments are appropriate.

Portfolio Reviews

Businesses with significant strategic land holdings may decide to undertake an audit of existing arrangements to identify the following:

- Agreements that fall within the regime.
- Upcoming trigger events.
- Reporting responsibilities.
- Internal compliance processes.

WHAT SHOULD LANDOWNERS AND DEVELOPERS DO NOW?

Parties involved in strategic land transactions should do the following:

1. Review existing option, promotion and conditional agreements.
2. Identify arrangements likely to fall within the new regime.
3. Consider responsibility for compliance and reporting.
4. Review confidentiality provisions and data-sharing implications.
5. Ensure future transaction documents address the new requirements appropriately.

COMMENTARY

The new regime represents one of the most significant changes to the transparency of strategic land arrangements in recent years. While the stated objective is to improve understanding of land availability and support housing delivery, the practical effect will be to bring a level of public visibility to arrangements that have traditionally remained largely private. The obligation to register falls on the grantee or beneficiary of the contractual right, and whilst certain agreements are excluded (such as restrictive covenants, security arrangements for loans or overage security, certain section 106 rights, and matters related to national security and defence), a failure to register can have both criminal and practical consequences.

For landowners, developers and promoters, early preparation will be important. Although the full implementation date is some way off, businesses should use the transitional period to understand the impact on existing portfolios and establish procedures for future compliance.

EVENTS

10 JULY 2026
PROPERTY RACE DAY

On 10 July, the London Real Estate practice team will be attending the Property Race Day at Ascot. The Property Race Day is an established key date on the property calendar, and the principal aim is to raise funds for selected charities. It is the perfect opportunity for networking within the sector while enjoying a day at one of the finest racecourses in the world.

For more information, please contact:

Gareth McCarter
gareth.mccarter@klgates.com

Christopher Swallow
christopher.swallow@klgates.com

15 SEPTEMBER 2026
REAL ESTATE BREAKFAST SEMINAR

Our annual Real Estate Breakfast Seminar, an in-person event, will be hosted in our London office near St. Paul's Cathedral. We hope you will be able to join us—please find the relevant information and registration on the next page.

5-7 OCTOBER 2026
EXPO REAL CONFERENCE

On 5-7 October, members of the European Real Estate practice team will attend the EXPO REAL conference in Munich, Germany. The conference is Europe's largest real estate and investment trade fair and provides an opportunity to meet with key players in the real estate market in Europe and discuss current trends within the sector. A team of European lawyers from K&L Gates will attend.

For more information, please contact:

Dr. Anja Rösch
anja.roesch@klgates.com

ANNUAL REAL ESTATE BREAKFAST SEMINAR

Global Real Estate Trends and Opportunities for 2026/2027

We hope you will be able to join us for our Annual Real Estate Breakfast Seminar this September, where our panel will discuss Real Estate trends and opportunities during 2026 and looking forward to 2027.

Chair

- **John Forbes**, Chairman, John Forbes Consulting LLP

Panelists:

- **Sabina Reeves**, Chief Economist, CBRE Investment Management
- **Gareth McCarter**, Partner, K&L Gates LLP
- **Christopher Swallow**, Special Counsel, K&L Gates LLP

RSVP ONLINE

Tuesday, 15 September 2026

8:30 AM BST: Registration and breakfast
9:30 AM BST: Seminar commences
10:30 AM BST: Seminar concludes followed by coffee and networking

Location

K&L Gates LLP
One New Change
London
EC4M 9AF
Map

Stay Informed

Sign up to receive the latest industry-specific insights from our lawyers across the globe.

SUBSCRIBE

Please register your interest so that we can provide further details on this September seminar and future seminars and newsletters. Your name, job title and organisation will be printed on a guest list which will be provided at the seminar, unless you notify us in advance that you do not wish to be listed.

CASE STUDIES

PRIDEWELL PROPERTIES (LONDON) LTD V SPIRIT PUB COMPANY (MANAGED) LTD [2026] EWHC 953 (CH)

SUMMARY

The High Court clarified the approach to ground (f) opposition under Section 30(1) of the Landlord and Tenant Act 1954 (LTA 1954). The court held that the judge at first instance had applied the wrong test when assessing whether the landlord could demonstrate a genuine intention to carry out redevelopment works and to do so within a reasonable time.

FACTS

The landlord, Pridewell Properties (London) Ltd, opposed Spirit Pub Company (Managed) Ltd's application for a renewal lease of public house premises under Part II LTA 1954. The landlord relied on ground (f), asserting an intention to substantially redevelop the premises, including residential development to upper floors and construction of mews houses in the pub's garden.

At trial, the County Court accepted that the landlord had a settled intention to carry out the proposed works. However, evidence showed that outstanding preparatory steps would lead to a gap of 10-14 months between termination of the existing tenancy and works commencing.

The judge concluded that despite the delay, the landlord would still commence works within a "reasonable time" and upheld the ground (f) opposition. The tenant appealed.

DECISION

Allowing the appeal, the High Court held that the correct test was not whether the anticipated delay was reasonable in the abstract, but whether the landlord had shown a firm and settled intention to carry out the works with a real prospect of implementation within a reasonable time after termination.

On the facts, the length and uncertainty of the delay, coupled with the unresolved preparatory requirements, meant the landlord had not discharged its statutory burden. The landlord's intention was therefore insufficiently immediate and concrete to satisfy ground (f), and the tenant was entitled to a renewal lease.

COMMENT

The decision provides important clarification on the evidential and temporal requirements for ground (f) opposition. It reinforces the notion that landlords must demonstrate not only intention and feasibility, but also prompt implementation of works following termination. Extensive preparatory steps, particularly where access is constrained, may undermine a ground (f) case even where redevelopment proposals are genuine.

TRIATHLON HOMES LLP V STRATFORD VILLAGE DEVELOPMENT PARTNERSHIP [2025] EWCA CIV 846

SUMMARY

The Court of Appeal dismissed an appeal against the making of Remediation Contribution Orders (RCOs) under Section 124 of the Building Safety Act 2022 (BSA 2022), confirming that it was just and equitable to require the original developer to contribute to the costs of remedying safety defects. The court also confirmed that Section 124 operates retrospectively.

FACTS

Stratford Village Development Partnership (SVDP) developed residential tower blocks, where Triathlon Homes LLP (Triathlon) held long leasehold interests in the social and affordable housing segment. The private housing was held by entities within SVDP's corporate group.

Following the post-Grenfell Tower tragedy investigations, serious fire safety defects were identified. The estate management company responsible for remediation had secured grant funding of approximately £27.5 million from the Building Safety Fund.

Triathlon applied to the First tier Tribunal for RCOs requiring SVDP and its ultimate owner to pay sums equivalent to Triathlon's share of the remediation costs, otherwise recoverable through service charges. The tribunal granted the RCOs, finding that it was just and equitable to do so. SVDP and Get Living—now the owner of SVDP—appealed.

DECISION

The Court of Appeal upheld the tribunal's conclusion that it was just and equitable to make the RCOs, emphasising that a central policy objective of the BSA 2022 is that developers should bear primary responsibility for the cost of remedying historical building safety defects.

The court also confirmed that Section 124 of the BSA 2022 has retrospective effect, permitting RCOs to cover costs incurred before 28 June 2022 (when the provision came into force). The availability of government grant funding did not preclude the making of RCOs, rather, public funding was characterised as a measure of last resort.

COMMENT

This case provides authoritative guidance on the scope and purpose of RCOs and reinforces the policy of shifting remediation costs away from leaseholders. It further clarifies that developers and corporates cannot avoid liability through acquisition timing or reliance on public funding.

CASE STUDIES

SGL1 LTD V FSV FREEHOLDERS LTD [2026] EWCA CIV 267

SUMMARY

The Court of Appeal clarified and reformulated the meaning of a "building" for the purpose of Part I of the Landlord and Tenant Act 1987. In doing so, it overturned the long standing authority of Long Acre Securities Ltd v Karet and established a new test based on whether structures form a functionally integrated built envelope.

FACTS

The case concerned the disposal of the freehold of a residential development comprising five blocks (A–E). Block A was a separate, converted warehouse. Blocks B, C and E were newly built, physically linked structures with shared access routes. Block D was not material to the dispute.

The landlord's administrators served two Section 5 notices: one relating to Block A, and a second relating to Blocks B, C and E together. The tenants did not accept the offers and the freehold was sold. Subsequently, a nominee company formed by the tenants asserted that the notices were invalid and served a Section 12B notice requiring the transfer of the freehold to them.

At first instance, the High Court followed Karet and held that all the blocks constituted a single building, rendering the notices invalid.

DECISION

The Court of Appeal held that Karet was wrongly decided and should no longer be followed, instead adopting a purposive interpretation of building, focused on physical and functional integration.

The correct test was whether the structures formed part of a functionally integrated built envelope. Applying the test, Blocks B, C and E together constituted a single building, while Block A was a separate building. The landlord had therefore correctly served two notices, and the tenants had no right to force the acquisition of the freehold.

COMMENT

This decision introduced a clear, commercially workable test for identifying a building for the purposes of Section 5 notices served under the Act. It provides greater certainty for landlords, insolvency practitioners and purchasers when structuring sales of multi block developments, particularly where a tenant's right of first refusal is present.

BOULT V TOGETHER PERSONAL FINANCE LTD [2026] EWHC 809 (CH)

SUMMARY

The High Court held that an unauthorised, material alteration to a legal charge made after execution rendered the charge void in its entirety. The court rejected the argument that a deliberate post execution amendment could be treated as an "innocent" or "administrative" mistake, confirming the rule in Pigot's Case (1614) 11 CoRep 26b, [1558-1774] All ER Rep 50, 77 ER 1177.

FACTS

The borrower sought to refinance borrowing secured against her home by way of a short term bridging loan from Together Personal Finance Ltd. She agreed that the loan would be secured over her house only and expressly refused to offer as security a separate parcel of adjoining agricultural land.

After execution, the solicitor acting for the lender added, in manuscript, the title number of the agricultural land to the executed charge without the borrower's knowledge or consent. The altered charge was subsequently registered at HM Land Registry against both titles. The borrower defaulted and the lender brought possession proceedings relying on the charge.

At first instance, the County Court held that the alteration was an innocent mistake or administrative error, falling outside the scope of Pigot's Case. The borrower appealed.

DECISION

Allowing the appeal, Michael Green J held that the post execution alteration was deliberate and material. The fact that the solicitor may have acted under a mistaken belief as to the parties' intentions did not prevent the alteration from being deliberate. Materiality was assessed at the time of the alteration, and the addition of further land to the security had the potential to affect the borrower's rights and obligations.

Accordingly, the rule in Pigot's Case applied and the legal charge was void. The lender could not rely on it to obtain possession, although the underlying debt remained payable.

COMMENT

The case provides a clear, modern restatement of Pigot's Case, confirming that unauthorised post execution alterations to deeds remain a serious and potentially fatal defect. It serves as a reminder that even well intentioned amendments can invalidate security entirely, reinforcing the need to strictly follow execution and alteration formalities, which include obtaining express authority to make alterations.

CASE STUDIES

PHILLIPS V GARRAWAY [2026] EWCA CIV 55

SUMMARY

The Court of Appeal held that a tenancy requiring a tenant to provide services, without any agreed monetary value or mechanism for valuing those services, is a tenancy under which "no rent is payable" for the purposes of the Housing Act 1988. Such tenancies fall short of the assured tenancy regime, allowing the landlord to recover possession by notice to quit without relying on statutory grounds for possession.

FACTS

The respondents granted the appellant a residential tenancy of a property on their Kent estate in January 2023. Instead of paying rent, the appellant provided a minimum of two days' work per week on the estate. No monetary value was attributed to the work, and no mechanism for valuation was included. Utilities and council tax were reimbursed.

After the respondents sought possession and served a notice to quit, the appellant argued occupation under an assured tenancy entitling her to statutory protection. She contended that her services amounted to rent because they were capable of being valued by the court. This was rejected at the first instance and on subsequent appeal, following which the tenant appealed to the Court of Appeal.

DECISION

The Court of Appeal dismissed the appeal. Males LJ held that although, at common law, rent may consist of services or "money's worth", the act adopts a narrower interpretation. For services or goods to constitute rent under the act, the parties must themselves have attributed a monetary value or agreed a mechanism for calculating one. It was insufficient that a court could retrospectively assess a value.

Because no monetary value had been agreed, the tenancy was one "under which for the time being no rent is payable" within Schedule 1 and was therefore excluded from the assured tenancy regime. The landlords were entitled to possession on the basis of a notice to quit alone.

COMMENT

The decision clarifies the position of occupation for services in lieu of rent, making it relevant to both landlords and tenants entering into similar arrangements. It confirms that informal or unconventional arrangements may not attract assured tenancy protection unless the parties expressly monetise the tenant's obligations. This outcome is particularly important in light of the recent changes to the landlord and tenant law brought by the Renters Rights Act 2026.

PARK CAKES LIMITED V CATERPILLAR PROPERTY LIMITED (LEEDS COUNTY COURT, 20 MARCH 2026)

SUMMARY

The Leeds County Court held that a tenant's unexercised contractual option to renew does not amount to an "agreement for the grant of a future tenancy" within Section 28 of the Landlord and Tenant Act 1954 (LTA 1954). Accordingly, the existence of a renewal option does not disapply the security of tenure protections found in Part II of the Act, unless and until the option is exercised.

FACTS

Park Cakes Limited occupied two factory premises under long business leases granted by Caterpillar Property Limited. Each lease contained a tenant-only option to renew for a further 10-year term, exercisable by notice. The existing leases were due to expire by effluxion of time in June 2027.

The landlord argued that the renewal options constituted agreements for the grant of future tenancies under Section 28 LTA 1954, meaning that Part II of the Act never applied and the tenant's sole route to renewal was contractual, rather than statutory.

Park Cakes sought declaratory relief to the effect that an option to renew is not an agreement for a future tenancy unless and until it is exercised, and that statutory security of tenure remained available in the meantime.

DECISION

The court found in favour of the tenant. It held that Section 28 LTA 1954 requires an enforceable bilateral agreement obliging both parties to grant and accept a future tenancy. A contractual option to renew imposes no such mutual obligation when granted; it merely gives the tenant a unilateral right.

An agreement for the grant of a future tenancy only arises upon effective exercise of the option. Until that point, the existing tenancy retains the security of tenure. The court noted that the contrary interpretation would allow parties to circumvent the statutory contracting out regime.

COMMENT

While not binding, this decision raises the important point relating to the interaction between renewal options and LTA 1954. It highlights the fact that renewal options do not necessarily displace the statutory security of tenure, unless properly contracted out under Section 38A.

PRO BONO CASES

We actively encourage our lawyers around the world to make significant contributions to pro bono matters and to participate in other charitable, community, educational, cultural and professional activities. Together, our lawyers handle hundreds of pro bono matters a year, totalling more than 40,000 hours in 2025. For example, firm lawyers litigate civil rights cases, establish and advise nonprofit organizations, participate in legal clinics and represent the indigent in consumer, landlord-tenant, domestic violence and immigration matters. We also provide legal counsel and public policy advocacy to help organizations advance their public service programs, work to advance the rule of law around the world and accept court appointments to provide pro bono counsel.

Here are some examples of pro bono work we have recently carried out:

COMMONWEALTH HUMAN RIGHTS INITIATIVE

We have supported the Commonwealth Human Rights Initiative on flagship reports highlighting human rights issues across Commonwealth nations, including work recognised with a TrustLaw Impact Award for a report on pre-trial detention.

SCHOOLS CONSENT PROJECT

Our London and New York offices partner with the Schools Consent Project, delivering workshops in schools to promote understanding of consent and sexual offences, helping to reduce the risk of sexual harm among young people.

WORLD BANK – WOMEN, BUSINESS AND THE LAW

The firm contributed to the World Bank's global Women, Business and the Law project, providing research on family law, access to finance, labour law, childcare services and violence against women across 190 economies, with nearly 60 volunteers contributing hundreds of pro bono hours worldwide.

INTERNATIONAL JUSTICE MISSION

Through our partnership with International Justice Mission, our lawyers provide cross-border legal support to combat human trafficking, modern slavery and online exploitation, strengthening justice systems and protecting vulnerable communities globally.

NATIONAL CENTER FOR MISSING & EXPLOITED CHILDREN (NCMEC)

We support NCMEC's Global Platform for Child Exploitation Policy, contributing legal and technical expertise across jurisdictions. More than 100 lawyers and IT professionals collaborated to strengthen the platform's legal framework and expand its global reach.

CYBER CIVIL RIGHTS LEGAL PROJECT

Launched in 2014, our Cyber Civil Rights Legal Project provides legal assistance to victims of the nonconsensual distribution of intimate images, including emerging issues such as intimate image "deepfakes." Over the past decade, more than 400 volunteers across 33 offices have devoted over 28,000 pro bono hours, assisting thousands of victims worldwide

through strategic advice, takedowns and litigation.

VOLUNTEER LAWYERS FOR JUSTICE

Our Newark team works with Volunteer Lawyers for Justice to support access to justice for individuals experiencing poverty, including regular clinics assisting with criminal record expungements to help clients move forward with employment and education opportunities.

NATIONAL JUSTICE PROJECT – HEAR ME OUT (AUSTRALIA)

We supported the development and launch of Hear Me Out, an innovative AI assisted platform helping individuals understand discrimination and human rights complaint pathways. In 2025 alone, the platform supported more than 2,500 people, expanding into new jurisdictions and strengthening collaboration across the legal and community sectors.