

Your Legal Questions

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Q. I am selling on my shop lease and the Landlord insists I enter into an AGA. Apart from being a type of cooker I do not know what this is. Can you explain this please?

A. An Authorised Guarantee Agreement, otherwise known as an 'AGA' is a guarantee given by an outgoing tenant to a landlord on a sale of a lease to an ingoing tenant. It enables the landlord to come back to you and to require you to meet the obligations under the lease where the new tenant hasn't. Should the new tenant then agree to sell the lease on, the landlord will require that tenant to enter into an AGA and the AGA that you will have entered into will fall away.

A sale of a lease is known as an Assignment and the requirement for an AGA is linked to obtaining the landlord's consent to an assignment. If consent is not obtained then the assignment is treated as unlawful and the landlord can pursue the previous tenant for breach of the terms of the lease.

The lease itself may include the form of AGA that the landlord will require or alternatively this can form part of the landlord's formal consent to the assignment which is known as a Licence to Assign.

In the event that the new tenant defaults under his lease, the landlord must serve formal notice of outstanding rents on you to be able to recover them. This statutory procedure will ultimately enable you to take a new lease of the property from the landlord which ranks as superior in effect to the original lease.

As soon as terms are agreed for the sale of your lease you should consult a solicitor to deal with the assignment and advise on any guarantee.

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