

LEASES

The Danish Business Rent Act and the Danish Rent Act provide tenants with a high level of mandatory protection in the contractual relationship with the landlord, notwithstanding the contents of the contract.

A tenant's rights, following from the Danish Business Rent Act and the Danish Rent Act, are protected from subsequent purchasers or the landlord's creditors without registration as long as no extraordinary rights are granted to the tenant under the contract. By registering their contract, or part thereof in the Danish Land Register protection can also be provided to the tenants regarding more extensive rights following from the contract. Such a step should therefore be considered when entering into a lease agreement.

What limitations exist on private leases?

Termination of the contract by the landlord may only occur under specific conditions, such as the tenant's failure to pay the rent, the tenant's non-contractual use of the premises etc. However, certain circumstances give the landlord the possibility to terminate a lease, e.g. if he wishes to use the premises himself.

An increase in rent requires certain conditions to be met. As a general rule, the rent cannot be increased (or set when the lease is commenced) to a level higher than the "value of the rented premises", which in some situations is much lower than what commercial parties would consider market rent.

If a lease concerns premises located in a regulated district such as Copenhagen, certain additional regulations of the Danish Act on Temporary Regulation of Housing Conditions can apply depending on the character of the lease. As a consequence, certain matters, such as fixing of the rent, may be subject to stricter regulation than those which follow from the Danish Rent Act.

What limitations exist on commercial leases?

Although The Danish Business Rent Act seeks to reflect the fact that the parties in question are commercial parties and thus giving these a degree of freedom of contract, some significant exceptions apply, such as provisions and restrictions on the termination of the lease.

Also, unless otherwise agreed, increases in rent may only take place if a four-year increase period is respected. The rent based on the "market rent" is then increased with

an equally large amount each year during this four-year period, until the final increase is reached.

If the parties agree to permit the landlord to require changes in the terms of the lease, for example the size of the rent or other significant changes, tenants are protected from new changes for eight years.

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