

29 March 2022

THE IMPORTANCE OF ATTENTION TO DETAIL WHEN CANCELLING A LEASE AGREEMENT

Fixed term lease agreements often stipulate that upon completion of the agreed upon period of lease, the lease will continue on a month-to-month basis, unless agreed otherwise. Problems often occur in the course of terminating such periodic leases, as there are very strict requirements that the cancelling party must comply with.

A periodic lease is cancelled by way of written notice of termination, given by either of the parties, to the other. Such notice of termination must be reasonable, in that it affords the other party sufficient time to get his affairs in order, and to vacate the leased premises. It is generally accepted that one months' notice is reasonable, in the context of a month-to-month periodic lease agreement.

In order for the notice of termination to be deemed acceptable, such notice must make it clear that the lease is being terminated, and it must stipulate a clear date when the lease is terminated, taking into consideration that such date must be reasonable.

In *Acire Property Holdings (Pty) Ltd v Banzi Trade 31 (Pty) Ltd t/a Brick-It* (2021), the Court held that a notice which informed the lessee that the lease has been terminated with immediate effect, but that the lessee had been afforded one month to vacate the premises, does not constitute a reasonable notice of termination, as the lease could not be terminated with immediate effect and as such, does not have the result of terminating the lease.