

Making alterations to rented business premises in Guernsey

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I want to carry out fitting-out works to my business premises but my landlords say I will have to remove them when my lease expires. They are also saying that they need to check my plans before they agree to anything. Is this correct?

Yes. Most commercial leases contain clauses requiring you to obtain the landlords' permission for any fitting out works or alterations. Usually, the lease will say that permission must not be "unreasonably withheld" for any internal, non-structural works. This gives the landlords the ability to control what works are carried out while giving you assurance that they cannot refuse consent to reasonable proposals.

As a condition of giving permission, the landlords will require their legal and surveyor's costs to be reimbursed, and will ask you to sign a "licence for alterations". This is the document in which the permission is actually given. It lists the works and contains certain requirements about how you carry out the works.

The licence for alterations will usually contain a condition requiring the premises to be handed back in the state they were in when you first moved in. This means that you will have to remove your fitting-out works and make good any damage caused by this. This makes it easier for the landlords to re-let the premises to another tenant who might have different requirements for their own fitting out.

Occasionally it might be possible to obtain the landlords' agreement to leave some of your fitting-out works - where they believe they can re-let the premises with the works in place. This needs to be discussed and agreed well in advance of the lease expiry date. There is no guarantee the landlord will agree this and so, for budgeting purposes, you need to work on the assumption that you have to pay the full costs of removing the works.

This article first appeared in the Guernsey Press Business Panel

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