

## End of lease considerations for commercial tenants in Guernsey

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**Our shop's lease ends in a few months: how do we ensure that everything goes smoothly when we hand the property back to the landlord?**

At the end of the lease you will have to ensure that you return the premises in the condition set out in the lease (ie you would need to look at the wording of the lease). Most leases would require that the premises are returned in a good estate of repair, condition and decoration. In practice this means that, unless you agree otherwise with the landlord, you might have to cease trading a few weeks before the end of the lease in order to carry out any repair works.

Early engagement with the landlord in relation to these matters is key.

If you carried out alterations you may be required to remove them and put the premises back in its original condition. Your landlord may be happy that you do not reinstate certain alterations, but that would very much depend on their futures plans in respect of the property, and whether those alterations add value to or would be useful to any new tenant.

The landlord may send you a list of the items that require repair before the lease ends - called "schedule of dilapidations". You would have to review this thoroughly and discuss with the landlord any points that you disagree with. Quite often landlords would rather accept a sum of money in lieu of the tenant carrying out the works; this might be your preference if for example you are relocating and want to avoid any business interruption.

If you have to carry out repair works you would need to ensure that they are completed before the lease ends. Afterwards, you will no longer have a right to enter the premises to finish them, meaning that you would not have complied with your lease obligations and may be subject to pay compensation to the landlord.

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