



# Renewing and ending business leases: a guide for tenants and landlords



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# Renewing and ending business leases: a guide for tenants and landlords

## Introduction

If you rent or lease the place where you conduct your business, then you are a business tenant. The Landlord and Tenant Act 1954 (Part 2) gives business tenants some important legal protection. This booklet tells you about some of the main features of the Act. But it is only a brief summary. **If you are a tenant or landlord of business premises and want fuller advice, you should consult a solicitor.**

Broadly, the Landlord and Tenant Act 1954 gives business tenants security of tenure – the right to renew the tenancy when it comes to an end. If the landlord and tenant agree that there should be a new tenancy, but cannot agree on its terms, either can apply to the court for a new tenancy. Or if the tenant wants a new tenancy, but the landlord refuses to grant one, the tenant can apply to the court. The court will then settle the rent and the other terms of the new tenancy.

Landlords can oppose renewal of the tenancy for certain limited, specific reasons. Some are to do with the tenant's own conduct – for example, failure to pay rent. Others are to do with the landlord's needs – for example, where landlords want to redevelop the premises or get them back for their own use. Landlords can either apply to the court to end the tenancy, or can oppose the tenant's application for renewal. The court will decide whether the landlord has grounds for opposing renewal, and so whether or not to order a new tenancy.

This booklet is mainly about what tenants and landlords need to do to renew or end a business tenancy. So it is most likely to be of interest to tenants and landlords who already have a business lease. But it also covers the procedures for 'contracting out'. This allows those negotiating a first time lease – the future landlord and tenant – to agree to exclude security of tenure. When such an agreement is in force, the tenant loses the right to renew the lease, so it is particularly important for soon-to-be tenants to get legal advice on this point.

If you are looking for business premises, there is a separate booklet explaining the main points to consider. This booklet, *Thinking of taking on business premises?*, is on the ODPM web site at [www.odpm.gov.uk/businessstenancies](http://www.odpm.gov.uk/businessstenancies) You can get a free copy from Free Literature Unit, PO BOX 236, Wetherby, West Yorkshire, L23 7NB. Tel. 0870 1226 236.

## Professional advice

Tenants and landlords **really should** get professional advice when carrying out property dealings. This is a very specialised area and you can trip up badly without expert advice.

A **chartered surveyor** will be able to advise on the best sort of deal for your business, whether you are a tenant or a landlord.

A **solicitor** will be able to advise on legal points arising from the lease.

If you want to know more about getting professional advice, two professional bodies will be able to help. For chartered surveyors, it is the Royal Institution of Chartered Surveyors and for solicitors, the Law Society. You can find their details in Appendix 2 on page 16.

## Does the Landlord and Tenant Act apply?

**Q1. Which tenants have the right to renew the leases of their business premises?**

**A.** Normally, tenants occupying premises for a business have the right to renew. But some business occupiers do not have this right:

- farm business tenants;
- mining tenants;
- ‘service tenants’ employed by the landlord;
- tenants with fixed-term tenancies of six months or less. But these tenants do have security of tenure once they have occupied the premises for more than 12 months, either on their own or with their predecessor. A ‘periodic’ tenant (with for example a monthly or weekly tenancy but without a fixed term) **does** enjoy security of tenure;
- tenants who agree to ‘contract out’ (see Question 5);
- tenants using the premises for business without the landlord’s agreement;
- where there is a licence rather than a lease;
- tenants with long leases extended under the Leasehold Reform Act 1967 and, in certain cases, their sub-tenants; and
- tenants who have sub-let the premises and who are not occupying them personally (although occupation by an agent or manager does give renewal rights).

A solicitor will be able to tell you whether you have a right to renew.

**Q2. What if the tenancy agreement is in the tenant's name but the tenant trades from the premises as a company?**

**A.** Tenants in this category should be able to renew the tenancy. If in doubt, consult a solicitor.

**Q3. What does 'business' in Part 2 of the Act include?**

**A.** It includes any trade, profession or employment. It also includes any activity carried on by a body. So the Act covers:

- shops, warehouses and factories;
- the offices of businesses, professional people and voluntary societies;
- doctors' and dentists' surgeries; and
- the premises of clubs, institutions, trade unions or other bodies.

Normally, it also includes premises partly used for business purposes (for example, where the tenant lives at the premises as well as using them for a business).

**Q4. Which premises does the Act protect?**

**A.** All the premises included in the tenancy, even if the tenant occupies only part of them for his or her business. However, if the tenant applies to the court for a new tenancy, this will usually only cover the part of the premises occupied by the tenant or his or her employees.

**Q5. Can a lease exclude the right to renew?**

**A.** Yes. A lease may exclude the protection of the Landlord and Tenant Act 1954 (a 'contracted-out tenancy'). Before accepting this kind of lease, it is important for someone looking for business premises to understand fully what 'contracting out' would mean. The law requires the landlord to give the future tenant a warning notice about some of the dangers of agreeing to 'contract out'. One of the following must happen:

- the landlord must send the warning notice at least 14 days before the tenant takes on the lease. If the tenant enters into an earlier legally binding agreement to take on a lease, the notice period will be at least 14 days before the beginning of this agreement rather than the signing of the lease. The tenant must sign a simple declaration that he or she has read the notice and accepted its consequences;
- if the parties (the future tenant and landlord) cannot wait for 14 days, or do not want to, the tenant must make a 'statutory declaration' before an independent solicitor who is not acting for either party confirming that he or she has read the notice and accepted its consequences.



The lease must say that the parties have taken one of the two steps above. If the parties do not follow them correctly, the tenant will automatically keep the right to renew the lease.

**Q6. What does the warning notice say?**

- A. The notice warns the future tenant about the implications of giving up the right to renew the lease. This is how it reads:

**IMPORTANT NOTICE**

**You are being offered a lease without security of tenure. Do not commit yourself to the lease unless you have read this message carefully and have discussed it with a professional adviser.**

Business tenants normally have security of tenure – the right to stay in their business premises when the lease ends.

**If you commit yourself to the lease you will be giving up these important legal rights.**

- You will have **no right** to stay in the premises when the lease ends.
- Unless the landlord chooses to offer you another lease, you will need to leave the premises.
- You will be unable to claim compensation for the loss of your business premises, unless the lease specifically gives you this right.
- If the landlord offers you another lease, you will have no right to ask the court to fix the rent.

It is therefore important to get professional advice – from a qualified surveyor, lawyer or accountant – before agreeing to give up these rights.

If you receive this notice at least 14 days before committing yourself to the lease, you will need to sign a simple declaration that you have received this notice and have accepted its consequences, before signing the lease.

**But if you do not receive at least 14 days' notice, you will need to sign a "statutory" declaration. To do so, you will need to visit an independent solicitor (or someone else empowered to administer oaths).**

Unless there is a special reason for committing yourself to the lease sooner, you may want to ask the landlord to let you have at least 14 days to consider whether you wish to give up your statutory rights. If you then decided to go ahead with the agreement to exclude the protection of the Landlord and Tenant Act 1954, you would only need to make a simple declaration, and so you would not need to make a separate visit to an independent solicitor.

**Q7. Is it possible to agree to exclude security of tenure once a lease is in place?**

- A.** No. But the landlord and tenant may agree that the tenant can give up ('surrender') the lease. This would remove the tenant's right to renew. The law allows the immediate surrender of a lease, so landlords can release tenants who no longer want their lease. But it lays down special arrangements for **agreements to surrender the lease at a future date**, for example, an agreement to allow a surrender to take place in certain circumstances. Agreements to surrender remove future renewal rights. Because this may not be immediately obvious to the tenant, there are some safeguards. Parties wishing to make this sort of agreement have to follow similar arrangements as for 'contracting out'. The landlord must give the tenant a notice explaining the implications of agreeing to surrender the tenancy. One of the following steps must be taken:
- the landlord must send the notice at least 14 days before the **agreement** to surrender (**not** the surrender itself) comes into effect. The tenant must sign a simple declaration that he or she has read and understood the notice and accepted its consequences; or
  - if the parties cannot wait for 14 days, or do not wish to, the tenant would have to sign a 'statutory declaration' before a solicitor confirming that he or she has read and understood the notice and accepted its consequences.

The lease must then include wording or be endorsed to say that the landlord has served the notice and that the parties have followed the correct steps.

**Q8. What does the warning notice for agreements to surrender say?**

- A.** It warns the tenant about giving up the right to renew the tenancy. This is how it reads:

**IMPORTANT NOTICE**

**Do not commit yourself to any agreement to surrender your lease unless you have read this message carefully and discussed it with a professional adviser.**

Normally, you have the right to renew your lease when it expires. By committing yourself to an agreement to surrender, **you will be giving up this important statutory right.**

- You will **not** be able to continue occupying the premises beyond the date provided for under the agreement for surrender, **unless** the landlord chooses to offer you a further term (in which case you would lose the right to ask the court to determine the new rent). You will need to leave the premises.
- You will be unable to claim compensation for the loss of your premises, unless the lease or agreement for surrender gives you this right.

A qualified surveyor, lawyer or accountant would be able to offer you professional advice on your options.

**You do not have to commit yourself to the agreement to surrender your lease unless you want to.**

If you receive this notice at least 14 days before committing yourself to the agreement to surrender, you will need to sign a simple declaration that you have received this notice and have accepted its consequences, before signing the agreement to surrender.

**But if you do not receive at least 14 days' notice, you will need to sign a "statutory" declaration. To do so, you will need to visit an independent solicitor (or someone else empowered to administer oaths).**

Unless there is a special reason for committing yourself to the agreement to surrender sooner, you may want to ask the landlord to let you have at least 14 days to consider whether you wish to give up your statutory rights. If you then decided to go ahead with the agreement to end your lease, you would only need to make a simple declaration, and so you would not need to make a separate visit to an independent solicitor.

## Ending a tenancy under Part 2 of the Landlord and Tenant Act 1954

### **Q9. Can the landlord end the tenancy before the lease expires?**

- A. Only if the tenant fails to pay the rent or carry out one of the obligations under the tenancy agreement, or if the lease has a 'break clause' allowing the landlord to end it early.

### **Q10. Can the tenant end a tenancy early?**

- A. Only if the landlord agrees to accept a surrender of the lease, or the tenant is able to 'assign' (transfer) the lease to someone else, or if the lease has a 'break clause' allowing the tenant to end it early. Otherwise, the tenant is liable to pay rent for the whole period of the lease.

### **Q11. How can a tenant end a 'fixed-term' tenancy?**

- A. A tenant with a 'fixed-term' tenancy (one that ends on a particular date) needs to move out of the premises by the end of the fixed term set out in the lease. A tenant staying in the premises beyond that date would have to continue paying rent. The tenant would then have to give the landlord three months' notice to end this continuing obligation to pay rent.

### **Q12. How can a landlord end a current tenancy and stop the tenant renewing it?**

- A. To begin with, the landlord would need to send the tenant a 'section 25' form. This tells the tenant whether the landlord is willing to renew the tenancy. The landlord can only refuse to renew for specific reasons (see below).

What happens next depends on what the landlord or tenant does:

- if the tenant does nothing, the tenancy will automatically end on the date set out in the landlord's 'section 25' form;
- if the tenant applies to the court for a new tenancy, the landlord will need to oppose the application in court, citing one or more of the specific reasons for ending the tenancy; or
- the landlord could apply to the court to end the tenancy. Again, the landlord would have to persuade the court that one or more of the specific grounds applied.

The court will not order a new tenancy where the landlord successfully argues that one or more of the specific grounds apply. If the landlord is unsuccessful in opposing renewal, the court will order the grant of a new tenancy and settle its terms.

**Q13. For what reasons can a landlord refuse to grant a new tenancy?**

- A. The landlord can always refuse to grant a new tenancy where the tenant does not have the right to renew (see Q1) or where the tenant's existing lease was 'contracted out' (see Q 5). However, in all other cases the landlord may only oppose the grant of a new tenancy on specific grounds set out in the Landlord and Tenant Act 1954 . Here is a summary of them.
- **breach of tenant's obligations** – where the tenant has failed to keep the property in good repair, has been persistently late in paying the rent or has failed to observe other lease obligations;
  - **alternative accommodation** – where the landlord offers to provide other suitable accommodation for the tenant;
  - **consolidation of the holding** – where a sub-tenant occupying part of the premises applies for a new lease, but the landlord wants to let or sell the premises as a whole;
  - **demolition or reconstruction** – the landlord wishes to demolish or rebuild the premises. But in some cases the tenant could remain in occupation if he or she allowed the landlord access to carry out the work, or accepted a new tenancy of an economically separate part of the premises, effectively enabling the landlord to carry out the work;
  - **landlord's own occupation** – where the landlord wishes to use the premises for their business, or live there.

For a fuller list of the grounds on which a landlord can oppose the grant of a new tenancy, and the conditions applying, see Appendix 3.

The tenant can go to court if he or she does not agree that any of these grounds applies.

## Applications for a new tenancy

**Q14. Who can apply to court for a new tenancy?**

- A. Either the tenant or the landlord.

**Q15. What happens to begin with?**

- A. Neither tenant nor landlord can apply to the court until one of them has sent the other a form:
- **either** the landlord sends a 'section 25' form to the tenant, ending the current tenancy. Where the landlord is willing to renew the tenancy, the form will set out the terms of the new tenancy. **These are merely the landlord's suggestions for further discussion. The tenant does not have to accept them;**

- **or** the tenant sends the landlord a 'section 26' request for a new tenancy. Similarly, this will set out the tenant's proposals for the new tenancy.

If the landlord has already sent a 'section 25' form, the tenant cannot send a 'section 26' request; and similarly, if the tenant has already sent a 'section 26' request, the landlord cannot send a 'section 25' form.

**Q16. When can the parties send a 'section 25' form or a 'section 26' request?**

- A. At least six but not more than 12 months before the date the landlord wants the tenancy to end or the tenant wants the new one to begin. But the landlord cannot ask for the tenancy to end before the expiry date in the lease, nor can the tenant ask for the new tenancy to begin until after the lease expiry date.

**Q17. What response is necessary to a 'section 25' form or 'section 26' request?**

- A. The tenant does not have to respond to a 'section 25' form, but it would be sensible to get professional advice about the terms for the new tenancy, and to try to negotiate an agreement to avoid going to court.

The landlord **must** respond to a tenant's 'section 26' request within two months of receiving it if he or she wishes to oppose the grant of a new lease.

**Q18. How soon may the parties apply to the court?**

- A. Either party may apply to the court as soon as the tenant has received the 'section 25' form from the landlord. Where the tenant sends the landlord a 'section 26' request, the tenant must wait until the landlord has responded or has had two months to do so. The landlord can apply as soon as he or she has received the 'section 26' request. **However, it would obviously be sensible for both parties to see if they can reach agreement first, without having to go to court.**

**Q19. When is the latest that parties may apply to the court?**

- A. The date proposed in the landlord's 'section 25' form for ending the old tenancy or the date proposed in the tenant's 'section 26' request for the beginning of the new tenancy. **If there is no application by this date, the tenant loses the right to renew the tenancy.** The parties can agree to extend the deadline for applications to the court, but they **must** do so **in writing** before the original deadline expires. They can then agree to further extensions, as long as they do so before the current extension runs out.

**Q20. To which court should tenant or landlord apply?**

- A. Usually to the local county court, although the High Court may deal with important or complex issues.

**Q21. Can a tenancy be renewed more than once?**

- A. Yes. A tenancy can be renewed repeatedly by agreement or by order of the court as long as the tenant still occupies the premises for business purposes.

**Q22. If there is a delay in settling the terms of the tenancy, is it possible to change the rent in between tenancies?**

- A. Either the landlord or the tenant can apply for what is called 'interim rent'. Usually, the court will order this when granting a new tenancy, backdating it to the beginning of the tenancy. The rules on interim rent are designed to be fair to both tenant and landlord, but they are complicated so it is best to get professional advice.

## The new tenancy

**Q23. How are the terms of the new tenancy settled? What are the terms?**

- A. The landlord and tenant can agree new terms in writing. If not, the court will settle any new terms they have been unable to agree. The court will follow these rules:
- **duration (length of the tenancy)** – if the tenancy is for a fixed term, the court can order the new tenancy to last up to 15 years;
  - **rent** – the rent for the new tenancy will reflect the current market value of the property, bearing in mind the terms of the tenancy. But when setting the rent, the court must ignore certain points:
    - the fact that there is a sitting tenant;
    - the tenant's business goodwill; and
    - improvements by the tenant or predecessors either during the current tenancy or during the last 21 years, other than those required by the tenancy agreement.

The court may also decide that the tenancy agreement should provide for rent reviews.

- **other terms** – the court will use its judgement to decide the other terms of the tenancy, but it must take into account the terms of the current tenancy and all the relevant circumstances.

**Q24. What premises will a new tenancy cover?**

- A. The parties may agree on the extent of the new premises. Where the premises are used partly for business and partly as living accommodation, and if the legislation applies, then the tenant has a right to a tenancy of the whole premises. The landlord can insist that a new tenancy under the Act should cover the whole of the premises covered by the previous tenancy.

**Q25. When does the new tenancy begin?**

- A. Normally, on the date the landlord or tenant proposes in the 'section 25' form or 'section 26' request. Where there is an application to the court, the date will be (if later) three to four months after the court decides on the application.

**Q26. Must the tenant accept the terms of the new tenancy the court orders?**

- A. Yes, unless:
- **either** the landlord and tenant agree other terms;
  - **or**, within 14 days, the tenant asks the court to 'revoke' (withdraw) the order. The court would then revoke it, but could extend the current tenancy long enough to give the landlord a reasonable chance of reletting the premises. Once the order is revoked, the tenant must leave the premises.

## Refusal of a new tenancy

**Q27. Can the landlord oppose the grant of a new tenancy?**

- A. Yes, on a limited number of grounds. (See the summary at Q13 and the more detailed list at Appendix 3.)

**Q28. May a tenant who is refused a new tenancy claim compensation?**

- A. In certain circumstances, the tenant leaving the premises may claim compensation from the landlord. But the landlord only has to pay compensation if he or she has successfully opposed renewal *only* on certain grounds. You can find these in paragraphs (e), (f) and (g) in Appendix 3.

**Q29. How much compensation does the tenant get?**

- A. This is based on rateable value and depends on how long the tenant has been in business at the premises:
- **less than 14 years** – the tenant receives a sum equal to the 'appropriate multiplier' times the rateable value of the premises occupied at the end of the tenancy;
  - **14 years or more** – the tenant receives twice this amount.

The 'appropriate multiplier' is set out in regulations. A tenant seeking compensation should get professional advice.



## Other points

### **Q30. Do any landlords have special rights?**

- A.** Certain landlords (for example, Government departments or local authorities) can apply to a Minister in charge of a Government department for a certificate saying that the use or occupation of the property must be changed or discontinued. Special provisions apply so take legal advice. The law is currently under review.

### **Q31. What can the tenant or landlord do if they need further information about each other in order to renew or end the tenancy?**

- A.** Either a tenant or a landlord can send the other party a 'section 40' form during the last two years of the lease, asking for more information. Anyone receiving such a form must respond within one month, and must keep the information up-to-date for the next six months. The courts can, if necessary, order parties to comply. Any tenant or landlord who is disadvantaged because the other party has failed to reply may sue for damages.

# APPENDIX 1

## Landlord and Tenant Act 1954, Part 2

### Forms and their purposes

Form number	Purpose
1	Ending a tenancy, where the landlord <b>is not opposed</b> to the grant of a new one.
2	Ending a tenancy, where the landlord <b>is opposed</b> to the grant of a new one.
3	Tenant's request for a new tenancy of premises.
4	Landlord's request for information from the tenant.
5	Tenant's request for information from the landlord or the landlord's mortgage lender.
6	Withdrawal of notice given under section 25 of the Act ending a tenancy.
7	Ending a tenancy, where the landlord <b>is opposed</b> to the grant of a new tenancy but where the tenant may be entitled under the 1967 Act to buy the freehold or an extended lease.
8	Ending a tenancy, where a certificate given under section 57 of the Act that the use or occupation of the property is to be changed by a specified date.
9	Ending a tenancy, where a certificate given under section 57 of the Act that the use or occupation of the property or part of it is to be changed at a future date and the landlord <b>opposes</b> granting a new tenancy.
10	Ending a tenancy to which Part 2 of the Act applies, where a certificate given under section 57 of the Act that the use or occupation of the property is to be changed at a future date and the landlord <b>does not oppose</b> granting a new tenancy.
11	Ending a tenancy, where a certificate given under section 58 of the Act that for reasons of national security it is necessary that the use or occupation of the property should be discontinued or changed.
12	Ending a tenancy, where a certificate given under section 60 of the Act that it is necessary or expedient for regeneration purposes that the use or occupation of the property should be changed.

- Other forms deal with the Welsh Development Agency and where a business tenant may have rights under the Leasehold Reform Act 1967.

## APPENDIX 2

# Further information and advice

## Where can I get further information about leasing business premises?

You may like to try some of the organisations listed below.

### Government departments

The Office of the Deputy Prime Minister, Eland House, London, SW1E 5DU is responsible for Government policy and legislation on business leases. The Office publishes some useful information about business tenancies on its web site at ([www.odpm.gov.uk/businessstenancies](http://www.odpm.gov.uk/businessstenancies)). You can phone the Office on 020 7944 4400.

Besides this booklet, the Department has published a guide for those looking for business premises. You can order a copy of *Thinking of taking on business premises* from Free Literature Unit, PO BOX 236, Wetherby, West Yorkshire, LS23 7NB. Tel. 0870 1226 236.

The Small Business Service of the Department for Trade and Industry has a web site with a wide range of information, hosted by Business Link ([www.businesslink.org](http://www.businesslink.org)). It includes pages on property and premises.

One very important document all landlords and tenants should know about is the *Code of practice for commercial leases in England and Wales*. This contains guidance and good practice on leasing business premises. The organisations supporting the Code represent landlords, tenants and the professional bodies. The Code is available over the internet ([www.commercialleasecodeew.co.uk/Code\\_of\\_Practice.pdf](http://www.commercialleasecodeew.co.uk/Code_of_Practice.pdf)).

### Professional bodies

#### CHARTERED SURVEYORS

The Royal Institution of Chartered Surveyors (RICS) RICS Contact Centre Surveyor Court, Westwood Way, Coventry, CV4 8JE is the professional body for chartered surveyors. They publish a range of books available from [www.ricsbooks.com](http://www.ricsbooks.com) which contains useful information about all aspects of business premises. Their general web site is [www.rics.org.uk](http://www.rics.org.uk) or you can phone them on 0870 333 1600 or e-mail ([contactrics@rics.org](mailto:contactrics@rics.org)).

## **SOLICITORS**

The Law Society (The Law Society's Hall, 113 Chancery Lane, London WC2A 1PL) is the professional body for solicitors. Their general web site is **[www.lawsociety.org.uk](http://www.lawsociety.org.uk)** and there is a directory of solicitors (**[www.solicitors-online.com](http://www.solicitors-online.com)**).

You can phone them on 020 7242 1222 or e-mail (**[info.services@lawsociety.org.uk](mailto:info.services@lawsociety.org.uk)**).

## APPENDIX 3

# Landlord's grounds for opposing an application for a new tenancy

If the tenant applies to the court for a new tenancy, the landlord can only oppose the application on one or more grounds set out in section 30(1) of the 1954 Act. These grounds are set out below. The paragraph letters are those given in the Act. The landlord can only use the ground(s) he or she has identified in the section 25 notice or in the response to the tenant's section 26 request for a new tenancy.

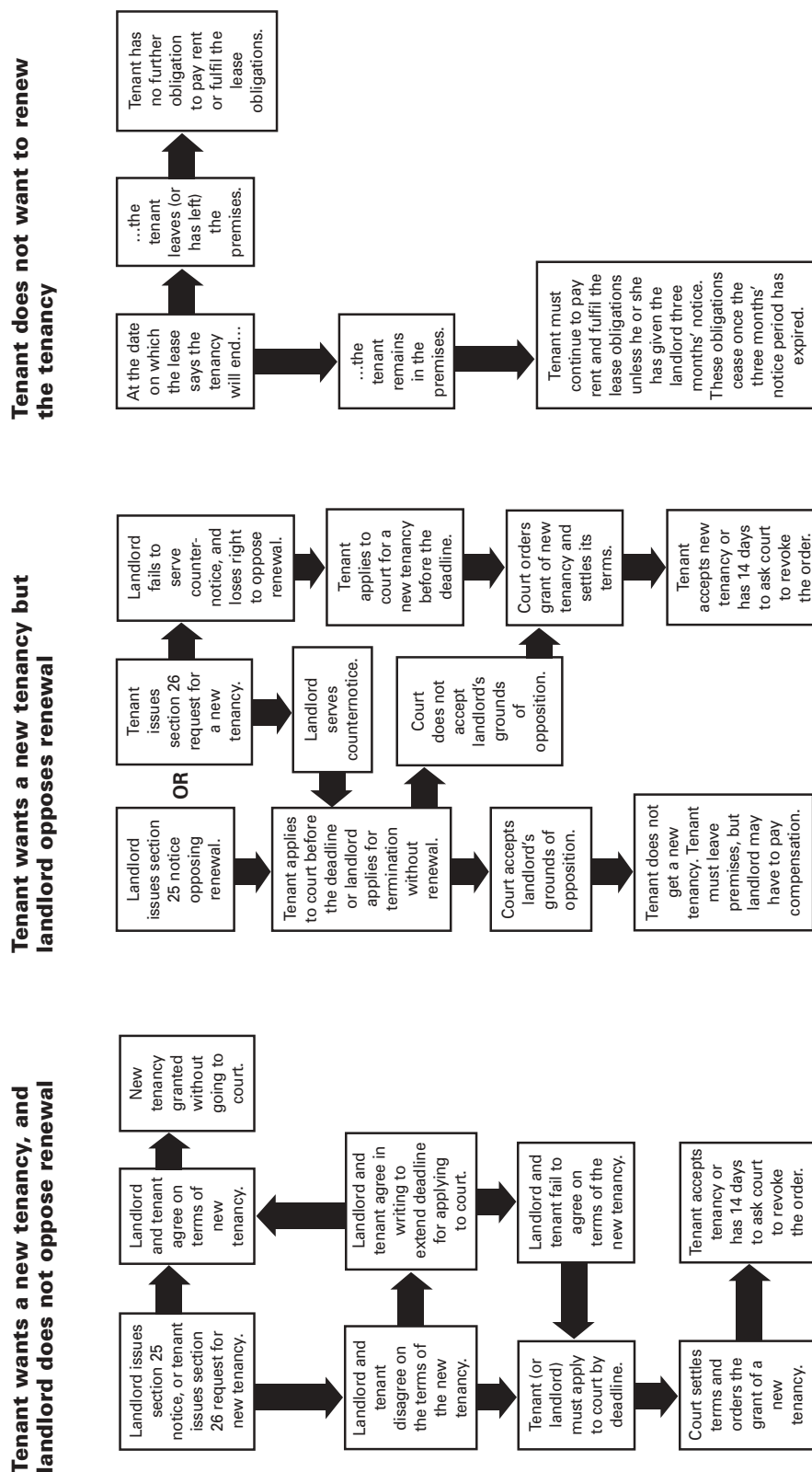
### Grounds

- (a) where under the current tenancy the tenant has any obligations as respects the repair and maintenance of the holding, that the tenant ought not to be granted a new tenancy in view of the state of repair of the holding, being a state resulting from the tenant's failure to comply with the said obligations;
- (b) that the tenant ought not to be granted a new tenancy in view of his persistent delay in paying rent which has become due;
- (c) that the tenant ought not to be granted a new tenancy in view of other substantial breaches by him of his obligations under the current tenancy or for any other reason connected with the tenant's use or management of the holding;
- (d) that the landlord has offered and is willing to provide or secure the provision of alternative accommodation for the tenant, that the terms on which the alternative accommodation is available are reasonable having regard to the terms of the current tenancy and to all other relevant circumstances, and that the accommodation and the time at which it will be available are suitable for the tenant's requirements (including the requirement to preserve goodwill) having regard to the nature and class of his business and to the situation and extent of, and facilities afforded by, the holding;
- (e) where the current tenancy was created by the sub-letting of part only of the property comprised in a superior tenancy and the landlord is the owner of an interest in reversion expectant on the termination of that superior tenancy, that the aggregate of the rents reasonably obtainable on separate lettings of the holding and the remainder of that property would be substantially less than the rent reasonably obtainable on a letting of that property as a whole, that on the termination of the current tenancy the landlord requires possession of the holding for the purposes of letting or otherwise disposing of the said property as a whole, and that in view thereof the tenant ought not to be granted a new tenancy;

- (f) that on the termination of the current tenancy the landlord intends to demolish or reconstruct the premises comprised in the holding or a substantial part of those premises or to carry out substantial work of construction on the holding or part thereof and that he could not reasonably do so without obtaining possession of the holding (if the landlord uses this ground, the court can sometimes still grant a new tenancy if certain conditions set out in section 31 A of the Act can be met);
- (g) that on the termination of the current tenancy the landlord intends to occupy the holding for the purposes, or partly for the purposes, of a business to be carried out by him therein, or as his residence. This ground also applies where the landlord is a company and on termination of the current tenancy a person with a controlling interest in this company intends to occupy the holding for the purposes (or partly for the purposes) of a business or residence. The landlord must normally have been the landlord or had the controlling interest for at least five years to use this ground.

## APPENDIX 4

# An outline guide to renewing or ending a business tenancy



**Please note:** This is a simplified guide to the main steps when a tenant wants to renew a tenancy and the landlord opposes renewal. Only the courts can provide a complete interpretation of the law. You should seek further information about your rights from a professional adviser.

