

LONG LEASES (SCOTLAND) ACT 2012

EXPLANATORY NOTES

PART 4: COMPENSATION FOR LOSS OF LANDLORD'S RIGHTS

Renewal premiums

Section 49: Calculation of notional annual renewal premium

202. This section applies if a renewal premium of £100 or less is payable under the lease and it is necessary to include the renewal or more than one renewal in order to meet the durational requirements for conversion.
203. Subsection (2) directs the former landlord to divide the amount of the renewal premium by the number of years between each renewal. This gives a sum which represents the “notional annual renewal premium” or NARP. The NARP is added to the annual rent payable under the lease in order to calculate compensation under section 47.
204. Subsection (3) provides that that where there is a partially continuing lease, the renewal premium for leases converting to ownership is as allocated under section 43. Where there is not a partially continuing lease but there is a *cumulo* renewal premium, the renewal premium is as allocated under section 42. And in all other cases the renewal premium is the amount payable under the lease.
205. If a renewal premium of more than £100 is payable, the landlord can claim compensation under the additional payments regime set out in sections 50 to 55.