

LANDLORD (Lessor) CHECKLIST

Landlords need to undertake their own checks of the prospective Tenant and any guarantor to the lease.

Their checklist of issues to be covered in the Lease and Disclosure Statement when drafting Commercial Leases and Retail Leases in Victoria should include:

- **Permitted use** is in compliance with the planning permits
- **Breaches** - the rights of the Landlord in the event of the Tenant's breach of the lease
- **Landlord's existing structures, fixtures, plant and equipment** in the premises to be noted in the lease.
 - air conditioning
 - plastered walls
 - cool room
 - shop front
 - floor coverage
 - sink
 - grease tap
 - sprinklers
 - hot water service
 - suspended ceilings
 - lighting
 - telephone
 - mechanical exhaust
 - water supply
 - painted walls
 - waste
 - electrical distribution load (3 phase)
 - electrical distribution load (single phase)
 - separate utility meter-gas
 - separate utility meter-water
 - separate utility meter-electricity
- **Rates & Outgoings** are fully disclosed
- **Renovations** - any limitations on renovations or maintenance work that can be carried out, including whether the Landlord's prior consent is required
- **Reinstatement** - the state of the premises at the completion of the lease, and any obligations on the Tenant for reinstatement of the premises
- **Sublease** - whether the Tenant is permitted to sub-lease part or all of the premises
- **Rent reviews & Rent Determination** - lease negotiations of when, and in what circumstances, rent reviews should take place including if and how GST and CPI increases are to be incorporated
- **Rent-free Periods** - are any rent-free periods to be included in the lease?
- Obtaining **full company searches** to check who are the correct parties, including any Guarantors
- **Assignment of Lease** - Under what circumstances you are prepared to allow the Tenant to **Assign** the Lease?
- **Options or further terms** - what, if any, is the Landlord prepared to grant the Tenant?
- **Trading hours** permitted by the Landlord
- **Security Deposit** - what Bond or Bank Guarantee will be required?
- **Car spaces** provided and required in accordance with the Council Planning Permit
- **Floor plan and tenancy mix** - especially in shopping centres
- **First Right of Refusal** - if the Landlord is prepared to give the first right of refusal to the Tenant to purchase the property if the Landlord decides to sell the building

We can assist Landlords with the above checks. If you would like to speak to our **Law Institute of Victoria Accredited Specialist in Commercial Tenancy Law (Leases)**, Jack Cynkler, please do not hesitate to ring directly on +61 3 9523 8811.

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