

# COMMERCIAL LEASE CHECKLIST



For many companies, their leasing obligations are their largest financial commitments. Thus, it is very important to review a commercial lease, not only from a legal perspective, but also from a commercial point of view.

The following checklist has been prepared to show you just some of the kind of issues you should be considering before agreeing to proceed with a commercial lease.

## Commercial Lease Checklist for Lessees

- Is there a **pre-lease agreement**/memorandum of understanding/heads of agreement?
- Is a **deposit** required? Is it refundable or can costs be deducted?
- Is the lease subject to the **Retail Leases Act**?
- Is **early possession** available if required?
- Does the **lease** need to be registered?
- Have **searches** of the property and lessor been made?
- Is there an **option to renew**? When can it be exercised?
- Is rent **inclusive of GST**?
- What is the annual **rent review** process?
- What percentage or amount is the lessee liable to pay for **outgoings**?
- Is there an **abatement of rent** clause providing that should the building be destroyed, the rent will cease until the building is restored?
- Does the lease allow **assignment and sub-letting**?
- What **insurances** are required?
- What are the **default and essential terms**?
- Who is responsible for **general repairs and maintenance**?
- What are the **make good** requirements?
- Is **car parking** included? Who will pay the **parking space levy**?
- Have all **requests for alterations** been made to the lessor?
- Is the **bank guarantee** in an acceptable format?
- Has the lease been executed in accordance with **section 127** of the **Corporations Act**?



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*This checklist is a guideline only and should not be relied on as a substitute for legal advice.*