

Commercial Leases – What you need to know

Are you leasing the premises from which you run your business? The Landlord may require you to enter into a commercial lease recording the terms on which the premises are leased.

What details are recorded in the lease?

Typically the following details are included in a commercial lease:

- The name of the landlord and the tenant.
- The name of the guarantor. The landlord may require you to personally guarantee the lease.
- A description of the premises to be leased.
- Whether car parks are included in the lease.
- The term of the lease.
- The date the lease starts.
- Whether you have the right to renew the lease and for how long, for example, the lease may state that you have three rights of renewal of three years each.
- The date the lease ends.
- The annual rent for the premises and the car parks (base rent). GST is payable on top of the base rent.
- The date the rent must be paid.
- The dates on which the rent is to be reviewed.
- The outgoings which you are liable for, for example, you may be liable to pay a proportion, or all of the rates, utilities and body corporate fees, as well as the rent.
- The default interest rate if you default on payment of the rent or other moneys payable under the lease.
- If the landlord is required to spend money on any alteration to the property, the landlord is entitled to on-charge a percentage of the cost of the improvement.
- The business use, for example, retail, office, restaurant
- The insurance you and the landlord are required to have in place.

Tenants obligations for the premises during the term of the lease

For the term of the lease you will be required to maintain the premises to the standard they were in at the start of the lease, less fair wear and tear.

It is usually the tenant's responsibility to:

- Repair all glass breakages and damage to all doors, windows, light and power fittings.
- Paint and decorate as required.
- Keep all floor coverings clean and replace any worn or damaged floor coverings.

Advertising – Can I erect a sign?

In most cases you can put up a sign for your business, provided that you have the prior written consent of the landlord.

Additions and alterations to the premises

You can make additions or alterations to the premises but you must obtain the prior written consent of the landlord. You must also comply with all statutory requirements including obtaining a code of compliance certificate. On the expiry of the lease, you may be required to reinstate the premises to their original condition, at your cost.

Disputes between landlords and tenants

The lease will normally contain dispute resolution procedures. In most cases, if a dispute cannot be resolved by mediation or other agreement, the dispute is referred to arbitration.

How can we help?

At ARL Lawyers we have experience acting for both landlords and tenants. Before you sign a lease or an agreement to lease, bring it to us and we can read it over with you and advise you.

We are able to:

- Prepare commercial lease agreements
- Review commercial lease agreements and comment on the implications
- Negotiate with the landlord / tenant on your behalf
- Assist with any disputes

If you would like further advice or assistance please contact our Property Team.