

Lease Checklist



Term / Renewal Term

- Shorter with rights of renewal will be more attractive to franchisees

Other ongoing payments

- What other payments are due under the Lease?
- Marketing contribution;
- Percentage rent.

Use of Premises

- Keep as general as possible to allow for operation of different brand.

Assignment

- Try to get landlord to agree approval not required for franchisee tenants/sub lessees or licensees.
- No landlord approval to change in shareholding of holding company or assignment to a related company.

Refurbishment

- What are the Tenant's obligations? Not required as long as in line with current image of franchise system.

Reinstatement obligations

- Ascertain what tenant's reinstatement obligations are? Try to limit if can.

Landlord's obligations

- What obligations does the landlord have regarding:
 - Structural maintenance;
 - Exterior of premises; and
 - Weathertightness.

Damage Destruction Provisions

- Review carefully. Are there time frames for the landlord to make decisions to repair etc?
- At what point can the Tenant terminate the lease?

Relocation provision

- When and how much notice can the landlord give to relocate?
- What are the requirements for the new premises (comparable to existing premises)?
- What compensation is payable?

Outgoings

- Review carefully. Make sure you are not paying for outgoings that don't relate to your premises (e.g. lift costs when you are situated on the ground floor?)
- Watch out for management expenses. What are these? Should be reasonable.

Insurance

- Review the landlord's insurances? What are the premiums? Make sure the excess is capped and reasonable.

Trading Hours

- Do these suit the business?
- Is there an option for longer trading hours? What extra outgoings will apply?

Property Law Act

- If lease purports to exclude certain provisions. Obtain legal advice to understand implications to you.

This checklist is intended as a guide to some of the things to think about when negotiating a lease. Each individual situation will need to be carefully reviewed to establish the full list of issues which will need to be negotiated.

We can help!



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Important: This information is provided as a guide only and is not intended to be legal advice. You are strongly recommended to consult the services of an experienced lawyer.

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