

Shop lease agreement

Date of lease: [Date]

The Landlord: [Name]

The Tenant: [Name]

Lease of: [property address]

Contents

1. Definitions
 2. Interpretation
 3. Entire agreement
 4. Tenant's warranties for authority
 5. Landlord's warranties
 6. The lease
 7. Responsibility for others
 8. Rent and other payments
 9. Further payments
 10. Interest
 11. Condition and repair
 12. Tenant's positive obligations
 13. Restrictions on Tenant
 14. Asbestos and environmental obligations
 15. Signs and advertisements
 16. Default notice by Landlord
 17. Assignment of the lease
 18. Tenant indemnifies Landlord
 19. The Security Deposit
 20. Insurance
 21. Access for Landlord
 22. Guarantor
 23. Provision for premature termination
 24. Renewal of the lease
 25. Forfeiture
 26. Rent review
 27. Failure to agree reviewed rent
 28. At the end of the lease
 29. Other matters
-
- Schedule 1: Rights reserved
Schedule 2: Security deposit agreement

The Landlord is: [name]

of [address]

The Tenant is: [name]

of [address]

The Guarantor is: [name]

of [address]

Start date of lease: [date]

End date of lease: [date]

1. Definitions

In this lease the following words shall have the meanings shown unless it is clear from :

“Conduit” means any medium through which a service is .

“Hazardous” has the meaning defined in the Hazardous Substances 1996 .

“Insurance Rent” means the premium, net of any commission, paid by the Landlord to .

“Landlord” includes the person or persons from time to time entitled to possession of the .

“Lease Period” means the total of the Term plus any extension or renewal, during which .

“Plan” means all of the plans of the Premises attached to this .

“Premises” means the land and buildings at [full address] the boundaries and details .

“Rent” means \$ [48,000] payable without any deduction, in

advance, by [twelve equal monthly [instalments of \$4,000], on the first day of each month / [/] [/].

“Rent Review Date” means every [third] anniversary of the start date of the lease. A reference to the Rent

OR

“Rent Review Date” means [date].

“Security Deposit” means the sum paid by the Tenant to the Landlord as a deposit against any breach

“Sign” means and sign, poster or advertisement or other visual message in any medium, painted onto or attached to any part of the ,

“Term” means a term of [number] years [/].

“Use Allowed” means: use as a retail shop / professional offices or any other use to which the Landlord consents or

2. Interpretation

In this lease the following matters apply unless

- 2.1. Whenever more than one person or company is the Tenant or the Guarantor, their obligations can be enforced against
- 2.2. Any reference to a place or location at the Premises is a reference to
- 2.3. Any agreement by any party not to do or omit to do something is deemed to include an obligation not to allow or permit

- ;
- 2.4. [Except where stated otherwise], any obligation of any person arising from this
- 2.5. References to a party include references to a person to whom those rights and obligations are transferred or passed as a result of a
- 2.6. The headings to the paragraphs of this lease
- 2.7. The schedules to this lease are part of the lease and
- 2.8. All money sums mentioned in this lease are calculated net of GST, which will be charged when
- 2.9. A reference to a right of the Landlord to have access to the Premises is to be construed as extending to any head landlord or mortgagee
- 2.10. A reference to “the last year of the Term” or to the “end of the Term” is a reference to
- 2.11. A reference to a specific statute includes any statutory extension or modification, amendment or re-enactment of that
- 2.12. It is certified that there is no agreement for lease

3. Entire agreement

- 3.1. This lease contains the entire agreement between the parties and supersedes all
- 3.2. Each party acknowledges that, in entering into this lease, he does not rely on any representation, warranty, information or document or other term not forming part [
-].

- 3.3. Conditions, warranties or other terms implied by statute or common law are excluded from this .

4. Tenant's warranties for authority

The signatory to this lease, for himself and for , :

- 4.1. [he / the Tenant] has all necessary authority ;

- 4.2. he has no reason to doubt [his ability / the ability of the Tenant] to pay all sums ;

- 4.3. no person, nor governmental authority, has any right or claim which could prevent the Tenant at any , .

5. Landlord's warranties

The Landlord warrants that:

- 5.1. there is no dispute with any party ;

- 5.2. the Premises are supplied with mains services of water, , ;

- 5.3. there is no order by any governmental authority which could prevent or ;

- 5.4. he is aware of no contractual obligation or legal right which could .

6. The lease

- 6.1. By this lease the Landlord lets and the Tenant takes the Premises for the Term at the Rent and subject .

- 6.2. The Premises are let subject to , , , .

6.3. The rights specified 2

6.4. All payments which may be due by the

6.5. Except so far as provided in this lease, the

7. Responsibility for others

7.1. The Tenant accepts that he is liable to the Landlord for compliance with

7.2. A promise by the Tenant not to

7.3. If the Tenant asks the Landlord for consent to some action or activity
by

8. Rent and other payments

8.1. The Tenant shall pay to the Landlord:

8.1.1 the Rent;

8.1.2 the Insurance Rent;

8.1.3 a fair proportion (decided by a surveyor nominated by the
Landlord) of

8.2. For each of the above payments, an appropriate

- 8.3. The Tenant shall also pay _____ ,
 _____ :
- 8.3.1 any works to the Premises _____ ;
- 8.3.2 dealing with any application by _____ ;
- 8.3.3 preparing and serving a schedule _____ .
- 8.4. Payments to the Landlord shall be made by [\[direct debit / Internet /](#)
 _____ / _____]
 _____ ,
 _____ .
- 8.5. [\[Despite the above provisions, the](#) _____ [_____] _____ [_____]
 _____ / _____]].

9. Further Payments

- The Tenant agrees _____ ,
 _____ :
- 9.1. all periodic rates and other taxes, relating to the Premises, including _____ (_____),
 _____ ;
- 9.2. all charges for services at the Premises to be paid promptly to _____ (_____ , _____ - _____)
 _____ ;
- 9.3. the cost of the grant, renewal or continuation of _____ ,
 _____ .

10. Interest

All the payments to the Landlord referred to in this lease are payable on demand and if any payment is more than [seven]

[8 %].

11. Condition and repair

In relation to :

11.1. use the Premises only for the Use Allowed;

11.2. maintain the state and condition of the
;

11.3. employ only ,

11.4. decorate the inside [and the outside] of the Premises in every third year of the Term and in the last three months ().

11.5. [at least once in ,];

11.6. prevent damage to the Premises

11.7. maintain and keep clean the

11.8. clean, maintain and keep free from blockages

12. Tenant's positive obligations

The Tenant agrees and undertakes that he will:

- 12.1. give the Landlord a copy of ;
- 12.2. provide a written notice to the /
- 12.3. immediately notify the Landlord of any encroachment on the Premises
- 12.4. assist the Landlord as far as reasonably possible, and ,
- 12.5. keep the .
- 12.6. comply with the terms of every law regulating , , .
- 12.7. comply with all laws .

13. Restrictions on Tenant

The Tenant :

- 13.1. make any alteration to the Premises;
- 13.2. in any circumstance do anything which might cause the , ;
- 13.3. sleep overnight on the ;
- 13.4. apply for planning permission relating to the ;

- 13.5. make any ;
- 13.6. store or leave goods or detritus on ;
- 13.7. fix to the Premises any pole , ;
- 13.8. pour into any pipe or drain any trade waste or , ;
- 13.9. bring onto the Premises ;
- 13.10. remove or change , ;
- 13.11. remove from the ;
- 13.12. obstruct any window on the Premises;
- 13.13. cause any nuisance ;
- 13.14. bring, keep or allow any animals to be ;
- 13.15. play or use in the Premises any musical instrument, audio or ;
- 13.16. cease carrying on business in the Premises or leave the Premises continuously unoccupied for more than [
-].
- 13.17. do anything which might ;
- 13.18. change any burglar ;

13.19. change or install any locks and other

;

13.20. use the Premises for any activity which is dangerous, offensive,
noxious,

14. Asbestos and environmental obligations

The provisions in this

14.1. Despite any other provisions in this Lease, the Tenant shall bear no
responsibility (whether directly or via the obligation to pay any other
sums under this Lease) or liability

(

)

14.2. Despite the foregoing provisions of this paragraph and all

:

14.2.1 if asbestos is discovered as a result of investigation by the
Tenant or building work commissioned by the

14.2.2 if asbestos is discovered in circumstances unconnected to
work or investigation

14.2.3 in any circumstance when the Landlord has an obligation in
respect

14.2.4 the Landlord shall in no circumstances be responsible for damage caused to

15. Signs and advertisements

15.1. Before the Tenant may place any Sign on or near to the Premises, he must

15.2. The Landlord is under no obligation

15.3. The Landlord may approve any Sign subject

15.4. The Tenant accepts full liability for and indemnifies the Landlord

16. Default notice by Landlord

16.1. If the Tenant is in default of any provision of this

16.2. If the Tenant fails to remedy the default within seven

17. Assignment of the lease

17.1. Except as specified in this lease,

17.2. The Tenant may not assign

17.3. The Tenant may assign or transfer his interest

17.4. The Landlord may not

17.5. It is a good reason (among other good reasons)

17.5.1 the proposed transferee is less likely to be able

17.5.2 the Tenant owes money to the Landlord;

17.5.3 there is no satisfactory guarantor ().

17.6. In giving consent,

17.6.1 the assignee shall not

17.6.2 the assignment shall impose an

17.6.3 the assignee shall enter into direct

17.7. Within four weeks after the Premises are assigned (),

18. Tenant indemnifies Landlord

The Tenant agrees to

:

18.1. any act, omission or negligence ,

;

18.2. any breach by

;

18.3. any act, omission or negligence of the Tenant which

.

19. The Security Deposit

The parties acknowledge that

.

OR

19.1. The Landlord confirms that he has \$[
]

.

19.2. The Landlord may use the Security Deposit

.

19.3. If the :

19.3.1 he will tell

;

19.3.2 the rights or

.

19.3.3 the sum used is repayable to the Landlord

[4]

.

20. Insurance

20.1. "Insured Risks" means the risks of loss or damage by any naturally occurring event, fire, explosion, riot, terrorism, civil commotion, malicious damage,
(),

20.2. The Landlord will keep the Premises insured with reputable insurers
, , ,
, .

20.3. If damage is caused to the Premises by an Insured Risk, the Landlord will
(
).

20.4. Once a year, if the Tenant asks,
.

20.5. Provided that the Tenant is not responsible for any damage for which the Landlord is compensated under the insurance policy, then if
,
,
.

20.6. If, within one year from the date of the damage, either party is of the
[] ,
.

20.7. If either party , :

20.7.1 the lease ends on expiry of the notice;

20.7.2 the insurance money belongs to the Landlord;

20.7.3 the Landlord's obligation to make good damage ceases;

20.7.4 all other provisions shall apply as

21. Access for Landlord

The Tenant is to give the Landlord,

21.1. to inspect the condition

21.2. to do works

21.3. to comply with any statutory obligation;

21.4. at any time during the last six months of the

21.5. to show the interior and

21.6. to value the Premises;

21.7. to inspect, clean or repair neighbouring

Conditions for access for the Landlord are:

21.8. the Landlord must

21.9. each visit must

21.10. the Landlord must promptly make good

22. Guarantor

The Guarantor agrees:

- 22.1. that his obligations are made to the landlord for
;
- 22.2. that his obligations will continue through the Term;
- 22.3. that if the Tenant assigns his interest without having
,
;
;
- 22.4. that any variation to the terms of
;
- 22.5. to indemnify the Landlord against all losses incurred as a result of any failure by the Tenant to comply with
,
.
,
;
;
- 22.6. to make payment under this indemnity to the Landlord
[28]
;
- 22.7. to use his best endeavours to
.
- 22.8. to accept a new lease from the Landlord if this lease ends prematurely.
,
.
.
- 22.9. The new lease will be:
- 22.9.1 for the period from
;
- 22.9.2 at the Rent then payable under this lease;
- 22.9.3 on the terms of this lease as they apply on the termination
,
.

22.10. The Guarantor will pay

22.11. Even if the Landlord does not require the Guarantor to enter into a new lease,

23. Provision for premature termination

23.1. Despite all other provisions of this lease, the Tenant may terminate this
[]

23.2. If the Tenant so terminates this lease,

23.3. Payments made to the Landlord

24. Renewal of the lease

24.1. Before the expiry of the Term, the Tenant may

24.2. The Landlord need not to consent where:

24.2.1 the Tenant is

24.2.2 in his reasonable opinion the Tenant is

24.3. In giving consent,

24.3.1 the Tenant shall comply with all the

,

24.3.2

.

25. Forfeiture

25.1.

:

25.1.1

28

,

;

25.1.2

;

25.1.3

(
)

,

,

;

25.1.4

,

, (

)

;

25.1.5

;

25.1.6

21

.

25.2.

.

26. Rent review

26.1.

.

26.2.

(),

26.3.

[20 %]

OR

26.4.

OR

26.5.

26.6.

26.6.1

26.6.2 the Premises are vacant;

26.6.3 the Premises can immediately be used;

26.6.4

26.6.5

26.6.6

26.7.

26.8.

26.9.

26.10.

[8] %

27. Failure to agree reviewed rent

[]

27.1.

()

27.2.

27.3.

27.4.

27.5.

28. At the end of the lease

28.1. When this lease ends the Tenant must:

28.1.1

;

28.1.2

;

28.1.3 ()

28.2.

-

28.3.

,

-

.

,

-

.

.

28.4.

[14]

,

.

28.5.

29. Other matters

29.1.

29.2.

29.3.

29.4.

29.5.

29.6.

29.7. [

].

29.8.

72

24

29.9.

29.10.

Signed as a deed by or for the Landlord [\[write name\]](#) (who certifies that he has proper authority to sign)

:

Witness: signature:

Name:

Address:

Signed as a deed by or for the Tenant [\[write name\]](#) (who certifies that he has proper authority to sign)

:

Witness: signature:

Name:

Address:

Signed as a deed by the Guarantor [\[write name\]](#)

:

Witness: signature:

Name:

Address:

Schedule 1: Rights expressly reserved

1.

, . ,

2.

.

3.

,

,

4.

.

5.

, , , ,

6.

,

,

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Schedule 2: (Draft) Security Deposit agreement

This agreement is dated [date] and made between:

The Landlord: [name]

of [address]

The Tenant: [name]

of [address]

Background:

A.

B.

It is now agreed as follows:

1. Definitions

“Call Down”

“Client Account”

“Default”

“Deposit”

“Referee”

“Sum Claimed”

2. Interpretation

2.1.

2.2.

3. The Referee

3.1.

3.2.

3.2.1

3.2.2

3.2.3

3.2.4 [,
].

3.2.5

3.3. .
, ,
,
.

3.4. ,
.

3.5. ,
.

4. The Deposit

4.1. \$ [].

4.2. [/]
.

4.3. .
.

4.4. ,
.

5.5. $\frac{1}{2} \log \frac{1}{2}$.

6. Topping up the Deposit

Signed by / on behalf of the named parties by their representatives who personally accept liability for the proper authorisation by their respective employer or principal to enter into this agreement

For, and on behalf of Landlord

[print name](#)

For, and on behalf of Tenant

[print name](#)

Explanatory notes:

Shop lease agreement

General matters

1. What to delete

This document has been drawn for general use. It is easier for you to delete what you do not want than to add what you do want. So we have given you scope and choices. We suggest that if you are not sure of the effect

, . " "

However, you will see that there are also some fundamental choices to be made which could involve major deletion. An example is whether to use a security deposit agreement or some simpler provision for

2. What to take up on completion

When you meet to complete, you should expect :

- The counterpart lease: that is to say the copy signed by the tenant. (He)
- capital money paid to you as a premium ;
- The rent, apportioned to the next .

3. There is no legal requirement that lease must be registered. However, the parties have the option of protecting .

Paragraph specific notes:

Notes referable to specific numbered paragraphs

1. Definitions

We believe it is bad drafting practice to randomly capitalise words which are not defined terms. For example, in this document, the word "lease" is not a defined term. However, in the , .

Make sure you insert the amount of the rent. This is the only
!

Conduit is an ancient word for a pipe. In law it has a wider meaning, as we have defined

Insurance rent: landlords have special powers to obtain rent which are not available for the collection of other debts. It is therefore always advantageous to specify that monies due to a landlord should be treated as rent, as they are in this lease. Insurance rent is a commonly used term.

“ ”.

Premises: substitute some alternative work if you wish. We cannot over emphasise the importance of a full specification of the subject matter of the lease. If it is complicated you could put it in a schedule. The best way is a description which refers to

A good plan may also throw up unresolved side issues such as where the bins go and whether the landlord can park a

A further tip is to take photographs, particularly close-up to any feature, so that the condition is clear. If the Premises are in excellent condition, the landlord will benefit most from photographs. If the Premises are in poor condition, then it is the tenant who

Rent: is generally calculated in \$s per square foot or \$s per square metre, but the calculation rarely appears in the lease. The landlord will often specify a particular round sum when a property is advertised.

Rent review: an option. In or out. You choose. Historically, reviews were agreed at five yearly intervals. Your position

Security deposit: whether you decide to take a security deposit or not is for your choice. Once decided, you have the option of using the formal agreement or simply placing the deposit

Use allowed: When a rent review comes up, the landlord will claim rent based on the open market value for the Use Allowed. The question of user is of course more important in longer leases where the use is much more likely to change over time. It is a mistake for the landlord to fix the use paragraph

narrowly - perhaps with the thought that if the landlord needs to change the use

The point he misses is that at a rent review the new rent will be calculated by reference to the rack rent (then current rent) payable in the open market. Clearly, that market rent will be highest when the property can be used for many uses and lowest, when the use is restricted to a single, low value use. A landlord should therefore think

2. Interpretation

Leave these items in place unless there is a good reason to edit or remove. Each of them

3. Entire agreement

This paragraph prevents a party from later saying he was relying on some other document or web site or what was said. If other documents are to be relied on, let them be listed here, so that both parties know the basis of the deal.

4. Tenant's warranties for authority

This paragraph prevents a Tenant from saying later that he was not aware of some circumstance detrimental to the landlord or which may cause a breach of the lease. It is more important when

The term also binds the signatory. It would be a very careless director who signed this when he knew

5. Landlord's warranties

It is common for a Landlord to give no warranty other than for "quiet enjoyment", which we have placed elsewhere so as to make it easy for you to delete this paragraph entirely if you choose to do so. However, a wise tenant or his solicitor will insist on some warranties by the

6. The lease

This paragraph covers a reservation of general rights. In addition, we have provided for a schedule of rights. The reason is: first, you may wish to use a schedule for the avoidance of doubt and second, the schedule could contain rights which you want to reserve from now, but which previously did not exist.

It is usual for only the cost of insurance to be treated as rent (and usually referred to as “Insurance rent”). The addition here of other expenses is

This paragraph also contains the usual landlords warranty for “
”

7. Responsibility for others

These points are usually lost among a long list of other matters. We have separated it so as to be more prominent “
”

8. Rent and other payments

This paragraph contains detailed commercial terms.

Important: the last sub-paragraph provides for a rent free period. However, it is better practice to deal with any money concession to the tenant in a side letter and

9. Further payments

We have no comment

10. Interest

This provision crystallises the landlord’s entitlement when otherwise

11. Condition and repair

The level to which repairs and maintenance must be maintained is usually to be as it is on the date of the lease. In other words the

This is done through a "schedule of dilapidations". The parties jointly appoint a surveyor to provide a list of all the deficiencies in the building. It should

Decoration: the specification for redecoration and the frequency are a matter for negotiation. Many landlords are not too concerned about the quality of the interior decoration, provided it is done really thoroughly in the last year, so that they do not have the expense of undertaking the work before

Note that the tenant must insure any plate glass. This usually refers to shop front glass. However, any modern

12. Tenant's positive obligations

Encroachments happen constantly and unexpectedly. Once a neighbour has committed to the construction of a large adjacent building, the only practical remedy is damages.

13. Restrictions on Tenant

Here is a long

It is important to prevent anyone sleeping habitually on the

14. Asbestos and environmental obligations

If there are no old buildings on the land,

Here we cover an area which rarely arises but which could be extraordinarily expensive if it did. It may be difficult

It is usual (and fair) for the Landlord to pay for any hazardous substance treatment or removal

However, asbestos is found in most old buildings, in some form or another. If the tenant wants to change your building in any way,

?

15. Signs and advertisements

Traditionally drawn leases fail to cover the many possibilities for visual impact. We take the view that a Landlord is entitled to know about, and approve what his tenant wishes to show.

If a sign affect the use or enjoyment of adjacent or neighbouring premises of the Landlord,

“ ”.

Because the requirements of every tenant will be different, we recommend that the landlord prepares a specification for a new tenant as to what is

For a multi-let property, the landlord will no doubt

16. Default notice by Landlord

This paragraph provides a practical solution to the dilemma facing a landlord when the tenant is in breach but fails to take action. It may be

17. Assignment of the Lease

When a tenant no longer requires property, he will have to transfer it to some other person in order to avoid the continuing obligation to pay the rent.

18. Tenant indemnifies Landlord

Few draftsmen include an indemnity in a lease because the tenant's covenants are precise and a simple recourse is to sue on a breach. However,

19. The Security Deposit

If you decide on a security deposit, we give you two alternatives. Either use this paragraph for a simple arrangement

20. Insurance

The landlord should be sure that he

21. Access for Landlord

Essential, but the tenant

22. Guarantor

Whether a guarantor is required is entirely a commercial decision. We suggest that in the case of a grant to a limited company, you should always obtain personal

The guarantee provisions in this lease are stronger than most tenants would like. In particular, the guarantor remains in place after an

The last sub paragraph refers to the position

23. Provision for premature termination

Otherwise known as a “break clause”, that is a provision for the tenant to give notice, at some particular point in time, to terminate the lease

24. Renewal of the lease

Generally a tenant may not exercise a right of renewal automatically on the expiry

Whether or not a

By

25. Forfeiture

These provisions are usual.

26. Rent review

We provide for three clear alternatives:

the rent is

the rent

,

the

The purpose of a rent review is to bring the rent into line with rents

,

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,

,

.

Most rent review provisions allow for "upwards only" review. Occasionally this

.

,

,

.

We have provided a step by step procedure to make the process as simple

.

,

.

,

.

27. Failure to agree reviewed rent

A simple procedure for resolving disputes. We have made this provision because it is likely to be acceptable to all parties,

.

.

.

The provision for the person appointed to act as expert and not as arbitrator is

.

.

.

28. At the end of the lease

These provisions simply tie up loose ends.

If the tenant has fitted out the Premises for /
,

29. Other matters

Apart from the ,
.

A provision for mediation has been included in place of the more usual
.
.
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Schedule 1: Rights reserved

Reserved rights are rights which the landlord is keeping back from the grant of the lease. It is usually unnecessary to specify them

,
(
,),
.

Schedule 2: Security Deposit agreement

We have provided ,
.

It is not appropriate to involve the referee as a

,
.

End of notes