
Landlord Guide

6 clauses that protect your asset

Docet Legal | theleasinglawyer.com.au
info@docetlegal.com.au | +61 2 7262 6662

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Why these clauses matter

Most landlords focus on rent and term. Those matter. But the six clauses below are the ones that determine whether you can actually enforce your lease when things go wrong — and whether your asset is protected when the tenant leaves. These are the provisions most commonly left out, left vague, or left to a standard form that was not drafted with your property in mind.

1

Make-good obligations

A standard "return to original condition" clause is not enough. You need specificity — what work is required, to what standard, and by what date. Vague make-good provisions are contested at every lease end. A well-drafted clause sets out whether fitout is to be removed, whether painting is required, what constitutes fair wear and tear, and what happens if the tenant fails to comply. Without this, you are negotiating from a weak position the day the tenant hands back the keys.

2

Default and termination process

Your right to terminate for non-payment or breach depends on following the correct process — and that process needs to be clearly set out in the lease. The default notice, the remedy period, and the termination right must work together. A lease that is silent or ambiguous on this sequence creates delays, disputes and legal costs when you need to act quickly. For retail leases, the applicable Act may impose additional steps that override the lease terms.

3

Assignment and subletting controls

Without a well-drafted assignment clause, you may lose control of who occupies your premises. The clause needs to set out clearly what triggers the consent requirement, what information the tenant must provide, your grounds for withholding consent, and what happens to the original tenant's liability after an approved assignment. A deed of covenant from the incoming tenant is standard — but only if your lease requires it.

4

Rent review mechanism

Market rent review clauses are frequently contested. The methodology for determining market rent, who bears the cost of the valuation process, what happens if the parties cannot agree, and whether there is a ratchet (no-reduction) clause — these all need to be addressed explicitly. A poorly drafted rent review clause can cost you years of under-market rent and leave you with no practical remedy.

5

Option terms and conditions

An option to renew sounds straightforward — but the conditions attached to it, the notice requirements, and the rent review mechanism for the renewed term all need to be carefully considered. Common problems: the option notice period is too short or too long; the tenant can exercise the option even when in breach; the market rent review at option exercise is structured in a way that favours the tenant. Get the option clause right before the lease is signed.

6

Personal guarantee scope

A personal guarantee from the directors or principals of a tenant company is standard — but the scope matters. Does it cover only the base rent, or all monetary obligations under the lease including make-good? Is it capped or unlimited? Does it survive assignment? A guarantee that does not cover your real exposure is not worth the page it is written on. Define the scope explicitly and ensure it covers the obligations that actually create financial risk for you.

Ready to talk about your lease?

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